

## RECESSED MEETING OF MAY 20, 2008

Continued  
May 27, 2008  
12:00 Noon

The City Council of the City of Salisbury met at 12:00 Noon Tuesday, May 27, 2008 in Council Chambers at City Hall pursuant to the recess of the regular meeting May 20, 2008, with the following members being present and absent:

**PRESENT:** Mayor Susan W. Kluttz, Presiding; Mayor Pro Tem, Paul B. Woodson, Jr.; Councilmen William (Bill) Burgin; William (Pete) Kennedy; Mark N. Lewis; City Manager, David W. Treme, and City Clerk Myra B. Heard.

**ABSENT:** City Attorney, F. Rivers Lawther.

Mayor Kluttz called the meeting to order. City Manager David Treme provided the invocation.

### WATER/SEWER FUND

Interim Utilities Director Jim Behmer and Utilities Finance Manager Michele Reapsmith presented information to Council regarding the proposed water/sewer rate increase of 9.7%. Mr. Behmer noted that the requested budget for FY08-09 is a \$2,788,265 increase from last year. He explained the items associated with the increase:

19.61% (\$546,879)	Increase for debt service related to Phase I of the Wastewater Capital Improvement Project
8.36% (\$232,979)	Increase for fuel and chemical cost increases
17.85% (\$497,814)	Increase for current level Personnel
(\$142,980)	New positions
	<ul style="list-style-type: none"><li>• Valve and Hydrant Supervisor</li><li>• Utility Locator</li><li>• Pre-treatment Coordinator</li></ul>
7.99% (\$222,716)	Increase for general fund transfer
46.19% (\$1,287,877)	Operating and deferred Capital cost increases
	Maintenance of equipment
	<ul style="list-style-type: none"><li>• UV bulbs, ballasts and sleeves</li><li>• Influent pumps</li><li>• Aerator rebuilds (2)</li><li>• Concrete apron repair at reservoir (1<sup>st</sup> phase)</li></ul>

Mr. Behmer noted that the North Carolina Department of Environment, Health, and Natural Resources (NCDENR) has requested that Salisbury-Rowan Utilities' (SRU) sampling point be relocated. He noted that this regulatory requirement will also affect other SRU facilities.

Mr. John Sofley, Management Services Director, explained that the latest figures indicate the water/sewer fund will realize approximately \$700,000 over its revenue projections. He noted that a budget amendment can be prepared moving the money from the water/sewer general fund to the capital fund to cover some of the capital expenses. He noted that this will reduce the recommended rate to approximately 6%.

Councilman Burgin asked about the position for Utility Locator. Mr. Behmer explained that this position will work to locate the City's water/sewer lines during construction. Mr. Treme stated that he recommends approving the three (3) requested positions because SRU's territory and responsibility has increased.

Mr. Burgin commented that it is frustrating to have capacity and product but be unable to sell the product. He stated that if water sales increased it would generate revenues so that rate increases would not be necessary. He added that because rates are increasing people consume less creating the need for additional increases. He asked how this cycle can be broken. Mr. Treme stated that staff hopes to develop a plan with Concord and Kannapolis for the purchase of water but it is a very complex issue. He noted that a proposal has been prepared and staff will have further discussions with all involved parties.

Councilman Lewis indicated that he did not like to fund capital improvements out of operating funds. He asked if the capital improvements could be financed rather than using the \$700,000 projected revenues in the operating fund. Mr. Treme stated that this could be done for a short-term basis but he does not feel making this a long-term policy would be prudent.

Mr. Burgin commented that there is never a good year for an increase and noted that the average increase has been 5.7% and he could support a 5.7% increase in the utility rate.

Mr. Lewis agreed and noted that while he would like to have a lower rate he would not want to affect the City's ability to borrow money by modifying its financing policies.

Councilman Kennedy stated that he would like for there to be no increase in utility rates but he feels 5.7% is better than the proposed 9.7%.

By consensus, Council agreed to a 5.7% increase in the water/sewer rates.

## TRANSIT

Public Services Director Tony Cinquemani and Transit Manager Rodney Harrison discussed the Transit budget and a proposed fee increase for riders. Mr. Cinquemani explained that funds for the transit budget are received from the Federal Government, State Government, local matches and revenues from riders. He stated that staff attempted to find cuts in the budget but were still approximately \$67,000 short. He noted that in order to cover this shortfall fees would need to be doubled, from \$1.00 to \$2.00. He reviewed the impact items and capital items for the budget. He pointed out that special projects such as the American with Disabilities Act (ADA) extended service, the Express Route to Kannapolis and the Catawba College/Livingstone College programs are not included in the budget.

Mayor Kluttz asked about the Express Route to Kannapolis. Mr. Cinquemani indicated that the Town of Landis has joined China Grove, Salisbury, and Kannapolis on this route. He explained that Rowan County will participate by providing maintenance for the bus and contracting the drivers.

Mr. Kennedy asked if the projected income from the Express Route is included in the budget. Mr. Cinquemani responded that the figure is still unknown and has not been included, but should be put into a line item to pay for any overages.

Mayor Kluttz commented that she is concerned about raising the fees because she feels it will affect those who cannot afford the increase.

Mr. Burgin indicated that he did not want to raise the rates for transit service because it will have a great impact on those least able to afford it. Mayor Kluttz commented that this is a big increase for those who depend on the service. She added that Council has to encourage citizens to use alternative forms of transportation. Mr. Kennedy noted that ridership on the buses also affects downtown business owners.

## RECESS

Mr. Treme indicated that he would like to discuss Code Enforcement and Lease Purchase Financing with Council. Council noted that they also had items to discuss and agreed to meet Thursday, May 29, 2008 at 10:00 a.m.

**Motion** to recess the meeting until Thursday, May 29, 2008 at 10:00 a.m. in City Council Chambers, 217 South Main Street was made by Mr. Burgin, seconded by Mr. Woodson. All council members agreed unanimously to recess the meeting. The meeting was recessed at 2:06 p.m.

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Mayor

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City Clerk