

ADJOURNED MEETING CITY COUNCIL  
May 15, 2014

The City Council of the City of Albemarle met in an adjourned session on Thursday, May 15, 2014, at 6:00 p.m. in the City Hall Executive Conference Room. Mayor Ronnie Michael presided and the following Councilmembers were present, to wit: Troy E. Alexander, Bill Aldridge, Benton Dry II, Martha Sue Hall, Martha E. Hughes, Dexter Townsend and Chris Whitley. Absent, none. Also present: City Manager Raymond I. Allen, Assistant City Manager Michael Ferris, and City Clerk E. Paulette Bowers.

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The City Council held a Fiscal Year 2014/2015 Budget Work Session.

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Mayor Michael called the meeting to order.

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City Manager Raymond Allen stated that he would like to revisit an item from the last budget work session on Thursday, May 8. Councilmember Whitley had questions concerning the lack of funds appropriated for the principle and interest cost of a telephone system/core switch in the amount of \$38,000 for the FY 2014-2015 budget. Mr. Allen noted this was an oversight in the budget and handed out a sheet showing the allocation of expense to the General Fund items in the amount of \$27,500 and the Proprietary funds such as Electric, Water Sewer, Landfill, and Public Housing in the amount of \$11,000 to cover this cost. We will replace with a leased phone system before the fall.

Mr. Allen mentioned two other questions from the last budget work session from the Mayor and Councilmember Hughes respectively, which was the cost of materials for the sidewalks at the bowling alley on East Main Street and ADDC information that the City Manager answered by email to Council.

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The City Manager stated that he would like to continue from last Thursday's budget work session and finish covering the line items of each of the remaining departments. The next items to cover today are starting with Public Utilities, Water and Sewer revenues.

The City Manager stated that there will be no proposed retained earnings appropriated in the FY 2014-15 budget year. Mr. Allen also stated that he proposes an 8% adjustment in water and sewer rates which we are still significantly below the state average for these costs. The City Manager handed out a copy of the combined water and sewer rates comparison to the City of Albemarle rates created by Public Utilities Director Michael Leonas from the UNC Environmental Finance Center – NC Water & Wastewater Rates Dashboard, March 2014.

There is no proposed increase in tap fees or assessment rates for FY2014-15.

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In Public Utility Administration, WS share of economic development and IS costs, WS share of telephone system and core switch, and WS share of City Hall debt service.

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In the Public Utility WS, shared cost is the fund share of IS costs (\$13,850), Economic Development (\$14,900) software share costs (\$11,850), IS equipment WS share (\$5,000), WS Share of building maintenance (\$9,000), WS share of contracts, WS share of information systems cost (\$60,400), and reimbursement to GF for overhead and services in the amount of \$225,000.

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In the Water Treatment Plant, Plants Division, there is \$32,000 for an alum sludge study at the TTWTP and US 52 WTP; \$5,000 for miscellaneous engineering, chemical cost increase and the use of more chemical this winter to address the Yadkin River water quality issues, replacement of 6 vertical paddles and flocculators at TWTP for \$69,000, Principle payments for Old Whitney pump station renovation and US WTP Equalization Basin for \$312,250, and loan interest payments for Old Whitney pump station renovation and US 52 WTP Equalization Basin for \$39,600.

In the WS sewer treatment electrical consumption increase since replacement of the WWTP aerators in the amount of \$420,000, laboratory testing costs required by the State and sludge disposal at WASACC in the amount of \$188,200, and principal and interest cost for WWTP construction loan from the

State of NC in the amount of \$312,250 + \$64,100 respectively and a backhoe/loader and diesel pump.

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In the WS Systems for water and sewer line materials including inflow and infiltration improvements and repairs the amount of \$60,000, allowance of maintenance on generators and sewer lift station, etc., Envirolink to set up backflow and cross control prevention and fats, oils and greases program in the amount of \$40,200.

Replace SUV in Systems Division (\$26,000), repair eight inch sewer line creek crossing in the amount of \$70,000.

Principle payments for CKA waterline in the amount of \$460,100 interest payments for CKA waterline in the amount of \$222,250, plus sewer line replacement project and water sewer jet vac.

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The Electric Fund includes an anticipated 2.5% wholesale electric rate increase effective July 1, 2014 to offset the City's wholesale rate increase of 2.4%.

The City Manager handed out a copy of a summary of proposed wholesale rate adjustments provided by the NCMPA#1.

Principle and interest payments from General Fund for interfund loan for FS#1/East Community Police Building, Niven Center, and Landfill Fund in the amount of \$334,300 principle and \$43,300 interest payments. Appropriate \$462,700 from retained earnings.

In the Shared Expense departments, sharing the cost of economic development and IS shared costs, and \$17,300 for utility outage reporting system in the amount of \$60,650.

Electric Share of IS software costs \$31,200, IS share software costs and Kronos upgrade in the amount of \$33,600

Electric Share of IS equipment costs and Electric Administration in the amount of \$15,000

Electric Share of IS contracts and electric maintenance contracts in the amount of \$58,700 and Electric share of IS costs in the amount of \$11,150.

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In Electric administration costs includes electric share City Hall maintenance \$19,300, principle and interest payments for electric fund share of the City Hall project in the amount of \$181,450.

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In Electric operations funds for electric system materials such as wire, ties, conductors to be used in general maintenance and repair in the amount of \$336,000.

Wholesale purchase of power in the amount of \$29,675,000 which reflects a 2.4% increase effective July 1, 2014.

Asplundh tree trimming and Lee Electric contract for electric system capital projects in the amount of \$800,000.

Replacing 1987 Bucket truck (\$215,000) and 1999 pickup truck (\$25,000), reimburse GF for overhead and services – same as current year (\$300,000), and payment in lieu of taxes remain the same as current year (\$690,000)

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In the solid waste disposal fund revenue a \$1 per ton increase in MSW disposal fee and a \$1 increase in C&D disposal fee and revenues from the sale of timber. No fund balance appropriated.

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In the solid waste disposal fund expense a SW share of IS shared cost, timber sales management fee, and leachate treatment costs, and portion of audit cost in the amount of (\$88,200).

Includes Posi Shell for daily cover in the amount of (\$80,000), share of IS software and share of Kronos upgrade in the amount of (\$4,900). Share of IS equipment (\$1,250) and Landfill small equipment (\$11,250)

Includes SW share of IS maintenance contracts (\$2,800) and landfill equipment repair (\$120,400)

Includes \$67,000 for tire recycling contract; \$20,000 for wood waste grinding; \$16,000 for reforestation after timber sales, and \$100,000 for C & D facility leachate force main replacement.

Includes SW share of IS data processing equipment costs (\$4,600) and State tax on solid waste in the amount of (\$104,000).

Includes lease purchase principle and interest payment in the amount of (\$230,850); for dump truck, bulldozer and excavator purchase in previous years; share of telephone system and core switch; and debt service for proposed landfill leachate force main.

Includes principle and interest on interfund loan from electric system in the amount of (\$150,000). Reimbursement to GF for overhead and services same as current year (\$60,000).

Includes transfer to Closure/Post Closure fund – increased from current year. \$68,000 of this is from anticipated timber sales.

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In the Public Housing, Conventional budget, \$236,340 reserves to be appropriated, a 5% share of City cost toward IS expenses in the amount of \$48,200. Replacement of one vehicle (\$25,000), lawn care and landscaping (\$28,800), \$75,000 for termite treatment originally budgeted in current fiscal year.

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In Public Housing, Section 8, \$117,900 reserves to be appropriated.

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Councilmember Hall handed out copies of information from the 9<sup>th</sup> Annual Region of Excellence Awards meeting on Wednesday, May 14, 2014.

She talked about (1) results for strategic planning, (2) Region of Excellence Award categories and innovative ideas, and (3) COG budget for 2014-2015.

Councilmember Hall stated that she enjoyed participating in the controlled burn by the City Fire Department this past Saturday.

Councilmember Hall asked for an update on the Lillian Mills payment. Mayor Michael stated that it had been extended until 2015 for a payment in full. The Mayor stated that he hopes they will come forward and at least make payments on this project.

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Mayor Michael stated that the Business Development Task Force will meet this coming Tuesday, May 20, 2014 at City Hall in the Community Room at 6 pm. The task force will soon be coming before Council with a report of their results.

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