

Salisbury, North Carolina
June 23, 2014

RECESSED MEETING OF JUNE 17, 2014

Continued
June 23, 2014
10:00 a.m.

The City Council of the City of Salisbury met at 10:00 a.m., Monday, June 23, 2014 in the Salisbury-Rowan Utilities Conference Room located at 1 Water Street pursuant to the recess of the Regular meeting of June 17, 2014, with the following members being present:

PRESENT: Mayor Paul B. Woodson, Jr., Presiding; Council Members Mayor Pro Tem Maggie A. Blackwell, Karen Kirks Alexander, William (Pete) Kennedy, and William Brian Miller; Interim City Manager John Sofley, City Clerk Myra B. Heard.

ABSENT: City Attorney F. Rivers Lawther, Jr

Mayor Woodson and members of City Council met at 10:00 a.m. in the Salisbury-Rowan Utilities Conference Room located at 1 Water Street. Mayor Pro Tem Blackwell provided the invocation.

FY2013-2014 BUDGET WORKSHOP

Interim City Manager John Sofley reviewed the proposed budget for the fiscal year beginning July 1, 2014 and ending June 30, 2015. He noted he met with members of Council individually to receive their input and direction. He asked Council to discuss any changes it would like to make to the proposed budget.

Mayor Woodson noted \$81,000 is included in the budget for new trash bins. Mr. Sofley stated staff studied waste collections and looked for ways to improve efficiency. He explained the existing trash bins are over 10 years old and have become brittle. He added when the arm of the truck lifts the trash bins, they crack under the strain. He stated the proposed \$1 fee increase will sustain the waste collection process for five years. Mr. Sofley pointed out \$81,000 will purchase the trash bins that are needed for the coming fiscal year. He indicated an additional \$81,000 will be included in next year's budget for additional trash bins.

Councilmember Miller indicated Council was previously told the full cost recovery for garbage service is \$14 per household. Mr. Sofley stated that was correct. Mr. Miller noted due to increased efficiency the total cost recovery for garbage service is currently \$8 per household. He emphasized the cost of the service has decreased by \$6 per household per month.

Mayor Woodson asked if Fibrant will be self-sustaining during the coming fiscal year. Mr. Sofley noted there are no interfund loans projected for the utility. He added, based upon sales and projects, the debt service will be paid by Fibrant for the coming fiscal year.

Mayor Woodson stated the proposed budget projects a \$50 million loss in taxable property. Mr. Sofley explained the deannexation of the airport impacted the City's taxable property base. He added the purchase of the Salisbury Mall by Rowan County and the loss of the Gateway Building, which transferred ownership to the Tourism Development Authority, also affected the City's tax base. He pointed out the addition of Integro Technologies will offset some of the loss, but it will not be taxable until 2015.

Mayor Pro Tem Blackwell asked about the loss of taxable property associated with deannexation of the airport. Mr. Sofley stated the airport's tax value is approximately \$20 million, and the mall's tax value is approximately \$7 to \$8 million.

Mayor Woodson noted a reduction in the Parks and Recreation budget. He asked if the reduction is in personnel or services. Assistant City Manager Zack Kyle indicated the reduction includes personnel and services. He explained staff is working to increase efficiency at the facilities and create partnerships that accomplish more with less staff. Mayor Woodson emphasized maintenance staff is critical in keeping City parks in the best possible shape. Mr. Kyle pointed out no maintenance positions were eliminated from the proposed budget.

Mr. Miller indicated the Parks and Recreation Department was merged with another department. He pointed out the City has an accredited Parks and Recreation Department, and he would like to know the long-term plan for it.

Councilmember Alexander noted benchmarking indicates the size of the City's Parks and Recreation staff is comparable to other cities in the project. Ms. Blackwell pointed out the scope of Salisbury's Parks and Recreation Department may be broader than other cities because it includes cemeteries and median care.

Ms. Blackwell indicated a study may be needed to determine if a section of Old Main Street, located off of South Main Street, is needed after the realignment of Klumac Road. She noted there has been an increase in break-ins in the area since the road is no longer used for traffic.

Mayor Woodson pointed out an increase in the Human Resources budget. Mr. Sofley stated the increase is due to a change in how retirees' health insurance is handled. He explained the insurance was studied, and it was determined it would be cost effective to move retirees' insurance to the Affordable Care Act (ACA). He added the City's cost is included in the Human Resources budget.

Mr. Miller stated retirees are concerned the change in their health insurance will not benefit them, and he asked if the retirees are comfortable with the proposed changes. Mr. Kyle responded staff has met with retirees, and they are comfortable with the changes.

Mayor Woodson asked how much the City would save by switching retirees' health insurance to the ACA. Mr. Sofley stated it is difficult to determine, but the change could potentially save the City \$100,000.

Mayor Woodson noted changes in the budget to GIS and Community Planning Services. Mr. Sofley indicated GIS was included in the departmental reorganization that occurred last year, but staff was not moved for budgetary purposes. He added this year's budget reflects the budgetary impact for the positions that were shifted in the departmental reorganization.

Mr. Sofley explained the Community Planning Services budget changes annually due to grant related projects.

Mayor Woodson asked Mr. Sofley about the impact of business licenses to the City budget. Mr. Sofley stated the impact this year is limited because the Act approved by the General Assembly does not eliminate the tax until next year. He noted the State has pledged to offset the lost revenue to cities. He stated the loss could be equal to \$.0125 to \$.015 of the City's FY2015-2016 budget if replacement revenue is not identified by the State.

Mr. Sofley indicated one project staff reviewed was replacement of the roof of Price High School, and they determined the replacement can wait another year.

Ms. Alexander asked if grants are available to assist with the cost of the roof at Price High School since it is a historic structure. Mr. Sofley indicated staff will research the possibility. He added that the tenant may have an opportunity for a grant, but they would have to own the property.

Mr. Miller pointed out Price High School may be included in the West End Transformation Plan as a larger concept project. Ms. Alexander asked if Community Development Block Grant (CDBG) funds could be used for the roof. Community Planning Services Director Janet Gapen stated staff will look into the possibility.

Ms. Blackwell noted continuing the Dixonville Cemetery Memorial design is a Community Planning Services goal. She pointed out there are no funds allocated for the project, and a Council liaison has not been assigned to the Committee.

Ms. Blackwell stated another goal of Community Planning Services is to continue the Municipal Service District (MSD) grants and incentive grants for downtown. She indicated \$22,000 was allocated for MSD grants, but there are no funds allocated for Innes Street grants. She emphasized the Innes Street grants are an integral part of the City and its downtown.

Councilmember Kennedy noted Council supports the Transportation Museum, and it also receives funds from the Tourism Development Authority. He asked if the \$4,500 allocated for the Museum could be used for the Dixonville Cemetery Memorial project.

Mayor Woodson indicated in the past \$4,500 has been allocated for gang prevention, but no funds are allocated this year.

Mayor Woodson noted the \$692,000 budgeted for street lighting will improve safety in the City. Mr. Sofley pointed out the funding will cover the cost of additional street lights on public streets and private lots as requested by citizens.

Ms. Alexander asked if the City is working with Duke Energy to transition to LED lighting. Mr. Sofley indicated the City has a proposal to switch to LED lighting which will save the City money in the future. He noted many of the lights are maintained by Duke Energy, and the Utilities Commission has issued an order that allows transitioning to LED lighting.

Ms. Alexander asked about electronic metering for Salisbury-Rowan Utilities (SRU). SRU Director Jim Behmer indicated electronic metering is being used in China Grove, but there is no money in the proposed budget for electronic metering. He added staff is planning to transition to electronic metering in the future.

Mr. Kennedy asked Ms. Gapen for the amount of money spent in the West End Community over the last 10 years. He requested Ms. Gapen share the information with

Council when it becomes available.

Ms. Alexander commented approximately \$900,000 has been spent in the West End Community. Mayor Woodson asked Ms. Gapen to provide an update at Council's July 15, 2014 meeting.

Mayor Woodson stated during the budget public hearing Council received requests for transit service to Julian Road. Mr. Sofley indicated the proposed budget includes expanded transit service to the Julian Road area.

Ms. Alexander asked if improvements could be made to the roofline at the transfer station on Depot Street. She explained citizens waiting on the bus are getting wet during heavy rains. Mr. Sofley noted the State funds the shelters with a 10 percent match from the City. He stated he will review the program to see if changes can be made mid-year.

Mayor Woodson noted there was discussion last year regarding a new fire station on West Innes Street. Mr. Sofley stated Station 3 is one of the oldest stations in the City and needs to be replaced. He indicated there have been discussions regarding potential locations for the new fire station, but a location has not been found.

Mr. Kennedy indicated Fibrant announced an increase in its tier pricing. He asked if staff has heard from Fibrant customers regarding the change. Mr. Sofley stated very few complaints have been received. He noted as customers sign up for the service, staff is sharing the rate increase with them. He emphasized internet speeds will increase for customers and each tier will include additional channels.

Mr. Kennedy asked if Fibrant has considered wireless service. Fibrant General Manager Mike Jury stated wireless service has been tested, but a final cost has not been determined. He added wireless service reduces installation costs, but it has other challenges such as sharing bandwidth if there are additional users in a home.

Mr. Kennedy noted there have been comments that the requested property tax increase will be used to support Fibrant, but no funds will be transferred to the utility. Mr. Miller stated the funds are completely separate and are audited annually by the State. He commented the City is four years into its new enterprise and is on schedule to become self-sufficient.

Ms. Alexander requested Council support Communities in Schools because it serves students in the local elementary and middle schools who need it most. She noted Communities in Schools has a 7 to 1 return on investment. She recommended \$5,000 to support Communities in Schools.

Ms. Alexander added she would also like to support Pops at the Post and requested \$2,000 for the organization. She stated Pops at the Post is a phenomenal community event that brings tax revenue to the City.

Mr. Miller requested staff find a way to accomplish the requests without raising the tax rate to the proposed \$.029. He noted Rowan County raised taxes, and he would like an increase below \$.02. He added he does not want to damage the City's future by not doing enough, but he would like to see if the amount requested can be reduced to benefit the citizens.

By Consensus, Council agreed they could support up to a \$.019 tax increase.

Ms. Blackwell stated she would like additional support for the Salisbury Youth Council. She explained the Youth Council more than doubled its membership, and an increase would support its work in the community. She suggested an additional \$5,000, for an appropriation of \$10,000.

By Consensus, Council agreed with the \$1 increase in waste collection and with the Fibrant rate increase. Council emphasized customer service representatives must work with customers regarding the rate increase.

Mayor Woodson asked if the water/sewer rate increase could be reduced from 2.9 percent to 2.5 percent. Mr. Sofley noted there are vacant positions in SRU, and if they are eliminated the rate increase could be reduced to 2.45 percent.

Ms. Blackwell noted there is a policy in place that reduces all funds to zero at the end of the year. She commented one advisory board received grant money in the spring, but will lose the money before the work can be completed in the fall. She asked if the policy could be revised to assist citizens who work to receive grants and make donations. Mr. Sofley stated he has a solution that may address the issue. By Consensus, Council agreed for Mr. Sofley to look into a solution.

Mayor Woodson asked Mr. Behmer if a 2.45 percent increase will work for SRU. Mr. Behmer indicated it would.

Ms. Alexander asked if the proposed budget includes the ability to add sidewalk to the Newsome Road project. Mr. Sofley stated the State has agreed that once the project is bid, if it comes in under budget the additional funds can be used for sidewalk construction. He added there is money in the proposed budget to pay for a portion of the costs. He pointed out the City's portion of construction cost for the Newsome Road Project will not begin until next year.

Ms. Alexander requested the Engineering Department review the drawings to make sure tanker trucks will be able to turn onto Newsome Road once the project is complete. She stated citizens have expressed concerns regarding noise and speed of large trucks in the area, and she suggested Ms. Brindle create an Ordinance to establish hours the large trucks can travel through the neighborhood.

Mayor Woodson called for a short break to allow staff to review the requested

changes to the budget.

Mayor Woodson reconvened and Mr. Sofley reviewed the proposed changes to the budget:

- Add \$20,000 increase in sale tax revenue
- Add \$45,000 increase in Utilities Franchise Tax
- Decrease \$90,582 street lighting – special projects
- Decrease \$5,000 additional paving
- Decrease \$21,000 floor replacement in Code Enforcement
- Decrease \$24,985 Systems Analyst
- Defer \$33,000 pavement survey
- Delete \$35,000 Historic Preservation Commission planning grant expense
- Delete \$20,000 Historic Preservation Commission planning grant revenue
- Add \$20,000 for Innes Street Grants
- Add \$4,500 for Dixonville Cemetery Memorial Project
- Add \$4,500 for gang prevention
- Add \$5,000 for Communities in Schools
- Add \$2,000 for Pops at the Post
- Add \$5,000 for Salisbury Youth Council

Mr. Sofley explained the changes in street lighting will leave \$33,528 for special street lighting projects. He noted staff estimates \$33,528 will fund the special street lighting projects that can be completed within the year. Mr. Miller asked if \$33,528 is an increase from what was originally budgeted. Mr. Sofley stated it is an increase.

Mr. Kennedy asked about the General Fund Balance in relation to the proposed changes. Mr. Sofley stated last year the General Fund Balance was at 24 percent, and it will be at 24 or 25 percent in the coming fiscal year.

Ms. Blackwell questioned if it would be possible to decrease the tax rate without reducing funds for additional paving. Mr. Sofley stated paving funds are 14 percent higher than appropriated last year. He reassured Council if a project comes in under budget the funds will be re-allocated to paving.

Thereupon, Ms. Blackwell made a **motion** to adopt the budget of the City of Salisbury for the fiscal year beginning July 1, 2014 and ending June 30, 2015 with the following changes:


- Add \$20,000 increase in sale tax revenue
- Add \$45,000 increase in Utilities Franchise Tax
- Decrease \$90,582 street lighting – special projects
- Decrease \$5,000 additional paving
- Decrease \$21,000 floor replacement in Code Enforcement
- Decrease \$24,985 Systems Analyst

- Defer \$33,000 pavement survey
- Delete \$35,000 Historic Preservation Commission planning grant expense
- Delete \$20,000 Historic Preservation Commission planning grant revenue
- Add \$20,000 for Innes Street Grants
- Add \$4,500 for Dixonville Cemetery Memorial Project
- Add \$4,500 for gang prevention
- Add \$5,000 for Communities in Schools
- Add \$2,000 for Pops at the Post
- Add \$5,000 for Salisbury Youth Council
- Increase the tax rate by \$.0195 which will create a tax rate of \$.6569
- Approve \$1 increase for waste collection
- Approve proposed rate increase for Fibrant
- Approve 2.45 percent increase for Water/Sewer
- Decrease \$88,092 Water/Sewer expenses – two vacant positions
- Decrease \$88,092 Water/Sewer revenue

Mr. Miller seconded the motion. Messrs. Kennedy, Miller, and Woodson, and Mses. Alexander and Blackwell voted AYE. (5-0)

ADJOURNMENT

Motion to adjourn the meeting was made by Mr. Kennedy seconded by Ms. Blackwell. All council members in attendance agreed unanimously to adjourn. The meeting was adjourned at 12:37 p.m.



 Paul B. Woodson, Jr., Mayor



 Myra B. Heard, City Clerk