

CITY OF EDEN, N. C.

The regular meeting of the City Council, City of Eden, was held on Tuesday, April 15, 2014 at 7:30 p.m. in the Council Chambers, 308 E. Stadium Drive. Those present for the meeting were as follows:

Mayor:	Wayne Tuggle, Sr.
Council Members:	Donna Turner
	Jim Burnette
	Angela Hampton
	Jerry Epps
	Darryl Carter
	Neville Hall
	Jerry Ellis
City Manager:	Brad Corcoran
City Clerk:	Sheralene Thompson
City Attorney:	Erin Gilley
Deputy City Clerk:	Deanna Hunt
Representatives from Departments:	
News Media:	Katie Mann, Eden News

MEETING CONVENED:

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

INVOCATION:

Mr. Lemuel Hardison, Pastor, North Spray Christian Church, gave the invocation followed by the Pledge of Allegiance.

RECOGNITIONS & PROCLAMATIONS:

a. Recognition of Pace Stone 90th Anniversary

Time is requested at the beginning of the April 15, 2014 Eden City Council meeting to recognize the Pace family for their 90th anniversary of being in business in Eden. A plaque will be presented to Ty Pace in commemoration of this milestone.

Mayor Tuggle asked Mr. Mike Dougherty, Director of Business & Economic Development to come forward.

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Mr. Dougherty recognized Mr. Bill Pace and son Ty, owners of Pace-Stone for their 90th Anniversary and presented them with a plaque commemorating this milestone.

b. Arbor Day Proclamation.

Mayor Tuggle read the following proclamation in recognition of Arbor Day.

2014 ARBOR DAY PROCLAMATION

WHEREAS, in 1872, J. Sterling Morton proposed to the Nebraska Board of Agriculture that a special day be set aside for the planting of trees, and

WHEREAS, this holiday, called Arbor Day, was first observed with the planting of more than a million trees in Nebraska, and

WHEREAS, Arbor Day is now observed throughout the nation and the world, and

WHEREAS, trees can reduce the erosion of our precious topsoil by wind and water, cut heating and cooling costs, moderate temperature, clean the air, produce life-giving oxygen, and provide habitat for wildlife, and

WHEREAS, trees are a renewable resource giving us paper, wood for our homes, fuel for our fires and countless other wood products, and

WHEREAS, trees in our city increase property values, enhance the economic vitality of business areas, and beautify our community, and

WHEREAS, the City of Eden has been named a Tree City USA community by the National Arbor Day Foundation for the 19th year, and

NOW, THEREFORE, I, Wayne Tuggle, Mayor of the City of Eden, do hereby proclaim Friday, **April 25, 2014, as Arbor Day in the City of Eden**, and I urge all citizens to celebrate Arbor Day and to support efforts to protect our trees and woodlands, and to plant trees to promote the well-being of this and future generations.

Dated this 15th day of April, 2014.

Wayne R. Tuggle, Sr., Mayor

Attest, Sheralene Thompson, City Clerk

c. Public Works Week.

Mayor Tuggle recognized the Public Works Department Division Heads and read the following proclamation in recognition of Public Works Week.

PUBLIC WORKS WEEK

Whereas, public works infrastructure, facilities and services are of vital importance to sustainable communities and to the health, safety and well-being of the people of Eden, North Carolina; and

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Whereas, such facilities and services could not be provided without the dedicated efforts of public works professionals, engineers, managers and employees from state and local government, as well as the private sector, who are responsible for and must plan, design, build, operate, and maintain transportation, water supply, sewage and refuse disposal systems, public buildings, and other structures and facilities essential to serving our citizens; and

Whereas, it is in the public interest for citizens to understand the importance of public works and public works programs in their respective communities; and

Whereas, the City of Eden joins the American Public Works Association, the American Water Works Association, the Water Environment Association, and other interested organizations in recognizing the contributions of public works professionals to the health, safety and welfare of North Carolina and our nation; and

Now Therefore, I, Wayne R. Tuggle, Sr., Mayor of the City of Eden, North Carolina, do hereby proclaim May 18-24, 2014, as "PUBLIC WORKS WEEK" in the City of Eden, and commend its observance to all citizens.

Dated this 15th Day of April, 2014

By: **Wayne R. Tuggle, Sr**

d. National Poetry Month.

Mayor Tuggle read the following proclamation in recognition of National Poetry Month.

NATIONAL POETRY MONTH 2014

WHEREAS, the Academy of American Poets established the month of April as National Poetry Month in 1996; and

WHEREAS, National Poetry Month seeks to highlight the extraordinary legacy and ongoing achievement of American poets; introduce Americans to the pleasures and benefits of reading poetry; bring poets and poetry to the public in immediate and innovative ways; make poetry an important part of our children's education; and

WHEREAS, as National Poetry Month, under the leadership and direction of the Academy of American Poets, is now the largest literary celebration in the world; and

WHEREAS, poetry enhances and enriches the lives of all Americans; and

WHEREAS, poetry, as an essential part of the arts and humanities, affects every aspect of life in America today, including education, the economy, and community pride and development; and

WHEREAS, poetry has produced some of the nation's leading creative artists and has inspired other artists in fields such as music, theatre, film, dance, and the visual arts; and

Now, therefore, I Wayne R. Tuggle, Sr., Mayor of the City of Eden, do hereby proclaim April 1 through April 30 as National Poetry Month. I call upon public officials, educators, librarians, and all the people of Eden to observe this month, to celebrate the cultural riches our community has to offer, and to recognize the important role poetry in creating and sustaining this great nation with appropriate ceremonies, activities, and programs.

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IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of April, in the year 2014.

BY: Wayne R. Tuggle, Sr., Mayor

e. National Youth Traffic Safety Month

Mayor Tuggle asked Mayor Pro Tem Burnette read the proclamation. Mayor Pro Tem Burnette recognized Eden Youth Council members Laura Shumate and Sheridan Hodges, who were present on behalf of National Youth Traffic Safety Month. Mayor Pro Tem Burnette also informed everyone that the Youth Council would be on hand at the RibFest on May 10th sponsoring a distracted driving event and invited everyone to attend and spread the word.

National Youth Traffic Safety Month

Whereas, the City of Eden recognizes youth traffic safety as a vital concern for the youth of the City of Eden; and

Whereas, the City of Eden recognizes our youth are an asset we cannot afford to lose to needless crashes; and

Whereas, each person including parents, educators, law enforcement, elected leaders, community leaders, and youth themselves must play a part in protecting our youth and educating them and their families about youth traffic safety; and

Whereas, the month of May is an opportune time to increase awareness concerning youth traffic safety as the prom season, graduations, and summer vacation months are a time of particular concern; and

Whereas, the City of Eden Youth Council is sponsoring a Distracted Driving Awareness program to be held during Ribfest on May 10, 2014.

Now Therefore, I, Wayne R. Tuggle, Sr., Mayor of the City of Eden, North Carolina, do hereby proclaim the month of May, 2014, as "National Youth Traffic Safety Month" in the City of Eden, and I commit this observance to the people of the City of Eden.

Dated this 15th Day of April, 2014

By: Wayne R. Tuggle, Sr

SET MEETING AGENDA:

Mayor Tuggle explained that they needed to add an item to New Business as item 10a.

Council Member Turner explained that this was for endorsement of Mr. Greg Frey, former wrestling coach of Morehead High School. They would be endorsing his nomination to the North Carolina High School Athletic Association Hall of Fame.

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A motion was made by Council Member Ellis seconded by Council Member Carter to add item 10a to New Business and to set the meeting agenda. All Council Members voted in favor of this motion.

PUBLIC HEARINGS:

- a. Consideration and approval of an application to the North Carolina Division of Community Assistance for funds under the 2013 North Carolina Community Development Block Grant (CDBG) Infrastructure Program as provided by the US Department of Housing and Urban Development (HUD). This application to apply for a grant not to exceed \$3,000,000 to be used to provide rehabilitation to both the Junction and Bridge Street Sewer Pump Stations.

Mayor Tuggle declared the public hearing open and asked Ms. Kelly Stultz, Director of Planning & Inspections, to come forward.

Ms. Stultz explained that the City of Eden, like other non-entitlement cities in North Carolina, competes for funding through the Community Development Block Grant Program. The funding we are requesting is for infrastructure improvements.

As the time for application approaches, we are required by the Department of Commerce to hold a public hearing.

The purpose of this hearing is for the approval of an application to the North Carolina Department of Environment and Natural Resources for funds under the 2013 Community Development Block Grant Program as provided by the US Department of Housing and Urban Development (HUD). The city will be applying for a grant not to exceed \$3,000,000 to be used to provide rehabilitation to both the Junction and Bridge Street Pump Stations.

Mayor Tuggle stated that she said that the maximum they could ask for was \$3 million at one time. He questioned what if this was to be approved could they ask again.

Ms. Stultz replied that they could not until all of this \$3 million was spent and the grant was completed out of the Community Development Block Grant money. She added that it was also possible that should they ask for \$3 million that they would only grant them part of it in this cycle and then they would be free to ask for some more.

Council Member Turner asked when they would know something.

Ms. Stultz indicated that it takes some time however the State of North Carolina has been in trouble with the Feds for not getting these grant monies out. Right now they have 2013 and 2014 money that they have to get out and by the beginning of next year the 2015 money. She believed they would be in a bigger hurry to get it out at this point.

Mayor Tuggle mentioned some guidelines and number of points that they could get for an Administrative Order versus a Consent Order. He knew that this was something that

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would not take place now but when the legislature meets they could change that. He asked if that was included in this at all or did it have anything to do with it.

Ms. Stultz explained that as they begin to go through the new guidelines that DENR put out it was always handled in Commerce before. One of the things that they decided was that nothing could be spent on private property. When they did Indian Hills they were able to log off septic tanks and repair lines on low to moderate income property. She explained that one of the things you have to do no matter what kind of grant it was, if you get it from PUD it was through the low to moderate income benefit. She asked them to imagine that if she came and tried to survey them to get their income information and the number of people in their household but she was not going to do anything for them, she would not be very successful. She pointed out that was one of the things that they require; a survey of the grant area. They have been able to do that in the past but this time it was impossible. She added that they have been lucky enough to qualify to apply for this grant by proving that more than 51% of the population of this community was low to moderate income. The other thing was that you get a lot of points if you are under a Special Order of Consent but you do not get those points for an Administrative Order. Mayor Tuggle made some arrangements for he, she and Mr. Terry Shelton, Director of Environmental Services, to talk to some folks at the State level who have some sway in the rulemaking and it would seem to her that an Administrative Order should give you more points. She noted that they were assured that some of these issues would be addressed.

She explained that another big problem with the program was the entitlement cities such as Greensboro or Winston or big counties like Wake. She explained that every year there was an allotted amount of money that they are entitled to. They just send them their plans for spending it and it comes back. Right now they can still do housing programs and things like building parks and those kinds of things with CDBG money but those who were not entitlement communities could only do water and sewer and for Eden that was a perfect thing right now but it was a bad plan for the future.

Council Member Burnette asked how big the pot was for the \$3 million.

Ms. Stultz explained that there were about 65 applications already in. She explained that as she talked to various people trying to learn about the survey problem, they did learn that they were going to do repeated cycles and they have a lot of money to do that. The fact that the county was a Tier I and had some other economic issues should help and certainly they have talked about the Administrative Order enough that should help them get some attention.

Mayor Tuggle stated that he had one other question. He stated that they had discussed the fact that their water and sewer rates were actually too low and that could hurt with grants. He asked if they were at the point now where they were supposed to be as far as water and sewer rates to get the maximum number of points.

Ms. Stultz replied that it would probably be a better question for Mr. Shelton or Mr. Corcoran but she knew that it had been worked on and she knew they had to stay there or

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they would not be eligible for a Community Development Block Grant or any other kind of funding, low interest loans. She explained that they expect their system to be able to support itself enough to move forward and to have rates to the point of sustaining that half of their business as water and sewer was separate from the general fund.

Mayor Tuggle asked if anyone would like to speak in favor or in opposition of this request. As no one came forward to speak he then declared the public hearing closed.

A motion was made by Council Member Burnette seconded by Council Member Ellis to approve this request to apply for a grant from the NCDENR for funds under the 2013 Community Development Block Grant Program. All Council Members voted in favor of this motion.

REQUESTS AND PETITIONS OF CITIZENS:

No one spoke at this time.

UNFINISHED BUSINESS:

There was no unfinished business at this time.

NEW BUSINESS:

- a. Consideration of Endorsement of a nomination of Mr. Greg Frey to the North Carolina High School Athletic Association Hall of Fame.

A motion was made by Council Member Epps seconded by Council Member Carter to approve the endorsement of a nomination of Mr. Greg Frey to the North Carolina High School Athletic Association Hall of Fame. All Council Members voted in favor of this motion.

REPORTS FROM STAFF:

There were no reports at this time.

CONSENT AGENDA:

- a. Approval and Adoption of Minutes: February 22 and March 18, 2014.
- b. Request for temporary sign from Cindy Adams, Coordinator of Tourism & Special Events/Projects for the Annual Pottery Festival on June 7, 2014.

The Planning Department has received a request for temporary signs to be located in the public right-of-way at NC 14 and Arbor Lane (at BB&T) and in front of Kingsway Plaza shopping center. The request was submitted by Cindy Adams, Coordinator of Tourism and Special Events, for the Annual Pottery Festival to be held on June 7, 2014.

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c. Approval and Adoption of Budget Amendment #10.

When the City purchases vehicles with installment purchases, it is required to show the loan proceeds as revenue and the payment to the vendor as an expenditure in the financial statements. The attached amendment increases the Water & Sewer Fund revenue line item "loan proceeds" and also increases the Billing & Collections Capital Outlay – Vehicles line item for the truck that was purchased with loan proceeds.

Subject: Budget Amendment # 10

	Account #	From	To	Amount
Water & Sewer Fund Revenues				
Loan Proceeds	30-3850-85000	\$ 130,800.00	\$ 154,900.00	<u>\$ 24,100.00</u>
Water & Sewer Fund Expenditures				
B/C C/O Vehicles	30-7115-55000	\$ -	\$ 24,100.00	<u>\$ 24,100.00</u>

To allocate loan proceeds for the Billing & Collections truck.

Adopted and effective this 15th day of April, 2014.

Attest:

Sheralene Thompson, City Clerk

Wayne Tuggle, Mayor

d. Consideration of Traffic Study Request in Reference to Changing the Speed Limit on Moir Street and Approval and Adoption of an Ordinance to Reduce the Speed Limit on Moir Street.

A traffic study request was received from Council Member Jim Burnette in reference to changing the speed limit on Moir Street. The speed limit on Moir Street is currently 35 MPH. Moir Street is primarily a residential area approximately five blocks in length with a number of streets intersecting, leading from both residential and business sections of the City.

Due to the length of Moir Street, it was determined that a survey in reference to the proposed speed limit change should be sent to each of the property owners (65 in number) along Moir Street. A survey was prepared and sent to each of the property owners. 33.84% (22 of 65) responded. 86.36% (19 of 22) of the respondents were in favor of reducing the speed limit to 25 MPH. Only 13.64% (3 of 22) of the respondents were in favor of keeping the current 35 MPH speed limit.

Of the respondents in favor of reducing the speed limit to 25 MPH, two mentioned a concern for the safety of seniors living in the area and eight mentioned a concern for the safety of children living in the area.

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A visual survey of posted speed limits in the area shows that Oak Street, Irving Avenue, Glovenia Street, and Manley Street are posted 25 MPH and that The Boulevard is posted 20 MPH.

The Police Department's recommendation is that the speed limit for the entire length of Moir Street be reduced to 25 MPH.

e. Consideration of Uncollectable W&S and Miscellaneous Billing.

After review of the attached accounts, it is evident that these are legally uncollectible. Based upon this and upon recommendation of our accountant Judy Rouse, we request that the following amounts be written off so they will no longer show as delinquent accounts receivable. Continuing to include such amounts in the financial records of the City could result in a distorted aged trial balance:

The attached list includes \$70.10 Miscellaneous Billing, and \$6,338.36 W&S Accounts older than 10 Years and no Social Security Numbers for a total of \$6,408.46. These accounts do not have sufficient evidence for filing a legal claim. If we have social security numbers on accounts and the amount owed is \$50.00 or more, we submit the delinquent debt to the North Carolina Local Government Debt Setoff Clearinghouse. It is staff's recommendation that the removal of these accounts will more accurately reflect the amounts that are actually due and collectible by the City of Eden.

Please note there are still delinquent accounts on the books that are 10 years old or less that staff feels that there is a possibility of collecting from Bankruptcy Courts or from individuals coming in to sign up for new services. We will continue to monitor these accounts on an annual basis and make annual recommendations to remove accounts that are uncollectable.

A motion was made by unanimous consent to approve the Consent Agenda. All Council Members voted in favor of this motion.

BREAK:

Mayor Tuggle called for a five minute break before moving on to the Budget Work Session.

MEETING CONVENED:

13. Budget Work Session.

Mayor Tuggle recognized the City Manager, Mr. Brad Corcoran.

A complete notebook of all budget work session materials is located in the Office of the City Manager.

Proposed Budget for FY 2014-15

Mr. Corcoran explained that the FY 2014-15 budget as submitted included the following:

He noted that it does not raise the current tax rate of \$0.609 per \$100 assessed valuation. There is no cost-of-living allowance pay increases or performance based merit pay

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increases. The budget maintains the number of full-time personnel at 179 positions. He noted that there were 203 full-time positions in FY 1995-96 and 189 during FY 2000-01.

He explained that the budget includes \$750,000 in contingency funds (General Fund - \$500,000 and Water/Sewer Fund - \$250,000) for unforeseen declines in revenue and/or unanticipated expenditures. It also includes projected water and sewer service charge revenues (Raftelis Financial) from the previously adopted water and sewer rate increase which becomes effective on July 1, 2014 to deal with the unfunded mandates on their water and sewer systems.

He explained that it includes funding for \$9,956,400 in unfunded mandates for the EPA Administrative Order (sewer) and Disinfection/Disinfection Byproducts Rule (water). It also includes an additional \$1,568,700 for other capital outlay needs not related to the unfunded mandates.

The combined budgets include a total of \$1,888,200 in principal payments and an additional \$410,400 in interest payments for total payments of \$2,298,600 related to long-term and short-term debt.

Mr. Corcoran explained that he was pleased to report that the existing tax rates will not change and Eden still remains the lowest in the County as they exist today.

County/Municipal Tax Rate
Existing Tax Rates

- Eden \$ 0.609 – *Lowest In County*
- Madison \$ 0.73
- Mayodan \$ 0.63
- Reidsville \$ 0.71
- Rockingham County \$0.696
- Stoneville \$0.67
- Wentworth Not Applicable

He explained that the combined budgets for fiscal year 2014-15 equal \$35,494,000. This is an increase of **\$7,794,000** or approximately 28.14% when compared to the current combined budgets of \$27,700,000.

The main reason for the increase is various projected expenses which are included in the budget but were not a part of the current budget when it was adopted last May. Some of these include:

EPA-AO Tanyard Branch Outfall Sewer Project	\$4,263,500
EPA-AO Matrimony Creek Sewer Project	\$2,178,700
Six – Water Line Replacement Projects	\$ 278,000
Grogan Park Project	\$ 250,000
General Fund Contingency Account Increase	\$ 250,000

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EPA-AO Condition Assessment – Junction Basin	\$ 225,000
Total	\$7,445,200

Mr. Corcoran provided a more detailed breakdown of the FY 2014-15 budget that indicated the following:

<u>Summary (Funds)</u>	<u>14-15 Budget</u>
General	\$14,297,600
Water & Sewer	\$18,639,600
Self-Insurance	\$ 2,376,800
Police Pension	\$ 108,500
Emergency Communications	\$ 45,300
Runabout Travel	\$ 17,000
Municipal Service Tax District	\$ 9,200
	\$35,494,000
Less:	
Inter-fund Transfers	\$ 2,017,300
Appropriated Fund Balances	\$ 1,250,000
Grants/Principal Forgiveness Loans	\$ 3,335,100
0% Interest Loans	\$ 4,973,700
Pass Thru Funds – Grogan Park, Runabout Travel & MSD	\$ 276,200
	\$11,852,300
Total New Recurring Revenue	\$23,641,700

He pointed out that this was pretty consistent compared to previous years.

Inter-Fund Transfers

Mr. Corcoran explained that Inter-Fund transfers are funds within the budget that are shown as revenue and expenditures in two different locations.

The budget includes \$2,017,300 in inter-fund transfers:

- A. \$1,900,500 – Group Insurance payments in the General Fund and Water/Sewer Fund and then again in the Self-Insurance Fund.
- B. \$108,400 – Separation Allowance payment in the Police Department and then again in the Police Pension Fund.
- C. \$8,400 – Contribution to General Fund for IT/GIS services in the Emergency Communications Fund and then again in the General Fund.

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Appropriated Fund Balances

The appropriated fund balances budgeted to be used during FY 2014-15 is \$1,250,000.

<u>Fund</u>	<u>Reason</u>	<u>14-15 Budget</u>
General	Pass Thru private contributions for Grogan Park.	\$200,000
General	Additional funds in the event decisions are made to proceed with projects not specifically funded in the budget such as the replacement of Ladder Truck 4 in the Fire Department and/or the aquatic facility or senior center/recreation complex within the Parks & Recreation Department. These additional funds are in the Contingency account.	\$250,000
Water/Sewer	To fund EPA Administrative Order related capital outlay needs allocated to the Sewer Construction budget.	\$800,000

Grants/Principal Forgiveness Loans & 0% Interest Loans

The FY 2014-15 budget includes \$3,335,100 in grants/principal forgiveness loans for the following:

A. NC Clean Water State Revolving Fund – Matrimony Creek	\$1,000,000
B. NC Clean Water State Revolving Fund – Tanyard Branch	\$1,000,000
C. NC Clean Water Management Trust Fund – Tanyard Branch	\$ 165,000
D. Duke Energy Reimbursement – Chloramines Project	<u>\$1,170,100</u>
Total	\$3,335,100

The FY 2014-15 budget includes \$4,973,700 in 0% interest loans for the following:

A. NC Clean Water State Revolving Fund – Matrimony Creek	\$1,178,700
B. NC Clean Water State Revolving Fund – Tanyard Branch	\$2,394,500
C. NC Clean Water State Revolving Fund – East Kuder Street	<u>\$1,400,500</u>
Total	\$4,973,700

Pass Thru Funds

Pass Thru Funds are non-taxpayer funds where the City acts as the custodian for both the revenues and expenditures that are related for a specific purpose.

A total of \$276,200 are included in the FY 2014-15 budget for three different purposes:

- A. Runabout Travel Fund - \$17,000
- B. Municipal Service District Tax Fund - \$9,200
(Leaksville - \$7,600 & Draper - \$1,600)

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C. Grogan Park - \$250,000

The budget document includes a 5 Year Capital Improvement Plan (CIP) that equals \$49,877,400.

The Tax and Service Rates section of the budget outlines all of the tax and service rates for the upcoming year.

The budget message and personnel sections of the budget outline all of the pertinent information concerning personnel.

The budget message includes detailed information about the July 1, 2014 water and sewer rate increase adopted by the City Council on March 18, 2014 in response to the unfunded mandates on our water (Disinfection/Disinfection Byproducts Rule) and sewer (EPA Administrative Order) systems.

Mr. Corcoran closed by extending a sincere thanks and appreciation to each of the department/division heads and their staff members for the excellent work they do on a daily basis. He stated that for the past several years, staff has been called upon to reduce its operational costs, to seek more grants and to provide the same level of services despite having significantly fewer full-time positions compared to the past. Despite staffing cutbacks and tough economic times – **NO** city services have been eliminated!

A special thanks to our staff for their initiative, dedication and a job well done!!!

Mr. Corcoran closed for questions and comments.

Mayor Tuggle asked Mr. Corcoran to explain how this perfect storm came together in a negative way. With a reduction in rates and how they have lost manufacturing, water and sewer, revenue and yet the administrative order has come along and storm water could be \$300,000 up ahead.

Mr. Corcoran asked them to roll the clock back to 2005. At that time they had Liberty Textiles, National Textiles (HanesBrands) and even Parkdale Mills. Then, by 2006 hundreds of jobs were lost and as far as the impact on the city, nearly \$4 million in net water and sewer revenue was lost. He asked them to just think about what could be done if they had that \$4 million today. So, as those companies left, the percentage of revenues coming in was being shouldered by residents as they had less industry yet when money was good and their sanitary sewer overflows were at an astonishingly high level they heard nothing.

He added that the overflows averaged over 2 million for several years yet they heard nothing. He explained that the Council was very committed and the city spent over \$30 million on capital needs since 2001 and over \$16 million alone just for the sewer system. Then, the EPA came and the city was under an administrative order. He pointed out that as they could see, as that has progressed the cost estimate from their engineers continues to

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go up each time they receive a new cost estimate. He explained that the most recent was near the \$50 million mark but again probably more alarming or troubling was the fact that the assessment work was not done yet. In other words they have no idea what they will find when they do that work. Mr. Mark Fisher of the engineering firm of W K Dickson had talked about the siphon under the water and what they may or may not find there so there were still some unknowns and at the same time they have other regulations such as the Disinfection/Disinfection Bi-Products Rule, the whole bromide issue came about and obviously they were very fortunate that Duke Energy stepped up and was assisting with that. He added that besides those projects they still have the normal wear and tear on water lines installed many years ago and asphalt needs. He also added that Ms. Tammy Amos, Engineering Projects Manager, had mentioned the condition of the road and that they want to do everything over a set period of time. They would really need to spend over \$900,000 a year to do that and unfortunately they were only getting less than \$500,000 in Powell Bill funds.

Mayor Tuggle stated that he believed he had said that year before last they contributed a half million dollars to that.

Mr. Corcoran explained that year before last the city did contribute an additional \$500,000 but again as Ms. Amos would tell them that was a need every year. He noted that when he first came to Eden in 2001 they were under a threat of facing Storm Water Phase 2 regulations and they keep telling them that they were not there yet but the reality was that if that day hits then there would be yet another unfunded mandate. He stated that it was very tough and that was why they looked at the Mega Park. He explained that if they could get a large water or sewer user in here, then then they had the capacity and the infrastructure. He pointed out that when one of those industries leave they hardly save any money but when one of those industries comes in they hardly spend any money. He also pointed out that it could be a game changer and that was why they continue those efforts and plug away because there was optimism with the Mega Park but Eden was still here and they had to move forward. Eden was a certified retirement community and they have quality of life and that was why some of the things they have looked at were quality of life issues.

Council Member Burnette stated that they had just approved an application for \$3 million and that was not in the budget because they do not have any money. He asked if it would help them in the future, in terms of rates, if they were awarded any money as it would not help for this budget.

Mr. Corcoran explained that it was unknown as to what the final price tag would be. He explained that if it was \$45 million then that was \$3 million less that they have to worry about so instead of \$45 million they were down to \$42 million, so obviously it helped. He added that this was in the budget as well, Raftelis recommended a series of increases and he only went out 5 years. It showed some rather steep increases in the next few years and as he had said at the retreat, they have some notes out right now that were approximately \$15 or \$16 million. One was for 2007 and another for 2008 and that roughly has about \$1.3 or 1.4 million in annual debt service so their rates were already generating this \$1.4

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million dollars for this \$15 or \$16 million dollars and they would pay that off in 2021/2022. So, when they submit a remediation plan, if they could get the EPA to work with them and structure the implementation of these projects such that they could delay some until after 2021/2022 when they pay it off then they could take that money that was already in their rate structure that was going to this debt service and put it in this debt service over here. He pointed out that their goal was to minimize future rate increases and do better than what the Raftelis projections were.

He explained that he hoped that they did not have to raise rates again for quite a while but a lot of that will depend on how successful they were at getting some of these grants and how successful they were when it comes to negotiating with the EPA in terms of getting a time table that was acceptable based on what their financial condition was. He stated that it would be based a lot on how their economic development efforts were because it can go the other way too just like it would be fantastic if they brought in a large water and sewer user tomorrow and it would really help their system imagine, but what happens if you lose one. He asked them to imagine what would happen if Miller Coors were to leave. He explained that it was hard to stand there and tell them with certainty that this was going to happen but he could tell them that they, as a staff, were doing everything they could to get free money and when it was not free money then get it to where it was zero percent interest. They also intend to do everything they can to implement the requirements over a longer period of time as conducive to what their financial situation was and they were committed to working on economic development, tourism, and quality of life to try to attract some companies in here who might ease the burden.

Mayor Tuggle stated that if they were not in compliance it was \$37,500 a day per violation. They just have no choice and he thought it was interesting to know that they were the only city under an Administrative Order. He pointed out that Eden was less than a hundred thousand gallons (SOC's) and recently Burlington had 3.5 million and Thomasville had 20 million gallons, which was 5 million a year. He stated that there were a number of them and yet Eden was the only one in the whole state who was under an Administrative Order from the EPA and that did not make any sense.

Council Member Burnette commented that he thought they had a fair understanding of what they were facing and he thought they had given him a large challenge in putting the budget together and he wanted to say that he appreciated the job that he and his staff have done.

Mr. Corcoran replied that he appreciated that and if they looked through the budget department by department, they all sacrificed. He stated that there were things that every department asked for and you cannot do everything. He explained that it was his job to make sure it was balanced when it comes to Council so you try and see what was important to the departments and he thought they understood that as well. There was a lot of other good projects and needs that were submitted some much more expensive than others. He explained that when they started the very first one just to show them the magnitude, the General Fund Expenditures were \$2 million more than the General Fund Revenues and the Water & Sewer Fund Expenditures were \$2 million more so when he got the initial

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estimates on the revenue and expenses when he got ready to begin it was over \$4 million in the hole. So it was very tough.

Council Member Turner mentioned the cost of gas.

Mr. Corcoran explained that gas has gone up a lot but they were fortunate. He stated that if they look at the actual projection for this year versus the actual budget it looked like they were going to come under that, but you never know with the gas. He did have some historical data in there and they would see where that had gone up over the course of time. Recently it has remained relatively constant but who knows. A real alarming thing was that if you look at the facts in there about the interest income and the fact that in just 2007 they were earning over \$700,000 which was about ten cents on their tax rate. Now, with more money in the bank than they had then, they were earning basically nothing. Little things like that, you take a hit here and a hit there and again it underscores the importance of the new annexation in lieu agreements that we got last year. He asked them to imagine where they would be if they had not received the new annexation in lieu of agreements renegotiated last year that brings in another \$600,000 or \$700,000.

Mayor Tuggle stated that the annexation laws could have knocked the city out of every bit of that too.

Mr. Corcoran agreed that it was tough but they succeeded despite the annexation. The laws certainly did not help; they made their case much more difficult. He stated that at least for a few years they know that money was going to be there. Had they lost that, it would have been a huge hit.

Mr. Burnette asked when they would expect the final to be in on the assessment from W K Dickson.

Mr. Corcoran replied that he thought Mr. Fisher was hoping to wrap all of that up in the early summer. They would then hope to submit the remediation plan by early fall.

As there were no other questions, Mayor Tuggle recognized the city's staff and how hard they worked. He also thanked the City Manager for his hard work.

ANNOUNCEMENTS:

Council Member Ellis mentioned that there was a tournament going on at Rockingham County High School on Wednesday and Thursday and Morehead Girls' Softball Team would be playing.

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ADJOURNMENT:

A motion was made by unanimous consent to adjourn. All Council Members voted in favor of this motion.

Respectfully submitted,

Sheralene S. Thompson,
CMC, MMC, NCCMC
City Clerk

ATTEST:

Wayne Tuggle, Sr., Mayor