

CITY OF EDEN, N. C.

A special meeting of the City Council, City of Eden, was held on Thursday, January 6, 2000 at 5:00 PM in the Council Chambers, 338 West Stadium Drive. Those present for the meeting were as follows:

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| Mayor: | Philip K. Price |
| Mayor Pro Tem: | John E. Grogan |
| Council Members: | Ronald H. Reynolds Ronald L. Janney Christine H. Myott Garry Tudor William W. Rorrer C. H. Gover |
| City Manager: | Radford L. Thomas |
| City Attorney: | Charles J. Nooe |
| City Clerk: | Kim J. Scott |
| Representatives from staff | |
| Representatives from News Media: | Mickey Powell, <u>Eden Daily News</u> , Alex DeGrand, <u>Greensboro News & Record</u> |

MEETING CONVENED:

Mayor Price welcomed everyone and thanked them for coming. He noted that the first item of business was consideration of single-family rehabilitation approval for Maria Nickerson. He stated that the Planning Department had asked that this be withdrawn.

Council Member Janney asked if that meant this issue would not come back up to which Mr. Thomas replied not at this point. He stated that it may be on their regular meeting agenda but he was not sure at this point because he had not had time to speak with the Planning Director about that today.

Council Member Janney stated that he did not know about anyone else and he did not know how much they had been into it, but he had a basket full of questions over this (item).

Mayor Price asked Mr. Thomas not to bring it back until some of those things were resolved as they did not want information that was not accurate.

Emergency Repair Dry Creek Outfall:

Mayor Price stated that they needed to add a request for emergency repair on the Dry Creek Outfall.

A motion was made by Council Member Rorrer seconded by Council Member Grogan to add the above item to the agenda. All Council Members voted in favor of this motion.

A motion was made by Council Member Rorrer seconded by Council Member Grogan for approval. All Council Members voted in favor of this motion.

Approval and adoption of amendment to the Animal Ordinance to include cats:

Mayor Price asked for the information to which Mr. Thomas stated that he did not have that in hand. He explained that what they had coming to them was the actual ordinance being prepared by the city attorney. (This item was discussed later in the meeting.)

Discussion on Report from Pluma Committee:

Mayor Price explained that next was a discussion on the report from the Pluma committee. He stated that they had an ad hoc committee consisting of Council Members Janney, Rorrer and Myott, who have discussed the result of Pluma leaving this community as well as some other things going on. He noted that they have met on several occasions and then called on Council Member Janney for his comments.

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Council Member Janney explained that the committee did not have enough information or had gone far enough to make a recommendation. Council Member Janney pointed out that they had six things listed that they had talked about and stated he would briefly make a comment so that those present would know what they talked about.

Council Member Janney noted the first (1) thing was the elimination of three positions in the Water and Sewer Fund with an estimated savings of \$77,000. That was one crew, now after some discussion, there was some agreement that they would hold one of those positions and eliminate another position over there and possibly replace that somewhere in the city.

Mr. Thomas stated that was correct.

Council Member Janney stated the second (2) thing was the savings at the Water and Sewer Plant, Water Filter Plant and Wastewater Plant for not treating...water and waste water would have been an estimated savings of \$95,000. He stated that thirdly, (3) a selective cut in the Water and Sewer Fund estimated \$88,100 dollars. He stated that he was not sure if he ever really understood what selective cuts were. He directed this question to Mr. Thomas.

Mr. Thomas explained that it was going through some of the departmental budgets and making specific line item cuts where at this point and time their budgets were showing dollars available in certain areas and they would just eliminate the money. Some of it was there for purposes of making repairs or minor improvements to some of the collection and distribution systems and they would eliminate that and if they had some of those projects come up, they could use the Construction Fund, which was a separate fund, or use their Water or Sewer Construction Fund to help fund some of those projects. So in looking at that, he was able to make recommendations to the tune of \$88,100. He added that a good portion of that was a \$57,000 appropriation included in the budget as a payment, first installment on the new sewer vac that was already approved for purchase several months ago. He stated that they could look at financing that 100% and it would really not eliminate that cost entirely, it would just defer it for a period of time into the next fiscal year and give them an opportunity to look more at the situation they have in hand which was \$57,000 now that they would not have to deal with.

Council Member Janney stated that the reason that it said estimates was because this could or could not happen. It was not a definite; this \$88,100 was not a positive thing.

Mr. Thomas stated that was right, it could vary somewhat, but he itemized by account number what those cuts would be. He stated that if they were interested in where they would be made, as an example it was \$3,600 here, \$4,000 there. One item was a \$16,000 item and then the \$57,000 for the initial payment for the sewer vac and all that totaled \$88,100.

Council Member Janney asked if anyone had any questions on what had just been stated.

Mayor Price stated that he was curious what the \$16,000 and \$15,000 type of thing was. He stated that they would come back to that and asked Council Member Janney to continue.

Council Member Janney stated understanding, and this was just for discussion, this group did not agree or disagree on this as they just talked about it. He continued that fourthly, (4) a rate increase across the board for water and sewer and meter charges, a flat rate, and fifthly, (5) make up the difference by an appropriation from fund balance. He stated that the last item was "iffy" as he and Mr. Sharp talked about it a little today which was to (6) refinance the bonds. He stated that 1991A bonds could be refinanced any earlier than April 2000. The 1991B bonds could be refinanced no earlier than April 2002. This could save approximately \$30,000 per year for the years 2001 to 2008 a total cash savings of \$257,000 for 1991A bonds. Savings would depend on the interest rate at the time of sale and savings could be more or less. He stated that that was why he and Mr. Sharp had had another discussion today. He pointed out that he did not know if Mr. Thomas was aware of that and that Mr. Sharp may want to comment.

Mr. Sharp stated that this was something that Mr. Thomas and he had discussed over the last little bit. Those bonds were private activity bonds and they can not be refinanced no earlier than 90 days before they were due and by refinancing it they would get a better interest rate and save money over the payment of the bonds. Plus there was an option that they would need to decide

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which savings they would want. Would they want savings up front or would they want to get these savings over the life of the bond. The \$30,000 per year was the estimated savings they would receive if they took it over the life of the bond plus a \$40,000 upfront savings. Or, they could structure the bond such that they could take savings in the first year. It was up to them. Also, there was a rule called a 2/3 Rule that allowed a city to go back and borrow as bonds 2/3's of the amount of principal that they retire in one year. Since their principal was \$1,225,000 that meant that the city could borrow \$815,000 in a year, in the year that they have retired it. So that was an option that they could borrow money at this point in time and he and Council Member Janney had discussed that as just another option. If they wanted to move forward with those bonds and do them in April, the next Council Meeting that was January 18th, they would have to have a bond order there for the Council to vote on. The timetable was such that everything would be ready to go in April. Come April, if the rates were not sufficient enough for them to move forward or the NC Treasury Department did not think it was a savings enough for them to move forward, then the bond order was open for seven (7) years. That would mean that from the date of the bond order, they have seven years to complete the sell of the bonds. So therefore, they could get the information going, get the process going, get it completed then wait to a point in time that would be advantageous to reissue the bonds. There were two issues, 91A and 91B. Only the 91A bonds can be refinanced this year. The 91B bonds would need to wait for two years, and the savings at that time may be, more or less, on those bonds. There was a built-in savings if they wait and do both bonds at the same time. The questions were if they wanted to do them all, just one of them, or would they want to do the 2/3's.

Mayor Price asked if they had to make the decision in January.

Mr. Sharp replied no that the decision in January would be for the bond order, to go ahead and get the process moving. They did not have to make the decision to sell the bonds until April, at that point and time, they make a decision.

Mayor Price questioned what would happen if he did not get the bond order in January.

Mr. Sharp stated that if they did not get the order to proceed in January then that puts them about a month behind down the road.

Mr. Thomas added that they just could not do the refunding or the refinancing before April of this year. It was no more than 90 days prior to the call date.

Mr. Sharp agreed and added that the bond principal payment was due June 1. Between April 1 and June 1 was their open window to refinance for this year and get the savings. After June 1, they were talking about less of a savings because the principal was a year farther down the road.

Mr. Thomas stated that the interest rates that they were seeing right now and the estimates or calculations that were made off the current interest rates show a \$30,000 per year savings for the remaining term on these bonds that would give a savings of about \$210,000 over the remaining time of the bonds. But they would see an annual savings in the debt service requirement of \$30,000 per year if they take it on an annual basis. That was part of the reason it was in the discussion now. If they choose to proceed with this then that was \$30,000 according to the interest rates they were seeing right now. That was \$30,000 in reduced cost that they could realize in their debt service expenses.

Council Member Janney stated that the one thing that he and Mr. Sharp had discussed today was the borrowing of money. He commented to Mr. Thomas that they had discussed it briefly in their meeting.

Mr. Thomas stated that he believed that they had covered it a little more in the Finance Committee meeting to which Council Member Rorrer replied they did not cover it in the Pluma meeting.

Council Member Janney continued that he and Mr. Sharp had talked about it today and there was that option, understand, that they could borrow money, but Mr. Sharp understands that he did not want to borrow anymore money.

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Mr. Thomas stated that the 2/3 rule, as he understood it, was available to them at any time.

Council Member Grogan asked if the \$30,000 savings was on the refinancing of the 1991A bond to which Mr. Sharp and Mr. Thomas clarified that it was just for the A's.

Council Member Grogan continued to question that if they do the April 2002 and the scenario was similar, would that be a similar amount of savings to which Mr. Thomas replied yes.

Council Member Grogan continued asking if they would be talking about \$60,000 rather than \$30,000.

Mr. Sharp replied, theoretically yes, but if they do that there will be an additional cost when they do bonds at that time.

Council Member Grogan asked if the Council decided to give the authority to move forward and look at refinancing of the 91A bonds, what cost would be incurred and if he (Mr. Sharp) decided he did not want to sell, that the market was not right in April, approximately what cost would have been incurred on the city.

Mr. Sharp replied that he believed that the Attorney had given them a base price on this. Mr. Thomas added that there would be some attorney fees involved and that would be about it. He did not know if the rating agencies would do anything at that time.

Mr. Sharp clarified that the rating agency would get their fee when the city does the bonds.

Council Member Grogan stated that he would like to know if they say sometime in January or February to go forward, what the upside and downside would be. The downside being the cost and if they do not do anything, how much did they spend.

Mr. Thomas and Mr. Sharp replied they could find that out.

Council Member Grogan continued that he would also like to hear some opinions from the state and if they recommend that the city do this as he had not heard this except once they apply, then they (state) say such and such.

Mr. Sharp stated that they (state) would not give anything in writing until they applied. He stated that they had talked to Mr. Gordon Johnson at the Treasurer's office in the debt management area and all he would say was that it was within the perimeters that they look at.

Mayor Price stated that they were looking at a \$60,000 per year savings compared to \$2,000,000 principle and interest payment.

Mr. Sharp commented that the 2 million dollars was based on both bonds meeting the same criteria at the same savings. The savings would be at the lower interest rate. The interest rate was lower now than when they originally purchased the bonds.

Council Member Gover asked Mr. Sharp that if during the crisis, they had gone into a holding pattern in this department to make sure that they would not incur other greater expenses than they have already incurred.

Mr. Sharp replied that since this has happened, they were not buying anything unless they absolutely needed it.

Council Member Gover questioned if that had been ongoing to which Mr. Sharp replied that had been ongoing for several months and probably before this actually became a fact.

Mr. Thomas stated that they have actually had some vacancies in certain areas as far as employees, and they have left those positions empty, one to save a little bit of money and two depending on the decisions that they make as far as reducing the staff, they do not have to lay anybody off or put anybody out of work. They have simply been able to eliminate through attrition more-or less.

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Council Member Gover stated that he was hoping that employees would come up with ideas to cut some cost as they go through those processes rather than just the Council try and decide what to do.

Mr. Thomas stated that was some of the discussion that they have had has involved Dennis Asbury, Benny Sexton, Ray Sharp and himself, and they have looked at budgets, things that they need to do in order to provide the services that the people need and deserve and to keep the facilities maintained and operating the way they were supposed to operate in compliance with laws and regulations and they have done that. One thing to keep in mind was at the time the budget was adopted in June of last year for the new fiscal year, the city was faced with having to come up with \$900,000 in the budget to make a debt service payment to be able to meet debt service requirement. They no longer had money in their Debt Service Fund that would or could be used to pay that bond indebtedness. Before the budget was adopted, he had requested at that time that the Council consider increasing rates to some degree to help make up some of that difference so that they may continue to put money into their construction funds and improve the water system and make improvement to the sewer system. The Council did not agree to that rate increase at that time and he was forced to make changes within the budget. Mr. Thomas noted that in doing that he had to find \$450,000. The Treatment Plants budgets and the Collection and Distribution budgets were pretty lean at this point and time. Because of the situation they were faced with in the budget during that budget process, they had to go ahead and make some pretty decent cuts and reductions and put some things off and make some changes in order to make that happen.

Council Member Gover asked what other areas that he knew of that should have a red flag and explained that it was just compounding (the problem) if they were pulling some from Paul to pay Peter then he would have a red flag over there, too.

Council Member Grogan stated that prior to that and to answer one of the questions about the savings at the Water and Sewer Plant, approximately four years ago, they had some consultants to come in from outside with the possibility of outsourcing that facility and from that study and those people working to show that they could do as well as an outside company. They had cut, he did not recall how many positions.

Mr. Thomas stated that over that last two years, there were five fewer positions at the Treatment Plants and four fewer in the Collection and Distribution area. So over the last two years, there had been a reduction of nine positions in the Water and Sewer Funds. A lot of that was due to reorganization. They had reworked how they were going about their process and realized some energy and chemical savings and cut some personnel costs. Some of those things that have already been done over the past several years have been the types of things that have helped eliminate the need to come to the Council. Before they were working on the 99-2000 budget, but have eliminated the need to come to Council at that time and talk about the need for adjusting rates. Over the last several years, because of some decisions made by this Council and some recommendations made by the staff, there had been a reduction in cost at this point. In that fund to begin with, they have made those reductions and then they have the situation that he referred to earlier with the \$900,000 not being available to help make that debt service payment. That was new cost that was placed into the Water and Sewer Fund and now that was the only place that the money comes from. He stated he referred to it as operating revenue, the selling of water and the treating of sewer where that \$900,000 was coming from a separate fund that had been setting there for a couple of years. That money now has to come from operating revenues that were being used to provide service and treat water and as contributions to the Construction Funds. The budget that they were operating from right now has no contribution going to the Construction Funds for upgrades of two-inch water lines and replacing deteriorated sewer lines and so forth. The only money that was available to those construction funds was what was in the fund balance for those construction fund balances. They just re-appropriated that money so once that money was spent then there was no money left in the Construction Fund because they were not making any contributions to it. One of the things that they have carrying about a \$100,000 contingency in the Water and Sewer Fund, in this budget they reduced that to about \$60,000. He stated that the Council could make a decision as an additional cut to have no contingency budgeted at all and if they have an emergency, then just address the emergency at that point and time, appropriate the money out of fund balance money, fix the problem, and move on. He

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stated to him that was a one time fix because he did not believe it was good fiscal policy to not have contingency amounts budgeted in their budgets. That would be an additional \$60,000 they could add to the \$88,100.

Mayor Price noted that they had asked about the two cuts that Mr. Thomas had spoken about.

Mr. Thomas replied that it was in Account 5400, Capital Outlay, which was for building additions. In the past that has included fencing around Klyce Street, resurfacing parking lots and so forth. He stated that with a lot of that work they had found a way to complete that in the previous fiscal year but they did it before this budget was adopted, if he was not mistaken. The \$16,000 in there right now, he stated that he was not sure if they needed it at this point and time. Some of things that had already been budgeted for had already been done and what had not been done was not something that could not wait a while until they put a little more thought into how they were going to resolve the situation.

Council Member Janney noted some other things that they had talked about. He directed everyone to the bottom of the sheet where it says, they performed a rate study on all the following items in the Water, Sewer and Construction Fund before next year and those were listed. He commented that they just briefly came to them, all positions, expenditures, revenue and most of those have been hit. He stated that the savings that they were talking about were \$260,113 and that was far short of what they were looking for. If it stayed that way, the City Manager said a 10% increase for the next two years for a total of 25% to maintain the budget and believed that was Mr. Thomas words.

Council Member Janney continued that he had a concern because some other things came up and he did not believe that they gave those things due credit. When the City Manager made his presentation the other day, he related to some of them that they move the water and sewer collection and distribution daily field operations down to the Water and Sewer Plant on Mebane Bridge Road. He stated that would be a \$100,000 move right there that was just for the building.

Mr. Thomas stated that was correct but the funds that were appropriated in the budget this year to do that was \$50,000 in the Water Construction Fund and \$50,000 in the Sewer Construction Fund. That money was in a separate fund and was not a part of their operating budget for water and sewer.

Council Member Rorrer replied it would be if he had his way.

Mr. Thomas stated that if they did not do that project and they move that money from the Construction Fund to the Water and Sewer Fund to make ends meet this year then that was a one time fix. That was like taking money out of your savings account so that you would have more money in your checking account and then not putting any money back in your savings account. Once they spend that money then it was gone. It was a one-time revenue source. When they end this year they would still have that \$100,000 gap that would have to be made up somewhere. It was a one-time fix that goes back to what was said earlier about robbing Peter and paying Paul.

Council Member Rorrer stated that this may not be appropriate wording but they could "kick this football around for a few hours" and not get anywhere. He would like to hear the City Manager's proposal on how they were going to handle this problem.

Council Member Janney questioned that if they make this \$100,000 move down there, then in his words the move of this nature would place more importance on the need for a Superintendent down there. So they have to hire a Superintendent to go down there to do that job so there was another person on payroll. They also talked briefly, very briefly, as a comment was made as if they really needed a Municipal Services Director.

Mr. Thomas noted that comment was made by Council Member Janney.

Council Member Janney stated that he was exactly right and he was not ashamed of it at all. He continued that he believed that they have not looked at that close enough. The comment about the Receptionist did not come from him to eliminate some cost. He asked if they really needed to replace in Billing and Collection, the one that retired. He stated that he did not mention that

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and he was not sure who did, but he did not believe they gave enough emphasis on that. He stated that he had just one more thing to say about the reductions and that did not mean they would agree or disagree or whatever, but in paying bills, have they ever looked at, if they put that somewhere else, would it be a savings, would it be something to go after to help the cost because most of what was in the Finance Department was totally water and sewer related. They collect those bills. The only reason he thought about that was because he went out to where he pays his power and gas bill and that was a one-stop deal. He did not know if it made sense and he did not know if he even wanted to look at it after they looked at it, but he thought it was something that they ought to look at, not saying that he was opposed to what they had or what they were doing. He explained that he thought they needed to look at every avenue before saying "here is a 10% increase in the water rate for the next two years for a total of 25% to maintain budget needs." He stated he thought they needed to show the people

that they plan to make every effort to do it and he really did not think they have done it if they take the comments they heard the other night that he asked to be released that was not released. He stated that he thought that some of those things go totally against what they were trying to do, trying to eliminate cost. He commented that he was through with his presentation and he hoped he did it justice.

Council Member Rorrer stated that he just wanted to see Mr. Thomas' total presentation on how to handle it, then he would have more comments.

Mayor Price asked Council Member Myott if she had any comments.

Council Member Myott stated that she wanted to comment on not replacing this Billing and Collections Clerk that retired. She questioned if that was included in one of his three positions.

Mr. Thomas stated no that was not included in it, that would be a fourth possible position.

Council Member Myott stated that was what they needed to hear from Mr. Thomas, how important those positions were in the Finance Department.

Mr. Thomas stated that there were other jobs that the people in the Finance Department do other than just collect bills and mail bills. One was assigned to handling insurance claims and bookkeeping and making sure that if someone runs over a manhole in the city street and it kicks up and damages their car, the city has a claim and someone has to handle those claims. They do those types of things and accounting functions that go along with it. There were also customer service questions that come about and a large degree of what they do was related to water and sewer but there were other duties that they have to perform. A portion of that position's salary was paid out of the General Fund and a portion of it was paid out of the Water and Sewer Fund through reimbursement. So, it could realize some savings. He stated that he had asked Mr. Sharp to do some studying as to how he could possibly rearrange some things within his office and reassign some duties to determine whether or not they could do without that position. He had not had the opportunity to hear Mr. Sharp's report on that as of yet. The positions that were being proposed here were an Equipment Operator and the other was a Laborer. They have remained vacant for this reason and the other would be taking a clerical position and reassigning them to City Hall as the Receptionist to handle the switchboard and provide some clerical support to the departments that do not have any clerical help. He added that would be in addition to carrying some overflow work for some of the departments that do have some clerical assistance. This would involve reassigning an existing employee and not filling those two positions that were vacant at the present time.

Mr. Thomas stated he did not believe for the staffing needs that they have to remain in regulatory compliance and to have people there for safety reasons and monitoring reasons, he did not believe that any further reduction in staff was justified at the Treatment Plants and in the areas where they have mechanics to go in and make repairs to those facilities. He stated he that the changes that they have already made over the past few years that they were down to about the minimal number of people for a plant the size that Eden has, a 21 million gallon/day plant, it was not reducing that but it was that size plant and it has certain requirements that has to be met. He stated he did not believe that they could reduce the staff any further in that area and if they go any further in Collections and Distribution in just those two positions, they could be faced with

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the situation that the service that they provide to the customers was going to suffer. People have water leaks and water pressure problems and they were out in the middle of Highway 14 last night repairing an 8-inch main that blew in front of Fuzzy's Restaurant. He explained that they need to be able to have enough people, considering employees taking vacations, out sick, in schools that were required, they need to make sure that they have enough people who could respond to the circumstances that arise and enough people to ensure that they have the proper number of people on the job doing the daily work that they have to perform. He stated that they need a backhoe operator, somebody on a truck and they need somebody there who could make the repairs, the tap or whatever. He stated that they did a fair amount of construction such as the 2-inch replacement program. They have done a lot of that in-house and when that was done, it moved a little bit slower than if a contractor did it, but they have other jobs that need to get done as well. That saves a considerable amount of money for the city. He explained that if the job cost them \$20,000 they might have paid a contractor \$35,000 or \$40,000 to do the same job. He stated that it was saving them some money to be able to do that job in-house. He stated that at this point and time, until he received a little more information from Mr. Sharp about being able to do some things differently within the Finance Department, he did not feel comfortable recommending that they make any further staff reductions than the three that he had already talked about.

Mr. Thomas stated that he had never worked in a town where there was not somebody who was responsible for the public works functions, a director, or a lead supervisor, depending on the size of the town. Someone needs to be there to coordinate the work between the various divisions that fall under public works and make sure that everything was functioning properly. He stated that to him, that was not something that needed to be considered, as there needs to be somebody to run those operations.

He stated that as for the \$95,000 that they were talking about, as far as the estimated savings at the treatment plants, that would be in reduced electricity cost, chemical cost and so forth, and that was an estimate. He explained that some of those things were kind of hard to put a good firm number to, but based upon historical data and the gallons that were being used by Pluma, they felt like they could see, on an annual basis, that amount of savings. He stated that again, that \$88,100, the Council could have the option of producing within the budget the \$60,000 contingency, instead of the \$260,000 that was mentioned, that could become \$320,000. He stated that they were looking at trying to solve a million dollar problem and he just...

Mayor Price interjected that it was much more than a million dollars.

Council Member Myott added that it was 1.3 million or something was it not to which Mayor Price replied that just the amount of money that they do not have to pay on the bond was \$900,000 roughly and then they had the short fall from the lack of water sales.

Mr. Thomas stated that if they wanted to look at it in that perspective, when they have the short fall of the water sales from Pluma and they look at it and what they had to do with \$900,000 to go towards their debt service payment, they were actually ending up with roughly \$2 million less operating revenue in this budget than they had in the previous year. He stated that it was a considerable amount of money. That \$900,000 dollars would have gone towards construction or operational expenses and it was not there anymore. It had to go towards debt service. Then the loss of the million dollars or so from Pluma's operation, they were talking about \$2 million less revenue that was available in the Water and Sewer fund to get the job done.

Council Member Janney commented that he was right, it was right at \$2 million and the Mayor...to which Council Member Grogan asked that they go back to Council Member Rorrer's question. He asked what the City Manager's recommendation was.

Mr. Thomas replied that the concerns with the staff, he believed that they needed to make those changes with those three positions and save that money. He believed that they needed to make those cuts that have been recommended for the \$88,100 and then they would see the \$95,000 savings by not purchasing electricity and chemicals and so forth.

He stated that in getting an answer to the question about the refinancing and what cost they would have involved, he thought that they needed to pursue the refinancing. That would be

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some additional money not just in this year, but in some future years on the bonds. He stated that they would come up to somewhere around \$300,000 worth of reduced cost in the Water and Sewer Fund and thought they were going to have to come up with some degree of increase in their water and sewer fees to make ends meet. He suggested that they could implement something right now as a stop gap and continue to evaluate the situation as they move through the budget process and just try to move forward from there. He stated that as they get close to the end of the year and if they had not done enough, then they could breath some and get some type of fund balance appropriation to fill the gap. He stated that there again, if they did that, it was a one-time fix, it did not eliminate the situation that they have. He stated that all that amounted to was just taking money out of the bank to pay their monthly bills.

Mr. Thomas asked that they recall that during the budget process, for their current year's budget, he had requested money within that budget to have an accounting firm or a consultant come in and spend some time working with them, looking at cost, looking at rates and looking at operations to help determine what their rates really look like and not just setting the rates but making sure their rates were structured properly so that they were recouping their fixed cost, like debt payments and variable costs in the proper way.

He stated that there were two components to the expenses that they have, fixed and variable, and they should make sure that the rates they have properly reflect how they were recouping that cost.

Council Member Rorrer stated that he had asked for the Manager's recommendations. He stated that he knew that he had problems with his ears, but he still had not heard the recommendations. He stated that he had he had heard some general talking and whatever.

A motion was made by Council Member Rorrer that they have the City Manager come back with a written recommendation before the meeting, so they would have time to look at it and study it. Council Member Grogan seconded that motion.

Council Member Janney commented that he understood the motion and the second but, he (Rorrer) and Council Member Myott and himself (Janney) and several others have set through several meetings. He noted that not a single thing on that recommendation came from anybody that was appointed to that committee. He asked that they tell him what it was. He stated that when they get through with this thing they would not get any further along, they were not going to have anything any different tomorrow than they had tonight, (as) they (had) just heard it.

Council Member Rorrer replied that he would have it in black and white to which Council Member Janney pointed out that he had it in black and white now and that he would not have anything any different. He stated that they have not been able to penetrate this system any way, shape, form or fashion. So he was wasting his time. He added that he would vote, but he was wasting his time.

Council Member Rorrer noted that he had been wasting what time he had been sitting there so far to which Council Member Janney replied that he had wasted several other meetings too.

Mayor Price asked if there were any other comments on the motion. He added that he would have to disagree with both comments. He stated that he thought their time had been well spent as it had been enlightening the rest of them. They have narrowed things down and he thought everyone there saw there was a substantial short fall in the amount of revenue that was coming into this city. He stated that they have looked at things that frankly other people had not spent time on and he thought that narrowed them down, so he thought their time had been worthwhile. He stated that personally, he was a little disappointed that they were not prepared as a Council to at least instruct the City Manager to come forward specifically and he thought that they would have something tonight in front of them to go ahead and act on.

Council Member Grogan explained that in seconding Council Member Rorrer's motion, there were some specifics that he would like, as far as his recommendations, if he was going to make those type of recommendations then let they should talk about dollars rather than percent. He stated that when they talk about percentages it might be 50 cents or it might be \$5 or \$4, but he

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wanted a dollar amount. He explained that if he was talking about an increase in his water or sewer bill, he wanted to know about dollar and cents.

Council Member Gover agreed that he would go along with that.

Council Member Janney commented that he believed that they discussed that in their meeting one time. Then he questioned if they had said something about that.

Council Member Grogan stated that he wanted it in writing. Council Member Janney agreed and stated that they should have gotten it to him because they talked about that.

Mayor Price thanked him for the work he had done on that. He then asked if there were any other comments on this motion.

Action on the motion was follows: All Council Members voted in favor of this motion. This motion carried.

Mayor Price asked the City Attorney to correct him if he was wrong, about the money that was in a sinking fund. He stated that as it was explained to him, all the money that was borrowed through the bond issue was not used, that balance was put into a sinking fund and every year a portion of that was allocated toward the bond and into the interest and principal payment.

Mr. Thomas clarified that it was just the principal.

Mr. Nooe commented that in fact, he would not attempt to answer those questions without going back and looking at the documents. He explained that no one had asked him about any of it and there were things mentioned there like, "how are you going to refinance the bonds". He stated that he was familiar with the statute that lets them issue a certain percent of the bonds that they retired in the previous year without a vote of the people but how were they going to refinance those bonds themselves without a vote of the people. He stated that for example, he was not aware of that statute.

Mr. Sharp stated that he would get the statute for him.

Mayor Price stated to Mr. Sharp, that for the information of all the Council people, particularly the new ones, he would like an explanation because he was talking about a lot of money. He asked if he would give that information out to everybody.

Discussion of an amendment to the Animal Ordinance to include cats:

Mr. Nooe explained that in looking at preparing an ordinance that would deal with the impoundment of cats, the same as dogs were impounded when they were running loose and not under the control of the owner, first he was aware of the fact that they would have to have a place to impound the cats, if they were going to treat cats the same as dogs in that area. He stated that the contract that the city had, with regard to the pound, was a five-year contract and it was dated June 1987 and that provided \$400/month for the pound paid to the Dr. Glasscock, Eden Veterinary Hospital, for operating the pound for

the city. He stated that presently the city was paying \$852.63/month for that, but the contract itself expired years ago. There would need to be a new contract to make sure of what Dr. Glasscock was going to charge to accept cats before they adopt an ordinance to impound cats.

Mr. Thomas stated that he thought they were already accepting them but he would double check that.

Mr. Nooe explained that there needed to be a contract with whoever was going to be the operator of the pound and the Council needed to decide what it would pay, or agree to the terms of the contract and if it was going to be for the same amount.

Council Member Janney questioned if he just needed a motion just to enter into a contract with Dr. Glasscock.

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Mayor Price commented that they needed to have a conversation with him (Glasscock) first and Council Member Myott stated that she wanted to know how much it was going to cost.

Mr. Nooe stated that it might cover cats. Then that would mean that they have actually been picking up cats and taking them and having them (euthanized) without the ordinance providing for it. He explained that there was a state statute that would have probably have covered it because state statutes that deal with rabies vaccinations apply to cats and dogs equally and it would be the duty of the county animal control officer to pick up cats that did not have an owner's name and vaccination tag on it, but he did not know if they had been doing that. Mr. Nooe stated that he was just saying that they needed to get the City Manager to get the status of what the agreement was and what he would recommend, as far as a contract, as to the terms of the contract because they also have matters that would be involved in whose authority was required to enter into the contract. He stated that he believed the present contract would exceed the City Manager's authority to make a 12-month contract.

Council Member Janney questioned if they were going to have a meeting before the next meeting (regular meeting) to discuss the Pluma situation.

Mayor Price asked Mr. Thomas how his time was looking and if he would be prepared for a recommendation. He noted that today was the 6th and the regular meeting was on the 18th. He stated that they needed to resolve it preferably next week.

Mr. Thomas noted that the agenda (for the regular meeting) would go out on the 11th and that they could meet next Thursday (13th). After further discussion it was determined that a meeting for discussion of the Pluma impact would be held on Thursday, January 13th, at 5:00 p.m.

Council Member Janney asked if they would have an answer on the contract so they could go ahead with the cat ordinance.

Mr. Thomas replied that he would try to have that information as well. He stated that he would try to make some contact with Dr. Glasscock and they could probably work with the old contract as a form and make the appropriate changes.

Council Member Janney commented then they could have all of that and complete the whole thing by the 13th.

Mr. Thomas stated that he hoped so. He stated that Pluma was going to be priority over the other but he would do his best to try to have both of them.

Adjournment:

A motion was made by Council Member Rorrer seconded by Council Member Myott to adjourn. All Council Members voted in favor of this motion.

Respectfully submitted,

Kim J. Scott, CMC
City Clerk

ATTEST:

Philip K. Price
Mayor