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**Roanoke Rapids City Council**

**April 9, 2015**

The City Council of the City of Roanoke Rapids held a budget work session on the above date at 3:00 p.m. in the first floor conference room of the J. Reuben Daniel City Hall & Police Station.

 Emery G. Doughtie, Mayor

 Carl Ferebee, Mayor Pro Tem

 Ernest C. Bobbitt)

 Suetta S. Scarbrough)

 Carol H. Cowen)

 Wayne Smith)

 Joseph Scherer, MPA, MS, City Manager

 Lisa B. Vincent, MMC, NCCMC, City Clerk

 Kathy Kearney, Deputy City Clerk/Human Resources Manager

 MeLinda Hite, Finance Director

 Kelly Lasky, Planning & Development Director

 Christina Caudle, Main Street/Development Director

City Manager Scherer opened the budget work session by providing the following definition of the word “budget”: *confluence of two independent resource streams--revenues and expenditures*. He stated the objective of these work sessions is to review proposed department and City-level budgets and obtain feedback to align them with Council’s goals and objectives.

City Manager Scherer stated he asked department heads to provide him with wish lists for their respective departments. He pointed out that one of the goals Council gave to him was to develop a Capital Improvement Plan (CIP).

City Manager Scherer stated the following is a list of issues we need to consider during these sessions:

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* Revenue Uncertainty
* Property Tax Appeals/Impact/Raise Taxes?
* Cost Reductions
* Reduce/Eliminate Services
* Revenue Enhancements (fees, grants, etc.)
* Capital Expenditures
* Fiscal Health & Wellness/Being Fiscally Prudent
* Local & National Economy
* Productivity Improvements
* Facilities Maintenance
* Theatre/Debt Service

Mayor Doughtie stated in regard to revenue enhancements, one thing that was on the front burner, put on the back burner and then completely taken off the burner was the discussion of some type of sales tax increase. He stated with all of these uncertainties and the fact that the County has a lot of capital projects, we need to start a good dialogue about the topic of a sales tax increase. Mayor Doughtie stated this would be a good way to create a sizeable amount of revenue without having to put the burden on our taxpayers. He stated when this was discussed before with some of our legislators, they said if the County would get involved, they would be much more interested in letting us move forward with a referendum for a sales tax increase.

Councilman Bobbitt stated our legislators understood and sympathized with our situation but so many of the politicians had made promises that they would not raise taxes.

Mayor Doughtie stated even if we got just a penny with the sales tax increase, it would not be gouging people.

Councilwoman Scarbrough asked about the percentage of the occupancy tax we receive.

Finance Director Hite explained that we collect the tax but it goes to the Tourism Authority. She stated we keep 3% for administrative costs.

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Mayor Doughtie stated Tourism donates some of that money to the Canal Museum.

City Manager Scherer stated we do get benefits from the occupancy tax.

Councilman Smith pointed out that the NCLM Tax & Finance Committee will be meeting with the General Assembly on May 13 to discuss various tax and finance matters.

City Manager Scherer stated there had been some discussion in the past about the implementation of a municipal tax district for Main Street.

Councilman Smith asked about funding for employee raises.

City Manager Scherer stated he would like to see us provide a raise but until we get a little more information on revenues, we cannot make any recommendations.

Mayor Doughtie asked how much a 1% raise would cost.

Finance Director Hite stated around $120,000.00.

Finance Director Hite stated she would like to reiterate what the City Manager said in his report on Tuesday and what he highlighted again today. She stated we cannot stress enough about the uncertainty with the County’s property tax revaluation. She stated even though the County has provided us with numbers, they are still going through the appeals process which will continue through June 30. She also pointed out that these appeals include business and residential properties. Finance Director Hite stated we could see even more of a decrease in our tax levy. She stated it will probably be the first of May before we get some good numbers. She also mentioned House Bill 1050 that was passed last year repealing the business license tax. She stated we are expected to lose an estimated $350,000.00 as a result of that legislation.

City Manager Scherer stated the League is trying to get the legislators to consider four different options for replacement of the loss in privilege license tax revenue.

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Finance Director Hite stated one of her major concerns is the new sales tax redistribution--Senate Bill 369. She stated if this bill is not revised, it will take three years for it to be implemented. She stated the City is estimated to lose over $800,000.00 in sales tax revenue over three years. Finance Director Hite stated the City typically collects $2 million so this is a big hit.

City Manager Scherer stated everyone across the state is screaming about this. He stated it was originally intended to refund money to rural counties. He stated he is still waiting to hear from the League on this matter.

Mayor Doughtie asked if the monthly lease payment from HSV Entertainment for the Theatre goes toward the $1.8 million debt payment.

Finance Director Hite explained that the money paid by HSV goes directly to the Bank and we pay the difference.

Councilman Smith stated we need to put selling the Theatre at the top of our list of priorities.

**Presentation of Human Resources/General Government Budget**

Human Resources Manager Kearney reviewed the General Fund for 4150 General Government as outlined in the Council’s budget workbooks. She also distributed copies of the following handout which she also reviewed:

**10.4150.0600 Retiree Group Insurance**

This account is the amount that is paid annually by the City for retired employees. Employees are covered until age 65. Although employees turning 65 come off, employees (especially Baby Boomers) are retiring at an earlier age. This causes our numbers to fluctuate year to year.

At the present time, we have 24 retired employees on our insurance.

**10.4150.0601 HRA (Health Reimbursement Account)**

This account is the amount set aside for deductible reimbursement. At the present time, the City’s deductible is $2,500.00. The employee is only responsible for $500.00. The City will reimburse up to $2,000.00 per family/employee per fiscal year. This amount varies from year to year depending on the health insurance plan

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we select and the health issues of employees.

**10.4150.0715 401k (3%) Employer Match**

This account is the amount set aside for the 3% employer match for 401k. This is a benefit that employees (especially those nearing retirement age) are very grateful and fortunate to have. As you know, your regular local government retirement is not enough to live on. When employees are enrolled, I stress that this is the best time to enroll. If you sign up then and it comes out of your first check, you never miss it. It is a good benefit selling point for retention and recruitment of employees.

**10.4150.0920 Holiday/Merit Bonus**

This account is the amount set aside for the $25.00 Thanksgiving Gift Cards and the $250.00 Christmas Bonus (FICA included). In years past, these two items were never allotted in the budget, so each year right before Thanksgiving and Christmas, these were brought before Council for approval. By including these in the budget during the budget process, this is no longer necessary. Also, it allows us to tell employees that we will be giving these again this year so they can plan their holiday spending without the stress of wondering if they will receive these benefits. Employees are greatly appreciative of Council recognizing them through this method.

**10.4150.5400 Insurance & Bonds (Unemployment)**

This account is the amount set aside for unemployment costs. This is just an estimate based on the prior year.

**10.4150.5410 General Liability Insurance**

This account is the amount set aside for general liability insurance. This insurance covers a variety of items such as: vehicles, property, equipment and liability claims.

**10.4150.5421 Workers Compensation**

This account is the amount set aside for the City’s workers compensation coverage. Due to the monthly Public Works Safety Trainings and the assistance of Safety Coordinator Walter Johnson, there has been a decrease in accidents. We very seldom have a lost time accident.

**10.4150.5710 Employee Assistance Program (EAP)**

This account is the amount set aside for the City’s Employee Assistance Program (EAP). The EAP provides support for employees when they are going through a difficult time. It may be a problem that has been building over time, or it may be a sudden personal crisis. We all know that as hard as we try, sometimes personal issues affect our work performance. The EAP is a valuable resource that is available 24 hours/7 days a week. Employees may access it through a phone call or by their website.

**10.4150.5722 Safety & Employee Recognition**

This account is the amount set aside for the City’s Service Awards program and for the past couple of years, the City has donated money to BARC to purchase door prizes for the Annual BARC Employee Christmas Luncheon. These two programs have been great tools for motivation and recognition.

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In response to a question about the cost of health and dental insurance, it was noted that we are expecting a 3% increase for health insurance and a 2.7% decrease for dental insurance.

**Presentation of Planning & Development Budget**

Planning & Development Director Lasky reviewed the General Fund for 4900 Planning as outlined in the Council’s budget workbooks.

Planning & Development Director Lasky stated they have attempted to stay within budget for the last two years. She stated they did hire an additional inspector. She pointed out that the code enforcement department is one of the mandated departments required by North Carolina General Statutes. Planning & Development Director Lasky reviewed the line item for training, meetings and schools, and indicated that the inspectors are required to attend continuing education classes to maintain their certifications.

Planning & Development Director Lasky stated they anticipate having three residential structures demolished at a cost of approximately $8,000.00 each. She stated they have been fortunate to have achieved voluntary compliance with some homeowners.

Referring to the line item for uniforms, Planning & Development Director Lasky indicated that in the last few years, they have purchased polo shirts and jackets for inspectors to help identify them as City employees when they go out into the field.

Planning & Development Director Lasky stated they have very aged vehicles that have gone through the hand-me-down process. She stated they currently have five vehicles that all have been given to them by either the Police Department or Public Works Department. She stated the department needs reliable trucks to be able to carry tools and ladders to job sites for inspections. She stated in some cases, the cars have gotten stuck. She stated they did inherit a truck in January that has 160,000 miles and has broken down for the second time since January. She stated this time was in the middle of an intersection. Planning & Development Director Lasky stated the 2003 Chevrolet Malibu is the only car they feel is reliable enough to travel out of town on but Inspectors Duhadaway and Jordan cannot fit behind the wheel of this compact car. She stated they have a significant need for vehicles.

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Planning & Development Director Lasky stated they are spending thousands of dollars in maintenance fees. She stated the Crown Victorias have 160,000 and 130,000 miles on them and one has an issue with the computer system. Planning & Development Director Lasky stated these vehicles are 15 years old. She stated she is requesting two Ford F150 4 x 4 trucks to help the inspectors in their field work.

Planning & Development Director Lasky stated she is requesting $100,000.00 for two capital projects--(1) demolition of 1026 Roanoke Avenue and (2) streetscape plan for Roanoke Avenue. She stated 1026 Roanoke Avenue was declared unsafe in June of 2009 and in 2010 City Council adopted an order to petition the court for compliance. She explained further that last May a judgment was obtained from the court and last November the department solicited bids for demolition. Planning & Development Director Lasky stated bid requests were sent to 17 firms and they received only one bid in the amount of $48,000.00. She stated they are in the process of obtaining updated quotes. She stated the roof has collapsed and the situation has become dire. She cited a similar situation in downtown Grifton, NC where a building collapsed and the guts of the building spilled out onto a main highway, shutting it down.

City Manager Scherer stated he has asked Finance Director Hite to take a look to see if she can find money in the current budget to take care of this demolition.

Mayor Doughtie asked who would own the land if the building is torn down.

City Manager Scherer stated we are trying to contact the owner to see if we could get the property.

Councilman Smith pointed out that a lien would be put on the property.

Main Street/Development Director Caudle stated Councilwoman Scarbrough made her aware of a program through the School of Government--the Development Finance Initiative that assists with community revitalization. She stated she would like to get them to come here and assess the property. She stated there are two schools of thought--one is to turn

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the empty area into a walkway that leads to public parking, although that would require lighting and other improvements that could require additional funding. She also pointed out that doing that would take the property off the tax books. She stated the other option is to sell the property. Main Street/Development Director Caudle suggested we get the School of Government in to conduct an analysis, and give us some options and proposed costs. She stated something needs to be done because if we had a situation similar to the Town of Grifton and had to close the Avenue, log trucks could not get to the largest employer in Roanoke Rapids.

Councilwoman Scarbrough stated using this program through the School of Government is how the Town of Halifax got their building torn down and replaced with a park.

Planning & Development Director Lasky pointed out that the $50,000.00 is for demolition, removal and stabilization of the property.

Councilwoman Cowen asked about the last time taxes were paid on this property.

Planning & Development Director Lasky stated she does not know. She stated they have had no response from the property owner since they started the process in 2009.

Mayor Doughtie stated the property owner (Randy Burnette) is deceased and the property belongs to his mother. He stated there may be a brother or another relative we could contact.

City Manager Scherer asked Main Street/Development Director Caudle to assist with trying to contact someone in the Burnette family regarding this property.

Planning & Development Director Lasky stated over the last several years, there has been a lot of focus on improving Roanoke Avenue. She stated the requested $50,000.00 for the streetscape plan would allow us to create design guidelines that would lead to creating an identity for the Avenue. She stated they would hope to get others involved to share in the

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cost. Planning & Development Director Lasky stated it would be desirable to contract with a landscape architect.

Councilwoman Scarbrough stated she thought this would fall under the Main Street Program.

City Manager Scherer stated the Planning & Development Department would be leading the design.

Planning & Development Director Lasky stated she has some experience in landscape design and could work with a consultant.

Councilman Smith asked Planning & Development Director Lasky why she could not draw up the plan if she has experience.

Planning & Development Director Lasky explained that serving as zoning administrator and planning & development director, her time is limited. She stated although she has some experience, she is not a landscape architect. She stated these plans can cost upwards of six figures but feels like $50,000.00 will get us what we need to get some projects started. Planning & Development Director Lasky stated she does not have the resources and expertise to create such a plan.

Councilwoman Cowen stated when she was elected to Council, the City was in the process of starting some improvements on the Avenue but there were no municipal tax district funds to do this. She stated it now seems that this is coming back to the City to fund the improvements.

City Manager Scherer stated the municipal tax district was abolished by Council many years ago. He stated there has been some discussion in the past about revisiting the idea of the tax district.

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Planning & Development Director Lasky pointed out that when we get down to doing shovel ready projects, we will need a plan.

Councilwoman Cowen stated she thought the businesses along the Avenue were contributing to the Main Street Program.

Main Street/Development Director Caudle stated no one is required to pay. She stated the only monies they collect are from donations and fundraisers.

Planning & Development Director Lasky pointed out that the 100 year anniversary of the creation of the Avenue is coming up. She stated that could be a marketing idea.

Mayor Doughtie stated there are five members on this Council that will vote on the budget. He stated he would like to see our uptown/downtown look like Rocky Mount but this Council will be faced with many decisions during this budget process. He stated we are already looking at major revenue reductions. He stated we have been able over the last several years to get along with no tax increase but vehicles and facilities are getting older, street improvements and other capital items are needed--and it is hard for this City Council to keep putting these things on the back burner. Mayor Doughtie stated we need to get some development around here--especially in the entertainment district.

Councilman Smith stated if we see that we may have to increase taxes, we need to bring it up before we have the public hearing on the budget. He stated we need to let the public know in advance. He stated he does not want any last minute surprises.

Motion was made by Councilwoman Scarbrough, seconded by Mayor Pro Tem Ferebee and unanimously carried to adjourn.

 

 4/21/2015