

WORK SESSION
May 8, 2014

At a work session held this evening at 5:30 p.m., there were present: Mayor Ted Byrd; Vice-Mayor Charles Chenault; Council Members Richard A. Baugh, Kai Degner and Abe Shearer. Also present: City Manager Kurt D. Hodgen, Assistant City Manager Anne C. Lewis and Finance Director Larry Propst. City Schools' Superintendent Scott Kizner and Finance Director D.D. Dawson were also present. Absent: None.

Mr. Byrd asked to understand the background of the new costs from the Manager's Budget Letter, the projected revenue increases, and the total amount for health insurance costs (13.1% increase). City Manager Hodgen said that he recommended Option 2 of the Compensation Study for affordability reasons. This option, however, would not address compression issues.

Council member Chenault suggested that Option 3C of the Compensation Study be considered along with the elimination of the Rock Bridge replacement project (\$450,000) in this year's budget. It could be pushed off to another year.

City Manager Hodgen reminded council that one cent on real estate equals \$387,000 for a 6 cent increase and \$0.50 on personal property equals approximately \$1 million.

City Manager Hodgen explained that the \$392,000 reduction made to the schools' budget was premised on additional federal revenues (\$300,000) and the state's share (\$92,000) of the proposed 2% salary increase (state only reimburses for specific positions). Superintendent Kizner indicated that he would be comfortable increasing the Average Daily Membership (ADM) by 50 students. It would increase revenue by \$222,000 and he would like to have an understanding that whatever state revenue came in would move toward the school board. Mr. Kizner indicated that the governor's ADM projection has been short in previous years.

Vice Mayor Chenault suggested that we consider taking this \$180,000 difference from the fund balance.

Per D.D. Dawson, schools could maybe return \$200,000 from this year's budget depending on when the sales tax is returned.

Council member Degner would like city schools to be funded for what they've asked for.

Council member Chenault would like to remove rent assessment to Harrisonburg Downtown Renaissance (HDR) that was included in the budget. Council member Degner agreed.

Mayor Byrd asked if there were other cuts recommended. No additional cuts were recommended.

Mayor Byrd asked what increases were being made to Enterprise Fund projections. City Manager Hodgen reported that a seven cent increase was proposed for water and sewer across the board.

There was additional discussion about the Health Insurance Pool and the participant's share in the cost and benefits. It was suggested that in future years we consider going to the open market rather than a self-funded pool and consider an increase to employee contributions including a change to the split from 70/30.

Mayor Byrd summarized the options discussed tonight:

1. Select option 3C of the compensation and benefits recommendations; remove the Rock Street bridge; eliminate the \$8700 rent charged to HDR; raise real estate \$0.06; raise personal property \$0.50; and increase the vehicle license fee by \$10.00.
2. Same as #1 except reduce the personal property tax increase by a penny (\$0.05 instead of \$0.06).

At 9:20 p.m., there being no further business, the work session was adjourned.

CITY CLERK

MAYOR