

RECESSED MEETING OF JUNE 2, 2009

Continued
June 4, 2009
12:30 p.m.

The City Council of the City of Salisbury met at 12:30 p.m. Thursday June 4, 2009 in Council Chambers at City Hall pursuant to the recess of the regular meeting June 2, 2009, 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. Councilman Lewis provided the invocation.

BUDGET WORKSHOP – GARBAGE FEE

Mayor Kluttz noted that Council received the proposed budget from the City Manager at its May 19, 2009 meeting and she asked Council for their comments regarding the proposal.

Mayor Pro Tem Woodson stated that he had heard from several citizens and the majority were opposed to the \$3 garbage fee and felt that garbage fees should be included in the tax rate.

Mayor Kluttz commented that she appreciates the City Manager giving Council the fee option as a way to lower the tax rate but after hearing from citizens she feels the tax rate should remain the same at \$0.59 and the fee not be implemented.

Councilman Kennedy indicated he supports maintaining the tax rate and removing the garbage fee. He added that he also feels funding for Special Community Efforts groups should not be reduced. He stated that in regards to the 4.5% water rate increase he does not like increases but he understands that the City has infrastructure to pay for and he can support it.

Councilman Lewis stated that he thinks the garbage fee would have a greater impact on lower income households whereas property tax would create a more even distribution. He noted that he takes no issue with the effort to create an enterprise fund but the citizens have indicated they do not favor a separate garbage fee.

Councilman Burgin commented that he heard no support in the community for the garbage fee and he would not support its implementation.

By consensus, Council agreed to leave the tax rate the same as set for FY2008-2009 and not to implement a separate garbage fee.

OTHER ITEMS

Councilman Burgin indicated that he would prefer not to lower the allocations for the Salisbury-Rowan Economic Development Commission (EDC) or Downtown Salisbury Incorporated (DSI). He stated that because of the economy it is the time for the EDC to market the community and he would like to find a way to keep the current funding level the same. He added that if DSI's budget is cut it could result in staff cuts and he would not want this to happen.

Councilman Lewis provided a spreadsheet to Council with the proposed funding levels for the Special Community Efforts groups, along with what he recommends for funding levels. He noted that the difference between the Manager's recommendation and funding at last year's levels is \$32,737 and he felt this amount could be covered in a budget this size.

Mayor Kluttz indicated she would like to add more money to gang prevention efforts. She noted that the Police Department has indicated the parenting seminars held at Project SAFE's Family Days have been helpful. She stated that Project SAFE's application for a private grant has been turned down and these funds have been used for the past two years to sponsor Family Day, which costs approximately \$12,000. She added that she feels the community benefits greatly from this and she would like to continue the efforts. City Manager David Treme suggested adding \$12,000 to the gang prevention initiatives.

Mr. Burgin stated that he does not think adding \$44,737 to the budget this year will be a problem but he believes it could be next year, and Council needs to be prepared for the extra dollars. He added that he believes the EDC and DSI are an investment to grow the community.

Mayor Kluttz asked Council its opinion regarding the proposed floating holiday for employees.

Mayor Pro Tem Woodson commented that he has had to make cuts in his business and he does not think this year is the right time to add the holiday.

Mr. Burgin commented that he would support the current holiday schedule and would prefer not to add the holiday this year. Mr. Woodson stated that perhaps this can be added in the future if the economy improves.

Mr. Kennedy stated that he supports the additional holiday but he does not think this is the year to add it.

Mr. Woodson asked the cost of providing the holiday. Mr. Treme responded that he did not have the exact figure but it would be equivalent to one day's pay for the workforce. He noted that this proposal was a recommendation from Springstead who conducted an employee survey. He added that Rowan County has 12 paid holidays while the City has 10 and the idea of the floating holiday generated from the employee survey.

Mayor Kluttz commented that she agrees this is not the year to add the holiday. She added that Council wants to raise the salaries of the 1/3 lowest paid employees and this is not the right year to change the holiday schedule.

By consensus, Council agreed to leave the holiday schedule unchanged from 2008-2009.

Mr. Treme noted that the Innes Street grants were not shown on the spreadsheet provided by Mr. Lewis but staff will add the restored funding for this item in the budget along with the Special Community Efforts groups.

Mr. Burgin asked about the impact of creating the Airport Enterprise Zone and the City's commitment to reduce taxes in the zone by 50%. Mr. Treme responded that no funds are budgeted for this effort but he believes the reduced revenues will be offset by an increased number of airplanes listed for taxes. He stated that he believes the number of airplanes located at the Rowan County Airport will increase when the taxes are reduced and this will cover the tax reduction.

Mr. Woodson asked why the Human Resources budget increased \$3 million. Management Services Director John Sofley responded that the \$3 million is part of the enhanced budget or what is considered a "wish list". He added that the figure represents implementation of the full scope of the Springstead study regarding salary adjustments and compression, but it is not included in the budget. Mr. Woodson asked about the increase for the Fleet Division. Mr. Sofley stated that the enhanced figure includes provisions for a new Fleet Facility but it is not actually budgeted.

WATER/SEWER RATE

Mayor Kluttz asked Council its opinions regarding the proposed 4.57% water rate increase.

Councilman Burgin stated that he thinks water and sewer will be the tool that will help turn the economy around and given the State and Federal regulations and capital investment being made he feels the rate is something that has to be done.

Utilities Director Jim Behmer provided Council with a list of the water/sewer rates for surrounding utilities and a projection of water use for next year. He noted that staff worked diligently to reduce the proposed rate increase and the main item driving the increase is the cost of chemicals to remain in compliance. Mr. Treme stated that staff has worked hard to reduce the rate increase and he feels the proposed rate is reasonable and addresses the basic needs.

By consensus, Council agreed to a 4.57% water/sewer rate increase.

Mayor Kluttz then recessed the meeting to allow staff time to make adjustments in the proposed budget to reflect Council's discussion.

Mayor Kluttz reconvened the meeting.

Mr. Treme indicated that there are several issues beyond his control regarding the budget. These included the application for several grants including Community Oriented Policing Services (COPS) and Stimulus funds that he anticipates receiving but does not yet know; and uncertainty about the North Carolina State budget and what the State may do to local governments. He added that he also did not want to use fund balance but meet the needs of the City.

Mr. Treme noted that having received comments from the Council prior to the budget worksession and after receiving Council's discussion today he has a Budget Ordinance that reflects the tax rate the same as this year, the 4.57% water/sewer rate increase, the holiday schedule requested by Council for the year, and the changes discussed by Council. He noted that all of the changes made by Council are included in the Budget and he feels it meets all of Council's requirements and parameters. Mr. Lewis confirmed that all of the Special Efforts Community Groups, including the Innes Street grants, are included in the Budget Ordinance. Mr. Treme agreed.

Thereupon, Mr. Burgin made a **motion** to adopt the budget for 2009-2010 as presented to Council, reflecting the changes discussed here today. Mr. Kennedy seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson and Ms. Kluttz voted AYE. (5-0)

Mayor Kluttz thanked staff for their work on the budget and their work for the City.

There being no further business before Council, Mr. Burgin made a motion to adjourn. Mr. Woodson seconded. All council members agreed unanimously to adjourn the meeting at 1:46 p.m.

Susan W. Kluttz, Mayor

Myra B. Heard, City Clerk