

Salisbury, North Carolina
June 11, 2013

RECESSED MEETING OF JUNE 4, 2012

Continued
June 11, 2013
10:00 a.m.

The City Council of the City of Salisbury met at 10:00 a.m., Tuesday, June 11, 2013 in the Salisbury-Rowan Utilities Conference Room located at 1 Water Street pursuant to the recess of the Regular meeting of June 4, 2013, with the following members being present:

PRESENT: Mayor Paul B. Woodson, Jr., Presiding; Council Members Mayor Pro Tem Maggie A. Blackwell, Karen Kirks Alexander, William (Pete) Kennedy, and William Brian Miller; City Manager Doug Paris, and City Clerk Myra B. Heard.

ABSENT: City Attorney F. Rivers Lawther, Jr.

Mayor Woodson and members of City Council met at 10:00 a.m. in the Salisbury-Rowan Utilities Conference room located at 1 Water Street. Councilmember Alexander provided the invocation.

FY2013-2014 BUDGET WORKSHOP

City Manager Doug Paris reviewed the proposed budget for the fiscal year beginning July 1, 2013 and ending June 30, 2014. Mr. Paris stated last year Council challenged staff to present a balanced budget, and staff has worked efficiently and collaboratively to reduce duplication. He indicated through these efforts \$3 million in savings was realized through refinancing of debt, along with \$1 million in savings in Fibrant operating expenses.

Mr. Paris indicated the budget presented to Council represents no tax increase, no fee increase, no water increase, and no interfund loan to Fibrant.

Mr. Paris noted two examples of this collaboration is the ability to fund a new Police Intervention Team through the realignment of resources and the creation of an internal/external service group called Infrastructure Services.

Mr. Paris reviewed the new Infrastructure Services division:

Financial Goal:

- Increase efficiency
- Reduce duplication
- Reduce costs
- Smooth budget impact

Team Goals

- Build one cohesive team
- No organizational silos
- One internal service group
- Provide upward mobility

Mr. Paris noted last year there were two duplicate Information Technologies groups that have been combined into one cohesive group this year. He added last year there were also three infrastructure groups operating from separate departments that have been combine into one infrastructure group this year. He indicated the duplication of these groups created duplications in costs, and he reviewed how the consolidation has offset the costs:

- Duplicate management layers
 - Eliminate two Division Manager positions
 - Both were vacant due to promotions
- Duplicate office overhead
 - Four facilities were housing the infrastructure teams and the combined group is now housed in the Customer Service Center
- Duplicate equipment
 - As equipment comes up for replacement Financial Services will review for necessity
 - Reduce pressures on Capital Reserve Fund
- Uneven workload
 - Creation of Infrastructure Tech 1, 2, 3
 - Combined work order system
 - Sharing of skill sets
 - Opportunity to learn new skills sets

Mr. Paris pointed out the advantages of consolidation are:

- One cohesive team
- Strong collaboration
- Smooth workload
- Upward mobility
- Lower costs

He noted the FY2013-2014 Infrastructure Services move:

- Benefit to Broadband Fund
- Sharing of resources and personnel
- No interfund loan
- Positive benefit to General Fund
- Efficiency gains/Position consolidations
- Future cost benefit (Public Services compound)
- Future cost benefit (Capital Reserve)
- No tax or fee increase

Mr. Paris reviewed the Fibrant FY2011/12/13 Budgetary cost drivers that resulted in a Fund loaded with unsustainable costs:

- High growth strategy
- Contract installation labor
- Initial construction build-out costs
- Contract prices prior to renegotiation
- Cost of duplication – silo mentality

He then discussed the FY2013-2014 Budgetary cost drivers that resulted in a Fund projected to be sustainable:

- Conservative growth strategy
- In-house infrastructure technology team
- Savings on contract renegotiations
- Consolidated one team mentality

Mr. Paris noted looking forward for Fibrant in FY2014-2015:

- Conservative growth in subscribers
- Reduced capital costs (Calix)
- Well positioned for FY2014-2015
- Lot of hard work left to do

Mayor Woodson asked how many subscribers Fibrant currently has. Assistant City Manager for Finance John Sofley responded there are just over 2,400 subscribers, which is 19 percent to 20 percent of the market.

Mayor Woodson commented citizens have been surprised at the turnaround in the City and Fibrant, and he thinks the work that has been done is remarkable.

Councilmember Alexander stated she is impressed by the collaboration and innovation with the focus on efficiency, and she is proud of the work that has been accomplished.

Mayor Woodson referred to Calix equipment in Fibrant and noted he, Mayor Pro Tem Blackwell, Mr. Paris and Fibrant General Manager Mike Jury spent time reviewing the equipment. He stated he was impressed to find that if the Calix system went down, only 10 percent to 15 percent of its users were down rather than a larger portion of users.

Councilmember Miller stated it is evident a lot of time and energy went into the proposed budget, and it is greatly appreciated.

Councilmember Kennedy noted this is his twentieth worksession, and it was the first time that he did not have to try to find things to cut to make the budget work. He stated he is excited about what has been done and where the process is at this point.

Mayor Woodson commented he is pleased with the requirement to add justifications for capital expenditures. He asked how deannexation of the airport will affect the budget. Mr. Paris indicated the City will no longer provide incentive grants at the airport or partner with Rowan County for the runway extension, and this will be cleaned-up in the final budget.

Mayor Woodson stated he was surprised there were 4,200 fire calls last year, and he asked about the nature of the calls. Fire Chief Bob Parnell indicated 70 percent of the calls are medical and first responder. Mr. Kennedy noted there have been several incidents where the Fire Department has saved lives because they were first on the scene.

Mayor Woodson indicated he would like to see more paving included in next year's budget, and he challenged staff to increase the lane miles next year. Public Services Director Tony Cinquemani provided a paving list for FY2013-14 to Council.

Mayor Woodson stated he would like to see additional figures for Parks and Recreation regarding program and facility use.

Ms. Alexander asked about the methodology for tracking park use because many people use the parks that are not part of a program. Mr. Paris noted staff is working to build a program to allow staff to measure participation separately.

Mr. Miller questioned if there is an opportunity for community partnerships with Parks and Recreation because there are similar programs offered through the YMCA and other organizations.

Mr. Kennedy noted the budget proposes to charge no fees for neighborhood groups to use local community facilities, and he asked how those eligible will be defined. Mr. Paris stated when there is a City facility in a neighborhood, neighborhood groups will not be charged a fee for use of the facility so that the neighborhood's financial resources can be used to improve the neighborhood.

Mayor Woodson noted the projected ridership for the Transit System and stated it appears the service is being used. Mayor Pro Tem Blackwell pointed out many people use the Transit System for transportation as she witnessed while riding on the inaugural trip for the new Lash Drive service.

Ms. Alexander asked if there are figures indicating how many citizens ride the bus to or from the Customer Service Center. Mr. Cinquemani responded a ridership count is kept, but the numbers are not broken out by each stop. He added Transit Operators note ridership and try to determine which intersections are used and which are not.

Mayor Woodson asked Fire Chief Bob Parnell about plans for Station 3 on West Innes Street. Chief Parnell stated Station 3 was built in 1956 prior to Station 1, and the two stations are located physically closer than necessary creating an overlap in the coverage area. He noted if the City were able to relocate the station farther out, the coverage area could be moved north. He commented he would recommend Mahaley Avenue as a proposed area because it would increase coverage and response times for several neighborhoods without having to add equipment or manpower. Ms. Blackwell asked if this would help with the problem of crossing the railroad tracks on Main Street. Chief Parnell indicated it would.

Mr. Paris stated there is potential for a positive partnership with Rowan County for land they own on Mahaley Avenue that is no longer in use. Ms. Alexander noted she would support a new station because the current structure is obsolete.

Mr. Kennedy noted a citizen recently spoke to Council and stated there was a large turnover in the Police Department. He asked Assistant City Manager for Human Resources Zack Kyle to share information about the turnover rate. Mr. Kyle stated 30 police officers have left employment with the City over the past 5 years which equates to a 94 percent retention rate for the City. He added of those 30, only 9 left for other opportunities.

Mayor Pro Tem Blackwell stated she is pleased the Municipal Service District (MSD) grants and the Innes Street grants have been reinstated. She added she is also pleased the BlockWork project has been funded because it is a great project for neighborhoods.

Ms. Blackwell commented there is significant funding for sidewalks through Congestion, Mitigation, Air Quality (CMAQ) funds in the budget. She indicated she hopes this will allow the initial steps to provide pedestrian crossings at Jake Alexander Boulevard near the shopping area and restaurants.

Mr. Kennedy noted the intersection at Shaver Street and the Hess Service Station is also very dangerous, and he hopes it can be reviewed as well.

Ms. Alexander stated she would like to see funds included in the budget to assist the Chestnut Hill neighborhood as it seeks to be added to the National Historic Register. She added if the neighborhood is listed on the Register, residents will be eligible to receive tax credits for work to improve the residential structures, which will strengthen the neighborhood.

Interim Community Planning Services Director Janet Gapen indicated there are Historic Preservation Fund grants available to help neighborhoods like Chestnut Hill, but the funds must come to a Certified Local Government. She stated the City could apply and receive the grant which is a 60/40 grant, and the City would be responsible for 40 percent of the cost. She estimated the cost to develop a plan for the neighborhood to be approximately \$30,000 to \$35,000. Ms. Alexander asked to add \$15,000 to the budget to fund the City's share for the cost of seeking inclusion of the Chestnut Hill neighborhood to the National Historic Register.

Mr. Miller asked Mr. Cinquemani to look into drainage issues at the Veterans Affairs Hospital. He added the egress and ingress at Aldi and Harris Teeter may also need to be reviewed if multifamily residential is added to that area.

Mr. Miller indicated Downtown Salisbury, Inc. (DSI) requested \$165,000, but \$104,000 is recommended for funding. He stated much of the funding for DSI comes from the Municipal Service District, and the Yadkin House was recently awarded tax-exempt status. He noted this will create a gap in the funding, and he asked to consider increasing funding for DSI from \$104,000 to \$119,000. Mr. Miller stated DSI would also like to facilitate the small area study for South Main Street and suggested moving the \$10,000 allocated in the budget for the study to DSI. He pointed out this would increase the DSI appropriation to \$129,000.

Mr. Paris asked about administration of the downtown grant programs. Mr. Miller indicated the Community Appearance Commission (CAC) has handled this for many years, and he supports the CAC continuing administration of the grants. He stated there is a desire from DSI to develop a grant program that would include more than just facades. By consensus, Council supported CAC administering the MSD and façade grant programs. Mr. Paris indicated he will move \$42,000 for the combined grants from Council's Special Projects line item to a Community Planning Services line item.

Mr. Miller discussed a desire to separate the City's economic partners such as DSI and the Salisbury-Rowan Economic Development Commission (EDC) from the Special Community Efforts groups. Ms. Alexander asked to include the Rowan Museum, North Carolina Transportation Museum and Arts Council to that group because of the economic impact they provide. Mr. Miller agreed with their economic impact, but stated he did not see them as having the same mission as DSI and the EDC. He added rather than separating six of the groups from the list it might be best to leave it as it is.

Mayor Woodson indicated it appears \$30,000 is being added to the budget. By Consensus, Council agreed to add \$15,000 for the Chestnut Hill neighborhood and \$15,000 for DSI.

Ms. Blackwell indicated she had spoken with Mr. Paris, and he agreed to add \$2,700 for the Housing Advocacy Commission. She noted the Human Relations Council has lost its funding from Rowan County, and she asked to add funds to cover the County's portion of the Dr. Martin Luther King, Jr. events. Mr. Paris indicated \$2,000 can be added.

Council then took a short break while staff modified the budget to reflect the additions from Council.

Following the break, Assistant City Manager for Finance John Sofley distributed revised budget ordinances to Council for consideration.

Mr. Paris reviewed the proposed changes to the budget with Council:

- Add \$25,000 to DSI (\$10,000 of these funds will be transferred out of Council Special Projects budgeted for South Main Small Area Plan Study)
- Add \$15,000 for Historic Preservation Plan for Chestnut Hill (total cost of the project is anticipated to be \$35,000 with \$20,000 offsetting revenue from the State of North Carolina)
- Add \$2,000 for the Human Relations Council
 - Total addition \$32,000

He then noted the proposed cuts to the budget to balance the budget:

- Defer Capital Improvement at tower site \$15,000
- Eliminate Special Project Special Initiatives \$4,500
- Reduce Operational Expenses in Public Service Traffic Operations - \$5,000
- Reduce Operation Expenses in Facilities Management - \$7,500
 - Total cuts \$32,000

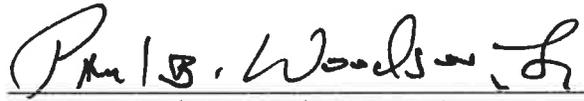
Thereupon, Mr. Kennedy made a motion to adopt the budget ordinance of the City of Salisbury for the fiscal year beginning July 1, 2013 and ending June 30, 2014 with the changes as listed by Mr. Paris. Mr. Miller seconded the motion. Messrs. Kennedy, Miller, Woodson, and Mses. Alexander and Blackwell voted AYE (5-0)

BUDGET ORDINANCE OF THE CITY OF SALISBURY FOR THE FISCAL YEAR BEGINNING JULY 1, 2013 AND ENDING JUNE 30, 2014.

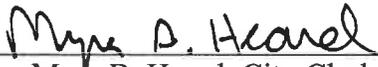
(The above Ordinance is recorded in full in Ordinance Book No. 24 at Page Nos. 144-163, and is known as Ordinance 2013-28.)

ADJOURNMENT

Motion to adjourn the meeting was made by Ms. Blackwell seconded by Ms. Alexander. All council members in attendance agreed unanimously to adjourn. The meeting was adjourned at 12:06 p.m.



Paul B. Woodson, Jr., Mayor



Myra B. Heard, City Clerk