

RECESSED MEETING OF MAY 21, 2007

Continued
May 22, 2007
12:00 Noon

The City Council of the City of Salisbury met at 12:00 Noon Tuesday, May 22, 2007 in Council Chambers at City Hall pursuant to the recess of the regular meeting May 21, 2007, 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.

ABSENT: City Attorney, F. Rivers Lawther and City Clerk Myra B. Heard.

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

SPECIAL COMMUNITY EFFORTS GROUPS

Mr. Treme presented Council with revised appropriations for Special Community Efforts Groups as discussed at Council's May 21, 2007 work session:

Ruffy-Holmes Senior Center – Capital	\$10,000
N.C. Transportation Museum	\$5,000
Prevent Child Abuse Rowan	\$3,500
The Mural Preservation, Inc.	\$1,000
Communities in Schools	\$3,500
Students in Training	\$2,000
Total Additional Appropriations	\$25,000

Mr. Treme informed Council that staff was notified the prior afternoon that the Depot project will be \$25,000 less than anticipated and therefore the additional appropriations would have no impact on the proposed budget.

Councilman Lewis expressed concerns about setting precedence with community groups who request funds from the City. He questioned how Council can determine who should be funded when there are many worthy groups in the community.

Council discussed how many of the groups came to be funded by the City and how many are City initiatives while others requesting funds were health and human service oriented.

Mayor Kluttz stated that while she would like to fund the requests it may be best if some of the groups are funded by other sources.

Councilman Kennedy commented that he can support the recommendations as presented by Mr. Treme. Mr. Lewis indicated he supported appropriating the request from Ruffy-Holmes for one time capital and for the N.C. Transportation Museum.

Mayor Kluttz stated that perhaps Council could fund the requests this year and set a policy at next year's retreat to determine how to handle the request and criteria for funding.

Mr. Lewis noted that perhaps one time appropriations could be handled through the gang prevention program rather than this format.

Mayor Kluttz commented that there may be new needs identified at the Gang Summit on June 14, 2007 and perhaps Council should wait to decide what it will fund until after the Summit.

Mr. Treme indicated that the money can be left in the budget and Council can decide how to appropriate the funds at a later date. He asked Council if they are in agreement to fund the requests from the N.C. Transportation Museum and Ruffy-Homes Senior Center, and leave the remaining money for Council to decide appropriations at a later date. By consensus, Council agreed.

SUMMARY OF GENERAL FUND BALANCES

Management Services Director John Sofley presented a summary of General Fund balances per the audit. He stated that the City's policy is to maintain a 10% fund balance and noted that it is projected that the City will have 9.18% Fund Balance on June 30, 2007. Mr. Treme pointed out that the Local Government Commission requires an 8% Fund Balance.

Councilman Kennedy indicated that he supports the additional funds for Police and Codes Enforcement but he cannot support a one (1) cent tax

increase. He stated that he feels the \$260,000 should come from other revenues sources.

Mayor Pro Tem Woodson discussed the assessed values for revaluation. Mr. Sofley explained that staff must use the numbers formally provided by the Rowan County Tax Assessor. He stated that using the numbers provided by the Assessor it is estimated that the City will have a little over 6% growth in revenues from the revaluation.

Councilman Lewis indicated that he has several items that have not been presented. The first is the need for permanent stop signs at the recently designated four (4) way stops. The second issue involves property on Lee Street behind City Hall that was recently purchased by Downtown Salisbury, Inc. (DSI). He stated that the City had committed to installing a parking lot on a portion of the property but he did not see any money appropriated for this in the budget. Mr. Treme stated that it was his understanding that the development of the parking lot would follow the redevelopment of the houses and he felt this would not take place until next year. He commented that DSI is now requesting assistance from the City for the two (2) houses at \$20,000 each. \$45,000 is also needed for the parking lot. Mr. Treme stated that he would rather pay for these items from the current fund balance rather than budget them next year.

Mr. Lewis discussed General fund expenditures since 2003 and noted that the City has seen a low of 6% and a high of 8.6% in savings of unspent allocations since that time. He stated that based on these trends he felt confident the \$260,000 could be included in the budget without having to make any additional cuts. Staff discussed Council's policy regarding appropriating fund balance for operational expenses as well as how projected revenue growth for next year was determined.

Mr. Lewis indicated he felt this was a resource issue and he felt there will be growth in the base budget to support the identified needs.

Mr. Burgin suggested taking the \$260,000 from Capital Outlay and putting these items or projects on hold to see if additional revenues are received as Mr. Lewis suggests. Mr. Treme indicated that special projects can be identified and delayed until later in the budget year to see if the additional revenues are received.

Councilman Burgin asked Mr. Treme to prepare a zero tax increase budget that includes the Safety and Crime prevention initiative for \$260,000. He asked Mr. Treme to show Council where the cuts will be made to accommodate this initiative.

Council agreed to conduct another budget workshop prior to its next meeting to receive the revised budget.

RECESS

Mayor Kluttz asked for a motion to recess the meeting until Thursday, May 31, 2007 at 10:00 a.m. in City Council Chambers.

Motion to recess the meeting until Thursday, May 31, 2007 at 10:00 a.m. in City Council Chambers, 217 South Main Street was made by Mr. Burgin, seconded by Mr. Woodson. All council members agreed unanimously to recess the meeting. The meeting was recessed at 2:10 p.m.

Mayor

City Clerk