

ADJOURNED MEETING CITY COUNCIL
May 8, 2017

The City Council of the City of Albemarle met in an adjourned session on Monday, May 8 2017, at 6:00 p.m. at City Hall in the Executive Conference Room. Mayor Michael presided and the following Councilmembers were present, to wit: Mayor Pro Tem Martha Sue Hall, Bill Aldridge, Chris Bramlett, Benton Dry, Martha Hughes, Dexter Townsend and Chris Whitley. Absent, none.

The City Council held a Fiscal Year 2017/2018 Budget Work Session.

Mayor Michael called the meeting to order.

Finance Director Colleen Conroy and Assistant Finance Director Matt Smith presented information concerning the four proposals received by the City on May 5, 2017 to finance the Corporate Center land acquisition. It was noted that BB&T provided the most competitive proposal. BB&T's interest rate is 4.08% for a 20 year term and 3.73% for a 15 year term. Council reviewed information concerning the four proposals of BB&T, Uwharrie Bank, First Bank and Sterling National Bank. Also, Council reviewed a debt comparison for a 15 or 20 year term from BB&T. Using interest rates proposed by BB&T, Finance prepared three financing scenarios for Council to discuss.

1. Select 20 year term option with an equivalent 1 cent increase in 2019 and use of \$1.16 million of fund balance over 7 years.
2. Select 15 year term option with an equivalent 1 cent increase in 2019 and use of \$1.31 million of fund balance over 7 years.
3. Select 15 year term option with an equivalent 1.25 cent increase in 2019 and use of \$1.16 million of fund balance over 7 years.

Finance Director Colleen Conroy and Assistant Finance Director Matt Smith answered any questions that Council had.

Mayor Michael stated that the City has received the bid packages for the financing of the land acquisition for the Corporate Center. He stated the City

Council needs to select the terms they would like so that the documents can be prepared for their consideration for approval of the low bid at the May 15 meeting.

Upon a motion by Councilmember Hall, seconded by Councilmember Bramlett, and unanimously carried, the City Council excused Councilmember Hughes since she is employed by Uwharrie Bank.

Upon a motion by Councilmember Hall, seconded by Councilmember Aldridge, and unanimously carried, the City Council approved moving forward with the lowest bid received from BB&T for the financing of the Corporate Center land acquisition and a 15 year term of 3.73% interest rate with final approval to be considered May 15.

Councilmember Hughes came back into the meeting at this time.

Councilmember Dry came into the meeting at this time.

Mayor Michael stated that representatives of the LGC came to meet with the City on Friday to discuss audit comments, a plan of action regarding the comments, and also the proposed financing of the corporate center property that will be considered by the LGC on June 6. The LGC gave Ms. Conroy information to work on with the City auditor. LGC asked the City questions and Ms. Conroy is working with the auditors to get those answers.

Mayor Michael asked Council to review NC House Bill 151 concerning the Stanly County Economic Development Commission and see if they have any concerns and Council will review on Monday any concerns.

Finance Director Colleen Conroy handed out to Council Cash Balance information per their request. This document displayed the City projects and different funds, banks the City is working with, General Fund Balance as of 6/30/2016 and current Fund balance as of May 8, 2017. Ms. Conroy noted that the City is two months behind receiving sales tax and ½ year behind receiving franchise tax.

The City Manager stated that he would like to continue from last Thursday's budget work session and cover the Public Utilities water, sewer, electric, Public Works Landfill, and Public Housing. Mr. Ferris gave handouts to Council of the different line items to be covered this evening.

The City Manager stated there will be no fund balance appropriation in the Water and Sewer Fund.

Mr. Ferris stated he is proposing a 4% water increase per month starting July, 2017, but City rates are still below the state-wide average for similar sized systems. The City had in FY 2016/2017 additional debt online and with this debt online, that almost doubled the current Water and Sewer debt.

In Water and Sewer Revenues:

Commercial Water Sales to Cities an amount of \$2,430,000
Which includes all other governments and association rates (except CKA) – Stanly County, Oakboro, and PNSWA.

Wholesale water Sales an amount of \$1,622,400 is CKA based on Minimum of 2MGD and is inside commercial rate plus 5%.

Interfund principal and interest, \$51,000 principal and \$2,500 Interest is repayment for Fire Station #1 and East and North Police Substation construction.

**In Water and Sewer Administration,
Water and Sewer Rate Study and capital needs analysis** in the amount of \$40,000.

All other Professional and Consultants in the amount of \$48,800

In Water and Sewer Administration:

Service maintenance and contract of \$17,730, other contracts.

All Other Contracts, Grant Subsidies of \$20,000

Principal and interest of share of City Hall of \$70,000 principal and \$ 11,110 interest

Payment in Lieu of Taxes of \$310,575 established in place of transfer eliminated.

In Water & Sewer Shared salaries of \$334,775, **Other Professional Services and Consultants** of \$18,150, **Service Maintenance Contracts** of \$18,775, **Lease Purchase Principal** of \$4,800 and **Interest** of \$1,000, **Transfer for Economic Development** of \$56,425, **Transfer for Information Systems** \$233,025 and no reimbursement to General Fund.

In the Water Plants Division as follows:
Engineering cost of \$10,400 update to chlorine Emergency Response Plan. **Electricity** \$380,000 for Albemarle, Duke Power, and Union bills for plants and pumps.
Equipment Repairs and Maintenance of \$82,398 for routine maintenance, SCADA repairs, aerator replacement.
Contract labor and service of \$180,500 Synagro and Asplundh and lab services
Lease Purchase Principal of \$864,480 and Lease Purchase Interest of \$22,900.
Cut \$7,600 from the budget.

In Sewer Plants Division as follows:
Engineering of \$21,600 to study the demolition of unused structures to free up space for other needs.
Equipment Repairs and Maintenance of 119,000 for aerators to be repaired
Contract Labor and Services of \$190,000 for laboratory testing (\$65,000), Rocky River Wastewater for hauling of sludge (\$120,000) and demolition of structures – Phase I from 617140-519500 of 100,000.
Motor Vehicles of \$20,910 f for 4WD truck to get to plants and lift stations and 1999 vehicle with 180,000 miles.
Other Equipment \$ 185,000 Construction of a 60X40 maintenance building - \$179,000 – will provide storage boom truck, service truck, flatbeds, vehicles, inventory for repairs and maintenance.
Road Paving \$7,500 to pave parking lot
Lease Purchase Principal (\$864,480) and Interest of (\$22,900) for Headworks payments of \$219,500 and WWTP Phase I plant renovations of \$195,000

In Water and Sewer Systems as follows:

Engineering of \$47,500 – Design for Shankle Street water line replacement \$13,000 and fee for pre-design for NC 24- 27 widening and estimate of water line relocation and design standards and specifications manual. **All Other Profession Services** \$89,800, **Other Supplies and Materials** of \$316,500 for AMR replacement for efficiency and accuracy in meter reading, vent piping of several manholes to help with overflow, and make several manholes airtight to help I&I.

Contract Labor and Services \$190,000, **Motor Vehicles** of \$ 55,000, **Other Equipment** of \$185,000

Lease Purchase Principle of \$302,260, **Lease Purchase Interest** of (\$111,290) for I&I, Sewer Jet, and CKA principal and interest.

Cut Vehicles \$35,000

The City Manager reviewed the Electric Fund Budget proposal. The budget proposes no rate increase, following no rate increase in current year, and a decrease of 1.6% customer retail reduction in previous year.

Electric Fund as follows: Pole Rentals for TWC, Windstream, and TW Telcom in the amount of \$44,000.

Interfund Transfer - \$25,000

Principal and interest Interfund Loan of \$193,200 and **principal and interest** \$15,110 for Niven Center, Public Safety.

No Fund Balance Appropriated.

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Share Expense

Salaries and Wages of \$424,400 includes 50% of cost of keeping APD Headquarters open in evenings for utility services.

All Other Profession of \$16,200 reduced because IS funding is now one payment, Branding, and Marketing and share of audit.

Service Maintenance of \$58,050 for Kronos, Munis, IS Contracts, and Pitney Bowes Postage Machine.

Transfer for Economic Development in the amount of \$73,350

Transfer for Info Systems in the amount of \$233,025

Cut share of Fleet Maintenance vehicle.

Admin Expense

Overtime of \$9,000

Other Service of \$15,550 for phone system lease and share of First Tryon Services.

Service Maintenance and Contract of \$104,700 for Blackboard Connect, Portion of CIS Harris North Star and ULOCO

Dues and Subscriptions \$31,300, Motor Vehicles \$ 49,000

Principal and Interest of \$140,000 Principal and \$22,210 interest of Electric Fund share of City Hall debt of \$162,210..

Systems / Operations:

Wholesale Power Purchase of \$26,040,000

Engineering of \$52,000 - Pre-Design of NC 24-27 widening and estimate, and SCADA upkeep and design. **Cut \$26,000**

Poles of \$145,000 for increase stock/pole replacement from inspections program

Other Supplies and Materials of \$300,000 for continued conversion of streetlights to LED and wires, connectors, insulators, streetlights and fuses.

Cut \$140,000

Contract labor and Service of \$1,047,000 for Asplundh for tree trimming, Lee Electric for contracted system work and pole inspection with Sawyer Services, **Transformers of \$ 137,000. Cut \$18,000**

Poles \$145,000, Building Improvements \$18,500

Motor Vehicles of \$250,000 to replace Bucket truck.

Cut Line Supervisor Truck of \$30,000.

Other Equipment of \$197,000 for Carolina Delivery substation of \$212,000, 3 phase line reclosers and air unit to control electric side of Warehouse.

Savings Account Reserves of \$1,200,000

Payment in Lieu of Taxes of \$862,000

Cut Line Supervisor Truck - \$30,000

Cut Shop addition - \$7,500

Cut Transformer Bus \$75,000

Landfill – Revenues

Solid Waste Fee (Tax) of \$120,000 – State \$2 per ton tax.

Closure/Post-closure Fee of \$60,000 to remain at \$1.00 per ton

Disposal Fee of \$2,450,000 of revenue for tipping fees

Scrap Tire Fee \$80,000, White Good Fee \$20,000

Fund Balance \$221,350

Landfill – Expenditures

Salaries \$ 590,050, Engineering \$120,000, Other Improvements

\$250,000, All Other Profession Services and Consultants of

\$93,500 for shared IT costs, share of performance evaluation system, audit costs, sewer fees associated with leachate disposal, and lab testing.

Electronic Management Expense of \$20,000 which used to be free through ERI at Badin.

Contract Labor and Services of \$125,000, Electricity \$20,000, Other Equipment of \$240,700, Service Maintenance Contracts \$51,800, Other Improvements \$250,000

Solid Waste Disposal Fee of \$120,000 for state levied tax of \$2.00 per ton we are required to charge customers and remit to the State Savings Account Reserves \$150,000

Transfer for Economic Development and Info Systems \$22,575

Interfund Transfer Capital Reserve of \$60,000 toward closure and post-closure

Payment In Lieu of Taxes of \$20,900 which continues practice started in FY 15-16.

Lease Purchase Principal of \$356,200 and Lease Purchase Interest of \$34,100

Cut FY 17-18 PW Director Vehicle \$32,000 and

Fleet Maintenance Truck - \$10,000 Landfill Share

Cut Share of Fleet Maintenance Building

In the Public Housing,

Salaries \$329,575, Labor \$118,800, Motor Vehicles \$35,000

Small Tools and Equipment \$8,240, Electricity \$306,000, Motor Vehicles \$35,000

Conventional budget, \$500,400, Public Housing Subsidy of \$630,000 – no major federal changes anticipated

Transfer for Info Systems \$40,175

Public Housing – Section 8

\$1,260,000 housing voucher revenue and Section 8 Voucher

Assistance Payment and Housing voucher payment \$1,260,000

Assistant City Manager Christina Alphin came before Council concerning the Section 8 Program in Public Housing. She handed out documents to Council showing revenue and expenses one year ago and revenue and expenses now. She stated there are 235 vouchers currently in the Section 8 Program with a

capacity to have up to 333. There are currently 1.75 employees to handle the 235 vouchers which is funded by the Section 8 program. There is currently only \$36,000 in the Section 8 account and she will be placing another \$18,000 in there. The City Manager informed Council that that there is not a need for a large surplus in Section 8, as there are not large capital projects or property. However, over the last several years, HUD has been funding the program at less than what it cost us to operate. He noted this trend cannot continue for the city to operate a federal program.

Ms. Alphin and Public Housing Director Cedric Baldwin stated that there will be a meeting for potential and existing landlords for Section 8 on Thursday, May 12 at 11-12:30 pm and again at 5-6:30 pm. She also stated that they currently have more than enough Section 8 applicants. Mr. Baldwin stated that any rental units added to the Section 8 Program has to pass standard inspection initially and each year thereafter. Ms. Alphin stated that if Section 8 could add 20-40 more units, the account would probably be okay but we would not be able to add this many houses at one time.

Upon questioning, Ms. Alphin stated that some of the options to consider would be to merge our Section 8 Program with another agency like Concord or Montgomery County. They have sent out letters to 250 landlords concerning the May 12th event and placed an ad in the newspaper and on the billboard at the Agri-Civic Center trying to get greater landlord participation and have more available units in the program.

It was the consensus of City Council for Assistant City Manager Christina Alphin and Public Housing Director Cedric Baldwin to investigate the possibilities with agencies as Concord and Montgomery County. Also, to advertise in the newspaper, radio, City website, and Facebook and City Council can share to try to get more landlord participation so there are more available units in the program. Also, Council asked that Ms. Alphin look at the breakeven point and let them know.

Upon a motion by Councilmember Dry, seconded by Councilmember Hughes, the meeting was adjourned.