

Salisbury, North Carolina
December 16, 2003

REGULAR MEETING

PRESENT: Mayor Susan W. Kluttz, Presiding; Mayor Pro Tem, Paul B. Woodson, Jr.; Councilmen William (Bill) Burgin; William (Pete) Kennedy; Mark N. Lewis; City Manager, David W. Tremé; City Attorney, F. Rivers Lawther, Jr.; and City Clerk, Myra B. Heard.

ABSENT: None.

The meeting was called to order by Mayor Kluttz at 4:00 p.m. The invocation was given by Councilman Kennedy.

PLEDGE OF ALLEGIANCE

Mayor Kluttz led those present in the Pledge of Allegiance to the United States flag.

RECOGNITION OF VISITORS

Mayor Kluttz recognized all visitors present.

RECOGNITION OF W.G. "BILL" HEFNER MEDICAL CENTER - 50TH ANNIVERSARY CELEBRATION

Mayor Kluttz informed Council that she had participated in a celebration of the 50th anniversary of the W.G. "Bill" Hefner Medical Center on December 6, 2003. Mayor Kluttz recognized Ms. Sheila Womack, representing the Director of the V.A. Hospital and presented her with a Certificate of Recognition in honor of the hospital's 50th anniversary.

RECOGNIZE 2003 CITY EMPLOYEES WITH 5, 10, AND 15 YEARS OF SERVICE

Mayor Kluttz recognized the following 2003 Service Award Recipients:

15 Year Honorees:

-
Becky Albrecht - Information Technologies Division
Daphne E. Beck - Landscape Division - Hurley Park
D. Keith Bowersox - Technical Services Division
Donnie Crowder - Parks and Recreation Department
C. Michael Crowell - Information Technologies Division
William H. Elliott - Fire Department
Vicky K. Jordan - Administration
Jerry B. Kepley - Plants Maintenance Division
Daniel J. Mikkelson - Land Management & Development Department
Jerry E. Pickler - Transit Division
John W. Ritchie - Technical Services Division
Linn Hayes Russell - Police Department
James W. Wise - Wastewater Treatment Division

10 Year Honorees:

-
Trevor J. Allen - Police Department
Tyrone Bacon - Solid Waste Division
Joel "Jay" P. Baker - Fire Department
Ann Morris Cooper - Police Department
Robert P. Holmes - Water Sewer Maintenance Division

Mark A. Hunter - Police Department
Karen C. Ingram - Human Resources Department
Wiley B. Lamm - Police Department
Tony V. Meece - Information Technologies Division
Brian L. Moore - Solid Waste Division
James E. Woods - Cemetery Division

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5 Year Honorees:

-
Jennifer L. Beattie - Police Department
Clara A. Bost - Finance Department
Michael A. Colbert - Police Department
Marie F. Davis - Water Sewer Maintenance Division
Anthony M. Dito - Solid Waste Division
Samuel Wade Furches, III - Finance Department
John H. Garrison - Wastewater Treatment Division
C. Diane Gilmore - Finance Department
H. Randy Goodman - Fleet Services Division
James B. McAdam - Meter Services Division
Guy W. McGuire - City Office Buildings
Joseph P. Miller - Police Department
Aaron G. Moore - Police Department
Jeffrey D. Parker - Water Resources Division
Kevin M. Rainey - Plant Maintenance Division
M. Scott Ridenhour - Fire Department
Alson G. Siler - Plant Maintenance Division
Jack W. Wilson, Jr. - Street Maintenance Division

Mayor Kluttz thanked the employees noting they make the City a special place.

CONSENT AGENDA

(a) Minutes

Approve Minutes of the regular meeting of December 2, 2003.

(b) Group Development Site Plan G-12-03 - Mt. Zion Baptist Church

Approve Group Development Site Plan G-12-03, Mt. Zion Baptist Church, 1920 Shirley Avenue.

(c) Street Closing - First Fest Night

Approve closing the 100 block of South Church Street and the 200 block of West Fisher Street from 6:00 p.m. until 12:00 a.m., December 31, 2003 for Rowan 250 Fest "First Fest Night."

Thereupon, Mr. Kennedy made a **motion** to adopt the Consent Agenda. Mr. Woodson seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE. (5-0)

2003 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Mr. Victor Blackburn, accountant with McGladrey and Pullen, presented Council with the 2003 Comprehensive Annual Financial Report (CAFR).

Mr. Blackburn noted several changes in reporting requirements for the fiscal year. He stated that because of the adoption of Governmental Accounting Standards Board No. 34 (GASB 34), changes were made in the format of the financial statement from the previous year. This year the CAFR includes a Management Discussion and Analysis, which is an executive summary of what has occurred in the City during the past year and how the City performed as compared to its budget and last year. Other changes include new statements called the Statement of Net Assets and the Statement of Activities. Mr. Blackburn stated that these were included this year because under GASB 34 changes were made to use a full accrual basis of accounting. He explained that this meant revenues and receivables are recognized no matter when they are due to be collected. Liabilities will be accrued when they are incurred, no matter when they are paid.

Mr. Blackburn informed Council that another significant change under GASB 34 is the capitalization of infrastructure, noting that this primarily included the City streets.

Mr. Blackburn stated that the audit opinion for the financial statements, including the federal and state awards received by the City, was an unqualified opinion. He explained that this meant there were no questionable items or findings. Mr. Blackburn commended Mr. John Sofley, Finance Director, and staff for their outstanding work on the financial records.

Mr. Blackburn noted that in the general fund the cash account is down; however current assets are up approximately \$250,000 from last year. He explained that the cash is down because some receivables were recorded at year end that had not yet been collected as of June 30.

Mr. Blackburn pointed out that in the water/sewer fund there is approximately \$900,000 in unrestricted cash to be used as necessary within the water and sewer department.

In the general fund last year there was a deficit of approximately \$930,000 due to the State withholding funds that had already been budgeted. Mr. Blackburn noted that City staff tightened the current year's budget, which resulted in an overall increase of approximately \$200,000. He noted that this is a \$1.1 million dollar swing from last year and added that he felt this is extraordinary.

Mr. Blackburn told Council there was also a \$200,000 increase in the water and sewer fund.

Mayor Pro Tem Woodson commented that it sounded as if the City was doing very well financially.

Councilman Lewis asked how long the streets were amortized. Mr. Blackburn replied that the streets are amortized for twenty-five (25) years.

City Manager Treme commented that he had questioned the GASB 34 requirement to amortize streets but noted it insures to the bond rating agencies that the City is budgeting money to maintain the fixed assets.

Mr. Treme noted that Council experienced a deficit last year and many departmental budgets were cut. He stated that he felt this was the third of three very difficult years. Mr. Treme added that he felt the management team has done an excellent job to have a positive result in both funds, and to present an audit with an unqualified opinion and is in full compliance.

Councilman Burgin inquired about the fund balance percentage. Mr. Treme replied that the fund balance is 11% and the state asks that the fund balance be at 8%. He noted that this included funds that are obligated for certain projects.

Mayor Klutz thanked Mr. Blackburn for his presentation. She recognized the City Finance Department and thanked them for their work.

Mr. Lewis noted that the City is still rated A-1 by the bond rating companies and he commended Council and staff noting that this will save the City money when money is borrowed.

LEASE PURCHASE - TELECOMMUNICATIONS CAPITAL IMPROVEMENTS

Ms. Teresa Harris, Budget and Performance Management Manager, discussed financing telecommunications equipment as approved in the budgetary process. She stated that the City has entered into a contract with Motorola for the purchase of the equipment. She noted that there is a Resolution of Reimbursement in place for the equipment. Ms. Harris stated that staff investigated borrowing money as bank qualified but will not be able to do so again until 2004 because debt was refinanced in 2003. She stated that now is the time to begin the process for Local Government Commission (LGC) approval. She asked Council to adopt a resolution to provide the authority for staff to apply to the LGC for financing approval, and name the City's Finance Director as its representative for securing the financing. The resolution will also direct the Finance Director to solicit financing proposals from qualified financial institutions.

Thereupon, Mr. Woodson made a **motion** to adopt the \$1,990,000 lease purchase financing for the financing of acquisition, construction, and telecommunications capital improvements. Mr. Burgin seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Klutz voted AYE. (5-0)

LEASE PURCHASE RESOLUTION FOR FINANCING OF ACQUISITION, CONSTRUCTION, AND EQUIPPING OF CERTAIN TELECOMMUNICATIONS CAPITAL IMPROVEMENTS.

(The above resolution is recorded in full in Resolution Book No. 11, under Chapter XII - Miscellaneous, at Page No. 73, and is known as Resolution No. 2003-55.)

City Manager Treme commented that improving telecommunications was one of Council's top goals for the year.

TIME WARNER CABLE

Mr. Michael Crowell, Information Technology Manager, informed Council that Time Warner Cable has announced a rate increase that will be effective January 1, 2004. He introduced Ms. Sue Breckinridge, Vice-President Public Relations with Time Warner, and Mr. Malcolm Graham, Director of Government Relations, and Ms. Sue Kahn, local office manager. Mr. Crowell also introduced Mr. David Harris with the Piedmont Triad Council of Governments.

Ms. Breckinridge indicated that cable rates will be raised by approximately 5% for 2004. She stated that the rate increase was necessary as a means to recover their cost of operation in this community. Ms. Breckinridge explained that Time Warner must follow guidelines from the Federal

Communications Commission (FCC) in determining the rate increases. When Time Warner reviews their calculations for each year they use an estimated figure for the Consumer Price Index (CPI). She noted that they typically underestimate the figure and when the prices are reviewed for the next year they include the underestimated difference in their calculation for the rate increases. Time Warner refers to this as the "true up" process. Ms. Breckinridge stated that another expense in the basic tier of service is the copy right fees that are paid to broadcasters in order to carry their signals. She stated that in the cable program tier the copy rights fees are the single largest cost incurred by cable companies. She indicated that they have to pay their programmers on a per subscriber basis in order to carry the signal. The rate increases Time Warner has received from their programmers have been as high as 60% but average between 12-15%. Ms. Breckinridge stated that Time Warner has worked very hard to keep their rate increases in the single digits, such as the 5% increase for 2004.

Ms. Breckinridge told Council that as the cable provider for Salisbury-Rowan County they are very committed to giving back to the community. She noted that they have given a little more than \$200,000 back to the community through donations and in-kind services.

Councilman Burgin stated that as an elected body, Council is responsible to the citizens when increases occur. He added that the hardest increases are the ones over which Council has no control. He asked Ms. Breckinridge about the costs involved with system improvements, asking how much applies to Salisbury's portion of the system. Ms. Breckinridge replied that Time Warner is only allowed to calculate the costs of doing business in Salisbury when determining the rates for the community. They are not allowed to include costs of doing business in other communities.

Mr. Burgin asked if the costs of improvements to services such as Road Runner are included in the costs for basic tier cable or for customers who may not use the other premium services. He asked if the costs are broken down for the premium services and the basic services.

Mr. David Harris, Piedmont Triad Council of Governments, informed Council that in the basic cable rates only those costs associated with the basic cable services can be used. He added that the other premium services can not be added into the rate structure for basic cable services.

Mr. Burgin asked if the cable system had made improvements that justified the 7.3% basic increase. Mr. Harris stated he had not audited the rates, but that all cable operators have experienced rising programming costs over the last 2-3 years.

Mayor Pro Tem Woodson stated that he had many complaints from citizens concerning the rate increases. He noted that many people can not find a job or are taking jobs at lower rates of pay. He added that with the economy in Rowan County being down he hated to see this increase.

Ms. Breckinridge stated that they felt empathy for the problems in Rowan County and the region and they had worked hard to keep the increase to 5%. She noted that they had trimmed their budgets to keep costs low to their customers.

Mr. Burgin asked about the "true up" process to recoup the underestimated CPI figures from previous years, stating that if inflation is down it will help when the figures are determined for next year. Ms. Breckinridge confirmed that it should have a positive effect.

Mr. Burgin stated that he wanted citizens to know that Council has very little control but he felt it was very important for Council to ask these questions.

Mr. Woodson stated that he felt the rate increases were excessive and he wanted to make sure that Time Warner understood.

Ms. Breckinridge stated that Time Warner has to be responsible in their business in order to stay in business.

Councilman Kennedy asked what the highest rate increase Time Warner could have taken was. Ms. Breckinridge did not have this information.

Councilman Lewis asked how many Time Warner employees were in Rowan County. Ms. Breckinridge replied that there were thirty (30) in Rowan County.

Mayor Klutz noted that this issue is frustrating for Council because of the economy and the City's efforts to reduce costs for citizens. She added that for some people this is their only means of entertainment and asked Ms. Breckinridge to please keep this in mind and to do all that is possible to keep the rates low.

RESOLUTION OF CONSIDERATION FOR ANNEXATION

Mr. Joe Morris, Community Development Manager, and Mr. Bill Dustin, Centralina Council of Governments spoke to Council concerning a Resolution of Consideration of Annexation.

Mr. Morris told Council that the resolution includes a map, Appendix A, which shows the areas under consideration. He noted that the area is the City's Extra Territorial Jurisdiction (ETJ) area, as well as an area that is tied to a study with the Vision 2020 Plan.

Mr. Morris explained that the resolution is a tool to establish a method of notification to allow citizens living in the areas that the area could be under consideration for qualification for annexation. He noted that staff may return to Council at the end of 2004 to ask for re-adoption for the area of consideration.

Councilman Kennedy asked what has changed since the City last tried to annex some of the areas in consideration. Mr. Morris responded that there has been more development, but added that staff has not done the qualification study. He noted that the resolution is a broad tool to let citizens know what the City's intentions are and then to proceed to the next step, which will be to qualify the areas subject to annexation.

Mr. Dustin told Council that the Resolution of Consideration does not mandate Council to send notification to everyone within the area that it is under consideration. He added that in an involuntary annexation a one year hiatus is required between the time the City looks at an area and when it actually begins the process. Once the year has elapsed the annexation can be done in a relatively short time period. He noted that cities can annex without adopting a Resolution of Consideration by adopting an Intent to Annex, but this requires a one year hiatus at the end.

Councilman Burgin stated that only a very small portion of the areas under consideration will ultimately be annexed. Mr. Dustin confirmed, adding that not all of the areas shown in the map, Appendix A, are eligible for annexation at this time but it shows areas that the City has potential interest in. He stated that many cities routinely adopt Resolutions of Consideration for their ETJ areas and just keep them active.

Councilman Lewis asked if it is possible that after due diligence the City could find it has no areas it wants to annex. Mr. Dustin answered that the City may not have any areas it can annex, but by having the resolution in place the City is always in a position to perform an annexation in a relatively short time period, if it so chooses.

City Manager Treme stated that this is a strategy to employ and this area is part of the Vision 2020 and is becoming more urban. He noted that Council has suggested that staff look at annexation more comprehensively and this will allow staff to bring the areas back to Council to determine if Council wishes to move forward.

Thereupon, Mr. Lewis made a **motion** to adopt the Resolution of Consideration for Annexation. Mr. Burgin seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Klutz voted AYE. (5-0)

A RESOLUTION IDENTIFYING THE AREA DESCRIBED HEREIN AS BEING UNDER CONSIDERATION FOR ANNEXATION.

(The above resolution is recorded in full in Resolution Book No. 11, under Chapter XII - Miscellaneous, at Page No. 74, and is known as Resolution No. 2003-56.)

CENTRALINA COUNCIL OF GOVERNMENTS - ANNEXATION SERVICES SCHEDULE

Mr. Bill Dustin, Centralina Council of Governments, presented Council with a schedule of proposed annexation services. He noted that the schedule recommended Council adopt a Resolution of Intent in March 2004. Between March and June 2004, the City will conduct the necessary public forum informational meetings. The projected effective date is June 30, 2005. Mr. Dustin explained that there is a one year hiatus at the end of the period because, effective today, the one year hiatus is required up front. Since the Resolution of Consideration has not been in effect for one year, the hiatus will be required at the end.

Mr. Dustin told Council that Centralina Council of Governments will begin working with City staff to compile annexation statistics and qualifications to send to the Finance Department to determine the costs to provide services and what revenue will be generated. He stated that they will return to Council in spring 2004 with the annexation report and if Council wishes to proceed they will adopt the Resolution of Intent. He explained that this means the City has a specific intent to annex a specific area. The effective date will then be June 2005.

Mr. Joe Morris stated that this is provided to Council as information and staff will return in March should there be an area worthy of qualification for annexation.

COLLECTION SYSTEM PERMIT

Mr. Matt Bernhardt, Assistant City Manager for Utilities, Ms. Carol Hamilton, Environmental Services Manager, and Mr. John Vest, Deputy Utilities Director, addressed Council regarding North Carolina Department of Environment and Natural Resources (NCDENR) changes for sanitary sewer overflows.

Mr. Bernhardt informed Council that a new permit for the collection system was received from the state. He told Council that Salisbury-Rowan Utilities (SRU) operates a wastewater collection system of approximately four hundred seventy seven (477) miles of gravity sanitary sewer, fifteen (15) miles of force main and thirty (30) pump stations. In 1999, SRU was issued one of the first collection system permits (Number 19) in North Carolina.

Mr. Bernhardt explained that the new permit has a number of significant requirements and mandates contained within it. These requirements and mandates include:

- New performance standards of effective system management allow zero discharge to land or surface waters.

Mr. Bernhardt noted that between January and October 2003 SRU had 44 reportable sanitary sewer overflows (SSOs) of approximately 850,000 gallons.

- Enforcement actions will be issued for any SSO including Notices of Violation (NOVs) Civil Penalties, Fines, and/or Moratoriums.

Ms. Hamilton informed Council that 80% of the SSOs this year were due to inflow and infiltration (I&I). She noted that 2003 was one of the

wettest years on record, with over sixty (60) inches of rain. Ms. Hamilton stated notices of waste spill are reported to the media as well as the state.

Councilman Burgin asked how the spills were quantified. Mr. Bernhardt stated this it is often a challenge to estimate the flow, but it is based off of the capacity. Calculations use the capacity that is flowing and the duration of the overflow. He stated that staff does its best to estimate honestly and accurately.

Additional requirements with the new permit are:

- The new SSO reporting form has quadrupled in length, increased in complexity, and reduces the reporting time.
- Substantial increase in the number of records that will have to be kept.
- Educational and enforcement program for Fats, Oils and Greases (FOG).
- Funding must be designated in Capital Improvement Program (CIP) for collection system infrastructure.
- Changes mandated in construction standards for newly constructed, modified, and rehabilitated pump stations.
- Comprehensive mapping of ten (10) percent of the collection system is required each year for the next ten (10) years or until complete, whichever is sooner.
- Inspections of high priority lines required every six (6) months and observation of entire system every year.

Mr. Bernhardt told Council that in summary:

- SRU will work (and has been working) to comply with the new requirements and mandates as outlined.
- SRU will present a FOG program for Council's consideration early next year.
- SRU will be fined for SSOs, as will other systems.

Mr. Bernhardt commented that the State has begun its increased enforcement and every system will face a stiffer set of rules. City Manager David Tremé stated that if the State chooses to fine SRU there is no way to avoid the fines when there are heavy incidences of rain fall. Mr. Bernhardt explained that the sewer lines are placed where gravity will allow water to collect, but this is also where creeks, streams and storm drains run, which puts a lot of water in the proximity of the collection system.

Mr. Bernhardt informed Council that rates will be impacted as the State looks at evidence in each community that I&I problems are being addressed.

Mr. Bernhardt reviewed what staff has done so far:

- Created an I&I crew to work on identification and elimination of I&I on a consistent basis.
- Utilized some contract labor to make repairs when/where identified.
- Centralized compliance, permitting, and SSO reporting within one office of SRU, and improved reporting.
- Spent over \$500,000 over the last three (3) years towards I&I reduction.
- Created a GIS unit within SRU to begin mapping of our sewer system.

Mr. Vest informed Council that staff has made excellent progress in mapping the sewer system. He indicated that they have almost completed mapping the Rockwell sewer system and are working into Granite Quarry. He noted that by the end of next summer one-third (1/3) of the system mapping should be completed, which is ahead of the required ten (10) percent per year.

Mr. Burgin stated it is serious to fight the battle of unfunded mandates but it is important to citizens to know why some rates change year to year.

Mr. Tremé noted that the last time a review was performed two-thirds (2/3) to three-fourths (3/4) of the dollars spent by the City have been regulatory and not expansions, in response to requirements from the State.

Mr. Tremé stated that if the State decides to fine after a heavy rainfall the City will not be able to avoid the fine. He added that staff will do everything they can but the overflows will happen.

Mayor Pro Tem Woodson asked about the amount of the fines. Mr. Bernhardt replied that the fine will depend on the size of the overflow and if the State feels the system is making progress in going after the I&I. Mr. Tremé noted that the State has just begun this process. Mr. Bernhardt commented that the fines could be in the hundreds to thousands of dollars and in very severe cases several thousands dollars.

Councilman Lewis asked how Salisbury compared to other municipalities concerning overflows. Mr. Bernhardt answered that the City holds up

well considering it is a consolidated system and is extended over a broad area. He stated that forty-four (44) given five hundred (500) miles of lines and thirty (30) lift stations is good.

Mr. Treme told Council that the City reports every overflow, no matter the size. He added that staff will continue to do the best that they can.

Mr. Woodson asked how many treatment plants SRU operates and Mr. Bernhardt replied that there are two (2) plants and one (1) package treatment. He indicated that the Town of Spencer has been connected to the Grant Creek facility.

ESTATES DEVELOPMENT CORPORATION - DONATION OF PROPERTY

Mr. John Vest, Deputy Director of Utilities, informed Council that Mr. Tony Blackwell of Central Carolina Bank (CCB) approached the City concerning the donation of property located on US 29 South. He told Council that the City's welcome sign is located on the property and the City has maintained the property for several years. Mr. Vest noted that the property is approximately two (2) acres and carried a yearly tax bill of \$380.00.

Thereupon, Mr. Burgin made a **motion** to accept the two pieces of property and thank CCB/Estates Development Corporation for their gift to the City. Mr. Woodson seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Klutz voted AYE. (5-0)

COMMUNITY APPEARANCE COMMISSION APPOINTMENT

Mayor Klutz informed Council that Ms. Earlene Turner has resigned from the Community Appearance Commission due to health reasons. She indicated that Mr. Bill Safrit is interested in fulfilling the vacancy and he has experience having served on the Commission in the past.

Thereupon, Mr. Burgin made a **motion** to appoint Mr. Bill Safrit to the position. Mr. Kennedy seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Klutz voted AYE. (5-0)

COMMENTS FROM THE CITY MANAGER

(a) Planning Board Recommendations

Council received the Planning Board recommendations and comments from their December 9, 2003 meeting.

(b) Public Water Supply Inspection

Mr. Matt Bernhardt, Assistant City Manager for Utilities, recognized the staff of the water plant. The staff included: Jeff Parker, Floyd Rusher, Radenka Dragas, John Cornelison, Clint Mishak, Earl Short, Carol Hamilton, Keith Bowersox, and Randy Cauble. Mr. Bernhardt informed Council that there have been up to three (3) construction projects at the water plant at one time and staff has worked in the construction on a daily basis. He stated that the State was concerned about the construction projects and performed a special inspection. The North Carolina Department of Environment and Natural Resources (NCDENR) staff was so impressed they sent a letter commending the City staff's performance. Mr. Bernhardt stated that the plant never stopped producing and delivering safe, clean, drinking water to all of the citizens.

Mayor Klutz quoted from the NCDENR letter, "The entire staff associated with the City of Salisbury Water Treatment Plant should be commended for their continued efforts to produce the highest quality of drinking water possible during such a difficult construction period", and commented that the City and its citizens are very lucky to have these employees and the excellent job that they perform.

(c) Vision 2020 Update and Appointment of Code Revision Oversight Committee

Mr. Dan Mikkelson, Director of Land Management & Community Development, stated that the City is in a transition period between recommendations for things that are not yet in the ordinances. He noted that the community wants staff to move from the transition phase and into straightforward rules that they can depend upon. He stated that the schedule calls for the new ordinance to be prepared by January 2005.

Mr. Mikkelson stated that staff wanted to create a task force to work with staff and to review the proposed ordinances to ensure they are inline with Vision 2020, can be implemented, and that they are fair and easy to work with. He indicated he would like Council to appoint a Council Committee to work with staff to determine the make-up of the task force and recommend the nominees to the full Council.

Mayor Klutz appointed Councilmen Burgin and Lewis to a Council Committee to meet with staff and keep Council informed.

(d) City Council Retreat

City Manager Treme suggested February 19-20, 2004 for the Council's Future Directions and Goal Setting Retreat to be held at the Waterworks Visual Arts Center. By consensus, Council agreed to the proposed dates.

(e) Fire Department Grant

Fire Chief Sam Brady informed Council that the Fire Department has been awarded a grant through the Firefighters Grant Program in the amount of \$244,686. He stated that the money will be used to purchase equipment including radiation monitors. He stated that this will enable the department to

purchase a gator all terrain vehicle, a boat, and a trailer to house the equipment.

Chief Brady stated that the grant requires a ten percent (10%) match by the City and asked Council to approve a budget ordinance amendment to receive and appropriate the grant.

City Manager Treme noted that the City received a grant larger than many cities larger than Salisbury. He lauded the Fire Department and staff for their work in obtaining the grant for capital outlay.

Thereupon, Mr. Kennedy made a **motion** to amend the budget ordinance for FY 2002-2003 to accept the grant money of \$244,686. Mr. Woodson seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE. (5-0)

AN ORDINANCE AMENDING THE 2002-2003 BUDGET ORDINANCE OF THE CITY OF SALISBURY, NORTH CAROLINA TO APPROPRIATE ASSISTANCE TO FIREFIGHTERS GRANT

(The above ordinance is recorded in full in Ordinance Book No. 19, under Chapter II - Administration, at Page No. 48, and is known as Ordinance No. 2003-81.)

(f) Recognition of Finance Director John Sofley

City Manager Treme recognized Mr. John Sofley, Finance Director, and informed Council that Mr. Sofley has written an article published in the Governmental Finance Review. The article details how the City streamlined its purchasing system by moving from paper to plastic. Council congratulated Mr. Sofley for his work.

(g) Open Meetings Law

City Manager Treme distributed copies of the Open Meetings Law book from the Institute of Government to each Council member.

MAYOR'S ANNOUNCEMENTS

(a) Metropolitan Planning Organization Liaison

Councilman Bill Burgin will serve as liaison to the Rowan County Convention & Visitors Bureau and Councilman Mark Lewis will serve as liaison to the Metropolitan Planning Organization.

Mayor Kluttz asked Councilman Burgin and Mr. Joe Morris, Director of Community Development to serve as alternates on the Metropolitan Planning Organization board.

(b) Sustainable Environment for Quality of Life (SEQL)

Mayor Kluttz announced that SEQL will hold a meeting Thursday, January 22, 2004 from 4:00 – 6:30 p.m. in Mooresville.

(c) Attorney General Visit

Mayor Kluttz announced that Attorney General Roy Cooper will visit Salisbury tomorrow and Council members are invited to attend a reception held by Wallace and Graham Law firm.

(d) Donation of Bicycles

Mayor Kluttz announced that Gerry Wood Auto Center purchased 145 bicycles for underprivileged children. The Salisbury Police Department will deliver the bicycles on December 22, 2003. Mr. Wood also purchased teddy bears to go into each patrol car in case an officer encounters a child during Christmas. Mayor Kluttz thanked Mr. Wood, on behalf of Council, for his generosity and the Police Department for working closely with Mr. Wood.

GOALS REVIEW SESSION FY 2002-2003

City Manager David Treme noted that a copy of the goals for 2002–2003 was distributed to Council. He noted that he will go into detail on the goals for this year at the retreat. Mr. Treme stated that he felt the City has done well by the goals that were adopted the previous year.

Mayor Kluttz noted that staff does an excellent job of completing the goals set by Council.

OTHER ANNOUNCEMENTS

(a) National League of Cities Meeting

Councilman Pete Kennedy thanked Council for allowing him the opportunity to attend the National League of Cities meeting in Nashville, TN. He stated that there were many informative workshops. He gave a handout on two of the workshops to the Mayor and City Manager and commented on the outstanding convention center in Nashville.

(b) New Neighbor News

City Manager Treme pointed out copies of the New Neighbor News, the newsletter to new residents of the community in the recently annexed area.

CLOSED SESSION

Mayor Kluttz informed Council that she would entertain a motion for the Council to go into closed session concerning a personnel matter as allowed by NCGS143-318.11(6).

Thereupon, Mr. Kennedy made a **motion** to go into closed session concerning a personnel matter as allowed by NCGS143-318.11(6). Mr. Lewis seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE. (5-0)

RETURN TO OPEN SESSION

Mr. Woodson made a **motion** to return to open session. Mr. Kennedy seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE. (5-0)

Councilman Burgin reported that the closed session personnel issue was the evaluation of City Manager David Treme. He stated that Council acknowledged that Mr. Treme has adopted its goals and has implemented them to an exceptional standard. Mr. Burgin noted that Mr. Treme has assembled an excellent Management Team for the City and expressed Council's appreciation, adding they felt this is what makes Salisbury a very special place.

Thereupon, Mr. Burgin made a **motion** to give City Manager David Treme a 4% increase in salary for a job well done and an excellent evaluation. Mr. Lewis seconded the motion. Messrs. Burgin, Kennedy, Lewis, Woodson, and Ms. Kluttz voted AYE. (5-0)

ADJOURNMENT

Motion to adjourn the meeting was made by Mr. Burgin, seconded by Mr. Lewis. The meeting was adjourned at 6:15 p.m.

All council members agreed unanimously to

Mayor

City Clerk