

**MINUTE BOOK 25, PAGE 452
CITY OF STATESVILLE COUNCIL MEETING – August 03, 2015
CITY HALL COUNCIL CHAMBERS – 7:00P.M.
STATESVILLE, NORTH CAROLINA**

Mayor Costi Kutteh presiding:

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

Council Absent: 0

Staff Present: Pressley, Fugett, Davis, Gaines, Smyth, Harrell, Currier, Ferguson, Hutchens, Cornelison, Cornelius, Barone

Visitors: 17

Media Present: Jim McNally-Statesville Record & Landmark, David Veiser-Charlotte Observer

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.

IV Consent Agenda

Mayor Kutteh stated 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.

- A. Consider approving the minutes of the July 13, 2015 Pre-Agenda meeting, and July 13, 2015 Council meeting.**
- B. Consider approving the purchase of a vehicle air conditioning recovery machine for use by the City garage.**
- C. Consider approving co-sponsorship of the 2015 Carolina Balloon Festival to be held October 16-18.**
- D. Consider appointing Lisa McBane to the Downtown Design Review Committee.**
- E. Consider approving a Resolution of Intent to annex City-owned property and fixing a date for a public hearing on the question of the annexation.**
Mayor Kutteh commented that this is property the City purchased for the new fire station and other emergency services in the 115 corridor at the end of Shelton Avenue
- F. Consider approving 2nd reading of an ordinance for ZC15-07 filed by Barry Munday to rezone the property located at 201 Wooten Street; Tax Map 4724-96-4421 from B-1 back to LI with the intention to allow for an indoor auction house.**
- G. Consider approving a resolution for the Statesville Regional Airport to participate in the North Carolina Department of Aviation Airport Safety/Maintenance Program.**
- H. Consider approving a request from the Statesville Flying Service to continue a lease of additional property at Statesville Regional Airport.**
- I. Consider re-appointing Teddy Millsaps to the ABC Board.**

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

Regular Agenda

V Receive a report from Leslie Mazingo of Strategics Consulting.

Leslie Mazingo said it is important to match the needs of the City with the opportunities at the federal level and with the timing. Some things that are in the works are too far along to go after federal resources. We typically need to look at projects that are from a year to 18 months out because it takes that long to get into the process. In the case of many competitive grants, they are on a cyclical basis, for example, Transportation Investment Generated Economic Recovery (TIGER) grants have already been submitted for this year. Ms. Mazingo reviewed the draft of the 2015-2016 Federal Action Plan which consisted of three main projects; access from I-77 to Jane Sowers Road, improvements at the Statesville Regional Airport and revitalization of the 115 corridor. She said that many of these will go into the second session of Congress which will be in the 2016 calendar year. She asked Council for feedback in terms of how they wish to proceed.

Mayor Kutteh asked what the length of a contract with Strategics Consulting would be. Ms. Mazingo replied she typically works on a yearlong contract but recommended the contract should go to December 2015 but it would be even better if it extended till the end of next year because that finishes the current congress and goes through the second session because these things do take time.

Council member M. Johnson agreed that it will take Ms. Mazingo at least six months to get started on just the TIGER grants and will most likely be a two year process.

Mr. Pressley suggested the contract go to the City's fiscal year end on June 30, 2016. Mr. Pressley advised he has negotiated with Ms. Mazingo for a contract price of \$3,000 per month through June 30, 2016 but did agree that Council should expect an 18-24 month process to see any payoff.

Council member West asked Ms. Mazingo how she managed loyalties between municipalities that she has contracts with that are trying to get the same grant funding. Ms. Mazingo explained that most are not competing for the same grant funds and some of her contracts are for consulting only. She advised that she does not write the grants, she simply presents the available grants and checks the grant forms after the City completes them to make sure that everything that the grant requires has been completed.

Council member M. Johnson made a motion to retain Strategics Consulting through June 30, 2016 at the rate of \$3,000 per month predicated on the Federal Action Plan presented at this meeting, seconded by Council member Schlesinger. The motion carried unanimously.

Mayor Kutteh asked that the airport runway extension be included in the Federal Action Plan. Ms. Mazingo stated it is included and she has met with John Ferguson about this. She explained there will be some language changes to what she has written to show that the runway extension is more of a safety enhancement rather than an extension.

VI Receive update report on the Vance Hotel from Jim Prosser.

Jim Prosser reviewed a memo regarding the preliminary agreement issues with Richard Angino's responses. The length of time expected to conduct the preliminary feasibility analysis is 90 days. There are no costs to be paid by the City. Mr. Angino is interested in at least exploring the potential of leasing or some type of use by the City for the first floor that would be beneficial to the financial feasibility of the project. Mr. Angino agrees that either a residential or hotel development will likely require the construction of a parking structure and the level of financial participation required for this structure and additional assistance to make the development financially feasible will be limited to the amount required to provide the developer with a reasonable rate of return as determined by an

independent analysis. The major concerns that Mr. Angino identified is that the project will be significantly impacted by the lack of state historic housing credits. This does not mean that the project is impossible but will make it more difficult and project financing will likely require flexibility in types of level of assistance required to secure loans. Mr. Angino wanted to make it clear to Council that he will seek involvement with the City and input from the City to identify the desired market focus for the building use. The City will not be requested to assume a role in raising development equity above the amount required for the parking structure or financial assistance or to assume an equity position in the hotel or residential property. No expectation that the City will participate in obtaining development equity above the assistance required for development from local investors. Mr. Prosser said in his judgement, Mr. Angino meets all the requirements that have been outlined by the City in prior discussion. Mr. Prosser advised he will give a halfway update at the September Council meeting.

VII Recognize Captain Josh Smith for completion of the Executive Fire Officer certification.

Chief Dennis Hutchens recognized and presented a plaque to Captain Josh Smith as the first member of the Statesville Fire Department to complete the Executive Fire Officer Certification. He explained that this is one of the most prestigious certifications that a fire officer can achieve.

Mayor Kutteh congratulated Captain Smith and thanked him for his service to the City.

Captain Smith thanked the City for their support.

VIII Receive a report from the Carolina Balloon Festival Executive Director, Robb Collier.

Robb Collier stated reviewed a report of the economic impact of the BalloonFest on the community. The study, assembled from approximately 20,000 surveys, showed that the total economic impact was \$780,000 which does not include what was purchased at the event or tickets to the event and at a nominal cost to the community. He stated the board is working on increasing advance ticket sales and providing additional parking with shuttle service.

Mayor Kutteh stated that having Mr. Collier as the Executive Director has really streamlined the City's involvement with the event.

IX Conduct a public hearing and consider approving an economic incentive to an existing Statesville based industry known as Project LRR.

Mike Smith with Statesville Regional Development stated Project LRR is involved in the motor sports industry and proposes a new taxable investment of capital equipment totaling \$1.5 million by 2020 with a minimum of 30 new jobs. The economic incentive shall be based upon the City's making an appropriation of \$20,148 over a 5 year period based on the investment.

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

Council member J. Johnson made a motion to approve an economic incentive to an existing Statesville based industry known as Project LRR, seconded by Council member M. Johnson. The motion carried unanimously.

X Conduct a public hearing and consider approving first reading of an ordinance to annex the Heath Property located at 1336 Northside Drive.

David Currier stated the property being considered for annexation is located on the north side of Northside Drive, is approximately 2.76 acres in size and encompasses Iredell County Parcel Identification Number 4735-21-6934. The subject 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 due to the request for City sewer. Current tax value of the property is \$426,060.

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 annexation. There being no speakers present, Mayor Kutteh declared the public hearing closed.

Council member Watt made a motion to approve first reading of an ordinance to annex the heath Property located at 1336 Northside Drive, seconded by Council member Morgan. The motion carried unanimously.

XI Consider adding additional members to the Statesville Regional Airport Commission.

John Ferguson stated there are currently seven members on the Airport Commission. Interest has been expressed to expand the Commission and to change the residency requirement for certain Commission members who represent major companies with aircraft on the airport. Increasing membership would require changing City Code Sec. 4-28b and the Airport By-Laws.

Council member West made a motion to table this item pending further study.

Mayor Kutteh stated a motion to table takes precedence, requires a second and is not debatable.

Council member Schlesinger stated this is more of a postponement not tabling. He said that tabling is in the case where there is something urgent where you have to table it. Mayor Kutteh stated that maybe Council has wrongly used the word postponement but in the past it has taken things that for whatever reason they do not wish to consider at that time.

Council member Williams seconded the motion to table.

City Attorney Gaines said he believes there may be a technical difference but Council has used the two terms interchangeably in the past and is probably more properly a motion to postpone. Mayor Kutteh stated it would be treated as a motion to postpone. Council member Schlesinger stated that can be discussed.

Council member Schlesinger asked Council member West what additional information is needed. Mayor Kutteh said the report does not state how many more members are wanted or what changes are proposed to the residency requirements.

Council member M. Johnson said that based on the fact that we are in the midst of long range planning at the airport and we are losing the Lowe's representative to retirement, that Lowe's representation on this board is essential to the operation of the airport and should be a fixed seat for their designee to be confirmed by the Commission and/or Council. He said he believes it is in the best interest of the City to have another voice from the City of Statesville to act in concert and support with specific expertise relative to the airport at this point when we are making these types of decisions so an additional seat should be added for a Statesville resident.

Council member West asked if this is so important that it cannot wait two weeks. There has been no discussion of this.

Council member J. Johnson stated Council member M. Johnson had asked him about appointing another member to the Commission and he was not opposed to it but he also does not see any harm in waiting two weeks either.

Mr. Ferguson reviewed the City Code and the Airport Commission bylaws with Council.

The vote on the motion to postpone this item for two weeks was as follows:

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

Council directed Mr. Ferguson to clarify information regarding the major tenant appointment and the addition of another Statesville resident with specific expertise in the field for the next meeting. Council member West stated there were only two applications received and asked that if there is anyone else in the community interested in these positions to step forward so Council can consider them.

XII Consider changes to City policy that will allow for more efficient City Council agendas.

Lynn Smyth stated that over the years, City policies and practices have resulted in the presentation of items to the Council for approval that might better be managed at staff level under established state law and/or modified City policy or practice. Staff presents the following list of items that currently are approved by Council, but for which there is no legal requirement for Council approval or Council approval can be established at a higher level than current policy/practice dictates.

Mayor Kutteh asked for discussion on the Manager's purchasing authority. Council member J. Johnson said what is in place has been working well and was initially put in place due to abuses in the past.

Council members discussed instances where projects have been stopped due to the City Manager not having the authority to approve purchases over \$1,000.

Council member J. Johnson made a motion to allow the City Manager to approve purchases up to \$5,000. Motion failed for lack of a second.

Council member West made a motion to allow the City Manager to approve purchases up to \$20,000, seconded by Council member M. Johnson. The motion carried unanimously. Council directed Mr. Pressley to report all approved purchases at the next scheduled Council meeting.

Council reviewed the remaining items in the chart below with their directive listed in the last column.

Item/Issue	Current Practice	Legal Requirement	Option to Improve	Council Directive
Manager's purchasing authority	Currently, items exceeding \$1,000 require Council approval	No requirement at this level of purchase	Allow Manager to approve purchases up to \$10,000	Allow Manager to approve purchases up to \$20,000 and report approved purchases to Council at the next Council meeting
Insurance Reimbursements	When insurance payments are collected, staff comes to Council for appropriation of those funds		Allow funds to be added back to departmental budgets as a reimbursement or get approval no more frequently than quarterly	Council approved this as long as the money is used for the same purpose the insurance claim was filed and with periodic Council notification
Outside Utility Connection	Require Council Approval	No requirement for Council approval	Develop policy that will stipulate condition to require annexation or not and allow staff to process	Allow Manager to approve emergency requests
Temporary Street Closures	Require Council Approval	No requirement for Council approval	Vest authority with staff	Council approved this change
Segmented/Multiple Purchases	Council approves items costing more than \$400 individually but purchased in a quantity that exceeding total \$2,500. EX: AED's costing \$799ea buying 4 for total purchase of \$3,196	No requirement for Council approval	Eliminate requirement for Council approval relying on staff oversight of purchase	Leave as is

Ordinance Reading	Requires two readings of ordinance	One reading required	Change to single reading with a charter amendment	Leave as is
Travel/Training Restriction	No transfers in or out of line item	No legal restriction	Allow Manager discretion to approve transfers into or out of line item	Council approved this change
Special Event Co-Sponsor Ongoing Events	All co-sponsorship approved by Council	No requirement	With recurring events, allow staff to approve with written notification to Council of date of event	Council approved this change
Surplus Items	Council declares surplus above \$5000	Council must approve above \$30,000	Allow City Manager to declare surplus up to \$30,000	Council approved this change Manager must provide a list of surplus items to Council

Budget Ordinances	Council approves separate budget ordinance for each fund	Adopt budget ordinance	Consolidate ordinances into one and adopt only one ordinance annually	Council approved this change
Construction / Repair	Council approves contracts of informal bids at \$100,000 or more and all formal bids	No limit for informal bids but Council must approval formal bids (\$500,000 and up)	Allow City Manager to approve construction / repair authorized in budget up to \$500,000	This item was removed from consideration
Write – Offs	Bad debt write offs are approved by Council	No requirement for Council approval	Require semi-annual report of write-offs rather than formal approval	Leave as is
Grant Submissions	Staff must seek Council approval to apply for any grant	No requirement for Council approval	Allow City Manager approval when time for submittal is limited	Council approved for "No match" grants only
Lease approval	Council reviews and approves. EX: Airport land leases	No requirement for Council approval	With approval of City Attorney, authorize Manager to execute.	Leave as is
Manager's discretion for salary adjustment	Currently, 5% for a re-class and 5% for promotion (or minimum new grade)	No requirement	Manager's discretion to adjust pay up to 5% to address anomalies in the pay system	Council approved

All items requiring a report to City Council will be included in the City Manger's update.

XIII Consider approving the reclassification of the Systems Analyst position, pay grade 22, to that of IT Director at pay grade 30.

Lynn Smyth stated the structure of the IT Division of the City has remained the same since the early to mid-1980s. IT is currently a division of the Finance Department and consists of three IT support employees, currently the Systems Analyst and (2) IT Technicians. The division also supervises utility billing (1 employee) and meter reading (6 employees). When originally initiated, the division's primary role was to support a City wide computerized accounting function. There was very little computerization of functions in other departments.

The world of Information Technology has changed rapidly and dramatically since that time and virtually every department and division in the City have mission critical functions that rely on the efficient and effective operations of computer systems. Access to prompt, reliable internal service for these functions is essential to departments' and divisions' abilities to provide excellent services to our citizens. In today's IT world, issues that are of paramount importance in maintaining and operating an enterprise wide system are issues rarely contemplated in the 80's such as, hacking, data integrity, remote accessibility, customer interactivity, system interconnectivity and mobile applications and devices. In addition, should the City ultimately decide to implement AMI, this is another major data collection and analytics system that will require significant oversight and interoperability with other current City systems.

With the retirement of the City's Finance Director on August 1, 2015 and Systems Analyst, September 01, 2015, it seems the appropriate time to consider the expanding global role of IT to the City organization and establish the division as a stand-alone department with a department head leading that new organization.

The System Analyst position is currently at pay grade 22 with a salary range of \$50,460 to \$83,260. Current salary for this position is \$72,681. The recommended grade for the IT Director is 30 with a salary range of \$74,553 to \$123,012. Staff recommends the reclassification of the Systems Analyst position, pay grade 22, to that of IT Director at pay grade 30.

Council member Watt asked where the salary information was drawn from. Mrs. Smyth replied staff did not do an actual survey but simply looked at other department head positions and put it with that department head position given the fact that a pay study will be conducted soon. Staff expects that some or all may shift or move some, so for internal equity purposes the position was classified in the same pay grade as other department heads.

Council member Williams asked how many employees the IT Director will supervise. Mrs. Smyth replied there are nine employees in the department and the Director will supervise five directly.

Council member Schlesinger asked if the Director will have any oversight over the Police and Fire Departments. Mrs. Smyth replied the person will have general oversight over the Police Department, who will continue to have their own IT Support Position; however the Fire Department does not have its own IT Support position. Council member Watt agreed that this is necessary due to the sensitive nature of some of the data in the Police Department.

Council member Watt made a motion to approve the reclassification of the Systems Analyst position, pay grade 22, to that of IT Director at pay grade 30, seconded by Council member Schlesinger. The motion carried unanimously.

XIV Consider adopting a Tax Increment Grant policy that can be used to increase economic opportunities in Statesville.

Larry Pressley stated that some local governments in our area have adopted policies similar to the proposed policy. In addition, Iredell County has used these principles on a case by case basis to encourage development within the county. Staff recommends adoption of the Tax Increment Grant Policy. Mr. Pressley reviewed projects in the surrounding areas that have been done using this financing tool and how Tax Increment Grants could be used by the City.

Council agreed by consensus that Mayor Kutteh, Council member M. Johnson and Larry Pressley will continue work on the policy and will present a final policy to Council at a later date.

A citizen in the audience asked to be heard regarding opening a taxi service in the City. Mayor Kutteh directed Chief Barone to meet with him and explain the process.

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



A handwritten signature in cursive script, appearing to read "Constantine H. Kutteh".

Constantine H. Kutteh, Mayor

Attest:

A handwritten signature in cursive script, appearing to read "Brenda Fugett".
Brenda Fugett, City Clerk