



Minutes of the Roanoke Rapids City Council

A Work Session of the City Council of the City of Roanoke Rapids was held on **Tuesday, May 4, 2021 at 5:30 p.m.** in the Council Chambers at the Lloyd Andrews City Meeting Hall.

Present: Carl Ferebee, Mayor Pro Tem
Ernest C. Bobbitt)
Sandra W. Bryant)
Suetta S. Scarbrough)
Wayne Smith)

Council Members

Joseph Scherer, MPA, MS, City Manager
Geoffrey Davis, City Attorney
Traci Storey, City Clerk
Leigh Etheridge, Finance Director
Kathy Kearney, Deputy City Clerk/Human Resources Manager
Bobby Martin, Police Chief
Kelly Traynham, Planning & Development Director
John Simeon, Parks & Recreation Director
Larry Chalker, Public Works Director
Jason Patrick, Fire Chief
Christina Caudle, Main Street Director

Absent: Emery G. Doughtie, Mayor

In Mayor Doughtie's absence, Mayor Pro Tem Ferebee presided over the meeting. He opened the meeting and offered an invocation.

FY 2021-2022 Budget Discussion

City Manager Scherer highlighted and read parts the following budget message:

FISCAL YEAR 2021-2022 BUDGET MESSAGE

May 4, 2021

Please refer to the proposed budget for Fiscal Year 2021-2022, which includes all operating and capital funds of the City of Roanoke Rapids.

The Local Government Budget and Fiscal Control Act mandates that every local government shall operate under an annual balanced budget. By definition, a budget is balanced when the sum of all estimated revenues and appropriated fund balance is equal to the sum of all appro-

priations for expenditures. The Act also mandates that each local government shall have on hand on June 30th every year an undesignated fund balance equal to 8% of the current year's expenditures. The Fiscal Year 2021-2022 General Fund Budget being submitted for your consideration totals \$15,850,253.00. This budget varies very little from the FY 2020-2021 budget.

BUDGET SUMMARY

This budget was drafted based upon estimated revenue from all usual sources, just as previous years' budgets. It does not include any resources from the American Rescue Plan (ARP) funding from the Federal government, as we currently do not have enough specific guidance on what these funds can be utilized for by the City. We anticipate the City will be able to use them in the FY 2021-2022 budget but cannot realistically include them in the budget for now. Depending on the timing we receive more specific guidance and the actual funds, we will recommend how to include these funds in the budget at a later date. This current budget allows departments to maintain a minimal level of services to the City while not recommending raising any taxes or using any Undesignated Fund Balance funds. However, this budget includes minimum department manning levels and no capital projects or equipment acquisitions. It also does not include any travel or per diem expenses except for required licensing and certification. As we consider our employees our most valuable resource, it does include maintaining some personnel benefits that we have provided in the past. However, it also does not include any cost-of-living/merit salary increases or employee bonuses. We did not include any potential grants in the budget that departments might apply for. If any grants are approved for use, we will ask City Council at that time for a budget amendment for the grant amounts plus any matching funds requirement.

ECONOMIC SUMMARY

The economic outlook at the time of this year's annual revenue forecast is largely focused on the recovery from COVID and a transition to a post-COVID era. The COVID pandemic restrictions are beginning to be scaled back, which will help businesses and schools to get closer to returning to normal operations. The City was fortunate to not have a large number of businesses fail during the pandemic, but we know some are still struggling to stay afloat. A number of businesses are having trouble either getting enough people to apply for work or getting inventory from suppliers. We anticipate our business community will maintain the momentum of positive growth and activity in the next fiscal year.

The American Rescue Plan (ARP) will provide \$5.6 billion in state fiscal relief and \$1.35 billion earmarked for North Carolina cities and towns, to include approximately \$4 million for us.

Funding can be spent through 2024 and I am hopeful that the funding will be transformational for our City. We expect further guidance and clarification on expenditures these funds are eligible to be used for to be forthcoming from the U.S. Treasury and others in the coming weeks and months.

North Carolina's unemployment rate was 5.9 percent in January, exceeding the prior year rate of 3.5 percent. Wells Fargo anticipates labor force growth in this spring and summer as businesses re-open and pull job seekers back into the workforce. With the potential for some low-wage jobs not returning, more job training may be needed for many in the workforce.

The current housing market can be defined by delayed new construction and low inventory of existing homes. In North Carolina, housing starts were down 1.5 percent from a year ago. Single-family home building permits across the state, which typically lead housing starts by two to three months, increased 24.3 percent between January 2020 and 2021.

A third round of stimulus checks are being received by 89 percent of North Carolina adults through the American Rescue Plan. March 2021 consumer spending in North Carolina has increased 3 percent compared to January 2020. Consumer spending is expected to experience a strong but unequal recovery among age and income groups, with low-income groups spending less as stimulus measures expire. The spending habits of consumers has changed, possibly for good. McKinsey Global Institute predicts that online grocery shopping, virtual healthcare visits, and spending on at-home living is here to stay. Consumer behaviors expected to revert to pre-pandemic patterns are remote learning, vacationing, and live entertainment.

These indicators contribute to North Carolina forecasters projecting continued economic growth in the coming year.

REVENUE SOURCES ESTIMATES:

Our revenue estimates were based on historic review of source trends, review of economic trends at the national and local levels, and guidance from the North Carolina League of Municipalities.

Ad Valorem Tax	\$7,132,023.00
Payments in Lieu Of Taxes	\$35,000.00
Credit & Collections Lien Accounts	\$5,000.00
Motor Vehicle License, Tax & Tags	\$869,189.00
Business Registry	\$2,020.00

Interest Earnings	\$1,000.00
Donation Fire Dept.	\$1,160.00
Misc. Revenue, Insurance Reimb, Lot Cutting	\$72,800.00
Utility Franchise Tax	\$1,302,544.00
Beer and Wine Tax	\$63,000.00
Powell Bill	\$404,091.00
Solid Waste Disposal Tax	\$11,214.00
Sales Tax (including Tourism Contribution)	\$3,880,858.00
ABC Profits	\$45,000.00
Grants & Programs	\$98,287.00
Magistrate Office Rent	\$3,740.00
Court Costs	\$2,200.00
Building Permits & Fees	\$102,371.00
Res & Com Solid Waste User, Public Works Fees	\$1,422,287.00
Cemetery	\$182,550.00
Parks & Rec Fees and Rent	\$82,054.00
Aquatic Center	\$33,800.00
Planning/Zoning Fees	\$14,000.00
Canal Museum	\$1,830.00
Wreck Reports	\$9,500.00
Municipal Ordinance	\$27,735.00
Surplus Property	\$45,000.00

TOTAL: \$15,850,253.00

EXPENDITURES

Debt Service

The annual payment on the 2017 Bond Loan is projected to be \$1,256,184 in FY 2021-2022. The City's debt service payments for the FY will be \$487,880. Future additional debt will have to be carefully evaluated until some current debts are paid off in the next 1 to 2 fiscal years.

General Administration

Because the City is a service provider, personnel costs are our greatest expenditure. The proposed budget does not include a cost of living/merit increase or bonuses for City employees but does include a \$250 holiday bonus for all full-time employees. Benefits costs have increased due to retirement contribution percentage increases mandated by the State Treasurer's Office. Funding has been requested to continue the City's longevity program and a 401(k)

supplemental compensation program of 3% for non-law enforcement personnel. Another item provided for in the proposed budget is a 5.8% increase in employee health insurance premiums with the same plan benefits except for one change in prescriptions in Tier 4 levels. The General Government and Administration budget totals \$2,569,988 and includes legislative, general government, administration, human relations, elections, finance, information systems, revenue collections, legal, miscellaneous contributions, debt service, and capital reserve departmental budgets.

Police

The proposed budget for the department is \$3,272,667. Two requested investigator positions were not funded. The department will be able to provide acceptable service levels for traffic safety, investigations, security, and community policing.

Fire

The proposed budget for the department is \$2,072,347. The department will be able to maintain service levels for fire prevention, fire response and first responder activities. Reductions were made in training, equipment, and career development budget lines.

Public Works

The proposed budget for all facets of Public Works is \$3,995,628. It does not include any capital items/equipment or street resurfacing funding, but does fund minor street repairs and patching. 3 positions total in Street Department and Cemetery were not funded.

Parks and Recreation

The proposed budget for all departments under Parks and Recreation is \$1,664,387. Funding is provided to maintain operations at the Aquatic Center while recommending the outdoor pool remain open and reducing part-time staff in other operations. There are no major project grants included. Funding for the Library was reduced due to forecasted reductions in State aid and donations. No funding for inmate labor was included because we have no indication if and/or when inmate laborers will be available due to COVID concerns.

Planning and Development

The proposed budget for the department is \$531,172. Minimal funding was provided for demolition needs.

SUMMARY

The Fiscal Year 2021-2022 Budget is balanced in accordance with the Local Government Budget and Fiscal Control Act. We have attempted to address maintaining minimum service levels while maintaining our current tax rates. As always, we will continue to explore ways we can minimize our costs and improve efficiencies.

Many of our departments, especially Public Works, Police and Fire, have major capital needs that have been delayed over the years and will need to be seriously considered for resourcing in future years. Infrastructure maintenance and upgrades, especially street repairs, need to be programmed for funding as well. Also, continued minimum department manning and the inability to offer meaningful starting salaries or increases will have an impact on recruitment and retention of City employees. The Human Resources Director is doing a salary and benefits study that will show how far behind we are in this regard. I hope we will be able to address some of these deficiencies with the use of the American Rescue Plan funds over the next three years. Also, our inability to move forward with innovations and improvements in technology puts our opportunities to become more efficient and cost-effective out of reach, due to their large up-front costs.

I would like to thank the City Administration staff for their efforts in preparing this proposed budget. As always, I offer a special "thank you" to Leigh Etheridge and her staff, who worked hard to provide the financial information needed to prepare this proposed budget.

Despite the immediate funding challenges the City of Roanoke Rapids faces, we are confident that our long-term prospects for continuing to be the major business and retail center for Halifax County remain good. As we move forward, we remain committed to providing quality services to all our citizens!

Respectfully submitted,

Joseph Scherer
City Manager

Councilman Smith said he noticed in the budget that the request from Council was for an increase in demolition but it had actually been cut. He looked at last year's budget and they approved \$40,000-\$45,000 to be spent and they only spent \$14,000. He asked where did the \$25,000 go out of her budget. City Manager Scherer replied it was determined at some point last year that the Police Department needed an upgrade in their body cameras. They felt that was the best place to take the money

from to put towards purchasing a new body camera system. The old system was falling apart and failing. That is what they did with those funds.

Councilman Smith said he could understand the Police Department needing them and did not have a problem with it, but he did not like to see money they designated for one department to be put somewhere else. He thinks they need to start looking at the way the city looks and making some effort to tear down dilapidated houses. They need to give the Planning Department the opportunity to do it. He doesn't have any issues with the budget now but they need at some ways to do these things. He stated he did not believe they needed to pull money out of one department and put it in another department. He asked if City Council was informed about it. City Manager Scherer replied yes they were. Councilman Smith said he looked back at the minutes and he could not see where Council was informed of it. City Manager Scherer said he believed he made it as part of his department briefings.

Mayor Pro Tem Ferebee asked what percentage was the fund balance now. Finance Director Etheridge reported it was 15%.

Mayor Pro Tem Ferebee asked when the City would receive the first payment of the ARP funds. City Manager Scherer said they were hopeful that they will receive those monies next month in June.

Mayor Pro Tem Ferebee asked if they had any thoughts and plans of what to do with those monies. City Manager Scherer replied they have prepared a list of personnel and capital items (wish list) that would be most appropriate to use those funds for along with putting some of the funds into fund balance. One they receive more specific guidance, they will come back to City Council with their recommendations on how to best use those funds.

Mayor Pro Tem Ferebee stated he understood right now they were not planning to fund any capital requests and asked if he could put a figure on those requests what would it be. City Manager Scherer said from every department's requests, it would be approximately \$1M-\$1.5M.

Mayor Pro Tem Ferebee asked when the salary survey would be completed. City Manager Scherer said they hope to have it to them by the next Council meeting.

Councilwoman Scarbrough asked what the status of the Canal Museum was. City Manager Scherer replied the Canal Museum for next year is funded to be open and operated by part-time personnel.

Councilwoman Bryant asked it would be open three days a week. City Manager Scherer said that was the planned schedule.

City Manager Scherer reported the proposed FY 2021-2022 budget will be posted on the City's website www.roanokerapidsnc.com and a copy will be at the City Clerk's Office for review. He said the next steps in the process is a required public hearing for the budget which will be held at the next City Council meeting on May 18, 2021. Pending any last minutes changes they will request City Council to adopt the budget at a formal City Council meeting on June 1, 2021 that will be along with the informal Work Session that same day.

Councilman Smith asked if they could tell City Council how much of the ARP monies it would take to get the fund balance back to the 22-25%.

Councilwoman Scarbrough said the report tonight said something about the Aquatic Center and the big pool staying open. She thought the big pool had some structural problems. Parks & Recreation Director Simeon replied they were not aware at this time if there were structural damages or if they have pipes that are leaking. On May 25th they will have a test performed by a company that will come in and test the pipes and let them know if there are leaks and what percentage they are leaking. He will bring City Council that information once it is available. He said there are many things that go into a pool when you talk about water coming out. It could be back wash, evaporation and other scenarios where you lose water out of a pool, especially an outdoor pool. He hopes to have that information the first of June.

Fire Department Cost Recovery Third Party Billing

Fire Chief Patrick stated he first wanted to announce today was Fire Fighters Appreciation Day and thanked all the fire fighters for all they do. He also recognized Dianne Norton for always looking out for the City employees. This morning the Public Works Department was behind Station #1 getting ready to pour some concrete and Ms. Norton brought them some brownies. She does that a lot for all the City departments. He thanked her for what she does for all the City employees.

Mayor Pro Tem Ferebee thanked Chief Patrick and all the fire fighters for what they do.

Chief Patrick referred to the information provided in the City Council's packets (On file in the Clerk's Office). He said this initially started when looking at their budget. The department is conservative but they have some items that need to be replaced and are not able to do it at this time. They started looking for other resources. They have applied for and received some grants and are still waiting to hear from some

other grants. They ran across a program where they could bill insurance companies. The department has run many call on the Interstate and sometimes they may be out there 30 minutes or sometimes 3 hours. This is taking time away from protecting the rest of the city from fire.

He reported they found a couple of different companies. The company's information in their packet is Fire Recovery USA. They offer a cost recovery solution for about 1,330 fire departments throughout the United States. There are over 60 here in North Carolina that use this service. Burlington, Greensboro, Gaston, Clinton, Oxford and Durham are a few. What this company does is if the Fire Department goes to a call they fill out a report and send it to this billing company. The company then bills the insurance company. The homeowner or owner of the vehicle is never sent a bill, it gets sent to their insurance company. He informed City Council that if they look at their own insurance bills. This fee is already being charged, but a lot of fire departments are not collecting it or submitting a bill to collect it. This company will do this for them.

Chief Patrick said this company can set it up however they want to as far as if the City wanted to just send a bill to the insurance company or if they wanted to send a bill to the owner. The company rep said they could send the bill to the insurance company first and if they do not pay then they could send a bill to the owner. If the City doesn't want to do that, they will not do it.

He said the industry standard for the percentage the company takes for collecting is 25%. This company charges 22%. He referred to the documents in their packets: Emergency Incident Recovery Forecast (On file in Clerk's Office) for 2019 and 2020. These were not all the calls they ran throughout the year, but it was some he sent for the company to give a quote of what they would charge for the past few year and what the Fire Department would have collected. In 2020 - \$60,443 and in 2019 - \$92,776. Chief Patrick stated the comparison was not necessarily apples to apples in 2020 because he did not put any fires that they went to, just vehicle fires, hazardous conditions and motor vehicle accidents.

Mayor Pro Tem Ferebee asked if they were saying they recover 90% of their billings. Chief Patrick replied yes, the rep told him they collect between 70-90% straight from the insurance companies.

Mayor Pro Tem Ferebee asked how would the Fire Department get the information to the company. Chief Patrick said they would electronically send the report they do on their reporting system to the billing company and then the billing company will bill the insurance company. They use the industry standard on what to charge for things

like a fire truck being on scene, chief officer using certain tools, etc.

Councilman Smith said he agrees with this but does not want to see billing going to the citizens. Chief Patrick agreed with that. The insurance company is already charging for it so if the fire departments aren't getting it, then who is getting it – the insurance company.

Mayor Pro Tem Ferebee said he agreed with Councilman Smith and asked if he knew how other fire departments were handling the billing. Chief Patrick said Scotland Neck uses this company, but they just use it for commercial type fires or incidents. Again, the company said the City could set it up however they wanted to.

Mayor Pro Tem Ferebee asked if it was on a contingent basis or in other words if there is no fire and they don't send anything, there's no charge to the City. Chief Patrick replied that was correct. The cost is the percentage of what they collect. Mayor Pro Tem Ferebee asked if there were any contract terms. Chief Patrick said the City would have to create an ordinance which he already has a copy of. As for a contract he would have to check on that.

Councilwoman Scarbrough asked how does the Fire Department handle this now. Chief Patrick said for example, the wreck on I-95 with a couple of race cars on a trailer that overturned was from a college. They sent a bill to the college but haven't heard anything back at this point. Same thing with the gas leak on Julian Allsbrook Hwy. They've had several gas leaks since he has been Chief. They will be tied up for 3-4 hours and have to bring in off-duty guys to help cover the City during that time frame. They've also sent a bill to them and haven't heard back from them either. City Manager Scherer added they asked Attorney Davis to contact these companies to pay the bill or tell the City why not.

Councilwoman Scarbrough asked how was it handled years before now. Chief Patrick said to his knowledge they were not billing for these costs. He gave examples of equipment being broken while on a call or using foam to assist another fire department. This billing would help offset the cost of the Fire Department's operations.

Councilman Smith asked who would monitor the calls and oversee that the paperwork is being submitted to the billing company correctly. Chief Patrick said starting out it probably should be himself. Right now Chief Cook monitors the normal reports and makes sure they are consistent. As far as this billing and getting it sent out, he or Deputy Chief Hux will likely do it.

Councilman Smith asked for Chief Patrick to get a contract here so Attorney Davis could review it. City Manager Scherer stated they will do their due diligence but they wanted to brief City Council on this and make sure they were on board with the program before moving forward.

It was a consensus of City Council to move forward with the program.

Miscellaneous

City Manager Scherer gave the reported the following:

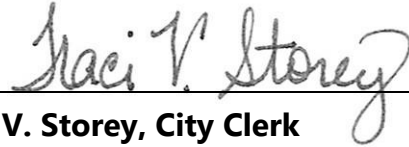
- The Splash Pad at Chaloner opened Saturday.
- 225,000 tons of crush and run has been delivered to various locations on Canal Trail.
- It will be three months before the contractor can repair the Centennial Park clock. The chimes should arrive this Thursday and should be installed late this week or early next week. They will sound every hour on the hour from 8 a.m. – 10 p.m.
- Three of the new Durangos arrived at the dealer. Hope to get the other two in soon. The new Ford pickup for the Fire Department should be here by mid-May.
- The Police Department is conducting an operation called Slow Your Roll which is an intensive traffic enforcement plan that being implemented. It will be in effect this week and next week. They hope to have statistics at next month's meeting.
- The Police Department will host the Fallen Officer Memorial program next Friday, May 14th at 10 a.m. in the Lloyd Andrews building.
- The Fire Department obtained estimates for the old Fire Station No. 2 roof repair. To repair the rubber roof will be \$20,000. Materials for new A-frame roof will run \$35,000-\$40,000.

City Manager Scherer thanked Andy Jackson with Lowe's Home Improvements for donating 75 bags of mulch to put around Fire Station No. 1. Walmart has also donated materials to the Public Works Department.

He announced on Saturday, May 29th, the Fire Department, Police Department and Safe Kids will hold a Bike Rodeo at Kirkwood Adams. They will have a safe bike course

for young children to practice bike safety. They plan to give all participating children a bike safety helmet.

There being no further business, the meeting was adjourned at 6:08 p.m.

A handwritten signature in cursive script that reads "Traci V. Storey". The signature is written in black ink and is positioned above a horizontal line.

Traci V. Storey, City Clerk

Approved by Council Action on: May 18, 2021