

Salisbury, North Carolina
February 12-13, 2009

The City Council of the City of Salisbury met in special session at the Rowan Museum, 202 North Main Street, in City Hall in the City Council Chambers, 217 South Main Street, and at the Heritage Room, 118 East Council Street, Thursday and Friday, February 12-13, 2009 with the following members being present and absent:

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

ABSENT: None.

The meeting was called to order at 8:15 a.m. in the Rowan Museum, 202 North Main Street by Mayor Kluttz. The invocation was given by City Manager David Treme.

Staff present was:

Jim Behmer	-	Director of Utilities
Tony Cinquemani	-	Public Services Director
Mike Crowell	-	Information Technology Manager
Zack Kyle	-	Human Resources Director
Dan Mikkelson	-	Engineering and Development Director
Joe Morris	-	Planning Director
Doug Paris	-	Assistant to the City Manager
Bob Parnell	-	Fire Chief
John Sofley	-	Management Services Director
Gail Elder White	-	Parks & Recreation Director
Mark Wilhelm	-	Police Chief
Karen Wilkinson	-	Public Information Manager

PRESERVING THE PAST AND INVESTING RIGHT THE FIRST TIME

City Manager David Treme introduced a video created by Public Information Manager Karen Wilkinson depicting milestones in the history and growth of the City of Salisbury.

Facilitator Warren Miller asked Council to reflect on what they feel has been learned from these past events and what Council feels is necessary to carry forward. Mayor Kluttz noted that in the past Council members took controversial steps that at times the public did not understand and criticized, but that turned out to be the right decision. Council also discussed a need for patience, to continually strive to be better, to continue to listen and involve citizens and to continue to learn from other communities.

INVENTING A BRIGHTER FUTURE – COMMUNITY COLLABORATION

Facilitator Warren Miller noted that a focus group meeting was held prior to the Retreat where local community leaders came together to collaborate on short-term recovery ideas and long-term success ideas to address the current economic crisis.

Mr. Bob Lippard, Executive Director of Rowan County United Way, reviewed the focus group workshop and noted that the group sought to find ideas that would require minimal government dollars, could be addressed through existing organizations and assets, would reverse a negative trend in the community, could be achieved in 2009 and was not complex or controversial. The group found that the pressing issues for the community revolve around Support Services, Housing, Health Care and Job Loss. Mr. Lippard reviewed current efforts being undertaken in the community to address each of these issues.

Mr. Robert Van Geons, Executive Director of the Salisbury-Rowan Economic Development Commission, indicated that the group determined two key insights. The first is that there are dedicated professionals and agencies in the community who are hard at work serving those in need; however, many of those in need are not aware of community resources. The second insight is that support services are hard at work in the community; however, many are getting to the point where they need assistance and support to continue serving the community.

Mr. Van Geons reviewed the proposed short-term solutions discussed by the group:

- A coordinated public campaign to:
 - Connect those in need of help with the agencies that can provide support
 - Connect those in the community that are able to help agencies that can use their support

- Public collaboration campaign to help individuals and community with the recession
 - Coordinate related services and partnerships
 - Use natural gathering places and existing resources
 - Establish information/job clearinghouse
 - Hold Salisbury-Rowan Recovery Summit
 - Incorporate Public Service Announcements

Mr. Van Geons stated that the focus group felt the following should be considered in planning these efforts:

- Time is not a luxury
- Ensure it is a coordinated effort
- Be prepared for the response
- Must be Salisbury-Rowan effort
- Recognize that this will be on-going
- Leverage existing resources
- Connect private sector
- Identify target audience
- Share positive stories

Mr. Van Geons concluded by asking Council to consider adopting a goal to create an ongoing collaboration initiative to help address these issues on a long-term basis.

Council also discussed the idea of an Economic Recovery Summit and agreed that this would be an excellent way to bring community agencies together for those in need of their resources.

SMART COMMUNITIES

Dr. Suzanne Morse, author of *Smart Communities*, spoke to Council regarding her research of successful communities. She reviewed the seven key strategies that she has determined smart communities follow:

- Investing Right the First Time
- Working Together
- Building on Community Strengths
- Practicing Democracy
- Preserving the Past
- Growing Leaders
- Inventing a Brighter Future

Dr. Morse reviewed her findings for Salisbury in regards to economics, quality of life and civic health. She explained that economics takes into account living wage jobs

which are calculated using per capita income, median household income and poverty levels. The City of Salisbury has an index of 1.13 indicating that approximately 25% of citizens live in poverty. The unemployment index is 1.06, indicating a higher unemployment level.

Dr. Morse reviewed quality of life for Salisbury and noted that this takes into account affordable housing, healthcare access, safe neighborhoods, arts and recreation, social capital, transportation and a reasonable tax burden. Dr. Morse noted Salisbury's negative or positive index rating for these areas:

- Affordable Housing - .81 positive
- Access to Health Care – 1.25 negative but overall Salisbury is on target
- Education Attainment – 1.18 negative
- Neighborhood Safety - .43 negative
- Arts and Recreation – 1.00 positive
- Social Capital – 1.00 positive
- Transportation – 1.00 positive
- Reasonable Tax Burden – 1.06 positive

Dr. Morse stated that the major issue behind Salisbury's problem is education, including low test scores, high school drop-outs, a career/technical education stigma and community support. She reviewed third-grade reading and math test scores for various schools in the Rowan-Salisbury School system and stated that third-grade test scores are a direct indication of high school drop-out rates. She noted that education is not just a school administration issue but is a community issue. She encouraged Council to find ways to support the schools such as through a reading academy to address third-grade reading skills.

In reviewing the positive attributes of Salisbury, Dr. Morse encouraged Council and the community to promote what Salisbury has in place and suggested a Cheerwine Festival to highlight the City's entrepreneurial success.

RECESS

Mayor Kluttz asked for a motion to recess the meeting until 12:00 Noon in Council Chambers in City Hall, 217 South Main Street, Salisbury, North Carolina.

Thereupon, Mr. Woodson made a **motion** to recess the meeting until 12:00 Noon in Council Chambers in City Hall. Mr. Burgin seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE. (5-0)

LUNCHEON - BUILDING COMMUNITY THROUGH COLLABORATION

Mayor Kluttz reconvened the meeting at 12:00 Noon in Council Chambers in City Hall.

City Council, Community leaders and members of the Management Team participated in a luncheon where Planning Director Joe Morris introduced Dr. Suzanne Morse, author of *Smart Communities*. Dr. Morse reviewed the *Smart Communities* concept discussed earlier in the day with Council. She indicated that the four key steps that Salisbury needs to address to be successful are:

1. Invest in early childhood education
2. Keep kids in school
3. Provide access to prenatal care and health care
4. Invest in the workforce

Thereupon, Mr. Woodson made a **motion** to recess the meeting until 1:30 p.m. at the Rowan Museum, 202 North Main Street. Mr. Burgin seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE. (5-0).

CONNECT – CENTRALINA COUNCIL OF GOVERNMENTS

Mayor Kluttz asked for a motion to reconvene the meeting.

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

Mr. Al Sharp, Executive Director Centralina Council of Governments, and Ms. Rebecca Yarbrough, Assistant Director of Member Services, addressed Council regarding the services offered through Centralina Council of Governments and the CONNECT Regional Vision initiative.

Mr. Sharp reviewed the CONNECT initiative and its six Core Values:

- Sustainable, well-managed growth
- A safe and healthy environment
- A strong, diverse economy
- High-quality educational opportunities
- Enhanced social equity and engagement
- Increased collaboration among jurisdictions

Mr. Sharp asked Council to consider adopting a Resolution supporting the CONNECT initiative as it continues to develop.

FLEET STRATEGIC PLAN

Director of Public Services Tony Cinquemani introduced Mr. Jake Sterling, Fleet Services Manager; Mr. Keith Redman, Fleet Services Supervisor; and Mr. Jimmy Colter, Master Mechanic, who presented the Fleet Division Strategic Operating Plan.

The Visions and Goals identified for the Fleet Division include:

- To provide services at the highest level and strive for excellence in all that we do, with an emphasis on continuously providing excellent customer service
- To prepare for the future through development and operating a facility that does not limit our productivity and will meet the needs of the City of Salisbury for several decades
- To maintain Automotive Service Excellence (ASE) Blue Seal certification and work towards achieving higher levels of professional certification for the division and staff.
- To maintain and increase the percent of rolling stock available for use by City departments

Mr. Sterling, Mr. Redman and Mr. Colter also discussed facility needs for the Fleet Division noting that issues with the current facility include:

- Not enough bays and workspace for the size of the fleet/workload/demand
- Existing bays are not tall, wide and long enough for many pieces of equipment
- Employees often work outside when no bays are available or bays too small
- The parking area is too small for the size of the current workload demand
- The area between bays is too narrow to allow for clearance between vehicles
- Parts and tire storage is not adequate requiring off-site storage
- The layout of the facility causes security and entrance/exit issues
- The current facility is not adequate for current demand
- There is no additional area to expand for future growth
- The facility lacks basic amenities: climate controlled bathrooms

A conceptual design for a new facility designed by Mr. Colter was presented to Council for information as facility needs are addressed in the future.

CUSTOMER SERVICE UPDATE

Mr. Tom Westall, Consultant, and Mr. Joe Eagle, Human Resources Analyst, updated Council on accomplishments during the past year regarding Council's goal of creating a culture of excellent customer service throughout the City organization. Mr. Eagle indicated that the cities of Concord, Lenoir and Winston-Salem have begun to implement Salisbury's customer service model into their organizations and that the initiative is a cultural change and not just a training program.

COUNCIL DISCUSSION

Facilitator Warren Miller led Council in a discussion regarding the issues that resonated with them from the day's presentations. Council discussed addressing the needs of the schools and what Council's role may be and how it can help. Council discussed a need to address poverty in the community and connecting those in need with community resources. Council agreed that it liked the idea of a Recovery Summit as well as a reading academy.

RECESS

Mayor Kluttz asked for a motion to recess the meeting until 8:00 a.m., Friday February 13, 2009 at the Heritage Room, 118 East Council Street.

Thereupon, Mr. Burgin made a **motion** to recess the meeting until 8:00 a.m. at the Heritage Room, 118 East Council Street. Mr. Kennedy seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE. (5-0)

GIS STRATEGIC PLAN

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

GIS Coordinator Kathryn Clifton discussed the fourth update of the GIS Strategic Plan. Mr. Trey Cleaton, Ms. Wendy Spry, Ms. Elaney Hassleman, Mr. Mike West and Mr. Brian Moore participated in a presentation regarding GIS. Mr. West and Mr. Randy Allman described how GIS assisted Utilities during recent waterline breaks and how it has increased efficiencies in the Salisbury-Rowan Utilities Department.

PANEL DISCUSSION - FIBER TO THE HOME

Technology Services Manager Mike Crowell reviewed the major steps that have been taken regarding implementation of Fiber To The Home (FTTH) and the next steps for FTTH implementation:

- Hire outside Plant Manager
- Hire sales/marketing
- Issue Request for Proposals for headend design
- Determine channel lineup, negotiate contracts with programmers

He noted that the next major steps also included:

- Public hearing was set at Council meeting March 4, 2008
- Held initial meeting with Local Government Commission (LGC) September 11, 2008
- Sent out Request for Proposals for “Fiber Design Build” July 8, 2008
- Received bids August 11, 2008
- Debt was issued December 4, 2008
- Contract for fiber design/build issued December 16, 2008
- Fiber design started December 17, 2008
- Purchase design started December 17, 2008
- Purchase of CTC assets completed December 21, 2008
- Purchase Order issued for fiber management system December 23, 2008
- Purchase Order issued for branding January 29, 2009
- Underground construction to begin February 23, 2009

Mr. Crowell then introduced Mr. James Salter, Chief Strategy Officer for Atlantic Engineering Group; Mr. Terry Huval, Director of Utilities for Lafayette, Louisiana; and Mr. Don Cope, President and CEO of Dalton Utilities, Dalton, Georgia who discussed their experiences with Fiber To The Home.

Mr. Salter reviewed a historical perspective of government involvement in building infrastructure, such as water and sewer and electricity and gas in order to meet critical needs. He explained broadband and the four technology options for delivering it. The four options are Wireless, DSL (copper)/Fiber to the Node, Hybrid Fiber Coax, and Fiber To The Home. Mr. Salter stated that Fiber is the right answer because:

- A single copper pair is capable of carrying six phone calls
- A single fiber pair is capable of carrying over 2.5 million simultaneous phone calls
- A fiber optic cable with the same bandwidth as a comparable copper cable is less than 1% of both the size and weight
- Theoretical limit is 100 Tbps (100,000,000,000,000 bps)
 - This will allow 33,000,000 DSK or Cable Modem Customers on one fiber

Mr. Salter noted that Verizon is the only private company currently pursuing FTTH. He pointed out interesting facts about Verizon’s FTTH initiative:

- Passing 9.3 million homes
- Service 1.5 million homes after one year
- 1 million of those homes take video
- Offering p to 50Mb data
- Verizon states that Fiber is the best replacement for copper and they are actively converting copper plan areas over 35 years old with Fiber
- Fiber is not susceptible to water issues or weather issues like copper

- Verizon says that going all-fiber in the distribution network will save them \$110 per customer per year in operating expense given fibers much higher reliability than copper

Mr. Salter then pointed out the big events in the history of municipal broadband:

- 1989 – Billy Ray and Glasgow, Kentucky build Hybrid Fiber-Coax (HFC) network to compete against Scripps-Howard
- 1996 – Newnan, Georgia and Cedar Falls, Iowa build HFC successful networks
- 2001 – Kutztown, Pennsylvania builds nation’s first “community-wide” FTTH network
- 2003+ - Dalton, Georgia; Bristol, Tennessee; Jackson, Tennessee; Provo, Utah build FTTH networks
- 2004 – Municipalities lose Supreme Court case
- 2004 – Utopia, Utah begins construction on FTTH “open access” network to pass up to 200,000 homes
- 2005+ - Bristol, Tennessee, Morristown, Tennessee; Sallisaw, Oklahoma; Quincy, Florida; Monmouth, Oregon; Clarksville, Tennessee; Tullahoma, Tennessee; Pulaski, Tennessee; Wilson, North Carolina build FTTH
- 2005 - Lafayette, Louisiana does everything right, forced to referendum, wins vote against incumbents
- 2009 – Salisbury, North Carolina FTTH

Mr. Terry Huval, Director of Utilities for Lafayette, Louisiana described his community’s efforts to implement FTTH, which began operation last week. He discussed the problems that were encountered from the incumbent companies and how Lafayette successfully implemented this infrastructure need.

Mr. Don Cope, President and CEO of Dalton Utilities, Dalton, Georgia described the Dalton FTTH utility, which has been in operation for six years. He described the lessons learned in Dalton:

- Seek expert advice
- Refine as much as possible before launch
- Advertise in advance – do sign-up/installations incrementally
- Customer service/quality matter most
- You get what you pay for
- Reduced operating costs/manning
- Be the best...not “me too”

Mr. Cope also outlined the benefits to the Community from FTTH:

- Same telecom infrastructure as a Tier One city
- Economic Development – fiber infrastructure makes community more attractive
- Bandwidth/services to support home offices
- Supervisory Control and Data Acquisition (SCADA) monitoring – reduce service interruptions to customers, decrease outage response time
- Competition for telecom services – lower prices
- Maintain existing businesses
- New Business

Councilman Lewis noted that many critics of FTTH cite failed municipal systems such as Provo, Utah as to why municipal systems are not successful and asked why that system failed. Mr. Huval responded that the open access model, where the municipality built the infrastructure but private industry sold the product, is the reason the venture was not successful.

Councilman Kennedy noted that Salisbury is susceptible to ice storms and asked Mr. Huval or Mr. Cope if they have had any weather related issues with their fiber. Mr. Huval noted that Lafayette has had several hurricanes but has not lost one strand of fiber because of the storms.

RECESS

Mayor Kluttz asked for a motion to recess the meeting until 12:00 Noon at City Hall, 217 South Main Street.

Thereupon, Mr. Burgin made a **motion** to recess the meeting until 12:00 Noon at City Hall, 217 South Main Street. Mr. Lewis seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson and Ms. Kluttz voted AYE. (5-0)

LUNCHEON – ROLLING OUT FIBER TO THE HOME

Mayor Kluttz called the meeting to order.

City Council, Community leaders and the Management Team participated in a luncheon where Mr. Terry Huval, Director of Utilities for Lafayette, Louisiana discussed the City of Lafayette's Fiber To The Home implementation experience. Mr. Huval described the process the City of Lafayette went through to implement its FTTH system and the costs associated with their services versus those of private competitors.

Mayor Kluttz thanked Mr. Huval for sharing his experiences and information.

RECESS

Mayor Kluttz asked for a motion to recess the meeting until 1:30 p.m. at the Rowan Museum, 202 North Main Street.

Thereupon Mr. Woodson made a **motion** to recess the meeting until 1:30 p.m. at the Rowan Museum, 202 North Main Street. Mr. Burgin seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson and Ms. Kluttz voted AYE. (5-0)

MARKET STUDY RESULTS

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

Mr. John Maxwell of the Springsted Company spoke to Council regarding a recently completed market study for positions and salaries for the City of Salisbury. He explained the methodology for conducting the survey noting that the cities of Albemarle, Concord, Hickory, High Point, Huntersville, Kannapolis, Monroe, Morganton, Mooresville, Statesville, Rowan County and the Water/Sewer Authority for Cabarrus County were all contacted as part of the survey. Mr. Maxwell indicated that recommendations from the study include addressing turn-over, hiring key staff and internal fairness. He stated that Springsted recommends the City consider adopting a new salary schedule and noted that the City has 32% of its employees paid at a rate below the minimum salary recommendation for the associated position. He discussed various options for addressing the reclassifications and noted that positions in the Fire and Police Departments are the most behind.

BUDGET ECONOMICS

Mr. John Sofley, Management Services Director, and Ms. Teresa Harris, Budget and Performance Management Manager, led a discussion with Council regarding fiscal conditions for the City.

Mr. Sofley informed Council that revenues for the current budget are less than budgeted and he estimates an estimated \$1.4 - \$1.7 million budget deficit. He stated that staff projects revenues will remain flat in the next fiscal year.

REVIEW GOALS AND OUTCOMES 2008-2009

City Manager David Treme reviewed the current FY2008-2009 Goals and Outcomes and noted the status of each goal. Council agreed that each goal shown as complete should be removed.

REFLECTION AND DEVELOPMENT OF A ONE-YEAR TACTICAL PLAN

Facilitator Warren Miller led Council through a discussion of those items or new ideas that they would like to pursue.

Council discussed a desire to meet with the Board of Education to determine how the City can assist the schools in addressing 3rd grade reading levels.

Council also discussed a summit regarding poverty and economic recovery. They noted that a Rowan Recovery Summit could address economic recovery, education, poverty and connecting community and organizational resources. Council agreed to create a new Outcome to reduce childhood poverty.

Council discussed exploring the feasibility of a Cheerwine festival.

Councilman Lewis expressed interest in redefining what Council would like staff to review in regards to the City's annexation policy. He suggested a Council Committee to work with staff on policy recommendations regarding growth strategies.

The areas noted by Council for the one-year tactical plan included:

1. Implement summer youth programs and travel options to Salisbury Community Park
2. Implement Fiber To The Home business plan
3. Initiate actions to implement a \$.03 occupancy tax for the City of Salisbury
4. Seek local permitting authority for utility extensions
5. Address poverty
6. Recovery Summit
7. Review of Growth Strategies

City Manger indicated that he will refine and incorporate the updated Goals and Outcomes and will bring them back to Council for adoption.

ADJOURNMENT

There being no further business, Mr. Lewis made a **motion** that the meeting be adjourned. Mr. Burgin seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE (5-0). The meeting adjourned at 4:20 p.m.

Mayor

City Clerk