

**\*\*Due to the Coronavirus Pandemic and President Trump's recommended guidelines of limiting gatherings to no more than ten people, this meeting will be restricted to the Mayor, Board, City Staff, and Media. The minutes and recording of this meeting will be placed on the City's website for public review. Preparation is currently being made for future Board Meetings to be streamed.\*\***

## AGENDA

Welcome and Call to Order.....Mayor David L. Rowe  
Invocation.....Commissioner Wood  
Pledge of Allegiance.....Everyone

### Items for Discussion and Possible Action

- 1.) APPROVAL OF AGENDA:
- 2.) CONSENT AGENDA: The consent agenda is comprised of matters of routine business that do not require discussion by the Board. Items included on this agenda are indicated with an asterisk (\*) and will all be considered with one motion by the Board. Should a Board member wish to remove an item from the consent agenda, that item will be considered in its listed place on the agenda.
  - a) \*\* Approval of Minutes: ~February 25, 2020 Called Meeting  
~March 5, 2020 Regular Meeting
- 3.) CERTIFICATES AND AWARDS:
- 4.) SPECIAL PRESENTATIONS:
- 5.) PUBLIC HEARINGS:
- 6.) PUBLIC FORUM:
- 7.) OLD BUSINESS:
- 8.) ITEMS REMOVED FROM CONSENT AGENDA:
- 9.) NEW BUSINESS:
  - a) Coronavirus Discussion and Process of Moving Forward During the Pandemic
- 10.) OTHER BUSINESS:
- REMARKS BY OFFICIALS:
  - a. Mayor
  - b. City Council
- 12.) ADJOURNMENT:

**MOUNT AIRY, NORTH CAROLINA**

**Called Meeting**

**February 25, 2020**

**MEMBERS PRESENT: Mayor David L. Rowe, Commissioners Jon Cawley, Tom Koch, Ron Niland, Marie Wood, and Steve Yokeley**

Mayor Rowe welcomed everyone and called the meeting to order.

**APPROVAL OF AGENDA:**

**On motion by Commissioner Koch, seconded by Commissioner Yokeley and passed unanimously, the agenda was approved.**

**RESOLUTION 2020-063-RESOLUTION TO AWARD MAPLE/MERRITT STREET SEWER PROJECT:**

**On motion by Commissioner Yokeley, seconded by Commissioner Koch and passed unanimously, the following resolution was approved:**

**RESOLUTION NUMBER 2020-063**

**RESOLUTION AWARDING MAPLE/MERRITT STREET SEWER PROJECT TO C.W. CAULEY & SON, INC.**

WHEREAS, the City of Mount Airy, North Carolina has received bids, pursuant to duly advertisement notice therefore, for construction of the Maple/Merritt Street Sewer Improvements Project; and

WHEREAS, the Lane Group, Inc. (Consulting Engineer) has reviewed the bids with results as follows:

<u>Contractor</u>	<u>Base Bid</u>
Sowers Construction Co., Inc.-Mount Airy, NC	\$1,690,041.00
<b>C.W. Cauley &amp; Son, Inc.-Patrick Springs, VA</b>	<b>\$1,928,255.00</b>
Prillaman & Pace, Inc.-Martinsville, VA	\$2,085,000.00
Carolina Grading & Utilities, Inc.-Warrensville, NC	\$2,493,079.00

WHEREAS, because of licensing limitations with respect to this project, the low bidder was determined to be a non-responsive bidder and their bid is recommended to be rejected; and

WHEREAS, the City has two potential sources of funding available for project implementation-\$1,731,600 CDBG-I grant and a \$1.0 million NCDEQ SAP grant; and

WHEREAS, the entire CDBG-I grant will be used for this project and a portion (\$610,400.00) of the NCDEQ SAP grant will be used for this project, which will leave approximately \$389,600.00 of the NCDEQ grant to be used toward the Maple/Merritt Street Water Project; and

WHEREAS, it is recommended to tentatively award the construction contract to C.W. Cauley & Son, Inc. for the base bid of \$1,928,255.00, subject to funding agency review and approval; and

WHEREAS, it is also recommended to include an additional 5% contingency amount (\$96,397.00) of the construction cost, for a total combined construction/contingency budget amount of \$2,024,652.00:

NOW, THEREFORE BE IT RESOLVED BY THE CITY OF MOUNT AIRY BOARD OF COMMISSIONERS MEETING IN OPEN SESSION THAT:

- Section 1. The Board of Commissioners does hereby award the Maple/Merritt Street Sewer Improvements Project to C. W. Cauley & Son, Inc. for the base bid amount of \$1,928,255.00 with an additional 5% contingency amount of \$96,397.00, resulting in a total combined construction/contingency budget amount of \$2,024,652.00.
- Section 2. The Board of Commissioners does hereby authorize the Mayor to execute said contract documents per review and approval by the City Attorney.
- Section 3. Said award shall be contingent upon the approval of the North Carolina Department of Environmental Quality.
- Section 4. This resolution shall become effective upon approval.

Approved and adopted this the 25<sup>th</sup> day of February, 2020.

**ORDINANCE 2020-020-PROJECT ORDINANCE AMENDMENT FOR MAPLE/MERRITT STREET SEWER IMPROVEMENTS PROJECT:**

**On motion by Commissioner Wood, seconded by Commissioner Koch and passed unanimously, the following project ordinance amendment was approved:**

**ORDINANCE NUMBER 2020-020  
PROJECT ORDINANCE AMENDMENT #1  
FOR  
MAPLE/MERRITT STREET AREA SEWER SYSTEMS IMPROVEMENT PROJECT**

WHEREAS, the City of Mount Airy adopted a project ordinance for the Maple/Merritt Area Sewer Systems Improvement Project on June 21, 2018; and

WHEREAS, the City of Mount Airy has accepted a State Appropriation grant which is being administered by the NC Department of Environmental Quality, for the purpose of Maple/Merritt Street area sewer system improvements:

BE IT ORDAINED by the Board of Commissioners of the City of Mount Airy, North Carolina, that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following project ordinance is hereby adopted:

Section 1

The project authorized is for Maple/Merritt Street area sewer system improvements as follows:

Project Number: State Appropriation Grant  
Amount: \$610,400 Portion applied to Maple/Merritt Sewer Systems Improvement

Section 2

The officers of this unit are hereby directed to proceed with the project within the terms of the award documents and the budget contained herein.

Section 3

The following amounts are appropriated for the project:

Water and Sewer Expenditures \$ 610,400

Section 4

The following revenues are anticipated to be available to complete this project:

Grant Proceeds—State Appropriation Grant \$ 610,400  
\$ 610,400

Section 5

The Finance Officer is hereby directed to maintain within the Project Fund sufficient specific detailed accounting records to satisfy the requirements of the grantor agency, the grant agreements, and federal regulations.

Section 6

Funds may be advanced from the Water and Sewer Fund for the purpose of making payments as due. Reimbursement requests should be made to the grantor agency in an orderly and timely manner.

Section 7

Copies of this project ordinance shall be furnished to the Clerk to the Governing Board, and to the Budget Officer and the Finance Officer for direction in carrying out this project.

Approved and adopted this the 25<sup>th</sup> day of February, 2020.

**ORDINANCE 2020-021-PROJECT ORDINANCE AMENDMENT FOR MAPLE/MERRITT STREET WATER IMPROVEMENTS PROJECT:**

On motion by Commissioner Yokeley, seconded by Commissioner Koch and passed unanimously, the following project ordinance amendment was approved:

**ORDINANCE NUMBER 2020-021  
PROJECT ORDINANCE AMENDMENT#2  
FOR**

**MAPLE/MERRITT STREET AREA WATER SYSTEMS IMPROVEMENT PROJECT**

WHEREAS, the City of Mount Airy adopted a project ordinance for the Maple/Merritt Street Area Water Systems Improvement Project on October 4, 2018; and

WHEREAS, it is necessary to amend this project ordinance to reflect an increase in the State Appropriation Grant and a decrease in the NC Division of Water Infrastructure loan:

BE IT ORDAINED by the Board of Commissioners of the City of Mount Airy, North Carolina, that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following project ordinance is hereby adopted:

Section 1

The project authorized is for Maple/Merritt Street area water system improvements as follows:

Project Number: H-SRP-D-17-0140  
Amount: \$867,100 loan

Project Number: State Appropriation Grant  
Amount: \$389,600 Portion applied to Maple/Merritt Water Systems Improvement

Section 4

The following revenues are anticipated to be available to complete this project:

Loan Proceeds	\$ (96,000)
Grant Proceeds	\$ 96,000
	<u>\$ -</u>

Section 5

The Finance Officer is hereby directed to maintain within the Project Fund sufficient specific detailed accounting records to satisfy the requirements of the grantor agency, the grant agreements, and federal regulations.

Section 6

Funds may be advanced from the Water and Sewer Fund for the purpose of making payments as due. Reimbursement requests should be made to the grantor agency in an orderly and timely manner.

Section 7

Copies of this project ordinance shall be furnished to the Clerk to the Governing Board, and to the Budget Officer and the Finance Officer for direction in carrying out this project.

Approved and adopted this the 25<sup>th</sup> day of February, 2020.

**CAPITAL REQUESTS PRESENTATIONS-DEPARTMENT MANAGERS:**

City Department Managers reviewed their capital requests for FY 2020-2021. Departments and total requested are as follows:

**General Fund:**

<b><u>Department:</u></b>	<b><u>FY 2020-2021 Requested:</u></b>
Legislative	\$ 22,000
Administrative/Facilities Maintenance	\$ 104,000
Finance Department	\$ 36,000
Personnel Department	-
Planning Department	-
Police Department	\$ 256,916
Fire Department	\$ 624,250
Public Works Department	\$2,768,221
Parks and Recreation Department	\$ 325,000
<b>Total General Fund</b>	<b><u>\$4,136,387</u></b>

**Water & Sewer Fund:**

<b><u>Department:</u></b>	<b><u>FY 2020-2021 Requested:</u></b>
Finance Department	\$ -
Public Works Department	<u>\$1,459,800</u>
<b>Total W&amp;S Fund</b>	<b><u>\$1,459,800</u></b>

Total FY 2020-2021 General Fund Requests:	\$4,136,387
Total FY 2020-2021 Water & Sewer Fund Requests:	<u>\$1,459,800</u>
<b>Total FY 2020-2021 Combined (GF/W&amp;S) Requests:</b>	<b><u>\$5,596,187</u></b>

**FUND BALANCE POLICY DISCUSSION-DOUG CARTER:**

Doug Carter reviewed a PowerPoint presentation regarding the Fund Balance Policy.

**General Introduction:**

*Mount Airy Fund Balance Origins:*

- City Commission requested discussion and review of a policy on Fund balance as part of several prior meetings.
- Current capital needs assessment process included a review and discussion of fund balance policy.
- Commission meetings for this process in November and January reviewed the capital process and potential for a Capital Investment Fund (CIF) to operate in concert with the General Fund to properly budget and account for operating and capital and one-time expenditures.
- Use of a CIF is under review with recommendation on use to come during budget process.
- If adopted for use, both the CIF and General Fund would have fund balance policies.

*Theory of Fund Balance Policies:*

- Sets parameters for retention of adequate level.

- State Statutes require balanced budget and LGC directives and review of CAFRs reflect average/median fund balance levels by city size category...becomes the benchmark.
- Required if rated and fund balance levels are significant part of rating.
- Necessary to accommodate cash flow needs of the fund and to provide a “cushion” for future economic downturns and unexpected significant expenditures.
- Reflects sound financial management and policy direction.

To have the LGC as a unique entity in terms of its work with local governments is a blessing. They are a big part of looking at fund balances as well as budgets in general. For any Fund Balance policy, it needs to be based upon an adequate level, but not an excessive level. The State Statutes define that the City Manager/Budget Officer of the city must bring a balanced budget to the Board by the end of May each year. The Statute doesn't require a separate CIP, only an operating budget. Mount Airy is one of the few cities of its size that conduct a 10-year assessment of capital needs. It is usually a five-year assessment and in many cases, only one-year. The LGC spends a lot of time looking at municipality audits/coffers and looking at where they stand on fund balances. If a municipality's fund balance levels and other financial metrics aren't at a level preferred by the LGC, that municipality will receive a letter from the LGC stating it is time to improve financial circumstances. The LGC submits a report every year showing where municipalities are-there is a category of 10,000-49,999 population and in this category, fund balance levels are in the mid-fifty percent.

Commissioner Koch stated in the 2,500-10,000 population category, the fund balance level is 81% and Mount Airy's current fund balance level is 63%. This puts Mount Airy at the top end of one category and the bottom end of the other category. He feels the city's fund balance has been shrunk down as far as it should be. The only variable Mount Airy has right now is property taxes-no control of any other revenue other than a few user fees. Property tax accounts for about 50% of the total revenues of the city. Long term, property tax increases aren't going to work forever. They have to look at fair, more distributed ways of revenues. The question is where do the revenues come from.

Doug Carter stated all abilities for Mount Airy and other NC municipalities to set revenues, whether it be user fees, property tax level, etc., all of that is controlled by the State Legislature. That is why there have been various groups levying and looking at how to have additional sources of revenues to help balance budgets in a very property tax dependent state.

Commissioner Koch stated the board would like to pursue looking at a ¼-cent sales tax increase but he doesn't feel there is support in Raleigh for that at this point in time. Mount Airy is providing more and more services with no extra revenue.

Commissioner Niland stated Mount Airy could charge a garbage fee but that becomes a regressive tax, so he would personally rather put it on the property tax than a garbage fee. He hears arguments about fixed incomes who can't afford increased taxes...they can afford increased taxes more than they could a garbage fee because they would be paying more for a garbage fee monthly than a property tax increase monthly. Garbage fees do not affect commercial or industrial customers-the city would only receive revenue from residential

customers. The question when looking at the budget is what does the board think is most fair and equitable.

Doug Carter stated likewise, some municipalities have storm water fees. The Board has to look at how it all impacts the average taxpayer.

### **Fund Balance Policy Construction—Properly Contains?**

Policy Elements:

- Define the need for the policy
- Set the policy
  - Often a range rather than a single percent of respective expenditures
  - Defines GAAP based definition of fund balance classification—Unassigned?
  - Outlines calculation method
  - Requires at least annual review and change, if change is necessary/appropriate
- Sets method to distribute or increase fund balance outside the policy range
- Review first draft of General Fund policy—separate handout
- Final decision on policy during budget adoption

Commissioner Cawley stated years ago (around 2008), Mount Airy received a letter from the LGC about low fund balance-around \$3 million.

Commissioner Niland questioned why they need a Fund Balance policy.

Commissioner Wood feels the board needs policies and procedures in place so as they move forward, they are less likely to “shoot from the hip”. If the policies/procedures have to be adjusted, they can be adjusted.

Commissioner Yokeley agrees that the policies/procedures are good guidelines for the city to have.

Doug Carter stated that if the city ever became rated, they would need a Fund Balance policy and the LGC agrees that having a Fund Balance Policy is a good idea.

Consensus: Board Consensus is for City Staff to prepare Fund Balance policy (Operating Fund and Capital Investment Fund) for board consideration.

### **Sample Policy on Level of Fund Balance:**

**PURPOSE:** This policy will codify the appropriate level of fund balance to be maintained in the General Fund of the City. The need for fund balance includes a number of elements, including:

- Meeting statutory and Local Government Commission direction on a balanced budget and maintenance of appropriate level of fund balance
- Ability to meet cash flow needs of the General Fund, consistent with the receipt of revenues, primarily Ad Valorem Taxes and Sales Taxes, and the expenditure of funds to meet operational needs. Local governments in North Carolina cannot borrow to meet cashflow or revenue collection needs and therefore, cash flow needs must be accommodated by retention of fund balance
- Maintaining financial strength consistent with rating agency criteria, providing the ability of the City to be rated at sound levels



- Sound financial practice consistent with well managed N.C. units of local government
- Accommodating future exigent needs based upon economic change and one time extraordinary expenditures

The policy constitutes the entire policy of the City Commission and will be reviewed and revised, as needed, at least annually as part of the budget process

**POLICY RANGE:** As a means to manage levels of fund balance during both sound community economics and economic downturns, level of fund balance could appropriately operate in a range. The range for the City will be:

- 40% to 50% of actual expenditures for the year of operation. For purposes of defining the fund balance category, consistent with Generally Accepted Accounting Principles (GAAP), for calculating the level of fund balance, Unassigned Fund Balance will be used. Unassigned is contained as a category in the City's annual Comprehensive Annual Financial Report (CAFR). Calculation of level of fund balance will be derived by the respective CAFR and consist of:
  - Unassigned Fund Balance divided by annual expenditures
  - Annual expenditures will consist of all those defined by the CAFR as current year
- Disposition/management of fund balance outside the range will be defined in this policy

**DISPOSITION of FUND BALANCE OUTSIDE the POLICY RANGE:** Consistent with sound financial management the retention of fund balance in the range is essential and will be managed as follows upon receipt of the annual CAFR:

- Fund balance that exceeds 50%, as calculated by the formula, will be moved to a reservation for capital and one-time expenditure based upon Commission action.
- Fund balance level that is less than 40%, as calculated by the formula, will be restored to a 50% level within three successive fiscal years by actions of the City Commission, within the ensuing three fiscal year budgets.

**Capital Investment Fund (CIF) Potential:**

*Most cities measure capital and operating expenditures in different ways:*

- Capital related revenues are captured outside the General Fund
  - GF allocations to capital should be consistent and moved to another fund
  - Grants or other capital \$s should likewise be moved
  - New revenues for capital can be determined, if needed
  - Contributions or fund raising potentials
- Capital cost should be accounted for in a separate fund – CIF?
  - Debt service
  - Pay as you go capital expenditures
  - Grant acquired capital assets
  - Others

*Separating operating funds from capital funds – best method:*

- How does the CIF work?
  - Move all capital related revenues/allocations to CIF

- Determine constant (non declining) GF amount
  - Add new revenues, as needed
- CIF ins and outs
  - Dedicated revenues
  - Capital expenditures
    - Debt service
    - Paygo
    - Others
  - Excess is new capacity
- CIF decision to come

**ADJOURNMENT:**

**On motion by Commissioner Koch, seconded by Commissioner Wood and passed unanimously, the meeting was adjourned.**

**Approved and adopted this the 19<sup>th</sup> day of March, 2020.**

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David L. Rowe, Mayor

ATTEST:

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Melissa N. Brame, City Clerk

**MOUNT AIRY, NORTH CAROLINA**

**REGULAR MEETING MINUTES**

**March 5, 2020**

**MEMBERS PRESENT:** Mayor David L. Rowe, Commissioners Jon Cawley, Tom Koch, Ron Niland, Marie Wood, and Steve Yokeley

**STAFF PRESENT:** City Manager Barbara Jones, City Attorney Hugh Campbell, Interim Public Works Director Mitch Williams, City Planner Andy Goodall, Personnel Director Becky McCann, Parks & Recreation Director Darren Lewis, Fire Chief Zane Poindexter, Police Chief Dale Watson, and City Clerk Nicki Brame

**APPROVAL OF AMENDED AGENDA:**

Item 12 (closed session) was added to the agenda.

**On motion by Commissioner Koch, seconded by Commissioner Wood and passed unanimously, the amended agenda was approved with the addition of the Closed Session item.**

**CONSENT AGENDA:**

**On motion by Commissioner Niland, seconded by Commissioner Yokeley and passed unanimously, the following items were approved by way of consent agenda.**

• **APPROVAL OF MINUTES:**

- January 29, 2020 CIP/Capital Review & Update Session
- February 6, 2020 Regular Meeting

• **RESOLUTION 2020-061-APPROVING TAX RELEASES:**

**RESOLUTION NUMBER 2020-061**

**RESOLUTION APPROVING TAX RELEASES**

WHEREAS, a list of taxes to be released has been submitted by the Revenue Collections Assistant II in her capacity of Tax Collector for the City of Mount Airy Finance Department; and

WHEREAS, North Carolina General Statute 105-373 provides for settlement of such taxes; and

WHEREAS, North Carolina General Statute 105-381 provides for release or refund of taxes:

**NOW, THEREFORE BE IT RESOLVED BY THE CITY OF MOUNT AIRY BOARD OF COMMISSIONERS MEETING IN OPEN SESSION THAT:**

Section 1. Said taxes be released or refunded in accordance with said statutes for the reasons stated on the attached list.

Section 2. This Resolution shall become effective upon approval by the Board of Commissioners of the City of Mount Airy.

Approved and adopted this the 5<sup>th</sup> day of March, 2020.

Date: 10-Feb-20  
 To: Board of Commissioner of  
 City of Mount Airy  
 Sherri Coalson, Revenue  
 From: Collections Asst. II  
 Release and Refund of City  
 Re.: Property Taxes

Account	Taxpayer	Value	TAX AMOUNT				Total	Reason
			Real	Advertising	Personal	Personal		
<i>2019 - General Fund</i>								
35022	Yadkin Valley Realty	7,317	0.00	0.00	43.90	15.37	59.27	No Longer in Business
	<b>Total</b>	<u>7,317</u>	<u>0.00</u>	<u>0.00</u>	<u>43.90</u>	<u>15.37</u>	<u>59.27</u>	
	<b>Grand Total</b>	<u>7,317</u>	<u>0</u>	<u>0</u>	<u>43.9</u>	<u>15.37</u>	<u>59.27</u>	

• **RESOLUTION 2020-062-APPROVING CITY OF MOUNT AIRY AUDIT CONTRACT:**

**RESOLUTION NUMBER 2020-062**

**RESOLUTION APPROVING CITY OF MOUNT AIRY AUDIT CONTRACT**

WHEREAS, the Board of Commissioners of the City of Mount Airy desires to engage the services of Martin Starnes & Associates, CPAs, P.A. to perform the audit of the financial statements for the year ending June 30, 2020; and

WHEREAS, Martin Starnes & Associates, CPAs, P.A. has submitted an engagement letter and audit contract consistent with the terms and conditions of their proposal to audit each of the five years ended June 30, 2020:

NOW, THEREFORE BE IT RESOLVED that the Mayor of the City of Mount Airy is hereby authorized to execute a contract with Martin Starnes & Associates, CPAs, P.A. to perform said audit for a fee of \$34,950.

Approved and adopted this the 5<sup>th</sup> day of March, 2020.

(end of consent agenda)

**SPECIAL PRESENTATIONS:**

**a) Tourism Report: Jessica Roberts, Mount Airy TDA Executive Director:**

Jessica Roberts reviewed the Quarterly Tourism Report and distributed copies to the Mayor and Board of Commissioners.

**b) Red Cross Month Proclamation:**

Mayor Rowe read and presented the proclamation declaring the month of March as Red Cross Month to Lynn Wilkes, Account Manager for the American Red Cross.

**PUBLIC FORUM:**

Suzanne Settle, 139 West Lebanon Street (city resident): Ms. Settle spoke about the opioid pandemic and how it is impacting her neighborhood.

Pam Fox, 713 Depot Street (city resident): Had questions regarding the proposed automated garbage collection system and suggested the Board hold a public forum for citizens.

Charlie Vaughn, 247 Valleyview Drive (city resident): Updated the Board on the demolition project at the Spencer's Mill complex. Demolition of the old bank building, finishing room, and discount house is complete. During the final week of demolition (after the building slab and foundation were removed), two more building remains (slab and foundation) were discovered. The decision was made to remove those as well, which caused a budget overrun of about 2.6% of the contract. Also, through due diligence of city staff, funding was obtained through NCDEQ for the removal of an existing 20,000-gallon fuel tank from the site.

John Pritchard, 128 Ridgecrest Drive (city resident): Mr. Pritchard spoke about Mount Airy being above State averages concerning revenues and expenditures.

**With no further speakers, Mayor Rowe declared the public forum closed.**

**BOARD TO CONSIDER SHEPHERD'S HOUSE STORM DRAINAGE REQUEST:**

Peter Pequeno spoke about the planned expansion of the Shepherd's House. The new building will have a cost of \$1.6 million and they have already raised \$1.2 million. He explained to the Board that the planned expansion will have an effect on storm water drainage. They received a quote of \$26,950 and of that total cost, \$15,140 is for work on the Shepherd's House property. The remaining \$11,810 represents installation of a storm drain in Spring Street, which currently doesn't have a storm drain. The City's current Storm Drainage Policy prohibits the city paying for that portion of the work. In addition, there will be some damage to the sidewalk and they have priced the repair work. The Shepherd's House is requesting the City to make a policy exception and pay for the portion of work relating to the installation of the storm drain in Spring Street (\$11,810) since it will also benefit the neighboring businesses/residents and it is in a public street. The Shepherd's House is also asking the City to consider repairing the sidewalks using City Staff because they feel it will be cheaper for the City to do it.

Commissioner Niland asked what the purpose of the current policy is and why does the policy require private development to pay for public utilities.

Commissioner Koch stated that the storm drainage wouldn't be necessary if it wasn't for the new construction-the need for the storm drainage is being created by the new construction. The policy is when new construction creates a need for storm drainage, the city shouldn't be responsible for it.

Barbara Jones stated this policy has been in place since the 1990s. The policy is to allow the city to plan the storm drainage, and for private development to cover the cost of the additional that is driven by private development.

Commissioner Niland stated the argument could be made that this is the city's responsibility. The policy needs to be reviewed. Also, for a non-profit that is doing something very important for the community, this would be an acceptable public expenditure. The city might be able to do it within the budget with some contingency funds, etc. He feels the City should consider this request as a public expenditure on a public street, which makes it acceptable for the City.

Commissioner Niland made a motion for the City to consider this request and pay for the extension of storm drainage into Spring Street at the cost of \$11,810 and to include City Storm Water Policy discussion and review on the March 19, 2020 Board Meeting agenda. Commissioner Cawley seconded it for discussion.

Commissioner Koch stated this board has had a tendency to say yes on just about every request for money. When is this board going to say no? There was no demand for this storm drainage, the demand is being created because of new construction. The Shepherd's House is a great asset to Mount Airy but at some point, the Board has to start saying no. The fund balance has dropped \$2-\$3 million over the last few years, the Board approves every expenditure that anyone asks for with no questions asked. The board is going to violate its own policy if this request is approved.

Commissioner Niland feels this is different—a public works project that is part of the public system. He doesn't think the policy is a good policy and feels it needs to be reviewed. He doesn't feel the private developer should have to pay for public services.

Commissioner Cawley stated that if he looked at the policy as an outsider, he would think this is a town that doesn't want anything new because they are adding to the costs of private development rather than helping fulfill responsibility. The City isn't going onto private property, they are doing what should be done in government controlled areas. The City has certain responsibilities.

Commissioner Koch stated he realizes this is a small request, but changing the policy would bring in a situation where it is a lot of money. The Shepherd's House is non-profit so they do not pay taxes. He thinks what the Shepherd's House does is great but everyone wants help with funding. The City needs to stand by its policy. The Shepherd's House will be creating a problem that they are asking the City to pay for.

Commissioner Niland stated the board just approved a project to pay for storm drainage in a neighborhood that will benefit the property owners. This is a public right-of-way and no different than what the City has approved for the Maple/Merritt project. This request is for a public facility that the City would operate and maintain. Storm water drainage is a complex issue and anything done upstream is going to affect those downstream.

Peter Pequeno understands the discussion and concerns regarding the storm drainage, therefore, the Shepherd's House will table the request for sidewalk repairs.

Commissioner Yokeley feels the Board needs to decide on this individual request asap but would like the Storm Water Policy review and discussion to be placed on the March 19<sup>th</sup>

Board Meeting agenda. He feels they all need to support the Shepherd's House and he thanked Peter for presenting this request at the meeting.

Commissioner Niland amended his original motion to include Storm Water Policy review and discussion to be included on the March 19, 2020 Board Meeting agenda.

Commissioner Koch stated that as part of this project, the storm drainage should be part of the construction costs.

**Commissioner Wood made a motion to table this item to the next meeting (March 19, 2020) for policy review. Commissioner Cawley seconded it and it was approved unanimously.**

Hugh Campbell explained that a motion and second to table an item overrules any prior motions/seconds and allows no discussion-it is simply a vote on the motion to table.

**ORDINANCE 2020-019-DEMOLISH PROPERTY LOCATED AT 2287 WARDS GAP ROAD:**

Chuck Morris explained to the Board that the property located at 2287 Wards Gap Road is unfit for human habitation and he recommends approval of Ordinance 2020-019. Cost for demo and clearing of the lot is \$8,500. The property is current on city and county taxes, but there is an outstanding water and sewer fee of \$1,424.70. Appraisal of the building value is \$18,030, which will no longer be there once demolished. Land value is \$12,000 and an out building is valued at \$3,000.

**On motion by Commissioner Koch, seconded by Commissioner Yokeley and passed unanimously, the following ordinance was approved:**

**ORDINANCE NUMBER 2020-019**

**AN ORDINANCE DIRECTING THE HOUSING INSPECTOR TO REMOVE OR DEMOLISH THE PROPERTY HEREIN DESCRIBED AS UNFIT FOR HUMAN HABITATION AND DIRECTING THAT A NOTICE BE PLACED THEREON THAT THE SAME MAY NOT BE OCCUPIED**

WHEREAS, the City of Mount Airy finds that the dwelling described herein is unfit for human habitation under the 2018 International Property Maintenance Code (IPMC) and that all of the procedures of the IPMC have been complied with; and

WHEREAS, this structure should be removed or demolished as directed by the Code Enforcement Officer and should be placarded by placing thereon a notice prohibiting use for human habitation; and

WHEREAS, the owner of this dwelling has been given a reasonable opportunity to bring the dwelling up to the standards of the IPMC in accordance with NCGS 160A-443(5) pursuant to an order issued by the Code Enforcement Officer on May 29, 2019 and the owner has failed to comply with the order:

**NOW, THEREFORE BE IT ORDAINED** by the City of Mount Airy Board of Commissioners that:

Section 1. The owner of such building(s), dwelling(s), and premises is hereby ordered to vacate any occupants or personal property therein on or before April 5, 2020.

Section 2. The Code Enforcement Officer is hereby authorized and directed to place a placard containing the legend:

*“This building is unfit for human habitation; the use or occupation of this building for human habitation is prohibited and unlawful.”*

On the building located at the following address: **2287 Wards Gap Road (5021-08-87-3545)**

Section 3. The Code Enforcement Officer is hereby authorized and directed to proceed to remove or demolish the above described structure in accordance with his order to the owner thereof dated the 29<sup>th</sup> day of May, 2019 and in accordance with the IPMC and NCGS 160A-443.

Section 4. a) The cost of removal or demolition shall constitute a lien against the real property upon which the cost was incurred. The lien shall be filed in the office of the City Finance Department, and shall have the same priority and be collected in the same manner as the lien for special assessments in Article 10 of NCGS Chapter 160A or as otherwise allowed by law.

b) Upon completion of the required removal or demolition, the Code Enforcement Officer shall sell the materials of the dwelling and credit the proceeds against the cost of removal or demolition. The Code Enforcement Officer shall certify the remaining balance to the City Finance Department. If a surplus remains after the sale of the materials and satisfaction of the cost of removal or demolition, the Code Enforcement Officer shall deposit the surplus where it shall be secured and disbursed in the manner provided by NCGS 160A-443(6).

Section 5. It shall be unlawful for any person to remove or cause to be removed the placard from any building to which it is affixed. It shall likewise be unlawful for any person to occupy or to permit the occupancy of any building therein declared to be unfit for human habitation.

Section 6. This ordinance shall become effective upon approval.

Approved and adopted this the 5<sup>th</sup> day of March, 2020.

Commissioner Cawley asked about taking necessary steps for the city to acquire the property.

Chuck Morris stated the property owner has approached city staff asking to consider paying off the lien over due time because this is his homestead and he wants to eventually move back and build on the property. Mr. Morris cannot guarantee this will happen. There is probably not a lending institution that would provide a construction loan for the owner as long as there was a lien on the property. Total for water/sewer fee and demolition cost is around \$10,200.



Commissioner Koch stated if the property owner starts making payments and reaches an agreement to pay back the water and sewer fee and demolition cost, the City should be willing to work with him. If he doesn't, the city should foreclose and sell it.

Commissioner Cawley asked if the City Manager and staff could prepare a payment schedule with the property owner.

Chuck Morris spoke with the City Finance Department and they are willing to work with that. It will be up to the board to decide on what to do. A lien is automatically attached once the structure is demolished, it is then the Board's decision on whether or not to foreclose on the property.

Commissioner Niland stated he thinks the Board is in agreement to try to get it paid back, but it should be up to the Board to decide on a payment schedule.

Commissioner Koch suggested a 10-year payback...pay back of at least 1/10<sup>th</sup> of the original debt each year.

The Board asked for the City Manager and City staff to prepare a financial recovery policy for properties that the City demolishes to a future meeting for the Board's consideration.

**RESOLUTION 2020-064-AWARDING STREET RESURFACING PROJECT CONTRACT:**

**On motion by Commissioner Yokeley, seconded by Commissioner Niland and passed unanimously, the following resolution was approved:**

**RESOLUTION NUMBER 2020-064**

**RESOLUTION TO AWARD 2020 STREET RESURFACING CONTRACT**

WHEREAS, bids were received for the 2020 Street Resurfacing Project on February 19, 2020 with results as follows:

<u>Contractor</u>	<u>City</u>	<u>Bid</u>
Adams Construction Company	Jefferson, NC	\$287,857.52
APAC-Atlantic, Inc.	Winston Salem, NC	\$373,743.55
Carl Rose & Sons	Elkin, NC	\$298,270.00
Sowers Construction Company	Mount Airy, NC	\$298,104.85
Tri-County Paving	Jefferson, NC	\$289,512.50

WHEREAS, said project is "year four" of a multi-year plan and includes the placing of approximately 3,300 tons of asphalt for the repaving of the following streets-Essex Lane, Guinness Lane, Ridgeview Drive, Daiquiri Lane, Quail Trail, Meadowlark Road, Cardinal Lane, Kiser Street, Willis Road, Blossom Drive, Boxwood Lane, Olive Street, Chatham Road, Lee Street, and Westwood Drive; and

WHEREAS, it is staff recommendation to award the project contract to Adams Construction Company for \$287,857.52 with a total budget approval of \$320,000.00 to allow for overruns and/or contingencies; and

WHEREAS, said funds are budgeted in the current fiscal year's budget and work should be completed by the end of June, 2020:

NOW, THEREFORE BE IT RESOLVED BY THE CITY OF MOUNT AIRY BOARD OF COMMISSIONERS MEETING IN OPEN SESSION THAT:

- Section 1. The Board of Commissioners does hereby award the contract for the 2020 Street Resurfacing Project to Adams Construction Company for \$287,857.52 with a total budget approval of \$320,000.00 to allow for overruns and/or contingencies.
- Section 2. The Board of Commissioners does hereby authorize the Mayor to execute said contracts per review and approval by the City Attorney.
- Section 3. This resolution shall become effective upon approval.

Approved and adopted this the 5<sup>th</sup> day of March, 2020.

**DISCUSSION OF INTERLOCAL AGREEMENTS-COMMISSIONER WOOD:**

Commissioner Wood mentioned during budget season, there is an opportunity to look close at expenditures and see where improvements can happen, such as interlocal agreements or contracting services.

**Commissioner Wood made a motion to direct the City Manager and city staff to report, as part of budget discussion, how/where the city can use interlocal agreements and possible contracting of services. Commissioner Niland seconded it and it was approved by a three to two vote:**

**Vote Aye: Commissioners Wood, Niland, and Koch**

**Vote Nay: Commissioners Cawley and Yokeley**

Commissioner Cawley asked what the scope was-mostly employees?

Commissioner Wood stated anywhere to save money-any service in all departments where they can look to save money. There are needs to fund but also they have to find places to cut costs and be more efficient.

Commissioner Cawley stated legally, they could cut the Police Department and contract with the Surry County Sheriff's Department to save money but that would increase response times, be a big burden on the County, and probably create havoc. If the Board wants to look at interlocal agreements, he feels that shouldn't be placed on Department Heads to do so because it isn't fair to them. Staff is and has been looking at saving money and being more efficient.

Commissioner Wood stated she doesn't know that anything would be done as far as cutting anything major, what she is trying to do is look at everything everywhere to save money. Each Department Head is responsible for providing information for the budget and during that process, she wants them to look and see everywhere they could cut.

Commissioner Koch agrees with Commissioner Wood and any proposals that come from the staff, the Board can review and make a decision. It is possible to delay or delete certain things, like new sidewalks-things that aren't absolutely essential.

Commissioner Cawley stated he believes that what Commissioner Wood is requesting, city staff has been doing that for years. He doesn't see how that is going to produce anything since staff has been doing that. Looking at buying cheaper paper and looking to purchase a cheaper lawnmower is different than looking to contract out services or interlocal agreements with the County/other municipalities.

Barbara Jones stated that staff continues to do just that-look at all ways to save money and be more efficient. She and staff are currently reviewing the budget and capital requests and there is strong justification for what is on paper for need. They are looking, as a team, for ways to become more efficient and cut costs. This is something that she and staff has done and will continue to do. One thing staff is working very hard on is getting things in line to where everything is not having to be replaced at one time-trying to get things on a cycle. Staff has looked in the past at contracting services.

Commissioner Yokeley feels what Commissioner Wood is asking for is what the City Manager and Department Heads do every year no matter what and he is certain they will continue to do that. There is a lot of sharing of equipment already. He feels the Department Heads inform the Board every year what they need and is mandatory.

Barbara Jones stated that the City has had a CIP forever. That plan has never been completely funded. What they do every year is determine the priorities and how to fund and what can be funded. The CIP is a planning tool and is not something that they will spend and borrow for, for the entire ten years.

**DISCUSSION OF CITY OF MOUNT AIRY COMMITTEES-COMMISSIONER NILAND:**

Commissioner Niland would like the board to consider doing away with three standing committees of the board-the Finance Committee, Public Works Committee, and Public Services Committee. Reasoning for that is those committees rarely meet and when they do meet, two commissioners get information before the other commissioners.

Commissioner Niland made a motion to eliminate the Finance Committee, Public Works Committee, and Public Safety Committee. Commissioner Cawley seconded it and it was passed unanimously.

**OTHER BUSINESS:**

**Public Forum for Automated Garbage Proposal:**

Commissioner Niland thought it would be a good idea to hold a separate public meeting for the citizens to be able to ask questions and get information about the proposed automated garbage collection system.

Commissioner Koch feels it should be held during a regular board meeting.

Commissioner Yokeley prefers it be part of a regular board meeting and not held as a separate meeting.

Commissioner Cawley suggested it be placed on the April 16, 2020 Regular Meeting agenda.

**REMARKS BY OFFICIALS:**

**Commissioner Wood:** Thanked Jessica Roberts for her work with tourism.  
Thanked Charlie Vaughn for his work with Spencer's.

**Commissioner Niland:** No comments.

**Commissioner Yokeley:** Thanked Jessica Roberts, Lizzie Morrison, and Charlie Vaughn for all they have done for the City of Mount Airy.

**Commissioner Koch:** No comments.

**Commissioner Cawley:** Nice that citizens are concerned and great to have those who serve without notoriety.

Spencer's property looks great.

Great to live in a city where people want to visit.

**Barbara Jones:** Agrees with Commissioner Niland for the removal of the three board standing committees.

Thanked Jessica Roberts and Lizzie Morrison for all they do for Mount Airy.

Thanked Charlie Vaughn, Martin Collins, Mitch Williams, and all others who have worked and continue to work hard on the Spencer's project.

**Hugh Campbell:** No comments.

**Mayor Rowe:** Appreciates the Board of Commissioners and their interest in city affairs.

Thanks to Charlie Vaughn and everyone else for their work with the Spencer's property.

**CLOSED SESSION:**

On motion by Commissioner Koch, seconded by Commissioner Wood and passed unanimously, the board entered into closed session pursuant to NCGS 143-318.11(a)(3) Attorney-Client Privilege and 143-318.11(a)(4) Economic Development.

**OPEN SESSION:**

On motion by Commissioner Koch, seconded by Commissioner Niland and passed unanimously, the board entered back into open session.

**ADJOURNMENT:**

On motion by Commissioner Koch, seconded by Commissioner Wood and passed unanimously, the meeting was adjourned.

Approved and adopted this the 19<sup>th</sup> day of March, 2020.

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David L. Rowe, Mayor

ATTEST:

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Melissa N. Brame, City Clerk