

CITY OF EDEN, N. C.

A special (retreat) meeting of the City Council, City of Eden was held on Saturday, February 25, 2017 at 8:30 a.m., in the Eden Room, Eden City Hall, 308 East Stadium Drive. Those present for the meeting were as follows:

Mayor:	Wayne R. Tuggle, Sr.
Mayor Pro Tem:	James Burnette
Council Members:	Bernie Moore
	Angela Hampton
	Darryl Carter
	Jerry Epps
	Neville Hall
	Jerry Ellis
City Manager:	Brad Corcoran
City Clerk:	Sheralene Thompson
Deputy City Clerk:	Deanna Hunt
City Attorney:	Erin Gilley
Department, Division Heads and Staff:	
News Media:	

MEETING CONVENED:

Mayor Tuggle called the special meeting of the City Council to order and welcomed those in attendance. He then introduced City Manager, Brad Corcoran.

Mr. Corcoran then went over a quick overview of the items on the agenda.

**Review of City Council Priorities for FY 2017-18 & Budget/Planning Retreat Materials**  
*(Brad Corcoran, City Manager)*

Mr. Corcoran explained that each of the priorities that were listed by the City Council as well as some members of the staff would be brought up one by one. They would have the opportunity to make any points and bring up any type of discussion on those matters. If it was something that involved the expenditure of funds then that would be their opportunity to try to convince them why money should be spent on those items.

He explained that after they review the whole list they would then move into a prioritization and they would try to rank the top 10 priorities moving into next year.

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**Update and Discussion of Strategic Planning Process** *(Jim Burnette, Eden City Council)*

Mr. Corcoran then turned the meeting over to Council Member Jim Burnette to give an update on the Strategic Plan.

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Council Member Burnette gave a recap on the process. He explained that as they would recall, they started this planning process well over a year ago. He then gave an outline of that process from the very beginning to where they were now as of yesterday.

Initially Council Member Burnette had some conversations with the mayor of Lexington about their Strategic Planning process in Oct 2015. The mayor came and talked with him and some of the staff about how they had done this and its value. They then had him come to a special meeting of the City Council and they all talked with him to get a better understanding.

Council Member Burnette stated that he proposed that they put this in the budget for 16-17 and it was approved. They sent out RFPs and hired JM Teague to be their consultant. They set up a steering committee and this process. The work with the steering committee and the consultant began in August of 2016. The steering committee identified the areas to be addressed such as Economic Development and 5 or 6 other areas that were critical for this city. The steering committee then identified individuals and groups that would have the best information about these areas. A survey was developed and handed out and put online for people to complete.

Before the public meeting on Thursday 2/16, there were 134 individuals talked with and about 200 surveys completed. Most of them were present Thursday night and they had about 60 participants participating including the City Council. And then of course there were 14 members of their steering committee. Yesterday they had the Economic Assessment presented with a lot of very good information and valuable input provided by those in attendance. He added that he appreciated Council Member Bernie Moore and Mayor Tuggle's attendance.

### **Strategic Planning Process Update**

Council Member Burnette explained that the assessment was both enlightening and somewhat depressing. He pointed out that their consultant says the input that they have received for a city of Eden's size was very good and they were very complimentary of the Steering Committee selection.

There will be one more public meeting to show the final recommendations and then the final plan with recommendations will be made to the Council for acceptance probably in late April.

- The recommendations will come in a form of:
  - Strategy Area
  - Actions
  - Rationale
  - Potential Return on Investment
  - Measurement
  - Some may have an estimated cost.

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He added that there had been lot of “buzz” lately about downtown development and revitalization and he even had a call last night about this. He had confirmed in a telephone conversation with their consultant, Kristy Carter that hiring a Main Street Coordinator will be a recommendation.

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**Where’s the Money???** *(Brad Corcoran, City Manager)*

Mr. Corcoran stated that he thought it was only appropriate that as they begin to consider funding priorities for the upcoming year and beyond they need to start by asking, “Where’s the money?”

Were there funds available to do what was needed? Were there funds available to do what was wanted? With limited funds, it was imperative that each funding priority be carefully considered. Were they spending their resources on those items of most importance to the majority of their residents?

**General Fund**

Mr. Corcoran noted the previous reductions in General Fund Revenue sources. He explained that there been several reductions in and/or loss of revenue sources during the course of the past ten (10) years. Three examples include:

1. Despite having more funds in the bank their interest earned has tanked from \$744,987 during FY 2007-08 to just \$64,969 during FY 2015-16. This was an annual loss of \$680,018 or 7.35 cents on their tax rate.
2. When the NC General Assembly removed their ability to charge a Business Privilege License on local businesses and the Sweepstakes were shut down, it resulted in an annual loss of approximately \$224,338 or 2.43 cents on their tax rate.
3. Due to State cutbacks, Powell Bill revenues for street resurfacing needs have been insufficient to meet their ongoing obligations. In FY 2007-08 Eden received \$583,057 in Powell Bill revenues. Since then, the average amount received has only equaled \$484,749. This was an annual reduction of \$98,308 or 1.06 cents on our tax rate and translates into approximately \$1.0 million less dollars every ten (10) years. They currently have 94 street sections rated as very poor or poor. The projected cost to repair and resurface these 94 street sections was approximately \$2.23 million.

He pointed out that these three examples alone equal an annual loss in General Fund revenues of approximately \$1,002,662 or 10.84 cents on their tax rate.

He then discussed the General Fund Revenue Concerns for FY 2017-18 and beyond. He explained that the city currently has annexation-in-lieu agreements with MillerCoors (expires 12/21/38), Duke Energy (expires 12/31/19) and Thoroughbred Resources, dba AC Furniture (expires 6/30/17).

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He explained that the combined revenue from these three agreements equaled \$715,778 last year which was down \$19,190 from its high of \$734,968 during FY 2011-12. Last year, MillerCoors made a payment of \$502,745 which was equal to 5.43 cents on the tax rate. Due to their closing in September 2016, it was likely the assessed valuation of this property will be reduced due to the removal of some equipment and other related issues. MillerCoors has already submitted an appeal to their valuation totals.

While the final impact on future budgets was still unknown, this was a RED FLAG that will need to be monitored closely and it was fair to assume that future payments will be less than they have been in the past.

Duke Energy will make the fourth of five annual \$200,000 payments this year. The final payment from the agreement will be made next year. Although they intend to approach Duke Energy about the desire to negotiate a new agreement, there were no guarantees, and the fact that the NC General Assembly has removed their ability to annex will make the negotiations very difficult. The future potential loss of this \$200,000 per year was equal to 2.16 cents on their tax rate.

Last year Thoroughbred Resources made a payment of \$13,033.70 which was equal to .14 cents on the tax rate. This agreement was due to expire on June 30<sup>th</sup> of this year. They were in the process of contacting Thoroughbred Resources to see if they would be willing to negotiate a new agreement. If the City were to lose this \$715,778.27 in annual revenue (FY 2015-16) it would be equal to 7.74 cents on the tax rate. Their expenses continue to increase on an annual basis despite the reduction and/or loss of various revenue sources. Much of their costs were fixed costs which leaves them very little room for discretionary adjustments.

During the last ten years they have seen significant increases associated with several expenses. Some of these include technology – computers, servers, internet, cell phones, etc.; gasoline for vehicles and equipment; health/dental insurance for employees and retirees; contracted services and professional fees; and mandated contributions to the N.C. Retirement System for sworn and non-sworn employees.

Funding for Future Capital Outlay and Strategic Initiatives?

#### Current Budget

The current General Fund budget for FY 2016-17 includes the use of \$555,900 in available fund balance in order to balance the General Fund budget. If you refer to the Large and Small Capital Outlay Sections of the current General Fund budget you will note there was **only** \$553,700 allocated across ALL Departments/Divisions within the General Fund (not counting restricted Powell Bill Funds or projects directly attached to a grant) for items within the General Fund.

Without the use of fund balance? NO money for any Capital Outlay needs. In fact, they would have been \$2,200 SHORT of a balanced General Fund budget.

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Future Budgets

Mr. Corcoran then turned to future budgets. He explained that they could not continue to rely on the use of fund balance to fund their capital improvement needs which includes the replacement of rolling stock such as vehicles, dump trucks, backhoes, etc. With diminishing resources and increased costs they would be faced with making critical decisions on:

WHAT should or should not be funded? Necessities for today, including the services they were required to provide on a regular basis, and funding aimed at their shared vision for the future.

HOW items will be funded? Fund Balance, elimination of staff/services, tax/rate increases, borrowing.

Mr. Corcoran asked each Department/Division Head to submit their projected General Fund Capital Outlay items that they intend to ask. They were as follows:

Projected GF Capital Improvement Needs for FY 2017-18  
Submitted By Department/Division Heads

Matrimony Creek Nature Trail ( <i>\$100,000 grant request has been submitted</i> )	\$ 130,000
Freedom Park Trail Improvements ( <i>\$24,950 grant request has been submitted</i> )	\$ 73,950
Replace 3 Entrance Signs for Eden City Hall (one will be 2 sided electronic)	\$ 35,000
Vivax-Metrotech vLocPro2 Professional Locator System	\$ 4,900
Laptop Computer for GIS/CAD use	\$ 1,800
Trimble handheld GPS unit	\$ 10,000
Replacement of Heating & Air Systems @ City Hall	\$ 300,000
Heating & Air System for Facilities & Grounds Maintenance Shop	\$ 5,500
Replacement of 3 Commercial Grade Mowers	\$ 40,500
Convert City Hall Lights to LED Lighting	\$ 25,000
Replacement of Floor @ Homeless Shelter	\$ 3,500
Replace Ladder 2	\$ 695,000
Replace 12 sets of Turnout Gear	\$ 30,000
Purchase a hose roller and trailer,	\$ 9,000
3 Bay Doors	\$ 14,000
Overhead Awning Behind Shop	\$ 27,000
Vehicle Maintenance Software	\$ 5,000
Headlight Aimer	\$ 1,500
Updated Scan Tool	\$ 5,000
Integrated Phone System for City Hall & Police Department	\$ 30,000
10KVa UPS for Data Room	\$ 10,000

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20 Desktop PC's (Desktop Replacement Program)	\$ 12,000
10 Laptop PC's (Patrol Vehicles MDT Replacement program)	\$ 10,000
5 Desktop to Laptop Conversions for Department Heads	\$ 6,000
Billing Printer	\$ 4,000
Aquatic Facility at Freedom Park	\$ 3,400,000
Repave Walking Track at Freedom Park	\$ 15,500
Sand, Restripe, Refinish Mill Avenue Gym Floor	\$ 17,000
Sand, Restripe, Refinish Bridge Street Gym Floor	\$ 10,000
Sand and Refinish Boone Road Community Center Floor	\$ 9,000
Code Enforcement Efforts – Demolitions & Clean-Ups	\$ 242,100
Pocket Park – Draper Downtown	\$ 50,000
Strategic Plan Initiatives (To Initiate Implementation of Recommendations)	\$ 300,000
Purchase of 8 Ford Interceptor Utility SUV Vehicles	\$ 315,000
Secured Evidence Lot for Vehicles	\$ 25,000
Initiate Replacement of L3 In-Car Camera Systems	\$ 40,000
Sally Port Privacy Slats	\$ 2,000
Replacement of 1984 Compactor Unit @ Transfer Station	\$ 200,000
Replacement of Automated Side Arm Garbage Truck	\$ 285,000
Skid Steer Loader	\$ 55,000
East Harris Place Pavement Repairs	\$ 75,000
Street Resurfacing: Powell Bill Funds ( <i>Powell Bills Funds Will Cover This</i> )	\$ 477,000
Additional Street Resurfacing Needs (Total Backlog = \$2,326,580)	\$ 400,000
General Fund Total	\$7,406,250
Minus Grant Funding	<u>\$ 601,950</u>
Amount To Be Funded By City	\$6,804,300

“Where’s the money - ???”

### Fund Balance

The fund balance in the General Fund on June 30, 2016 was \$8,592,146. On June 30, 2000 the fund balance was equal to \$4,157,472. On June 30, 2016 the “unassigned” fund balance equaled \$5,545,725 compared to \$2,541,779 on June 30, 2000.

In FY 1998-99 City Council voted to keep an “unassigned” fund balance, equal to at least three months operating expenses. Based on last year’s expenditures that number equals \$3,695,898. As such, the amount unassigned on June 30, 2016 of \$5,545,725 was actually \$1,849,827 over that threshold.

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This \$1,849,827 (based on current policy) was the actual amount of fund balance that was eligible for future appropriation based on current City Council policy. Once this was gone it will be hard to replace.

Cut Backs in Staffing

This was in the process of being done. As they were aware, Council previously agreed to implement a reduction in force plan that will result in the elimination of 17 full-time equivalent positions (181 to 164) and 4 part-time positions. To date, 8 of the 17 full-time positions have been eliminated and 2 part-time positions. The other two part-time positions within the Fire Department had been eliminated but were added back by the Council with the adoption of the current budget.

The total projected savings equals \$1,117,427 (based on September 2015 salaries and benefits – \$750,000 in the General Fund and \$367,427 in the Water & Sewer Fund).

During FY 1995-06 the City had 203 full-time equivalent positions and in FY 2000-01 when he arrived as City Manager they had a total of 189 full-time equivalent positions.

Cut Backs in Services

Another option was cut backs in services. This could be explored but there was typically a high level of resistance from taxpayers when communities initiate discussions about the possible elimination and/or reduction of city services – especially if there was not a corresponding reduction in taxes.

Cut Backs in Support of Community Organizations

City Council could reduce and/or eliminate financial support currently being awarded to various community organizations. The current budget includes the following allocations:

Contribution –Rockingham County Arts Council	\$ 2,000
Contribution – Library	\$ 2,600
Contribution – Chamber of Commerce	\$10,000
Contribution – Rescue Squad	\$12,000
Contribution – Eden Historical Museum	\$ 3,600
Contribution – Eden Preservation Society	\$ 1,000
Contribution – Dan River Basin Association	\$ 2,608
Contribution – Citizens Economic Development	<u>\$ 1,000</u>
Total	\$34,808

Mayor Tuggle pointed out that Reidsville eliminate all of their community organization debits did they not.

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Mr. Corcoran replied that he did not know about their current budget but he knew that for years and years they made no allocations, for example, to the Chamber of Commerce. He added that he did not think there was anyone in terms of municipalities that contributes to the rescue squad to the degree that the City of Eden does. Again, even if you eliminated all of that, it would only be \$34,000.

### Tax Increase

Another option was a tax increase. Based on a 2016 Real Property Valuation of \$828,135,104 and Registered Vehicles Valuation of \$96,499,835 they have calculated that for each \$0.01 increase in our existing tax rate of \$0.609 Eden would generate an additional \$92,463.49 in annual revenue for use within the General Fund.

Mayor Tuggle pointed out that they also have the lowest tax rate in the county to which Mr. Corcoran agreed that was correct.

### Municipal Vehicle Tax Increase

Another option was a municipal vehicle tax increase. Last year the city collected \$47,000 from its Municipal Vehicle Tax that was currently set at \$5.00 per vehicle. The NC General Assembly adopted legislation that allows municipalities to raise funds for street resurfacing projects through the municipal vehicle tax. General Statute 20-97 (b1 – 1-3) allows Cities throughout North Carolina to levy an annual municipal vehicle tax upon all vehicles in the City of not more than \$30.00 per vehicle. The Municipal Vehicle Tax was a potential revenue source that could be used to address their ongoing street resurfacing needs.

The NC General Assembly felt the implementation of this tax made sense because it was a fee that was focused on the actual users of the streets. In this way, like the solid waste fee, the users and not just the property owners, will all help to bear the burden of the cost.

Although the City Council was not interested in using this tax to generate revenue for additional street resurfacing projects during FY 2016-17, they continue to believe this was something that should be considered for FY 2017-18 and beyond to help meet their annual street resurfacing needs.

He asked them to consider the following:

- \$ 5.00 increase to \$10.00 will generate an additional \$47,000 +/-
- \$10.00 increase to \$15.00 will generate an additional \$94,000 +/-
- \$15.00 increase to \$20.00 will generate an additional \$141,000 +/-
- \$20.00 increase to \$25.00 will generate an additional \$188,000 +/-
- \$25.00 increase to \$30.00 will generate an additional \$235,000 +/-



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Borrowing

Lastly, they could borrow. He explained that leveraging borrowed funds (loan or bond issue) to fund Capital Improvement needs that can be paid back over a number of years was an option that was available to the City Council.

For example, the City borrowed \$1,228,000 to do the initial section of the Greenway (\$713,000) as well as some Downtown Revitalization Improvements (\$515,000). The loan was for a period of 15 years at an interest rate of 3.58%. Payment 10 of 15 will be made this year with a combined principal and interest payment of \$106,000 per year.

For discussion: a \$1,000,000 loan over 15 years with a 4.0% interest rate would have an annual payment of approximately \$89,941 or nearly \$0.01 on their tax rate. Obviously, if they borrow funds to undertake various capital outlay and strategic initiatives then they will need to make sure they have a reliable source of funds to meet the annual debt service payments.

**Water and Sewer Fund**

Previous Reductions in Water & Sewer Fund Revenue & Usage

He explained that during the past ten years, Eden has lost nearly 1,500 jobs and approximately \$4,893,691 in NET water/sewer revenue per year as a result of four industry closings:

Parkdale Mills (11-01-06)	Hanes Brand (02-05-09)
Liberty Textiles (07-31-07)	MillerCoors (09-01-16)

A review of recent trends in water and sewer usage for six different fiscal years reveals the following:

<u>Fiscal Year</u>	<u>Billable Water</u>	<u>Billable Sewer</u>
2005-2006	3,150,306,200 Gallons	1,769,763,100 Gallons
2011-2012	1,770,174,700 Gallons	512,557,100 Gallons
2012-2013	1,555,782,500 Gallons	470,638,200 Gallons
2013-2014	1,475,073,900 Gallons	459,190,300 Gallons
2014-2015	1,411,789,200 Gallons	438,009,500 Gallons
2015-2016	1,345,357,800 Gallons (57.3%)	476,470,399 Gallons (73.1%)

When they examine the statistics for their average residential gallons used per month they also see a consistent decline:

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07/01/2009 to 06/30/2010 Avg. Mos. Residential Usage was 4,691 gallons per month  
01/01/2011 to 12/31/2011 Avg. Mos. Residential Usage was 4,465 gallons per month  
03/01/2012 to 02/28/2013 Avg. Mos. Residential Usage was 4,117 gallons per month  
03/01/2013 to 12/31/2014 Avg. Mos. Residential Usage was 4,092 gallons per month  
01/01/2015 to 12/31/2015 Avg. Mos. Residential Usage was 4,101 gallons per month  
01/01/2016 to 12/31/2016 Avg. Mos. Residential Usage was 3,381 gallons per month

All of this data was very troubling because reduced usage equals less revenue to address unfunded mandates such as the EPA Administrative Order, the water line extension project to the Mega Park, 2" waterline replacement projects and a multitude of other capital needs facing their water and sewer system.

### Capital Spending & Rate Increases

From FY 2001-02 through FY 2015-16 the City has spent approximately \$56,523,910 on various improvements to its water and sewer systems. Most of this spending has been due to various unfunded mandates forced upon their taxpayers by various regulatory agencies from the state and federal government. This level of funding, combined with the industry closings noted previously, and the corresponding drop in billable water and sewer gallons have had a devastating impact on their water and sewer revenues and was the reason behind WHY the City Council has been forced to raise water and sewer rates so substantially over the course of the past ten years.

Consider the following:

<u>Fiscal Year</u>	<u>Water Flat Rate</u>	<u>Water Per 1,000 Gallon Charge</u>	<u>Sewer Flat Rate</u>	<u>Sewer Per 1,000 Gallon Charge</u>	<u>Water &amp; Sewer Bill @ 5,000 Gallons Per Month</u>
2001-02	\$ 2.78	\$1.14	\$ 1.96	\$1.34	\$12.09
2002-03	\$ 3.89	\$1.39	\$ 2.74	\$1.62	\$17.14
2005-06	\$ 5.06	\$1.49	\$ 3.56	\$1.78	\$21.70
2006-07	\$ 5.30	\$1.56	\$ 3.73	\$1.87	\$22.75
2007-08	\$ 5.83	\$1.72	\$ 4.11	\$2.05	\$25.02
2008-09	\$ 6.47	\$2.17	\$ 4.56	\$2.55	\$29.91
2010-11	\$ 7.31	\$2.69	\$ 5.60	\$3.13	\$36.19
2012-13	\$ 8.15	\$3.21	\$ 6.64	\$3.71	\$42.47
2013-14	\$ 8.99	\$3.73	\$ 7.68	\$4.29	\$48.75
2014-15	\$ 9.85	\$4.25	\$ 9.22	\$6.01	\$60.11
2015-16	\$12.35	\$5.09	\$11.72	\$6.50	\$70.43

He asked them to remember that the City Council previously voted to increase water and sewer rates additionally effective September 1, 2016 but that increase was delayed until January 1, 2018 with the adoption of the FY 2016-17 budget. The approved rate increase would equal:

Water & Sewer

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<u>Fiscal Year</u>	<u>Water Flat Rate</u>	<u>Water Per 1,000 Gallon Charge</u>	<u>Sewer Flat Rate</u>	<u>Sewer Per 1,000 Gallon Charge</u>	<u>Bill @ 5,000 Gallons Per Month</u>
2015-16	\$12.35	\$5.09	\$11.72	\$6.50	\$70.43
2017-18	\$14.85	\$5.93	\$14.22	\$6.99	\$80.75

Mr. Corcoran stated that he was pleased to report that they believe they will be able to postpone the January 1, 2018 increase when they submit the proposed budget for FY 2017-18.

EPA Administrative Order

Mr. Corcoran noted that \$15,391,673 has been spent on this unfunded mandate to date. Funding to date has included:

- 0% and low interest loans \$10,961,507
- Principal forgiveness loans \$ 4,034,000
- Eden pay-as-you-go funding \$ 396,166
- 

The remaining work has a projected cost of \$33,725,574. Thanks to the NC Connect Bond, funding will come from:

- Principal forgiveness loan \$16,666,000
- 0% interest loan \$15,000,000
- Eden pay-as-you-go funding \$ 2,059,574

Projected schedule of Construction (Tentative)

- January 2017 – Award of Connect Bond Funding
- June 2017 – Engineering Report Submittal
- November 2017 – Engineering Report Approval
- May 2018 – Bid and Design Package Submittal
- September 2018 – Bid and Design Package Approval
- October 2018 – February 2019 – Bid Process, Execute Construction Contracts, and Notice to Proceed
- February 2019 – October 2020 – Construction
- October 2020 – Final Walk Through & inspections
- December 2020 – Submission of All Reimbursement Documentation
- January 2021 – Possible Issuance of Promissory Note
- May 2021 – First payment on loan due in May 2021.

Waterline Extension Project to Serve Mega Park

Projected Cost = \$16,889,600

Funding Already Approved:

- \$1,886,700 Drinking Water State Reserve grant – Approved
- \$3,000,000 loan @ 0% interest - Approved
- \$12,002,900 loan @ max of 1.53% interest - Approved

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Funding Still Being Pursued:

- \$2,000,000 EDA grant application – decision: September 2017
- \$10,000,000 Alternative grant funding – decision: August 2017
- Golden Leaf Foundation grant will be submitted during the next round of mega site grants - 2018

Projected schedule of Construction (Tentative)

- March 2017 to January of 2018 - design and submittal of plans and specs
- January to April 2018 – State approval
- April 2018 to June 2018 – Bidding process
- June 2018 to July 2018 – Bids received and awarded
- September 2018 – Construction notice to proceed
- July 2019 – Construction completed
- November 2019 – Project close out
- February 2020 – Promissory note issued
- May 2020 – First payment due

Next Five Years

During the next five years they will be undertaking a staggering \$50,615,174 in Water and Sewer Infrastructure work that will dominate their time:

- |                            |                     |
|----------------------------|---------------------|
| • EPA Administrative Order | \$33,725,574        |
| • Mega Park Waterline      | <u>\$16,889,600</u> |
| Total                      | \$50,615,174        |

Currently, funding for these items was based on the following approvals:

- |                               |                     |
|-------------------------------|---------------------|
| • Principal forgiveness loans | \$18,552,700        |
| • 0% and low interest loans   | \$30,002,900        |
| How to Fund?????              |                     |
| • Eden pay-as-you-go funding  | <u>\$ 2,059,574</u> |
| How to Fund?????              |                     |
| Total                         | \$50,615,174        |

There will be additional funding needed for capital outlay improvement needs associated with their Water Filtration Plant, Wastewater Treatment Plant, Collection and Distribution, Water Resources and Utility Billing and Collections Divisions, as well as other Water Construction and Sewer Construction needs.

Funding for Future Capital Outlay and Strategic Initiatives?

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Fund Balance – Water & Sewer Fund

He explained that the fund balance in the Water & Sewer Fund as of June 30, 2016 was \$9,338,484. This represented an increase (due almost entirely to grant/loan funding) of approximately 57.77% or \$3,419,492 from the June 30, 2015 total of \$5,918,992.

On June 30, 2011 the Fund Balance in the Water and Sewer Fund equaled \$11,333,437. Due to insufficient revenues to meet their ongoing capital improvement needs they have used a total of \$1,994,953 in fund balance during just the past five years (\$11,333,437 down to \$9,338,484). This was a reduction of approximately 17.60% in just the past five years. The fund balance on June 30, 2000 was equal to \$4,890,417.

Leveraging Existing Debt Service Payments for Future Obligations

They currently make a combined principal/interest payment of \$1,251,000 on \$14,375,755 in loans that were taken out during 2007 and 2008 with an average interest rate of 3.73%. These loans will be paid in full at the conclusion of FY 2021-22. One of the funding strategies they identified previously and intend to pursue is to roll-over this existing \$1,251,000 in debt service payments that was already built into their existing rate structure and will become available for re-appropriation in FY 2022-23. This should more than cover the \$15,000,000 0% interest loan for the EPA Administrative Order. If they can find additional grant funding for the waterline extension project into the Mega Park then they will be in a favorable position to avoid some additional rate increases that may otherwise be needed.

Treatment of Leachate

He explained that Duke Energy anticipates that they will start pumping leachate to the city during May of this year. Based on the rates adopted by the City Council and the projected flows they have developed the following revenue projections:

• FY 2016-17:	\$ 421,200
• FY 2017-18:	\$3,112,830
• FY 2018-19:	\$1,576,800
• FY 2019-20:	<u>\$ 328,500</u>
Total	\$5,439,330

They were cautiously optimistic that this revenue source will actually come to fruition thereby providing them with some additional revenue to meet some of their pay-as-you go and future funding obligations. As noted previously, they continue to seek additional grant funding for the Mega Park water line project. This includes:

- EDA grant application for \$2.0 million
- Alternative grant funding in the amount of \$10.0 million
- A Golden Leaf Foundation grant application that will be submitted during the next round of mega site grants.

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The *Southern Company* could purchase 2.2 MGD (with peaks of 4.0 MGD) in water per day. They have signed a purchase agreement to locate in the Mega Park and were expected to complete their “due diligence” period by April of 2017.

They also continue to work with Rockingham County on the marketing of the MillerCoors site as well as other properties.

### Summary

Diminished resources + increased expenses = tough funding choices. Funding priorities should target items that were a necessity and those of most importance to the majority of their citizens. Their funding challenge moving forward was two-fold: (1) Funding the necessities for today, including the services they were required to provide on a regular basis, and (2) funding aimed at their shared vision for the future.

“Where’s the money - ???”

Mr. Corcoran stated that clearly, they need to develop a plan of action that was supported by them, the City Council, that will generate the additional recurring revenues necessary to provide for both today and tomorrow.

Mayor Tuggle asked him to reiterate back to a few years ago when they made a commitment to work with the Mega Park. They actually had some Council Members who were opposed to it. He pointed out that without the Mega Park they have no future for water and sewer revenue coming in. That was really the future of Eden as far as revenue goes.

Mr. Corcoran agreed and it was their best opportunity. He added that yesterday, at the economic assessment, one of the slides showed the number of people that live in Eden and work in Eden. The slide also showed the number of people who live in Eden and travel outside of Eden, but the biggest thing that it showed was the highest number was the number of people who do not live in Eden but drive into Eden to work. The point was, the fact that the Mega Park was in Virginia did nothing to diminish opportunity for their residents. They realized that Virginia had spent \$30 million. No one spends \$30 million on a project, so the fact that Virginia, and their tobacco commission and Pittsylvania County had made such a commitment to such a huge industrial park and Eden’s proximity to that area on Berry Hill Road, they knew that they would probably be cheaper in the long run for them, in terms of a water and sewer provider, than they could do it themselves. So, was there a job there today, no but was it coming, absolutely.

Mayor Tuggle pointed out that there was opposition to it when they decided to do it.

Mr. Corcoran agreed that there was. The city received a Golden Leaf Grant to do the sewer line extension and there was a Council Member at that time who spoke publicly against it. Thankfully the majority of Council approved it, the sewer line was now in place and they were in a position to hopefully offer services.

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Council Member Burnette added that one of the other things they mentioned yesterday was that the future was also regionalism. You were pretty much not going to be able to do it by yourself, you were going to have to partner with someone else. He also found it interesting where they show the people coming in and out of Eden to work, but those skills were available regionally.

Council Member Hall stated that with the ongoing efforts to get grants for waterlines and how to get approved by the General Assembly for the low interest and no interest loans, he asked if that had a negative impact on grant applications if they know that the city could get this somewhere else.

Mr. Corcoran replied no, and explained that they understand, for instance they put together a package showing rate history so the decision makers in these grants they see the fact that they went from 12.00 to 70.00 so no it would not hurt them. It was just fortunate that not a lot of people applied for the connect bond water money so they were surprised they got any money let alone fully funded, but it was comforting to know that with worst case scenario the loans were there but it will not hurt them.

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Mayor Tuggle called for a 15 minute break.

## **BREAK**

**Update, Discussion and Consideration of Street Resurfacing Priorities** – *(Tammy Amos, Director of Transportation Engineering and Brad Corcoran, City Manager)*

At this time Mayor Tuggle asked Ms. Tammy Amos to come forward for her presentation.

### **City Street System**

Ms. Amos explained that there were 105.15 miles of city maintained streets. She explained that 104.14 miles of paved streets consist of 1,383,464 square yards of asphalt pavement that the city was responsible for maintaining. On the street database the streets were divided up in to 620 sections.

### **Evaluation Process**

Every January through October of each year – one tenth (approximately 62 street sections) of their street system was re-evaluated and the condition ratings were updated in the street database. The condition ratings were based on some of the following factors: age, appearance, ride ability, the amount of cracking, the type of cracking, the number of patches, etc.

November and December of each year – streets were selected for the following year's resurfacing contracts, the cost estimates were calculated and contract documents are prepared.

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### Current Condition of our Street System

She explained that the current conditions were based on the 2016 Evaluations. They have 94 Street Sections (16%) rated in Very Poor or Poor Condition (2VP, 92P). These streets consist of 235,095 square yards of asphalt pavement. Estimated cost to repair and resurface all 94 Street Sections was \$2,233,403. Three of these Street Sections are scheduled to be resurfaced this spring at a cost of approximately \$110,000. Eight 8 of these Street Sections are in Poor Condition due to recent sewer construction projects; estimated cost to resurface is \$135,000. Street Sections with a condition ratings of Very Poor or Poor were typically considered FIRST PRIORITY. There were 355 Street Sections rated in Fair Condition, 100 Street Sections rated in Good Condition and 71 Street sections rated in Very Good Condition.

### Resurfacing Backlog

Ms. Amos explained that 120 Street Sections that were older than 15 years old that were overdue. Currently 33 were last resurfaced in 1997 (66,212 sq. yards) \$629,014, 6 were last resurfaced in 1999 (19,479 sq. yards) \$185,051, 33 were last resurfaced in 2000 (63,679 sq. yards) \$604,951 and 48 were last resurfaced in 2001 (95,533 sq. yards) \$907,564. The estimated cost to resurface everything on backlog: \$2,326,580. Of that, 46 were rated in Poor Condition.

She stated that they have to ask themselves, have they made up any loss ground, no not really. They had 48 street sections that were last resurfaced in 2001 that came due to be resurfaced in 2016 that were not resurfaced due to lack of funding and higher priorities so their backlog actually grew by 37 street sections. They also needed to keep in mind – they have 33 additional Street Sections that were last resurfaced in 2002 that are due to be resurfaced this year.

### Why We Are Behind

She explained that there were 3 reasons why they were behind.

The first reason was rising cost - In 2007 – The contracted price of asphalt was \$62.15 per ton. In 2013 the contracted price of asphalt was \$98.50 per ton and in 2016 the contracted price of asphalt was \$84.61 per ton.

The second reason was less money. In 2007 the Powell Bill Allocation was \$583,056.72. In 2013 – Powell Bill Allocation was \$489,815.73 and in 2016 – Powell Bill Allocation was \$477,303.59

The third reason was poor material and the repair costs were up. In the last three months she stated that she had spent \$50,000 repairing three streets that had severe pavement failure. The asphalt that they were getting today was not as good as what they were getting 15 years ago. They are using more liquid, less rock and it was just not holding up.

### Life Expectancy



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She explained that she had been overseeing the city's street resurfacing program since 1998. Since that time, the city's resurfacing program has been based on a 15 Year Life Expectancy. They did consider the idea of changing their resurfacing program to a 20 Year Program last year but based on the quality of the material they were receiving today staff did not recommend this change. The asphalt today was made with a lot of recycled material. In the last few years, they have noticed moderate cracking in new pavement within a year of it being laid. Based on the quality of the asphalt they were receiving now, a life expectancy of 10-12 years would really be more realistic.

#### Possible Changes for 2017-18

For the upcoming year she was going to group streets together on separate contracts based on their location in the city. She was going to divide the streets into two sections. All streets east of NC 14 and all streets west of NC 14 would hopefully save cost on mobilization. Contractors would then move less.

The other option they may try would be to use virgin asphalt mix. This is an asphalt mix that did not contain recycled material. The cost would be approximately \$7 more per ton. The possible issues were availability. The plants do not make it unless it was requested because they do not make it every day. In order to run this mix they would have to shut down and load a completely different formula and then run a whole new mix. If you were only getting 300 to 400 tons a day that was a whole lot of shutting down and restarting just for one customer. They were going to attempt it and she was going to talk with the plants to see if they would work with her on it.

Council Member Ellis asked what other cities have done this.

Ms. Amos replied that she did not know. The State did one state road last year. It was pre-planned and you are talking about thousands and thousands of tons and her whole contract was only 2,000 tons.

#### E. Harris Place – Pavement Repair

Ms. Amos stated that she wanted to let them know about what was going on at E. Harris Place. She explained that the current condition was very poor due to severe pavement failure. E. Harris Place from Linden Drive to Southwood Drive was built in 2005 when Walmart opened up. The road was built based on a residential roadway specification consisting of 6" ABC Stone, 2" Asphalt Binder and 1.5" of Asphalt Surface Topping. This section of E. Harris Place was the designated truck route for deliveries to the Walmart Supercenter. She explained that Walmart receives somewhere between 50 to 75 tractor trailer deliveries each week. To say the least – 3.5" of asphalt will not hold up under this type of traffic. She noted that 1,000 square yards of 8" pavement repair was currently needed. The estimated cost to repair: \$75,000 (did not include resurfacing). These repairs were first priority at this time. They have got to be done.

Council Member Hall asked if she had approached Walmart about partnering with them to repair it to which she replied that she had not but she could certainly make a phone call.

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Council Member Burnette pointed out that they did something like that with Gildan to which Ms. Amos replied that they did, they were getting in about 300 to 350 trucks a week and the road failed.

Mayor Tuggle stated that he would go with her to talk with them.

### Southwood Drive

Ms. Amos explained that there was a 500 foot section of Southwood Drive that was unpaved between E. Arbor Lane and E. Harris Place. She stated that Mr. Pete Osborne started construction on this roadway in May of 2005. The grading was done, the stone and curb/gutter was installed and that was it. It was never finished. Nothing has been done to the roadway since that time. The existing stone base has been exposed for 12 years and will more than likely have to be removed and replaced. Current city specification for this type of roadway: 6" ABC Stone Base, 2" Asphalt Binder and 1.5" Asphalt Surface Topping. The estimated cost to construct is: \$65,000. The city has considered possibly funding and constructing the unpaved section of the road if the developer was not willing to finish building the roadway. However, due to the construction of yet another apartment complex on the east end of E. Harris Place which was scheduled to begin in a few months and the current pavement condition of E. Harris Place, the Engineering Staff felt that it would be in the city's best interest to postpone the construction and paving of the gravel section until FY2018-19 to avoid damage to the new pavement. The other thing would be to possibly go in and repair the gravel section to improve the drainage.

Mayor Tuggle asked if the curbing was good for the most part.

Ms. Amos replied that it was good, there were three missing grates on catch basins that would need to be ordered.

Council Member Carter asked if the city owned it to which Ms. Amos replied that he had not turned it over.

Ms. Stultz added that it was dedicated but never accepted for maintenance.

Council Member Moore asked why Mr. Osborne stopped to which Ms. Amos explained that the city barricaded the road, however it was costing the city money by that barricade being there.

### Funding Needs

Ms. Amos pointed out that based on last year's contracts, the average price for resurfacing was approximately \$9.50 per square yard. On a 15 Year Program, they need to resurface 92,231 square yards of their street system each year to stay on schedule. Estimated cost per year was \$876,195. The 2016-17 Powell Bill Allocation was \$477,304. Additional funding needed annually to maintain a 15 Year Street Resurfacing Program was \$398,891

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### Concerns

The streets were going to continue to deteriorate at a moderate rate. The backlog was going to get longer and longer and the funding needs were going to increase more and more.

### Facts

Without additional funding it was impossible to maintain their current street system. They cannot do it with just Powell Bill Funding anymore. Unless they act now and start budgeting extra funding annually, they will find their street system in the same situation that they were in right now with their sewer system, needing millions and millions of dollars for repairs and upgrades.

### How Do We Fund This Program

Their Water & Sewer Infrastructure was supported by their water and sewer users, water and sewer rates. Their Street Infrastructure was not supported by any city fees and was just as important. They have always primarily maintained their city streets with Powell Bill Funding. Only twice, has additional funding been allocated in the General Fund for additional street resurfacing since 1998.

So, where was the money, there was no money. There was no revenue item to cover the additional cost needed, so, what do they do.

### What You Can Do

Option 1: Nothing or Option 2: They could approve additional funding in the General Fund Budget annually to fund their Resurfacing Program. If they choose this option, the council needed to seriously consider increasing the current vehicle tax to offset the additional cost needed to maintain their city streets. It was very much needed.

### Vehicle Tax

- \$5.00 increase to \$10.00 will generate an additional \$47,000 +/-
- \$10.00 increase to \$15.00 will generate an additional \$94,000 +/-
- \$15.00 increase to \$20.00 will generate an additional \$141,000 +/-
- \$20.00 increase to \$25.00 will generate an additional 188,000 +/-
- \$25.00 increase to \$30.00 will generate an additional \$235,000 +/-

### Recommendations

Ms. Amos stated that her recommendations would be to #1 – Allocate \$400,000 in the General Fund in the upcoming 2017-18 Budget for additional street resurfacing and #2 - Postpone the construction of Southwood Drive until FY 2018-19 and that they repair the gravel section of roadway to improve the drainage and passage until that time if possible. Also, #3 – Allocate \$75,000 in the General Fund for the repair of E. Harris Place from Linden Drive to Southwood Drive to stabilize the pavement until construction was completed in the area and #4 – Council

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approves to raise the current vehicle tax as needed to offset at least some if not all of the additional cost needed to maintain their street system.

Council Member Ellis stated that if they allocate \$75,000 for E. Harris Place, would that include Southwood.

Ms. Amos replied that she did not recommend that they do Southwood yet, until the apartment complex was done.

Council Member Burnette questioned the quality of the asphalt and asked if they had nothing in their contract.

Ms. Amos explained that they could only get what they could get. They used to have a quality control person in plants but now the asphalt plants are owned by the asphalt contractors and it was her understanding that the asphalt was supposed to be made according to State specification and they supposedly say that it is. They were calling this the I-2 super pave but there was nothing super about it.

Council Member Burnette asked that Mr. Shelton was looking at paving under the water and sewer and was that an option to include that in the future contracts for overlaying sewer repairs.

Ms. Amos replied that she believed from here on out, they have spoken with the City Manager and that it would be included in future contracts for money for overlays that have been.

Mr. Shelton added that they could start doing it that way, it had been just going back and putting in trench repairs. For example, Glovenia Street, it was difficult just to make an incision for the trench for piping.

Ms. Amos explained that the 8 streets that were included in that cost were all from Tanyard Branch and that was the concrete where they had to do all of the dynamite and the work took out the entire road (Glovenia Street).

Council Member Burnette stated that looking at all of their options and how to fund some of this, she was saying to postpone Southwood. If they were looking at all options, in all honestly, if the reason that Pete Osborne was not paving it, could they open Southwood, if he paved it.

Ms. Amos replied by all means, yes but she thought they had already done that. She explained that she had spoken with him and Ms. Stultz had as well. She stated that her impression was that he was not going to do it regardless.

Mayor Tuggle added, why he would spend money when he did not have to. They could not make him do it. The same thing has happened with their water and sewer system. When you go for years and years, and just listening to her 15 year schedule, it was impossible to stay on it because the materials were inferior. You could not get ahead, unless they were to borrow enough money to catch up.

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Mr. Corcoran stated that honestly, what they needed to do. If they were \$2.3 million in the hole, and \$300,000 of that was about to be done, leaving \$2 million, if they borrow \$2 million for 15 years with the assumption that that would take care of the rest the debt service on that would be a little less than \$180,000. If they raise the motor vehicle license fee by \$20 that would generate \$188,000. They may not like it, but the reality was that if they did not raise rates then they would be doing to their infrastructure the same thing they were talking about that the City Councils in the 1980s and 1990s did when they did not raise rates.

Mayor Tuggle stated that was really his point. If they take a look at where they were at right now that was where former councils were with water and sewer. It was getting to the point to where it was prohibitive to think about even trying to catch up unless they do something drastic. They have the lowest tax rate and they have not added to vehicle taxes and they have not had to add to anything but they keep having more and more and getting further and further behind. It was not going to happen until they could borrow money and catch the roads up to get on a 10 to 12 year schedule.

Ms. Amos added that they needed to remember that even if they go out and borrow \$2 million to catch up what needed to be done now, they would still have to put the extra \$400,000 in there annually to stay on schedule.

Mr. Corcoran also pointed out that Mr. Osborne just felt that he was done wrong and Ms. Amos added that he had said he felt that he had done his part. He recently told her that he had told Ms. Stultz that he might be open to the idea if the city removed the barricades but after he got back to his office and thought about it he changed his mind.

Mayor Tuggle explained that you would have had to have been on the City Council at the time to understand that they were dealing with a neighborhood versus growth and there was actually no entrance into the new Walmart in that area.

Ms. Stultz added that they had also talked at a staff level about creating provisions in their land use plan about street connectivity. There were some ordinances out there that if added in their regulations that would enable them to require folks to put things in but you have to have a rational nexus for it and that was connectivity for the community. It would be hard for them to try to make somebody open that section to their standards. It was a catch 22 and there was always a chance some other groups could come in and want a section of street blocked off.

Mayor Tuggle agreed it was catch 22 for anybody on the City Council that was politically motivated.

Ms. Amos noted that even if Mr. Osborne was not willing to remove it, the barricade needed to come down.

Mayor Tuggle explained that the City Council would need to vote to have the barricade removed.

Council Member Hall pointed out the importance of the evaluation process as opposed to what year the street was paved. Some streets may last 35 years as opposed to the one at Walmart that

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may need to be done every three years. So the evaluation, in his opinion, was more valuable than what year it was paved.

Ms. Amos added that with that being said, the 120 street sections that were older than 15 did not have priority over what was rated as poor or very poor because there was only 46 of those that were actually poor so she had to go with what was in the worst condition.

Council Member Hall also pointed out that some of them were paved in 1992 and some of those maybe only had 4 cars a day on them. The next thing he wanted to point out was that he did not realize the difference in quality in recycled asphalt versus the virgin asphalt. With the recycled the actual life went from 10 to 12 years and with the virgin mix it goes from 15 to 20 years. That was a 59% increase in life for \$7.00 a ton. For that \$7.00 a ton, she said they do 2,000 tons, \$14,000. He thought the asphalt companies needed to realize the importance of the material.

Ms. Amos explained that by them doing the recycled material they are saving money. When the roads are broken down, they are hauling those millings back to the plant, it was costing the cities but it was saving the asphalt companies money and their rates continue to go up even though their cost is going down.

Council Member Hall stated that availability may be an issue but if it was not, he would recommend that they pursue the better quality.

Mayor Tuggle asked if there was a coalition of cities who could come together, that might financially make it worth their while.

Ms. Amos replied that it was worth it to try and go in with the virgin mix on their next contract and then monitor it each year to see if it was holding up better than the other.

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**Update, Discussion and Consideration of Downtown Revitalization and Code Enforcement Initiatives & Issues** *(Kelly Stultz, Director of Planning & Inspections, Mike Dougherty, Director of Economic Development and Brad Corcoran, City Manager)*

Well Maintained Downtown Areas and Failure of Property Owners to Maintain their Structures

**Downtown Revitalization and Code Enforcement**

Ms. Stultz explained that the ongoing dilemma for Eden and many other communities was the need to match community needs with financial resources. Downtown issues and Code Enforcement were intertwined in that they have a number of property owners failing to maintain their property which impacts their ability to attract new businesses. Additionally, programs, amenities and infrastructure improvements to the downtown areas were vital to their economic future. Code enforcement issues were of importance to Eden's safety and economic health. Any of these projects must be weighed against decreasing funds in the General Fund budget.

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Ms. Stultz then turned the presentation over to Mr. Dougherty.

Mr. Dougherty explained the topic of modernizing the downtowns.

### “Modernize” Downtowns

He explained that Main Street was economic development in the context of historic preservation. To “modernize” was to return the design, promotion and vitality of downtown businesses. They started the Main Street Program in 2003. The following three areas were included:

#### Historic Leaksville

- Entrepreneurs were purchasing and renovating buildings
- Many new businesses have opened since 2015

#### Downtown Draper

- Lacks critical mass of businesses right now
- Building maintenance was poor
- Success was tied to Berry Hill Regional Mega Park

#### The Boulevard

- Merchant organization slowly waned
- Lacks critical mass of businesses
- Difficult to find unless you are an Eden resident

### Incentives vs. Building Demolitions

#### Incentives:

- Encourage investment by property and business owners
- Assist small business owners in expansions
- Small business was lifeblood of U.S. economy
  - 50% of total U.S. GDP
  - 75% of U.S. Jobs (Forbes Magazine 2016)
- Increase tax base for downtown area and city as a whole
- Bring needed businesses to the downtown area

#### Demolitions:

- Remove blighted properties
  - The costs versus benefit to the community has to be considered as with any financial decision.

### Main Street Resources

#### NC Main Street Downtown Development Fund

- Fund for infrastructure upgrades of downtown buildings
- Local government applicant must propose a project in conjunction with a private for profit business that proposes to renovate a vacant or underutilized building.
- Grants run from \$300,000 to \$500,000
- 25% match is required in the form of cash of non-state or federal dollars from building owners, local government or for-profit business

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### CDBG program

One Eden project may be able to qualify for this fund

### MS Solutions Fund

Grant to encourage investment/increase tax revenue to downtown areas – 2 to 1 grant match required.

Minimum of \$2.00 in non-state/federal dollars for every \$1 provided by the fund

\$25,000 minimum amount; \$200,000 maximum

\$25,000 per full-time, permanent job retained or created

Three Eden projects could benefit from this fund.

Confidentiality does not allow them to be disclosed at this time

### NC Main Street Community Incentives

#### Burlington

##### Business Upfit Grant

Targeted to specialty retail/restaurants

New businesses in operation less than 2 years or existing businesses that are expanding

50/50 matching program with a \$5,000 maximum

\$10,000 for restaurants

Demolition, painting, finish carpentry, fixtures, flooring, etc.

#### Lenoir

##### Building Improvement and Rehabilitation Program

Applicant invests \$3.00 for every \$1.00 of grant funding

Grants range from \$500 to \$5,000

Projects exceeding \$20,000 still only receive \$5,000

Interior and exterior improvements and upgrades, sprinkler systems, facades, window repairs, etc.

#### Mocksville

##### Downtown Pronto

Rental assistance, retail up fit for qualifying retail or restaurants opening in downtown

Maximum award is \$10,000

#### Concord

##### Jump Start Grant Program

Encourages location of specific business categories to MSD area of Downtown

One time, reimbursable matching \$1,500 grant to be used to assist interior building improvements or other start-up costs.

### Eden Recommendation

\$500 to \$5,000 grant for building upgrades. Demolition, painting, finish carpentry, fixtures, flooring, window repairs, handicap accessibility improvements, electrical work, heating, lighting,



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restoration of historic interior architectural features, masonry work, etc. \$2 invested for every \$1 of city funds up to 33.1% of rehabilitation costs. Maximum grant is \$5,000 per building per year. Property must be within the downtown MSD boundary. Non-profits are not eligible applicants. Business owners must have a minimum 2 year lease on property or own the property. \$10,000 for new downtown restaurants or event space. New restaurants, not existing up fitted spaces. \$25,000 to be budgeted for 2017-18.

Ms. Stultz suggested the possibility of a potential pocket park in the Draper area.

#### Potential Draper Pocket Park

In an effort to encourage a greater “sense of place” in the Draper downtown area, they believe a pocket park is a good idea. Estimated cost to purchase property, potential demolition and build the park was \$50,000. The location: Fieldcrest Road (current site of two demolished buildings).

#### Commercial Incentive Grant

They were asking that the Council consider the adoption of the resolution and ordinance. This grant program will involve both City and County participation. Adoption was planned to be coordinated among all of the local governments in the county. It was based upon substantial levels of improvement. The program considers this to be an investment of at least \$15.00 per square foot, at least one floor of the building must be habitable/useable and the total value of the property must be increased by 50%. No payments will be made by the City or Council to the applicant until amounts are verified and the ad valorem taxes are paid. The payments will be spread over 5 years. This was very similar to the program they already have relating to utility extension. The purpose of the CIG grant was to encourage development in existing commercial areas in the City. The staff recommended the five areas that follow for inclusion.

The City Council was being asked to make the decision concerning business districts to be included. They have included their Highway #14 area. Other communities were only considering traditional downtown areas.

#### Code Enforcement and Priorities

Code Enforcement in their community consists of all of the local codes that have been adopted by the Eden City Council. They include the Zoning, Subdivision, Water Supply Watershed, Flood Damage Prevention, Nuisance, Junk and Abandoned Vehicles Human Habitation Standards, Non-Residential Maintenance Code and Unsafe Buildings regulations. Abatement of violations, especially involving structures, or unsanitary conditions can be associated with significant cost. The most costly of these involve commercial and industrial properties. She pointed out that the slides that follow contain information regarding the violations that they as a staff regard as the highest priority.

Grand Theater – 216 The Boulevard  
Estimated cost of demolition \$75,000

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They plan to pursue court action before any funds are requested for abatement of this violation

233 The Boulevard  
Estimated cost of demolition \$70,000

205 Morgan Road  
Estimated cost of demolition \$40,000

American Warehouse property – Warehouse St.  
Estimated cost to clean and secure site \$30,000

#### Code Enforcement Issues and Priorities for 2016-2017

622 Washington Street: Grants funds of \$94,000 received from the General Assembly. Bids not yet received. \$6,000 already expended on professional services.

628 Monroe St. – approved for demolition. Contract Price \$25,000 with significant assistance from Municipal Services. Contractor has been given notice to proceed.

719 Kendall St. - \$ 3,000 for final cleanup  
580 Thornton St. - \$ 5,940 for both properties on Thornton Street  
766 Thornton St. - 414 Glenn St. - \$ 8,170  
Total: \$42,110

\* *Washington Street Not Included*

#### Code Enforcement Issues 2017-2018

Recommended priorities for demolition in 2017-2018

910 First St.	\$10,000
420 Patterson St.	To be burned
1010 Sharpe Av.	To be burned
106 Short Morgan Rd.	\$8,000
416 Washburn Av.	\$5,000
1003 Willow St.	\$4,100

The Code Compliance Report contains other properties. Priorities can change with circumstances during the year.

Council Member Burnette questioned the proposal for the five (5) areas for incentive grants and asked what the rationale was at this point to initially go beyond the Main Street.

Ms. Stultz explained that she brought it to them for consideration because that was where they have the most development pressure and where they were likely to get the most. She explained that if a little bit of money over the course of a few years would be enough to help prospective or

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existing businesses to feel like they were partnering with them then it could be beneficial. She added that she did not have a problem at all with taking Highway 14 out and only including the traditional downtown areas.

Council Member Hall pointed out that chain businesses looking at a location would be able to get the money for funding. They may not necessary need it but if they realize the grants were available then he thought it should be towards their smaller areas.

Ms. Stultz agreed and explained that the only reason to put Highway 14 in was that in the past when they have proposed various things they always hear what about the merchants in that area. It was perfectly reasonable to only include the traditional downtowns and she could make that change before they bring it if that was what the consensus was before it was brought to them to be adopted. The plan was for all the communities in the county and the county, to adopt it at relatively the same time.

Mayor Tuggle asked if she or the City Attorney could explain to the public the reason they were spending \$75,000 to \$100,000 tearing down something that was on private property. He stated that they were, as a city, spending their money tearing things down when the owners ought to take care of it. It was an ongoing thing and Council after Council agree to taking down property that should be taken care of by the owner.

Ms. Stultz explained that there was one a number of years ago on The Boulevard where it was going to cost \$140,000 or so to take it down and another \$10,000 to \$15,000 to bring it to what their Chief Building Inspector called a shell and give it some hope of being reused. The Council at that time decided to risk losing \$150,000 instead of \$140,000 to give it a chance. They did end up selling the building for the amount that they had put in the addition for the demo, but they still had \$140,000 invested.

She explained that the reason for doing them was because they were a serious detriment to the other businesses that were adjacent to them and it made the whole area look downtrodden. The biggest reason was public safety. They could not avoid the fact that there were public safety issues associated with some of these buildings particularly in areas where there was a lot of foot traffic or any foot traffic. It was a risk that every local government in the State decides to take. They try everything they can to keep from demoing them but as soon as the Council ordered them to be demolished the property owner deeds it to somebody who was indigent and on one instance one of them did not even know that it had been deeded to him.

Mayor Tuggle stated that it was common place and people would ask him why the city would spend money to take this stuff down. The list of dilapidated buildings got longer and longer every year.

Ms. Stultz explained that one thing she did know to be true was that there gets to be a point where people know that the city was just a paper tiger. If you have to pay someone \$75 to mow your grass and the city can mow it for \$60, you just do not pay attention to any of the notices, you just let the city mow and then mail a check. Or with these buildings, they do not have the

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funds to build them up or they have no desire to and they let them fall. However, they were a real detriment to the surrounding area and there were public safety issues.

Ms. Gilley added that the property owners were liable as it was their building or their property so if they let it deteriorate it was their liability. She added that if the city goes in and foreclosed on property after it was torn it down then the city could not reach beyond that property

Ms. Stultz explained that they treat some of the actions they take like special assessments. That was only for the property you were dealing with right then. The others were treated like ad valorem taxes. When that happens you can reach out and get other things, and even the ones that are tax specific you can attach tax refunds and all those things.

Ms. Amos also pointed out that The Boulevard had actually been on the paving list. It was very important to do that street for the businesses that are there however she ended up pulling the downtown section because of the dilapidated buildings. She explained that she did not want to go in there and mill the street down and pave it and then they come in there and take those buildings down. She stated that she was going to pave the upper section but the downtown was on hold until the buildings come down.

Council Member Burnette questioned that if someone got hurt, what would be the city's liability.

Ms. Gilley explained that it was a legal question and she did not think it was exactly addressed in the North Carolina Statutes. The statutes read that in non-residential situations "the city may". It gives the authority for them to correct those situations but in her opinion, legally the City Council was not under any obligation. This was kind of shared by the School of Government. It has never been addressed in a court case, so she thought the liability was less in those situations.

Ms. Stultz added that the only thing the City of Eden has to offer is building inspections and they can either do them themselves or contract with someone else. A part of the building code statutes and things that go with that deals with defective and unsafe buildings. So she had a responsibility for herself and her staff because they report to the State for a lot of this work. So, if they know about it they have to start and they have to recommend that the City Council to do what needs to be done but at that point the liability for them and their licenses were no longer at risk. That was why sometimes she was sure they wondered why they keep showing up. For example, the one on The Boulevard that they did before, it took over ten years before the Council decided to do it and so the levels of responsibility were a little different and the reasons they decided that inspections report to the State instead of the local government was to try and keep politics out of these kind of decisions.

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**Update, Discussion and Consideration of Sidewalks, Greenways, Connectivity Issues and Skat Bus** – (Kelly Stultz, Director of Planning & Inspections, Mike Dougherty, Director of Economic Development, Darren Gatewood, Superintendent of Streets and Brad Corcoran, City Manager)

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Connectivity - Matrimony Creek and Freedom Park Trails, Sidewalks, SKAT Bus

Sidewalks – 2016-17

Ms. Stultz explained that during the present fiscal year city staff had constructed 1,475 linear feet of sidewalk. They expect to install another 200 to 300 linear feet dependent on weather and availability of concrete. For fiscal year 2017-2018 they propose to repair, replace or newly install 3,330 linear feet of sidewalk. She then presented a picture of the Mill Avenue sidewalk, a part of the linear feet of new sidewalk was indicated. On Highland Drive a sidewalk was installed to complete the connection between the sidewalk on King's Highway and Highland Drive.

Sidewalks – 2017-2018

One of the things they had been asked was to construct a sidewalk from Hidden Valley to Walmart. This was estimated at \$6,339.

A few years ago she had convinced the NCDOT division engineer to allocate \$100,000 to construct a sidewalk from Draper Christian Church to Freedom Park. They thought they were going to be able to get that done but today they have not found a good way that you can get from that sidewalk at Draper Christian to Freedom Park without crossing the railroad. Right now, as long as Duke Energy was hauling coal ash through there, as badly as she wanted to see that sidewalk done they certainly did not recommend they do it yet. They were still trying to find alternatives to getting them from here to there.

They had also discussed a sidewalk at Reynolds St. at the Boys and Girls Club. The total estimated cost was \$7,500 for 200 linear feet. Based upon discussions with the Boys and Girls Club Director, staff recommended putting this project on hold until the Boys and Girls Club starts their project

For the Stadium Drive sidewalks, from Pierce Street to Country Club Drive, that would be for the next funding cycle. The number one project in their NCDOT Division was this section of sidewalk. The projected total cost was \$315,000. That included \$252,000 from NCDOT and \$63,000 that the city would match. The design was set for 2018 DOT fiscal year. Construction was set to begin in 2020 budget year and crosswalks were to be installed.

Next she discussed the sidewalk from the Pierce Street Roundabout to Walmart. She explained that Duke Energy estimates that it would cost approximately \$250,000 to relocate the guide wires due to the tap line that connects to the Dan River Steam Plant. The NCDOT indicated that they would want the city to accept Pierce Street as a city street prior to the construction of a sidewalk. The street in this area was not up to city standards. Until an alternate route can be found this sidewalk did not appear to be cost effective at this time.

She continued on to the sidewalk from Moore to Kennedy. The creation of a sidewalk from Moore Street to Kennedy would require a series of crosswalks and a signal across NC Highway

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#14. The cost for such a project would be prohibitive unless State funding can be found for the stoplights and the crosswalks.

Ms. Stultz then handed over the presentation to Mr. Dougherty.

Mr. Dougherty explained that the Matrimony Creek Nature Trail project was from the Duke Energy Water Resources Fund. This was approximately a one mile trail extending from Hampton Heights Baptist Church to Price Road. There was a \$100,000 grant pending with the Duke Energy Water Resources Fund. Additional funding was being sought from State Recreational Trails Program. The easements were being obtained from property owners and construction would begin in April of 2017 and must be completed within a year. He noted that much of the path was already there and there was a projected cost of \$7 per SF to create nature trail.

He explained that Hampton Heights Baptist Church has agreed to sell a portion of its parking lot and its picnic shelter to the city. Bathrooms will be added to the shelter as part of establishing the trail head and the bathrooms are in the grant. They will be built later if other issues arise and funding was not available.

Another trail was the Freedom Park Nature and Education Trail Project. He explained that \$25,000 Rockingham Community Foundation grant was being sought. This would connect Central Elementary School to Freedom Park. This would pass a historic cemetery and creek. There would be opportunities for learning. It would lead to upper Freedom Park. There would also be opportunities for tent and RV camping, picnic tables and bench seating and showers at the picnic shelter will be added. The grant would be awarded in April and work must be completed within a year.

He noted that another trail was in the works and this would be from Public Works to the Leaksville Landing.

Mr. Dougherty then turned to Skat Bus Shelters. He explained that two shelters were funded in 2016-17 budget. The locations at Stadium Drive and Morgan Road Dollar General locations get the most SKAT bus traffic. This would complement recent work done on the Cook Block.

**Update, Discussion and Consideration of Economic Development (Other than Downtown Revitalization), and Tourism Development Initiatives & Issues** *(Mike Dougherty, Director of Economic Development, Cindy Adams, Coordinator of Tourism and Special Events and Brad Corcoran, City Manager)*

#### Berry Hill Regional Mega Park

Mr. Dougherty moved on to the next item which included updates on Economic Development. The Southern Company was continuing their “due diligence” period until April of 2017. The second company was working with engineers and a purchase agreement announcement was imminent. Three parcels must be cleared of trees by April of 2017; remainder of grading will be

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done by the end of 2017. A contract was approved on February 24<sup>th</sup> and work begins on Monday, February 27<sup>th</sup>.

### MillerCoors site

Mr. Dougherty explained that the company was committed to attracting a user. Jones, Long, LaSalle was leading the marketing effort. There were 21 RFPs submitted for the site. There have been 13 Site consultants contacted. There are inquiries daily to the county ED office and since the slide was done he has been contacted by two more. Project F continues to negotiate with MillerCoors. This was a top priority site with NC Economic Development Partnership and Executive Director Chris Chung. The NC Commerce Secretary Tony Copeland was to be invited to Eden soon and they were considering the process of certifying the property as a mega site.

### Water Users

There was research on investment identified four large water users. One was a major Fortune 500 food processor. The follow up contacts was being made now. At MillerCoors one prospect would need 6MGD and at the Berry Hill Regional Mega Park the Southern Company would need up to 4MGD.

### Product Development

Besides MillerCoors site, Eden has one, 380,000 SF building remaining for lease. It was not a preferred ceiling height and was too large for some users. He noted that 80% of the inquiries were for existing properties. He explained that Senator Phil Berger was approached about a dedicated economic development sales tax effort to acquire funds for product development. This would put North Carolina in the same category as Texas and Kansas in attracting projects. A ¼ cent tax would generate \$1.6 million for the county. The General Assembly would have to approve dedicating taxes to economic development. Currently, only education was an approved use.

### Workforce Education and entrepreneurship support

Mr. Dougherty explained that Reset Rockingham Committee and Rockingham County Education Foundation Members supporting Rockingham Community College and the School Systems effort to bring more college classes to the high schools. They need to begin speaking to middle school students about the need for skills. They were considering proposing both organizations to lead an effort to eliminate cell phones in schools. They would work with Morehead College Advisors to schedule RCC graduates to meet with students to discuss their success at this institution.

There was also work with Shawn Gorman on entrepreneurship creating a Certified Entrepreneurial Community designation to shore up any deficiencies county/cities have in small business support.

### Nantucket Mill

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He explained that there were two developers involved and they need the adjoining American Warehouse space for prospects. Piedmont Folk Legacies (PFL) was offered 20,000 SF of space in Nantucket in exchange for one year option on the American Warehouse. PFL wants 30,000 SF of top floor space in Nantucket for a special events center and a year to raise substantial funds. The dilemma that PFL faces is that they have no business plan or financial backing to his knowledge.

Mayor Tuggle asked how long it had been sitting there.

Mr. Dougherty replied it had been sitting there for years and this was one person doing this. So the developers have given PFL six (6) months to show financial support for an upper story civic center or the 20,000 SF original option. If PFL does not agree to terms, developers will be forced to disengage with them and this could lead to the demolition of this historic landmark and potential jobs lost. This could be the key to the revitalization of that area and one person was holding this up.

Mr. Dougherty then moved on to commercial development.

### **Meadow Greens Shopping Center**

He explained that the Meadow Greens Shopping Center was completely full. The new McDonald's will help draw customers.

### **Food Lion Shopping Center**

He noted that Label Shopper filled the vacant Shoe Show space in 2015. There was one remaining retail and one restaurant space.

### **Kingsway Plaza**

For Kingsway Plaza the Badcock Furniture store replaced Schewels in 2016. There were two remaining spaces, one where Eden special events are held.

### **Shopping Center**

He explained that this was the shopping center near Walmart. It had \$16 per SF lease rate and 50% of original tenants were local. The company now realizes the need for more competitive lease rates.

### **Hallmark**

As an example, the Hallmark Store was in the shopping center. Hallmark moved from the mall to that center. They did \$350,000 in annual sales but they just could not sustain with that because of the rent rates and also online competition negatively impacted sales.

### **Eden Mall**

The Eden Mall owner, Bob Swofford was urged to sell to Hull Properties to revitalize the mall in 2014 and 2016. He would not sell it and he had it leased to local person which only caused the



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mall to deteriorate further. Belk could have been saved had he sold out. One good thing about this was the recent lease of the Belk building that was facilitated in 2016-17.

### Commercial Recruitment

As far as commercial recruitment, he explained that in March he attends the annual ICSC Idea Exchange in Charlotte, NC to network with prospects. They work with existing shopping centers in recruiting potential tenants, such as Ollie's, Marshall's, Burke's Outlet, etc. He explained that Eden can only sustain certain retailers due to population and demographics. He pointed out that Target was not coming. He thought that the Mega Site will positively impact retail recruitment efforts. Most commercial development follows industrial development.

### Retailer Challenges

■ Retailer	Debt (Millions)*
- Sears	\$1,134
- Claire's	\$1,799
- 99 Cents Only Stores	\$ 250
- Rue 21	\$ 250

He explained that The Limited is closing all of its 250 stores in early 2017. Sears/K-Mart was closing stores, Sears has closed 60% of its stores since 2011. Everyone assumed that WalMart was invincible but the internet has caused such a difficulty for retail stores. Actually many times you can get a better deal on their website than you can at the retail store. Amazon was destroying a lot of retail growth.

### Internet Impact

Just to show them what has happened with the internet. Newspaper advertising revenues were at \$67 billion in 2000 and in 2014 they were at \$19.9 billion. That was 70% since 2000. Very few people under 30 years old are getting a newspaper. The workforce was down 56%.

Movie theatre attendance was down for a 19 year low in 2016. Five of the largest studios saw profits fall by 40% between 2007 and 2011. He noted that 70% of the box office comes from abroad. Netflix and other sites are decimating traditional entertainment venues. People can see what they want when they want it at home. Movies were coming to Facebook.

He explained that Uber was an 8 year old company that was worth more than 80% of the Fortune 500 companies. Then there was Airbnb which had 2.3 million listings in 34,000 cities worldwide.

### Chick-fil-A

He explained that Chick-fil-A traditionally builds each new store with cash, incurring no debt. Franchisees pay minimal development costs. The company was testing a new build to suit concept to free up cash to service smaller communities. He has been in continuous contact with

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them since 2008. Discussions were made with the Danville restaurant owner about opening a satellite store in Eden if the company allows it again.

### Shop Local

Mr. Dougherty noted that Explore Eden NC, a personal Facebook and city web site was used to promote local businesses, milestones and special events. The Downtown Christmas Open House was heavily publicized and they were considering a spring open house.

Their "Shop local" includes "Small Business Saturday" and merchant events include wine tastings, fundraisers, musical activities and art crawls.

### Campground/Picnic Areas

There was a grant submitted to create tent/RV camping at Freedom Park. Camping along the river requires improved access. There was the potential Dan River Water Resources Grant for a trail extending from the Leaksville Landing to CEO public works or along the Dan River in the Draper area. Camping could be established in those places.

### NASCAR Weekends

During NASCAR events Eden benefits from motel stays and restaurant usage. Attendees are given brochures to patronize downtowns but most have full schedules and they did not want to compete with the raceway.

### Events Centers

Someone had asked about events centers. As you can see they are expensive. The Statesville Civic Center cost \$6.6 million in land and construction costs in 1999. Their annual operating budget was \$844,629. It operates as an enterprise fund and reimburses the city for any services rendered during the year. This year it was \$128,232.

There was \$334,194 in annual revenues and a 45% return on dollar for the last 10 years. It was funded principally through the hotel/motel occupancy tax. Any additional funds go to the Civic Center fund balance.

The Reidsville Events Center had approximately 15,000 SF. The building cost was \$100,000 to \$150,000 for comparable square footage. There was \$100,000 in initial upfit and equipment costs and \$1,200 in annual liability insurance. Patrons have to provide ABC permit and \$1 million in liability insurance to provide alcohol to guests.

The City of Eden's current facilities include the Eden Ball Room which opened in 2017. It has a capacity of approximately 150 and can accommodate weddings, reunions, anniversaries and other events.

Grogan Park was a potential wedding venue. Alcohol permitting was critical to attracting patrons.

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Future downtown venues include the armory and store space to be converted into a small event center.

### Tourism Development Efforts-Rivers

Upcoming tourism efforts include an inaugural Float the 4<sup>th</sup> event on July 4<sup>th</sup> 2017. This is a Float your Boat event that was in development. You creating your own boat to float on the Dan River near Leaksville Landing.

Waterway blueway maps were on order, kiosks have been placed at all river access points. River activities were always a part of Riverfest. There were also two (2) river cams for the Smith and Dan Rivers.

He then moved to the Dan River ST8 Crossings and COE River advertising. The Dan River ST8 Crossings Regional Marketing Campaign started in August of 2016 and runs until June of 2017. They developed a brand, website, social media and billboards. They were also working on a sustainability plan with regional partners that include Stokes County, Rockingham County TDA, ED and the City of Eden, who have all committed funds and were awaiting the results of the VA contacts.

### LUNCH BREAK

Mayor Tuggle called for lunch at this time.

### MEETING RECONVENED

**Discussion of Budget Priorities for FY 2017-18 & Beyond – Free time for Mayor, Members of City Council and Staff to select additional topics for discussion and consideration.** (*Brad Corcoran, City Manager*)

Mr. Corcoran explained that it was now time for free time for the Mayor, City Council or staff to select any additional topics for discussion, consideration or throw anything out there. He explained that they do this each year to make sure nobody leaves feeling they did not have the opportunity to discuss a project they would like to discuss.

Mayor Tuggle stated that the City Manager laid it all out for them. He was correct in asking “where is the money?” That was the bottom line on everything. It was the same process they go through year after year. There is not enough revenue sources to pay for all the needs that they have. The City Manager has given them a few in there and he would hope the City Council will step up and make some decisions on adding some revenue and giving him some possibility of trying to pay for some of these things but he thought that was where they were right now.

Mr. Corcoran asked if there were any other comments.

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Council Member Burnette stated that he had some. He explained that he agreed with Mayor Tuggle in that they certainly needed to look for ways of revenue and he thought they also needed to look to their future and what that really means. He stated that he would like to go back to his experiences with the consultants working on their Strategic Plan.

### **Support for Strategic Plan Recommendations**

Council Member Burnette explained that he had been able to sit in on all but two face to face interviews and all of the focus group meeting and steering committee meetings. There has been a lot of information exchanged and a lot of ideas and they will be getting those recommendations in the future as well.

There have been a couple of themes that have come out of there. They have already mentioned the downtown area but another one that was a pretty big thing for every person and every group at this point was that Eden was in a down or depressed mode. The consultant would ask them “Well in your sight it is down but do you have hope?. And the answer was yes, we still have hope for Eden but we need to see something to go along with that hope as well”.

He explained that in line with this thought of “hope” he wanted to share with them part of the input from one interview. He had his approval to share this with them. It comes from Steve Griffith, pastor at Osborne Baptist Church:

- The way we are does not have to be that way.
- We all need some different things but everyone needs HOPE.
- “Vision creates hope. Things are not working if you do not have a vision.
- We need to look for what we could be and that takes Leadership.
- The vision gives Hope and the strategies gives us the purpose.
- And I thought this was a great example. There are 3 types of churches (and I think this easily applies to cities as well). There are:
  - Risk Takers
  - Care Takers
  - Undertakers
- The last words of Care Takers before becoming an Undertaker are “We have always done it that way”
- And what sets aside the Risk Takers. The Risk Takers have Leaders that know what risks to take.

Council Member Burnette added that he would say that they need to make sure they understand that sometimes it takes courage to be a leader. They need to stand up and do some things. Sometimes there will be actions needed to be taken or something that was different than what they have done in the past. They have seen what some other locations are doing. But, in his mind obviously they need to do something differently. If they embrace this plan and he was sure that it will be some things different that they will want to do and they will have to find ways to

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put them in place. He added that the City Council would also have to exhibit some leadership with courage.

He stated that he knew that their steering committee feels very positive about this process and the direction that it was leading them. He was certain they will hear from them about the need for the City Council to support this plan. He explained that all of that fit into his thinking along the line of The Vision and Strategic Plan for the City of Eden that they were working on and that was why his only priority for this year was a line item to fund some of the recommendations of the strategic plan. They were getting more input from more people in the city than they ever have. He told them last year he wanted them to fund the hiring of a consultant to lead the Visioning and Strategic Plan process but to fund it only if they would support funding the recommendations. And therefore he would ask them to consider all of this in their prioritizations of funding next year.

Mr. Corcoran asked if anyone else would like to speak.

Mr. Johnny Farmer, Director of Parks & Recreation, stated that he wanted to remind everyone of the situation at the Mill Avenue Pool and the need to come up with a plan to maybe renovate that or to replace it. He asked them not to forget the civic center type facility that they had previously discussed building a couple of years ago. They have been talking about strategic plans and economic development but they also have to position themselves and make sure that they invest in facilities that attract these businesses to your cities as well as potential residents here.

He stated that think one of the problems that they were facing, just as Ms. Amos mentioned earlier, there has not been a whole lot of investment done in the past twenty years in taking care of the facilities with the exception of Freedom Park. They were probably getting to the point within the next five to seven years they would have to make some decisions on whether to spend a lot of money to improve the existing facilities or build that civic center. That civic center type of facility kind of takes the position to where it can cater a lot of the needs they were talking about today. They were talking about indoor facilities and walking tracks and that facility includes an indoor walking track. It would also include taking care of the needs for an event center. That particular facility had a venue where you could seat almost 300 people. It also had an aquatic facility that would take care of their needs for the next 50 years. He knew it was a big dollar thing but if they want to position themselves to be attractive to these industries they want to recruit and potential residents then they were going to have to do what these other communities are doing. If they looked around the state and across the country, cities the size of Eden are finding a way to build these types of facilities.

Council Member Ellis stated that he would like to talk about the pool. He pointed out that they open up the pools about 60 days a year max, probably and \$3 million was what they were asking for. He brought up the renovation of the Draper pool and he thought that for the amount of time, he would love to employ 6 or 7 employees a day to run a pool that was probably going to make

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less than \$300 a day, but that was what we seem to do. He explained that the Oak Hills pool employs about 4 people a day and there were even less at the Lynrock pool, and they were all public pools. He also thought that the \$1 million for a complete renovation of the Mill Avenue swimming pool was a little high.

He then turned the discussion to the purchase of a new fire truck. He thought that safety was important. He explained that even one of their City Council members watched her house burn. Their ladder truck was now 30 years old. If they made repairs to it, they would still have a 30 year old ladder truck. He was asked if they could possibly get another one. They have not purchased a new truck in probably 10-12 years now. They expect a lot out of the Fire Department with what they have and the last few trucks they have purchased were less than \$100,000. Just like they did the renovation on the ladder truck that sits at Station 1, that was a good buy there at first but then you had to sink money into it. This item was ready to go and for what they were looking at in the upcoming budget things were going to be tight.

He used the Mega Park as an example and stated that they invested \$1 million a few years ago into it. It looks like now that the Mega Park may start paying off for them. The important thing was, it was smart investing.

Council Member Hampton stated that she appreciated working with them all and she thought they all did a wonderful job. She loved Eden and if she had the money she would make sure that they had everything on this paper they needed.

Council Member Carter stated that in looking at the priority sheet, they have done a great job with drug forfeiture money being used. He asked if any of that money was left and if that could be used for any of the items they listed.

Mr. Corcoran explained that the main thing with drug forfeiture money was that it could not replace normal expenditures. It has to be used for special things like when they bought the rifles they were able to use some of that money to pay those. He added that there was some money left from a large drug bust several years ago.

Mr. Reece Pyrtle, Chief of Police, added that it was somewhere around \$40,000.

Council Member Carter stated that the vehicle thing was what he was looking at.

Chief Pyrtle explained that you have to purchase law enforcement related items, such as they have canines or guns with that money.

Mr. Corcoran also added that it had to be related to drug forfeiture items. He explained that when they bought the cars for the narcotics team and the detectives they were able to tie that in but it was a lot different if you were to replace patrol cars.

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Council Member Hall stated that he just wanted to echo what some of the others have said. He appreciated them all and it had been a pleasure working with them. He stated this was supposedly the last budget retreat for Mayor Tuggle and he wanted to say what a good job he had done leading the Council and it was a pleasure to learn from him. He had people ask him and he just wanted to let them know that he did intend to file to run for mayor. It was still a long time away but he just wanted to answer the question at one time it has been an honor to work with them and he appreciated him leading them through because these have been hard times.

**Ranking of Spending Priorities for FY 2017-18** – *(Brad Corcoran, City Manager)*

As there were no other comments, Mr. Corcoran explained that they now had before them a prioritization sheet. He asked them to rank 1 through 10. One would be what they perceive as the top priority. Once it was done he would take them to his office and tabulate them, reconvene the meeting and he would share with them the outcome.

**BREAK**

**Presentation & Discussion of Spending Priorities for FY 2017-18** – *(Brad Corcoran, City Manager)*

The top 10 items that were on the prioritization sheet included the following:

- |  |           |
|--|-----------|
| 1. Additional Street Resurfacing Needs & East Harris Pavement Repairs      | \$475,000 |
| 2. Strategic Plan Initiatives  | \$300,000 |
| 3. Replace Ladder 2  | \$695,000 |
| 4. Purchase of 8 Ford Interceptor Utility SUV Vehicles                     | \$315,000 |
| 5. Replacement of Heating & Air Systems @ City Hall                        | \$300,000 |
| 6. Replacement of 1984 Compactor Unit @ Transfer Station                   | \$200,000 |
| 7. Sand-Blast and Re-Tile Pool, Move/Paint Fence, Additional Chairs/Tables | \$ 47,000 |
| 8. Incentive Grant Program for Building Upgrades in Downtown Areas         | \$ 25,000 |
| 9. Replacement of Automated Side Arm Garbage Truck                         | \$285,000 |
| 10. Replace 12 sets of Turnout Gear  | \$ 30,000 |

Mr. Corcoran explained that 15 years from now that \$2 million will be paid off. Also 15 years from now you will have another set of roads that needs to be done. By leveraging the money it was sort of the way they did the greenway and it was the way that they did the downtown improvements. By borrowing the leveraging money you can go ahead and maybe even get a better price by doing such a large contract bidding out all of the streets that are poor or in very poor condition and get them done once and catch this up and if they do something, whether it was this year or next year or over several years in terms of raising the motor vehicle license fee that money could then go towards that debt service so he was not sure of the best way to do \$400 but he was not sure if just doing \$400,000 was the right way either.

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Mayor Tuggle stated that he thought that the City Manager was right on target and they needed to leverage the money and do it long term. He pointed out that you will never be able to patch up all of these big holes in all the different areas. He thought to leverage your money and go from 10 or 15 years and pay for some of these things, on all the dilapidated buildings, some of these things you just do not have a choice on. You cannot get it done unless you get money. Streets were the same way, it was just an ongoing process. It was a good way to keep roads up and he did know that the Council had to make some decisions to be able to bring some revenue in but periodically as the Mega Park develops, with revenue coming in from there you would not be at the point then where you have to raise water and sewer rates and you could incrementally raise taxes to pay for things too. If you do it incrementally it does not hurt people nearly as bad but you can get things done like that.

Mr. Corcoran added that he would say, just for them all to know, there were other items on the list that have to be done. For example, replacing 3 zero turn mowers for Facilities & Grounds. They have already discussed that, it was not exciting, he understood that but they have a lot of areas that they have to mow and if their lawnmowers were 8 or 9 years old and staying in the shop then they need to replace them.

He explained that there were some items on there that did not get a lot of discussion but they were necessity type items and so you will probably see those items in the budget to some extent as well but this certainly gives him guidance as to what they want to see as their top funding priorities.

Council Member Epps commented that what they want and what they need were two different things.

Mr. Corcoran replied that it was a combination. There were those that you want to make an investment or have immediate needs to replace the rolling stock or the downtown incentive program. It also showed their continued commitment to the strategic planning process to the idea of doing an incentive program for their downtown areas. He explained that in these priorities at least to him it reflects doing some of the items that were necessary as well as doing some of the items that were more for the future.

He explained that lastly, there were no water and sewer items on this on purpose because the water and sewer fund going into next year was in good shape. They should be able to fund those items without having to go through this process.

**Consideration of Recommendations Concerning Audit Services Contract for the FY 2016-17 Audit** – *(Tammie McMichael, Director of Finance and Personnel and Brad Corcoran, City Manager)*

Ms. Tammie McMichael, Director of Finance, presented an explanation of the FY 2016-2017 Audit Contract by Rouse, Rouse, Penn & Rouse. She explained that the contract amount was \$46,710. It will be reduced to \$41,385 if city personnel completes the items. This was a 3% increase compared to what they paid last year.



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A motion was made by Council Member Epps seconded by Council Member Ellis to approve the audit services contract to Rouse, Rouse, Penn & Rouse for \$46,710. All Council Members voted in favor of this motion.

**Update, Discussion and Consideration of Purchase of 2016 Sutphen SLR 75 Aerial Ladder Fire Truck** – *(Tommy Underwood, Fire Chief and Brad Corcoran, City Manager)*

Mr. Corcoran turned this item over to Fire Chief, Tommy Underwood.

Chief Underwood first mentioned acquiring property behind the fire station at Stadium Drive. The school system owns it and his hope was to put in for grants and use it as a training facility.

Mayor Tuggle asked if he thought this might get more volunteer firemen involved to which he replied that he thought it would attract volunteers.

Chief Underwood then presented an overview of the Fire Department and all fire equipment and vehicles.

Mayor Tuggle asked if he felt they normally get 20 or 25 years on refurbished vehicles to which he replied unless there were unforeseen circumstances.

Chief Underwood then presented the reasons for replacing Ladder Truck Two. Ladder One was good for commercial buildings, hospitals, and large buildings. He thought there were 178 streets and this truck was too big to go on these streets. Ladder Two had better ability to get to a larger portion of the city's streets than Ladder One. Ladder Two was 30 years old. The city would have ladder coverage throughout the whole city. Ladder Two would be more reliable than Ladder One. If you have to call for mutual aid request you were probably looking at 30 to 35 minutes before they can get here and get set up.

The safety features for today's status for new apparatus had greatly improved since 1987 and there were a whole lot more safety features on it. The smaller aerial apparatus allows for quick take off operations. The smaller ladder would have the ability to help the situations when structures become unsafe. The safety of fire fighters and the community was what was most important. The estimated cost was \$695,000. This was a demo with about 22,000 miles on it. To his knowledge it had never been in an actual fire situation.

Mayor Tuggle stated that he considered this a new truck.

Chief Underwood replied yes. The truck actually sells for about \$820,000, so they were looking at a significant savings. He then read a portion of a letter dated February 23, 2013 from the former Superintendent of Fleet Maintenance, Mr. Tommy Carter, and in that letter he felt that they should not put any more money in that truck.

Mayor Tuggle stated that for example, they were looking for a certain ISO rating. If they come in and they rate the city lower than where they should be, were they given a grace period to improve that rating.

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Chief Underwood explained that your grade was only what they give you and then you have a year.

Mayor Tuggle stated, so there was a grace period, if their ISO did fall below where they wanted it to be there was at least a one year period of time that the City Council could decide what to do to try to improve it.

Chief Underwood replied that was correct. He then moved on to the Arbor Ridge fire last year that included a fatality. He explained that if it had not been for the 2 ladder trucks being used and in place, it held that fire off long enough for them to get those residents out.

He pointed out that Ladder Two was 30 years old. The last time the truck was used it blew a drain plug out of the bottom of the pump. The casing could not be welded or repaired. He had it re-tacked and put another plug in it. He stated that he was told when it was done that he was not guaranteed that it would hold five minutes. So, as Fire Chief, he had a major concern by putting that truck back out there in a fire fighting position.

As for the new truck, you have a new warranty. There was a 5-year warranty on the engine and transmission. There was a 7-year warranty on the cab and chassis and there was a 20-year warranty on the ladder. The frame rail of the truck was guaranteed for life. The company has a harvest program where they will take that truck in 25 years, and take the ladder off of it and completely go through it. That would be a huge savings to the city when it came to purchasing another truck because all you would have to do would be to buy a new cab and chassis. Then you go back with another 20-year warranty on the ladder part.

Mr. Corcoran pointed out that the cash price for this vehicle was \$695,000. The Finance Department sent out a request for proposals. They send out to any bank in Eden to try to give all of their local banks a shot. The only bank that submitted a quote was Carter Bank & Trust. They quoted a rate of 2.17% for 10 years and 2.28% for 15 years. Obviously they were willing to extend the loan out for a 10 or 15 year period because the life expectancy on such a vehicle was typically 25 years plus. In addition they did receive a quote from the representative of Sutphen and Stevens Fire Equipment for dealer financing and that was 3.12% for 10 years and 3.79% for 15 years.

So, the options before them included a cash price of \$695,000, or a 10-year financing at 2.17% which would include an annual payment of \$77,500.13 for a total of \$775,001.30. Or, a 15-year at 2.28% with an annual payment of \$54,830.91 for a total of \$822,463.65.

He explained that in the current budget they were in the process of making the last year of payments on some existing debt service in the Fire Department. The combined principal and interest payment was \$41,000.00 and that would roll off the books this current fiscal year. So, obviously that would be re-invested into this debt. He explained that it would probably be best to finance this over a 15-year period.

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Mayor Tuggle asked when the last time they bought a new truck. He asked if they had purchased a truck from Summerfield last time.

Chief Underwood replied that in 2006 they bought a 98 KME at \$55,000 and a 95 KME at \$45,000, both used.

Mayor Tuggle stated that his concern was, he was doing what he was supposed to do as a Department Head for the safety of his department, but the Police Department or any other department, when they buy anything, quarter of a million dollars or \$600,000 or \$700,000 and to stay abreast of that with the revenue flows that they have was a near impossibility. He asked, if the City Council voted to buy this, when he would anticipate the next purchase, because someone in the public may look and say, well you have 4 fire stations and 8 trucks there and you have access to Draper Volunteer Fire Department which he thought had 6 vehicles there and then there was the Leaksville Volunteer Fire Department. He quickly added that he had no doubt they needed it he just wanted to know how he would explain it to a citizen.

Chief Underwood explained that they needed it and also if they request mutual aid it would take 35 minutes to get here.

Mayor Tuggle asked if this was a 73 foot ladder to which Chief Underwood replied 75 feet. Mayor Tuggle stated that the 102 foot ladder was used at places such as the hospital but it was so big that they could not get it in a lot of the streets. He also stated that for that large amount of money, he wanted to make sure if anything of that large of a purchase was going to come up again.

Council Member Burnette stated that he had a few comments to make. He stated that he considered himself fortunate over his time on Council to receive some good advice and comments. At this time two of those come to mind:

First from Mayor Tuggle - "Sometimes with your vote the best you can do is make half of the people happy." The other was from Mayor Grogan when he was considering running for Council when he told him, "The hardest thing you will have to do is vote in opposition to something when many of your friends and neighbors want something else. But you have to do what you think is right".

He explained that he was telling them this because he was going to vote against buying this new fire truck and he knew many of them think in opposition to his vote. But because he respected them he wanted them to understand his beliefs and thinking on this matter. Now, for this vote and really all of his votes, he did everything that he could to make this a vote from a logic standpoint and to take out the emotion.

He knew that the Fire Department saves property and lives, but he was not convinced that this particular truck at this particular time was the correct thing to do to enhance that and he had not heard anything today to change his vote. Here are his reasons why:

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He was not aware of any plan to buy this truck until a few weeks ago when he got the note to come and look at it. Normally when there was a true need there are plans made to put something into action. He had seen other departments of the city make the need known and then take some additional action. Many of the departments apply for grants. He had seen them from Economic Development, Planning, Police, Water/Sewer, Parks and Recreation. He thought there may have been some in the past from the Fire Department but if this was that much of a need then he would have thought there would have been a plan and action taken to include applying for grants. He looked up on line and the first one he came to was a city that talked about getting grants for equipment and helping them get a fire truck.

The next and to him another key item was let's look at the Priorities for FY 2017-2018, Tab 3 page 13 in their Budget Retreat Book for the Fire Department. "Ladder 2 will be 30 years old this year and will need to be replaced in the near future. Depending on the ISO inspection, this will be the deciding factor in what to replace it with and where to place the truck." To him that says there was no urgency for a new fire truck, nor a specified truck and the Fire Department will take the information from the ISO report and make a plan to purchase the truck that was recommended and then place it where recommended.

He understand that there were no longer parts available for Ladder 2 but that did not occur in the last 4-6 weeks and his understanding was that they can keep this truck running for a while longer—at least until they can get a recommendation and make a plan for what it needed. He thought that they did not even have the ISO report back yet.

He also knew that this proposed truck was available today and it seemed to be a "good buy". He did not discount that. The other thing that he had considered was that even though the parts were no longer available for this truck and this truck was still operational, he did not see this as an emergency. He had not heard of one and there has been no request to use contingency funds as can be used for an emergency.

So his conclusion was there was no plan for this particular truck and no emergency need for this truck and no recommendation from the ISO report to get this truck. He believed they would be better served to keep Ladder 2 running until they can know exactly what they need and then make a plan to get what was needed by the Fire Department for the city. He knew that his vote against purchasing this truck was going to make some people unhappy, but he wanted them to know that he had thought this through and wanted them to know why he had come to this conclusion.

A motion was made by Council Member Ellis seconded by Council Member Moore to approve that it was in the best interest of the city to make this purchase and to waive the bidding requirements required by the General Statutes at a contract price of \$695,000 with 15-year financing at 2.28% through Carter Bank & Trust. Action on the motion was as follows: Council

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Members Ellis, Moore, Carter, Epps and Hampton voted in favor of this motion. Council Members Burnette and Hall voted in opposition. This motion carried.

**Wrap-Up and Adourn**

Mayor Tuggle asked if there was any more discussion or comments.

**ADJOURNMENT:**

A motion was made by Unanimous Consent to adjourn. All Council Members present voted in favor of this motion. This motion carried.

Respectfully submitted,

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Sheralene S. Thompson City Clerk

ATTEST:

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Wayne R. Tuggle, Sr., Mayor