

Salisbury, North Carolina
May 2, 2023

REGULAR MEETING

PRESENT: Mayor Karen K. Alexander, Presiding; Council Members Harry McLaughlin, David Post, and Anthony Smith; City Manager Jim Greene, Jr., City Clerk Connie B. Snyder; and City Attorney J. Graham Corriher.

ABSENT: Mayor Pro Tem Tamara Sheffield.

Salisbury City Council met in Council Chambers in City Hall located at 217 South Main Street. The meeting was called to order by Mayor Alexander at 6:00 p.m. A moment of silence was taken.

PLEDGE OF ALLEGIANCE

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

ADOPTION OF THE AGENDA

Thereupon, Councilmember McLaughlin made a **motion** to adopt the Agenda as presented. Mayor Alexander and Councilmembers McLaughlin, Post, and Smith voted AYE. (4-0)

EMPLOYEE RECOGNITION – CLAIRE KARRIKER

Information Technology Manager Dale Waters recognized Information Technology Administrative Specialist Claire Karriker for being named Communities in Schools Volunteer of the Year for Hanford Dole Elementary School.

Council congratulated Ms. Karriker on her achievement and thanked her for all she does for the City and to make the community a better place.

PROCLAMATIONS

Mayor to proclaim the following observances:

| | |
|---------------------------------------|-----------------|
| NATIONAL DAY OF PRAYER | May 4, 2023 |
| DRINKING WATER WEEK | May 7-13, 2023 |
| NATIONAL PREVENTION WEEK | May 7-13, 2023 |
| NATIONAL SKILLED NURSING CARE WEEK | May 14-20, 2023 |
| ASIAN PACIFIC AMERICAN HERITAGE MONTH | May 2023 |
| BETTER HEARING AND SPEECH MONTH | May 2023 |
| EXERCISE IS MEDICINE MONTH | May 2023 |
| JEWISH HERITAGE MONTH | May 2023 |
| MENTAL HEALTH AWARENESS MONTH | May 2023 |

CONSENT AGENDA

(a) Minutes

Approve Minutes of the special meetings of April 17, 2023 and April 18, 2023 and the regular meeting of April 18, 2023.

(b) Purchase Order Approval – Battery Replacement

Approve Purchase Order 230939 in the amount of \$196,000 for the purchase of battery replacements for the DC power plant located at the Salisbury Customer Service Center. This DC power plant supplies backup power for Hotwire Communications, City of Salisbury Information Technology, Telecommunication Radio System, and Traffic Signal Operations. The battery replacements are included in the FY2022-2023 budget. As part of the agreement Hotwire Communications will pay 77.62% and the City will pay 22.38%.

(c) Agreement – Rowan County

Approve the City Manager to sign an agreement with Rowan County to host a temporary sculpture, “Ojai” for the 2023 Salisbury Sculpture Show.

(d) Right-of-Way Encroachment – Hotwire Communications

Approve a right-of-way encroachment for approximately 40 linear feet of underground fiber optic cable by Hotwire Communications on Wellington Drive per Section 11-24(27) of the City Code.

(e) Resolution of Support – Widening of Old Mocksville Road

Adopt a Resolution of Support endorsing the widening of Old Mocksville Road, between Hawkinstown Road and East Ridge Road, as a new project for the Cabarrus-Rowan Metropolitan Planning Organization Priority List.

RESOLUTION ENDORSING THE WIDENTING OF OLD MOCKSVILLE ROAD FOR THE CABARRUS-ROWAN METROPOLITAN PLANNING ORGANIZATION REGIONAL PRIORITY LIST.

(The above Resolution is recorded in full in Resolution Book No. 17 at Page No. 16, and is known as Resolution 2023-12)

(f) Resolution of Support – Extension of Bendix Drive

Adopt a Resolution of Support endorsing the extension of Bendix Drive as a new project for the Cabarrus-Rowan Metropolitan Planning Organization Priority List.

RESOLUTION ENDORSING THE EXTENSION OF BENDIX DRIVE FOR THE CABARRUS-ROWAN METROPOLITAN PLANNING ORGANIZATION REGIONAL PRIORITY LIST.

(The above Resolution is recorded in full in Resolution Book No. 17 at Page No. 17, and is known as Resolution 2023-13)

Thereupon, Councilmember Smith made a **motion** to adopt the Consent Agenda as presented. Mayor Alexander and Councilmembers McLaughlin, Post, and Smith voted AYE. (4-0)

PUBLIC COMMENT

Mayor Alexander opened the floor to receive public comments.

Ms. Mary Frances Edens addressed Council on behalf of Women for Community Justice, the Salisbury-Rowan NAACP, Salisbury Indivisible and Rowan Concerned Citizens. She encouraged Council and the City Manager to be transparent and seek public input during the hiring process for the next police chief.

There being no one else to address Council, Mayor Alexander closed the public comment session.

FIRE STATION THREE

Finance Director Wade Furches, Fire Chief Bob Parnell, and Architect Bill Burgin addressed Council regarding an installment financing agreement in an amount not to exceed \$10.5 million, with other available funds, for the purpose of financing all or a portion of construction costs for the new Fire Station 3 located at 150 Mahaley Avenue.

City Manager Jim Greene explained the Local Government Commission (LGC) requires Council to hold a public hearing regarding a Resolution of Intent, which would establish a not to exceed financing amount.

Mr. Burgin noted nine construction bids were submitted and a local company, KMD Construction, was the low bidder. He added he has worked with KMD in the past and is confident the company will provide a good product for the City. He indicated the bid from KMD was \$8.078 million including alternatives and a contingency allowance of \$125,000, a testing allowance of \$55,000, a signage allowance of \$15,000, a tap fee allowance of \$30,563 and an undercut and fill allowance. He noted the alternates included computer wiring, security gates, and a proprietary product list. Mr. Greene commented staff will work closely with Mr. Burgin to review the bid and then the contract will be brought to Council for its consideration.

Mr. Furches introduced Financial Advisor David Cheatwood, First Tryon Advisors, who is helping staff through the financing process. Mr. Cheatwood explained on April 17, 2023 a Request for Proposal (RFP) was sent out for financing a portion of Fire Station 3 that requested 15-year and 20-year payment terms and prepayment flexibility. He noted eight proposals were received, and he pointed out all of the proposals included a 15-year term and five of the proposals included a 20-year term. He indicated JP Morgan provided the best interest rates and it included three 15-year financing options with interest rates related to the prepayment provisions offered. He explained the lowest interest rate was 3.16%, but it did not provide prepayment flexibility. He recommend Council proceed with the 3.29% funding option which includes prepayment flexibility after 10 years. He reviewed the payment schedule, and he pointed out the closing date would be June 16, 2023. He stated the first principal payment would be due on June 1, 2024 and the final payment would be due on June 1, 2038.

Mr. Cheatwood explained the LGC requires level principle repayment for this type of loan. He stated the first payment would be \$640,000 and payments would decrease each year. He noted the 3.29% interest rate came in below the estimated 3.75% interest rate. He added the goal is to finance \$6.5 million of the \$9.4 million estimated total cost. He explained the remaining funds would come from a combination of ARPA funds and General Fund Balance.

Mr. Cheatwood recommended Council hold a public hearing and consider adopting a Resolution of Intent that sets forth certain findings required by the LGC. He commented at its June 6, 2023 meeting Council will consider a Resolution that will name JP Morgan as the financial institution, state the interest rate, and other terms and conditions. He added the LGC will consider approval of the financing on the same day. He noted Robinson Bradshaw will prepare the closing documents with the closing date anticipated to be June 13, 2023. Mr. Cheatwood added the construction contract would be approved on June 20, 2023.

Mayor Alexander asked Mr. Cheatwood why the 3.29% interest rate was recommended over the lower 3.16% interest rate. Mr. Cheatwood explained the 3.29% interest rate offers prepayment flexibility which would allow the City to refinance in 10 years or pay the loan off early. He added the additional interest costs would be approximately \$5,000 per year.

Councilmember Post noted Fibrant debt will be retired in 2029, and he asked if JP Morgan would provide a prepayment flexibility option in seven years. Mr. Cheatwood noted JP Morgan did not provide a seven-year prepayment option, and he added shorter terms would have higher interest rates.

Mr. Cheatwood compared the 3.29% interest rate to the 3.16% interest rate, and he pointed out the City would pay an additional \$75,000 to have the prepayment flexibility. He indicated the goal is to strike a balance between a lower interest rate and flexibility that may be needed in the future. Mr. Furches pointed out the City would save \$200,000 in interest if the loan is paid off early versus the \$75,000 it will cost for the 3.29% interest rate. Mayor Alexander noted there would be a net gain of approximately \$125,000.

Mayor Alexander convened a public hearing after due notice regarding an installment financing agreement for the new Fire Station 3.

Ms. Dee Dee Wright stated she does not oppose the project, but wanted clarification regarding project funding.

Mr. Furches noted Fund Balance and \$1.7 million in ARPA funds could be used to reduce the debt. Mr. Greene indicated staff has also requested state support for Fire Station 3, and he pointed out the City will incur additional costs such as fire trucks for the new fire station.

There being no one else to address Council, Mayor Alexander closed the public hearing.

Thereupon, Councilmember Post made a **motion** to adopt a Resolution making certain findings and appointments and requesting approval of the Local Government Commission. Mayor Alexander and Councilmembers McLaughlin, Post, and Smith voted AYE. (4-0)

RESOLUTION MAKING CERTAIN FINDINGS AND APPOINTMENTS AND REQUESTING APPROVAL OF THE LOCAL GOVERNMENT COMMISSION.

(The above Resolution is recorded in full in Resolution Book No. 17 at Page No. 18, and is known as Resolution 2023-14)

UPDATE – BELL TOWER GREEN PARK

Parks and Recreation Director Nick Aceves and Bell Tower Green, Inc. President Bill Wagoner addressed Council regarding Bell Tower Green Park. Mr. Wagner provided a brief

history of the park and noted that City staff works with Bell Tower Green, Inc and the Bell Tower Green Committee.

Mr. Wagoner reviewed current and ongoing projects such as the Bell Tower Green playground, and he added the playground's faulty equipment is being removed and modified. He noted City staff has been working with Bell Tower Green, Inc on permanent signage in the park. He stated City Staff has looked into the Bell Tower accent lighting and reviewed vendor options due to public interest. He added a vendor had been selected, but the current lighting controller needs software updates.

Mr. Wagoner provided an update on the installation of the flag pole and noted they switched contractors and have ordered materials from the new company. He stated the Public Works Department would install the flag pole, and the flag should be up before Memorial Day.

Councilmember McLaughlin asked if a Flag Dedication would be held at Bell Tower Green. Mr. Aceves noted a local group is planning to host an event at the park, but the event has not been scheduled.

DOWNTOWN REVITALIZATION INCENTIVE GRANT REQUEST – 126-130 NORTH MAIN STREET

Urban Design Planner Alyssa Nelson asked Council to consider a Downtown Revitalization Incentive Grant of up to \$127,697.76 as recommended by the grant review committee to assist with a building rehabilitation and residential production project located at 126 –130 North Main Street.

Ms. Nelson provided a review of the Downtown Revitalization Incentive Grants, noting it is made up of three grants; the Building Rehabilitation Grant, the Residential Creation Grant, and the Fire Suppression Grant. She stated each grant help to stimulate private investment in downtown properties and is designed to promote new development and rehabilitation with an emphasis on downtown residential production.

Ms. Nelson noted in 2022, revisions were made to the guidelines to include a review committee and a scoring matrix for each grant. She commented this year, the City received five applications, and in FY2022 Council allotted \$250,000 for new grant awards. She added the total projected investment for the five applications is \$4,332 062, and the expected City and Municipal Service District (MSD) tax revenue over ten years is \$387,979.

Ms. Nelson noted the grant review committee reviewed each application and assessed the projects against the scoring rubric to generate a total project score. She explained all five project scores were combined and that score was divided by the available budget of \$250,000 to determine a dollar amount per point earned. She noted each project score was then multiplied by the dollar amount per point earned. Ms. Nelson displayed the point system in the scoring matrix. She added applicants received points for historic status, location, green building elements, investment ratio, etc.

Councilmember Smith referenced the scoring matrix, and he asked if the estimated investment is the amount that is needed for the business to implement changes such as fire suppression. Ms. Nelson explained the estimated investment is the amount the applicants are projected to spend, but it could be less or more.

Mayor Alexander asked how the City verifies that applicants are spending the required minimum of the grant invested. Planning Director Hannah Jacobson noted the grants are reimbursement grants, and she explained once the project is completed applicants must submit all receipts to staff and site inspections are mandatory.

Councilmember Post asked if an applicant spends less than the projected amount would it affect the project score. Ms. Jacobson stated that the project score is based on the application, not the amount invested.

Ms. Nelson reviewed Application 1- 126 North Main Street and displayed images of the property. She stated Todd Werner with KTW Holdings, LLC is requesting \$155,000 to assist with the building rehabilitation, residential production, and fire suppression improvements. She added the incentive grant is requested to assist with elevator installation, new HVAC units, roof repairs, removing hazardous materials, reopening bricked-in windows, revitalizing entrances and staircases, creation of rear balconies and patios, general remediation in addition to the design of eight residential units, two storefronts, and a back alley fire suppression connect. She stated the total capital investment is \$2,050,000, and the project would increase City tax revenue by \$147,518 and MSD tax revenue by \$36,080 over ten years.

Ms. Nelson added that the review committee scored the project highly for including eight residential units. She noted its location near the back alley fire loop makes this grant application a good candidate, and she stated the review committee recommends a Revitalization Incentive Grant of \$127,692.76.

Councilmember Post requested clarification regarding the applicants score. Ms. Nelson referred to the scoring matrix and stated under residential production, upper-story units are scored higher for the Residential Creation Grant and receive multiple points per unit. She added the project also received points for fire suppression connection and the installation of a new sprinkler system.

Councilmember Post asked if it would lower their score of 34 points if the applicant spends less than their projected investment. Ms. Jacobson stated the investment ratio would be considered under the Building Rehabilitation Grant. She noted applicants receive more points for private investment rather than public investment. She added staff would adjust the number of points if that ratio changed, and the grant would be reduced.

Mayor Alexander convened a public hearing after due notice regarding the Downtown Revitalization Incentive Grant for property located at 126–130 North Main Street.

Mr. Todd Werner with KTW Holdings, LLC stated KTW Holdings is looking forward to contributing to downtown development and partnering with the City and Council to move Salisbury forward.

Councilmember McLaughlin asked how many apartment units are planned and if they will be priced at the market rate. Mr. Werner stated the eight residential units will be priced at the market rate.

Mayor Alexander asked if the grant required a time limit for the project. Ms. Nelson noted there is a two-year goal and a six-month check-in. She added at one year, the project should be under construction, and at two years, it should be complete.

There being no one else to address Council, Mayor Alexander closed the public hearing.

Thereupon, Councilmember Post made a **motion** to approve a Downtown Revitalization Incentive Grant of up to \$127,697.76 as recommended by the grant review committee to assist with a building rehabilitation and residential production project located at 126 –130 North Main Street. Mayor Alexander and Councilmembers McLaughlin, Post, and Smith voted AYE. (4-0)

DOWNTOWN REVITALIZATION INCENTIVE GRANT REQUEST – 110 SOUTH MAIN STREET

Urban Design Planner Alyssa Nelson asked Council to approve a Downtown Revitalization Incentive Grant of up to \$23,281.28 as recommended by the grant review committee to assist with a building rehabilitation project located at 110 South Main Street.

Ms. Nelson displayed images of the property and noted Ms. Alissa Redmond is requesting up to \$75,000 through the Downtown Incentives Program to assist with the installation of an elevator, renovation of the basement, and upgrades to the bookstore entrance. She commented that the total capital investment is \$303,087, and the project would increase City Tax revenue by \$21,810.14 and Municipal Service District tax revenue by \$5,334.33 over ten years.

Ms. Nelson explained the scoring points received were for building rehabilitation, and she noted residential production and fire suppression were not included. She added Ms. Redmond did consider the Fire Suppression Grant, but it was not feasible. She stated the grant review committee recommends awarding a Downtown Revitalization Incentive Grant in the amount of \$23,281.28.

Mayor Alexander convened a public hearing after due notice regarding the Downtown Revitalization Incentive Grant for property located at 110 South Main Street.

Ms. Alyssa Redmond shared her concerns about fire hydrant availability near 110 South Main Street. She noted with downtown growing, she would like to identify ways to protect local businesses through the fire loop or by adding fire hydrant accessibility.

There being no one else to address Council, Mayor Alexander closed the public hearing.

Thereupon, Councilmember McLaughlin made a **motion** to approve a Downtown Revitalization Incentive Grant of up to \$23,281.28 as recommended by the grant review committee to assist with a building rehabilitation project located at 110 South Main Street. Mayor Alexander and Councilmembers McLaughlin, Post, and Smith voted AYE. (4-0)

DOWNTOWN REVITALIZATION INCENTIVE GRANT REQUEST – 125 SOUTH MAIN STREET

Urban Design Planner Alyssa Nelson asked Council to consider a Downtown Revitalization Incentive Grant of up to \$48,561.12 as recommended by the grant review committee to assist with a building rehabilitation, residential creation and fire suppression project located at 125 South Main Street.

Ms. Nelson added Robert Pandis with R&H Vintage Restorations LLC is requesting up to \$105,000 to assist with building rehabilitation, residential production and fire suppression improvements to 125 South Main Street. She explained the incentive grant would assist with the creation of two upstairs apartments, one downstairs apartment, renovated commercial retail space, floor restoration, load bearing wall restoration, as well as rear water line hook-up. She stated the total capital investment is \$454,200 and the project would increase City tax revenue by a projected \$32,684.23 and Municipal Service District tax revenue by a projected \$7,993.92 over ten years.

Ms. Nelson commented the grant review committee awarded points for building rehabilitation, residential production and fire suppression. She added the Fire Suppression Grant was considered but proposed to be connected to a private line; however points were calculated for adding a sprinkler system. She stated the review committee recommends a Revitalization Incentive Grant in the amount of \$48,561.12.

Mayor Alexander convened a public hearing after due notice regarding the Downtown Revitalization Incentive Grant for property located at 125 South Main Street.

There being no one to address Council, Mayor Alexander closed the public hearing.

Thereupon, Councilmember Smith made a **motion** to approve a Downtown Revitalization Incentive Grant of up to \$48,561.12 as recommended by the grant review committee to assist with a building rehabilitation, residential creation and fire suppression project located at 125 South Main Street. Mayor Alexander and Councilmembers McLaughlin, Post, and Smith voted AYE. (4-0)

DOWNTOWN REVITALIZATION INCENTIVE GRANT REQUEST – 211 EAST INNES STREET

Urban Design Planner Alyssa Nelson asked Council approve a Downtown Revitalization Incentive Grant of up to \$37,769.76 as recommended by the grant review committee to assist with a building rehabilitation and residential production project located at 211 East Innes Street.

Ms. Nelson stated Stan Jordan with Downtown Properties, Inc. and Pete Bogle with Bogle Firm are requesting up to \$140,000 to assist with building rehabilitation and residential production improvements to 211 East Innes Street. She added the incentive grant is requested to assist with contaminated soil remediation and the construction of nine apartments. She noted the total capital investment is \$1,400,000, and the project would increase City tax revenue by a projected \$100,744 and Municipal Service District tax revenue by a projected \$24,640 over ten years.

Ms. Nelson noted the applicants were rewarded under the green building for the effort required to remediate the contaminated soil on the site, and the Grant review committee had a long discussion on how to score the residential units. She added majority vote projected the residential units to be scored as ground-floor units. She stated the review committee awarded points for building rehabilitation and residential production and recommended an incentive grant of \$37,769.76.

Councilmember Post asked why more points are awarded for second-floor residential than ground-floor residential. Ms. Jacobson stated the idea was to promote ground floor space for restaurants or retail and second floors for residential spaces.

Councilmember McLaughlin asked if the residential units would be priced at the market rate. Ms. Nelson confirmed.

Mayor Alexander convened a public hearing after due notice regarding the Downtown Revitalization Incentive Grant for property located at 211 East Innes Street.

There being no one to address Council, Mayor Alexander closed the public hearing.

Thereupon, Councilmember Post made a **motion** to approve a Downtown Revitalization Incentive Grant of up to \$37,769.76 as recommended by the grant review committee to assist with a building rehabilitation and residential production project located at 211 East Innes Street. Mayor Alexander and Councilmembers McLaughlin, Post, and Smith voted AYE. (4-0)

DOWNTOWN REVITALIZATION INCENTIVE GRANT REQUEST – 322 EAST COUNCIL STREET

Urban Design Planner Alyssa Nelson asked Council to approve a Downtown Revitalization Incentive Grant of up to \$12,589.92 as recommended by the grant review committee to assist with a building rehabilitation and residential creation project located at 322

East Council Street.

Ms. Nelson stated Patrick O'Briant is requesting \$300,000 to assist with the building rehabilitation and residential production improvements to 322 East Council Street, units 1A, 1B and 1C. She added the incentive grant is requested to assist with converting three commercial units to residential living spaces. She noted these units have been vacant for some time and will require new air conditioning units as well as extensive window restoration. She noted the total capital investment is \$124,775 and the project would increase City tax revenue by a projected \$8,978.81 and Municipal Service District tax revenue by a projected \$2,196.04 over ten years.

Ms. Nelson stated the grant review committee awarded points for building rehabilitation and residential production. She added the committee discussed how to score pivotal buildings under the historic status section of the grant and recommend an incentive grant of \$12,589.92.

Mayor Alexander convened a public hearing after due notice regarding the Downtown Revitalization Incentive Grant for property located at 322 East Innes Street.

There being no one to address Council, Mayor Alexander closed the public hearing.

Thereupon, Councilmember Post made a **motion** to approve a Downtown Revitalization Incentive Grant of up to \$12,589.92 as recommended by the grant review committee to assist with a building rehabilitation and residential creation project located at 322 East Council Street. Mayor Alexander and Councilmembers McLaughlin, Post, and Smith voted AYE. (4-0)

BUDGET UPDATE –SALISBURY-ROWAN UTILITIES

Salisbury-Rowan Utilities (SRU) Director Jim Behmer stated SRU serves approximately 52,000 customers in Rowan County with nearly 23,000 smart meters. He thanked Council for its support regarding capital and operating budgets over the years.

Assistant Director Jason Wilson shared a photo of the Waste Water Treatment Plant and Water Treatment Plant improvements that have taken place the past few years. He reviewed the 10 year Capital Improvement Plan (CIP) for SRU including areas such as raw water, water treatment, water distribution, sanitary sewer collection, lift stations, and wastewater treatment information in the CIP. He noted master planning has been a priority for SRU to collaborate with engineer firms to forecast what might need to take place in the next 10 to 15 years.

Councilmember Post asked about the cost for the water distribution waterline extension and elevated tank along Highway 152. Mr. Wilson noted the waterline extension will connect the Town of China Grove to the Town of Rockwell due to the development near Exit 68 off Interstate 85. He added the extension will help keep water tanks turned over and take care of the dead end areas to increase water quality and flow and will include looking at pipe sizes. He added it is a recommendation of the Master Plan.

Councilmember Post asked how the project would be funded. Mr. Wilson noted it could be funded with a debt package and be a phased project. Mr. Behmer noted the project is based on growth and could be phased in.

Mayor Alexander asked how SRU is handling the reduction of the per and polyfluoroalkyl substances (PFAS) and the new Environmental Protection Agency (EPA) regulations. Mr. Behmer noted staff has tracked the PFAS and looked at the recently EPA proposed maximum contaminant levels for drinking water and based on monitoring of the state and preliminary numbers Salisbury falls below the maximum levels. He noted staff will begin testing PFAS in the water by October as part of the annual testing.

City Manager Jim Greene noted the CIP is a planning tool and a way to be strategic in order to use revenue wisely. He noted SRU does a great job working with different partners to be strategic in planning and looking at funding opportunities, which is done with the General Fund with other department needs.

Mr. Behmer and Mr. Wilson reviewed SRU FY24 key initiatives:

- Continue with project design activities to meet the proposed 2021 BRIC grant project timeline for the River Pump Station Relocation Project
 - \$22.5 million grant
 - \$9 million local contribution (Cube Yadkin)
- Increase investment in infrastructure by funding more capital projects in the CIP using utility capital reserves
- Use an Asset Lifecycle Modeling
- Continued master planning
 - Wastewater Treatment Master Plan
 - ARPA Pre-Construction Planning \$400,000 Grant
 - Scoping Phase
 - Collection System Master Plan (Lift Stations & Interceptors)
 - Facilities and staffing
- Issuance of NPDES permit at the Water Treatment Plant
- Pursue appropriate expansion of the SRU system

Mr. Wilson also reviewed the FY24 proposed CIP project list.

Mr. Behmer indicated it is proposed to hire two water treatment plant operators for safety, resiliency, and maintenance due to the expanded duties of centrifuge, the National Pollutant Discharge Elimination System (NPDES), and maintenance. He added another FY24 key initiative would be to attract and retain employees to reduce the 27% turnover rate. He added last year the vacancy rate was 16 to 17%.

Mr. Behmer noted the SRU Proposed FY24 budget is \$37 million with 14% debt service, 22% capital, and 64% for operating and maintenance budget.

Mr. Behmer pointed out a rate increase for FY24 is not recommended. He noted the last time there was not a recommended rate increase was in 2016 and over the past five years there was a 2.36% average rate increase and over 10 years under 2% rate increase. He indicated due to the growth that is taking place a rate increase this year is not needed, but one may take place next year.

Mr. Behmer also reviewed:

- The Consumer Price Index for urban consumers for the South Region (CPI-U) has also increased 6.4% in the last 12 months; however, projected growth to our customer base will help absorb these cost increases
- Utility rate increases may be needed in future years to fund capital projects and offset increases in operational costs if anticipated growth does not meet projections
- An average monthly residential water and sewer utility bill for a customer using 4,000 gallons will remain \$63.08
 - SRU rates remain competitive compared to other utilities within our region

Mr. Behmer reviewed rate comparisons with other surrounding local communities.

Mr. Greene thanked Mr. Behmer, Mr. Wilson, and the Finance Department for their hard work on the SRU proposed FY24 budget. He noted even though there is not rate increase there is still investment in the system. He added there is good growth and sufficient reserves to maintain investments in capital projects, and he is comfortable with no rate increase.

Mayor Alexander noted that is a testament to good planning over several years. Mr. Greene stated SRU has worked hard to be efficient and look for grant opportunities to help maintain the system and manage its resources wisely.

BOARDS AND COMMISSIONS

Bell Tower Green Advisory Committee

Upon a motion by Councilmember McLaughlin. Mayor Alexander and Councilmembers McLaughlin, Post, and Smith voting AYE, the following appointment and reappointment was made to the Bell Tower Green Advisory Committee:

Mr. Alvero Rosero
Ms. Tracie Gardner

Term Expires 3/31/2026
Term Expires 3/31/2026

CITY MANAGER'S REPORT

City Manager Jim Greene stated he appreciates the comments regarding the search for the next police chief. He noted the City is in the application phase which ends on May 10, 2023. He added the City has made a commitment for public input regarding the process. He pointed out a community meeting was held at City Hall and a second community meeting was hosted by the

NAACP. He stated the community meetings provided opportunities for public input and transparency. He indicated his goal is to look for opportunities to seek feedback and diversified input from the community. He noted he has met with various groups, and as the process continues staff will do its best to be open and transparent. He thanked the community for its willingness to share ideas.

MAYOR'S ANNOUNCEMENTS AND COMMENTS

Mayor Alexander thanked staff for its work to keep Council informed during the budget process.

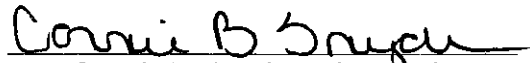
ADJOURNMENT

Motion to adjourn the meeting was made by Councilmember Post. Mayor Alexander, Mayor Pro Tem Sheffield and Councilmembers McLaughlin, Post and Smith voted AYE. (5-0)

The meeting was adjourned at 8:49 p.m.

A handwritten signature in black ink, appearing to read 'Karen Alexander', written over a horizontal line.

Karen Alexander, Mayor

A handwritten signature in black ink, appearing to read 'Connie B. Snyder', written over a horizontal line.

Connie B. Snyder, City Clerk