

Salisbury, North Carolina
June 2, 2020

REGULAR MEETING

PRESENT: Mayor Karen K. Alexander, Presiding; Mayor Pro Tem Al Heggins; Council Members William Brian Miller, David Post and Tamara Sheffield; City Manager W. Lane Bailey; City Clerk Kelly Baker; and City Attorney J. Graham Corriher.

ABSENT: None.

In response to the State of Emergency declaration related to the spread of COVID-19 and to limit physical interactions and the potential spread of COVID-19 the Salisbury City Council met electronically. The meeting was called to order by Mayor Alexander at 6:00 p.m. A moment of silence was taken to remember victims of COVID-19 and the life of Mr. George Floyd.

PLEDGE OF ALLEGIANCE

Mayor Alexander led participants in the Pledge of Allegiance to the United States flag.

RECOGNITION OF VIEWERS

Mayor Alexander welcomed all viewers.

CHANGES TO THE AGENDA

Mayor Alexander noted the following changes to the Agenda;

Add – Proclamation for National Day of Mourning and Lament for Lives Lost to COVID-19

Add – Proclamation for Play Ball Summer

Add – Proclamation for the 76th Anniversary of D-Day

Mayor Pro Tem Heggins stated she would like to add to the Agenda a discussion regarding the relocation of the confederate monument Fame located at the intersection of West Innes and Church Streets. She noted she has received emails from citizens regarding the statue and would like to consider giving the City Manager and the City Attorney directives to facilitate the statue's relocation.

Councilmember Post indicated issues regarding the statue are significant and should be placed on the Agenda after being noticed to the public.

Mayor Pro Tem Heggins noted major decisions do not have to be made during the discussion, but because of recent protests, gun shots, and State of Emergency Declaration, the statue should be discussed. She added shots were fired during a peaceful protest near the statue, and it has been vandalized numerous times causing tension within the community. She stated it is important for Council to voice where it stands on the relocation of Fame.

Councilmember Miller stated legal precedence has not changed since Council's last discussion of the issues surrounding the statue. He explained the legislature would need to provide the City flexibility to take action, which it has not. He added any action will require conversations between Council and elected representatives at the state level and will take time. He noted he would rather relocate the statue than see people harmed while protecting or protesting against it. He added he would like to discuss Fame as a community after notice is given.

Councilmember Sheffield mentioned she is not opposed to having a conversation regarding the statue and establishing when the topic will be noticed to the public and discussed at a later date.

Mayor Alexander stated discussion regarding topics of great magnitude should be noticed to the public to give everyone the opportunity to participate.

Mayor Pro Tem Heggins indicated there has been years of public input regarding the statue which has turned into a public nuisance and a safety concern. She added Council should decide on a direction for the City Manager and City Attorney to work towards.

Thereupon, Mayor Pro Tem Heggins made a **motion** to add to the Agenda a discussion regarding Council's stance to relocate Fame and give the City Manager and the City Attorney directives. Upon a roll call vote Mayor Alexander voted NO, Mayor Pro Tem Heggins voted AYE, Councilmember Miller voted NO, Councilmember Post voted NO and Councilmember Sheffield voted AYE. (2-3)

Councilmember Post suggested a discussion and public hearing regarding the statue's relocation be added to the Agenda of the second in-person City Council meeting to allow proper notice and maximum participation.

ADOPTION OF THE AGENDA

Thereupon, Councilmember Post made a **motion** to adopt the Agenda with presented changes. Upon a roll call vote Mayor Alexander voted AYE, Mayor Pro Tem Heggins voted AYE, Councilmember Miller voted AYE, Councilmember Post voted AYE and Councilmember Sheffield voted AYE. (5-0)

PROCLAMATIONS

Mayor proclaimed the following observances:

NATIONAL DAY OF MOURNING AND LAMENT FOR LIVES LOST TO COVID-19	June 1, 2020
PLAY BALL SUMMER	June 1, 2020 – August 31, 2020
76 TH ANNIVERSARY OF D-DAY	June 6, 2020

Mayor Alexander noted the proclamations will be posted to the City’s website for viewing.

CONSENT AGENDA

(a) Minutes

Adopt Minutes of the Regular meeting of May 19, 2020.

(b) Budget Ordinance Amendment – Police Department Grant

Adopt a Budget Ordinance amendment to the FY2019-2020 budget in the amount of \$500,000 to appropriate an Office of Justice Programs Strategies for Policing Innovation grant.

ORDINANCE AMENDING THE 2019-2020 BUDGET ORDINANCE OF THE CITY OF SALISBURY, NORTH CAROLINA TO APPROPRIATE POLICE DEPARTMENT DONATIONS.

(The above Ordinance is recorded in full in Ordinance Book No. 29 at Page No. 38, and is known as Ordinance 2020-29.)

(c) Budget Ordinance Amendment – Dixonville-Lincoln Memorial

Adopt a Budget Ordinance amendment to the FY2019-2020 budget in the amount of \$45,802 to appropriate grants and donations for the Dixonville-Lincoln Memorial project.

ORDINANCE AMENDING THE 2019-2020 BUDGET ORDINANCE OF THE CITY OF SALISBURY, NORTH CAROLINA TO APPROPRIATE DIXONVILLE DONATIONS.

(The above Ordinance is recorded in full in Ordinance Book No. 29 at Page No. 39, and is known as Ordinance 2020-30.)

(d) Budget Ordinance Amendment – Public Art Committee

Adopt a Budget Ordinance amendment to the FY2019-2020 budget in the amount of \$25,750 to appropriate revenues for the Public Art Committee.

ORDINANCE AMENDING THE 2019-2020 BUDGET ORDINANCE OF THE CITY OF SALISBURY, NORTH CAROLINA TO APPROPRIATE PUBLIC ARTS DONATION.

(The above Ordinance is recorded in full in Ordinance Book No. 29 at Page No. 40, and is known as Ordinance 2020-31.)

(e) Budget Ordinance Amendment – Police Department Donation

Adopt a Budget Ordinance amendment to the FY2019-2020 budget in the amount of \$18,000 to appropriate Police Department donations.

ORDINANCE AMENDING THE 2019-2020 BUDGET ORDINANCE OF THE CITY OF SALISBURY, NORTH CAROLINA TO APPROPRIATE POLICE DEPARTMENT DONATIONS.

(The above Ordinance is recorded in full in Ordinance Book No. 29 at Page No. 41, and is known as Ordinance 2020-32.)

(f) Resolution- Grant's Creek Greenway Phase IV

Adopt a Resolution supporting an application for Surface Transportation Block Grant Program Direct Attributable (STBGP-DA) funds with a 20% City match for Grant's Creek Greenway Phase IV.

RESOLUTION SUPPORTING THE APPLICATION FOR STBGP-DA FUNDS FOR GRANTS CREEK GREENWAY PHASE IV (PART OF THE CAROLINA THREAD TRAIL).

(The above Resolution is recorded in full in Resolution Book No. 16 at Page No. 21, and is known as Resolution 2020-13.)

(g) Resolution- Traffic Signal System Upgrade

Adopt a Resolution supporting an application for Surface Transportation Block Grant Program Direct Attributable (STBGP-DA) funds with a 20% City match to upgrade the City's traffic signal system network.

RESOLUTION SUPPORTING THE CITY OF SALISBURY'S TRAFFIC SIGNAL NETWORK UPGRADE.

(The above Resolution is recorded in full in Resolution Book No. 16 at Page No. 22, and is known as Resolution 2020-14.)

(h) Level 3 Right-of-Way Encroachment

Approve a right-of-way encroachment by Level (3) for the installation of directional bored duct and fiber optic cable on Lincolnton Road and Jake Alexander Boulevard per Section 11-24(27) of the City Code.

Thereupon, Councilmember Post made a **motion** to adopt the Consent Agenda as presented. Upon a roll call vote Mayor Alexander voted AYE, Mayor Pro Tem Heggins voted AYE, Councilmember Miller voted AYE, Councilmember Post voted AYE and Councilmember Sheffield voted AYE. (5-0)

PUBLIC COMMENT

Mayor Alexander opened the floor to receive public comments.

Ms. Alyssa Sides stated she supports closing streets to allow outdoor seating for restaurants. She added outdoor seating will decrease wait times and increase revenue for restaurants, employees, and the City.

Ms. Mary Rosser indicated she supports the closing of streets to provide outdoor seating for restaurants. She mentioned outdoor seating will improve the look of downtown and reduce car traffic. She stated she is also in support of the relocation of the Fame statue that has been upsetting citizens for many years.

Mr. Bob Johnsen noted groups have posted to social media they are willing to protect and defend the Fame statue at all cost. He stated the monument is dangerous to citizens and should be relocated. He added North Carolina law offers provisions for monuments to be moved especially those causing public safety concerns.

Ms. Sue McHugh stated the City should consider crafting a plan to accommodate outdoor dining for restaurants. She noted sidewalks on East Fisher Street are not wide enough for seating and closing the street should be considered.

Ms. Whitney Peckman stated she would like to thank Mr. Bob Johnsen for his comments and would like to repeat them. She stated the Fame statue has created dangerous tension within the City and should be relocated immediately to prevent harm to citizens.

Ms. Jackie Miller stated the Fame statue is a symbol of hate and racism that should not be on public display. She noted the statue must be removed for the safety of the community. She added recent events have revealed groups are willing to use violence to protect the statue even during peaceful protest against it.

Ms. Dora Mbuwayesango indicated recent gunshots fired during a peaceful protest near the Confederate monument demonstrate the need to relocate it. She stated legal excuses for not removing the statue are not legitimate and recommended Council mirror the actions of cities that have legally managed to remove Confederate symbols from their cities.

Mr. Corey Hill stated there is unrest surrounding the Fame statue and a delay in addressing the issue will increase tension within the community that cannot be eliminated with a State of Emergency curfew. He indicated there has been conflict regarding the statue for many years and recently gun shots have been fired to protect it.

Administrative Services Director and City Clerk Kelly Baker read comments that were submitted by email.

Ms. Amanda Wilson noted Salisbury is in her heart and the City, County, State, and Country should improve criminal justice reform and the way black men are treated in the legal system. She explained instead of having a statue many citizens consider racist, Salisbury deserves a symbol that represents everyone and reflects a strong, unified, multiracial, desegregated America.

Ms. Mary Walker stated the Confederate statue, Fame, has caused protests and gunshots to be fired within the City. She noted citizens would like for Council to state its opinion on the statue and consider relocating it to prevent further incidents. She indicated cities with similar problems have figured out ways to solve them.

Ms. Pam Bloom thanked Mayor Pro Tem Heggins and Councilmember Sheffield for making a vocal and physical presence with citizens who are hurting surrounding the death of Mr. George Floyd in Minnesota. She stated the community has heard and seen enough empty words and delayed action. She urged Council to stand with the people of the community and take immediate action on issues that are important to citizens.

Ms. Liliana Spears stated she would like to hear Council address young people within the community who support progressive change in Salisbury. She indicated there has been tension regarding the Fame statue and Council should state how it stands on the issue.

Dr. Regina Dancy mentioned recent events that have taken place in Salisbury over the past couple of nights have been frightening and disheartening. She stated the statue, Fame, is the center of conflict in the City and although there are legal issues with relocating it, current threats to public safety gives the City the right to remove it.

Ms. Emily Ford stated the statue Fame poses a threat to public safety, and she requested Council work toward relocating it. She noted citizens have pleaded for the statue's relocation for several years and would like the source of conflict and violence removed from the center of downtown.

Mr. Ryan Stowe mentioned tear gas was used by Salisbury Law Enforcement Officers on protesters during the current pandemic of a disease that aggressively attacks the respiratory system.

He stated he is thankful to the Police Department for keeping the City safe but the use of tear gas at this time is immoral. He added he supports the relocation of the statue Fame because the safety of citizens is more important than property.

Ms. Angela Alford stated consistent hatred that flares up in the City regarding the Fame statue must be resolved. She suggested the monument be placed in a museum where it can be viewed in a historical context. She mentioned many races and nationalities make up the community and Fame should be replaced with an image that represent everyone.

Ms. Alana Wilson mentioned she was not taught the significance of the statue Fame while growing up, but has learned it is a symbol of racism. She stated out of respect for human dignity, the statue should not continue to be displayed in the center of the City and must be relocated where it will serve as a piece of history.

Ms. Jill Smith noted the Fame statue is beautiful but the inscriptions expose it as a despicable symbol. She stated the statue should be relocated to a place that provides historical information regarding the Civil War. She mentioned it is not appropriate to keep a statue in the center of town that is insulting to citizens.

There being no more comments, Mayor Alexander closed the public comment session.

Mayor Pro Tem Heggins stated she would like for Council to take a moment to acknowledge the statements given during public comment regarding the Fame monument, preservation of lives, and the value of black and brown citizens in the community.

Councilmember Sheffield mentioned she appreciates the love and passion citizens have for the City. She thanked everyone who would like to be a part of the solution regarding the Fame statue. She stated legalities surrounding the removal of the statue are complicated but cities with similar situations have found ways to solve their problems, and Salisbury will need to find a solution as well. She noted she would like for Council to do what is right for Salisbury.

Councilmember Miller stated human life is more important than a statue but Council members are sworn to obey the law. He mentioned Council represents those in the community who view the statue as a symbol of hate and citizens who view the statue as an honor to their forefathers. He explained the City is in an intractable situation with many people on opposing sides and it is unfortunate the statue is sitting where it is. He added he is in support of entertaining solutions to the problem which will take time to resolve.

Councilmember Post mentioned he opposes the Fame statue in all regard and would like it to be moved. He stated although there have been public comment in support of relocating the statue the entire public has the right to be heard. He indicated the City is facing difficult options with the statue. He explained taking the statue down will not be a peaceful process and filing a law suit to have it removed will be costly. He added he took an oath to obey the law and thinks it is necessary to post a notice and hear both sides before a decision is made to relocate the statue.

Mayor Alexander stated each Council member has taken an oath to obey the laws of North Carolina and the laws of the United States Constitution. She explained decisions must go through the process of the law and if a law needs to be changed, the City will go to the source of who can change it. She mentioned citizens who would like to relocate the Fame statue have equal opposition and Council is obligated to notice a discussion to allow everyone to participate before a decision is made. She added each person must acknowledge and accept there will be opinions different from their own and allow each other to exercise their rights.

Mayor Pro Tem Heggins noted a clear message was given regarding public safety from the citizens who spoke during public comment. She stated the law allows for the removal of monuments when they cause public safety issues. She added the City has been placed under a State of Emergency curfew because of recent events that have taken place surrounding the Fame statue, and the City can legally remove the monument based on these events. She mentioned citizens are speaking out in response to young people being intimidated by gunshots during a peaceful protest, and it is the duty of Council to serve and protect everyone.

Mayor Alexander thanked Council for their comments and thanked those who spoke during public comment. She stated she appreciates the diversity of Council and its individual perspectives on the Fame statue. She indicated with proper notice and public input she is confident Council will make a decision on the statue that serves the community well.

FY2020-2021 PROPOSED BUDGET

City Manager Lane Bailey stated during the budget work session there was concern about taking a more aggressive approach to the proposed property tax collection rate which will result in a decrease in property taxes of \$358,389. He mentioned there were changes made to reduce the expenses in the Fibrant transfer by \$30,000 and increase the Remedial Action Plan (RAP) part time position by \$30,000. He added with COVID CARES funds the department will be able to decrease the transfer to the Transit Fund from the General Fund Balance.

Senior Management Analyst Anna Bumgarner indicated staff plans to reduce the amount of the General Fund transfer by \$959,697, the amount of COVID CARES funds that the City will receive. She explained four scenarios have been created for Council to consider regarding the transfer from the General Fund to the Transit Fund. She presented information on the four scenarios to Council.

Ms. Bumgarner stated scenario one would allow the funds to be drawn down as quickly as possible which is recommended by the Federal Transit Administration (FTA). She added the funds will be depleted by December based on the previous year's expenses.

Councilmember Milller asked for risks related to not drawing down the funds quickly as recommended by the FTA. Transit Director Rodney Harrison indicated additional funds will not be provided after they are depleted and the different scenarios will allow the funds to last longer. Mr. Miller stated the scenario recommended by the FTA should be used to eliminate the risk of losing funds.

Mayor Pro Tem Heggins asked if any of the scenarios would satisfy the allocations models spoken of during the budget work session and allow the funds to be drawn down and provided to Spencer and East Spencer for transit services. Mr. Harrison stated the grant was written for the City of Salisbury after a very intense approval process. He explained the City is a designated recipient and Spencer and East Spencer have not been authorized to receive the funds.

Mr. Harrison stated the City is a designated recipient of the funds and can determine how the funds will be used. He explained the funds will not be given to the City all at once, and the funds will be dispersed as reimbursements for items designated in the grant. Mayor Alexander asked if the grant would allow the City to provide sub-grants to Spencer and East Spencer. Mr. Harrison noted the grant does not allow sub-recipients as it is currently written, and sub-recipients are required to have policies and procedures in place in order to be allowed to use the funds.

Councilmember Miller noted the City is providing transit services to Spencer and East Spencer and will continue to identify ways of continuing the service. He indicated sub-grants to the communities will not be necessary because the grant can be used to help pay for current transit system operations which include Spencer and East Spencer.

Mayor Pro Tem Heggins stated it would benefit residents in the area if transit services can continue through FY2021-FY2022.

Mr. Bailey indicated staff is not requesting Council make a decision on one of the four scenarios during the meeting. He stated the changes to the budget presented earlier are being brought to Council for adoption. He explained there can be further discussion at a later date on which scenario will best serve the City. He added the FTA would like the funds to be drawn down quickly but it does not necessarily mean they will take the funds away if they are not used quickly. He noted the scenarios were presented to Council to show draw down options of the funds but he would advise staff to follow FTA recommendations. He added available grants and funds should be used to decrease spending within the General Fund Balance.

Ms. Bumgarner stated with the exception of scenario three, all scenarios use the same draw down model for FY2020 and a decision on a scenario can be made in July 2020.

Councilmember Post stated the budget has \$600,000 going from the General Fund to the Transit Fund. He asked if the transfer to the Transit Fund will be reduced by the amount of the grant to increase available funds in the General Fund. Ms. Bumgarner stated the grant funds will reduce the Transit transfer from the General Fund.

Councilmember Post asked if Spencer and East Spencer are able to apply for CARES Act funding to reimburse the City for transit services. Mr. Harrison stated staff can reach out to the communities to see if the City can assist them with obtaining funding. Mr. Bailey stated staff has looked into various grant opportunities for Spencer and East Spencer and will continue to do so. He stated the County may be a better option to receive funds because the communities do not have a transit system.

Councilmember Post asked if the City is using counter software and requested information on Americans with Disabilities Act (ADA) software. Mr. Harrison stated the City is currently using counter software which is installed in six transit vehicles. He explained Rowan County will no longer provide ADA services after October, and the City will need to provide ADA paratransit services manually due to ADA software being eliminated with budget cuts.

Councilmember Sheffield asked if the County provides ADA transit services to Spencer and East Spencer. Mr. Harrison stated the County is currently providing ADA services to the communities as contracted by the City.

Councilmember Sheffield asked why the County is charging Spencer and East Spencer for ADA services and billing the City of Salisbury. Mr. Bailey indicated the City has a fixed route transit system and is legally obligated to provide ADA services. He added if the County would provide the service for free it would save a portion of the cost of the route. Councilmember Sheffield asked if the County provides free services to other municipalities in the County. Mr. Bailey stated the County does not charge other municipalities for ADA services because they do not have Transit Systems.

Councilmember Sheffield noted the issue of the County charging Spencer and East Spencer for ADA services should be reviewed.

Mayor Alexander convened a public hearing, after due notice thereof, to receive comments regarding the FY2020-2021 proposed budget.

Mayor Barbara Mallet of East Spencer thanked Council, the City Manager, and staff for actions taken to continue transit services to Spencer and East Spencer. She explained many patrons of the transit system are senior citizens, disabled adults, adults and children of single parent households, and people transitioning back into society. She added students also use the transit system along with teachers and school staff. She indicated the transit services provided by the City are vital, and she would like for the service to continue. She thanked Council for allowing her to participate in the discussion. She added she is willing to work with City staff to find available alternatives and financing.

Mr. Eric Shock stated he is in favor of keeping the rehabilitation project on McCoy Road fully funded. He explained the subject of the project is a small stream located behind his home which takes in runoff from several areas. He added the stream is prone to flooding that has threatened his home and other homes in the area. He mentioned the stream becomes overwhelmed and water does not stay in the storm drains. He indicated the rehabilitation project will help prevent flooding into the streets and yards of his neighborhood.

Mr. John Shaffer indicated he would like for recycling to be removed from the budget for one year. He stated it is expensive to recycle, and many Countries are no longer taking recycled items. He explained the funds can be used in other ways to benefit the City.

There being no other comments, Mayor Alexander closed the public hearing.

Mr. Bailey stated the information presented will be sent to Council. He added if budget changes are satisfactory, staff will create a budget ordinance to present to Council at the next meeting.

FY2020-2021 ANNUAL ACTION PLAN AMENDMENT

Housing Planner Candace Edwards indicated nine applications were received for Community Development Block Grant CARES Act (CDBG-CV) funding for FY2019-FY2020. She stated the recommendation to Council is to direct 100% of the funding to public service agencies that provide support to low to moderate income individuals and families affected by COVID-19 in Salisbury.

Ms. Edwards presented information on applications that were received:

- Community Care Clinic of Rowan provides medical, dental, and pharmaceutical services to uninsured adults. The organization requested \$9,780 to purchase personal protective equipment (PPE), medical supplies, cleaning supplies and services
- The Gateway Freedom Center offers housing and supportive services for recently incarcerated men. The organization requested \$31,850 to rehabilitate and expand the facility. Application is on hold pending a response from the United States Department of Housing and Urban Development (HUD)
- One Love Community Services, Inc. is a Mental Health Clinic that treat anxiety, depression, and other mental issues. The organization requested \$20,000 for mental health case management, substance abuse assessments, treatment, and wrap around services
- Salisbury Community Development Corporation (CDC) provides affordable housing opportunities that create neighborhood stabilization. The organization requested \$46,800 for housing counseling and foreclosure prevention. Application is on hold pending additional information from the applicant
- Gemstones and COMPASS Leadership Academy is a youth leadership skills and mentoring program. The organization requested \$5,000 to provide basic necessities (toiletry kits) to youth and the elderly
- Hood Theological Seminary is a Graduate and Professional Theological School. The organization requested \$5,000 to purchase PPE and to provide direct financial support to students
- The Power Cross provides life skills, mentoring, and academic assistance to young men. The organization requested \$5,000 to purchase meals and to provide academic support
- Rowan Helping Ministries provides shelter housing, case management, wrap around services and emergency utility assistance. The organization requested \$25,000 for rent and utility assistance
- Meals on Wheels provide meal delivery to homebound seniors and disabled adults. The organization requested \$13,036 to expand delivered meals to homebound seniors

Ms. Edwards stated the request to Council is to allocate 100% of the funding to public service agencies.

Councilmember Post asked for the total amount requested. Planning Services Director Hannah Jacobson stated the amount requested is approximately \$161,000. She indicated the remaining funds of approximately \$7,000 will be placed in reserve.

Mayor Pro Tem Heggins asked who made up the panel to approve the applications. Ms. Jacobson stated the panel consisted of herself, Ms. Edwards, Assistant City Manager Zack Kyle, Human Relations Manager Ann Little, and Customer Service Manager Caren Lightfoot.

Thereupon, Councilmember Miller made a **motion** to adopt an amendment to the FY2019-2020 Annual Action Plan to incorporate CARES Act Community Development Block Grant (CDBG-CV) funding and allocate 100% of the funds to public service agencies. Upon a roll call vote Mayor Alexander voted AYE, Mayor Pro Tem Heggins voted AYE, Councilmember Miller voted AYE, Councilmember Post voted AYE and Councilmember Sheffield voted AYE. (5-0)

Councilmember Miller requested a five minute recess. Council reconvened at 8:55 p.m.

CITY ATTORNEY'S REPORT

City Attorney Graham Corriher had nothing to report to Council.

CITY MANAGER'S REPORT

(a) 3rd Quarter Financial Report

Finance Director Shannon Moore stated the 3rd quarter financial report is from July 2019 to March 2020. She indicated there are minimal changes in the report related to COVID-19 revenues and expenditures. She explained in the FY2020 General Fund revenues as a percentage of the total budget is slightly lower than the trend which is attributable to the significant fund balance appropriation that does not flow through revenues. She added if the significant appropriation is taken out of the Fund Balance the revenues are close to the three year trend at 77%.

Ms. Moore stated the current Fund Balance appropriation is \$4.2 million and includes original appropriations, appropriations made throughout the fiscal year, and appropriations that were carried over from the previous year. She noted there are two significant areas from FY2019 to FY2020 that do not appear through the third quarter but will be seen on a four year basis that relate to COVID-19.

Ms. Moore indicated one of the significant areas where there is a reduction in revenue in the General Fund are Parks and Recreation charges for services which include program participation fees, event sponsorships, rentals, and deposits. She explained Parks and Recreation

facilities have been closed and are no longer receiving rentals and deposits which were a large source of revenue for the department. She stated through the third quarter of FY2019 the revenues were at \$71,000 and in the current year through the third quarter revenues are at \$67,000. She added the City is not likely to receive additional revenue in this area.

Ms. Moore pointed out another significant area where there is a reduction in interest earnings. She explained interest rates are down across all funds and earnings for the third quarter of the last fiscal year was approximately \$249,000, and this year it is approximately \$181,000. She added FY2020 expenses for the third quarter are slightly less than the budgeted trend amount and are typically around 71% by the end of the third quarter. She stated expenses for the current year are approximately 63% but there has been a reduction in expenses to help offset reductions in revenue.

Ms. Moore indicated the FY2020 budget amount of \$20.2 million for property taxes is current. She stated for the third quarter the City has already received the amount budgeted which is attributable to the City budgeting a property tax revaluation of 8.5%. She noted through the year the City is trending to have approximately 10% growth in the revaluation. She explained property tax receipts is stronger than was budgeted, and the collection rate of property taxes through March 2020 is at 96.29% which is down from 96.86% the previous year. She added through April 2020 tax reports from the County show a collection rate that is 0.7% lower than last fiscal year.

Ms. Moore indicated sales tax receipts is an area of uncertainty for the remainder of the year and going into next year's budget. She pointed out sales tax receipts for January and February are strong and March receipts have not been calculated. She noted based on estimates the City will receive \$754,000 in sales tax revenue from March sales which is a 0.5% decrease from last fiscal year.

Ms. Moore indicated the greatest expenditure in the General Fund is public safety which includes the Police and Fire Departments. She stated public safety is expected to be over their budget by the end of the year, but there are savings in other areas of the budget to compensate the overage. She pointed out transportation expenses are low due to a lag caused by large Congestion Mitigation & Air Quality (CMAQ) projects, funding, and the timing of payments with contractors, invoices and reports. She indicated there is also a lag with education expenses within the General Fund which has been fully spent through the end of the third quarter and will not be over budget. She added debt payments will be at 75% by the end of the third quarter based on the timing of payments and will be at 100% towards the end of the year.

Ms. Moore stated the FY2020 Storm Water Fund has a carry-over amount of \$160,000 from a project that was not completed last year. She added the amount will flow through FY2020 as a deficit, but is money that was added to the Fund Balance at the end of FY2019 and carried forward. She explained the fund is experiencing a loss of penalties and fees related to the COVID-19 Executive Order, but the amount is small and will not greatly impact the fund. She pointed out expenses for the Storm Water Fund are lower than 75% because there is a special rehabilitation project that was delayed due to COVID-19. She added the project is expected to be bid by the end of the year but may carry forward into FY2021.

Ms. Moore indicated revenues for the Water and Sewer Fund are close to budget. She pointed out the fund has a large Fund Balance appropriation for several large projects in the amount of \$4 million. She added most of the revenue was carried forward from FY2019 and the fund is not experiencing large reductions in revenue due to COVID-19 orders.

Ms. Moore stated the Transit Funds revenues are higher in the third quarter because the City was able to draw down federal revenues for the expenses covered from July 2019 to January 2020 from a previous Federal Transit Administration (FTA) grant and not under CARES Act funding. She pointed out some expenses from February 2020 to June 2020 will be covered with CARES Act funding and others will be covered with the traditional FTA funds. She added Transit Fund expenses will be close to the budgeted amount and the department will continue to have reductions in expenses in the third and fourth quarter due to COVID-19 related issues.

Ms. Moore indicated Fibrant Fund revenues come from three sources which are a \$600,000 per quarter contribution from the General Fund, lease revenues from Hotwire, and payment for settlement fees which will end May 2020. She pointed out Fibrant expenses are mostly attributable to the lease agreement with Hotwire. She explained the large amount in the third quarter is due to the timing of a large principal payment that is paid annually.

Ms. Moore stated even though Hotwire lease revenues are paid the following quarter, the information presented is based on when the revenues were earned for the first, second, and third quarters of the fiscal year. She indicated last quarter Hotwire took the first bad debt write-off of \$12,000 since the inception of the lease agreement and they have taken an additional \$3,900 for the third quarter of FY2020 which they plan to continue on a quarterly basis. She stated drops are up because of the number of connections from quarter two to quarter three, but there are drop credits in the third quarter lease which will hopefully increase revenue to the city.

ANNOUNCEMENTS

(a) State of Emergency Declaration

Mayor Alexander announced the City is currently under a State of Emergency Declaration which can be viewed on the City's website.

COUNCIL COMMENTS

Councilmember Post stated the past week has been difficult. He thanked the Police Department and City employees who help keep the City safe. He indicated the City has worked hard to maintain the area downtown and hopes the protests do not grow worse confrontationally.

Councilmember Miller pointed out he is sickened and horrified by what happened in Minneapolis. He thanked the Police Department and Fire Department for putting themselves in harm's way while respecting the rights of citizens.

Councilmember Sheffield stated everyone is grieving, and it is important for everyone to be able to exercise their rights to free speech and to assemble. She indicated she appreciates everything the City has done to ensure the safety of the people within the community. She thanked the Police Department and Fire Department for performing their jobs well. She added her role is to challenge and change policies and laws that are not in the City's best interest, are unjust, and that cause harm to peace within the City.

MAYOR PRO TEM COMMENTS

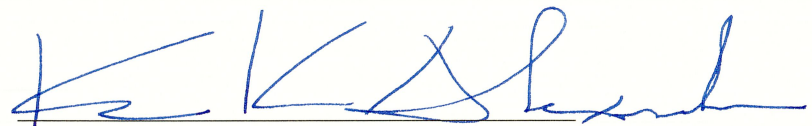
Mayor Pro Tem Heggins stated she is angry regarding situations currently happening. She explained there should be more reaching out to others to show concern and engagement with protesters to show that the City cares about the things they have to say. She indicated the Police Department has done a tremendous job since the protests, but leadership needs to review how protesters are treated and review the use of tear gas on youth. She stated the issue regarding Fame is not whether it is opposed or supported because it is an issue of public safety. She added Council needs to show care for everyone within the community.

MAYOR'S COMMENTS

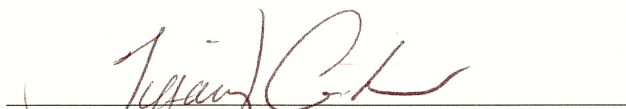
Mayor Alexander stated the City is still under the threat of COVID-19 and protesters should practice social distancing and wear masks. She indicated she, along with other Mayors from the North Carolina Mayor's Association, published a press release expressing the solidarity of the Mayors regarding peaceful protest following the death of Mr. George Floyd. She noted she is in support of citizens exercising their right to peacefully protest. She added if protests are not peaceful the Police Department will have to act to control the situation. She pointed out she is proud of Council for making tough decisions and for the hard work that each member has done. She added she is proud and thankful to have a Police Department that is this professional and caring.

ADJOURNMENT

Motion to adjourn the meeting was made by Councilmember Post. All Council members in attendance agreed unanimously to adjourn. The meeting was adjourned at 9:40 p.m.



Karen Alexander, Mayor



Tiffany Crook, Deputy City Clerk