



## AGENDA

Henderson City Council Budget Work Session #2  
Thursday, 22 May 2013, 6:00 p.m.  
R. G. (Chick) Young, Jr. Council Chambers, Municipal Building  
134 Rose Avenue  
Henderson, North Carolina

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### 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

A. Ray Griffin, Jr., City Manager  
John H. Zollicoffer, Jr., 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 Behavior<sup>1</sup> and Transparency in Governance<sup>2</sup>. 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.

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<sup>1</sup> **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.

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

**IV. REVIEW AND DISCUSSION OF:**

*a)* Car Park Items

1. Hospital Real Estate Payments - (*Attachment A*)
2. Car Tag Fee Limits - (*Attachment B*)
3. Work Session Discussion on Coal Ash Spill - (*Scheduled for 23 June Work Session*)

*b)* General Fund: 10  
Powell Bill Fund: 11

**V. GUIDANCE FOR STAFF**

**VI. ADJOURNMENT**



**City Council Minutes**  
**Henderson City Council Budget Work Session #2**  
**22 May 2014**

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**PRESENT**

Mayor James D. O'Geary, Presiding; and Council Members James C. Kearney, Sr., Sara M. Coffey, Michael C. Inscoe, D. Michael Rainey, Brenda Peace-Jenkins, Garry D. Daeke, Fearldine A. Simmons 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, Youth Services Director Donna Stearns, Recreation and Parks Director Alan Gill, Athletic Director Steve Osborne, Fire Chief Danny Wilkerson, Police Chief Marcus Barrow, Human Resources Director Cathy Brown, and Code Compliance Director Corey Williams.

**CALL TO ORDER**

The 22 May 2014 Henderson City Council Budget Work Session #2 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 immediately turned the meeting over to the City Manager Griffin.

City Manager Griffin thanked both staff and Council for their attentiveness and began with the Car Park items

### **Car Park Issues**

The three (3) Car park items are:

1. Maria Parham Real Estate Taxes- Finance Director Kathy Brafford said she spoke with the County Tax Collector and has compiled that information which was distributed. She said the Hospital has hired an attorney and at this time, no date has been set for a hearing regarding its appeal of the County's assessment. She added, depending on the outcome, the City may be the recipient of additional funds or the City may be required to refund monies.
2. Limit on Car Tag Fee – Research shows in 1988 the limit for the City of Henderson is \$10.00 via the Local Act of the General Assembly; however, this amount may be amended by the General Assembly and Council may wish to consider a resolution in FY15 to increase this amount for the FY16 budget.
3. Discussion regarding the Coal Ash Spill- Mr. Griffin said this has been added to the June Work Session.

Council Member Inscoe asked how much income would be generated by adding \$5.00 to the car tag fee. Mr. Griffin said perhaps \$50,000. Mr. Inscoe said this will only create more of a burden on the citizens and emphasized that relief only comes with growth.

Council Member Daeke said he would be interested to see if the collection of this fee increases as the fee is now paid with the tax/tag requirement. Mr. Daeke suggested any additional income from increasing the tag fee should be used for street repairs.

Council Member Coffey mentioned there seems to be more vehicles with illegal tags because of the tax/tag program and said perhaps the Police Department will be giving out more tickets to generate income.

There were no other comments so City Manager Griffin directed Council's attention to a one page chart summarizing all the major revenue sources and expenditure centers within the General Fund.

### **General Fund**

**Revenues** - Beginning with the revenues, City Manager Griffin said one-half of the City's revenue comes from property tax (38%) and sanitation fees (12%). Although the General Fund is severely stressed, he is not suggesting any increase in the tax rate, or sanitation fee increases for FY15. He said \$29.00 is very high for sanitation and would not like to see if go any higher.

Sales tax as intergovernmental funds, the Powell Bill and Federal Asset Forfeiture funds all depend on State and Federal requirements, along with the economy and weather. Mr. Griffin gave an example of a cold winter makes for higher heating bills, thus the utility franchise receives more funds which in turn increase the City's revenue or another example was as crime drops, the City receives less Asset Forfeiture funds --- therefore, it is difficult to predict revenue from these sources which make up 27% of the General Fund. As a reminder, Mr. Griffin said the Powell Bill is very restricted in areas of usage as are Asset Forfeiture funds.

Council Member Rainey asked how the forfeiture funds are distributed in the case of a pursuit from one county to another. Police Chief Barrow said there is a cost sharing of approximately 55/50 between counties if it is requested. However, he said for a continuous pursuit most counties do not request cost sharing unless it assisted in specific areas such as the use of a canine unit.

City Manager Griffin said a very small portion (5%) of revenue comes from contracts and agreements such as the County's contribution for Recreation. This revenue increases only if the City spends more on Recreation. Other income is generated from zoning and planning fees, fire inspections and recreation fees.

Mr. Griffin said the local economy is stagnant and if it does not improve, local revenues, sales tax, Powell Bill and Utility franchise distributions will not increase. Other issues of concern are the FY16 revaluation of property and the unknown property appraisal status with Maria Parham Medical Center. He said the revenue will need to be watched closely throughout FY15.

Council Member Daeke asked if there was a General Fund Contingency. Mr. Griffin said no.

**Expenditures** – City Manager Griffin then moved on to the expenditure side of the General Fund. Although Council can create its own categories, Mr. Griffin has broken the expenditures into several sections --- the first being the Mandatory expenditures or the Debt Service.

Debt Service (6%) - includes bonds, certificates of deposit (CDs), leases and loans (5.76%). State law requires debt service to be paid first. The only options Council has here is to limit issuing new debt.

Governance & Administration (13%) – This category includes Council, Legal, Administration, Human Resources, Finance, Information Technology along with contracts to Vance County for tax collection and election services. It also includes retiree health insurance, phase one of the Pay Class Plan and bad debt reserve.

Core Services (61%) – City Manager Griffin consider core services as Public Safety (Police, Fire, E-911 and Asset Forfeiture) and Public Services' Divisions. He said the Waste Industries, Inc. contract is increasing by 5%. There are insufficient resources for resurfacing streets, repairing sidewalks, replacing vehicles and/or equipment, etc. properly.

Essential Services (10%) – Mr. Griffin included Zoning & Planning, Code Compliance and the essential services within Public Services. He said the budget for this grouping includes only the basics and pointed out that again there is nothing extra over the FY14 budget. There are no additional funds for demolitions, repair of public buildings or restoration of frozen positions.

Discretionary Services (11%) – City Manager Griffin said all services provided by the City are important but in looking at expenditures, Discretionary Services are just at a different level. This category includes Recreation, Youth Services, Old City Owned Buildings and Main Street. The FY15 budget has held Recreation, Youth Services, Aycock Center, the Library and Airport all at FY14 funding levels. Reduction in funding of local agencies such as Crime Stoppers, Roanoke River Basin Association and the Arts Council is recommended. Mr. Griffin said a letter from the Boys & Girls Club was received on Monday requesting \$1,000. Since the budget is already compiled, he suggested a verbal request be made during the Public Hearing on 9 June.

The recommendation to de-authorize the Main Street Program was a difficult decision but the staff reduction of one will provide \$53,000 for other uses within the General Fund. It is also recommended to remove the currently vacant position of civilian Police Office Assistant and four (4) part-time school crossing guards. As has been done in the past, the City will work to relocate any displaced person into another City position.

Follow-Up Comments - On the positive side, the proposed budget includes funding for the first phase of the Pay Class Study, unfreezing two positions: Public Services Director and Assistant Finance Director, and the purchase of 3 police cars, and two fire vehicles.

Overall, Mr. Griffin said the General Fund has no contingency for major capital expenditures, unforeseen problems, nor does it include funds for economic incentives. It also does not address staffing issues. Mr. Griffin emphasized Council's need to understand if there are any major problems such as the aging of the storm drains or the recent pump failures, there is nothing extra to fall back on within this budget. He also asked Council to consider having a discussion in the coming months regarding the two old buildings (SNB and Perry Museum) that the City currently owns.

City Manager Griffin then said he would be happy to answer any questions from Council.

Main Street Program - Council Member Kearney expressed concern regarding economic development. He felt the Main Street program is needed for growth and noted 14 new businesses in downtown. He wondered how many businesses have been lost during the corresponding timeframe. City Manager Griffin appreciated Mr. Kearney's concern but said with no operating dollars and only one person in the department the creation of viable and/or effective programs is impossible.

Council Member Coffey said she would like to know how many businesses have closed in the downtown area. Mr. Griffin said he did not have a number but would find out and will report back.

Council Member Inscoe felt merchants are indifferent and suggested they step up and adopt a planter or something like that to improve the image. Council Member Coffey added proper signage needs to be addressed as some businesses have their name written in marker on the windows.

Council Member Kearney mentioned a positive brand is needed for the City.

Council Member Rainey asked if a list of expectations/goals, time frames were ever put in place for the Main Street position. Mr. Griffin said the staff person in the Main Street position has the qualifications to deal with small businesses and fund raising; however, there is no funding to pay for costs associated with such activities. Council Member Rainey also asked if this position, which is tied to the DDC, is in competition with the Henderson-Vance Chamber of Commerce. Mr. Griffin said the Chamber and the DDC work very well together and did not see this as a problem.

Council Member Coffey asked if any fundraising had been attempted. Mr. Griffin said fundraising was tried by the previous staff person with no meaningful results.

Council Member Inscoe reminded Council that this position once resided in the Chamber office and was brought back to City Hall as a cost cutting measure.

Council Member Daeke turned the discussion to the other positions being eliminated and the unfreezing of the Assistant Finance Director and Public Services Director, both of which he felt were necessary. Mr. Griffin asked permission for Police Chief Barrow to address Council on the elimination of that department's four (4) positions. Chief Barrow said he has polled other like size CALEA police forces and found none of them house school crossing guards. He said we have moved away from the era of children walking to school. He said he also did a study within the City and found the majority of students either are driven to school or are walked to and from school by an adult. Mr. Griffin asked how the County handles this situation. Chief Barrow said the County uses school employees as crossing guards.

Council Member Daeke asked if the workload of the administrative position in the Police Department could be absorbed by others. Chief Barrow said he is confident the work can be completed in a timely manner by the existing staff.

Mr. Griffin said Chief Barrow suggested eliminating these positions when staff was asked to reduce budget requests back to the FY14 levels.

Council Member Peace-Jenkins asked how grants will be affected if Main Street is decertified. Mr. Griffin said without the certification, certain grants could not be applied for and added the only grant he was aware of in recent history was for the REEF project. Council Member Daeke

said he was unaware of any grants in probably the last ten years and Council Member Inscoe added with the present economic downturn, the chance of any new grants in the near future would be negligible.

Other Items - Council Member Kearney than asked about the request from the Boys and Girls Club. He would like the City Manager to find funds for the club, even if a portion needed to come from his stipend as Council member. Council Member Coffey felt \$1,000 could be found and Council Member Daeke and Daye said they would be willing to just donate \$100 to the club.

Council Member Rainey asked if Council would consider \$1,000 for 211 (United Way information number). Council Member Daeke asked for utilization information before this request is considered.

Council Member Inscoe asked about the status of the pilot program regarding replacing street lights with LEDs. Assistant City Manager Frank Frazier said there have been no complaints about the pilot program lights on Dabney and Cypress. He added he spoke to the Duke Energy representative recently and was told more help is being added as Duke Energy has received requests from many cities. Mr. Frazier was charged with continuing to work closely with Duke Energy as this is a priority. Mr. Griffin agreed but said it could take time.

Council Member Inscoe then said with no ad valorem tax increase, no sanitation fee increase, no fund balance reduction and reductions in the proposed Regional Water, Water and Sewer increase he felt no further discussion was needed until the Public Hearing.

Mayor O'Geary called for the consensus of Council that the FY15 proposed budget as adjusted in the work session now go to the 9 June Public Hearing. The consensus was: YES: Kearney, Coffey, Inscoe, Rainey, Peace-Jenkins, Daeke, Simmons and Daye. NO: None. ABSTAIN: None. ABSENT: None.

#### **Guidance for Staff:**

City Manager Griffin asked for confirmation regarding finding funding for the Boys and Girls Club. It was the consensus to find \$800 for the Boys and Girls Club as follows: YES: Kearney, Coffey, Inscoe, Rainey, Peace-Jenkins, Daeke and Daye. NO: Simmons (would like to see \$1,000 instead of \$800). ABSTAIN: None. ABSENT: None.

City Manager Griffin then asked for verification that Council sees no need for further discussion until after the 9 June Public Hearing. The consensus was YES: Kearney, Coffey, Inscoe, Rainey, Peace-Jenkins, Daeke, Simmons and Daye. NO; None. ABSTAIN: None. ABSENT: None.

The City Manager reminded Council that once the Public Hearing is held, Council has the option to adopt the FY15 budget at any time before 30 June. It can be adopted following the Public Hearing, at a Work Session, if needed, or any other time. With Council's permission Mr. Griffin

directed the City Clerk to change the public notices as necessary, to reflect the cancellation of all work sessions between now and 9 June, which is the date of the Public Hearing.

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 Daye and unanimously approved. The meeting adjourned at 7:10 p.m.

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James D. O'Geary  
Mayor

***ATTEST:***

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Esther J. McCrackin  
City Clerk