

**CITY OF GRAHAM
SPECIAL SESSION
WEDNESDAY, MARCH 17, 2010
10:00 A.M.**

The City Council of the City of Graham met in special session at 10:00 a.m., on Wednesday, March 17, 2010 in the Graham Civic Center located at 503 McGee Street.

Council Members Present:

Mayor Jerry Peterman
Mayor Pro Tem Linens
Council Member Jim Albright
Council Member Victor Euliss
Council Member Chip Turner

Also Present:

Chris Rollins, City Manager
Frankie Maness, Assistant City Manager
Jeff Prichard, Chief of Police
Johnny Andrews, Fire Chief
Victor Quick, Utilities Director
Donnie Braxton, Public Works Director
Melody Wiggins, Recreation and Parks Director
Kimberly Harris, City Clerk
Jay Ashley, Times News Managing Editor
Kristy Bailey, Alamance News Reporter

Council Members Absent:

None

Mayor Peterman called the meeting to order at 10:00 a.m. He then recognized Mayor Pro Tem Linens who gave the invocation.

Mayor Peterman thanked the Council and Department Heads for being present and explained that the purpose of this Special Meeting was to discuss the 2010 – 2011 Budget. He stated that this meeting would be for discussion only and that no action would be taken by the Council.

City Manager Rollins explained that the General Fund receives most of its revenue from tax collections, local sales tax and the Powell Bill. The Water and Sewer Fund receives most of its revenue from water and sewer bills. The Garage Fund is the only self supporting fund with an annual goal of breaking even. The Garage Fund is funded from each City of Graham Department vehicle repairs costs, ABC Board vehicle repair costs and Alamance County owned vehicle repair costs. The Alamance County Sheriff's Department does not use the City of Graham garage for vehicle repair.

City Manager Rollins explained that the Graham Mebane Lake's buildings, property, and capital expenses are shared between the City of Graham and the City of Mebane and operating expenses are divided amongst the two based on water usage. Currently the City of Graham is responsible for 2/3 and Mebane is responsible for 1/3 of the costs for buildings, property, and capital expenses.

City Manager Rollins explained that the State of North Carolina regulates Cities and Counties. The Local Government Commission is a State Department which regulates and controls the local government audit process. The Local Government Commission must approve an audit before the Council may approve.

City Manager Rollins informed the Council and Department Heads that the Budget is currently tighter than it has ever been and the City is running as lean as possible without having to cut back on the number of employees or without reduction in City services and increasing taxes. If the tax rate were to be raised by 1 cent it would generate revenue valued at \$88,393.00 for the City.

City Manager Rollins stated that he is concerned about the incoming 2010 -2011 budgetary numbers for employee Major Medical Insurance. The City of Graham has been with CIGNA Insurance for 6 years with an average 4% increase, but the costs may be much higher this year. The City annually obtains quotes from several different insurance companies before selecting a provider.

Another change for employee benefits which will affect the 2010 – 2011 Budget is from the North Carolina Department of State Treasurer Retirement Division which will be requiring that the City contribution made to each employee's pension be increased from 4.80% City Contribution for General Employees to 6.35% and from 4.86% City Contribution Police Officers to 6.82% effective 7/01/2010.

City Manager Rollins advised that the City of Graham is currently 67% of the way through the 2009- 2010 Budget Year. Revenues are down. Sales Tax revenue is reduced this year but the numbers are currently where they were anticipated to be at this time. Local tax collection rates are down this year at currently 91.64% as opposed to 96% last year at this time. The City issued only 2 residential building permits this year and commercial construction has had a small increase in activity within the City limits. The normal housing market is not expected to return before 2013. It will take many, many years to return to the ways things used to be for the City of Graham.

City Manager Rollins closed his summary by informing the Council that there will not be a lot a change from last year's budget to this year's budget. The City can expect to spend some Fund Balance both this year and next year.

Mayor Peterman reported to the Council that the he would be calling a special meeting sometime in May or June for a budget line item workshop.

Assistant City Manager Maness presented the following line item anticipated budgetary needs and issues for the Departments under his supervision:

City Council. No changes.

Administration. No changes.

Information Technology

- Considering Citrix/Terminal Server \$12,000

Finance

- Bank Charges
- Automated Remittance Software (save up to .04- .05 per transaction @ 4,000 per month)
- Investment Earnings (17,500,000 @ 1.1%)

Public Buildings and Grounds

- Considering building improvements
 - Electronic building locks and other security improvements (\$20,000)
 - Correcting concrete pad in front of fire bay (\$30,000+)
 - Fire bay doors (\$6,000)

Planning and Inspections

- GIS Contract (\$55,000)
- Residential Building permits are still slow (2 YTD). Commercial interests
- Total Permits issued YTD have value of 1.3 million.
- Continue to operate without a Zoning Enforcement Officer
 - 363 letters were sent out from complaints (1.5 letters per day).
 - Inspections staff have assisted in processing payments and general customer service, the occasional meter readings, gathering GPS information, and locking of meters.

Traffic Engineering

- Continue contract with Burlington with no change in price anticipated (24,000 per year)

Street Lights

- No major additions (\$92,000/year)

Water Billing

- Continue to offer and promote multiple payment options for customers.
- E-billing (\$4.08 savings for each person signed up)
- Paperless reports (1.5-2.0 cents per page) (color copies can be as much as .25 per page)

Police Chief Jeff Prichard addressed Council advising that the Police Department has operated as lean as possible over the past year with a decrease in their overall budget of 10%. He anticipates the following 2010 – 2011 budgetary needs and issues for the Police Department:

Police Department

- Internet Access in Police Vehicles to access NC Aware paperless warrant system (\$12,000/year) (\$1,000 per month) (\$40 per access card).
- Maintenance on Police Department Building AC Units (\$6,000).

- Capital Project - New Phone System (\$30,000) (has been approved for 4 years but not expended) .
- Gang Task Force Part Time Position to be filled.

Fire Chief Johnny Andrews informed the Council that the Department needs a new Alarm truck but the Department can hold off on the purchase for two more years. Chief Andrews informed the Council that the City of Graham Fire Department has a Council of Government ISO rating of 4 with the State Fire Marshall's Office and that expending the funds to receive a rating of 3 would not save the citizens a lot of money with insurance ratings. Chief Andrews addressed the City Council with the following anticipated 2010 – 2011 Budgetary changes and issues:

Fire Department

- 10 New sets of Personal Protective Equipment to replace equipment over 10 years of age (\$25,000) (\$2,500 for each PPE set).
- Replace 15 year old 5" hose.
- Cost to send supervisors to UNC School of Government employee management training courses in Carthage, NC.
- Replace concrete parking pad in front of the fire bay doors (which is difficult to maneuver on when frozen) (\$30,000).
- Install sensors on the fire bay doors (\$6000).

Donnie Braxton, Director of Public Works addressed the City Council with the anticipated budgetary needs and issues for the Departments under his supervision:

City Garage and Warehouse

- Upgrade fuel purchase order system to a windows based system (\$17,000)

Sanitation

- \$241,000 reduction from 2009 – 2010 Budget due to no vehicle purchase required 2010 – 2011.
- Refuse containers (\$10,000).
- Need to purchase additional personal protective equipment –reflective vests.

Property Maintenance

- Need an all weather cab for tractor
- Need to replace 2 lawn mowers
- Resurface Apollo field track to correct drainage and erosion areas
- Zachary Field fence replacement
- Zachary Field Restroom heater installation
- Increase vehicle maintenance account
- Purchase of new uniforms

Street Department

- Replace 22 year old flat bed truck
- Purchase a backhoe and coupler for snow plow

City Garage

- Purchase tire changer (\$8,000)
- Purchase magnetic drill press (\$2,200)
- Purchase new tool box (\$4,600)
- Lap top computer

At 12:00 p.m. Mayor Peterman recessed the Special Meeting in order to have lunch with the Department Heads and all on- duty law enforcement and fire fighter personnel.

At 1:00 p.m. Mayor Peterman reconvened the Special Meeting.

Melody Wiggins, Director of Recreation and Parks addressed the City Council with anticipated budgetary needs and issues for the Departments under her supervision:

Recreation and Parks

- Hall of Fame Induction Year (\$8,000 - \$10,000)
- Grant to replace fencing, \$241,000 – 50/50 matching Grant
- Sealing out walls in the Recreation Center
- 1 new track out program
- Registration Software for Recreation (can be postponed for 2011 – 2012 Budget)

Graham Mebane Lake

- Roof replacement for two lake facilities (can be postponed for 2011 – 2012 Budget)

Victor Quick, Director of Utilities addressed the City Council with anticipated budgetary needs and issues for the Departments under his supervision. He explained that the Capital Improvement Plan (CIP) is required in the State Permitting Process.

Distribution and Collection

- CIP replacement 2” galvanized water line on Montree Lane (\$50,000)
- CIP replacement 400’ sagging sewer line 200 N. Marshall (\$60,000)
- CIP Chemical root treatment (\$50,000)
- CIP by-pass pump (\$20,000)
- Purchase a Gator Utility Vehicle
- Purchase bolt down lids for manholes

Plants Maintenance

- Leaking tank replacement (\$25,000)

- Purchase a 4-wheel drive tractor with pull tank to replace 1981 Highwheeler used to spread biosolid on field.
- Evaluate and update Boyd Creek Lift Station

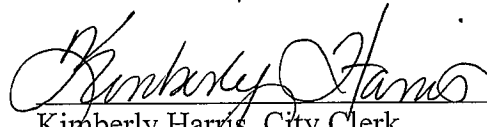
Water Plant – Revenues are down but costs are up. From 2000 to 2009 there has been a reduction of 26 million gallons less of water per month.

- Treatment Chemicals (\$325,000)
- Check Valves in Pump Station (\$40,000)
- Rehabilitate filters at Plant (\$90,000)
- Organics in Lake at intake area (after mixers are installed) (\$11,000)
- Engineering Study to comply with new regulations (\$40,000)
- Clearwell (\$30,000)

Wastewater Plant – Revenues are down but costs are up. From 2000 to 2009 there has been a reduction of 10 million gallons less of wastewater per month.

- Install 6' fence along road frontage (\$40,000)
- Install a 4th clarifier (\$95,000)
- Install entrance gate at Wastewater Plant (\$15,000)
- 4 Influent pump controls upgrade
- Jordan Lake Rules

There being no further business and without objection Mayor Peterman declared the Special Meeting of City Council adjourned at 3:20 p.m.



Kimberly Harris, City Clerk