



City Council Minutes

Henderson City Council Budget Work Session #4

4 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, Assistant City Manager, Frank Frazier, City Clerk Esther J. McCrackin, Finance Director Katherine Brafford, Fire Chief Danny Wilkerson, Engineering Director Peter Sokalski, Recreation and Parks Director Alan Gill, Youth Services Director Donna Stearns, Fiscal Compliance Officer Edna Vaught and Planning and Community Development Director Erris Dunston.

CALL TO ORDER

The 4 June 2013 Henderson City Council Budget Work Session #4 was called to order by Mayor James D. O'Geary at 6:01 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 #4.

GENERAL DISCUSSION

City Manager Griffin began by reviewing the memo distributed yesterday to Council regarding the *3-legged plan* which he put together at Council's request to further reduce the tax recommended increase of \$0.83. He said he used \$164,300 from the General Fund Balance, increased property taxes by \$0.03 and increased the recommended Sanitation Fee by \$1.00, adding he recommended instituting a new fire inspection fee and increasing the zoning fees. In doing this he was able to reduce the budget by \$503,300. With these cuts, the FY14 Budget would be approximately \$343,700 more than the FY13. He then discussed some specifics of how he reached this figure by saying although he did not recommend the majority of the cuts, some were made arbitrarily; some are workable and some may create consequences during the year such as not replacing the 8-10 year old server at City Hall and some were volunteered by Department Heads. Recreation and Parks Director Alan Gill eliminated \$20,000 in Babe Ruth travel to help bring that budget back to FY13 levels. Mr. Griffin said dollars for things like new street lights have been eliminated. Mr. Griffin questioned the value of keeping the Bennett Perry House when the dollars are not there for maintenance; say nothing about creating the required museum. He added that daily cleaning service at City Hall has also been scaled back. Mr. Griffin said he felt very strongly that refreezing the Assistant Finance Director position was not a good decision but he understood the reduction of approximately \$75,000 in salary helps Council achieve its goal.

Council Member Kearney asked how much the County contributes to the DDC and wanted to know if changes are made to the DDC budget, how it would affect the \$50,000 previously committed to the REEF project. Mr. Griffin responded \$1,500 is contributed by the County. He added the \$50,000 can be appropriated by Council if RED, Inc. and the DDC come to terms---he said the Golden Leaf organization meets this week and more will be known about the status of that grant after that meeting. Mr. Kearney then asked about what would happen to events such as the Christmas parade if the DDC budget is eliminated. Mr. Griffin said the City would have to look to the Chamber or perhaps Vance County Tourism to see if they would be willing to take-on this event. Mr. Kearney also asked what the anticipated savings will be in the Police Chief salary until a new Chief is hired. Mr. Griffin said there might be minor savings.

Council Member Coffey commented that she felt the County should contribute more to the DDC. She also said she felt the DDC was important with the coming of the new arts center and went on to ask how many individuals continue to receive funds although they are not currently serving on boards and commissions. Mr. Griffin responded one: Mr. Dave Stallings, former Planning Board member, receives an honorarium of \$300 a year.

Council Member Rainey brought the discussion back to the DDC. He asked for some positives accomplished in the department. Mr. Griffin said the DDC staff person has done a good job with what she has had to work with and clearly stated there is no dissatisfaction with the staff person.

Mr. Rainey then asked why the Recreation Department does not hold more tournaments which he felt would create dollars for the department and Council Member Coffey asked what it costs to host a tournament. Mr. Gill responded there are no entry fees for the Babe Ruth tournaments and the umpires are paid by the host location. He said travel and meal costs can be expensive as

there are usually over 100 participants traveling to the host location which rotates according to tournament requirements. Mr. Gill also said for regional tournaments, there are usually no costs involved other than the umpires as participants travel home in the evening. In previous years, the costs for Babe Ruth travel have exceeded \$20,000 and that citizen donations have helped cover the travel costs. Council Member Inscoe asked for the donation amount and Mr. Gill responded approximately \$4,500 in addition to the \$20,000 budgeted.

Council Member Peace-Jenkins turned discussion back to the DDC saying if the DDC is done away with, it would be counter to the City's Mission Statement. She also said it would contribute to the City needing *life support*. Council Member Coffey said outsiders see the citizens of Henderson as having no hope.

Mayor O'Geary asked Planning and Community Development Director Erris Dunston to address Council with the DDC's accomplishments. Ms. Dunston gave a summary, explaining the time needed to bring the Commission into State compliance; lack of procedures for events such as the Christmas parade that have been established and many behind the scenes projects such as establishing a volunteer program have all been catch up issues Ms. Hester has faced. She said a lot has been accomplished but they are not "street visible." Ms. Dunston said the department is now at the breaking point where the Board can back into the four points the Board is designed to accomplish. Council Member Kearney asked Ms. Dunston to compile a list of accomplishments which she did during the meeting and submitted to Council prior to the end of this meeting. A copy of this memo is incorporated by reference and hereby made part of these minutes. (*See Attachment A*) Mayor O'Geary commented that he sees work being completed daily.

Council Member Kearney said citizens take pride in things like the Babe Ruth championships and Christmas decorations.

Council Member Rainey asked if the Merchants Association still existed. Ms. Dunston responded no, but re-establishment could certainly be considered.

Council Member Brown said the City of Kinston considers its Recreation program their *meat and potatoes* as he put it, yet Council is discussing tonight removing dollars from the budget for trophies. He agreed with Mr. Kearney's comment earlier that there should be some dollars available from the Police Chief's salary and he also felt the Main Street (DDC) position was important with the coming of the arts center.

Council Member Daeke said he was not happy about any of the changes but recognized hard decisions needed to be made.

Council Member Coffey said she thought the City should operate like any other business and be held accountable. She asked if a Resolution could be passed regarding the tax collection policy. Ms. Coffey said it takes a lot to play catch up. She said both the Tax Collector and the Main Street Manager have done their best. She said the City needs to hold the County accountable and gave kudos to the Water Department for bad debt collection. She said raising taxes is not

something she wants to do; however, raising the taxes 1 or 2 cents is better than waiting until three or four years down the road when taxes have to be raised a significant amount. She said small steps need to be taken.

Mr. Griffin said he has spoken to the County several times about the policy. He said by law, taxes have to be written off every ten years in January or February but said he would certainly put together a resolution for consideration at the next regular Council meeting. He also said he suggested hiring an attorney to assist in catching up the backlog of taxes. He suggested the City liaison speak with the County liaison as this might lead to changes in the inter-governmental agreement.

Mayor O'Geary then asked for a consensus of Council regarding its desire to send a Resolution to the County regarding the tax collection policy. The consensus was unanimous with all Council Members present to send a Resolution.

Council Member Rainey asked how much income has been lost from privilege licenses and what was budgeted in FY13. Mr. Griffin said \$332,497 was billed for FY13 collections. \$129,000 was adjusted because of business closures. He said two internet cafés have closed. Mr. Rainey also asked if the hospital tax was included in the FY14 budget figures. Mr. Griffin said yes. He reminded Council that the Hospital personal property appeal, currently under consideration in Raleigh, will not be resolved until after the budget process is completed.

Mr. Griffin said revenues are estimated on the conservative side. Mr. Rainey then made a statement saying the small amount of saving from the Police Chief position is only a *bandaid* because when a Chief is hired the *bandaid* no longer exists.

Mr. Griffin agreed and said the position will need to be reclassified to hire the best candidate for the job. He also said some level of search assistance will be needed to find the best candidate.

Council Member Daeke asked what was budgeted for property taxes for the Hospital. Mr. Griffin said he budgeted the same as FY13. Council Member Inscoe added with Raleigh making the appeal decision regarding the Hospital personal tax, and they are the largest tax payer in Henderson, there is a good change the valuation will go down.

Council Member Inscoe went on to say the reclassification of the police chief will further reduce the Fund Balance. Mr. Griffin stated the Police Chief position needs to be competitive and said right now the expense is covered.

Council Member Coffey said she thought there were a lot of people looking for jobs and felt there was no need to raise the Police Chief salary because, in her opinion, there are a lot of police chiefs and retired police chiefs looking for work that are qualified. She stated she understands the police department and the qualifications needed, and added there are a lot of people that should be looked at. Mr. Griffin said he has experience of hiring directors to which Ms. Coffey said those are positions dealing with figures not people. Mr. Griffin said whether its law enforcement, finance or general administration, it's dealing with highly trained, professionals and continued saying the current salary range is not competitive for this area or population size.

He said the current salary range is competitive for much smaller municipalities. He said he has already received applications for the position. His question is what level of professional should fill the position. Ms. Coffey said it needs to be open minded to give people a chance to be interested in the community.

Council Member Brown said the salary for the Police Chief needs to be competitive because Henderson is a “rough/tough town” and said the City needs to “get it right”. He said the next Police Chief has to be the “right fit.”

Council Member Daye asked about qualified people in-house for the Police Chief position saying there might be individuals already on the force who can continue with what has already been instituted. Mr. Griffin responded the recruiting process is to find the best person for the position, whether in-house or outside.

Council Member Daeke asked how much Fund Balance was used in the \$503,000 dollar decrease. Mr. Griffin said \$164,300. Mr. Daeke said the discussion has been a good one and but even with all the cuts and use of the Fund Balance, Council needs to regroup and decide what to do about the budget.

Council Member Inscoe said the Fund Balance cannot continue to be used to balance the budget and again referenced 2016 when properties will be re-evaluated. He said he cannot predict the future but he strongly feels the valuations will be less which will create a very serious problem in 2016.

Council Member Kearney felt the Manager and staff did their part in reducing the budget and felt citizens would accept a \$0.04 tax increase to keep from using Fund Balance monies. He added he did not feel the increase should be used to fill staff positions, such as reinstating the Assistant Finance Director.

Council Member Peace-Jenkins asked how much a \$0.01 tax increase would garner. Mr. Griffin said approximately \$89,000.

Council Member Daye said there would be some complaints about a tax increase but said if the City expects to grow, it needs to be done.

Council Member Inscoe said increased taxes are a deterrent to economic development. He expressed how an increase will affect those on fixed incomes.

Council Member Rainey said if the City is to function like a business and maintain services it needs to increase revenue while decreasing expenses and reminded everyone that the taxes do not cover services. He also said many communities provide exemptions and/or incentives to new businesses. Mr. Rainey, like all the Council members, does not like the idea of a tax increase but it seems inevitable. He added not all citizens pay property taxes and wondered what percent of residents are subject to property taxes.

Council Member Coffey said everyone expects top of the line service but people need to remember things are not free and people need to change their mindset. She said citizens need to know that Council is honestly trying to meet needs in a proactive manner.

Council Member Rainey reminded everyone that property taxes are only paid by property owners; not all the citizens and he wondered out loud what percent of citizens are actually property owners. Council Member Inscoe added personal property tax is added for businesses.

Mayor O'Geary now called for a consensus.

Council Member Daeke suggested starting with the highest tax increase Council will consider and work from that point. Council Member Peace-Jenkins suggested starting with \$0.04 cent increase. City Manager Griffin said \$0.03 is already included in the table so an additional \$0.01 cent will add \$89,000 to reduce the Fund Balance or to reduce some of the cuts or both.

Council Member Kearney said the \$89,000 would restore the DDC and the \$20,000 cut from the Recreation Budget and have some left over to reduce the Fund Balance appropriation.

Council Member Daeke asked about the Assistant Finance Director position. Mr. Griffin said often unfilled positions are frozen without consideration to their value. He said finance is more than just pushing numbers. It provides financial forecasting, overseeing the budget and managing the public money which is the highest priority. He said he is thankful there has been no wrongdoing but there are issues in keeping up because of lack of staffing. Mr. Griffin said expressed concern that if anything were to happen to the Finance Director, there is no one to take over and in keeping with his beginning metaphor, said a filled Assistant Finance Director position provides a *4-legged stool* in the department.

Council Member Rainey said if Council votes for an increase, how Council Members should answer citizens. Mr. Griffin said having a fully staffed fire department is an important expense; the revenue picture has changed and revenue is not growing. The alternative is to stop providing services. He reminded everyone that when the budget process began, the Police, Fire and E-911 budget consumed 44% of the General Fund and hypothetically asked if Council/citizens want to close a fire station. He said all three departments do a fine job. He said many other departments are flatline and at some point something needs to happen.

Council Member Inscoe said the City has continued doing the same things as in years past yet Henderson has basically lost its manufacturing base and said perhaps it is time to sit down with the County again and look at possibilities such as combining fire departments, planning departments, etc. He feels there are more efficient ways to function and without revenue the City cannot continue at its current scale.

Council Member Kearney said in response to Manager's plea for filling the Assistant Finance Director position, he did not think citizens would approve a tax increase to fill vacant positions.

Council Member Coffey then asked the Manager what Council needed to do to move forward. She said no one wanted to do the obvious. Mr. Griffin responded guidance is needed and summarized what he has heard so far is that Council would like to restore the DDC and put \$20,000 back into Recreation which totals \$73,400 --- leave the garbage fee at \$1.50 increase and add a penny to the tax increase making it \$0.04.

Mayor O'Geary called for a consensus of Council with the results as follows: Council Members Kearney and Peace-Jenkins in favor of the \$0.04 tax increase and Council Members Coffey, Inscoe, Rainey, Daeke, Brown and Daye against the increase.

After a brief discussion, City Manager Griffin asked Mayor O'Geary to request a consensus on the \$0.03 tax increase.

Before the consensus, Council Member Rainey asked for verification that the \$0.04 cent increase would add both the DDC and \$20,000 Recreation cut back into the budget. The response was this is correct.

Mayor O'Geary then asked for a consensus of the \$0.03 tax increase. Rather than responding to the consensus request, Council began more discussion which Council Member Daeke brought to a head by proposing a decision be postponed until Council hears from the public during the Public Hearing on 10 June. After a brief discussion, summarized his thoughts by saying he proposed a \$0.03 tax increase, keeping the cuts as presented on the attached Budget Review Adjustments by Council table and to take this to the public on 10 June.

Mayor O'Geary called for a consensus on Council Member Daeke's proposal and the results are as follows: Council Members Kearney, Coffey, Rainey, Peace-Jenkins, Daeke and Daye were all in agreement. Council Members Inscoe and Brown were not in agreement. The consensus was 6-2 to use the Manager's suggestions as a draft consensus budget.

City Manager Griffin asked if Council wished to cancel the Budget Work Session scheduled for 6 June. The consensus was to cancel the Work Session. Mr. Griffin then asked if Council wanted to keep the Budget Works Sessions for 11 June and 13 June and the consensus was to meet on both nights to finalize the budget.

Mayor O'Geary then asked if Council was prepared to adjourn.

ADJOURNMENT

Council Member Coffey moved for adjournment. Motion seconded by Council Member Kearney and unanimously approved. The meeting adjourned at 7:58 p.m.

James D. O'Geary
Mayor

ATTEST:

Esther J. McCrackin, City Clerk

Memorandum

To: Ray Griffin
From: Erris J. Dunston Date:
Date: 6/4/2013
Re: Main Street Manager Position

Main Street Manager position is a requirement of the Main Street designation. This designation provides economic opportunities for the downtown area. These opportunities come in the form of grants, technical assistance, and marketing strategies for the downtown area. The North Carolina Main Street program is based on a four point objectives of organization, promotion, design and economic restructuring.

The City of Henderson originally received this designation in 1986. The designation affords the program and the City with technical assistance from the North Carolina Main Street assistance team a part of the North Carolina Department of Commerce. This designation does not have an annual cost associated but we are required to pay for the fuel cost for travel of the State Staff. The Technical Assistance team will come to the City and provide assistance services to the local business.

The City of Henderson is on record as never take advantage of these services. Typically, Main Street programs go through restructuring to realign with the four point objectives within the period that we have had the program. It is recommended by the State that we take advantage to this restructuring process and the technical assistance in order to make our program most effect to the City.

Since we have filled the position with a full-time staff person we have been able to accomplish the following:

Organization: Building partnerships to create a consistent revitalization program and develop effective management and leadership downtown. Diverse groups - merchants, bankers, public officials, the chamber of commerce and civic groups - must work together to improve downtown.

- The H-VDDC System for Award Management (SAM) which was previously CCR expired in August 2012. The CCR had to be re-instated, and then migrated into the SAM system. Once the systems were migrated together and approved, the H-VDDC had to reapply as a new entity and wait for approval from the government in order to be able to qualify for any federal grants. As of 2-26-13 the H-VDDC is current for applying for federal grants again.
- As a 501c3 non-profit, the H-VDDC office should have a book in which the following is included: Minutes from meetings, Visions-Missions-Goals, Board Members Information, Conflict of Interest

Statements signed by each board member, Articles of Incorporation, Bylaws, Meeting Calendar, and Committees to hand to the government inspector upon request. This has now been completed and is available on current board members. New committees will be formed beginning in July when the new board is put in place.

- Written letters, made calls and personal contacts with individuals to replace the H-VDDC Board members that are leaving in July. (need 10)
- Create new H-VDDC Calendar, Minutes and Agenda Templates providing the BOD with more information for better decision making.
- Prepared Agenda, budget and minutes for monthly H-VDDC meetings. Contact members with meeting reminder. Track attendance and mail missed meeting notifications.
- Updated the H-VDDC Bylaws to be relevant to today's times (hadn't been amended since 1992)
- Attended two Main Street 3-day conferences for training and networking on making Main Street more profitable and appealing.
- Developed a new Downtown website set-up listing properties for rent, events, and history. Set-up Facebook and Tweeter accounts for Downtown Henderson.
- Established H-VDDC as a certifying organization for the President's Volunteer Service award. When the new school year begins, a test group of students from several schools will sign on and log volunteer hours. Eaton Johnson Ambassadors have been talked to about being a pilot and Duke Energy has been addressed as a sponsor.
- Database has been created for the Henderson Christmas Parade so that annually, labels can be mailed to former participants. New parade rules have been created to accommodate city request. A new fee schedule has been developed and will be voted in by the new H-VDDC board in July.
- Prepared payment requisitions for the city requesting quarterly funds in the name of the H-VDDC.
- Prepared letters to the county requesting quarterly funds in the name of the H-VDDC.
- Cleaned and organized the Christmas decorations, banners, and Christmas ornaments stored at the Operation Center. Located a Rudolph costume that had been purchased and was used in the Christmas parade.
- Planning new training retreat for the Board of Directors.

Promotion: Reestablishing downtown as a compelling place for shoppers, investors and visitors. This means not only improving sales but also rekindling community excitement and involvement. Promotion ranges from street festivals to retail merchandising, from community education to marketing and public relations.

- Helped with opening several new downtown businesses and working with others for better business practices.
- Created letters to property owners (Old Western Auto Building and Williams Street Building) about existing properties that have in the past been non-responsive and received calls and made progress in work initiated to these buildings.
- Orchestrated the hanging and removal of the Christmas snowflakes. A street map was created to indicate to Mosaic the exact placement of the snowflakes. New bulbs were purchased while on sale to replace broken ones for the 2013 Christmas season.
- Coordinated the hanging and removal of seasonal banners. Working on ideas for fundraisers to purchase new, heavy duty banners for all seasons through fundraisers.
- Helped with Lighting of the Green, planning expanded version for 2013
- Worked with the Henderson Daily Dispatch to improve the Christmas Merchant Ad. Using Advertising background decreased the cost per Merchant from \$170 to \$109 for the Holiday season. Changed the layout so that it was not the same as it was for the past 5 years.
- Create and distributed 3500 Trick or Treat Flyers, scheduled Trick or Treat in downtown with many merchants reporting they had more children than ever before.
- Cookies with Rudolph at school
- Planning sidewalk sale to present to board.
- Planning weekly free events downtown to present to the board.
- Planning coupon event for Meet in the Street to present to board.

- Planning New Year's Eve to present to board.
- Planning Spring Fling Street Event to present to board.
- Planning expanded Trick or Treat with costume contest and perhaps a haunted house for fundraiser to present to board.
- Planning a Merchants meet and greet to present to the board.

Design: Enhancing the visual quality of the downtown. Attention is given to the downtown environment elements - not just buildings and storefronts but also public improvements, rear entries, signs, landscaping, window displays and graphic materials.

- Participated in the meeting with Duke Energy to discuss process and advantages for replacing the power poles. Developed flyers for scheduled public meeting for downtown merchants. Worked on details to have all power poles carry electrical sockets instead of just some of them.
- Planning window art by local artist in vacant buildings to present to board.
- Created a detailed Downtown map of all businesses including a correct Business name and street location to place on the Downtown website and link to business websites.
- Created a new loan package for the H-VDDC loan committee. The loan pool is stagnant and as soon as the *new committee* is put in place, it is the desire of the H-VDDC to start loaning money to downtown business again. The application was on a former board member's computer who was no longer employed by the same company. Loans will be granted for downtown building improvements.
- Collected monthly on payment for the Loan Pool.
- Prepared letters to Vulcan Materials requesting gravel to be placed behind the businesses in the name of the H-VDDC.
- Planning Open-air Market to present to the board.

Economic Restructuring: Strengthening the existing economic assets of the business district while diversifying its economic base. Activities include conducting market analysis to understand the changing market place, adapting vacant buildings that have outlived their original purposes for use as entertainment or cultural facilities and sharpening the competitiveness of Main Street's traditional merchants.

- REEF Project. Collected papers, deeds, drawings, bids, proposals, Golden Leaf projects and evaluations and compiled into 2 large notebooks in chronological order..
- Created RFP package for the First National Bank Building including Cover letter and all facets of the package to send to potential realtors. Mailed to 27 realtors twice. Listed RFP package on the City of Henderson website.
- Located original USDA grant papers, and talked with account reps for USDA to verify use of loan pool funds with USDA as to H-VDDC borrowing from themselves to pay back the debt incurred in the REEF project.
- Verified and scanned in for approved payment, attorney bills and utilities for the Zene Street properties/REEF project.
- Created the Plan B Committee for the REEF Project. Set up conference calls, Committee meetings, recapped minutes, prepared agendas.
- Weekly Plan B REEF meetings.
Organized and created files for the H-VDDC office and files. Important information for projects such as the REEF, USDA, Energy Grant, etc. was in a multitude of locations, which have now been filed together and categorized.