

CITY OF EDEN, N. C.

A special budget work session of the City Council, City of Eden, was held on Thursday, June 9, 2005 at 4:00 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
	Wayne Tuggle
City Manager:	Brad Corcoran
City Clerk:	Kim J. Scott
Deputy City Clerk:	Sheralene Thompson
Representatives from Departments:	
Representatives from News Media:	Brian Ewing, <u>Eden Daily News</u>

MEETING CONVENED:

Mayor Price called the special meeting of the Eden City Council to order and welcomed those in attendance. He explained that the first order of business was the consideration of Meadow Greens, Covenant Branch, Dan River Wastewater Collection Subsystem Sanitary Sewer Improvements. He asked the Public Utilities Director, Mr. Dennis Asbury, to come forward for the presentation.

Consideration of Meadow Greens, Covenant Branch, Dan River Wastewater Collection Subsystem Sanitary Sewer Improvements – Contract 1. Recommendation of bid award. Presentation by Mark Fisher, P.E., W.K. Dickson:

Mr. Asbury asked the Council to recall that under their SOC (*Special Order of Consent*), they have quite a bit of water and sewer rehabilitation work to do and this contract that was before them dealt primarily with the Pierce Street/Dogwood area near the hospital and library around that intersection and he thought they had a lot of issues that came up during the negotiations with the DOT. The DOT have just recently completed their work out there so now they were going back and do some work behind them and this was unfortunate but anybody that had been involved in this business for long could tell them that when these contracts get rolling it was quite often very difficult to synchronize them. He then stated that he would turn the time over to Mr. Mark Fisher, project manager for WK Dickson and he could address any questions they may have. Also, Mr. Fisher has done some sketch work that would help simplify any questions about what was involved in the project.

Mr. Fisher thanked the Council for allowing them the opportunity to come and present the recommendation of award. He stated that as Mr. Asbury mentioned this was the first initial phase of the special by consent project and they phased this as Contract 1 because of the DOT improvements on Pierce Street. During the negotiations the DOT stipulated some uncustomary

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or atypical project requirements. At that point they had to negotiate with the lowest bidder, Billings & Garrett, to cover those additional stipulations. Those additional stipulations included additional pavement removal, crush and run stone, additional stone in the roadway and all that was not part of the original bid. So when bids were received they received a very favorable bid that was in line with the engineer's estimate, and at that point, knowing that they had not yet finished negotiations with DOT they continued those negotiations and successfully negotiated an approach that works well for the city, works well for the DOT and would work well for the contractor. So with that in mind, they were also looking at a contract amendment that would push the total bid to \$239,303. He noted that in their package they have the original bid and the contract amendment. He explained that the additional items have created about a 20% higher cost and one of the favorable items that he thought they negotiated for the city was not having to overlay the street out there. He stated that the DOT has postponed the final 1" overlay until the contractor finishes the project, so had they done that, that would have even been more money.

Mr. Fisher stated that at this point and time they recommend the award of the original contract amount of \$205,472 to Billings & Garret and then a contract amendment that would amend the contract amount to \$239,303.33 and that covers the recommended contract modifications primarily additional asphalt removal, crush and run or stone and additional restoration costs of curb and gutter removal sidewalk. He noted that Billings & Garrett was a reputable contractor who had done work for the City of Raleigh and Durham County. This would be their first project with the City of Eden but he felt that they were highly qualified and would provide the city good workmanship.

Mayor Price stated that if there were any questions about exactly where this was, he had asked Mr. Fisher to draw a map beginning at the hospital. He stated that it was a 12" line and they would see the temporary line for a certain section of that.

Mr. Fisher demonstrated to the Council where the lines would extend. *This was inaudible as he was away from the microphone.*

Mayor Price asked if there were any questions.

Council Member Tuggle questioned how many houses along Dogwood Drive were affected.

Mr. Fisher replied that it was in the public right of way so it was affecting two properties.

Council Member Tuggle asked how long it would take to complete.

Mr. Fisher replied that [after] the contract was signed, 45 days for Contract 1. He added that the DOT had allowed road closure so the road would be closed about 2 to 3 weeks.

Council Member Tuggle stated that he would really hope that somehow or another the newspaper did an article as to why this was being done, how long it would be and this type of stuff because he had a lot of people talk to him about when this project was going.

Council Member Gover asked how this would affect the pump station below the super Wal-mart.

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Mr. Fisher replied that he understood that Wal-mart was tied into the Oaks Pump Station, so the Meadow Greens pumps to Junction and then Junction pumps directly to the Wastewater Treatment Plant. So it was not putting any pressure on the Oaks Pump Station, Covenant Branch and Dan River. The projects that would improve that situation were the work being done at Covenant Branch and Dan River.

Council Member Gover asked that as they go south there was no problem getting it back this way to which Mr. Fisher replied, right.

Council Member Vestal noted on the replacement on the first section of this line on the nursing center side there, he asked if the hospital was contacted as he knew they planned on putting an entrance there.

Mr. Fisher replied that he had talked with Mr. Danny Woods, he believed and they had no problems. He added that they were going to be putting an access there and he assumed they would be going through the proper channels with the city to do that, but in terms of the work overlapping their work it did not appear to be a problem. So, if anything that would certainly help the contractor because that was something that they would look at if they were obviously putting in a road, they would have that area torn up. He added that was something they could look at in the city's behalf, putting that restoration cost on the hospital.

Council Member Vestal stated that he did not know when they were going to get around to doing that but he knew it was in the plans.

Mr. Fisher replied that it was evidently pretty soon because their contractor had called them.

Council Member Vestal stated that in some of their discussions, he knew that Mr. Asbury or Mr. Van Zandt had mentioned that they had some problems with the hospital discharge. They were talking about putting in some type of catch basin.

Mr. Fisher replied that it was a chemical screen that would be a fine screen that would be self cleaning and remove rags, mop heads, etc., to which Council Member Vestal replied, so that had been taken care of too.

Mr. Fisher added that once they determine the reduction of the flows from the improvements, these and other improvements within this basin, at that time the city would have to focus its intention on the pump stations.

Council Member Turner asked if there were an approximate starting date.

Mr. Fisher replied that if award was done tonight then it would likely begin sometime in July. They would have to go over the contract drawings and it was also contingent upon the DOT's contractor, as they basically own the right of way out there right now. APAC basically issued the approval for them to be out there on the site.

Mayor Price thanked Mr. Fisher for his presentation. He then asked for a motion to award the contract.

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A motion was made by Council Member Vestal seconded by Council Member Epps to award the contract (original contract amount of \$205,472) to Billings & Garret and then a contract amendment that would amend the contract amount to \$239,303.33. All Council Members voted in favor of this motion. This motion carried.

Budget Work Session:

Mayor Price explained that the next order of business would be the budget work session. He noted that as they all were aware, this would be his last budget for the City of Eden and he wanted to make just a couple of comments. First of all he wanted to say that he was really proud of some things that were done but this Council had really made an effort to improve the community. They had taken the stance to open things up for recreation and to make their people aware of what was going on. Particularly their rivers and the greenway project he thought was one of the finest things that they could ever have for their elderly citizens who have lived here all their lives but now have an opportunity to walk down the river and enjoy the peace and solitude and the beauty and recreational ability. Also, thinking of them and also the young people and the people who live here, he certainly wanted to comment about the Main Street Program which was a program that had gained a lot of response in particular the last several years, but Eden was blessed with several downtowns. They obviously could not do all the downtowns at one time but they were in a good program to get things going to make their downtowns very attractive and it would increase the rentals and the sale of property and certainly make it a more attractive place for people to live and enjoy living. He commended them for that because it took a special deep down vote from among a lot of people to put that in place.

He noted that they also sometimes take the safety of their community for granted. This weekend they had the opportunity to swear in a new police officer and he got to talk to him and his family about what they have and he thought their police force was probably the finest police force for a town of 15,000 people in the State if not the country. They were well equipped and more importantly well equipped with people. He had never seen such a sharp young crowd of men and women who were dedicated to making this town safe. He mentioned to them the other day that they were on the border of Virginia and he would put their community against any community on the border of South Carolina, Tennessee or Virginia, in terms of its safety and ability to retard that drug culture and other things that would affect all of their people.

Mayor Price stated that he also appreciated the investment that they were making as that was something that was tough to do, but it was something that needs to be done. They have seen engineering estimates into the millions. It was something that their citizens frankly could not touch. Many times they could not see until there was a problem but it takes a special type of person to sit there and make the investment in these things and it was tough when they look at how they were going to fund them to put these increases into effect and things that were important.

He stated that two things concerned him and he had passed an article out to the Council from the School of Government news. It was by a gentleman named David Ammons. Mr. Ammons was probably the guru in North Carolina for performance measurements. He stated that he had mentioned this on several occasions. It had not gained a lot of interest but he wanted to

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encourage them at some point in time to have Mr. Ammons here because he was the person who could rate and tell them how they could get more performance from their community. What Mr. Ammons does, he comes in and tells you how to measure that job. He mentions one thing, for example a person in the Police Department, if they handle 600 calls a day versus another one who handled 300 calls in a day, how you would rate those two (2) people. He stated that it was a good way to make everybody more productive and it lays the landscape out for people to be more satisfied in their jobs. So at some point in time he would like to see that and he wanted to encourage this Council to go ahead and have Mr. Ammons up here.

Lastly, Mayor Price stated that he knew that they were making an effort on economic development. All these things that they were doing was economic development but they had one tract of land that they had talked about and were going to go ahead and do, but he wanted to tell them that he did not think they had been aggressive enough at all on economic development. They have an opportunity in their community to really spread their wings. They were a good transportation area where they were located. They have excess water and sewer capacity. But, they needed to do things. If they start today, if they give the City Manager the word to do something of a very aggressive nature, it would be three (3) years before he could tell somebody to come here. So, that was something that needed to be done and this town had to have its economic vitality increased by having jobs here. This was a very, very important measure and he wanted to encourage them to address it and embrace it in any way they could. So with that being said he wanted to thank them for their time and to indulge them with that information.

Mayor Price stated that the floor was open for discussion.

Finance – Human Resources:

Council Member Vestal began the discussion referring to page 6 on the budget message, Department of Finance/Human Resources. He stated that this was combined a couple of years ago and he saw that they were shooting toward separating it again, creating another department. He stated that he really did not see the need in that. He noted in the budget figures on page 3 in the General Fund under Finance the difference between 442 (\$442,700) and adopted budget last year down to 243 (\$243,500) was 55% and in this proposed budget 3836 (\$383,600) to 2108 (\$210,800) was still 55% in finance. So that, what he was saying in his statement there was still what was established at 55% was going to remain at 55%. He really did not see the need in creating another department. He explained that what they had seemed to be working. He asked if anyone had any comments on that.

Council Member Gover agreed and added that he did not see why they would have to reinvent the wheel on that when they just went through it some time back. It seemed to him that it had been working.

Council Member Myott question personnel and if that came under human resources.

Council Member Vestal replied yes it was the same thing. He explained that they were just leaving it like it was instead of separating it back out to create two different departments.

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Mayor Price agreed that the system had worked very well and they had some very talented people in place. He certainly thought in terms of streamlining what they have, to keep that rather than changing. He added that perhaps at a future time they could look at it, but it seemed like something that was in place now and it had worked.

A motion was made by Council Member Gover seconded by Council Member Vestal to leave the Finance/HR Department as it was.

Council Member Myott stated that as of right now they did not have a Director of Finance to which Council Member Vestal replied, no, they had not hired a director yet.

Council Member Myott asked if he was talking about just having one director to which Council Member Vestal replied right, one department head.

Council Member Epps asked the City Manager for an explanation.

Mr. Corcoran explained that the reason that it was split, if they would remember, in his weekly report, after the passing of Ms. Ford, he had mentioned how it had worked as a combined department. His feeling was that it was too much work for one individual and it was also difficult to find somebody who had the accounting/financial expertise and also the human resources expertise. That was why it was recommended at that time. He still thought that it was a serious problem, but however they wanted to do it was fine.

Council Member Vestal stated that Human Resources was operated at this time under Finance. He asked what the difference would be. She would still be doing the same job. It was not like they were adding to the Finance persons resume so to speak...

Mr. Corcoran replied that actually they were now separate. There was nobody in the Director of Finance position and there was nobody in the Director of Human Resources position. He noted that the Accounting Coordinator and the Personnel Specialist reported directly to him.

Council Member Tuggle questioned the difficulty of trying to find someone.

Mr. Corcoran replied that he thought they would just re-advertise the position as Director of Finance and HR. Currently it was being advertised as Director of Finance. Then they would just see what type of applicants they would get and go from there. Again, when he initially recommended it, it was shortly after he came here and he had recommended it as a budget saving move in an effort to try and save some dollars for the taxpayers, but he thought that if they talked to their independent auditing firm and others, it was an awful lot of responsibility for one person.

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

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Council Member Myott commented that she would like to postpone this as it was such a sudden thing and she wanted to think about it. Mayor Price explained that they were at a point that if she did not vote it was considered a “yes”. Council Member Myott replied that she was in favor of the motion.

This motion carried.

User Fees:

Council Member Vestal referred to page 12 of the budget message under Parks, Recreation & Facility Maintenance. He stated that he had spoken with Mr. Conner about this before he retired and he had also spoken with the Interim Director, Andy McBride. He noted that a lot of cities have user fees for residents for different programs and Mr. McBride had done some work on this. He asked Mr. McBride for some comments.

Mr. McBride explained that most of the area recreation departments do charge a fee for the city residents along with an additional fee for people who were outside the city. In other words, they have people inside the city who pay a fee and Eden currently did not charge a fee because the citizen’s taxes take care of the fee. He stated that he had checked with Reidsville, Martinsville, Burlington and Kernersville and although each of the area fees varies, they did charge a fee. Only one of the five cities that he had checked with did not charge a fee.

Council Member Vestal pointed out that they all paid taxes and they have to pay a user fee to pick their trash up and this fee would go into however the Council wanted to set it up. It could be used as a fund to support future programs and maintenance on the fields, the programs such as football, soccer, baseball or whatever the case may be. That way the taxpayers who did not use the facilities, they were just paying taxes, but the people who were using the facilities would pay an additional user fee which would go toward maintenance or hopefully it would go into the recreation cost, to limit the cost.

Council Member Turner questioned what kind of fees they were talking about.

Council Member Vestal replied that it would be up to the Recreation Department and Council to approve and also Mr. McBride had some figures.

Mr. McBride added that the fees varied and some areas such as Martinsville, charged something like a \$3 fee for a non city person to pay and a \$1 fee all the way to a \$35.00 fee as in the Madison-Mayodan area where the non city or county residents or just anyone playing in that particular league would pay \$36, where a city resident would pay \$31 or \$32, so there was a big gap in between each area.

Council Member Turner asked if it was correct that non residents were paying now to which Mr. McBride replied that was correct.

Mayor Price asked for clarification. They were paying now and his proposal or conversation was about increasing that amount between a resident and a non resident.

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Mr. McBride explained that a non resident pays an activity fee to play an activity. A city resident did not pay that fee. He pointed out that in those other areas (Reidsville, Kernersville, Martinsville, and Burlington); the city residents were also paying a fee to play. So if you live outside the City of Eden you would pay an activity fee to play a particular sport and if you lived inside the city you would pay that same fee, but then that person who lived outside the city would pay an additional fee.

Mayor Price questioned what type of activity that would be.

Mr. McBride replied that this could be anything from softball or basketball, any sport.

Council Member Turner asked if they were talking about charges for their children to play in these recreational leagues.

Mr. McBride replied that they only checked on adult activity.

Council Member Tuggle asked what Mr. McBride's opinion on it would be.

Mr. McBride replied that he knew that Reidsville had been doing this since the early 1970's. He added that it was hard to gauge exactly what type of effect it would have. He suggested that the timing might not be that good as they were trying to get as much activity going in Freedom Park as they possibly could and an additional fee might deter that at this time. However, as they know, a lot of these players who were coming here from other areas have already been paying the fee, so it kind of balances out. He stated that he really could not give a guess.

Council Member Vestal added that those groups were paying fees wherever they go except for here in Eden. He stated that it had been the case and that was why he had been checking on this trying to aid the Recreation Department little bit in cutting some of the taxpayer cost on maintenance of these fields. He also disagreed with Mr. McBride. He just mentioned the new Freedom Park. He could not see of any time better because they had a brand new facility there to institute a user fee. It was, in his opinion, as good as anybody's around so he thought it would be a great time to institute a user's fee.

Council Member Turner suggested that they wait for the new Recreation Director to come on board and get a lot of good research on this if this was where they need to go.

Council Member Tuggle also suggested that if they went that route it should be a minimum thing and see how it worked out before they did anything more than a minimum amount.

Council Member Turner asked if he saw an affect on participation in the adult leagues.

Mr. McBride replied that it was really hard to really make a guess. The Town of Madison's league numbers have dropping drastically. He added that it could be because they were coming here. Reidsville's numbers had also dropped drastically. But, he did not have all the factors to know exactly why they were dropping.

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Council Member Turner asked if Eden's numbers were up to which Mr. McBride replied yes, but that was expected with a new facility.

Mayor Price questioned what kind of income he had anticipated with this.

Mr. McBride replied that he would have to look at the figures to see what the total year round numbers were. It was available, but he did not have it with him.

Council Member Epps stated that he would like to see some type of paperwork with some type of figures on it, and Council Member Tuggle agreed that they needed a year with something to compare with.

Mr. McBride stated that he had hoped that he would find an area with the numbers that were similar but it did not come up that way.

Mayor Price explained that he guessed they needed an idea of the activities and if they charged certain rates, what the anticipated volume of money would be. He thought everybody was concerned of the fact that if other people were doing it then certainly it should be looked at and evaluated, but he would like to know what kind of income to expect. Also, were they going to lose players as a result of this. He asked if he was portraying this the correct way. It was certainly something they wanted to look at. He asked if a week would allow enough time to evaluate it.

Mr. McBride pointed out that the new Director of Parks & Recreation would begin on Monday.

Council Member Vestal added that the reason he had discussed this with Mr. McBride was because they had the new director coming in and a brand new park, now was the best time if they were going to try something like this, to do it.

A motion was made by Council Member Gover seconded by Council Member Tuggle to have the new director look into it and get back to them (after the budget was passed). All Council Members voted in favor of this motion. This motion carried.

Solid Waste:

Council Member Gover referred to page 11 of the budget message under Solid Waste. He stated that he would like to know what kind of savings they had when they moved the dumpster out of the picture and sort of reshuffled some of the transportation to the landfill. He asked if that \$28,700 reflected that or any of that or...

Mr. Corcoran replied that it did and he asked the Solid Waste Superintendent, Mr. Jerome Adams, to give them the specifics.

Mr. Adams explained that there were some shifting of revenues or funds in terms of expenditures as a result of the solid waste or commercial waste now being shipped directly to the land fill. They would see some savings there in terms of income of the transport cost. They have not

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really got a firm figure on exactly what the savings were in terms of the amount as a result of the waste going directly into the landfill because they have only been doing this for two months. They really had not had a chance to get it analyzed and get a feel for it, but they did see that there would be a substantial savings because they were now shipping an average of two (2) and occasionally three (3) loads a day where they were shipping an average of four (4) on an average 4 day week and sometimes on Wednesday they would ship a load.

They were going to be able to utilize the facility for the residential waste that was for their solid waste coming in and were also going to be able to utilize that equipment and have a reduction in the commercial contract as a result of that waste now going directly to the landfill. He explained that they were diverting their sources to other areas where they have had commercial services being provided and were taking those commercial services out and utilizing their equipment and manpower to cut costs. He stated that they anticipated in the area of about \$27,000 to \$28,000 that they were paying out to Waste Management and they would see about an \$8,000 to \$10,000 as a result of that change this first year. The second year they were probably looking at \$20,000 to \$22,000 in reduction in the operation.

Council Member Vestal asked if he had checked into the vegetation removal where the County was charging .49 per ton and the city did not utilize it.

Mr. Adams replied that they had not received a confirmed figure on that yet in terms of what was actually going in. They were being charged \$38 per ton. He explained that there was a difference in the vegetative waste and solid waste that goes in the land fill. The rates for vegetative waste going into the landfill was \$17.50 per ton and \$38 a ton for solid waste. If he did not carry any vegetative waste into the landfill, they did not get charged for it. They only get charged with what they carry across those scales and that was solid waste. None of their vegetative waste goes to the landfill.

Council Member Vestal stated that he must have been mistaken. In the presentation that the man gave, they were charged .49, he thought, and Mr. Corcoran was present so he may be able to verify that, but they were charged .49 per ton for their limbs so to speak, and the city handled all the mulch in their system here and this was figured into the \$38 per ton figure.

Mr. Adams explained that there were two separate charges now. He agreed that the presentation was a little confusing. They have an established rate for vegetative waste and that was separate from anything else that goes in over there. Their white goods, there was a percentage of the white good cost that was calculated into that solid waste that goes into the landfill because that was a part of that program. There was no direct charge for white goods when it goes in the landfill, they take those at no charge but then they have it calculated in their tipping fee to cover their costs to process those materials and get them out.

Council Member Gover stated that he had attended that meeting also and he said that that was calculated in there at .49 ton as vegetation so that should have come off of the tipping fee the way he described it.

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Mr. Adams explained that there were two different rates. The city goes by the established rate of \$17.50 and if he carried that waste that was what he would have to pay. The \$38 a ton was centered on the waste that actually went into the sanitary field site itself. Then there were white goods. For tires, there was a percentage of that included in that tipping fee. They did carry tires in there and also one of the things that the Council was concerned about was that the State had white good funds that were actually allocated on a per capita basis to each city or to each county. The county was the one responsible for getting it back to the city. He stated that they were going after those funds. The tire funds were break even. They were not being charged for the tires that go in except for the ones on rims. They did have to pay a small fee for that but other than that they were processed for them at no charge.

Mayor Price asked who paid for that to which Mr. Adams replied that the State allocates funds to offset the cost for the handling of the tires.

Council Member Vestal added that the way he understood it, the cost was built in...when they sell a hot water heater from wherever, the cost was built into that and it was the same way with tires. Then, like Mr. Adams said, it comes back to the county. He pointed out that he did not ever remember them getting a rebate from the County.

Mr. Adams commented that they were going after it, in fact he had been informed by the State of North Carolina that this city was entitled to a portion of those funds based upon the per capita or population.

Council Member Vestal stated that was why he brought that up because they attended that one meeting and all these years the County has been keeping their money over there.

Mayor Price asked them to correct him if he was wrong, but did he just say that they were entitled in the City of Eden for a portion of those funds for tire disposal and white goods.

Mr. Adams replied, for the white goods. For the tire disposal, he really had not gotten into that because he did not think there were any funds coming back. The county generally runs in the red on the disposal of tires but white goods they are getting any of the funds that come back on the sale of the material that they do there for the county plus their getting a lump sum on a per capita basis from the state that's the part that we are not getting our share.

Mayor Price commented that it was over and above their cost because they were getting money back from the State as well on tires.

Mr. Adams agreed but to clarify it, on their tire funds that come back in, those funds were there for the purpose of special cleanup projects, in fact Eden has experienced one and he knew of two that they have actually assisted the city in that, that there was no cost to us in terms of the disposal end of it because those funds cover that cost. And those funds were primarily for that use.

Mayor Price stated that as a separate issue from this that Mr. Adams might give the Council a report back as to where they were in regards to the white goods.

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Planning & Inspections:

Council Member Gover referred to page 11, under Planning & Inspections and questioned the +23,900.

Director of Planning & Inspections, Mrs. Kelly Stultz, asked if he was asking about their comprehensive plan.

Council Member Gover replied that he was and also he wanted her to describe the compensation and benefits that they had.

Mrs. Stultz replied that the compensation and benefits were those things that the City Manager had proposed for every department and there was nothing special about theirs. She noted that if he looked there were some line items in their budget that had decreased and some that were increased based on prior experiences and projects planned for the next year. The \$22,500 that was requested was to begin a comprehensive planning process, a project that they discussed during the Budget Retreat, and it was a project that she was very passionate about and she truly believed that it needed to be done to benefit the city. She pointed out that the last time such a plan was done for the City of Eden was in 1977. Those intervening years have changed their city dramatically and at this point they have done a lot of work with water and sewer master planning and they have taken a look at streetscape planning, but all in all they needed to fill in the gaps. There were a lot of projects that their community, by talking with residents, that people wants to see done and those projects need an overall plan.

In addition they have tried for several grants in the last few years and time and time again they hear the fact that their community's lacked formal planning documents which made it harder for them to do those things. A comprehensive plan would provide an additional tool as the Council made the difficult land use decisions they were faced with every day. When the Planning Board had to make a decision before their recommendation to the Council about a various request, they would have this plan to fall back on. The City Council would have already made decisions about its plan for a particular area of where they want to encourage industrial development, new businesses or where they had the infrastructure to support those things. Those same tools would be available to them all as they made those hard decisions.

In her opinion it was a project that desperately needed to be done. When she had originally got quotations for those kinds of projects from private consultants, they were asking as much as \$85,000 and plan like that would come with a lot of additional tools and those kinds of things. They were proposing a plan that would be done by the Piedmont Triad Council of Governments that would be spread over two budget years. The \$22,500 here was a lot of money but she believed that there was more benefit than that to their community's future to have such a plan.

Council Member Gover asked that where the compensation and benefits were, if the 3% was allowed was that what that was to which Mr. Corcoran replied that was correct.

Mayor Price asked if this would coincide with the County's study.

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Mrs. Stultz replied that she was sure that particular study would be consulted when they look at the corridors along Highway 14 and the place where their jurisdictions intersect but the decision made about where the Council believed things needed to go would certainly ultimately be made by the City Council.

Council Member Tuggle asked that if they decide to go with the comprehensive plan with the Piedmont Triad Council of Governments, when would this start and how long would it take.

Mrs. Stultz explained that at this point, Advocates for Eden had offered to pay for a charette process that would be the beginning, and that would save them all a fairly substantial chunk of that original \$85,000. That would be a workshop type project where members of Council, citizens from the community and a collective group of interested parties would be gathered. With the schedule that they have at the Piedmont Triad, she was told that they could not begin until after 2006 and it would be approximately an 18 month process. At that, they would need to pay for part of the plan in the upcoming budget and the rest of it in the following year. That would be the formal plan.

Special Appropriations:

Council Member Vestal continued with page 13 under Special Appropriations in the budget message. He asked them to skip down to the study that was estimated by Haden Stanziale at \$346,000 with the allocation of \$50,000 just beginning. He had asked the City Manager to explain this at the Planning & Economic Committee. He [Vestal] had pointed out that this was just for one area and if they allocated this, at this point it was just beginning, at \$50,000, the study was calling for \$346,000 additional monies. He questioned what they were going to do with the other two areas and also there was another area that had not been heard from. He explained that he had a problem with giving this money to one section and he knew that without this money they could not apply for the T-21 (grant) but when you give one group something and you were not giving the other group something, and he also knew this was a step to step process, [but], was there any way that they could say that this \$50,000 was contingent for the entire city along with if you get the grant.

Mr. Corcoran replied that could be done.

Council Member Vestal explained that his point was that \$50,000 was going to lead into \$150,000 [as] they have three areas in town and [also] Mayor Price's section up there and my old section at the Cook Block, [that] was kind of left out in the cold a lot of times, but they were talking about The Boulevard area, the Leaksville Shopping District and the Draper Village District and when you get \$50,000 here, there were some more people who were going to want \$50,000. If you leave this \$50,000 as a city-wide project and use that to apply for the grant, then the grant can be utilized anywhere you want to put that money.

Mayor Price commented that he thought that by doing so they were lowering the project. Obviously they would like to have and he wished they had one downtown, it would be the greatest thing in the world to implement this program, but they did not and in fact it would be a blessing as they go along because they did not, because they would have the opportunity to really build a very cohesive downtown area that would be among several.

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He pointed out that this thing had been set up and in operation for a lot of months. In his judgment, to divide it up would be the wrong thing to make the application. They needed to get started somewhere. Obviously they would like to say it would affect everybody, but realistically, to get this grant and to make an impact they were going to have to start somewhere. He added that there were other things that would unfold with regard to funding. The City of Eden could not fund everything and he thought everybody recognized that.

He mentioned to those who were there when the guy from Mount Airy came down and had a talk with them, Mr. Reece, who very openly said that they relied on their government to get them started, but then after the business people and the community got involved it really made a difference. They have been in this for about 15 years now and they were still going strong, in fact they hired a director for their downtown to help them implement everything.

Mayor Price stressed that this was a major project and one that was catching a lot of attention throughout North Carolina. He understood where everybody was coming from as they certainly want to look at every penny, but he encouraged them to keep this \$50,000 here to make the investment. Everybody in the Main Street Program was going to have their time in the sun and it would be a plus for this community when they get over the hump. He added that other downtown areas, including his, they have looked at south Spray, the Cook Block, the Meadow Greens area, the Draper Village, all of those people were very excited. They have to start somewhere, if it works there and this thing comes through, do not think they would not have a proof source to go back to the well and say this is working and we are making it work and our city stands behind us. Therefore, he saluted the efforts to hold it down and he certainly wanted to keep it right on the spot.

Council Member Gover stated that apparently the message had not gotten across to the merchants, fully understanding what he had described. They did not see that kind of money coming to them and they were asking why. So, it was hard for him to explain it. He stated that he told them that he would voice that at this meeting today.

Council Member Turner commented that there had been a tremendous growth in Leaksville. If she was correct, there has been like more than 10 new businesses that have opened since January. They were able to see that growth there and they hoped to just kind of get it snowballing. Yes, it would be great to go to all of the areas, but when you have a chance for such impact you hate to let that snowball stop because they were stuck to a hot spot or something, so she would love to see this go forward. She added that it was interesting that they had so many little different areas but, one at a time, so they could move forward with it.

Council Member Epps pointed out that you could not find a parking place now on Washington Street.

Council Member Vestal noted that he had been in business there since 1978 and there had been a problem since then.

Council Member Epps' last comments were inaudible but he was commenting about having to begin somewhere.

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Council Member Tuggle stated that he was at the presentation and he knew that all the parts of town were included except Spray. He asked Mr. Dougherty, Business Development Director, was there any reason behind Leaksville being the first one as opposed to some other part of town and would it make any difference if you began with a smaller grant with a better chance of getting less money and if they got this grant, did that mean you have to apply for one for Draper, Spray or the Boulevard.

Mr. Dougherty explained that he would have to yield the T-21 grant to Ms. Galloway [Planner] as she wrote the grant, but to begin with, each of the areas have good merchants associations. For example when they did the Façade Grant, it was open equally to all three areas. He pointed out that also, this was not the only effort that was going on for example the Community Appearance Commission offered money to fix up a triangle on Fieldcrest Road and that would be part of this plan. Actually the first project would happen in the Draper area. He also noted that there was an effort by the Historic Preservation Commission to establish the Draper area as a National Registered District which would allow them to qualify for historic tax credits and if they would recall last month, the Council supported a resolution to increase the amount of the tax credits. He explained that when the people from Haden-Stanziale were here, they said that was done in South Carolina and after that was done, people were scouring the state looking for buildings to renovate. Also Mr. Thomas who has the Bal-Mar Theater was quoted in the newspaper that he would be very happy to entertain someone who would want to put a community center there.

He stated that he thought there were efforts throughout the area. He was meeting with someone next week about The Boulevard who was interested in establishing some kind of an artist's colony, so they were trying to cover off everyone to give it to them equally. He pointed out that again it was Haden Stanziale who was the experts; they came in and said this was the best way it was done. He stated that this was a unique situation; nobody has seen such a situation in the State because everyone had one downtown and Eden had three. They recommended for the citizens and everyone else to have what was considered a sure winner. Now, they could conceivably do a couple of small projects, they have the Phase 1 outlined here at \$348,000.

He explained that what happened last year, to put it in perspective, the grant that was written was for three quarters of a million dollars. That was a significant amount of money that if they did get it, they could do quite a lot improvement. He asked Ms. Galloway if that was something that was transferable to all three areas.

Ms. Galloway replied that the grant could be used in all three areas, Leaksville, Draper and The Boulevard. She added that they did not get that grant last year.

Mr. Dougherty asked them to consider the fact that Haden-Stanziale said that because they have the master plan, just like for Freedom Park, the fact that they have a master plan and were able to get money, several hundred thousand dollars, this was a stepping stone and it showed that they care enough about their community to do this.

He asked them to consider that if they get a three quarter of a million dollar grant and that grant would not be awarded until around November, they could impact all three areas, relatively

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significantly, considering Phase 1 was \$340,000, and they could put a dent in all three areas. It was relative to time and what they could accomplish with this. He asked if it was a guarantee that if they would get three quarters of a million dollars, they may get a less amount than that, but, he tried to reiterate to everyone that Main Street was a long term program. He pointed out that Salisbury had been on it for 25 years and they say that all these communities hit a tipping point in that after a while all the efforts go in and then things start to turn around. He asked them to consider the two short years that they have been on this, the merchant groups were doing well, a lot of events were happening, and they have had a major investment in their community probably today or tomorrow.

People were looking at what the potential was in the downtown. They have a park on Washington Street and the potential for a park on Stadium Drive and Fieldcrest. He pointed out that they had accomplished quite a lot. He noted that they had 13 property owners who want their aluminum awnings to come down and they were eager, if they have the Façade program next year, to invest in their buildings which would bring more investment to the community. If they make a small investment and all this other stuff comes through, there were many ways they could do this. He stated that he had to deal with everyone and he did not want everyone to feel like they were being slighted. He thought that he had established a pretty good relationship with them and they would try to spread the efforts as equitably as possible.

He stated that they did not necessarily have to take the strategy that Haden-Stanziale had recommended, but they were experts and they certainly had to listen to what they say.

Mr. Dougherty stated that the last time they counted, there were over 80 functioning businesses, and it probably had the largest traffic area with the Draper area certainly as the second best and there was a lot of good activity heading in that part of town. The Boulevard was the biggest challenge and as he had said, it was created for a whole different reason. He asked them to look at the whole city and how traffic and shopping patterns have changed. He asked them to look at malls as theirs had suffered because malls in general in small towns were suffering. There were actually three trends in retailing, one was the Internet, which did not exist ten years ago and 8% of the holiday sales last year were through the Internet. Another was price, which was why Walmart was doing so well and the other was downtowns. He asked them to look at downtown Greensboro where people were moving there in droves. Or, they were building these centers, called Lifestyle Centers that look like downtowns. Eden has three downtown areas and there was a lot of potential there especially for housing, baby boomers were moving into downtown housing in record numbers. So, they thought that this would be distributed equitably, but it was a long term program and it was not a silver bullet. He noted that when you look at places like Concord, Salisbury, Lexington or Mocksville, it was amazing. After a few years you start seeing it all come to fruition.

Council Member Vestal referred back to page 2 of the budget message and quoted the City Manager's own statement "This slow growth continues to be indicative of the declining and stagnant revenues that have been facing the City for the last several years". Council Member Vestal pointed out that they were in a very precarious position here in Eden with the possibility of losing more textile workers and the City Manager's statement on page 13, "The allocation of \$50,000 is just a beginning". He stated that his point was, he did not see that \$50,000 turning into \$150,000 was one they could afford.

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Mayor Price replied that he could tell them that as a merchant, when they first opened their business, Kmart opened down the road. He was very concerned about it and at that time told the Goodyear rep[resentative]. That rep told him not to be because when it opened up it would draw traffic like he never dreamed. Sure enough, he thought surely they would starve to death, they had not gotten wealthy, but when that place opened, people came to Eden to shop and he started seeing people from Pelham, Stoneville, Ridgeway, coming into the area. He had shared his concerns with other people and they said the more the merrier, just make sure you have something for your customers. He stated that he looked at this as the same thing. This was just a traffic builder, their downtowns. He asked what they were going to do, let them go or were they going to go up. Everybody shared this belief, they all wanted their downtowns to do well, but he for one, wanted to see this place go. He pointed out that they were just tripping over opportunity and it was time to go. Yes, they always want to be careful, they always want to count pennies, but this town needs their investment.

Council Member Vestal replied that the coin has two sides. He stated that he had been in business and he was still a property owner downtown, and he would love to keep his buildings rented, but here they were spending taxpayer's dollars. He pointed out that he had not seen any of the merchants groups come in here and say "let's create a downtown tax district" and he was a property owner and he would go for it in a heartbeat. So, it worked both ways and they could not just keep giving and giving.

Mayor Price stated that he had a good point. Mr. Reece, who he had mentioned earlier, told them that theirs had evolved and did become a special tax district in downtown areas and they carried a substantial amount in their development, but just like him, people saw the results and began to see it after the ball started rolling and they were participating. Lexington's downtown did the same thing and the Mayor told him that the night of the vote they opened it up and merchants agreed for a special tax district. He also noted that Mr. Dougherty had mentioned that there was a significant investment in the downtown area that would be made tomorrow. He had also asked that The Boulevard [item] be scheduled again for the next meeting because some new information has come in.

Council Member Myott stated that she looked at this as a pilot program and they needed to start somewhere. She thought they should leave it just like it was.

Council Member Vestal also mentioned under Special Appropriations, there was listed a total of \$150,000 was included for future salary adjustments. He asked if they did not have \$50,000 in Contingency in the General Fund.

Mr. Corcoran replied that actually this budget proposed \$100,000 in Contingency for Water, Sewer and General.

Council Member Vestal asked they could not use the Contingency instead of appropriating this \$150,000. Could they not use the Contingency if they did have somebody come in here that they thought was the best thing since sliced bread and wanted to give them more money and approved by the Council. Could they not use the Contingency as apart of that.

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Mr. Corcoran replied that they certainly could do that. He added that ever since he had been there, like a lot of the contractor type projects, he had included the Contingency. He explained that you do the budget so far in advance you just did not know what revenue sources may come up short or what emergency type expenditures may come up. When they first started they had \$100,00 and they knocked that down to \$50,000 in each fund the last couple of years, and he had seen that money need to be spent which was why he recommended \$100,000. He added that certainly once you put money in Contingency you could use it for any purpose that you see fit.

After a comment by Council Member Epps regarding the Water & Sewer Fund, Mr. Corcoran replied that it had hit them more on the Water & Sewer Fund side than the General Fund side. As some of them were aware, they were looking at an issue off Highway 14 near The Oaks Subdivision. They were getting pressure on that from DENR and it was not anticipated and it could be potentially expensive. That was why the Contingency money was there for those type things. If they did not use the Contingency money it just rolled over to their fund balance. On the General Fund side over the years, there has not been quite the need to use that money as there has been on the Water & Sewer side.

Council Member Gover questioned having the \$150,000 down to be paid for competitive wages.

Mr. Corcoran replied that was up to the Council. When he met with the Personnel Committee, he shared with them salary information from North Carolina Municipalities webpage for 20 different communities of similar size. He did a chart for them showing not individuals but position classifications in the City of Eden versus position classifications in the survey average, whether they were talking about a Laborer I, Police Officer or a Planner, etc., and there were a lot of positions that seemed to not be as competitive as they would want them to be. The reason there was \$150,000 in the General Fund versus the smaller amount in the Water & Sewer Fund was because most of their employees were in the General Fund.

Council Member Gover commented that he had also went out and got all these State books. He pointed out that the per capita in Rockingham County was \$22,780 and he thought their people were well above that in most of the classifications. So he questioned the \$150,000 and he did not particularly like that especially when they had a 191% increase in Special Appropriation over last year. That was a large increase.

Mr. Corcoran explained that the biggest reason that they have an increase, there was the money that was going to the Economic Development Initiative Fund which was over \$300,000.

Council Member Vestal pointed out that he did not believe there would be any member of Council, if he had a problem with hiring someone, if he came to the Council and asked for an additional sum of money, that they would not give it to him. He stated that he just did not think that they needed to appropriate this \$150,000.

Mr. Corcoran explained that this money was not for the hiring of people. This was for the examination of their current people. He explained that the way the city's code was written, the City Manager had the freedom, when he or she, or whoever the City Manager may be, hired someone, that someone should be hired at the minimum, but the Manager had the right to hire them anywhere within the established pay grade range, based on experience and qualifications.

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Council Member Epps asked if that meant the raises...to which Mr. Corcoran replied that there were really only two things that he could do per their city code. The first thing was, he had the flexibility, when an individual was first hired. He stated that if they looked at his track record they have stuck pretty well close to that minimum or within a small percentage of the minimum with very few exceptions and he thought even those exceptions probably were in weekly reports to the Council. The other thing that the Manager has flexibility in was probationary pay increases. That section of the code states that once an employee finishes their probationary period a probationary pay increase can be given. He stated that he thought it was one of those things where it was sort of a trust type issue. If they all saw him going out and abusing it they would change the city code. He explained that they used it a lot when they hire department heads. If a department head wanted to come in at "x" and they offer them "y". Then they have a one year probationary and after that employee did a successful one year probationary period maybe they would get a \$1,000 or \$1,500 increase. After that happened, once they were hired and finished their probation, the Manager had no flexibility from then on to adjust their pay.

He noted that there were some situations currently in the Police Department where they have people in the same classifications, for instance, sergeant; somebody just became sergeant, making much more money than someone who had already been a sergeant. He explained that it was complex, they have to look at the two individuals to see how that happened, but clearly there was a situation there in that one instance that needed to be corrected.

He explained that they could set up whatever mechanism they want and if they want to leave the money in, it was just his idea the way he proposed it. It could all come back to the City Council, or they could send it to a different committee, the money would not be spent unless the Council put it in there and approved it and however they wanted it to be spent was how it would be spent.

Council Member Tuggle asked that this was something that was in there and lets just say there were some of those equity issues he was talking about.

Mr. Corcoran replied that it was for the equity type issues and if they thought there were certain job type classifications that need to be adjusted that was what it was here. The \$150,000 was just pulled out of the air, it was impossible to guess how much was needed. The same for the Water & Sewer Fund, again it differentiated in the numbers, there were a lot more employees in the General Fund.

Council Member Tuggle asked if there were any reason why they could not leave this in there and run it through the committee, let the committee take a look at it and make sure that everything was proper...to which Mr. Corcoran replied that they could do whatever they want, they could take it out or leave it in and say that nothing could be done unless it was handled it this way. Council Member Tuggle questioned how they would deal with equity issues if they did not have this there.

Mr. Corcoran replied that they would not be able to...that was his point, unless they want to change the city code and add another section that says from time to time we give the Manager the authority in an inequity situation to increase a salary by no more than "x" percent and if that was done he had to bring it back to the City Council. That was one way they could approach it,

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but there were different situations, such as the one in the Police Department and right now there was no mechanism.

Mayor Price stated that as it was written now, any change comes to the City Council.

Mr. Corcoran replied, no, and explained that the way this was proposed was not to burden the City Council but to use the committee system and it was his idea, they could do whatever the Council wanted, and the Personnel Committee would sit down and over time look at these issues and make decisions. There would be a threshold as to the maximum amount of money they could award so that you all would know that the huge amount was not going to be given to employee "A" or "B" and he recommended 8% of course that could be lowered.

Mayor Price asked if their report would come to the City Council.

Mr. Corcoran explained that the way it was written anything above 8% would come to the City Council.

Council Member Vestal noted that this same item appeared on page 36 and quoted "the city Councils' Personnel Committee it was agreed to include a lump sum amount (not determined by the Committee) so that additional compensation could be awarded after a careful and deliberate review of the information accumulated. A total of \$150,000 in the General and \$60,000 in Water & Sewer [Fund]", that was his point. He thought that the Council needed to, not just the [Personnel] Committee, but he thought the entire Council needed to be aware of situations and if it was so deemed, then go ahead and appropriate the money. He just did not think they need \$150,000 and he also did not think they have that many cases.

Council Member Gover stated that now in essence, they have \$360,000 counting this and the one on page 13 to which Council Member Vestal noted that it was actually \$210,000. Council Member Gover pointed out that covered a lot of salaries.

Mr. Corcoran replied that it depended upon what they want to use. If they want to try and keep the municipal job classifications competitive with other municipal jobs, they have several job classifications that were significantly behind. He did not know if they need the whole \$210,000, he just put the number there. The way he looked at it if it was not needed it would not be spent. He added that he was sure the Council would want to put some mechanism there as to how the decisions were made. They could certainly change it and ask him to develop a list of recommendations and submit it to the whole Council on what he thought needed to be done.

Council Member Gover stated that he had seen the payroll and there were some who had been bypassed such as he was saying, but if he made out a list on who he thought needed it, then pass it on to the Council to which Mr. Corcoran replied that he could do that. Council Member Gover suggested they get those people up there where they should be and once and for all and stop every year trying to come in with something. That was why he requested a copy of the payroll every year. He agreed that they did have supervisors who were not getting what they should get and they also have the lower end of the spectrum who were not absolutely getting what they needed to get. It was just not all up on top.

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Mr. Corcoran suggested that if that was what they were interested in doing, if they thought the amount was too high, they could set whatever amount they thought was appropriate. For instance, the General Fund and the Water & Sewer Fund, they could have a stipulation that none of that money would be used until a recommendation was submitted by him to the Council and voted upon by the Council.

Council Member Vestal replied that in doing that he did not have a problem with leaving the amount of money there because it was not going to be spent unless the Council approved it.

A motion was made by Council Member Vestal seconded by Council Member Gover to leave the amount of money in the General Fund and the Water & Sewer Fund with the stipulation that none of that money would be used until a recommendation was submitted by the City Manager and voted upon by the City Council. Council Members Vestal, Gover, Tuggle, Myott, Nooe, and Epps voted in favor of this motion. Council Member Turner voted in opposition. This motion carried.

Council Member Vestal moved to page 24 of the budget message and noted at the bottom of the page, "the budget as submitted includes a proposed rate increase of both water and sewer service charges" and in addition it was recommended an 8.5 CPI and 5% first step toward bringing Eden back in line with those charged by other municipalities. He pointed out that they should put it in the paper every day that they have the cheapest water rates around. They should be proud of that. In his opinion, they get people in industry and other ways by low tax rates and low service rates. If they compare themselves to other cities, he was sure that one of those books that Council Member Gover had, a lot of people in other areas made more money per capita than they did. He knew that this is not a huge increase, but he did not want to sit there and raise his hand for a 6.5 cent tax rate hike and that was what this amount of money would yield. He did not see the justification.

He asked them to turn to page 48, and he quoted the City Manager from the General Fund "this represents a total increase of \$2,796,533 or 67% in just the past four years." And in the Water & Sewer, "this represents a total increase of \$1,886,479 or 43.41% in just the past four years". He noted that if they were putting that much money in a savings account it was hard for him to justify to his constituents that they need a rate increase. They were spending money, they have projects and they just voted on one here today. He stated that he came on board preaching 3 years ago that they needed to improve their infrastructure and they do. Those projects take time to do and if they spend in the next year every penny that they have appropriated out of their fund balance which was around \$4.0 some million, they were going to make some of that money back. It was not like they were going to lose the entire \$4 million but if they go up on rates, those projects were one shot deals, once that project was completed, it was funded no more, but their rates would continue day after day and year after year and they have citizens in this town who were borrowing money to pay the drugstore right now.

Council Member Gover agreed that with the amount of money that they were accumulating every year through that, it was more money than the project that they have laid out. He noted they had just heard the Mayor talking about a project that takes 3 or 4 years, their industrial site, and how long did it take to do these projects. As Council Member Vestal said, they accumulate this money every year to do that so they would have ample money. They had ample money

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today to do the projects they need in the time frame that they need to do it in and still meet their consent order. He stated that it just did not make sense to go up on water and sewer when they were having that type of money coming in.

Council Member Epps' comments were inaudible, however he was questioning what they would do if they were to get their study back this week about a location for their industrial park and it did not have water and sewer on it.

Council Member Gover replied that they would take the money that they were not using on these projects and do that. And like Mayor Price said, if it came down to it they could always borrow \$35 million. They did not need that kind of money, but they could do what their projects call for and he dared say an industrial park, if they were, say south of us, if they had not put any addendums on it yet, that \$8 million that they have over there, could certainly bring in a lot of interest in the time it had been laying there. He was not for putting up for that kind of money when their water and sewer was in such a disarray that they need to get their water and sewer intact and he thought they had a good program coming along with the money to back them up on each project and so far they have been handling it well. He pointed out that they were not as well off as some of these other cities that they were supposed to be competing with.

Mayor Price commented that they used to be well off. They were well off when they had a Fortune 500 company here and they were well off when they had probably 5,000 more jobs here. Everybody had a good viewpoint and he appreciated the fact that they want to count pennies. This town has lost some gusto and they were just putting everything they could to get back into the ballgame.

He disagreed and did not think they were getting anywhere near enough money to make these improvements. He stated that he was disappointed that the changes for infrastructure have drug on and they still have not finished the two inch water line project and some other things that were here. He stated that they want to be healthy and have enough coming in to fund the things that were coming in. He supposed that something tragic happened in this community and they did not have any income coming in, just what would they do. Their operating and capital costs were way up here and they would go on regardless. He thought personally they were radically under funded in this community. They needed to make arrangements to get that fund balance up and they need to be a lot more aggressive in taking care of some of the water and sewer issues in this city.

He added that the demands were going to be great. He did not know what the City of Reidsville was doing. He guessed if they compare it out, Martinsville and Danville was aggressive as they could be. They were sitting over here with a major project getting ready to take place in Greensboro which was the FedEx project which would be a trunk line to the world. They have the opportunity here with excess water and sewer capacity with a tremendous infrastructure of roads, while they were not on them, they were just hinged in here by 220 and 29 and 58. They also had the most talented work force in the world going out of town to work. He thought they were in a very interesting time and he appreciated everyone's concern, but they had to put things into place.

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Council Member Epps commented that Mr. Asbury did a survey and they knew that most of their pipes and sewer lines were antiqued. If they could sell off the water and sewer lines like the old water station, that would be great, but you cannot do that, you have to repair them and get them up to speed. He stated that he was just saying that something had to be done. They had this State project that was mandated that they had to spend \$3 million, so that would take a lot of the money. He also noted they had to make themselves appealing to new industries.

Council Member Vestal commented that they were appealing to the industries and the best way that he knew to do that was to have low water rates and brag about it on the front page of the paper every day, and when they could increase their fund balance in Water & Sewer \$1.8 million in this past four years, yes they were going to spend \$4 million this coming year, he hoped, but he doubted it would get done, but while they were spending that \$4 million, they were also making money at the same time, which would replenish some of that fund, so they were not going to actually lose \$4 million.

A motion was made by Council Member Vestal seconded by Council Member Gover to strike the water and sewer rate increase from the budget. Council Members Vestal, Gover and Nooe voted in favor of this motion. Council Members Epps, Turner, Tuggle and Myott voted in opposition. This motion failed.

Break:

Mayor Price called for a short break.

Meeting Convened:

Mayor opened the floor for further discussion.

Council Member Gover referred to page 41 and noted that he saw \$652,000 for each outfall. He asked how he arrived at the same figure for every outfall.

Mr. Corcoran explained that basically he got a price estimate. He asked W.K. Dickson on what they could anticipate as a result of the special water consent in the next year. He gave him a lump sum figure, it was not broken down, there were six main components, the three outfalls and the three pump stations, and it was all in the same pot, he just divided it six ways. If you take the \$652,200 times 6, there was your cost.

Council Member Gover stated that he was alluding to the fact, all of these were not to the consent order that they were under. Do they have to do all of this to satisfy the consent order to which Mr. Corcoran replied in the affirmative.

Council Member Epps asked if he had estimated \$4,328,200 to which Mr. Corcoran replied that was the engineer's estimate.

Council Member Gover pointed out that on page 26 he had \$3,400,000 to which Mr. Corcoran explained that was the amount of fund balance that has to be used next year to balance the Water & Sewer Fund.

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Council Member Nooe questioned the water rates under Miscellaneous, page 5 of 7.

Mr. Corcoran explained that Mr. Asbury prepared the memo and he asked Mr. Asbury to come forward.

Council Member Nooe explained that it was the Dan River contract with the water rate increase, the city's went from 1.39 to 1.49 and Dan River remained flat at 1.03. He questioned if that was fixed for what period of time or when could that be increased.

Mr. Corcoran explained that Dan River was under the contract rates and they get adjusted each year after the audit. It is calculated in-house and then we ask a representative from Arcadis to look at it, and the city comes up with the contract rates. The contract is for several more years, before that contract comes up. We had actually looked at it a few years ago when they raised the rates in 2002, to see if there was a way they could go back in and do something so that the contract customers had to pay a little more, and one of the things that they did, as you may remember, Billing & Collections was taken out of the Department of Finance and it was placed in the Water & Sewer Fund, which helped up those costs a little bit, but the contract was reviewed each year for Miller, National Textiles and Dan River and it was based upon the contracts that were put together several years ago. It was a long-term contract and there would be quite a long time before they could be negotiated.

Mr. Asbury added that the original contract's intent was for it to go for twenty (20) years because that was the payback on the bonds.

Mr. Corcoran stated that if that was the case, then they would probably be coming up in 2009 or 2010 when the bonds would be paid off.

Council Member Nooe asked on an average, how much would it go up for those customers, a few percentages, or they did not have any idea. He questioned if they were they going to be anywhere near the 13.5 percent increase

Mr. Asbury replied he did not know.

Council Member Vestal stated his understanding on this is the only way we can increase the contract rates is through direct expenses, just because we up it 25 – 30 cent does not mean anything, it has to be a direct expense.

Mr. Corcoran stated that Council Member Vestal was correct as it was all attached to expenses, and they have to wait for the audit, the audit comes in, we do the analysis, we send it to Arcadis, they come back, confirm that we have calculated the right rate, we adjust it, send them a back bill for July thru December and then they pick it up from there. The last couple of years, he thought there was actually a reduction on the sewer side this year to National (Textiles) because Miller really isn't in the contract on the sewer side, but he recalled on the water side, it went up somewhere around 5 or 6 cents. He added that he could put together a chart to show them what it has done, but typically it is in that range, a nickel or six cents.

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Mr. Asbury added just to stress the point, one way to make those contract customer rates go up is to spend more on the infrastructure because what you spend this year depends on how much they will go up next year. If you're cutting your expenses, you're also cutting your revenue.

Council Member Nooe replied that they want to repair.

Council Member Gover stated in their capitalization, on Page 1 of 3, he saw no drainage monies, all of the street drains and all of the problems we are having with our drains, he did not see where money was put in for that unless they plan to use contingency.

Mr. Corcoran asked that they flip to the Streets Department in the General Fund; there is \$18,000 under account 10451024500. The reason he did not put it in the capital outlay sheet was because they have not identified a specific project and all he put on the large capital outlays were specific equipment purchases, specific projects, but there is \$18,000 which in 2001-2002, they spent \$11,900; 2002-2003 they spent \$5,540; and in 2003-2004 they spent \$8,186. This year they started doing some more work on drainage and as of March 31st they had spent \$18,438 and he was recommending \$18,000 for next year.

Council member Vestal asked if that was why he was recommending the \$18,000 because we did bump up our...

Mr. Corcoran stated they talked about it, they did the drainage area in the Draper area and they talked about it, at that time the need to continue to do that was as we saw areas like that.

Council Member Gover asked if he thought that was enough money, he did not think it was enough money to cover the drain ditches that we need to clean up.

Mr. Corcoran stated that was absolutely correct, there are more drainage problems out there than money and he was just trying to do a realistic assessment of how much money could be spent. He stated at the last meeting, someone asked him why he decreased sidewalks, and he said he decreased sidewalks because if they look at what they had been spending, they had not been spending that amount of money. They were taking their employees in the street division and really focusing it on the other things such as drainage. Again, he asked that they remember they are adopting the whole street department budget so as we get into the year, let's say in November, that they see a drainage area that needs to be done and we have already spent the \$18,000 but there is still \$15,000 on sidewalks, on driveway pipe then they do a budget amendment and move the money over to do the drainage.

Council Member Gover asked regarding on Page 1 of 3 on Capital, he saw \$35,000 for the Freedom Park paving, he asked why that would be in that rather than on the next page, you have the Municipal Park.

Mr. Corcoran explained that he had asked the former Recreation Director, Mr. Conner, about that before he left as he prepared the budget, and he said the reason he was requesting it there was because he did not include it in the PARTF grant. So there was no money coming in that would do that and the only way it would get done was if it was an appropriation from the General Fund.

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Council Member Gover stated that the \$50,000 was to pay back the \$400,000 that we borrowed so now we are going to spend \$85,000.

Mr. Corcoran replied that was correct, if they chose to do that.

Council Member Myott asked if it would come out of Powell Bill to which Mr. Corcoran replied, no, as it was a private road in the park.

As there were no other questions, Mayor Price asked if there was a need to have another meeting which was earlier set for next Thursday. Council Members replied it was not.

Adjournment:

A motion was made by Council Member Epps seconded by Council Member Tuggle to adjourn. All Council Members voted in favor of this motion. This motion carried.

Respectfully submitted,

Kim J. Scott
City Clerk

ATTEST:

Philip K. Price
Mayor