

ADJOURNED MEETING CITY COUNCIL
February 20, 2010

The City Council of the City of Albemarle met in an adjourned session on Saturday, February 20, 2010, at 8:30 a.m. in the Conference Room of the City Hall. Mayor Elbert L. Whitley presided and the following Councilmembers were present, to wit: Troy E. Alexander, Martha Sue Hall, Jeanette M. Napier, Jack F. Neel, Dexter Townsend and T. Ed Underwood. Absent, Councilmember Judy Holcomb.

The Mayor and the City Council held a Fiscal Year 2010/2011 Planning and Budgeting Work Session in the Conference Room of the City Hall with the City Manager and Assistant City Manager.

The City Manager reviewed the FY 2010/2011 Budget Preparation Schedule. The City Council set starting time of 5:00 for the budget sessions on March 9 and 11 and May 4 and 6.

The City Manager reviewed the City's current financial position and future forecast. He indicated that it will be an extremely difficult budget year upcoming, maybe as difficult as any of the current City Councilmembers have faced. He noted that due to various capital projects, the City's fund balance has declined significantly. When taking into account the current projects and fund balance commitments, the current estimated fund balance is between 4%-5%. This amount should increase as it is anticipated the City will not need to use all appropriated fund balance for various projects. He also noted that he has asked all Departments to come in approximately 5% under budget in the current fiscal year, which would also return money to the fund balance.

Councilmember Neel said the City needs to speak with its State legislative delegation about not taking any City revenues to address its budget woes. Also, about not implementing any unfunded mandates and possibly repealing existing unfunded mandates.

The City Manager reported that sales tax revenues continue to be down, but noted they are in line with the budgeted amounts. This is the City's second largest source of revenue for the General Fund and is much lower than

several years ago. The City also has the lowest transfer from the Electric Fund to the General Fund than it has ever had. With the County not implementing the recent property revaluation, the City is not receiving its normal growth in revenues to keep pace with the cost of operations. All these issues will contribute to a reduction in available revenues in 2010/2011.

Overall, the City's debt burden continues to be low. The City does have the ability to follow through with planned capital activities such as renovation of the Niven Center and improvements at the Wastewater Treatment Plant. Future large scale capital improvements should be held off for two to three years as other debt will be paid and the economy is improved.

The City Manager reported that an additional expense to the City will be increasing its contribution for employee retirement. This is the first such increase in more than two decades.

Mayor Whitley inquired about the level of medical benefits paid for by the City on behalf of employees. The City Manager said the City pays the full premium cost for employees. A few municipalities pay for spousal premiums as well, while some others require employees to contribute to the cost of their insurance. Overall, the City is probably about average in medical benefits. Councilmember Hall said several employers, including the State of North Carolina, are charging employees for unhealthy lifestyle choices and this may be something the City has to consider.

The City Manager reported the wholesale electric rates the City pays are projected to increase approximately 9%. This due to reduced wholesale and retail sales, a decline in investment earnings and an increase in expenses. The City Manager noted information in the budget package demonstrating that NCMPA#1 customers have had the lowest overall rate increases in the study area over the last six years, and the anticipated increase for 2010/2011 are not out of line with increases experienced by other electric utilities. He stated that he and Ernie Borders have discussed possible cuts that could reduce the retail increase, but that most of this will have to be passed on

Councilmember Hall suggested that instead of passing on to customers the increase in October, as has been the City's tradition, that the increase should be effective for customers in July when the City has to pay the increase. She felt this would allow the overall percentage increase to be less than if the City delayed the increase for three months after the City receives the increase. Mayor Whitley and Councilmember Neel agreed with this suggestion.

Councilmember Alexander suggested allowing utility customers to make a donation on their utility bills to a fund that would assist those who cannot afford to pay their utility bills. It was also suggested the City promote the equal payment plan as a way to lessen the impact of the electric rate increase on customers.

The Mayor and City Council discussed a proposal from Green Pieces Recycling to provide residential recycling service on a contract basis for the City. It was noted that given the financial and economic forecast, this is not a good year to be starting new programs. Mayor Whitley suggested ending loose leaf collection services earlier than we currently do in order to save money and these funds could possibly be used to support the cost of recycling.

The Mayor and Council discussed their budget concerns and priorities for the upcoming fiscal year.

Councilmember Neel said he would like to see special State mandated law enforcement benefits eliminated. He also discussed the possibility of a local economic stimulus project similar to Smithfield, whereby grants are provided for projects leading to increased tax values. The City Manager said the City already has a program such as this in the downtown area. He noted the Economic Development Commission is currently looking at an incentive program for retail companies.

Councilmember Townsend asked if the City had ever considered hiring its own Director of Economic Development. Assistant City Manager Michael Ferris said this was considered several years ago. Mayor Whitley noted economic development issues have always been a power struggle. Councilmember Hall said she would like to see an effort to fill vacant big box retail and industrial buildings.

Councilmember Townsend also asked about the status of broadband service throughout the County. He thought that if the County-wide effort did not succeed, maybe the City could do its own broadband project.

Councilmember Hall said the City ought to use Keith Crisco in Raleigh as a resource. She would also like to see residential recycling provided by the City. She would like to see the issue of water quality continue to be addressed

and feels Council needs to take a leadership role in this area. She would also like to see a focus on marketing the Prime Power Park.

Councilmember Napier said she too supports recycling. She also said the City needs to address the current proposed downtown Sign Ordinance changes. The Mayor noted the ADDC is undertaking a survey and the results of the survey will be know soon and Council will then have the information it needs to make a decision about any changes.

Councilmember Alexander said he supports residential curbside recycling provided by the City.

Mayor Whitley noted the County is charging the Town of Richfield an extremely high price for sewer transport. He noted the amount for January was greater than the City's charge to treat the sewage.

Councilmember Neel said that any agreement for the sale of water to Concord to should consider an option for delivery along Highway 73, as this route will assist the City with its water quality problems by turning over water in the system at a greater rate than currently occurs.

Upon a motion by Councilmember Hall, seconded by Councilmember Napier and unanimously carried, the meeting was adjourned to Thursday, February 25 at 5:00 p.m. in the City Hall.