

Salisbury, North Carolina
June 9, 2016

RECESSED MEETING OF JUNE 7, 2016

Continued
June 9, 2016
9:00 a.m.

The City Council of the City of Salisbury met at 9:00 a.m., Thursday, June 9, 2016 in the Salisbury-Rowan Utilities Conference Room located at 1 Water Street pursuant to the recess of the Regular meeting of June 7, 2016, with the following members being present:

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

ABSENT: Council Member Kenneth Hardin and City Attorney F. Rivers Lawther, Jr.

Mayor Alexander and members of City Council met at 9:00 a.m. in the Salisbury-Rowan Utilities Conference Room located at 1 Water Street. Councilmember Brian Miller provided the invocation.

FY2016-2017 BUDGET WORKSHOP

City Manager Lane Bailey pointed out the recommended amount shown for Downtown Salisbury, Inc. (DSI) in the exhibits of the workbook included an appropriation to pay for a contract with Centralina Council of Governments. He stated that contract was paid out of the current budget, and the amount in the recommended budget of \$131,500 is correct.

Councilmember Miller asked if funding for Rufty-Holmes Senior Center was included in the budget. Mr. Bailey noted funding for Rufty-Holmes had been moved to

the Parks and Recreation budget and is included.

Mr. Bailey indicated he had spoken with County Manager Aaron Church regarding the dog park, and he noted Mr. Church stated the County Commissioners have a placeholder in their budget for the project. He added Mr. Church indicated they think the site suggested by Councilmember Hardin and Commissioner Pierce is good. Mr. Bailey stated the City has to request the funds from Rowan County, and the City's match could be the purchase of the property and an agreement to maintain it.

Mayor Pro Tem Maggie Blackwell stated the group has raised \$16,000 for the project, and they should be included in the planning process as the project moves forward.

Mayor Alexander commented she likes the bigger park and the fact the County is willing to give money for fencing. She suggested the item be placed on an upcoming agenda to make a formal request to the County in order to move forward.

Mr. Miller commented he would like to have other dog parks around the City, and he hopes the City can partner with Rowan County on this project or as the Maxwell Chambers Trust property is developed.

Mr. Bailey indicated Transit recently received an update on its funding, and the change will be reflected in the budget. Assistant City Manager John Sofley explained the changes and noted, of the four eligible systems, Rowan County declined its appropriations which allowed the funds to be shared among the remaining three systems. He noted the systems have looked into using other federal transit funds that are available, and although the 5307 funds will be less this year, Salisbury Transit will actually receive more money than it did last year. He stated this will allow Transit to reduce its fund balance appropriation by \$24,000 and purchase a crossover rescue van.

Mr. Bailey stated Transit has had conversations with Catawba College and Livingstone College about a proposed Transit program. Mr. Sofley explained Livingstone College has asked for a proposal to provide transit service to students that would allow them to use their college identification cards for access. He noted the proposal would create two new routes with extended hours. He added only Livingstone College has expressed an interest in going forward, but staff hopes to work with Catawba College in the future.

Mr. Bailey commented he believes this service would make Salisbury more of a college town. Mayor Pro Tem Blackwell asked if it would be possible to wrap the buses to make them college buses. Mr. Bailey indicated it is possible.

Mayor Alexander indicated Mr. Hardin had asked to make sure money is set aside for education and vocational training for the West End community. She noted the West End funds are shown in the Capital Improvement Plan (CIP) but not for the current year.

Mayor Pro Tem Blackwell noted a young man addressed Council in February regarding a skate park, and she pointed out if he has to wait for the skate park until it is shown in the CIP, he will be 30 years old.

Mayor Alexander asked about the liability for a skate park. Mr. Bailey stated there has been legislation passed that states if a skate park requires knee pads, elbow pads, and helmets they cannot be sued if someone is injured. He noted since the CIP process was new to Council and they have now gone through it one time, it would be good to revisit the CIP early in the new budget year to move items or priorities.

Parks and Recreation Director Nick Aceves stated he spoke with other Parks and Recreation Directors who have skate parks and over half of them indicated their parks are not used. He noted he has met with the young man who spoke to Council, and he has developed a plan and is currently in the process of looking for a grant. Mr. Aceves stated he indicated to the young man that if he could find grants, staff would help with writing them. Mr. Aceves added he made it very clear that a skate park project would take time, and the young man was understanding.

Mr. Miller commented Council must get beyond Fibrant in order to do other items that help with quality of life issues like green space and parks. He noted a quality of life bond issue may be needed in the next few years. He stated it may not be done right away, but Council and staff should begin the planning process.

Mr. Bailey stated a bond initiative can be part of the CIP process. He noted there are also discussions about extending the Greenway from the Crescent to connect with Kelsey Scott Park and using utility rights-of-way to connect to Community Park.

Mr. Bailey indicated \$50,000 is included in next year's budget for the Maxwell Chambers Trust property. He stated the Robertson Foundation has asked if the money can be allocated to them early in the fiscal year in order to begin repairs for the Bell Tower.

Councilmember Post mentioned there are over 30 people who play pickle ball at Hall Gym, but there are no outdoor facilities. He stated many people travel out of the county to play on outdoor courts. He noted tennis courts can be transitioned to pickle ball courts, and there are inexpensive options available.

Mr. Bailey stated he would like to take a group from Parks and Recreation to Lenoir to see its eight miles of greenway that connect their parks, along with tennis courts that were converted for pickle ball. He invited Council to go as well.

Mr. Post asked if hybrid buses are subject to grants. Mr. Sofley stated there have been funds allocated for hybrid buses, but they are available through competitive bids and not through the Metropolitan Planning Organization (MPO). He noted Transit has applied for the grants which provide 80% funding.

Mr. Post asked if the buses could be wrapped for Fibrant. Mr. Sofley stated staff has taken the idea of advertising on the buses to the Transportation Advisory Board.

Mr. Bailey noted currently the City cannot put Fibrant logos on the water tanks because of the sign ordinance. He indicated if the City receives the All-America City designation, it would be a great thing to add to the water tanks.

Mr. Miller asked about the City's obligation to the pension fund, and he asked what makes up the anticipated increase in healthcare and worker's compensation costs.

Mr. Bailey stated the North Carolina Local Government pension system is the third strongest in the United States, and there are no issues in that area.

Mr. Post asked if retirees' healthcare is funded. Mr. Bailey indicated retirees have to have 30 continuous years of service to be eligible for full health insurance. He added the municipal insurance is effective until the age of 65, when a retiree becomes eligible for Medicare.

Mr. Miller asked about the impact of healthcare increases on employees. Mr. Bailey noted insurance costs are going up. He noted the City pays for the employee, but if the employee has dependents the increase is significant.

Mayor Pro Tem Blackwell commented that the increase is significant but the City is maintaining services instead of reducing them.

Finance Director Teresa Harris stated Blue Cross Blue Shield projects costs for each class, and the City subsidizes part of the increase and pays for employees. She noted the City subsidizes approximately 30% of the difference between the cost of the employee and the cost for dependents.

Mr. Miller noted his company provides incentives of reduced premiums to employees who follow healthy lifestyles. Mr. Bailey commented the City has an incentive program to promote employee wellness. He indicated staff has had conversations with Novant to use its urgent care for wellness visits because the employee wellness clinic is only open 25 hours per week and not on weekends. He added staff is exploring ways to provide better coverage for employees while also reducing costs.

Mr. Bailey referred to the increase for worker's compensation and noted this year the City incurred unusual costs for issues that occurred in previous years.

Budget Manager Shannon Moore informed Council the worker's compensation contribution made to the internal service fund went from \$650 per employee to \$1,800 per employee.

Mr. Post noted healthcare and workers compensation are reactive, and it is hard to plan for their costs.

Mr. Miller asked what the City could do to ensure such a significant increase does not occur each year. Ms. Harris commented workers compensation was an anomaly this year, and some years the amount is lower.

Mayor Pro Tem Blackwell asked if there were options for employees who feel the healthcare increase will take the majority of their paycheck. Mr. Bailey stated he will send additional information to Council regarding the impact of the increase on the lowest paid employees.

Mr. Miller commented it is important that the City do an excellent job communicating and helping employees navigate and understand the increase. Mr. Bailey stated he will meet with each department to explain the budget and answer questions.

Mayor Alexander asked if there was any relationship between former Risk Manager Richard Kelly's retirement and the increase in workers compensation. Mr. Bailey indicated there was no relationship. He added Mr. Kelly's talents were unique and cannot be found, but the vast majority of the issues took place while Mr. Kelly was with the organization but took several years to resolve. He stated Risk Manager Kim Treece is doing a very good job on preventative programs, and he added this year was just a bad year.

Mr. Miller commented it would be good to have regular reports from the Police Chief. Mr. Bailey stated he believes Council will see a much greater focus on community policing once Chief Stokes assumes duties. He stated officers now have a mobile application that allows information to be sent out much quicker, and they are also using Next Door to make contact.

Mr. Post indicated he had talked with Rowan County Commission Vice-Chair Jim Green about creating a discretionary investment fund to help small businesses get started. He stated the funds would provide seed money to those who need money rather than to those who already have money. He noted Mr. Green indicated the County may be interested in such a program. Mr. Bailey commented the idea could be discussed during breakfast meetings between Council members and Commission members in order to work out before next year's budget.

Mayor Pro Tem Blackwell stated the Community Appearance Commission has expressed concern about plastic advertisement dispensers on the sidewalks. Mr. Bailey noted the City could install the dispensers itself or set a design standard and let the private vendors install under the standards. Mayor Pro Tem Blackwell asked if \$5,000 could be included in the budget for this. She added it would provide funds to address the issue if it cannot be worked out through design standards.

Mr. Post discussed drop-boxes for unused prescription drugs. Mayor Pro Tem Blackwell noted there is a drop-box located in the lobby of the Police Department. Mr. Post stated the most effective location is in community drug stores. He commented if the City takes the initiative, pharmacies may pay to install the boxes in their stores.

Mr. Miller referred to Fibrant and stated there is a need to fund the gap that exists. He noted some costs are justifiable from the general fund, and he noted one-time costs for installation create a revenue payback.

Mr. Bailey indicated credit checks are needed to make sure Fibrant is being sold to customers who pay, as well as aid in recovering equipment if the customer does not pay. He commented he and Councilmember Post are working on an issue that may have a big impact on the budget. He added the General Fund subsidizes the gap, and the end-goal is to reduce the gap.

Mayor Alexander thanked staff for working with Councilmember Post to develop detailed accounting for Fibrant. Ms. Harris noted the change will be in how the information is aggregated. She stated the information should be ready July 1, and staff will be able to provide a different report to put the information into financial decision-making terms.

Mr. Post thanked staff for gathering and providing the information. He stated the next step is to develop a business plan and then execute it. He commented there will be capital costs each year, but there are costs and other issues that can be addressed. He stated he believes Fibrant can break-even at 35% market share, and he believes this can be achieved if the City is willing to commit. He added Council must be willing to make decisions to move Fibrant toward break-even.

Mr. Miller agreed with Mr. Post that Fibrant can be turned around, and he stated he thinks the first step is reporting accurate information.

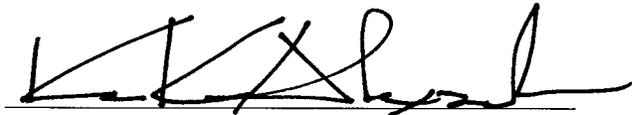
Mayor Alexander commented she asked Councilmember Post to work on the Fibrant issue because he had the education and background to ask the right questions and understand the issues.

Mr. Bailey stated in order to fix the problem the City had to be transparent, and he asked Council to let staff work through the process. He noted in 90 days he believes staff will have information that will be helpful for determining the next step for Fibrant.

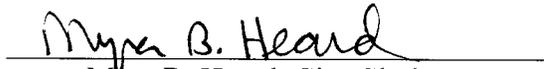
Mr. Bailey thanked Council for its feedback on the budget, and he indicated he will have a summary of the changes discussed and a budget ordinance for Council's consideration at its June 21 meeting.

ADJOURN

Motion to adjourn the meeting was made by Ms. Blackwell and seconded by Mr. Miller. All Council members in attendance agreed unanimously to adjourn. The meeting was adjourned at 11:45 a.m.



Karen K. Alexander, Mayor



Myra B. Heard, City Clerk