

CITY OF EDEN, N.C.

A special meeting of the City Council, City of Eden, was held on Thursday, May 4, 2000 at 4:30 p.m. in the Council Chambers at 338 W. 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
	Garry W. Tudor
	William W. Rorrer
	C. H. Gover
City Manager:	Radford L. Thomas
City Attorney:	Charles J. Nooe
City Clerk:	Kim J. Scott
Representative from New Media:	Mickey Powell, <u>The Daily News</u> , Leslie Brown, <u>Greensboro News & Record</u>

MEETING CONVENED:

Mayor Price called the meeting to order and welcomed those in attendance.

HIGHWAY 14 SEWER PROJECT:

Consideration of method for providing sewer tap in consideration for easements on Highway 14 sewer project.

Mayor Price explained that the City Manager had asked that this item be withdrawn.

CLOSED SESSION:

Closed Session to consult with attorney in order to preserve the attorney client privilege according to GS 143-318.11(a)(3).

A motion was made by Council Member Rorrer seconded by Council Member Grogan to go into Closed Session. All Council Members voted in favor of this motion.

OPEN SESSION:

A motion was made by Council Member Gover seconded by Council Member Rorrer to return to Open Session. All Council Members voted in favor of this motion.

BUDGET WORK SESSION:

Mayor Price asked the City Manager to give an overview of the budget.

Mr. Thomas explained that due to time, he had been asked to give the Council an abbreviated review of the budget and they were scheduled to meet again on Tuesday, May 9th at 4:30 p.m. He explained that he would give a general overview, by fund.

Mr. Thomas stated that the budget draft was in balance in all funds and the total amount of this proposed budget was \$22,502,900.

Tax Revenue Collection:

Mr. Thomas stated that based upon information provided by the Rockingham County Tax Department, the real estate tax base for the City of Eden was estimated to be \$467,556,000 for fiscal year 2000/2001. He stated that personal property tax base, which did not include registered motor vehicles would be roughly \$70.5 million dollars. He explained that their total property tax valuation for real and personal property was approximately \$540,000,000. He noted that motor vehicle estimated value for their jurisdiction was \$76,500,000. He pointed out that

May 4, 2000

CITY OF EDEN, N. C.

Minutes of the May 4, 2000 meeting of the City Council, City of Eden, N.C.:

because of legislative changes several years ago, that money comes to them on a monthly basis, based upon when you get your new tags for your vehicles. He explained that the property tax rate proposed in this budget would remain the same at the present 57-cent per \$100 valuation and noted that in the current 1999/2000 year it had been reduced from 59 cents to 57 cents. He stated that they were estimating the Tax Revenue Collection rate of 96.5%, which was a little on the conservative side, but it helped them out as far as their revenue estimates.

He noted that the projections that they would see for revenues such as sales tax, franchise taxes, powell bill, and so forth were based upon information that that was provided by the North Carolina League of Municipalities. He stated they make some guesses on it based on trends across the state and historic performance of certain tax revenues. He explained that they would give a range of about a 3½ to 5½ percent increase and generally take the more conservative approach to that and chose 3 or 3 ½ percent.

General Fund:

Mr. Thomas explained that the only increase in the General Fund, as far as large fees would be in proposing that the monthly Solid Waste fee increase from \$5.00 to \$6.00 per month. He stated that as costs of solid waste collection and disposal continue to inch up a little bit they have to put more dollars in this area and it takes tax dollars away from other things like street maintenance and so forth. He stated that where they have a fee in place he thought it was a good mechanism to try to cover some of that increased cost over time.

Mr. Thomas asked Council Member Myott, chairman of the city's Solid Waste Committee, if they had said anything about the tipping fee remaining the same or going up or down at the county's Solid Waste Committee Meeting.

Council Member Myott replied that they were going to recommend that it stay the same.

Mr. Thomas stated that he had heard that so they should not see an increase in their tipping fee. He noted that last year and in the current year it did go up by \$1 or \$2 a ton and the city more or less absorbed that cost.

He stated that the remaining revenues were trended up or down based upon how they performed historically. He noted that one of the things that they would be proposing and bringing to the Council as well was that the staff had realized that their fee structures for things, certain types of permits, miscellaneous types of charges that the city has, had not been adjusted over the last few years and they were seeing that it was costing more to provide certain services than what they were collecting through the fees. He stated that they wanted to bring those to them and try to get a new fee schedule in place that would better reflect what that cost was and help to recoup that cost.

Mr. Thomas stated that in the General Fund most of the expenditures on a line item by line item basis were very comparable to the previous year's budget. There was really very little change and most of those changes that they would see would be in some of the maintenance areas. They would also see some changes in some of the Capital Outlay requests.

He stated that he had basically built 5 percent into each department salary line item as a means of including some money in the budget to help fund the recommendations of the Pay and Classifications Study. That information was being finalized and he hoped to have it available to them for a presentation within the next week to ten days. He stated that he had met with Matt Reece, Council of Governments, who was doing the study, to tie up some loose ends and they should be seeing his recommendations along that line.

Planning Department:

He stated that they would see that, as far as some changes or some new things, the Planning Department had requested a Planner or a Planning Technician as an additional employee in that department. He stated that he was trying to make sure his thinking was right, but in the General Fund he believed that was the only position that had been requested for the coming year. He

May 4, 2000

CITY OF EDEN, N. C.

Minutes of the May 4, 2000 meeting of the City Council, City of Eden, N.C.:

stated that as they have an opportunity to go into more details on a department by department basis and answer specific questions, they would provide the justifications for that.

Special Appropriations:

In the Special Appropriations line items they would see that he had put in some additional money over the current year with some of the incentive programs and success that they have had in recruiting some industries. He stated that they have more obligations that they need to meet, as far as incentive payments and so forth, so they have had to include that into the Capital Reserve for economic development. He added that there was also an increase in the funding for the City Park, Capital Reserve, so that they could undertake some additional work this year that would more or less be advancing one of the \$50,000 a year contributions that the Council had agreed to make over ten years. They were going to kind of double up on that this year to take advantage of some work that was already going to be taking place over there and he thought that the Council had some understanding of that.

Council Member Janney disagreed to which Council Member Grogan indicated that the other five had understood it.

Council Members Rorrer and Janney both questioned if all of the Council had spoken about that to which Council Member Grogan replied no, but they did that night when it was discussed.

Council Member Janney questioned that they were going to double up on it to which Council Member Grogan explained that they were going to have expenses because of taking care of the fill that was going from one site to the other and the cost was estimated at about \$75,000. He noted that he thought that everyone said, "yeah, we will do that".

Council Member Tudor recalled that was when Council Member Rorrer had asked if it would come out of this \$50,000 they have appropriated every year and they said yes, it just would not be additional money it would just be forwarded now.

Council Member Rorrer replied that he realized that, but he was talking about additional funding (and) this funding was not really additional to which Council Member Tudor agreed.

Contingency:

Mr. Thomas noted that they would see that he had increased the Contingency in the General Fund from approximately \$200,000 to \$300,000 and part of his reasoning behind that was during the course of developing the budget he had been trying to build some money into it so that they could have some funding available to implement all or a portion of the Pay and Classification Study. He stated that as he had worked with those numbers he was able to get everything in balance and have those numbers available so there should be a good portion of the Pay and Classification recommendations that would be available to be funded based upon what he had presented.

Council Member Tudor referred to the anticipation of the pay study and asked if he anticipated 5 percent.

Mr. Thomas replied that he put 5 percent in each salary line item in the departmental budgets to help cover some of that cost. He added that he did not know whether it would cover all of it but he tried to go ahead and build some money in there. He explained that one department, because of whatever their needs, it may be 10 percent and there may be another one that did not change much if any at all and he could make corrections before the completion of the budget to put that money where it would really need to be. He stated that he just took a broad approach to it and tried to build some money in there to help them so that when they get to the point of looking at this study, they would know that they have some money available so that they could try to put it into practice and get it in place.

May 4, 2000

CITY OF EDEN, N. C.

Minutes of the May 4, 2000 meeting of the City Council, City of Eden, N.C.:

Self Insurance Fund:

Mr. Thomas stated that he had tried to talk to who he thought was on the Personnel Committee as he wanted to get them together one day next week so that they could talk about their health insurance program. He explained that there would be a need to adjust the rates for all of their coverage and they were also going to recommend some changes to the plan itself. He stated that it should have not a lot of impact on the employees, but it would be of better benefit to the program itself. He noted that in some years this program had done very well and in other years it had not done very well and they were trying to get the rates to a point where they would better support the activity that they have in paying claims and so forth. He noted that what they would see in the budget reflects a cost of \$230 per employee or approximately \$3,000 per year to cover the employee's share of their health insurance, life and disability, and there was one other small component of that, but it would total up about \$3,000 a year per employee. He explained that was why they would see some changes department by department, last year versus what was being proposed.

He explained that they needed to get this Self Insurance Program in better shape and one of the things that he had done and what he wanted to meet with the Personnel Committee about initially, was to shop around. He stated that he had looked at other third party administrators, he looked at going to the private sector and some other things and he wanted to review that with them, but the indications were right now, from a dollar standpoint and from the coverage that they had, they were better off staying where they were. He stated that would be his recommendation, to continue as they have been but just make some changes in some rates and some of the benefits that were being provided.

He stated that the expenditures in the Self Insurance Fund were based upon a fixed cost per month and that would be \$15,000 per month and then they have money set aside there to pay claims. He stated the third party administrator billed that to the city each month. The revenue from the Self Insurance Fund was derived from what the city contributed for the employees and what the city payroll deducted for family or dependent coverage.

Mayor Price questioned the revenue from the family's coverage to which Mr. Thomas replied yes, it went into the Self Insurance Fund as a revenue so that they could use that to pay the claims as they were billed to them.

Debt Service Fund:

Mr. Thomas stated that the Debt Service Fund was no longer in existence. For all intents and purposes there really was no fund balance left or money available in that fund was used to help pay off bond principle.

Special Services Fund:

Mr. Thomas explained that the Special Services Fund was created in this year's budget (1999/2000) to be used as kind of a "pass thru" account for things like the Historic Preservation book sale. It was also being used as a pass thru area for money that was collected to handle some of the Recreation programs such as some of the travel, where they collect fees for senior citizen travels. He explained that it went into this account and they used it to pay bills. He stated that it was kind of a "wash" in a year's time and there may be a little carry over from one year to the next, depending on how their trips were scheduled, but that was what they created that fund to do.

Water and Sewer Fund:

Mr. Thomas explained that he wanted to make sure that he was being clear with what they have with the Water and Sewer Fund at the present time. The revenues for the Water and Sewer Fund were projected based upon a need to adjust rates to support the operations within the fund. He stated that as they all knew, the loss of Pluma created a shortfall and again they did not have the Debt Service Fund available to them. He explained that what he did at this point in time, to get the Water and Sewer Fund into balance, on a proportional basis, they adjusted the revenues

May 4, 2000

CITY OF EDEN, N. C.

Minutes of the May 4, 2000 meeting of the City Council, City of Eden, N.C.:

realized from selling water and treating sewer up to a point to match the requested expenditure levels, but there was a need there. He stated that they would have to look very closely at adjusting rates to realize the revenues that he had projected in this budget.

He stated that he was also proposing that they appropriate \$400,000 of fund balance from the Water and Sewer Fund that would be split equally as contributions to the Water Construction Fund and the Sewer Construction Fund. He explained that \$200,000 would go to each construction fund so that they could continue with some of the capital needs and improvements that needed to be made to their water and sewer systems. He stated that as a rule, he generally did not particularly like to appropriate fund balance, especially not for operational needs. He stated that these were capital needs and were not recurring expenses, as operational expenses would be. He stated that on an occasional basis in order to help keep money in this fund and to help keep those projects going, it was sometimes necessary to make a fund balance appropriation when the monies were available.

He stated that on the expenditure side of the Water and Sewer Fund, in reviewing what was presented to him by Mr. Asbury (Treatment Plants) and Mr. Sexton (Public Works), as far as treating water and wastewater and maintaining the integrity of the systems, he thought they have kept their expenditure requests very low. He stated that they were trying to get by and make sure that they did not jeopardize the quality of their water and the quality of the effluent leaving the waste treatment plant and also making sure that they have the right things in place to be able to maintain the water and sewer lines and be responsive to their customers when they call with complaints or water leaks and those kind of problems. He stated that because of circumstances that they have had to deal with in the current fiscal year and in the development of the current year's budget, there was not a lot of fluff. There were certain things that they do that take "x" number of people and dollars to get it done and he thought that this budget reflected that.

Mr. Thomas stated that one thing that was requested in the Water and Sewer Fund was that they fund the position of the Collection and Distribution Superintendent. He explained that the position was frozen about two years ago and has remained frozen but it has continued to be in the budget. He explained that it was included in the proposed 2000/2001 budget and they would like to have the frozen status lifted to give an opportunity to hire a superintendent. He noted that they have superintendents for Streets and Solid Waste and by putting a superintendent in this position it would free up the Municipal Services Director to do more administrative work and planning for those divisions that were his responsibility. He would also not have to be in the field so much on the job with those particular projects that were being done by the Collection and Distribution crews. It would allow him to delegate some of that daily supervision and hands on type of maintenance responsibility to that superintendent.

Fleet Maintenance:

Mr. Thomas stated that the revenues for Fleet Maintenance were derived from all the other departments in the city. He noted that if they would look through their line items they would see maintenance and repair to vehicles, tires, fuel, and line items such as that. That money was there and showed up as revenue in Fleet Maintenance. He stated that as they have expenses for maintaining equipment for that particular department that was how it takes place. That was where they get the money available to them to buy fuel, parts, tires, and so forth to keep an inventory to maintain the city's fleet and keep things up and running and in good operating order.

Capital Reserve Fund:

Mr. Thomas stated that this particular fund was utilized to reserve money for future purposes such as economic development. He stated that they have used it to set aside money for improvements to City Hall and that was what had facilitated the construction that was currently underway and also the Park Project. He noted that as he had mentioned earlier, they would see the contributions that would be made to the Capital Reserve Fund for those purposes in the General Fund as he did not think there were any in Water and Sewer.

May 4, 2000

CITY OF EDEN, N. C.

Minutes of the May 4, 2000 meeting of the City Council, City of Eden, N.C.:

Water Construction Fund:

Mr. Thomas stated that for the Water Construction Fund, the revenue comes from a contribution out of the Water and Sewer Fund and that was its sole source of revenue. He noted that they would see that contribution in the Water and Sewer Fund to the Water Construction Fund and then on the expenditure side they would see a list of the projects that have been underway or have been identified but they have not had an opportunity to get to yet and this money was needed to make sure that they could get those improvements made as they were needed to be made, things like the 2" replacement program and so forth.

Sewer Construction Fund:

Mr. Thomas stated that the Sewer Construction Fund was very similar and its sole source of revenue was a contribution from the Water and Sewer Fund. He explained that he had proposed for both of the Construction Funds a contribution of \$400,000 to each fund. He stated that \$200,000 of that would come from a Fund Balance Appropriation into the Water and Sewer Fund and would pass through to the Construction Fund. The additional \$200,000 would come from operating revenues, so essentially they were contributing \$800,000 to the Construction Funds, \$400,000 to each.

Police Pension Fund:

Mr. Thomas noted that they would see a line item in the Police Department's budget of about \$30,000 as a contribution to the Police Pension Fund. This supports a special separation allowance retirement benefit that was established by the legislature several years ago, if a Police Officer retires prior to age 62, they receive this supplement based on a formula of their salary. They would also receive this supplemental allowance up until age 62. About every other year they bring in an actuary and have them check in and make sure they were properly funding their pension fund. He noted that was done last year so they would not do it this year.

Mr. Thomas explained that this was basically an overview of what he had sent them and what was in the funds and how they got it into balance.

Capital Outlay Request:

Mr. Thomas explained that the other item he had presented to them was the Capital Outlay Request. He noted that many of them have seen this before but some have not and this was just a spreadsheet where they go through, department by department, and extract out what those Capital Outlay Requests were so that the Council could see them more clearly all in one place. He stated that it tells them whether it was a new item or whether it was replacing something they already have and the dollar amounts and they could see, for example, what was requested by the department heads was a little over \$1.1 million dollars, not quite \$1.2 million dollars, and what was presented to them was about \$900,000. He stated that this gave them a little clearer chance to go through and see what those items were and they could see where they may have been cut and where some changes have been made and so forth. He noted that there were some items that they would see in there that have been requested for the last two or three years but for various reasons have been cut out and not funded and they were not able to replace them, but that did not do away with the need that at some point in time those things fall apart or get to a point where they were costing a lot more to maintain than they would be to replace and not have the high maintenance cost and that was why some of them keep coming back to Council.

Closing Remarks:

Council Member Janney, referring back to the discussion of Special Appropriations, noted that after he had thought about it, he did remember that \$75,000.

Council Member Rorrer stated that he remembered it as already being spent, but the way he took it when he said it was that it was an addition.

May 4, 2000

CITY OF EDEN, N. C.

Minutes of the May 4, 2000 meeting of the City Council, City of Eden, N.C.:

Mayor Price thanked the City Manager for his presentation and also thanked the Department Heads for their time.

Mr. Thomas stated that he wanted to say how much he appreciated the time they (Department Heads) have put into it. They got a little rushed on some aspects of it and where he would normally do kind of one on one types of review with them it was done over telephone and e-mail in some respects, but he truly believed that the requests they have made have a lot of thought put into them in deciding what the needs were and he thought what they have requested was very reasonable.

Mayor Price reminded all members of Council that on Monday, May 22nd, they would be having their League of Local Governments meeting in Reidsville. He noted that the pistol contest was at 6:00 p.m., with dinner at 7:00 p.m. He also reminded them of the next Budget Session Meeting that would be held next Tuesday, May 9th, at 4:30 p.m.

ADJOURNMENT:

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

Respectfully submitted,

Kim J. Scott
City Clerk

ATTEST:

Philip K. Price
Mayor