

ADJOURNED MEETING CITY COUNCIL
May 12, 2009

The City Council of the City of Albemarle met in an adjourned session on Tuesday, May 12, 2009, at 5:00 p.m. in the City Hall Annex 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 2009/2010 Budget Work Session.

The City Council continued with their review of the FY 2009/2010 proposed budget.

The City Manager indicated revenues in the Powell Bill Fund are down in the current year 10% from the budgeted amount and due to anticipated further reductions in these revenues, he has proposed 19% less than was budgeted in the current year. He noted the bi-annual bridge inspection is scheduled to take place in 2009/2010. This is undertaken with the City paying the entire cost of the inspection and being reimbursed 80% of the total cost completion. The budget for asphalt has been reduced and there is also a reduction in contract street paving. The City Manager reported that between the General Fund and Powell Bill Fund, the City will be undertaking significantly less street resurfacing in the upcoming year.

Water and Sewer Funds are down 9% in the current year from the budgeted amount. The City Manager is proposing a 3.5% increase in water rates for the tiers above the minimum usage.

Councilmember Alexander inquired about the status of the project to sell water to Concord. The City Manager said he recently held a meeting with representatives of Concord and Kannapolis. The project is still moving forward and the delivery route under consideration is NC Highway 49.

Mayor Whitley noted that the City should consider a larger water increase than what is proposed. He and Councilmember Alexander felt the revenues in this fund need to reflect the actual expenses. Councilmember Hall

noted this is a true user fee commodity and user charges need to reflect costs. Councilmember Neel noted the City has to make considerable capital improvements to its system to serve the County, which pays the lowest tier water rate. He felt this is a different situation from a large industry that provides jobs and tax base. He thought the County rates should reflect the cost of infrastructure improvements it requires of the City.

The City Manager was asked to provide information on the Water and Sewer Fund as to what a 1% increase would bring in additional revenues. This information was also requested for the Electric Fund.

The City Manager noted a new line item for chemical purchases has been added to both the Water Treatment and Sewer Treatment portions of the budget. This is because it is becoming such a large expenditure it was felt this should be broken out into its own line item to show this cost. The City is proposing a 104% increase in the Sewer Treatment Plant budget for equipment, repairs and maintenance.

Councilmember Alexander suggested the City consider funding depreciation, so as to have funds on hand when capital improvements are needed.

The Water and Sewer Systems budget proposes \$125,000 to continue inflow and infiltration work. Funds are also included for the continued change over to automated meter reading equipment. \$326,000 is budgeted for utility relocation costs for NC Highway 24/27, US 52 and NC Highway 73 NCDOT projects.

Electric Fund revenues are up in the current fiscal year and are projected to continue to increase slightly in the upcoming year. The City Manager's proposed budget includes a 3.5% electric rate increase effective October 1 to partially offset a 4.5% wholesale rate increase to the City. The Electric Fund includes funds for shared IS infrastructure, SCADA set-up in the City Hall, the replacement of one meter reader vehicle, \$206,000 for the City Hall project, \$400,000 in electric system components, and a transfer to the General Fund for services.

Councilmember Neel said Congressmen Harry Waxman has introduced a bill that will require certain levels of renewable energy sources be used by the states. He said this is a harmful bill to North Carolina because NC cannot meet the standards. He anticipated the ultimate effect of the bill being a doubling of the typical residential electric bill in NC. It was the consensus of Council to gather further information about this bill in order to write Congress to voice the City's opposition.

The City Manager reported Landfill revenues continue to decline. He is proposing a \$3.00 increase in the MSW rates and a \$5.00 increase in the C&D rates. Expenses include a payment of \$434,000 for the new Subtitle D Lined Cell and \$175,000 on closure and post closure costs.

The City Council reviewed the proposed budget for the Public Housing Fund and had no comments.

Mayor Whitley announced that the dedication ceremony to rename Center Street to TE White, Sr. Drive will be held at 2:00 p.m. on Saturday, May 30 in front of Kelsey Funeral Home.

Upon a motion by Councilmember Underwood, seconded by Councilmember Napier, the City Council adjourned to Tuesday, May 19 at 5:30 p.m. for a regular meeting of the City Council.