

ADJOURNED MEETING CITY COUNCIL  
May 10, 2016

The City Council of the City of Albemarle met in an adjourned session on Tuesday, May 10, 2016, 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.

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The City Council held a Fiscal Year 2016/2017 Budget Work Session.

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Mayor Michael called the meeting to order.

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The City Manager stated that he would like to continue from last Tuesday'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 and a sheet from Public Utilities Director Michael Leonas showing combined water and sewer rate comparisons to the City of Albemarle rates for Council review.

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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, 2016, but City rates are still below the state-wide average for similar sized systems. In FY 2016/2017 the City will have additional debt coming online, and when all pending debt is online, that will almost double the current Water and Sewer debt.

**In Water and Sewer Revenues:**

Commercial Water Sales to Cities an amount of \$2,335,900  
Which includes all other governments and association rates (except CKA) – Stanly County, Oakboro, and PNSWA.

**Wholesale water Sales** an amount of \$1,560,000 is CKA based on minimum of 2MGD and is inside commercial rate plus 5%.

**Interfund principal and interest**, \$48,050 principal and \$5,500 interest is repayment for Fire Station #1 and East and North Police substation construction.

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**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 \$56,750

**In Water and Sewer Administration:**  
**Service maintenance and contract** of \$12,630, other contracts.  
**All Other Contracts, Grant Subsidies** of \$20,000  
**Principal and interest of share of City Hall** of \$70,000 principal and \$ 11,000 interest  
**Payment in Lieu of Taxes** of \$272,500 established in place of transfer eliminated.

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**In Water & Sewer Shared** salaries of \$371,250, **Other Professional Services and Consultants** of \$30,175, **Service Maintenance Contracts** of \$43,950, **Data Processing Equipment** of \$11,650, **Lease Purchase Principal** of \$4,800 and **Interest** of \$1,000, **Transfer for Economic Development** of \$44,300 and no reimbursement to General Fund.

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**In the Water Plants Division** as follows:  
**Engineering cost** of \$9,000 for routine costs plus placing Albemarle new log on face of EQ Basin at the 52 WTP. **Electricity \$405,000** for Albemarle, Duke Power, and Union bills for plants and pumps.  
**Equipment repairs and maintenance** of \$260,000 repair of flocculator paddles, repair backwash filters and valves and drains at TTWTP  
**Contract labor and service** of \$175,500 Synagro and Asplundh and lab services  
**Motor vehicles** of \$30,000 for a 1985 3/4-ton truck

**Other equipment** of \$145,000 to replace filter control panel at TTWTP, Modify main pump control panel for PNS and Autoclave.  
**Building Structure and Improvements** of \$25,000 for roof repair at TTWTP  
**Lease Purchase Principal of \$312,270 and Lease Purchase Interest of and Interest of \$28,470.**

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**In Sewer Plants Division** as follows:

**Engineering** of \$13,000 to study the demolition of unused structures to free up space for other needs.

**Equipment Repairs and Maintenance** of 65,000 for aerators to be repaired

**Contract Labor and Services** of \$285,000 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 \$16,950** for 1988 1-ton truck and replace 1997 Super duty truck.

**Lease Purchase Principal (\$302,260) and Interest of (\$248,210)** for Phase I WWTP Plant renovations and Headworks payment beginning in 2016-17

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**In Water and Sewer Systems** as follows:

**Engineering of \$43,000** for survey and mapping of water line from Old Whitney to 52 Plant to locate property lines, adjoining owners, and air valves along line, sign for Lincolnton and Mill Street water lines in need of replacement, and fee for pre-design for NC 24- 27 widening and estimate of water line relocation.

**Other Supplies and Materials of \$288,500** 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 Service of \$15,000**

**Motor Vehicles of \$70,000** to replace service truck

**Other Equipment of \$201,500** to sewer jetter (**\$65,000**), 2001 Cat Backhoe (**\$115,000**), Attachment for sewer jet to cut roots (**\$6,500**)

**Distribution Lines of \$32,000** for Mill Street and Lincolnton Street water line replacements.

**Lease Purchase Principal (\$567,910) and Lease Purchase Interest of (\$261,130)** for I&I, Sewer Jet, and CKA principal and interest.

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

**Electric Fund** as follows: Pole Rentals for TWC, Windstream, and TW Telcom in the amount of \$42,300.

**Interfund Transfer** - \$25,000

**Principal and interest Interfund Loan of \$190,180 principal and interest \$19,570** for Niven Center, Public Safety.

**No Fund Balance Appropriated.**

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**Share Expense**

**Salaries and Wages of \$505,575** includes 50% of cost of keeping APD Headquarters open in evenings for utility services.

**Overtime of \$11,300**

**All Other Profession** of \$42,500 for IS Shared, Branding, and Marketing.

**Service Maintenance of \$102,200** for Kronos, Munis, IS Contracts, and Pitney Bowes Postage Machine.

**Transfer for Economic Development in the amount of \$62,000**

**Admin Expense**

**Salaries \$320,000 and Overtime of \$8,200**

**Other Service of \$15,550** for phone system lease

**Service Maintenance and Contract of \$71,520** for Blackboard Connect, Portion of CIS Harris North Star and items moved from 637250-544000 Dues and Subscriptions

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

**Systems / Operations:**

**Salaries of \$1,039,000 and Overtime of \$59,570** reduced due to restructuring of after hours cut-ons to Meter Technicians.

**Engineering** Pre-Design of NC 24-27 widening and estimate, and SCADA upkeep and design.

**Poles** of \$100,000 for increase stock/pole replacement from inspections program

**Other Supplies and Materials of \$40,000** for continued conversion of streetlights to LED and wires, connectors, insulators, streetlights and fuses.

**Wholesale Power Purchase** of \$26,570,00

**Contract labor and Service** of \$861,000 for Asplundh for tree trimming, Lee Electric for contracted system work and pole inspection with Sawyer Services.

**Motor Vehicles** of \$310,000 to replace Derrick truck and service truck

**Other Equipment of \$140,000** for skid steer tractor with mowing accessories.

**Savings Account Reserves** of \$290,830 to reserve

**Payment in Lieu of Taxes** of \$990,000 same as 2015-16

### **Customer Service**

**Service Maintenance and Contracts** of \$1,560 moved to 637210-544000  
Utility Administration

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### **Landfill – Revenues**

**Solid Waste Fee (Tax)** of \$113,000 – State has \$2 per ton tax.

Closure/Post-closure Fee of \$56,000 to remain at \$1.00 per ton

**Disposal Fee** of \$2,315,000 of revenue for tipping fees

**Proceeds from Installment Debt of \$850,000** coming in for employee facility.

### **Landfill – Expenditures**

**All Other Profession Services and Consultants** of \$79,750 for shared IT costs, share of performance evaluation system, audit costs, sewer fees associated with leachate disposal, and lab testing.

**Electronic Management Expense of \$30,000** which used to be free through ERI at Badin.

**Contract Labor and Services of \$142,200**

**Other Equipment of \$70,000** for used Fuel and Lube Truck to service equipment on-site.

**Building and Structure Improvements of \$850,000** for debt proceeds going out to pay for new employee facility.

**Solid Waste Disposal Fee of \$113,000** for state levied tax of \$2.00 per ton we are required to charge customers and remit to the State

**Lease Purchase Principal of \$382,500 and Lease Purchase Interest of \$73,000** for proposed \$102,800 Employee Facility (10 yrs.), proposed \$75,000 for Leachate Force Main, and existing Caterpillar compactor, Caterpillar excavator, and IT Storage of \$1,200

**Interfund Transfer Capital Reserve of \$150,000** toward closure and post-closure

**Payment In Lieu of Taxes of \$26,300** which continues practice started in FY 15-16.

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**In the Public Housing,**

**Conventional budget**, \$504,000 - less turnover and higher projection so estimate is up in budget.

**Public Housing Subsidy** of \$660,000 – no major federal changes anticipated.

**Software** of \$58,250 for shared software costs and new PH management software.

In Public Housing, Section 8, \$1,140,000 housing voucher revenue and Section 8 Voucher Assistance Payment

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The City Manager stated that staff met with NFP Consultants, Mr. Bill Webb, Joyce Bott, and Candler Bumgarner several weeks ago and they came before Council at our last meeting concerning health benefits for 2016-17 and discussed self-funded and funded programs. Staff met again on Thursday, May 5 with NFP and stated that they thought previously they had the final estimate of a 32% increase of a funded program. But, they have spoken with Aetna and Aetna will renew us at a 13% increase and also the deductible, copay, and co-insurance is better than the current plan with BCBS, and uses the Carolinas Healthcare System which includes SRMC:

Comparison as follows:

	BCBS	Aetna
Deductible	\$750	\$500
Co-Insurance	80%	90%

Office Visits – Tier 1

Co-Pay Primary	\$ 25	\$ 20
Co-Pay Specialty	\$ 50	\$ 40

Rx Tier 1	\$ 10	\$ 10
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The City Manager proposed going with Aetna at only a 13% increase over BCBS's estimate of a 32% increase with a savings of \$485,000. Also, he would like to hold the difference of 32%-13% (\$485,000) in reserve until a point when we may decide to self fund our health insurance program. If we later decide to self-fund, we can use this \$485,000 held in a savings account. If the City does not move to self-funding in the future the funds can also serve as a rate stabilization account in the future. The City Manager stated that the only thing he

would like to take out of the \$485,000 savings would be \$20,000 for the Parks and Recreation Department for a well needed truck purchase.

Upon a motion by Councilmember Hall, seconded by Councilmember Dry, and unanimously carried, the City Council approved choosing Aetna for our funded health insurance carrier for 2016-17 and to hold the \$485,000 in savings from the negotiated renewal cost with BCBS to a renewal cost with Aetna in a reserve account minus \$20,000 for the Parks and Recreation Department for a truck purchase.

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The City Manager stated that we will be having lunch with Representative Justin Burr and Senator McInnis at Town Hall Day on June 8.

Mayor Michael stated that we should be finished by 2:30-3 pm that day and just want to know if Council would like to stay for the reception which begins at 5:30 pm. It was the consensus of Council not to stay for the reception at 5:30 and to cancel registration for the reception.

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The City Manager stated that concerning public hearings, we normally have David Beaver draft the public hearing notice and ordinance/resolution for Council approval for each public hearing and normally set the public hearing out 4 weeks. Planning and Development Services Director Kevin Robinson suggests that we take two weeks off of the process and set the public hearings out only two weeks. Mr. Robinson feels we should be able to create the public hearing notice in-house and staff submit these to the Stanly News and Press for publication once the same week and again the following week, having plenty of time before the hearing is scheduled in two weeks.

Mr. Robinson also suggested after drafting the public hearing notice and ordinance/resolution in house, sending them to David Beaver for final approval. This will save the costs normally paid to David Beaver drafting the notice and ordinance/resolution.

It was the consensus of City Council to take two weeks off of the process once public hearings have been set and to draft the public hearing notice and ordinance/resolution needed in-house and staff send draft to David Beaver for final approval and then submit these to the Stanly News and Press for publication.

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Mayor Michael stated that he has previously requested from Representative Justin Burr and Senator Tom McInnis \$150,000 each from their contingency funds for the Leonard Avenue widening project at the NC 24-27 intersection. He stated that he will be sending a letter to Representative Burr and Senator McInnis lowering his request from each at \$125,000, then the City could fund the remainder of the project.

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Mayor Michael stated that the King Family was back in town yesterday and met with him and the City Manager, Economic Development Director Mark Donham, and ADDC Interim Director Dana McDow. They own buildings and parking lots downtown and are interested in the future economic development plans for the City and may potentially make future improvements to their properties.

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The City Manager stated that the City Employee Picnic is this Thursday, May 12 from 11-1 pm at City Lake Park and asked Council to come out and be with the City employees.

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Mayor Michael stated that the State is performing a random audit on the loan for Inflow & Infiltration projects from NC Department Environmental Quality (DEQ). Finance Director Colleen Conroy has a list of invoices to comply with the State audit.

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Mayor Michael stated that there were three house bills introduced today with one being a Solid Waste Amendment dealing with life of site permits for sanitary landfills and another one was the local option sales tax proposed by Senator Brown. The sales tax plan is a scaled-back version of a controversial Senate proposal to change how local option sales taxes are distributed. Instead of altering the formula for all local sales tax dollars, the new budget provision funded through the new sales taxes would be distributed through percentage formulas set for each county.

Mayor Michael stated that this would be a bare increase for Albemarle.

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Mayor Michael spoke concerning the City being involved in the demolition of Wiscasset Mills and stated we can not use our City staff for this due to the liability issues.

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