



City Council Minutes

Henderson City Council Budget Work Session #2

19 May 2016

PRESENT

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

ABSENT

Council Member Michael C. Inscoe

STAFF PRESENT

City Manager Frank Frazier, City Clerk Esther J. McCrackin, Assistant to the City Manager Paylor Spruill, Fire Chief Steve Cordell, Assistant Fire Chief Curtis Tyndall, Kerr Lake Regional Director Christy Lipscomb, Recreation and Parks Director Kendrick Vann, Engineering Director Clark Thomas, Public Services Director Mike Ross, and Assistant Finance Director Lisa Boyd.

CALL TO ORDER

The 19 May 2016 Henderson City Council Budget Work Session #2 was called to order by Mayor Eddie Ellington at 6:02 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 immediately turned the meeting over to the City Manager Frazier.

City Manager began by reviewing the Car Park issues.

Car Park Issues from May 17, 2016

1. **Status of business on Norlina Road that left a large water bill when it closed.** The business was actually a hotel on Parham road which closed and \$2,600 is the outstanding amount due. Mr. Frazier said procedures are being reviewed to hopefully avoid another situation like this.
2. **Corrective action to redirect funds from the Regional Water Account to a City specific account as the City has specifically set aside funds in conjunction with the IBT 20MGD project without any of the partners contributing.** Mr. Frazier said corrective action will be taken and this will be brought back to the Council at the next regular meeting in June.
3. **Provide cost savings at the HWRF in approximately 6 months to evaluate the new system versus the old operating system costs.** Mr. Frazier said once the new facility is running smoothly and statistics can be compiled relative to the operations, he will report back to Council.
4. **Projected costs of out-going calling system.** Mr. Frazier said the approximate cost of this system is \$1,260 per year and \$0.15 per customer. It could be used to contact customers when they are on the cut off list and bills are overdue, and also to notify them of water problems in their area. This is similar to programs used by other utilities.
5. **Put the \$0.50 from sanitation currently going to demolition from the FY 15-16 Sanitation fee into Governing Body for Council to attend conferences, meetings, etc. outside the city.** Mr. Frazier suggested moving \$5,000 from contingency into the Governing Body. Following a brief discussion, Council Member Coffey suggested \$10,000 would be more appropriate, Mr. Frazier then suggested putting the monies in contingency to be used when Council felt there was a need and as conferences or training is recommended.
6. **Evaluate possibility of sharing the County's IT staff, consider alternatives.** Mr. Frazier said alternatives will be reviewed to determine the best way forward. Ms. Coffey asked what salary range is being considered. Mr. Frazier said \$45,000.
7. **Gather health coverage information for \$2,000 or \$3,000 deductibles and the out of pocket maximum expense with the current versus the new plan.** Mr. Frazier and Human Resources Director Cathy Brown discussed this with the City's insurance broker, Phil Burnette. Mr. Frazier explained after reviewing all the options, a \$2,500 deductible rather than \$1,000 would lower the cost by \$29.00 a pay period. Council Member Rainey asked how this new plan will affect the family plan. Overall the new plan under consideration with Aetna works the same as the current BCBS plan. It was explained that the proposed plan already has a \$3,500 deductible for employees who use physicians outside the network and employees will have the option to "buy-up" to receive the same deductible as if in-network.

Mayor Ellington called for a consensus of Council regarding a \$1,000 deductible. The consensus was affirmative as follows: YES: Williams, Coffey, Rainey, Elliott, Daeke, and Daye. NO: None. ABSTAIN: None. ABSENT: Inscoc and Simmons.

9. **Salary projections to implement Plan for FY 17 and FY 18.** Mr. Frazier distributed a handout summarizing the pay study implementation which was prepared by the MAPS Group in 2014. The City has been unable to fully implement the plan and has not done any cost of living raises. However, a portion of the pay plan was implemented in 2014 and 2015, and if approved the FY16-17 budget, \$225,950 has been included for most eligible employees beginning October 1, 2016. Council Member Williams and Coffey asked when the plan will be fully implemented. Mr. Frazier said employees are grateful to Council for what has been done and with Council's approval the plan will continue to be implemented but he could not provide a definitive date for its full implementation. Mr. Frazier also mentioned with the upswing in the economy, it will be harder to keep employees as the city has been unable to keep up with the current salary market. Council Member Daeke asked for a workforce turnover report. Ms. Brown said she did not have figures readily available but would be happy to compile them and added currently there are 10 vacancies.

Council Member Elliott asked why the Council Members are the lowest paid in North Carolina. Mr. Frazier said it is up to Council to set the salary, Council Member Rainey said it is hard to justify asking for a "raise" when the City needs to increase tax/utility rates for customers. Council Member Simmons said she never thought about a salary when she ran for office: she was just honored citizens felt her worthy of the position and only want to do her best.

(Clerk's Note: Council Member Simmons arrived at 6:40 p.m. due to a prior commitment.)

At this time Mayor Ellington asked City Manager Frazier to explain the difference between a tax increase and a revenue neutral increase. Mr. Frazier said this is a revaluation year and the value of property overall decreased 13%. Some citizens will see a reduction in their property taxes and some will see an increase; however, the North Carolina General Statute allows municipalities to apply a revenue neutral increase to keep the tax base the same. He explained that in years past when property values increased, there was a reduction in the tax rate.

With no questions, Mr. Frazier recapped the consensus of Council during these budget sessions as follows:

1. The proposed 5% increase in the Water Fund was reduced to 3% with the remaining funds coming from Rate Stabilization.
2. No changes were made to the Regional Water Fund proposal of 0% increase.
3. No changes were made to the Sewer Fund proposal of 0% increase
4. In the General Fund, the demolition funds were reduced to \$33,000 to match the County's budget since the County owns 57.12% of the properties. The remaining

\$47,000 will be placed in contingency and when the \$66,000 (County and City funds combined) are exhausted, the City Manager will come back to Council to request the use of contingency funds as needed for additional demolitions.

5. The consensus was to raise the motor vehicle tax from \$10.00 to \$30.00 as allowed by General Statute.

There was no further discussion so Mr. Frazier asked if Council had any additional comments or questions about the General Fund.

General Fund 10

Council Member Daeke had several questions. The first was how much of the \$60,000 in the Economic Development Commission's (EDC) budget remains. Mr. Frazier said perhaps \$10,000 to \$15,000 due to incentives offered and approved by Council for MR Williams and Vescom.

Mr. Daeke asked about the new 911 position. Mr. Frazier said the City is responsible for 50% of salaries by agreement with the County. This involved moving a data administrator to a telecommunicator position.

Mr. Daeke then asked about the new cell tower agreement on the standpipe. Mr. Frazier said this budget includes the \$27,000 from Cellco that was approved by Council. The fully executed agreement with Cellco was received last week.

Next Mr. Daeke asked about the local agencies and why no funds were allocated to the Appearance Commission. Mr. Frazier said over the last few years the Commission felt they had adequate funds and added the Commission is not active at this time. Mr. Frazier mentioned the FY16-17 budget does not include any additional funding, as requested for the Annie Bullock scholarship.

Council Member Simmons asked how the Annie Bullock scholarship is disbursed. Mr. Frazier said Vance Granville Community College disburses the scholarship funds. It was set up primarily for children of City employees; however, no applications have been received recently that were associated with employees.

Lastly, Mr. Daeke asked about the cost of cemetery upkeep. Mr. Frazier said the contract is bid out last year for a two year period and added they are doing a good job with the upkeep.

Council Member Coffey asked if the Powell Bill amount was correct. Mr. Frazier said yes and added that \$78,000 has been recommended in the budget for the widening of Chavasse Avenue that was contracted by the State; \$16,000 of the above amount is from the Powell Bill Fund balance (sidewalk portion), with the remaining amount from the General Fund.

Ms. Coffey asked if any of the lease purchase amount would be coming off the debt service this year. Mr. Frazier said the specific amount in question is for vehicles Council approved purchase of earlier this year with payment delayed to the FY16-17 budget.

Council Member Williams inquired about Crime Stoppers and asked if this is a shared amount with the County. Mr. Frazier said this is just the City's contribution.

Council Member Rainey questioned why the increase for the City Attorney. Mr. Frazier said this amount is an approximation but in anticipation of the urban redevelopment process as well as other initiatives that are taking place, his services may be necessary more often.

Council Member Williams asked for a better understanding of why the DDC was not funded in past years but is now with \$45,900. Mr. Frazier explained a portion of that amount is to fund a part time salary for one employee; the remainder is for things such as façade grants and incentives. Ms. Williams asked when the DDC would be financially independent and also about the Main Street status. Council Member Daeke said before the City lost its Main Street status it was unsuccessful in obtaining grants as the State became more controlling of its grant funds.

Mr. Frazier stated there is \$5,000 in funding for the Vance County Historical Society for a new exhibit that will be placed at the Perry Memorial Library.

Council Member Daeke asked if anyone knew how much the County contributed to the DDC. It is believed the County has \$1,500 in its budget.

Council Member Rainey said the Perry Museum showed \$600 for insurance only and asked why. Mr. Frazier said according to the agreement with the Corbitt Preservation Association, the City is only responsible for providing insurance and the Association is taking care of everything else.

There were no further questions.

Guidance for Staff:

1. Workforce turnover report

In summary, City Manager Frazier thanked Council for its time and said Monday, May 23, 2016 will be the Budget Hearing. Depending on Council's wishes they may approve the budget at this meeting or if further discussion is needed, another budget session is scheduled for Tuesday, May 24th.

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

ADJOURNMENT

Council Member Coffey moved for adjournment. Motion seconded by Council Member Daeke, and unanimously approved. The meeting adjourned at 7:12 p.m.

Eddie Ellington
Mayor

ATTEST:

Esther J. McCrackin
City Clerk