

**MINUTE BOOK 25, PAGE 230 ^{Budget}
CITY OF STATESVILLE COUNCIL MEETING – May 27, 2014
CITY OFFICES BUILDING - 2ND FLOOR TRAINING ROOM – 5:30 P.M.
STATESVILLE, NORTH CAROLINA**

Mayor Costi Kutteh presiding:

Council Present: J. Johnson, West, Schlesinger, Huggins, Watt, Morgan

Council Absent: Phifer, M. Johnson

Staff Present: Fugett, Pressley, Davis, Smyth, Hutchens, Currier, Harrell, Anderson, Hudson, Salmon, Cornelison, Triplett, K. Roberts, Houpe, D. Shelton

Visitors: 0

Media Present: John Hamlin-Statesville Record & Landmark

Mayor Kutteh called the meeting to order and thanked staff for their work on this budget.

Lisa Salmon explained the budget process. She reviewed questions from Council members that she received prior to the meeting and the answers that staff had provided. (incorporated into these minutes by reference-Attachment A)

Council members discussed the decline in the property tax base and the loss of the Sweepstakes businesses revenue.

Mrs. Salmon reviewed unspent appropriations. After some discussion, Council members agreed to return the \$99,100 appropriation for the Salisbury Road sidewalks and the \$493,550 Highway 115 Land Acquisition funds back to the General Fund.

Council member Watt made a motion to return the appropriation of \$99,100 for the Salisbury Road sidewalks and the appropriation of \$493,550 for the Highway 115 Land Acquisition back to the General Fund, seconded by Council member West. The motion carried unanimously.

Mrs. Salmon reviewed the proposal to make Fridays a full price day at the Civic Center effective July 01, 2015.

Council member J. Johnson made a motion to discontinue the Friday discount for non-profit organizations at the Civic Center effective July 01, 2015, seconded by Watt. The motion carried unanimously.

Council members discussed demolishing the two vacant properties on the Civic Center block. Mr. Pressley said the structure on the corner of Sharpe Street is considered a historic property and the Design Review Committee was not recommending demolition. Mr. Currier said the expense to move the house was astronomical but staff will verify this information. Mayor Kutteh requested that staff investigate the cost to demolish the vacant service station on Front Street and the two on the Civic Center block.

Council member Huggins asked what the status is regarding demolishing the structures on Western Avenue. Mr. Currier stated there has been no funding for Commercial demolitions the last two years. Staff estimates the cost to demolish the Western Avenue structures at \$25,000. Mrs. Salmon advised there is Commercial demolition funds included in this budget. Mr. Currier stated that staff has three Commercial demolitions in mind and Western Avenue is one of them.

Mrs. Salmon reviewed the 2014-2015 proposed budget adjustments as of May 27, 2014 (incorporated into these minutes by reference-Attachment B). Staff recommends cutting the purchase of the Police Department Communications Consoles for \$140,000 from the proposed budget. Chief Anderson said the consoles are sixteen years old and analog but still operable. The main concern is that replacement parts cannot be found for the existing consoles. Council briefly discussed cutting the consoles from the budget.

Council members accepted the adjustments proposed by staff to the proposed budget.

Council member J. Johnson gave a brief history regarding Special Appropriations by the City and asked to discuss the proposed \$25,000 appropriation to Iredell County for the ICATS program.

Mr. Pressley explained that up to this point there has been funding through NCDOT for various transportation needs for low income, disabled, etc. citizens. There has been a budget change through the State and these funds will be taken from the County as of July 1, 2014. The ICATS program has run what they call a deviated fixed route where they will pick people up from their houses if they need to but they also run routes from the Plaza apartments, Mitchell Community College, Walmart, Kmart, BI-LO, etc. They charge the riders \$1.00 to offset some of the cost. There is no funding in place for 2014-2015. If the City wants to see this continue, the County is requesting funding in the amount of \$25,000 from the City. Beginning October 01, 2015 there would be a 25/75 match so the requested amount would go down to \$6,250 unless there was some other route that the City wanted to add back. This route would be run two days a week, Mondays and Fridays. Mr. Pressley advised that the County match is through a grant that County staff feels they will receive but it is not an absolute certainty at this point. Mooresville pays the full amount of \$65,000 and runs five days a week.

Council member J. Johnson said this is a County function and he is 100% opposed to paying the \$25,000 because the citizens living inside the City limits are just as much County residents as those living outside the City limits and pay County taxes equal to anybody living in the County.

Mayor Kutteh said he would like to take this out of Special Appropriations so it does not appear that the City is opening up Special Appropriations again.

Council members discussed this item at length.

Mayor Kutteh asked for a vote on keeping the ICATS funding in the budget as long as the City can put its logo on the side of the bus. The vote was as follows:

**Ayes: M. Schlesinger, Morgan, Huggins
Nays: J. Johnson, West, Watt**

Tie Vote: Mayor Kutteh voted Aye

Final Vote: 4-Ayes, 3-Nays

Upon a 4-3 vote the ICATS funding will be included in the proposed budget.

Council members discussed giving City employees a 3.5% Standard Performance Pay Increase (SPPI). A hybrid Merit/C.O.L.A. system was discussed.

Council member West recalled that he was told last year that staff would be doing a pay study because there are people in the field with the Fire Department that are making \$20,000 more than the second person in charge. Mrs. Salmon stated that Lynn Smyth had included a pay study in her budget this year but it was cut. Mrs. Smyth suggested that staff do a mini pay study and present it to Council in November or December. Council member West agreed to this.

The majority of Council members agreed to include the 3.5% SPPI in the proposed budget.

Staff recommends implementing the SPPI October 01, 2014 after yearly evaluations are performed. Mrs. Smyth explained the evaluation process and that not every employee gets an SPPI.

Council asked staff to look at what would be involved in the implementation of a Merit/C.O.L.A. based system for the next budget year.

Council member Schlesinger asked when the tax rate was last raised. Mrs. Salmon replied it was increased in 2012-2013 to a revenue neutral rate of \$.041 per 100 from \$.038 per 100. Council discussed various revenue streams.

Council member J. Johnson asked why the clothing allowance for the Police Department is lower than the Fire Department since the Police Department has many more employees. Chief

Hutchens explained that Turn-Out Gear is now included in the department's uniform budget instead of in the Equipment budget.

Council discussed the conversion to single stream recycling. Mr. Pressley explained that by going to single stream recycling there will be a reduction in operating costs and the City will be able to recycle more.

Council member J. Johnson suggested that the Parks & Recreation Department do the mowing or contract it out instead of purchasing a \$3,000 riding lawn mower for the Fire Department. Mr. Pressley said the Fire Department staff is already at the location and unless there is a problem with the way they look he does not know of a more economical way to do it.

Council discussed the purchase of two new vans for the Parks & Recreation Department. Mr. Pressley explained that staff has been informed by the City's insurance company that we need to start phasing the 15 passenger vans out because eventually they will not insure them due to the number of accidents these types of vans have been in. Brent Cornelison said the vans are used every day and that a van can be paid for in two years with the revenue that is made from them. Mrs. Smyth stated the insurance may not be cheaper but it will not be more than what the City is currently paying.

Council member Huggins asked why there was a decrease in fuel costs in some departments. Mrs. Salmon explained the fuel purchase system.

Council discussed the proposed carpet replacement at the Police Department. Chief Anderson explained that it is primarily corridors and offices and has not been replaced since 2002 so there are some severely worn areas. He advised that tile has been put in some areas. Mrs. Salmon stated that she has asked Chief Anderson to monitor his remaining budget this year and try to pay for this out of the current budget so this item may be removed from the 2014-2015 budget.

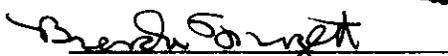
Council members agreed that consideration of the budget will be added to the June 02, 2014 City Council meeting agenda.

Council member West made a motion to adjourn the meeting, seconded by Council member J. Johnson. The motion carried unanimously.

Attest:




Constantine H. Kutteh, Mayor


Brenda Fugett, City Clerk