

**MINUTE BOOK 25, PAGE 006  
CITY OF STATESVILLE COUNCIL MEETING – May 06, 2013  
CITY HALL COUNCIL CHAMBERS – 7:00 p.m.  
STATESVILLE, NORTH CAROLINA**

**Mayor Constantine H. Kutteh presiding:**

**Council Present:** J. Johnson, Eisele, West, Huggins, Stallard, Matthews, M. Johnson, Gregory

**Council Absent:** 0

**Staff Present:** Pressley, Fugett, Gaines, Smyth, Billings, Collins, Harrell, Cornelison, Houpe, Hutchens, Watts, Weatherman, Hudson

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

**Others:** 3

**Call to Order**

Mayor Kutteh called the meeting to order.

**Invocation**

The Invocation was given by the City Clerk.

**Pledge of Allegiance**

The Pledge of Allegiance was led by Mayor Kutteh.

Mayor Kutteh announced that the City of Statesville received the 2013 Region of Excellence award from the Centralina Council of Government for the Streetscape project. The award will be presented at their May 8, 2013 board meeting and will be accepted by Council member Michael Johnson who is the City representative and Vice-Chairman of that board.

**Consent Agenda**

Mayor Kutteh explained that 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. Mayor Kutteh read the Consent Agenda as follows:

- A. Approve the minutes of the April 11, 2013 Pre-agenda meeting and the April 15, 2013 City Council meeting.**
- B. Consider approval of Budget Amendment #36 to appropriate Occupancy Tax funds in the amount of \$110,000 for distribution.**
- C. Adopt an ordinance closing the City Hall Renovation Fund and approve Budget Amendment #37 returning the remaining funds to the General Fund.**
- D. Adopt an ordinance closing the Safety Overrun Airport Project Fund and approve Budget Amendment #38 returning the remaining funds to the General Fund.**
- E. Adopt an ordinance closing the Traffic Safety Grant Fund and approve Budget Amendment #39 returning the remaining funds to the General Fund.**
- F. Consider approval of Budget Amendment #41 to appropriate additional funds in the amount of \$50,000 to the Property and Casualty Insurance Fund for workers' compensation claims.**
- G. Consider approval of a resolution directing the City Clerk to investigate a petition of annexation for a portion of Commerce Boulevard right-of-way, receive the City Clerk's Certificate of Sufficiency, and consider approving a resolution fixing the date of May 20, 2013 for a public hearing on the questions of the petitioned annexation.**

- H. **Receive 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.**
- I. **Consider approval of a request from the Downtown Statesville Development Corporation to close selected streets in downtown Statesville for the *Statesville Criterium Bike Race* on Friday, August 2, 2013 and also approve a temporary towing enforcement of vehicles along the race route be in effect during the closure period.**
- J. **Consider approval of a request from the Tara's Trace Home Owner's Association to close the traffic circle in the Tara's Trace subdivision, (the intersection of Ballingarry Drive and Cappelquin Drive), on Saturday, May 18, 2013, between 11:00 a.m. and 6:00 p.m. to host a community picnic.**
- K. **Grant permission to the Statesville Police Department to apply for a grant from the National Association of Drug Diversion Investigators (NADDI) for \$10,000 in evidence purchase funds, and authorize Daniel Miglin to represent the City of Statesville in this process.**
- L. **Consider approving 2<sup>nd</sup> reading of an ordinance to amend Chapter 12, Sec. 11- 121, Civil Penalties, of the Statesville City Code by redefining a portion of subsection (d).**

Mayor Kutteh asked if there were any items on the Consent Agenda that a Council member wished to be moved to the Regular Agenda. There being none, he asked for a motion to approve the Consent Agenda.

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

Mayor Kutteh advised Item VII was removed from the agenda.

#### **REGULAR AGENDA**

- V **Consider awarding bids for construction of the Blast Pad and Security Fencing at the Statesville Regional Airport. *(This item was added at the Pre-Agenda Meeting)***  
Phil Collins stated this request is to award a bid in the amount of \$204,641 to JT Russell and Sons, Inc. for construction of the blast pad and to Country Boy Landscaping, Inc. in the amount of \$176,470 for installation of the perimeter fencing. Staff received assurances of the grant funding for these projects and the grant agreements were approved by City Council on March 18, 2013 (blast pad) and April 1, 2013 (perimeter fencing). Michael Baker Engineering and staff recommend awarding the full contract amount for these projects as follows: award \$204,641 to JT Russell and Sons, Inc. for construction of the blast pad and award \$176,470 to Country Boy Landscaping, Inc. for installation of the security fencing.

Mayor Kutteh asked if both recommendation letters received from Michael Baker Engineering that said "the bids received on July 10, 2013 had expired", was a clerical error and should state "the bids received on July 10, 2012 had expired". Mr. Collins replied that was correct.

**Council member J. Johnson made a motion to approve the award of a bid in the amount of \$204,641 to JT Russell and Sons, Inc. for construction of the blast pad and to Country Boy Landscaping, Inc. in the amount of \$176,470 for installation of the perimeter fencing at the Statesville Regional Airport, seconded by Council member Stallard. The motion carried unanimously.**

- VI **Conduct a public hearing and consider adopting an Assessment Resolution regarding proposed improvements to Commerce Boulevard.**  
Scott Harrell stated that on April 1, 2013, the City Council adopted a Preliminary Assessment Resolution for the repair and improvement of Commerce Boulevard and the assessment of one-half the cost of the improvements to the adjacent property owners. On April 24, 2013, public notice of the Preliminary Assessment Resolution and the May 6<sup>th</sup> public hearing was made, and copies of the resolution were mailed to the subject property owners. The proposed work for Commerce Boulevard includes storm drainage repairs and asphalt paving; the estimated cost of the work is \$300,000. A deposit

totaling \$150,000 has been received from several of the property owners by the City Attorney. Sixteen property owners, out of 22, signed a petition expressing their desire that Commerce Boulevard be improved as described and their willingness to pay the assessment cost. If adopted, the Assessment Resolution will (1) authorize staff to proceed with improvements to Commerce Boulevard, (2) fix the assessment to be 50 percent of the total cost of the improvements, and (3) provide property owners the option of paying the assessment as a cash payment or in 10 equal annual installments at 8 percent interest.

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, Mayor Kutteh declared the public hearing closed.

**Council member M. Johnson made a motion to approve an Assessment Resolution regarding proposed improvements to Commerce Boulevard, seconded by Council member Stallard. The motion carried unanimously.**

**VII Consider approving Michael Baker Engineering to serve as the City's consulting engineer for the Airport.**

This item was removed from the agenda.

**VIII Consider approving new evening swim hours and admission rates for the Statesville Leisure Pool.**

Brent Cornelison explained that during the pool season, the leisure pool is open Monday, Wednesday and Friday from 10:00 a.m. until 8:00 p.m. Daily admission fees are \$5 for adults and \$4 for children. On Tuesday, Thursday and Saturday, the daily admission is the same; however, the pool closes at 5:45 p.m. and re-opens for "members only" to swim from 6:00 p.m. until 8:00 p.m. In an effort to increase swim opportunities for our citizens, especially those with younger children, the staff recommends closing on Monday, Wednesday and Friday at 5:45 p.m. and re-opening for evening swim from 6:00 p.m. until 8:00 p.m. at a rate of \$3 for adults and \$2 for children. Monday, Wednesday and Friday evening swim times will be open to the general public and members as well. New revenues are difficult to project, but staff does not anticipate a significant impact to the budget.

Council member West asked if there will be an increase in labor costs. Mr. Cornelison replied there would not be.

**Council member Huggins made a motion to approve new evening swim hours and admission rates for the Statesville Leisure Pool, seconded by Council member West. The motion carried unanimously.**

**IX Consider authorizing a sole source purchase of one 16 channel DVR and 5 cameras in the amount of \$15,682 to be installed at the City warehouse facility.**

Kent Houpe stated the Warehouse facility currently has a camera security system but it does not adequately cover the property and additional cameras cannot be added. The proposed system is expandable and will upgrade the current security system and allow the installation of two outdoor domes with wireless digital color cameras and three network digital color cameras. Staff feels it is necessary to upgrade this equipment because of the increasing number of recent thefts and damage to City trucks. Mr. Houpe pointed out that the installation of cameras similar to these at the Statesville Soccer Complex has resulted in the capture of vandals at that location.

**Council member J. Johnson made a motion to approve a sole source purchase of one 16 channel DVR and 5 cameras in the amount of \$15,682 to be installed at the City warehouse facility, seconded by Council member Stallard. The motion carried unanimously.**

**X Consider approval of a quote by Kemp, Inc. for the repair of the #2 Finish Water Pump at the Statesville Water Treatment Plant for a price not to exceed \$143,341 and approve Budget Amendment #40.**

Joe Hudson stated the Statesville water treatment plant has four finished water pumps; these are the pumps that push the water out into the system, two of which are currently out of service, with the #2 pump being one of the two. The #2 pump was originally slated for a rebuild or replacement next year (\$450,000 was proposed for the

capital budget) but in the interim, has failed. This repair will remove this item from the capital budget. The warranty on this rebuild is two years with a life expectancy of 15-20 years on a rebuild like this. The remaining 12 million gallons per day (MGPD) pump had been slated for repairs in the capital budget at the cost of approximately \$550,000. After reviewing demand and pumping adequacy, staff felt the 12 MGPD pump did not need to be repaired or replaced at this time, nor in the near future. State officials agreed that once the #2 pump is repaired, the City would have adequate pumping capacity and required redundancy for safety factors. Therefore, staff will not repair or replace the 12 MGPD pump until such time that demand requires it. Approval of this item will collapse the cost of capital improvements from \$1 million to \$150,000.

**Council member Stallard made a motion to approve a quote by Kemp, Inc. for the repair of the #2 Finish Water Pump at the Statesville Water Treatment Plant for a price not to exceed \$143,341 and approve Budget Amendment #40, seconded by Council member Huggins. The motion carried unanimously.**

**XI Receive the 2013-14 budget proposal from the City Manager and staff and set a public hearing on the budget for May 20, 2013 at 7:00 p.m.**

Larry Pressley gave the following budget message:

It is with great pleasure that your City staff presents the budget for fiscal year 2013-14. Our financial situation is improved substantially since last year at this time because of prudent choices made by the City Council last year including the following:

1. Incented retirements
2. Setting a revenue neutral tax rate
3. Changes to the commercial sanitation program

This proposed budget anticipates NO ad valorem tax increase, the Third Creek Wastewater project being under contract in July of 2013, the first pay increase for employees in five years as a 3.5% cost of living increase and discontinuing the incented retirement program that was in place last year.

As discussed at the Council retreat on February 28<sup>th</sup>, City staff is committed to continuing to carefully scrutinize all vacancies as they occur in the coming year, filling only positions that are deemed necessary by the Manager. Additionally, staff will conduct a department by department review to look at what the overall staffing level should be since our growth has not followed the level anticipated prior to the recession. We do anticipate additional savings particularly to the General Fund.

The proposed budget is \$88,139,130 divided among the four operational funds. The County Tax Assessor estimates the tax base at \$2,985,636,379; a slight increase of 0.2% from the prior year. We are recommending maintaining the current property tax rate of \$.41 per \$100 assessed valuation. Revenues from ad valorem property taxes are \$11,995,551 based on estimated property values and a collection rate of 96%. The Downtown tax rate remains unchanged at \$0.10 per \$100 on a tax base valued at \$101.8 million.

This year a new system for the collection of property taxes on motor vehicles will be implemented by the State. Beginning in July 2013, the Division of Motor Vehicles (DMV) will collect property taxes on registered motor vehicles when the registration is renewed. The new system is expected to greatly improve the collection rate on motor vehicles for cities and counties and is estimated to produce a one-time bump in revenues of \$220,716 due to 16 months of motor vehicle tax collections – 4 months under the old system and 12 months under the new system, creating an overlap in revenues.

This budget proposal includes a 5.0% increase in retail electric rates to offset a 5.0% increase in wholesale rates effective July 1, 2013.

We are recommending a 2.0% increase in water and sewer rates to provide for operations and capital, as well as the necessary debt service in the coming years for a major expansion to the Third Creek Wastewater Treatment Plant. Bids for this expansion project have been received and seem to be favorable. Staff anticipates presenting a recommendation of the bid award at the May 20<sup>th</sup> Council meeting.

At its annual planning retreat in February 2013, Council directed staff to consider employee pay increases and restoration of the City's educational incentive program as top priorities in developing the proposed budget. We are pleased to report that this budget provides funding for a 3.5% cost-of-living adjustment (COLA) and reinstates the educational incentive program for City employees.

New legislation this year requires that cities that are reimbursing employers for unemployment claims to maintain a reserve account in the State unemployment insurance fund equal to 1% of their taxable wage base. For each employee, the taxable wage base is the greater of the federal wage base (\$7,000) or 50% of the State average yearly insured wage (\$20,900 for 2013). This requirement is expected to cost the City an additional \$94,000 in the upcoming year.

The General Fund is shown as being balanced using \$270,000 as appropriated fund balance. Staff anticipates there will be additional savings that have not been accounted for and the budget will be very close to being balanced at year end.

**Council member Stallard made a motion to set a public hearing for the budget on May 20, 2013 at 7:00 p.m. in the City Hall Council Chambers, seconded by Council member Eisele. The motion carried unanimously.**

Mayor Kutteh announced that on Friday, May 17<sup>th</sup> at noon, a formal dedication and ribbon cutting of the completion of Phase I of the Streetscape project will be held at the square. There will also be music till 1:30 at different locations downtown.

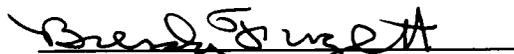
Mayor Kutteh reminded citizens that the "I've Got a Feeling" video will be re-filmed on Sunday, May 19<sup>th</sup> at 8:00 a.m. and the entire community is invited to participate.

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



ATTEST:

  
Constantine H. Kutteh, Mayor

  
Brenda Fugett, City Clerk