

## AGENDA

Henderson City Council Special Called Meeting and  
Budget Work Session #3  
Tuesday, 29 May 2012, 6:00 p.m.  
R. G. (Chick) Young, Jr. Council Chambers, Municipal Building  
134 Rose Avenue  
Henderson, North Carolina

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### Mayor and City Council Members

Mayor James D. O'Geary, Presiding

Councilmember James C. Kearney, Sr.  
Councilmember Sara M. Coffey  
Councilmember Michael C. Inscoc  
Councilmember D. Michael Rainey

Councilmember Brenda G. Peace—Jenkins  
Councilmember Garry D. Daeke  
Councilmember Lonnie Davis, Jr.  
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. OPENING REMARKS

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 Behavior<sup>1</sup> and Transparency in Governance<sup>2</sup>. 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.

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<sup>1</sup> **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.

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

**IV.** Consideration of Approval of Resolution 12-A-18: 1) Accepting the State Revolving Fund Grant/Loan for Future Funding Relative to Improvements at the Sandy Creek Pump Station of the Sanitary Sewer Collection System; and 2) Approving an Engineering Contract with McGill Associates to Prepare a Preliminary Engineering Report; and 3) Approval of Ordinance 12-37, FY 12 Budget Amendment #46, Amending the CIP Sewer Fund Relative to the Preliminary Engineering Report for the Sandy Creek Pump Station Improvements Project. *(CAF 12-A-36)*

- Resolution 12-A-18
- Ordinance 12-37

**BUDGET WORK SESSION #3**

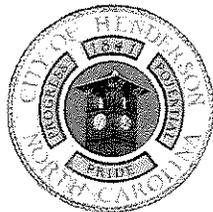
**V. REVIEW OF MINUTES FROM BUDGET WORK SESSION #2, 22 MAY 2012**

**VI. REVIEW OF CAR PARK ITEMS**

**VII. REVIEW OF ANY REMAINING BUDGET CONCERNS**

**VIII. GUIDANCE FOR STAFF**

**IX. ADJOURNMENT**



**City Council Minutes**  
**Henderson City Council Special Called Meeting and**  
**Budget Work Session #3**  
**29 May 2012**

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**PRESENT**

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

**ABSENT**

None.

**STAFF PRESENT**

City Manager Ray Griffin, City Attorney John Zollicoffer, City Clerk Esther J. McCrackin, and Finance Director Katherine Brafford.

**CALL TO ORDER**

The 29 May 2012 Henderson City Council Special Called Meeting and Budget Work Session #3 was called to order by Mayor James D. O'Geary at 6:08 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 greeted Council members saying he was glad to see everyone in attendance.

## OLD BUSINESS

**Accepting the State Revolving Fund Grant/Loan for Future Funding Relative to Improvements at the Sandy Creek Pump Station of the Sanitary Sewer Collection System; Approving an Engineering Contract with McGill Associates to Prepare a Preliminary Engineering Report; and Amending the CIP Sewer Fund Relative to the Preliminary Engineering Report for the Sandy Creek Pump Station Improvements Project.** (*Reference: CAF 12-A-36*)

City Manager Griffin reported that Assistant City Manager Frazier was unable to present this item due to a death in his family. He said Mr. Andy Lovingood from McGill Associates was present to answer any questions regarding this grant/loan. Mr. Griffin reminded Council that this is a \$1.8M project with \$900,000 in loan forgiveness to replace the lift station at Sandy Creek. Approval of this contract gives McGill Associates the go ahead to complete the Preliminary Engineering Report which is due to the State by the end of June.

There were no questions so Mayor O'Geary asked for the consensus of Council.

Council Member Coffey moved the approval of Resolution 12-A-18, *Accepting the State Revolving Fund Grant/Loan for Future Funding Relative to Improvements at the Sandy Creek Pump Station of the Sanitary Sewer Collection System; Approving an Engineering Contract with McGill Associates to Prepare a Preliminary Engineering Report; and Ordinance 12-37, Amending the CIP Sewer Fund Relative to the Preliminary Engineering Report for the Sandy Creek Pump Station Improvements Project.* Motion seconded by Council Member Peace-Jenkins and APPROVED by the following vote: YES: Kearney, Coffey, Inscoc, Rainey, Peace-Jenkins, Daeke, Davis and Daye. NO: None: ABSTAIN: None. ABSENT: None. (*See Resolution Book 2, p 285-A; Ordinance Book 8, p 425*)

## BUDGET WORK SESSION #3

Review of 22 May 2012 Minutes – The consensus was to accept the minutes as presented.

### Car Park Issues:

1. **Delinquent taxes owed the City** - City Manager Griffin said the total amount owed in back taxes as of 30 June 2011, according to the City's FY11 Audit is \$810,861 and he said the State allows municipalities to keep the books open for ten (10) years.

Council Member Rainey inquired about the timeframe for foreclosing on property and whether liens are placed on all the properties with uncollected taxes. This led directly to the next Car Park item.

2. **Foreclosure Proceedings** – Mr. Griffin said Finance Director Brafford met with the Tax Collector Portia Brooks and was told foreclosures are initiated on properties after they are two years past due. Ms. Brooks is going through the list of unpaid back taxes alphabetically, not by year or amount, and she sends ten accounts at a time to the tax attorney.

Council Member Rainey asked if payment plans are offered to those in arrears. Ms. Brafford said yes but she was unsure how many and to what extent the plans are offered.

3. **Tax Value Comparison of Hope VI Phase 1 Project from before the project started to 2012 tax year assessed value.** Mr. Griffin expressed disappointment in having to report that according to the Tax Collector, the Inspectors had not turned in the permits on this property so the tax rate had not been adjusted to reflect the upgraded property. He has placed a call to the County Manager to discuss this issue and in the meantime the Tax Collector will go back to 2010/2011 and adjust the tax base accordingly. As soon as that information is available, Mr. Griffin will inform Council.

Mayor O'Geary stated there have been a lot of permits issued this year and Council Member Coffey asked if there would be some type of coordination with the County Inspection Department. Mr. Griffin said coordination would be established.

4. **Monthly Sanitation Fee Allocation** – Council requested an analysis of the monthly sanitation fee and City Manager Griffin said since FY00 the monthly fee has increased from \$16 to \$26. He went on to explain the increase supports basic sanitation costs, recycling, pick up of curbside debris, leaf pick-up, household refuse and Code Compliance programs. It also contributes to paying debt service for the Operations Center, Police Station and Aycock Recreation Center --- it has helped recover lost revenue with the State withheld State-shared funds and property tax increases have been avoided with funds from this fee. There were no questions.

5. **Revenue from Property and Sales Tax Goes Where?** City Manager Griffin explained that this source fluxuates and increased this year mainly due to Internet Cafés and an increase in sales tax. He said tax collections are up in FY11-12 but overall, the figures are truly an estimate. He then reviewed the proposed adjustments to the General Fund budget and explained areas where loss of income occurs such as the privatization of the opening/closing of cemetery plots, the Senior Citizen exemption, etc. He also mentioned Council needs to consider rebuilding the LEO fund account.

Council Member Coffey asked why the cemetery loss. Mayor O'Geary said cremations, population loss and limited plots all contribute to the loss.

Ms. Coffey asked about the overtime cost increase. Mr. Griffin said the Police overtime comes mainly from the asset forfeiture dollars but the \$6,400 adjustment on the Chart is mainly for the street crews. This led to a discussion regarding comp time which Mr. Griffin prefers to pay employees rather than accruing time. He told Council comp time is limited to 40 hours.

Ms. Coffey then asked if there would be any benefit to review the possibility of reducing the full-time position in Code Compliance to part-time that was discussed during the budget process last year. It was decided a part-time position would not provide the dollars needed to obtain the final line Council desired. Mayor O'Geary said there is certainly enough work for a full-time position and Council Member Kearney was uncomfortable singling out one department.

Council Member Daeke asked for clarification regarding the Ad Valorem Tax growth. Mr. Griffin said he would review the figures.

6. **Asset Forfeiture Funds** – Asset Funds cannot be used for salaries, unless it is the first year of a newly created position. The Funds can be used for anything police related, as long as that item is not minimized or supplanted from the previous year's total budget (re: equipment, overtime, uniforms, etc). There was no discussion.

7. **Accepted Norm for Number of Police Officers per 1,000 population** – Mr. Griffin said the International Association of Chiefs of Police (IACP) offers a general rule of thumb of 2.0 officers per population of 10,000 to 24,999. However, other factors must be considered such as current crime rate, court conditions, economic conditions, public tolerance, population density and spread of the city limits. There was no discussion.

8. **Authorized Positions and Staffing** – City Manager Griffin explained an error occurred with the staffing position numbers included in the Budget Work Book on page 74. He said the department is authorized for 52 full-time sworn officers; 7 civilian full time administrative positions; 1 Safety Officer (parking enforcement) and 7 part-time positions. This is a total of 60 full-time positions and 7 part-time positions.

Council Member Coffey asked for a breakdown of how many hours the part-time employees work. Mr. Griffin said the Crime Analyst and the Administrative Assistant work approximately 20 hours per week. The crossing guards work less but he was unsure of the exact number of hours.

Council Member Daeke asked if the Police salary dollars from vacant positions could go into the Fund Balance. Mr. Griffin said a portion of the unused dollars contributed to the 2% COLA and are often recycled into other areas. Mr. Daeke asked for a year end listing of recycled dollars.

9. **Police Officers Living Outside City Limits** – Mr. Griffin said currently there are 47 sworn officers of which 8% live within the city limits. Officers living within more than 15 miles of the Vance County line are required to provide mileage reimbursement to the City for driving a City vehicle home. Of the 47 officers, 8 live within the City limits; 26 live in Vance County; 10 live outside Vance County but within the 15 mile perimeter and 1 officer lives outside Vance County and outside the 15 miles of the County Line.

Council Member Coffey felt more than one officer resided outside the 15 mile perimeter and Mr. Griffin asked that she discuss this further in private so as not to violate confidentiality.

Ms. Coffey asked for the total number of vehicles in the Police Department and what happens to wrecked vehicles. Mr. Griffin said he thought there were a total of 55-60 vehicles. He said

some vehicles are sold on GovDeal and others are repaired, depending on the damage. Council Member Rainey asked if there was any attempt to salvage parts. Mr. Griffin said yes.

Mr. Griffin explained that surplus items for listing on GovDeal this year has been slow but with the hiring of an Assistant Finance Director, this will become one of his/her duties, working in conjunction with the Fiscal Compliance Officer.

10. **Police Department Turnover** - Mr. Griffin said turnover has improved by approximately 6% since FY11 and shared that in the first three quarters of FY 11, turnover was 19.35%. For the same period in FY12, turnover was 13.4%.

Council Member Kearney asked for an assessment of the departmental reorganization which took place last July. City Manager Griffin said he felt overall the reorganization was successful as turnover has decreased and the most recent applicant is a college graduate.

11. **Flex Plan Utilization** – Mr. Griffin said this program saves the City dollars as it does not have to pay FICA on the amount withdrawn for the Flex plan. Currently there are 8 employees participating and the Human Resources Director Kathy Brown hopes to see that number increase to at least 16 in FY13.

Council Member Daeke asked if the City's savings could be calculated. Mr. Griffin said yes and asked Finance Director Brafford to put this information together.

12. **COLA Increase** - Mr. Griffin said the other "half year" expense regarding the 2% COLA increase is approximately \$57,265 and approximately \$18,000 for the increase from \$100 to \$200 salary supplement (holiday bonus). There was no discussion.

13. **Diversity** – Mr. Griffin distributed a chart showing diversity for full-time positions in FY12.

Council Member Kearney felt he would like to review the information provided and discuss at a later date and said he was disappointed that the data did not include the specific salary for each position. Council Member Daeke concurred he would like to review the data before discussion.

14. **How Long can a Structure be Boarded-Up?** Mr. Griffin said Code Compliance Director Corey Williams advised there is no ordinance proscribing a time line for how long a structure can be boarded up.

Council Member Davis asked if an ordinance should be drafted. Mr. Griffin said he would look into this with the Code Compliance Director Corey Williams and the City Attorney.

### **Review of Proposed Revenue and Expenditure Reductions**

*(Council Member Rainey left the room at 7:15 p.m. and returned at 7:20 p.m.)*

City Manager Griffin now directed Council to the list compiled and distributed at the 22 May 2012 meeting, at Council's request, to balance the budget to eliminate the property tax and reduce the Fund Balance by \$41,000.

Council Member Inscoe summarized the consensus of Council that there should be no tax increase, the Fund Balance appropriation recommendation of \$200,000 should be reduced by \$41,000, the Sanitation fee will increase by \$0.50; the Water rate will increase 4%; the Sewer rate will increase 9% and Regional Water will increase 4%. He went on to say Council now needs to determine what adjustments need to be made to meet their consensus.

City Manager Griffin commented that it was Council's wish to review the list of suggested budget adjustments provided at the last meeting and that there were still some questions about what to do about the REEF request from the DDC; what we do about the full-time DDC position which as a reminder, he stated is required by the State Main Street Program and could potentially cost an additional \$30,000; and what to do about additional money for demolition needs in the Code Compliance department budget.

Council Member Kearney said he finds it hard to say where the cuts need to come from but he felt the police/fire equipment/safety requests for protective clothing should not be cut and suggested a 3.6% decrease in the Fund Balance to allow the full requested amount.

Council Member Inscoe suggested reducing the request for bulletproof vests as the Police Department recently received a grant for vests and eliminating the Governing Body Travel dollars. Mr. Griffin reminded Council of their State required Ethics Training costs. Council Member Coffey felt the protective gear is critical and suggested Council Members share the expense of training. Council Member Davis reminded members of the flip side by addressing what is lost by not fully participating in State meetings. A general discussion followed regarding possible items for elimination with Council Member Inscoe again summarizing by saying the budget offers control as best it can with the information currently available.

Council Member Coffey suggested taking funds from the General Fund Bad Debt Reserve and Council Member Daeke asked again about the salary offset. Mr. Griffin said if \$9,000 is removed from the Bad Debt then that only leaves \$6,000 as a cushion for bad checks and other write-offs.

Council Member Daeke asked about the demolition issue and the lack of dollars. Discussion led to whether any asset forfeiture dollars could be used as demolition would reduce drug and sex trades. Council Member Davis suggested using the forfeiture dollars for raids. Council Member Rainey asked if City staff and equipment could not be used to demolish structures. Council Member Coffey thought Kittrell Job Corp offered to help at one time but remembered there was a problem because of asbestos/lead paint issues. City Manager Griffin said the issues are staff not being trained in demolition, liability issues of private property and higher workers comp costs. Mr. Griffin stated the Fire Department has been able to assist with some structures. The consensus of Council was more dollars are needed to eliminate structures already earmarked for demolition. The estimated cost to demolish one structure is \$6,000. It was suggested another \$0.50 increase in the sanitation fee would raise an additional \$35,000 to be earmarked for demolition. By the following vote, it was decided to wait until the Public Hearing is held before making a final decision on the increase: TO WAIT: Inscoe, Rainey, Peace-Jenkins,

Davis and Daye. Council Members Coffey and Daeke were for the increase and Council Member Kearney was against the increase.

City Manager Griffin summarized the meeting by asking Council if the consensus regarding the FY12-13 Budget was the following:

1. 0% Tax increase
2. \$0.50 Sanitation Fee increase
3. 4% Regional Water Rate increase
4. 4% Water Rate increase
5. 9% Sewer Rate increase
6. Restoration of the Fire Protective Gear request
7. Wait until the Public Hearing to consider another \$0.50 increase in the Sanitation Fee

With no disagreement, this completed Council's review of the proposed FY12-13 Budget. Mr. Griffin said unless there was need for further discussion, the remaining Work Sessions would be cancelled and the Public Hearing on the budget would be held on Monday 11 June 2012. Depending on citizen feedback, Council has the option of either adopting the budget during the 11 June meeting or holding another work session and adopting the budget during the 25 June meeting.

Mayor O'Geary asked for the pleasure of Council.

Council Members Coffey and Daeke felt the budget should be adopted 25 June, to provide time to consider citizen comments. Council Member Kearney felt if there were no issues at the Public Hearing the budget could be adopted on 11 June and Council Members Inscoe, Rainey, Peace-Jenkins, Davis and Daye concurred.

City Manager Griffin stated if Council was happy with the budget after the Public Hearing, staff would be prepared with the required budget ordinances. If Council felt another budget session was needed, a meeting would be held on Tuesday 12 June at 6:00 p.m. All Council Members were in agreement.

Council Member Davis then congratulated Council Members by saying this is the best Council he has worked with. He stated the deliberations were civil and members were respectful of their peers. Since this is the last budget deliberation he will participate in he wanted to express his pleasure in working over the last four years with all the members saying they had a sense of humor, were honest and candid in their comments and yet held no grudges. He complimented the Mayor, City Manager. Mr. Davis said he felt the retreats created knowledge and respect between Council and staff.

Mayor O'Geary thanked Mr. Davis for his kind words and thanked Mr. Davis for his contributions. Although this was not his last meeting, Mayor O'Geary said he will be sincerely missed and it has been a pleasure working with Mr. Davis.

Mayor O'Geary then asked if there were any other items for discussion.

Council Member Kearney mentioned the invitation from the Economic Development Commission to tour Semprius during their 13 June Board meeting and reminded Council to RSVP.

**Guidance/Questions for Staff:**

1. Check on how long before liens are placed on properties
2. Process for payment plans for uncollected property taxes
3. Hope VI, Phase I tax base
4. Ad Valorum Tax base calculations
5. School Crossing Guard hours
6. List of how unused salary dollars are spent
7. Flex Spending Savings to City
8. Ordinance for boarded up properties
9. Number of vehicles in Police fleet

**ADJOURNMENT**

Council Member Daye moved for adjournment. Motion seconded by Council Member Kearney and unanimously approved. The meeting adjourned at 8:08 p.m.

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James D. O'Geary  
Mayor

*ATTEST:*

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Esther J. McCrackin  
City Clerk