

**CITY OF GRAHAM
SPECIAL SESSION
MONDAY, MAY 11, 2015
5:30 P.M.**

The City Council of the City of Graham met in special session at 5:30 p.m. on Monday, May 11, 2015, in the Conference Room of the Municipal Building located at 201 South Main Street.

Council Members Present:

Mayor Jerry Peterman
Mayor Pro Tem Jimmy Linens
Council Member Jim Albright
Council Member Chip Turner
Council Member Lee Kimrey

Also Present:

Frankie Maness, City Manager
Darcy Sperry, City Clerk
Michael Leinwand, Special Projects Coordinator
Sandra King, Finance Director
Tom Boney, The Alamance News

Mayor Jerry Peterman called the meeting to order and presided at 5:50 p.m.

City Manager Frankie Maness reviewed the highlights of the proposed Budget, beginning with a discussion on the General Fund. Mr. Maness explained that the General Fund presents challenges amid growing needs, narrowed resources and potential legislative changes. He pointed out that FY 2015-2016 Budget requests exceeded anticipated revenues by over \$4,600,000.

In a general overview of the proposed Budget, Mr. Maness explained that the proposed budget depends, in part, on the following:

- The Ad Valorem tax rate is recommended to remain at 45.5¢ per \$100 of valuation.
- User charges for water and sewer are recommended to increase by 2%.
- Computation and distribution of Local Sales Tax Revenue is assumed to remain the same despite efforts by the General Assembly to pursue changes. Proposals put forth by the General Assembly could reduce our annual revenues by approximately \$900,000.
- User fees for garbage are recommended to increase to \$2.75 per month to offset tipping fee expenditures.
- Fee schedule adjustments are proposed for Inspections, Water Billing and Sanitation.
- A Cost of Living Adjustment (COLA) of 3% is included in the proposed Budget.
- Health Insurance Rates for employees and eligible retirees decreased by 1.2% while maintaining the same benefits. Rates for the City have declined by 19.4% since FY 2012-2013.
- 100% employee completion of the new wellness program saved the City \$47,449.
- Funds not appropriated to continue the Merit pay system.
- Approved positions are budgeted at 100% with no adjustments for turnover or attrition.
- Staffing levels are slightly increased this year to 146.84 fulltime equivalent (FTE) positions vs. 145.63 from FY14-15. The addition of 1.5 FTE positions (.5 Code Enforcement Officer & Animal Control Officer) is proposed.
- Salaries and Benefits make up 45% of the total budget or about \$8,300,000.
- Established services and service levels remain unchanged.
- A new debt service payment (partial payment) began in the Water and Sewer Fund last fiscal year and the first full payment will be realized in FY 2015-2016.

Council Members expressed concern over including the Council Members as part of the proposed COLA increase of 3%. By consensus, Council asked Mr. Maness to remove the increase for Council from this proposed Budget.

Mr. Maness outlined the General Fund, Water & Sewer Fund, Garage Fund and Cemeteries Trust Fund as follows:

- **General Fund:** Mr. Maness stated that the General Fund presents the greatest challenge. The City's Ad Valorem tax collection receipts are improving and there is much less, if any, dependence on Fund Balance for the current fiscal year. Revenues for FY 2015-2016 are anticipated to increase to \$10,622,000 or 6.4%. Mr. Maness cautioned that while added revenue means greater ability to address expenditures, the revenue projected and made available for expenditure is still less than two (2) years prior (FY 13-14: \$10,685,700). Mr. Maness reviewed the summary of expenditures, capital outlay and unmet requests.
- **Water & Sewer Fund:** Mr. Maness stated that the Water & Sewer Fund continues its financial comeback as the past two (2) fiscal years have seen revenues sufficient enough to cover expenses. For FY 2015-2016, Mr. Maness proposes a 2% increase in water/sewer rates. Mr. Maness' proposal also calls for a change in the fee for delinquent accounts from a flat \$5.00 to 2% of the account balance with a minimum charge of \$5.00. In addition, Mr. Maness requested a fee of \$40.00 for disconnection and reconnection of service. An overview and discussion of the various departments and capital expenditures took place.
- **Garage Fund:** Mr. Maness stated the Garage Fund includes an increase in the labor rate to \$65 per hour. Management will continue to evaluate whether or not we should continue to operate this fund as an internal service fund or move operations under the General Fund since the County no longer receives fleet services.
- **Cemeteries Trust Fund:** Mr. Maness stated that in April 2015, The City Council adopted an Ordinance that established a Cemeteries Trust Fund to outline the management of more than \$2,300,000 in funds set aside for perpetual maintenance of the City's cemeteries. The Ordinance stipulates that interest earnings from the principal investments may be used towards maintenance of the grounds, walkways, etc... In FY 2015-2016, \$86,000 is proposed to support maintenance of the City's cemeteries.

Mr. Maness summarized his presentation by stating that the FY 2015-2016 Budget, as proposed, reflects the commitment of the City of Graham to provide a consistent level of public service.

There being no further discussion and upon a motion by Council Member Lee Kimrey, seconded by Council Member Chip Turner, the Council voted unanimously to adjourn the meeting at 9:32 p.m.

Darcy Sperry, City Clerk