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**Minutes of the Roanoke Rapids City Council**

A special meeting of the City Council of the City of Roanoke Rapids was held on Tuesday, May 31, 2016 at 5:15 p.m. in the Council Chambers at the Lloyd Andrews City Meeting Hall.

**Present:** Emery G. Doughtie, Mayor

 Ernest C. Bobbitt)

**Council Members**

 Suetta S. Scarbrough)

 Carol H. Cowen)

 Wayne Smith)

Joseph Scherer, MPA, MS, City Manager

 Lisa B. Vincent, MMC, NCCMC, City Clerk

 Leigh Etheridge, Finance Director

 Kathy Kearney, Deputy City Clerk/Human Resources Manager

 Kelly Lasky, Planning & Development Director

 Larry Chalker, Public Works Director

 John Simeon, Parks & Recreation Director

 Stacy Coggins, Fire Chief

 Christina Caudle, Main Street Director

 Chuck Hasty, Police Chief

 Andy Jackson, Deputy Police Chief

**Absent:** Gilbert Chichester, City Attorney

Mayor Doughtie called the meeting to order and opened the meeting with prayer.

**Presentation of Proposed FY 2016 - 2017 Budget**

City Manager Scherer presented a hard copy of the proposed draft budget for FY 2016 – 2017 and reviewed the following with Council:

**City Manager’s Budget Message**

**FY 2016 - 2017**

Mayor Doughtie and Members of the Roanoke Rapids City Council:

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In accordance with the NC Local Government Budget & Fiscal Control Act, the recommended budget for FY 2016 - 2017 is presented for your consideration. The budget document represents balanced revenues and expenditures. Achieving a balanced budget remains a challenge to provide effective services to our citizens.

* The General Fund operating budget includes revenues and expenditures each totaling $16,525,626.
* The property tax rate is recommended to remain at the rate of $.651/$100 of valuation.

***Summary of Recommendations***

I am recommending the following actions for the FY 2016 - 2017 Budget:

* Current full-time employees are 142. I am recommending adding 1 new personnel in the Planning & Development Department and 3 new personnel in the Public Works Department.
* Funding for employee benefits at the current level.
* The property tax rate remains at the rate of $.651/$100 of valuation.
* The FY 2016 - 2017 Budget allows the City to continue to provide quality services at the minimum acceptable levels.
* Requires using $611,000 in installment financing and $660,000 fund balance.

***Economic Outlook***

* The State’s economy is at its strongest since the recession ended over 6 years ago, yet the pace of growth here at home remains below average. We anticipate the economy to continue on a ***slow and steady path***, as we did last year. Little change in this scenario is expected over the next 12 months.
* The national economy seems positioned for stable growth, the risks of small economic shocks curtailing the economy’s progress have been greatly reduced.
* Recession Probabilities remain below 20%.
* For North Carolina, key economic indicators include Employment, Total Personal Income and Retail Sales, all of which are growing within the bounds expected in their revenue forecast.
* Greatest economic risks continue to come from a global economic downturn as well as other international risks, such as the ongoing volatility in the Middle East and the stability of the Chinese economy, along with the uncertainty, anticipation and expectations associated with a newly elected President.
* Inflation has been minimal with low gas prices and stagnant wage growth. Inflation rates are not expected to reach or surpass 2% until 2017.
* Roanoke Rapids unemployment rate as of March 2016 was 8.4%, a decrease of .1% compared to March 2015. The State rate was 5.5% as of March 2016.
* Consumer confidence continued on its sideways path, posting a slight decline in April, following a modest gain in March. Consumers’ assessment of current conditions improved, suggesting no slowing in economic growth. However, their expectations regarding the short-term have moderated, suggesting they do not

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foresee any pickup in momentum. (Consumer Confidence Index)

The annual budgets produced during the past few years had required a very careful approach to revenues. This resulted in continued major deferments of maintenance items and severely reduced capital spending.

This year’s budget attempts to address some of the more critical needs in infrastructure maintenance and capital items.

**Note: Budget & Economic Data Chart not shown but included in hard copy on file in the City Clerk’s Office.**

***Revenue - Major Sources***

* Ad Valorem (Property Tax)
* Sales Tax
* Utility Franchise Tax
* Powell Bill
* Solid Waste User Fees

***Ad Valorem (Property Tax)***

* City’s primary source of revenue
* 49% of total General Fund Budget
* Projected 2016 Tax Levy: $7,660,503

**Tax Rates and Prior Year Budgeted Amounts are listed below:**

*(receipts for FY 2016 are based on a 98% collection rate)*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** |
| 0.624 | 0.574 | 0.624 | 0.624 | 0.624 | 0.624 | 0.651 |
| 6,796,798 | 6,768,485 | 6,862,753 | 6,977,275 | 6,872,871 | 7,332,371 | 7,660,503 |

***Sales Tax Revenues***

* City’s second largest source of revenue
* 19.2% of total General Fund Budget
* Proposed sales tax revenues for FY 2016 - 2017 totals $2,954,907
* 3.75% increase compared to FY 2015 - 2016 appropriation

***Appropriated Sales Tax Revenues are listed below:***

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** |
| 1,804,217 | 2,070,113 | 1,938,632 | 2,005,894 | 2,090,541 | 2,817,600 | 2,954,907 |

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***Utility Franchise Tax***

* City’s third major source of revenue
* 8.06% of total General Fund Budget
* We project this revenue source to increase based on year-to-date actual revenue collected during FY 2015 - 2016
* Proposed franchise tax revenues for FY 2016 - 2017 totals $1,320,569

**Appropriated Revenues for Utility Franchise Taxes**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** |
| 1,176,167 | 1,113,582 | 1,229,631 | 1,200,000 | 1,200,000 | 1,200,000 | 1,320,569 |

***Powell Bill Funds***

* City’s fourth major source of revenue
* 3.21% of total General Fund Budget
* Proposed Powell Bill funds for FY 2016 - 2017 totals $463,891
* Powell Bill is calculated using population plus street miles

**Appropriated Revenues for Powell Bill Funds**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** |
| 464,734 | 458,877 | 467,824 | 473,244 | 475,217 | 470,060 | 463,891 |

***Solid Waste Fees***

* Solid waste user fees are the fifth largest source of revenue
* These fees are designated to cover the actual cost of providing this service
* We are recommending no increase in solid waste user fees
* The calculation for this fee is as follows: *solid waste/refuse budget, debt service and administrative cost*

**Solid Waste Fees**

|  |  |
| --- | --- |
| **Fiscal Year** | **Solid Waste Fee** |
| 2016 – 2017 | $204.50 |
| 2015 – 2016 | $204.50 |
| 2014 – 2015 | $204.50 |
| 2013 – 2014 | $199.25 |
| 2012 – 2013 | $199.25 |
| 2011 – 2012 | $188.59 |
| 2010 – 2011 | $188.59 |

***Departmental Summary***

**Note: Pie Chart of Departmental Summary of the General Fund Operating Budget not shown but included in hard copy on file in the City Clerk’s Office.**

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 **Departmental Summary – General Fund Operating**

 ***(Please note that this total does not include transfers to the Roanoke Rapids Theatre)***

|  |  |
| --- | --- |
| **Department** | **Amount** |
| General Government | $ 3,305,698.00 |
| Fire | $ 1,759,475.00 |
| Parks & Recreation | $ 1,865,056.00 |
| Planning | $ 494,253.00 |
| Police | $ 3,049,205.00 |
| Public Works | $ 3,646,801.00 |
| **Total Fund Summary** | **$14,120,488.00** |

***Personnel & Employee Benefits***

***Personnel***

* We currently have 142 full-time employees
* Police and Fire report minimal vacancies
* Recommending a 2% raise for all employees

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2007** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** |
| 165 | 158 | 139 | 139 | 134 | 134 | 134 | 141 | 142 | 142 |

***Employee Benefit Package***

|  |  |
| --- | --- |
| **Benefit**  | **Annual Cost** |
| Group Health Insurance | $1,357,414 (11% increase) |
| Dental | $ 51,000 |
| Life Insurance | $ 7,800 |
| Longevity | $ 96,600 |
| Christmas Bonus | $ 37,500 |
| Employee’s Assistance Program | $ 3,616 |
| Health Reimbursement Account | $ 60,000 ($2,000 towards deductible) |
| 3% 401k Employer Match | $ 81,885 |

***Debt Service***

 **TOTAL**

 **INTEREST ANNUAL ANNUAL ANNUAL ANNUAL CURRENT YEARS**

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

 Public Works-Rear Loading

 Trash Truck (BB&T) 1.790% $ 33,738.72 $ 1,748.79 $ 35,487.51 $ 97,697.90 3 annual 11/16/2016

 Police Department-13 Crown

 Vics (BB&T) 2.360% $ 68,982.66 $ 8,533.34 $ 77,516.00 $ 149,711.61 2 annual 2/28/2016

 Fire Ladder Truck (Sun

 Trust Bank) 1.385% $ 93,377.37 $ 6,648.01 $100,025.38 $ 480,000.00 4 annual 4/26/2018

 Police Department-Vehicles

 (First Citizens Bank) 1.850% $ 29,951.12 $ 2,874.90 $ 32,826.02 $ 155,400.00 5 annual 7/19/2018

 Neighborhood Resource

 Center (First Citizens Bank) 2.150% $ 20,475.67 $ 3,798.54 $ 24,274.21 $ 176,676.25 7 annual 8/30/2021

 Fire Station #2 (First

 Citizens Bank) 3.000% $ 55,521.30 $39,000.00 $ 94,521.30 $1,300,000.00 17 annual 8/30/2031

 **Subtotal $302,046.84 $62,603.58 $ - $364,650.42 $2,359,485.76**

 **Grand Total $302,046.84 $62,603.58 $ - $364,650.42 $2,359,485.76**

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Economic Development

 Project (Theatre) **Current FY** 5.51% $820,000.00 $988,769.52 $ 1,515.00 $1,810,284.52 $17,375,000.00 14 Revenue Fund 7/1/2027

 **TOTAL DEBT SERVICE $1,122,046.84 $1,051,373.10 $ 1,515.00 $2,174,934.94 $19,734,485.76**

**\*Principal Balance $17,375,000.00 after July 1st payment of $820,000**

***Community Contributions***

**Outside Agency Requests**

|  |  |  |
| --- | --- | --- |
| **Agency** | **Amount** | **Status** |
| Beautification Committee | $ 1,500.00 | Funded |
| Roanoke Valley Rescue Squad | $ 17,000.00 | Funded |
| Halifax-Northampton Regional Airport | $ 25,000.00 | Funded |

***In Closing***

We will continue to strive to present a recommended Annual Budget that is balanced, protects the investments made in the past, fosters a work environment that ensures the safety of those who serve the City, and provides for services as economically and efficiently as possible.

Respected citizens, outside agencies and City departments requested substantial new and additional funding for a variety of programs and services. Many of the requests were reasonable, yet the available dollars to help everyone were very limited. As such, most were not included in my recommended budget.

Joseph Scherer, City Manager

***What’s Next?***

* ***Public Hearing***

 5:15 p.m., June 14, 2016

 Lloyd Andrews City Meeting Hall

* ***Adoption of the FY 2016 - 2017 Budget***

 5:15 p.m., June 21, 2016

 Lloyd Andrews City Meeting Hall

***Availability of Proposed Budget***

The proposed budget will be available online at the City of Roanoke Rapids website on Wednesday, June 1, 2016.

A detailed copy of the proposed budget is available in the City Clerk’s Office for public inspection.

City Manager Scherer pointed out that as of this afternoon, we were able to finalize the health insurance package. He stated we will still have the 11% increase but we were able to keep the increase for dependent coverage at a minimum.

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Councilman Smith asked about the minimum.

City Manager Scherer quoted the following figures provided this afternoon:

|  |  |
| --- | --- |
| **Type of Coverage**  | **Amount of Increase** |
| Employee/Children | $34.00 per month |
| Employee/Spouse | $53.00 per month |
| Family | $77.00 per month |

Human Resources Manager Kearney pointed out that only three employees carry family coverage.

Councilman Smith asked how much they are paying now.

Human Resources Manager Kearney stated $816.00 per month for family coverage; $512.00 per month for employee/spouse coverage and $275.00 per month for employee/children.

City Manager Scherer pointed out that the numbers are better than what we started out with.

Mayor Doughtie asked which two debt service payments will be paid off this coming year.

City Manager Scherer stated the Crown Vic police vehicles were paid off back in February and the trash truck will be paid off this coming November. He stated about $100,000 will be coming off but it will be replaced with the $611,000 proposed to be financed in the upcoming budget.

Mayor Doughtie stated he knows very little about health insurance but it seems that those being affected by the increase could choose the option of only employee coverage which is paid by the City and then get dependent coverage from an outside source that may be cheaper.

City Manager Scherer stated Human Resources Manager Kearney will be going to each department and offering them the opportunity to go to Mr. Hux to discuss other options.

Mayor Doughtie stated we need to stress to our insurance provider that he provide our employees the information needed to make a well informed decision.

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Councilman Smith stated we have only three employees with the family coverage.

Human Resources Manager Kearney stated that is correct. She stated we have five employees that have the employee/spouse coverage.

Mayor Pro Tem Ferebee stated this may be because they found coverage at a more economical cost elsewhere.

Human Resources Manager Kearney stated sometimes the spouses may have coverage where they work that is cheaper.

Councilman Smith stated it is probably too late to do anything this year but this bringing us the rates at the last minute is not acceptable. He stated we need to have this information earlier so our employees will have time to make decisions. He stated we need to put our foot down on this deadline for providing us the rates. Councilman Smith stated we received the final information on rates today and that is ridiculous.

City Manager Scherer stated we will start the process earlier next year and bid it out. He asked that Council members feel free to call him or the department heads if they have questions about the budget.

Mayor Pro Tem Ferebee asked about the percentage of fund balance if we use the $600,000 as proposed.

City Manager Scherer stated it will bring it down to around 20%.

Councilman Smith asked if this includes the $500,000 from last year.

City Manager Scherer stated no—just this year.

Mayor Doughtie asked if we will use all of the $500,000 from last year.

City Manager Scherer stated he hopes not but we still have one month remaining in this fiscal year.

Motion was made by Councilman Bobbitt, seconded by Councilman Smith and unanimously carried to schedule the public hearing on the proposed FY 2016 – 2017 Budget for the June 14, 2016 City Council meeting.

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Councilman Smith asked what would happen if we decided to wait another week to consider adoption of the budget.

City Manager Scherer stated we cannot go past June 30. He stated we are required to have a balanced budget in place by July 1.

Councilman Smith asked what would happen if we do not adopt a budget by that time.

Finance Director Etheridge stated we will not be able to encumber funds and operate.

There being no further business, motion was made by Councilwoman Scarbrough, seconded by Councilman Bobbitt and unanimously carried to adjourn.



**Lisa B. Vincent, MMC, NCCMC, City Clerk**

 6/14/2016

**Approved by Council Action on:**