

SPECIAL MEETING CITY COUNCIL
May 18, 2021

The City Council of the City of Albemarle met in a special session focusing on the City Manager’s Recommended Fiscal Year 2021-2022 budget on Tuesday, May 18th at 4:00 p.m. in Council Chambers of City Hall. Mayor Ronnie Michael and the following Councilmembers were present, to-wit: Mayor Pro Tem Martha Sue Hall and Councilmembers Martha E. Hughes, Dexter Townsend, Christopher Whitley, Shirley D. Lowder, and Benton Dry. Absent: Councilmember Bill Aldridge.

Also present were the following City of Albemarle staff:

- Michael J. Ferris – City Manager
- Nyki Hardy – Assistant City Manager
- Britt A. Burch – City Attorney
- Cindy Stone – Clerk/Assistant to the City Manager
- Keith Tunnell – Economic Development Director
- Chief T. Pierre Brewton – Fire Department (via phone)
- Jacob Weavil – Finance Department Director
- Dana Chaney – Human Resources Department Director
- Owen Squires – Information Systems Department Director
- Lisa Kiser – Parks and Recreation Department Director
- Kevin Robinson – Planning and Development Services Director
- Chief David Dulin – Police Department
- Judy Redwine – Public Utilities Department Director
- Ross Holshouser – Public Works Department Director
- Lee Staton – Public Housing Director

The Mayor called the meeting to order.

Introduction and Meeting Overview

The FY 2021-22 proposed budget and budget letter were presented to Council by City Manager Michael J. Ferris at the May 3, 2021 City Council meeting. Mr. Ferris opened the session by welcoming everyone and briefly summarizing the intent of the meeting. He stated he would go over his presentation titled “City of Albemarle Budget Overview” which was distributed to Council in meeting to highlight all of the Funds and changes related to revenues and expenditures for the proposed FY 2021-22 budget.

Mr. Ferris reviewed the handouts with Council that were distributed to them.

Presentation and Council Discussion – Budget Overview

There are 8 different funds in the budget and they all have to be balanced and operate via revenues and expenditures. There are common themes/highlights of the budget of which Council should be aware:

- Positions:
 - 3 new full-time firefighters in order to have adequate coverage for fire calls across all shifts. A FEMA SAFER grant has been submitted to subsidize these positions. Mayor Pro Tem Hall asked if the grant would subsidize the 3 positions' entire salaries plus any equipment and training costs. Mr. Ferris replied that the grant would be able to cover all expenses for these positions for 3 years. Councilmember Townsend asked about the timing of notification of grant funding. Mr. Ferris stated that awards are made on a rolling basis and so the City could hear about their submission as early as the next week or two.
 - A heavy equipment mechanic in Public Works at the Landfill – The City already spends over \$54,000 in contract costs for heavy equipment preventative maintenance, \$24,000 for called service, and \$4,000 in trip charges. All of these charges combined equal what it would cost the City to fund the position. Councilmember Whitley asked how many pieces of heavy equipment the City owns. Public Works Director Ross Holshouser replied that the City has 17 or 18 large pieces of equipment.
- Compensation Study:
 - Full implementation bringing all employee positions to market is being recommended, which will also address wage compression of positions. Blended in with this initiative is a minimum adjustment of 1.5%. Every employee will receive a market rate adjustment of salary/wages OR the 1.5%, whichever amount is greater.
 - Employee salaries and wages total includes the mandatory NC Local Government Employees Retirement System contribution, which increased for the third year in a row by 1.2%.
 - There was discussion and clarification of the total line item cost and what was included in that line item total.
 - Councilmember Hughes asked if \$5,000 was the maximum an employee could receive with the compensation implementation. Mr. Ferris noted that for some employees the added amount could be more than that in order to address wage compression.
 - There was discussion among Council and Mr. Ferris about wage increases among certain positions in Public Utilities, and General Assembly legislation increasing wages and retirement packages for police which will financially impact local governments moving forward.

Councilmember Benton Dry entered the meeting.

- Health Insurance:
 - The City will continue to pay 100% employee coverage and qualifying retiree coverage (until Medicare age). This line item shows an increase in 3.17% in premiums from the

current fiscal year. This is known because staff has done the comparative research in municipalities of similar size, and the City (being self-insured) can set its own rates.

- There was a question about high deductibles and whether this applied to dependents per a handout. Human Resources Director Dana Chaney replied that there are employees with dependents and that there wasn't previously an option for them to afford the premiums so this option was developed.
- A follow up question was asked if there were employee + spouse or employee + spouse and family coverage options. Ms. Chaney replied that staff just finished rate setting but will send out the information to Council tomorrow. HR was planning to release informational materials to all City employees starting tomorrow since open enrollment begins in the next few days. Information sent out will include handouts like Council has received and a short video, as well as a benefits guide. This will also be posted on the HR webpage.
- Ms. Chaney noted that the Health Saving Account being offered helps employees build savings to help with family costs and health care coverage.

Funds Overview and Council Discussion

Mr. Ferris provided highlights of changes in the revenues and expenditures reflected in the proposed FY 2021-22 budget for each of the Funds which comprise the budget: General; Powell Bill; Water and Sewer; Electric; Landfill; and Public Housing.

General Fund:

- Revenues:
 - General Fund supports traditional services that are supported by sales and property taxes.
 - Revenues are up 5.87% from the current year adjusted budget. The proposed tax rate will be 61 cents per \$100 assessed. Revenue neutral tax would be 58.04 cents. This increase totals over \$617,000 from FY 2020-21. Councilmember Townsend asked if the \$1.2 billion revenue figure was based on this year's revaluation. Mr. Ferris confirmed that it was.
 - For sales taxes, per the NC League of Municipalities, they estimated a statewide increase from FY 2020-21 of 2.5%. The City uses a rate of 1.95% therefore computing more than an \$833,000 increase over FY 2020-21 budgeted.
 - Rates and Fees -
 - No increase in the motor vehicle fee
 - No increase in planning and development fees
 - Solid waste collection and disposal – There will be no increase for the disposal fee but there will be a proportional increase in the collection fee to pay for the cost of these services, which will be \$16.36. Mayor Pro Tem Hall asked what year of the Waste Management contract the City was in. Mr. Ferris replied that he thought it is year 4 of a 7 year contract. Council, Mr. Ferris and Mr.

Holshouser engaged in a discussion about the contract and whether there was any language or terms which penalized WM for missed services. The City Attorney will look at the current contract to see if the City has any recourse for service interruptions and/or failures.

Councilmember Shirley D. Lowder entered the meeting.

- For the occupancy tax, the City Manager budgeted closer to pre-COVID levels due to reports over the past year that hotel occupancy remained steady in spite of the pandemic.
- Investment earnings – they are significantly reduced across all Funds
- Payment in lieu of taxes – paid by Enterprise Funds as a tax based on the value of the asset, and remains largely the same as FY 2020-21.
- The Fund balance appropriation for FY 2021-22 includes \$50,000 for a business revolving loan grant program, \$78,000 for roof replacement at the Niven Center, and \$100,000 for ladder truck refurbishment. In comparison, for FY 2020-21 the fund balance included \$100,000 in improvements to Fire Station 1, \$135,000 for replacement of the roof for the EE Waddell Center, \$100,000 for vacuum truck rehabilitation, \$165,000 for fund balancing, and \$50,000 for the business revolving loan fund.
- Expenditures:
 - Police –
 - 3 vehicles
 - Night shift pay differential
 - Maintain the third Stanly County Schools Resource Officer
 - Mi-fi devices and equipment replacement
 - Payment on the new APD Headquarters building
 - Administration –
 - Fully integrating the City Attorney position and associated legal contracts
 - Continued streetscape funding and first phase of wayfinding project implementation
 - \$30,000 in Public Information Officer (PIO) expenses

Councilmember Hughes raised the question of whether the City should budget for a full-time PIO. Council and Mr. Ferris discussed whether there was enough need right now for the position, what the position would entail (job description), and whether or not to research the position and leave the current allotment in the budget, or budget for a full-time position for FY 2021-22 and work through the position's responsibilities in the next fiscal year. Assistant City Manager Nyki Hardy noted that she has already conducted research on a PIO, and that she has collected a number of job descriptions. She could provide a job description template to Council quickly to discuss job duties and skill sets. The Mayor asked Mr. Ferris if he would be able to adjust the proposed budget in time for the June 7th public hearing and formal Council consideration of the budget. Mr. Ferris replied that he would be able to make the adjustment in the budget for a full-time PIO in time for the June 7th meeting.

The Mayor called a motion to authorize the City Manager to adjust the proposed FY 2021-22 budget to allow for a full-time PIO and present the revised budget in the June 7th Council meeting. Upon a motion by Councilmember Hughes, seconded by Councilmember Lowder, and unanimously carried, the motion passed.

Mr. Ferris proceeded with his presentation of Administration's proposed expenditures.

- Business revolving loan or grant fund seeded at \$50,000. The Mayor added that there could be 3 parts to this fund: a business owner match of \$10,000, a City of Albemarle match, and an Albemarle Downtown Development Corporation match (budgeted by ADDC for a couple of years). Mayor Pro Tem Hall noted that American Rescue Plan funds could also be allotted to local businesses.
- HR – Applicant tracking system (online)

The Mayor called a 10-minute recess until 6:00 pm.

The meeting resumed after recess. Mr. Ferris continued with his presentation of General Fund expenditures highlights.

- Expenditures cont'd:
 - Information Systems
 - Maintenance of equipment and upgrades
 - Public Works
 - \$100,000 more budgeted for street maintenance which includes \$50,000 for a street condition survey. The City Manager said it was his recommendation to also plan for a new blended model that would address preservation, minor rehab work, and major rehab work. The major rehab work had not been part of the model and Mr. Ferris added that by adding it to the plan, the City will also address the worst streets. It was the consensus of Council to utilize the new model for application of the program and funds.
 - There was a discussion among Council, Mr. Holshouser and Mr. Ferris around the level of Powell Bill funds used for street maintenance and preservation and the need for street condition survey to assess the change in the street condition index which would more accurately reflect how much money it would take to adequately maintain local streets. There were many Council questions on this item. Council asked Mr. Holshouser a series of questions about street maintenance and repair and the City's use of Powell Bill and City funds to pay for the service. The Mayor noted that he appreciates all the in-house work that Public Works does on street maintenance and preservation in order to stretch the funding to cover many areas of need.
 - Equipment purchases (1 ton dump truck, pickup, electronics collection vehicle, small forklift)

- Fire:
 - New front line engine
 - 3 full-time firefighters
 - Refurbishment of existing ladder truck to add 6-8 years of life to the vehicle
 - Confined space equipment
 - Continuation of building repair at fire station 1 including roof repairs and repairs to the ceiling in the engine bay and community room.
- Parks and Recreation: Mr. Ferris noted that many priority areas were addressed in the budget related to this department.
 - After school program and summer camp
 - Resumption of other special activities as COVID19 restrictions ease
 - Replacing diving structures at both pools (includes the platforms)
 - Pave driveway at Morehead Park
 - EE Waddell Center weight room equipment, window painting, LED light conversion
 - Niven Center roof replacement
 - 4 shows at the ANT and 10 movie licenses
 - Council asked Parks and Recreation Director Lisa Kiser questions about status of other projects scheduled for FY 2020-21.
 - Council asked Ms. Kiser and City Administration to consider retrofitting tennis courts to be used for pickleball, lighting at City Lake Park, and purchasing an outdoor tent for events to be shared among departments.
 - The Mayor asked about whether there were any plans to implement the next phase of greenway development. Ms. Kiser noted that there is an issue with the easement with the railroad, but Mr. Ferris noted that the City still owns property all along the tracks from US 52 to Wicassett and so could develop the greenway alongside the tracks in this area. The Mayor followed up with a question about working with other towns. Ms. Kiser stated that she and Planning and Development Services Director Kevin Robinson would work to partner with other local townships on this project.
- Economic Development:
 - Retail Strategies contract continuation – the Downtown Strategies Program will be added to the contract. This added program will help develop niche businesses for downtown Albemarle, perform a market study, perform a building evaluation, and development of a strategic plan. Councilmember Hughes asked if the \$25,000 line item was specifically for the Downtown Strategies Program. Mr. Ferris confirmed this as correct.
 - Mayor Pro Tem Hall noted that in the most recent monthly report that the part-time assistant position was listed as reporting to the Economic Development Director rather than the Main Street Manager. Mr. Ferris replied that this reporting structure has been set up like this, but that the position would support the Economic Development Director.

- Revenues:
 - Revenue information is obtained via the NC League of Municipalities and the state's Powell Bill Manager. The formula that the state uses is 75% of funds are computed based on the population of the municipality, and 25% based on road mileage.
 - Current Powell Bill receipts' share for the City of Albemarle is approximately at the same level as FY 2010-11, which forces the City to fund the balance in recent years.
- Expenditures:
 - A \$25,000 increase in funding is scheduled for street maintenance and preservation, with \$250,000 to be appropriated, up from \$225,000. Council and Mr. Ferris discussed the reasons behind the diminishing proceeds from the state for this fund.

Water and Sewer Fund

- Revenues:
 - A 4% increase is proposed. Additionally, this is the first meter and tap fee rate increase in 10-15 years. The presentation material itemized the types of rates increases for residential and commercial meter and tap fees.
 - Mr. Ferris went over a series of comparative rates slides with Council obtained from the NC Environmental Finance Center. Albemarle, with the current rates, charges the minimum amount among comparative municipalities in the region. With the proposed 4% rate increase, Albemarle scores in the low to middle range of affordability and still remain the lowest rates in the region for water and sewer.
 - Mayor Pro Tem Hall requested an update on the water issue in Concord about which Mr. Ferris had alerted Council. Mr. Ferris explained possible issues that could have come up at the Concord plant, that Albemarle checked its water and it has been fine, and the troubleshooting process that Public Utilities Director Judy Redwine, Assistant Director Dan Worl, and Shawn Whitley engaged Concord in to help them address the problem as well as look at potential issues on our system.
- Expenditures:
 - Water Treatment Plants:
 - Investigate expansion at the Jack F Neel Water Treatment Plant (JFNWTP)
 - Install automatic transfer switch at JFNWTP
 - Moss Springs Road Water Pump Station replacement
 - Carbon tank pad installation and stripping towers
 - A few Council members had questions about water capacity now and in case of drought. Mr. Ferris and Ms. Redwine assured Council that proper measures have been taken and that there is ample water supply for at least the next few years.
 - Wastewater Treatment Plant:
 - Move electric rates to scheduled rate
 - Replace 3 sets of media filter cloth
 - Skid steer acquisition

- Water and Sewer Systems
 - Replace pump @ the NC 73 sewer lift station and install larger holding tank to prevent overflows and eliminate pump and haul efforts by crews during heavy rain events.
 - Extension projects at Knollwood Lane, Kingsley Drive , and Sibley Street
 - AMR water meter replacements
 - Continue inflow and infiltration work to make manholes airtight
 - Payment to NCDOT for relocation of water line as part of state Bethany Road bridge replacement project
 - Dump truck replacements
 - Replacement of transmitters on meter technician vehicles.

At this point the Mayor polled Council on whether to continue the meeting or call adjournment until tomorrow afternoon at 4:00 pm. Upon a vote of 4 Councilmembers for adjournment and 2 opposed, the meeting came to an end.

The Mayor called a motion to adjourn.

Upon a motion by Councilmember Hall, seconded by Councilmember Townsend and unanimously carried, the meeting was adjourned until Wednesday, May 19, 2021 at 4:00 p.m. in Council Chambers of City Hall.