



AGENDA

**Henderson City Council Short Regular Meeting
Monday, 24 June 2013, 6:00 p.m.
R. G. (Chick) Young, Jr. Council Chambers, Municipal Building
134 Rose Avenue
Henderson, North Carolina**

Mayor and City Council Members

Mayor James D. O'Geary, Presiding

Councilmember James C. Kearney, Jr.
Councilmember Sara M. Coffey
Councilmember Michael C. Inscoe
Councilmember D. Michael Rainey

Councilmember Brenda G. Peace—Jenkins
Councilmember Garry D. Daeke
Councilmember Vernon L. Brown
Councilmember George M. Daye

City Officials

A. Ray Griffin, Jr., City Manager
John H. Zollicoffer, Jr., City Attorney
Esther J. McCrackin, City Clerk

- I. CALL TO ORDER**
- II. ROLL CALL**
- III. INVOCATION AND PLEDGE OF ALLEGIANCE**
- IV. OPENING REMARKS**
- V. ADJUSTMENTS TO AND/OR APPROVAL OF THE AGENDA**

In order to provide for the highest standards of ethical behavior and Transparency in Governance as well as provide for good and open government, the City Council has approved Core Values regarding Ethical Behavior¹ and Transparency in Governance². The Mayor now inquires as to whether any Council Member knows of any conflict of interest, or appearance of conflict, with respect to matters before the City Council. If any Council Members knows of a conflict of interest, or appearance of conflict, please state so at this time.

¹ **Core Value 4: Ethical Behavior:** We value the public trust and will perform our duties and responsibilities with the highest levels of integrity, honesty, trustworthiness and professionalism.

² **Core Value 10: Transparency in Governance:** We value transparency in the governance and operations of the City.

VI. APPROVAL OF MINUTES

- a)* 10 June 2013 Regular Meeting [See Notebook Tab 1]
- b)* 11 June 2013 Budget Work Session #5

VII. PRESENTATIONS/RECOGNITIONS

VIII. PUBLIC COMMENT ON AGENDA ITEMS

Citizens may only speak on Agenda items at this time. Citizens wishing to address the Council must sign-in on a form provided by the City Clerk prior to the beginning of the meeting. The sign-in form is located on the podium. When recognized by the Mayor, come forward to the podium, state your name, address and if you are a city resident, and identify the Agenda Item about which you wish to speak on the sign-up sheet. Please review the Citizen Comment Guidelines that are provided on the last page of this Agenda.³

IX. OLD BUSINESS

- a)* Consideration of Approval of 1) Ordinance 13-03, Demolition of 301 Charles Street; 2) Ordinance 13-04, Demolition of 309 Charles Street; 3) Ordinance 13-05, Demolition of 315 Charles Street; and 4) Ordinance 13-06, Demolition of 318 Rowland Street. (CAF 13-09-A) [See Notebook Tab 2]
 - Ordinance 13-03
 - Ordinance 13-04
 - Ordinance 13-05
 - Ordinance 13-06

X. NEW BUSINESS

- a)* Consideration of Approval of 1) Ordinance 13-38, An Ordinance Amending Chapter 12, Fire Prevention of the Henderson City Code to Provide for a Fee for State Mandated Fire Inspections; and 2) Ordinance 13-19, Approval of the FY13-14 Annual Operating Budget, Establishing the 2013 Ad Valorem Property Tax Rate and Approving the Annual Fee Schedule. (CAF 13-B-40) [See Notebook Tab 3]
 - Ordinance 13-38
 - Ordinance 13-19
- b)* Consideration of Approval of Ordinance 13-35, FY13 Budget Amendment #39, Annual Year Ending Reconciliation Ordinance. (CAF 13-36) [See Notebook Tab 4]
 - Ordinance 13-35

c) Consideration of Approval of 1) 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 2) Ordinance 13-37, FY 2012-2013 Budget Amendment #40, An Amendment to the CIP Sewer Fund for Post-Bid Estimates. (CAF 13-74) [See Notebook Tab 5]

- Resolution 13-51
- Ordinance 13-37

d) Consideration of Approval of Ordinance 13-39, FY13 Budget Amendment #41, Budgeting Proceeds of Lease Purchase Financing Agreement with SunTrust Equipment Finance & Leasing Corporation. (CAF 13-75) [See Notebook Tab 6]

- Ordinance 13-39

XI. PUBLIC COMMENT PERIOD ON NON-AGENDA ITEMS

Citizens may only speak on non-Agenda items only at this time. Citizens wishing to address the Council must sign-in on a form provided by the City Clerk prior to the beginning of the meeting. The sign-in form is located on the podium. When recognized by the Mayor, come forward to the podium, state your name, address and if you are a city resident. Please review the Citizen Comment Guidelines that are provided on the last page of this Agenda.³

XII. WORK SESSION

a) One Stop Permitting Performance Improvement Team Presentation [No materials]

³ Citizen Comment Guidelines

The Mayor and City Council welcome and encourage citizens to attend City Council meetings and to offer comments on matters of concern to them. Citizens are requested to review the following public comment guidelines prior to addressing the City Council.

- 1) Citizens are requested to limit their comments to five minutes; however, the Mayor, at his discretion, may limit comments to three minutes should there appear to be a large number of people wishing to address the Council;
- 2) Comments should be presented in a civil manner and be non-personal in nature, fact-based and issue oriented. Except for the public hearing comment period, citizens must speak for themselves during the public comment periods;
- 3) Citizens may not yield their time to another person;
- 4) Topics requiring further investigation will be referred to the appropriate city official, Council Committee or agency and may, if in order, be scheduled for a future meeting agenda;
- 5) Individual personnel issues are confidential by law and will not be discussed. Complaints relative to specific individuals are to be directed to the City Manager;
- 6) Comments involving matters related to an on-going police investigative matter and/or the court system will not be permitted; and
- 7) Citizens should not expect specific Council action, deliberation and/or comment on subject matter brought up during the public comment section unless and until it has been scheduled as a business item on a future meeting agenda.

XIII. REPORTS

- a) Mayor/Mayor Pro-Tem
- b) City Manager
 - i. Surplus Property Declaration [*See Notebook Tab 7*]
- c) City Attorney
- d) City Clerk
 - i. Calendar Update [*See Notebook Tab 8*]
 - ii. E-911 Report

XIV. CLOSED SESSION

- a) Pursuant to G.S.§143-318.11 (a)(4) regarding Attorney/Client Privilege

X. ADJOURNMENT

City Council Minutes
Short Regular Meeting
24 June 2013

PRESENT

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

ABSENT

Council Member 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, Fire Chief Danny Wilkerson, Assistant Fire Chief Steve Cordell, Battalion Chief Andy Culbreth, Billing & Collections Supervisor, Shay Bennett, Human Resources Director Cathy Brown, Planning and Community Development Director Erris Dunston, Zoning Administrator Sherry Moss, Henderson Water Reclamation Facility Director Tom Spain, Engineering Director Peter Sokalski and Code Compliance Director Corey Williams.

CALL TO ORDER

The 24 June 2013 Short Regular Meeting of the Henderson City Council was called to order by Mayor James D. O'Geary at 6:00 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.

INVOCATION AND PLEDGE OF ALLEGIANCE

Council Member Brenda Peace-Jenkins led those in attendance in a prayer and the Pledge of Allegiance.

Mayor O'Geary welcomed staff and citizens alike to this meeting.

ADJUSTMENTS TO/APPROVAL OF AGENDA

Mayor O'Geary asked if there were any adjustments to the Agenda. City Attorney Zollicoffer, Jr., added a second attorney/client matter to the Closed Session. Council Member Rainey moved to accept the adjusted Agenda. Motion seconded by Council Member Peace-Jenkins and unanimously approved.

APPROVAL OF MINUTES

Mayor O'Geary asked for any corrections to and/or approval of the minutes as presented. Council Member Inscoe moved the approval of the 10 June Regular meeting and 11 June Budget Work Session #5 minutes as presented. Motion seconded by Council Member Rainey and unanimously approved.

PUBLIC COMMENT PERIOD ON AGENDA ITEMS

The City Clerk advised the Mayor and Council Members that two citizens wished to speak to Council on agenda matters.

Debbie Perkinson, 1506 Parker Lane Ms. Perkinson felt taxpayers are leaving due to too high taxes and was against a property tax increase. She felt increasing the water bill would affect everyone and said she disagreed with the current process of collecting taxes alphabetically.

Allen D. Simmons Mr. Simmons spoke regarding the Recreation program. He felt the fields were poorly maintained and specifically mentioned a hump on the baseball field between the infield and outfield at Fox Pond. He said many families cannot afford the existing fees and would like to see the Recreation Department reach out to businesses for financial help so fees could be decreased. Mr. Simmons said the future of the children of Henderson depends on sports.

OLD BUSINESS

Approval of Demolition of 301 Charles Street; 309 Charles Street; 315 Charles Street and 318 Rowland Street. (*Reference: CAF 13-09-A; Ordinances 13-03, 13-04, 13-05 and 13-06 respectively*)

City Manager Griffin asked Code Compliance Director Corey Williams to update Council on these demolitions. Mr. Williams said a small amount of work has been done since this was last brought before Council in March. He provided a timeline of this request and also brought attention to the bid estimates for demolition. Mr. Williams said he attempted to contact Mr. Medina today with no success.

Council Member Daeke expressed frustration at the cost relative to the budget issues currently being reviewed and felt it was a disgrace the City has to deal with demolitions but he also said it has to be done.

Council Member Kearney asked if there were others which would take precedent over these four structures. Mr. Williams responded there are other properties that have been ordered for demolition prior to these four.

Council Member Coffey asked if there had been any movement regarding the sale of these properties and if payments were continuing. Mr. Williams responded the prices continued to drop on the realty web listing but no knowledge to any type of movement on the property, and he did not know about the payments.

Council Member Daeke asked if the City could request a reduction in the landfill fees. Mr. Williams said Granville County recently increased its fee to \$40 a ton and added Vance County's fee is \$70 per ton. Both Mr. Daeke and Council Member Rainey requested the City Manager to ask for consideration by both counties for reduced fees.

Mayor O'Geary now asked for Council's pleasure.

Motion was made by Council Member Rainey to approve Ordinance 13-03, *Approval of Demolition of 301 Charles Street*; Ordinance 13-04, *Approval of Demolition of 309 Charles Street*; Ordinance 13-05, *Approval of Demolition of 315 Charles Street* and Ordinance 13-06, *Approval of Demolition of 318 Rowland Street*. Motion seconded by Council Member Daeke and APPROVED by the following vote: YES: Kearney, Coffey, Inscoe, Rainey, Peace-Jenkins, Daeke and Daye NO: None. ABSTAIN: None. ABSENT: Brown. *(See Ordinance Book 8, pgs 525, 527, 529, and 531; respectively)*

NEW BUSINESS

Amending Chapter 12, Fire Prevention of the Henderson City Code to Provide for a Fee for State Mandated Fire Inspections; and 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 13-38 and 13-19; respectively)*

City Manager Griffin summarized the amendment to Chapter 12 saying this sets in motion authorization for the new fee structure for State mandated inspections. He said Ordinance 13-19 authorizes adoption of the tax rate increase of 3.5 cents; a 1% Sewer increase; \$2.00 Sanitation fee increase and various planning and zoning fee increases as set forth at Budget Work Session #5 on 11 June by consensus of Council.

Council Member Coffey said she would like to discuss further the tax increase. She said citizens are not happy and she is not ready to vote for it.

Council Member Inscoe asked if a public hearing was required regarding the fire inspection fees. Both City Attorney Zollicoffer Jr., and City Manager Griffin responded the fire inspection fees were part of the Budget Public Hearing held June 10 indicating there is no need for a separate hearing. Mr. Griffin added that the fire inspection fees are anticipated to increase revenue approximately \$25,000.

Council Member Daeke verified a \$1.00 increase in Sanitation fees generates \$60,000. Mr. Griffin agreed. Mr. Daeke went on to say \$2.00 has already been added to the Sanitation fee and after listening to Ms. Perkinson, he said hypothetically a \$5.00 increase – over the existing \$2.00 increase --- would almost cover the proposed tax increase. He said he was not proposing this increase but no one likes the existing consensus and it was a suggestion.

At this point, Council Member Kearney asked what goal Council wants to achieve. There was no response. Mr. Kearney felt Council was playing with fire to make changes to an already agreed upon balanced budget this late in the budget process. Mr. Kearney agreed with Council Member Inscoe's comments at prior meetings that the City is on a road to demise if funds continue to be removed from the Fund Balance (or savings account as he called it).

Council Member Daeke reminded everyone that the sanitation fees can be changed at any time where the tax rate cannot be changed once agreed upon for the FY14 budget.

Council Member Inscoe agreed that the Fund Balance is dwindling quickly. He added there are still areas of the budget that can be trimmed such as removing \$10,000 from the street light budget.

Council Member Coffey said she cannot agree with the \$20,000 in the Recreation budget for travel and trophies. She would like the Recreation Department to be more aggressive in finding citizens/businesses willing to donate funds to recreation.

Mayor O'Geary then asked if there was a call for a vote on the proposed budget. City Attorney Zollicoffer, Jr. said the two ordinances should be voted on separately. Council Member Kearney asked for confirmation that this vote requires a different majority. City Attorney Zollicoffer, Jr. said a simple majority will pass the budget. It requires two-thirds of the people present to pass general ordinances.

Mayor O'Geary then asked for Council's pleasure regarding Ordinance 13-38.

Motion was made by Council Member Kearney to approve Ordinance 13-38, *An Ordinance Amending Chapter 12, Fire Prevention of the Henderson City Code to Provide for a Fee for State Mandated Fire Inspections*. Motion seconded by Council Member Daeke and APPROVED by the following vote: YES: Coffey, Inscoe, Rainey, Peace-Jenkins, Daeke, Daye and Kearney. NO: None. ABSTAIN: None. ABSENT: Brown. (*See Ordinance Book 8, p 595*)

Approval of the FY13-14 Annual Operating Budget Discussion Continues

Council Member Daeke asked for protocol if Council does not vote on the Budget this evening. City Manager Griffin said Council would either discuss the budget further this evening during the Work Session or the meeting could be recessed to a set date and time. He said the State requires an approved budget by June 30 and even a special meeting could be called for Saturday or Sunday.

Council Member Kearney again asked what goal Council wished to achieve. A reduction to a 2 cent tax increase was mentioned. Mr. Kearney said he was satisfied with the current proposed budget but was willing to listen.

Council members indicated they would prefer time to think about possible changes.

Mayor O'Geary called for a consensus to recess this meeting until Tuesday, June 25 at 6:00 p.m. with the following result: YES: Inscoc, Rainey, Peace-Jenkins, Daye and Coffey. NO: Daeke and Kearney. ABSENT: Brown

Before moving on, Mayor O'Geary said this needs to end and the budget needs to be approved.

City Manager Griffin said to help Council come to a decision, the Recreation budget is split 55/45 between the City and County so removing the \$20,000 as mentioned by Ms. Coffey from the budget would net \$11,000 as \$9,000 would be absorbed by lost revenue from Vance County.

FY13 Budget Amendment #39, Annual Year Ending Reconciliation Ordinance. (*Reference: CAF 13-36; Ordinance 13-35*)

City Manager Griffin asked Finance Director Kathy Brafford to review the year ending reconciliation ordinance. Ms. Brafford went over each section explaining transfers back to the parent fund for departments with remaining funds, transfers to cover overages for departments with cost overruns for items such as chemicals and sludge removal and to close out completed grants.

There was no discussion. Mayor O'Geary asked for the pleasure of Council.

Motion was made by Council Member Rainey to approve Ordinance 13-35, *FY13 Budget Amendment #39, Annual Year Ending Reconciliation Ordinance*. Motion seconded by Council Member Inscoc and APPROVED by the following vote: YES: Rainey, Peace-Jenkins, Daeke, Daye, Kearney, Coffey and Inscoc. NO: None. ABSTAIN: None. ABSENT: Brown. (*See Ordinance Book 8, p 589*)

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 #40, An Amendment to the CIP Sewer Fund for Post-Bid Estimates. (*Reference: CAF 13-74; Resolution 13-5 and Ordinance 13-37*)

City Manager Griffin asked Assistant City Manager Frank Frazier to address Council. Mr. Frazier said due to ECS Carolinas, LLP knowledge of the site and familiarity with the work completed so far, McGill Associates, along with City staff, recommend ECS Carolinas, LLP to perform this work. He said staff limitations require outside assistance and went on to say the anticipated cost for this work is \$116,000 which is over budget by \$15,000. It is suggested the \$15,000 be taken from contingency.

Council Member Inscoe asked if any negotiations have been attempted with ECS to lower their fees and have other firms been consulted. Mr. Frazier said there has been some discussion but no ceiling has been requested. Mr. Frazier said other firms were not consulted as this is not something that is bid out and since ECS is familiar with previous work at the facility.

Council Member Kearney encouraged City staff to obtain the most efficiency possible from the project. Council Member Coffey added companies often charge the highest fee per hour possible.

Council Member Inscoe would like to see a limitation on the contract.

The discussion turned to a fly problem at the reclamation facility that Council Member Kearney learned about from citizens. Mayor O'Geary called Henderson Water Reclamation Facility Director Tom Spain forward to respond.

Mr. Spain said the problem came when a contractor dug into the rock bed at the facility. He said he has had men spraying every day but there were so many larvae the flies keep coming. He said he has talked with citizens in the area but the wind has blown the flies 2-3 miles away and because they are so small the flies can go through screen mesh. Mr. Spain added they are not harmful, just a nuisance and he has provided his cell number to neighboring citizens because he is aware of the seriousness of the problem.

There were no questions asked of Mr. Spain and the discussion returned to the contract with ECS.

Assistant City Manager Frazier said he would be willing to attempt to negotiate a contract ceiling on project hours.

City Attorney Zollicoffer, Jr., said the contract estimate is based on hourly rates and the cost depends on the length of the project.

Council Member Kearney understood the time sensitivity of the project and said he felt the staff understands the spirit of the discussion and will remove all unnecessary hours.

Council Member Inscoe agreed but would like Mr. Frazier to do further research and report back during the recessed session 25 June.

Mayor O'Geary called for a consensus of Council to continue the discussion the ECS Carolinas, LLP contract until 25 June with the following results: YES: Peace-Jenkins, Daeke, Daye, Kearney, Coffey, Inscoe and Rainey. ABSENT: Brown.

FY13 Budget Amendment #41, Budgeting Proceeds of Lease Purchase Financing Agreement with SunTrust Equipment Finance & Leasing Corporation. (Reference: CAF 13-75; Ordinance 13-39)

City Manager Griffin asked Finance Director Kathy Brafford to come forward and explain this item. Ms. Brafford said Council approved the financing terms with SunTrust for the purchase of four pieces of equipment on 8 April. This amendment allows for recording receipt and expenditures of the proceeds.

There was no discussion. Mayor O'Geary then asked for the pleasure of Council.

Motion was made by Council Member Daeke to approve Ordinance 13-39, *FY13 Budget Amendment #41, Budgeting Proceeds of Lease Purchase Financing Agreement with SunTrust Equipment Finance & Leasing Corporation*. Motion seconded by Council Member Rainey and APPROVED by the following vote: YES: Daeke, Daye, Kearney, Coffey, Inscoc, Rainey and Peace-Jenkins. NO: None. ABSTAIN: None. ABSENT: Brown. (See Ordinance Book 9, p 597)

PUBLIC COMMENT PERIOD ON NON-AGENDA ITEMS

City Clerk McCrackin advised one citizen wished to address Council.

Rosemary Lewis, 1316 Alpha Road Ms. Lewis addressed Council regarding the fly situation at the sewer plant. She said she lives about ½ mile from the sewer plant. The situation was so bad she called pest control and they said there was nothing they could do because it was a city problem. She said it has cost her time and money and it has been bothersome and unsanitary.

Mayor O'Geary apologized and said the city is working to resolve the situation.

REPORTS

- a) Mayor/Mayor Pro-Tem (No Report)
- b) City Manager (No Report)

Declaration of Surplus Property - Mr. Griffin said this memo indicates four items which will be auctioned on GovDeals and asked if Council had any questions. The items are: There were no questions.

- c) City Attorney – (No Report)

- d) City Clerk – Ms. McCrackin reminded Council of the Legislative Reception June 27th.

With no further discussion, Mayor O'Geary asked if Council was prepared to go into Closed Session and stated no report is expected.

CLOSED SESSION

Council Member Rainey moved for Council to convene in closed session pursuant to G.S. §143-318.11(a)(3) for two Attorney-Client Privilege Matters. Motion seconded by Council Member Daye and unanimously approved.

Council Member Rainey moved for Council to convene in open session. Motion seconded by Council Member Daye and unanimously approved.

When Council returned from Closed Session, City Attorney Zollicoffer, Jr. reported that Council is interested in and willing to discuss with Vance County areas of mutual concern regarding the Recreation Department and to craft ideas and recommended solutions for both governing bodies to consider.

WORK SESSION

One-Stop Permitting Performance Improvement Team Presentation

City Manager Griffin asked Team Leader Erris Dunston to update Council on this process. Ms. Dunston presented a PowerPoint presentation which is incorporated by reference and hereby made part of these minutes. She acknowledged deficiencies found in the current system and changes the team is beginning to implement. Ms. Dunston said this is a work in progress and it will continue to evolve as the process continues. One of the exciting positives is the zoning software that is being implemented to connect all the departments involved in zoning which will expedite the process for citizens. Ms. Dunston said once the team started on this project, they discovered the need was great for clarifying the City side of zoning. She said when the City side is running smoothly they will address meshing the program with the County side and again, stressed this is a work in progress.

Ms. Dunston asked Battalion Chief Culbreath to give Council a summary of how the program will work for the Fire Department and then asked Council if they had any questions.

Council Member Rainey asked if the new fire fees would be annual or fiscal. Fire Chief Wilkerson gave an example of inspections done in July would not be scheduled for another inspection until July of the following year, unless there was a problem. Mr. Rainey then asked if the fire department looked for permits at the same time as they did inspections. Chief Wilkerson said yes. He said if a business did not have a permit, he passed the information on to the Billing and Collections Supervisor, Shay Bennett, for follow up. Ms. Bennett said interest charges accrue on outdated business permits and payments are applied from the oldest to the newest. When asked what happens when a business does not have a permit, City Attorney Zollicoffer, Jr. said the statutes are not specific. He said if a business did not have the proper State licensure, it could be turned over to the Attorney General. Fire Chief Wilkerson added if there are fire issues involved, he has the authority to immediately shut down a business.

Council Member Inscoe had several observations, suggestions and questions. He asked among other things, if the zoning applications would be available on-line, if there is a different

application process for residential versus commercial, is there a specific person to contact with questions, are the applicants invited to a TRC meeting, and does the process include all fees for the applicant.

Council Member Rainey asked if in-home businesses go through the same process. Ms. Dunston responded yes.

Council Member Coffey said she was glad to see this project moving forward.

City Manager Griffin summarized the discussion saying improvements are constantly developing and changing, and he anticipates the process to improve over the coming months. He also explained an inter-governmental solution will need to be established with the County to improve the process when appropriate.

Mr. Griffin said any type of improvement comes through continuous learning and development of a process. "You never get it right the 1st, 2nd, or even the 3rd time." Adding this is unified process to improve the city's permitting process. As implementation of the process develops, the Team will be contacting the County to work on refining the process between the two entities.

There was no further discussion.

Mayor O'Geary asked if Council was ready to recess this meeting to 25 June.

ADJOURNMENT

Council Member Inscoe moved to recess the meeting to 25 June 2013 at 6:00 p.m. Motion seconded by Council Member Rainey and unanimously approved. The meeting recessed at 8:35 p.m.

James D. O'Geary
Mayor

ATTEST:

Esther J. McCrackin, City Clerk

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

PRESENT

Mayor James D. O'Geary, Presiding; and Council Members Sara M. Coffey, Michael C. Inscoe, 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 $\frac{3}{4}$ 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, Inscoe, 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.

James D. O'Geary
Mayor

ATTEST:

Esther J. McCrackin
City Clerk

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

PRESENT

Mayor James D. O'Geary, Presiding; and Council Members James C. Kearney, Sr., Sara M. Coffey, Michael C. Inscoc, D. Michael Rainey, Brenda Peace-Jenkins, Garry D. Daeke, Vernon L. Brown and George M. Daye.

ABSENT

None.

STAFF PRESENT

City Manager Ray Griffin, City Clerk Esther J. McCrackin, Finance Director Kathy Brafford, Planning and Community Development Director Erris Dunston, Code Compliance Director Corey Williams, Recreation and Parks Director Alan Gill, Kerr Lake Regional Water Plant Manager Christy Lipscomb, Fire Chief Danny Wilkerson, Assistant Fire Chief Steve Cordell, Police Captain Perry Twisdale, Interim Police Chief Marcus Barrow, and Human Resources Director Cathy Brown.

CALL TO ORDER

The 27 June 2013 Recessed Short Regular Meeting of the Henderson City Council was reconvened by Mayor James D. O'Geary at 6:30 p.m. in the R. G. "Chick" Young, Jr., Council Chambers, Municipal Building, 134 Rose Avenue, Henderson, NC.

Mayor O'Geary opened the meeting saying the purpose of this meeting is to discuss and take action on the *FY 13-14 Budget*: Ordinance 13-19.

ROLL CALL

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

He then asked City Manager Griffin to begin 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*)

In response to Council's request for a 1.5% across-the-board budget cut during the 25 June Recessed Short Regular Meeting, Mr. Griffin began by saying he was able to finalize the information requested just prior to this meeting. He then reviewed the data presented saying in total amount the 1.5% reduction from the \$15,300,000 should be \$229,500; however, not all of the General Funds could be reduced which increased the requested reductions to \$263,222 or from the proposed \$15,300,000 down to \$15,036,780. He advised the effective reduction percentage was 2.15% for reducible departments and 3.85% for Recreation. Mr. Griffin went on to share some of the major impacts of this reduction saying many budgets will lose travel and training funding, there would be further reductions in the street lighting fund, seasonal staffing will be reduced which will necessitate citizens to bag leaves for pick-up and most of all, the Police Department would be reduced by two (2) officers and the reinstatement of the frozen fire fighter would be frozen for another year.

Mr. Griffin said he could appreciate the dilemma Council faces but said in all honesty he could not recommend the 1.5% reduction. He felt the lack of flexibility would create problems throughout the year with unexpected costs and/or loss of revenue; reduction in services and lack of training would all result in negative outcomes. He said he respected everyone's frustrations and asked that Council consider other alternatives.

City Manager Griffin then referred to a matrix showing how the 1.5% budget reduction would affect each reducible General Fund account and lastly presented a Budget Review Worksheet showing all the adjustments Council has requested throughout the budget process. He then said he would be happy to answer any questions.

Mayor O'Geary then opened the floor for comments and first recognized Council Member Kearney.

Council Member Kearney said he felt the garbage fees pay for what citizens get and property taxes pay for what citizen already received. Mr. Kearney said he was appalled at the sanitation fees and asked how the cost can be justified. He said he had compromised on the \$0.50 additional sanitation fee increase in earlier discussions because he thought that would move the budget forward. He added he did not want to see another dime added to sanitation portion of the budget. He then asked for a motion on the \$15,300,000, as articulated in Ordinance 13-19, consensus budget which presented for approval on 24 June as Ordinance 13-19.

Motion was made by Council Member Kearney on the consensus budget as it was presented during the 24 June 2013 Short Regular meeting which entailed a 1% increase in Sewer; a \$2.00 increase in Sanitation and a 3.5 cent increase in property taxes.

Mayor O'Geary asked if there was a second. Motion was seconded by Council Member Peace-Jenkins and APPROVED by the following vote: YES: Kearney, Peace-Jenkins, Brown and Daye. NO: Coffey, Inscoe, Rainey and Daeke. As this was a tie vote, giving Mayor O'Geary the responsibility to vote and break the tie. Mayor O'Geary voted in favor of this motion making the vote 5/4 in favor of the consensus budget saying he could not support the loss of police/fire positions. (*See Ordinance Book 8, p 557*)

Council Member Peace-Jenkins commended City Manager Griffin and the staff for their work on the budget and she recognized staff is overworked and underpaid. She went on to say she knows not everyone can be satisfied and knows people would be upset but she had to vote for what she felt was just and fair.

Council Member Daeke wanted to make it clear that he would have supported keeping the fire/police positions. He said he did not support the cuts presented but he would have liked to have had further negotiations to perhaps lower the tax increase. He felt the 3.5 cents would be hard, especially on many businesses.

Council Member Coffey would not have supported the loss of fire/police positions. She said she would have liked to have the paperwork sooner for review as she felt another penny might have been found. Ms. Coffey she said she is not happy with the decision and wanted it made clear she does not agree, but it is the decision of Council.

Council Member Inscoe agreed that he would not have supported cutting the positions. He said there are other things that could have been cut and said he is afraid the time will come when the City will have to learn to live within its means. He added unless economic development occurs, the City will continue to have to pull funds from the undesignated Fund Balance.

Council Member Rainey said he appreciated Council Member Kearney's willingness to stand up for his beliefs. He said he knows how hard the City Manager and staff have worked on the budget and added he had really hoped for a two cent tax increase versus the 3.5 cent increase. He said he hoped citizens understood Council is trying to operate the City as efficiently as possible without eliminating services. He added this Council has its own opinions but he said he did not remember ever having a Council split down the middle and hoped this Council is not divided. He said he respects the individual opinions represented and will back the majority decisions. He added he hoped decisions will not require tie breakers in the future.

Council Member Kearney felt Council would still look for cuts moving forward and hopes this will positively affect the Fund Balance. He said there were a number of uncertainties that assumptions have been made on which could have positive or negative impacts in the future.

Mayor O'Geary thanked the Manager and staff for working so hard over the past weeks. He also thanked Council for its hard work and said he hoped good things will come from this decision. He then asked for a motion to adjourn.

Adjournment

Council Member Daeke moved for adjournment. Motion seconded by Council Member Peace-Jenkins and unanimously approved. The meeting adjourned at 7:08 p.m.

James D. O'Geary
Mayor

ATTEST:

Esther J. McCrackin
City Clerk