

Salisbury, North Carolina  
May 3, 2005

**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 Kennedy.

**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 and welcomed Mr. Jim McNally, reporter with the Salisbury Post.

**PROCLAMATIONS**

Mayor Kluttz proclaimed the following observances:

NATIONAL DAY OF PRAYER	May 5, 2005
MUNICIPAL CLERKS WEEK	May 1-7, 2005
NATIONAL TOURISM WEEK	May 8-14, 2005
NURSING HOME WEEK	May 8-14, 2005
NATIONAL POLICE WEEK	May 15-21, 2005
INFORMATION & REFERRAL AWARENESS MONTH	May, 2005

**CONSENT AGENDA**

(a) Minutes

Approve Minutes of the regular meeting of April 19, 2005.

(b) Group Development Site Plan G-20-04 - National Starch & Chemical

Approve group development site plan G-20-04, National Starch & Chemical Projects Emanate, Hushpuppy and Zephyr, 485 Cedar Springs Road.

(c) Voluntary Annexation - The Gables, Phase 1

Receive a Certificate of Sufficiency from the City Clerk concerning the voluntary annexation of The Gables, Phase 1, and adopt a Resolution setting a public hearing for May 17, 2005.

RESOLUTION SETTING DATE OF PUBLIC HEARING ON QUESTION OF THE ANNEXATION OF THE GABLES PHASE 1 (20.332

ACRES) PURSUANT TO G.S. 160-A-31 AS AMENDED.

(The above Resolution is recorded in full in Resolution Book No. 12, Page Nos. 12-13, and is known as Resolution No. 2005-12.)

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

### **UPDATE REGARDING TEMPORARY POOL HALL PERMIT - 315 EAST COUNCIL STREET**

City Manager David Treme indicated that over the last several months staff has worked on different issues relating to East Council Street. He noted that this particular area is zoned M-1 and has the Cheerwine condominiums, as well as the 315 nightclub. He noted that there have been parking issues concerning both the nightclub and Rowan Helping Ministries. Mr. Treme indicated that he has had discussions with Ms. Dianne Scott from Rowan Helping Ministries concerning their parking needs, as well as a drainage problem in their current parking lot.

Mr. Treme noted that one of the issues impacting the Cheerwine condominium owners was parking for the 315 East Council nightclub. He stated that he, Mr. Joe Morris, and Mr. Randy Hermann met with the National Sportswriters and Sportscasters Association (NSSA) Board and asked them to consider issuing a permit to 315 East Council for their patrons to use the parking lot. Mr. Treme informed Council that the NSSA Board has indicated they are not willing to issue a permit because of possible liability issues. He stated that the NSSA Board did not seem to have an issue with persons using the parking lot but they did not want to issue a formal permit. Mr. Treme explained that there was a proposal to develop the side entrance to 315 East Council in order to use the alley and upper NSSA parking lot, but without the permit there was no need to develop this entrance.

Mr. Treme stated that the other parking issue was the need for additional parking by Rowan Helping Ministries. He noted that because of the increase in clients the shelter was in need of additional parking. Initially the Cheerwine condominium owners did not mind the use of the Cheerwine lot, however with an increasing number of cars it created a problem. He indicated that there was also a problem with drainage in the lot and the City's engineering staff is reviewing the problem.

Ms. Lynn Raker, Urban Design Planner, reviewed the history for the development of the East Council Street area. She referred to the Park Avenue redevelopment plan which identified the Cheerwine Building as the entrance to the neighborhood. The plan also identified the 200 and 300 blocks of North Long Street for mixed use. She noted that the first phase of the project included the Flowers Bakery Building and the railroad crossing. The next phase included the 300 block of East Council Street where the Cheerwine Building is located. She indicated that the City invested money in the redevelopment by removing the overhead utility lines, upgrading water and sewer services, replacing sidewalks and private driveways, removing the highway style lights and replacing them with decorative pedestrian lights, and planting street trees in the 200 block. Ms. Raker stated that the City and Downtown Salisbury, Inc. have made numerous efforts to work with adjacent property owners to create plans to redevelop the property in the area.

Mr. Treme recognized Dr. Janice Fuller to speak on behalf of the Cheerwine Building condominium owners. He noted that Council has also received letters from Mr. Mike Lippard, Cheerwine Building resident, and Mr. Ed Harris, developer of the Cheerwine Building.

Dr. Fuller thanked Council and staff for their continued work on this issue, and thanked the Barbers for their efforts to make this situation work for the neighbors. She indicated that the noise problem has persisted and she is still awakened on a regular basis. She noted that the noise is from both the adjacent lot and the Vogue Cleaners lot. She stated that she would like to get all of the parties together to work on the issue and look at the big picture for the neighborhood.

Police Chief Mark Wilhelm informed Council that he researched computer calls for this area and the last call received was in November. He noted that he has spoken with Dr. Fuller and in one case the noise was coming from the officer on security duty. He stated that he is not familiar with any other problems and to his knowledge things are running smoothly. Chief Wilhelm noted that if the calls do not go through dispatch, but are sent directly to the officer, the calls cannot be tracked.

Mr. Jayson Barber, owner of 315 East Council, stated that they have enjoyed being on Council Street and his business continues to grow. He indicated that they have not had a single fight or incident of property damage. Mr. Barber stated that almost one thousand (1,000) people have bought memberships to the club and he greatly appreciates the patronage. He indicated that he and his father want to help the neighbors in any way possible to make them feel comfortable, safe and happy. He noted that they would like to use the NSSA parking lot if it becomes available and he is willing to make continued improvements to Council Street.

Mr. Treme noted that the NSSA Board indicated they would not issue a permit for parking in their lot but did not seem to mind the lot being used informally. He noted that many patrons continue to park on the roadway and in the lot adjacent to the Cheerwine Building and this seems to be the basis for the problem.

Mr. Treme indicated that everyone involved is working together but the right solution has not been found. He suggested holding a Solve It! meeting to try to find a solution.

Mayor Pro Tem Woodson noted that at one time there was a discussion about making the entrance to 315 East Council on the Innes Street side. Mr. Barber indicated that he would like to upgrade the rear of the building to make it the main entrance but he cannot afford to build the wooden decking. He noted that his greatest expense is the private security. Mr. Treme added that NSSA and other property owners were not supportive of having the entrance at the back with the possibility of using their property. He added that the lack of support from the property owners is why the request to move the entrance to the back was not brought before the Historic Preservation Commission (HPC) for consideration.

Councilman Burgin asked if it is possible to use the shopping center lot on Long Street. Mr. Treme noted that it would be possible but the

patrons would have to cross the street and people would not use the lot. He indicated that the Gateway Park is also too far for the patrons to use.

Mr. Treme indicated that there has been a temporary pool hall permit issued for 315 East Council and he does not feel the second pool table is causing any more or less of a problem and is not crucial for the business to be successful.

Mayor Kluttz noted that this is a dilemma of a business zoned properly with a residential building across the street and the two trying to co-exist. She stated that she thinks pulling the neighborhood together for a meeting is a good idea, and added that she feels it is wonderful that everyone is willing to work together.

Councilman Lewis noted that the pool hall permit is the control mechanism that keeps bringing the issue back to Council. He noted that he agrees with Mr. Treme that the pool table is not the problem but if Council approves the temporary permit it forces the issue to come back to Council.

Thereupon, Mr. Lewis made a **motion** to grant another ninety (90) day extension and direct the City Manager to convene the neighborhood for a Solve It! session. Mr. Woodson seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE. (5-0)

#### **AWARD CONTRACT - SCOTTSDALE DRIVE SEWER OUTFALL EXTENSION PROJECT**

Mr. Matt Bernhardt, Assistant City Manager for Utilities, indicated that the City has been working on a project for the Scottsdale Drive outfall. He stated that this is a partnership between Salisbury-Rowan Utilities (SRU) and Mr. John Fletcher, developer of Oakview Commons Subdivision. He explained that the project is for the installation of approximately two thousand five hundred (2,500) linear feet of eight (8) inch ductile iron sewer line with a gravity flow, which will eliminate the need for a lift station. Mr. Fletcher is funding one hundred percent (100%) of the project.

Mr. Bernhardt noted that SRU received bids for construction of the project and the lowest bid was from Bell Construction in the amount of \$135,445.59.

Thereupon, Mr. Woodson made a **motion** to award the contract to Bell Construction for the construction of the Scottsdale Drive outfall. Mr. Burgin seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE. (5-0)

#### **CAPITAL PROJECT ORDINANCE AMENDMENT - SCOTTSDALE DRIVE SEWER OUTFALL**

Mr. Matt Bernhardt, Assistant City Manager for Utilities, asked Council to adopt an amendment to a Capital Project Ordinance to appropriate funds for the Scottsdale Drive outfall project.

Thereupon, Mr. Woodson made a **motion** to approve the Capital Project amendment in the amount of \$135,445.59. Mr. Burgin seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE. (5-0)

\*\* During a later portion of the meeting Mr. Bernhardt noted that the incorrect amount for the amendment to the Capital Project Ordinance had been stated. He informed Council that the correct amount should be \$145,000.

Thereupon, Mr. Woodson made a **motion** to approve the amendment at \$145,000 to include the contingency fee of \$9,500. Mr. Burgin seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE. (5-0)

SCOTTSDALE DRIVE SEWER OUTFALL, CAPITAL PROJECT ORDINANCE AMENDMENT.

(The above Ordinance is recorded in full in Ordinance Book No. 20, Budget, at Page No. 24, and is known as Ordinance No. 2004-21.)

#### **BUDGET ORDINANCE AMENDMENT - HOME PROGRAM INCOME**

Mr. Wade Furches, Finance Manager, noted that the City uses federal money from the Department of Housing and Urban Development (HUD) to build and rehabilitate houses. He stated that part of the funds this year have been used to build new houses for first time home buyers. Two (2) houses have been sold to date and staff expects to close on two (2) more before the end of the year. This will net the City approximately \$230,000 in additional program income. He asked Council to approve a budget amendment to appropriate the additional income so it can be spent on further redevelopment and future HOME projects.

Thereupon, Mr. Kennedy made a **motion** to adopt the Ordinance amending the 2004-2005 Budget to appropriate additional HOME program income of \$230,000. Mr. Woodson seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE. (5-0)

AN ORDINANCE AMENDING THE 2004-2005 BUDGET ORDINANCE OF THE CITY OF SALISBURY, NORTH CAROLINA, TO APPROPRIATE ADDITIONAL HOME PROGRAM INCOME.

(The above Ordinance is recorded in full in Ordinance Book No. 20, Budget, at Page No. 25, and is known as Ordinance No. 2005-22.)

#### **UPDATE FROM STAFF REGARDING STREET LIGHTING ON EAST INNES STREET**

Mr. Lynn Raker, Urban Design Planner, indicated that on March 15, 2005 Council approved a contract for sixteen (16) high pressure sodium

lights for use in the East Innes Street Gateway Streetscape Enhancement Project. She stated that during negotiations with Duke Power she was led to believe that high pressure lights were the only acceptable lighting source by the North Carolina Department of Transportation (NCDOT). Ms. Raker noted that during the Council discussion on this contract Councilman Burgin indicated a preference for metal halide lights and she has since learned that NCDOT has indicated that if the City can meet the lighting requirements they might approve metal halide lights. Ms. Raker stated that she then got another contract proposal from Duke Power, and pointed out that it does not negate the original contract. She stated that the City has until May 16, 2005 to sign the original contract before it becomes invalid. The new contract proposal will be valid until July 25, 2005.

Ms. Raker discussed the differences between the two lights noting that the high pressure sodium casts a yellow light while the metal halide is a cleaner, whiter light. She stated that the 1995 Urban Design Assistance Team (UDAT) Study stated that this area is to be unique, different and make a statement, and she feels metal halide lights may make this type of statement. She reviewed the difference between the two lighting options:

400 watt high pressure sodium option

- Sixteen (16) fixtures at \$4,728 each totaling \$75,650
- Monthly charge of \$11.70 per fixture totaling \$187.20 per month
- Duke Power will perform the installation
- Private funding will pay for initial installation

400 watt metal halide option

- Eighteen (18) fixtures at \$4,717 each totaling \$84,911 (difference of \$9,261)
- Monthly charge of \$14.45 per fixture totaling \$260.10 per month (difference of \$72.90 per month)
- Duke Power will perform installation
- Private funding will pay for initial installation

Mayor Kluttz noted that she received a telephone call from Mr. Clyde Overcash indicating his preference for the first lighting contract.

Councilman Burgin discussed the differences in the two types of lights. He stated that high pressure sodium lights produce more lumens and casts a yellow light, while the metal halide light produces a whiter, truer light. He added that if the lights are placed in an area where appearance is important, metal halide is preferred.

Mr. Burgin stated that in parts of the City with pedestrian lighting the lights are metal halide, while the lights on the main square are high pressure sodium.

Mayor Kluttz commented that Council should take the UDAT study into consideration and the statement that this area be unique. She noted that Council has worked very hard on the East Innes Street Gateway and with the private funds that were given to beautify the area, this seems like a small price to pay to continue the beautification.

Mayor Pro Tem Woodson asked City Manager David Tremé his opinion. Mr. Tremé stated that because this is the entrance from the interstate the metal halide lights might provide a truer light for cars, but he does not feel there is a wrong decision.

Thereupon, Mr. Woodson made a **motion** to use the metal halide lighting. Mr. Burgin seconded. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE. (5-0)

#### **APPOINTMENT FOR ACCESS 16 BOARD OF DIRECTORS**

Mr. Mike Crowell, Information Technology Manager, reviewed how the Access 16 Board of Directors was created. He stated that the channel is strictly a government access channel governed by guidelines from the Federal Communication Commission (FCC) that define what can and cannot be shown. He noted that the Board of Directors will govern the channel and the three main functions of the Board will be to set the funding formula for how Access 16 will be funded, to set policies for how the station is run, and to appoint an operations committee. He explained that the operations committee will set the day-to-day guidelines for how the channel will operate.

Mr. Crowell stated that there are six (6) municipalities and Rowan County participating in this channel with Salisbury, so there will be six (6) Board members, along with the County's Information Technology Director, Mr. David Boling and Mr. Crowell as the City's Information Technology Director. He asked Council for their consideration in appointing someone to serve on the Board of Directors.

Mayor Kluttz stated that since this concerns issues with funding and policy she feels the appointment should be a Council member and volunteered to serve on the Board.

Thereupon, Mr. Woodson made a **motion** to appoint Mayor Kluttz. Mr. Lewis seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE. (5-0)

#### **UPDATE FROM STAFF REGARDING THE SKATEBOARDING SOLVE IT SESSION**

Mr. Preston Mitchell, Senior Planner, reviewed the project status for the skateboarding Solve It! session held April 14, 2005. He noted that the session was held with a cross section of members from the community, staff and Mr. Warren Miller of Fountainworks Consulting.

Mr. Mitchell stated that the first part of the session was to establish community values for skateboarding, using the same principals used by

Council during its planning retreat with Dr. Phillip Boyle. In determining the community values the following were the top issues identified:

#### Economics

- Public/private property damage
- Liability- property and people
- Loss/gain revenue

#### Equality

- Equal access to all sports and location to those sports
- Equal respect

#### Community

- Safety and protection for all groups
- Respect of others' rights and space
- Accountability

#### Freedom

- To operate a business without interruption
- Freedom of expression
- Freedom to enjoy a sport

Mr. Mitchell stated that the group was then asked to define success for this issue if it is successfully resolved by the community. The results they felt would occur included:

- Freedom of expression (via skateboarding) without impacting others
- Respectful interactions
- Free to the users/economically feasible for the City or other sponsor
- Meets the City goal of creating a good environment for young people
- Incorporated with other community plans
- Safe

In developing solutions, Mr. Mitchell noted that the group developed short-term action ideas and mid-term action ideas, with the mid-term being more long-term and involving more funds.

The short-term action ideas included:

- Establish a Youth Bureau to advise on action steps
- Establish skateboarding etiquette
- Create skate zones
  - Using existing City property create several zones (small areas) designated for skateboarders
- Inventory spaces in community for skateboarding
  - Parks, greenways, buildings for redevelopment, underused City property, etc.
- Community education
  - Positive accomplishments of sport enthusiasts
  - Parent education
  - Public events featuring skateboarders
  - Fundraisers
- Skateboard club

The mid-term action ideas included:

- Skate Plaza
  - Use existing park/public spaces
  - Multi-use
  - Concessions
- History, Art and Street Skate Trail
  - Progressive stations
  - Visible off Greenway, not isolated
- Adaptive reuse of abandoned mills
  - Cone Mills
  - Year-round skating with vendors
- Traditional skate park

Mr. Mitchell then reviewed a map of all City owned properties located in the downtown area.

City Manager David Treme stated that he feels the City has engaged contact with the citizens and worked on creative ways for this sport to take place. He stated that one idea that he feels has merit is the skate plaza and noted that there may be grants available to help with the cost. He suggested reconvening the group, while trying some of the short-term plans, to see if a creative solution can be reached. He noted that no funds have been included

in the proposed budget for FY2005-2006 because in terms of major expenditures, the expenditures involved are unknown.

Mr. Treme stated that the skateboarders feel the need to express themselves in their sport and felt a total ban was heavy-handed, while some of the senior stakeholders felt that if other options were provided in specific locations there could be areas restricted from skateboarding. He added that he felt staff is a step closer to identifying a solution and noted that staff will determine a short-range plan and come back to Council with a proposal. Mr. Treme stated that he sees this culminating in the fall or early next year and at that time staff can look at how to put funding together to see what can be done. He indicated that if Council agrees, staff will continue in this direction.

Mayor Klutz congratulated staff for coming up with creative ways to investigate this issue. She also thanked everyone from the public who spent their time participating on this issue.

By consensus Council agreed for staff to continue work as noted.

## BOARDS AND COMMISSIONS APPOINTMENTS

### Parks and Recreation

Upon a motion by Mr. Woodson, seconded by Mr. Lewis, and with Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Klutz voting AYE, the following appointment was made to the Parks and Recreation Advisory Board:

Mr. James Poe                                  Term expires 3-31-06

## SOUTH ROWAN UTILITY ASSUMPTION FEASIBILITY STUDY

City Manager David Treme noted that over the last several years the philosophy of Salisbury-Rowan Utilities (SRU) has been to consolidate, add customers and to spread debt while moderating rates. He indicated that a request was made by the Town of China Grove and the Town of Landis to perform a feasibility study for the assumption of their utilities. Mr. Treme stated that SRU was already selling water to China Grove with a \$300,000 guarantee and also has a contract with Kannapolis for the Rowan County portion of the town for \$300,000 a year for fifteen (15) year. He added that SRU also has a \$75,000 contract with Landis.

Mr. Treme noted City Council's directive that assumption of the utilities would be to the benefit of SRU and its rate payers and if there is any increase in the rates it should not be related to the assumption of the systems. He stated that this has not been the case at this point. He recognized Mr. John Sofley, Finance Director, to review the fiscal analysis.

### (a) Fiscal Analysis

Mr. Sofley reviewed with Council the method used for determining the fiscal feasibility, noting that he used the same process for both communities. Using current data and the new rate versus the old rate, it was determined that a higher rate would be produced meaning SRU would have to have additional cash generated to cover this higher rate. He stated that one reason Landis and China Grove have a higher rate is their level of debt service, which was significantly greater than the levels of the other systems assumed by SRU in the past. He explained that in order to remain neutral it was determined that \$275,000 would be needed for both communities for the first year and approximately \$875,000 over a period of five (5) years. Mr. Sofley stated that this would mean a twenty-five percent (25%) increase in SRU rates to hold the existing customer base at neutral. He added that there are also needs involving maintenance and customer service that SRU would also have to assume. He stated that both systems worked out to be in almost identical situations, with both having a twenty-five percent (25%) surcharge the first year with a five percent (5%) step-down over a five (5) year period, in order to cover the deficits. Mr. Sofley added that by using this formula staff feels SRU can be held harmless and as growth continues in the area it will benefit all customers of the utility. In addition to the step-down, Mr. Sofley noted that there are additional items that have been stated as conditions for SRU to assume the utilities. These include maps, surveys, and easements. He noted that there will be crews needed for maintenance of the lines and the crews will need equipment which staff has estimated to cost \$300,000. He stated that SRU is willing to pay for a portion of this cost but is also requesting the communities to put up one-third (1/3) share of the cost, either through equipment or cash. SRU is also asking for a comprehensive list of utility accounts and that any current liabilities, other than long term debt, have sufficient cash transferred to cover the outstanding liabilities. Mr. Sofley stated that China Grove has cash available for annexation and SRU has stated that if China Grove's cash is not sufficient to cover the cost of the annexation they will have to be liable for any of the additional amounts, as SRU will assume no liability for any cost overruns.

Mr. Treme stated that it is staff's conclusion that with the conditions stated, if China Grove and Landis are willing to accept these conditions, it will be beneficial for the community.

### (b) China Grove System Assessment

Mr. Don Garbrick, President J.N. Pease, reviewed with Council the assessment of the China Grove utility system. He reviewed the history of their system and noted that in the 1980s the City of Salisbury became partners with the Town of China Grove for sewer service. He explained that in past years the work done in China Grove was focused on the northern side of the system and the system was weak in providing service to the southern side. He stated that in response to this the Town took on debt to improve the system to convey the water to the southern region. Mr. Garbrick stated that as far as the sewer system the debt service incurred is associated with replacement of existing lines. He indicated that these improvements have built a strong system which does not need a lot of repairs.

Mr. Garbrick noted that in recent months the Town has committed to provide service to the new high school being built and this will open up

another area of potential growth for the utilities.

Mr. Garbrick indicated that if he were to rate the China Grove system on a scale of one (1) to ten (10) he would give it a six (6) or seven (7) because of the improvements that have been made. He reiterated that his analysis of the system is that it is a sound and good system.

(c) Landis System Assessment

Dr. Mike Acquesta, Earth Tech, discussed the Town of Landis' utility system noting that Salisbury sells approximately seventy-five thousand (75,000) gallons per day (gpd) of water to Landis. All of the town's wastewater comes back to the City of Salisbury. He stated that Landis has its own water plant, which was built in 1954, and some improvements have been made to the plant. They currently produce approximately three-hundred thousand (300,000) to three-hundred fifty thousand (350,000) gpd. He indicated that the plant is having difficulty meeting the Stage 1 disinfection by-products rules and noted that the water supply is from two (2) small lakes and is not as good a quality as the water quality of the Yadkin River. Dr. Acquesta stated that Landis will most likely not meet the Stage 2 disinfection by-products rules.

Dr. Acquesta stated that two (2) large industries have closed in Landis in the past fifteen (15) years and their water consumption has dropped significantly. He stated that the water distribution system is old with a great deal of it dating to the 1940s. He added that there is a lot of cast iron pipe, galvanized pipe, and asbestos cement pipe. The Town has been working to replace the pipe which is the reason for their debt service. He noted that they have a lot of valves that do not operate properly so water does not circulate through the system as it should. Dr. Acquesta stated that the Town has received a grant to help replace some of these valves.

Dr. Acquesta informed Council that Landis has a problem with chlorine residuals in the southern area of the system and discussed the possibility of a large loop for the water system to bring the water in from the southern end to help solve the chlorine residual problem.

Dr. Acquesta discussed the sewer system for Landis and noted that it is old with most of the lines dating to the 1930s and 1940s. He stated that the majority of the lines are clay pipe with brick manholes and added that they have a significant infiltration and inflow problem. The main outfall from the Town of Landis was replaced in 2004 and upsized to twenty-one (21) inches. He stated that there are six (6) to eight (8) pump stations on the system and at least two (2) of them are fairly new. Dr. Acquesta indicated that in 1997 an annexation resulted in new sewer pipes being installed but no work has been done since that time. He noted that the debt service is from the 1997 annexation, the replacement of water lines in 2003 and the replacement of sewer line in 2004. He informed Council that he felt the water system was an average system but the sewer system needs help.

(d) Summary and Salisbury Documentation

Mr. Treme stated that in looking at the two (2) systems together he felt that overall there is an average mix of what might be expected from small communities. He noted that SRU has the advantage of one hundred (100) full-time staff working on the system and has the capabilities to do things a small system cannot. Mr. Treme stated that as part of the proposal SRU has asked the communities to determine a site where an operational site can be established. He added that he is under the impression that both of the communities are favorable to work with Salisbury under the conditions outlined for the utility assumption, and the City has asked them to respond by May 16, 2005 of their decision.

Mr. Matt Bernhardt, Assistant City Manager for Utilities, stated that changes have been made in the past years that have positioned SRU to assume other utilities, adding he understands the systems will come with challenges. He informed Council that he anticipates creating an additional three (3) person crew to serve the communities. He stated that staff has estimated this cost at \$350,000 which also includes equipment and a two (2) person lift station maintenance crew. Mr. Bernhardt stated that he feels SRU can provide a good level of service and can improve the systems. He stated that he feels there are tremendous benefits for the three (3) systems to operate as one (1) and he feels it will be a win-win situation for everyone in the future.

\*\* Mr. Bernhardt noted a correction to item 9, which was previously discussed by Council. See page 6.

Councilman Kennedy asked if in the event the expenses for the utility assumption have been underestimated, each town be willing to take care of the over-runs. Mr. Bernhardt responded that one of the conditions for the utility assumption was for the towns to allow SRU to take over their projects for them with the towns providing the necessary funds for the expense, and the towns assumes responsibility for funding of the projects.

## COMMENTS FROM THE CITY MANAGER

(a) Planning Board Recommendations

Council received the Planning Board recommendations and comments from their April 26, 2005 meeting.

(b) Amendment to Salisbury-Rowan Economic Development Commission By-laws

City Manager David Treme informed Council that a letter was received from Mr. Bruce Jones, Chairman of the Salisbury-Rowan Economic Development Commission (EDC), requesting Council approve an amendment to their by-laws regarding the make-up of the EDC Board. He explained that Rowan County approved a change to better reflect the funding by the County and other municipalities. He noted that the County currently funds seventy-seven percent (77%) of the EDC's budget with the City of Salisbury funding eighteen percent (18%) and the remaining municipalities funding five percent (5%). The County would like to change the make-up of the board so that of the ten (10) member board, Rowan County will appoint seven (7)

members, Salisbury will appoint two (2), and the remaining municipalities will appoint one (1). He added that this change will be effective July 1, 2005.

Thereupon, Mr. Woodson made a **motion** to approve the EDC amendment regarding the membership of the board for seven (7), two (2) and one (1). Mr. Kennedy seconded the motion. Councilman Burgin stated that the logic for the funding and board appointments is fine but he has concerns with not knowing how the seven (7) members might be appointed as it relates to the geographic population of the area. He noted that if all of the appointments were made from the same area of the county the EDC could be directed to a particular area rather than the overall county. He suggested Council ask the County Commissioners to use a regional distribution when making their appointments.

Mayor Pro Tem Woodson stated that serving as the City's liaison to the EDC Board he feels the EDC Board has been excellent and he has seen everyone work to recruit business and do what is best for the City and the County. He added that he thinks the EDC will want to do what is best for the entire county.

Councilman Kennedy suggested this be a topic of discussion for the fellowship luncheon to be held with the County Commissioners on May 19.

Mr. Treme noted that in the past the County Commissioners have appointed citizens from Salisbury and even though the County currently has the majority of appointments, he has never seen anyone try to force an issue. He added that the industries typically decide where they want to locate. He suggested conveying the concern to the County with the approved amendment adding he feels the County will be receptive. He added that he has never seen a vote of the EDC board come down to geographic or political lines.

Mayor Kluttz then called for the vote. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE. (5-0)

(c) FY2005-2006 Proposed Budget

City Manager David Treme presented the proposed FY2005-2006 budget to Council. He reviewed some of the top issues and highlights for the proposed budget.

Fire Station 50

Mr. Treme stated that the central budget issue for FY2005-2006 deals with fire service. He noted that Council obtained property on Highway 70 for the purpose of constructing a new fire station. This was done to accomplish improving the emergency response time to the newly annexed area, to maintain the City's Class 2 fire rating, and to achieve national accreditation by the Commission on Fire Accreditation International. He noted that in order to accomplish these three objectives it will require the construction of Station 50 on Highway 70. Mr. Treme stated that manpower will have to be provided for the new station and noted that the evaluators for the ISO system will be here in July 2006, which means that by April 1, 2006 there must be trained personnel to go into the new station. He informed Council that staff has determined that in order to pay for the construction the money can be generated by a one (1) cent tax increase this year, which will be used to pay for manpower and operations next year, or use a one-half cent increase this year to begin the work and then add one (1) cent next year. He added that the least that could be done to accomplish the objective would be one-half (1/2) cent. In order to meet the needs this year and in the future, a one and one half (1.5) cents will be needed.

He reviewed the two options for funding noting:

One-Cent Tax Increase

Station 50 Construction	<u>\$224,900</u>
(will be used for manpower and operations in FY2006-07)	

One-half Cent Tax Increase

Addition of six (6) Fire Personnel at 4/30/06	\$ 63,183
Temporary Firefighters	41,906
Equipment for Station 50	<u>7,361</u>
	<u>\$112,450</u>

Total Amount Required	<u>\$337,350</u>
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Ms. Deb Young, Facilities Maintenance Manager, reviewed the proposed construction for Station 50:

- Four (4) bay apparatus building
  - Clear span metal frame building with masonry compliment on front façade
  - Standing metal seam roof
- Modular structure to house personnel
- Compliant with agency guidelines
  - City of Salisbury
  - Rowan County
  - State of North Carolina Building Code

She noted that the considerations given in determining the construction:



- Fire Safety
- Fire Department ISO Accreditation
- Modular Building
- Concrete
- Water/Sewer Access – the line is currently located on the opposite side of Highway 70
- Site preparation
- Four (4) bay apparatus building
- Mechanical
- Electrical
- Plumbing
- Structural
- Architectural

Ms. Young informed Council that she contacted professionals in the community with experience in fire station construction and determined approximate budget estimates. She pointed out that these were only estimates and once staff has actual plans the number will adjust.

Cost Estimates:

Modular Building	\$150,000
Site work, water and sewer access	\$200,000
Mechanical, Electrical and Plumbing	\$190,000
Engineering Fees	\$40,000
Metal Building	\$175,000
Concrete	\$200,000
Total	\$955,000

Cost Estimates – continued:

Total	\$955,000
15% Owner Contingency	\$145,000
Station Equipment	\$150,000
Grand Total	\$1,250,000

Mr. John Sofley, Finance Director, reviewed proposed funding for Station 50 and noted that there are several projects budgeted for this year that will not be complete so the funds will not be spent which will create a surplus.

Estimated Surplus FY2005	\$720,000
Appropriate Fund Balance	\$185,000
One Cent Tax Increase FY2006**	\$225,000
Future budgets – FY2007	\$120,000
Total Funds Required	\$1,250,000

\*\*Could appropriate additional Fund Balance in place of tax increase

Mr. Sofley stated that it may be possible to use additional Fund Balance beyond the \$185,000 that he is recommending but he is not comfortable making that recommendation at this time.

Ms. Young reviewed the timeline for construction of Station 50:

- Preliminary site grading – four (4) to eight (8) weeks
- Development of construction bid package – concurrent with site grading
- Bid project – four (4) weeks
- Award project – two (2) weeks
- Construction complete by July 2006

Mr. Treme noted that staff attempted to do all that is possible within the City budget, adding that this is a moderate fire station but will get the job done in meeting the Council's goal regarding the health, safety and welfare of its citizens.

Fire Chief Bob Parnell stated that the other Department Heads have been very helpful in bringing this project to fruition. He noted that the Department's requests have been modest and what is being presented to Council is a bare-bones ability to meet its goals.

Mayor Klutz commented that Council chose this as a top priority at its retreat and now Council has to determine how to fund the project. She asked Council for a date to hold a budget work session. Council decided to hold the work session on Tuesday, May 24, 2005 from 11:00 a.m. until 2:00 p.m.

Street Resurfacing

Mr. Treme reviewed a report by the Institute for Transportation Research and Education (ITRE), who rate paving on area streets. He stated that Salisbury had sixty-six and six tenths percent (66.6%) of its roads rated "very good." He stated that some of the roads rated "good" have dropped to "fair", but with the additional \$200,000 generated from the tax instituted by Council last year, the City will have an aggressive road resurfacing program this year.

Councilman Kennedy asked if a date has been given for resurfacing Innes Street. Mr. Dan Mikkelson, Director of Land Management and Development, responded that the North Carolina Department of Transportation (NCDOT) has estimated the resurfacing of Innes in just the immediate downtown area in approximately one (1) year.

#### Special Projects

Mr. Treme pointed out the Special Projects portion of the budget and noted that he is recommending approximately \$658,000 for the projects. These projects will have off-setting revenue of approximately \$1,298,000 and Mr. Treme noted that he tried to include those projects that can leverage funds.

#### Special Community Groups

Mr. Treme asked Council to review the appropriations for the Special Community Groups stating that he does not make recommendations for these groups and has only included the appropriations that were made from the previous year for the proposed budget.

#### Water/Sewer Rates

Mr. Treme informed Council that staff is looking at a 9.46% increase in water rates this year. He explained that 2.86% of the increase is due to operation impacts and the remaining portion is due to the loss of demand over the past twelve (12) months. He noted that this will keep rates approximately where they were in comparison to the rates charged by other utility systems.

Councilman Lewis asked staff to provide information on which municipalities have taken the steps that Salisbury has for improvements to capital systems.

#### Recycling Fee

Mr. Treme stated that the current recycling fee is \$1.44 and has been this rate for the past twelve (12) years. He noted that there is a Consumer Price Index (CPI) and a fuel supplement provision in the contract and because of the increase in the CPI and gas, the rate must be increased to \$1.66 per household per month in order to break even. Mr. Treme stated that this is one of the lowest contracts for recycling in the state and it is a self-supporting operation.

#### Personnel

Mr. Treme informed Council that regarding personnel proposed additions include firefighters, employees for the South Rowan utility if assumed, an employee for facilities management, and a finance specialist for the Police Department. He noted that there is an average four percent (4%) merit increase included in the proposed budget and pointed out that health insurance increases had no budgetary impact.

Councilman Kennedy asked Mr. Treme to also include those groups that requested Community Development Block Grant (CDBG) funds but were not funded with the Special Community Interests groups.

### **MAYOR'S ANNOUNCEMENTS**

#### (a) Safety Awards - Public Services Department

The Public Services Department has invited Council to attend their annual Safety Awards cookout Friday, May 6, 2005 from 11:30 a.m. until 1:00 p.m. at the Street Division Facility located at 210 W. Franklin Street.

#### (b) Parks and Recreation Department

The Parks and Recreation Department has invited Council to tour the Salisbury Community Park on Tuesday, May 10, 2005 at 11:30 a.m. followed by a luncheon to meet the Commission for Accreditation of Parks and Recreation Agencies Visitation Team.

#### (c) Respect for Law Breakfast

A Respect for Law breakfast sponsored by the Optimist Clubs of Rowan County will be held Tuesday, May 10, 2005 at 7:30 a.m. at the Holiday Inn.

#### (d) Law Enforcement Memorial Service

A Law Enforcement Memorial Service will be held Wednesday, May 11, 2005 at 12:00 Noon at First Presbyterian Church.

(e) Other Announcements

Councilman Kennedy commended the City employees who participated in the Relay for Life event and for their work to raise money to help others in the community.

Mayor Pro Tem Woodson stated that he had received a request from a resident of Trinity Oaks regarding trains staying on the tracks at Klumac Road. Mr. Dan Mikkelson, Director of Land Management and Development, responded that the City has no control over the railroad and there is nothing staff can do to alleviate the problem. Mr. Treme noted that contact can be made with the railroad but they are regulated by the Federal Government.

**ADJOURNMENT**

**Motion** to adjourn the meeting was made by Mr. Burgin, seconded by Mr. Kennedy. All council members agreed unanimously to adjourn. The meeting was adjourned at 7:04 p.m.

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Mayor

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City Clerk