

**SPECIAL MEETING CITY COUNCIL**

May 25, 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 25th 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
- David Fath – Public Information Officer
- Jacob Weavil – Finance Department Director
- Chief Pierre Brewton – Fire Department
- Dana Chaney – Human Resources 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

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The Mayor called the meeting to order.

The Mayor announced that a set of keys was found in the hallway outside of the Executive Conference Room and were given to the Clerk.

He then requested that Planning and Development Services Director Kevin Robinson give an update on new development activities. Mr. Robinson announced the following: Domino's Pizza has submitted plans to the department for a store to be located next to the motorcycle dealership on Highway 52; the final plat of the South Bell Townhomes subdivision has been submitted; and the plans for the Jersey Mike's Sub store have been approved.

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**General Fund – Discussion continued**

Mr. Ferris resumed providing highlights of expenditures related to the General Fund for the proposed FY 2022-23 budget.

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

- **Public Works Strategic Plan Goal – Infrastructure, Community and Economic Growth Opportunities:** Pavement preservation; site preparation funds for new Fleet Maintenance facility; vehicles such as crew cab, dingo for downtown crew; warehouse restroom improvements; and replacing trees on Main Street between First and Depot Streets.
- **Fire – Strategic Plan Goal - Safety & Security:** Supplies, materials, replacement battalion chief vehicle; funding comprehensive physicals; building repairs.

Councilmembers Hughes and Aldridge entered the meeting.

- **Parks and Recreation - Strategic Plan Goal – Safety & Security, Inclusive Community Engagement, Infrastructure:** Afterschool program and summer camp continuation; replace diving structures at both pools; crew cab; new signage at Morehead Park; paving parking area at Montgomery parks; arborist inspection of trees at Carolina Treetop Challenge site area.
- **Economic Development - Strategic Plan Goal – Community and Economic Development Growth Opportunities, Inclusive Community Engagement:** Continuation of Retail Strategies and Downtown Strategies programs.
- **Human Resources – Strategic Plan Goal - Organizational Capacity, Safety and Security:** Partial Risk Manager position (also funded by ARPA).
- **Planning & Development Services - Strategic Plan Goal – Organizational Capacity, Infrastructure, Community and Economic Development Growth Opportunities:** Comprehensive Plan Development; repairing of windows in old City Hall section and box fans for HVAC system in City Hall.

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### **Enterprise Funds Overview**

Mr. Ferris summarized each of the enterprise funds' proposed revenue and expenditures as follows:

- **Powell Bill:**
  - Revenue – Based on information from NC Powell Bill Manager and computed with 75% of funds from population and 25% on road mileage of city system.
  - Expenditures – City has increased its share of State-shared funding to \$90,000 and also has increased its share of reserve appropriations in FY22-23 budget.
- **Water and Sewer:**
  - Revenue – Rate increase of 7% but no meter and tap fee increases; comparisons to other similar municipalities per the NC Environmental Finance Center Water and Sewer Rate Dashboard in the Central Regional Carolinas (CRC) region were explored, showing Albemarle with the lowest or among the lowest for a variety of cost indicators pre-rate increase. Per Council question Mr. Ferris specified that the rate increase would occur across the board for residential and non-residential customers. Per another question

related to recipients of Albemarle water, Mr. Ferris assured Council that municipality/district/county level customers will be given notice of the proposed rate increase in the near future.

There was a discussion about various known and unknown changes in water supply and future water use and potential need for construction of additional water plant. Mr. Ferris noted that the contractor LKC Engineering is managing all of these factors for the City, and also mentioned that the water and sewer agreements needed to be reworked with the County.

- Expenditures – For the water treatment plants, the liner needs repairing at the US 52 plant raw water reservoir, turbidity meters need to be acquired and there is a need for additional funding for the Moss Springs Road Water Pump Station replacement. For the wastewater treatment plant, 3 sets of media cloth are to be replaced, and funding also will go towards acquiring chemicals where staff are seeing increasing costs. There are various other items for which funds are being reserved, such as the Moose Street water line replacement, meter vault replacement, increasing AMR/AMI water meter replacements, inflow and infiltration work, water tank maintenance contract continuation, among others.
- Electric:
  - Revenue – The City is planning to implement phase 2 of cost service recommendations. Residential rates would decrease by 7.39% and there would be no change to non-residential rates. All classes of customers would see increases in fixed cost fees.
  - Expenditures – Projects requiring funds would include: change over to AMI meters; increased funding for relocating electrical infrastructure underground at South Second Street and MLK/South Street; new wiring on Highway 52 South to improve reliability on the southern part of the system; continuation of upgrades of the electric system to the Albemarle Business Center from the Henson Street side; LED streetlight replacement program; automatic transfer switches, delivery bus, reclosers, and vehicle replacement; boom truck replacement; and continuation of contracts with Lee Electric and Asplundh for pole inspection and change out.
- Landfill:
  - Revenue – There will be no increase in tipping fees, which remain at \$41.00 per ton for municipal solid waste (MSW). The City estimates revenue via volume based on trends. Also there is no change in the \$1.00 fee the City charges for closure-post closure costs.
  - Expenditures – Include: a new landfill compactor; generator to power the scale house; fence panels; milling and repaving the landfill road; and funding of closure – post closure reserves. Per a question from Council Mr. Ferris confirmed that staff had made a clerical error by adding the scale house item – it is just the generator for the scale house which staff added in the budget.
- Public Housing:
  - Revenue – For conventional public housing the majority of funds are from tenant rent payments and HUD subsidies; for Section 8 the City acts as a pass through for rent subsidies to landlords based on a HUD formula.

- Expenditures – For conventional public housing, major site improvements are approved through the Capital Fund Program process.
- City Health Insurance: This fiscal year the City has been significantly under budget. The City is using health care networks and brokers to reduce the cost of insurance and benefits, and to base rates on what the City needs to fund the program. The City has built reserves for this fund in the event a large payout would need to occur for a claim or other costs into the near future. As of this month, expenses have been down for this fiscal year, which contributes towards not having to allocate as much of the budget for this fund in the coming year’s budget.

In closing Mr. Ferris noted that due to Council’s decision to remove the Stormwater Fund from the budget, changes will have to be made prior to the June 6<sup>th</sup> Council meeting where the public hearing for the budget has been set.

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There was a short dinner break.

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**Council Discussion and Q&A – Budget**

The meeting resumed with Mr. Ferris asking Council if they had questions about the budget. Mayor Pro Tem Hall had several comments and questions.

- Due to the former Assistant City Manager overseeing a multitude of projects until her departure last October, could there be an accounting of these projects’ status now and whether they have been funded in the FY 2022-23 budget? The Alleyway Project is currently being overseen by Public Works Director Ross Holshouser, who noted to Council that this project is on hiatus to see if there can be negotiated costs with the lowest bidder for the wide ranging work to be done since even the lowest bidder came in significantly higher than the bid price to perform the work. There are funds allocated to this in the FY 2022-23 budget.

For the wayfinding/signage project Mr. Holshouser is overseeing this also, and due to this work being contracted out there are no City budget funds allocated to the completion of this work, but some of it can be done in house. The City Manager noted funds for the continuation of this program are budgeted.

Council members swung back to discussing the Alleyway Project and voiced concern over whether the City should be moving forward with this project due to understanding among residents and business owners that this project was moving ahead. Finance Director Jake Weavil came in front of Council to explain that funds are allocated by Council into a project budget and do not show in the operating budget. There was discussion among Council, Mr. Weavil, and Mr. Ferris around what was needed, what has been spent thus far, and what funds would be needed to cover the bid price for contractors to continue with the project. There was consensus to leave the issue for now and have staff come back to Council with a plan to allocate more funds for this project to move it forward.

- She had a question regarding the General Fund expense for tree trimming service per the Tree Commission’s recommendation, and why the current contractor could not be used. Mr. Ferris replied that the Administration budget could pick this item up due to lapsed salary funds which are available and that the Tree Commission has requested a different contractor.
- She had a question as to whether radios for Fire and Police as discussed previously would be included in the budget. Mr. Ferris replied that it was not included due to the need for replacement of body cameras for Police and other needed purchases, and that the radios would have to be budgeted for in a future year.
- She commented that she would like to see where the City stood on Council’s prioritization of projects that took place prior to the strategic plan process and development and needs per the strategic planning process. Although staff could not provide the document in meeting, Mr. Ferris replied that he had developed such a summary recently and would provide it again to Council. He noted that almost all Council ranked items were included in the current fiscal year budget or have been included in the proposed FY 2022-23 budget. He also noted that items reviewed in the two night budget session were noted as to how they were connected to the strategic plan.

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**CLOSED SESSION**

Upon a motion by Councilmember Dry, seconded by Councilmember Hughes, unanimously carried, Council approved moving into closed session pursuant to N.C.G.S. 143-318.11(a)(3) consultation with the City Attorney and N.C.G.S. 143-318.11(a)(6) Personnel.

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**RETURN TO OPEN SESSION**

Upon a motion by Councilmember Dry, seconded by Councilmember Whitley, and unanimously carried, Council returned to open session. The Mayor stated that a closed session was held pursuant to N.C.G.S. 143-318.11(a)(3) consultation with the City Attorney and N.C.G.S. 143-318.11(a)(6) Personnel. There was nothing to report.

The Mayor asked for a head count for the May 25<sup>th</sup> COG meeting in Badin. He and Councilmembers Dry and Whitley are planning on attending.

The Mayor reported to Council that the gentleman who came in front of Council recently to pitch open and night markets in Albemarle had inquired with the City Clerk about the Wiscassett property. He asked Council’s input on what the City’s reply should be to the gentleman inquiring about the property. Noting that the night market request was due to come back to Council in the following month, Council agreed to wait until then to have that discussion with the gentleman.

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Upon a motion by Councilmember Dry, seconded by Councilmember Whitley and unanimously carried, the meeting was adjourned until the next regularly scheduled Council meeting on Monday, June 6, 2022 at 6:30 p.m. in Council Chambers of City Hall.