

## RECESSED MEETING OF JUNE 9, 2011

Continued  
June 10, 2011  
10:00 a.m.

The City Council of the City of Salisbury met at 10:00 a.m. Friday, June 10, 2011, in Council Chambers at City Hall pursuant to the recess of the regular meeting of June 9, 2011, with the following members being present and absent:

PRESENT: Mayor Susan W. Kluttz, Presiding; Mayor Pro Tem Maggie A. Blackwell, Councilmen William (Pete) Kennedy, William Brian Miller, and Paul B. Woodson, Jr.; City Manager David W. Treme; and City Clerk Myra B. Heard.

ABSENT: City Attorney, F. Rivers Lawther.

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

### **BUDGET WORKSHOP – GENERAL FUND**

Assistant City Manager John Sofley presented updated information to Council regarding additional cuts or deferrals as discussed during Council's June 9, 2011 worksession. Mr. Sofley reviewed the recommendations:

#### Cuts identified by Council:

- Move from 3-year to 4-year computer replacement schedule \$113,000
- Town Creek Park Development \$50,000

#### Recommended cuts identified by staff:

##### Special Projects

- Defer Fisher Street Bridge Maintenance \$144,000
- Use grant applied for to fund Railwalk sidewalk repairs \$15,000
- Delete Ellis Street environmental document (Shober Bridge) \$4,000
- Eliminate proposed leasing program for drug and street crimes unit \$25,000
- Defer Fire Department Accreditation \$10,000
- Defer GIS Strategic Plan Update \$2,500
- Eliminate funding for Traffic Sign and Street Trees mapping \$10,000
- Defer funding for implementing left turns at square \$70,000

• Eliminate expansion of new street lights	\$13,900
• Defer funding for Historic Preservation Plan	\$10,000
• Defer funding for CAC Block Work Program	\$5,000
Deferred Maintenance/Capital	
• Fire Department Quint Equipment	\$37,300
• Electrical Upgrade at City Office Building	\$10,000
• Defer Park Avenue Roof Replacement	\$3,500
• Defer Public Works Roof Replacement	\$44,550
• Defer Cemetery Roof Replacement	\$11,000
• Defer HVAC Monitor for Police Department	\$9,500
• Defer HVAC Monitor for Fire Department	\$10,000
• Defer Plaza water project	\$22,500

Health Insurance rate reduction	\$88,787
<b>Total Expenditure Reductions</b>	<u>\$709,537</u>
Tax Rate Equivalent	2.74

Additions by Council	
• Sidewalk Project	\$71,000
• Special Community Efforts Groups	\$17,850

<b>Net Expenditure Reductions</b>	\$620,697
Tax Rate Equivalent	2.39

Staff discussed each of the proposed items and the impact of their deferral. Engineering Director Dan Mikkelson informed Council the Fisher Street Bridge could remain open if repairs were deferred. He noted the emergency repairs approved and conducted this year will allow the bridge to remain open if the next phase of maintenance repairs is postponed.

Mayor Pro Tem Blackwell asked staff to quantify the discretionary items. Mr. Sofley indicated the only item identified as discretionary is the Council discretionary fund. He explained this fund was established to allow Council to approve funding requests for special groups or projects during the budget year. He noted the Rowan Reads program is an example of a Council project funded from this line item. Council discussed the Rowan Reads program and how it may change this year in order to reach those children who may not receive books otherwise.

Councilman Kennedy asked about the City's percentage of fund balance. Mr. Sofley responded the City's Fund Balance is at 12% of the budget.

Mr. Sofley then reviewed four options developed by staff:

<b>Option 1:</b>	Approve Recommended Changes		
	Total Reduction in Expenditures		<u>\$620,687</u>
	Tax Rate Reduction	\$2.39	
<b>Option 2:</b>	Pursue CMAQ funding for Sidewalk, Approve all Other Recommendations		
	Total Reduction in Expenditures		<u>\$691,687</u>
	Tax Rate Equivalent	2.67	
<b>Option 3:</b>	Option 1 with \$1 fee for Waste Collection		
	Total Reduction in Expenditures		<u>\$738,527</u>
	Tax Rate Equivalent	2.85	
<b>Option 4:</b>	Option 2 with \$1 fee for Waste Collection		
	Total Reduction in Expenditures		<u>\$809,527</u>
	Tax Rate Equivalent	3.12	

Mr. Sofley noted Option 1 would reduce the tax rate increase from \$.052 to a \$.028 increase. He stated Option 2 removes the sidewalk in hopes of receiving a Congestion Mitigation Air Quality (CMAQ) grant to fund the sidewalks, but he recommended leaving the \$71,000 in the budget because if the grant funds are received the money can be reallocated to another deferred item.

Councilman Woodson asked if the \$1.00 garbage fee would apply to everyone. Mr. Sofley responded it would be billed to each residential account. Mr. Miller asked if apartment complexes that use dumpsters will be charged. Mr. Sofley indicated apartment complexes where the complex is required to have a dumpster, as opposed to roll-out carts, will not be billed. He stated the bill will be for residential or commercial accounts that use roll-out service.

Councilman Kennedy indicated he is comfortable reducing the tax rate to a \$.028 increase, although he is a little leery in adding additional fees. Council agreed.

Mr. Sofley noted staff recommends Council consider Option 3 because it would provide more flexibility in the future. Mr. Woodson commented he could support Option 3 in order to reduce the tax rate.

Mayor Pro Tem Blackwell stated the budget has been cut drastically, and while revenues may not go up next year, inflation will continue to rise. She noted if the \$1 fee was used to supplant limb and leaf collection now, it will carry forward next year.

Mr. Sofley noted Option 3 would reduce the tax rate increase to \$.0235. Councilman Woodson stated he felt Option 3 is a good compromise. By Consensus, Council agreed to Option 3.

Utilities Director Jim Behmer informed Council he reviewed project deferments and if some projects are delayed the proposed water/sewer rate increase could be reduced to 2.1%. Council briefly discussed the late fee for water/sewer accounts, but no action was taken regarding the current late fee.

Mr. Miller stated he agrees the Old Wilkesboro sidewalk needs to be constructed, and asked if the funds budgeted could be held until staff receives notification if it was successful for receiving a CMAQ grant. Mr. Kennedy agreed, adding he does not want to wait 2 years for the sidewalk. Mr. Treme indicated staff will report to Council as soon as the grant awards are announced.

Ms. Blackwell recapped the agreed upon action, by noting the property tax rate will be reduced from \$.052 to \$.0235. It was noted the net effect will be a tax rate of \$.6135 per \$100 valuation. She indicated the water/sewer increase has been reduced from 2.86% to an average 2.1% increase. Mr. Sofley indicated this is correct.

Thereupon, Mr. Woodson made a **motion** to approve the FY2011-2012 budget with the tax rate of \$.6135, which is down 2.85 cents from the proposed rate, and the water/sewer increase is 2.1%, down from the 2.86 proposed increase. He added this includes \$1.00 per month for waste collection or Option 3 as presented by staff. Councilman Miller seconded the motion and noted the water/sewer increase is a 2.1 average increase. Messrs. Kennedy, Miller, Woodson, and Mses. Blackwell and Kluttz voted AYE. (5-0)

Mayor Kluttz thanked City Manager David Treme, Assistant City Managers John Sofley and Doug Paris, and staff for their hard work on this difficult budget.

### **RESCHEDULE JULY 5, 2011 COUNCIL MEETING**

Mayor Kluttz indicated Council's first meeting in July is scheduled for July 5, 2011, and she asked Council's preference to reschedule the meeting until later in the week to accommodate the July 4 Holiday.

Thereupon Ms. Blackwell made a **motion** to defer the July 5, 2011 Council meeting until Thursday, July 7, 2011. Mr. Kennedy seconded the motion. Messrs. Kennedy, Miller, Woodson, and Mses. Blackwell and Kluttz voted AYE. (5-0)

### **INTERIM CITY MANAGER INTERVIEWS**

Mayor Kluttz stated City Manager David Treme will be retiring August 1, 2011. She asked members of the Management Team who are interested in serving as Interim Manager to let her know, and Council will conduct interviews for those interested. She asked Council members if they could be available Monday, June 13, 2011 at 2:00 p.m. to conduct interviews for those who are interested. By Consensus, Council agreed.

**TOUR OF TURNKEY TECHNOLOGIES**

Mayor Kluttz noted Council had been invited to tour the Turnkey Technologies facility, and suggested City Clerk Myra Heard work with staff from the Salisbury-Rowan Economic Development Commission to arrange the tour following the interviews June 13, 2011.

**RECESS**

Thereupon, Mr. Kennedy made a **motion** to recess the meeting until Monday, June 13, 2011 at 2:00 p.m. in Council Chambers at City Hall, 217 South Main Street. Mr. Woodson seconded the motion. Messrs. Kennedy, Miller, and Woodson, and Mses. Blackwell and Kluttz voted AYE. (5-0) The meeting was recessed at 11:37 a.m.

  
\_\_\_\_\_  
Myra B. Heard, City Clerk

  
\_\_\_\_\_  
Susan W. Kluttz, Mayor