

CITY OF EDEN, N.C.

A special meeting of the City Council, City of Eden, was held on Thursday, June 29, 2000 at 4:00 p.m., in the Council Chambers, 338 West Stadium Drive. Those present for the meeting were as follows:

Mayor:		Philip K. Price
Mayor Pro Tem:		John E. Grogan
Council Members:		Ronald H. Reynolds
		Ronald L. Janney
		Christine H. Myott
		William W. Rorrer
		C. H. Gover, Sr.
		Garry Tudor
City Manager:		Radford L. Thomas
City Attorney:	(Absent)	Charles J. Nooe
City Clerk:		Kim J. Scott
Administrative Staff:		Sheralene Thompson

Representatives from City Departments:
Representatives from News Media:

Reid Baer, The Daily News,
Leslie Brown, Greensboro
News & Record

MEETING CONVENED:

Mayor Price called the special meeting of the Eden City Council to order and welcomed those in attendance.

ADDITIONAL ITEMS TO AGENDA:

1. Consideration to tennis court resurfacing (awarding of contract)
2. Consideration of budget amendments

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

Consideration of tennis court resurfacing:

This was to finish the job before the next fiscal year and to get the tennis courts in shape for summer use. Two bids were received: McCourt North Surfacing of Sanford in the amount of \$9,145.00 and Barkley Courts, Inc., of Winston-Salem in the amount of \$12,540.00. The recommendation from the Recreation Director was to award the contract to McCourt North Surfacing.

A motion was made by Council Member Grogan seconded by Council Member Gover to award the contract to McCourt North Surfacing (in the amount of \$9,145). All Council Members voted in favor of this motion.

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3. Consideration of Budget Amendment:

Budget Amendment # 9

This is the Ninth Budget Amendment for the year.

	Account #	From	To	Amount
General Fund				
Revenue				
Expenditures				
Governing Board-Advertising	10-4110-37200	\$1,500.00	\$2,600.00	\$1,100.00
Governing Board-Contracted Services	10-4110-39400	\$49,400.00	\$79,400.00	\$30,000.00
Administration-C/O Equipment	10-4120-57000	\$2,000.00	\$17,000.00	\$15,000.00
Spec Approp-Computer/Copier	10-9920-69840	\$30,000.00	\$-	\$(30,000.00)
Contingency Appropriations	10-9990-99100	\$78,130.00	\$62,030.00	\$(16,100.00)
				<u>\$-</u>
Debt Service				
Revenue				
			\$-	<u>\$-</u>
				<u>\$-</u>
Expenditures				
D/S Principal Bonds	20-9100-71000	\$1,225,000.00	\$1,410,000.00	\$185,000.00
D/S Interest Bonds	20-9100-72000	\$832,000.00	\$647,000.00	\$(185,000.00)
				<u>\$-</u>
Water & Sewer Fund				
Revenue				
W/S Sale of Water	30-3362-51200	\$2,665,000.00	\$2,145,000.00	\$(520,000.00)
W/S Sewer Charges	30-3363-51300	\$2,989,000.00	\$2,116,600.00	\$(872,400.00)
	30-3832-63275	\$145,000.00	\$20,900.00	\$(124,100.00)
	30-3832-63275	\$150,000.00	\$24,200.00	\$(125,800.00)
W/S Fund Balance Appropriated	30-3991-99100	\$118,225.00	\$1,760,525.00	\$1,642,300.00
			0	<u>\$-</u>
Expenditures				
		\$-	\$-	<u>\$-</u>
				<u>\$-</u>
Fleet Maintenance				
Revenue				
Charges to G/F Parts	31-3351-51000	\$196,100.00	\$226,000.00	\$29,900.00
Charges to G/F Fuel	31-3351-51100	\$124,000.00	\$126,000.00	\$2,000.00
Charges to W/S Parts	31-3353-51000	\$40,100.00	\$42,000.00	\$1,900.00
Miscellaneous Revenue	31-3839-89000	\$-	\$1,000.00	\$1,000.00
Fund Balance Appropriated	31-3991-99100	\$1,800.00	\$6,000.00	\$4,200.00
				<u>\$39,000.00</u>
Expenditures				
City Garage-Purchase Inventory/Parts	31-4210-95300	\$132,000.00	\$171,000.00	\$39,000.00
				<u>\$39,000.00</u>
Capital Reserve Fund				
Revenue				
Capital Reserve Fund Balance Approp	70-3991-99100	\$1,721,675.00	\$1,730,075.00	\$8,400.00
			0	<u>\$8,400.00</u>

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Expenditures

Capital Reserve/Special Services	70-4910-29904	\$1,275.00	\$9,675.00	<u>\$8,400.00</u>
				<u>\$8,400.00</u>

Attest:

s/Kim J. Scott
Kim J. Scott, City Clerk

s/Philip K. Price
Philip K. Price, Mayor

Mr. Thomas noted that a copy of the budget amendment was presented to the Council at the Tuesday Council Meeting for review. There was one addition. He gave the Council a revised amendment where at the bottom of the first page, it pertained to the Capital Reserve Fund. He explained that this was partially taken care of in one of the other budget amendments the Council recently adopted and they realized they needed one more step or two to get it done.

Mr. Thomas called attention to Page 2, \$8,400 that showed up under Capital Reserve Fund Revenue and Capital Reserve Fund Expenditures. This was just to get things in order with the handling of the money for the Run About Travel Club as it passed through the city's finances.

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

Water and Sewer Rates:

Mayor Price asked if all Council Members had the information that Mr. David Cain had left with them to which they did.

Mayor Price noted that Mr. Thomas indicated in his message to the Council that to balance the budget they had to have additional revenue of \$950,000. Mr. Cain indicated several alternatives that could be used, increasing rates to the non-contract customers, and increasing rates to both non-contract or not increase to non-contract customers and increase to contract customers.

Mayor Price called attention to Page 5 of the information which was a rate summary of a residential rate increase only. It showed a proposal, basically break even, to the system as they go along, giving them the necessary revenue to balance the Water and Sewer Fund for the coming year, which in turn, funds the construction funds for both water and sewer.

Council Member Gover asked if this affected the budget to which Mr. Thomas replied, it did. Council Member Gover stated he knew they would have to do it in the year, but at this very moment...

Mayor Price stated that he thought they were asking if the budget could be set and adjust the water rates any time during the year.

Mr. Thomas stated that what they were doing was not setting the revenues in a manner that is based upon what the rates will generate at the current time according to the information that has been provided by Mr. Cain. The assumption is that the revenues are based upon rates being set, in a manner that they would reasonably produce the revenues needed to operate. If the Council were to adopt the budget, with the rates as they are currently set; they would not generate the amount of revenue that they need. If they were to wait 30 days, using those numbers, they would receive 30 days less revenue than what would be necessary for the expenditures proposed.

Council Member Gover asked how long it would take to negotiate with their customers to which Mr. Thomas explained that they negotiate with the contract customers and they would know as far as the contract customers what those rates are once they finish out the fiscal year (tomorrow), and they can determine the actual cost and establish those rates. The contracts provide for a period of time where they determine what the actual cost is, establish a rate and anything that they may have been under billed for that period of time, a statement is sent that catches them up and it tells them what their rate will be for the remainder of the year. The contract customers are provided for in that manner. The non-contract customers, it is a matter of the Council determining what the rate needs to be to meet the operational and expenditure level. He added

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they were seeing that the assumptions they have for the contract customer makes up a little over a million dollars of the 2.2 million shortfall they would have at the current rates, and it leaves about \$950,000 that would have to be derived from the non-contract customers. The rate for the non-contract customers would need to be set prior to adopting this budget or as a part of adopting this budget; otherwise, they were not setting rates in a manner that it would reasonably generate the revenue needed to operate.

Council Member Gover said he was confused on how they set the revenue for the budget if they did not know what they were going to have. He added that something was not kosher there.

Mr. Thomas said he has been very clear about that, the revenues he had estimated were done so based upon the assumption that rates would be increased to generate that level of revenue. If they are not adjusted, to make up that difference then outside of the contract customers, which they know will be adjusted because of the contracts, they will have a \$950,000 shortfall in the revenues in the Water and Sewer Fund. He noted that he had provided a memorandum to the Council that clarified that and he believed very clearly stated how it came about.

Council Member Tudor referred to Page 5 of the rate summary; Water and Sewer Fund where it said water rates per 1000 gallons, water inside the City, current .71 cents per 1000 gallons proposed. One dollar and fourteen cents proposed per 1000 gallons, the percentage increase is 61%. He asked if that was the recommendation to which Mr. Thomas replied that was correct for the current budget.

Council Member Tudor stated he thought the people elected Council Members to be responsible and do what this government needs for them to do. Therefore, he was going to swallow hard and make a recommendation to accept this proposal and that was in the form of a motion.

Mayor Price referred to Page 5, there were Water and Sewer rates for water inside the City, water outside City, sewer inside City, sewer outside City, he asked Council Member Tudor if his motion was to include that whole. . . Council Member Grogan stated he would second the motion.

Council Member Grogan explained that inside the City .71 cents would go to \$1.14; outside the City on water will go from \$1.24 to \$2. Sewer inside would go from .80 to \$1.34 and outside from \$1.40 to \$2.35.

Mr. Thomas stated this was only an adjustment of the per 1000 charge as what has been proposed by Mr. Cain on Page 5. This did not change the meter charge, or flat charge on a monthly basis which would remain the same. Therefore, those customers that are not large volume users would see very little change in their monthly bill. The example he had given was 3000 gallons per month which would go from \$9.24 to \$12.18. It was just a couple of dollars. He added that not having any rate increase since 1990, he personally did not believe that was unreasonable.

Council Member Gover asked if Page 5 was for residential only, this is that across the board for everything.

Mr. Thomas explained that this would be the non-contract customers, residential, commercial, and those industrial customers that are not under a contracted rate with the City.

Council Member Janney stated the City bills every two months in which Mr. Thomas answered that was correct. Mr. Janney explained that a 3000 gallon user which is the lowest, would be \$3.82 more per billing--\$1.91 per month more, adding if he calculated correctly.

Mr. Thomas said that the 3000 gallons was on a monthly basis, so a two month billing would be 6000 per two months and the difference would be about \$6.00 every two months.

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Council Member Gover explained that it was going from \$9.27 to \$12.18 per 3000 gallons. Mr. Janney replied that was correct as he had an error. Mr. Thomas said it would be \$5.62 every two months on a 3000 gallon customer

Council Member Janney stated he wanted to know when the Council voted the other night to give pay increases to all the employees, those pay increases affect the cost of water and sewer.

Mayor Price replied (it affected) the Water and Sewer Fund portion. Council Member Janney stated and then the pay increases affect the Enterprise Fund, anybody associated with it. He asked if that was taken into consideration in the budget.

Mr. Thomas replied that would have been taken into consideration as they were putting money together to help be available to fund the Pay and Classification Study. That allowance has been made in the budget for those recommendations. If Council provides to the employees, a \$1000 per employee increase what they were doing was reducing the amount of money required to implement the Pay and Classification Study by \$1000 per employee, because it would be moving them \$1000 closer to where the study recommended that they need to be.

Council Member Janney stated he was not getting into that part. Mr. Thomas explained the short answer was yes, there was money that would be available and has been provided for and in the raise.

Council Member Janney replied he was missing the point. He was asking, when they increase the cost of water and sewer, if they give increases, they increase the cost. Everything associated with it has to be adjusted because in the billing and collection where they put some money in the Enterprise Fund that has to change. It will change because they are paying more to get the job done.

Mr. Thomas stated the rates, as proposed, would cover that. Mr. Thomas wanted to know if he was referring to the Administrative charge to the General Fund. Mayor Price explained that Council Member Janney's question was if they had factored in the total amount of increase that would go to the employees into the operation budget.

Mr. Thomas stated there would be money available, yes. It was factored into that. The majority of it was sitting in the Contingency Fund to be allocated to the appropriate departments as it needed to be.

Council Member Janney stated he was not going to ask the question again, because nobody understood what he was trying to say. He told Council Members to watch the budget and they would see what he was trying to say.

Mayor Price explained that a motion was on the floor to accept the recommendation as listed on Page 5, as the stated rates.

Action on the motion was as follows: Those voting in favor of the motion (to increase the rates were) Council Members: Reynolds, Grogan, Myott and Tudor. Those voting in opposition were Council Members: Janney Rorrer and Gover. The motion carried.

A motion was made by Council Member Grogan seconded by Council Member Tudor to adopt the 2000-2001 budget when the Council receives the additional information.

Council Member Rorrer stated they needed to open the budget before voting on it as they had not opened it up. Mayor Price asked what Council Member Rorrer meant to which Council Member Rorrer stated they had not gone into the budget or anything.

Mr. Thomas explained that with a motion to adopt the budget, the Council would be approving the budget and also the revenues and expenditures by fund and department that would be in the budget ordinance that would need to be adopted. By approving the budget today with that in mind that these numbers would be placed into that budget ordinance, the Council could adopt the

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actual document for the budget ordinance at a later time. The Council could do it at the July 18th meeting or a special meeting between now and July 18. The Council would be approving the budget with the departmental expenditures as proposed with the tax rate set at .57 cents as proposed assuming they (Council) adopt the budget with fees that Council recently approved and the water and sewer rates the Council recently approved along with the capital expenditures. The Council could adopt the actual document at a later date, but they would still have met the requirements under the statute to have a budget adopted no later than midnight on June 30th (tomorrow). That information was upon consultation with Mr. Jack Vogt at the Institute of Government according to Mr. Thomas.

Council Member Rorrer stated before the Council voted on the budget, he thought they were going to look into it. There were some things on the list, too that were not covered.

Mayor Price stated that the Council had gone through pay and classification, capital budget, water and sewer, renovation, and solid waste. He asked if there were things he (Council Member Rorrer) wanted to discuss.

Council Member Rorrer replied yes, and he asked Mr. Thomas if he took out the positions in the water and sewer repair that he said he was eliminating a while back. Mr. Thomas replied, yes sir.

Council Member Rorrer asked, they are not in this budget to which Mr. Thomas replied, no sir.

Council Member Rorrer stated he wanted that in the record.

Council Member Rorrer asked if they took out the position in the billing and collecting department that was not filled.

Mr. Thomas replied that the Planner was eliminated. The position in billing and collection had not been put on the table. They just had not filled it at this point in time. He stated that position was budgeted and was included in this budget.

Council Member Rorrer asked how many people were budgeted in the Planning Department to which Mr. Thomas replied just those at the current staff level.

Council Member Rorrer explained that there were two requests for that department.

Mr. Thomas stated that was correct and he cut that to one to begin with and the Council eliminated the other and that has been removed. So, it is at the current staffing level in the Planning Department.

Council Member Rorrer replied that all they were talking about with the exception of one had been discussed, (but) very little, in the Finance Department (position), that money was still there.

Mr. Thomas replied that was correct and added that the Superintendent for Collection and Distribution had been taken out. Council Member Rorrer replied he had already explained that along with the Planner, but the others they had not discussed whether they were in there or whether they were not.

Mr. Thomas stated that the Council cut those out of the budget several months ago and they were not included when the Council went through the process.

Council Member Rorrer stated that one of them had never got to them to decide, the extra one in the Planning Department. He added he wanted to be sure it was in the minutes that it was not there.

Council Member Grogan recalled making a motion to hire the Planner and it was voted down 4 to 3.

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Mr. Thomas noted they could amend the budget at any time and in any manner that they desire. Council Member Gover noted that other than the tax rate, it could be amended.

A motion was made by Council Member Grogan seconded by Council Member Tudor that the budget be approved and requested that the Administration prepare all of the documentation for approval prior to, where it can be reviewed by the Council at their July meeting, unless the Council has a special meeting before that.

Action on the motion was as follows: Those voting in favor of the motion were Council Members: Reynolds, Grogan, Gover, Myott and Tudor. Voting in opposition were Council Members: Janney and Rorrer. The motion carried.

ADJOURNMENT:

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

Respectfully submitted,

Kim J. Scott
City Clerk

ATTEST:

Philip K. Price
Mayor