

**MINUTE BOOK 25, PAGE 346
CITY OF STATESVILLE COUNCIL MEETING – January 12, 2015
CITY HALL COUNCIL CHAMBERS– 7:00 P.M.
STATESVILLE, NORTH CAROLINA**

Mayor Costi Kutteh presiding:

Council Present: J. Johnson, Watt, Morgan, Schlesinger, West, M. Johnson, Williams

Council Absent: Phifer

Staff Present: Pressley, Fugett, Gaines, Davis, Currier, Harrell, Ashley, Cornelison, Hutchens, Navey, Anderson, Houpe, Smyth

Visitors: 5

Media Present: John Hamlin-Statesville Record & Landmark, Dave Veiser-Charlotte Observer

I Call to Order

Mayor Kutteh called the meeting to order.

II Invocation

The Invocation was given by the City Clerk.

III Pledge of Allegiance

Mayor Kutteh led the Pledge of Allegiance.

IV Public Comment

Mayor Kutteh advised that during the second meeting of each month citizens are invited to speak about matters not on the current agenda. There were no speakers.

V 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. Consider approving the minutes of the December 11, 2014 Pre-Agenda meeting and the December 15, 2014 City Council meeting.**
- B. Consider approving 2nd reading of TA14-04 filed by the City of Statesville to Amend Article 8 Streets, Section 8.06 Streets, B. Street Design, Table 8-2: Street Composition, and G. Other Improvements**
- C. Consider approving the renewal of two leases at the Statesville Regional Airport.**
- D. Request permission to apply for a grant from the NC Governor's Crime Commission (GCC) for \$60,000 and to authorize Captain Kenny Cornelius to manage the project on behalf of the City of Statesville.**
- E. Receive the Statesville's Convention and Visitor Bureau's Audited Financial Statements for the fiscal year ended June 30, 2014.**

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

Council member Williams made a motion to approve the Consent Agenda, seconded by Council member Morgan. The motion carried unanimously.

Regular Agenda

- VI Receive a report on Statesville Convention & Visitors Bureau matters from Phil Hazel, Chairman of the SCVB Board of Directors.**

Phil Hazel explained the Statesville Convention and Visitors Bureau ("CVB") grants program which was created in 2014. The grants program is designed to assist in the realization and growth of innovative projects, which enhance, promote and market Statesville, North Carolina, as a tourist destination. The program seeks to provide assistance to an agency or organization to initiate such activities, which might not be considered without special funding.

Twice each year, in July and January, the Board of the Statesville Convention and Visitors Bureau makes financial assistance grants to agencies and organizations planning/developing special projects and events that help promote travel and tourism in Statesville, North Carolina. The hope is with initial financial assistance; such events would eventually grow and flourish without direct funding from the CVB Grant program.

The Statesville CVB Grant program is designed to provide funding to special and culturally related activities that draw visitors to our area on an overnight basis. Funding for Statesville CVB Grants comes from the Statesville Room Occupancy and Tourism Development Tax legislated by the N.C. General Assembly. Each year a percentage of this revenue is reserved for funding specific tourism related events and activities. This amount is divided between the summer and winter Statesville CVB Grant funding cycles. The idea is to put revenues generated from the tourism industry back into the promotion of travel and tourism. This funding will further stimulate the economy and provide a continuous source of funding for the Statesville CVB Grant program.

Any Statesville, North Carolina, organization or agency which hosts tourism related events and activities is encouraged to apply. While the Statesville CVB provides assistance with a variety of event and convention needs, CVB Grants are designed to assist in events and activities open to visitors and the general public.

Council member Morgan asked is there a maximum or minimum grant amount. Mr. Hazel said the board would not spend more than the \$75,000 reserved for the grants and he anticipates that there will be several grants of smaller amounts.

Council member Schlesinger asked how the projects will be picked. Mr. Hazel replied the CVB board would make the decision as a board.

Council member West asked how the grant is funded. Mr. Hazel answered that most of it comes from the elimination of the SCVB Executive Director position and changes in spending.

VII Consider approving the transfer of \$135,000 from the Health Insurance Fund and appropriate \$15,000 deposit refund from NC League of Municipalities to cover additional workers' compensation cost for the remaining of the fiscal year and approve Budget Amendment #25.

Lynn Smyth stated that workers' compensation claims' costs continue to grow this year, due in large part to a few incidents resulting in long term claims with high medical and indemnity costs. The claims associated with car wrecks resulted from accidents in which the City driver was not at fault and staff expects to subrogate against the at-fault carrier. In these instances, the auto carrier has been put on notice of the City's intent to subrogate our claim costs against their policies. From these claims, staff would expect to recover the majority of what has been paid to date (\$84,772). When claims spike and bring attention to the workers' compensation program and its funding mechanism, it raises the question of whether self-funding is the best alternative for the program. Staff is always diligent in checking to assure that self-funding this line of coverage continues to provide value to the City. Based on the quotes provided by our brokers, they estimate our manual premium for a fully insured workers compensation program to be somewhere between \$600,000 and \$700,000 annually and realistically, we would expect to pay a premium with a discount up to 20% or somewhere between \$480,000 to \$580,000 annually. Based on these numbers, self-insuring does save the City considerable money over time although during these peak claim years, we feel the pinch some. Internal premiums supporting this fund have not been increased since 2006/2007. Staff is asking to transfer funds from the Health Insurance Fund to support the increased claims this year so that an optimal fund balance can be retained in this account and because in year's past, this fund has supported the health insurance fund with cash transfers when needed in that fund. With the exception of the car wreck claim in the current fiscal year, we seem to be trending back toward a more normal claim pattern for

the City and we are working diligently with our departments to enhance and improve their safety efforts. Staff is hopeful this will pay off with a continued reduction in volume and severity of workers' compensation claims.

Council member Schlesinger asked if the Workers Compensation Fund and the Health Insurance Fund share the same funds. Ms. Smyth replied they do not that this appropriation is coming from the Health Insurance Fund.

Council member Schlesinger made a motion to approve the transfer of \$135,000 from the Health Insurance Fund and appropriate \$15,000 deposit refund from NC League of Municipalities to cover additional workers' compensation cost for the remaining of the fiscal year and approve Budget Amendment #25, seconded by Council member J. Johnson. The motion carried unanimously.

VIII Consider accepting a \$70,000 economic development grant (One NC Fund) for Highland Industries, Inc., and to approve Budget Amendment #24.

Lisa Salmon stated the NC Department of Commerce has awarded a \$70,000 (One NC Fund grant) economic development grant to the City in connection with activity to be undertaken by Highland Industries, Inc.; a manufacturer of parts located in the Statesville Business Park. If accepted, the grant will be administered by the City and funds will be disbursed to the Company in accordance with the terms of the grant. Highlights of the grant terms:

- 29 new jobs (goal); 26 required for full grant
- \$8,250,000 new investment (goal); \$7,425,000 required for full grant
- \$1,051 average weekly wage for all full-time jobs; health insurance for all full time jobs.
- Grant proceeds will be used by the company for installation or purchase of equipment; structural repairs, improvements, or renovations to existing buildings.

The grant requires a 100% match by the City to the Company in the amount of \$70,000. The City's joint economic development agreement with the Company with a maximum obligation of \$89,496 is sufficient to fulfill the matching requirements of the grant. Budget Amendment #24 allocates \$70,000 in grant funds in the Economic Development Fund to be disbursed to the Company in accordance with the terms of the grant. Staff recommends acceptance of the grant and to authorize the Mayor to execute the applicable agreements: 1) Local Government Grant Agreement, 2) Company Performance Agreement, and approval of Budget Amendment #24.

Council member Williams asked if the 29 new jobs are full-time. Ms. Salmon replied they are full-time.

Council member Morgan made a motion to accept the \$70,000 economic development grant (One NC Fund) for Highland Industries, Inc., and to approve Budget Amendment #24, seconded by Council member Watt. The motion carried unanimously.

IX Consider approving Airport Market Analysis and Organizational Assessment Proposal and Budget Amendment #26.

Larry Pressley stated the cost of the proposal is not to exceed \$83,500. It appears to address the issues Council has recently discussed concerning the vision and marketing of the airport. It is divided into two phases. Staff felt it would be better to have the Airport Manager on board for Phase II. Staff recommends authorizing Parrish & Partners to perform the aforementioned study in an amount not to exceed \$83,500 and approve Budget Amendment #26.

Council member J. Johnson stated the Airport Commission is in favor but the Commission Chairman was concerned initially about not having the Airport Manager on board from the beginning but he is agreeable to having the position filled by Phase II.

Jeff Kirby stated the report was prepared in anticipation of working with staff.

Mr. Pressley stated over 70 applications with some very highly qualified candidates have been received.

Council member J. Johnson stated he felt it is very important to have the Airport Manager in place before Phase II is started.

Council member M. Johnson made a motion to approve the Airport Market Analysis and Organizational Assessment Proposal and Budget Amendment #26 contingent upon the Airport Manager position being filled before the beginning of Phase II, seconded by Council member J. Johnson. The motion carried unanimously.

Council member M. Johnson asked Mr. Kirby to advise Council who will be working on this. Mr. Kirby stated that Mike Fuller will take the lead on this project. Mr. Fuller has 25 years' experience with both small and large airports and was previously a Planning Director in Atlanta. He brings a broad range of experience to this study.

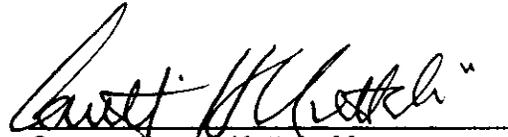
Mr. Kirby stated he will assist City staff in the search for an Airport Manager with the caveat that he must be careful with potential clients that he has and he will let staff know of any potential conflicts of interest.

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

Attest:


Brenda Fugett, City Clerk




Constantine H. Kutteh, Mayor