

CITY OF EDEN, N. C.

A special budget session of the City Council, City of Eden, was held on Wednesday, May 9, 2007 at 5:00 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
		C.H. Gover, Sr.
	(Arrived late)	Bruce Nooe
		Christine Myott
City Manager:		Brad Corcoran
City Clerk:		Kim J. Scott
Deputy City Clerk:		Sheralene Thompson
City Attorney:	(Absent)	Tom Medlin
Representatives from Departments:		
Representatives from News Media:		John Barbour, <u>Eden Daily News</u>

MEETING CONVENED:

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

1. Resolution in support of Funding for signal at Pierce Street and Kings Highway.

RESOLUTION

WHEREAS, in accordance with Article I of Chapter 136 of the North Carolina General Statutes, the Department shall inform all municipalities and/or counties affected by a planned transportation project; and

WHEREAS, it is also requested that each affected municipality or county submit within 45 days, a written resolution expressing their views on the project; and

WHEREAS, in accordance to this statute, the Department of Transportation is proposing to construct the following project within the City of Eden:

Install a traffic signal at the proposed intersection revision of SR 1962 (Pierce Street); SR 2066 (King's Highway) and Pierce Street Extension.

May 9, 2007

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

NOW, THEREFORE, BE IT HEREBY RESOLVED that the Mayor and City Council are in support for the traffic signal at the above proposed intersection revision of SR 1962 (Pierce Street); SR 2066 (King's Highway) and Pierce Street Extension.

This Resolution was passed and adopted the 9th day of May, 2007.

s/John E. Grogan, Mayor

ATTEST:

s/Kim J. Scott, City Clerk

A motion was made by Council Member Epps seconded by Council Member Tuggle for adoption of the Resolution in support of Funding for signal at Pierce Street and Kings Highway. All Council Members present (Note: Council Member Nooe arrived after this motion) voted in favor of this motion.

2. Special budget work session to review the proposed budget for FY 2007-08.

Mr. Brad Corcoran gave a power point presentation highlighting portions of his 57 page budget message. He explained that rather than taking the time to read the information, he asked that the entire budget message be entered into the minutes of this meeting as if it had been read in its entirety.

Budget Message follows:

Memorandum

To: Honorable Mayor and City Council

From: Brad Corcoran, City Manager

Date: May 1, 2007

Re: Budget Message For Fiscal Year 2007-2008

Introduction

On behalf of the City of Eden staff, I am pleased to present to you the fiscal plan for FY 2007-2008. The budget is in balance and has been prepared in accordance with the guidelines set forth in the Local Government Budget and Fiscal Control Act (N.C.G.S. Chapter 159, Article III).

May 9, 2007

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

Balancing this budget has been a long and arduous task which has resulted in a document which continues to meet the City's basic needs in the critical service areas and addresses some of the various capital improvement needs currently facing the City. The budget does not, however, provide all of the funds necessary for the capital needs within the City of Eden.

Budget Message For FY 2007-08

INDEX

Abatement Projects Fund	Page 42
Acknowledgements	Page 57
Administrative Charges – Water/Sewer Fund To General Fund	Page 48
Annexation-In-Lieu Of Agreements	Page 32
Audit Synopsis – FY 2006-07	Page 55-56
Bio-Solids Management Upgrade Project Fund	Page 47
Budget/Planning Retreat Goals From City Council	Page 10
Budget Summary For FY 2007-08	Page 6
Budget Summary By Funds For FY 2007-08	Page 9
Building/Plumbing/Mechanical/Electrical/Sign Permits	Page 34
City Memberships – I.E. NLC, NCLM, PTCOG	Page 34
Community Organizations – Support	Page 34
Concluding Remarks	Page 54-56
Contingency Funds	Page 7
Debt Service Payments	Page 41
Downtown Revitalization Project Fund	Page 35
Economic Development Project Fund	Page 42
Emergency Communications Fund	Page 42
Facades Improvement Fund	Page 42
Five Year Capital Improvement Plan	Page 32
Fund Balances Being Used During FY 2007-08 Summary	Page 6
Gasoline Prices	Page 34
General Fund Breakdown By Department/Division	Page 11
Governing Board	Page 12
Administration	Page 12
Environmental Services	Page 13
Finance/Human Resources	Page 13
Information Technology	Page 14
Business Development	Page 14
Legal	Page 15
Police	Page 15
Fire	Page 16
Engineering	Page 17

May 9, 2007

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

Streets	Page 17
Powell Bill	Page 18
Solid Waste	Page 18
Planning & Inspections	Page 19
Parks, Recreation & Facility Maintenance	Page 20
Public Building Services	Page 20-21
Fleet Maintenance	Page 21
Special Appropriations	Page 21-22
Contingency	Page 22
General Fund Installment Loan (\$ 2,142,000) Project Summary	Page 7
General Fund Revenues – Historical Data	Page 23
Greenway/Pedestrian System Project Fund	Page 36
Historic Preservation Fund	Page 52
Incentive/Performance Agreement Payments For Industries	Page 43
Incentive Payments For Water/Sewer Extension Policy	Page 43
Interest Rates Being Earned – Historical Data	Page 35
Inter-fund Transfers – Summary	Page 8
Municipal Park Project Fund	Page 47-48
Non-Powell Bill Streets For Resurfacing	Page 51-52
Occupancy Tax	Page 53
Personnel	Page 44-47
Health Insurance – Employees	Page 44
Health Insurance – Retirees	Page 45
Cost-Of-Living Allowance Pay Increase	Page 45-46
Pay & Classification Plan – Update	Page 46
Requests For Additional Full-Time Employees	Page 46
Request To Expand Day-Time Part-Time Firefighter Program	Page 46-47
Pierce Street Extension Project	Page 10
Police Car Replacements	Page 49-50
Police Pension Trust Fund	Page 52
Powell Bill Funds	Page 18
Promotional Activities Fund	Page 42
Property Tax Calculations For FY 2007-08	Page 33
Rockingham County – Special Contribution	Page 7
Rockingham County Partnership For Economic & Tourism Development	Page 42
Runabout Travel Fund	Page 52
Sale Of Fixed Assets	Page 32
Self Insurance Fund	Page 44
Sewer Construction – Capital Outlay Projects	Page 51
Sewer Rehabilitation Project Fund	Page 48-49
Site Selection Study – Acquisition Of Land/Options On Land	Page 10 & 53
Solid Waste Rate Revenues Vs. Expenditures Analysis	Page 24
State Revenues – Summary For FY 2007-08	Page 33

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

Water Construction – Capital Outlay Projects	Page 51
Water Construction – Waterline Upgrade Projects	Page 50
Water & Sewer Breakdown By Department/Division	Page 25
Water Resources	Page 25
Billing & Collections	Page 26
Water Filtration Plant	Page 26
Collection & Distribution	Page 27
Wastewater Treatment	Page 28
Water Construction	Page 28-29
Sewer Construction	Page 29-30
Special Appropriation	Page 30-31
Contingency	Page 31
Water & Sewer Installment Loan (\$ 6,900,000) Project Summary	Page 6
Water & Sewer Master Plan By W. K. Dickson	Page 53
Water & Sewer Rate Increase & Increases On Selected Usages	Page 36-40
Water & Sewer Rate Reports – 2006 By Draper Aden Associates	Page 37-40
Water Pressure Improvements Fund	Page 49
Waterline Upgrades Project Fund	Page 49

Budget Highlights

- The combined budgets for fiscal year 2007-08 include new revenues (not counting the new loans for the Water and Sewer Fund (\$ 6,900,000) and General Fund (\$ 2,142,000), an anticipated grant from the Parks & Recreation Trust Fund (\$500,000), inter-fund transfers (\$ 6,528,600), appropriations from existing fund balances (\$ 797,200), special contribution from Rockingham County (\$ 87,500), and pass thru funds (\$ 152,900) such as premiums paid by employees for dependent health coverage and the Runabout Travel Fund) equal to \$ 21,459,300 which is a slight increase of \$ 853,700 or 4.14% when compared to the adopted combined budgets for FY 2006-07 (\$ 20,605,600).
- The FY 2007-08 budget as submitted includes a new loan in the amount of \$6,900,000 within the Water & Sewer Fund for a variety of capital outlay initiatives including

<u>Description</u>	<u>Amount</u>
Water Pressure Improvements Project – To Complete Project Already Underway	\$ 1,262,000
Junction Pump Station, Bridge Street Pump Station, Inflow/Infiltration Improvements In Response To Sanitary Sewer System Evaluation Study Findings	\$ 1,450,000
Waterline Upgrade Improvement Projects – To Complete Projects Already Underway & New Initiatives	\$ 1,704,000

May 9, 2007

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

Sewer Rehabilitation Improvements Project – To Complete Project Already Underway \$ 2,484,000

TOTAL **\$ 6,900,000**

- The available fund balance budgeted to be utilized during FY 2007-08 includes a total of \$ 797,200 from the General Fund. This is down considerably when compared to the \$ 2,178,700 in fund balances that were appropriated from various funds for FY 2006-07 and the \$ 6,489,600 in fund balances that were appropriated from various funds for FY 2005-06.
- The FY 2007-08 budget as submitted includes a new loan in the amount of \$ 2,142,000 within the General Fund for a variety of capital outlay initiatives including:

<u>Description</u>	<u>Amount</u>
Reimbursement To Fund Balance – Greenways Project Phase 1	\$ 713,000
Reimbursement To Fund Balance & Remaining Cost – Downtown Improvements Projects	\$ 515,000
Aquatic Facility (Funds will only be borrowed if City is awarded a PARTF Grant)	\$ 800,000
Briarwood Storm Drainage Improvements Project	<u>\$ 114,000</u>
TOTAL	\$ 2,142,000

It makes sense to finance these large initiatives through debt as we are doing in the Water and Sewer Fund. By paying for the improvements over a series of years future beneficiaries of these initiatives will be helping to pay for the improvements. In addition, this helps to replenish our fund balance thereby eliminating the need for any drastic revenue enhancement measures within the General Fund for FY 2007-08.

- The FY 2007-08 budget includes \$ 87,500 in special contributions from Rockingham County to assist us with our efforts at reducing the amount of inflow/infiltration within the City. Additionally, the proposed budget includes \$ 152,000 in pass thru funds from various sources such as the Runabout Travel Fund (\$ 31,000), the Promotional Activities Fund (\$ 5,500), the Historic Preservation Fund (\$ 900) and the amounts collected for dependent health/dental insurance coverage in the Self Insurance Fund (\$ 115,500).
- The budget includes \$ 50,000 (compared to \$ 50,000 for FY 2006-07 and \$129,600 for FY 2005-06) in the General Fund as an un-appropriated contingency and \$ 50,000 (compared to \$ 50,000 for FY 2006-07 and \$ 100,000 for FY 2005-06) in the Water & Sewer Fund as an un-appropriated contingency for unforeseen declines in

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

revenue and/or unanticipated expenditures. This \$ 100,000 will be added to the appropriate fund balances if not utilized during the upcoming fiscal year.

- The FY 2007-08 budget includes \$ 6,528,600 in inter-fund transfers (i.e. funds within the budget that are shown as revenue and expenditures in two different locations). These include the following:

- A. \$ 2,484,000 shown under Special Appropriations Water & Sewer Fund as a contribution to the Sewer Rehabilitation Fund and then again within the Sewer Rehabilitation Fund.
- B. \$ 1,262,000 shown under Special Appropriations Water & Sewer Fund as a contribution to the Water Pressure Improvements Fund and then again within the Water Pressure Improvements Fund.
- C. \$ 1,529,000 shown under Group Insurance line items within various departmental and division budgets within the General Fund and Water & Sewer Fund and then again within the Self Insurance Fund.
- D. \$ 850,000 shown under Special Appropriations General Fund as a contribution to the Municipal Park Fund and then again within the Municipal Park Fund.
- E. \$ 240,000 shown under Special Appropriations Water & Sewer Fund as a contribution to the Waterline Upgrade Improvements Fund and then again within the Waterline Upgrade Improvements Fund.
- F. \$ 140,300 shown under the Separation Allowance line item within the Police Department and then again within the Police Pension Fund.
- G. \$ 23,300 shown under Special Appropriations General Fund as a contribution to the Downtown Improvements Fund and then again within the Downtown Improvements Fund.

- A further breakdown of the FY 2007-08 budget indicates the following:

Summary (Funds)

**FY 2007-08
Budget**

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

General	\$ 14,643,700
Water & Sewer	16,565,300
Downtown Revitalization	23,300
Emergency Communications	162,000
Historic Preservation	900
Police Pension	155,300
Promotional Activities	5,500
Municipal Park	1,350,000
Runabout Travel	31,000
Self Insurance	1,644,500
Sewer Rehabilitation	2,484,000
Water Pressure	1,262,000
Waterline Upgrades	<u>240,000</u>
	\$ 38,567,500
Less:	
New Loan – Water & Sewer Fund	\$ 6,900,000
New Loan – General Fund	\$ 2,142,000
Inter-fund Transfers	\$ 6,528,600
PARTF Grant	\$ 500,000
Appropriated Fund Balances	\$ 797,200
Pass Thru Funds – Ex. Runabout Travel	\$ 152,900
One Time Projects – Rockingham Co.	\$ 87,500
TOTAL NEW REVENUE	\$ 21,459,300

• On March 2, 2007 the City Council met for its annual budget/planning retreat. According to the goals submitted by the Mayor and members of City Council there were nine items listed by multiple members of the Council. These include:

- A. Water & Sewer Infrastructure Needs
- B. Economic Development – Acquisition Of Land For Industrial Development – Job Recruitment & Retention
- C. New Aquatic Facility For Freedom Park
- D. Development Of Greenways – First Phase & Additional River Access Points
- E. Sidewalk Repairs & Construction – Including Area Near The New Dollar General Store
- F. Annexation Initiatives – Evaluation Of Areas & Final Decision
- G. Expansion Of The Extra-Territorial Jurisdiction (ETJ)
- H. Nuisance Abatement
- I. Pierce Street Extension Project

It should be noted that these goals helped to serve as a financial blueprint during the preparation of the budget for FY 2007-08. Funding has been included in the FY 2007-08 budget to address each of these areas to a certain extent with the exception of the

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

Pierce Street Extension Project and Acquisition Of Land For Industrial Development. The extent of the funding that may be required (if any) for each of these items is not known at this time. As such, no funds have been appropriated for either item. If it becomes apparent that funds are needed to assist with the Pierce Street Extension Project then those funds will be authorized at a subsequent meeting of the City Council. Likewise, if it becomes apparent that funds are needed to assist with the acquisition of land or options on land for industrial development purposes then those funds will be authorized at a subsequent meeting of the City Council. Both items would likely be funded through an appropriation in available fund balance.

- The actual breakdown for the various departments/divisions within the General Fund are as follows:

<u>Department/Division</u>	<u>FY 2007-08 Budget</u>	<u>FY 2006-07 Budget</u>	<u>Year To Year Change</u>
Governing Board	\$ 33,000	\$ 29,800	\$ 3,200
Administration	160,400	170,800	(10,400)
Environmental Services	66,800	64,900	1,900
Finance/Human Resources	208,300	217,400	(9,100)
Information Technology	85,400	29,600	55,800
Business Development	141,000	115,800	25,200
Legal	38,200	49,100	(10,900)
Police	4,010,400	4,100,300	(89,900)
Fire	1,608,600	1,496,600	112,000
Engineering	62,700	60,300	2,400
Streets	1,385,000	1,307,000	78,000
Powell Bill	561,900	650,000	(88,100)
Solid Waste	1,746,200	1,643,600	102,600
Planning & Inspections	560,500	520,600	39,900
Parks/Recreation/Facility M.	1,112,900	1,080,400	32,500
Public Building Services	75,800	72,600	3,200
Fleet Maintenance	237,700	256,800	(19,100)
Special Appropriation	2,498,900	1,661,900	837,000
Contingency	<u>50,000</u>	<u>50,000</u>	<u>0</u>
	\$ 14,643,700	\$ 13,577,500	\$ 1,066,200

Governing Board (+ 3,200)

The compensation being paid to the Mayor and members of City Council is now listed under Governing Board Salaries instead of Fees Paid Elected Officials and a new line item FICA (\$ 400) has been added. This is in accordance with a recent ruling for all municipalities in reference to how this type of compensation should be handled. The Travel line item has been increased by \$ 3,000 to cover travel expenses of the Governing

May 9, 2007

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

Board members throughout the course of FY 2007-08 as more members have been attending more seminars, meetings and conferences. In addition, the Miscellaneous line item has been increased by \$ 1,000 based upon actual expenditures in FY 2005-06 and expenses through March 31, 2007. The Contracted Services line item has been increased by \$ 1,000 with the Dues/Subscriptions line item being increased by \$ 900. Both of these increases are based on actual expenditures to date as of March 31, 2007. Offsetting a portion of these increases is a reduction of \$ 1,000 in the Computer Lease line item since all expenses related to computers and information technology are now contained within the Information Technology department budget. The Governing Board budget of \$ 33,000 represents an increase of \$ 3,200 or 10.74% when compared to the adopted budget for FY 2006-07 which was \$ 29,800.

Administration (- 10,400)

The Salaries and related fringe benefits line items have been decreased by a combined \$ 19,100 since all of the expenses related to the City's Customer Service Coordinator are now contained within the Planning & Inspections department budget. As each of you are aware, this position has been moved into the Planning and Inspections department in an effort to give that department more assistance on a daily basis. Some of the additional reductions within this departmental budget include \$ 1,800 under the Computer Lease line item and \$ 800 under M/R Equipment. Offsetting a portion of these reductions is an increase of \$ 2,500 under Travel for the personnel within the Administration department. The current City Clerk is expected to retire at the conclusion of FY 2007-08 with the Deputy City Clerk in position to assume those responsibilities. The Deputy City Clerk is in the process of obtaining her certification as a Certified Municipal Clerk and will need to attend some additional seminars and meetings to complete that certification. The M/R Copier line item has been increased by \$ 500 and the Contracted Services line item has been increased by \$ 500 based on actual expenditures to date as of March 31, 2007. The Administration budget of \$ 160,400 represents a reduction of \$ 10,400 or 6.09% when compared to the adopted budget for FY 2006-07 which was \$ 170,800.

Environmental Services (+ 1,900)

The Salaries and related fringe benefits line items have been increased by a combined \$ 4,900. Some of the additional increases include \$ 300 under Departmental Supplies (based upon actual expenditures for FY 2005-06), \$ 1,000 under Training (based upon a request from the Director of Environmental Services for the Office Assistant within that department), and \$ 100 under Dues/Subscriptions (based upon actual expenditures to date as of March 31, 2007). Offsetting a portion of this increase is a reduction \$ 1,000 under Computer Lease, \$ 1,000 under C/O Equipment Non-Depreciable and \$ 200 under Travel. The Environmental Services budget of \$ 66,800 represents a slight increase of \$ 1,900 or 2.93% when compared to the adopted budget for FY 2006-07 which was \$ 64,900.

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

Finance/Human Resources (- 9,100)

The main reason for a reduction within this department is the removal of various expenses that are now contained within the Information Technology department budget. There is a reduction of \$ 29,300 under the Contracted Services line item as the service contract with L & B for the City's computer system and related MIS support services are now included within the Information Technology department budget. In addition, there is a reduction of \$ 2,300 under Professional Services/Programming (customizing current software) and \$ 2,500 under Computer Lease as these items have also been moved to the Information Technology department budget. Some of the additional reductions include \$ 3,000 under M/R Equipment, \$ 1,400 under Professional Services, \$ 1,000 under Finance Credit Card Charges, \$ 1,000 under Postage, and \$ 500 under Office Supplies to name a few. Offsetting a portion of these reductions are normal increases associated with salaries and fringe benefits. In addition, the anticipated costs for Purchase For Inventory have been increased by \$ 2,500 along with an increase of \$ 1,000 under Special Incentives as we instituted a Service Awards recognition program for all City employees during FY 2006-07. The Finance/Human Resources budget of \$ 208,300 represents a reduction of \$ 9,100 or 4.19% when compared to the adopted budget for FY 2006-07 which was \$ 217,400.

Information Technology (+ 55,800)

As previously noted, all of the various costs associated with the leasing and maintenance of computers, servers, software and license maintenance, MIS service contracts etc... are now contained within this budget. An increase of \$ 44,900 in the Software License Fees line item includes funds for maintaining the software licensing agreements the City possesses as well as the maintenance fees associates with our financial software package known as Logics. In addition, there is an increase of \$ 18,000 under Data Transmission/WAN to cover the City's internet service and related charges, an increase of \$ 16,000 under Computer Lease to cover all of the Computer Lease payments, and \$ 10,000 under Other Department Supplies to cover IT related supplies, parts and equipment for other departments. Some of the remaining increases include an increase of \$ 6,500 under C/O Equipment Non-Depreciable for a network switch upgrade and the replacement of our firewall service and \$ 2,500 under M/R Equipment. The costs for this department are shared equally between the General Fund and the Water & Sewer Fund which is consistent with what was done during FY 2006-07. The Information Technology budget of \$ 85,400 represents an increase of \$ 55,800 or 188.51% when compared to the adopted budget for FY 2006-07 which was \$ 29,600. It should be noted that there was an additional \$ 77,000 in identified capital needs related to Information Technology that were not funded in this budget due to financial limitations.

May 9, 2007

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

Business Development (+ 25,200)

The main reason for an increase within this department is the increase of \$ 26,000 under Signs for the Wayfinding Project throughout various areas within the City. Mr. Mike Dougherty, Director of Business Development has reported on the status of this project on a regular basis in his weekly reports and this project will become a reality during FY 2007-08. Once this project has been completed it should be much easier for visitors and others to find their way to various sections of our City. The department budget also includes normal increases associated with salaries and fringe benefits as well as an increase of \$ 500 for Auto/Gas, \$ 300 for Office Supplies and \$ 300 for Departmental Supplies. Offsetting a portion of these increases are reductions of \$ 3,000 Contracted Services, \$ 600 Main Street Advisory Board, \$ 300 Travel, and \$ 200 under both Postage and Printing. The Business Development budget of \$ 141,000 represents an increase of \$ 25,200 or 21.76% when compared to the adopted budget for FY 2006-07 which was \$ 115,800.

Legal (- 10,900)

The reimbursement percentage from the Water and Sewer Fund was increased from 45% to 50% to more accurately reflect the distribution of the work load being handled by the City Attorney due to the large number of Water and Sewer related initiatives currently underway and/or getting ready to be initiated. The Legal department includes a reduction of \$ 12,700 under Professional Services based upon actual expenditures for FY 2005-06 and actual expenses for FY 2006-07 as of March 31, 2007. The Legal budget of \$ 38,200 represents a reduction of \$ 10,900 or 22.20% when compared to the adopted budget for FY 2006-07 which was \$ 49,100.

Police (- 89,900)

The Police Department budget includes a reduction of \$ 219,700 under C/O Vehicles due to the fact that the current FY 2006-07 budget includes \$ 242,200 for the purchase and replacement of eleven (11) patrol cars. The FY 2007-08 spending plan includes the first year payment of a five year lease/purchase on the purchase and replacement of four (4) patrol cars at a cost of \$ 22,500. The Police Department has developed a detailed vehicle replacement program and has stated that this is their top priority in terms of funding initiatives over the course of the next few years. In addition, compensation and benefits for the fifty-seven (57) FTE employees has increased as a result of the recommended cost-of-living allowance pay increase. It should be noted that there are now thirteen (13) retirees that are on the City's Health Insurance plan in addition to the regular FTE employees. In addition, an additional \$ 21,800 has been included under Separation Allowance as a contribution to the Police Pension Fund to cover the costs associated with the recent retirees as well as those who are expected to retire during the early portion of FY 2006-07. A total of \$ 14,700 has been included for sixteen Tasers (to go along with the 15 Tasers we were recently awarded in a grant) and related cartridges. The budget

May 9, 2007

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

includes \$ 7,330 for the purchase of a replacement K-9 dog (since we are currently one dog short), and \$ 43,600 for the much needed replacement of our Records Management System. A funding request of \$ 83,000 was submitted for the construction of a City Dog Pound but this request was not funded due to budget limitations and questions surrounding the possibility of a County-wide facility as well as the liability associated with operating and maintaining such a facility and the euthanasia of animals. Some of the additional line items that were reduced include \$ 4,000 under Informants Fees, \$ 10,000 under M/R Vehicles, \$ 19,300 under Recorder Solutions, and \$ 1,800 under Computer Lease. The Police Department budget of \$ 4,010,400 represents a reduction of \$ 89,900 or 2.19% when compared to the adopted budget for FY 2006-07 which was \$ 4,100,300.

Fire (+ 112,000)

The budget submitted by Mr. Doug Cline, Fire Chief included a request for three (3) additional full time firefighters to man and operate the Ladder Truck on a full-time basis as well as a request to expand the day-time part-time program from a 9 hours per day 5 days per week program to a 24 hours per day 7 days per week program. The costs associated with these two requests alone were in excess of \$ 408,000. Obviously, the General Fund budget is nowhere near the point that it can with stand such an overwhelming increase in personnel related costs. As such, both of these requests have not been included in the FY 2007-08 budget. The budget does include a \$ 1.00 per hour increase (from \$ 10.00 per hour to \$ 11.00 per hour) for the current day-time part-time program to bring those rates more in line with what other communities are paying for part-time assistance. In addition to normal increases associated with salaries and fringe benefits for the current seventeen (17) FTE employees there are increases of \$ 3,000 Auto/Gas, \$ 3,500 Prevention Program Supplies, \$ 9,400 Contracted Services (\$ 5,000 is included for 50% of the costs associated with the CodeRed Notification System for FY 2007-08), combined \$ 2,100 under Travel and Training. The budget also includes an increase of \$ 12,400 under C/O Building Improvement to finally finish the upstairs at Station 400. The actual work will be done by the existing personnel within the Fire Department with the funds being allocated strictly being utilized for actual materials and supplies. There is an increase of \$ 18,700 under C/O Equipment Depreciated (\$ 30,000 to \$ 48,700) to fund the replacement of twenty-seven (27) SCBA that have reached their lifespan as mandated by OSHA 49 CFR 106, 107 and 171-180 and DOT-SP7235, the replacement of fifteen (15) sets of personal protective equipment, and the replacement of three (3) portable radios and (ten)10 pagers. Some of the additional increases include \$ 1,200 under C/O Equipment Non-Depreciated for the purchase of two (2) multi-gas hazardous atmosphere monitors, \$ 800 under Telephone, \$ 1,000 under Utilities/Gas, and \$ 1,500 under Utilities/Electric. Offsetting some of the increases noted above is a reduction of \$ 4,300 under Insurance & Bonds/Workers Compensation, \$ 7,000 under Department Supplies (based upon actual expenditure history), and \$ 900 under Property Insurance/Bonds. It should be noted that the budget also includes \$ 96,100 under Principal/Truck for debt service payments on three (3) different trucks and \$ 12,700

May 9, 2007

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

under Interest/Truck for interest payments on these same three (3) trucks. One of these trucks will be paid off during FY 2007-08 which will eliminate \$ 33,000 of need in the FY 2008-09 budget. The Fire Department budget of \$ 1,608,600 represents an increase of \$ 112,000 or 7.48% when compared to the adopted budget for FY 2006-07 which was \$ 1,496,600. In addition, it is recommended that we increase the maximum number of allowable volunteer firefighters from a total of forty (40) positions to a total of sixty (60) positions in an effort to increase our volunteer response rates.

Engineering (+ 2,400)

The increase included within this department is due to normal increases associated with salaries and benefits. There is an increase of \$ 600 under M/R Vehicles and an increase of \$ 200 under Auto/Gas. Some of the line items offsetting a portion of these increases include a reduction of \$ 600 under Department Supplies, \$ 200 under M/R Equipment, and \$ 700 under Training. The Engineering budget of \$ 62,700 represents an increase of \$ 2,400 or 3.98% when compared to the adopted budget for FY 2006-07 which was \$ 60,300.

Streets (+ 78,000)

The Streets budget includes a combined \$ 219,800 for seven (7) large capital outlay items including: Briarwood Storm Drainage Project at \$ 114,000, the first year of a five year lease purchase payment on the replacement of the 44S bucket truck, 4S service truck and 9S dump truck at a combined cost of \$ 42,800, the resurfacing of Non-Powell Bill eligible streets (Manley, Warren, Hopper) at \$ 15,000, the resurfacing of the un-named alleyway off Virginia Street at \$ 8,000 and 2,400 LF of new sidewalk at the intersection of Stadium Drive & Hale Street to the Intersection of Maryland Avenue & New Street at \$ 40,000. The various line items that include these seven (7) items have increased by a combined \$ 98,800 compared to the amounts contained within these line items in the current FY 2006-07 budget. In addition to normal increases associated with salaries and benefits there is an increase of \$ 5,500 in Lights For City Streets, \$ 8,000 in Contracted Services (as we are including \$ 10,000 for pavement markings on 33,333 LF of roadway), \$ 5,000 M/R Sidewalks, \$ 5,000 M/R Patching and \$ 2,500 in M/R Signs to name a few. Offsetting a portion of these increases are reductions of \$ 2,000 under M/R Driveway Pipe, \$ 1,600 under Professional Service, \$ 1,000 under Safety Equipment, \$ 2,200 under Small Tools, and \$ 900 under Property Insurance/Bonds. The Streets budget of \$ 1,425,000 represents an increase of \$ 78,000 or 5.97% when compared to the adopted budget for FY 2006-07 which was \$ 1,307,000.

Powell Bill (- 88,100)

The Powell Bill funds scheduled to be spent are decreasing by \$ 88,100 due to the fact that an additional \$ 100,000 was appropriated from the available fund balance within the Powell Bill account for use during FY 2006-07. According to the state-aid revenue

May 9, 2007

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

projections we received from the State of North Carolina the \$ 561,900 in identified expenses matches identically to the projected revenue we anticipate receiving from the State of North Carolina during FY 2007-08 at \$ 553,000 and the projected interest that will be earned on the Powell Bill funds within that account at \$ 8,900. The \$ 561,900 in expenses has been included to fund the 2007 Street Contract previously voted upon and approved by the City Council as well as any additional work that may come to our attention during the course of the upcoming fiscal year. The Powell Bill budget of \$ 561,900 represents a reduction of \$ 88,100 or 13.55% when compared to the adopted budget for FY 2006-07 which was \$ 650,000.

Solid Waste (+ 102,600)

The Solid Waste budget includes a combined \$ 105,700 for five (5) various capital outlay items including: replacement of 550 automated trash containers at \$ 27,600, the first year payment on a five year lease purchase of a new automated garbage truck at \$ 56,300, phase III (final phase) of the Permanent Compost Site at \$ 14,000, replacement of three (3) recycling trailers at \$ 4,800, and the replacement of the high pressure washer for the Transfer Station at \$ 3,000. The various line items that include these five (5) items have increased by a combined \$ 19,700 compared to the amounts contained within these line items in the current FY 2006-07 budget. The FY 2007-08 budget also includes the additional debt service associated with the new Automated Leaf Truck that the Council approved during the latter part of FY 2006-07. As such, the C/O Lease Principal line item is increasing by \$ 24,200 and the C/O Lease Interest line item is increasing by \$ 4,100. In addition to normal increases associated with salaries and benefits there is an increase of \$ 7,100 Contract/Commercial and an increase of \$ 17,500 under Contracted Services due to anticipated increases in the contract dealing with the grinding of wood waste. Some of the additional increases include \$ 800 under M/R Equipment, \$ 700 under Advertising, and \$ 2,800 under Department Supplies. Offsetting a portion of these increases are reductions of \$ 2,900 under Insurance & Bonds/Workers Compensation, \$ 1,300 under Professional Service, \$ 3,000 under Auto/Gas (due to an over estimation for FY 2006-07), and \$ 800 under M/R Building. The Solid Waste budget of \$ 1,746,200 represents an increase of \$ 102,600 or 6.24% when compared to the adopted budget for FY 2006-07 which was \$ 1,643,600.

Planning & Inspections (+ 39,900)

The Planning & Inspections budget includes \$ 19,300 under Professional Services for two (2) items. First, a total of \$ 8,800 has been included for a year long subscription to the ecivics grant assistance program. As each of you may remember, I discussed the possible need for a new position (Grants Writer) at the annual budget/planning retreat. The idea was to have a person designated to work strictly on the acquisition of grants and funding for various needs such as the Greenways system, emergency service equipment, downtown revitalization efforts, economic development initiatives as well as water and

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

sewer projects to name a few. During the course of our consideration of this matter it was determined that there is a grant assistance program (ecivics) that is successfully being utilized by other communities in their quest to obtain additional grant funds. At a cost of \$ 8,800 I feel it makes sense to pursue this course of action prior to adding a full-time position to see if we can accomplish our objective at a reduced cost to the taxpayers. The second item that is included within this line item is \$ 10,000 for matching funds to complete a Sidewalk Master Plan that was discussed by Ms. Kelly Stultz, Director of Planning and Inspections also during the annual budget/planning retreat. These funds will not be utilized unless the City is successful in being awarded the grant it has submitted for the development of a Sidewalk Master Plan. During the course of the past year we moved the Customer Service Coordinator from the reception desk at the front of the Municipal Building into the Planning and Inspections office to also work as a Permit Specialist thereby freeing up another employee to concentrate more on the collection of delinquent nuisance abatement fees and to assist with more of the day-to-day planning related activities of the City. As a result, the salary and benefits for this position have now been added to the Planning and Inspections budget to accurately reflect where this individual is working. In addition to the increases shown under salaries and benefits there are additional increases such as \$ 5,000 under Landscaping Supplies, \$ 2,000 under Postage, \$ 2,000 under Contracted Services, \$ 1,000 under Training, and \$ 1,000 under C/O Equipment Non-Depreciated to name a few. Offsetting a portion of these increases are reductions of \$ 3,200 under Professional Services and \$ 200 under Mapping Supplies. The Planning & Inspections budget of \$ 560,500 represents an increase of \$ 39,900 or 7.66% when compared to the adopted budget for FY 2006-07 which was \$ 520,600.

Parks, Recreation & Facility Maintenance (+ 32,500)

The Parks, Recreation & Facility Maintenance budget includes an increase of \$ 16,200 under Salaries/Temporary to two new initiatives. First, funds have been included for a new part-time (20 hours per week position at 36 weeks) position to assist with the activities at the Bridge Street Recreation Center so the existing Director can be re-assigned to Freedom Park during this time to help oversee the activities within the Park. Initially, Mr. Johnny Farmer, Director of Parks, Recreation and Facility Maintenance felt like a new full-time position would be required for Freedom Park but I suggested we try this approach first to see if we can accomplish the same task at a savings to our taxpayers. Second, funds have been included to allow our concession stand workers to also assist us during the Spring, Summer and Fall months of each year as "Community Appearance Teams" that would be utilized to clean up various areas throughout the City in an effort to improve aesthetics. Each of you will remember that this concept was presented and discussed during the annual planning/budget retreat that was held on March 2, 2007. The budget also includes a combined \$ 48,000 for three (3) large capital outlay items including: \$ 10,000 for new playground equipment at Peter Hill Park, \$ 28,000 for the replacement of a 1984 Chevy Truck and \$ 10,000 for the replacement of a Zero Turn Mower. In addition to normal increases associated with salaries and benefits the budget includes a variety of additional increases some of which include \$ 1,000 under

May 9, 2007

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

Professional Service, \$ 2,000 under Auto/Gas, \$ 5,600 under Program Activities, \$ 5,000 under Utilities/Electric, \$ 1,000 under Pool Utilities, and \$ 2,000 under 4th Of July as a contribution to help offset a portion of the costs incurred by the Eden Kiwanis Club. Offsetting a portion of these increases are reductions of \$ 1,000 under Department Supplies, \$ 6,000 under M/R Building, \$ 900 under Computer Lease, \$ 16,000 under C/O Land Improvements and \$ 500 under Property Insurance/Bonds. The Parks, Recreation & Facility Maintenance budget of \$ 1,112,900 represents an increase of \$ 32,500 or 3.01% when compared to the adopted budget for FY 2006-07 which was \$ 1,080,400.

Public Building Services (+ 3,200)

This department was created during FY 2003-04 at the request of the City's independent Auditing firm of Rouse, Rouse, Penn and Rouse, L.L.P.. The costs within this department are those costs that are associated with the provision of telephone, electric and gas services to the City Hall. A reimbursement percentage from the Water and Sewer Fund of 20% was previously established since the Department of Environmental Services has now been moved into City Hall as well as to help pay an equitable share of the costs for those other departments/divisions at City Hall which receive a reimbursement from the Water and Sewer Fund. The Utilities/Gas line item is projected to increase by \$ 4,000 (\$ 3,200 General Fund and \$ 800 Water & Sewer Fund) while the Telephone line item is projected to remain unchanged at \$ 6,800 and the Utilities line item is projected to remain unchanged at \$ 67,700. The Public Building Services budget of \$ 75,800 represents an increase of \$ 3,200 or 4.41% when compared to the adopted budget for FY 2006-07 which was \$ 72,600.

Fleet Maintenance (- 19,100)

The Fleet Maintenance budget includes normal increases associated with salaries and benefits for the six (6) FTE employees. Some of the additional increases include \$ 300 under Miscellaneous Expense, \$ 300 under Small Tools, \$ 400 under Travel, \$ 500 under Body M/R Building, \$ 2,900 under Training (for new specialized Labrie garbage truck school), and \$ 2,000 under Purchase Inventory/Fuel. Offsetting a portion of the various increases are a number of reductions some of which include: \$ 40,000 under C/O Vehicles, \$ 1,200 under C/O Equipment Depreciable, \$ 900 under Contracted Services, \$ 500 under both M/R Equipment and M/R Building, and \$ 1,500 under M/R Vehicles. The Fleet Maintenance budget of \$ 237,700 represents a reduction of \$ 19,100 or 7.44% when compared to the adopted budget for FY 2006-07 which was \$ 256,800.

Special Appropriations (+ 837,000)

The Special Appropriations allocation of \$ 2,498,900 represents a significant increase of \$ 837,000 or 50.36% when compared to the adopted budget for FY 2006-07 which was \$ 1,661,900. First, a total of \$ 713,000 (Greenways) and \$ 491,700 (Downtown Improvements) have been included under Reimbursement –Fund Balance (Greenways)

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

and Reimbursement – Fund Balance (Downtown Improvements) to reimburse the Fund Balance within the General Fund for expenses (previously authorized and appropriated) associated with these two large capital outlay initiatives via the new loan that is being obtained for the General Fund. Like the numerous projects within the Water & Sewer Fund it makes more sense to finance these improvements over a period of time so that all of the beneficiaries of these improvements will participate in the payment for these improvements. Furthermore, it allows us to replenish the funds within our General Fund Fund Balance thereby eliminating the need for a large tax increase and/or solid waste fee increase during FY 2007-08. Second a total of \$ 800,000 has been included under Special Appropriation Contribution – Freedom Park to offset the costs associated with constructing a new aquatic facility. The City is currently waiting to here on the status of a \$ 500,000 grant application to the Park & Recreation Trust Fund. The announcement is expected on May 11, 2007. If the City is awarded this grant then the funds that will be required to complete this project have been included in the budget. If the City is not awarded this grant then these funds will not be spent and the \$ 2,142,000 new loan indicated for the General Fund will be reduced by \$ 800,000. Third, as previously noted, the projected revenues include a new loan for the General Fund in the amount of \$ 2,142,000. The projected debt service associated with this loan at a projected interest rate of 4% for a period of 15 years has been included under Principal – Debt Service – 2008 in the amount of \$ 107,000 and under Interest – Debt Service – 2008 in the amount of \$ 85,700. The amount of debt service within those numbers that would be attributable to the new aquatic facility is \$ 72,032 (\$ 39,960 Principal and \$ 32,072 Interest). Fourth, an increase of \$ 14,500 has been included under Special Appropriation Contribution Elections pursuant to information that we received from the Voter Registrar for the upcoming election during FY 2007-08. Fifth, a total of \$ 20,000 has been included under Special Appropriation Contribution Annexation Initiatives to complete any work that may be requested during the year involving an analysis of possible areas to be included in an annexation initiative as well funds that may be needed to initiate an annexation proceeding if authorized by the members of the City Council. This item was listed by multiple members of the City Council during the annual budget/planning retreat. Sixth, a total of \$ 60,300 has been included under Performance/Incentive Agreements to fund the payments that will be due to MGM (\$ 30,100) and Weil McLain (\$ 30,200) during FY 2007-08.

Contingency (Unchanged)

The amount allocated as a contingency within the General Fund has remained unchanged at a total of \$ 50,000. This money will be set aside and only utilized in the event of unanticipated declines in revenue and/or unexpected expenditures.

- The revenues within the General Fund are growing at a pace that has not been consistent with inflation. In addition, revenues received have not been sufficient enough to offset the related costs associated with providing the basic level of services our citizens have come to depend and rely upon. Consider the following:

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

General Fund Revenues Not Including The Use Of Fund Balance And/Or Loan Proceeds

FY 2000-01 Actual	\$ 10,583,295
FY 2001-02 Actual	\$ 9,874,249
FY 2002-03 Actual	\$ 9,887,234
FY 2003-04 Actual	\$ 10,585,953 (1)
FY 2004-05 Actual	\$ 11,131,267
FY 2005-06 Actual	\$ 11,306,131
FY 2006-07 Anticipated	\$ 11,483,000
FY 2007-08 Anticipated	\$ 11,704,500

General Fund Revenues have only increased by \$ 1,121,205 from FY 2000-01 Actual Compared to FY 2007-08 Anticipated. This is only an increase of 10.59% over seven years or approximately 1.51% per year.

(1) Re-assessment Year & Tax Rate Remained Unchanged At \$ 0.57

The lack of growth within our General Funds is not something unique to the City of Eden. Municipalities everywhere have been facing the same problems and have been increasing their tax rate and other fees on almost an annual basis. Fortunately, we have done an excellent job managing our money and expenses during the course of the past six years and were able to develop a fund balance that has allowed us to get by without the need for a tax increase or a large increase in related service fees. By borrowing the funds needed to complete the first phase of the Greenways System and the Downtown Improvements Initiative we free up funds within our fund balance previously allocated to these two projects thereby creating funds that can be used during FY 2007-08 to balance our General Fund budget without an increase in taxes nor an increase in any service related fees. **Unfortunately, we will not be able to rely upon this strategy going forward and we WILL be looking at the need for a tax increase and/or substantial increase in service related fees during FY 2008-09.**

- During the City Council meeting in the month of April, 2007 I indicated the problems we are experiencing in terms of the costs associated with providing Solid Waste services and revenues being collected for those services. First, it should be noted that the commercial side of solid waste does generate the revenues necessary to offset the costs associated with the services they receive from Waste Management. The shortfall is completely attributable to the residential side of our Solid Waste system. Consider the following:

FY 2007-08 Solid Waste Budget Without Commercial Contract Cost: \$ 1,396,200
(Not Including Leaf Collection & Administrative Charges)

Total Number Of Residential Accounts: 5,888

May 9, 2007

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

Needed Monthly Revenue Per Account To Break Even:	\$ 19.76
FY 2007-08 Solid Waste Revenue (Includes Residential Revenue, & Recycling Revenue)	\$ 759,000
FY 2007-08 Average Amount Of Revenue Being Generated By Each Of The 5,888 Accounts On A Monthly Basis	\$ 10.74
Projected Loss During FY 2007-08 (Not Including Leaf Collection & Administrative Charges)	\$ (637,200)

The Amount Needed By Each Of The 5,888 Accounts On A Monthly Basis In Order To Break Even During FY 2007-08

\$ 9.02
or \$ 108.24 per year.

Due to the need to raise Water & Sewer Rates sufficient enough to offset the anticipated debt service associated with the new \$ 6,900,000 loan and the availability of fund balance within the General Fund I am delaying any recommendation for an increase in solid waste fees until FY 2008-09. This is also being done due to the fact that 988 accounts just experienced an increase of \$ 1.48 per month due to the ruling from the Institute of Government in reference to a discount for senior citizens. It is recommended that this item be discussed during the next planning/budget retreat in an effort to develop a consensus on the best way to approach this problem.

- The actual breakdown for the various departments/divisions within the Water & Sewer Fund are as follows:

<u>Department/Division</u>	<u>FY 2007-08</u> <u>Budget</u>	<u>FY 2006-07</u> <u>Budget</u>	<u>Year To Year</u> <u>Change</u>
Water Resources	\$ 359,700	\$ 328,800	\$ 30,900
Billing & Collections	323,400	321,800	1,600
Water Plant	1,273,700	1,299,900	(26,200)
Collection & Distribution	1,403,000	1,340,200	62,800
Wastewater Treatment	1,897,100	1,621,800	275,300
Water Construction	1,567,500	86,200	1,481,300
Sewer Construction	1,480,000	50,000	1,430,000
Special Appropriation	8,210,900	3,751,000	4,459,900
Contingency	<u>50,000</u>	<u>50,000</u>	<u>0</u>
	\$ 16,565,300	\$ 8,849,700	\$ 7,715,600

May 9, 2007

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

Water Resources (+ 30,900)

In addition to normal increases associated with salaries and benefits there have been a variety of additional increases some of which include the following: \$ 5,500 under C/O Building Improvement for a propane gas space heater in the shop area of the Water Resources Maintenance Shop, \$ 9,100 under Training for the specialized training we are required to do for two employees on the variable frequency drives (\$ 9,000), \$ 800 under Utilities/Gas for the propane in the new heating system, and \$ 7,800 under Group Insurance to cover costs associated with a new retiree that is now being charged to this account as well costs associated with the accidental death and life insurance policies. Offsetting a portion of these increases are reductions of \$ 7,900 under C/O Equipment Non-Depreciated, \$ 200 under Property Insurance/Bonds, and \$ 200 under Dues/Subscriptions. The Water Resources budget of \$ 359,700 represents an increase of \$ 30,900 or 9.40% when compared to the adopted budget for FY 2006-07 which was \$ 328,800.

Billing & Collections (+ 1,600)

The Billing & Collections budget includes an increase of \$ 15,000 under C/O Equipment Non-Depreciated for the replacement of 480 water meters that are approximately 35 – 40 years old. In addition to normal increases associated with salaries and benefits there are also increases of \$ 1,300 under Truck Parts, \$ 1,100 under Telephone for cell phone charges since there are various areas within the City where it is not possible to have sufficient contact with the field personnel via the mobile radio due to the topography, and \$ 500 under Postage. Offsetting a portion of this increase is a reduction of \$ 18,300 under Contracted Services for a portion of the costs associated with the L & B service contract and mainframe maintenance agreement that are now included within the Information Technology budget. Additional reductions include: \$ 500 under Equipment Rental, \$ 2,400 under Computer Lease, \$ 400 under Printing, and \$ 500 in B/C Credit Card Charges. The Billing & Collections budget of \$ 323,400 represents an increase of \$ 1,600 or 0.50% when compared to the adopted budget for FY 2006-07 which was \$ 321,800.

Water Filtration Plant (- 26,200)

The Water Filtration Plant budget includes an increase of \$ 44,900 under C/O Depreciated (total of \$ 85,200) for three (3) capital outlay items including: three (3) spare power cells for the new variable frequency drive on the high service pumps at the Water Plant at a cost of \$ 26,200, an Initial Distribution System Evaluation (IDSE) by a professional engineer in accordance with the new Disinfection/Disinfection Byproducts Rule Stage 2 that became effective in December, 2005 at a cost of \$ 9,500, and the replacement of the Programmable Logic Controllers (PLC) for the Water Plant building

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

that controls all plant operations at a cost of \$ 49,500. Additional increases are anticipated under Chemicals at \$ 15,000 due to recent price increases, an increase of \$ 7,400 under Professional Services due to Cryptosporidium Monitoring which is a new requirement, and a increase of \$ 7,700 under Group Insurance to cover costs associated with a new retiree that is now being charged to this account. The reductions within this budget are coming from a variety of sources including a combined reduction of \$ 17,900 in salaries and benefits (excluding Group Insurance) due to the retirement of a senior member of staff and his replacement at a lower rate of compensation. Additional reductions include: \$ 400 under Safety Equipment, \$ 300 under M/R Vehicles, \$ 49,000 under Utilities/Electric, \$ 17,000 under M/R Equipment, and \$ 1,000 under Contracted Services. The Water Filtration Plant budget of \$ 1,273,700 represents a reduction of \$ 26,200 or 2.02% when compared to the adopted budget for FY 2006-07 which was \$ 1,299,900.

Collection & Distribution (+ 62,800)

The Collection & Distribution budget as submitted by Mr. Bill Harvey, Superintendent of Collection & Distribution included a request for six (6) new full-time employees. Due to budgetary constraints the FY 2007-08 budget does not include funding for any of these positions. There is an increase of \$ 6,800 under Salaries/Part-Time which would allow for the hiring of a part-time person at a rate of 40 hours per week for 17 weeks to conduct maintenance tasks on the various sewer outfalls during the winter months when it is easier to do trimming, preventative maintenance etc... The budget includes a variety of increases some of which are as follows: \$ 15,000 under M/R Distribution System, \$ 2,000 under Auto/Gas, \$ 1,000 under Small Tools, \$ 7,000 under Utilities/Electric, and \$ 5,000 under Contracted Services for the other \$ 5,000 needed to pay for the CodeRed Notification System contract during FY 2007-08. Additional increases include \$ 12,800 under C/O Vehicles (total of \$ 24,800) for the first year payment on a five year lease purchase for the replacement of a 1 ½ Ton Utility Truck and \$ 27,500 under C/O Equipment Depreciated to cover costs associated with purchasing a HP Plotter (\$ 5,500), Info CAD (\$ 7,000) and Sewer Model (\$ 15,000). The HP Plotter will give us the capability of printing maps from the Engineering Department at the Klyce Street facility for use in field work. The Info CAD gives us the ability to download computer files from the Engineering Department and other areas at the Klyce Street facility for use in the field. The Haestead Sewer Model will allow us to conduct a hydraulic evaluation of the City's sewer system similar to our current model (already in possession) of the distribution system. This is needed in order to help identify sewer flow problem areas associated with inflow and infiltration and where undersized sewer lines are in need of being increased. The budget also includes a total of \$ 19,800 in new debt service payments on the outfall tractor that was purchased during the course of the past year, an increase of \$ 6,000 under Mission Telemetry for required upgrades to the radio module on the twenty-four (24) Mission Radio Units and an increase of \$ 25,000 under I & I Abatement for needed abatement efforts on private property in those instances where a landowner ignores our request for corrective action which forces us to then do the work

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

ourselves much like nuisance abatement issues within the Planning and Inspections department. Finally, the budget also includes normal increases associated with salaries and benefits. Offsetting a number of these increases are reductions in the following: \$ 30,000 under C/O Off Road, \$ 1,700 under Professional Service, \$ 1,500 under Safety Equipment, \$ 10,000 under M/R Outfalls, \$ 2,000 under M/R Hydrants and \$ 2,000 under M/R Building. The Collection & Distribution budget of \$ 1,403,000 represents an increase of \$ 62,800 or 4.69% when compared to the adopted budget for FY 2006-07 which was \$ 1,338,200.

Waste Water Treatment (+ 275,300)

In addition to normal increases associated with salaries and benefits the Wastewater Treatment budget includes a variety of significant increases attributable to daily operations and capital outlay initiatives. First, the budget includes an increase of \$ 105,000 under Contracted Services associated with operating and maintaining the new dewatering facility. Second, there is an increase of \$ 50,000 in the amount that is appropriated under Chemicals – Polymer for color removal due to anticipated polymer needs and cost. Third, an increase of \$ 120,000 is included under C/O Buildings to pave all of the service roads throughout the Wastewater Treatment Plant. Fourth, an increase of \$ 20,000 has been included under C/O Equipment Depreciable for the purchase of an additional brush aerator if a unit has to come out of service for repairs. Currently, we have thirty (30) of these units in operation without a replacement. Fifth, an increase of \$ 10,000 is included under C/O Vehicle for the replacement of the 1991 Ford Aerostar Van (M9) that is used within the confines of the Mebane Bridge facility to collect laboratory samples. This unit will be replaced by a Gator type unit. Sixth, an increase of \$ 30,000 under Professional Services and an increase of \$ 3,000 under Unemployment Insurance. Offsetting a portion of these increases is a combined reduction of \$ 25,500 in salaries and benefits due to the elimination of one full-time position. Additional reductions include: \$ 3,200 under Insurance & Bonds/Workers Compensation, \$ 700 under Auto/Gas, \$ 1,000 under M/R Vehicles, \$ 4,000 under Department Supplies, \$2,000 under M/R Building and \$ 1,200 under Computer Lease. The Wastewater Treatment budget of \$ 1,897,100 represents an increase of \$ 275,300 or 16.97% when compared to the adopted budget for FY 2006-07 which was \$ 1,621,800.

Water Construction (+ 1,481,300)

In an effort to reduce the number of Capital Project Funds that are being utilized we have decided to begin using the Water Construction and Sewer Construction budgets for new projects – especially those projects that are anticipated to be completed within the upcoming fiscal year. This eliminates the need for inter-fund transfers and will make the financial statements easier to administer and understand. As such, you will note that all of the “new” projects not yet underway and/or previously appropriated will now be listed and accounted for within the Water Construction budget in lieu of the Waterline Upgrade

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

Improvements Fund or the Water Pressure Improvements Fund. First, the Water Construction budget includes a combined \$ 960,000 for twenty (20) different waterline upgrade projects that would previously have been listed in the Waterline Upgrade Improvements Funds. A description of each project is contained within the various descriptions in the Water Construction budget. Second, a total of \$ 391,000 has been included under Panther To Meadow 16". This will involve a large diameter connector (2,000 LF of 16" diameter ductile iron water main) between the second Miller 24" waterline and the 16" waterline that exists along Meadow Road between the old Central Filter Plant and the Eden Mall. This project will help provide water to the northwest portion of the distribution system, as well as to help with the filling and draining of the new Freedom Park elevated water storage tank. Third, a total of \$ 98,000 has been included under Hamilton Tank 10". This will involve a large diameter connector (1,200 LF of 8" diameter ductile iron water main) between the Hamilton Street elevated water storage tank and the Cedar Street 10" main. The completion of this project will assist us with the filling of the Hamilton Street tank. Fourth, a total of \$ 15,000 has been included under Oakland Avenue Booster Pump Station. This project will include the upgrading to larger pumps in the Dunn Street Pump Station and the expansion of the existing high pressure zone to a larger service area. The \$ 1,464,000 identified above will be financed by a portion of the new \$ 6,900,000 loan within the Water & Sewer Fund. Funds are also provided for within the Water Construction budget for other needs including the funds needed to cover the cost of the service contracts associated with the various water storage tanks. The Water Construction budget includes a significant increase of \$ 1,481,300 or 1,718.45 % when compared to the adopted budget for FY 2006-07 which was \$ 86,200. Again, this is due to a switch from the Capital Project Funds previously mentioned to the Water Construction budget.

Sewer Construction – (+ 1,430,000)

In an effort to reduce the number of Capital Project Funds that are being utilized we have decided to begin using the Sewer Construction and Water Construction budgets for new projects – especially those projects that are anticipated to be completed within the upcoming fiscal year. This eliminates the need for inter-fund transfers and will make the financial statements easier to administer and understand. As such, you will note that all of the “new” projects not yet underway and/or previously appropriated will now be listed and accounted for within the Sewer Construction budget in lieu of the Sewer Rehabilitation Projects Fund. First, a total of \$ 650,000 has been included under Bridge Street Pump Station. This project involves upgrading the existing pump station which is 39 years old and was last upgraded in 1992. The upgrade will include discharge valves, rebuilding of the existing pumps, and piping modifications to rearrange the check valve orientation. Second, a total of \$ 650,000 has been included under Junction Pump Station. This project involves upgrading the existing pump station on Valley Drive which is 39 years old and was last upgraded in 1993. The upgrade will include discharge valves, rebuilding of the existing pumps, and piping modifications to rearrange the check valve orientation. Third, a total of \$ 150,000 has been included under SC M/R System. These

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

funds will be utilized for ongoing inflow and infiltration abatement efforts in response to the findings from the Sanitary Sewer Evaluation Studies (SSES) which are currently underway. The \$ 1,450,000 identified above will be financed by a portion of the new \$6,900,000 loan within the Water & Sewer Fund. Funds are also provided for within the Sewer Construction budget for other needs including funds for emergency repairs as needed for various pump stations. The Sewer Construction budget includes a significant increase of \$ 1,430,000 or 2,860.00% when compared to the adopted budget for FY 2006-07 which was \$ 50,000. Again, this is due to a switch from the Capital Project Funds previously mentioned to the Sewer Construction budget.

Special Appropriation (+ 4,459,900)

The Special Appropriations allocation of \$ 8,210,900 represents a significant increase of \$ 4,459,900 or 118.90% when compared to the adopted budget for FY 2006-07 which was \$ 3,751,000. The reasons for this increase are as follows: First, an increase of \$ 2,372,500 (\$ 2,484,400 total) is included under Contribution/Capital Projects Sewer Rehabilitation. These are the funds that will be needed to complete this project. The City of Eden is currently under a Special Order of Consent (SOC) with the State of North Carolina for specific sewer rehabilitation improvements. There is a timetable attached to these improvements and the improvements must be made in order to avoid a moratorium on additional connections. Second, an increase of \$ 938,200 (\$ 1,262,000 total) is included under Contribution/Capital Projects Pressure Improvements. These are the funds that will be needed to complete this project. Third, a combined increase of \$ 575,400 has been included under Principal – Debt Service – 2008 (\$ 319,500) and Interest – Debt Service – 2008 (\$ 255,900) for the anticipated debt service associated with the new \$ 6,900,000 loan that is included in the Water & Sewer Fund for FY 2007-08. Fourth, a combined increase of \$ 663,900 has been included under Principal – Debt Service – 2007 (\$ 377,200) and Interest – Debt Service – 2007 (\$286,700) for the anticipated debt service associated with the \$ 7,500,000 loan from FY 2006-07. During FY 2006-07 the projected debt service payments were contained within the various Capital Project Funds. Due to the desire to close the Capital Project Funds at the conclusion of the work already authorized and the desire to make the administration of this debt service easier all of the debt service will now be contained within the Special Appropriation budget of the Water & Sewer Fund similar to the associated debt service for the 1990 General Obligation Bonds. Fifth, the budget as includes an increase of \$ 32,500 (\$ 1,031,300 total) under Contribution To General Fund – Administrative Charges as a contribution to the General Fund for the payment of administrative charges. Sixth, the budget includes an increase of \$ 17,000 (\$ 240,000 total) under Contribution/Capital Projects Waterlines for additional funds for the Smith River Bridge Upgrade since this project is already underway and involves additional funds previously authorized by the City Council. Seventh, there is an increase of \$ 41,600 (\$ 263,800 total) under Performance/Incentive Agreements for five (5) different payments that will be due to various companies during FY 2007-08 as a component of our Water & Sewer Extension Policy. Eighth, a total of \$ 1,316,700 has been earmarked

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

for payment on the debt service associated with the 1990 Water and Sewer Bonds. This is a decrease of \$ 84,100 from the \$ 1,400,800 that was allocated in FY 2006-07. An additional \$ 340,400 is being allocated to the line-item entitled "Holding Account – Future Debt Service" which was created in the FY 2004-05 budget. The total of \$ 1,657,100 (\$ 1,316,700 + \$ 340,400) represents the total debt service that was paid in FY 2003-04. This is consistent with an earlier recommendation from the City Manager whereby these funds would be preserved for use in the future for financing capital needs rather than being absorbed in the annual budget to help offset normal day-to-day operating expenditures. Finally, an increase of \$ 15,000 is included under Special Appropriation Contribution – Annexation Initiatives to complete any work that may be requested during the year involving an analysis of possible areas to be included in an annexation initiative as well as funds that may be needed to initiate an annexation proceeding if authorized by the members of the City Council. This item was listed by multiple members of the City Council during the annual budget/planning retreat. Finally, there is a reduction of \$ 2,000 (\$ 8,000 total) that is listed under Special Appropriations – Future Salary Increases.

Contingency (Unchanged)

The amount allocated as a contingency within the Water & Sewer Fund has remained unchanged at a total of \$ 50,000. This money will be set aside and only utilized in the event of unanticipated declines in revenue and/or unexpected expenditures.

- Similar to previous year's, the FY 2007-08 budget document includes a Five Year Capital Outlay Program in an effort to facilitate improvements in the City's long-term budgeting and planning process as well as to improve the flow of communication concerning those projects and equipment needs that will be facing the City over the next five years. The five year \$ 31,336,783 (excluding the recommendations previously set forth in the Comprehensive Water & Sewer Master Plan) program has been based on the "physical needs" of the City as identified by the appropriate department/division head. A detailed justification sheet on each item contained within the Five Year Capital Outlay Program is being maintained by the respective Department/Division Head and the City Manager in a separate notebook.
- The budget includes a decrease of \$ 82,500 in the amount of revenue that will be received from the annexation in-lieu-of payments within the General Fund (\$ 582,500 to \$ 500,000). This is still considerably less when compared to the actual collections in FY 2004-05 which totaled \$ 583,674. The ten-year agreements with Miller Brewing Company, Duke Power, Pillowtex and Parkdale all came to an end during FY 2002-03 (actual collections for that year equaled \$ 934,423). New ten-year agreements were executed with Miller Brewing Company, Duke Power and Parkdale. The bankruptcy filing by Pillowtex eliminated their continued participation in the annual payments. The properties currently being occupied by MGM Transport and Weil-McLain have been voluntarily annexed into the Eden corporate limits thereby eliminating the need to pursue

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

a similar agreement with these two (2) companies. During FY 2006-07 Parkdale closed their doors and the agreement was assumed by Thoroughbred Resources, LLC. (AC Furniture). The tax valuations continue to decline at each of the remaining facilities (Miller Brewing Company, Duke Power and AC Furniture building (formerly Parkdale facility) which is why we only anticipate receiving \$ 500,000 in FY 2007-08.

- The FY 2007-08 budget anticipates a sale of fixed assets at some point during FY 2007-08. The last sale/auction was completed during FY 2005-06 which means that additional revenue will be realized in the upcoming year when compared with the previous year. It is estimated that a minimum of \$ 100,000 will be realized within the General Fund and \$ 5,000 within the Water & Sewer Fund as a result of selling fixed assets that are declared to be surplus.
- **It is recommended that the present property tax rate of fifty-seven cents per one hundred dollars of property valuation remain in place without any change.** Tax revenue projections for ad valorem taxes are based upon an average of actual increases in actual collections for the past three years. Consider the following:

<u>Actual Collection 03 – 04</u>	<u>Actual Collections 04 – 05</u>	<u>Percentage Change</u>
\$ 3,732,585	\$ 3,772,545	+ 1.07%
<u>Actual Collection 04 – 05</u>	<u>Actual Collections 05 – 06</u>	<u>Percentage Change</u>
\$ 3,772,545	\$ 3,910,539	+ 3.66%
<u>Actual Collection 05 – 06</u>	<u>Actual Collections 06 – 07</u>	<u>Percentage Change</u>
\$ 3,910,539	\$ 4,066,193 (1)	+ 3.98%

(1) Actual collections for FY 2006-07 as of March 31, 2007.

Three Year Average Increase = + 2.90%

\$ 4,066,193 X 2.50% increase (conservative estimate) = \$ 101,655

\$ 4,066,193 + \$ 101,655 = \$ 4,167,848 or \$ 73,120.14 per \$ 0.01 of tax

- There are just four (4) statewide revenues that Eden receives from the State of North Carolina. Each of these sources is tied directly to and depends upon economic forces: the Beer and Wine Tax, the Utilities Franchise Tax, the Local Option Sales Taxes, and the Powell Bill. In FY 2005-06 actual revenues collected from these four sources of revenue were equal to \$ 3,851,205 The FY 2006-07 budget anticipates receiving a combined total of \$ 3,971,300. The FY 2007-08 budget projects receiving a combined total of \$ 4,090,700

May 9, 2007

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

which is an increase of \$ 119,400 or 3.01% when compared to the amount that is anticipated to be collected during the current FY 2006-07 fiscal year.

- Reductions in both residential and commercial development will translate into less revenue for the City in FY 2007-08. The actual revenue received from Building Permits, Plumbing Permits, Mechanical Permits, Sign Permits and Electrical Permits was \$ 106,440 during FY 2005-06. The FY 2006-07 budget included a combined estimate of \$ 107,900 based in large part on actual collections received during FY 2005-06 at the time the budget was prepared. Current collections (as of March 31, 2007) when extrapolated indicate actual combined collections for FY 2006-07 at \$ 69,255. As such, the combined estimates for FY 2007-08 equal \$ 70,200 which is a reduction of \$ 37,700 from the numbers included in the FY 2006-07 adopted budget which is a decrease of 34.94%.
- The FY 2007-08 budget includes the necessary funding to continue supporting the City's membership in a variety of organizations including: National League of Cities (\$ 1,300), North Carolina League of Municipalities (\$ 9,200), Institute of Government (\$ 1,600), Piedmont Triad Council of Governments (\$ 3,400), Piedmont Triad Partnership (\$ 1,000) and Piedmont Triad Council of Governments Cable T.V. Program Services (\$ 8,025).
- The FY 2007-08 budget includes the necessary funding to continue supporting a number of community-wide organizations and events including: Rockingham County Arts Council (\$ 2,000), Eden Library (\$ 2,600), Eden Chamber of Commerce (\$ 8,000), Eden Rescue Squad (\$ 12,000), Redirections (\$ 500), Rockingham County Partnership For Economic & Tourism Development (\$ 39,800), Riverfest (\$ 5,000), and July 4th Celebration (\$ 5,000).
- Gasoline prices have continued to escalate during the course of the past several years. During FY 2005-06 and heading into FY 2006-07 gasoline expenditures have escalated to extreme levels. Consider the following:

<u>Fiscal Year</u>	<u>Actual Expenditures Or Budget Request</u>
FY 2002-03	\$ 156,162 – Actual Expenditures
FY 2003-04	\$ 180,441 – Actual Expenditures
FY 2004-05	\$ 210,584 – Actual Expenditures
FY 2005-06	\$ 279,609 – Actual Expenditures
FY 2006-07	\$ 315,800 – Amount In FY 2006-07 Budget
FY 2007-08	\$ 318,300 – Amount In FY 2007-08 Budget

- In July, 2001 the economy began to weaken. This became even worse after the September 11, 2001 attacks. A weakened economy translated into lower interest rates on

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

temporary investments over the course of several years. Fortunately, we began to turn the corner during FY 2004-05 and the estimates for FY 2007-08 are promising despite the fact that we have used a portion of our funds from available Fund Balance to offset a variety of capital outlay initiatives. These estimates are based on actual interest being earned at the present time extrapolated out for the full year as well as an assessment of what is anticipated during FY 2007 – 08 in terms of projected funds on hand as well as the projected interest rates being earned. The FY 2007-08 budget includes a combined increase in anticipated revenues equal to \$ 37,400 when compared to the amounts that were placed in the current FY 2006-07 budget (\$ 519,600 to \$ 557,000). A snapshot of the short-term history associated with this revenue source has been set forth below:

Actual FY 2000-01	\$ 446,533
Actual FY 2001-02	\$ 243,319
Actual FY 2002-03	\$ 183,002
Actual FY 2003-04	\$ 159,723
Actual FY 2004-05	\$ 344,930
Actual FY 2005-06	\$ 641,334
Amount Budgeted For FY 2006-07	\$ 519,600
Actual FY 2006-07 – As Of March 31, 2007	\$ 490,829
Anticipated Collection Total For FY 2006-07	\$ 654,439
Amount Budgeted For FY 2007-08	\$ 557,000

- On April 20, 2004 the City Council requested that a streetscape study be completed for the various downtown areas within the City of Eden. On May 17, 2005 a representative from the firm Haden Stanziale gave a power point presentation to the members of the Eden City Council. The FY 2006-07 budget as adopted included \$ 509,900 which has already been authorized and set aside by the City Council. The FY 2007-08 budget includes an additional \$ 23,300 for a grand total of \$ 533,200. Due to budgetary constraints the Main Street Advisory Board in conjunction with the applicable merchant associations met and proposed a significantly scaled down streetscape project for the two most active downtown areas in Eden that fits within the funds that are available for expenditure. The sidewalks in the Olde Leaksville area are in serious need of replacement. While they are replaced, new decorative lighting will be installed in the area of Olde Leaksville along Washington Street from Bridge Street to Patrick Street. Decorative lighting will also be installed in the Draper Village area between Ridge Avenue and Mill Avenue.
- The City Council has previously voted to proceed with the construction of phase 1 of the Eden Greenway System along the Smith River. All of the money that is necessary for this project has already been set aside for this purpose and it is anticipated that this project will be completed during the FY 2007-08 fiscal year. There are no new funds that are being allocated to this project in the FY 2007 – 08 budget.
- The FY 2007-08 budget as submitted includes a 10% rate increase in both water service charges as well as sewer service charges for FY 2007-08. This is consistent with the

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

sentiment expressed previously by various members of City Council where it has been indicated that incremental rate increases on an annual basis were preferred in lieu of waiting for several years and then hitting the consumers with a larger increase of 50% to 80% all at one time. Based on previous consumption within each rate code the new water rates are projected to yield \$ 212,047 in new non-contract revenue and the new sewer rates are anticipated to yield \$ 211,208 in new non-contract revenue. The total increase in water and sewer rates will generate an additional \$ 423,255 in new revenue.

- The proposed debt service on the new \$ 6,900,000 loan that will be needed in FY 2007-08 is \$ 575,400. The FY 2007-08 rate increase will only generate 73.56% of the capital that will be needed to cover this additional expense. The remaining funds will come from increases we will be realizing from other revenue sources during the course of the upcoming year. I feel it is much more important to raise our water and sewer rates at a sufficient enough level to cover the anticipated debt service associated with the new loan than it is to concentrate on an increase in solid waste service charges during FY 2007-08. As each of you are aware, the water service charge, sewer service charge and refuse collection service charge are all listed on the same bill that is received by residents on a bi-monthly basis. I feel it is more important at this time to realize a 10% growth in revenue from water and sewer service charges instead of a 5% increase in water and sewer service charges and a 5% increase in solid waste service charges. In addition, I would recommend that we investigate the feasibility of moving to a monthly billing cycle which will help residents in terms of budgeting for these costs on a monthly basis versus a bi-monthly basis. We receive our electric bill, natural gas bill, telephone bill, cable bill and internet service bill on a monthly basis and I feel like we need to look at doing the same in reference to our water service, sewer service and refuse collection bill.
- The water and sewer service charge rate increase within the FY 2007-08 budget would affect the following consumers as follows:

Inside Customer using 2,500 gallons per month **will equal an increase of \$ 1.75 per month**
Inside Customer using 3,500 gallons per month **will equal an increase of \$ 2.09 per month**
Inside Customer using 5,000 gallons per month **will equal an increase of \$ 2.61 per month**
Inside Customer using 7,500 gallons per month **will equal an increase of \$ 3.45 per month**
Inside Customer using 10,000 gallons per month **will equal an increase of \$ 4.31 per month**
Inside Customer using 15,000 gallons per month **will equal an increase of \$ 6.01 per month**
Inside Customer using 50,000 gallons per month **will equal an increase of \$17.91 per month**
- In the January 12, 2007 Weekly Report from the City Manager I included copies of “*The 4th Annual North Carolina Water and Wastewater Rate Report 2006*” and “*The 18th Annual Virginia Water and Wastewater Rate Report 2006*” as prepared by Draper Aden Associates.

The data from the 2006 North Carolina survey revealed that the average monthly residential water bill (5,000 gallons per month) inside municipal boundaries

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

is \$ 23.29 (Eden is currently at \$ 13.10 and will only be at \$ 14.43 after this rate increase). Responses to that question ranged from \$ 6.77 to \$ 53.50 per month. *The average monthly residential wastewater bill (5,000 gallons per month) inside municipal boundaries is \$ 25.75 (Eden is currently at \$ 13.08 and will only be at \$ 14.36 after this rate increase).* Responses to that question ranged from \$ 5.95 to \$ 71.83 per month. There were 81 respondents to the questions pertaining to water rates and 66 respondents to the questions pertaining to wastewater rates.

The monthly charge for 5,000 gallons of water outside of municipal boundaries averaged \$ 34.71 (Eden is currently at \$ 26.20 and will only be at \$ 28.86 after this rate increase). The responses ranged from \$ 12.06 per month to \$ 64.85 per month. *The monthly charge for wastewater outside of municipal boundaries averaged \$ 39.91 (Eden is currently at \$ 26.07 and will only be at \$ 28.72 after this rate increase).* Responses ranged from \$ 11.28 per month to \$ 87.75 per month.

The data from the 2006 Virginia survey revealed that the average monthly residential water bill (5,000 gallons per month) inside municipal boundaries is \$ 21.39 (Eden is currently at \$ 13.10 and will only be at \$ 14.43 after this rate increase). Responses to that question ranged from \$ 8.25 to \$ 43.75 per month. The average monthly residential wastewater bill (5,000 gallons per month) inside municipal boundaries is \$ 25.87 (Eden is currently at \$ 13.08 and will only be at \$ 14.36 after this rate increase). Responses to that question ranged from \$ 9.86 to \$ 50.78 per month. There were 151 respondents to the questions pertaining to water rates and 139 respondents to the questions pertaining to wastewater rates.

The monthly charge for 5,000 gallons of water outside of municipal boundaries averaged \$ 27.62 (Eden is currently at \$ 26.20 and will be at \$ 28.86 after this rate increase). The responses ranged from \$ 9.33 per month to \$ 71.84 per month. The monthly charge for wastewater outside of municipal boundaries averaged \$ 33.32 (Eden is currently at \$ 26.07 and will only be at \$ 28.72 after this rate increase). Responses ranged from \$ 11.50 per month to \$ 90.70 per month.

Here are some additional facts according to the information outlined in the two (2) reports based on our current rate structure in comparison to other communities across North Carolina and Virginia:

- Eden has a total of 6,870 residential water units:
 1. 19th Largest of 81 North Carolina communities.
 2. 37th Largest of 151 Virginia communities.
- Eden has a total of 6,675 residential wastewater units:
 1. 15th Largest of 66 North Carolina communities.

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

2. 34th Largest of 139 Virginia communities.

- Eden has a total of 654 non-residential water and wastewater units:
 1. 15th Largest of 81 North Carolina communities (water).
 2. 16th Largest of 66 North Carolina communities
(wastewater)
 3. 32nd Largest of 151 Virginia communities (water)
 4. 29th Largest of 139 Virginia communities (wastewater)
- Eden has a total of 34,000 equivalent residential water units:
 1. 3rd Largest of 81 North Carolina communities.
 2. 15th Largest of 151 Virginia communities.
- Eden has a total of 19,000 equivalent residential wastewater units:
 1. 9th Largest of 66 North Carolina communities.
 2. 18th Largest of 139 Virginia communities.
- Eden's average residential water rate (\$ 13.10) inside the city:
 1. 4th Lowest of 81 North Carolina communities.
 2. 21st Lowest of 151 Virginia communities.
- Eden's average residential wastewater rate (\$ 13.08) inside the city:
 1. 5th Lowest of 66 North Carolina communities.
 2. 5th Lowest of 139 Virginia communities
- Eden's average residential water rate (\$ 26.20) outside the city:
 1. 13th Lowest of 81 North Carolina communities.
 2. 61st Lowest of 151 Virginia communities.
- Eden's average residential wastewater rate (\$ 26.07) outside the city:

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

1. 14th Lowest of 66 North Carolina communities.
 2. 31st Lowest of 139 Virginia communities.
- Eden’s water rate for a business (\$ 1,784.01) inside the city using 1 million gallons per month:
 1. 13th Lowest of 81 North Carolina communities.
 2. 14th Lowest of 151 Virginia communities.
 - Eden’s wastewater rate for a business (\$ 3,168.00) inside the city using 1 million gallons per month:
 1. 23rd Lowest of 66 North Carolina communities.
 2. 35th Lowest of 139 Virginia communities.

The results of these two (2) surveys echo what we consistently hear from various regulatory agencies in reference to our water and sewer rates being exceptionally low - especially for a system our size. The most significant obstacle to obtaining grants for water and sewer infrastructure projects has been our rate structure and the fact that lending agencies state we are not placing enough of a burden on our residents to justify to allocation of grant funds. The reality is that we have been able to keep residential rates to a bare minimum thanks to the existence primarily of Sara Lee (National Textiles) and Miller Brewing Company. A closing by either of these two companies would result in the need for a significant increase in water and sewer rates.

The recommended increase continues to place Eden at the lower end of the scale in terms of water and sewer rates while helping to raise a portion of the capital that is needed to fund the debt service associated with the new \$ 6,900,000 loan that is required during FY 2007-08.

Selected Water/Sewer Billings – Current Vs. Future

<u>Usage Per Month</u>	<u>Current Cost</u>	<u>Cost Effective 7/1/07</u>	<u>Increase</u>
2,500 Gallons	\$ 17.61	\$ 19.36	\$ 1.75
3,500 Gallons	\$ 21.04	\$ 23.13	\$ 2.09
5,000 Gallons	\$ 26.18	\$ 28.79	\$ 2.61
7,500 Gallons	\$ 34.76	\$ 38.21	\$ 3.45
10,000 Gallons	\$ 43.33	\$ 47.64	\$ 4.31
15,000 Gallons	\$ 60.48	\$ 66.49	\$ 6.01
50,000 Gallons	\$ 180.53	\$ 198.44	\$ 17.91

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

- The budget includes \$ 1,316,700 to pay for the debt service related to the 1990 \$23,000,000 revenue bond referendum for water and sewer improvements. The total amount of bonds sold was \$ 19,605,744. Payments on this debt are required in December and June of each year. The December payment is interest only and the June payment is principal and interest. The City recently finished refinancing part of these bonds. The series A bonds were refinanced in 2000 and the series B bonds were refinanced during 2002. In 2002, Moody’s Investors, Inc. rated the City Aaa and Standard and Poors rated the City AAA. Both of these ratings are of the highest rank possible and are the same ratings the City received in 2000 during the refinancing of the series A bonds. This debt will be paid in full at the conclusion of FY 2009 – 2010.
- The \$ 1,316,700 that has been set aside to pay for the debt service related to the 1990 \$ 23,000,000 revenue bond referendum for water and sewer improvements is actually \$ 340,400 less than the \$ 1,657,100 that was allocated in FY 2003-04. A new line-item entitled, “holding account – future debt service” was created in the FY 2004-05 budget within the Special Appropriations section of the Water and Sewer Fund and included an initial contribution of \$ 88,700. This amount was increased to \$ 171,300 for FY 2005-06 and \$ \$ 246,300 for FY 2006-07. A total of \$ 340,400 has been included for FY 2007-08. This is consistent with a previous recommendation that I made whereby these funds would be preserved for use in the future for additional debt service payments rather than being absorbed in the annual budget and used to help offset annual operating expenses. At the conclusion of FY 2007-08 there will be a total of \$ 846,700 that has been set aside since July 1, 2004 for future debt service payments.
- The budget includes the following funds to pay for the debt service related to the 2007 \$ 7,500,000 loan for Water & Sewer Fund projects, the 2008 \$ 6,900,000 loan for Water & Sewer Fund projects and the 2008 loan for General Fund projects:

<u>Category</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Total Payment</u>
2007 \$ 7,500,000 Loan (W/S)	\$ 377,200	\$ 286,700	\$ 663,900
2008 \$ 6,900,000 Loan (W/S)	\$ 319,500	\$ 255,900	\$ 575,400
2008 \$ 2,142,000 Loan (G/F)	\$ 107,000	\$ 86,700	\$ 193,700

- The FY 2007-08 budget does not include any new funds for the following Capital Project Funds:

Abatement Projects Fund – Awaiting collection efforts by City Attorney to replenish funds already spent.

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

Bio-Solids Upgrade Fund – All of the funds necessary to complete this project have previously been allocated and authorized by the City Council.

Economic Development Fund – This fund will be closed out prior to FY 2007-08.

Façade Improvements Fund - This fund has funds that have previously been allocated that have yet to be spent.

Greenways Project Fund – All of the funds necessary to complete this project have previously been allocated and authorized by the City Council.

- The FY 2007-08 budget includes funding of \$ 5,500 for the Promotional Activities Fund. This fund was created so that it can be rolled over from year to year for ongoing expenses and revenue collection efforts associated with special promotional activities such as the annual Pottery Festival and Ribfest celebration. This fund is essentially a “pass-through” fund whereby the revenues come from actual donations and contributions and not a specific budgetary allocation from the City of Eden revenue accounts.
- The budget includes an allocation of \$ 39,800 to the Partnership For Economic Development in order to continue the City’s support of enhanced marketing, tourism development and industrial recruitment/retention efforts. Based upon a 2000 census population number of 15,908 this equates to a per capita contribution of \$ 2.50.
- The Emergency Communications Fund budget includes \$ 58,200 for monthly line maintenance and support fees for the 911 phone system and database as well as the monthly network charges from Bellsouth associated with the telephone lines used by the 911 system as well as the various computers that the dispatchers utilize on a daily basis. The budget also includes an allocation of \$ 103,800 into a holding account for future 911 system hardware/software improvements that are qualifying expenses.
- The Special Appropriations budget within the General Fund budget includes \$ 60,300 to pay for the City’s obligations in reference to performance agreements with local industries. This is an increase of \$ 11,100 from the amount (\$ 49,200) that was allocated for FY 2006-07. Like most cities and counties in North Carolina, the City of Eden has undertaken several performance agreements with local industries. N.C.G.S. 158-7.1 sets out the type of activities that cities and counties can engage in as it relates to economic development. Existing incentive payments based upon specific performance criteria that are due to be paid during FY 2007-08 include:

<u>Company</u>	<u>Amount Due In FY 2006-07</u>
MGM	\$ 30,100
Weil McLain	<u>\$ 30,200</u>

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

Total **\$ 60,300**

- The budget includes \$ 263,800 to pay for the City’s obligations in reference to the water and sewer extension policy and additional performance agreements. This is an increase of \$ 42,100 from the amount (\$ 221,700) that was allocated for FY 2006-07. The water and sewer extension policy provides that the City will participate in the extension of these services for up to 100% of the cost for industrial development, up to 75% of the cost for commercial development and up to 50% of the cost for residential development. There are five (5) active agreements that are due to be paid during FY 2007-08. They include:

<u>Company</u>	<u>Amount Due In FY 2006-07</u>
The Village	\$ 7,950
Osborne Company/Arbor Lane Apartments	\$ 17,950
National Textiles	\$ 175,000
Osborne Company/Harris Place & WalMart	\$ 46,800
Osborne Company/Pierce Street & Shopping Center	<u>\$ 16,100</u>
Total	\$ 263,800

- On July 1, 1995, the City of Eden began its self-insured insurance coverage program. The City carries a reinsurance policy for payment on all specific claims in excess of \$ 40,000. The excess above \$ 40,000 claimed on any individual is reimbursed to the City by the reinsurance carrier. According to the City’s audit for year ending June 30, 2006 the retained earnings showed a significant increase in FY 2005-06 from \$ 29,002 to \$ 183,267. The total expenditures for FY 2005-06 equaled \$ 1,494,956 compared to a total of \$ 1,299,678 for FY 2004-05. The total revenues for FY 2005-06 equaled \$ 1,648,051. As of March 31, 2007 total revenues received equal \$ 1,305,786 compared to total expenditures of \$ 1,084,886. Once you extrapolate this out for the remainder of the year it is estimated that our FY 2006-07 revenues will equal approximately \$ 1,741,048 compared to expenses of approximately \$ 1,446,515. This is excellent news.

The numbers that were provided to us by our health insurance consultants indicate expected costs in FY 2007-08 equal to \$ 1,378,938 and maximum costs equal to \$ 1,644,500. Based on our current revenues **we will not need to revise our rates or the employer contribution during FY 2007-08.** The employer contribution amount for each employee/retiree will remain unchanged at \$ 550.00 per month for health and dental coverage. **This is the second year in a row that this has happened and is tremendous news for the FY 2007-08 budget.**

The dependent care coverage charges which are the responsibility of the employee or retiree will also remain unchanged and are as follows:

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

Dependent care medical coverage: \$ 160 Employee/Retiree With Children Only
\$ 235 Employee/Retiree With Spouse Only
\$ 300 Employee/Retiree With Family Only

Dependent care dental coverage: \$ 25 Any and all types of additional coverage

The life insurance, accidental death insurance coverage and COBRA premium reimbursement rates contained within the self insurance fund have remained unchanged in the FY 2007-08 budget.

- There are thirty-eight (38) individuals who currently participate in the City's health insurance program that are not active full time equivalent employees. These include both retirees as well as individuals who retired as the result of a work-related disability. This results in a significant financial commitment on the part of the City since the City is responsible for all of their claims up to a maximum of \$ 40,000 each. On the other hand, these same individuals dedicated their lives to the service of this City for 25 to 30 years and this is a small way for us to say "thanks for a job well done". Two (2) of these individuals are retirees that retired with at least twenty-five (25) years but less than thirty (30) years of creditable service. Currently, the City pays up to a maximum of \$275 per month for their monthly health/dental insurance premium with the difference of \$ 275 per month being paid by the retiree. Twenty-Two (22) of these individuals are retirees that retired with at least thirty (30) years of creditable service. Currently, the City pays up to a maximum of \$ 550 per month for their health/dental insurance coverage. Three (3) of these individuals were already on the City's health insurance plan prior to the last changes that were made in 2002 and are eligible to stay on the plan until they are eligible for Medicare as long as they pay 100% of their monthly insurance premium. Finally, eleven (11) of these individuals have retired as the result of a work-related disability. The City pays 100 % of their monthly insurance premium. Dependent coverage for all retirees is the responsibility of the retiree. Currently, the City is paying a total of \$ 224,400 per year for thirty-five (35) of the thirty-eight (38) individuals noted above.
- Ms. Tammie McMichael, Director of Finance and Personnel and Ms. Amy Winn, CPA, Accounting Coordinator obtained the consumer price index information and reported to me that the rate of inflation for the time period of January, 2006 through February, 2007 was equal to 2.7%. The social security cost-of-living adjustment for 2007 has been set at 3.3%.
 - Obviously, it is very important to remain competitive, to keep pace with the current rate of inflation and to avoid the possibility of falling back behind the market averages. During the past couple of years the City took steps to make sure its employees were receiving a wage that was more competitive with the current job market. Now that most of this work has been completed it is equally important to make sure we remain competitive both in terms of our wages and benefits going forward. As was noted

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

previously, the Consumer Price Index (CPI) information that was provided to me indicated a rate of inflation equal to 2.7% for the time period of January, 2006 through February, 2007 and a social security adjustment cost-of-living allowance increase of 3.3% for 2007. In addition, we are all continuing to see utility and gas prices on a steady increase. Based upon all of this data I have included a 3.0% cost-of-living increase for all full-time equivalent (FTE) employees in the FY 2007-08 budget. Due to budgetary limitations it is recommended that we **not** have a performance based (merit) increase during FY 2007-08.

- A copy of the current job and classification plan as well as a copy of the proposed job and classification plan have been included within the “Personnel” section of the FY 2007-08 budget document for your review and information. You will note that the minimum and maximum compensation levels for all pay grades have been increased by 3.0% each in an effort to keep pace with the rate of inflation.
- The department requests for FY 2007-08 included funding for ten (10) new full-time positions. These included:

Fire Department:	Additional Firefighter/Drivers (3 Positions)
Solid Waste:	Additional Equipment Operator (1 Position)
Collection & Distribution:	Collection & Distribution Employees (6 Positions)

The FY 2007-08 budget does not include funding for any of these positions due to budgetary constraints. Additional requests (prior to the submission of the FY 2007 – 08 department requests) were submitted by the Planning & Inspections Department as well as the Business Development Department for a total of two (2) new full-time positions (one for each area). Rather than recommending the approval of these requests I previously advised the City Council that the Customer Service Coordinator was being moved from the front reception desk into Planning and Inspections to help fill that need and that Mr. Johnny Farmer, Director of Parks, Recreation & Facility Maintenance had been asked to assume some of the duties previously being handled by Mr. Mike Dougherty, Director of Business Development and Ms. Kelly Stultz, Director of Planning and Inspections in relation to oversight of special festivals and events such as the Riverfest, River Development Committee and Ribfest to name a few.

- Mr. Doug Cline, Fire Chief submitted a request to expand the day-time part-time firefighters program from three (3) people who work nine hours per day, five days per week to three (3) people who work twenty-four hours per day, seven days per week. He suggested that these positions would have a split pay plan whereas they would not get paid the same amount for standby time as they receive for what would be working hours. He recommended a rate of pay equal to \$ 10.25 per hour from the hours of 8:00 a.m. – 10:00 p.m. and a rate of pay equal to \$ 8.00 per hour from the hours of 10:00 p.m. – 8:00 a.m... He cited a 42% increase in call volume since the daytime staff was added in July, 2002 and the breakdown of call volume is about equally weighted between day and night.

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

He also stated that the amount of volunteer response is down simply based upon the amount of times we are asking the volunteers to respond. The current cost associated with our day-time program is approximately \$ 83,106 for the part-time wages and FICA. The proposal as submitted would cost a total of approximately \$ 364,270 for the part-time wages and FICA. This is an increase of approximately \$ 281,164 to implement this recommendation. **The FY 2007-08 budget does not include the funds necessary to implement this recommendation.** Unfortunately, the current condition of the General Fund is such that \$ 797,200 in available fund balance is being utilized to balance the budget. The request to expand the day-time part-time firefighters program is the equivalent of roughly a \$.0385 increase on the current tax rate of \$ 0.57. Once I indicated my lack of support for this request during a budget work session an alternative budget request was submitted concerning this same matter which involves an expansion of our volunteer force from a total of forty (40) to a total of sixty (60). I think it makes good sense to utilize those people who may be willing to volunteer their time and efforts and would recommend that we proceed with changing our volunteer allotment from forty (40) volunteers to sixty (60) volunteers. Once this has been accomplished and we are at or near full strength we can investigate various possibilities, ideas and proposals to increase our “in-house” coverage on a continuous basis without placing a significant financial hardship on our citizens.

- The budget includes no new money within the Bio-Solids Management Upgrade Project Fund. As each of you are aware, the City’s bio-solids handling facilities are inadequate for the volume of solids being generated at the current hydraulic and organic loading rates and under currently employed operational controls. This problem must be resolved before the Mebane Bridge Wastewater Treatment Plant can accept and treat the 13.5 million gallons per day (MGD) flow rate that its unit processes are permitted for. A dewatering facility (belt filter press, building and storage pad) is due to be constructed during FY 2007-08 which will eliminate the weather dependent factor and would also reduce the other listed factor’s dependency. This will be accomplished by using the Design, Build & Operate Concept. This lowers the capital cost significantly due to the execution of a long term operational contract. This will also give us the option for future enhancements to the bio-solids disposal method (Class B – Land Application or Landfill to a Class A Residual – Marketable Public Reuse). Again, no additional funds will be required for this project during FY 2007-08 but the actual construction will take place and be completed in FY 2007-08.
- The budget within the Municipal Park Project Fund includes new funding in the amount of \$ 1,350,000 for the construction of a new aquatic facility within Freedom Park (\$ 1,300,000) and the annual payment (\$ 50,000) that is due on the \$ 400,000 loan that was taken out to complete the baseball/softball field complex. The \$ 1,300,000 for the new aquatic facility would come from a \$ 500,000 grant from the Park & Recreation Trust Fund (PARTF) and the final \$ 800,000 would come from a loan within the General Fund. The debt service associated with borrowing \$ 800,000 would equal \$ 72,032 per year (\$ 39,960 – Principal and \$ 32,072 – Interest for year 1).

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

- The financial reporting standards required by the state and other agencies direct that the \$ 1,031,300 transferred from the Water and Sewer Fund to the General Fund be allocated as an administrative charge to the department viding the service to the Water and Sewer Fund. The administrative charges are allocated to the following departments:

<u>Department</u>	<u>Amount To Be Received</u>
Governing Board	\$ 33,100
Administration	\$ 160,500
Environmental Services	\$ 123,900
Finance	\$ 254,700
Information Technology	\$ 85,500
Legal	\$ 38,200
Engineering	\$ 188,400
Public Building Services	\$ 18,900
Fleet Maintenance	<u>\$ 128,100</u>
Total	\$ 1,031,300

- The budget within the Sewer Rehabilitation Project Fund includes new funding in the amount of \$ 2,484,400 for the work that is already underway in relation to the Special Order of Consent. A total of \$ 2,101,800 will be allocated to the SOC Pump Stations line item for the necessary improvements to the Meadow Greens, Covenant Branch and Dan River Pump Stations. Additional funds have already been allocated for improvements to the Kudor Street Pump Station. A total of \$ 340,100 has been included under the Sanitary Sewer Evaluation Study – Continue line item. These funds will be utilized to continue efforts already planned and underway in relation to the Dry Creek sewer subsystem as well as the Smith River sewer subsystem. Finally, a total of \$ 42,500 has been included under the SOC Sewer Lines line item for the completion of the required improvements to the various sewer lines included in the Special Order of Consent (SOC). The funds for this additional \$ 2,484,400 will come from the \$ 6,900,000 new loan included in the Water & Sewer Fund. **It should be noted that no additional funds will be needed in the future to complete the aspects of this project noted above and the corresponding Special Order of Consent according to cost estimates prepared by the W. K. Dickson and Associates engineering firm.**
- The budget within the Water Pressure Improvements Project Fund includes new funding in the amount of \$ 1,262,000 for work that is already underway in relation to this project. A total of \$ 747,000 is included under the Freedom Park Tank line item to cover the remaining funds that will be needed to fund these improvements. The construction of this water tank will provide a better and more stable level of water pressure throughout the City by eliminating bottlenecks that currently impedes the flow of water within the distribution system. A total of \$ 515,000 is included under Caleb Street Booster Pump Station (Formerly Carolina Heights Booster Pump Station). This project is intended to improve the low

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

pressures that have been common along Morgan Road west of Hudson Street to the City limits, and also the Carolina Heights subdivision and nearby property. Survey and design work should be completed by the end of July, 2007. Construction of the booster station and replacement of several water lines within the proposed high pressure zone is expected to be done between October, 2007 and March, 2008. The name of this project has been changed due to the fact that the improvements will affect a much wider area than just the Carolina Heights subdivision. The funds for this additional \$ 1,262,000 will come from the \$6,900,000 new loan included in the Water & Sewer Fund. **It should be noted that no additional funds will be needed in the future to complete the aspects of this project noted above according to cost estimates prepared by the ARCADIS engineering firm.**

- The budget within the Waterline Upgrade Improvements Project Fund includes new funding in the amount of \$ 240,000 for work that is already underway in relation to the Smith River Bridge Upgrade. This project will include the installation of 600 LF of 8” temporary waterline associated with the new temporary bridge and 900 LF of 16” permanent waterline associated with the new permanent bridge. Several of the projects that were funded in FY 2006-07 will carryover into FY 2007-08 before they are completed but will not need any additional funds. These include: Chatham Court, Bradford Street, Wilson Street, Lake Drive, and Beech Street according to information submitted by Mr. Bev O’Dell, Director of Engineering.
- The FY 2007-08 budget includes \$ 22,500 in funds for the first year payment on a five year lease purchase agreement for the replacement of four (4) of the fifty-three (53) vehicles currently assigned to the Police department. The vehicles will be financed versus an outright purchase due to budgetary constraints within the General Fund. The vehicles slated for replacement include three (3) 1995 models and one (1) 1998 model all with an average mileage of approximately 114,800+ miles at the anticipated time of replacement in the Spring of 2008.
- The Water Construction department budget includes \$ 960,000 for a variety of waterline upgrade projects. The “new” specific projects slated to be completed or initiated during FY 2007-08 include:

Wilson Street – Replace 1,500’ Of 2” WL With 6” WL	\$ 72,000
Shannon Drive – Replace 960’ Of 2” WL With 6” WL	\$ 85,000
Glenn Street – Replace 750’ Of 2” WL With 6” WL	\$ 67,000
Truman Street – Replace 300’ Of 2” WL With 6” WL	\$ 28,000
Williams Street – Replace 825’ Of 2” WL With 6” WL	\$ 77,000
Matthews Street – Replace 725’ Of 2” WL With 6” WL	\$ 61,000
Harry Akers Street – Replace 595’ Of 2” WL With 6” WL	\$ 51,000
Bridge Street – Replace 370’ Of 2” WL With 6” WL	\$ 33,000
Bradford Street – Replace 1,380’ Of 2” WL With 6” WL	\$ 96,000
Summit Loop – Replace 2,270’ Of 2” WL With 6” WL	\$ 199,000
Lisa Street – Replace 340’ Of 2” WL With 6” WL	\$ 28,000

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

Philip Street – Replace 625’ Of 2” WL With 6” WL	\$ 55,000
Eastern Street – Replace 550’ Of 2” WL With 6” WL	\$ 46,000
Loftus Street – Replace 970’ Of 2” WL With 6” WL – Design Only	\$ 9,000
Hampton Street – Replace 800’ Of 2” WL With 6” WL – Design Only	\$ 7,500
Central Avenue – Replace 600’ Of 2” WL With 6” WL – Design Only	\$ 7,000
Roberts Street – Replace 630’ Of 2” WL With 6” WL – Design Only	\$ 7,500
Lawson Street – Replace 450’ Of 2” WL With 6” WL – Design Only	\$ 5,500
Adams Street – Replace 1,280’ Of 2” WL With 6” WL – Design Only	\$ 15,000
Shamrock Road – Replace 870’ Of 2” WL With 6” WL – Design Only	<u>\$ 10,500</u>
Total	\$ 960,000

The revenue that will be required to fund these expenditures will come from the \$6,900,000 loan contained within the Water & Sewer Fund.

- The Water Construction budget includes \$ 391,000 under the Panther To Meadow 16” line item. This will involve a large diameter connector (2,000 LF of 16” diameter ductile iron water main) between the second Miller 24” waterline and the 16” waterline that exists along Meadow Road between the old Central Filter Plant and the Eden Mall. This project will help provide water to the northwest portion of the distribution system, as well as to help with the filling and draining of the new Freedom Park elevated water storage tank. The Water Construction budget also includes a total of \$ 98,000 under the Hamilton Tank 10” line item. This will involve a large diameter connector (1,200 LF of 8” diameter ductile iron water main) between the Hamilton Street elevated water storage tank and the Cedar Street 10” main. The completion of this project will assist us with the filling of the Hamilton Street tank. Finally, a total of \$ 15,000 has been included under the Oakland Avenue Booster Pump Station line within the Water Construction budget. This project will include the upgrading to larger pumps in the Dunn Street Pump Station and the expansion of the existing high pressure zone to a larger service area. The \$ 504,000 identified above will be financed by a portion of the new \$ 6,900,000 loan within the Water & Sewer Fund.
- The Sewer Construction budget includes \$ 650,000 under the Bridge Street Pump Station line item. This project involves upgrading the existing pump station which is 39 years old and was last upgraded in 1992. The upgrade will include discharge valves, rebuilding of the existing pumps, and piping modifications to rearrange the check valve orientation. The Sewer Construction budget also includes a total of \$ 650,000 under the Junction Pump Station line item. This project involves upgrading the existing pump station on Valley Drive which is 39 years old and was last upgraded in 1993. The upgrade will include discharge valves, rebuilding of the existing pumps, and piping modifications to rearrange the check valve orientation. Finally, a total of \$ 150,000 has been included under the SC M/R System line item within the Sewer Construction budget. These funds will be utilized for ongoing inflow and infiltration abatement efforts in response to the findings from the Sanitary Sewer Evaluation Studies (SSES) which are

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

currently underway. The \$ 1,450,000 identified above will be financed by a portion of the new \$6,900,000 loan within the Water & Sewer Fund.

- The City of Eden has thirty-two (32) sections (3.14 miles) of paved roadways that do not meet Powell Bill requirements. These streets do not meet the minimum width of 16 feet, therefore; Powell Bill monies are in-eligible to be used for routine maintenance or the resurfacing of these roadways. There are several of the thirty-two (32) sections that have been evaluated as being in poor or very poor condition. The goal is to include enough funding over the course of the next several years in order to complete the necessary maintenance and resurfacing of two (2) to three (3) street sections of streets per budget year until the needed improvements have been completed. The budget for FY 2003-04 included a total of \$ 15,000 for this purpose. Initially, Henry Street, Hazlip Street and Hollingsworth Street were completed in FY 2003-04. The FY 2004-05 budget included \$ 15,000 for the resurfacing of Buck Lane, Stovall Street and Hazel Lane. The FY 2005-06 budget included \$ 15,000 for the resurfacing of Burton Street, Dodge Street and Short Street. The FY 2006-07 budget included \$ 11,000 for the resurfacing of Hilltop Lane, Thacker Street and Danview Lane. The FY 2007-08 budget includes \$ 15,000 for the resurfacing of Manley Street, Warren Avenue and Hopper Lane.
- The Pension Trust Fund accounts for the Law Enforcement Officers Special Separation Allowance. This is a public employee retiree system pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The separation allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The City conducted its annual actuarial study this past year and it once again indicated a shortfall in funding equal to \$ 745,659 as of June 30, 2006 which is a reduction of \$ 79,422 compared to the \$ 825,081 figure from June 30, 2005. However, it is very important to note that most municipalities fund the separation allowance on a pay as you go system which is what we are now doing. The City of Eden is much better off than just funding the program on a pay as you go basis in that the annual audit for the period ending June 30, 2006 indicated a fund balance within this fund of \$ 337,635. The FY 2007-08 budget continues our commitment to this program and includes an allocation of \$ 155,300 for the Police Pension Trust Fund. This is an increase of \$ 35,800 or 29.96% when compared to the amount that was allocated for FY 2006-07 (\$ 119,500). In FY 2004-05 and FY 2003-04 the amount actually allocated was \$ 100,000. In FY 2002-03 the level of funding equaled \$ 72,000 and in FY 2001-02 the actual amount allocated was \$ 30,000. The increases in funding have been necessary due to the number of police officers who have recently retired or are expected to retire during FY 2007-08.
- The audit management letter dated November 7, 2003 from the City's independent auditing firm of Rouse, Rouse, Penn and Rouse, L.L.P. recommended that the Special Service Fund be eliminated and separate funds established for the Historic Preservation Commission and the Runabout Travel Club. They pointed out that a special

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

revenue fund and an agency fund should not be combined in the general ledger. This was done in preparation of the FY 2004-05 budget. The FY 2007-08 budget includes \$ 31,000 for the Runabout Travel Fund and \$ 900 for the Historic Preservation Commission Fund. The Runabout Travel Fund is essentially a “pass through” fund and does not involve the appropriation of any funds from the taxpayers of Eden. The Historic Preservation Fund is being funded as a result of “book sales” and does not involve the appropriation of any funds from the taxpayers of Eden.

- On February 11, 2004 representatives from W.K. Dickson, Inc. appeared before the City Council and made a presentation on the twenty (20) year Comprehensive Water & Wastewater Master Plan. They identified twenty-six (26) different projects equaling a projected cost of \$ 29,376,000 that they felt needed to be addressed between FY 2004-05 and FY 2007-08 (four years). In addition, there were fourteen (14) additional projects that were identified that they felt would need to be completed at some point between FY 2008-09 and FY 2019-20. The estimated cost for these projects equals \$ 62,746,000 in FY 2003-04 dollars. This is a total need of \$ 92,122,000 within just the City’s water and sewer system. The \$ 7,500,000 loan for the Water & Sewer Fund in the current FY 2006-07 budget and the \$ 6,900,000 loan for the Water & Sewer Fund in the FY 2007-08 budget (combined total of \$ 14,400,000) will allow the City to continue addressing some of these identified needs but there is still an abundance of additional needs that have been identified that will ultimately have to be addressed and paid for at some point in the future.
- The FY 2006-07 budget as presented does not include any funds for the design, engineering and construction of an industrial park. The Comprehensive Site Selection Study completed by Pyramid Environmental & Engineering, P.C. was completed at the beginning of FY 2006-07. Currently, the staff is working with various land owners and staff members at the Rockingham Partnership For Economic & Tourism Development on the feasibility of acquiring land and/or options on land for industrial development purposes. Any funds that will be needed for this initiative will have to come from an installment loan, available fund balance within the General Fund or a combination of both revenue options. A budget amendment will be needed at some point in FY 2007-08 once some final decisions have been reached.
- On March 21, 2005 the Eden City Council voted unanimously to ask Senator Philip E. Berger and Representative Nelson Cole to introduce special legislation to the North Carolina General Assembly to increase the occupancy tax for all hotels and motels within the City of Eden by three percent (3 %) and have that money directed to the City of Eden for tourism development. The legislation that was ultimately passed included a two percent (2%) tax. A total of \$ 50,000 in both Occupancy Tax related revenues as well as Occupancy Tax related expenditures has been included in the FY 2007-09 budget.

Concluding Remarks

May 9, 2007

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

The primary purpose of the city's budget and budgetary process is to develop, adopt, and implement a plan for accomplishing goals for the upcoming year; while keeping consistent with the long term vision of the city. The proposed budget allows the City to meet the continuing high quality service demands of the community and to address necessary infrastructure maintenance and improvement projects. The budget also provides the resources to pay for significant, large scale project expenditures for things such as water and sewer improvements, downtown revitalization initiatives, enhancements to our parks and recreation facilities, the creation of a greenways/pedestrian system as well as funding for much needed equipment/vehicle replacements and improved employee/retiree benefits and compensation.

Achieving a balanced budget has not been an easy task. Not all projects requested by various City departments/divisions have been included for funding. Much of our spending is non-discretionary in nature, and the problem is compounded by a State fiscal picture that remains challenging with additional cuts to local government always a possibility.

I have often summarized our existing condition by saying we are facing "a very problematic situation". On the one hand, we have seen tremendous improvements in our overall financial condition as voiced by representatives of our independent auditing firm of Rouse, Rouse, Penn and Rouse, L. L. P.. We have seen substantial increases in terms of our fund balances as well as our undesignated fund balances while seeing a continued decline in terms of total liabilities. On the other hand, the amount of new revenue we are generating on an annual basis is no longer sufficient enough to cover annual operating expenses – let alone much needed improvements to our infrastructure, various economic development and quality of life initiatives and numerous capital outlay related projects. This is supported by the fact that this budget is being balanced in part thanks to the allocation of \$ 797, 200 in available fund balances and the acquisition of a \$ 2,142,000 installment loan in the General Fund and a \$ 6,900,000 loan within the Water & Sewer Fund. There is a serious need to identify and develop additional revenue on an annual basis to help fund many of these longer term needs.

The FY 2007-08 budget concentrates on the additional revenue needs within the Water & Sewer Fund. The FY 2008-09 budget will need to concentrate on the additional revenue needs within the General Fund. **It is very likely that a significant tax increase and/or a significant increase in service charges such as residential refuse collection rates will need to be implemented as a component of the FY 2008-09 spending plan.**

We have made some significant strides over the course of the last twelve months continuing a trend we started six (6) years ago and should be very pleased with our efforts aimed at improving the long-term financial condition of our City. According to the audited financial statements (prepared by Rouse, Rouse, Penn and Rouse, L.L.P.) for the period ending June 30, 2006 the City of Eden realized the following changes:

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

- The fund balance in the General Fund decreased from \$ 8,450,002 to \$8,222,745 a decrease of \$ 227,257. The fund balance in the General Fund as of June 30, 2000 was \$ 4,157,472. This represents a total increase of \$ 4,065,273 or 97.78% in just the past six years. In addition, the fund balance available for appropriation (called the undesignated fund balance) was equal to \$ 3,647,594. The undesignated fund balance in the General Fund as of June 30, 2000 was \$ 2,541,779. This represents a total increase of \$ 1,105,815 or 43.51% increase in just the past six years. The City Council voted back in 1998-99 to keep a fund balance, undesignated, equal to at least three months operating expenses. As such, three months operating expenses would be \$ 2,993,649 according to the audited statements for the period ending June 30, 2006. The amount undesignated at June 30, 2006 was \$ 653,945 above the three months operating expenses.
- The fund balance within the Water & Sewer Fund decreased from \$6,120,250 to \$ 4,638,710 a decrease of \$ 1,481,540 or 24.21% due to the fact that available fund balance was utilized to help fund a portion of the various capital outlay initiatives. Despite this reduction the fund balance in the Water & Sewer Fund as of June 30, 2000 was \$ 4,345,594. This represents a total increase of \$ 293,116 or 6.75% in the past six years. Another important factor to note is that the total liabilities decreased from \$ 5,000,335 as of June 30, 2005 to \$3,766,564 as of June 30, 2006. The total liabilities for the four previous fiscal years was: June 30, 2004 - \$6,181,888, June 30, 2003 - \$ 7,281,676, June 30, 2002 – \$ 8,699,886, June 30, 2001 - \$ 9,709,734 and June 30, 2000 - \$10,992,154.
- The assets of the City exceeded its liabilities at the close of FY 2005-06 by \$ 51,920,960 (net assets).
- The City's long term debt includes the general obligation bonds (water and sewer bonds), capitalized leases and installment purchases. The total long term principal debt at June 30, 2006 was \$ 3,315,000 down from \$4,580,000 for the period ending June 30, 2005, \$ 5,897,248 for the period ending June 30, 2004, \$ 7,972,844 for the period ending June 30, 2003 and \$ 8,942,861 for the period ending June 30, 2002. This is also down from \$ 9,972,202 on June 30, 2001 and \$ 11,245,827 for the year ending June 30, 2000. An additional \$ 1,225,000 in long term principal debt is scheduled to be retired during FY 2007-08 on the 1990 \$ 23,000,000 general obligation bonds for water and sewer improvements. The legal debt margin for the City as of June 30, 2006 equaled \$ 64,556,778 up from \$ 61,371,779 on June 30, 2005.

May 9, 2007

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

Over the past five plus years we have worked diligently to improve the long-term financial condition of our City. The challenge going forward however, is to develop a financial blueprint that will maintain the basic level of services the citizens have come to expect, a blueprint that maintains a strong fund balance for unanticipated needs and emergencies, a blueprint that will provide adequate funding in a timely fashion for a wide array of capital improvement and equipment replacement projects that are already facing the City and a blueprint that will retain employees and will continue to invest in the maintenance of employee skills, knowledge and abilities as a key community resource.

The City's future will be determined by choices made today. The Mayor, City Council and staff for the City of Eden are cognizant of the economic challenges and opportunities facing our community. The budget for FY 2007-08 recognizes this fact and reflects a level of spending that is commensurate with the current economic climate as well as the overall needs facing the City. I am confident the future is bright for our City as long as we continue to maintain and support our long term vision aimed at being proactive versus reactive in making Eden the best place possible City to work, play, shop and live.

I want to assure each of you, that the management team will continue to monitor and review all operations on a continuous basis to ensure that we are as efficient and effective in our service delivery programs as possible.

Much has been accomplished but much remains to be done!

Acknowledgements

I would like to take this opportunity to express my sincere appreciation and heartfelt thanks to Ms. Tammie McMichael, Director of Finance and Personnel and Ms. Amy Winn, CPA, Accounting Coordinator for their contributions dedicated efforts and many hours of study and hard work related to the preparation of the budget. I would also like to thank Mr. Dennis Asbury, Director of Environmental Services, Ms. Kim Scott, City Clerk and Ms. Sheralene Thompson, Deputy City Clerk for their support and assistance throughout the entire budget preparation process. Additionally, it is appropriate to express credit and appreciation to each department/division head for their constructive efforts which also contributed greatly to the preparation of this document. Finally, I would like to thank the Mayor and each member of Council for your patience, words of encouragement and guidance throughout the entire budget process.

Mr. Corcoran then asked for questions:

Mayor Grogan stated if the city was to receive a grant, would they know that the grant would be approved before the budget is approved.

May 9, 2007

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

Mr. Corcoran replied not necessarily, what they have been told is that there were 88 projects submitted and they preliminarily approved 80 of them. So when they hear that number they think the odds are pretty good, but who knows. There are two rounds of announcements. The first round is May 11th and they announce "X" percentage of the pot. Then there is a second round announced actually after July 1st (somewhere in that first week). So no later than a week into the new budget, they would know that. But obviously if they choose to keep this money in the budget, it says in there multiple times that it is subject to the grant being received.

Mr. Corcoran noted that on both of the loans, they do not anticipate doing either loan until next spring. So what they would propose to do is use money they have on hand, that is why the Council adopted the reimbursement resolution on the water and sewer fund, and they will be asking the Council next week to adopt a Reimbursement Resolution on the General Fund because once they do that, they can go ahead and use the money they have on hand to do those projects, and then once they go and get their loan, they can pay themselves back rather than going ahead and borrowing all the money right now, when maybe they don't need it all right now and they start paying interest on it.

Council Member Tuggle referred to Page 10 and asked about the Pierce Street Extension and Land Acquisition. He said he thought they made the right decision in what was said as he specifically said the reason it was not funded. He asked if one of those things were not to come up, what would be the approach.

Mr. Corcoran replied when he met with Ms. McMichael and Ms. Winn while working on the budget, one of the things they discussed and he mentioned to them was that they need to make sure that they protect enough of the fund balance, this was before they figured how much money they would or would not need, they needed to make sure there was fund balance there in the event that the Council needed or desired to make an allocation for the Pierce Street extension project and/or the acquisition of options for sites for industrial development. So basically what would happen, let's say the DOT approves everything, they come out with the bid price, the hospital gets together and says they have "X" amount for it (project) and maybe the developer, but in the end, between all of the sources, they are short. What would happen would be that he would bring that to the Council and obviously the Council would make a decision on whether or not they want to participate. If they make the decision to participate, if it was done before they adopt the budget, they would just change this budget and get it in there; but otherwise, it would be like they have done before, a simple budget amendment.

Council Member Gover asked if they had put a figure on the light they contemplated putting there.

Mr. Corcoran replied, no sir, they have not given the City an estimate yet; we have continued to ask for it. What they said at the initial meeting was they thought it was somewhere in the quarter of a million dollar range, but we have not received a firm

May 9, 2007

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

number as to the cost. Mr. Corcoran said what he had said all along, he would be surprised if it was not somewhere in the \$800,000 to \$1 million range, the whole project.

Council Member Myott asked if that money was set aside to which Mr. Corcoran replied basically as they may remember, Mr. Galyan, Chairman of the DOT Board, they went and met with them, Phil Berger and Nelson Cole assisted in that effort and during that meeting, he did not give a specific amount, but he said that he did have money that he would allocate to the project. In addition, they may also remember that Rep. Cole has secured another quarter of a million, so they feel like there is probably, on the state level, even though it is not on hand, there is probably a commitment for at least \$450,000. So the next question is, what will the Board of Directors for the hospital do. And, obviously they haven't crossed the bridge yet, but one could assume that they certainly would not have gone and spent \$30,000 plus an addendum for \$10-\$15 more to do these plans if they did not anticipate putting up some money.

Mr. Corcoran stated that the city's position all along has been that they city will help see this project to fruition; we will help work as a liaison between the hospital and DOT but that this is a hospital project. For instance, as an example, the signalization agreement, we insisted that this be done by the hospital, well DOT had some problems with that because they usually do not do that, so what we said was that we do not mind bringing it before the city as long as they paid for it. So there is a \$5,000 application fee and the hospital paid that. So, hopefully, the city will not pay anything on the Pierce Street extension. He and Mayor Grogan had been in numerous meetings and that had been their public and private position since day one. But, Mr. Corcoran added that he is also a realist, and he knows how things happen, and like he said during the retreat, let's just say the cost was a million and they were within a hundred thousand dollars, and the only way that project would get done was if the city participated, who knows what their final decision would be, it may be to participate. So, it needs to be mentioned as a possibility there so that everyone is mindful that there may be a cost that may hit them down the road.

Council Member Myott asked if they were talking about the same thing, the signal to which Mr. Corcoran replied it was part of the \$800,000 to \$1 million.

Mayor Grogan mentioned that another big cost Mr. Corcoran had not touched on was the moving of Duke Power's stuff out there. Mr. Corcoran replied, that the City was not in the middle of this, but in talking with some of the consultants and recently he and the Mayor met with Dave Manor from Duke Energy, one of the topics was that it may be easier to raise that up higher than moving it depending on what they had to do. He stated that Mr. Bev O'Dell started to look at the plans again in an effort to help the hospital with what they are doing, but honestly they are trying to push the project as much as they can without taking responsibility for the project.

May 9, 2007

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

Council Member Gover replied we were trying to live within our subdivision ordinance on streets and that is what it comes to. Mr. Corcoran replied, yes sir and the other item you asked for, the acquisition of land, who knows, they were in the process of working on that. They would hope anything they do, if they do it, they would be partnering with the County.

Mayor Grogan added that has been brought to the County's attention, to which Mr. Corcoran added, correct, and as recently as Monday, Mayor Grogan, Mr. Dougherty and himself met with Graham Pervier, the new president, and Wade Taylor again to discuss a variety of things, one of which is where we are in terms of the various sites that they are looking at and the negotiation stage and what they can and should do going forward.

Council Member Tuggle asked in reference to the Police Department, where we were with respect to computers in the cars, technology as he noticed that eleven patrol cars were funded last year, four this year, there were fifteen tazers from a grant, 16 more tazers this year, where are we in terms of upgrading the Police Department where they feel like they can...

Mr. Corcoran replied obviously they get different answers; they may get a different answer from the Chief than from him. They may get a different answer from every department head as to where they are at, versus him. He stated that everyone got something, but everyone lost something. Having said that, the four cars were their number one priority. And, he asked each department and division head to rank in priority the most important needs they have so hopefully they could try to attend to that. In their vehicle replacement program, they asked for four cars, and the four cars are in their (budget). The tazers were an item that they requested and they are in there.

Council Member Tuggle asked how many they have to have to which Mr. Corcoran replied, if they have 30 officers, they would not want 15 of the officers carrying the tazers and the other 15 not. So, the goal is to, like the in-car video cameras over the years was to make sure each car has a video camera. If he was to stop someone and there was a question as to how that went down, they want that video evidence. If, for example, Council Member Carter does not have a video and something happens then the first thing they would hear would be how can there be a video on half the cars and not the others. With the tazers, the goal is to get the people who need them, everyone equipped. Having said that, Mr. Corcoran said the Council would see some items that were cut. For instance, the mobile data terminal, those are very expensive, and there are some different philosophies between all of the employees in the police department what a necessity they are and are not. Again, when it came down to it, there was just no way that every single item that every single person wanted could be funded.

Mr. Corcoran stated he received word today from Capt. Gillespie that we just received a grant for two more, but it will be a long process.

May 9, 2007

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

Council Member Tuggle asked Mr. Corcoran to speak on the Fire Department also.

Mr. Corcoran replied he thought the Fire Department wanted two things, they wanted a lot of people and they wanted equipment. They got equipment but did not get the people. Again, it is not that there is not a need, as they looked associated with going from 9 hours, 5 days per week to 24 hours 7 days per week, was very large. Having said that, they realize that something is going to come down the road, an alternative recommendation, which he noted was getting more volunteers in and then maybe trying to create an in-house program where they can spend the night. So, \$12,000 was been included to finally finish the up stairs of Station 400. That is just for materials because there are people on staff that can do the work. Once that is done and you have created space where people can spend the night, hopefully, if they build up their volunteer pool they can look at something like an in-house program that would help with their coverage. But, in his opinion and again, the Chief's equipment needs are more important at this point, when they have 16 sets of personal protective equipment that are rated as poor and they were all purchased in 1993-1995, it's time to get those things replaced. In looking at his budget, the Council will see that he did not ask for a truck this year, but for instance, one of the pieces of equipment he did ask for that was not funded was the thermal imaging camera. It would be great to have that on every truck, but that is a very expensive item. He added his thought was that the city went years without one, they have one now and if they have that bad of a situation, they can get that to the scene. It comes down to looking at it, scrutinizing it and determining absolutely what you need this year versus what you would like. The other thing was the breathing apparatus bottles, if you look at the OSHA regulations, those things have to be, by law phased out after 15 years. So that was a no-brainer; we have 22 of those bottles that are 22 years old this year. So, obviously that was something that had to stay in the budget.

Mayor Grogan asked if there was anything they could do with those to which Mr. Corcoran replied even if they were to go down and give those to another department, they are still past the OSHA timetable.

Council Member Tuggle asked Mr. Corcoran to speak on the ECIVIC'S Program to which Mr. Corcoran explained that after the retreat, he asked Ms. Stultz to get some additional information on what communities were paying for a Grants Writer, how successful a Grant's Writer has been and during the course of her work, she identified this ECIVIC'S Program and discovered that a lot of communities are using that as a resource to identify available grants and loans. It made more sense to spend that kind of money which is available to everyone, Mike Dougherty, Gary Benthin, Dennis Asbury, Johnny Framer, each department can get on this and look and see what types of grants are out there now. The staff still has to apply for those grants, but a lot of it is just knowing what is out there and then taking the time to apply. They felt like at that cost, it was certainly worth giving it a shot for a year before going forward in recommending a full-time position.

May 9, 2007

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

Council Member Tuggle replied if they got one decent grant, it will be worth the money spent on it.

Mr. Corcoran replied, correct and you never know, with all of the Homeland Security money out there. They hope to use this not just future grants for Planning or Inspections, these are grants for any department and, hopefully, each department head or someone they assign will use that resource in the course of the next year and see what they can find.

Council Member Tuggle noted he knew that Streetscape had changed and asked Mr. Corcoran to tell them about what they had before and what Streetscape would be now as far as downtown revitalization.

Mr. Corcoran replied much like the greenways, it is like he has often said when they have their visioning meetings with people and a lot of these, the Land Use Planning Advisory Committee, there are some incredible ideas, fantastic ideas, the greenways comprehensive plan is a fantastic idea, but then the reality is how do they pay for that stuff. So, the initial plan for the downtown improvements included a very comprehensive improvement plan. It included the signalization with the arms, getting rid of all of the overhead wiring which again was the most expensive component of that project. It was going to include bump outs and a variety of aesthetic architectural things that would lead to the appearance improvement of the area. He commended the merchants, the downtown advisory board, along with the merchants association from old Leaksville and Draper got together and said what they really need and what they really like are the sidewalk improvements and some decorative lighting. Within the money already given, \$23,000 in there appropriated in the General Fund-Special Appropriations to make up the difference, but basically within the limits, for the most part, of what they have already given them. They have decided as a group what improvements they would like to see so mainly it is going to be the decorative lighting and the sidewalk improvements.

Council Member Tuggle asked when they would begin to see some of this actually being put into place.

Mr. Corcoran replied there were a couple of different answers, as far as the greenways, the first thing they have done was halted spending any money on the greenways and the downtown improvements until the Council meets next Tuesday, hopefully, to indorse the reimbursement resolution. As soon as that is done, they will start again Wednesday. In fact Mrs. Stultz, if she hasn't already, plans to contact each member of Council on a ground breaking for the greenways next Wednesday. So literally that project will start next week. The downtown improvements have already started, but it is at that phase where it is the work you do not see yet because the engineering firm or the firm that is overseeing it, Haden Stanziale is doing their work, and he knew that Mike Dougherty has been working with DOT because there was concerns about when the road will or will not be paved, he thought as far as construction, even on that project, this summer.

May 9, 2007

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

Mayor Grogan asked with the change in the lighting system, etc., if he understood that correctly, they would be able to do that with the sidewalks rather than have to be worrying about the streets, going out into the streets. Mr. Corcoran replied, yes. Mayor Grogan stated so in essence they...

Mr. Corcoran asked Mr. Dougherty if he knew when they would begin construction to which Mr. Dougherty replied they are getting plans approved by DOT. He thought the road was supposed to be surfaced perhaps as early as sometime in the fall. Because we are not doing the curb extensions it really does not have an effect on the street itself.

Mayor Grogan replied it still has some effect on the curb and gutter because of the height of the road. Mr. Dougherty replied they were trying to coordinate this if they can. The consultant said it will not have a drastic effect as if we have the curb extensions because then there would have been a major difference between the surface and the curb.

Next Council Member Gover asked for the total money spent on replacing their water line this year, what can they do in one year (as far as money).

Mr. Corcoran replied actually one of the things he asked Mr. O'Dell when they met was they looked at all of the items... included in this last year, just to give them an idea. He went through the entire list just to see where they were: Third Avenue – done, Smith Acres-done, Chatham Court – there will be a little bit of a carryover, West Grove Street – done, Oakland Avenue-done, Daniel Atkins-done, Lane Road-done, Rhodes Road-done, North Street-done, Roosevelt Street – done, Vintage Road – done, and then Bradford, Wilson, Lake and Beech – carryover. So basically of the projected that the Council initiated last year, 10 of the 15 projects were completed within one year. There are a lot of variables at play there.

Council Member Gover asked how much money they were looking at to which Mr. Corcoran replied last year, \$1.2 or \$1.3 million.

Council Member Gover replied, likewise on sewer lines, on the replacements, where are we...

Mr. Corcoran replied, he noted in the budget message, but not in his discussion earlier, the monies they are asking for, the \$6.9 are to complete the projects. He really did not want to and have no intention of in 2008-2009 including any loans. He certainly did not intend to include a loan on the water and sewer side. So what they wanted to do was to postpone the loan as long as possible, utilize existing resources to the extent that we can and then borrow it, pay ourselves back, and whatever else we need to do. Having said that, a good way to look at it is you borrowed \$7.5 million and all of that \$7.5 million for the most part will be done June 30th. Now that was for a variety of things; that is your

May 9, 2007

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

water pressure project, water line upgrades and for the sewer lines. But basically the \$7.5 borrowed is what they spent this year.

Council Member Tuggle mentioned the \$39,800 for Partnership Economic Development and added in his opinion, there is a lull in the action in the last year or so. He mentioned that Mr. Corcoran had some meeting with Graham Previer and added that as long as we contribute toward this, we certainly want to see some return on their money. He asked how Mr. Corcoran saw the future in economic development.

Mr. Corcoran replied it was hard to tell, he mentioned that one thing noted was that site visits were down. It is not just in Eden, there is not a significant amount of new activity, not talking about existing industries that may be there that are thinking about expanding, but new industries. Going forward, the plan for the City of Eden which they conveyed to them on Monday is they would like to see the Partnership being proactive versus reactive. In other words, not wait for that phone to ring from someone from the Department of Commerce or a business interested in looking at land in Eden. Let's go ahead and identify large water and sewer users whether it is biotechnology, food processing companies, even if we have to send representatives to go knock on doors or go to a food processor tradeshow, but we need to get Eden in front of the people who need water and sewer. And one of the things pointed out to them was that the job description for Wade Taylor who is the Vice President for industrial development, actually includes some language that he is suppose to do that. So the feeling was that the Partnership was back up to full strength and that is something he would be able to get on, but it is hard to tell, he thought obviously that the days of landing a Miller Brewing Company and National Textiles is very difficult and when you look at what you have to incent those companies to get them. The other thing they discussed which he still feels was a tremendous merit here worth looking at was cooperative efforts outside of Eden. For instance, if the 220 corridor is destined to be a boom because of the Fed-Ex Hub then why not look at partnering with the County and other jurisdictions in developing property on Hwy 220. And you would share your cost on a prorate basis based on population then you would have a revenue sharing agreement like other places have done. Our citizens could just as easily drive down toward Mayodan or Reidsville or Madison or even Martinsville as they could stay here. And when you look at what you incent those industries. He added he would rather be a part of something than nothing. And the other thing, if someone walked into the office and said we could have 50 jobs and a huge water and sewer user or we could have 200 jobs, it's a no brainer. Personally, he would want the 50 jobs.

Council Member Tuggle asked if there has been any interest in biotechnology and nanotechnology to which Mr. Corcoran replied no interest that he was aware of. That does not mean there has not been. Unfortunately, due to some staffing shortages, the Partnership was just getting by, getting the minimum done. He did not think there was an emphasis on being proactive, and hopefully, going forward they will be. No, he has not been involved with any biotech company looking to come to Eden.

May 9, 2007

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

Council Member Myott added that we also belong to the Triad Partnership and asked what they do for us.

Mr. Corcoran replied that was more of a regional approach. They really look at economic development efforts on a region. For instance, the most recent thing they did was when Miller Brewing was looking for some training money, they sponsored a meeting at their offices that he (Mr. Corcoran) and Mayor Grogan attended and they coordinated bringing all of the players from the State together to develop a package for Miller Brewing. He stated when they get into some of the bigger issues and the more regional issues that is where they really come into helping you.

Mayor Grogan added that they identify industries that would be attracted to the triad to which Council Member Myott added that she noticed that the triad gets lots of industries.

Mayor Grogan stated, here again, if we do not have someone at the table to speak up for Eden and speak up for Rockingham County he would assure her we would not get anything anyway.

Mr. Corcoran replied he thought the reality was we need to market our niche, there is such an abundance out there of industrial land and shell buildings and the competition is so fierce. And if you are dealing with an industry that is concerned with transportation, they are not probably going to come here. On the other hand, if you're dealing with an industry that needs water and sewer, there are not many, if any around us that can compete with us. So, if you know your strength is water and sewer, then you need to work toward that niche. And, you need to be proactive in trying to market those types of industries. We are fortunate, we have National Textiles today, but we have that Take or Pay Agreement which expires when we pay off the loan. And, we all know what is happening to textiles, so it is not an "if"; unfortunately, it is a "when". And, what he hopes they are able to do over the course of the next couple of years and, the Partnership hopefully will be the lead, is at least try to market Eden to some heavy water and sewer users so that when that day does come that the impact will be not as significant as it was when Unifi made their announcement recently over in Mayodan.

As there were no more questions, Mayor Grogan and Council Members commended the staff and City Manager for their work on the budget.

It was the consensus of Council to not hold another budget meeting but at the Tuesday night (May regular meeting) call a public hearing to be held at the June regular meeting.

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.

May 9, 2007

CITY OF EDEN, NC.

Minutes of the special May 9, 2007 budget meeting of the City Council, City of Eden, continued:

Respectfully submitted,

Kim J. Scott
City Clerk

ATTEST:

John E. Grogan
Mayor