

Salisbury, North Carolina
February 2, 2016

REGULAR MEETING

PRESENT: Mayor Karen Kirks Alexander, Presiding; Mayor Pro Tem Maggie A. Blackwell; Council Members Kenneth Hardin, William Brian Miller, and David Post; City Manager W. Lane Bailey; City Clerk Myra B. Heard, and City Attorney F. Rivers Lawther, Jr.

ABSENT: None.

Salisbury City Council met in Council Chambers in City Hall located at 217 South Main Street. The invocation was given by Mayor Pro Tem Blackwell. The meeting was called to order by Mayor Alexander at 4:00 p.m.

PLEDGE OF ALLEGIANCE

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

RECOGNITION OF VISITORS

Mayor Alexander welcomed all visitors present.

RECOGNITION – SALISBURY HIGH SCHOOL MEN’S SOCCER TEAM

Mayor Alexander recognized members of the Salisbury High School Men’s Soccer Team for winning the North Carolina 2A State Championship.

Mayor Alexander read a Proclamation proclaiming February 2, 2016 as Salisbury High School Men's Soccer Day and presented a framed copy of the Proclamation to members of the team. She also recognized Coaches Matt Parish and Taylor Strode.

Members of the team were Reilly Gokey, Cristian Uribe, Landon Goodman, Joshua Lynch, Matt Washko, Ahmedin Salcinovic, Kevin Flores, Jared Ramirez, Bryan Fragoso, Arturo Ramirez, Andrew Kalogeromitros, Nick Veros, Pedro Cruz, Melvin Bonilla, Santiago Caballero, Daniel Tinajero, Brandon Ibanez, Josh Faulkner, Jack Fisher, Bryan Garcia, and William Austin.

Mayor Alexander congratulated the team and stated Council is proud of all that Salisbury High School has accomplished.

CONSENT AGENDA

(a) Approval of Minutes

Approve Minutes of the Regular meetings of January 5, 2016 and January 19, 2016 and the Special Meeting of January 12, 2016.

(b) Certificate of Public Convenience and Necessity for Taxi Owners

Approve the second reading for a Certificate of Public Convenience and Necessity for Taxi Owners for Miss Neco Jimmerson, DBA as Essential Taxi Service.

(c) Supplemental Agreement – North Carolina Department of Transportation

Authorize the City Manager to execute a Supplemental Agreement with the North Carolina Department of Transportation regarding the construction of bike lanes on Newsome Road.

(d) Council Meeting Times

Adopt an **ORDINANCE** regarding regular meeting times.

ORDINANCE AMENDING CHAPTER 2, ARTICLE II, OF THE CODE OF THE CITY OF SALISBURY, RELATING TO REGULAR MEETING TIMES.

(The above Ordinance is recorded in full in Ordinance Book No. 25 at Page No. 5, and is known as Ordinance 2016-05.)

Thereupon, Mr. Miller made a **motion** to adopt the Consent Agenda as presented. Ms. Blackwell seconded the motion. Messrs. Hardin, Miller and Post, and Mses. Alexander and Blackwell voted AYE. (5-0)

HIGHLIGHTS AND GOALS – HOUSING ADVOCACY COMMISSION

Housing Advocacy Commission (HAC) Chair Barbara Perry, and Mr. Donovan Hamm, staff liaison, presented highlights and goals for the HAC. Ms. Perry noted the HAC:

- Meets monthly with staff to develop programs and receive reports regarding activities related to housing and neighborhood conditions
- Distributes educational materials to community residents summarizing the Tenant and Landlord Handbook – which clearly addresses tenant rights and tenant/landlord responsibilities
- Provides a forum for issues related to fair housing and tenant/landlord responsibilities
- Partners with neighborhood groups to improve community conditions
- Promotes efforts to improve the eviction process by amending local Ordinances to be consistent with State legislation
- Reviews and recommends changes to City Ordinances to create strengthened, common-sense, minimum housing standards
- Formulates and recommends to Council the adoption or amendment of Ordinances that will, in the opinion of the commission, improve the condition of housing and neighborhoods within the City and surrounding areas
- Directs City officials to needed enforcement of any Ordinance that may affect the quality of housing and neighborhood conditions within the City
- Promotes public interest and understanding of its recommendations, studies, and plans, and prepares, publishes, and distributes studies and reports to advance the cause of improved housing and neighborhoods
- Conducts public meetings, hearings, community forums, and informational workshops while giving reasonable notice to the public thereof

Ms. Perry noted the FY2015-2016 highlights:

- Housing/ Nuisance Ordinance development
 - Chapter 10 – Housing Ordinance Amendment
 - Vacant, Neglected, Abandoned, Condemnation/Danger
 - Adopted August 2015
 - Chapter 14 – Nuisance Ordinance Amendment development
 - Residential Rental Property Remedial Action Program
 - Under review by the commission
- Spring workshop to be held April 28, 2016 at the Civic Center
- Landlord/tenant partnership
- Participated in BlockWork in conjunction with the Community Appearance Commission (CAC)
- Created and distributed educational brochures

Ms. Perry reviewed the FY2016-2017 goals:

- Continue successful partnership with the CAC for BlockWork
 - Held October 2015 in the 800 and 900 blocks of South Jackson Street
 - Provide staff and support in the planning and implementation of the 2016 BlockWork project
- Attend neighborhood meetings throughout the year to receive input regarding HAC issues
 - Attend neighborhood meetings to share HAC information and seek input on neighborhood housing issues
 - Distribute fair housing materials and Tenant/Landlord Brochures
- Assist community partners with implementing the Housing Stabilization Program
 - Monitor implementation of the Abandoned Property Ordinance
 - Identify and recommend properties for the Housing Stabilization Program
 - Support property stabilization instead of demolition whenever possible
 - Request additional funds to aid the stabilization process
- Prepare small workshops to educate citizens regarding
 - Landlord/tenant relationships
 - Landlord/tenant responsibilities
 - Fair housing awareness discrimination
 - Maintenance and Repair Workshops for tenants
 - Suggested practices for finding good tenants for landlords
- Tour neighborhoods to assess and monitor housing needs
 - Identify community partners, stakeholders, and programs for housing stabilization
 - Identify condemned and dangerous structures requiring demolition
- Request an additional Code Enforcement Officer, increasing the staff to five civilian officers
 - Ordinances have increased while Code Enforcement staff has decreased
 - Downtown Maintenance Code added September 2012
 - Boarded-up Property Ordinance added August 2013
 - Stricter housing codes added May 2014
 - Vacant, Neglected, Abandoned, Condemnation/Dangerous Properties added September 2015
 - Currently working on a Residential Rental Property Remedial Action Program Ordinance projected for 2016
 - Code services enforces housing, public nuisances, zoning, downtown maintenance, and land development compliance and if passed the Residential Rental Property Remedial Action Program
 - Code Services has 1,169 active investigations
 - HAC requests a proactive code enforcement to protect citizen's quality of life

Ms. Perry reviewed the cost of a code enforcement officer:

<u>Item</u>	<u>FY2016-2017 Request</u>
Salary	\$34,223.83 - \$44,490.99
Uniforms	\$1,945
Training and Certifications	\$1,400
Total	\$7,125 plus salary

Ms. Perry reviewed the requested funding:

	<u>FY2015-2016</u>	<u>FY 2016-2017 Request</u>
Fair Housing Workshops	\$1,500	\$1,750
Yearly Meeting Costs	\$500	\$750
Material Printing	\$500	\$1,000
BlockWork		\$2,500
Total	\$5,000	\$6,000

Ms. Perry thanked Council for its continued support of the HAC.

Councilmember Miller asked about the possibility of adding an additional BlockWork. Ms. Perry pointed out BlockWork is time consuming and more volunteer and staff help would be needed, along with additional funding. Mr. Miller noted BlockWork is a great way to build community and has a huge return on investment. He asked staff and members of the HAC to consider what it would take to make an additional BlockWork happen each year.

Mayor Alexander asked if community partners helped fund BlockWork or if they provided access to the housing. Urban Design Planner Lynn Raker noted the Community Development Corporation (CDC) purchased properties at 900 and 926 South Jackson Street and are working to purchase two additional properties.

Mayor Pro Tem Blackwell recognized Ms. Gretta Conner and stated Ms. Conner's initial idea for neighborhood improvement is what led to BlockWork. She pointed out citizen input is invaluable to Council.

Councilmember Post asked about legislation regarding periodic inspections. Mr. Hamm explained in most cases the tenant or a neighbor initially contacts Code Enforcement, or the Police Department may call Code Enforcement when they have a search warrant which allows Code Enforcement to inspect the property. He added community relationships are critical to a successful Code Enforcement.

Mayor Alexander thanked Ms. Perry and the HAC for all they do for the City.

HIGHLIGHTS AND GOALS – TOURISM AND CULTURAL DEVELOPMENT COMMISSION

This item was postponed.

HIGHLIGHTS AND GOALS – TRANSPORTATION ADVISORY BOARD

East Spencer Mayor Barbara Mallet, Chair of the Transportation Advisory Board (TAB), and Mr. Rodney Harrison, staff liaison, presented the highlights and goals for the TAB.

Mr. Harrison pointed out the City's transportation system was moved from rural to urbanized which required the City to apply for a new grant status with the Federal Transit Administration (FTA). He noted the City was awarded FTA funding in 2015.

Ms. Mallet reviewed the TAB goals:

- Goal 1 – Consistently provide exceptional service to all customers
 - Establishing partnerships:
 - Salisbury Housing Authority
 - Novant
 - East Spencer
 - Livingstone College
 - Rowan-Cabarrus Community College (RCCC)
 - Rowan County – Cabarrus County – City of Concord/Kannapolis
 - Human Services Agencies
 - Two interns
 - Michael Rustin
 - Justin Cousins
- Goal 2 – Evaluate fixed routes for efficiency, effectiveness, and ways to expand routes and services
 - West End Neighborhood and stakeholders
 - Implemented the West End Transportation Plan
 - Multimodal access in neighborhoods
 - Livingstone College route adjustments
 - Rowan Express
- Goal 3 – Better marketing of the public transit system by “telling the story through a benefits campaign” to local elected bodies and the community
 - Outreach Programs
 - Community Career Fair
 - Downtown Salisbury, Inc. (DSI) – Slide the City free rides
 - RCCC – student orientation and new route
 - Rufty Holmes Senior Center
 - Yadkin House
 - Livingstone College – Dr. Lewis
 - Halloween Funfest
 - Touch-A-Truck
 - Mt. Zion Baptist Church
 - VA Medical Center

- Benefits of public transportation
 - Employment
 - Business economy
 - Healthcare
 - Affordability
 - Crisis situations
- Goal 4 – Improve transit connectivity inside and outside the City by focusing on connecting customers to places
- Goal 5 – Maintain transit infrastructure and improve the aesthetic appeal of shelters, bus stops, benches, and signs:
 - Shelters installed
 - Rowan County
 - East Spencer partnership
 - VA Medical Center

Ms. Mallet reviewed ridership data, and she pointed out ridership is down slightly from 2014:

	<u>Fixed Route</u>	<u>ADA</u>
FY2015	161,048	6,919
FY2014	165,956	5,741

Councilmember Hardin stated City buses still display Salisbury Mall instead of West End Plaza on the electronic bus sign. Mr. Harrison noted staff is working with an outside company to reprogram the bus signs.

Mr. Hardin asked about the decrease in fixed ridership. Mr. Harrison explained ridership tends to decrease when routes are changed, and he pointed out eliminating some of the transfers has contributed to the decrease in ridership. Mayor Pro Tem Blackwell added the improved economy and lower gas prices could also affect ridership. Mr. Harrison agreed.

Ms. Mallet commented ozone free days were not offered in 2015. Ms. Blackwell asked if the City is still eligible for the grant. Mr. Harrison noted the City can apply for the grant if funding is available.

Mayor Alexander thanked Ms. Mallet and Mr. Harrison for their service on the TAB.

HIGHLIGHTS AND GOALS – TREE BOARD

Mr. Rodney Queen, Tree Board Chair, and Mr. Mark Martin, staff liaison, presented the Tree Board highlights and goals.

Mr. Queen explained trees are an asset to urban environments and contribute to the overall health and livability of a community by:

- Reducing pollution
- Helping trap and hold harmful pollutants
- Absorbing carbon dioxide and other dangerous gases; replenishing oxygen
- Producing enough oxygen per acre for 18 people daily
- Absorbing enough carbon dioxide, per acre each year to equal driving a car 26,000 miles
- Rowan County is no longer a non-attainment county due to standard changes

Mr. Queen presented the highlights for 2015:

- Charlotte Tree presentation to Council by Don McSween, Charlotte Arborist
- Earth Day on the Greenway
- Great North Carolina Tree Conference held in Greensboro
 - Conducted Arbor Day at Hurley Park – planted a Cherry tree
- 82 Removals
- 13 Plantings
- Tree City USA for 30 years

Mr. Queen reviewed the Tree Board goals for 2016:

- Continue City GIS Tree Inventory
- Provide funding for neighborhood tree planting projects and dead tree replacement along rights-of-way – \$10,000
- Sponsor a fall conference on the economic benefits of urban forestry in partnership with State and local organizations – seek private funding
- Continue educational training for tree companies, businesses and the general public
 - Handouts in utility bills
 - Utilize Access Channel 17 and social networking sites
- Continue to seek grants and alternative funding for urban forestry programming
- Continue to participate in Arbor Day and Tree City USA programs
- Continue to develop a Tree Preservation Plan
- Continue to develop a Community Tree Planting Plan
- Continue to improve the Landscape Ordinance
- Work with Code Enforcement regarding Land Development Ordinance changes

Councilmember Hardin asked if citizens can report problems with dead trees. Mr. Martin noted 311 GIS allows citizens to report problems with trees.

Mr. Queen pointed out Salisbury is behind other municipalities regarding tree preservation, and he noted more staff is needed to keep the City from getting further behind.

Mayor Pro Tem Blackwell commented Weaverville allows citizens to purchase trees in a person's honor or memory. She noted the City may want to consider a similar program.

Mr. Post asked how the City is behind other municipalities. Mr. Queen stated the City does not have a tree inventory, a tree inspection or maintenance plan, and has limited manpower which causes it to be reactive instead of proactive.

Councilmember Miller stated some needs in the City are more obvious, such as a firetruck which is needed immediately, whereas replacement of a tree could possibly wait another year. Mr. Martin pointed out once the tree inventory is complete staff can focus on preventative maintenance and fewer trees will perish. Mr. Miller stated Council needs to know how to make the most of limited available resources and how to encourage citizens to report tree problems they encounter.

Mayor Alexander asked if interns could help with the tree inventory. Mr. Martin noted the staff is preparing a job posting for internships to be placed at area colleges.

PARKING RESTRICTION – KING STREET

Traffic Engineering Coordinator Vickie Eddleman noted staff received a request to restrict parking along the north side of King Street from Lantz Avenue to Summit Avenue. She explained vehicles are currently allowed to park on both sides of the street which is approximately 19 feet wide and has limited room for parking. She stated staff met with Catawba College, the primary land owner, and the Salisbury Police Department who recommend parking be restricted along the north side of the street. She indicated private citizens have also shared their safety concerns.

Ms. Eddleman displayed photographs taken by a concerned citizen, and she pointed out emergency vehicles are unable to access the area when vehicles are parked on both sides of the street. She asked Council to consider adopting an Ordinance amending Section 13-338 of the City Code.

Councilmember Post clarified the changes would allow parking on one side of the street. Ms. Eddleman agreed. Mr. Post noted if parking is restricted along the north side of King Street drivers will be forced to park on other streets leading to additional complications. Ms. Eddleman noted the parking issue in the area is ongoing and staff will continue to work with Catawba College and the neighborhood.

Councilmember Miller noted emergency vehicles do not have access to the area creating a safety issue. He pointed out the City has in-house resources that could help the College alleviate the situation.

Mr. Post suggested a study be conducted before action is taken. Mayor Alexander commented the request was brought to staff by the neighborhood and Catawba College. Councilmember Hardin asked if it would be a problem to request additional study time.

Mr. Miller noted he supports the recommendation to improve citizen safety and ensure the safe passage of emergency vehicles. He added the request was made by Catawba College, the primary land owner in the area.

Thereupon, Mr. Miller made a **motion** to adopt an Ordinance amending Chapter 13, Article X, of the Code of the City of Salisbury, relating to parking prohibited at all times. Ms. Blackwell seconded the motion.

Mr. Miller asked Ms. Eddleman to work with the property owner to ensure signage indicates where parking is and is not available.

Mr. Post stated the recommendation could create a more difficult emergency vehicle situation when the vehicles are parked on other streets. He pointed out the area in question is an out-of-the-way street. He clarified it is a problem, but he thinks Council needs more information before it makes a decision.

Mr. Miller and Mses. Alexander and Blackwell voted AYE. Messrs. Hardin and Post voted NAY. (3-2)

City Clerk Myra Heard noted this item will require a second reading at the next Council meeting due to a lack of an affirmative four votes at its first reading. She indicated the item will pass with three votes at the next reading.

Mayor Alexander asked if the area could be considered for a small area parking study. City Manager Lane Bailey noted staff will ask Catawba College President Brien Lewis, or a College representative to attend the next Council meeting.

ORDINANCE AMENDING CHAPTER 13, ARTICLE X, OF THE CODE OF THE CITY OF SALISBURY, RELATING TO PARKING PROHIBITED AT ALL TIMES.

(The above Ordinance is recorded in full in Ordinance Book No. 25 at Page No. 6, and is known as Ordinance 2016-06.)

** It will be necessary to have a second reading on the above ordinance due to the lack of an affirmative vote of two-thirds of all members of the City Council required to pass an Ordinance at its first reading*

CITY MANAGER'S COMMENTS

(a) Staffing Study

City Manager Lane Bailey explained the City is currently undergoing a staffing study and Council will have the results soon.

(b) New Transit Routes

City Manager Lane Bailey commended Transit Manager Rodney Harrison and the Transit Department for their work to make the new transit route a success.

(a) Second Quarter Financial Update

City Manager Lane Bailey asked Financial Services Director Teresa Harris to present the second quarter financial update.

Mayor Alexander noted Council has requested Mr. Bailey create a financial report with more detail.

Ms. Harris referenced property tax values for the second quarter and noted \$2.782 million is budgeted, \$2.637 million had been billed, and \$2.869 million is projected to be billed. She added the \$2.869 million projected to bill is higher than the budgeted amount and will result in approximately \$400,000 in additional tax revenue.

Ms. Harris reviewed the sales tax receipts, and she noted the receipts are above the projected amount and will result in approximately \$500,000 in additional sales tax revenue. She noted the City received a state franchise tax distribution in January which is 33 percent of the budgeted amount for FY2016. She noted the City will receive three additional state franchise tax distributions in the current fiscal year.

Ms. Harris stated General Fund revenue is at 51 percent, or \$20,792,845 of the projected \$40,839,489 received, and 40 percent, or \$16,405,734, expended.

Ms. Harris review the budget verses actual and variance for each department. She pointed out the Fibrant costs that are included in the General Fund:

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
General Fund			
City Council	\$129,933	\$290,112	\$160,179
Human Resources	\$751,417	\$1,762,681	\$1,011,264
Plaza	\$116,053	\$199,791	\$83,738
Financial Services	\$528,673	\$1,244,749	\$716,076
Police	\$3,157,494	\$7,160,718	\$4,003,224
Fire	\$2,532,925	\$5,325,847	\$2,792,922
Telecommunications	\$385,518	\$743,742	\$358,224
Parks & Recreation	\$1,094,631	\$2,505,357	\$1,410,726
Transfer to Transit Fund	\$232,661	\$465,322	\$232,661
Education	\$19,054	\$38,107	\$19,053
Debt Service	\$278,713	\$1,290,624	\$1,011,911
Nondepartmental Reserved	\$0	\$1,152,494	\$1,152,494

Management & Administration	\$436,687	\$721,823	\$285,136
Fibrant Costs	\$48,059	\$53,500	\$5,441
Total	\$484,746	\$775,323	\$290,577
Public Information/Marketing	\$128,696	\$335,975	\$207,279
Fibrant Costs	\$48,152	\$89,220	\$41,068
Total	\$176,848	\$425,195	\$248,347
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Community Planning Services			
Planning/Community Development	\$492,206	\$1,758,146	\$1,265,940
Development Services	\$243,576	\$972,511	\$728,935
Code Services	\$118,766	\$279,814	\$161,048
Total	\$854,548	\$3,010,471	\$2,155,923
Infrastructure Services	\$121,999	\$260,688	\$138,689
Information Technologies	\$924,831	\$1,676,839	\$752,008
Business Services	\$202,794	\$442,310	\$239,516
Infrastructure Management	\$81,643	\$195,060	\$113,417
Fibrant Costs	\$1,546,315	\$2,606,466	\$1,060,151
Total	\$2,755,583	\$4,920,675	\$2,165,092
Engineering			
Engineering	\$519,299	\$3,764,031	\$3,244,732
Street Lighting	\$229,834	\$568,276	\$338,442
Facilities Maintenance	\$59,185	\$194,021	\$134,836
Central City Buildings	\$182,511	\$388,825	\$206,314
Total	\$990,829	\$4,915,153	\$3,924,324
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Public Services (P/S)			
P/S Administration	\$114,308	\$246,668	\$132,360
P/S Streets	\$544,504	\$1,871,408	\$1,326,904
P/S Solid Waste Management	\$616,210	\$1,338,639	\$722,429
P/S Waste Management-Other	\$230,847	\$341,917	\$111,070
P/S Fleet Management	\$410,239	\$814,496	\$404,257
Total	\$1,916,108	\$4,613,128	\$2,697,020
Total General Fund	<u>\$16,405,734</u>	<u>\$40,839,489</u>	<u>\$24,433,755</u>
Fibrant Costs in General Fund	<u>\$1,642,526</u>	<u>\$2,749,186</u>	<u>\$1,106,660</u>

General Fund Capital Reserve Fund	\$1,221,482	\$2,490,037	\$1,268,555
Fibrant Costs	\$140,145	\$234,279	\$94,134
Total	<u>\$1,361,627</u>	<u>\$2,724,316</u>	<u>\$1,362,689</u>

Fibrant Costs in General Fund/General Fund Capital Reserve	<u>\$1,782,671</u>	<u>\$2,983,465</u>	<u>\$1,200,794</u>
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Ms. Harris pointed out the Fibrant costs in General Fund/General Fund Capital Reserve of nearly \$1.8 million for the first six months of the year.

Ms. Harris reviewed the Water and Sewer Fund revenue for the second quarter and the monthly usage trend. She explained Water and Sewer Fund revenue is at 55 percent received, or \$12,558,253, of the budgeted \$22,776,024. She noted the Water and Sewer Fund is 37 percent expended, or \$8,380,418.

Mayor Alexander asked if expenditures are lower to reflect when invoices are due. Ms. Harris noted some of the expenses are due later in the year. She explained capital projects may be completed in the second half of the year to make sure there is sufficient funding for the project.

Councilmember Post asked if water has a seasonal use. Ms. Harris explained customers tend to use more water during the summer months. Mr. Post asked if staff anticipates more funds to be expended in the second half of the year. Ms. Harris noted 100 percent of the revenue is not usually spent, but more than 37 percent is predicted to be spent in the second half of the year due to funding for projects. She reviewed the Water and Sewer fund and the Water and Sewer Capital Reserve Fund:

Water and Sewer Fund

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Administration	\$2,179,516	\$4,886,966	\$2,707,450
Water Treatment	\$1,027,403	\$2,663,209	\$1,635,806
Systems Maintenance	\$1,656,063	\$4,303,018	\$2,646,955
Environmental Services	\$260,770	\$604,509	\$343,739
Wastewater Treatment	\$1,741,698	\$4,371,213	\$2,629,515
Meter Services	\$311,159	\$725,345	\$414,186
Debt Service	\$1,203,809	\$5,221,764	\$4,017,955
Total	<u>\$8,380,418</u>	<u>\$22,776,024</u>	<u>\$14,395,606</u>

Water and Sewer Capital Reserved Fund	<u>\$98,606</u>	<u>\$385,911</u>	<u>\$287,305</u>
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Ms. Harris referenced the Fibrant customers billed through midyear, and she noted the number continues to rise. She added the average revenues per user/account (ARPU/ARPA) is more than Time Warner Cable and less than Verizon. She reviewed Fibrant Fund revenues versus expenditures for the second quarter. She pointed out revenues were at \$1,894,537 and expenditures were at \$2,888,517.

Ms. Harris reviewed the Broadband Fund by department:

Broadband Fund

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Programming	\$774,903	\$2,223,318	\$1,448,415
Broadband Systems	\$149,907	\$241,394	\$91,487
Service Delivery	\$364,923	\$1,205,120	\$840,197
Debt Service	\$604,804	\$3,121,218	\$2,516,414
Total	<u>\$1,894,537</u>	<u>\$6,791,050</u>	<u>\$4,896,513</u>

Ms. Harris referenced the debt service variance and noted \$2.5 million will be paid during the second half of the year. She pointed out the debt service payment includes Certificates of Participation and principal and interest to the Water Sewer Fund.

Ms. Harris explained Transit fare revenues are at 54 percent, or \$43,951, of the budgeted \$80,100, and expenditures are at 29 percent, or \$486,665, of the budgeted \$1,681,545 for the second quarter. She noted Transit will have capital expenditures due in the second half of the year. She reviewed the Mass Transit Fund:

Mass Transit Fund

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Operations	\$177,542	\$696,037	\$518,495
Administration	\$147,911	\$327,067	\$179,156
Capital	\$161,212	\$658,441	\$497,229
Total	<u>\$486,665</u>	<u>\$1,681,545</u>	<u>\$1,194,880</u>

Ms. Harris reviewed Stormwater revenues for the second quarter. She noted revenue is at 50 percent billed, or \$623,961, of the budgeted \$1,246,200 and expenditures are at 36 percent, or \$452,430. She noted the Stormwater Fund:

Stormwater Fund

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Administration & Engineering	\$229,325	\$620,912	\$391,587
Street Cleaning	\$74,130	\$272,706	\$198,576
Storm Drainage	\$37,936	\$157,010	\$119,074
Leaf Collection	\$111,039	\$195,572	\$84,533
Total	<u>\$452,430</u>	<u>\$1,246,200</u>	<u>\$793,770</u>
Stormwater Capital Reserve Fund	<u>\$88,673</u>	<u>\$93,384</u>	<u>\$4,711</u>

Councilmember Hardin commented he and Mr. Post met with Ms. Harris and Finance Manager Wade Furches last week. He thanked Ms. Harris and Mr. Furches for their transparency and honesty. Mr. Post agreed with Mr. Hardin, and he pointed out \$3 million in the General Fund is allocable to Fibrant. He added Council might want to consider whether or not there is prohibition from charging Fibrant costs to the Enterprise Fund so the true cost of Fibrant is reflected. Mr. Bailey noted it is a policy and legal issue, and either method of computing is acceptable. He pointed out Fibrant is a new utility and computing its numbers can be challenging since some members of Fibrant staff had responsibilities in multiple departments. He explained employees were interviewed to determine how much of their time was spent on Fibrant and how much was spent on their other duties. He indicated the time is tracked differently, and staff will have better numbers moving forward.

Mr. Bailey stated the strength of the General Fund makes Fibrant strong. He pointed out the General Fund Balance has increased to an available Fund Balance of \$13.6 million. He commented Fibrant had reliability issues in the beginning but is now the best broadband utility in this market. He noted the financial numbers are not as strong as Council would like them to be, but staff and Council are working to improve them. He explained it would be an issue if Fibrant or the Water Sewer Fund were supporting the General Fund.

Mr. Post asked Mr. Bailey if the \$3 million annual deficit is reflective of the last five years, and Mr. Bailey noted it was. Mr. Post pointed out Fibrant is a business that does not have the resources of its competitors.

Councilmember Miller noted Council was clear with the former city manager that it wanted to stop the interfund transfer, and as a result the General Fund begin to bear Fibrant expenses instead of the City borrowing from itself to fund Fibrant. He added he does not think Fibrant lost \$3 million a year for five years. He indicated Council directed City leadership to make changes to the shared expenses and a more accurate financial picture was presented. He explained shared expenses seemed like a good idea since the City was paying two groups of people to do the same job for different departments. He pointed out job consolidation made it difficult to separate the work, but staff is working to improve the situation. Mr. Miller pointed out the cities of Wilson and Chattanooga both share expenses between their Broadband utility and their electricity budget.

Mr. Post commented Fibrant must get to the point where it is self-supporting because it is taking away from other community needs such as BlockWork, tree conservation, and paving.

Mr. Miller noted growth is critical to Fibrant, particularly in the business sector, but Fibrant's service area is limited.

Mr. Bailey explained the cities of Wilson and Chattanooga both had laws that preempted them from going beyond their corporate limits, but the Federal Communications Commission (FCC) overturned the state laws. He indicated the Attorney General for Tennessee appealed the decision so it is in the Ohio appellant court, which is the district for Tennessee. He stated the final ruling in the case will probably affect North Carolina and whether Fibrant can serve areas beyond its corporate limits. He explained the FCC allows Fibrant to move outside its corporate limit, but there would be risk involved since the State law that was overturned indicates it cannot.

Mr. Miller pointed out there is much to be done, and Council is doing all it can to make the right decision.

Mayor Alexander stated Fibrant is the bold vision of former City leaders to create a new tool to promote economic development opportunities. She added current leaders must work to make the utility what it was intended to be, an economic development engine that entices high tech business to the City.

Broadband Director Kent Winrich noted in 2011 Fibrant had 960 customers and currently has 3,562 customers. He explained Fibrant upgraded to an enterprise level hardware, and will repurpose the previous hardware as a backup data center. He indicated Fibrant revenue increased by approximately \$250,000 in the previous fiscal year. He stated Fibrant attracts high-end business and is adding approximately 10 new business customers per week with many current business customers upgrading their existing service. He pointed out one business customer can have the impact of five to 25 residential customers. He commented Fibrant has not been down since 2012.

MAYOR 'S ANNOUNCEMENTS

(a) 20th Annual Father Daughter Dance

Mayor Alexander announced the Parks and Recreation will host the 20th Annual Father Daughter Dance Saturday, February 6, 2015 at 6:00 p.m. until 9:00 p.m. at the Civic Center. The dance is for girls ages 4 to 13 and their fathers. Tickets are \$8 for the father and \$6 for the daughters, and must be purchased in advance at Parks and Recreation facilities. For more information call (704) 216-PLAY.

(b) Council Meeting Times and Public Comments

Mayor Alexander announced beginning March 1, 2016 City Council meetings will begin at 5:00 p.m. Public Comment sessions will be held at each meeting at approximately 6:00 p.m., or at the end of the meeting, whichever comes first.

(c) Council Liaison Appointments

Mayor Alexander asked for Council's consensus on a change to the Council liaison appointments made at the December 1, 2015 Council meeting. She noted the new appointments will be:

- Salisbury-Rowan Community Action Agency – David Post
- Human Relations Council – Karen Alexander

By consensus, Council agreed to the appointment.

(d) Community Development Block Grant and HOME Program Public Information Meeting

Mayor Alexander announced a public information meeting will be held to receive input from citizens on community development needs and priorities for the FY2016-2017 CDBG and HOME program funds from the United States Department of Housing and Urban Development. This public information session will be held at the Park Avenue Community Center, 632 Park Avenue, beginning at 5:30 pm on Thursday, February 4, 2016. For more information, contact Catherine Garner at 704-638-5324.

(e) North Carolina Symphony at Catawba College Keppel

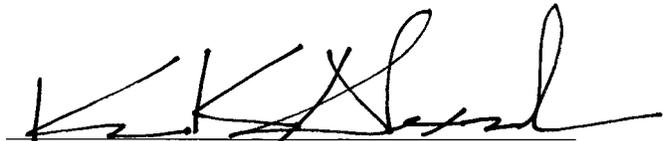
Mayor Alexander announced the North Carolina Symphony will be performing the theme "Home" for its concert February 6, 2016 at 7:30 p.m. at Catawba College's Keppel Auditorium. The symphony will perform Sarah Kirkland Snyder's work, "Hiraeth" based on her memories of Salisbury. To purchase tickets, visit www.salisburysymphony.org or call 704-637-4314.

(f) Retreat

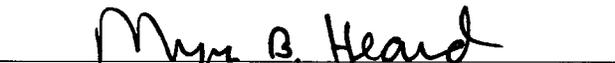
Mayor Alexander thanked everyone who worked to make Council's 30th Annual Goal Setting and Future Directions Retreat a success.

ADJOURNMENT

Motion to adjourn the meeting was made by Ms. Blackwell seconded by Mr. Miler. All council members in attendance agreed unanimously to adjourn. The meeting was adjourned at 6:23 p.m.



Karen Kirks Alexander, Mayor



Myra B. Heard, City Clerk