

ADJOURNED MEETING CITY COUNCIL
May 4, 2010

The City Council of the City of Albemarle met in an adjourned session on Tuesday, May 4, 2010, at 5:00 p.m. in the City Hall Conference Room. Mayor Elbert L. "Whit" Whitley presided and the following Councilmembers were present, to wit: Troy E. Alexander, Martha Sue Hall, Judy Holcomb, Jeanette M. Napier, Jack F. Neel, Dexter Townsend and T. Ed Underwood. Absent, none.

The City Council held a Fiscal Year 2010/2011 Budget Work Session.

The City Manager distributed a list of the highlights in the proposed Fiscal Year 2010/2011 City of Albemarle Budget. He indicated that he would review these items, but could address any questions the Mayor or the City Council may have concerning the overall budget proposal.

He noted there is once again a decrease in the General Fund budget. He commended the staff for putting together a budget given the difficulties surrounding the economy and the impact on the City's budget. Overall, he noted the budget does not include a cost of living increase for employees nor does it provide funding for merit opportunities. However, there are no proposed employee furloughs or layoffs. The budget includes no increase for health insurance costs to the City which is still paid at 100% by the City for its employees.

The City Manager reviewed the proposed General Fund revenues. Overall, revenues are expected to be down from the budgeted amount in the current fiscal year. He did state there is no proposed increase in property taxes. Mayor Whitley indicated that the City has over the last several years done all it can to reduce costs and to address the declining revenue issues. He felt that at some point the City might need to consider a small tax increase. He noted he did not believe this to be the appropriate time for this, but wanted Council to begin thinking about this possibility in future years. The City Manager noted the City's second largest source of revenue in the General Fund is sales tax and it is proposed to be down again this year by \$71,000 over the previous year. Mr. Allen said that with recent capital expenditures of the City, there is no proposed appropriation of Fund Balance as in recent years. While there is no proposed tax increase, he is

proposing to raise user fees on services such as solid waste collection fees, solid waste disposal, zoning application fees, Fire Department plan reviews and others.

The City Manager indicated that Assistant City Manager Michael Ferris has developed a concept for curbside recycling that would cost the City a nominal amount. He has suggested granting Green Pieces a residential recycling franchise with the City and promote it as the City contractor for this service. The plan calls for Green Pieces to bill its customers directly. Mr. Ferris indicated this would address the problem of the City taxing all residents for a service only a small percentage use, as was the case when the City last provided this service. Only residents who sign up for the service would pay for the service.

Upon a motion by Councilmember Hall, seconded by Councilmember Alexander and unanimously carried, the City Council voted to pursue development of this option with Green Pieces Recycling.

Proposed expenditures were reviewed. The City Manager said his proposed budget does not include out of state travel. Councilmember Neel said the ElectriCities Annual Conference is in Myrtle Beach this year and it is important that City elected officials attend to learn more about ElectriCities. Mayor Whitley said the City has millions in debt in providing power and the City Council should be aware of critical issues impacting this industry in order to make informed decisions. Councilmembers Holcomb and Napier did not feel it would be appropriate for the City Council to travel out of state when employees are not getting pay increases nor having out of state travel opportunities.

Councilmember Townsend moved to provide money in the budget for the Mayor and City Council to travel to the ElectriCities Annual Conference in Myrtle Beach. The motion was seconded by Councilmember Underwood. Voting in favor of the motion were Councilmembers Alexander, Hall, Neel, Townsend and Underwood. Voting in opposition to the motion were Councilmembers Holcomb and Napier. The motion carried.

In a discussion of legal fees in Administration, it was noted that the City Attorney's fees and charges have increased. Council indicated they have noticed more mistakes on the City Attorney's work and were concerned about the City having to pay for these. Council asked that the City staff speak with the City Attorney about this and relay they do not feel it is fair to pay an hourly charge for work that has to be done to correct errors. The City Manager also reviewed payments to outside agencies as well as noting \$8,000 for the broadband project.

The Human Resource budget is reduced due to the elimination of funding for the Wellness Program. The City Manager did not have any comments about Engineering Services.

The City Manager reminded Council that Information systems will now be a department of its own out from under Finance. Owen Squires will be the new Director and will start work on May 10. The Information Systems budget has eliminated \$15,000 due to Stanly Net becoming inactive. There are funds provided for a storage area network system and this cost will be divided among all City funds.

The Police Department budget includes two frozen positions and three new patrol vehicles instead of the requested four. The Fire Department also proposes two frozen positions. Fire Chief Oke indicated he would use overtime with existing staff when necessary. The Fire budget does include funds for the purchase of mobile data terminals and the acquisition of a used pumper truck to serve as an emergency back up.

The Public Works General Fund budget includes freezing positions in Public Works Administration and Streets Division. The Streets Division does have funds for continuation of the sidewalk replacement program. The Administration Division includes funding for a portion of the street lights and an increase for residential solid waste disposal. The Solid Waste Division includes a 2.6% consumer price index increase for contract collection costs with Waste Management.

Planning and Community Development has increase utility costs due to the new City Hall and the City Hall Annex and old Fire Station still having active utilities. This budget includes continuation of code enforcement and nuisance abatement activities.

Parks and Recreation is also proposing to freeze a position. \$50,000 is budgeted for architectural fees for a design of the former Niven Center.

The City Manager noted there is a \$103,100 appropriation from the Powell Bill retained earnings to balance this budget due to decreased outside revenues. Street resurfacing is proposed to be cut by \$25,000.

Mayor Whitley inquired about the lease purchase ceiling for the City. Finance Director Colleen Conroy said she was unsure and this might be part of the City's overall statutory debt limit. She will research this and report back to the Mayor and City Council.

Councilmember Neel discussed the possibility of providing a payment in lieu of health insurance to the City employees. He said this would allow him to purchase a Medicare supplement at a lower cost than what the City pays to cover him currently, saving the City money.

Upon a motion by Councilmember Neel, seconded by Councilmember Underwood, the City Council adjourned to Wednesday, May 5 at 6:00 p.m. in the City Hall for a meeting with the City of Concord and City of Kannapolis for discussion on possible water sales.