

**City Council Minutes**  
**Recessed Short Regular Meeting from 24 June 2013**  
**25 June 2013**

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**PRESENT**

Mayor James D. O'Geary, Presiding; and Council Members Sara M. Coffey, Michael C. Inscoc, D. Michael Rainey, Garry D. Daeke, and George M. Daye.

**ABSENT**

Council Members James C. Kearney, Sr., Brenda Peace-Jenkins and Vernon L. Brown

**STAFF PRESENT**

City Manager Ray Griffin, City Attorney John Zollicoffer, Jr., City Clerk Esther J. McCrackin, Assistant City Manager Frank Frazier, Finance Director Kathy Brafford, Planning and Community Development Director Erris Dunston, Code Compliance Director Corey Williams, Recreation and Parks Director Alan Gill and Athletic Director Steve Osborne.

**CALL TO ORDER**

The 25 June 2013 Recessed Short Regular Meeting of the Henderson City Council was reconvened by Mayor James D. O'Geary at 6:03 p.m. in the R. G. "Chick" Young, Jr., Council Chambers, Municipal Building, 134 Rose Avenue, Henderson, NC.

**ROLL CALL**

The City Clerk called the roll and advised Mayor O'Geary a quorum was present.

Mayor O'Geary opened the meeting saying the purpose of this meeting is to discuss and take action on two items:

*FY 13-14 Budget: Ordinance 13-19; and*

*Agreement with ECS Carolinas Relative to Geotechnical Work at the Henderson Water Reclamation Facility: Resolution 13-51 and Ordinance 13-37*

He then opened the floor for discussion on the FY13-14 Budget.

Council Member Daye said he felt all eight Council Members should be present to vote on the budget. Mayor O'Geary said a consensus on this matter would be taken after the discussion.

**Approval of the FY13-14 Annual Operating Budget, Establishing the 2013 Ad Valorem Property Tax Rate and Approving the Annual Fee Schedule.** (Reference: CAF 13-B-40; Ordinance 13-19)

Council Member Rainey began the discussion by saying he would like to see the property tax reduced and felt an increase in the sanitation fee might be the only option. He then questioned fees associated with the Garage by asking if they request the best possible prices and here the work is being done. City Manager Griffin responded depending on the nature of the work, some is done in-house; however, some service is beyond the capabilities of the garage and garage staff. Mr. Griffin asked Assistant City Manager Frank Frazier to come forward to respond further to Mr. Rainey's questions.

Mr. Frazier said work such as starters and brakes can be completed in-house. Work such as air conditioning repairs are sent out to dealerships and work on the larger trucks, such as the Jet-Vic, require service in Raleigh. He said the staff shops for the best price and the City works with vendors such as obtaining tires through State contractors. Mr. Rainey felt local shops could perform the same type of work as dealerships for a lower price and through the budget projection was too high. Mr. Frazier reminded everyone that the budget is just a projection and said staff attempts to stay under the approved budget. City Manager Griffin added the new police vehicles may slightly reduce repair costs but with an aging, large fleet, more service may be required and that the primary objective is to keep the entire fleet rolling.

Council Member Rainey then asked if maintenance records are kept. Mr. Griffin responded yes. He said there is a monthly reconciliation to which Mr. Rainey asked if the reconciliation could be used as a monthly/quarterly indicator. Mr. Griffin responded it is helpful but not always practical because you never know when a major repair might be necessary. He added Council could choose to cut the maintenance budget; however, he felt the proposed budgeted amount was reasonable and expressed concern that if Council cuts the budget it might be necessary to take monies out of the undesignated Fund Balance throughout the year.

Council Member Inscoe followed up with a summary of the cost allocations for the garage sales. He said \$280,500 is the cost of maintenance and repair, and asked if other operating costs are included in this amount. Mr. Griffin responded of the \$166,000; \$122,600 is personnel expenses and \$43,900 is basic operating costs. Mr. Inscoe said this is an area that needs to be reviewed going forward to see if it is economically feasible for the City to continue to support or if it should be outsourced. Mr. Griffin said Council had expressed its desire to look at this once the FY13-14 budget is approved.

Mr. Inscoe said it is sad three Council Members are unable to attend this meeting and suggested reducing the proposed budget by an across-the-board cut of 1.5% and increasing the Sanitation fee an additional \$1.25, bringing the increase in sanitation to a total of \$30.25.

Council Member Daeke asked how a 1.5% decrease would affect the smaller departments.

Council Member Rainey like the idea of adding \$1.25 to Sanitation because it affects everyone. He said the income would be more secure because the City can cut off water for non-payment but not everyone pays property taxes promptly.

Council Member Inscoe said the City has to have new business to grow and stressed the need for the City to stay business friendly. He then re-emphasized the de-valuation of property and how that will affect the budget in coming years.

City Manager Griffin said not all citizens pay for sanitation service. He said about 25.5% of citizens living in apartments and many businesses use *green boxes* for garbage service. Mr. Griffin said about ¾ of residents pay for sanitation service to the City. After verifying with Planning and Community Development Director Erris Dunston, Mr. Griffin said about 67-68% of the community rents.

Council Member Coffey felt even with that information, the sanitation fee was still more evenly spread over the residents than a tax increase.

Council Member Daeke said since most businesses use *green boxes*, a sanitation increase would not affect new businesses and like Mr. Inscoe's idea of the 1.5% budget decrease overall but still wondered about the effect on the smaller departments.

City Manager Griffin said \$958,700 for Inter-governmental agreements with the County and \$940,100 for debt service cannot be decreased and reminded Council that the Recreation Budget is a 55/45 split with the County. He said he would be happy to run the numbers and bring them back to Council.

At this time the Mayor asked if Council would like to recess this portion of the meeting to another evening to give the Manager time to compile the requested information. Overall Council was in agreement and the discussion continued.

Council Member Inscoe said productivity will need to increase while funding decreases. Council Member Rainey agreed but did not want cuts so deep the City would become unattractive to new businesses. He then asked about the possibility of reinstating the cable TV franchise agreements drafted previously by the City Attorney.

City Manager Griffin said a previous Council refused the recommended renewal agreements several years ago so the State took over and issued the franchise and the City lost the fees. Mr. Rainey asked if there was any recourse and City Attorney Zollicoffer, Jr., said no appeal could take place as this occurred 6-7 years ago.

Council Member Coffey said she appreciated all the input this evening and asked if the salaries for positions vacated throughout the year goes back into the budget. Mr. Griffin explained pay out of compensation and vacation time can be costly; sometimes up to 40 days based on tenure and these dollars are also used for overtime to cover the vacant position. He said any funds left over are transferred back to the General Fund at the end of the year. Ms. Coffey asked if blending two positions is every considered. Mr. Griffin said this is often done and gave the

example of combining the Public Works/Public Utilities supervisors into one Public Utilities Director position. He also said a Public Works position was converted to the Fiscal Compliance Officer position to serve all the utilities segments. Positions have been reduced in departments such as Code Compliance from 3 to 2 staff and in the Planning and Community Development department from 5 to 2 staff.

Council Member Daeke said he remembers a time when unused salaries were used to build the Fund Balance but that was when the City had many more employees than currently, and felt the City is currently very lean on staff and there are not many positions that can be cut.

Council Member Inscoe said he felt great strides have been taken with issues such as upgrading the sewer plant at no cost to citizens due to grants and expressed his thoughts that the Council only wants what is best in the future for the City. He conceded there is not a lot of fat in the proposed General Fund Budget.

Discussion continued briefly regarding the impact of the 1.5% reduction and in summary; Mr. Griffin said Council needed to be very careful using monies from the General Fund Balance. He agreed the balance increased significantly until the recession but has been very slow to increase since and continued use of the Fund is not a good sign for the future.

Mayor O'Geary now asked for the consensus of Council regarding recessing until 27 June to further discuss the budget with the results as follows: YES: Coffey, Inscoe, Rainey, Daeke and Daye. NO: None. ABSTAIN: None. ABSENT: Kearney, Peace-Jenkins and Brown.

**Authorizing the Mayor to Execute an Agreement with ECS Carolinas, LLP to Perform Construction Materials Testing Services Relative to Planning and Design for Improvements at the Henderson Water Reclamation Facility and Budget Amendment #40, An Amendment to the CIP Sewer Fund for Post-Bid Estimates.** (*Reference: CAF 13-74; Resolution 13-51 and Ordinance 13-37*)

City Manager Griffin asked Assistant city Manager Frank Frazier to brief Council on this issue. Mr. Frazier said he went back to ECS as requested by Council and ECS has resubmitted their contract with a cost estimate of \$98,844. Mr. Frazier said this is approximately \$16,000 less than originally submitted.

Council Member Inscoe said he did not like working in crisis mode and requested the general contractor submit requests such as this in a timelier manner.

Mayor O'Geary asked for the pleasure of Council.

Council Member Daeke moved the approval of Resolution 13-51, *Authorizing the Mayor to Execute an Agreement with ECS Carolinas, LLP to Perform Construction Materials Testing Services Relative to Planning and Design for Improvements at the Henderson Water Reclamation Facility* and Ordinance 13-37, *FY 2012-2013 Budget Amendment #30, An Amendment to the CIP Sewer Fund for Post-Bid Estimates*. Motion seconded by Council

Member Rainey and APPROVED by the following vote: YES: Coffey, Inscoc, Rainey, Daeke and Daye. NO: None. ABSTAIN: None. ABSENT: Kearney, Peace-Jenkins and Brown.

Mayor O'Geary then asked if Council was prepared to recess this meeting until 27 June at 6:30 p.m.

**Adjournment**

Council Member Rainey moved for adjournment. Motion seconded by Council Member Daye and unanimously approved. The meeting recessed at 7:08 p.m.

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James D. O'Geary  
Mayor

***ATTEST:***

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Esther J. McCrackin  
City Clerk