



City Council Minutes

Henderson City Council Budget Work Session #4

25 May 2017

PRESENT

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

ABSENT

Council Member Michael C. Inscoe and George M. Daye

STAFF PRESENT

City Manager Frank Frazier, Finance Director Joey Fuqua, City Clerk Esther J. McCrackin, Assistant to the City Manager Paylor Spruill, Police Chief Marcus Barrow, Fire Chief Steve Cordell, Assistant Fire Chief Curtis Tyndall, Recreation and Parks Director Kendrick Vann, Engineering Director Clark Thomas, Development Services Director Corey Williams and Human Resources Director Cathy Brown

CALL TO ORDER

The 25 May 2017 Henderson City Council Budget Work Session #4 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

As there were no citizens present, Mayor Ellington immediately turned the meeting over to the City Manager

DISCUSSION RECAP

City Manager Frazier began by saying he has been working closely with the Finance Manager to make the budget changes according to Council's direction. Regarding the decision to establish the 3% salary increase, Mr. Frazier said employees will see the increase in their July 21 paycheck, which would mean there would be two days with the increase in the current fiscal year.

Mr. Frazier asked if there were any questions before moving on to insurance.

INSURANCE

Manager Frazier said this is the City's second year with Aetna and the history has been good so far. Claims have been under the average while prescription drug claims are well above normal. Aetna proposed a 9.9% increase which would have increased the City's cost from \$458.96 to \$504.42 per employee per month. The City asked if the deductible was changed from \$1,000 to \$1,500 how Aetna's rate would change. Aetna submitted a quote of 490.30 for the higher deductible and that is how the budget was proposed. During the last meeting Council asked the Manager to determine the costs if the City went to a lower deductible.

Mr. Frazier said the cost per employee with a \$1,250 deductible would be approximately \$491.81 (at this time Aetna was still calculating the numbers) but it would be close to that number

Mr. Frazier stated all other benefits will remain the same – dental coverage, long-term disability, disability, etc.; however, he is recommending that Aetna Vision no longer be part of the benefits package. Aetna Vision has some duplication of the coverage provided with the health insurance by Guardian and since Guardian provides the dental coverage, it was recommended not to continue with the duplication by Aetna Vision.

Council Member Rainey asked for the current deductible. Mr. Frazier said it is \$1,000.

Council Member Daeke asked how many employees are over 65, and the response was 33-35.

At this time, Mr. Frazier asked Phil Burnette, the City's insurance broker, to step forward to address Council. Mr. Burnett reported that with approximately 231 people insured, there were only 28 under the age of 65 who met the \$1,000 deductible.

(Clerk's Note: Council Member Elliott arrived at 6:10 p.m.)

Council Member Daeke asked about whether any changes will be made to the prescription drug program. Mr. Burnett said there are no changes to the drug plan and said this is often the preventative measure necessary to avoid further complications

Council Member Coffey asked for the cost of a family plan versus a plan for employee and spouse. The cost for a family plan is \$980 per month and for just a spouse the cost is \$722. Mr. Frazier added that the City pays the full amount of the premium for employee coverage.

Council Member Daeke felt a deductible of \$1,250 would be a satisfactory compromise between the current \$1,000 and the budgeted \$1,500 deductible.

During the insurance discussion, Council Member Elliott said she had reviewed the budget and felt there would be approximately \$400,000 remaining from the FY 16-17 budget. She asked that 50% of this amount be added to the already agreed upon 3% raise and mentioned specifically that the Police department be given priority.

Council Member Daeke asked if this discussion could be held until the insurance issue was completed.

There was a brief discussion regarding what segment of the employees would benefit the most and the consensus seemed to be to go with a \$1,250 deductible with a monthly cost to the City of \$491.81. Mr. Frazier said he would be able to adjust the proposed budget to include this additional amount.

Mayor Ellington asked for a consensus of Council to go with the \$1,250 deductible at an approximate monthly cost per employee of \$491.81. The consensus was: YES: Williams, Coffey, Rainey, Elliott, Daeke and Simmons. NO: None. ABSTAIN: None. ABSENT: Inscoc and Daye.

Council Member Daeke asked for an explanation as to how the insurance costs are determined. Mr. Burnett said there are actuarial formulas used to calculate this information.

At this time, Council Member Elliott restated her desire to have 50% of the remaining funds used toward increasing salaries.

Manager Frazier said his preference would be to use those funds to move individuals with their pay grade but did not recommend any action until the current fiscal year is closed and an exact number is known regarding the expenses and revenues.

Council Member Daeke liked that approach. He said he understands there are strong feelings regarding the salaries received by all employees but said the City has made great strides since the Pay Study was done. Mr. Frazier said if salaries had been brought in line with surrounding communities when the study was completed several years ago, it would have then cost the City \$1.4M.

Council Member Coffey asked when the final figure would be known. Mr. Frazier said September or October depending on when the final sales tax numbers are received. She asked if this could be discussed at that time. Mr. Frazier said yes, it can be brought back for Council to consider, depending on when the FY16-17 numbers are finalized.

Council Member Elliott then reiterated her concern regarding the retention problems in the police department and asked Police Chief Barrow to come forward to answer some questions. She asked the Chief what the retention average for his department has been over the last few years. Chief Barrow said the average is eight a year. The Chief said he has 51 full-time staff and currently he only has 46 officers and is anticipating 3 retirements within the next few months. He said not all the officers have left for more money. Some have changed professions. Chief Barrow said part of the problem is recruiting qualified personnel because BLET training classes are not producing the numbers as they have in the past. Council Member Elliott expressed her concern as to how long the City is willing to wait to increase salaries to a level that will retain officers.

Council Member Rainey asked if Vance-Granville Community College is the only place to take BLET classes and if we are recruiting from everywhere possible. Chief Barrow said the course is offered elsewhere and the City is competing against other municipalities throughout the State.

Council Member Coffey said something has to be done to attract employees and mentioned the incentive programs offered to retain businesses.

Council Member Daeke said originally the Manager suggested a 3% salary increase in January, and Council moved that back to July. Mr. Daeke said the manager is hired to do what is best for the City and he felt Council should listen to his suggestion. Mr. Daeke would like to do more but said he understands if increases are done at this time, they cannot be taken back in future fiscal years so if the City is unable to support the payroll it would mean laying off employees which he definitely did not want to see happen. He felt it would be prudent to discuss this in the fall when Council would know the full impact of this request and where the budget stood. The City Manager stated that raises are not limited to implementation during the budget and can be reviewed/changed at any time throughout the year by Council.

Council Member Elliott spoke up again saying that crime should be a priority and 50% of whatever exists should go to salary increases.

Mayor Ellington called for a consensus of Council to wait until the final figures are in to make a decision on future action regarding more salary increases. The consensus was: YES: Williams, Coffey, Rainey, Elliott, Daeke and Simmons.

GUIDANCE FOR STAFF

Mr. Frazier summarized the decision of Council saying that it is his understanding that the budget is to be adjusted to include a \$1,250 deductible for health insurance. He said the budget will be presented at the June 12 meeting for final approval.

Before adjourning, Council Members Coffey and Williams expressed concern regarding a notice from the Henderson-Vance Downtown Development Commission (DDC) regarding *Local Foods Local Places North Carolina*. They felt the notice was misleading as it read as if the City had organized this June meeting. Mr. Frazier will look into this further and will report back to Council.

ADJOURNMENT

With no further discussion, Mayor Ellington asked if Council was prepared to adjourn.

Council Member Elliott moved for adjournment. Motion seconded by Council Member Coffey, and unanimously approved. The meeting adjourned at 6:51 p.m.

Eddie Ellington
Mayor

ATTEST:

Esther J. McCrackin
City Clerk