**MINUTES OF THE REGULAR MEETING**

**OF THE REIDSVILLE CITY COUNCIL**

**HELD WEDNESDAY, MAY 8, 2013 AT 3:00 P.M.**

**COUNCIL CHAMBERS, CITY HALL**

**CITY COUNCIL MEMBERS PRESENT:** Mayor James K. Festerman

 Mayor Pro-Tem Tom Balsley Councilman Donald L. Gorham

 Councilman William Hairston

 Councilman Richard Johnson 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

 Chris Phillips, Assistant City Manager of Administration

 Charlie Dennis, Police Chief

 Kevin Eason, Public Works Director

Mayor Festerman called the meeting to order, noting that all Council members were present.

**INVOCATION.**

Mayor Festerman recognized Councilwoman Sherri Walker, who introduced her pastor, the Rev. Lisa Wishon of Main Street United Methodist Church, Reidsville, who provided the invocation.

**PLEDGE OF ALLEGIANCE.**

The Council then led in the reciting of the Pledge of Allegiance.

**PROCLAMATIONS:**

**RECOGNITION OF TRUSTEE RAYMOND JACKSON AND REVEREND FLOSSIE JACKSON OF JERUSALEM UNITED HOLY CHURCH.**

The Jacksons were unable to attend.

**RECOGNITION OF NATIONAL PUBLIC WORKS WEEK MAY 19-25, 2013.**

Mayor Festerman asked Public Works employees to come forward. In attendance were Public Works Director Kevin Eason; Public Services Superintendent Lindsey Tuttle; Sanitation Superintendent Pat Knowles and Garage Superintendent Tony Stowe. The Mayor read aloud the proclamation recognizing Public Works Week. (A COPY OF THE PROCLAMATION IS HEREIN INCORPORATED AND MADE A PART OF THESE MINUTES.) Eason thanked all of the Council members, noting that those joining him were the “real faces of Public Works.” He said they are the people who work in all kinds of weather and make it happen. Mayor Festerman said the City appreciates all the fine things they do for us, which brought a round of applause.

**RECOGNITION OF NATIONAL POLICE WEEK MAY 12-18, 2013, AND PEACE OFFICERS MEMORIAL DAY OBSERVED ON MAY 15, 2013.**

Accepting the proclamation for National Police Week were Chief Charlie Dennis, Captain Ronnie Ellison, and a contingency of officers. Mayor Festerman asked Councilman Hairston, a retired Captain with the Police Department, to present the proclamation. Councilman Hairston noted that he has attended these memorial ceremonies and they are very touching. He stressed that officers are willing to lay down their lives for our community. He then read the proclamation on behalf of Mayor Festerman. (A COPY OF THE PROCLAMATION FOR NATIONAL POLICE WEEK AND PEACE OFFICERS MEMORIAL DAY IS HEREIN INCORPORATED AND MADE A PART OF THESE MINUTES.) Councilman Hairston told those officers present how proud he and the City Council are of them.

Chief Dennis reported that 41 officers’ lives have been lost in the line of duty so far in 2013. Between 2010-2012, there has been an average of 150 lives, and over the last 10 years, approximately 1,500, he said. They say about every 57 hours, a law enforcement officer killed in the line of duty, he pointed out, somewhere in the United States. Any loss of an officer is a tragedy, he noted. Chief Dennis thanked the Mayor and City Council and City Manager Pearce for their support. He noted that we can’t prevent these things from occurring, but we can try to reduce and mitigate that risk through good equipment, training and staffing. The audience gave a round of applause, and the City Council gave the officers a standing ovation.

**ANNOUNCEMENTS.**

There were no announcements.

**APPROVAL OF APRIL 10, 2013 REGULAR MEETING MINUTES.**

**Councilman Turner made the motion, seconded by Councilman Johnson and unanimously approved in a 7-0 vote, to approve the April 10, 2013 regular meeting minutes.**

**PUBLIC HEARINGS:**

**CONSIDERATION OF A REQUEST TO REZONE 408 WOODROW STREET FROM GENERAL BUSINESS TO OFFICE & INSTITUTIONAL.**

In making the staff report, Community Development Manager Donna Setliff noted that the applicant has requested that 408 Woodrow Street be rezoned from General Business (GB) to Office & Institutional (O&I). There is a structure on the property, which was originally built as a single family dwelling and has been rezoned several times; at one point, residential, then O&I and then over to its current GB designation. She described the area property, noting that east along Scales Street is General Business and to the west are O&I and Residential-12. Setliff described this area as very transitional and compatible with both O&I and GB. However, she said the structure is more compatible with O&I uses. The use is in compliance with the City’s Comprehensive Plan and there would be no adverse effect on adjoining properties, she indicated.

Setliff said that staff recommended the rezoning as did the Planning Board.

Mayor Festerman asked Setliff what is the primary difference between General Business and Office & Institutional? She replied that GB is mainly offices while O&I is both residential and office uses. O&I is slightly more restrictive, she said. She added that the structure has been used as an office for many years.

The Mayor opened the public hearing at 3:13 p.m. by asking if there was anyone who wished to speak in favor or in opposition to the request? No one came forward, and the public hearing was closed at 3:14 p.m.

**Councilwoman Walker made the motion, seconded by Councilman Turner and approved by Council in a 7-0 vote, to rezone 408 Woodrow Street from General Business to Office & Institutional.**

The Mayor congratulated the applicant, Benny Wrenn, who was in the audience.

**CONSIDERATION OF AN APPROPRIATION OF $22,890.40 IN INCENTIVES FOR ALBAAD USA, INC.**

In making the staff report, City Manager Michael Pearce explained that Albaad USA is reinvesting $1.3 million in new machinery and equipment at its Reidsville plant. The City would like to, along with Rockingham County, work with them by providing incentives that include 80% rebate of the company’s taxes over a four-year period. Pearce said this would be $5,722.60 in annual installments with the first payment on February 28, 2015. The equipment will be installed this year, he added. The County agreed to the incentives package the other night, Pearce said. He noted that Ron Gburek, CEO of Albaad’s North American operations, was in the office. The City Manager said he wanted to thank him for his company’s continued investment in the City of Reidsville.

Mayor Festerman asked if the Council members had any questions? There were none.

The Mayor then opened the public hearing at 3:15 p.m. by asking if there was anyone who wished to speak in favor? No one came forward. He asked if anyone wished to speak in opposition? Again, no one came forward, and the public hearing was closed at 3:17 p.m.

**Councilman Gorham made the motion, seconded by Councilman Johnson and unanimously approved by Council in a 7-0 vote, to approve the incentives package of $22,890.40 to Albaad. (A COPY OF THE INCENTIVES AGREEMENT IS HEREIN INCORPORATED AND MADE A PART OF THESE MINUTES.)**

**CONSIDERATION OF AN APPROPRIATION OF $171,592.80 IN INCENTIVES FOR AMCOR TOBACCO PACKAGING AMERICAS, INC.**

In making the staff report, City Manager Pearce noted that Amcor Tobacco Packaging is also reinvesting in its Reidsville plant in the Industrial Park. He said that Albaad and Amcor were the first two industries in the park and the only two, and we’re very proud to have them there so close to each other. He said Amcor was planning a $9.5 million in capital investment, which would create 30 new jobs. The incentives package would pay the company back 80% of its taxes not to $171,592.80, he said, explaining that this would be installments of $42,898.20 annually over four years. The company agrees to make the $9.5 million investment by December 31, 2013, along with the 30 new jobs by the same date. The City would make its first payment back to the company in February of 2015, he said. Pearce said these would be full-time jobs with a minimum wage of $45,000 with medical benefits.

Pearce said he was excited to see the company’s continued investment here. He noted that plant manager Gary Wallace was on hand today. The City Manager said he hoped Mr. Wallace understands how appreciative we are, adding that Amcor runs a great operation down there, and it is always a pleasure to visit the plant.

Mayor Festerman opened the public hearing at 3:20 p.m. With no one speaking in favor or in opposition, the public hearing was closed at 3:21 p.m.

**Councilman Hairston made the motion, seconded by Councilman Gorham and unanimously approved by Council in a 7-0 vote, to approve the Amcor incentives package of $171,592.80. (A COPY OF THE INCENTIVES AGREEMENT IS HEREIN INCORPORATED AND MADE A PART OF THESE MINUTES.)**

The Mayor echoed the City Manager’s comments, noting that we are pleased to have Amcor in town and hope it continues to grow. He added that $45,000 is an excellent salary for our community.

**CONSIDERATION OF AN ANIMAL WASTE ORDINANCE.**

City Manager Pearce explained that for some time, he had been telling people that we have an animal waste ordinance, but then he found out that we didn’t. He said we get complaints from time to time about people not cleaning up after their dogs in City parks and sidewalks. While such an ordinance is difficult to enforce, it is important to have these types of ordinances on the books so that we can take action when appropriate, he noted. This ordinance makes the owner of the dog responsible for cleaning up after their pet, he noted, adding that the fines would be like those for dogs running at large.

Pearce said he has found out that a former Public Works Director had purchased receptacles several years ago, but they were never put up. The City Manager said he would like to put those up in a few areas and check on the disposal and how it works. He said this has worked in other places, and it should work in Reidsville as well.

**Councilman Turner made the motion, seconded by Councilman Gorham, to approve the animal waste ordinance.**

The Mayor noted that this ordinance would only apply to public property. Pearce agreed, saying they felt it was best to take “baby steps.”

**The motion passed in a 7-0 vote.**

The ordinance as approved follows:

**AMENDING THE CITY OF REIDSVILLE CODE OF ORDINANCES**

**AN ORDINANCE AMENDING**

**CHAPTER 3, ANIMALS AND FOWL**

**ARTICLE II. ANIMALS,**

**SECTION 3-29. ANIMAL(S) RUNNING AT LARGE; OWNER’S LIABILITY**

**OF THE CITY OF REIDSVILLE CODE OF ORDINANCES**

**BE IT ORDAINED** by the City Council of the City of Reidsville, North Carolina, that the City of Reidsville Code of Ordinances be amended as follows:

Chapter 3, Animals and Fowl, Article II. Animals. Section 3-29, Animal(s) Running at Large; Owner’s Liability is hereby re-titled and amended as follows:

**PART I. Section 3-29.** Be renamed to “Animal(s) Running at Large; Owner’s Liability; Disposal of Animal Waste, and that the following subsections (e) and (f) be added:

 (e) The owner or custodian of any dog shall be responsible for the proper removal and disposal of the dog’s feces from any public property including, but not limited to, parks, rights of way, sidewalks, greenways, paths and public access areas. The owner or custodian of the dog shall have in his or her possession a bag or other container that closes and is suitable for disposing of the feces in a lawful manner. Depositing the feces in any body of water or directly into the City’s sanitary or storm sewer systems is prohibited and constitutes a violation of this section.

 (f) The provisions of subsection (e) shall not apply to blind persons using dogs as guides.

**Section 3-31.** Fines and Penalties, Section 3-2 to read “Animals Running at Large and Animal Waste.”

**PART II.** All other parts of this section shall remain unchanged.

**PART III.** This Ordinance shall become effective upon its adoption by the City Council of the City of Reidsville, North Carolina.

Adopted this the 8th day of May, 2013, by the City Council of the City of Reidsville, North Carolina.

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

 James K. Festerman, Mayor

ATTEST:

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

 Angela G. Stadler, CMC, City Clerk

**CONSIDERATION OF BOARD AND COMMISSION APPOINTMENTS:**

City Manager Pearce distributed the ballots. Mayor Festerman noted that while there was only one opening being considered today, two excellent people have applied. He suggested that whoever was unsuccessful here might apply to another commission.

**PUBLIC COMMENTS.**

No one came forward to speak during the Public Comments portion of the meeting, but Mayor Festerman asked Rev. Ralph Watkins to speak about the Project SAFE program.

**Project SAFE Update.**

Watkins came forward to talk about the violent offenders program, which former Reidsville Police Captain Guilio Dattero had wanted to bring to this community. The idea is to catch these people before they get into this program, he said. He noted that at the last Project SAFE meeting, they learned how much it costs to house someone in jail, and this program saves us a great deal of money and pain. Watkins said a lot of these offenders are not really violent but nobody got to them early enough. They just grew up on the streets. He said this program is hard, but it shows them they can get some help if they need it. He said he really supports this program. Councilman Hairston agreed that it is an outstanding program. It was noted that federal marshals, law enforcement and judges on a federal level are involved, along with every local law enforcement agency in Rockingham and Guilford counties. Watkins said we want to get the message out that we are here to help. He continued discussing the program, including how it identifies offenders and the “tough love” it gives as they tell offenders what will happen in the full weight of the judicial system is on your back. They also learn of the community services that are available.

It was noted that a meeting was going on right now at 3 p.m. in Wentworth. The Mayor said the U.S. Attorney considers Rockingham County very highly because of the success we are experiencing here, due to the program and people like Chief Dennis, Councilman Hairston and others.

Mayor Pro Tem Balsley then asked Watkins when the summer basketball program will start? Watkins said they are getting a flyer out to the schools with plans to have the first game by June 10. The Mayor Pro Tem said he thinks this is a wonderful endeavor. Watkins said he appreciates what City Council has done to implement this program. He said they plan to keep the young men and women off the streets in the early evening and make them so tired that they won’t go out, they’ll just go home.

**CITY MANAGER’S REPORT.**

**PublicStuff Software.**

In making his staff report, City Manager Pearce noted that his written report was rather lengthy, and he hoped Council had time to read over the items. He referenced Item No. 8 about the PublicStuff software he has been considering purchasing. (A COPY OF THE CITY MANAGER’S WRITTEN REPORT IS HEREIN INCORPORATED AND MADE A PART OF THESE MINUTES.) He noted that Councilman Hairston had challenged him to find a way to make it easier to get the word back to those citizens who have made complaints about what has been done. The PublicStuff software will allow people to use their smart phones, IPads, etc. in a free application to them to take a picture, etc. or make a complaint about a problem. It will be directed to the right department and the complainant will be given a tracking number to find out what happens. These can be done anonymously for those who don’t want their neighbors to know because it won’t tell who you are, but it can help those people keep up with the progress. The software is relatively inexpensive, he noted, and he has found the $3,264 needed annually in this year’s budget and will include the next two years’ payments in those budgets.

Mayor Festerman asked when the date of operation will be. Pearce said he doesn’t know how long it will take because there will be training, installation of the software, etc. It will take a little bit of time, he said, because the software will made particularly for us. He added that there will be a public rollout of the program to let people know it is available. Again, he said he doesn’t know how long it will take but it will take a commitment upfront from the City. He said it will probably take at least a couple of months. The Mayor said he would like to know how many people are using it in regards to future use.

City Manager Pearce said that there are a few other things that need to be brought to Council’s attention since the agenda packets went out.

**BOA for Storm Sewer Pipe.**

Pearce distributed a memo from Public Works Director Kevin Eason about the need for a storm sewer pipe at the Solid Waste Transfer Station. (A COPY OF EASON’S MEMO IS HEREIN INCORPORATED AND MADE A PART OF THESE MINUTES.) The $8,000 needed for the sewer pipe is not included in the budget; therefore, those monies will need to be pulled from the Fund Balance, he said. Pearce asked that the Council approve the attached Budget Ordinance Amendment.

**Councilman Gorham made the motion, seconded by Councilwoman Walker and unanimously approved by Council in a 7-0 vote, to approve the Budget Ordinance Amendment.**

The Budget Ordinance Amendment as approved follows:

**BUDGET ORDINANCE AMENDMENT NO. 11**

 **WHEREAS,** the Mayor and City Council of the City of Reidsville adopted a budget ordinance on June 13, 2012 which established revenues and authorized expenditures for fiscal year 2012-2013; 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 make repairs at the Solid Waste transfer station;

 **NOW, THEREFORE, BE IT ORDAINED,** by the Mayor and City Council of the City of Reidsville that the budget ordinance as adopted on June 13, 2012 is hereby amended as follows;

**Section 1.**  That revenue account number 10-3991-0000, Appropriated Fund Balance, be increased by $8,000.00.

**Section 2.** That expense account number 10-4710-3510, M&R Transfer Station, be increased by $8,000.00.

This the 8th day of May, 2013.

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

 James K. Festerman

 Mayor

ATTEST:

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

Angela G. Stadler, CMC

City Clerk

**BOA for Telephone System, Improvements to Rec Center.**

City Manager Pearce then distributed another Budget Ordinance Amendment that had been discussed at the last budget work session. He noted that BOA #10 is much more expensive than the one that had just been done. The City’s telephone system had been installed in 2002. We used to contract with AT&T but the type of features we wanted weren’t supported by AT&T, he said. We were able to do our own system with another vendor. The system has been used by all of the City’s employees, has voicemail and allows for all kinds of transfers, etc., he noted.

The current telephone system is hardware based, and the parts are no longer available, he said. If anything happens to the phones, we would have to go to an off-market source, garage sale, etc. to find the parts, Pearce continued. Even if we did that, they still might not work. The system is out of date, he said. It will cost us $100,000 to get new phones, but because it is software based, it will be a lot cheaper next time we need to replace it. It will be the last time that we have to make this type of capital investment in our phones, he said, but he added that we don’t want to waste any more time waiting.

The other part of the Budget Ordinance Amendment, Pearce said, is our recreation center. He reminded Council members that staff found a mold problem in the basement of the rec center in 2011, which affected our seniors, fitness center and offices down there. The Council allocated $135,000 to fix the mold problem, which landed up being cheaper than we thought. Therefore, $54,000 was left over from that project, which did do the physical improvements to stop the water from coming in. He said we couldn’t have had a more severe test than we have had in the last couple of months of rain, but the building is still free of any water getting in. Pearce applauded Assistant City Manager Tom Wiggins, inspector Tim Warner and the contractor, etc., for making this happen. The mold has been abated, and an air quality test just done shows it is mold free down there. There was one problem in a locker room where the rug has to be taken up, but it was a minor problem, the City Manager said. He said now it’s a problem of what do we do with the open space down there. If we weren’t doing the Senior Center, he said he might demolish the gym and build a new one; however, for $310,000, we can do a major rehab that will install air conditioning in the gym, along with new bleachers. He said he has heard complaints for several years about the need for AC in the gym. He said it would cost over $3 million to build a new rec center but for 10% of those costs, we can put the offices back and put AC and new bleachers in the gym. He said we will have a rec center we can be proud of and one that will last for years to come.

Pearce detailed approximately where the major sources of funding for the BOA will come from: $160,000 from the Horse Park fund with the City still owning the land with the County with the ability to sell the lots up front of the property; a reimbursement from the County of $107,000 from the virtual shell project done back in 2006 which cleared off a lot in the Industrial Park to make it “shovel ready” and having recently received the $107,000 from the County and recognizing it as a revenue account. He identified other sources of funding, such as Special Project funds and Contingency line items to fund these two projects and one-time sources of funding which otherwise would roll over to the Fund Balance and wait for future projects. He said those funds could be used now to replace the telephone system and reinvest in our City’s recreation center.

Mayor Festerman agreed that it was way past time on the phone system. He said that looking at the outline staff has proposed spending, quick math shows all but about $50,000 could be spent with local contractors. Pearce said he would make every effort to do that.

**Councilman Gorham then made the motion, seconded by Councilman Hairston and unanimously approved by Council in a 7-0 vote, to approve the Budget Ordinance Amendment.**

The Budget Ordinance Amendment No. 10 as approved follows:

**BUDGET ORDINANCE AMENDMENT NO. 10**

 **WHEREAS,** the Mayor and City Council of the City of Reidsville adopted a budget ordinance on June 13, 2012 which established revenues and authorized expenditures for fiscal year 2012-2013; 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 reimbursement funds from Rockingham County and to reallocate funds for the upgrades to the City’s telephone system and renovations at the City’s gymnasium;

 **NOW, THEREFORE, BE IT ORDAINED,** by the Mayor and City Council of the City of Reidsville that the budget ordinance as adopted on June 13, 2012 is hereby amended as follows;

**Section 1.**  That revenue account number 10-3474-4000, Reimbursement – Industrial Park, be increased by $107,400.00; that revenue account number 11-3986-0000, Transfer from General Fund, be increased by $268,000.00.

**Section 2.** That expense account number 10-4930-9800, Transfer to Parks and Recreation Fund, be increased by $268,000.00; that expense account number 10-4920-4475, Equestrian Center Project, be **decreased** by $160,900.00; that expense account number 10-4920-4413, Virtual Shell Site, be **decreased** by $54,750.00; that expense account number 10-4110-2609, Council Special Projects, be **decreased** by $21,000.00; that expense account number 10-4110-9910, Gov Board Contingency, be **decreased** by $10,000.00; that expense account number 10-4120-9910, Administration Contingency, be **decreased** by $13,950.00; that expense account number 10-4210-5501, Telephone System, be increased by $100,000.00; that expense account number 11-6123-5800, Athletics Capital Improvements, be increased by $268,000.00;

This the 8th day of May, 2013.

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 James K. Festerman

 Mayor

ATTEST:

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Angela G. Stadler, CMC

City Clerk

Mayor Festerman said he doesn’t need to see any more big ticket items. He added that they had preliminary discussions about the phone system and gymnasium during the budget work sessions.

**Grant for Elementary School Resource Officer.**

Pearce then informed Council that he had a police item to share with them. He distributed a memo from Police Chief Charlie Dennis (A COPY OF CHIEF DENNIS’ MAY 7TH MEMO IS HEREIN INCORPORATED AND MADE A PART OF THESE MINUTES.) The Police Department has applied for a grant, in cooperation with the Rockingham County Schools, to get school resource officers in our elementary schools. Pearce said we don’t need the money now, but if accepted, it could cost us money in the future. Again, he said no motion is needed today, but it is more of an “FYI” thing.

Chief Dennis explained that applications for the grant positions through the Office of Community Oriented Policing Services (COPS Office) are due May 22 of this year. Student Resource Officers are being considered for the elementary schools, partially due to the events that occurred in Connecticut. He noted that we have SROs at the high school and middle school. The municipalities got with the Sheriff about how to address this problem. It was decided that each municipality would individually apply for an SRO position at their elementary schools. He said this would be a good step for not only extra safety but also for the mentoring, etc. of our students. Our youth are our future, he stressed. These officers can be role models, which is a positive thing, the Chief said. The different municipalities met with Schools’ Superintendent Dr. Rodney Shotwell to come up with a formula. The grants available are for three years with a 75% payment and a 25% local match. The City of Reidsville can only apply for two positions, he explained. The cost to fund two grant positions’ salaries would total approximately $92,000 with the 25% match being about $23,000 a year. If it passes the school board, the school system would cover the 25% salary match for the first year while the Police Department would cover equipment costs, he continued. The following two years the City’s cost would be about $11,500. In the fourth year, the current SRO funding formula would be used with the City paying approximately $12,500, which is 14% of the salaries. He asked if there were any questions?

Councilman Gorham called it a “good thing.” Mayor Festerman said the first year, the City would provide the uniform and gun but no vehicle? Chief Dennis indicated a spare vehicle would be found. There was continued discussion about the program, which has been done since the 1980s in elementary schools in other states. The SROs could be involved in teaching DARE and being good role models. Since the City has three elementary schools, if we get one or two grant positions, we will rotate them through the three schools, he said. The Mayor said he hoped that the Governor’s Crime Commission might be able to provide some help with the equipment.

**COUNCIL MEMBERS’ REPORTS.**

**Councilman Gorham** – The Councilman said he had attended three Community Watch meetings. There were no major issues, but he noted that the Watch groups had sent a bouquet of roses to the Police Department for their work. He added that he had attended his granddaughter’s T-Ball practice and was impressed with the coaching staff out there. He said the volunteers do an excellent job.

**Councilman Hairston** – The Councilman commended City Manager Pearce on finding the tracking software. He noted the need to partner with the community to get information out to citizens regarding complaints, etc. He said it is very important. He also said he is very proud of our City employees when he sees the Police Department, Fire Department and Public Works being very friendly to the public, being available and approachable. The citizens then feel more free to partner with our City. He said he hopes the PublicStuff program can go into effect very soon. He said City employees should keep up being very friendly, approachable and available.

**Mayor Festerman** – The Mayor commended the Chamber and Assistant City Manager Chris Phillips on getting together May 14 in the Police Department training room at 12 noon to discuss the water rate increase. He noted that Phillips will also be speaking to the Kiwanis Club on May 16. The Mayor added that the Assistant City Manager, City Manager and he are all available to speak about the recent rate increase.

**Mayor Pro Tem Balsley** – The Mayor Pro Tem noted that yesterday he attended a quarterly meeting of a group that meets to focus on children. Detective Stan Allison, along with Chief Dennis, educators, YMCA representatives and people from Agricultural Extension, the Department of Social Services and the Health Department were there, along with Help Inc. All of these groups come from different areas but encompass care for children, he noted. The speaker was Marilyn Payne, who under the guidance of Heather Kilpatrick of Head Start, explained that the most crucial years for children are as they are getting ready to enter kindergarten. He noted that middle school is a vulnerable time for young people and a chance from them to go astray unless they are not led in the right direction. He told Rev. Watkins that one person there, John, thinks he hung the moon so we can underestimate what we do as a City, whether it is summer camp, the basketball program, etc. He thanked Rev. Watkins for all that he does, adding that all of this is hard work.

**Councilman Johnson** – The Councilman said he had no official report but he reminded citizens, both juniors and seniors, to make good choices, be careful and safe.

**Councilman Turner** – The Councilman said that Elvis might not be in the building but he will be in downtown Reidsville Friday night. He encouraged everyone to come out.

**Councilwoman Walker** – The Councilwoman reminded everyone of a ribbon cutting at MPressed at 9 a.m. Thursday. She also told the men there to take care of their mothers and to get on their children to make sure those mothers are taken care of on Sunday. She invited Chamber President Diane Sawyer to let everyone know of other Chamber events. Sawyer said there is a ribbon cutting at the Chamber for Shamrock Shredding at 2:30 p.m. on May 14 and to please let the Chamber know if they are coming. At 12 noon on June 5, there will be a ribbon cutting at Holley’s Auto Detailing, she continued. Since the last Council meeting, they had the “Shine, Chardonnay” event which she described as “fabulous” and thanked the City for its support. They had people from Raleigh, Cary, Martinsville, King and all over for the event, thereby meeting its goal of economic development and making a profit of $6,000. She thanked the sponsors, including the major sponsors Annie Penn House and Reidsville Florist and the local wine vendors, which she listed. She again thanked everyone for their support.

**ANNOUNCEMENT OF BOARD AND COMMISSION APPOINTMENTS.**

City Clerk Angela G. Stadler, announced that Miranda W. Surles of 384 Manley Farm Road, Reidsville, received four votes compared to three votes for Richard Piazza of 135 Lucy Lane; therefore, Surles is the new appointee to the Reidsville Parks & Recreation Advisory Commission. (A COPY OF THE BALLOTS ARE HEREIN INCORPORATED AND MADE A PART OF THESE MINUTES.)

**Happy Birthday to Reidsville Review Reporter.**

Mayor Festerman noted it was the birthday of *Reidsville Review* reporter Danielle Battaglia, who covers the City Council. He wished her a Happy Birthday.

Mayor Festerman noted that there would be a budget work session in the adjacent conference room following a five-minute recess. He invited everyone to attend.

**BUDGET WORK SESSION** (Continued from the May 2nd recessed meeting.)

**Parks & Recreation Budget:** City Manager Pearce explained that, in continuing their proposed budget review from May 2, they were in the Parks & Recreation Fund, having just finished the Senior Center. He said they would pick up at Lake Reidsville. (A COPY OF THE BUDGET PAGES ARE HEREIN INCORPORATED AND MADE A PART OF THESE MINUTES.)

The City Manager noted that they are starting to get to “crunch time.” He said the public hearing on the budget would be at the same time as the June Council meeting. The City’s budget and tax rate must be set by the end of June to be effective by July 1st. Before we do an advertisement, we need to have the budget available. We need to have time to print the budget before the public hearing notice is done. He noted that he also has to have time to write the Budget Message. He said hopefully, we can finish this today, and we can stay here as long as you want, then get the proposed budget back to them pretty much immediately.

Starting at page 33 of the proposed budget, Pearce said there are no major issues in the Lake Reidsville Park budget. He said he made some slight cuts to the department head’s requests, but that is what a City Manager does. The only increases were in salaries because of the proposed 2.5% increase and increases in the employees’ insurance. He said he did give them money for part-time salaries. He briefly discussed the 1,000-hour rule, whereby employees who reach 1,000 hours have to pay and the City has to pay into the State Retirement Plan for them. Pearce said that we have valued employees out there and we want them to get a little extra compensation rather than having to take it out of their paycheck for the retirement system.

Pearce also noted that there was an $800,000 large ticket item regarding problems with the septic system out at the lake. The $800,000 option is to hook onto the City’s sewer system, he said, but he has asked Assistant City Manager Tom Wiggins to explore other options. The City Manager said the big problem he has with the proposal is that it would be a force main with a pump station forcing it back, draining lines back to the park up to the Wastewater Treatment Plant. There may be other options out there for less than $800,000, including port-a-johns although the City Manager stressed that he is not recommending those. There is a septic system out there, and most of the development around the lake is on a septic system, he said, but ours is failing. The cost is going to be pretty expensive, and we will look at other funding sources as well, he said, adding that this was putting us on notice that it needs to be fixed. Questioned about a line item called “Resale,” Assistant City Manager Chris Phillips explained that this would be for minnows, etc., that are sold for fishing. State fees through fishing licenses make us a little bit of money, he said.

Turning to the Lake Hunt budget, City Manager Pearce said this is the third year of the City taking over operation of Lake Hunt. He said he is not sure that it has been a huge success, but some people have liked having a season pass for both Lake Reidsville and Lake Hunt. Everything else in the budget is being kept just as it is with the facilities open as they currently are, he said.

Pearce noted that this ends the Parks & Recreation Fund. He reminded Council members that they had already taken care of the big ticket items at their meeting today.

**Reidsville Downtown Corporation:** City Manager Pearce noted that the RDC budget shows a proposed $165,000 in requests. The General Fund supplies monies to the RDC through a transfer. He pointed Council members to the Community Affairs page on page 24, which shows a $72,000 transfer to the RDC. While the City does fund part of the RDC budget, along with taxes, most of it is generally self-sufficient, Pearce continued. There are no big items in this year’s RDC budget.

Pearce informed Council members that he had discussed with the RDC Board about plans to use façade program reserves to make improvements in the downtown area to the WiFi system and security cameras. He reminded Council that the downtown business owners pay an extra 25 cents in taxes which have been used for façade programs. If the $35,000 in that fund is not used, leftover funds go into a reserve, which currently is at about $62,000. He said he had suggested these monies be used to invest in electrical pods as well, which would supply power to the vendors out on the street during the street festival and events instead of renting generators. The cost per pod is about $1,400 a piece, he said. The RDC Board is fine with using these reserve funds for those kinds of improvements, the City Manager said, adding that he will be bringing Council a budget ordinance amendment. He said they are trying to fit the allocation into this current budget year.

Regarding the Account #4703, Festival line item, the Mayor asked where does the Tourism Development Authority (TDA) funding show up in the budget? Pearce said it would be in the revenues portion of the budget. The Mayor asked historically, what do they pay? It is usually $2,000-$3,000 but has been as high as $6,500. Pearce asked Council members if they had any questions?

Councilman Gorham questioned $4,000 for travel. The City Manager said that line item supports not only the conferences that the Main Street Director goes to but also RDC Board members and any Council members who might attend. Those people named Main Street Champions are also invited to attend the Main Street Conference using these funds, he noted. A lot of good ideas come out of these conferences, he noted. Pearce noted that he did cut $1,000 from this the current year’s line item and asked the person to manage the smaller amount.

**911 Fund & Police Separation Fund**: City Manager Pearce asked Phillips to lead the discussion on these two funds.

Referencing page 38 showing the 911 Fund, Phillips reminded Council members that we are currently consolidating our 911 centers. He said that fund includes two line items totaling $100,000.

Phillips then turned to page 47 regarding the Police Separation Trust Fund. He noted that the City is obligated by law to give a separation allowance to qualified retired law enforcement officers until they reach the age 62 at which time they get social security. The separation allowance offsets the difference between their retirement and their pre-retirement salary, Phillips said. These monies are set aside in a separate fund, which currently is up to $530,000. He reminded them that at the first work session, they presented some long range ideas, including sustainability. One idea presented was to spend down this fund balance, Phillips noted. He explained that we are going to hit a “peak” on some of these retirements, noting that the retirement numbers will go up and down. We will use some of these funds in the “up” years and build it back up in the “down” years, he said. He said that we will be paying out $198,000 but the revenues side is closer to $100,000. We will use $95,000 for that balance and will monitor it each year. The first year we put more in than we had to, he stated. Councilwoman Walker noted that this would draw the fund down to $450,000 when you take away the $198,000. City Manager Pearce said if you look at the divisions in the Police Department, there are line items that go into this fund. Some of our officers who have just retired can draw the allowance until age 62, he said.

**Internal Service Fund (Garage)**: Referencing page 48, Pearce noted that the garage is an internal service fund that is supposed to be self-sufficient. It gets funds from other departments through the repair of vehicles from those departments. Pearce noted that the garage charges for those line items, and it takes approximately $515,000 to operate the City’s garage. At an initial budget workshop, he noted that he had mentioned the possibility of phasing out our garage services or how we work on our equipment but that was predicated on being about to “young up” our fleet. With the loss of Hold Harmless funding and other factors involved, it has forced us to “kick that can down the road a bit,” Pearce told Council members. We will continue to operate the garage as is, he said, adding that the employees do a great job out there but we need to give them better training to service our fleet. The City Manager said that to continue the garage operation as it is would be his recommendation.

Pearce noted that the salary account is higher than the department head’s recommendation because we had an employee retire about a year and a half ago. Since they were looking at phasing the garage out, they had not hired a full-time employee but had a temp, Julie Swinney, who has been doing a great job out there. He said he would recommend we keep that person out there regardless of how we operate the garage. He said he was not creating a new job there but moving a position from temporary to full time. He pointed out that line item #4400 (Contracted Services) is also decreased by a large amount because of this change with those funds going to the salary account. He said Swinney was the longest serving temp employee he has ever known. He said there are no other changes, capital investments or environmental issues are included but they will need to be done in the future. He said he just doesn’t have the answer right now.

**Insurance Reserve Fund:** Discussion then turned to the last page, (page 49) with Phillips noting that the City is self-insured for health insurance. Workers Compensation, Property and Vehicle insurance also run through this one fund, he said. While it is adopted as part of the budget, it is more of a financing plan than a budget, he explained. He said we put in here what we think the premiums are going to be. He noted that these are based on updated quotes that we receive. He also added that health insurance is not in here because it goes to a separate reserve fund. Another insurance listed in this fund is Professional Liability.

City Manager Pearce asked Council if there were any questions? There were none. He told Council members, “That’s it. The budget from beginning to end.” He noted that from the first time they met, they have gone from insurance to water and sewer to the General Fund. He said he appreciated all the help he has gotten from staff to put this budget together. He noted that this budget keeps the tax rate at 71 cents, provides some capital, gives employees a 2.5% raise beginning January 1, 2014, and continues to pay for employee insurance and increases water and sewer rates 1.5% in July and 1.5% in January of 2014.

Pearce said no action is needed today, but he needs a consensus of Council to go forward so that the budget can be printed and the budget message developed. Again, he said he was very proud of this budget and thanked staff for their help.

**Discussion on the Tax Rate.**

Mayor Festerman asked his fellow Council members, “Does everyone feel comfortable with 71 cents (tax rate)? He said he felt this was their best opportunity to cut the tax rate although he was not saying he was advocating that. He noted that one cent on the tax rate represents $80,000. He said he had challenged Phillips to find four cents or $345,000 in cuts. Councilman Turner said that would have to come out of pay raises. It was noted that it would have to include cutting expenses and raising revenue projections. Phillips told the Mayor he was not sure that had been a formal request. On the revenues side, he said he is not sure we can do anything. “I don’t want to be here next year saying we won’t reach our estimates,” he said. Phillips added that we are really two years behind on the property taxes, and we don’t know about the vehicle taxes. He said he sees new cars on the streets but it doesn’t necessarily show up on our taxes. Cars depreciate, but I can’t tell you what the taxes will be, he stated. Phillips said that while he can tell Council what the taxes were in 2012 and what the collection rate was, he said he has already taken a conservative view of the revenues. Right now, our Fund Balance is at $4 million, he pointed out. It will be the end of September before we will get the final numbers for the current fiscal year, Phillips told Council members. The Mayor asked if we could end up this fiscal year with close to $5 million in the Fund Balance? Phillips said that with five months of collection this year, we are “dead on” estimates.

The Mayor said that the 2.5% increase for employees will cost about $110,000. Staff said it will actually only be about $100,000. Mayodan is looking at doing a 3% raise. Pearce noted that he considered doing a 1.5% raise for the full year but he decided that a 2.5% increase after January 1 would allow employees to see more of an impact on their paychecks. He said they might not notice a 1.5% increase. While he had considered a one-time amount, a raise stays with them their entire career, he said. Pearce said we could cut down capital and use part of the Fund Balance as the Mayor had suggested, but we’ve just been trying to build our Fund Balance back up. When we did big projects like Market Square and Vance Street, that brought the balance down to 23%, he pointed out. We are trying to build it back up for “rainy days”. He said a deep tax increase sounds great but we want to build that Fund Balance because we don’t know what the economic conditions will be. He said he’d like to see a decrease in the tax rate, but it would come on the back of our employees.

Councilman Gorham said he didn’t want to fall into a situation where we have to increase the tax rate later. He said we might have to decrease the increase we give them, plus there might be another water rate increase.

The Mayor said he felt there was never a better time to do a decrease since he’s been on Council. Councilman Gorham said this is a “dangerous time we’re living in.” He said he agreed with Phillips. The Mayor again said he felt it was the best time to have a tax cut.

Councilman Turner said he would like to see one, but expressed concerns about the City’s debt associated with the Senior Center and improvements to the water and sewer. It was noted that the only the Senior Center debt would be a General Fund obligation. Pearce said now is the time to discuss this. If they wanted to have more discussion on this, we need to get our calendars out to set a meeting time, he indicated. The City Manager said he is not recommending a tax rate decrease because it would be done on the backs of our employees and the services we provide.

Mayor Festerman asked how the 2.5% raise would match us up with other cities? He asked about the Police Department as an example and how it would compare in terms of salaries? Phillips reminded Council members that we used to do a pay study every year, focusing on either the Police Department, Public Works and “All Other” positions, to test the market. The Police Department is very important because our guys get really good training, Phillips noted. In 2008, we stopped doing the pay study when everything else changed in the world because 1) the expense; and 2) nobody else was going anywhere either. Last year we did go back and do a study and found that there had been some movement, the Assistant City Manager continued, adding that we hadn’t been able to fund the study like we normally have. He explained briefly how the study and the numbers involved have changed, starting at the beginning salary rather than giving them credit for experience. He said we did the study to be comparable but we weren’t able to fund it completely. He said we are competitive and have a “little bit” of cushion.

Mayor Festerman stated that we are currently two people short in the Police Department at a cost of $85,000-$90,000 with the unlikelihood of filling them. Pearce said he had already taken $20,000 out of that line item. He stressed that we need to operate our departments in the positive so if you take away that cushion, we may have to come back to City Council later for that money.

Mayor Festerman told Council members that he felt he needed to point it out to them.

Councilwoman Walker asked about the comment made earlier about the Senior Center and Water & Sewer Funds. Phillips explained how they are in separate funds with the Senior Center in the General Fund.

Mayor Festerman noted that if anyone is not comfortable with the 71-cent tax rate, they need to let the City Manager know. With nothing said, Pearce said he would take that as an affirmative for the budget as presented.

The Mayor asked when can the Council see the budget message? Pearce said they should be able to see it within a week if his phone will stop ringing.

Pearce said it appeared no other meetings are needed other than the June Council meeting. He said they would advertise the public hearing for June 12.

**Councilman Gorham then made the motion, seconded by Councilman Johnson and unanimously approved by Council in a 7-0 vote, to adjourn at approximately 5 p.m.**

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 James K. Festerman, Mayor

ATTEST:

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 Angela G. Stadler, CMC/NCCMC

 City Clerk