

CITY OF EDEN, N. C.

The regular meeting of the City Council, City of Eden, was held on Tuesday, December 18, 2007 at 7:30 p.m. in the Council Chambers, 308 E. Stadium Drive. Those present for the meeting were as follows:

Mayor:		John E. Grogan
Mayor Pro Tem:		Wayne Tuggle, Sr.
Council Members:		Donna Turner
		Darryl Carter
		Jerry Epps
	(Deceased)	C.H. Gover
		Bruce Nooe
	(Absent)	Christine Myott
Council Members Elect:		Jim Burnette
		Jerry Ellis
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:		Brian Ewing, <u>Eden Daily News</u>

MEETING CONVENED:

Mayor Grogan 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, gave the invocation followed by the Pledge of Allegiance.

RECOGNITION OF NANCY GOVER:

Mayor Grogan asked Mrs. Nancy Gover, widow of Council Member C.H. Gover, Sr., to come forward. He then proceeded to present Mrs. Gover with a plaque in memory of Council Member Gover's service to the City of Eden as well as a certificate from the County League of Municipalities.

INTRODUCTION OF THE HONORABLE EDWIN G. WILSON, JR.:

- a. Swearing in of newly elected Council Members:

Mayor Grogan introduced the Honorable Edwin G. Wilson, Jr., Senior Resident Superior Court Judge, who was present to administer the oath of office to the newly elected Council Members.

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Mayor Grogan declared the seat from Ward One vacant. He then asked Council Member-Elect Donna Turner to come forward to be sworn in by Judge Wilson.

Mayor Grogan asked Council Member Bruce Nooe to come forward. He then presented Council Member Nooe with a plaque in appreciation of his service to the City of Eden.

Mayor Grogan then declared the seat from Ward Two vacant. He asked Council Member-Elect Jim Burnette to come forward to be sworn in by Judge Wilson.

Mayor Grogan then declared the seat from Ward Six vacant. He asked Council Member-Elect Wayne Tuggle to come forward to be sworn in by Judge Wilson.

Mayor Grogan then declared the seat from Ward Seven vacant. He asked Council Member-Elect Jerry Ellis to come forward to be sworn in by Judge Wilson.

SELECTION OF MAYOR PRO TEM:

Council Member Turner nominated Council Member Tuggle as Mayor Pro Tem.

A motion was made by Council Member Turner seconded by Council Member Ellis to select Council Member Tuggle as Mayor Pro Tem. All Council Members present voted in favor of this motion.

MAYORAL APPOINTMENTS:

Rockingham County Solid Waste Committee:

Mayor Grogan appointed Council Member Jim Burnette to the Rockingham County Solid Waste Committee.

Piedmont Triad Council of Governments:

Mayor Grogan appointed Council Member Darryl Carter to the Piedmont Triad Council of Governments.

Rockingham County Economic Development Partnership:

Mayor Grogan stated that he would like to serve on the Rockingham County Economic Development Partnership, however if anyone else would like to serve, he would be happy to step down.

ABC Board:

Council Member Carter nominated Mr. Neville Hall to serve on the ABC Board as well as act as chairman.

A motion was made by Council Member Turner seconded by Council Member Tuggle to approve the nominations of Council Member Jim Burnette to the Rockingham County Solid Waste Committee;

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Council Member Darryl Carter to the Piedmont Triad Council of Government; Mayor Grogan to the Rockingham County Economic Development Partnership; and Mr. Neville Hall to the ABC Board as well as chairman. All Council Members present voted in favor of this motion.

PUBLIC HEARINGS:

Public Hearing to Consider Approval of An Appropriation from its General Fund in an amount not exceed \$15,912 in Phase I and \$31,910 in Phase II for the costs of building renovations, machinery and equipment.

Public Hearing to Consider Approval of An Appropriation from its General Fund in an amount not exceed \$15,912 in Phase I and \$31,910 in Phase II for the costs of building renovations, machinery and equipment. The City will reimburse the company in annual installments following the project parameters. The consideration of such building renovations shall be a contractual obligation by Loparex, LLC to invest at the location a minimum total of \$885,572 in machinery and equipment by the end of calendar year 2007 in Phase I and \$1,400,000 in building improvements by the end calendar year 2008 in Phase II.

Mayor Grogan called for a public hearing and asked those who wished to speak in favor or in opposition to this request to come forward.

As no one came forward, Mayor Grogan declared the public hearing closed and asked Council for comments/motion.

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

(b) Public Hearing to consider approval of an appropriation from its general fund in an amount not to exceed \$31,008 for the costs of building improvements incurred by the Company.

Public Hearing to consider approval of an appropriation from its general fund in an amount not to exceed \$31,008 for the costs of building improvements incurred by the Company. The City will reimburse the company in annual installments following the project parameters. The consideration of such building renovations shall be a contractual obligation by Weil-McLain to invest at the location a minimum total of \$1,700,000 in building improvements by the end calendar year 2008.

Mayor Grogan called for a public hearing and asked those who wished to speak in favor or in opposition to this request to come forward.

As no one came forward, Mayor Grogan declared the public hearing closed and asked Council for comments/motion.

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

AUDIT PRESENTATION:

(a) Presentation of 2006-2007 Audit: Rouse, Rouse, Penn & Rouse, LLP.

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Mrs. Judy Rouse, Rouse, Rouse, Penn & Rouse, explained that she would be talking about the General Fund, the Water & Sewer Fund, the property tax in comparison with the state average and a little bit about the interest income the city has earned as well as the management letter.

She asked them to turn to page (1), the Independent Auditor's Report and pointed out the second paragraph. She then referred to the third paragraph, first sentence. She noted that the most important thing was that they had a "clean opinion" on their financial statements.

This was the first year that they implemented presenting the infrastructure going back to 1980 and in the opinion on page (2), if they would look at the second paragraph the total net assets have been restated to reflect an increase.

The City Council has received a very detailed audit report and management letter. *A complete copy of the audit report is on file in the office of the City Clerk.* They were pleased to note that the City Manager has addressed each issue that was presented, and as the finance department employees have received additional continued education in governmental accounting and another year of experience; the financial reporting has greatly improved, therefore, the number of adjusting interests have decreased and there were no expenditures over budget or deficit in individual fund balance.

She then asked the Council to turn to page (66). She noted at the bottom of the page the Fund Balances, in the right hand column, they have June 30, 2006 and in the left hand, June 30, 2007. The General Fund Balance decreased from \$7,242,523 to \$5,459,481. This was a decrease of \$1,783,042. On the same page, she noted that the Fund Balance available for appropriation, the undesignated, was \$3,059,060. She asked them to turn to page (87). In the middle of that page, in the third column, the total actual General Fund expenditures amounted to \$12,070,962, plus they transferred out of the General Fund, \$1,924,000 and that was transferred to other funds, so their total expenditures in the General Fund was \$13,970,086. She noted that one twelfth of that amount was \$1,164,249, so three months operating was three times that number and that was what the Council voted on to keep during 1998-1999. So, that number would be \$3,492,747. The amount undesignated at June 30, 2007, was \$433,687 below the three month operating expenses that they wanted to keep. She compared this to the State average and that average maintained by comparable sized municipalities was 37.51% of General Fund expenditures or that number would be \$5,240,517.

According to the LGC, the City of Eden's calculation was 27.95% of those expenditures. This was 9.56% below the state average. All of this was reflected by the fact that they have transferred the money out to other funds during the year, for the Greenway, the Park, for the Downtown, it went to the special revenue and all of the details of that was in the audit report.

She asked them to look at page (69). On the middle of the page, the budget revenues were \$11,416,221. The actual revenues were \$11,784,845. That was a favorable variance as they got more revenue than they expected. They primarily came from their property taxes and also their local option sales tax.

She asked them to turn back to page (87) and asked them to look at the middle of the page, the budgeted operating expenditures were \$12,443,924 and the actual expenditures, were \$12,070,962 for a favorable variance of \$372,962 which compared with the total actual expenditures in the prior year of \$11,389,200. The total expenditures in the General Fund were up 6% over the prior year and also this

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year the Water & Sewer Fund reimbursed the General Fund for utility user fees in the amount of \$945,215 and that compares with \$784,259 in the prior year.

Mayor Grogan asked Mrs. Rouse to explain about the transfer of funds from paying, each unit paying for their services, back into the General Fund.

Mrs. Rouse explained that they would see it as they go through the Water & Sewer Fund.

Council Member Turner questioned the reimbursement in the General Fund to which Mr. Rex Rouse replied that it was not unusual (*however his response was inaudible due to the fact that he was in the audience*). His guess was that 25% was making some kind of obligation.

Mrs. Rouse added that sometimes they divide up the expenditures and just pay them out of that other fund and that would be very complex, this was probably a better method and they use a spreadsheet for those transfers. She stated that she believed that they did those transfers monthly.

Mrs. Rouse continued on to page (88-89). She noted that the information was there and the fund balance. If they had any questions she would be glad to answer them.

She then moved to the Water & Sewer Fund on page (112). She noted that the last column was last year and the left hand was this year. She noted that there was an increase in the equity. The net asset in the prior year was \$37,370,095 and this year it was \$39,949,650.

She noted that the income statement was found on the next page (113). At the top of the page, the water revenues amounted to \$9,629,407 and this compares with \$9,146,240 in the last year. There was an increase of \$483,167 in the water and sewer revenues. On this page they still have the non-operating income. The income in the prior year was \$760,873 and this year \$266,026 and the difference there was that this year they did not receive a Rural Center Grant.

She asked them to look at the operating expenses. Last year they were \$7,065,259 and this year they were \$7,116,035. The non-operating deductions were \$280,633 and that figure went down this year to \$199,843 as they were paying down the debt.

So, the Water & Sewer Fund this year had an income of \$2,579,555 compared to the prior year of \$2,561,221. So the city had a very good year in the Water & Sewer Fund. This net income reflects a full year of revenue from an industry which has now ceased operation and that figure amounted to \$590,920.

She then asked them to look at the Long Term Debt on page (59). The total debt for the city at June 30, was \$10,453,333. It was made up of two numbers, the Governmental Activity debt was \$794,703. The Water & Sewer Debt was \$9,658,630. She noted that the General Obligation Bond, they only have \$2,070,000. She noted that the city had done well in paying off the debt.

Council Member Tuggle stated that when Liberty closed, he asked how that affected this.

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Mrs. Rouse replied that it did not affect it last year at all. All of that money was collected. She noted that they had increases this year from National Textiles, Miller, Dan River and Karastan. All of those industries bought more water than they bought the prior year.

Mayor Grogan added that was the fiscal year and they would be paying less money this fiscal year because their contract rates have been reduced.

Mrs. Rouse asked them to turn to page (58). She noted the sentence at the bottom of the page, "At June 30, 2007, the City of Eden had a legal debt margin of \$66,724,767." That was the amount of debt the city could have based on the property value of the city and that property value was \$834,059,591. That figure of the property value was found on page (141). So, the city was well over the legal debt margin.

On page (141), they analyzed the tax collection. They also compared that with the state average. The collection rate, the average, including motor vehicles, was 95.97%. That figure in the prior year was 95.41% so they actually went up a little bit and improved that collection rate. She noted that this was the average state-wide for all municipalities.

She stated that she had given them a sheet on interest income. The city did well with investments because interest income rates were up last year. She compared it with the last three years and they made from investments \$746,132 compared with \$677,776 so that was a nice increase. That was equivalent to additional 9 cents in property taxes.

She then turned to the Management Letter and noted that there were two letters this year. The first one was the management letter that they normally get that has numbers of items on it. She stated that they were really pleased with how few adjustments they had compared with prior years which means that they were getting more accurate financial information on a monthly basis.

She noted that the second item, they always ask them to get an actual study for the police separation allowance. That was a big number when you start thinking about the amount that was unfunded. They have funding of approximately three hundred and some thousand that was in their police separation funds but they need to be aware and on top of how much that liability could be. That was because of the officers retiring at an early age because they have earned that.

The third item was a reminder to get the water and sewer rates evaluated after the audit report with the contracted engineer to make sure that they were in compliance.

On the fourth item, on the warehouse property issues for inventory, they had a problem with that in the prior year in that there was a big gap of what was billed out of the warehouse and the expenditures of buying the different supplies in that department, in the inventory, there was a gap of about \$35,000 in the prior year. This year that difference was 20 (\$20,000), so they were hoping the gap was narrowing there. They put some controls in place to try to follow that more closely and they were taking more inventories out there to see what the problem was, if it was just a problem of not writing down something that was issued in an emergency situation, she thought they were trying to get on top of that situation.

Again, she complemented the city on their work and infrastructure. In engineering they had Tammy Amos who worked to get all those Powell Bill reports together and recap the stuff to make it so that

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Finance could put together a depreciation schedule. She stated that she was just shocked when she came because she had a depreciation schedule. She stated that she enjoyed working with the Finance Department and they have put in a tremendous effort this year to get this audit report out.

Mayor Grogan thanked the Rouse's for the audit report.

MONTHLY FINANCIAL REPORT:

There were no questions concerning the Monthly Financial Report.

A motion was made by Council Member Tuggle seconded by Council Member Turner to accept the Financial Report. All Council Members present voted in favor of this motion. This motion carried.

REQUESTS AND PETITIONS OF CITIZENS:

No one came forward to speak.

UNFINISHED BUSINESS:

(a) Boards and Commissions Appointments.

The following seats on the City boards and commissions are up for appointment or reappointment for the 2008-2010 term. Listed below are the members whose terms are expiring as well as those with numerous absences.

Ward 1: Bud Stickels (Historic Preservation Commission – term expires 2007); Vacant (Community Appearance Commission); Eddie Barker (Planning Board – term expires 2007).

Ward 2: Jean Harrington (Historic Preservation Commission – term expires 2007); Franklin Galloway (Board of Adjustment – term expires 2007).

Ward 3: Betty Turner (Community Appearance Commission – term expires 2007 – has missed 5 out of 8 meetings (63%) due to health issues); Mary Ruth Martin (Tree Board – has missed 4 out of 9 meetings (44%) – 3 excused and 1 unexcused); Angie Hampton (Planning Board – term expires 2007).

Ward 4: Janet Holliman (Community Appearance Commission – term expires 2007); Frances Craddock (Board of Adjustment – term expires 2007); Kenny Kirkman (Planning Board – has missed 3 out of 7 meetings (43%) all unexcused absences).

Ward 5: Betty Martin (Community Appearance Commission – term expires 2007); Max Kirks (Tree Board – term expires 2007); Charles Johnson (Board of Adjustment – term expires 2007); Pat Roland (Planning Board – term expires 2007).

Ward 6: James Cherry (Community Appearance Commission – term expires 2007); Larry Turner (Tree Board – term expires 2007 – has missed 6 out of 9 meetings (66%) all unexcused absences).

Ward 7: Jeanette Bowling (Tree Board – term expires 2007); Linda Wyatt (Planning Board – term expires 2007).

Mayor: Jane Lloyd (Tree Board – term expires 2007 – has missed 4 out of 9 meetings (44%) all unexcused absences).

ETJ: Steve Underwood (Board of Adjustment – term expires 2007); Becky Shomali (Planning Board – has missed 3 out of 7 meetings (43%) all unexcused absences).

Nominated for these positions were as follows:

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Ward 1: Bud Stickels (Historic Preservation Commission); Eddie Barker (Planning Board).

Ward 2: Jean Harrington (Historic Preservation Commission); Franklin Galloway (Board of Adjustment).

Ward 4: Janet Holliman (Community Appearance Commission); Frances Craddock (Board of Adjustment); Kenny Kirkman (Planning Board).

Ward 5: Betty Martin (Community Appearance Commission); Max Kirks (Tree Board); Charles Johnson (Board of Adjustment); Pat Roland (Planning Board).

Ward 6: Pat Whitten (Community Appearance Commission); Bob Futrell (Tree Board).

Ward 7: Jeanette Bowling (Tree Board).

A motion was made by Council Member Tuggle seconded by Council Member Carter to approve the appointments to the Boards and Commissions listed above. All Council Members present voted in favor of this motion.

NEW BUSINESS:

There was no New Business on the Agenda.

CONSENT AGENDA:

(a) Approval and adoption of minutes: November 20, 2007.

(b) Approval and adoption of Greenway Budget Amendment.

The first leg of the Greenway Program is now substantially complete. After the contracts were let, the Division of Environment, Health and Natural Resources required nearly \$30,000 in additional funds for changes to the erosion control and other environmental measures. They had reviewed the plans on several occasions during the pre-construction planning.

Until the last month, items have been cut and changes made so that we stayed within budget. As the project went along, Sam W. Smith, Inc., donated \$27,292.50 of work necessary to complete the project as a result of other changes required by the State.

During the past month, a different State Inspector inspected the site again and there were more changes. At this point, there is nothing else to cut. For those costs an additional \$26,000 is needed.

As well, the Pace and Dyer families donated land for the trail head and lost a portion of their right-of-way. A street closing initiation and dedication of right-of-way is planned for the December meeting, however, due to the grading required by DEHNR, \$8,000 is needed to provide access to the Pace/Dyer property.

Therefore, it is requested that the Council do a budget amendment in the amount of \$34,000 to the Greenway Project Fund.

(c) Approval and adoption of Budget Amendment #6 and #7.



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Budget Amendment #6

	Account #	From	To	Amount
General Fund Revenue				
Police Revenue	10-3431-41700	\$ -	\$ 500.00	\$ 500.00
General Fund Expenditures				
Police Telephone	10-4310-32100	\$ 22,000.00	\$ 22,500.00	\$ 500.00

To record revenue for grant received from Walmart to be used for emergency communications improvements.

Adopted and effective this 18<sup>th</sup> day of December, 2007.

Attest:

Kim J. Scott, City Clerk

John Grogan, Mayor

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Budget Amendment #7

	Account #	From	To	Amount
General Fund Revenue				
NC Rural Center Bldg. Restoration Grants	10-3336-33301	\$ -	\$ 275,000.00	\$ 275,000.00
General Fund Expenditures				
Spec. Appr: MGM Transport NC Rural Center Grant	10-9920-87000	\$ -	\$ 275,000.00	\$ 275,000.00

To record revenue and expenditure for grant received from the NC Rural Center for building restoration of the MGM Transport Buidling.

Adopted and effective this 18<sup>th</sup> day of December, 2007.

Attest:

Kim J. Scott, City Clerk

John Grogan, Mayor

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(d) Approval and adoption of Automated Garbage Truck Purchase.

In the 2007/2008 budget it was approved to purchase an automated garbage truck for the Solid Waste Division. It is recommended that the City of Eden “piggyback” the current contract the City of Greensboro has just entered into with Amick Equipment. This waives the formal bid process and follows G.S. 143-129 (g) “piggybacking” guidelines.

The recommendation is to purchase a 2008 Labrie Automizer Automated Side Loading Refuse Truck at a cost of \$203,565.00.

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(e) Approval and adoption of Resolution Dan River Steam Station Project. *(Pulled from Agenda until January Meeting)*

(f) Approval and adoption of request to award contract – Panther Lane – Meadow & Hamilton Street – Cedar Street Water Main Connector Improvements.

According to the memorandum presented to the Council a total of 10 bids (uncertified) were received for this project. Those were as follows: Triangle Grading and Paving, Inc.\$434,470.00; Garner-Murphy Construction, Inc., \$429,432.00; Ramey, Inc., \$623,251.00; Yates Construction Co., Inc., \$457,983.50; WC English, Inc., \$527,129.00; Prillaman & Pace, Inc., \$516,864.00; Shiloh Utilities, Inc., \$580,310.00; Key Constructors, Inc., \$599,518.00; Spencer’s Incorporated of Mr. Airy, Inc., \$521,592.00; and Bob Glover Grading, Inc., \$518,493.60.

The lowest bid submitted was from Garner-Murphy Construction Co., Inc., of Graham, NC with a total bid amount of \$429,432.00. Bids were reviewed by David Hamilton, PE, of ARCADIS G&M of North Carolina.

(g) Approval and adoption of dissolution of the Eden Main Street Advisory Board.

In 2006, the City Council approved the creation of a non-profit entity to oversee downtown revitalization. In November of 2006, the Twin Rivers Downtown Development Corporation was created. In October of 2007, this organization was granted 501 (c) 3 non-profit status by the Internal Revenue Service. At its November 2007 meeting, the Eden Main Street Advisory Board voted to dissolve this organization and reconvene as the Twin Rivers Downtown Development Corporation in January of 2008.

(h) Approval and adoption of employment agreement between City of Eden and Stephen Bradley Corcoran.

A motion was made by Council Member Epps seconded by Council Member Turner to approve Consent Agenda items. All Council Members present voted in favor of this motion. This motion carried.

VOUCHERS:

No questions.

ADJOURNMENT:

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

Respectfully submitted

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Kim J. Scott, CMC  
City Clerk

December 18, 2007

City of Eden, N. C.

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ATTEST:

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John E. Grogan  
Mayor