

May 17, 2013
Special Meeting of the City Council
Conference Room – City Hall
8:00 a.m.

Present: Mayor Barbara Volk, Mayor Pro Tem Jeff Collis, Council Members: Steve Caraker, Jerry Smith and Ron Stephens

Staff Present: City Manager A. Lee Galloway, John F. Connet, City Clerk Tammie Drake, Finance Director Jim Rudisill, Planning Director Sue Anderson, Public Works Director Tom Wooten

The purpose of the special meeting was to review the proposed budget for fiscal year 2013-14. Other topics may be discussed.

1. Call to Order: The meeting was called to order at 8:10 a.m. by Mayor Volk.

2. BUDGET REVIEW: Overview and key issues: City Manager Galloway began by stating \$2.7 million would have been required from fund balance when the budget review began but this was reduced to \$1.4 million after review with department heads and cuts. He explained some requests will be funded from this year's budget. He stated funding the debt associated with the second fire station, a fire truck and Main Street improvements was a challenge (\$506,000/year) and it will have an impact for the next 20 years. He stated only one bid was received from local banks for the financing. He reported the interest on the loan will drop approximately \$10,000/year. Mayor Volk asked about the City's fund balance and if it will be used this year. Mr. Rudisill explained it will probably be at break-even. There was discussion of the City's fund balance.

Revenues: There was discussion of possible actions of the General Assembly and the impacts on the City's revenues: removing privilege licenses, reducing sales tax, expanding taxes on legal fees, real estate sales, etc. Removing privilege licenses would cost the City approximately \$300,000 in revenue.

Mr. Galloway stated the budget reflects a three-cent tax increase (resulting in \$480,000) to use to pay the new debt. Mr. Rudisill commented revenues have been flat and expenditures are rising due to inflation. He stated he and Mr. Galloway went through the budget line item by line item and tried to make realistic cuts. Discussion of revenues followed.

The Council then reviewed the budget by department.

Governing Body: \$10,000 is included under contracted services for the election. There was discussion of the election and possible primary.

Administration: Professional Services: This past year, the drainage basin/engineering for Blue Ridge Mall was paid out of this account. It also funds the medical flex plan and will pay for the city manager hiring process.

Mr. Rudisill stated personnel costs in all departments have increased due to a proposed 1.7% cost of living adjustment (COLA) and a 2.5% merit increase for 80 percent of employees. Discussion followed on performance increases, there are no longer automatic step increases to allow flexibility in awarding merit increases, COLAs and the software which has standardized employee evaluations. There was discussion on salary studies done in the past which is compared with salaries of other municipalities. The Council also discussed employee training.

City Engineer: There was discussion of possibly eliminating the expense of a new position for inspecting projects. Council Member Caraker suggested contracting with a former employee, pay him an hourly wage and

advertise for the position if the employee doesn't accept. Council Member Caraker agreed to speak to the former employee. There was discussion of this position also inspecting the new fire station during construction.

Legal: There was discussion of the amount of the training/travel budget and reimbursing employees for using their own vehicles.

Contracted services: This is for hiring an attorney when the City Attorney cannot represent the Board of Adjustment.

Salary: There was discussion of the shared salary for the Planning Department assistant.

Public Works: There was discussion of the number of positions in this department and possibly delaying the proposed new parks position. Mr. Wooten reported that position has been filled. There was discussion of not filling positions in the Environmental Services Fund by attrition.

Contracted services: An additional \$15,000 was included in the budget for cleaning City facilities three days per week instead of two days per week.

Fifth Avenue: \$177,000 for improvements was delayed. Mr. Galloway suggested expending funds for bulb-outs, planting areas, etc. so people feel safer about parking cars there which will slow traffic.

There was discussion of the road repairs and the crosswalks on Main Street which were crowned intentionally for ADA requirements.

There was a brief recess.

Police: The Council discussed the funding of an additional School Resource Officer (SRO) at the request of Council Member Smith. Council Member Smith advocated the City taking the lead funding the additional position. There was discussion of the grant that may be available which pays approximately 75% of the salary for first three years and the City pays 100% of the salary the fourth year. **The Council agreed by consensus this is the right thing to do countywide and that other entities should be involved in the funding of officers to protect students.** There was discussion on funding the position until the grant funds begin (October) and utilizing the current SRO for the year-round school schedule. **The Council voiced support of a second SRO position and agreed that Mayor Volk, the City Manager, and the Police Chief should approach Henderson County officials about future funding of SROs. The Council also agreed by consensus to authorize Sgt. Tracey Cox to apply for the grant to fund the additional SRO position. The Council agreed by consensus to possibly using the funds (\$40,000) proposed for Berkeley Mills Park improvements to pay for the City's portion of the grant match for the SRO if necessary.** Council Member Stephens stated funds should not be spent on Berkeley Mills Park this year and objected to funding an additional SRO.

Auxiliary Officers: Mr. Galloway explained auxiliary dispatchers/officers are being used for dispatching for heavier traffic times which resulted in an increase in this account.

There was discussion about an invoice from the Police Department for providing service at a recent special event.

The Council agreed this should be an in-kind service and we should not be charging ourselves. The Council requested Mr. Connet to investigate this further.

Fire Department: Mr. Galloway reported Chief Flowers has requested to purchase a generator (\$40,000) for the Fire Station from under-spent salaries in this year's budget. Mr. Rudisill will verify if the funds are available.

Salaries/wages: The Council agreed with the manager's recommended budget. In response to an inquiry from Council Member Smith, Mr. Galloway explained the increase is requested because the Chief wants to use more temporary personnel to fill in so he doesn't have to pay overtime. He stated an increase in the number of medical calls, not fire calls, is tied to the requested increase. The Council engaged in discussion about the philosophical issue of whether the Fire Department is providing a duplication of services because EMS and a fire truck responds to all medical calls in the City. The City's legal obligation is to contract or provide fire suppression. There was discussion of dispatching the Fire Department when EMS calls for mutual aid and not automatically sending a fire

truck for medical calls, using a smaller vehicle for response to medical calls and any major structure fires get assistance from other departments.

The Council directed the City Manager to speak to the Fire Chief, EMS Director, and others, about revising dispatch protocol: how many people and which vehicles are needed, how much of the increase is due to fire, how much of the increase is due to medical calls and motor vehicle accidents, when fire trucks only have responded to calls, arrival times for both fire and EMS units, etc. **The Council agreed to leave the policy as is and to discuss this further after information is provided by the manager.**

Planning:

Professional Services: There was discussion about the City's traffic engineers.

Salaries/Wages: Mr. Connet recommended funding the Planner position for ½-year as a placeholder and hold it until January to see if growth occurs. He will provide data to justify the position and seek permission from the City Council to fill it. The Council unanimously agreed.

Non-Departmental:

Other appropriations: There was discussion about the wellness program which has lowered health insurance costs and the proposed changes. There was discussion of unemployment insurance.

Special Appropriations: Mr. Galloway reviewed the requests received from outside organizations which totaled \$346,000. The Council agreed to move items from this fund: mandate for Henderson County Public Schools (a required transfer), and the Apple Country Transit request in the amount of \$98,675. The Mills River Partnership will be funded through the Water and Sewer Department fee schedule.

The Council agreed by majority consensus to the following funding:

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| -Chamber of Commerce: \$10,000 | -Henderson County Rescue Squad: \$0 (\$10,000 funded by Water/Sewer Department) |
| -Flat Rock Playhouse: \$10,000 | -Hands On: \$5,000 |
| -Healing Place: \$1,500 | -Henderson Co. Heritage Museum: \$2,000 |
| -Sister Cities: \$500 | -Dispute Settlement Center: \$500 |
| -Boys & Girls Club: \$15,000 | -Arts Council - \$1,500 |
| -Partnership for Economic Development: \$11,000 | -Mayors= Advocacy Council: \$500 |
| -Shuffleboard Club: \$1,200 | -Hendersonville Symphony: \$2,000 |
| -Team ECCO: \$5,000 | -Henderson County Agribusiness: \$5,000 |
| -Crime Stoppers: \$0 | -Mineral & Lapidary Museum: \$5,000 |
| -Community Partnership for Pets: \$10,000 | -Mainstay: \$7,500 |
| -Medical Loan Closet: \$1,000 (Mayor Pro Tem Collis did not vote or discuss) | |

Debt Service: Mr. Rudisill reported on the City's debt service:

2008 sidewalk bonds will be paid March 2027

1998 sidewalk bonds will be paid May 2018

City Hall renovations will be paid October 2018

New loan for Fire Station, Fire truck, Main Street enhancements will be paid 2033.

Mr. Rudisill stated if there are funds remaining in the sidewalk bond fund, the Main Street project would be eligible and recommended the funds go toward that project. **There was unanimous agreement by the Council.** Discussion followed on the cost of the Main Street enhancements.

There was a brief recess for lunch.

Downtown Tax District: [This is not linked with the Main Street enhancements.]

Operating transfer to General Fund: Mr. Rudisill explained Main Street MSD and Seventh Avenue MSD is given back their pro rata share of the quarterly sales and use tax payments (approximately 3 percent for downtown and 1 percent for 7th Avenue).

Professional services: This expenditure is for Summit Marketing for advertising.

Salaries: The increase is for a part-time position for web site updating, Facebook, external and social media so the director can spend more time on Main Street. Council Member Stephens objected to filling the position. There was discussion of the duties of the Main Street Director and Planning Department staff providing assistance to the Main Street Director. Mr. Connet explained cuts from this fund will not affect the General Fund or the tax increase. There was discussion of reorganization and the Council agreed to Mayor Volk's suggestion that reorganization is a management decision. **The Council agreed by majority consensus to fund the part-time position to assist the Main Street Director. Council Member Stephens opposed.**

Mr. Rudisill explained this will use all of the fund balance for the downtown tax district. He stated the Main Street District funds itself this year.

Seventh Avenue Municipal Services District: Council Member Caraker reported they are still interested in increasing the size of the tax district to Duncan Hill Rd. He stated the old theatre rehabilitation is still in the planning stages and the developer has agreed to be in the tax district. He stated the long term goal is to exist without subsidy from the General Fund. He reported the special events are growing.

Capital Reserve: Mr. Rudisill reported a transfer of \$284,260 for debt for principal and interest on the loan for City Hall renovation.

Water and Sewer Department: Mr. Galloway explained Council agreed to raise rates half the proposed increase last year and the other half this year.

Regarding the two-year funding commitment for the Mills River Partnership, Mr. Galloway recommended the fee be associated with volume instead of a flat fee per customer which resulted in four cents per 1,000 gallons to fund the \$66,000 appropriation. The increase total will be ten cents per gallon. After discussion of concerns of accountability, Council Member Caraker will represent the City on the board and will request a report on how the funding is spent and will make a recommendation for future funding.

There was discussion of the sewer system development charges, royalty fees from communication towers, and the reduction of four employees. There was discussion about requiring city staff when water needs to be turned off. Council Member Caraker suggested certifying plumbers to open boxes and make them financially liable if damaged. He stated this will prevent hiring more staff and prevent public relations issues. **The Council agreed Mr. Connet should work with the Utilities Director to develop the program for certifying plumbers.**

Environmental Services Fund:

Miscellaneous Income: This account is for grant funds.

Recycling Carts: Council Member Stephens reported conversations with citizens who have concerns about the larger recycling roll-out carts. He stated the larger containers will cause problems with storage because people do not have room for another large container. Mr. Wooten recommended beginning with the smallest cart the grant will pay for (65 gallons). Discussion followed on the increase in recycling materials with larger containers which results in lower tipping fees and possibly reducing the size of garbage cans in the future. Discussion followed on the smaller recycling bins. Mayor Volk commented if staff is made aware of problems with the larger containers, we will deal with those issues. **The Council agreed customers may use the smaller bins if necessary.**

There was discussion on how the new park position was filled before the next fiscal year. Mr. Wooten explained the position was advertised through Human Resources. He stated he filled the position with funds available

through a vacant position. **The Council directed the manager to develop a system to prevent this in the future.**

Fee Schedule: Mr. Galloway reviewed the proposed changes to the fee schedule and the Council agreed to the following:

- A 2.5 percent increase in the water/sewer rates
- A .04 fee for funding the Mills River Partnership (based on volume)
- A \$2 increase in Environmental Services fees
- Selling mulch to help cover the cost of the employee (would sell mulch to anyone)

Mr. Rudisill reviewed the proposed water and sewer rates. **The Council discussed the proposed fire line fees and agreed by consensus not to include these fees until they have more information.**

Capital Improvement Plan (CIP):

Fire Engine Replacement: There was discussion of the cost of a fire engine replacement in year 4.

Highway 64 Relocation: Mr. Rudisill recommended using funds from the Capital Reserve Fund to pay this when it becomes due. He recommended dedicating those funds for this project because it is not known when it will have to be paid. **The Council agreed by consensus.**

Cuts: The Council reviewed the cuts they made during their review which totaled approximately \$71,500.

The Council discussed the new debt, the need to build the second fire station so resident's insurance rates are not increased, and the money spent on Main Street. Council Member Ron Stephens questioned the amount spent on the Main Street project.

At the request of Council Member Smith, the Council discussed options instead of raising taxes: what the fund balance will be at the end of the fiscal year, the cuts made from the proposed budget and the allocation to the capital reserve fund. Mr. Rudisill stated the Local Government Commission requires an 8 percent fund balance but a higher amount for a City our size. He stated the City's policy has been 45 percent.

There was discussion of Council Member Smith's suggestion of keeping the fund balance at only 45%, and using the funds over that amount toward the next fiscal year's budget, with no contribution to the Capital Reserve Fund. There was discussion on the Capital Reserve Fund balance and the payment due this fiscal year. The Council agreed to appropriate fund balance with no appropriation to the Capital Reserve Fund instead of a tax increase in the next fiscal year. **After discussion, Council Member Smith moved to appropriate enough fund balance to balance the budget without a tax increase for Fiscal Year 2013-14. A unanimous vote of the Council followed. Motion carried.**

Wellness Committee Request: **The Council agreed by consensus to allow employees and their immediate-family access to Patton Pool at no cost when the employee shows their identification.**

Grey Hosiery Mill Proposals: Council Member Caraker commented he only wants to hear presentations from those involving Wingate University. He stated he wants to keep Wingate involved and engaged. Council Member Stephens reported he met with White Challis and the Wingate President, Dr. McGee, who showed a lot of interest in their proposal and wants to be included. Council Member Smith also agreed he would like to hear proposals that involve Wingate. Mayor Volk agreed and stated there are other interesting proposals and Council may choose to hear presentations from all. Mr. Galloway recommended hearing all four. There was discussion of hearing the proposals as expeditiously as possible. The Council requested the City Manager to contact the proposers and schedule the presentations (on one day if possible), June 17-20, 2013, beginning at 10:00 a.m. The Council agreed to give the proposers a limited amount of time for their presentations (approximately half hour

each) and then allow a brief time for Council questions/discussion. Mayor Pro Tem Collis expressed his preference for public presentations. Mr. Galloway also recommended getting guidance and legal research done now by the City Attorney on disposal of property, etc. prior to any decision. He stated the City Attorney should be keenly involved. Council Member Caraker suggested having the Legal Department perform research on prior projects, make phone calls for references, etc. **The Council agreed to set a date for a special meeting to make a decision on the proposals at their regular meeting on June 6, 2013.**

Berkeley Mills Park Bond: The Council agreed by majority consensus to put the bond on the ballot this fall. Mayor Volk explained Council members may provide information on the bond but cannot lobby for it. Mr. Rudisill agreed stating tax dollars cannot be used to lobby or advertise for the bond issue.

Parking: There was discussion of parking at the Dogwood Lot and enforcing parking meters on the weekends. Parking meters are currently enforced Monday through Saturday (only exempt on Sunday and legal holidays) from 8:00 a.m. to 6 p.m.

Leased spaces: Mr. Galloway reported staff implemented Council's action for meters in the Dogwood Lot in the free parking spaces and it resulted in numerous requests for leased spaces. The leased spaces are reserved seven days per week, 24/7. The Council discussed options for providing additional leased spaces. **The Council agreed by consensus not to add more leased spaces in the Dogwood Lot and to direct those interested to privately-owned lots.** The Council discussed signage showing "Reserved Parking Only, towing enforced (and who to call if towed)" or window markers and repainting the curbs on the leased spaces. Mayor Volk stated the Police should be asked to be proactive on Sundays and Wednesday nights and ticket anyone who is not supposed to be there. The Council agreed to start by repainting the curbs "Reserved, 24-hours/day, 7 days per week" and ticketing violators. **The Council agreed by consensus to keep the metered spaces as it currently exists in the Dogwood lot.** Mr. Wooten suggested putting information about the parking under the windshield wipers on Sunday mornings and to notify the churches and ask them to make announcements about the parking. **The Council agreed.**

Apple Lot: Mr. Galloway suggested allowing City Hall employees to park in the Apple Lot and the Police parking lot in spaces not leased by the Skyland because it is used so little. He stated visitors and shoppers are more likely to use the parking spaces on Fifth Avenue. **The Council agreed by consensus.**

Mayor Pro Tem Collis expressed appreciation to Mr. Galloway and Mr. Rudisill for their work on the budget. Mayor Volk echoed appreciation to Mr. Galloway. Council Member Stephens commented receiving the books in advance was helpful; Council Member Smith agreed stating it was a huge improvement for the process.

The special meeting adjourned 5:10 pm.

Barbara G. Volk, Mayor, City of Hendersonville

Tammie K. Drake, MMC, City Clerk