



City Council Minutes

Henderson City Council Budget Work Session #1

16 May 2017

PRESENT

Mayor Eddie Ellington, Presiding; and Council Members Marion B. Williams, Sara M. Coffey, Michael C. Inscoe, D. Michael Rainey, Melissa Elliott, Garry D. Daeke, Fearldine A. Simmons, and George M. Daye.

ABSENT

None

STAFF PRESENT

City Manager Frank Frazier, Finance Director Joey Fuqua, City Clerk Esther J. McCrackin, Assistant to the City Manager Paylor Spruill, Kerr Lake Regional Water Director Christy Lipscomb, Henderson Water Reclamation Director Lamont Allen, Public Works Director Andy Perkinson and Assistant Public Works Director Lee Owens, Police Chief Marcus Barrow, Fire Chief Steve Cordell, Assistant Fire Chief Curtis Tyndall and Engineering Director Clark Thomas

CALL TO ORDER

The 16 May 2017 Henderson City Council Budget Work Session #1 was called to order by Mayor Eddie Ellington 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 Ellington a quorum was present.

OPENING REMARKS

Mayor Ellington welcomed everyone to this first budget work session and then turned the meeting over to the City Manager.

City Manager Frazier began the discussion by summarizing the key budget issues for Regional Water.

Kerr Lake Regional Water (KLRW)

Mr. Frazier stated the recommended budget for Regional Water is \$4,619,200. He is not recommending any rate increase. There is a small capital outlay request of \$15,600 for lab equipment. Mr. Frazier reminded Council of the recent award of \$19M for upgrading/expanding the plant.

There was a general discussion about the implementation of Phase IV of the Pay Study, insurance costs, utility savings, chemical costs and bank fees. There were also questions about whether over-budgeting takes away from other areas and the utility savings. Mr. Frazier reminded Council that any unspent funds would go to KLRW Fund Balance and not to other City of Henderson funds such as the general fund or Henderson utilities.

Mr. Frazier explained the proposed 3% salary increase is budgeted to begin in January 2018 and encompassed a multitude of items such as the cost of benefits, and career development. He explained unused funds go back into the Regional Water Fund Balance and said the bank fees are associated with loans, etc. As far as the utility savings, Mr. Frazier said that the FY17-18 request reflects the anticipated use for FY 16-17, and it may come in slightly lower but that is dependent on water produced, pumping costs, etc. City Manager Frazier reminded Council that excess funds were recently used for the 36" water main repair.

Council Member Inscoe reminded Council that the regional system is controlled 60% Henderson and 20% City of Oxford and 20% Warren County. He then endorsed the KLRW budget, based upon the final budget approval.

Mayor Ellington asked for Council for its pleasure and the consensus, as follows, was to accept the KLRW budget as presented, pending the final overall budget approval: YES: Williams, Coffey, Inscoe, Rainey, Elliott, Daeke, Simmons and Daye.

Water Fund

Mr. Frazier said the recommended budget for the Water Fund is \$7,304,535. He is recommending a 3% increase that amounts to approximately \$27,000 for each percent or \$81,000 total. The capital outlay includes \$145,000 (mini excavator and dump truck) for Water Distribution, \$33,500 (replacement truck and hand held meter reading devices) for Customer Service) and \$2,400 (traffic counters) for Engineering. Mr. Frazier explained the excavator is a vital tool for repairing leaks and the truck will replace a vehicle with 145,000 miles and a bad transmission. An amount of \$17,730 is proposed for implementing Phase IV of the Pay study.

Council Member Coffey asked if the excavator could be used by other departments and specifically asked about having work done on Walter and Railroad streets due to low water pressure. Mr. Frazier said departments work together and yes, the excavator can be used, as needed, by other departments as the Public Works Director is in charge of all equipment so he can choose the best equipment for the job. He said the low water pressure project had not been considered in this proposed budget but Mr. Frazier did recommend looking at these projects in the upcoming applicant period for NC Connect money of SQWRF as these are important projects. There is \$50,000 allocated to CIP for possibly doing service changeovers from older 2” mains to a larger main. Vicksboro road was also mentioned

Council Member Daeke asked for confirmation that 1% of the recommended increase equals \$27,000 and asked for the total in the Water Fund Balance. Mr. Frazier said the Capital Reserve Fund is approximately \$408,000 and the Water Fund Balance is \$3,962,755. Mr. Inscoc suggested taking 1.5% out of Fund Balance and only increasing the Water Fund by 1.5%. After further discussion relative to the rate increase, Council felt Rate Stabilization funds should be used for the entire 3% increase; therefore, reducing the Rate Stabilization fund by \$81,000.

With no further discussion, Mayor Ellington asked for a consensus from Council to use Rate Stabilization funds in the amount of \$81,000 to negate citizens paying for the proposed 3% increase in water rate. The consensus of Council was as follows: YES: Williams, Coffey, Inscoc, Rainey, Elliott, Daeke, Simmons and Daye.

Sewer Fund

City Manager Frazier said he is not recommending any rate increase in the Sewer Fund. The recommended budget is \$4,656,000. The capital outlay for this department includes \$30,000 for a 4-wheel drive service truck with a lift to maintain the pump stations and \$25,000 for a sewer line rapid assessment tool. The amount included in the proposed budget to the implementation of Phase IV of the Pay Study is \$17,380.

Mr. Frazier took time to thank Engineering Director Clark Thomas and Henderson Water Reclamation (HWRF) Director Lamont Allen for all they have done to expedite the finalization of the upgrade to the plant, which should be finished in the very near future.

There were questions about whether administrative fees for the Peter Gill Road project could be used elsewhere (i.e., General Fund) and what happens to collected funds for the design performance by the Engineering Department. Mr. Frazier stated that when the TAG grant was approved, the match could be paid for with the use of funds that were to be reimbursed. Mr. Frazier said that he thought that they could go back into the General Fund, if desired.

Council Member Daeke questioned the calculation for Sewer- Water Reclamation and Mr. Frazier said he would review the numbers and get back to Council on Thursday night.

Mayor Ellington asked Council for a consensus. The consensus to approve the Sewer Fund budget as presented, contingent on the final budget approval was as follows: YES: Williams, Coffey, Inscoe, Rainey, Elliott, Daeke, Simmons and Daye.

General Fund

Mr. Frazier advised Council that there had been minimal success in negotiating the bid down for the CDBG project. There has been a reduction in the scope of the work but the cost is still higher than the amount of the grant funds received. An explanation of the project cost and scenarios were distributed by the City Clerk so Council could review the material prior to hearing detailed information from the City Engineer at a future budget meeting.

Since time allowed, Council Members asked if the Powell Bill section of the budget could be reviewed.

City Manager Frazier explained the Powell Bill can only be used for street work such as sidewalks, right-of-ways and infrastructure improvements related to a street. He said these State funds are based on population and street miles. Currently there is \$25 – 30,000 earmarked for sidewalk repairs.

Council Member Inscoe suggested using \$40,000 of the Powell Bill funds to contracted services to help the City catch up on work it has been unable to perform due to weather and equipment failures. Council Member Elliott also expressed concern about uncut grass and other work, particularly in South Henderson. City Manager Frazier stated that there is one piece of equipment for cutting right-of-way; however, the City does have mowers for mowing grass.

Council Member Daeke asked for the Powell Bill balance and suggested work be performed in specific areas. There was a discussion on how to determine what areas are in the most need and it was decided that Council needs to bring their concerns to the City Manager and that Staff should determine the scope of this project. Mr. Frazier stated that the City could possibly use contingency or reserve funds in this fiscal year to help with grass cutting, trash pick-up, etc.

Council Member Simmons asked about power lines that are overrun with vines. Again, it was suggested a specific list be submitted to the City Manager for follow-up.

When Mayor Ellington asked for a consensus of Council regarding the use of \$40,000 in Powell Bill Fund Balance for outside contract work in the upcoming Street Department budget, the response was as follows: YES: Williams, Coffey, Inscoe, Rainey, Elliott, Daeke, Simmons and Daye.

Other

Council Member Elliott asked if the shrine placed at the corner of Arch and Chavasse could be removed. Following a brief discussion, it was suggested an ordinance be considered stating the amount of time shrines would remain in place.

Mayor Ellington reminded everyone of the ribbon-cutting event that will take place tomorrow, May 17 at 11:45 for the Henderson-Vance Downtown Development Commission (DDC) office.

Guidance for Staff Regarding Budget issues:

Sewer – Water Reclamation Calculation needs verification

In summary, City Manager Frazier stated it is his understanding that the consensus of Council is to take \$81,000 out of Rate Stabilization with no Water increase. No changes are requested for either the Regional Water Fund or the Sewer Fund.

City Manager Frazier asked Council to contact him if there is any information needed prior to the next budget meeting.

Mayor Ellington asked if there was anything further or if Council was prepared to adjourn.

ADJOURNMENT

Council Member Rainey moved for adjournment. Motion seconded by Council Member Inscoe, and unanimously approved. The meeting adjourned at 6:55 p.m.

Eddie Ellington
Mayor

ATTEST:

Esther J. McCrackin
City Clerk