

CITY OF EDEN, N. C.

The regular meeting of the City Council, City of Eden, was held on Tuesday, November 15, 2011 at 7:30 p.m. in the Council Chambers, 308 E. Stadium Drive. Those present for the meeting were as follows:

Mayor:	John E. Grogan
Mayor Pro Tem:	Wayne Tuggle, Sr.
Council Members:	Donna Turner
	Darryl Carter
	Jerry Epps
	Gene Hagood
	Jim Burnette
	Jerry Ellis
City Manager:	Brad Corcoran
City Clerk:	Sheralene Thompson
City Attorney:	Erin Gilley

Representatives from Departments:

Representatives from News Media: Roy Sawyers, *RCENO*, Latala Payne, *Eden Daily News*

MEETING CONVENED:

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

INVOCATION:

Mr. Buddy Reed, Pastor, Central Christian Church, gave the invocation followed by the Pledge of Allegiance led by Fire Chief Tommy Underwood.

PROCLAMATIONS & PRESENTATIONS:

(a) Morehead High School's R. Duane Best Auditorium Day Proclamation.

Mayor Grogan asked Mr. and Mrs. Duane Best to come forward, along with the members of the committee for the Duane Best Auditorium.

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PROCLAMATION
R. Duane Best Auditorium Day

WHEREAS, Duane Best has been employed or has volunteered for Morehead High School for fifty-one years; and

WHEREAS, the two-year campaign from November 2009 to October 2011 succeeded in the worst financial economy in recent history; and

WHEREAS, 1,470 recorded donors, events and performances have contributed over \$250,000 to replace over 1600 seats and stage curtains; and

WHEREAS, donors made this project one of appreciation and love for their experiences and for the bright future of Morehead High School graduates from Eden All-America City 2011; and

WHEREAS, students, the City of Eden and Rockingham County will benefit from these physical improvements; and

WHEREAS, 2011 is the Golden Anniversary of the Morehead High School's R. Duane Best Auditorium.

NOW, THEREFORE, I, JOHN E. GROGAN, Mayor of the City of Eden, do hereby proclaim November 19, 2011 as "R. DUANE BEST AUDITORIUM DAY" in the City of Eden and encourage all citizens to celebrate this Golden Anniversary.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Seal of the City of Eden, North Carolina November 15, 2011.

John E. Grogan, Mayor

ATTEST:

Sheralene Thompson, City Clerk

(b) Proclamation America Recycles Day.

Mayor Grogan then read the following proclamation establishing November 15, 2011 as America Recycles Day.

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Proclamation to Establish November 15, 2011 as
America Recycles Day in the City of Eden, North Carolina

Each year, the United States generates more than 240 million tons of municipal solid waste – more than 4 pounds per person per day. The nation has reached an overall recycling rate of 33.8 percent. Each year, our national recycling rate:

- saves the energy equivalent of the annual energy consumption of nearly 13.3 million U.S. households.
- saves Americans approximately \$24.4 billion in avoided costs for barrels of crude oil.
- avoids greenhouse gas emissions equivalent to removing more than 35 million cars from the road .

WHEREAS, to focus the nation’s attention on the importance of recycling, businesses, industries, government agencies, nonprofit organizations, and individuals have joined together to celebrate America Recycles Day and are encouraging their friends, neighbors, and coworkers to pledge to learn more about recycling options in their community and commit to recycle more materials.

WHEREAS, participating in America Recycles Day 2011 is one way citizens can help raise awareness about the need to reduce waste by reusing, recycling, and buying recycled-content products.

WHEREAS, Keep Eden Beautiful works to improve the appearance of Eden, NC, by inspiring and engaging the citizens of Eden to take personal responsibility for their community environment, utilizing the guiding principles of Keep America Beautiful: individual responsibility, education, partnerships and volunteer action.

WHEREAS, City of Eden’s leaders can also use this as an opportunity to spread the word about the excellent recycling programs that have been established, the growth of markets for recyclable materials, and the importance of buying recycled products;

NOW, THEREFORE, I, John E. Grogan, Mayor of the Eden City Council do hereby proclaim Tuesday, November 15, 2011 as America Recycles Day in the City of Eden.

Dated this 15th day of November, 2011.

John E. Grogan, Mayor

Attest:

Sheralene Thompson, City Clerk

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SET MEETING AGENDA:

A motion was made by Council Member Tuggle seconded by Council Member Ellis to set the agenda. All Council Members voted in favor of this motion.

PUBLIC HEARINGS:

- (a) Consideration and approval of an appropriation from the General Fund in an amount not to exceed \$13,336.91 which will be distributed to Weil McLain over a 3 year period in annual installments following the project parameters.

The consideration for such incentive package shall be a contractual obligation by the Company, to invest at the location a minimum total of \$1,082,000 in machinery and equipment by the end of calendar year 2011. The Company currently employs 169 full-time employees. The Company agrees for the benefit of the County and the City to create, fill and maintain an additional 5 full-time positions through direct employment by December 31, 2011 and an additional 4 full-time positions by December 31, 2012 for a total of 178 full-time positions. The Company agrees to maintain these employment and investment levels through December 31, 2017. The site is located at 523 South New Street, Eden, NC which is located on 35.79 acres. The tax identification number for this parcel is (7090-00-12-6118).

Mayor Grogan called for a public hearing and asked if anyone would like to speak in favor or in opposition of this request. As no one came forward to speak, Mayor Grogan declared the public hearing closed.

A motion was made by Council Member Epps seconded by Council Member Burnette to approve the appropriation, not to exceed \$13,336.91. All Council Members voted in favor of this motion.

- (b) Consideration of a zoning map amendment request and ordinance to rezone property located at 612 Summit Road from Residential – 20 to Industrial – 2. Request submitted by Austin Hatcher, Jr., Authorized Representative for Austin Hatcher Realty, Inc. ZONING CASE NO. Z-11-10.

The memorandum explained that the city has received a zoning map amendment request filed by Austin Hatcher, Jr., Authorized Representative for Austin Hatcher Realty, Inc. for property at 612 Summit Road. The request is to rezone the property from Residential-20 to Industrial-2.

The Planning and Inspections Department recommends denial of the map amendment request. At their October regular meeting, the Planning Board voted to recommend that the City Council deny this request.

Mayor Grogan asked Ms. Kelly Stultz, Director of Planning & Inspections for a report.

Ms. Stultz explained that the request is to rezone approximately 6.05 acres from Residential-20 to Industrial-2. The R-20 district is established as a district in which the principal use of the land is for single family residences. The regulations of this district are intended to protect existing residential areas with minimum lot sizes of 20,000 square feet and to encourage, in selected portions of the

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incorporated area, the subdivision of undeveloped property into lots with a minimum of 20,000 square feet. The I-2 district is established as a district in which the principal use of land is for industries that by their nature may create some nuisance and which are not properly associated with nor compatible with uses in other zoning districts.

The subject parcel is located to the west of the Miller-Coors property and to the east of a residential neighborhood on Summit Road and Summit Circle. The subject property currently contains a tractor/trailer storage and staging area. The property is mostly cleared with a wooded area located at the north end of the property. The large Miller-Coors tract to the east contains a large wooded buffer area adjacent to the subject property. Another Miller-Coors property adjacent to the subject property contains a warehouse. There is a vacant lot to the southeast of the subject property at Industrial Drive which is part of the larger Miller-Coors tract. To the west of the subject property (along Summit Road) is a large R-20 parcel containing a single family residence on a partially cleared and partially wooded lot. Also adjacent to the west side of the subject parcel are several R-4 lots containing single family residences and a church.

The area along Summit Road from Meadow Road to Industrial Drive is zoned either I-1 (west side) or I-2 (east side) and contains various industrial uses, including Karastan, Miller-Coors, and several truck terminals and associated uses. These industrial uses have developed over time along Summit Road in this area. The area along Summit Road to the north of Industrial Drive is primarily a residential area. Other than the industrial uses noted, there has been no recent development pressure in this area.

The subject property has been used as a truck storage yard since 1978. This use pre-dates city zoning of this area, and therefore the truck storage yard is considered a legal nonconforming use of the property. A request was submitted to rezone the property from R- 20 to I-2 in 1978, however at that time, only about 200 feet of the property along Summit Road was inside the City limits, so the request was denied. In September 1978, the property owner applied for a special use permit to use the house on the property, which was within the City limits, as an office. This request was granted. In July of 1987, the property owner again requested that the entire property be rezoned from R-20 to I-2. This request was denied due to concern about increased truck traffic and industrial uses encroaching into the residential neighborhood.

Due to the nature of the heavy industrial uses allowed in the I-2 district, and the close proximity to an established residential neighborhood, staff is of the opinion that these uses would not be compatible with the adjacent residential uses in the area. Therefore, staff does not recommend in favor of the rezoning request. Since the existing truck storage yard which operates on the property pre-dates City zoning and is a legal nonconforming use, it can continue to operate so long as the non-conformity is not increased. However, if this use is discontinued for a period of six months or longer, the nonconforming use would no longer be allowed and only those uses allowed in the R-20 zoning district would be permitted.

Mayor Grogan called for a public hearing and asked if anyone would like to speak in favor or in opposition of this request.

Pastor Chris Huffstetler, 2012 NC Highway 135, Summit Road Church of God, came forward express concerns. They were currently suffering from property damage as the large trucks use their parking lot

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to turn around and there was disregard of other people's property. Another concern was that the high volume of trucking would mean more traffic. They were also concerned about a risk to their property's depreciation.

As no one else came forward to speak Mayor Grogan declared the public hearing closed.

A motion was made by Council Member Tuggle seconded by Council Member Hagood to deny this request. All Council Members voted in favor of this motion.

REQUESTS AND PETITIONS OF CITIZENS:

No one spoke at this time.

AUDIT PRESENTATION:

(a) Audit Presentation – Rouse, Rouse, Penn & Rouse

Mayor Grogan recognized Ms. Judy Rouse who presented the 2010-2011 Audit Report.

Ms. Rouse began by asking them to turn to page one in the third paragraph and explained that it was saying here that they have a clean opinion on these financial statements. She explained that this audit report is prepared on the state and federal single audit act and with the implementation of the Governmental Accounting Standards Board Statement No. 34. She also noted the right hand side of pages 14 and 15, the financials of the component unit which is the Eden ABC Store.

She explained that if they have reviewed the City Manager's synopsis of the city's audit report they would have a good overview of the financial position of the city for the year ending June 30, 2011. She stated that they have reviewed the report and found it to be very complete and accurate. They were pleased to note that the City Manager has addressed each issue that was presented in the management letter. She noted that as the Finance Department employees receive additional continuing education in Governmental Accounting and another year of experience the financial reporting continues to improve, the number of adjusting entries has continued to remain at a low level.

She then began with the General Fund. She noted that on page 69 at the bottom of the page the Fund Balance increased from \$7,118,856 to \$8,554,160. This was an increase of \$1,435,304. She noted that on the same page that the Fund Balance available for Appropriations has a new name, "unassigned" and that was \$6,800,565.

Ms. Rouse explained that they wanted to compare this with the expenditures that they had last year. She noted that on page 85 they would see the total expenditures and the total for last year was \$12,413,907. She stated that if you take that number and divide it by 12 it tells you what the average is per month. She explained that the average per month was \$1,034,492. She also explained that back in 1998-1999 the Council voted to keep a three months operating expense as their undesignated fund balance. So that amount would be \$3,103,476. The amount unassigned at June 30, 2011 was \$3,697,089 above the three month operating expenses. The average state-wide level maintained by municipalities without electricity is 39.31% of General Fund expenditures or \$4,879,907. The 2010

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average state-wide level of unassigned fund balance maintained by municipalities without electricity with a population ranging from 10,000 to 49,999 was 44.27% or that number would be \$5,495,637. So according to the local government 2010 calculations of fund balance unassigned the City of Eden's calculations are 54.78%. This is 15.47% above the state average for 2010 and 10.51% above the state average for municipalities in Eden's population range. So that was a very sound fund balance that was unassigned.

Ms. Rouse noted that page 71 showed the Revenues for the General Fund. The budgeted amount was \$12,576,300 and the actual revenues were \$13,729,059. So that was a favorable variance of \$1,152,759. She stated that the Revenues were up from the prior year, \$13,198,402 and most of this was on page 70 at the top under the ad valorem taxes. She noted that the budgeted was \$5,187,600 and the actual \$6,108,261.

She also noted that the figure was higher than the prior year which was \$5,333,852. She asked them to recall that in last year's audit report they had talked about Swift Trucking Company having some delinquent taxes. They paid it to the city but it was treated as a discovery for the 2010 tax levy. So that was put into income this year and so that was primarily the reason that their ad valorem taxes were higher than they were in the prior year.

She noted that in the Restricted Intergovernmental Revenues the amount last year was \$1,275,633. They received a lot more grants in that restricted area than this year. This year they received \$754,622 so that was down considerably.

Ms. Rouse asked them to turn to page 71 under Sales and Services. She pointed out two things. One was the All-America City donation. The budgeted was \$50,800 and \$52,175 was all raised by outside money. She explained that not any of the city's money was used on that and in the Expenditures for that totaled \$46,658 so they stayed within that budget.

She also noted in that same category under the Solid Waste Fees Residential, that figure went up considerably from the prior year, from \$1,207,613 to \$1,373,712.

She pointed out that in the City Manager's synopsis under Miscellaneous Revenue in other refunds the fact that the City of Reidsville joined in with the landfill, the City of Eden received a rebate of around \$1,920,000. She explained that this was all she wanted to point out in the Revenues.

She asked them to turn to page 85 to talk about Expenditures. They have a very detailed synopsis of the budgeted amount and what it was last year, so she was not going to point it out because they could read that. The Total Expenditures for the General Fund, the budgeted was \$12,706,600 and the actual was \$12,413,907. The actual in the prior year was \$13,009,572 so they stayed within the budget for the whole General Fund and kept it 4.6% below the Expenditures for the prior year so they did a fine job in the General Fund with their budget.

Also, in the General Fund they know that the Water & Sewer Fund transfers money to the General Fund as the utility user fees and this year that amount was spread out among all the departments that do services for the Water and Sewer Fund. This year that amount was \$975,116 and that compares with \$974,228 for the prior year. She noted that the details of that are on page 102. She also noted the

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two Special Revenue Funds found on page 86. The fund balance on the Emergency Communications Fund was \$70,637 and the Municipal Service District Tax was \$12,890.

Ms. Rouse asked them to turn to page 92 for the Water & Sewer Fund. She explained that this was a comparative balance sheet of the Water & Sewer Fund compared to the prior year. Looking down at the bottom on the equity on the Water & Sewer Fund they would notice that the equity, the worth of the Water & Sewer Fund had increased from \$46,308,021 to \$47,521,927. On that same page at the very top, they would note the cash. The cash increased from \$7,098,513 to \$8,270,466. If they go down the page they would see Restricted for Construction, Cash & Investments. In the prior year they had \$433,734. She asked them to recall that they took the access money that they have not put into the Water & Sewer Infrastructure and that money paid down the debt in the Water & Sewer Fund. She pointed out that she thought that was a very smart move. They did pay a penalty to the bank but in the long run the city will save over a \$100,000 in interest expenses so that was a very wise move.

She explained that the total assets of the Water & Sewer Fund are very comparative with the prior year with \$59,906,241 compared with this year's \$59,970,683. That includes their entire infrastructure, their water and sewer lines throughout the city. They have taken another year of depreciation on that. She also noted that they have a line completed then once it was put in operation it was moved and they start depreciating it so they would see that on the next page that their depreciation expense has also gone up because they were starting to depreciate these improvements that have been made over the last few years.

She explained that in Total Liabilities, those were the things that were owed by the Water & Sewer Fund. She noted that in the prior year it was \$13,598,220 and in the current year it was \$12,448,756 so they have paid down in Total Liabilities approximately \$1,100,000.

Ms. Rouse asked them to turn to the next page where they would find the Water & Sewer. She explained that this was their revenue expenses and changes in fund equity for the Water & Sewer Fund. She asked them to note that their total operating revenues were \$9,320,057 in the prior year and in the current year \$9,713,393. This was an increase of \$393,000. Then, if they looked down three fourths of the way it says non-operating income and they would see that the non-operating income decreased from \$853,117 down to \$570,163. She noted that they would see that there were differences in some of the grants. She explained that they did not have the grant from the North Carolina Rural Center and the Leak Detection Grant in the current year that they had in the prior year. She also noted that their CDBG Grant in the prior year had gone from \$264,300 to \$485,700 in the current year. She also pointed out that their Clean Water Grant in the prior year was \$274,849 and this year it was \$37,638.

She noted that the Net Income for the Water & Sewer Fund was \$1,213,906 compared with \$2,016,568. So the Water & Sewer Fund was very sound financially. She did however point out that this report has the last payment from their Hanes Brand International payment. It was a very lucrative contract and they fulfilled their obligation but that was gone. That amount, as the City Manager has told them, was \$2,721,000 so that was something they will have to consider in their future planning. So if they did not have that this Water & Sewer Fund would have shown a loss of \$1.5 million so that was something that the Council will need to study and consider in this next year and in future years.

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She also noted that the Interest Expense on page 93 went down from \$491,050 to \$464,255 so as they continue to pay off their debt, their Interest Expense was of course coming down some.

She then asked them to turn to page 111 and explained that with this fund it was very hard for them to budget what they really need in there because when they come in and do this audit, they always do a look back to pick up any claims that have been filed for insurance coverage as of June 30 of 2011, so if there was a claim filed that has not been paid that was picked up in their accounts payable. She explained that they came in with a fund equity that was down below what it was in the prior year, it was \$286,236 and the current year it was \$220,399 but they came very close. She added that they did not want to really make money in the Self Insurance Fund; they just want it to break even. When they pull this report to the full basis this fund was combined into their General Fund because that was where the majority of the employees are.

Ms. Rouse noted on page 112 they would see a small loss of \$65,837 for this year compared with a little income in their prior year of \$109,006. So they really did a good job of budgeting because it was very hard to know what kind of claims they were going to have in a current year. She added that she thought it had certainly paid for itself in the fact that they have a self-insured insurance fund. They can adjust their rates and they have some good years, some bad years and the health conditions of employees vary from year to year.

She then talked briefly about trust and agency funds found on page 114. She explained that they had probably about \$350,000 at one time in this pension trust which was a special separation allowance and as they have had cutbacks in various things they have used that money to pay the separation allowance and so they have gotten the fund balance down in this fund to \$5,102. Their police separation allowance was actually a pay as you go so they were actually budgeting on a current year to pay those benefits to those retired officers. That money from the General Fund was transferred to their Pension Fund and the transactions of the Pension Fund was paid out of that fund.

Under the Runabout Travel Club they have a balance of \$14,456. She explained that was an agency fund and not the city's money. It was a holding account for the club that was sponsored through the Recreation Department.

Ms. Rouse stated that one thing she was really pleased about was on page 62 of the footnotes. This was a summary of all of the debt that was incurred this last year and what was paid off. She noted that on the right hand column where it says General Long Term Debt, June 30, 2011 they would notice that in the installment purchase, the governmental at the top, their debt was \$1,228,745 at the end of June. Under the business activities (Water and Sewer Fund) the installment purchases were \$11,711,216. So the total installment debt for the city was \$13,539,961.

She added that was one of the things she was very proud of. That excess money in the Water & Sewer Fund that was restricted in the prior year, they took that money and paid off this extra debt so that was part of why this was going down and they had a considerable reduction in this last year.

She explained that the legal debt margin of the city was 8% of their assessed value for property taxes. This was \$68,220,952 and found on page 60. She noted that on page 119 they would see total property valuation was \$850,261,897. She explained that if they take that number and multiply by 8% that was

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the legal debt margin that the city could actually have. She added that she would hate to see them have anywhere close to that but it was a requirement to put that in the audit report.

Also on page 119, she pointed out their current tax levy and collection rate. At the bottom the overall collection percentage for this last year was 97.14%. If motor vehicles are excluded it was 98.09%. The state average collection rate for 2010 was 98.22% which excludes motor vehicles. The city's rate was 98.09% so the city was 0.13% or just a tad under the state average. She added that she had recently read a memo from the State LGC and it seemed that they were very happy that for the most part in North Carolina if your collection rate was at least 97% they were very pleased with that and they say that was why the state was more fiscally responsible than some of the other states.

Ms. Rouse noted that they received a schedule of interest income. She explained that schedule showed a reduction as compared with the prior year. Last year it was kind of equivalent to about 2 cents of additional levy on property taxes. This year unfortunately it was only about 1 penny. Needless to say their cash position in the city has improved, it was just the economic condition of the earning of interest has gradually decreased. She stated that she could remember several years ago the city certainly did not have as much money to invest and they were earning well over \$600,000 in interest income and it made a considerable difference in the tax levy as to what they had to charge for property taxes.

She then finished the report by offering to answer any questions that the Council might have. She explained that it had been a joint effort in that they all come over on June 30 and do inventory. They did not see Mr. Rouse there much but he was very instrumental in getting the GASB 34 conversion. They also certainly appreciate what their staff has done as well as what the city's staff has done. She noted that they have made tremendous progress and overall, when they come in and do an audit and they have to go in and do some compliance testing in various departments, they seem to understand that now and they were getting a cooperative effort among all the departments. She added that the city's staff has put out a tremendous effort to get them some accurate numbers and she thought they had done that throughout the year. On the management letter this year, she felt they did not need to issue a SAS 115 letter which was more of a very critical letter on internal controls and material weaknesses that they might have. She stated that she did issue a management letter which the Council had. Their audit adjustments were in line and their staff has had continuing education. She stressed that she could not tell them how important that was. They have been in this field a long time and they learn something new every time they go to those classes, so you get your money's worth when you send your finance staff to those classes.

She then mentioned the actuarial studies. They need to continue to be made and they need to keep abreast of this OPEB obligation. She explained that was the Post-Retirement Employee Benefits not including pension and they needed to keep abreast of the liability potentials they have out there for future generations. That was something they need to look at in their budgeting process.

She stated that in paying so much out for those retirements they were actually seeing a positive on their Financial Statements from that fact and they have some relatively young police officers, she gathered from that actuarial study, so right now it was in a better shape. Right after the footnotes in this report, their schedule showing this unfunded liability from both of these studies, and she suggested that they review those before their budgeting comes around and makes some plans as to how they were going to

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address that for future years. Again she wanted to say that in the Water and Sewer Fund they need to have those contract rates reviewed again and have their audited figures and put that in place January 1. She pointed out that they do that each year. She explained that those were just memos to remind them of things they were concerned about and still were concerned about. She closed by stating that they had some difficulty this year getting this report through LGC as they had a day off. They had the compliance section of it reviewed last week but they had not reviewed the financial. So at 5:00 this afternoon she received an email that this report has been accepted so they have correct figures. She stated that she was very thankful for that.

Mr. Rex Rouse asked her to include some information about the “unfunded”.

Ms. Rouse asked them to turn to page 65. Their unfunded was their Law Enforcement Special Separation Allowance. If they had this thing completely funded they would have \$1,381,371 in a fund set aside to pay that. Under the OPEB obligation on page 67, under the unfunded they would have to have \$4,424,387 in place to completely have it funded. Again she thanked them for the opportunity and she enjoyed working on this. She also thanked the effort of the city’s staff for what they did to help.

Council Member Hagood questioned on page 39 under their notes to the Financial Statements, the second part of the paragraph, she referred to the Sewer Rehabilitation Capital Projects Fund expenditures that were greater than the budgeted \$797,432.

Ms. Rouse explained that some of these projects have been going on for years and when you created a capital projects budget that was always necessary. If they wanted to make amendments they could but they never really changed it. She explained that what happened, back in some of those earlier years, there was an initial capital projects budget, but then they came along and did budgeting on a current year basis and what made these numbers out of whack, they felt like they had to put that in there, but they understand what happened. It had happened years ago because this information was carried forward. You get into a capital projects budget you were supposed to make amendments to it rather than to re-budget it each year. Now what they were doing in the future, as she understood, they were going to budget these capital projects in their Water and Sewer Fund on a current basis and this would not be an issue anymore.

Council Member Hagood questioned that they did not do that in the past fiscal year.

Ms. Rouse replied no, this was something coming forward and when you get one of these capital projects budget it really just needs to be amended, but she thought their better approach, because they were doing more of a pay as you go in the Water and Sewer Fund, with the additional improvements they were going to have in the infrastructure that they budget them on a current basis and in her opinion that was a better way to budget.

Mayor Grogan commented that he wanted to speak for the Council and thank the Rouses and Henrietta who had spent many hours at the city and for the rapport that they have all built with the Finance Department. He also recognized the city’s Finance Department and thanked the City Manager for his synopsis and his work with Finance Department, keeping them informed of what was going on.

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UNFINISHED BUSINESS:

No Unfinished Business was scheduled.

NEW BUSINESS:

- (a) Adopt Order of Collection for nuisance abatement fees to be collected as delinquent property taxes.

The memorandum explained the list of properties which have had nuisance violations and the costs associated with the abatement of the violation (copies of the invoices have been delivered to the City Clerk with the Order of Collection).

These particular liens are collected in the same manner as delinquent property taxes.

A motion was made by Council Member Tuggle seconded by Council Member Ellis to approve. All Council Members voted in favor of this motion.

- (b) Confirm the amount of the indebtedness of demolition costs to be collected in the same manner as special assessments.

The following property has been the subject of a housing code action and the structure situated on the property has been demolished pursuant to an Ordinance adopted by the Eden City Council. The cost of the demolition is noted as follows: 824 Bridge Street 3,850.00. This particular lien is collected in the same manner as special assessments.

A motion was made by Council Member Hagood seconded by Council Member Tuggle to approve. All Council Members voted in favor of this motion.

- (c) Consideration of bids for Northern Smith River Phase 2 and 3 Part A and Dry Creek Phase 2 Sewer Improvements bid Part B.

Sealed bids were received by the City of Eden on October 20, 2011, for the Northern Smith Phased 2 and 3 Sewer Improvements (Bid Part A) and the Dry Creek Phase 2 (Bid Part B). Three contractors were responsive and submitted sealed bids for Part A and Part B of the contract.

The Northern Smith River Phase 2 and 3 Part A of the bid came in consideration higher than estimated. The pipe bridge in a ravine crossing near Caleb Lane led the contractors to bid much higher than expected. Part A has been under review by the staff and we have been in negotiation with the lower bidder to see if the project cost can be improved to bring it closer to budgeted funding.

Contractors	Part A	Estimated Cost	Different
Yates Construction	\$1,674,067.50	\$1,305,221.51	\$368,845.99
Prillaman and Pace	\$1,680,901.50	\$1,305,221.51	\$375,679.99
Thomas Stanley Grading & Hauling	\$1,838,137.50	\$1,305,221.51	\$532,915.99

Because this is loan and grant funded project, our ability to quickly change options and accept different alternatives requires more time. As of today, we have not been able to negotiate the bid down to the estimated budget cost due to statutory requirements that the scope of work cannot significantly change. We therefore request that Council reject the current bids submitted on October 20. We plan to make a significant change in the scope of the work for this project that will get the back in line with original project cost estimates in a rebid of the project.

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The Dry Creek Phase 2 Part B of the bid came at 2.5 percent over the estimated cost. Prillaman and Pace is local contractor from Martinsville with whom the City has done business before with very satisfactory results. I recommend that City Council tentatively award Part B of this contract sewer to Prillaman and Pace. This is done as tentative Bid Award as the Construction Grant and Loans Division of the Department of Environment and Natural Resources must approve of the bid and Council's action before the bid can be formally awarded because of the loan with principal forgiveness to finance this project.

Contractors	Part B	Estimated Cost	Different
Prillaman and Pace	\$ 997,410.00	\$ 972,840.15	\$24,569.85
Yates Construction	\$1,197,645.00	\$ 972,840.15	\$224,804.85
Thomas Stanley Grading & Hauling	\$1,468,232.50	\$ 972,840.15	\$495,392.35

Please contact me if you have any questions about this recommendation.

A motion was made by Council Member Epps seconded by Council Member Hagood to approve. All Council Members voted in favor of this motion.

- (d) Consideration of the Mega Park Sewer Agreement between the City of Eden and the Pittsylvania County Sewer Authority.

Mayor Grogan opened the floor for discussion.

Ms. Erin Gilley, City Attorney, explained that the purpose of this agreement is to give the city assurance that the city will be the sole provider of wastewater treatment in the entire mega park area. This is an agreement between the two parties recognizing that there are significant funds being allocated to the project and it also ensures that the city will recover its investment by way of setting forth elements by which it can structure a rate when the time comes.

Council Member Hagood commented that he had questioned earlier, and he got a good email response back from the City Manager and shared this with fellow Council Members, there were a couple of follow ups and concerns having reviewed those answers and he thought everyone has that. He stated that when they talked about the Berry Hill site the question was asked if there were any tenants yet and so they do not have any tenants that they know of. That was the current status of it. This was also not a take or pay agreement because no companies were already there or about to be there and that was a concern. The funds for construction, which in this agreement they take a million dollars of their water and sewer residential account or revenue, a million dollars and add that to a grant and that was a concern. He pointed out that it was a concern as to how they would recoup that development cost, if they ever would. That was a real serious bet as far as his view.

He pointed out that they had just heard from Mrs. Rouse and he appreciated her comments about not having the benefit of Hanes Brand this year, it was no more, and their water and sewer financial statement of this past year would have been seriously in the red, so he did not feel that they have this one million dollars to add to this project. Having said that and reviewing the City Manager's comments today, there were a lot of good things about it. He stated that he appreciated his comments about being a visionary and trying to do good things, however he was really concerned.

Council Member Burnette stated that he thought they all knew going in, they had talked about this in

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the budget retreat, they knew there were no tenants. In fact he had asked the question at that point of where would the remainder of the money come from after Golden Leaf and/or USDA and the City Manager explained at that time where it would be coming from and no one expressed any concerns at that point so he was bothered that all of a sudden it was now a concern. He pointed out that they could look at this a couple of ways. They could look at it as they were spending this money and maybe they do or do not have it, but he thought that also they needed to be concerned that if they did not spend this money at this point they were going to lose almost half the amount it will cost to do this. He personally thought they needed to go ahead and do it. He added that a lot had been done and he saw in his response from the City Manager, how many people in the area were backing this from terms of US senators from North Carolina as well as Virginia and also the \$20 million that has already been invested.

He stated that he thought this was something that was going to happen, was it going to happen tomorrow, no, would it happen next week, no, would it happen next year, probably not, but it was going to happen so he thought they needed to be in this ball game and ready to go when it does happen. This was an investment for the future. He added that in talking about water and sewer rates this was certainly one way they can keep them down. So, no one was there at this point, it was a gamble, anything that you do if you do not have a 100 percent answer, it was a gamble. He stated that he looked at it as a calculated risk, one in which they know a lot of the facts about it.

Mayor Grogan added that in talking about all the money that goes into this mega park project, if a prospect comes and they want to be in that park, it would probably take them 18 months or longer to build and the water and sewer would already be there by the time they get through. It was a visionary thing and a big first for North Carolina and Virginia to be doing something, working together. He added that he also thought Eden has probably more in common regionally with some of the Virginia counties than the Piedmont Triad. He closed by noting that the County has approved the agreement that they were being asked to sign off on tonight.

A motion was made by Council Member Burnette seconded by Council Member Tuggle to accept this agreement.

Council Member Tuggle commented that he thought that it was important to say this. There is an awful lot of people in here that are putting their name on the line, putting money on the line such as North Carolina Senator Phil Berger, US Congressman Brad Miller, former US Congressman Tom Perriello, US Congressman Robert Hunt, US Senator Richard Burr, US Senator Kaye Hagan, US Senator Jim Wayland, US Senator Mark Warren, Virginia Lt. Governor Bill Boling, Virginia Tobacco Commission, the Golden Leaf has taken a chance on putting \$769,000 of a grant into this sewer construction and there are several more. He thought it was important that this go on the record that any time you make an investment, all of these people put their name on the line they had the taxpayers of Virginia, they put a tremendous amount of money into this and they thought it was certainly a viable project that was going to come into fruition.

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Mayor Grogan added that anything that goes in that park, people in this area will have a big advantage in getting a job because of the nearness of that project.

Council Member Ellis also pointed out that they have done a lot of work on that Berry Hill Road there but something was going to happen. The jobs will be coming back to the United States.

Action on the motion was as follows: Council Members Tuggle, Burnette, Ellis, Turner, Carter and Epps voted in favor of this motion. Council Member Hagood voted in opposition. This motion carried.

REPORTS FROM STAFF:

No reports at this time.

CONSENT AGENDA:

- (a) Approval and adoption of minutes: October 18, 2011.
- (b) Approval and adoption of a motion to hold a public hearing and to consider naming the alley that runs behind the businesses in Draper Village between Ridge Avenue and Fieldcrest Road.

The City has received a request to name the alley that runs behind the businesses in Draper Village between Ridge Avenue and Fieldcrest Road. The alley has been accepted for maintenance by the City. This alley is bordered on the west by First United Methodist Church and on the east by the rear of the commercial buildings.

The request received is to name the alley Booth Lane. The Eden City Council has the legal authority to name streets and alleys. Research by staff has not found any evidence that the alley has had a name in the past. We are asking that the City Council call a public hearing on the above described request for the January 2012 regular meeting.

- (c) Adoption of Community Development Block Grant Stone Creek Apartments Project and Nantucket Mill Project Policies, Plans, Resolutions and Ordinances.

The City of Eden, like other non-entitlement cities in North Carolina, competes for funding through the Community Development Block Grant Program. This funding can be used for housing rehabilitation, clearance, relocation, infrastructure improvements, recreational improvements, water and sewer projects and economic development projects. All of these various kinds of projects are designed to offer assistance to low and moderate income residents of our community.

We have received 2 grants in the amounts of \$600,000 for the Nantucket Mill project and \$240,000 for the Stone Creek Apartments Tax Credit Housing Development Project.

The Nantucket Mill Project will include the acquisition and securing of the Nantucket Mill building on Warehouse Street. This particular grant cycle does not require matching funds from the City. The Stone Creek Apartments Tax Credit Housing Development Project will assist in providing street, curb and guttering, sidewalks and sewer improvements to the proposed Stone Creek Apartments to be located on East Harris Place.

We are required by the Department of Commerce to adopt a set of policies and procedures in order to receive the funding. The City has adopted these same documents for every other CDBG we have received from the State. There is nothing new in them.

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City of Eden, N. C.

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POLICIES, PROCEDURES, RESOLUTIONS
AND ORDINANCES
FOR THE
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

WHEREAS, The City of Eden has been awarded two Community Development Block Grant awards; Stone Creek Apartments Tax Credit Housing Development Project for \$240,000 and Nantucket Mill Project for \$600,000; and

WHEREAS, The City of Eden desires to adopt Community Development Program Policies, Procedures, Plans, Resolutions and Ordinances; and

WHEREAS, The Community Development Office has created Community Development Program Policies. Procedures, Plans, Resolutions and Ordinances;

NOW, THEREFORE, BE IT RESOLVED, The City of Eden hereby adopts Community Development Program Policies, Procedures, Plans, Resolutions and Ordinances as herein contained.

Adopted this the 15 day of November, 2011.

John E. Grogan, Mayor

ATTEST:
Sheralene Thompson, CMC
City Clerk

CITY OF EDEN
RESOLUTION FOR SIGNATORY FORM AND CHECK SIGNATURES
FOR
CDBG COMMUNITY DEVELOPMENT BLOCK GRANT
PROGRAMS

WHEREAS, in order to receive CDBG Community Development Block Grant funds the City of Eden must authorize persons to sign the requisition forms for CDBG Community Development Block Grant funds and checks for the City of Eden's CDBG Programs.

BE IT RESOLVED THAT, the City Manager, Mayor, Director of Planning & Inspections and Planning Coordinator be authorized to execute the signature requirements for requisition of CDBG Community Revitalization Project Grant funds and checks for disbursement; to make the assurances and certifications as required; and to execute such other documents as may be required in connection with the CDBG Programs.

Adopted this the 15 day of November, 2011.

John E. Grogan, Mayor

ATTEST:
Sheralene Thompson, CMC
City Clerk

(d) Consideration of Automated Garbage Truck Purchase Recommendation.

In the 2011/2012 budget it was approved to purchase an automated garbage truck for the Solid Waste Division. It is our recommendation that the City of Eden "piggyback" the current contract the City of Greensboro has just entered into with Advantage Truck Center. This waives the formal bid process and follows G.S. 143-129 (g) "piggybacking" guidelines.

Bruce Stadler with Advantage Truck Center has submitted a letter offering to the City of Eden the same price offered to the City of Greensboro. I have also received an email from Mr. Dale Dillon with the City of Greensboro's purchasing department offering their approval to the City of Eden to "piggyback" their current contract entered into on 9/6/2011 with Advantage Truck Center.

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This recommendation is to purchase a 2012 AutoCar chassis with a New way Automated Side Loading Refuse body at a cost of \$248,468.00.

(e) Approval and adoption of a Resolution of Support for the extension of US 311 through Eden.

Resolution of Support from the City of Eden
For the extension of US 311 through Eden

Whereas, there are many industrial facilities along North Carolina Route 770 in North Carolina that is served from both North Carolina and Virginia; and

Whereas, there are industries developing along Pittsylvania County Route 863 in Virginia that will be served from both North Carolina and Virginia; and

Whereas, recognizing that the current terminus on US 311 is at North Carolina Route 14 in Eden, North Carolina leaving a gap in the continuity and connectivity of the US Routing system; and

Whereas, affirming that extending US 311 from Eden, North Carolina to US 58 in Danville Virginia will remove the gap in connectivity and continuity of this portion of the US Routing system; and

Whereas, affirming that extending the US 311 provides connectivity in a region of both North Carolina and Virginia that are not fully connected with a state numbered route;

Now, therefore be it resolved by the Eden City Council that it would be in the public's best interest to improve the continuity and connectivity of the US Route Numbering System by extending US 311 from North Carolina Route 14 in Eden North Carolina, continuing north on existing NC 14 to the NC 770 interchange, and then proceed along existing NC 770 in a northeasterly direction to US 58 in Danville Virginia affirming that the Eden City Council endorses the extension of US 311;

The Eden City Council further Recommends that the North Carolina Department of Transportation and the Virginia Department of Transportation request through the American Association on State Highway and Transportation Officials (AASHTO) to extend US 311 to US 58 in Danville Virginia;

John E. Grogan
Mayor

ATTEST:
Sheralene S. Thompson, CMC
City Clerk

A motion was made by Council Member Tuggle seconded by Council Member Carter to approve the Consent Agenda items. All Council Members voted in favor of this motion.

ADJOURNMENT:

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

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City of Eden, N. C.

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Respectfully submitted

Sheralene S. Thompson, CMC
City Clerk

ATTEST:

John E. Grogan, Mayor