

ADJOURNED MEETING CITY COUNCIL
February 28, 2009

The City Council of the City of Albemarle met in an adjourned session on Saturday, February 28, 2009, at 8:00 a.m. in the Conference Room of the City Hall Annex. Mayor Elbert L. 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 Mayor and the City Council held a Fiscal Year 2009/2010 Planning and Budgeting Work Session in the Conference Room of the City Hall Annex with the City Manager and Assistant City Manager.

The City Manager reviewed the FY 2009/2010 Budget Preparation Schedule. The city Council did change the proposed May Budget Work Sessions to May 11 and 12.

The City Manager reviewed the City's current financial position and future forecast.

The City Manager discussed the City's General Fund fund balance. He reported the current level of fund balance is 34.93%. Property tax values within the City are for the first time over \$1 billion. He said that the City has had a policy of keeping the property tax rate constant. He cautioned that with the County not implementing the new revaluation, the values become out of date and the amount collected at the current rate may not be sufficient. He has heard the County may not assign new values for two years, possibly four. He said it would be very difficult for the City to keep its rate the same if this was to occur. He did say that with the state of the economy, he did not plan to propose a property tax increase for this upcoming fiscal year. Council concurred with this decision.

The City Manager said sales tax collections are down, which is a reflection on the national economy. Councilmember Hall asked if the City was looking at laying off employees like other surrounding units of government have done. The City Manager said the City is not, but will look at freezing positions as a way of saving money. He said he has also asked the City departments to identify

ways to save 5% of their total FY 2008/2009 Budget. Assistant City Manager Michael Ferris reviewed the sales tax collection figures to date and the projected collections throughout the remainder of the year. He noted sales tax collections have dropped significantly, directly reflective of consumer spending. Finance Director Colleen Conroy has projected collections for the rest of the fiscal year based on recent trends and from information she is receiving from around the state. Mr. Ferris noted that even with a projected 28% drop in sale tax revenues for the year, amounting to a \$489,000 shortfall, this equates to 3.67 of the General Fund Budget. He said that with the steps the City is taking right now to reduce spending, the City should have the ability to manage this reduction in the budget. The City Manager added that the City has a healthy reserve to address temporary shortfalls such as this.

The City Manager reviewed the financial status of the various City Enterprise Funds. He said the biggest change for the Solid Waste Fund is the addition of accounting for the closure and post closure costs of two landfill cells. The City is going to begin a reserve to accrue these costs. Councilmember Alexander said the landfill rates need to reflect the complete cost of operating the landfill and closure and post closure costs. The City Manager concurred.

The City Manager reviewed the City's debt. He noted there is no current debt in the Water and Sewer Fund. He added that debt issuance may be necessary to make needed upgrades, particularly in the Plants Division of the Public Utilities Department. Councilmember Alexander asked if the City funds depreciation that is set aside in a capital reserve fund for improvements. The City Manager said the City does not.

Assistant City Manager Michael Ferris reviewed the tax rates of cities throughout the state between 10,000 and 20,000. He noted this year in the report he added the effective tax rates of the cities in the comparison. He explained the effective rate is what the property tax rate could be if the properties in these cities were valued by their counties at 100% of their value. He explained that since Stanly County only assigns a tax value of 81% of actual value for property tax purposes, and the City's current tax rate of \$.56 could be reduced to approximately \$.45 if valued at 100%. He said with this comparison, the City of Albemarle has a very favorable and comparable tax rate.

The City Manager said he wanted to spend time discussing with the Mayor and City Council the current and future economic conditions. He said that with the targeted budget reductions in the current fiscal year, the budget should be made. His primary concern is for the upcoming fiscal year. Councilmember Hall asked if the City had any projections for the upcoming fiscal year. The City Manager said that when the annual budget is developed, projections have to be

made in order to estimate available revenues. He reiterated that he does not intend to propose a tax rate increase. He warned that the budget for 2009/2010 could be lower than the current year budget.

The Mayor and City Council discussed ways of cutting the budget in the upcoming fiscal year. Councilmember Neel said the City may have to look at foregoing street resurfacing for a year. Councilmember Hall noted the City may still be able to receive federal stimulus fund to undertake resurfacing. Councilmember Holcomb noted the City may want to look at cutting some Parks and Recreation programs that are provided elsewhere, such as programs provided by the Stanly County Family YMCA.

Mayor Whitley noted several costly initiatives the City is undertaking or seriously considering. He said the Niven Center renovations will be very costly to improve it to a level suitable for the Parks and Recreation Department and for the other agencies providing services here. The City is also required to provide a \$500,000 grant match for the renovations at the EE Waddell Community Center. The Annexation Feasibility Report recently presented to the Mayor and City Council estimates \$10,000,000 in water and sewer costs.

Councilmember Neel said the City should look strongly at the bulk rates for water and sewer users outside the City limits. The rates need to be sufficient to provide for their share of the capital improvements needed to maintain the systems. Councilmember Hall thought the City should review its solid waste collection practices. She suggested possibly providing solid waste collection services every other week instead of the current weekly services. She said that if citizens took recyclable materials to the County recycling convenience centers, waste could be reduced where it could be picked up every other week.

The City Council asked that a fruit basket and card be sent to former City Attorney Henry Doby who is recovering from a recent illness.

The City Council asked that a card be sent to Human Resources Director Robert Whitley on the recent passing of his mother.

Councilmember Townsend asked for some background about the City's Prime Power Park. The City Manager said it was developed by ElectriCities of North Carolina as an economic incentive tool to provide reliable power. He noted that there has been some interest, but not a great deal recently due to the national economic situation.

Councilmember Hall said Albemarle has been selected to host a National League of Cities Committee meeting in June. This will bring approximately 40 people to Albemarle.

Councilmember Neel said there is a tremendous mess at the end of Eben Street. The properties in this area are not well maintained. He suggested the City contact the property owners and tell them the City will pave the end of Eben Street if they clean up their property. He suggested the City consider this approach throughout the City.

Councilmember Neel reported the ElectriCities Annual meeting has been canceled for 2009 due to economic conditions.

There being no further business, the meeting was adjourned.