

February 27, 2014
Special Meeting of the City Council
Second Floor Conference Room – City Hall
6:00 p.m.

Present: Mayor Barbara G. Volk, Mayor Pro Tem Ron Stephens and Council Members: Steve Caraker, Jerry Smith and Jeff Miller

Staff Present: City Manager John F. Connet, City Clerk Tammie Drake, City Attorney Sam Fritschner, Finance Director Lisa White

1. Call to Order: Mayor Volk called the meeting to order at 6:00 p.m. and welcomed those in attendance. A quorum was established with all five members in attendance.

2. Review of Capital Improvement Program (CIP): Mr. Connet began with a review of the purpose of the CIP, provided a Financial Condition and Peer Comparison in:

Service obligation-operational ratio: taking in more revenue than expenditures

Dependency-intergovernmental ratio: dependency on State and Federal government funds, programs, grants

Financing Obligation-debt service ratio: amount of debt to expenditure (below 10 percent is good)

Solvency-Fund Balance: the City's goal is 45 percent

Leverage-Debt per assessed value: debt divided by the value of all property.

He explained these characteristics are reviewed by bond agencies and is a report of how the City compares with our peers.

Mr. Connet reviewed the City's debt capacity explaining capital projects with high costs are being put off until the City's debt service begins to shrink between 2019 and 2025.

General Fund Review: Mr. Connet reviewed the following General Fund short-term projects proposed to be funded in year 1 (2014-15): Sullivan Park improvements (\$75,000), Maple parking lot resurfacing and improvements (\$20,000), Whitmire Center parking lot (\$16,000), Public Works dump truck (\$85,000), Sugarloaf Road warehouse building improvements (\$25,000), Sugarloaf Road warehouse forklift (\$8,000), phone system upgrade (\$75,000), Police radio system upgrade (\$9,000). He stated he hopes the savings realized in the construction of the Fire Station #2 will fund the warehouse improvements. There was some discussion on the phone system upgrade.

What is new: Mr. Connet reviewed a proposed program to help budget for the purchase of police patrol cars. He proposed allocating \$202,000 per year to purchase five vehicles per year and budget accordingly. The Council discussed the types of vehicles purchased and motorcycle replacement. **The Council agreed they would like to see the type of vehicles purchased and the City should reach out to local dealers to see if they can match state contract pricing.**

Mr. Connet also proposed allocating \$20,000 annually to the Public Works Department for sidewalk replacement, repair or infill. He stated individual projects will no longer be put in the CIP but Mr. Wooten will pick the projects based on priority and larger projects will be funded separately. He also proposed allocating \$400,000 per year for street resurfacing; most of which is Powell Bill funds. He suggested adding additional funds from the General Fund because of the results of the study which indicated the streets are not in the condition they should be. He suggested including \$55,000 per year in the Public Works Department for vehicle replacement.

The total for General Fund year 1 expenditures is: \$1,144,000.

Long-term General Fund projects: Mr. Connet reviewed the following long-term projects: Berkeley Mills Park (funds for PARTF grant match), fire engine, Gateway Park, Southside Park. Funding for future years includes: fire apparatus, parking lots, parks and playgrounds, sidewalks and greenways, public buildings and facilities

Water/Sewer Fund: Mr. Connet reviewed the debt capacity for this fund. Large projects that need to be financed will be funded in later years to utilize the capacity gained by reduction of debt service.

Short-term projects: Mr. Connet reviewed the projects to be funded in Year 1: Sugarloaf warehouse roof repair, equipment shelter, Fletcher area water improvements, Etowah water system improvements study, sewer projects, upgrade raw water intake screen, and the U.S. 64 NCDOT utility relocation for a total of \$14,743,000 (including loans).

Mr. Connet proposed a program whereby \$55,000/year will be allocated for vehicle replacement (small pick-ups, etc.). He proposed allocating \$150,000/year for generators and automatic transfer switches, \$100,000 for inflow and infiltration repairs/studies, \$400,000/year for water line repairs and replacement, \$400,000/year for sewer line repairs and replacements.

Long-term projects: Expenditures for years 2-5 include: Eastside transmission line, relocation of the raw water intake, Southside water system improvements, S. Rugby water main interconnection, Rugby Drive 12-inch interconnection, WWTP sludge drying system, Upward Road NCDOT reimbursement, SCADA upgrade.

Environmental Services Fund Review: Mr. Connet reviewed the year 1 projects for this fund: Patton Park pond (part grant funds) totaling \$32,000. Future years projects include: Clairmont Drive stormwater improvements and Jonesboro stormwater pipe installation.

Grant/ Bond Projects: Mr. Connet reviewed the projects funded by grants or the bond fund: U.S. 64 Sidewalk Improvements (\$260,000 in year 1), North Main Street sidewalks (\$350,000 in year 1), Oklawaha Greenway (\$1.3 million in years 1 & 2). Blythe Street Sidewalk (\$250,000 in year 2), Academy Road Water Project (\$956,000 in year 1.) The Council discussed the construction of sidewalks on Blythe Street between Fifth and Third Avenues.

Preliminary Budget Review: Mr. Connet provided a review of best-guess revenues of \$12.9 million and projected some growth in property and sales tax but with expenditures of \$13.4 million, there is a possible shortage of \$564,312 which equates to a three-cent tax increase at this point. He stated the operating budgets have not yet been submitted. Discussion of the Council followed on personnel costs and salary increases and the distribution of funds for raises. Mr. Connet discussed changes to the performance evaluations of employees and a possible change to allow the best employees to get higher increases to provide an incentive to excel. The Council also discussed a “measurable” means to define what to reward and to ascertain if it was done.

3. Discussion Regarding Customer Service Program: Mr. Connet asked Council for their interest in proceeding with a customer service program such as the program presented at the January 24 Council retreat. The Council discussed how phone lines are currently being answered. Mr. Connet explained part of the process will be forming focus groups made up of customers that will help measure our performance. **The Council agreed by consensus to proceed with a formal customer service training program.**

4. Closed Session: At 7:45 p.m., Council Member Caraker moved the Council to enter closed session to establish or instruct the staff (or negotiating agent) concerning the position to be taken by or on behalf of the City Council in negotiating the price and other material terms of a contract for the acquisition of real property by purchase, option, exchange, or lease [as provided under NCGS §143-318.11(a)(5)]. A unanimous vote of the Council followed. Motion carried.

The Council exited the closed session at 8:02 p.m. upon unanimous consent of the Council. **No action was taken.**

The Council consulted with the City Manager and City Attorney to consider and give instructions concerning negotiating the price and other material terms of a contract for the acquisition of real property by purchase, option, exchange, or lease.

5. Adjournment: The meeting adjourned at 8:02 p.m. upon unanimous consent of the Council.

Barbara G. Volk, Mayor

Tammie K. Drake, City Clerk