

MINUTES

Lowell City Council

Special Meeting

Saturday, April 28, 2018, 9:00 A.M.

I. CALL TO ORDER – Mayor Sandy Railey

Mayor Sandy Railey called the meeting to order at 9:10 a.m. and opened with a prayer. Those attending were Councilmember Ken Ervin, Councilmember Candy Funderburk, Councilmember Thomas Gillespie, Councilmember Phil Bonham, Councilmember DeWayne Chitwood, City Manager Kevin Krouse, City Clerk Beverly Harris, Public Works Director Thomas Shrewsbury, Finance Officer Kevin Haney, Police Chief Scott Bates, and various citizens.

II. ADOPTION OF AGENDA FOR THIS MEETING

Councilmember Chitwood made a motion to adopt the agenda, followed by a second from Councilmember Funderburk. The vote was unanimous.

III. REVIEW AND DISCUSSION OF FY 2018-19 BUDGET

Kevin Krouse thanked everyone for coming to the budget workshop and began discussing the budget worksheets handed out. Mr. Krouse reminded the Council how their goals and strategies are tied back to the current budget.

WATER & SEWER FUND FINANCIAL UPDATE

Mr. Krouse shared comparison dashboards for Gaston County from the UNC School of Government on rates, and the average household and median household income and poverty rates. Mr. Krouse stated the poverty rate in Lowell is 15.13% and within a 50-mile radius of the City of Lowell, the average is 17.75%. The state average is 16.85%.

Mr. Krouse gave a Capital Improvement Plan (CIP) summary. He stated there are 13 projects planned for the next ten years - \$2.1 million. These projects are proposed to be funded with a combination of debt and cash outlays.

COUNCIL GOAL MET: Improve & Expand Water & Sewer Infrastructure

The largest CIP projects are: Hwy 7-line improvements; Waste Water Treatment Plant improvements; water meter replacements; infiltration/inflow upgrades.

There would be a need to increase revenues in order to improve and expand our water and sewer infrastructure. From 2012-2016 there has been a loss of revenue shown and the State notices those types of things. The City of Lowell has already been notified of the loss of revenue being monitored by the State.

Proposed revenue increases needed to fund the CIP is a 6% increase in the FY2018-19 budget. Then only a 3% increase would be needed annually to fund the CIP.

Mr. Krouse gave examples on the proposed increase to water bills. A minimum consumption bill of 1500 gallons is currently \$18.40. The proposed increase will make it \$19.55 which is a \$1.15 increase. An average consumption bill of 4000 gallons is currently \$49.28. With a 6% increase it would be \$52.43, which is a \$3.15 increase.

Mr. Krouse stated the proposed budget does include a \$16,523 Fund Balance appropriation. He also stated if this is adopted staff will prepare an education brochure for citizens showing them the improvements they would be paying for within the City of Lowell.

The capital outlay includes a security system and radio read water meters.

GENERAL FUND FINANCIAL UPDATE

Mr. Krouse stated the unrestricted Fund Balance is \$535,998 (26.7%) and 2019 revenue are predicted to increase by \$360,944. This increase includes the following items:

- Ad Valorem Revenue – Increase of \$36,500 from 2018
- Sanitation Revenue –\$38,000 from proposed increase
- Grant Funding of \$188,000
- Fund Balance Appropriation of \$52,168
- Powell Bill Fund Balance Appropriation of \$62,800

Mr. Krouse stated staff did not recommend a tax increase in the new budget. And for the existing tax rate to be left at \$0.43.

Mr. Krouse stated there was a salary and Christmas bonus increase in the proposed budget. A 2.5% increase on salaries (\$20,340).

Mr. Krouse stated there would be a 9.68% increase for health/dental/life insurance (\$17,129).

Mr. Krouse gave summary updates on each department and stated the following non-re-occurring expenditures planned for the proposed budget would include:

- Bicycle & Pedestrian Plan
- Downtown Pedestrian Improvements
- Community Center New Roof and Other Repairs
- Security Cameras and System for all facilities
- Interior Painting City Hall
- New Website Creation
- Three New Police Cars

Parks and Recreation was discussed. Staff recommends increasing recreation offerings and opportunities for all age groups. Staff of the department was discussed to incorporate festivals and event coordination.

Mr. Krouse stated the new debt service would include the new radio read water meters. In summary, Mr. Krouse stated the proposed water/sewer rate increase would be \$1.15 increase to an average bill (\$3.15 increase to large users). And a proposed sanitation rate increase of \$2.00 (50% user fee supported program). Overall the proposed FY2018-2019 budget includes a \$3.15 increase to the average customer.

IV. DISCUSSION AND POSSIBLE ACTION OF POLICE CAR PURCHASES

Kevin Krouse discussed the possibilities to lease city vehicles from Enterprise. This would also include maintenance and equipment upgrades for all vehicles. He stated it would cost \$20,842 to lease/purchase new vehicles. The City of Lowell is not locked into an extended contract and can walk away at any time from the lease program if we aren't happy. The vehicles are less than state contract pricing with the added benefits.

Staff would like authorization for the manager to begin contract work to start a lease/purchase agreement between the City of Lowell and Enterprise for police cars.

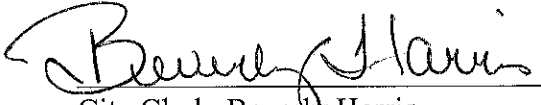
Councilmember Funderburk made a motion to authorize the manager to begin contract work to start an agreement between the City of Lowell and Enterprise for 3 new police cars, followed by a second from Councilmember Chitwood. The vote was unanimous.

V. ADJOURN

Councilmember Chitwood made a motion to adjourn the meeting, followed by a second from Councilmember Funderburk. The vote was unanimous. The meeting ended at 1:00 pm.



Mayor, Sandy Railey



City Clerk, Beverly Harris