

**MINUTE BOOK 24, PAGE 447  
CITY OF STATESVILLE COUNCIL MEETING – June 18, 2012  
CITY HALL COUNCIL CHAMBERS – 7:00 P.M.  
STATESVILLE, NORTH CAROLINA**

**Council Present:** Mayor Costi Kutteh presiding, Gregory, J. Johnson, Eisele, West, M. Johnson, Matthews, Huggins, Stallard

**Council Absent:** 0

**Staff Present:** Hites, Fugett, Salmon, Currier, Pressley, Smyth, Davis, Gaines, Pritchard, Cornelison, Hutchens, Watts, Anderson

**Media Present:** Reporter-Record & Landmark, Dave Veiser-Charlotte Observer

**Others:** 6

**Call to Order**

Mayor Kutteh called the meeting to order.

**Invocation**

The Invocation was given by the City Clerk.

**Pledge of Allegiance**

Mayor Kutteh led the Pledge of Allegiance

Mayor Kutteh called the meeting to order and explained that during the second meeting of each month citizens are invited to speak about matters not on the current agenda. He asked if there was anyone present who wished to speak. There were no speakers.

**Consent Agenda** – All items below are considered to be routine by City Council and will be enacted by one motion. There will be no separate discussion on these items unless a Council member so requests, in which event, the item will be removed from the Consent Agenda and considered with the other items listed in the Regular Agenda.

- A. **Approve the minutes of the Budget Workshop meetings of May 29<sup>th</sup> and May 30<sup>th</sup>, and the Pre-Agenda meeting minutes of May 31, 2012.**
- B. **Consider approving 2<sup>nd</sup> reading of an ordinance to condemn the structure at 802 Wilmington Avenue as unfit for human occupancy.**
- C. **Consider approving 2<sup>nd</sup> reading of an ordinance to condemn the structure at 907 Goldsboro Avenue as unfit for human occupancy.**
- D. **Approve a formal request from the Downtown Statesville Development Corporation that the City of Statesville be an official co-sponsor of the *Statesville Criterium Bike Race*, providing in-kind services.**
- E. **Consider approval of a request from the Greater Statesville Chamber of Commerce and the Downtown Statesville Development Corporation to close W. Broad Street from Kelly Street to Mulberry Street, from 3:00 pm to 10:00 pm on July 27, 2012 to accommodate the June 1<sup>st</sup> "Friday after Five Summer Concert that was cancelled due to inclement weather.**
- F. **Consider approving a request from Street Ministry to close 4<sup>th</sup> Street between Raleigh Avenue and Newbern Avenue, on Saturday, June 30, 2012, between 11:00 a.m. and 4:00 p.m. to host a community picnic for peace.**
- G. **Consider approving a request from Abundant Manufacturing, Inc. to close Cochran Street between Connor Street and Garner Bagnal Blvd, on Saturday, July 21, 2012, between 10:00 a.m. and 2:00 p.m. to host an open house.**
- H. **Consider approval of a maintenance agreement with Corvus Janitorial Systems to provide janitorial services at the Fitness & Activity Center, City Hall, City Office Building, Police Department and Warehouse facility in the amount of \$89,580.**

- I. **Consider approving a request from the lessee of 432 W. Bell Street, Alcoholics Anonymous of Statesville, to install vinyl siding on the structure in compliance with their lease agreement which states the organization must pay for all cost of maintenance.**
- J. **Consider approving the appointment of Jane Getsinger to the Downtown Design Review Committee.**

**Council member Eisele made a motion to approve the Consent Agenda, seconded by Council member Matthews. The motion carried unanimously.**

**Regular Agenda**

- VI **Receive a presentation from Council member M. Johnson for "Connect Consortium".**

Council member M. Johnson reminded Council that three years ago Centralina Council of Government asked them to sponsor their request for a HUD Sustainable Communities Grant. Their first attempt was not successful. CCOG tried again last year and was awarded a \$4.9 million HUD Sustainable Communities Grant of \$4.9 million in November 2011. More than 100 public and private entities signed on as sponsors of the grant and pledged an additional \$3 million in lifetime funding for the process. Council member M. Johnson reviewed a power point presentation of the CONNECT program (incorporated into the minutes by reference-Attachment A). He stated he is asking Council tonight for approval for the City to become a member. No money is required, only an elected official and a staff member (with 1 backup) appointed. Council members briefly discussed how the \$4.9 million would be spent.

**Council member M. Johnson made a motion to approve the Memorandum of Understanding for membership in the CONNECT Consortium, seconded by Council member Stallard. The motion carried unanimously.**

- VII **Conduct a public hearing and consider approving first reading of an ordinance to annex the NC Statesville Hwy 21 LLC Property located on the east side of Turnersburg Highway (address numbers 214, 216, 222, 224).**

David Currier stated Council had approved the prerequisites to conduct a public hearing for this item at the previous meeting. The property is approximately 6.53 acres, fronts US-21, and lies directly to the south of Home Depot and to the north of 4<sup>th</sup> Creek Apartments. The property is contiguous to the current primary municipal limits of the City of Statesville; therefore, this request is being processed as a voluntary contiguous annexation. This property is called Statesville Retail and is roughly 80,000 square feet of commercial retail space. The current of the value of the property is \$1.347 million. At the conclusion of the project, staff estimates the tax value will be \$8 million.

Mayor Kutteh declared the public hearing open and asked if there was anyone present who wished to speak in favor or in opposition of this item. There being no speakers present, Mayor Kutteh declared the public hearing closed.

**Council member J. Johnson made a motion to approve first reading of an ordinance to annex the NC Statesville Hwy 21 LLC Property located on the east side of Turnersburg Highway (address numbers 214, 216, 222, 224), seconded by Council member Stallard. The motion carried unanimously.**

- VIII **Conduct two separate public hearings for Project BAR and Project REAL to consider approval of an ordinance for tax grant incentives.**

John Marek stated that Project BAR is a company based within the city limits of Statesville. The company manufactures components for the automotive sector and plan to add new capital equipment and perform a general upfit to the current building. New equipment will replace obsolete equipment with minimal current tax value. The company does not expect to create new jobs as a result of this investment, but will retain jobs which otherwise might be lost to competing facilities. The company currently employs 350 full time workers with an average salary significantly above the 3J Standard. The 3J Standard is approximately \$33,750 per year and the average wage of the 350 current employees is about \$40,000 per year, which adds about \$14 million to the City of

Statesville's economy. Equipment replacement is to begin in the second quarter of 2012, contingent upon final approval from corporate management and will be finished in the fourth quarter of 2013. This request is based on a \$23 million capital investment over an 18 month period consisting of \$12.7 million in capital equipment and building upfit in 2012 and \$10.3 million in capital equipment and fixtures in 2013. The purpose of the investment is to improve productivity and to remain competitive with offshore competitors and other facilities within the company. The incentive estimate is \$265,786 over a five year period.

Mayor Kutteh declared the public hearing open and asked if there was anyone present who wished to speak in favor or in opposition of this item. There being no speakers present, Mayor Kutteh declared the public hearing closed.

Mayor Kutteh explained the City's tax incentive procedures to the public.

**Council member West made a motion to approve a tax grant incentive to Project BAR, seconded by Council member Gregory. The motion carried unanimously.**

Mr. Marek stated Project REAL is also based within the city limits of Statesville and manufactures and services fixtures for the automotive sector. The company plans to add new capital equipment and expand the current building. New equipment will replace obsolete equipment with minimal current tax value. The company does not expect to create new jobs as a result of this investment, but will retain jobs which would otherwise be lost to competing facilities. The company pays an average salary that exceeds the 3J Standard pay scale of \$33,750 per year and the average salary for the current 150 employees is about \$45,000 per year, which contributes about \$6.8 million annually to the City of Statesville's economy. Construction is set to begin in the third quarter of 2012 and finish in the fourth quarter of 2012. Equipment will be added in the fourth quarter of 2012. The request is based on an \$18 million investment in capital equipment. More than \$1 million of this equipment will be purchased from a local Iredell County based equipment manufacturer. Some of the logistics and storage for this project will also be outsourced to an Iredell County based company. The purpose of the investment is to improve productivity and to remain competitive with offshore competitors and other facilities within the company. The incentive estimate is \$159,740 to \$178,414 over a five year period.

Mayor Kutteh declared the public hearing open and asked if there was anyone present who wished to speak in favor or in opposition of this item. There being no speakers present, Mayor Kutteh declared the public hearing closed.

**Council member Stallard made a motion to approve a tax grant incentive to Project REAL, seconded by Huggins. The motion carried unanimously.**

**IX Approve a motion to exercise an "Option to Purchase" for the property located at 128 E. Front Street for the amount of \$122,000 from the General Fund and approve Budget Amendment #42.**

City Attorney Edmund Gaines stated the City has had an option to purchase this property for several months. Budget Amendment #42 consists of an appropriation for the purchase price of \$120,000 and \$2,000 for settlement costs. Environmental studies have been performed and the property has been deemed suitable for purchase.

**Council member M. Johnson made a motion to approve the "Option to Purchase" for the property located at 128 E. Front Street in the amount of \$120,000 and \$2,000 for settlement costs from the General Fund and approve Budget Amendment #42 in the total amount of \$122,000, seconded by Council member Stallard. The motion carried unanimously.**

**X Approve a motion to close on a contract to purchase the Vance Hotel for the purchase price of \$475,000.**

Mayor Kutteh reminded Council that funding for this purchase will come from the Civic Center reserve which is partially funded by Occupancy Tax funds.

Mr. Gaines explained the City has had this property under contract for some time and the closing needs to take place within the next two weeks. A Budget Amendment for the purchase price of \$475,000 has been previously approved by City Council.

**Council member M. Johnson made a motion to approve the closing on a contract to purchase the Vance Hotel for the purchase price of \$475,000, seconded by Council member Stallard. The motion carried unanimously.**

**XI Consider approving first reading of an ordinance amendment and receive additional information regarding modifications to Sanitation Division commercial services.**

Larry Pressley summarized the following details regarding proposed changes to Commercial Sanitation Service. He advised that City Attorney Eddie Gaines has reviewed these changes and they meet with his approval. Staff recommends approval of the proposed amendment to Sections 19.23 and 19.24 of the City Code.

**Cessation of Commercial Dumpster Service:**

1. Staff recommends a transition date of August 1, 2012. Commercial dumpster service will cease on this date.
2. Staff has discussed this proposal with a local private hauler, who indicated that they could be ready to provide comparable dumpster service to customers currently served by the City, without interruption, by the proposed August 1, 2012 transition date.
3. Current dumpster customers will be notified of the cessation of this service as soon as it is approved.
4. To allow full cessation of dumpster service, staff recommends apartment complexes be reclassified as Commercial customers and required to contract with a private hauler for Commercial service.
5. The City will no longer provide service to apartment complexes that are served by dumpsters.
  - a. The City currently serves 19 apartment complexes – with a total of 63 dumpsters – as Residential customers. They presently do not pay a fee.
  - b. The City serves apartment dumpsters twice weekly. Comparable service from a private hauler will cost approximately \$150/month per 8 cy dumpster (depending on location). One complex in Statesville currently has 8 dumpsters.
  - c. Per City Code, Sec. 19-24.1.a. multifamily housing developments with more than 7 units are prohibited from using roll-out carts; they are required to have a dumpster. One 8 yd dumpster is required for every 25 units.
  - d. Service to apartment complexes for bulky items (furniture, appliances, etc.) will be continued by the Sanitation Division.
6. Staff recommends waiting to sell the City's four front-load trucks until at least January 2013.

**Rate Change for Commercial Roll-Out Cart Service:**

1. The proposed monthly rate for Commercial roll-out cart service is \$10.70 per cart, serviced once per week (the current monthly rate is \$2.60).

Worst case impact is a school:

Current rate:	6 carts x 3 times per week x \$2.60	= \$46.80/month
Proposed rate:	6 carts x 3 times per week x \$10.70	= \$192.60/month

2. City Code allows a maximum of three roll-out containers for Commercial customers, except by special provision for customers in the downtown area.

3. Commercial customers are serviced a maximum of twice weekly, except by special provision for customers in the downtown area.

**Residential Sanitation Service:**

No impact is anticipated to Residential Garbage and Recycling Services.

**Council member Stallard made a motion to approve first reading of an ordinance amending Sections 19.23 and 19.24 of the City Code, seconded by Council member Gregory. The motion carried unanimously.**

**XII Consider approving first reading of an ordinance for the renewal of a proposed franchise to operate a natural gas distribution system in Statesville.**

Mr. Hites stated PSNC has requested that the City review a proposed franchise for permitting it to maintain and improve infrastructure and sell natural gas within the City Limits. GS 160A-311 permits local governments to grant such franchises for up to sixty (60) years. PSNC is requesting a (30) thirty year renewal. Mr. Hites briefly reviewed the contents of the ordinance with Council. He advised that PSNC must present a written plan for addition, correction or renovation of their system for the City Engineer's review in order to coordinate their work with the existing infrastructure in the ground. The company will maintain maps or plats of its gas system and the City will have access to them. Mr. Hites pointed out that the agreement contains a hold harmless clause for the City.

Council member M. Johnson asked if PSNC had ever presented Mr. Hites with a Master Plan by which they anticipate xx number of dollars in capital investment over the next thirty years in this permit. Mr. Hites replied PSNC had not. Council member M. Johnson asked how the system gets expanded. Mr. Don Hollings with PSNC explained that expansion is basically determined by customer demand. PSNC has an Economic Development Model that requests are put through. PSNC does not have a plan that says it is going to expand a certain amount in Statesville or any other town it serves. He explained when a customer submits a request for service PSNC takes the cost that will be incurred to extend the lines versus the proposed revenues and puts it through the Economic Development Model. If the data shows that it will be a profitable project for PSNC over the next ten to twenty years, then the line is extended at no charge to the customer.

Council member M. Johnson asked if the City has ever received any economic assistance from PSNC for the recruitment of customers. Mr. Hites replied the City has never received any economic assistance. He clarified that the PSNC engineers are always in attendance when the City is working with a client that uses natural gas other than just for heating and cooling.

**Council member Stallard made a motion to approve first reading of an ordinance for the renewal of a proposed franchise with PSNC to operate a natural gas distribution system in Statesville, seconded by Council member West. The motion carried unanimously.**

**XIII Further discussion of a reduction in force.**

Lynn Smyth reminded Council that nine (9) General Fund employees have taken advantage of the early retirement incentive, one (1) in the Electric Fund and two (2) in the Water/Sewer Fund. In addition to those positions, there are 13 frozen positions. Staff continues to have employees that are expressing an interest in the early retirement incentive and they have until August 22, 2012 to make their decision. Staff and Council previously discussed the need to relocate some employees to fill positions vacated by retirement. Mrs. Smyth clarified that as individuals choose to take the early retirement incentive, staff will make Council aware of that and also the value of those retiring salaries. Staff understands that those positions will not be filled externally. She explained there may be instances where an individual who retires is critical to the organization and the position needs to be rehired. If there is not a candidate in house can meet the need, staff will bring that position to Council for their consideration and approval before the position is advertised. The City will continue to have employees that leave employment either voluntarily or involuntarily. If these positions are included in the budget, then the City Manager will evaluate them prior to filling them and ask the Department Head to justify the position and explain why those duties cannot be absorbed within the department. Staff will also investigate if there are some positions

elsewhere in the City where assistance could be transferred in. The City Manager will approve each of those very carefully before they are advertised, even those positions that are vacated and funding exists in the budget for the position. Mrs. Smyth stated there are about 21 employees who continue to be eligible for the incentive and staff expects to see a few more decide to take advantage of the incentive program over the next few weeks. Council previously discussed extending the cut-off date to sign up for the incentive program. If the program is extended through December 2012, four additional employees would become eligible to participate in the incentive. In answer to a question as to why some employees are not taking advantage of the incentive there is a variety of reasons such as, not ready to stop working yet, not financially able to stop working, and cannot afford health insurance until Medicare eligible. Over the next 5 years there are approximately 73 additional employees who will be eligible to retire. Mayor Kutteh asked Mrs. Smyth if she is asking Council if they would like to extend the program until January 1st. Mrs. Smyth replied that is correct. Council member M. Johnson asked if any of the employees who have taken the incentive will change their minds. Mrs. Smyth replied their seven day period to change their mind has expired. Council members agreed to leave the incentive program as it is and directed Mrs. Smyth to report to Council after the August 22<sup>nd</sup> deadline with the final count of employee who took the early retirement incentive. Council will decide at that time whether or not to extend the program through December.

**XIV Consider approving the 2012-2013 Municipal Operating and Capital Budget Ordinance.**

Lisa Salmon stated that in accordance with provisions of N.C. General Statutes, the City Manager's proposed 2012-13 budget was presented to Council on May 7, 2012. City Council conducted a public hearing on the budget on May 21, 2012 and held three budget workshops on May 29, 30, and 31, 2012. The General Fund Revenue appropriation change was a decrease of just over \$1 million. The most significant item in those changes was the elimination of the proposed Residential Garbage Fee that was included in the proposed budget, as well as the elimination of the Commercial Dumpster Service and fees and also the increase of the fees for roll-out service that was over \$1,100,000. Changes in the appropriations side was the reduction of appropriations for gasoline and diesel, elimination of a number of additional positions and the elimination of costs associated with Commercial Dumpster Service for a net total of just over \$1 million. In the Electric Fund there was a total of \$28,600 in appropriations that were eliminated in the budget that consisted of the elimination of one position and the reduction of appropriation for gasoline and diesel. In the Water/Sewer Fund there is a reduction of almost \$64,000 through the elimination of one position and a reduction in the appropriation for gasoline and diesel. The elimination of that appropriation was offset by the reduction and the transfer in of revenue from the Water/Sewer Capital Reserve to reduce that amount to \$451,567. This budget still contains a \$0.03 cent on the one hundred property tax rate increase from \$.038 to \$.041, to create the "revenue-neutral" property tax revenues based on the declining tax base from last year's property tax revaluation. The budget ordinance also includes an increase in various Membership Fees at the Fitness and Activity Center and an increase in Privilege License Fees for Electronic Gaming Operations, which will move from a license based on Gross Receipts to a Flat Fee of \$2,000 per establishment, plus \$1,000 per machine. The budget ordinance eliminates fees in Sanitation for Commercial Dumpster Service and increases fees for Commercial Roll-Out Service from \$2.60 to \$10.70 per container, per month. The budget ordinance includes a 7.0% increase in Retail Electric Rates and a 7.0% increase in Water and Sewer rates, which will become effective July 01, 2012. In total the General Fund Budget is \$28,180,898, the Electric Fund is \$46,102,110, the Water/Sewer Fund Budget is \$10,314,348 and the Civic Center Fund Budget is \$976,520 for a total Operating Fund Budget of \$85,573,876.

Council member M. Johnson commented what a difficult budget this was for staff and Council and applauds staff and Council who are committed to shrinking the size of government. He feels this is a very proactive role to take and that staff has worked diligently to facilitate Council's wishes in this area. Unfortunately Capital Improvements do not always meet budget deadlines and the option of the revenue neutral position gives the City the ability to move forward and continue with the Capital Improvement program that is a necessity in so many areas.

**Council member M. Johnson made a motion to adopt the 2012-2013 Municipal Operating and Capital Budget Ordinance, seconded by Council member Stallard. The vote was as follows:**

**Ayes: M. Johnson, Stallard, Gregory, Eisele, Matthews  
Nays: West, Huggins, J. Johnson  
Motion carried 5-3**

**XV Consider approving the 2013-2017 Capital Improvement Plan.**

Mrs. Salmon stated a multi-year CIP is considered a best practice and ensures the effective management of Capital Assets and is considered prudent budgeting annually. She reminded Council that the Capital items included in the 2013 year are included in the City's 2012-13 Municipal Operating and Capital Budget Ordinance. Capital items listed in the five future planning years are subject to annual review and approval by Council.

**Council member Gregory made a motion to approve the 2013-2017 Capital Improvement Plan, seconded by Council member Stallard. The motion carried unanimously.**

**XVI Consider approving the 2012-2013 Budget Ordinance for the Health Insurance Fund.**

Mrs. Salmon stated the proposed budget for the Health Insurance Fund is in the amount of \$3,896,897.

**Council member Eisele made a motion to approve the 2012-2013 Budget Ordinance for the Health Insurance Fund, seconded by Council member Stallard. The motion carried unanimously.**

**XVII Consider approving the 2012-2013 Budget Ordinance for the Occupancy Tax Fund.**

Mrs. Salmon stated the proposed budget for the Occupancy Tax Fund is in the amount of \$700,000.

**Council member West made a motion to approve the 2012-2013 Budget Ordinance for the Occupancy Tax Fund, seconded by Council member Eisele. The motion carried unanimously.**

**XVIII Consider approving the 2012-2013 Budget Ordinance for the Property and Casualty Liability Fund.**

Mrs. Salmon stated the proposed budget for the Property and Casualty Liability Fund is in the amount of \$703,924.

**Council member Eisele made a motion to approve the 2012-2013 Budget Ordinance for the Property and Casualty Liability Fund, seconded by Council member Stallard. The motion carried unanimously.**

Mayor Kutteh thanked staff and Council for their diligent work on a difficult budget.

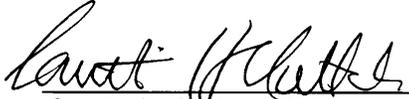
**XIX Receive an update report on the Streetscape project.**

Brendon Pritchard stated it is month 17 of the Streetscape Project. Since the previous update landscapers have completed irrigation systems and planted trees and grass on the south side of E. Broad Street. Electricians have set the last electrical panels and are continuing to wire the remaining receptacles. On the north side of E. Broad Street, electrical conduits, light bases, and the majority of curb and gutter have been poured and sidewalk pavers installed. In the weeks ahead the curb and gutter should be completed, sidewalk brick pavers installed, light poles set and begin getting things ready for the landscaper. Storm drain improvements have been started on the north end of the Pecan Park parking lot and will take a few days to complete. This is not a part of the Streetscape Project and will not affect Pecan Park itself. Staff will try to keep that work zone as small as possible to limit the impact to traffic in the parking lot. Surrounding businesses have been notified and access to parking coordinated with them.

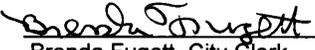
Council member Stallard reported a call he had received in appreciation of the downtown streetscape.

**There being no further business, Council member Gregory made a motion to adjourn, seconded by Council member West. The motion carried unanimously.**



  
Constantine H. Kutteh, Mayor

ATTEST:

  
Brenda Fugett, City Clerk