***17756***

***Roanoke Rapids City Council***

***April 22, 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

 MeLinda Hite, Finance Director

**Presentation of Remaining Account Budgets**

Finance Director Hite reviewed the budgets as outlined in the Council’s budget workbooks for the following accounts: *Legislative; General Government; Administrative; Main Street/Development; Elections; Finance; Information Systems; Revenue Collections; Legal; Miscellaneous; Debt Service* and *Capital Reserve.*

*Legislative*

Finance Director Hite stated this is the account for the Mayor and City Council. She stated the only change is a decrease in group insurance due to one person coming off of the insurance policy.

*General Government*

Finance Director Hite stated Human Resources Manager Kearney covered part of this account in her presentation. She noted the line item for E-911 System Cost at $225,390.00.

Councilman Smith stated there is a bill in the House that will do away with this fee.

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Mayor Doughtie asked how it would be paid.

City Manager Scherer stated it is his understanding that if the bill passes, the County will not be able to charge us for this service.

Finance Director Hite stated the $20,000.00 for contract services is the amount the City pays CenturyLink and Charter for maintenance fees for our computer equipment, server, etc.

Finance Director Hite pointed out that in the maintenance and repairs line item, Public Works Director Chalker asked for an increase for maintenance and repairs on the City Hall building.

Finance Director Hite stated Walter Johnson, the City’s Safety Coordinator, holds monthly safety meetings for all employees. She stated $5,000.00 is budgeted for safety and employee recognition and for supplies needed for the meetings. She stated Mr. Johnson does an excellent job with this program.

Finance Director Hite pointed out that the CDBG 05-E-1482 Closeout is actually a flow-through process. She stated the Sanitary District pays us and we in turn pay the North Carolina Department of Commerce.

Councilman Smith asked if this is for the work done out at the Theatre.

Finance Director Hite stated yes.

Councilman Smith asked if this is the last year since it is a closeout.

Finance Director Hite stated yes.

*Administrative*

Finance Director Hite stated the only new item is a computer and software for the City Clerk. She stated the computers in the City Clerk’s Office and the Finance and Tax

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Departments are five years old. She stated just this morning they lost the hard drive on one of the computers in the Finance Department.

Mayor Doughtie asked if we purchase the computers from the same person that services them.

Finance Director Hite stated yes. She stated he builds the computers.

*Main Street/Development*

Finance Director Hite stated this account is for the salary and benefits for the Main Street/Development Director. She stated nothing has been added.

*Elections*

Finance Director Hite stated we have budgeted $4,100.00 for the next election in November.

*Finance*

Finance Director Hite stated there are three full-time employees in the Finance Department. She stated she is requesting three new computers for the Purchasing Agent, Accounting Technician and the Finance Director. She stated those computers are also five years old.

*Information Systems*

Finance Director Hite stated this account covers our contract with The Computer Guy & Company. She stated this account also covers our telephone lines in the City Hall basement for the network; maintenance and repairs; off-site backup; and the City’s website maintenance. She stated as a FYI to Council, the line item for capital outlay-equipment is for the server which is now six years old. She stated it will probably last another year but we want to get it in the Capital Improvement Plan (CIP). Finance Director Hite stated we have two servers in the basement and this does not include the Police Department’s servers. She stated we have a lot of data.

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Councilwoman Scarbrough asked about the line item for CenturyLink that was mentioned earlier.

Finance Director Hite explained that CenturyLink is the brain of the network and CenturyLink works hand-in-hand with Charter.

City Manager Scherer explained further that Bob with The Computer Guy & Company is the technical person that works on the equipment.

*Revenue Collections*

Finance Director Hite stated this account is for the Tax Collector and one part-time person. She stated the only request is for one computer.

Councilman Bobbitt asked the age of the computer to be replaced.

Finance Director Hite stated five years old.

Councilman Smith stated he thought the County collected our taxes.

Finance Director Hite explained that our Tax Collector collects prior years, and we have three more years we can collect.

City Manager Scherer pointed out that this office also does payroll as well as other revenue collections such as some privilege licenses, solid waste fees and cemetery fees.

*Legal*

Finance Director Hite stated this account is for the City Attorney.

*Miscellaneous*

Finance Director Hite stated this account is for requests for funding that we have received. She stated the Roanoke Valley Rescue Squad has requested $35,000.00; the Beautification Committee has requested $3,000.00 and the Roanoke River Basin Association has requested $2,500.00.

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*Debt Service*

Finance Director Hite stated this account shows the installment financing we have. She reviewed the following with Council:

**DEBT SERVICE INFORMATION**

**As of June 30, 2015**

 **TOTAL PRINCIPAL YEARS**

 **INTEREST ANNUAL ANNUAL ANNUAL ANNUAL CURRENT OUT-**

**DEBT RATE PRINCIPAL INTEREST FEES PAYMENT BALANCE STANDING**

Public Works-Rear Loading Trash Truck-BB&T 1.790% $ 33,738.72 $ 1,748.79 $ 35,487.51 $ 67,477.44 2 annual 11/16/2016

Police-13 Crown Victorias-BB&T 2.360% $ 68,982.66 $ 8,533.34 $ 77,516.00 $ 68,982.66 1 annual 2/28/2016

Fire-Fire Ladder Truck-Sun Trust Bank 1.385% $ 93,377.37 $ 6,648.01 $ 100,025.38 $ 280,132.11 3 annual 4/26/2018

Police-Vehicles-First Citizens Bank 1.850% $ 29,951.12 $ 2,874.90 $ 32,826.02 $ 119,804.48 4 annual 7/19/2018

Neighborhood Resource Center-First Citizens Bank 2.150% $ 20,475.67 $ 3,798.54 $ 24,274.21 $ 143,329.69 7 annual 8/30/2021

Fire Station No. 2-First Citizens Bank 3.000% $ 55,521.30 $ 39,000.00 $ 94,521.30 $ 888,340.60 16 annual 8/30/2031

Vehicles-First Citizens Bank 1.400% $ 93,282.94 $ 3,972.99 $ 97,255.93 $ 279,848.82 3 annual 8/28/2017

 **Subtotal $ 395,329.78 $ 66,576.57 $ - $ 461,906.35 $ 1,847,916.00**

 **Grand Total $ 395,329.78 $ 66,576.57 $ - $ 461,906.35 $ 1,847,916.00**

Economic Development Project (Theatre) Current FY 5.51% $ 875,000.00 $919,481.00 $ 1,515.00 $1,795,996.00 $16,500,000.00 12 Revenue Fund 7/1/2027

 **Total Debt Service $1,270,329.78 $986,057.57 $ 1,515.00 $2,257,902.35 $18,347,916.00**

**\*\*Principal Balance $16,500,000.00 after July 1st payment of $875,000.00**

Councilman Smith asked about the increase in the debt principal payment.

Finance Director Hite explained that the increase is a result of the loan we took out last year for vehicles. She pointed out that we will pay off one this year—BB&T for police vehicles.

*Capital Reserve*

Finance Director Hite stated this is an account entry required for unemployment insurance.

*Preliminary Revenue Estimates*

Finance Director Hite pointed out the total projected levy of $7,062,356.00 compared to the 2014 levy of $7,332,371.00. She stated we have a $270,015.00 shortfall, and it would take a .0275 cent property tax increase to make up the difference. She stated the saving grace for next year is NC Tax and Tag.

Mayor Doughtie asked if motorists still pay the vehicle fee paid in the past when we received a City license plate.

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Finance Director Hite stated yes. She stated the fee is $6.00 and that is the maximum allowed by the State.

Finance Director Hite reviewed the following projected revenues that she indicated are the best projections she can provide as of today. She stated it is a moving target with what is happening in the General Assembly.

**2015-2016 Revenue Estimates**

 **Amended Budget Actual Requested**

 **2014-2015 6-30-15 2015-2016**

10.3010.0100 Ad Valorem Current $ 6,872,871.00 $ 6,396,882.00 $ 6,246,635.00

10.3010.0600 Lease Vehicles $ 15,000.00 $ 16,635.00 $ 18,469.00

10.3090.0100 NC Tax and Tag $ 444,500.00 $ 534,991.00 $ 797,252.00

10.3250.0000 Privilege Licenses $ 280,000.00 $ 371,763.00 $ 1,000.00 \*Beer & Wine/Taxi/Limousine

10.3370.0000 Utility Franchise Tax $ 1,200,000.00 $ 995,360.00 $ 1,200,000.00 \*Electric/Telecommunications/Natural Gas

10.3410.0000 Beer & Wine Tax $ 76,505.00 $ 76,000.00 $ 78,280.00 \*3 percent increase

10.3430.0000 Powell Bill Allocation $ 475,217.00 $ 470,060.00 $ 465,359.00 \*1 percent decrease

10.3440.0000 Solid Waste Disposal Tax $ 6,885.00 $ 7,441.00 $ 7,627.00 \*2.5 percent increase

10.3450.0000 Sales Tax Article 39 $ 913,305.00 $ 666,322.00 $ 913,305.00

10.3450.0200 ½ cent Sales Tax Article 40 $ 351,759.00 $ 195,805.00 $ 351,759.00

10.3450.0250 ½ cent Sales Tax Article 42 $ 354,583.00 $ 264,136.00 $ 354,583.00

10.3450.0300 ½ cent Sales Tax Article 40 $ 234,505.00 $ 130,537.00 $ 234,505.00

10.3450.0350 ½ cent Sales Tax Article 42 $ 236,389.00 $ 176,091.00 $ 236,389.00

10.3450.0400 ½ cent Sales Tax (New) $ 1,000.00 $ 31.00 $ 50.00

10.3450.0450 Hold Harmless Revenue $ 618,640.00 $ 547,817.00 $ 618,640.00

10.3500.0400 Magistrate’s Office Rent $ 3,740.00 $ 3,117.00 $ 3,740.00 $311.66 per month

10.3590.0100 Residential Solid Waste User Fee $ 1,253,550.00 $ 1,118,499.00 $ 1,247,450.00

10.3610.0100 Sale of Cemetery Lots $ 40,000.00 $ 31,440.00 $ 40,000.00

10.3610.0200 Cemetery Grave Fees $ 70,250.00 $ 61,163.00 $ 70,250.00

10.3650.0201 Boys & Girls Club Rent $ 5,520.00 $ 920.00 $ 5,520.00 $460.00 per month

10.3650.0202 CADA Rent $ 5,664.00 $ 4,248.00 $ 5,664.00 $472.00 per month

10.3650.0203 WIC Rent $ 2,568.00 $ 2,140.00 $ 2,568.00 $214.00 per month

10.3650.0400 Community Center Receipts $ 50,500.00 $ 39,117.00 $ 50,500.00

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Mayor Doughtie stated last night City Manager Scherer mentioned the possibility of a one-quarter cent (¼¢) sales tax that cities could levy that would bring in an additional $525,000.00.

City Manager Scherer stated he believes the House is looking for ways to make up for the loss of privilege license revenue.

Mayor Doughtie asked if we would have to hold a referendum.

City Manager Scherer stated no.

Mayor Doughtie asked Finance Director Hite if she feels confident about the hold harmless revenue.

Finance Director Hite stated yes.

Mayor Pro Tem Ferebee asked how we are trending as compared to last year. He asked if that is known at this time.

Finance Director Hite stated she does not know at this time.

Mayor Pro Tem Ferebee questioned the rent for the Boys & Girls Club.

City Manager Scherer stated the Boys & Girls Club will start back paying the normal rent on July 1.

Councilman Smith stated with the low fees we are charging at the Aquatic Center, it will take 50 years to make up the money spent on the dehumidification unit replacement.

City Manager Scherer stated in the proposed FY 2015-2016 Fee Schedule, we are recommending increases to the Aquatic Center fees.

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Councilman Smith stated we need to.

Councilwoman Scarbrough asked if the attendance at the Aquatic Center is back up to what it was before it closed for repairs.

City Manager Scherer stated he does not have the numbers but from what he has heard, attendance appears to be back up.

Councilman Smith stated our estimated revenue is $13,858,728.00.

Finance Director Hite stated that is our initial estimate. She stated it is subject to change.

Councilman Smith asked if it is possible that revenues will come in less.

City Manager Scherer stated yes. He stated this is our best guess right now.

Councilman Smith asked the amount of the estimated expenditures so far.

City Manager Scherer stated $18,169,520.00. He pointed out that a lot of the big ticket items will be put in the Capital Improvement Plan (CIP).

Councilman Smith asked if the $18.1 million in expenditures includes the $1.8 million for the Theatre.

Finance Director Hite stated yes.

Mayor Doughtie stated this is why it is so important for us to do all we can to reduce or extinguish ourselves of this debt as soon as possible. He stated it would be nice to create a budget to fix things when needed and make needed purchases. He stated we are looking at 14 years left on the financing and we cannot continue going down the path we are on.

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Councilman Smith stated it sounds like the City Manager has a job ahead of him and it looks like we will have to tighten up our belts.

City Manager Scherer stated we will have to look at what is realistic and what is needed.

Mayor Doughtie pointed out that this ultimately falls back on the City Council. He stated the City Council members will be the ones voting on the budget.

City Manager Scherer stated all he can do is make recommendations. He stated he will have to look at making changes or doing away with things. He stated if the citizens realize that we are trying to get to an end, maybe they will be more understanding.

Mayor Pro Tem Ferebee asked how the County’s property revaluation affected us.

Finance Director Hite stated at this time, the loss is estimated to be around $270,000.00 but we will gain money with the new NC Tax and Tag.

City Manager Scherer reminded everyone that our next budget work session will be held on Thursday, May 7 at 3:00 p.m. for presentation of the CIP. He pointed out that Public Works Director Chalker will be in charge for the next two days while he is out of town but he would be available by cell phone.

There being no further business, the meeting adjourned.

 

 5/5/2015