

City Council Minutes
Henderson City Council Budget Work Session #6
24 May 2011

PRESENT

Mayor James D. O'Geary, Presiding; and Council Members James C. Kearney, Sr., Sara M. Coffey, Michael C. Insoe, D. Michael Rainey, Brenda G. Peace—Jenkins, Garry D. Daeke, and Lonnie Davis, Jr.

ABSENT

George M. Daye

STAFF PRESENT

City Manager Ray Griffin, Assistant City Manager, Frank Frazier, City Clerk Esther J. McCrackin, Finance Director Sandra Wilkerson, Police Chief Keith Sidwell and Parks and Recreation Director Alan Gill.

CALL TO ORDER

The 24 May 2011 Henderson City Council Budget Work Session #6 was called to order by Mayor James D. O'Geary at 6:09 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.

OPENING REMARKS

Mayor O'Geary welcomed everyone to the 6th budget work session and asked City Manager Ray Griffin to begin the meeting.

City Manager Griffin began by stating Council Member Daye was unable to be present due to a family commitment. Mr. Griffin then asked Parks and Recreation Director Alan Gill to update Council on its Car Park issue regarding the Aycock Recreation Center budget.

Director Gill advised Council that by rearranging the schedule and thus reducing part time staff, he was able to accomplish Council's request by shaving \$7,200 from the Aycock Recreation Center Budget. The revised schedule will go into effect August 25, 2011 when public schools

open and run through May 2012. The Saturday schedule will change from opening at 10:00 a.m. to opening at noon and on Monday/Wednesday/Friday/ the pool will close at 7:00 p.m. instead of 8:00 p.m. Mr. Gill further advised this schedule change would not violate the grant agreement with the DNER's Trust Fund Grant agreements.

Council Member Rainey appreciated these actions and asked if Mr. Gill felt staff would be disgruntled by these changes. Mr. Gill did not think so. He also stated that one supervisor is in the final phases of completing her Water Safety instructor class which will allow for in-house CPR training along with other training areas. Mr. Rainey asked if providing CPR training for a fee to the public had been considered. Council Member Coffey stated the facility certainly had room for this type of training. Mr. Gill stated it would be considered in the future.

Council Member Kearney stated these changes mitigate citizen concerns and Mayor O'Geary thanked Mr. Gill for his hard work.

Director Gill concluded his presentation saying he hoped these reductions in hours would only be temporary and that next year he would be able to go back to the present schedule.

City Manager Griffin then directed Council to the Sanitation fee. With the adjustments made during Budget Session #5, and with the reduction in the Aycock Recreation Center budget just presented, Mr. Griffin asked if Council was comfortable with the \$1 fee increase and stated he had asked City Attorney Zollicoffer, Jr. to draft an ordinance allowing seniors to keep their \$2 discount. A poll was taken as follows: YES: Coffey, Inscoe, Rainey, Peace-Jenkins, Daeke, and Davis. NO: None. Abstain: Kearney. ABSENT: Daye.

City Manager Griffin then asked Council to consider the statements made on four (4) topics during the public hearing at the 23 May Short Regular Meeting: Salary compensation, Code Compliance, Aycock Recreation Center and Crime Stoppers.

Council Member Coffey felt Code Compliance Inspector position should be kept in the budget. She stated the department made a big difference in this City and that reducing the department to the Director only would defeat the purpose of the department. Council Member Kearney agreed and offered a solution of selling City owned surplus properties. He stated there are also properties co-owned with the County and during his conversation with City Attorney Zollicoffer, Jr. mention was made of a property in Warren County. Council Member Davis agreed with keeping the Code Compliance department as is by stating in 1996 a study showed Henderson to be one of the dirtiest cities in North Carolina. He said the City has come a long way and didn't want to slide backward.

City Manager Griffin stated Council had established a baseline price for the Warren County property and had been on the market for some time with no legitimate bids. Council Member Inscoe stated many of the properties do not have fee simple deeds which deter developers from purchases. Council Member Daeke concurred and stated the funds to keep the Code Compliance

Inspector position needed to come from a recurring source and that sale of surplus property would only be a one-time source of revenues.

(Clerk's Note: Council Member Peace-Jenkins left the meeting at 6:30 p.m. and returned at 6:32 p.m.)

Council Member Coffey asked what the City is doing with the surplus property. City Manager Griffin stated some has been donated for redevelopment (Orange/Breckenridge streets) and was willing to review and post properties for sale. Some lots have been used for urban gardens although this program has not been promoted recently. Council asked that information be posted on the website regarding this urban program.

Council Member Rainey refocused the discussion back to the \$34,500 necessary to retain the position within Code Compliance. He stated any further cuts would jeopardize services to citizens and suggested a \$.05 tax increase.

Council Member Daeke asked if recycling provides any income and if there was something in this area that would provide the dollars needed. City Manager Griffin stated the City has one employee and one truck which collects recycling every other week and that this program does not generate any income. Council Member Inscoe stated if there is no income it is a loss for the City. Mr. Daeke asked about State regulations if the City discontinued the program. Staff were unsure what the consequences would be and Assistant City Manager Frank Frazier shared the State is looking at yard debris separation which would indicate more recycling in the future.

Mayor O'Geary asked what portion of the City is currently recycling. Assistant City Manager Frazier stated approximately 40-45%. Council Member Davis stated this percentage continues to increase. Council Member Rainey asked about privatizing this program. Mr. Frazier stated Waste Industries provides this service; however, they would charge based on the number of accounts not the number of participants.

Mayor O'Geary asked for a consensus as to whether the Code Compliance Inspector position should be retained and Council voted unanimously to retain the position with two Council Members commenting "if the funds can be reasonably found."

(Clerk's Note: Council Member Daeke left the meeting at 7:48 p.m. and returned at 7:50 p.m.)

City Manager Griffin then asked about Crime Stoppers. Several members, including Mayor O'Geary, advised Crime Stoppers was satisfied with the \$500 contribution. There was no further discussion.

City Manager Griffin stated the Aycock Recreation Center concerns seemed to have been addressed with the budget adjustments proposed by Parks and Recreation Director Gill. Council agreed and there was no discussion.

City Manager Griffin then directed Council to the final issue from the public hearing regarding the police reorganization and firefighters wishing to have part of the police funds allocated to fire salaries.

Council Member Coffey stated she agreed with the police reorganization as presented by Chief Sidwell. It was contained within and solely funded within the department with budgeted funds. Ms. Coffey stated she would understand how other employees would see it unfair and asked if other departments had the ability to reorganize. City Manager Griffin stated most departments do not have this capability. He emphasized the need for reorganization within the police department by stating another police employee resigned this week to take a position in another city.

City Manager Griffin advised some departmental salaries are not out of balance as much as others and hopefully the economy will stabilize to provide growth in the future. Mr. Griffin suggested that if City properties sold, perhaps the funds could be used to fund the demolition budget.

Council Member Inscoe commented the State is considering reducing the sales tax by 1% which would mean less income to cities.

Council Member Kearney stated he was not comfortable with the police reorganization plan. Mr. Kearney would like to see it completed in phases. Council Member Rainey appreciated Mr. Kearney's comments and expressed hope in coming years dollars will become available for across-the-board raises; however, he fully supports the Police Pay Plan. Council Member Davis stated support for the Police Pay Plan and Council Member Coffey stated her understanding was that the plan was to increase starting pay. City Manager Griffin agreed and stated some of the funds would go toward avoiding salary compression between grade levels.

Council Member Inscoe empathized with Mr. Kearney and compared the police department to a patient in the operating room who could not wait for a transfusion. Mr. Inscoe felt the police department needs the transfusion now as crime and public safety have to be a foremost concern.

Ms. Peace-Jenkins appreciated Council member Kearney's stand but also saw the immediate need with the police department.

City Manager Griffin suggested a \$0.01 property tax increase which would allow Council the dollars needed to provide for the Code Compliance Inspector position of \$34,000; contribute \$15,000 into the demolition account and \$36,000 to increase employee bonuses from \$100 to \$300. Council Member Davis stated he has felt all along that there are no departments more important than the police, fire and sanitation. Mr. Davis continues to feel a \$0.01 tax increase is necessary. Council Member Peace-Jenkins saw no way to make everyone happy. Council Member Rainey felt a \$0.01 increase would not receive a positive response but would like to find a way to keep the Code Compliance Inspector position.

Council Member Daeke stated a \$.03 or \$.04 increase was needed to do everything that should be approved but felt the citizens could not bear this and went on to state he felt taxes were too high compared to property values. Council Member Inscoe reminded Council that there will be a 2% increase in water and sewer and there will be a \$1.00 increase in sanitation fees. He stated the sewer plant also needs a “transfusion” and businesses are suffering along with citizens. Council Member Coffey stated she has a problem with the \$0.01.

Council Member Kearney asked if the police reorganization plan had been verified. City Manager Griffin stated yes, Human Resources had reviewed for equitability and the City has evaluated it vis-à-vis the 2010 NCLM Salary Survey and the MAPS survey done for Oxford in 2008.

Mayor O’Geary asked for a consensus regarding the \$0.01 property tax as suggested by the City Manager. The consensus was as follows: YES: Kearney, Peace-Jenkins and Davis. NO: Coffey, Inscoe, Rainey, Daeke. ABSTAIN: None. ABSENT: Daye.

Mayor O’Geary then asked for Council’s consensus regarding the proposed police reorganization. The consensus was as follows: YES: Coffey, Inscoe, Rainey, Peace-Jenkins, Daeke, and Davis. NO: None. ABSTAIN: Kearney. ABSENT: Daye.

Council then refocused on the Code Compliance Inspector position recognizing that there were no easy choices regarding what is valued and what is affordable. Several options were discussed including another reduction to the gasoline fund. With rising costs Council determined this was not an acceptable option. Another consideration was looking at reorganizing other departments and another was making the position part-time.

(Clerk’s Note: Council Member Daeke left the meeting at 7:33 p.m. and returned at 7:35 p.m.)

Council Member Rainey asked if the position could be continued as is for several months to see if funds became available. Mr. Rainey also inquired about the necessity of the Assistant Finance Director. City Manager Griffin stated the finance position has been vacant for several years and in good consciousness could not tell Council it is unnecessary. However, Mr. Griffin stated Council could make the decision to keep this position vacant and reallocate the funds budgeted for it.

Discussion turned to whether the Code Compliance department could function with the full-time position becoming part-time. City Manager Griffin stated following conversations with the Director of that department, a permanent part-time position not to exceed 1,000 hours per year and no benefits. Council Member Inscoe suggested an offer of part time be made and Mayor O’Geary asked for Council’s consensus.

The consensus for a part-time position instead of a full time position in Code Compliance was unanimous.

Council members stated that they had done the best they could with what they had to work with this year.

City Manager Griffin asked if there were any other parts of the budget or outstanding budgetary issues the Council might wish to discuss. Mayor O'Geary and Council members responded there were none. Mr. Griffin then asked if it was the consensus of Council for City Administration to prepare the necessary budget ordinance and related resolutions for action at the first meeting in June. Mayor O'Geary asked for the consensus of Council. It was the unanimous consensus of Council for the budget ordinance and related amendments to be presented for action at its Regular June meeting.

City Manager Griffin asked if based on Council's decision they would be comfortable with cancelling the remaining budget meetings. Council unanimously concurred. Mr. Griffin then asked the City Clerk to notify the Sunshine List of the meeting cancellations.

City Manager Griffin thanked Council for their hard work and diligence. Mayor O'Geary and Council Members commended Mr. Griffin, Ms. Wilkerson and Mr. Frazier for their hard work in preparing the budget and in working with Council during the budget work sessions.

A summary of Council's changes to the proposed budget is below:

FINAL CONSENSUS:

- 1. Reduction of Penny Tax Rate Increase:** The consensus (6 yes, 1 no, 1 absent) was to eliminate the one penny tax increase. After much discussion, it was agreed the reduction would come from the projected increase in the motor fuels budget. A total of \$85,215 has been reduced from the General Fund motor fuels accounts. This represents a reduction of the budgeted price per gallon of \$4.60 for unleaded to \$3.63. The City's price per gallon for unleaded on 11 May 2011 was \$3.27. *(See Attachment No. 1)* Should motor fuels continue to increase, the City will find itself having to transfer funds from Fund Balance or other accounts to provide for gasoline. *(BWS-3)*
- 2. Reduction of Regional Water Rate Increase:** The unanimous consensus of Council was to reduce the Regional Water Rate Increase from 5% to 4%. 1.1% goes to operations while 2.9% goes to capital reserve 20MGD. The budgeted amount for the capital reserve is reduced by \$38,000, from \$539,480 to \$501,480. *(BWS-3)*
- 3. Reduction of Water Rate Increase:** The unanimous consensus of Council was to reduce the Water Rate Increase from 3% to 2%. The decrease is allowed by the reduction of the Regional Water Rate increase. The budgeted amount for the purchase of water for resale will be reduced by \$25,200, from \$2,580,000 to \$2,554,800. *(BWS-3)*

4. **Reduction in Sewer Rate Increase:** The unanimous consensus of Council was to reduce the Sewer Rate Increase from 5% to 2%. The budgeted amount for the capital reserve for plant modification will be reduced by \$73,442, from \$186,242 to \$112,800. *(BWS-3)*
5. **Reduction in Sanitation Fee Increase:** The consensus of Council (5-3) was to reduce the proposed \$2 per month increase to \$1. This represents a \$60,000 decrease in revenues. City Administration was directed to report recommendations on how to close this gap at the upcoming budget work session. *(BWS-4)*
6. **Senior Citizens Discount:** It was agreed the Sanitation Fee would no longer provide a senior citizens discount; however, by using NCGS 160A-497, Council may establish a senior citizens program that would provide the \$2 discount if paid for by general funds. The unanimous consensus of Council is to have the City Attorney to prepare the necessary Ordinance to provide for this program. In essence, senior citizens currently receiving this benefit would see no difference in what they are currently paying unless the base sanitation fee increases as noted in Number 5, immediately above. *(BWS-4)*
7. **\$20,000 Miscellaneous Recreation Fees Increase:** The unanimous consensus of Council is to authorize these various fee increases in order to help reduce recreation operating costs. *(BWS-3)*
8. **Police Department Reorganization:** The unanimous consensus of Council was to accept Chief Sidwell's plan to eliminate 10 sworn positions and to utilize the funds "freed up" by this reduction to fund pay increases to bring police salaries up to market levels. The cost for doing this is totally contained within the Police Department and does not require any external appropriation of City Council to effect this change. *(BWS-2 and BWS-6)*
9. **Employee Health Insurance:** The unanimous consensus of Council is move forward with the revisions to the health insurance plan as recommended by the Plan Administrator. Key Points: *(BWS-4)*
 - The net changes increase the deduction from \$500 to \$1,500, a small adjustment in the drug card benefit and implementation of a wellness program.
 - Program participants may elect to buy-up to a plan that provides for a \$750 deduction for a monthly premium. The premium is estimated to be between \$30 and \$50 per month. This will be finalized in the next several days.
 - Employees will not be required to contribute a mandatory \$35 monthly co-pay on the monthly premium as previously recommended.
 - The wellness program will provide for employees and retirees to participate in a wellness survey and access information on how to improve their health. The new base plan, and buy-up plan, requires a \$40 per month premium co-pay; however, employees and retirees participate in the survey, the \$40 monthly premium will be waived.

11. **Code Compliance Inspector:** Reduce the Code Compliance Inspector position from full-time to a permanent part-time position not to exceed 1,000 hours per year and no benefits. (BWS-6)

12. **General Fund Reductions:** It was the consensus of Council to:

Eliminate Payment of various Professional Dues	\$ 2,000
Eliminate Public Services Administration Adjustment	\$ 9,000
Eliminate Public Buildings Maintenance & Repair	\$ 1,000
Eliminate Information Technology	\$ 9,000
Eliminate Garage Mechanic position	\$24,418

Local Agencies:

Remove Human Relations	\$ 1,000
Reduce Crime Stoppers from \$1,000 to \$500	\$ 500
Remove Arts Council	\$ 1,000

(BWS-6)

Council complimented City Manager Griffin and the staff for their hard and again City Manger Griffin thanked Council for their input.

Mayor O'Geary asked if there was any other issue to be discussed before adjourning.

ADJOURNMENT

Council Member Coffey moved for adjournment. Motion seconded by Council Member Rainey and unanimously approved. The meeting adjourned at 7:47 p.m.

James D. O'Geary
Mayor

ATTEST:

Esther J. McCrackin
City Clerk