



City Council Minutes

Henderson City Council Budget Work Session #3 - DRAFT

30 May 2013

PRESENT

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

ABSENT

Council Members Garry D. Daeke and D. Michael Rainey

STAFF PRESENT

City Manager Ray Griffin, Assistant City Manager, Frank Frazier, City Clerk Esther J. McCrackin, Finance Director Katherine Brafford, Recreation and Parks Director Alan Gill, Youth Services Director Donna Stearns, Engineering Director Peter Sokalski, Planning and Community Development Director Erris Dunston and Human Resources Director Cathy Brown.

CALL TO ORDER

The 30 May 2013 Henderson City Council Budget Work Session #3 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.

OPENING REMARKS

Mayor O'Geary welcomed everyone to Work Session #3. He then asked City Manager Griffin to begin the work session.

Before responding to the *Car Park* items, City Manager Griffin distributed and reviewed a General Fund analysis which he compiled following the 2nd work session to assist Council in understanding what needed to be accomplished to reach their goal of 0% tax increase. Below is what he explained in the analysis needs to happen for Council to meet their goal:

Revenues

Recommended Revenues	\$15,731,000
Less Proposed 8.3 cent tax increase	(739,000)
Less Further Adjustments for hold harmless sales tax, Recreation and privilege license revenues)	<u>(245,500)</u>
Goal for 0% tax increase, Zero Fund Balance Use and Adjustments previous mentioned	\$14,746,500

Expenditures

Recommended Expenditures	\$15,731,000
Less goal level revenues (see above)	<u>(14,746,500)</u>
Budget Expenditures to be cut to achieve goal	\$ 984,500
Reductions made by Council during Budget Work Session 1 & 2	(144,300)
Less HR Correction to expenditure	<u>(10,000)</u>

Amount needed to reduce in order to achieve goal \$ 830,200

Mr. Griffin also shared that the Vance County Tax Collector contacted Finance Director Kathy Brafford today saying the taxes due from the Hospital should be received mid-June.

Council Member Inscoe expressed concern about what will happen in FY16 when property values are reappraised by the County saying he expects tax values to decrease, therefore, less revenue for the City. He said Council needs to seriously consider how they wish to shrink the budget and yet maintain services.

Council Member Kearney asked Mr. Griffin if he could project the impact on the Fund Balance. Mr. Griffin said not at this time because final key revenue source information will not be received until September.

After a brief discussion, City Manager Griffin said there are several ways Council could direct staff to reach the target goal. He said they could raise taxes, use Fund Balance monies or eliminate services/functions or any combination of these options.

Council Member Brown asked if the Manager had created graphs for any of these options. Mr. Griffin said not at this time. He went on to say Council has not raised taxes since 2009-2010 and

to use Fund Balance monies could create needs throughout the budget year. He reminded Council that the sanitation fee can be adjusted any time during the year but once the property tax rate is set, it cannot be changed during the fiscal year.

Council Member Kearney felt reducing the amount of expenditures over the options would be the best consideration. He suggested \$200,000 in cuts, looking at a tax increase and taking the balance from the Fund Balance.

Council Member Inscoe expressed concern regarding the City Garage expenses and although he said it could not be done this year, he felt outsourcing might be an option to be considered in future years. He also expressed concern regarding further reducing the Fund Balance. Mr. Inscoe suggested the City Manager bring back to Council scenarios for consideration and asked when the Manager might be able to compile these scenarios. Council Member Brown agreed.

City Manager Griffin said he would like to meet again on Tuesday, June 4th.

It was the consensus of Council Members to meet on 4 June 2013 at 6:00 p.m.

Council Member Coffey said she had reviewed the line items which were requested by Council Member Inscoe following Budget Work Session #2 and asked for an explanation of the Bad Debt Fund.

Mr. Griffin explained that all bad debts are located in this fund as opposed to being listed under separate departments. He said having bad debts located in a central fund makes it easier to track both for the finance department and the auditors.

Mr. Griffin explained it was the same concept with Worker's Compensation, which Council Member Coffey asked about next --- having one central location makes it easier to track. He said the Human Resources Director had detailed information to track this fund.

Council Member Inscoe asked the City Manager to compile a scenario showing the difference between a \$0.50 sanitation increase and a \$1.00 sanitation increase.

Council Member Coffey asked if there was any research available regarding average wants versus needs in comparable municipalities. Mr. Griffin said he was unaware of any such research.

Council Member Kearney said after looking at the tax rate information provided to Council at a previous budget session, he saw many municipalities of similar size with much higher taxes than Henderson currently has in place. Council Member Coffey said she looked at the same information and felt most did not have the unemployment problems that exist in Henderson.

There was no further discussion. City Manager Griffin thanked Council for their guidance.

Mayor O'Geary asked if Council was ready to adjourn.

ADJOURNMENT

Council Member Peace-Jenkins moved for adjournment. Motion seconded by Council Member Inscoe and unanimously approved. The meeting adjourned at 7:00 p.m.

James D. O'Geary
Mayor

ATTEST:

Esther J. McCrackin
City Clerk