**MINUTES OF THE REGULAR MEETING**

**OF THE REIDSVILLE CITY COUNCIL**

**HELD WEDNESDAY, JUNE 4, 2014 AT 3 P.M.**

**COUNCIL CHAMBERS, CITY HALL**

**CITY COUNCIL MEMBERS PRESENT:** Mayor John M. “Jay” Donecker

 Mayor Pro Tem Harry L. Brown

 Councilman Tom Balsley

 Councilman Donald L. Gorham

 Councilman William Hairston

 Councilman Clark Turner

 Councilwoman Sherri G. Walker

**COUNCIL MEMBERS ABSENT:** NONE

**CITY STAFF PRESENT:** Michael J. Pearce, City Manager

Angela G. Stadler, CMC, City Clerk

 William F. McLeod Jr., City Attorney

 Donna Setliff, Community Development Manager

Mayor Donecker called the meeting to order.

**INVOCATION.**

In the absence of the scheduled pastor, Dr. Joseph Bryant of First Baptist Church, 401 Hubbard Street, Reidsville, provided the invocation.

**PLEDGE OF ALLEGIANCE.**

Council members then led in reciting the Pledge of Allegiance.

**APPROVAL OF THE CONSENT AGENDA.**

Mayor Donecker asked if there were any items Council members wanted to be pulled out separately and considered?

Councilwoman Walker, referencing the May 14, 2014 minutes, said she had misspoke and it was Mayor Pro Tem Brown rather than Councilman Hairston who attended the Relay for Life event.

**With the change to the minutes, Councilman Turner made the motion, seconded by Councilman Gorham and approved in a 7-0 vote by Council, to approve the Consent Agenda.**

**CONSENT AGENDA ITEM NO. 1 -- APPROVAL OF THE MAY 14, 2014 REGULAR MEETING MINUTES.**

With the approval of the Consent Agenda in a 7-0 vote, the Council approved the May 14, 2014 Regular Meeting Minutes with the noted change.

**CONSENT AGENDA ITEM NO. 2 -- APPROVAL OF BUDGET ORDINANCE AMENDMENT NO. 14 TO RECOGNIZE MISCELLANEOUS RECREATION AND RECYCLING REVENUES.**

With the approval of the Consent Agenda in a 7-0 vote, the Council approved the following Budget Ordinance Amendment No. 14:

**BUDGET ORDINANCE AMENDMENT NO. 14**

 **WHEREAS,** the Mayor and City Council of the City of Reidsville adopted a budget ordinance on June 12, 2013 which established revenues and authorized expenditures for fiscal year 2013-2014; and

 **WHEREAS,** since the time of the adoption of said ordinance, it has become necessary to make certain changes in the City's budget to recognize recreation contributions and recycling revenues and to appropriate these funds for related expenditures;

 **NOW, THEREFORE, BE IT ORDAINED,** by the Mayor and City Council of the City of Reidsville that the budget ordinance as adopted on June 12, 2013 is hereby amended as follows;

**Section 1.**  That revenue account number 11-3839-0000, Other Income, be increased by $1,150.00; that revenue account number 11-3613-7500, Miscellaneous Revenue, be increased by $500.00; that revenue account number 11-3613-7700, Donations, be increased by $7,500.00

**Section 2.** That expense account number 11-6120-3510, M & R – Building, be increased by $7,500.00; that expense account number 11-6123-5800, Capital Improvements, be increased by $1,650.00.

This the 4th day of June, 2014.

 /s/ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 John M. “Jay” Donecker

 Mayor

ATTEST:

/s/ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Angela G. Stadler, CMC

 City Clerk

**CONSENT AGENDA ITEM NO. 3 -- APPROVAL OF BUDGET ORDINANCE AMENDMENT NO. 15 TO APPROPRIATE $15,000 FROM THE DOWNTOWN DISTRICT RESERVES FOR FAÇADE GRANTS AND $5,000 FOR ADDITIONAL WI-FI IMPROVEMENTS IN THE DOWNTOWN DISTRICT.**

With the approval of the Consent Agenda in a 7-0 vote, the Council approved the following Budget Ordinance Amendment No. 15:

**BUDGET ORDINANCE AMENDMENT NO. 15**

 **WHEREAS,** the Mayor and City Council of the City of Reidsville adopted a budget ordinance on June 12, 2013 which established revenues and authorized expenditures for fiscal year 2013-2014; and

 **WHEREAS,** since the time of the adoption of said ordinance, it has become necessary to make certain changes in the City's budget to appropriate reserve funds in the Downtown District Fund for façade and improvement grants and Wi-Fi system improvements;

 **NOW, THEREFORE, BE IT ORDAINED,** by the Mayor and City Council of the City of Reidsville that the budget ordinance as adopted on June 12, 2013 is hereby amended as follows;

**Section 1.**  That revenue account number 15-3991-0000, Appropriated Reserves, be increased by $20,000.00;

**Section 2.** That expense account number 15-4930-5800, Façade and Improvement Grants, be increased by $15,000.00; that expense account number 15-4930-5500, Capital Improvements, be increased by $5,000.00.

This the 4th day of June, 2014.

 /s/\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 John M. “Jay” Donecker

 Mayor

ATTEST:

/s/\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Angela G. Stadler, CMC

 City Clerk

**- End of Consent Agenda -**

**PUBLIC HEARINGS:**

**CONSIDERATION OF A PROPOSED OPERATING BUDGET FOR FISCAL YEAR 2014-2015 FOR THE ABC BOARD.**

City Manager Michael J. Pearce explained that it is always a little confusing, holding the ABC Board’s budget hearing here. He said the State decided a few years ago that the ABC Board must also have a public hearing on its budget so we have coordinated with them so that they can use our facility, time and joint advertisement of the hearing. The ABC Board budget has also been available for viewing and this allows people to ask questions about the budget, he noted. No action is needed by the Council on the ABC Board’s budget.

ABC Board Member Denise Brady said she had nothing to add other than the ABC Store is debt free at this time. The only budget increase is due to healthcare costs, she added.

Mayor Donecker opened the public hearing on the ABC proposed budget for 2014-2015 at 3:05 p.m. No one came forward. The public hearing was closed at 3:06 p.m.

With no other action needed, Mayor Donecker thanked Brady for coming.

**CONSIDERATION OF A PROPOSED OPERATING BUDGET FOR FISCAL YEAR 2014-2015 FOR THE CITY OF REIDSVILLE.**

In making the staff report, City Manager Pearce explained that one of his duties as City Manager is to act as the City’s Budget Officer and present Council with a balanced operating budget, which will hopefully be adopted before the end of June. This recommended balanced budget was prepared according to G.S. 159-7, the Local Government Budget and Fiscal Control Act, with the required notice published in the newspaper at least 10 days in advance of the public hearing. A copy of the proposed budget has been available in the City Clerk’s Office and in the Reidsville Public Library 10 days prior to today’s hearing so all of the notice requirements have been met, he said.

Pearce said this was a tough budget to prepare. Since 2008, we have been in a great recession, he said, adding that the economy has been the dominant factor in putting our budgets together. He said there have been times when we thought we were seeing signs of recovery, shown by some upticks in the sales tax revenues. However, this year, we saw a general stagnation in some of our traditional sources of revenues, including ad valorem taxes, sales tax and the usual cash investments, all of which had an impact on the entire budget process. He said the process has been going on since January when he first asked department heads to give him their departmental requests. Discussions with Council began Feb. 21-22 at the Council Retreat. Budget sessions were held with City Council on March 12, April 3 and May 6. He discussed with Council the utility budget (water and sewer), health care, benefit packages, all the departments in the General Fund, the Parks & Recreation budget and the downtown budget. He said all of this brought us to this point of bringing this budget to Council.

The City Manager explained that three different areas put us in a negative position right off the bat. First, the City is self-insured, paying into premiums for employees which is what pays the doctor bills, he said. We contribute $7,200 per employee and qualified retirees for insurance each year, he noted. We also pay for dependents and our employees pay into that as well. Like everywhere, our health insurance costs have been going up, he noted, adding that at the April 9, 2014 meeting, Council allowed us to increase by $800.00 to $8,000 the amount we pay in per employee and to change our benefits package. This increased the costs to the General Fund by $125,000 and $175,000 in the overall budget, he said.

The second significant increase before we even started putting together the budget was increases to our workers compensation plan. By statute, we must have WC insurance through a Worker’s Compensation Insurance Trust, which we have through the NC League of Municipalities, he explained. Claims have been increasing here in Reidsville and statewide, Pearce said, meaning the League has increased its rates by 50% This will increase expenses by $95,000 in our General Fund and $125,000 in the total budget, he said.

The third factor is that Microsoft will no longer be providing support of its XP operating system, Pearce explained. The City has 100 computers with the XP system and expired warranties. We use our computers for a long time and many are at least five years or older, he noted. He said he is not suggesting we replace them all at one time but phase them in, some this year and some next year. Then we will figure it out from there, he said. This is an additional cost we weren’t anticipating in this budget, the City Manager said, which has nothing to do with our standard operating costs.

Pearce then discussed other challenges facing the City, including working toward a new Senior Center. Construction is slated to begin in the fall. While the City has the USDA loan, we are still seeking some funding sources and sponsorships to lower our debt payment, he said, adding that he will report on this later in the year. With the takeover of the Water & Sewer distribution system from United Water, we have seen City employment rise from 175 to 196. The net impact was negligible, he said, and we are not suggesting we need any water and sewer rate increases this year. He said there will be some increases in expenses in our Water and Sewer Funds due to the payback of the revenue bonds for projects, such as the spillway repairs and also the loans for water and sewer improvements. Even with the repayment of these bonds, we are not asking for any rate increases.

Pearce said a recurring theme during his administration as City Manager has been “rethinking government.” As employees leave us, we look to see if there is another way to provide these services better or differently. He cited as an example, a grant position expired in the Police Department, but we were able to keep a position through a new grant for a school resource officer in the elementary schools. The State pays for 85% of the position.

He discussed the new training position in the Fire Department and how it should be able to help with recruitment. He said while we currently still have three 911 systems operating in the county, this is the final year of consolidation of the 911 system aided by the nearly $7.846 million-plus grant for the countywide facility. He said we have four telecommunicators, two of which have applied with jobs at the County who have been accepted. He said he doesn’t think the other two have applied. The consolidated 911 center is supposed to be up and operating by October 1 but three months of salaries for telecommunicators have been included in this proposed budget, the City Manager said. If there are delays, he said we may have to come back to Council for additional funding. He said this budget adds a records position, which will be someone to greet the public. Pearce said we will be remodeling the telecommunicators/front area of the Police Department to create a “safe harbor” after hours. He said citizens will be able to get an officer at the Police Department even after the telecommunicators are gone.

Pearce noted the employee wellness program, which attempts to increase the wellness of employees not only for their benefit but also for our health insurance program’s benefit. We hired a wellness coach working part-time for us through Healthgram, our third party administrator, and participation numbers among employees, retirees and dependents are increasing, he said. Changes have been made to our insurance program, such as increasing the amount of the deductible from $500 to $750 a year, he noted. This budget includes this part-time employee becoming a City employee, but no additional money will be needed. This employee will become part of the Parks & Recreation Department and will be housed in the basement of the Parks & Recreation Center instead of City Hall. He said there are plans for more communitywide wellness classes and activities. He talked of success stories with the wellness coach, including his personal story. While this shows up as a new division with $50,000 in it, our insurance premiums line item is $25,000 less and $25,000 will come out of personnel that was covering wellness programs, he said

A new service this year will be our partnership with ADTS for a skat bus service, the City Manager said. Monies will be contributed by the City, not to exceed $44,150, he said. This new service for the City will run six days a week, 12 hours a day and will make stops at such locations as the hospital, rec center, downtown, etc. for $1 per trip.

The budget includes additional funding for Farmers Market Manager at Market Square due to a grant from the Reidsville Area Foundation. We are also upgrading the Main Street Manager position to a Business Development Director position, he said, with additional responsibilities. This person will be looking at our stagnant revenue sources to find more monies and will be more active in recruiting businesses downtown and elsewhere. This person will market other properties, such as the land originally designated for the horse park. He said he plans to make an announcement in the next day or two about this position.

Looking at capital expenditures, City Manager Pearce said this budget does include monies to reinvest in equipment and buildings. He said we are sitting in one of the prime examples, citing that the City Hall roof has been patched for over 20 years. He said you can see the brown patches on the tiles where water has come through the roof, and we are seeing rust in our duct work. He expressed concerns that we will see air quality issues like what happened at the Rec Center. To replace the roof at City Hall will cost $65,000, he said. He said we can continue to “kick the can’ down the road on these things, but they will come back to haunt us. We have IT servers which are seven years old, beyond the time they should be replaced. We have street resurfacing needs, as Public Works Director Kevin Eason explained at the Council retreat, but we can’t budget $500,000 for such resurfacing. He said he is gradually increasing that line item, $40,000 in additional monies this year, as a reasonable step to get where we need to be. He talked of the need for repairs to the Fire Department and Police Department as well as the purchase of a tandem dump truck, etc. He said there are a lot of good capital requests we should be doing, but we will phase them in over the next couple of years.

Pearce then discussed performance based pay for employees. He said employees have received two COLAs (Cost of Living Allowances) that have allowed employees to keep up with inflation and keep up with the market standard. What we have gotten away from is performance-based pay which recognizes those employees who work a little harder and a little faster, he noted. Because of this, the pay ranges have changed and new employees are making the same as employees who have been here 4-5 years, he explained. This is not a good ingredient for morale, he stressed. He said we need to get to the point of rewarding employees that perform better. He said this budget includes a performance based pay system where departments average a 2% increase. Appraisals will be done on the date of hire. Department heads will have to manage those funds, he said, adding that we will be looking at them very closely. It will be a fairly tough job for management, but he said we are proud that we are getting back to that in this budget.

Reviewing revenues and crunching the numbers, our revenues are stagnated, he said. The County told us last year that we should see a 5.3% increase possibly in ad valorem taxes due to programs like “tax and tag”. He said we have seen some of that, but that was already built into the budget. If we don’t increase the tax rate, we have to increase our tax base, and we are only projecting an increase of less than 1% in our tax base, Pearce noted. Last year, it was projected our sales tax, another large revenue source, would increase by 7.2%. This year the State is saying consumer spending is leveling off fairly quickly and projections are that the sales tax will only increase by 1.88%. He said we have also been hurt dramatically by low interest rates on cash investments that we have on hand. He said in the past, we have been able to get $300,000 to $500,000 on $12-14 million in available cash at any one point in time, but we are only budgeting $40,000 for expected interest in the coming year. Revenues are just not keeping up, he asserted.

Pearce said he pointed out the challenges at the beginning of this discussion – healthcare rates, worker’s compensation insurance, computers, etc. He said he had looked at department head requests and cut over $2.3 million. He said in order to maintain current service levels and meet these challenges, it is projected that General Fund expenditures will rise by 2.16%; Parks and Recreation by 7.67% and the Utility Fund by 5.50%. With General Fund expenditures coming in at $15,599,300, there will still be a projected $300,000 shortfall, he noted.

City Manager Pearce said there are three options. First, we can reduce expenditures by $300,000 by taking away performance-based pay, not doing repairs and cutting services. Two, we can use part of the City’s unallocated Fund Balance but you don’t do business that way for the long haul. The City can’t go over what is budgeted but any monies accumulated over that goes into our savings account or reserve fund. We are at about 31%, which is a little lower than our peers. He said he is hesitant to dip into our reserve fund, which may be needed for emergencies or new opportunities throughout the year.

The third option is what he is proposing, a three-cent tax increase so that the City will not have to put off capital expenditures, the City Manager noted. Until these revenues come back to us and until the State stops taking away traditional funds like privilege license taxes, etc., the only thing we control is our tax rate, he said. This will be the first tax rate increase since 2007-08. For an average home costing about $134,000 a year, the increase will be $39.00. He said he knows people don’t like to hear about any type of tax increase at all, but there are no services that anybody wants to cut. By raising the tax rate to 74 cents, personnel levels remain the same as established on January 1, no Fund Balance appropriation is needed to augment the General Fund and there is no anticipated increase in tipping fees or utility costs.

Pearce told Council members that today, he needs them to approve the Resolution of Understandings and the Budget Ordinance. Both can be adopted in the same motion, adding that it sends a powerful message to do them both together, he said. He said the Resolution of Understandings goes a little bit beyond the budget message, providing more “flesh on the bone.” He said he would be happy to answer any questions from Council, but no questions were offered.

Mayor Donecker opened the public hearing at 3:43 p.m.

Mr. William James from Piedmont Street got up to speak, noting he had experience as a town council member for a decade in Virginia. He explained the process he went through when considering budgets there, including what is nice versus what is necessary. He suggested several things in order to avoid or minimize a tax increase: installing Windows 7 on City computers for several more years; delaying the expenditures for a Senior Center to make sure potholes and roofs get fixed, etc. He said capital expenditures can be postponed or shaved and substantial reductions in spending can be found, citing the elimination of the $20,000 Household Hazardous Waste Day as an example. He said he could provide Council with his list, adding that he hoped they can make cuts rather than increasing taxes.

Mr. Richard Junior Ratliff of 806 Lawndale Drive, Reidsville, asked why the City wasn’t increasing the fees for those dumping in the landfill. Pearce explained about the tipping fee, which is charged by the County, and noted that an increase was not needed since the County is not raising the charge.

Dr. Carl Manuel Jr. of 1232 W. Harrison Street, pastor of St. Paul United Methodist Church and Wesley’s Chapel, expressed concerns that there are only six EMS trucks here in the City/County and questioned what might happened if there was a real disaster here. He said he would like the City Council and the County Commissioners to take a real look at that. He asked Council if they thought the way the economy is, that people can afford an increase. He asked them to have feelings for people who are barely making ends meet and to consider the less fortunate. He said people cannot afford the bills they have now. He asked Council to reconsider, noting that this City, State and nation need to be thinking more about the feelings of the people.

Dr. Joseph Bryant of First Baptist Church of 401 Hubbard Street, shared three P’s with Council: “Proclamation” for the one read and delivered by Mayor Donecker, Mayor Pro Tem Brown and Councilman Gorham for his over 20 years of pastoral leadership at his church and he thanked Councilmen Hairston and Gorham for attending the banquet; “Performance” as the City Council recognizes and is observant of the officers in the Police Department, looking inward before looking outward in replacing the police chief, noting that there are officers within the department with integrity and morals who are well qualified and that experience can be the better teacher; and “Promotion” with countless citizens in Reidsville who would welcome the next police chief who worked their way up in the ranks, who is sensitive to what the average officer experiences, who knows our community and wants the best for the citizens of Reidsville. He asked Council to be willing to reward persons who have gone above and beyond.

The public hearing was closed at 3:55 p.m.

**CONSIDERATION OF THE ADOPTION OF THE BUDGET ORDINANCE FOR FISCAL YEAR 2014-2015 AND THE RESOLUTION OF UNDERSTANDINGS ACCOMPANYING THE BUDGET ADOPTION.**

Mayor Donecker said he would entertain a motion on the proposed budget, including the adoption of the Budget Ordinance and Resolution of Understandings in one motion.

**Councilman Balsley made the motion, seconded by Councilman Turner, that Council consider the operating budget as set out by City Manager Pearce that would include a tax increase to cover expenses and the accompanying Resolution of Understandings.**

During the discussion phase, Councilman Balsley said he appreciated what Dr. Manuel said, but it has been since 2007 since we’ve had an increase in property taxes. He said it is not like we’re taking this lightly, that we have looked over the budget and ways to cut it. He said we can’t operate Reidsville “on the cheap,” with a patch here or there. We have to run it like a business, he said. He added that if you go to the gas station, it may be one price today and 12 cents higher the next time. You don’t question it, you go ahead and pay for it if that’s what you want, he said. He added that prices go up, but we’re not trying to raise prices, we are trying to live within a budget. He added that we also need to treat our employees with respect, give them pay and also give them the equipment needed to work with. He said he is proposing we accept the City Manager’s recommendations to do this three-cent increase.

The Mayor asked if there were any other comments?

In response to Mr. James’ comments regarding postponing or delaying the Senior Center, Mayor Pro Tem Harry Brown said this issue has been on the table for 12 years. Promises have been made, he said. It is something we’ve delayed for a pretty good while, and the price of construction won’t be going down anytime soon, he said. We need to keep our promises, he added. Councilman Turner noted that only the architectural fees for the proposed center are included, to which City Manager Pearce agreed.

Councilwoman Walker said she did a little research, talking to constituents from Benson Street to the New Heights community. She said there are a lot of people living on fixed incomes who wished they lived in a $130,000 house. They don’t get a cost of living increase, she said. The Councilwoman talked of one lady who had to put her cataract surgery on her charge card and quit her volunteer work because she couldn’t afford to gas. Some of our constituents are hurting, she stressed. Councilwoman Walker cited the January edition of City/County Magazine which stated that 50% of American families have no wealth with their debt outweighing their assets. In March of 2014 in the Washington Post, 38 million people are living from paycheck to paycheck. It talks about our older people, she noted. Their assets are tied up in their cars, what they owe with nothing they can draw on in case there is an emergency. She said she knows we need these things for the City, but a lot of our citizens are really hurting and she hates to put this on their backs when they are having to put surgery and other things on their credit cards.

The Mayor said he appreciated those comments. He said he felt we must dispel this idea that taxes are a cost from which we receive no benefit. Talking to Councilwoman Walker, he said the lady on the fixed income may have need of EMS to come and respond or as she gets older and weaker, she will want the security of the Police Department, where the cars need to be working. He said we continue to go down the path where we just cover our needs and don’t get in the mode of prevention, we are going to reach that state. He talked about the repairs of City Hall as an example, where roof repairs have led into duct repairs being needed. He said there comes a point where you live in a City, you need to do it for the shared good. We may not all take part in that shared good, but we should feel comfort that we are looking out for others who need that shared good. He said that is why he agrees with Councilman Balsley that we need to accept the three-cent tax increase.

**The motion passed in a 4-3 vote with Mayor Donecker, Mayor Pro Tem Brown, Councilman Turner and Councilman Balsley voting in favor and Council members Gorham, Hairston and Walker voting in opposition. (A COPY OF THE BUDGET ORDINANCE AS APPROVED IS HEREIN INCORPORATED AND MADE A PART OF THESE MINUTES.)**

The Resolution of Understandings as approved follows:

**RESOLUTION OF UNDERSTANDINGS**

**ACCOMPANYING THE BUDGET ADOPTION**

**FOR FISCAL YEAR 2014-2015**

 **WHEREAS**, the City Council of the City of Reidsville has adopted an annual operating budget for Fiscal Year 2014-2015, which raises revenues and authorizes expenditures for the operation of the City; and,

 **WHEREAS**, during deliberations on said budget, certain understandings were reached concerning the operation of the City, and it is the intention of the Mayor and City Council to outline those understandings;

 **NOW, THEREFORE, BE IT RESOLVED** by the Mayor and City Council of the City of Reidsville that the following understandings are hereby defined:

1. **Unfunded or Underfunded Needs –** It is recognized that this budget does not include funding for costs associated with the construction of a Senior Center. In addition, due to the possibility of higher than normal gas prices, a contingency line item has been included for the City Manager to distribute to departments on an “as needed” basis; however, it still may be necessary for Council to allocate more funds for gasoline should the price exceed this budget’s estimates.
2. **Combined Enterprise Funds** – It is recognized that during and after the construction of the Water Treatment Plant and Wastewater Treatment Plant, the funds from the various water and sewer departments are to be considered one combined Enterprise Fund and that the City Manager is authorized to move funds as necessary within the Enterprise Fund in the same manner as in the General Fund. As with the General Fund, if it becomes necessary to move funds from one department to another within the Enterprise Fund, the City Manager will notify City Council at its next regularly scheduled meeting.
3. **Community Pool** – The City remains committed to the Reidsville Community Pool and funds have been included in this budget for the operation and maintenance of the facility as outlined in the Community Swimming Pool Agreement dated September 15, 1995 and modified on February 15, 1996. $20,000 has also been included in the budget for one half of the expected deficit as has been paid in past years. While City staff has engaged in a dialogue with staff from the YMCA and the RCPA on how the operating deficit can be lowered and how the Reidsville Parks and Recreation Department can utilize the pool to a greater degree, we will make these discussions a priority in FY 15. However, it may be necessary for the City to provide further funding to meet the City’s obligation to the operational deficit at the Community Pool.
4. **911 Call Services** -- It is anticipated that the new 911 Consolidated Call Center will be complete and operational within the first three months of FY 14/15. Until the new call center is complete, the City will continue to provide 911 call services using City employees. Therefore, there are funds in this budget for full- and part-time telecommunicators for three months. If for some reason, the new center is not complete within three months, the City Manager may ask for additional funding for these services.
5. **City Employment** – City employment is to be maintained at the current level of 196 full-time positions that was established on January 1, 2014 when the contract for services with United Water expired. Benefits currently existing for full-time employees and retirees will remain unchanged with the exception of changes to the health insurance program approved by the City Council at your April 9, 2014 meeting.
6. **Electronic Communication with City Council Members** -- It is recognized that City Council members prefer to communicate and have information sent to them via email rather than fax. Therefore, this budget reflects the removal of fax machines from City Council members’ homes and an increase in the Tech reimbursement from $50 to $75 per month to recognize the cost of having internet service in City Council member’s homes.
7. **Performance-Based Pay Program** – The City’s Performance-Based Pay Program for Fiscal Year 2014-2015 will be phased in and will provide from 1% to 3% increases in full-time employee salaries. These increases will be based upon annual performance reviews of employees by their supervisors. The intent is to get back to a permanent performance pay plan that occurs upon the employee hire date. This program will be phased in this year with the first step being training on using our appraisal system by our Human Resources staff. In addition, salary increases promised as a result of promotion and those promised as a result of accomplishments of steps in career ladders in the Police Department and Public Works Department will be honored.

(8) **Pay and Classification Study** – There are funds of $40,000 to implement the results of the Pay and Classification Study conducted for the Police Department during FY 13/14. In addition, there are funds included in this budget for a pay and classification study for all of our full-time positions in the Public Works Department. It is anticipated that pay and classification studies of the Fire Department, Parks and Recreation, Police Department and other departments and divisions will happen over the next two fiscal years.

(9) **Mid-Year Possibilities** - City staff will control expenses to the extent possible; however, it may be necessary to revisit some of the expenditures during the fiscal year depending on economic conditions and physical events outside the control of the departments. Generally it is understood by Council that more revisiting of budget items in mid-year may be necessary because of the continued steps taken to balance the budget this year. In particular, this is the first full year in which the City will be operating the Wastewater Treatment Plant, Water Treatment Plant and 14 pump station using City employees. The budgets for these operations represent best estimates but may have to be modified during the year as “real time” expenses are better understood.

(10) **Capital Purchases** – There are limited capital expenditures in this budget, some of which are paid entirely out of this budget for FY 15 and some of which are to be financed for 5 to 7 years. It was agreed that there were certain capital improvements and equipment purchases that would be held off until after the budget for FY 13/14 was closed.

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(11) **Health Insurance Rates** – Group health and dental insurance premiums for dependents have been increased by 10%. Rates paid by the City for employees and retirees were increased for the plan year by $67 in order to reduce the amount of additional unfunded liability accepted by the City Council to $623,000, if necessary.

(12) **Wellness Program** – The City Council has agreed to participate in a wellness program for City employees, retirees and covered dependents. There is funding in this budget for a part-time Wellness Coach; however, grants funds will be sought to make this a full-time position. Funding for the part-time Coach is included in this budget from the Parks and Recreation Fund. However, it is understood that if grant funds cannot be obtained and the level of work required for our employees, retirees and dependents warrants, the City Council may be asked to revisit the possibility of funding this full-time position using the General Fund.

This the 4th day of June, 2014.

 /s/\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 John M. “Jay” Donecker , Mayor

ATTEST:

/s/\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Angela G. Stadler, CMC/NCCMC, City Clerk

*(Councilman Balsley left for a personal commitment at approximately 4:16 p.m.)*

**CONSIDERATION OF RESOLUTION FOR LEASE PURCHASE OF VEHICLES AND OTHER HEAVY EQUIPMENT AND ACCOMPANYING BUDGET ORDINANCE AMENDMENT NO. 16.**

In making the staff report, City Manager Pearce handed out an updated version of Finance Director Chris Phillips’ memo. (A COPY OF THE MEMO IS HEREIN INCORPORATED AND MADE A PART OF THESE MINUTES.) He reminded them that as part of last year’s budget, they approved the purchase of five pieces of large equipment as noted in the memo. The City could finance over 5-7 years and we are choosing to go with seven years, he said. The equipment has already been purchased, and we will now be paying ourselves back, he noted. This does not include the fire ladder truck, he added.

**Councilman Turner made the motion, seconded by Councilman Hairston and unanimously approved 6-0, to approve the Resolution and accompanying Budget Ordinance Amendment No. 16. (A COPY OF THE RESOLUTION AND BUDGET ORDINANCE AMENDMENT NO. 16 ARE HEREIN INCORPORATED AND MADE A PART OF THESE MINUTES.)**

**CONSIDERATION OF AN OFFER BY BEACON MANAGEMENT CORP. TO PURCHASE APPROXIMATELY A HALF-ACRE OF LAND, WHICH IS PART OF PIN #7984-08-99-1833, FOR $500.00 AND THE ACCOMPANYING RESOLUTION BEGINNING THE UPSET BID PROCESS.**

In making the staff report, City Manager Pearce noted that the City has received an offer to purchase land adjacent to the Marcellus Place Apartments. Originally, the apartment owners, Beacon Management Corporation, had wanted to run a new sewer line down the City right of way, he explained. While that wouldn’t have been a problem, if a sewer line is run down this adjacent property, which is owned by the City but has been maintained by Beacon, the right of way isn’t needed, he continued. Pearce said he suggested the company buy it. Beacon is offering to purchase the land for $500. The City has no use for it, and it was thought all along that Beacon already owned it, the City Manager said. Beacon has provided the City with a $25.00 down payment. He explained the upset bid process, adding that this continues until the last bid is received. He said they don’t anticipate that anybody else would be interested in the property. He said he is recommending the land be sold to Beacon Management for $500.

**Councilman Gorham made the motion, seconded by Councilwoman Walker and unanimously approved by Council in a 6-0 vote, to approve the Resolution.**

The Resolution as approved follows:

**RESOLUTION AUTHORIZING THE**

**ADVERTISEMENT OF AN OFFER**

**TO PURCHASE CERTAIN PROPERTY**

 **WHEREAS**, the City Council of the City of Reidsville desires to dispose of certain surplus property of the City;

 **NOW, THEREFORE, BE IT RESOLVED**, by the City Council that:

1. The following described property is hereby declared to be surplus to the needs of the City: approximately a half-acre of land designated as part of Pin #7984-08-99-1833.
2. The City Council has received an offer from BECO Apartments Limited Partnership of Greensboro, NC, to purchase for the sum of $500.00 the property described above.
3. The City Council proposes to accept the offer and authorizes the City Manager to do so unless an upset bid shall be made.
4. The person making the offer must deposit with the City Clerk a sum equal to at least five percent (5%) of his offer.
5. The City Clerk is directed, should a qualifying upset bid and deposit be received within ten (10) days from the publication of said notice in accordance with G.S. 160A-269, to re-advertise the offer at the increased upset bid amount.

Adopted this 4th day of June, 2014.

 /s/\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 John M. “Jay” Donecker

 Mayor

ATTEST:

/s/\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Angela G. Stadler, CMC/NCCMC

 City Clerk

**PUBLIC COMMENTS.**

**Rev. Wilson talks about summer food program for kids.**

Rev. Stephanie Wilson, of 101 N. Wilson Street, Madison, came forward to talk about a summer food program for kids in Rockingham County. The program, which receives funding from the C. Ray and Cynthia Kennedy Foundation, will provide breakfast and hot lunches to those 0-18 years of age out of three central locations: Morehead High School, Reidsville High School and McMichael High School. She talked of church and YMCA involvement in the program and the need for volunteers to help feed the children and provide transport. Rev. Wilson said there will be a media day and more information will be made available.

**CITY MANAGER’S REPORT.**

Pearce said he had nothing to add to his written report. He said he hoped Council members had been able to read the monthly report, and he would be glad to answer any questions but there were none. (A COPY OF THE MONTHLY CITY MANAGER’S REPORT IS HEREIN INCORPORATED AND MADE A PART OF THESE MINUTES.)

**BOARD & COMMISSION APPOINTMENTS.**

There were no board and commission appointments to consider.

**COUNCIL MEMBERS’ REPORTS.**

**Mayor Pro Tem Brown** – The Mayor Pro Tem said it had been a busy month for him. He had attended several special events, including the grand opening of Reidsville Orthodontics, Carmela’s grand re-opening, participated in the celebrity event at Golden Corral; and went to a Booker T. Washington High School class reunion, where the Mayor presented a proclamation. Superteen Basketball is in its final days, he noted, Moonlight Madness basketball starts June 23 and summer camp starts in a couple of week. He added that the July 4th celebration will be held July 3 with a rain date of July 5.

**Councilman Gorham** – The Councilman said he had visited three of the Community Watch groups at Wentworth Street, Moss Street and McLaurin Park. He said there has not been a majority of complaints in any of these areas. The groups are preparing for the Community Watch’s National Night Out on August 5, he said. She said he was also on hand for the ribbon cutting for the downtown hot dog shop.

**Councilwoman Walker** – The Councilwoman said it has been a busy three weeks for her as well. She met May 22nd with the Appearance Commission, where the highlights of the meeting were the “We Noticed” signs and stressing no glass clippings in the City streets because they can create problems in our storm drains. If you have seen properties that have been spruced up, you can contact the City website or City Hall, she noted. The Councilwoman also attended the Betsy-Jeff Penn 4-H Center’s 50th Anniversary Celebration. This Friday, June 6, will be the 70th Anniversary of the Normandy Invasion, which changed the history of the world, she noted. She said she would like to thank surviving WWII vets on behalf of the entire Council.

**Councilman Turner** – The Councilman noted that Reidsville has been named one of the 10 best places to live in North Carolina, ranking it up there with resort towns like New Bern and Asheville.

**Councilman Hairston** – The Councilman said it is wonderful that our City is so involved with youth. He asked about the Community Pool at the YMCA and asked if there are grants there for needy children and how many are given out each year? He asked if Council could get a report on that. He also asked if it is being operated as a community pool since swimming is a high priority for kids. He noted that the Governor Reid House, which has been repainted, is looking good. He said the Historic Preservation Commission is doing a really good job and that more interest needs to be stimulated in the house, its rich history and tours. He said he attended the Human Relations Commission meeting. He talked of the need for multicultural activities that are more like the makeup of our City. He also attended the McLaurin Park Community Watch meeting and a few others. National Night Out will be the first Tuesday in August, he said. He said they are trying to work together to keep crime low in the community. He said it is good to see the Police Department, Fire Department and Public Works working with these watch groups to make our community better.

**Mayor Donecker** – The Mayor said they are still working through the EDC/Partnership re-organization. Consultant Don Kirkman’s report on reorganization has been considered but not accepted as he has described it, he said. They are moving toward a different type of organization and are near to reaching consensus, he said. He noted that everyone has a consistent sense that there needs to be a separation of the various funds involved. He is also part of a group looking at the unification of the 911 system and an interlocal agreement that goes with it, he added. Eventually there will be an agreement coming before Council. He said he attended the ribbon cutting at the Downtown Doghouse. He listed the criteria for Reidsville being named among the top 10 places in NC to live which Councilman Turner had referred to. He said he also met with leaders at Proctor & Gamble in Brown Summit, some of which knew us primarily because they had been to some of our local restaurants. Over 30% of P&G’s employees come from Rockingham County. He also talked about the celebration at the Betsy Jeff Penn 4-H Center, noting that Judge Pierce has been active there since day one. He encouraged everyone who sees Pierce to congratulate him for what he helped get off the ground

**MOTION TO GO INTO CLOSED SESSION.**

**Councilman Gorham made the motion, seconded by Councilman Turner, to go into closed session under General Statute 143-318.11 (a)(6) to discuss personnel.**

**RETURN TO COUNCIL MEMBER REPORTS.**

Mayor Donecker returned to Council member reports briefly. In the absence of Councilman Balsley, he asked Diane Sawyer to speak. She thanked those who had been able to attend the ribbon cuttings, noting that the owners really appreciate when Council comes to those. She cited upcoming events at El Puente (the former Rancho Grande) at 11:30 a.m. on June 10; the Salvation Army at 9 a.m. on June 20; and Gabe Zellar on July 1st at 2 noon. The Reidsville Area Foundation open house will be tomorrow from noon until 3:30 p.m. with the ceremony starting at 4 p.m. The Chamber’s membership drive will be on the 18th. She also noted that there will be “Lunch and Learn” with the Northwest Job Training Program, designed for youth to age 30. There will be no Chamber coffee in July. The ice cream social will be held Thursday, July 12, at Market Square. The Grasshoppers’ Reidsville night will be held Saturday, June 7, at 7 p.m. with former Mayor James Festerman throwing out the first pitch.

**VOTE ON MOTION FOR CLOSED SESSION.**

**The Council then voted 6-0 to go into closed session in the first-floor conference room adjacent to Council chambers.**

**RETURN FROM CLOSED SESSION.**

**Upon return from closed session, Councilman Turner made the motion, seconded by Councilwoman Walker and unanimously approved by Council in a 6-0 vote, to adjourn at approximately 7 p.m.**

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 John M. “Jay” Donecker, Mayor

ATTEST:

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Angela G. Stadler, CMC/NCCMC

City Clerk