

Salisbury, North Carolina
November 7, 2006

REGULAR MEETING

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. Tremé; City Attorney, F. Rivers Lawther, Jr.; and City Clerk, Myra B. Heard.

ABSENT: None.

The meeting was called to order by Mayor Kluttz at 4:00 p.m. The invocation was given by Councilman Burgin.

PLEDGE OF ALLEGIANCE

Mayor Kluttz led those present in the Pledge of Allegiance to the United States flag.

RECOGNITION OF VISITORS

Mayor Kluttz recognized all visitors present.

ADDITIONS/DELETIONS TO THE AGENDA

Mayor Kluttz noted the following change to the Agenda:

Add – Council to consider an appointment to the Parks and Recreation Advisory Board to fulfill an unexpired term ending March 31, 2009.

RECOGNITION OF FIRE CAPTAIN BAXTER (BUDDY) MILLER

Battalion Chief David Morris informed Council that Captain Buddy Miller recently represented the City of Salisbury during an invitation only training program held through the North Carolina Office of State Fire Marshall and Gaston College. He stated that approximately forty (40) members from fire departments across the state were invited to participate in a one (1) week program designed to test a firefighter's physical limitations and knowledge. He noted that only thirty (30) of the forty (40) participants graduated. Chief Morris explained that at the end of the training program the instructors select one firefighter who is considered the "Top Gun" of the class for their physical and academic achievement. He informed Council that Captain Miller was chosen as the recipient of the "Top Gun" Sandy Powell Memorial Award.

Mayor Kluttz presented Captain Miller with the Sandy Powell Memorial Award and congratulated him on his accomplishment. She expressed Council's pride in having Captain Miller as a member of the Salisbury Fire Department.

PROCLAMATION

Mayor Kluttz proclaimed the following observances:

VETERAN'S DAY	November 11, 2006
NATIONAL GIS DAY	November 15, 2006

CONSENT AGENDA

- (a) Approve Minutes of the regular meeting of October 17, 2006 and Special Meeting of October 19, 2006.
- (b) Adopt a budget Ordinance amendment to the FY2006-2007 budget in the amount of \$2,115 to appropriate funds to the History & Art Trail.

A N ORDINANCE AMENDING THE 2006-2007 BUDGET ORDINANCE OF THE CITY OF SALISBURY, NORTH CAROLINA TO APPROPRIATE DONATION FOR ART AND HISTORY TRAIL.

(The above Ordinance is recorded in full in Ordinance Book No. 21, Budget, at Page No. 141, and is known as Ordinance No. 2006-49.)

(c) Adopt a budget Ordinance amendment to the FY2006-2007 budget in the amount of \$7,840 to appropriate donations received from Rowan Museum to be used for future renovations and repairs within the Old English and Old Lutheran Cemeteries.

A N ORDINANCE AMENDING THE 2006-2007 BUDGET ORDINANCE OF THE CITY OF SALISBURY, NORTH CAROLINA TO APPROPRIATE DOANTIONS FOR CEMETERIES.

(The above Ordinance is recorded in full in Ordinance Book No. 21, Budget, at Page No. 142, and is known as Ordinance No. 2005-50.)

Thereupon, Mr. Kennedy made a **motion** to adopt the Consent Agenda as presented. Mr. Burgin seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE. (5-0)

PROPOSED FALSE ALARM ORDINANCE

Lt. Trevor Allen and Fire Marshall Tom Murphy spoke to Council regarding a proposed False Alarm Ordinance. Lt. Allen noted that staff has taken recommendations given by Council at its last meting and incorporated them into a new draft. He stated that he shared the proposed Ordinance with the Rowan Business Alliance, Rowan County Chamber of Commerce, and Downtown Salisbury, Inc. and requested their input. He added that staff also held five (5) informational sessions for the public.

Lt. Allen stated that the Ordinance is necessary because of the time and resources wasted in responding to false alarms, adding it would allow staff to be proactive rather than reactive and would also address safety concerns for officers and firefighters.

Lt. Allen reviewed the statistics for false alarms received by the Police Department and noted that nine (9) percent of the Police Department's call volume is attributed to false alarms. Fire Marshall Murphy indicated that the Fire Department's average for false alarms is thirteen (13) percent.

Fire Marshall Murphy explained that with nine (9) percent of Police and thirteen (13) percent of Fire service calls being false, staff is concerned that it will lead to apathy in the community. He pointed out that there is also an increased propensity for traffic crashes and congestion along with excess wear and tear on the vehicles and equipment. He stated that if the Ordinance is adopted staff would be able to assign resources to strategic goals and spend more time on fire and crime prevention efforts. He added that this would include more drug and traffic enforcement and increased neighborhood and business district foot patrols.

Lt. Allen noted some of the other municipalities that have adopted similar ordinances. He indicated that the Ordinances have been effective in decreasing the numbers of false alarms, increased the accuracy of alarm user information, increased officer availability, and has proven to be safer for officers and citizens. He then reviewed statistics for other municipalities showing their average false alarms before implementing an Ordinance and how the alarms were reduced once the Ordinance was adopted.

Councilman Kennedy asked if anything else took place in these municipalities besides the alarm Ordinance that caused the numbers of false alarms to decrease. Lt. Allen responded that representatives from the municipalities have indicated that it was the whole effort of getting information to citizens regarding the severity of the problem and encouraging citizens to take steps to prevent the false alarms. He stated that the communication fostered through the process of developing the ordinance has proven to be very beneficial.

Mr. Kennedy asked if the alarm companies that sell the systems have done anything differently that has contributed to the decrease in alarms. Lt. Allen stated that some of the ordinances require the companies and users to perform certain tasks, such as inspections for the system when there is a problem.

Fire Marshall Murphy explained that the proposed Ordinance for the City of Salisbury registers alarm users at no cost, adding that the goal is readiness not revenue. He noted that the penalty initially included in the Ordinance for users who fail to register their alarm has been removed and the alarms will be registered at the time they are found. He indicated that the Ordinance will hold repeat violators responsible and will allow staff to focus on quality of life services. Fire Marshall Murphy pointed out that the Ordinance does not include a verified response and is consistent with other municipalities' ordinances. He noted that the revised Ordinance doubles the appeal time to twenty (20) days.

Fire Marshall Murphy reviewed the implementation plan to register alarm users from January 1, 2007 until March 31, 2007 with the Ordinance being enforced, or going "live" April 1, 2007. He noted that there will be consistent evaluation throughout the period in order to make any adjustments necessary.

Councilman Lewis asked if the statistic of nine (9) percent false alarms for the Police Department is correct. Lt. Allen explained that previously he had given Council the percentage of alarm calls received and the revised figure of nine (9) percent is for all calls received, not only alarm calls.

(b) Mayor Kluttz convened a public hearing, after due notice and advertisement thereof, to consider a proposed False Alarm Ordinance.

There being no one present to speak to Council, Mayor Kluttz closed the public hearing.

Councilman Burgin indicated that staff has worked hard to adjust the Ordinance to address the concerns raised by Council and he is satisfied with the revised draft. He added that he recognizes that if something in the Ordinance proves to be overbearing it can be corrected and he supports the Ordinance as presented.

Councilman Kennedy stated that he also supports the Ordinance since that the companies who make the alarms will be involved in the process.

Mayor Pro Tem Woodson commented that he feels the fine should not be implemented until the fourth (4th) false alarm.

Councilman Lewis stated he feels this is an effective way to communicate the need for updated alarm systems that are worthy and work. He added that as Salisbury continues to grow there will be additional calls for service and Council cannot continue to hire Police Officers to respond to things that are false.

Mr. Woodson asked what the cost per Police call is for Salisbury. City Manager David Treme responded that for Police the cost is approximately \$212 per call and for the Fire Department it is approximately \$1,200 per call. Mr. Woodson asked how staff determined the cost for the Police calls, adding that he attempted to use the budget and the salary, training, and vehicle for a Police Officer. He noted that he arrived at a figure of \$36 per hour to keep an officer on the road.

Mr. Treme indicated that the City participates in the North Carolina Performance Reporting System and this information is submitted through the budget and performance reporting project.

Mr. Evans Ballard, Budget and Benchmarking Analyst, explained that the benchmarking project administered by the School of Government at the University of North Carolina at Chapel Hill tracks costs per Fire and Police response using a full cost methodology. He noted that he has five (5) years worth of data and informed Council that for FY05 each fire response in Salisbury cost \$1,465. The project average, which includes the fifteen (15) jurisdictions that participate in the project, was \$1,530. For Police responses in Salisbury the cost for FY05 was \$207 per response. The project average in FY05 was \$169 per call.

Mr. Woodson stated that at the previous meeting it was noted that \$78,000 per year was lost on Police responses and asked how many false alarms were included. Mr. Ballard noted that nine (9) percent of Police calls resulted in Police being dispatched and this equals approximately three thousand four hundred (3,400) calls at a cost of \$207 per call. He reiterated that this cost was determined using a full cost methodology which includes equipment, staff, and operations.

Mr. Woodson commented that using these figures the amount lost is \$680,000 but in the last report the amount was \$78,000. Mr. Ballard explained that the initial figure was a conservative estimate of \$50 per call and did not use the full cost methodology employed by the School of Government. Mr. Ballard stated that the data is consistent across the State of North Carolina.

Mr. Treme stated that staff is using full cost methodology as prescribed by the School of Government at UNC-Chapel Hill and used by fifteen (15) other cities. He noted that every time a car responds to an alarm the cost is \$207 per call, per person. Mr. Woodson again noted the \$78,000 that was given to Council during the previous presentation. Mr. Treme commented that at Mr. Woodson's request staff went back and looked into the real cost, not a partial cost, and the initial figure was not complete. He commented that the fact that nine (9) percent of the calls responded to by staff were not for real service is a concern and questioned how many patrols could be added without this expense. He stated that he feels it is more productive to use staff for productive items rather than nonproductive issues that put them at risk.

Mayor Klutz commented that regardless of the exact dollar amount a waste is a waste. Mr. Woodson noted that there is quite a difference in the two amounts he was given. Mr. Treme responded that the initial figure was not incorrect, but was a partial cost and not the total cost using the full allocation system.

Mr. Lewis indicated that he felt the amount sounded accurate and he had initially thought the fines of the Ordinance should reflect the cost but determined it would be too punitive.

Mayor Klutz commented that she feels two (2) warnings is adequate stating that someone could buy an inexpensive alarm system that continually has false alarms and the money being spent on the response is taxpayers' money. She added that this should be looked at, not just from a business perspective, but from the perspective of the taxpayer. Mayor Klutz noted that each year Council reviews the budget and works to try not to raise taxes and this is a waste of taxpayers' dollars and she supports the Ordinance.

Mayor Klutz asked if any other member had an opinion on the two (2) versus three (3) warnings. Mr. Lewis responded that he is content with the way the Ordinance is written. Mr. Burgin commented that it seems the false alarms are reasonably preventable and he is willing to support the Ordinance in recognition that it has been successful in other communities and it is a large expense for the City.

(c) Thereupon, Mr. Burgin made a **motion** to adopt the False Alarm Ordinance as presented. Mr. Lewis seconded the motion. Messrs. Burgin, Kennedy, Lewis, and Ms. Klutz voted AYE. Mr. Woodson voted NAY. (4-1)

-
ALARM ORDINANCE GOVERNING ALARMS RESPONDED TO BY POLICE AND FIRE DEPARTMENTS.

(The above Ordinance is recorded in full in Ordinance Book No. 21, Miscellaneous, at Page Nos. 143-154, and is known as Ordinance No. 2006-51.)

Mayor Kluttz thanked Lt. Allen and Fire Marshall Murphy for the work that went into the ordinance.

COMMUNITY TRANSPORTATION PROGRAM GRANT

(a) Mr. Rodney Harrison, Transportation Manager, reviewed the Transit Division’s Community Transportation Program Grant (CTP) for FY 2008. He stated that each year the City of Salisbury Transit Division submits an application for the Community Transportation Program Grant which is administered by the North Carolina Department of Transportation (NCDOT). Mr. Harrison noted that the grant is a major funding source for the Transit System and provides funding for the administrative, operating, and capital budget.

Mr. Harrison reviewed the funding allocations for the three (3) areas of the Transit budget:

- Administrative: Federal - eighty (80) percent
 State – five (5) percent
 Local – fifteen (15) percent

- Operating: Federal – twenty-two (22) percent
 State – zero (0) percent
 Local – seventy-eight (78) percent

- Capital: Federal – eighty (80) percent
 State – ten (10) percent
 Local – ten (10) percent

Mr. Harrison presented the funding allocations being requested in the grant application for this year:

<u>FY 2008</u>		
Administrative	\$170,203	
Operating	\$661,203	
Capital	<u>\$847,002</u>	
Total	\$1,678,408	
	City’s Share	\$625,968
<u>FY 2007</u>		
Administrative	\$166,513	
Operating	\$636,296	
Capital	<u>\$106,200</u>	
Total	\$909,009	
	City’s Share	\$531,908
Grand Total Difference	\$769,399	
City’s Share Difference	\$94,060	

Mr. Harrison then reviewed the budget changes from last year’s budget and this year’s application:

- Administration
 - FY 08 \$170,203
 - FY 07 \$166,513
 - \$ 3,690

- Operating
 - FY 08 \$661,203
 - FY 07 \$636,296
 - \$ 24,907

- Capital – FY 08
 - Bio Diesel Buses (2) \$680,000
 - Personal Computer Replacement \$1,800
 - Vehicle Lettering and Logo \$1,000
 - Office Furniture \$9,281
 - Spare Parts for Buses \$32,000
 - Lift Adaptors \$6,500
 - Upgrade Alarm System \$1,800

Overhead reel pump & dispensers	\$2,646
Onboard cameras (6)	\$46,650
Automated Voice Annunciation System (6)	\$45,000
Bus Shelter with trash cans (3)	<u>\$20,325</u>
	\$847,002
*Requested FY 07	\$106,200
*An increase of	\$740,802

Mr. Harrison explained that the two (2) buses to be replaced were built in 1996, noting that the life expectancy for the buses is five (5) years. He pointed out that the buses have now been in service for ten (10) years and when the buses are ordered it can take one (1) year to eighteen (18) months for delivery. This means the ten (10) year old buses may run for another year or more.

Mr. Harrison reviewed the funding allocation of the requested budget:

	Federal	State	Local
Administrative	<u>80%</u>	<u>5%</u>	<u>15%</u>
2006-2007(\$166,513)	\$133,210	\$8,326	\$24,977
2007-2008 (\$170,203)	\$136,162	\$8,511	\$25,530
Operating	<u>22%</u>	<u>0%</u>	<u>78%</u>
2006-2007 (\$636,296)	\$139,985	\$0	\$496,311
2007-2008 (\$661,203)	\$145,465	\$0	\$515,738
Capital	<u>80%</u>	<u>10%</u>	<u>10%</u>
2006-2007 (\$106,200)	\$84,960	\$10,620	\$10,620
2007-2008 (\$847,002)	\$677,602	\$84,700	\$84,700

Councilman Burgin asked if the percentages are consistent with the percentages used last year. Mr. Harrison responded that they are consistent and while the government can change the percentages they typically remain the same.

City Manager David Treme pointed out that, if approved, the City would pay ten (10) percent of the cost of the budget which would be approximately \$68,000 for two (2) buses. Mr. Burgin asked if the money for the match for the buses would come from capital reserve for vehicles. Mr. Treme responded that these funds would not come from capital reserve.

Mr. Harrison noted the shared expenses and the City's portion of the budget:

Salisbury Transit System shared expenses	\$625,968
Less:	
Projected State Maintenance Assistance Program	-213,118
Projected fare and other revenue	<u>-80,200</u>
City of Salisbury Commitment	\$332,650

Councilman Lewis asked how the City's commitment compares to the current fiscal year. Mr. Harrison responded that for the current fiscal year the total commitment is \$243,975 for a difference of \$88,675 from the requested amount for next year. Mr. Lewis commented that by approving this grant Council will be committing to an increase of \$88,675 for this year's budget. Mr. Harrison indicated that this is correct. Mr. Treme commented that the major difference in the increase is the capital replacement of the two (2) buses, which is a one-time cost and not a recurring cost for the program.

Councilman Kennedy indicated that he has been asked why City buses do not run to the bus station located in East Spencer. He noted that it stops six (6) blocks short of the station and many people have to find other transportation for the remaining six (6) blocks. Mr. Harrison indicated that he has also received the same comments and is in the process of completing a short-range transit plan that will address the entire transit system. He stated that he would like to wait to see if the plan is funded in order to make the changes at one time rather than making changes individually as they are requested.

Mr. Treme stated that Public Services is in the process of updating its strategic plan and a portion of this includes the work Mr. Harrison is completing for the transit system. He commented that one problem is that the more routes and equipment are extended the more cost is associated. Mr. Treme indicated he has asked staff to review several issues and they will share the information with Council within the next several months.

(b) Mayor Kluttz convened a public hearing, after due notice and advertisement thereof, to consider the Community Transportation Program FY2007-2008.

Chaplain Fleming Otay, stated that many patients are given a bus ticket when they are released from the Veterans Administration Hospital. He noted that they then pack their bags and the bus takes them to a certain point and they must then carry their bags for the remainder of the distance to the bus station. He added that it would be very convenient if the bus that stops at the Veterans Administration Hospital would go all the way to the bus station and he supports this effort when the opportunity comes.

There being no one else to address Council, Mayor Kluttz closed the public hearing.

Mr. Treme stated that this application precedes the budget process and will have an impact but staff does not yet know if the items being

requested will be approved. He added that Council will have another opportunity to review the impact once the grant is approved and the items approved for funding are known.

(c) Thereupon, Mr. Kennedy made a **motion** to adopt the Resolution to give permission to apply for the Community Transportation Program funding and enter into an agreement with the North Carolina Department of Transportation to provide necessary assurances. Mr. Burgin seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE. (5-0)

COMMUNITY TRANSPORTATION PROGRAM RESOLUTION.

(The above resolution is recorded in full in Resolution Book No. 12 at Page No. 39, and is known as Resolution No. 2006-25.)

Mayor Kluttz commented that the request for adjusted routes will be taken into consideration and Council will hear more about this at a later time.

REVENUE BOND PROJECTS AND DEBT OPTIONS

(a) Mr. John Sofley, Management Services Director; Mr. Matt Bernhardt, Assistant City Manager for Utilities; and Mr. Jim Behmer, Utilities Engineering Manager addressed Council regarding revenue bond projects and debt options.

Mr. Sofley reviewed the major projects to be funded:

- Projects requiring debt financing FY06-FY08

Town Creek/I-85 sewer project ¹	\$6,785,300
Wastewater capital improvements	\$8,400,000
Annexation water and sewer extensions	\$2,676,438
NC Department of Transportation Contracts	
I-85 widening	\$1,500,000
Highway 70 widening	\$450,000
Settler's Grove Outfall	\$342,327
Comprehensive Software including CRM	\$500,000
	<hr/>
	\$20,654,065

1. Project cost to be split 50% with Rowan County

The total estimated cost of the projects is \$20,654,065. He noted that this figure was then adjusted using funds from the Rowan County share of the I-85 project which will be \$3,392,650, and using \$2,340,000 cash on hand. This brings the estimated debt to \$14,921,415. He noted that this figure may vary once bids are received but this is the estimate for the projects.

Mr. Bernhardt reviewed the details of the Town Creek/I-85 sewer project noting that it was Council Goal 11.1: Partner with Rowan County to implement the Town Creek/I-85 growth corridor interceptor sewer extension project:

- Approved by County Commissioners on March 20, 2006
- Approved by City Council on March 21, 2006
- Key project benefits:
 - Opens up I-85 corridor for development
 - Provides sewer to all four (4) remaining interchanges of I-85 in southern Rowan county
 - Saves existing capacity in Grant Creek Interceptor line for continued growth in Hwy 29 growth corridor
 - Pairs with South Rowan Waterline to provide full utility service to serve coming growth of southern Rowan to southern Salisbury area of Rowan County

Mr. Behmer noted that surveying for the project is complete and the design is eighty-five (85) percent complete. The Environmental Assessment (EA) has been submitted for review and right-of-way acquisition will take place January 2007 through June 2007. He stated that the target bid date is June 1, 2007 with construction to take place July 2007 through February 2009.

Mr. Bernhardt discussed Wastewater capital improvements referring to Council Goal 11.4: Develop, fund, and implement a Wastewater Facilities Capital Improvement Plan for Salisbury-Rowan Utilities:

- Presented at Council Retreat in February 2006
- Result of year-long study
- Goal of extending the life of existing (WWTPs)
- \$8.4 million project – key components (Phase 1):
 - Plate press replacement at Town Creek
 - Repair aeration basins at Town Creek
 - Digester upgrades at Grant Creek

Mr. Bernhardt reviewed the permitting process and the capital improvement path proposed by staff noting that completing the first phase of \$8.4 million improvements to upgrade the existing wastewater facilities will put SRU in the position after the next permitting cycle to add in the additional treatment technologies and maintain compliance throughout the process.

Mr. Bernhardt indicated that the annexation water and sewer improvements include the annexations undertaken by the City in the last two (2) years. The first annexation areas, which were annexed effective July 1, 2005 (Areas 1, 2, and 3), have a cost of \$2,008,250. The second areas, which were annexed effective July 1, 2006 (Areas 1 and 3), have a cost of \$668,188.

Mr. Behmer stated that as part of the I-85 and Highway 70 widening projects there were utilities that needed to be relocated. He noted that the first phase of I-85 was completed in October 2006 and staff anticipates the bill to be submitted to the City in the near future. He stated that the City has two (2) contracts with the North Carolina Department of Transportation (NCDOT) for these relocations and the cost for the I-85 corridor is \$1,500,000 and the Highway 70 cost is \$450,000.

Mr. Bernhardt reviewed the Settler's Grove Outfall project and noted that it is a partnership between SRU and Settler's Grove, LLC. It will eliminate a proposed lift station and replace it with a gravity flow line. He noted that the agreement is a sixty (60), forty (40) split with the developer paying sixty (60) percent and SRU the remaining forty (40) percent. He pointed out that the agreement will also allow SRU to avoid incurring long term maintenance costs for an additional lift station.

Mayor Pro Tem Woodson asked Mr. Bernhardt how many houses are anticipated to be in the Settler's Grove development. Mr. Bernhardt responded that there will be approximately one hundred (100) units and noted that the area around the outfall line is undeveloped and he anticipates a lot of growth in this area.

Mr. Sofley discussed a comprehensive software package including a Customer Resource Management (CRM) system:

- Numerous stand-alone systems – not integrated. One programmer dedicated to creating and maintaining custom integration software
- City lacks formal work tracking and monitoring
- Many processes that could be automated are manual due to lack of systems or system integration
- Proposed system addresses above problems
- Create a system without boundaries – fully integrated
- Would allow one programmer to be reassigned to work full time on City's internet web site

Mr. Sofley noted that the purchase and implementation of a comprehensive, fully integrated software package is estimated to cost \$500,000. This will replace the current financial system, replace and create a new asset management system, add a new work management system and add the CRM system. He pointed out that approval of the bond package does not mean approval of the software package. He indicated that staff is continuing to study the software and will make a detailed presentation to Council for their consideration.

Mr. Sofley reviewed the revenue bond issuance options and noted that the City has several options available. He stated that the recommended option was selected after meeting with the Local Government Commission (LGC) and the City's financial advisor. The options available are: private placement as bank qualified; private placement; public sale as bank qualified; public sale. He explained that bank qualified means the total debt issued by a unit is under \$10,000,000 in a calendar year. He stated that based on engineer's estimates, the City will need \$14,900,000 in bonds to fund the current projects. This amount is over \$10,000,000 and would not be bank qualified. The City needs to issue at least \$6,000,000 this year to have adequate capacity to be bank qualified next year. He noted that the LGC allows debt to be divided into two (2) separate issues over two (2) calendar years with each issue under \$10,000,000. As long as the issue is under \$10,000,000 private placement of the debt becomes a viable option. Mr. Sofley indicated that dividing the debt into two (2) private placement options saves on issuance costs versus one large public sale. He pointed out that in order to take advantage of bank qualification and meet the cash flow requirements, debt would have to be issued prior to December 31, 2006.

Mr. Sofley informed Council that the City's financial advisor estimates a savings in the interest rate received by the City of five-tenths (.5) percent with bank qualified debt. He stated that, after meeting with the City's financial advisor and the LGC, staff recommends issuing \$6,000,000 through private placement as bank qualified prior to December 31, 2006 and issuing \$9,000,000 next calendar year in the same manner.

Mr. Sofley reviewed the bond issuance scenarios and estimates costs:

<u>Type of Sale</u>	<u>Amount</u>	<u>Issuance Costs</u>	<u>Interest Rate</u>	<u>Timing</u>
Private Placement	\$6,000,000	\$53,500	3.99% ¹	12/15/06
Private Placement	\$9,000,000	\$78,500	3.99% ²	8/15/07
Total	\$15,000,000	\$132,000		
Public Sale	\$15,200,000	\$350,000	4.49% ³	9/15/07

1. Actual bid received from Wachovia Bank, NA
2. Estimated rate for comparison purposes based on current bid
3. Estimated increment in interest rate by City's financial advisor

He then reviewed the debt service requirements and noted the savings realized through private placement of bank qualified debt:

<u>Type of Sale</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>	
			<u>Total</u>	<u>Annual</u>
Private Placement	\$6,000,000	\$2,737,420	\$8,737,420	\$436,871
Private Placement	\$9,000,000	\$4,106,130	\$13,106,130	\$655,306
Total	\$15,000,000	\$6,843,550	\$21,843,550	\$1,092,177
Public Sale	\$15,200,000	\$7,912,458	\$23,112,458	\$1,155,623

Savings	\$200,000	\$1,068,908	\$1,268,908	\$63,446
---------	-----------	-------------	-------------	----------

Mr. Sofley reiterated the inclusion of the software package in the financing package is not a decision to buy it right now, but explained that it was needed to achieve the amount of funds necessary to make the project work. He commented that he feels this is a very good deal for the City and staff received an excellent rate for twenty (20) year bonds.

Mayor Pro Tem Woodson asked if the bonds would be sold. Mr. Sofley indicated that Wachovia Bank will buy the bonds to hold.

Councilman Lewis commented that he felt this is the right thing to do. He noted that although the money will be received upfront it will not be expended immediately. He explained that the City has investment devices that will earn more interest than what will actually be paid on what is borrowed and he felt it is a good means of cash management for the City.

(b) Thereupon, Mr. Lewis made a **motion** to adopt a Resolution relating to the authorization and issuance of a combined enterprise system revenue bond, Series 2006 of the City of Salisbury, North Carolina to pay a portion of the cost of certain improvements of the combined enterprise system. Mr. Woodson seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE. (5-0)

RESOLUTION RELATING TO THE AUTHORIZATION AND ISSUANCE OF A COMBINED ENETERPRISE SYSTEM REVENUE BOND, SERIES 2006 OF THE CITY OF SALISBURY, NORTH CAROLINA TO PAY A PORTION OF THE COST OF CERTAIN IMPROVEMENTS TO THE COMBINED ENTERPRISE SYSTEM

(The above resolution is recorded in full in Resolution Book No. 12 at Page Nos. 40-41, and is known as Resolution No. 2006-26.)

APPEAL OF CONDITIONS OF LEATHERMAN SUBDIVISION

Councilman Burgin indicated that he needed to be excused from the appeal of conditions for the Leatherman Subdivision due to a conflict of interest.

Thereupon, Mayor Pro Tem Woodson made a **motion** to recuse Mr. Burgin. Mr. Kennedy seconded the motion. Messrs. Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE (4-0)

Councilman Lewis indicated that he also needed to be excused from the appeal of conditions for the Leatherman Subdivision due to a conflict of interest.

Thereupon, Mayor Pro Tem Woodson made a **motion** to recuse Mr. Lewis. Mr. Kennedy seconded the motion. Messrs. Kennedy, Woodson, and Ms. Kluttz voted AYE (3-0)

Mr. Dan Mikkelson, Director of Land Management and Development, reviewed the history of the Leatherman project for Council. He displayed an aerial photograph of the property and noted its location adjacent to Jake Alexander Boulevard, Dodd Street and South Main Street. He also reviewed ground photographs of the proposed site. He pointed out that Dodd Street is a substandard street and is not on the City system. He stated that the previously submitted proposal was for the subdivision to have a connection from South Main Street to Rosemont Street. The plan was approved by the Planning Board subject to the following conditions:

- The connection to South Main Street shall include improvements to Dodd Street to bring it up to City Standards, except that a forty (40) foot public right-of-way will be allowed with sidewalk on only one side of the street.
- A driveway permit shall be obtained from North Carolina Department of Transportation (NCDOT) for the connection to South Main Street.

Mr. Mikkelson stated that the developer appealed the conditions to City Council.

He indicated that the neighborhood adjacent to the proposed subdivision, as well as City Council, objected to the connection to Rosemont Street. The developer then submitted a revised proposal that did not reflect a connection to Rosemont Street and uses Dodd Street as the public street. Mr. Mikkelson noted that Dodd Street will require upgrading and will connect to a private drive to connect it to property owned by the developer at the back of the development. He stated that the Planning Board approved the revised plan subject to the following conditions:

- Dodd Street shall be improved to City Standards except for forty (40) foot right-of-way and sidewalk on one side only
- NCDOT driveway permit
- Lot lines shall be "substantially at right angles or radial to street lines"
- Allow cul-de-sac to exceed six hundred (600) feet
- Plat S-06-05 shall become null and void (connection to Rosemont Street)

Mr. Mikkelson stated that the developer requested to appeal all five (5) conditions and asked Council to consider the following options:

- Option A - Accept Dodd Street with the existing right-of-way
 - Sixteen (16) foot asphalt
 - Two (2) foot valley gutter on each side providing a twenty (20) foot back-to-back street dimension
- Option B - City to partner with the developer for Dodd Street improvements
 - Funding provided by developer
 - Property acquisition and Dodd Street improvements by City of Salisbury

- Adjacent property owner is willing participant if construction occurs in a timely manner.

Mr. Mikkelson stated that the adjacent property owner would like the project to be completed in several months rather than one (1) year or two (2).

Mayor Pro Tem Woodson asked if the developer is requesting the City's participation in widening Dodd Street to forty (40) feet. Mr. Mikkelson stated that the developer is requesting the City assist in acquiring the forty (40) foot right-of-way because he has been unable to obtain it.

Mr. Mikkelson stated that option A is to accept Dodd Street and the exiting right-of-way. He added that City staff recommends the Planning Board approval with the five (5) conditions be upheld, and added that the Planning Board had considered the appropriate width of Dodd Street on three (3) separate occasions and on all three occasions felt the forty (40) foot right-of-way was the minimum width to be acceptable to the City. He added that the Planning Board feels this is a reasonable compromise from the fifty (50) foot standard right-of-way.

He stated that option B proposes partnering with the City and indicated that City staff currently has several high priority projects under way and the addition of another project would result in a delay to the others.

Mr. Woodson stated that if the Planning Board and the City require the forty (40) foot right-of-way he does not see how the developer and the adjacent property owner are going to agree without City intervention and added that it will be difficult to choose the plan without their agreement.

Mr. Mikkelson stated that from a staff perspective, it is more important to have a forty (40) foot right-of-way as a minimum. He indicated that acceptance of a twenty (20) foot right-of-way would raise concerns of narrow lanes especially with delivery truck traffic. He added that staff is also concerned that there will not be sufficient room for public street lighting, public utilities and that accepting the twenty (20) foot right-of-way would set a precedent for future developments.

Councilman Kennedy stated that he prefers the forty (40) foot right-of-way and agrees that the City can work with the two (2) developers. He added that he definitely wants to see the land developed.

Mayor Kluttz stated that she feels that the Council committee and City staff have worked with the developer for a long period of time to find an agreeable compromise. She added that she feels the City should require the forty (40) foot right-of-way with one (1) sidewalk, which is less than the standard. She asked if the developers or their attorneys would like to address Council.

Mr. Glenn Ketner, 121 East Kerr Street, attorney representing Mr. John Leatherman, developer for this group development plan, stated that option A eliminates the Rosemont Street connection and protects the Ridgewood neighborhood, has been deemed safe by the fire marshal, and is an approved version of the City Council Committee proposal. He added that the twenty (20) foot right-of-way includes the road curbing, fire vehicle access requirements have been met, and group development has taken place for the development on the other side of the property. He indicated that option A will not set a precedent and will bring a long ordeal to a close. Mr. Ketner stated that he feels option B has built-in problems and uncertainties. He noted that the street improvement timeframe is not known and is not a fair deal as proposed. He stated that another option would be for the City to acquire the right-of-way, construct the street and the developer would reimburse the City. Mr. Ketner stated that he feels Council should approve option A.

Mr. Charles Parks stated that he owns the property adjacent to Dodd Street and indicated that delivery trucks traveling through a small entrance creates a safety issue. He added that he has retirees as clients and the thought of them dealing with the Main Street traffic concerns him. He pointed out that the Planning Board has been consistent in requiring a forty (40) foot right-of-way. He stated that the Wachovia Bank building adjacent to Dodd Street is for sale and the developer has the option to purchase the property and widen the street.

Mr. Parks stated that he is a willing participant in making this development work but wants it done right rather than quickly and added that the current plan would require Mr. Leatherman to borrow money. He indicated that he agrees with the forty (40) foot right-of-way and is willing to work with the developer in hopes that the development will attract high quality property tenants and increase the property value. He explained that he has a business and if Dodd Street is going to be the major entrance for his clients and staff, he does not want the street torn up for a long period of time and wants the work done in a timely and consistent manner.

Mr. Woodson asked Mr. Parks if he would accept \$20,000 from the developer for the right-of-way property. Mr. Parks stated that he would like to have the City involved and that he has made an offer to donate the property to the City and in return the work would be done in a timely manner. Mayor Kluttz asked Mr. Parks to define a timely manner. Mr. Parks stated that he does not know how long it takes to build a street but that he does not want six (6) months to pass and still not have an entrance to his property and is only asking that the road be completed to the point of his entrance. He explained that in return for the donated property he has requested that the City put in a parking pad with six (6) parking spaces on the side of his property.

Mr. Parks stated that if the cost of the entrance is excessive, he agrees to pay for anything over the normal cost. He noted that this is prime real estate that he wants to see developed correctly and does not want the Rosemont Street residents affected.

Mr. Woodson asked Mr. Parks when his business was scheduled to open. Mr. Parks answered that he had hoped to be in by Labor Day, but due to building inspection delays, he hopes to be in the week after Christmas. He stated that he feels Council should uphold the Planning Board recommendation and let the developer determine how to make it work and that he would rather see the street built by the City.

City Manager David Treme stated that in return for gifting the right-of-way to the City, Mr. Parks is asking for an asphalt pad to accommodate six (6) parking spaces for his business.

Mr. Parks stated that he is trying to preserve and improve the front area of his property and plans to place the parking on the side adjacent to Dodd Street. He noted that if Dodd Street is built correctly a row of trees would need to be planted.

Mr. Ketner proposed that since both the developer and Mr. Parks have twenty (20) feet of right-of-way, the City can build the road, and the developer will share the cost of the road with Mr. Parks.

Mr. Woodson stated that he was not aware of the offer from Mr. Parks. He asked what it will cost to build the road. Mr. Mikkelson responded that using the Planning Board recommendation as a guideline and with a four hundred (400) foot deep street, a rough cost estimate would be \$120,000.

Mr. Mikkelson stated that Mr. Leatherman has indicated his first preference is option A and that the Planning Board and City staff have recommended against that option. He stated that if Council upholds the forty (40) foot right-of-way requirement, Mr. Leatherman requests that the City participate in acquiring the right-of-way and proceed with the construction of the first four hundred (400) feet of Dodd Street. Mr. Ketner stated that the developer did not request option B as it is stated.

Mr. Woodson asked what the construction cost would be for the sixteen (16) foot road with two (2) foot valley curbing on each side. Mr. Mikkelson stated that a rough cost estimate would be \$95,000.

Mayor Kluttz commented that it appeared there are two (2) choices which are to allow the existing twenty (20) foot right-of-way, or uphold the Planning Board recommendation, deny the appeal, and require the forty (40) foot right-of-way with a sidewalk on one (1) side.

Councilman Kennedy asked about the validity of the previously approved plat that allowed the developer to connect to Rosemont Street. Mr. Mikkelson stated that the previous plat does allow for the connection to Rosemont Street but also requires the forty (40) foot right-of-way and would be valid only if the developer can obtain the forty (40) foot right-of-way. He added that if the current plat is approved with Planning Board's conditions, the previous plat would become void.

Mr. Ketner clarified option B by stating that the City would acquire the right-of-way, build the street and the developer would reimburse the City the cost.

Mr. Treme stated that he does not feel the City can build the street in three (3) months as requested by Mr. Parks. Mr. Parks explained that he would like the construction to begin within three (3) months and be completed in six (6) months. He stated that he did not want the construction to be an open-ended issue.

Thereupon, Mr. Kennedy made a **motion** to go with option B, the City will partner with the street improvements, funding by the developer, property acquisition and Dodd Street improvements by the City for up to forty (40) foot right-of-way with one (1) sidewalk because the adjacent property owner is willing to give the right-of-way to the City with completion by September 1, 2007. Mr. Woodson seconded the motion. Messrs. Kennedy, Woodson, and Ms. Kluttz voted AYE. (3-0)

INTERLOCAL AGREEMENT FOR FIRE INSPECTION SERVICES BETWEEN ROWAN COUNTY AND THE CITY OF SALISBURY

City Manager David Treme explained that the interlocal agreement between Rowan County and the City of Salisbury is for the Salisbury Fire Department to perform fire inspections for Rowan County schools. He stated that Rowan County has made two (2) changes to the agreement for fire inspection services to include a reference to the public schools and to add a thirty (30) day written notice to end the agreement. He noted that there are thirty (30) schools in the County and that the agreement allows the City to charge a fee for the inspections. He explained that due to staffing problems the County is having difficulties responding to building inspections and that he, Mr. Burgin, and Mr. Lewis met with County Manager Bill Cowan and County Commissioner Steve Blount to offer the City's assistance. It was decided that the City can provide fire inspections for the thirty (30) schools outside of the city limits and that these schools are inspected two (2) times per year. He noted that this will allow the County to concentrate on building inspections.

Mr. Treme stated that with Council's approval the City does not intend to charge for the school inspections and added that the City has already performed ten (10) inspections. He explained that when the County has additional staff they will notify the City and the City will give a thirty (30) day notice to turn the school inspections back over to the County. He pointed out that the Rowan County Board of Commissioners approved the agreement at their November 6, 2006 meeting.

Thereupon, Mr. Burgin made a **motion** to approve the Interlocal Agreement for Fire Inspection Services as presented. Mr. Kennedy seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE. (5-0)

MUNICIPAL AGREEMENT WITH NCDOT REGARDING CONGESTION MITIGATION AND AIR QUALITY (CMAQ) PROJECT C-4906

Mr. Dan Mikkelson, Director of Land Management and Development, stated that he has worked with Mr. Rodney Harrison, Transit Manager, on project C-4906. He explained that the City qualified for Congestion Mitigation and Air Quality (CMAC) funding due to the poor air quality in the Charlotte region. He explained that the City submitted a series of projects that were approved by the North Carolina Department of Transportation (NCDOT) and that the first approved project is to provide free bus service on ozone action days. He indicated that these days usually occur during the summer months and that there are typically twenty (20) ozone action days in the Charlotte region. He pointed out that the total bus service project will

be \$45,000 and added that the CMAC will pay \$12,000 per year and the City will contribute \$3,000 per year for the three (3) year program. He stated that the City has the funding in the budget for the current fiscal year and will submit requests for the next two (2) years.

Thereupon, Mr. Lewis made a **motion** to adopt a resolution authorizing the Mayor and City Clerk to execute a municipal agreement with the North Carolina Department of Transportation regarding Congestion Mitigation and Air Quality (CMAC) Project C-4906. Mr. Burgin seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE. (5-0)

APPOINTMENT TO THE COMMUNITY APPEARANCE COMMISSION

Upon a **motion** by Mr. Lewis, seconded by Mr. Kennedy, and with Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voting AYE, Ms. Diane Gibbs was appointed to the Community Appearance Commission to fill an unexpired term ending March 31, 2009.

APPOINTMENT TO THE HISTORIC PRESERVATION COMMISSION

Upon a **motion** by Ms. Kluttz, seconded by Mr. Burgin, and with Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voting AYE, Ms. Ann Waters was appointed to the Historic Preservation Commission to fill an unexpired term ending March 31, 2007.

APPOINTMENT TO THE PARKS AND RECREATION ADVISORY BOARD

Upon a **motion** by Mr. Woodson, seconded by Mr. Burgin, and with Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voting AYE, Mr. Reid Leonard was appointed to the Parks and Recreation Advisory Board to fill an unexpired term ending March 31, 2009.

APPOINTMENTS TO THE BRANDING AND WAYFINDING STEERING COMMITTEE

Upon a **motion** by Mr. Lewis, seconded by Mr. Woodson, and with Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voting AYE, the following appointments were made to the Branding and Wayfinding Steering Committee:

Mr. Bud Mickle
Mr. Brad Walsler
Mr. Michael Baker
Ms. Meg Dees
Mr. Gray Stout

COMMENTS FROM THE CITY MANAGER

(a) Planning Board

Council received the Planning Board recommendations and comments from the October 24, 2006 meeting.

MAYOR'S ANNOUNCEMENTS

(a) Access 16 Technical Difficulties

Mayor Kluttz announced that due to technical difficulties, the first five (5) to ten (10) minutes of the Council meeting did not record for airing on Access 16 but that the audio will be added for this period.

(b) Election Day

Mayor Kluttz announced that today is Election Day and encouraged everyone to vote.

(c) Future Agenda Items

Mr. Lewis stated that he would like to recommend two (2) future agenda items. He would like to discuss the Council retreat regarding additional time dedicated for Council brainstorming. The second agenda item he would like to add is for Council to hear a report from Mr. Joe Morris, Planning and Community Development Director; Mr. Randy Hemann, Executive Director of Downtown Salisbury, Inc.; and himself regarding their attendance at the Cultivating Creative Communities Conference.

Mr. Treme stated that staff has discussed potential items for the retreat and will share these with City Council to determine which areas they would like to concentrate their discussion. He added that he would prefer a longer retreat and have time at the beginning for discussions.

Mayor Kluttz asked that Council consider the ideal timing for the retreat.

ADJOURNMENT

- **Motion** to adjourn the meeting was made by Mr. Woodson, seconded by Mr. Burgin. All council members agreed unanimously to adjourn. The meeting was adjourned at 6:29 p.m.

Mayor

City Clerk