

CITY OF EDEN, N. C.

The regular meeting of the City Council, City of Eden, was held on Tuesday, February 17, 2004 at 7:30 p.m. in the Council Chambers, 308 E. Stadium Drive. Those present for the meeting were as follows:

|                                   |   |
|-----------------------------------|---|
| Mayor:                            | Philip K. Price   |
| Mayor Pro Tem:                    | Christine H. Myott  |
| Council Members:                  | Donna Turner  |
|                                   | Billy Vestal  |
|                                   | Jerry Epps  |
|                                   | C.H. Gover, Sr.   |
|                                   | Bruce Nooe  |
|                                   | (absent) Wayne Tuggle   |
| City Manager:                     | Brad Corcoran   |
| City Clerk:                       | Kim J. Scott  |
| Deputy City Clerk:                | Sheralene Thompson  |
| City Attorney:                    | Tom Medlin  |
| Representatives from Departments: |   |
| Representatives from News Media:  | Steve Lawson, <u>Eden Daily News</u> , Mike Moore, WLOE Radio |

MEETING CONVENED:

Mayor Price called the regular meeting of the Eden City Council to order and welcomed those in attendance. He explained that the Council meets the third Tuesday of each month at 7:30 p.m. and works from a prepared agenda; however, time would be set aside for business not on the printed agenda.

INVOCATION:

Mr. Joel Long, Pastor, First Presbyterian Church, was present to give the invocation.

PROCLAMATION:

Mayor Price read the following proclamation in recognition of the NC Association of School Based/School Linked Health Centers Week.

**PROCLAMATION**

**WHEREAS**, physical and mental health care is immeasurably important to the overall well being of the youth in North Carolina; and

**WHEREAS**, optimal physical and mental health of our students leads to optimal academic achievement; and

**WHEREAS**, all youth in North Carolina deserve access to comprehensive health care; and

**WHEREAS**, school based and school linked health centers provide a vital, necessary and important link in a health care network within many communities across North Carolina; and

**WHEREAS**, school based and school linked health centers provide accessible, affordable quality health care and health education that improve the lives of young people and their families; and

**WHEREAS**, school based and school linked health centers are supported in many communities by parents, teachers, school administrators and other concerned citizens;

**NOW, THEREFORE, I, PHILIP K. PRICE**, Mayor of the City of Eden, do hereby proclaim February 22-28, 2004, as “**NC ASSOCIATION OF SCHOOL BASED/SCHOOL LINKED HEALTH CENTERS WEEK**” in North Carolina. I urge all our citizens to recognize the role of local school based and school linked health centers in improving the health and well being of all youth in the State of North Carolina.

IN WITNESS, I have hereunto set my hand and affixed the City Seal this 17<sup>th</sup> day of February, 2004.

Minutes of the regular February 17, 2004, meeting of the City Council, City of Eden, continued:

s/Philip K. Price  
Philip K. Price  
Mayor

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Mayor Price asked Mrs. Jean Harrington, DAR Representative, to come forward for the reading of the American History Month Proclamation.

**PROCLAMATION  
AMERICAN HISTORY MONTH**

**WHEREAS,** The backbone of this great nation is its history, upon which all of our accomplishments are based; and

**WHEREAS,** the survival of our constitutional balance of freedoms and responsibilities depends on our citizens being ever mindful of our national heritage; and

**WHEREAS,** American History must be preserved and remembered by all, young and old;

**NOW, THEREFORE, I, Philip K. Price,** hereby proclaim the month of February 2004 to be  
**AMERICAN HISTORY MONTH.**

in conjunction with the **GEORGE REYNOLDS' CHAPTER OF THE DAUGHTERS OF THE AMERICAN REVOLUTION,** and urge all citizens to join with me in recognizing the importance of American History in our lives.

**IN WITNESS WHEREOF,** I have hereunto set my hand and seal this 17<sup>th</sup> day of February, 2004.

s/Philip K. Price  
Philip K. Price  
Mayor

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Mayor Price asked Mr. Roger Brown to come forward for the reading of the Black History Month Proclamation.

**BLACK HISTORY MONTH PROCLAMATION**

**WHEREAS,** in 1915, Dr. Carter Godwin Woodson recognized the need for our country to gain a more complete and informed understanding of our past. He founded the Association for the Study of Negro Life and History and established the first Negro History Week to emphasize that "We have a wonderful history behind us . . ." Through the pioneering efforts of Dr. Woodson and the hard work of the Association, this observance officially became Black History Month in 1976.

**WHEREAS,** the history of people of African heritage goes back thousands of years and includes some of the greatest, most advanced and innovative societies in the history of human existence that we can all draw inspiration from; and

**WHEREAS,** from the early days of the pioneers to our present day leaders, African Americans have played a significant role in the history of our State's economic, cultural, spiritual and political development; and

**WHEREAS,** Black History Month is a time for all Americans to remember the stories and teachings of those who helped build our nation, took a stance against prejudice to build lives of dignity and opportunity, advanced the cause of civil rights, and strengthened families and communities; and

**WHEREAS,** during Black History Month all Americans are encouraged to reflect on past successes and challenges of African Americans and look to the future to continue to improve society so that we live up to the ideals of freedom, equality and justice;

**NOW, THEREFORE, I, Philip K. Price,** Mayor, City of Eden, do hereby proclaim the month of February 2004 to be

**BLACK HISTORY MONTH**

in the City of Eden and encourage all City of Eden residents to join me in celebrating the collective ingenuity, creativity, cultures and traditions of African Americans and commit ourselves

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City of Eden, N. C.

Minutes of the regular February 17, 2004, meeting of the City Council, City of Eden, continued:

to raise awareness and appreciation of Black History Month by participating in educational events honoring the contributions of Black Americans.

Presented this 17<sup>th</sup> day of February, 2004.

s/Philip K. Price  
Philip K. Price  
Mayor

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

#### RECOGNITION:

Mayor Price asked the City Manager, Brad Corcoran, to come forward to accept a plaque in recognition of the city's 20 years of membership in the National League of Cities. He noted that this was a very important operation in the efficient management of communities across the United States.

#### ADDITIONS OR DELETIONS TO AGENDA:

Mayor Price noted that item 9(d) was withdrawn from the Consent Agenda.

#### PRESENTATION OF AUDIT – ROUSE, ROUSE, PENN & ROUSE:

Mr. Rex Rouse noted that they had received the financial statements in December. He asked them to turn to page one which was the Independent Auditor's Report. (*A copy of this full report is in the office of the City Manager*). He stated that they have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information as of and for the year ended June 30, 2003.

He then referred to the second paragraph and noted that they have conducted their audit in accordance with general accepted auditing and governmental auditing standards.

He noted the third paragraph in that in their opinion, based on their audit, the financial statements referred to above present fairly, in all material respects, the financial position and the results of operations in the statement of cash flows where appropriate, in accordance with generally accepted accounting principles.

The Council received a very detailed analysis of the audit report and the management letter and the detailed report was prepared by the City Manager and the Finance Officer. He stated that they have reviewed the report and found it to be very complete, detailed and accurate. They were pleased to note in the report that the suggestions in the management letter being implemented into the budget for the current year would be used in the budgetary process for next year as well. The audit adjustments were significantly reduced in the current audit and they were pleased with this improvement.

He then explained that this was the year of the conversion to GASB 34 and he noted in the first column on page 15 it says Governmental Activities. That included the General Fund, the Revenue Sharing Funds and the Capital Projects Fund. The Revenue Sharing Funds were the Single Family Rehab, Flint Hill Community Development Grant, and the Historic Preservation Commission and Emergency Communications. The Capital Projects Funds were the Industrial Park and the Municipal Park. All of those funds were combined there in this first column of Governmental Activities. The GASB 34 converted the Governmental Activities to full accrual method accounting and probably the biggest change in that was depreciation of the general fixed assets. They set up the beginning of accumulated depreciation as of June 30, 2002 and recorded depreciation on the General Fixed Assets. Since the early 70's the Water & Sewer Fund has been on

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full accrual but this was the first time the Governmental Activities, the General Fund, Revenue Sharing Fund and Capital Projects Fund have been on full accrual.

Mrs. Judy Rouse commented that he had said Revenue Sharing Fund when it was supposed to be Special Revenue Funds.

Mr. Rouse noted that the total net assets of the Governmental Funds were \$13,200,000. Of this amount \$6,711,000 was invested in Capital Assets, in Fixed Assets. The Powell Bill value that was in Restricted for Transportation was \$482,432. The Economic and Physical Development, that included single Family Rehab and Community Development Grant was \$222,123. Public Safety that was restricted for Emergency Communications Funds, \$30,302 and Cultural and Recreational, that was restricted for the new Municipal Park and assets designated for Historic Preservation. He noted that leaves \$5,229,000 as Unrestricted Net Assets.

Under the Business Type Activities the Water & Sewer Fund was showing the full accrual method as has been in the past. He noted that under the Water & Sewer Fund in Business Type Activities the net assets total \$31,241,000. \$23,976,000 of that was invested in Capital Assets and \$698,123 was reserved for construction projects. He stated that the Unrestricted Portion of the Water & Sewer Fund of the business type activities was \$6,568,000.

Mr. Rouse then proceeded to page 16, the Statement of Activities. The Expenses were in the first column and they were classified by Functions or Programs. Those include the General Government and Public Safety which comprised the Police Department, Fire Department, Emergency Communications, Transportation and Street Department, Economic and Physical Development, Environmental Protection and Solid Waste, Cultural and Recreational, and then they start off with Expenses. They subtract from that the Charges for Services that each one of those functions generate and then the Operating Grants were also subtracted and then they come up with the Net Expense. That was the part that was financed by the property tax money and the other general government revenues such as the Local Sales Tax and Franchise Tax and other state refunds and privilege licenses and the other General Revenues were listed at the bottom.

The total expenditures for all the governmental fund types were \$9,189,000 and they had charges for services, primarily the Solid Waste Fees, but the total charges for services were \$1,512,000 and the operating grants and contributions that those various functions earned and came down to Net Expenses exceeding revenues of \$6,814,000. He noted that in the Water & Sewer Fund they had total expenditures of \$6,823,000 and the total charges were \$8,609,000 so they had a net income of \$1,786,195. After they considered all of the taxes and the franchise tax and the local sales tax and all the other General Revenues, they wound up with a net increase in the Fund Balance of the Net Assets of \$801,000 in the Governmental Funds. He noted that in the beginning, Net Assets were \$12,398,000 and that increased to \$13,200,000. For the Water & Sewer Fund, they had a net income of \$1,786,000. The Fund Balance beginning Net Asset was \$29,455,000 so the total at the end of the year was \$31,242,000. He pointed out that the city continued to be in a very strong financial position both in the Water & Sewer Fund and in the General Governmental Funds.

Mr. Rouse then turned the presentation over to Mrs. Judy Rouse.

Mrs. Rouse pointed out the General Fund, looking at the bottom of the page, this was the Fund Balance. It increased from \$6,006,496 to \$6,278,504 so the Fund Balance increased \$272,008. She noted the Undesignated Fund Balance on page 60 was \$4,364,871. Referring over to page 79, she noted that the total actual General Fund expenditures this year amounted to \$9,373,695. She also noted that the \$275,000 was transferred to other funds for a total expenditure amount of \$9,648,695. If they take one twelfth of that amount, they get \$804,058. So, three months operating expenses which were what the Council had voted on in 1998 and 1999, would be \$2,412,174. So that was what they wanted to keep in Undesignated Fund Balance. She noted that the amount Undesignated at June 30, 2003 was \$1,952,697 above the 3 months operating expenses. The average

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Statewide level of available fund balance maintained by comparable sized municipalities was 35.40% of the General Fund expenditures or \$3,415,638. So Eden's Undesignated Fund Balance at June 30, 2003 amounted to 45.23% up compared with the prior year of 43.58%.

She then asked that they turn to page 63 and talk about the Revenues General Fund. The Budgeted Revenues were \$9,849,921 and the actual Revenues were \$9,671,469 for an unfavorable variance of \$178,450. She noted that the Revenues were down from the prior year, \$9,750,429.

In discussing the Operating Expenditures in the General Fund she turned to page 79 and pointed out the Budgeted Operating Expenditures totals \$9,928,440. The actual expenditures were \$9,373,695 for a favorable variance of \$554,445 and that compared with the total actual expenditures for the Year Ending June 30, 2002, of \$9,321,788. She noted that the total expenditures were up fifty one hundredths of one percent over the prior years so they really kept the expenditures in line.

She noted that also this year the Water & Sewer Fund reimbursed to the General Fund for utility user fees the amount of \$614,711 and this compared with \$510,055 for the prior years.

Mrs. Rouse then turned to page 96 of the Water & Sewer Fund and explained that this was a Comparative Balance Sheet. She noted the Equity and the Water & Sewer Fund increased from \$29,455,582 to \$31,241,776. The Water & Sewer Fund Income statement was on page 97. At the very top, Operating Revenues amounted to \$8,606,516 compared to \$7,714,318 for last year. The Revenues were up \$892,198 in the Water & Sewer Fund and that was of course from the Water & Sewer increases. She also noted the Non-Operating Income. That decreased from \$335,346 to \$78,268. Also the Total Operating Expenses increased from \$5,490,758 to \$6,279,228. She also noted the Non-Operating Deductions which decreased from \$689,557 to \$544,327. So, the Water & Sewer Fund realized a net income of \$1,786,195 compared to a net income of \$1,824,150 in the prior year, so the city had another very good year in the Water & Sewer Fund.

She continued on with the Self-Insured Insurance Coverage Fund that was established back in 1995. For a lot of years it has had a deficit. She noted that if they would look on page 116 under Fund Equity & Retained Earnings, this year they had a surplus of \$151,599 compared with the prior year a deficit of \$147,970 so this year they did not have as many claims and they had increased the coverage that was charged out.

She noted that on page 119, this was their Trust & Agency Funds. They have two of those, one of which was the Pension Trust which was the Special Separation Allowance in the Police Department and the Runabout Travel Club. The Fund Balance of the Retirement Fund was \$350,425. The Agency Fund, which was a holding fund for the members who have contributed money for scheduled trips and activities, had a balance of \$13,904.

In the footnotes they have a schedule of the Long-Term Debt. She noted that on page 54 it was divided up into two parts. The top part was the General Fund Debt and the bottom was the Water & Sewer Fund Debt. All of the General Obligation Bonds were the responsibility of the Water & Sewer Fund. She referred to the Total Debt; the Principle that was due by the city was \$7,972,844 at June 30, 2003.

Again, they wanted to say that serious consideration still needed to be given to the required level of future water and sewer rates, the debt service requirements for principle only would exceed \$1.2 for the next five years. The city depends heavily on a single water and sewer customer which accounts for 31% of the Water & Sewer Revenues last year. The future of this customer was critical for the city's ability to make the required principle and interest payments on the bond and fund the annual maintenance of the city's aging water and sewer lines. The city should continue to monitor a long-term plan for funding these principle and

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interest payments with or without this customer. She added that they had a similar note in last year's audit report and they still felt it needed to be looked at on a continuing basis.

Mrs. Rouse went on to the Legal Debt Margin and noted that the city could have 8% of the assessed property tax valuation. The property value for the city was \$678,417,544 and multiplying that number by 8% would give the city a \$54,273,407 Legal Debt Margin.

Also the collection rate was included on Property Taxes. She noted that the Total Levy, their collection rate, which included vehicles, was 95.48%. Last year it was 95.33%, so they improved just a tad.

She pointed out that she had also given them a supplemental sheet on Interest Income Earnings. The Total Interest Income amounted to \$187,198 this year compared to \$275,480 for the prior year. That schedule also listed down all the different funds of the city and how much interest they earned. This interest income would have been equivalent to 3 cents of additional property tax, but their interest income of course was down like everyone else. She then asked if there were any questions.

Mayor Price stated that they had also received good information from the City Manager. He noted that they certainly appreciated the report.

Mrs. Rouse closed by stating that they appreciated the concern shown to their staff. She noted that one of the partners was sick and they really appreciated the city's effort. She also noted that it was a tough audit this year but it was due to the implementation of GASB 34.

#### PUBLIC HEARINGS:

There were no public hearings.

#### MONTHLY FINANCIAL REPORT:

(a) Financial Report.

A motion was made by Council Member Epps seconded by Council Member Myott to approve the Finance Report. All Council Members present voted in favor of this motion.

#### REQUEST AND PETITIONS OF CITIZENS:

No one spoke at this time.

#### UNFINISHED BUSINESS:

(a) Consideration of Planning Organization Appointments.

A motion was made by Council Member Vestal seconded by Council Member Gover to appoint Max Kirks to the Tree Board as a representative of Ward 5. All Council Members present voted in favor of this motion.

#### NEW BUSINESS:

(a) Consideration of a traffic study on Short Morgan Road and adoption of ordinance to reduce speed.

The memorandum explained that Council Member Epps had requested a traffic study of Short Morgan Road which is presently a one-way street that intersects with Morgan Road and Church Street. This particular street is approximately two-tenths of a mile long and a west bound one-way from the intersection of Morgan Road. Currently this street provides service for 18 residents and is often used by other motorists as a shortcut to the intersection of Church Street. The speed limit that is posted for this area is 20 mph, but while checking with the City Clerk, it was discovered that Short Morgan was a 35 mph zone and had not been designated 20 mph by the City Council.

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For this particular street, 35 mph was too fast for the area. This street is narrow, contains blind spots for motorists and pedestrians and is down hill in the one-way direction.

Within the past four years there have been a total of six traffic accidents reported. Four accidents resulted in property damage and the other two resulted in minor personal injuries. Only one accident was recorded where speeding was a contributing factor.

It was the recommendation of the Police Department to deem Short Morgan Road as a 20 mph zone to make it enforceable and post the signs at two locations.

Council Member Epps stated that he appreciated the extent that the officers did on studying this and came up with a good solution that would satisfy the residents.

A motion was made by Council Member Epps seconded by Council Member Turner to approve the recommendation of the Police Department. All Council Members present voted in favor of this motion.

(b) Consideration of adoption of an ordinance for the demolition of a building located at 204 Sunset Drive.

A motion was made by Council Member Nooe seconded by Council Member Gover to table this request.

Council Member Nooe explained that they were going to be discussing the demolition process during the budget meeting and he would like to go through that before they vote on another one.

Action on the motion was as follows: Council Members Nooe, Gover, Myott, and Vestal voted in favor of this motion. Council Members Turner and Epps voted in opposition. This motion carried.

(c) Consideration of initiating a zoning text amendment regarding mixed residential and business uses in the downtown areas.

Council Member Gover stated that he wanted to put a moratorium on doing these businesses until they could get this text changed. Some of the businesses could handle it and some could not.

A motion was made by Council Member Gover seconded by Council Member Vestal to approve the request. All Council Members present voted in favor of this motion.

A motion was made by Council Member Gover seconded by Council Member Nooe to call for a public hearing to be held for March and allow a 120 day moratorium from the date of the public hearing. All Council Members voted in favor of this motion.

CONSENT AGENDA:

(a) Approval and adoption of minutes: January 20, 2004

(b) Approval and adoption of a motion for authorization to proceed with additional soil borings – French Farm.

(c) Approval and adoption of appointments of City Council Committees.

(d) Approval and adoption of a motion to hold a public hearing and to consider an ordinance to rezone property at 312 E. Meadow Road from Residential-20 to Office and Institutional. ZONING CASE Z-04-01

(e) Approval and adoption of request for donation – Veteran's Memorial.

(f) Approval and adoption of request for donation – Eden Boys & Girls Club.

Minutes of the regular February 17, 2004, meeting of the City Council, City of Eden, continued:

Mayor Price reminded the Council that item (d) had been withdrawn from the Consent Agenda.

Council Member Epps discussed the boring of the French Farm. They had the report given to them at the meeting the other night. He noted that the lady who gave the presentation indicated that they would be wasting their time.

Mr. Corcoran commented that he thought one of the comments made was that there were two complaints when they showed the French Farm to people. The first dealt with transportation access and the other dealt with rock. He thought that the conclusion that was offered, rock was prevalent throughout the site. They have done 8 soil borings at the site and only one of those soil borings hit rock at a depth of less than 8 feet. While they continue to show the site for the cost of doing the additional soil borings, they could put that answer to rest once and for all.

He recommended that they should proceed with the soil borings and when that information comes back and indicates that rock was prevalent on the site, then obviously they should halt showing it as a perspective industrial site, on the other hand if the borings come back and indicate that the site was conducive to development then he thought they should pursue an option on the property and to continue to show it.

Mayor Price commented that he certainly supported that and Council Member Epps agreed as well.

A motion was made by Council Member Gover seconded by Council Member Myott to approve the Consent Agenda, items a, b, c, d, e, and f. All Council Members present voted in favor of this motion.

VOUCHERS:

There were no questions on vouchers.

CLOSED SESSION:

Closed Session for discussion of Personnel according to GS 143-318.11(a)(6).

A motion was made by Council Member Epps seconded by Council Member Turner to go into Closed Session for discussion of Personnel according to GS 143-318.11(a)(6). All Council Members present voted in favor of this motion.

OPEN SESSION:

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

ADJOURNMENT:

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



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City of Eden, N. C.

Minutes of the regular February 17, 2004, meeting of the City Council, City of Eden, continued:

Respectfully submitted,

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Kim J. Scott  
City Clerk

ATTEST:

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Philip K. Price  
Mayor