



AGENDA

Henderson City Council Special Called Meeting and Budget Work Session #3

Tuesday, 29 May 2012, 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 G. Peace—Jenkins
Councilmember Garry D. Daeke
Councilmember Lonnie Davis, Jr.
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 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. Consideration of Approval of Resolution 12-A-18: 1) Accepting the State Revolving Fund Grant/Loan for Future Funding Relative to Improvements at the Sandy Creek Pump Station of the Sanitary Sewer Collection System; and 2) Approving an Engineering Contract with McGill Associates to Prepare a Preliminary Engineering Report; and 3) Approval of Ordinance 12-37, FY 12 Budget Amendment #46, Amending the CIP Sewer Fund Relative to the Preliminary Engineering Report for the Sandy Creek Pump Station Improvements Project. *(CAF 12-A-36)*

- Resolution 12-A-18
- Ordinance 12-37

BUDGET WORK SESSION #3

V. REVIEW OF MINUTES FROM BUDGET WORK SESSION #2, 22 MAY 2012

VI. REVIEW OF CAR PARK ITEMS

VII. REVIEW OF ANY REMAINING BUDGET CONCERNS

VIII. GUIDANCE FOR STAFF

IX. ADJOURNMENT

City Council Action Form

Office of City Manager
P. O. Box 1434
Henderson, NC 27536
252.430.5701



Agenda Item: _____

Council Meeting: 29 May 12 Special Called Mtg.

22 May 2012

TO: The Honorable Mayor James D. O'Geary and Members of City Council

FR: A. Ray Griffin, Jr., City Manager

RE: CAF: 12-A-36

Consideration of Approval of Resolution 12-A-18: 1) Accepting the State Revolving Fund Grant/Loan for Future Funding Relative to Improvements at the Sandy Creek Pump Station of the Sanitary Sewer Collection System; and 2) Approving an Engineering Contract with McGill Associates to Prepare a Preliminary Engineering Report; and 3) Approval of Ordinance 12-37, FY 12 Budget Amendment #46, Amending the CIP Sewer Fund Relative to the Preliminary Engineering Report for the Sandy Creek Pump Station Improvements Project.

Ladies and Gentlemen:

Council Retreat Goals Addressed By This Item:

- KSO 5: Provide Reliable, Dependable and Environmentally Compliant Infrastructure Systems.
- KSO 8: Provide Sufficient Funds for Municipal Operations and Capital Outlay Necessary to Meet the Needs of Citizens, Customers and Mandates of Regulatory Authorities.

Recommendation:

- Approval of Resolution 12-A-18: 1) Accepting the State Revolving Fund Grant/Loan for Future Funding Relative to Improvements at the Sandy Creek Pump Station of the Sanitary Sewer Collection System; and, 2) Approving an Engineering Contract with McGill Associates to Prepare a Preliminary Engineering Report; and 3) Approval of Ordinance 12-37, FY 12 Budget Amendment # 46, Amending the CIP Sewer Fund Relative to the Preliminary Engineering Report for the Sandy Creek Pump Station Improvements Project.

Executive Summary

City Council approved, via Resolution 12-18, the application for a State Revolving Fund Grant/Loan at the 27 February 2012 Council meeting for the Sandy Creek Pump Station Improvements.

On 3 April 2012, The City received notification from the Infrastructure Finance Section (IFS), (formerly the Construction Grants and Loan Section), that the City's application had been reviewed and the Sandy Creek Pump Station Improvements Project found eligible to receive a

low interest CWSRF loan in the amount of \$1,800,000, of which \$900,000 is in the form of principal forgiveness, with the balance at the prevailing CWSRF interest rate at the time of approval by the Local Government Commission (LGC).

In order to proceed with this project, the City must meet the deadlines as outlined in the chart below:

<u>Milestone</u>	<u>Deadline</u>
Engineering Report Submittal	2 July 2012
Engineering Report Approval	3 December 2012
Plans and Specifications Submittal	3 June 2013
Plans and Specifications/Permit Approval	3 September 2013
Advertise Project, Receive Bids, Submit Bid Information and Receive IFS' Authority to Award	2 December 2013
Execute Construction Contract(s)	2 January 2014

This project is needed for several reasons. It has been determined that there is under performance of the pump station due to slippage between the magnetic drive and pump shafts and due to the age of the facility components, many of the parts have to be custom built. With the performance of the pumps, the lower discharge velocity within the force main may cause solids to build up within the main, thus providing a lower flow capacity within the main. As a result, there is a potential for more sewer overflows and overloading of the station during wet weather.

It is proposed that the funding for the Preliminary Engineering Report be taken from sources as outlined in the budget amendment with the remaining cost (excluding the closing fee) coming from the loan amount.

Enclosures:

1. Resolution 12-A-18
2. Ordinance 12-37

RESOLUTION 12-A-18

A RESOLUTION OF THE HENDERSON CITY COUNCIL APPROVING THE ACCEPTANCE OF STATE REVOLVING FUND (SRF) GRANT/LOAN FUNDING FOR THE SANDY CREEK PUMP STATION PROJECT, AND EXECUTION OF A CONTRACT WITH MCGILL ASSOCIATES TO PERFORM THE PRELIMINARY ENGINEERING REPORT

WHEREAS, the Henderson City Council identified eight Key Strategic Objectives (KSO) at its 2012 Strategic Planning Retreat, *and*

WHEREAS, two of the Key Strategic Objectives are addressed by this Resolution as follows: KSO 5: To Provide Reliable, Dependable and Environmental Compliant Infrastructure Systems and KSO 8: To Provide Sufficient Funds for Municipal Operations and Capital Outlay Necessary to Meet the Needs of Citizens, Customers and Mandates of Regulatory Authorities; *and*

WHEREAS, the Federal Clean Water Act Amendments of 1987 and the North Carolina Water Infrastructure Act of 2005 (NCGS 159G) have authorized the making of loans and grants to aid eligible units of government in financing the cost of construction or replacement of wastewater collection systems, *and*

WHEREAS, the City of Henderson Council approved an application for aforementioned loan for the Sandy Creek Pump Station Improvement Project at the 27 February 12 Council Meeting, *and*

WHEREAS, the City of Henderson received notification on 3 April 2012 from NCDENR Infrastructure Finance Section that the Sandy Creek Pump Station Improvement project is eligible to receive a CWSRF loan in the amount of \$1,800,000 with \$900,000 being in the form of principal forgiveness.

WHEREAS, the City is required to submit a Preliminary Engineering Report in order to meet the next milestone; *and*

WHEREAS, this work is exempt from the Mini Brooks Act due to the amount of work being under \$30,000; *and*

WHEREAS, McGill Associates is familiar with this project, as they are completing the design for the Henderson Water Reclamation Facility improvements.

NOW THEREFORE BE IT RESOLVED, by the City Council of the City of Henderson, North Carolina that it does hereby Approve the acceptance of the CWSRF loan in the amount of \$1,800,000 and authorizes the Mayor and/or City Manager to sign all documents necessary to execute the contract with McGill Associates, being more fully Articulated in *Attachment A* to this Resolution, to perform the Preliminary Engineering Report.

The foregoing Resolution 12-A-18, upon motion of Council Member _____ and seconded by Council Member _____, and having been submitted to a roll call vote received the following votes and was _____ on this the *** day of _____ 2012: YES: . NO: . ABSTAIN: . ABSENT: .

James D. O'Geary, Mayor

ATTEST:

Esther J. McCrackin, City Clerk

Approved to Legal Form:

John H. Zollicoffer, Jr., City Attorney

Reference Minute Book 42, pp



May 18, 2012

Mr. A. Ray Griffin, Jr., Manager
City of Henderson
Post Office Box 1434
Henderson, North Carolina 27536

RE: Proposal for Engineering Services
Engineering Report and Environmental Document
Sandy Creek Pump Station Improvements
City of Henderson, North Carolina

Dear Mr. Griffin:

During the Capital Improvements Planning process, the need for an upgrade was identified at the City of Henderson's Sandy Creek Pump Station. Through meetings with staff and Council, it was determined that McGill Associates would prepare and submit a Clean Water SRF application to the Infrastructure Finance Section (IFS) of the NC DENR for this important project. The funding application for this project has recently been determined eligible to receive a SRF loan in the amount of \$1,800,000, including \$900,000 of principal forgiveness and \$900,000 of low interest loan. The next milestone to remain eligible for this funding is to submit the Engineering Report (ER) and Environmental Information Document (EID) to IFS by July 2, 2012.

Pursuant to your request, we are pleased to provide you with this Proposal for Engineering Services for the proposed project. This proposal includes the preparation of the ER and EID in accordance with IFS's *Guidance for the Preparation of ERs and EIDs*.

The Sandy Creek Basin collects wastewater from the southeast section of the City at the Sandy Creek Pump Station with a combination of gravity sewers and intermediate pump stations. The Sandy Creek Pump Station, which is the largest lift station in the system, is overloaded during wet weather and unreliable. The pump station includes equipment and components that have exceeded their useful life and are subject to failure. Previous pump testing by the City indicated that the existing pumps are flowing much lower than originally designed. Pump equipment issues have resulted in slower pumps resulting in lower flows and solids depositing in the force main. Consequently, raw sewage backs up in the Sandy Creek system, eventually resulting in overflows.

The proposed project includes improvements to two aged and inefficient pumps, motors and drives, electrical system, site, and related appurtenances. The proposed pumping, equipment, electrical, and facility improvements will address frequent maintenance and repair issues. The improvements will provide a more reliable pumping system to allow proper pumping of raw

E n g i n e e r i n g • P l a n n i n g • F i n a n c e

McGill Associates, P.A. • P.O. Box 1136, Hickory, NC 28603 • 1240 19th St. Lane NW, Hickory, NC 28601
Office: 828-328-2024 • Fax: 828-328-3870

Mr. A. Ray Griffin, Jr., Manager
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wastewater at the original conditions. The project will increase the operational effectiveness and reliability of the station to ensure the pump station remains in operation.

We anticipate providing the following **Scope of Services** for the subject project:

PRELIMINARY PHASE SERVICES

- Meet with City staff to discuss current issues and needs associated with the existing facility.
- Identify and evaluate existing components at the facility.
- Identify major sewer interceptors and pumping stations tributary to the facility.
- Review previously prepared reports pertinent to the facility.
- Review operating reports and data furnished by the City to determine design parameters.
- Review the City's flow allocations.
- Perform population and wastewater projections if required by IFS.
- Prepare the alternatives analysis including the No Action alternative, optimum operation of existing facilities, the proposed alternative, and one additional viable alternative, all in accordance with IFS's guidance.
- Prepare opinions of probable construction costs, operations and maintenance costs, and present worth analysis for each alternative.
- Prepare the Financial Analysis for the selected alternative.
- Plan and prepare conceptual layout of proposed facility components.
- Prepare the ER and EID in accordance with IFS's guidance.
- Submit the draft report to City staff for review.
- Discuss draft report with City staff and incorporate any comments.
- Submit the ER and EID to IFS by the July 2, 2012 milestone.
- Attend project meeting with City staff to discuss the project.
- Respond in writing to comments received from IFS, and revise the ER and EID to address those comments.

BASIS OF COMPENSATION

McGill Associates proposes to provide the proposed scope of services for the total lump sum fee of \$15,700.00. As this is the preliminary engineering phase, this fee does not include surveying, design plans and specs, permitting, geotechnical, bidding and award, construction observation, or construction administration services.

This proposal also assumes the following:

- Necessary background and project information will be provided by the City of Henderson in a timely manner. Such items include record drawings, Daily Monitoring Reports, Notices of Violations, DWQ inspection reports, boundary survey of the property, flow allocations, significant industrial user allocations, previous studies, and a history of any nuisance complaints.
- The City will designate a person to act as the Owner's representative with respect to the work to be performed under this proposal; and such person shall have complete authority to transmit instructions, receive information, interpret and define the City's policies and decisions pertinent to the scope of services.
- City staff will examine all studies, reports, sketches, estimates, and other documents presented and render decisions and comments pertaining thereto within a reasonable time so as not to delay the services.
- Payment for services shall be made monthly as work progresses.

ADDITIONAL SERVICES

Tasks outside the scope of services, including but not limited to the following items, will be considered additional services:

- Services resulting from significant changes in general scope of the project including changes in size, capacity, complexity, or schedule.
- Services normally furnished by the City and not otherwise provided for in this proposal.
- Preparing an Environmental Assessment beyond the scope of the EID, should one be required.
- Services in connection with securing and administering project funding.

We would be pleased to assist the City of Henderson with additional services in accordance with our enclosed Basic Fee Schedule.

Mr. A. Ray Griffin, Jr., Manager
May 18, 2012
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We appreciate the opportunity to provide this proposal and look forward to assisting the City of Henderson with this important effort. We are prepared to begin work immediately upon your authorization in order to submit the report within the prescribed timeline.

If this proposal is acceptable to you, please sign below and return one (1) copy to our office. If you have any questions concerning this proposal, please do not hesitate to contact us.

Sincerely,
MCGILL ASSOCIATES, P.A.



ANDY C. LOVINGOOD, PE
Principal

Enclosure: Basic Fee Schedule

ACCEPTANCE:

This proposal is accepted this the _____ day of _____, 2012.

CITY OF HENDERSON

(Signature)

(Date)

(Name)

(Title)



BASIC FEE SCHEDULE
April 1, 2010

<u>PROFESSIONAL FEES</u>	<u>Hourly Rate</u>
Senior Project Manager	\$155.00
Project Manager	\$135.00
Project Specialist	\$135.00
Financial Analyst	\$100.00
Senior Project Engineer	\$120.00
Project Engineer	\$105.00
Engineering Associate	\$ 85.00
Senior Engineering Technician	\$ 90.00
Engineering Technician	\$ 75.00
Senior Planner	\$100.00
Associate Planner	\$ 85.00
Property Specialist	\$ 65.00
Planner	\$ 70.00
Construction Services Manager	\$125.00
Senior Construction Administrator	\$100.00
Construction Administrator	\$ 80.00
Construction Document Coordinator	\$ 80.00
Administrative Assistant	\$ 60.00
Senior Construction Field Representative	\$ 75.00
Construction Field Representative	\$ 65.00
Surveying Services Manager	\$155.00
Survey Manager	\$105.00
Project Surveyor	\$ 90.00
Surveying Associate	\$ 75.00
Senior Survey Technician	\$ 65.00
Survey/GIS Technician	\$ 55.00
Survey Rodman	\$ 45.00
Electrical Services Manager	\$155.00
Firm Principal	\$180.00
Finance Officer	\$ 90.00
Senior CADD Operator	\$ 75.00
CADD Operator	\$ 65.00
Clerical	\$ 50.00

I. **EXPENSES**

- A. Mileage - \$0.65/mile
- B. Robotics/GPS Equipment - \$25/hr.
- C. Telephone, reproduction, postage, lodging, and other incidentals shall be a direct charge per receipt.

- II. **ASSOCIATED SERVICES** - Associated services required by the project such as soil analysis, materials testing, etc., shall be at cost plus ten (10) percent.

ORDINANCE 12—37

Council Member ** introduced the following Ordinance that was seconded by Council Member *** and read:

**FY 2011—2012 Budget Amendment # 46
AN AMENDMENT
TO THE CIP SEWER FUND and
CAPITAL RESERVE UTILITIES FUND**

WHEREAS, the City Council of the City of Henderson on 13 June 2011 adopted the FY11-12 Annual Operating and Capital Budget; *and*

WHEREAS, it is necessary to amend the CIP budgets from time-to-time in order to keep them in balance; *and*

WHEREAS, it is necessary to adjust the water and sewer funds' CIP budget to provide for engineering and legal services as they relate to water and sewer projects; *and*

WHEREAS, it is necessary to appropriate funds in the CIP – Sewer Fund to make payments to the engineers and attorneys for engineering and legal work performed; *and*

WHEREAS, it is necessary to transfer funds from the Capital Reserve Utilities Fund to the CIP-Sewer Fund to cover these engineering and legal costs; *and*

WHEREAS, the funds for this transfer are the result of capacity usage fees received in the Capital Reserve Utilities Fund.

NOW THEREFORE BE IT ORDAINED by the City Council of The City of Henderson, that the following Ordinance be approved, and said Ordinance shall be effective immediately upon approval of the City Council:

FUNDS: 44: CIP Sewer Fund and 70: Capital Reserve Utilities Fund	Ordinance 12-37 FY 11-12 Budget Amendment #46
-----------------------------------------------------------------------------	----------------------------------------------------------------

44: CIP-SEWER FUND REVENUES			Approved 1-Jul-11	Current Budget	Amendment	Revised
Department	Line Item	Code				
	Trans from: 70 CR Utilities	44-857-461070	\$ -	\$ -	\$ 16,200.00	\$ 16,200.00
			\$ -	\$ -	\$ -	\$ -
			\$ -	\$ -	\$ -	\$ -
			\$ -	\$ -	\$ -	\$ -
Total			\$ -	\$ -	\$ 16,200.00	\$ 16,200.00
						\$ 16,200.00

44: CIP SEWER FUND EXPENDITURES			Approved 1-Jul-11	Current Budget	Amendment	Revised
Department	Line Item	Code				
Sandy Cr Pump Station	Legal/Admin	44-857-510200	\$ -	\$ -	\$ 500.00	\$ 500.00
Sandy Cr Pump Station	Preliminary Engineering Rpt	44-857-510296	\$ -	\$ -	\$ 15,700.00	\$ 15,700.00
			\$ -	\$ -	\$ -	\$ -
			\$ -	\$ -	\$ -	\$ -
			\$ -	\$ -	\$ -	\$ -
Total			\$ -	\$ -	\$ 16,200.00	\$ 16,200.00
						\$ 16,200.00
Variance					\$ -	

70: CAPITAL RESERVE - UTILITIES FUND REVENUES			Approved 1-Jul-11	Current Budget	Amendment	Revised
Department	Line Item	Code				
	Capacity Usage Fee	70-700-433445	\$ -	\$ -	\$ 16,200.00	\$ 16,200.00
			\$ -	\$ -	\$ -	\$ -
			\$ -	\$ -	\$ -	\$ -
Total			\$ -	\$ -	\$ 16,200.00	\$ 16,200.00
						\$ 16,200.00

70: CAPITAL RESERVE - UTILITIES FUND EXPENDITURES			Approved 1-Jul-11	Current Budget	Amendment	Revised
Department	Line Item	Code				
	Trans to: 44 CIP - Sewer	70-660-561044	\$ -	\$ -	\$ 16,200.00	\$ 16,200.00
			\$ -	\$ -	\$ -	\$ -
			\$ -	\$ -	\$ -	\$ -
Total			\$ -	\$ -	\$ 16,200.00	\$ 16,200.00
						\$ 16,200.00
Variance					\$ -	

Reference:	Notes:
CAF: 12-A-36, Ord 12-37	To amend the CIP Sewer Fund to provide for a Preliminary Engineering Report by McGill Associates for the Sandy Creek Pump Station Improvements Project. Funds for this are being transferred from Fund 70 - Capital Reserve Utilities.

The foregoing Ordinance 12-37, upon motion of Council Member *** and second by Council Member ***, and having been submitted to a roll call vote and received the following votes and was **** on this the ** day of ----- 2012: YES: . NO: . ABSTAIN: . ABSENT: .

James D. O'Geary, Mayor

ATTEST:

Esther McCrackin, City Clerk

*Reference: Minute Book 42, p. **; CAF 12-A-36*

STATE OF NORTH CAROLINA - CITY OF HENDERSON

I, Esther McCrackin, the duly appointed, qualified City Clerk of the City of Henderson, do hereby certify the attached is a true and exact copy of Ordinance 12-37 adopted by the Henderson, City Council in Regular Session on _____ 2012. This Ordinance is recorded in *Ordinance Book 8*, p.***.

Witness my hand and corporate seal of the City, this ****.

Esther McCrackin
City Clerk
City of Henderson, North Carolina

Reviewed by: _____ Date: _____
Katherine C. Brafford, Finance Director

Reviewed by: _____ Date: _____
A. Ray Griffin, Jr., City Manager



City Council Minutes

Henderson City Council Budget Work Session #2

22 May 2012

PRESENT

Mayor James D. O'Geary, Presiding; and Council Members James C. Kearney, Sr., Sara M. Coffey, Michael C. Inscoe, D. Michael Rainey, Brenda G. Peace—Jenkins, Garry D. Daeke, Lonnie Davis, Jr. and George M. Daye.

Council Member Elect Vernon Brown.

ABSENT

None.

STAFF PRESENT

City Manager Ray Griffin, Assistant City Manager, Frank Frazier, City Clerk Esther J. McCrackin, and Finance Director Katherine Brafford

CALL TO ORDER

The 22 May 2011 Henderson City Council Budget Work Session #2 was called to order by Mayor James D. O'Geary at 6:05 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 greeted everyone and then asked City Manager Griffin to present the budget discussion items.

Car Park Issues:

1. City Manager Griffin began with the issue of chemical/electrical costs at the Kerr Lake Regional Water plant (KLRW). He said KLRW Director Christy Lipscomb has worked closely with Progress Energy over the past few years to reduce energy costs. The recommended budget for utilities is \$408,000 which is slightly less than FY11. By working with Progress Energy, there has been a meaningful decrease in utility costs. The proposed chemical costs are approximately \$40,000 above the current year budget. The departmental request was 7% more than this and was requested due to the volatile costs of chemicals, particularly caustic chemicals which are projected to increase 33%.

Council Member Rainey asked if bids are taken for the necessary chemicals. Mr. Griffin responded yes. He said chemicals are tailored to water types and Assistant City Manager Frank Frazier added motor fuel costs also influence the cost of chemicals.

2. The next issue was the utility cut off list and Mr. Griffin said the City averages 350 customers per month. This figure is calculated on the first billing cycle and showed the highest number of people on the list since implementing the new policies.

Council Member Kearney saw this as a good thing as it limits the City's exposure and provides better cash flow.

3. Mr. Griffin said the FY11 data for loss of revenue relative to the reduction of the for reconnection fees is approximately \$158,000. There was a brief discussion regarding the policy which Mr. Griffin summarized by saying the problem is now a structural deficit so there needs to be a way to find revenue to fill the gap. He suggested increasing the fee from \$13 to \$27 to close the revenue gap. This would equate to a 0.65% decrease in the recommended Water Rate and 1% decrease in the recommended Sewer Rate.

4. A question was raised at the first budget meeting regarding the Powell Bill fund reserves. Mr. Griffin reminded Council that the City receives Powell Bill dollars based on city population, City street lane miles and gasoline tax receipts. Since Henderson has lost population, along with decreases in the other two areas, Powell Bill funds have decreased which means less street work dollars. Mr. Griffin said the only recent increase in street miles was the eight-tenths of a mile with the completion of Carey Chapel. He gave the example that Powell Bills funds can be used for street work, crossing lights but not for street lights.

5. The tax collection rate for the County is basically equal to the collection rate for the City. Mr. Griffin said Ms. Porcia Brooks has worked hard on collections and she is currently averaging about 93-95% collections. He told Council that there was no response from the County as far as its goal for collections in FY12-13.

Council Member Rainey asked for information regarding how far back the County is carrying arrears and what the total dollars in arrears amounts to, along with what the time frame is for collecting arrears. He also asked who initiates liens on property. Mr. Griffin said the City can

request the County to place a lien on a property and continued by saying Code Compliance Director Corey Williams has been working closely with Ms. Brooks so liens are being placed before foreclosure proceeding start. He said this year, for the first time in a very long time, the City received lien dollars. Mayor O'Geary said this is a good start.

(Clerk's Note: Council Member Davis left the meeting at 6:38 p.m. and returned at 6:52 p.m.)

6. Mr. Griffin said he spoke to Mr. Dennie Martin from McGill Associates regarding the suggested rate increases they propose for Water. For the current year they suggested 3% and Council approved 2.2%

Council Member Kearney asked for an explanation of how the KLRW rate correlates with the Water rate. Mr. Griffin clarified that as the KLRW rate increases the City's cost for purchasing potable water. The only way to recover the increased costs is via the water rate.

Mr. Griffin went on to say McGill suggested a 6% increase in Sewer rates through 2015 and then dropping the rate to 5%. He said 5% was budgeted for the current year and Council approved 2.5%. It is anticipated that once the plant renovations are completed the Sewer rates will be reduced due to an easier, more modernized, efficient plant and a reduction in personnel – perhaps in 2017.

Council Member Inscoe said there is needed pain now to realize the gain after the plant is complete. He also said that since the current rate was approved at 2.5% the City is already behind the curve by 2.5% and if the suggested increase is not approved this year, the City will be further behind next year. Mr. Griffin said a delay would certainly make the improvements more costly.

Mr. Griffin said McGill suggested a 3% increase through 2015 for water and 2% after. For the current year 5% was recommendation and Council approved 4%. He has asked McGill to update the CIP plan due to Granville County's water agreement. He also said it did not look like Vance County would make any impact on the budget for FY 12-13.

7. The savings by using Waste Industries comes mainly from avoiding purchase of large equipment. The fleet was 12-17 years old when the City contracted with Waste Industries and the cost to replace each of three (3) trucks would have been \$180,000 each and one new truck per year thereafter, in order to keep the fleet in a working reliable condition. Then there would be routine replacement beside maintenance, personnel, etc. The cost per roll-out barrel is \$44.55, and the City has approximately 6,300 customers. That calculates to over \$325,000.

Council Member Kearney asked what percentage responded to the survey regarding service received. Mr. Griffin said 10-12%. Mr. Kearney asked what the City pays Waste Industries per customer. Assistant City Manager said \$6.51 per household per month.

Mr. Griffin said he would prepare a cost of comprehensive sanitation services provided by the City and what falls in that category for the next budget meeting. Council Member Rainey asked

if recycling would have any impact. Mr. Griffin said higher participation equates with more pickups and the need for more carts.

8. A request was made to know the percentage Warren County, Oxford and Franklin County was proposing for their budgets. Council learned that Warren County's proposal was 0% for sewer and 5% for water; Oxford was proposing 4% for water and 0% for sewer; and Franklin County was proposing 0% for water and sewer. Council Member Inscoe shared that Oxford has a new waste water plant and the rates increased 17% for the current year.

Mr. Griffin told Council that Planning Director Erris Dunston recently talked with the State Main Street Program staff and was told that in municipalities greater than 5,000, there must be a full-time staff person dedicated to this program. Since 2006-07 the City has had a part-time staff member. Ms. Dunston will be continuing talks with the Program staff but the City may need to reinstate that position which is currently vacant. Mr. Griffin has spoken to the DDC (Downtown Development Commission) regarding the possibility of contracting with them for the necessary staff person.

Mr. Griffin said although there are no dollars associated with this Program, by participating in the program it helps the City obtain grants/funds. Council Member Kearney asked if there was a more effective/cheaper way to provide for the position and Council Member Daeke asked how effective the DDC would be in overseeing the position. Council Member Rainey asked what tax amount was generated from the Hope VI Phase I project. Mr. Griffin will check with the tax collector for the tax value before and after the project was completed.

Review of Proposed Revenue and Expenditure Reductions

Regional Water Fund:

Mr. Griffin recommended reducing the Regional Water rate by 1% by taking from two capital items – contingency and removing the 2% cost of living increase which allows for an Automatic reduction of 1% in the water rate. This will allow for a 1% rate reduction in the Water Fund.

Water Fund:

Mr. Griffin said he is recommending a combination of things; reducing 1% in the Regional Water rate which is allowable and Council felt a reduction of \$25,000 in the purchase of radio read water meters was appropriate. This would permit another 1% decrease. If the disconnect service fee was increased from \$13 to \$27 that would provide for an effective 0.65% rate reduction and 1% reduction in the Sewer Fund because revenues are split 70% between the Sewer Fund and 30% in the Water Fund. The combined effect of this recommendation is a 2.65% rate reduction; or a 4.35% increase vs the recommended 7% increase.

Council Member Inscoe asked when the grant/loan for the new water meters would be announced. Assistant City Manager Frazier said a response is anticipated by the end of June. Mr. Inscoe suggested that the purchase of meters be decreased by \$50,000 in order to provide for

a 2% decrease in the rate. He further suggested if the grant/loan application is rejected Council has the option to reconsider the rate increase for full funding of the water meters during the fiscal year.

Council Member Inscoe then asked if the major equipment purchases could be delayed six months. Mr. Griffin said if the purchase is delayed, it would influence the new budget for the next budget year. Mr. Inscoe asked if the loan could be extended for longer than five (5) years. Mr. Griffin said no. Council Member Kearney asked if there was a better way to purchase the equipment other than lease purchase. Mr. Griffin said no, and added the ideal situation would be to pay for equipment in full with cash but unfortunately, the City is not in that position to do this. He also reminded Council that the Water Fund has capital needs, human resource needs and needs to pay KLRW for water consumption. Mr. Griffin said in the long run he would rather see Council reduce the Regional Fund by 2% and take those dollars to reduce the Water Fund rate increase than taking dollars from meter replacement and equipment purchases.

Council Member Daeke asked what percent of water meters have been replaced with the radio read meters. Assistant City Manager Frazier responded approximately one-quarter saying about 400-500 have been replaced a year. Council Member Kearney asked about the impact of these replacements. Mr. Frazier responded significant in efficiency and effectiveness, and Mr. Griffin said customers are now paying for their consumption where with the old meters readings were not accurate. Council Member Kearney said he felt it inappropriate to increase the reconnect fee so soon after decreasing the fee. He felt customers would feel this would be a slap in the face and most Council Members agreed.

Mr. Griffin summarized by saying he understood Council to be looking at reducing the meter reading purchase by \$50,000 for 2% rate reduction and a 1% rate reduction from regional. Those three provide a 3% reduction if Council chooses to go this way. Again, Mr. Griffin recommended reducing the Regional Rate to keep the Capital in place.

Council Member Inscoe clarified he is not against the replacement of the meters and said he felt Council needed to determine what their goal is for reducing the proposed rate.

Mayor O'Geary asked for Council's consensus regarding the Water rate. Council Member Kearney favored the 4%. Council Member Coffey, Inscoe, Rainey, Peace-Jenkins, Daeke, Davis and Daye were in agreement. Council Member Daeke said 5%. The consensus was seven of eight Council Members agreeing to 4% with the reductions to be provided as follows: a 1% reduction in the proposed Regional Water rate and the meter replacement decrease providing 2% to achieve the 3% reduction.

(Clerk's Note: Council Member Peace-Jenkins left the room at 7:40 and returned at 7:50)

Sewer Fund:

Mr. Griffin said in proposing the increase in the disconnect fee would have brought this brought down the proposed increase by 1%. Council has resolved this issue so the rate is back to 9% for

the sewer fund right now - 7% going to the capital reserve and the 2% going to the operating expenses within the fund.

Council Member Inscoe said since there is no additional revenue for the sewer fund, postponing the increase now will only make future increases higher. He said the sewer plant is 70 years old and is currently functioning on life-support. Council Member Kearney said the City has to provide a system that works. Council Member Daeke suggested a 6% increase for capital reserve. Mr. Griffin said the 9% is steep but necessary. Council Member Kearney mentioned the plant upgrade should be completed in about 4-5 years and then the rate could be reduced. Council Member Coffey asked what comprised the 2% operating costs. There was a short discussion culminating with the examples of the two recent major water main breaks of AC pipe where one valve cost \$13,000.

Council Member Kearney said he preferred a 7% increase but was ok with 9%. Council Member Coffey said 9% since there is no room to play. Council Members Inscoe, Rainey, Peace-Jenkins, Daeke, Davis and Daye all agreed with 9%. The consensus of Council was to keep the rate increase at 9%.

(Clerk's Note: Council Member Rainey left the room at 8:03 p.m. and returned at 8:06 p.m.)

General Fund:

The discussion now turned to the General Fund. City Manager Griffin said the cuts he has made are not pretty and he is not happy with them due to the impacts on the operating budgets.

Before reviewing the cuts, he said Police Chief Sidwell just informed him that the Police Department has received partial funding for bullet proof vests. Council Member Coffey asked for an explanation re: asset forfeiture dollars and why that money could not be spent on vests. Mr. Griffin said it can be used for overtime, grant match but would ask for a full listing from Chief Sidwell.

Council Member Kearney asked about the personnel list in the budget book for the Police Department, saying the numbers did not seem correct. Mr. Griffin said he would double check the numbers. Council Member Coffey said she had read that 2 officers per 1,000 citizens is a nationwide average and asked how many officers comprise the total number of personnel in the police department and how many civilian positions exist. Council Member Daeke asked if all the positions are filled.

Mr. Griffin then reviewed some of the major cuts he made such as the health fair, and police/fire gear. Again, he said he is not happy doing this but the budget is so lean now, there are not many places to take from to meet Council's wish to eliminate the property tax.

Council Member Rainey said he was concerned with the reduction in police/fire gear. Mr. Griffin said he would like to restore those dollars but again, there is not much to cut from the smaller departments. He said the fire department has been unsuccessful in obtaining grants for

gear and that the gear currently being used definitely needs replacement. That was why he had requested a penny of the proposed tax increase go into a perpetual fund so turnover of gear could happen yearly for both the police and fire departments. He also said the police/fire departments are the largest departments within the core services area and with gasoline prices increasing so does the cost of running their vehicles.

Council Member Kearney asked about the two proposed positions for the Recreation and Parks Department. Mr. Griffin reiterated these were not positions he wanted to cut as citizens are now using Fox Pond more, and Aycock needs more maintenance/custodian attention.

Council Member Coffey asked for more information regarding the costs involved with officers taking vehicles to their homes outside the City. She also requested detailed information on contracted services for Human Resources. Mr. Griffin said he would compile information regarding the costs detail requested and said \$7,000 of the contracted services is for the annual health fair which provides health information employees might not otherwise receive. Council Member Davis felt the costs of driving vehicles outside the City was minimal compared to the services they offer

Council Member Daeke asked what the COLA increase cost the City for a full year. Mr. Griffin said he would provide that information at the next meeting.

City Manager Griffin then asked for guidance for staff regarding the General Fund. Council Member Inscoe suggested holding off until the next meeting so Council could fully review the cuts made by staff. Council Member Kearney had trepidation about making any decisions at this time and Council member Daeke said he would like to review the cuts more thoroughly.

Council Member Coffey said she would like to look more closely at Code enforcement saying the department does not have enough money for demolition.

Council Member Davis asked if there is an ordinance regarding how long a house can be boarded up.

It was the consensus of Council to cancel the budget work session scheduled for 24 May and to reconvene on Tuesday 29 May at 6:00 p.m.

Council Member Kearney requested a list of personnel by gender, race, tenure, rank and salary grade. He also requested turnover information in the Police Department for the last three years and stated he has never seen a copy of the Manager's contract.

Assistant City Manager Frazier asked if Council would be agreeable to calling a Special Called Session before the work session on 29 May 2012 to consider approval of the State revolving fund grant/loan funding for the Sandy Creek Pump Station and execution of a contract with McGill Associates to perform the preliminary engineering report. Mr. Frazier said this decision needed to be before the end of May. It was the consensus of Council to have the Mayor call the special meeting.

Guidance/Questions for Staff:

1. How far back does the County carry arrears and what is the total outstanding
2. Visual graph of water/water cost balance
3. Updated CIP Plan from McGill
4. Cost of Comprehensive Sanitation Services
5. Check with tax collector re: Hope VI Phase 1 pre and post taxes
6. Breakdown of what asset forfeiture funds can be used for
7. Reformat police personnel (FT/PT – types of part time), including titles
Clarify number of officers
8. Confirm research stating number of officers per 1,000 individuals per municipality
9. Are all police positions filled
10. Look at costs of police/fire force who drive City vehicles to homes out of town
11. Full year cost for the COLA
12. Any ordinance stating homes can be boarded for a certain length of time
13. Diversity of departments – gender/race/rank/grade, etc.
14. Turnover in the police department in last 3 years

ADJOURNMENT

Council Member Daeke moved for adjournment. Motion seconded by Council Member Inscoe and unanimously approved. The meeting adjourned at 8:57 p.m.

James D. O'Geary
Mayor

ATTEST:

Esther J. McCrackin
City Clerk