

## SPECIAL MEETING CITY COUNCIL

May 18, 2022

The City Council of the City of Albemarle met in a special session focusing on the City Manager's Recommended Fiscal Year 2022-2023 budget on Wednesday, 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, Benton Dry, and Bill Aldridge.

Also present were the following City of Albemarle staff:

- Michael J. Ferris – City Manager
- Britt A. Burch – City Attorney
- Cindy Stone – Clerk/Assistant to the City Manager
- Jacob Weavil – Finance Department Director
- Chief Pierre Brewton – Fire Department
- Dana Chaney – Human Resources Department Director
- Owen Squires – Information Systems Department Director
- Kevin Robinson – Planning and Development Services Director
- Chief Justin Bollhorst – Police Department
- Lisa Kiser – Parks and Recreation Department Director
- Dr. Kim Scott – Public Housing Director
- Jay Voyles – Assistant Public Utilities Department Director
- Ross Holshouser – Public Works Department Director
- Renee Keziah – Assistant Public Works Department Director

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The Mayor called the meeting to order.

### **Introduction and Meeting Overview**

The FY 2022-23 proposed budget and budget letter were presented to Council by City Manager Michael J. Ferris at the May 2, 2022 City Council meeting. Mr. Ferris opened the session by welcoming everyone and briefly summarizing the intent of the meeting.

As requested by Council based on the public hearing and public input surrounding the proposed Stormwater Management Plan and Fund, Mr. Ferris noted that this discussion would occur first, followed by his presentation titled "City of Albemarle Budget Overview" which was distributed to Council and all attendees in meeting to highlight all of the Funds and changes related to revenues and expenditures for the proposed FY 2022-23 budget.

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

The Mayor noted that since Councilmembers Dry and Lowder had not arrived yet, Mr. Ferris could begin his budget presentation until they arrived and then Council would discuss the stormwater management plan and fund.

### **Budget Overview Presentation**

There are 9 different funds in the budget with the inclusion of the proposed stormwater management fund, and they all have to be balanced and operate via revenues and expenditures. There are common themes/highlights of the budget for FY 2022-23 of which Council should be aware:

- 6% Cost of Living Increase – Mr. Ferris explained the rationale for inclusion in the budget instead of implementing the first third of the positions to be considered for salary/rate adjustment due to the results of the compensation study completed last fiscal year.
- Positions: Mr. Ferris began an overview of positions being requested.

Councilmembers Dry and Lowder entered the meeting, so the topic presented switched to the stormwater management plan and fund.

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### **Stormwater Management Program and Fund Discussion**

Mr. Ferris recapped the January 27<sup>th</sup> special Council session regarding the proposed stormwater management plan and fund, then noted the complexities of the timeline created by the consultants at WK Dickson regarding the close timing of Council decision on the plan and fund and the approval of the FY 2022-23 budget, leaving them intertwined with each other. Council will either accept the addition of the plan and the fund in the budget, or request that it be removed from the budget. He noted that Public Works Director Ross Holshouser would direct the discussion from this point due to his role on this project and deep understanding of the plan, the fund, and any input from the public to date.

Mayor Pro Tem Hall requested that Council first discuss the comments from the public at the public hearing held two nights ago. There was consensus among Council that those who decided to come to the Council meeting were opposed to the development of a stormwater management plan and fund as proposed and currently recommended with the ERU rate of \$11.50. The main reasons given were the cost of the rate of \$11.50 and that no one heard about it in the community.

Council discussion included:

- The timing of the proposed rate with inflation and economic trends creating hardships for households;
- The actual efforts made by the consultants, the PIO, Public Works and other staff versus public opinion in disseminating information, seeking input, and gathering perspectives of the public, Council, and City staff. There could have been more effort added for the commercial community, where the biggest cost of the rate will reside. There is a remaining question raised

during the public hearing about how commercial lease customers will be charged and would need to be addressed as part of the approval of the program.

- Concerns over the potential hardships businesses and large organizations like churches will face with the proposed base rate structure of \$11.50. There was a suggestion that Council might consider a gradual implementation of the program rather than roll everything out all at once.
- Per the public perception that there is a new department division forming, maybe Council could look at the personnel structure. Perhaps it is too administration heavy? Maybe the City should back up and pursue the plan incrementally?
- What are the priorities for the program? The tributary mapping will target the focus and inform the funds needed for that focus. One Councilmember thought that Highway 52 from north to south should be the target. There was more discussion around possible areas to target and the explanation by City staff on why there are multiple problem areas.
- Concern that there weren't options provided for the development of a stormwater management plan and lack of understanding of the potential impact of the \$11.50 ERU rate on businesses and churches, highlighting the fact that there are still "unknowns" about the program.
- The consultants should have addressed the gap in knowledge about the proposed program with the commercial sector earlier on with them and Council.
- Going over the public comments is crucial before Council makes a decision.

The discussion at this point pivoted to the state standards and mandates for a stormwater management plan and program and what the different requirements were for a stormwater ordinance versus a development ordinance in bearing the responsibility for flooding and stormwater management concerns. A development ordinance would comprise a checklist of processes to control flooding, educate the public, and so forth which would take staff to implement, whereas a stormwater ordinance would place some responsibility on developers to plan for flooding controls.

After this initial roundtable about public feedback and whether to align with state standards, Public Works Director Ross Holshouser presented a review of the efforts of the consultant and City team working with them to build, gain input, and modify the proposal to suit what the City needs.

To address the concerns raised by people during the public hearing and Council discussion, Mr. Holshouser presented the City's perspective on the state of the proposed stormwater program to date. First, the City has had a stormwater management plan since June 2020 when Council approved WK Dickson as the consultant to develop the program with the City. As part of this contract, the consultant built a plan and enacted a pilot watershed study of Melchor Branch.

With the mapping of the Melchor Branch the City is doing what the public is asking. The challenge will be how to pay for it. Council and staff had a discussion about the ERU base rate and whether the fee should stand or if there were other options at this point to introduce a tiered rate system. Mr. Holshouser recounted that at the January 27<sup>th</sup> meeting there was discussion around locking in a fee for 5 years rather than have it fluctuate year to year. He noted that it would be easier for everyone to comprehend a base rate that would be the average rate needed across 5 years than

attempt to walk through a tiered rate system and fluctuations across 5 years. The result of the current proposed rate of \$11.50 would mean no rate increases over a 5 year period. He also distributed excerpts of the rate configurations WK Dickson provided at the January 27<sup>th</sup> session for Council.

Per the concern/commentary that the proposed rate would be the 4<sup>th</sup> highest in the state, the comparison is faulty. The rate structure includes what the components of a given stormwater management plan are, which then drives the funding structure. Mr. Holshouser reminded the group that at the January 27<sup>th</sup> meeting there was discussion around whether to move the leaf collection fee to the stormwater fund thus decreasing the solid waste fee for customers, which Council approved in that session. The original proposed rate of \$10 was proposed by the consultants and City stormwater team, and with the addition of the leaf collection fee raised the base rate from \$10 across 5 years to develop the stormwater management plan and fund, to \$11.50. Consultants built capital funds into the rate in order to build reserves to apply for grants which usually require a match. These types of projects would typically cost in the \$2-10 million range which the General Fund couldn't support.

Council discussion, based on the information Mr. Holshouser supplied, started with addressing a Council member question about whether the proposed rate of \$11.50 was all inclusive or if certain customers would have to pay more. Staff feedback was that the rate was all inclusive of all funding needs for stormwater management per the proposed plan.

Discussion pivoted to whether inclusion of the leaf collection fee would impact the rate moving forward, as well as the possibility of using second tranche ARPA funds. Mr. Holshouser noted that for the ARPA funds concept, it might save the City funds in the first year of implementation, but would not prevent the rate from increasing starting in year 2 once those ARPA funds are spent.

Further discussion about the rate centered around a series of questions and answers. How was the base rate configured knowing that there are vacant properties where fee collection would not occur? The rate was configured with an assumption of a 95% collection rate of revenue. Right now there are 8,729 units in the City to be billed for this fee. Of those, 1,156 are nonresidential parcels which would be assessed more than just the base rate fee of \$11.50 per month.

A discussion ensued around trying to figure out if rate reduction could occur. Council consensus was that they needed more time to consider other possible options to the plan and rate as proposed, and that they were not confident about moving forward with the proposed plan and rate based on feedback they have received.

Councilmember Hughes called a motion to table the decision on the proposed stormwater management plan and rate of \$11.50 and put off the implementation date of July 1<sup>st</sup>. Council discussed the motion further in terms of timing of having additional input sessions on the plan and rate and when it would need to be refined in advance of another public hearing and adoption by Council for an implementation date of January 1, 2023. With input from Mr. Holshouser, Council agreed that more input sessions would be held this summer, with early fall being a target timeframe of plan refinement and giving the community notice of public hearing in time for Council approval for a January 1, 2023 implementation date.

Councilmember Townsend refined Councilmember Hughes's motion as follows: to deny the approval of the currently proposed stormwater management plan and base rate of \$11.50 and

remove the stormwater fund from the FY 2022-23 budget. The motion was seconded by Aldridge, and unanimously carried.

Mayor Pro Tem Hall called a second motion to continue to work on creating a stormwater management plan to be implemented no later than January 1, 2023. The motion was seconded by Councilmember Hughes and unanimously carried.

After the motion Council asked if not having an approved stormwater management plan at this point would hinder the City's capability to apply for grant funds. The City is currently working on an application to the Golden Leaf Foundation for a planning grant for stormwater management. Would the City use as match funds from the General Funds reserves? Staff would have to ask the consultant. The consultant is encouraging the City to apply even though the City does not currently have an approved stormwater management plan.

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There was a short dinner break.  
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When the meeting resumed Mr. Ferris provided highlights related to the General Fund for the proposed FY 2022-23 budget with a continuation of the overview of new positions being requested. The positions were varied across multiple departments, and excluding the stormwater personnel, and the positions supported multiple functions within the organization or served to support the operation and oversight of their Departments. This matches the City's Strategic Plan Goal #1 of enhancing staff capacity.

For health insurance, the City will be able to continue providing 100% coverage for employees and qualifying retirees. There is a budgeted decrease based on current use trends. Also the budget provides for the state mandated increased contribution of 1.2% of salary to the NC Local Government Employees Retirement System.

For General Fund revenue, Mr. Ferris discussed how the sales and property tax supports what level of operational services, and that the tax rate will remain flat at 61 cents. The Fund balance appropriation for FY 2022-23 will include: \$50,000 for the business loan/grant program; \$100,000 for Fire facility improvements; and \$20,000 for the purchase of rifles for Police.

The following rates and fees changes are:

- No increase in motor vehicle fee - \$10.00
- No increase in development fees
- Solid Waste Collection and Disposal
  - Disposal Fee – Increase to \$4.60 (from \$4.50)
- Collection Fee – Decrease with movement of leaf collection services to Stormwater. (This is what was proposed, but will change based on the stormwater decision)
  - \$14.47 (Monthly Collection & Recycling Fee) – (\$16.37 FY 21/22)

- Effective rate before CPI increase - \$14.09

General Fund expenditures were broken out by strategic plan goals and included items such as:

- **Police - Strategic Plan Goal – Safety & Security:** 5 Police vehicles, new body cameras, new canine, laptops and additional rifles, payments for the new Police headquarters building
- **Administration - Strategic Plan Goal – Community & Economic Growth Opportunities, Safety & Security, Infrastructure:** Continued streetscape and wayfinding activities, election expense, business revolving loan fund, last year of City Hall building debt payment
- **Information Systems - Strategic Plan Goal – Infrastructure:** Financing of server replacement

Council asked Mr. Ferris to leave off at the point of Public Works related expenditures.

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The Mayor called for a motion to recess the meeting until Wednesday, May 25, 2022 at 4:00 pm in City Hall Council Chambers to continue discussing the proposed FY 2022-23 budget.

Upon a motion by Councilmember Dry, seconded by Councilmember Hughes and unanimously carried, the meeting was recessed until Wednesday, May 25, 2022 at 4:00 p.m. in Council Chambers of City Hall.

After the call to adjourn Mayor Pro Tem Hall asked for a rundown of upcoming Council events:

- May 19<sup>th</sup> – Employee Appreciation Picnic at City Lake Park beginning at 11:30 am;
- May 23<sup>rd</sup> Sports Hall of Fame banquet at Pfeiffer;
- May 24<sup>th</sup> – Downtown Strategies public meetings at City Hall ;and'
- Second budget session on May 25<sup>th</sup> here in City Hall.