

**MINUTE BOOK 25, PAGE 410
CITY OF STATESVILLE COUNCIL MEETING – May 04, 2015
CITY HALL COUNCIL CHAMBERS– 7:00 P.M.
STATESVILLE, NORTH CAROLINA**

Mayor Costi Kutteh presiding:

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

Council Absent: 0

Staff Present: Pressley, Fugett, Gaines, Davis, Smyth, Currier, Salmon, Cornelison, Harrell, Griggs, Hutchens, Watts

Visitors: 7

Media Present: Jim McNally-Statesville Record & Landmark, Chris Hoke-WSIC

I Call to Order

Mayor Kutteh called the meeting to order.

II Invocation

The City Clerk gave the invocation.

III Pledge of Allegiance

Mayor Kutteh led the Pledge of Allegiance.

Mayor Kutteh reminded Council members that a new group picture will be taken before the May 18th Council meeting and reviewed several legislative matters that could affect the City.

IV 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 for the April 09, 2015 Pre-Agenda meeting and the April 13, 2015 City Council meeting.**
- B. Consider approving Budget Amendment #36 in the amount of \$22,893 to repair the restroom and storage building at Caldwell Park that was damaged by fire.**
- C. Consider granting permission to the Fire Department to submit grant applications to the Firefighters Support Foundation, the Fireman's Fund Insurance-Heritage Program and 555 Firefighter Fitness. If awarded, these grants will assist the department in replacing aging and/or outdated equipment with NO matching funds required from the City of Statesville.**
- D. Consider approving a request to close the 500 block of South Center Street, between West Bell Street and Garfield Street on Saturday, June 20, 2015, between 12:00 noon and 8:00 p.m. This closure is being requested by Impact Inc., which is sponsoring the annual "Juneteenth" event celebrating the end of slavery in the United States.**
- E. Consider approving a request from the Tara's Trace Home Owner's Association to close the traffic circle in the Tara's Trace subdivision, which consists of the intersection of Ballingarry Drive and Cappelquin Drive, on Saturday, May 16, 2015, between 11:00 p.m. and 6:00 p.m. in order to host a community picnic.**

- F. Consider approving 2nd reading of TA15-02 filed by the City of Statesville to Amend Article 1 Administration, Section 1.04 Responsibilities for Application of Code, B. Planning Board, C. and H. Board of Adjustment, C.
- G. Consider approving 2nd reading of ZC15-02 filed by the City of Statesville on behalf of Oakdale Baptist Church for the Properties located at and around 585 Mocksville Highway and 125 River Hill Road; Tax Maps 4765-33-7952, 4765-34-8139, 4765-34-6405 and 4765-34-8378 from IC-GB & IC-R-20 to the City of Statesville's R-20.
- H. Consider approving 2nd reading of ZC15-04 filed by Tar Heel Insurance/Randy Bridges for the Property located at 941 Thomas Street; Tax Map 4745-23-7665 from O-1 to B-4 CU.
- I. Consider approving an agricultural lease for property on Old Mocksville Road with the condition that the wetland delineation field work must be completed first.
- J. Consider approving an agricultural lease for property at Buffalo Shoals and Airport Roads.
- K. Declare the house located at 311 South Meeting Street surplus and adopt a resolution authorizing the sale of said house by the City Manager or designee

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

Regular Agenda

- V Conduct a public hearing and consider approving first reading of an ordinance to annex the Day property located at 3419 Taylorsville Highway.

David Currier stated the property being considered for annexation is located on the south side of Taylorsville Highway. The subject property is approximately 0.58 acres in size and encompasses Iredell County Parcel Identification Number 4725-33-7221. The property is not contiguous to the current primary municipal limits of the City of Statesville. Therefore, this request is being processed as a voluntary satellite annexation due to the request for City water.

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

Council member J. Johnson made a motion to approve first reading of an ordinance to annex the Day property located at 3419 Taylorsville Highway, seconded by Council member Schlesinger. The motion carried unanimously.

- VI Consider approving 2nd reading of ZC15-03 filed by Joy Acre Farms, Ltd for the Property Located on Fanjoy Road; Tax Map 4763-07-3695 from IC-RA to the City of Statesville's LI.

Mr. Currier reviewed the zoning of the surrounding properties. He stated that at the previous Council meeting a motion was approved to rezone this property to LI-CU. The reason the rezoning is being requested is to try to ready a site for industrial development if an interested party comes along.

Council member M. Johnson made a motion to approve 2nd reading of ZC15-03 filed by Joy Acre Farms, Ltd for the Property Located on Fanjoy Road; Tax Map 4763-07-3695 from IC-RA to the City of Statesville's LI stating that the all the area around this property is essentially zoned for manufacturing and heavy and light

industrial uses, motion was seconded by Council member West and carried unanimously.

VII Appropriate \$95,000 from the Property and Casualty Fund to cover additional workers' compensation cost for the remainder of the fiscal year and approve Budget Amendment #37.

Lynn Smyth stated this fiscal year workers' compensation claims cost are continuing to be fueled by a relatively few number of expensive claims. In January an additional \$150,000 was added to the compensation line item and following claims were primarily responsible for the additional monies. At that time, the City had compensation claims presented that exceeded the expected cost for the year by \$58,375. Since January, the City has paid an additional \$67,702.65 on these claims which accounts for the vast majority of funds added to this account. We will continue to pay claims for these individuals plus a few more until fiscal year end. Staff is requesting an additional appropriation of \$95,000 from fund balance in Fund 034 to pay these claims through year end.

Council member J. Johnson made a motion to appropriate \$95,000 from the Property and Casualty Fund to cover additional workers' compensation cost for the remainder of the fiscal year and approve Budget Amendment #37, seconded by Council member Morgan. The motion carried unanimously.

VIII Receive the 2015-16 budget proposal from the City Manager and staff and set a public hearing on the budget for May 18, 2015 at 7:00 p.m. (Pressley) Pg. 59

Larry Pressley stated the total budget presented is \$91,582,437. The General Fund comprises \$28,407,220, the Electric Fund, \$50,878,983, the Water and Sewer Fund, \$11,068,443, the Civic Center Fund, \$860,791 and then to more accurately account for the Airport Operating Fund, staff has broken it out of the General Fund as a fifth fund in the amount of \$367,000.

Due to the repeal by the State Legislature of the privilege license tax on businesses, except for beer and wine sales, the City will lose approximately \$375,000 next year in revenue unless the State provides a replacement revenue source. The County's quadrennial real property reappraisal resulted in a 1% decline in the City's property tax base which will result in a loss of approximately \$118,000 in property tax revenues. This budget proposal recommends a two-cent (\$.02) increase in the property tax rate to replace the loss of \$493,000 in revenues next year due to the real estate property reappraisal and the State's repeal of the privilege license taxes.

This budget proposal includes no change in retail or wholesale electric rates at this time. Staff plans to present a recommendation at a later time based on the power agency's (NCMPA1) 2015-2016 retail rate study which includes a 6% reduction in wholesale rates effective July 1, 2015 resulting from the full debt restructuring plan recommended by the Rate Committee. However, there are additional approvals required to implement this wholesale rate plan, including the Local Government Commission. These approvals may not be received prior to the City's need to complete its 2015-2016 budget. Given this timing uncertainty, Electricities is suggesting that cities not lower retail rates immediately to avoid having to raise them back due to lack of approval or change in capital markets. Also, the City is in the process of having a retail rate study conducted by an outside consultant. Staff plans to make a later recommendation regarding retail electric rates after reviewing the results of the rate study in combination with final approved wholesale rates.

The Downtown Tax Rate remains at a rate of \$0.10 per \$100 assessed valuation. New to the budget is the Woods Drive Dam Tax District created for the purpose of providing funds for routine maintenance and periodic repair of the dam. This tax rate is an additional \$0.21 per \$100 in assessed valuation on top of their normal tax bill.

Also included in the budget is a 3.5% employee Standard Performance Pay Increase. Major capital of note is a Police Record Management Computer System budgeted at \$558,000 due to antiquated equipment. Staff is recommending a 3% water and sewer rate increase to provide for operations and capital, as well as the necessary debt service in the coming years for a major expansion to Third Creek Wastewater Treatment Plant. The City's 10-year financial analysis originally projected a 2% rate increase, however, revenues have not grown at the level anticipated.

IX Receive a report from staff about the Art in the Park Festival to be held at Lakewood Park on Saturday, June 6th and consider approving alcohol sales at Lakewood Park.

Brent Cornelison stated staff has been working with the Iredell Arts Council and the Chamber of Commerce to coordinate an Art in the Park Festival at Lakewood Park on Saturday, June 6th from 11:00 a.m. until 4:00 p.m. This would be another event in the City Entertainment Series which includes events such as the Symphony and the New Year's Eve Celebration. The Recreation and Parks Department will coordinate entertainment at the amphitheater. The Iredell Arts Council will coordinate artist that will be located throughout the park and the Chamber of Commerce will coordinate concessions including the sale of beer and wine if approved by Council. Shuttle rides will be available from downtown to the park and back to downtown.

Council member West made a motion to approve alcohol sales by the Chamber of Commerce at Lakewood Park, seconded by Phifer. The motion carried unanimously.

X Consider awarding the contract for Street Improvement Projects – Division Z and Unpaved Streets.

Scott Harrell stated the Public Works Department received bids for the annual street improvement contract on April 29, 2015 at 2 PM; the results of the bid opening are below:

1.	Maymead, Inc.	\$546,863.00
2.	J T Russell & Sons, Inc.	\$583,512.00

Bids were originally due on April 21, 2015, but only two were received. In accordance with state guidelines for the formal bidding process, the project was re-advertised for a period of seven days, with a new due date of April 29. On the second due date no additional bids were received, and the original two were opened.

The bid amount is based on unit prices and includes asphalt overlay, adjusting manholes and valve boxes, and minor patching as necessary prior to resurfacing to improve rideability of the streets. The price of asphalt decreased from the previous street improvement contract, from \$91.50 per ton to \$89.82 per ton. Gravel streets to be paved in this contract include Wood St., Lippard St., and Randolph St., which are Nos. 23 – 25 on the gravel street list. Upon completion of these streets we will have paved approximately 3 1/3 miles out of the 6 miles on the original gravel streets list. Funds available for Division Z Streets total \$596,769.47 and the bid amount is \$546,863.00. Staff recommends a project budget of \$596,769.47, and requests authorization to apply any remaining funds to street and bridge maintenance. Maymead, Inc. has successfully completed paving projects in Statesville and surrounding areas and their work has been satisfactory. Staff recommends award of the Street Improvement Projects – Division Z and Unpaved Streets contract to Maymead, Inc. of Mountain City, Tennessee in the amount of \$546,863.00, with a project budget of \$596,769.47.

Council member Watt made a motion to award the contract for Street Improvement Projects – Division Z and Unpaved Streets to Maymead, Inc. in the amount of \$546,863 with a project budget of \$596,769.47 and to authorize staff to apply any remaining funds to street and bridge maintenance, seconded by Council member J. Johnson. The motion carried unanimously.

XI Council discussion of downtown developers.

Mayor Kutteh advised this is just a general discussion and an opportunity for Council members to ask questions or ask for additional information. Jim Prosser, Executive Director of Centralina Council of Governments stated that selecting a developer is just the beginning of the process. Any issues can be identified and addressed before a Development Agreement is entered into. Typically it takes six to nine months to reach an agreement.

Council member Schlesinger asked if the feasibility study would be paid for by the developer. Mr. Prosser replied typically the developer is encouraged to do that but this is also something that will be negotiated in the agreement.

Council member J. Johnson asked for clarification of the City's role if the project chosen is reopening the Vance Hotel as a hotel. Mr. Prosser replied that no developer is going to undertake a project that does not provide them a reasonable rate of return. He explained the financing sources a developer would use and what costs the City could expect to have in the project. Gaps in financing sources could be closed using tax credits or contributions from the City.

Council member J. Johnson expressed concern that the City would end up running the Vance Hotel once the work is completed. Mayor Kutteh stated that all three developers had said they would own the property. Council member J. Johnson said he still wants to know if the City would be contributing \$1 million, \$2 million or \$7 million. Council member West stated costs cannot be determined until the developer decides what he wants to do with the building and works out plans for it. Mayor Kutteh added that at any point in the process if Council thinks it will cost too much then it can pull out of the process.

Council member Schlesinger asked if the City could move on a parallel course of action and try to get both downtown residential and the hotel developed at the same time. Mr. Prosser said he thought that would be a very wise course of action if the City could get a developer interested. He stated it would put more on

Mayor Kutteh asked Mr. Prosser to contact Mr. Angino and Mr. Reilly to ask them if they would take a closer look around Statesville to see if there are other opportunities that they might consider developing besides the Vance Hotel. Mayor Kutteh said this can be put on the agenda for the next pre-agenda meeting.

There being no further business, Council member West made a motion to adjourn the meeting, seconded by Council member J. Johnson. The motion carried unanimously.



Constantine H. Kutteh, Mayor

Attest:

Brenda Fugett, City Clerk