



AGENDA

Henderson City Council Budget Meeting #1

Thursday 21 May 2015, 6:00 p.m.

R. G. (Chick) Young, Jr. Council Chambers, Municipal Building

134 Rose Avenue

Henderson, North Carolina

Mayor and City Council Members

Mayor James D. O'Geary, Presiding

Councilmember James C. Kearney, Sr.

Councilmember Sara M. Coffey

Councilmember Michael C. Inscoe

Councilmember D. Michael Rainey

Councilmember Brenda Peace-Jenkins

Councilmember Garry D. Daeke

Councilmember Fearldine A. Simmons

Councilmember George M. Daye

City Officials

Edward A. Wyatt, Interim City Manager

D. Rix Edwards, 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 Behavior¹ and Transparency in Governance². 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.

¹ **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.

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

IV. GENERAL REVIEW AND DISCUSSION

- a)* Regional Water Funds
- b)* Water Funds
- c)* Sewer Funds
- d)* General Funds

V. REQUESTED REPORTS

- a)* Downtown Development Commission

VI. GUIDANCE FOR STAFF

VII. ADJOURNMENT



City Council Minutes

Henderson City Council Budget Work Session #1 - 21 May 2015

PRESENT

Mayor James D. O'Geary, Presiding; and Council Members Sara M. Coffey, Michael C. Inscoe, D. Michael Rainey, Brenda Peace-Jenkins, Garry D. Daeke, Fearldine A. Simmons and George M. Daye.

ABSENT

Council Members James C. Kearney, Sr.

STAFF PRESENT

Interim City Manager Edward A. Wyatt, Assistant City Manager, Frank Frazier, City Clerk Esther J. McCrackin, Finance Director Katherine Brafford, Assistant Finance Director Michelle Daniels, Development Service Director Corey Williams, Recreation and Parks Director Kendrick Vann, Engineering Director Clark Thomas, Public Services Director Mike Ross, Fiscal Compliance Officer Edna Vaught and Kerr Lake Regional Water Director Christy Lipscomb.

CALL TO ORDER

The 19 May 2015 Henderson City Council Budget Work Session #1 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 and said Council Member Inscoe would like to make a few remarks.

Mr. Inscoe commended the Manager and staff for the budget presentation saying it was very concise. He said he hoped all the Council has had an opportunity to review the materials. Personally, he found the information provided was very helpful in preparing Council to make decisions. Mr. Inscoe is pleased there is no tax or sanitation increases. His suggestion, which was agreed upon by Council, was to begin by asking each member for their concerns regarding the presented budget.

GENERAL REVIEW AND DISCUSSION

Concerns expressed were as follows:

Every Council Member express concerns regarding the funds set aside for demolition

Council Member Coffey expressed concern regarding the proposed funding of the Downtown Development Commission.

Council Member Inscoe asked for clarification regarding the proposed Sewer increase and asked what percent equaled debt service.

Council Member Peace-Jenkins is pleased with the budget other than the demolition issue.

Council Member Daeke had questions about the sewer increase and the cost increase with health insurance.

Council Members Simmons and Daye had no questions other than demolition.

Interim City Manager Wyatt said it is important for the City to maintain a broker to negotiate health insurance and from his past experience Mr. Wyatt has found Mr. Phil Burnett gives more service than normally provided.

In reference to the demolition budget, Mr. Wyatt said he hears Council loud and clear, and agreed \$20,000 is an insignificant amount.

As far as the proposed salary increase, Mr. Wyatt reminded Council that this is a modification of the recommended Plan and even this has been reduced by delaying the increase by three (3) months. He commented that more staff and better equipment is needed to maintain the expected level of service and commended the limited staff for its "can-do" attitude.

Council Member Inscoe returned the discussion to demolition and asked if the \$.50 increase in sanitation fees earmarked for demolition approved in the FY14-15 budget still exists. If so, he asked how much that generates for demolition. The response was approximately \$32,000. He said his next suggestion would not make the Public Services Director happy but wondered if the Storm Sewer budget could be reduced by \$30,000 to supplement the demolition budget.

Council Member Daeke commented the \$30,000 was an insignificant amount for storm water and wondered where the funds would come from for storm water if \$30,000 was given to demolition.

(Clerk's Note: Council Member Rainey arrived at approximately 6:30 p.m.)

Council Member Coffey expressed concern regarding the FY14-15 expenses submitted by the Downtown Development Commission. There was a brief discussion regarding the DDC with Development Service Director Williams sharing the Commission is currently working on several projects, including a possible grant application which would re-establish *Main Street* eligibility. Council Member Inscoe asked about the part-time position mentioned in conjunction with the grant and Mr. Williams responded the part-time position would need to become full time in the 4th year of the grant. Mayor O'Geary questioned about the sustainability of funding of a full time position.

Council Member Inscoe turned the discussion back to demolition and asked about taking an additional \$10,000 from Fund Balance. Mr. Wyatt said he had no problem with this. Council Member Daeke asked after the proposed funds are withdrawn from the Fund Balance what percent remains. Finance Director Brafford responded approximately 29.88%

Assistant City Manager Frazier respectfully asked Council to consider taking \$10,000 from Street Resurfacing rather than Storm Water which was acceptable to Council.

At this time Mayor O'Geary asked for the consensus of Council to take an additional \$10,000 from Street Resurfacing, \$10,000 from Fund Balance and specifically earmark \$32,000 from sanitation fees to provide an additional \$52,000 for demolition in FY15-16. The consensus was as follows: YES: Coffey, Inscoe, Rainey, Peace-Jenkins, Daeke, Simmons and Daye. NO: None. ABSTAIN: None. ABSENT: Kearney.

In response to Council Member Inscoe's question regarding the 9% increase in Sanitation, Mr. Frazier said that increase is 100% debt service. Council Member Daeke commented that the proposed increase from FY14-15 was reduced last year and wondered about the necessary increase for next year's budget. Mr. Inscoe reminded all that the debt service regarding the recreation center will be removed next year.

Discussion now turned to the increase in health insurance. Following a brief discussion, Council Member Daeke said he spoke to Mr. Philip Burnette today who indicated the health insurance increase has been further reduced to a 14.9% increase. Mr. Daeke asked staff for a breakdown of how this will impact the employee's paycheck and also requested information on what the cost difference would be for a \$1,500 deductible.

Council Member Coffey asked if the insurance broker expense was bid out. Mr. Wyatt said it was not and added other brokers would be more expensive from his experience. Council Member Daeke said he has found jumping around ultimately does not save any in the long run.

SUMMARY

In conclusion, Council was agreed to add \$52,000 to the demolition budget as described in the above consensus, and to cancel all budget meetings until the Public Hearing on June 15th.

Mayor O'Geary 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 Peace-Jenkins and unanimously approved. The meeting adjourned at 6:56 p.m.

James D. O'Geary
Mayor

ATTEST:

Esther J. McCrackin
City Clerk