

**MINUTE BOOK 26, PAGE 089
CITY OF STATESVILLE BUDGET WORKSHOP MEETING – June 01, 2016
CITY HALL – 227 S. CENTER STREET, STATESVILLE, NC – 5:30 P.M.
STATESVILLE, NORTH CAROLINA**

Mayor Costi Kutteh presiding:

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

Council Absent: West, Phifer

Staff Present: Pressley, Smyth, Fugett, Davis, Currier, Staley, Gregory, Nicholson, Harrell, Slocum, Barone, Cornelison, Ashley, Hudson, Styers, Byers, Shelton, Ferguson

Media Present Debbie Page-Statesville Free News, Nina Mastandrea-Statesville Record & Landmark

Call to Order

Mayor Kutteh called the meeting to order and made several announcements of upcoming events.

Ralph Staley reviewed a handout that showed available funds after encumbrances and restrictions are deducted. Council member M. Johnson pointed out that there are several projects that are complete but have not been closed out and there are funds left that might be able to be used for another project. He asked that staff report to Council in the future when construction project funds can be returned to their funds and how much is left that could be applied to another project. Mr. Pressley explained that the way the grant was structured for the 3rd and 4th Creek WWTP projects, other project items could not be added in order to use any remaining funds.

Council member M. Johnson asked if there is a statute that does not allow the City to move money from the Electric Fund to the General Fund. Mr. Staley stated he would have to research that, and although it may not be a law, the Local Government Commission may not allow it. He said staff can analyze this and research what other communities are doing.

In response to Council member M. Johnson's question at the previous meeting, Mr. Staley reported that the interest rate on \$5 million debt would be around 2.5% which would be \$571,294 per year, \$0.02 on the ad valorem tax rate, and \$0.0275 on \$7 million. Mr. Staley said this debt would have to be approved by the Local Government Commission and he did not see any issues with that.

Council members present agreed they did not want to implement the Vehicle Tag Fee in this budget.

Council member J. Johnson said he is opposed to implementing any kind of sanitation fee and any increase in the ad valorem tax rate.

Council discussed the need to purchase a new fire truck. Interim Fire Chief Gary Styers explained that the used trucks that are on the market are 2003-2005 and are \$255,000. The price of a new truck equipped only with apparatus determined to be absolutely necessary is \$475,000 plus \$125,000 to outfit it. The City paid \$483,000 twenty years ago for this truck.

Mayor Kutteh stated without implementing the Vehicle Tag Fee and increasing the ad valorem tax rate there is a \$1.5 million shortfall this year, plus unbudgeted public utility capital expenditures that will happen within the next twelve months. He reminded Council that the City lost the revenue from the Privilege License and the Sweepstake business taxes.

Council discussed implementing a Sanitation Fee. Council instructed staff to research eliminating sanitation pick-up and add it as a retreat discussion.

Mayor Kutteh stated he would rather limit increases and not purchase a fire truck this year.

Council member M. Johnson said he would like to add a \$275,000 place holder to the Police Department budget for benefit analysis to be based on tuition reimbursement, cars, mortgage money or a combination as long as the City has a contract with them that they will stay. Mayor

Kutteh stated he would like to know if retention is a national problem as well. Mr. Pressley said his preference would be for a certain amount allotted and staff will bring it back to Council for approval.

Council member M. Johnson added that he would also like to add a \$50,000-\$100,000 placeholder for the Federal Highway Administration Planning study on Jane Sowers Road. Also, he would like for a retail commercial effort to be put together for a marketing effort in the City of Statesville possibly modeled after what they have done in Rocky Mount.

Council discussed a \$.05 ad valorem tax rate increase and implementing a \$10.00 per month sanitation pickup fee.

It was agreed that the next Budget Workshop meeting will be held June 9th at 5:30 p.m.

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

Attest:

Brenda Fugett
Brenda Fugett, City Clerk



Constantine H. Kutteh
Constantine H. Kutteh, Mayor