

**CITY OF GRAHAM  
SPECIAL SESSION  
TUESDAY, MAY 17, 2016  
5:00 P.M.**

The City Council of the City of Graham met in special session at 5:00 p.m. on Tuesday, May 17, 2016, 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 Lee Kimrey  
Council Member Chip Turner  
Council Member Griffin McClure

**Also Present:**

Frankie Maness, City Manager  
Aaron Holland, Assistant City Manager  
Erin Quigley, Administration Intern  
Sandra King, Finance Director

Mayor Jerry Peterman called the meeting to order and presided at 5:32 p.m.

City Manager Frankie Maness began the budget discussion by reviewing several handouts presented to the Council Members prior to the meeting. The first item that was discussed was a handout discussing the investments of the City. This was followed by a review of the tax rate history of the City for the past twenty (20) years. Mr. Maness also presented to Council the Position Classification and Pay Study results. Mr. Maness stated that the study evaluated the position, not the person and would have a net effect on budgeted expenditures city wide 2.2% above budgeted salaries from FY 2015-2016. He indicated that the implementation of the pay study would help push employees towards the mid-point of their pay scale and ultimately reduce compression. He also pointed out that implementing this study would make us more competitive with the market. The implementation of the pay results of the Pay Study were recommended by Mr. Maness instead of a Cost of Living Adjustment (COLA) for the proposed budget.

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

- **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...Mr. Maness indicated that paving improvements had been performed this past year. In FY 2016-2017, \$40,000 is being proposed to continue improvements at the City's cemeteries.
- **Garage Fund:** Mr. Maness stated that the Garage Fund overall is less than last year's budget primarily due to lower fuel costs. He stated that the Garage Fund included an increase in the labor rate to \$70 per hour to offset rising employee costs. He also noted that a part-time position had been appropriated in the budget.
- **Water & Sewer Fund:** Mr. Maness stated that the Water & Sewer Fund continues its financial comeback as the past three (3) fiscal years have seen revenues sufficient enough to cover expenses. For FY 2016-2017, Mr. Maness did not propose any increase in water/sewer rates.

Mr. Maness also made mention of a proposed fulltime position that would be in the Water/Billing Department. This position was requested in last year's budget, but was removed prior to adoption. Mr. Maness also highlighted the \$220,000 transfer that the Water & Sewer Fund will make to the General Fund. In past years, a transfer in this direction was uncommon. An overview and discussion of the various departments and capital expenditures took place.

- **General Fund:** Mr. Maness stated that, as usual, the General Fund presents the greatest challenge. Mr. Maness was optimistic that the uptick in the general economy has made a notable difference in the City's taxable base. He made mention of the increase in construction activity from projects such as Watercourse, Indulor, Lidl, and Peak Resources and that all have helped with the growth. The City is expecting an increase of 5% on the tax base for next year. An increase of this amount has not occurred since 1999-2000. Mr. Maness stated that FY 2016-2017 will mark the first year of revenue generated from NCCP. He also stated that this fiscal year will also be the first of five annual installments of \$225,000 due to Lidl as part of the incentive package agreement. Other items outlined by Mr. Maness included the Ad Valorem tax rate remaining the same, an increase to \$2 per month for the Stormwater Fee, and the residential user fees for garbage are recommended to increase to \$3.00 per month. Mr. Maness also stated that he is still negotiating Health Insurance Premiums with carriers, but is not expecting an increase for next year. Mr. Maness reviewed the summary of expenditures, capital outlay and unmet requests.

Mr. Maness summarized his presentation by stating that the FY 2016-2017 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 Mayor Pro Tem Jimmy Linens, seconded by Council Member Chip Turner, the Council voted unanimously to adjourn the meeting at 10:58 p.m.

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Aaron Holland, Asst. City Manager