



Minutes of the Roanoke Rapids City Council

A regular meeting of the City Council of the City of Roanoke Rapids was held on **Tuesday, May 7, 2024, at 5:30 p.m.** in the Council Chambers at the Lloyd Andrews City Meeting Hall.

Present: Emery G. Doughtie, Mayor
Wayne Smith, Mayor Pro Tem

W. Keith Bell)
Sandra W. Bryant)
Rex Stainback)
Curtis Strickland)

Council Members

Kelly Traynham, City Manager
Geoffrey Davis, City Attorney
Traci Storey, City Clerk
Carmen Johnson, Finance Director
Shane Guyant, Police Chief
Christina Caudle, Human Resources Director
John Simeon, Parks & Recreation Director
Kristyn Anderson, Interim Planning Director
Larry Chalker, Public Works Director
Jason Patrick, Fire Chief

Absent: Tony Hall, Main Street Development Director

Mayor Doughtie called the meeting to order. He provided an invocation and then the Pledge of Allegiance was recited.

Adoption of Business Agenda

Mayor Doughtie asked Council members if there were any known conflicts of interest with respect to the matters before them this evening.

There being no conflicts, motion was made by Councilman Bell, seconded by Mayor Pro Tem Smith, and unanimously carried to adopt the business agenda as presented.

Approval of City Council Minutes

Motion was made by Councilwoman Bryant, seconded by Councilman Stainback, and unanimously carried to approve the April 2, 2024, Regular City Council Meeting minutes as drafted.

Committee Appointments

Roanoke Rapids Area Planning Board/Board of Adjustment

City Clerk Storey stated the term for Greg Browning as an ETJ member on the Roanoke Rapids Area Planning Board/Board of Adjustment will expire June 1, 2024. Mr. Browning is willing to serve another term. The Halifax County Board of Commissioners make the final appointment; therefore, a ballot vote is not required for this reappointment.

The terms for Carrie Tuning and Henry Ford who serve as Planning Board/Board of Adjustment members will expire on June 1, 2024. The terms for Gregory Page and Steven Ellis who serve on the Planning Board also expire June 1, 2024. All are willing to serve another term on their respective boards. City Council took a ballot vote earlier and Dr. Tuning, Mr. Ford, Mr. Page and Mr. Ellis received a majority vote to be reappointed.

Motion was made by Councilman Stainback, seconded by Councilwoman Bryant, and unanimously carried to reappoint Greg Browning as a ETJ member on the Roanoke Rapids Area Planning Board/Board of Adjustment, reappoint Gregory Page and Steven Ellis to the Roanoke Rapids Area Planning Board, and reappoint Carrie Tuning and Henry Ford to the Roanoke Rapids Area Planning Board/Board of Adjustment.

Upper Coastal Plain Council of Governments

City Clerk Storey stated Mr. Greg Browning, an ETJ member on the Roanoke Rapids Planning Board/Board of Adjustment, has been serving as the alternate member of the Upper Coastal Plain Council of Governments for many years in addition to former Mayor Pro Tem Carl Ferebee. Mr. Hiett, Executive Director of UCPCOG, stated Mr. Browning has represented the City well serving on the committee. Since Mr. Ferebee is no longer an elected or appointed official, it is recommended that Mr. Browning be appointed as the primary member to represent the City of Roanoke Rapids.

Motion was made by Councilwoman Bryant, seconded by Councilman Strickland and unanimously carried to appoint Greg Browning to serve as the primary member of the Upper Coastal Plain Council of Governments representing the City of Roanoke Rapids.

New Business

Presentation of Proposed Fiscal Year 2024-2025 Budget Summary & Message

City Manager Traynham stated she would be presenting a first pass of a proposed Fiscal Year 2024-2025 budget for their review and consideration. She summarized the following budget message dated May 7, 2024:

Mayor Doughtie and City Councilmembers,

Pursuant to the North Carolina Local Government Budget and Fiscal Control Act and General Statutes 159-11, I am pleased to present the Fiscal Year 2024-2025 (FY25) Budget for your review and consideration. The following message summarizes and highlights significant elements of the budget, particularly in those areas where notable changes have occurred from the FY2023-2024 budget.

Planning for the FY25 Budget included a city council retreat, a department head retreat, routine management meetings. Overall, the Council's desire is for community revitalization to improve the quality of life for our residents in a fiscally responsible manner.

The FY25 Budget is faced with the need to find a balance between affordability and increasing revenue to meet our outstanding financial needs. However, we must also consider the strain on resident budgets as cost increases are impacting consumer choice. Data indicates that consumer confidence is declining due to rising prices for items such as groceries and gasoline, costs associated with housing are increasing.

Moody's 2024 Outlook for Cities & Counties

According to Moody's Investors Service (5 December 2023), the stability of US cities and counties is dependent upon "strong financial reserves and effective governance, which will balance upward pressure on wages and capital costs in the absence of revenue growth adjusted for inflation" (U.S. Public Finance).

Job vacancies and inflation will accelerate salary growth, reducing governments' financial flexibility. Cities and counties have no other option than to increase wages and benefits to fill positions. Growth in private-sector employment outpaces local government employment due to the public-sector's less competitive wages and wage growth over the last few years of high inflation. In 2022, the local government employment sector grew 1% while the private sector grew by 5% (Moody's, 2023, us bureau of labor statistics).

The City will continue to benefit from **strong, professional management** which leads to preserving credit quality in changing economic conditions. The City has a favorable track record of balancing budgets while providing essential services and minimally maintaining infrastructure, multiyear financial planning and debt affordability.

The current FY 24 Budget provides the bare minimum in city service levels. Despite the stability of property tax as a revenue source, the City has maintained a fixed tax rate by making significant budget cuts and deferring maintenance by seeking grant resources or a better budget outlook. The city should consider appropriate adjustments to the tax rate on an annual basis to adjust spending to match fluctuations in revenue.

Proposed FY25 Budget – General Fund Overview

The General Fund Budget, which includes all tax supported governmental activities, is proposed to be \$19,852,046 which represents an increase of \$2,091,319 or 10.53% from the current year adopted budget. The proposed budget includes a revised tax rate of \$0.641 per \$100 in value (2-cents less than current tax rate of \$0.661).

The budget provides sufficient funds to maintain the current level of City services while beginning to think strategically about future needs and capital projects. The budget was prepared in accordance with the City's mission, vision, and values and advances the City forward for the next several years. Some of the budget highlights are as follows:

- The revenue neutral rate for the coming year is 57.86 cents. The budget proposes a tax rate of 64.1 cents compared to 66.1 cents in the current/prior year which allows the City to cover increased costs, includes funds for necessary capital projects, and deferred maintenance.
- The budget prepares the city for future growth and service needs and begins planning for future capital projects.
- The budget advances the City's information technology and broadband availability to include improving security measures and cameras, refreshing end-of-life network components, transitioning to streamline operations.
- The budget invests in the growth, retention, and compensation of our greatest resource – our employees. The budget provides a cost-of-living adjustment to offset inflation, continues an educational program that encourages employees to excel, funds department head leadership training and employee professional development and introduces additional ways for recognizing employees and contributions.
- The budget prioritizes employee and resident safety through investments in public safety equipment and replacements while meeting the need for the fleet vehicle program.
- The budget focuses on community appearance through dedicated city initiatives to include litter cleanup, property maintenance, and installation of energy efficient fixtures.

General Fund Revenue Highlights

2024 Assessment and Revaluation of Property Values

Halifax County completed a revaluation and was effective January 1, 2024. The preliminary revaluation estimates were finalized on March 7, 2024 and provided to City Administration. The revaluation year requires that the City publish a Revenue Neutral Tax Rate (RNTR) along with the ad valorem tax rate proposed for the upcoming fiscal year beginning July 1.

The City has not effectively raised taxes in 10+ years despite the cost of living continuing to increase and substantial increases caused by inflation and the worldwide economy. The City Departments have leveraged other funding sources and competitive prices to manage costs or deferred maintenance due to lack of funds.

Since the 2020 Halifax County Revaluation, the annual average increase in Tax Base is only 1.34%. North Carolina General Statute 159-11(e) requires the revenue neutral rate for property taxes be published in the budget in a revaluation year. G.S. 159-11(e) defines the revenue neutral rate as the “rate that is estimated to produce revenue for the next fiscal year equal to the revenue that would have been produced for the next fiscal year if no revaluation had occurred.” The revenue neutral tax rate with growth is \$0.5786. The City proposes to use a tax rate above the revenue neutral rate and 2-cents less than the current rate.

Personal property and real property tax is slowly gaining value, and signs of incremental new growth are taking place.

- **Proposed FY25 Est. Ad Valorem Tax Revenue: \$9,673,346**
- **Current Year FY24 Budgeted Ad Valorem Tax Revenue: \$7,599,702**
- FY 23 Estimated/Actual: \$7,221,507 and **Actual \$7,283,185**

Analysis of the current tax levy

Prior Year (FY 2023): Per the City’s independent auditor’s report (p. 79), the city-wide levy for the fiscal year that ended June 30, 2023 was based on a Total Property Valuation for Real Estate & Personal Property at \$1,112,528,139 and Registered Motor Vehicles at \$154,113,616 resulting in a **total property valuation of \$1,266,641,755**. At the end of Fiscal Year 2023, the Net Levy city-wide was \$8,372,502 (property and registered vehicles) of which **\$8,301,876 was collected** (99.16 % collection, *less \$70,626 uncollected taxes*). See Table # below.

<i>FY 2023 Ad Valorem Tax Levy from Independent Auditor’s Report</i>				
	<i>Real Estate / Personal Property</i>	<i>Registered Motor Vehicles</i>	<i>Combined Property Valuation</i>	<i>After Discounts estimates</i>
<i>Total Valuation</i>	\$ 1,112,528,139	\$ 154,113,616	\$ 1,266,641,755	
<i>Levy at 0.661 rate</i>	\$ 7,353,811	\$ 1,018,691	\$ 8,372,502	\$ 8,301,876
<i>NOTE: Halifax County receives a collection fee of 2% of all City Tax Payments. Halifax County works with taxpayers for payment plans and incentives (discounts) for early payment, etc. Therefore, the <u>actual</u> levy received by the City of Roanoke Rapids varies from the initial billed amounts.</i>				

Ad Valorem Tax Rate

The FY 25 Recommended Budget was prepared utilizing a tax rate of **0.641 (2-cents less compared to the current tax rate of \$0.661) per \$100 assessed value** of property as determined by the Halifax County tax office. Per the Halifax County Tax Department’s *Fiscal Year 2024-2015 Revenue Neutral Report*, **1-cent (or \$0.01) is expected to generate a full tax base of \$152,481** in revenues to the City of Roanoke Rapids. The ad valorem tax revenue includes anticipated motor vehicle tax proceeds. Tax values increased approximately 25% because of the revaluation and one penny on the tax rate generates \$150,905 in revenue after collection costs.

Ad Valorem Tax Revenues

The proposed budget generates \$9,673,346 in ad valorem tax revenue based on a property tax rate of 64.1 cents per \$100 valuation at a collection rate of 98.97% and post revaluation tax values estimated by Halifax County at \$1,524,807,826 for real and personal property.

The proposal to use a tax rate above the revenue neutral rate will generate funds that can be used for outstanding, deferred operational and capital needs while anticipating declining Sales Tax Revenues. The FY24 and FY25 tax base will fluctuate until all revaluation appeals are finalized and until the City’s audit is complete for each respective fiscal year.

Examples of Tax Rate Impacts on Revenues

	Rate	Difference	Revenue Estimate	Above RNTR
Current	0.661	\$ -	\$9,517,992	\$1,243,500
Neutral	0.5786	\$ 0.08	\$8,274,492	\$0
	0.651	-\$0.01	\$9,367,082	\$1,092,590
	0.641	-\$0.02	\$9,216,172	\$941,680
	0.631	-\$0.03	\$9,065,262	\$790,770
	0.621	-\$0.04	\$8,914,351	\$639,859
	0.611	-\$0.05	\$8,763,441	\$488,949
	0.601	-\$0.06	\$8,612,531	\$338,039

Local Sales Taxes

Sales tax revenue is the City’s second largest source of revenue. Sales tax collections increased significantly through the pandemic (FY21 and FY22) and were impacted positively when the state began collecting sales tax on internet purchases. *Sales tax revenue is showing signs of cooling off and will be dependent upon consumer behavior.* Staff is projecting conservative, but stable, sales tax revenue in the upcoming budget. Total sales tax revenues are projected at **\$3,887,200** for FY25. The FY25 budget recommends a rate above revenue neutral to offset a portion of this future loss in revenue.

Powell Bill Funds

Powell Bill funds are received from the state and used to maintain, repair, construct or widen streets, bridges, bike paths, greenways, sidewalks, or drainage areas. The North Carolina General Assembly provides an annual allocation of Powell Bill funding for distribution as revenue to municipalities (NCGS 136-41.1(a)). Powell Bill proceeds are distributed twice during the fiscal year, on or before October 1 and January 1. The City’s expected revenue is based on a distribution formula that provides 25% based on local street miles, and 75% based on population. The factors negatively impacting the city’s Powell Bill allocation include little to no new growth in street mileage and a declining population.

During FY25, the City expects to receive approximately \$521,793 in Powell Bill Fund revenue. The General Assembly’s approved budget provides for a per capita rate of \$23.77 per person (2023 estimated population provided by OSBM) and a Per Mile Rate of approximately \$1,850 (certified mileage reported annually). The City of Roanoke Rapids maintains 91.70 miles of maintained streets and the approximate annual population was 14,808 ([State Street Aid Allocations to Municipalities Report, 2024](#)).

Other Revenues

As we near the end of FY24, investment earnings continue to outpace budgeted amounts due to recent interest rate increases. We anticipate receiving \$240,000 in FY25. Investment earnings have increased significantly from \$2,500 two years ago, although we believe growth will slow down as the federal interest rate is lowered.

Alcoholic Beverage Tax

The City expects to see another increase this year with a revenue budget estimate of \$90,000 from state-collected alcoholic beverage taxes, the annual distribution occurs within 60 days of March 31.

Fund Balance

The budget is balanced without budgeting any use of fund balance.

City Manager Traynham referred to the following spreadsheet. It demonstrates the General Fund Revenues by source.

General Fund Revenues by Source	FY25	FY24	FY23	FY22
Ad Valorem Taxes *Alt. rate FY25*	\$ 9,673,346	\$ 7,599,702	\$ 7,221,507	\$7,134,672
Ad Valorem .01 Tax for Rescue Squad	\$ 88,000	\$ 85,000	\$ 85,000	
Prior Years Ad Valorem Taxes & Penalties	\$ 134,000	\$ 115,000	\$ 96,000	\$98,100
Payments in Lieu of Taxes	\$ -	\$ -	\$ 40,000	\$35,000
Credit & Collections Lien Accounts	\$ -	\$ 1,000	\$ 1,000	\$5,000
Motor Vehicle NC License, Tax and Tags	\$ 764,000	\$ 870,024	\$ 870,024	\$869,189
Lease Vehicles	\$ 40,000	\$ 30,000	\$ 27,500	\$19,251
Business Registry Collections	\$ 2,500	\$ 4,000	\$ 4,000	\$2,000
Powell Bill Street Allocations	\$ 522,000	\$ 500,000	\$ 487,000	\$404,091
Sales Tax	\$ 3,887,200	\$ 4,090,000	\$ 3,845,000	\$3,853,758
Solid Waste Disposal Tax	\$ 12,000	\$ 12,000	\$ 12,000	\$11,214
ABC Profits	\$ 90,000	\$ 80,000	\$ 50,000	\$45,000
Christmas Parade	\$ 14,000	\$ 14,000	\$ 14,000	\$3,000
Police Grants and Donations	\$ 65,000	\$ 65,000	\$ 35,000	\$4,200
Fire Grants and Donations	\$ -	\$ 200	\$ 200	\$200
Recreation Grants	\$ -	\$ -	\$ -	\$-
Senior Center Grants and Donations	\$ 55,225	\$ 43,625	\$ 61,625	\$71,625
Library Grants and Donations	\$ 16,000	\$ 13,910	\$ 26,600	\$4,192
Roanoke Canal Museum Grants and Donations	\$ 93,000	\$ 98,000	\$ 23,030	\$23,000
Solid Waste User Fees and Penalties	\$ 2,143,500	\$ 1,818,515	\$ 1,690,935	\$1,415,087
Court Costs	\$ 3,200	\$ 2,000	\$ 2,200	\$2,200
Animal Control	\$ 2,000	\$ 500	\$ 500	\$2,000
Inspection Fees	\$ 134,900	\$ 130,680	\$ 114,680	\$98,182
Lot Cutting Revenue	\$ 20,000	\$ 20,000	\$ 10,000	\$18,000
Cemetery Revenue	\$ 136,000	\$ 150,000	\$ 180,000	\$182,550
Recreation User Fees	\$ 64,550	\$ 48,600	\$ 42,500	\$70,362
Roanoke Canal Museum Fees	\$ 2,300	\$ 2,500	\$ 2,500	\$1,830
Community Center Receipts	\$ 55,000	\$ 35,000	\$ 35,000	\$35,000
Lease Revenue	\$ 18,000	\$ 14,732	\$ 14,732	\$14,732
Planning/Zoning Fees	\$ 14,000	\$ 12,000	\$ 12,000	\$16,209
Public Works Fees	\$ 3,575	\$ 9,200	\$ 10,000	\$8,700
Library User Fees	\$ 6,250	\$ 6,150	\$ 6,425	\$7,900
Utility Franchise Taxes	\$ 1,415,000	\$ 1,144,000	\$ 1,300,000	\$1,302,544
Beer and Wine Tax	\$ 70,800	\$ 63,000	\$ 63,000	\$63,000
Miscellaneous Grants	\$ -	\$ 10,000	\$ -	\$10,000
Miscellaneous Revenue	\$ 11,500	\$ 11,050	\$ 13,050	\$26,030
Insurance Reimbursement	\$ 2,500	\$ 2,500	\$ 2,500	\$25,000
Interest Earnings - General Fund	\$ 240,000	\$ 240,000	\$ 2,500	\$1,000
Sale of Wreck Reports	\$ 8,200	\$ 7,000	\$ 7,500	\$9,000
Occupancy Tax	\$ 4,900	\$ 5,600	\$ 4,100	\$4,100
Sale of Surplus Property	\$ 30,000	\$ 40,000	\$ 45,000	\$45,000
Restitution	\$ -	\$ -	\$ 300	\$600
Municipal Ordinance	\$ 9,600	\$ 15,000	\$ 25,000	\$27,735
	\$ 19,852,046	\$ 17,409,488	\$ 16,483,908	\$ 15,970,253

General Fund Expenditure Highlights

Personnel Expenses

The City's personnel costs are increasing due primarily to increasing costs to the retirement system, benefits, and cost of living adjustments (COLA). The proposed budget includes a 3% cost of living adjustment for employees with a full year cost of approximately \$500,000. This percentage is based on the **consumer price index for the South Region of the United States** and the salary and benefits survey conducted by the *North Carolina League of Municipalities*. No new full-time positions are included in the budget.

Employer-Mandated Benefits

The City will continue its relationship with Blue Cross Blue Shield as the provider for employee medical insurance and after being quoted a double-digit increase, our insurance carrier and staff negotiated this down to an approximate 7% increase for the coming year. No increases are expected for Dental premiums nor for vision insurance. The City's state mandated retirement contributions continue to increase with the rate going from 12.85% to 13.6% for general employees and from 14.1% to 15.1% for law enforcement. The impact of this increase totals \$140,000.

Debt Service

The City will enter FY25 with an annual budget of approximately \$1,087,519 in currently obligated tax supported debt among three financial instruments, which includes the annual payment of \$952,137 on the 2017 Series A Bond Loan and \$135,382 on the remaining debt service. The City will satisfy two debt instruments during FY24 freeing up approximately \$210,000 in FY25.

The City of Roanoke Rapids continues to improve its borrowing capacity by satisfying debts and from not taking on new long-term debt since 2021. The NCGS limits the amount of general obligation debt that a unit of government can issue to eight percent (8%) of the Total Assessed Value of Taxable Property located within the government's boundaries.

City Manager Traynham referred to the spreadsheet on Page 8 of 8 of their packets. **(See next page)**. It demonstrates the General Fund Expenses by Department. She pointed out a few items on the spreadsheet.

- Property Maintenance and Building Maintenance have been split out for the upcoming fiscal year.
- Legislative (City Council) has been increased to accommodate for meetings and trainings. She announced the 2025 City Vision Conference will be held in Greenville, NC next April.
- Under General Government, one of the primary increases which will serve everyone, is the first-year funding for the financial reporting software system.
- Expenses reestablish some of the deferred maintenance in various departments of the City's aging facilities.

General Fund Expenses by Department	FY24 Budget Ordinance 7/1/23	FY25 Department Request	FY25 Manager Recommendation	\$ Difference FY24 to FY25	% Difference FY24 to FY252
Legislative	\$ 52,544	\$ 57,550	\$ 60,000	\$ 7,456	12%
General Government	\$ 1,667,500	\$ 2,115,605	\$ 2,095,640	\$ 428,140	20%
Administrative	\$ 240,571	\$ 276,388	\$ 276,650	\$ 36,079	13%
Human Resources	\$ 218,764	\$ 237,965	\$ 238,190	\$ 19,426	8%
Main Street Development	\$ 74,340	\$ 84,755	\$ 86,570	\$ 12,230	14%
Elections	\$ 3,000	\$ 3,000	\$ 3,000	\$ -	0%
Finance	\$ 343,155	\$ 397,407	\$ 397,625	\$ 54,470	14%
Information Systems	\$ 30,900	\$ 33,650	\$ 47,150	\$ 16,250	34%
Revenue Collections	\$ 321,372	\$ 348,254	\$ 348,255	\$ 26,883	8%
Legal	\$ 35,000	\$ 30,000	\$ 30,000	\$ (5,000)	-17%
Planning	\$ 576,216	\$ 657,807	\$ 657,400	\$ 81,184	12%
Government Buildings	\$ 90,632	\$ 130,489	\$ 140,490	\$ 49,858	35%
Police	\$ 3,732,268	\$ 4,499,124	\$ 4,378,830	\$ 646,562	15%
Fire	\$ 2,504,087	\$ 2,806,591	\$ 2,829,655	\$ 325,568	12%
Public Works	\$ 640,044	\$ 865,334	\$ 818,940	\$ 178,896	22%
Central Garage	\$ 336,205	\$ 241,547	\$ 243,110	\$ (93,095)	-38%
Street	\$ 1,324,174	\$ 1,358,822	\$ 1,356,500	\$ 32,326	2%
Solid Waste	\$ 920,964	\$ 869,573	\$ 884,050	\$ (36,914)	-4%
Refuse	\$ 525,741	\$ 612,235	\$ 639,915	\$ 114,174	18%
TJ Davis Recreation	\$ 448,571	\$ 559,627	\$ 540,880	\$ 92,309	17%
Aquatic Center	\$ 201,339	\$ 256,614	\$ 254,855	\$ 53,516	21%
Parks	\$ 573,485	\$ 627,491	\$ 634,200	\$ 60,715	10%
Chaloner Recreation	\$ 65,150	\$ 91,771	\$ 90,570	\$ 25,420	28%
Jo Story Senior Center	\$ 120,263	\$ 128,663	\$ 122,425	\$ 2,162	2%
Transportation Grant	\$ 11,950	\$ 12,350	\$ 17,350	\$ 5,400	31%
Andrews Meeting Hall	\$ 8,100	\$ 14,800	\$ 18,850	\$ 10,750	57%
Miscellaneous Grants	\$ 22,000	\$ 31,200	\$ 31,200	\$ 9,200	29%
Community Center	\$ 40,600	\$ 71,604	\$ 76,630	\$ 36,030	47%
Library	\$ 295,019	\$ 302,225	\$ 302,085	\$ 7,066	2%
Cemetery	\$ 179,266	\$ 199,968	\$ 209,725	\$ 30,459	15%
Property Maintenance	\$ 593,392	\$ 300,209	\$ 304,246	\$ (289,146)	-95%
Building Maintenance	\$ -	\$ 427,932	\$ 416,975	\$ 416,975	100%
Misc/Contributions	\$ 85,000	\$ 88,000	\$ 88,000	\$ 3,000	3%
Roanoke Canal Museum	\$ 126,300	\$ 124,300	\$ 124,560	\$ (1,740)	-1%
Transfers (Required)	\$ 952,140	\$ 952,140	\$ 952,140	\$ -	0%
Debt Service	\$ 400,675	\$ 135,383	\$ 135,385	\$ (265,290)	-196%
Capital Reserve	\$ -	\$ -	\$ -	\$ -	0%
TOTAL GENERAL FUND EXPENDITURES	\$ 17,760,727	\$ 19,950,372	\$ 19,852,046	\$ 2,091,319	10.53%

In Closing

The City has experienced significant change in the last year with new council members, a new City Manager and new Department Heads. **The City has a rich history and diverse culture and we must recognize how the City is evolving, growing, and advancing forward.** The FY25 budget positions the City well for the future and sets several things in motion planning for its future growth. The increased values from the revaluation have created an opportunity to set aside funds for future capital projects while planning for minimum increases in revenues.

The Fiscal Year 2024-2025 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 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.**

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 Finance Department Staff who worked hard to provide the financial information needed to prepare this proposed budget, especially Finance Director Carmen Johnson.

Despite the immediate funding challenges the City of Roanoke Rapids faces, I remain confident and hopeful that the City will overcome these immediate challenges with innovation, technology, and engaging employees in quality services.

Budget Adoption

The City of Roanoke Rapids’ annual operating budget is adopted by ordinance in accordance with the North Carolina Local Government Budget and Fiscal Control Act (LGBFCA) which states that estimated revenues and appropriated fund balances equal appropriations. The budget is developed on a cash basis, including only expenditures and revenues expected to be realized during the fiscal year. State statute also sets the fiscal year as beginning July 1 and ending June 30; therefore, the City Council must adopt a budget prior to July 1st of each year.

Respectfully Submitted,

Kelly Traynham, MPA
City Manager

City Manager Traynham stated she wanted to determine what level of additional efforts that would be needed. They could schedule a workshop for further reviews. She explained City Council would need to schedule a public hearing for the budget and recommended it be held during the June 4, 2024 City Council meeting. A tax rate would be needed for the advertisement of the budget public hearing to receive input. City Council would consider the proposed budget for approval during the June 18, 2024 meeting. The budget must be adopted by July 1, 2024.

Mayor Pro Tem Smith asked if they would get the budget books so they can compare each budget line to last year. City Manager Traynham replied yes.

Mayor Pro Tem Smith asked about the budget workshop tentatively scheduled for May 14th and if they could change the date to Monday, Thursday or Friday and if that would be okay with the rest of City Council. She replied yes, it could be changed.

City Council discussed several dates and times for a budget work session. City Council settled on Wednesday, May 15, 2024 in the morning at City Hall. City Clerk

Storey will send notice with the date and time out to them.

Mayor Pro Tem Smith asked if the budget for fiscal year 2023-24 was still \$17,760,727 or has it increased. City Manager Traynham replied with a few budget amendments, it did increase. He asked what it had increased to. She said she would let him know that final number tomorrow. She believed it was still \$17 million, but they did not breach \$18 million.

Finance Director Johnson reminded City Council that the City would receive approximately \$373,000 back for the fire truck and money back from the COPS grant. She added they could give them what they have adjusted the budget so far, but the numbers are not including that yet until they get those funds.

Mayor Doughtie asked how many full-time employees were there. City Manager Traynham replied 156. He asked what the general government budget line encompassed and were there any salaries included in that. City Manager Traynham replied there were no salaries in that line. It includes the City's cost for group health insurance, general liability insurance, workers compensation insurance, holiday pay, merit pay, many of the City's association dues and subscriptions, Halifax-Northampton Regional Airport \$25,000 contribution, GASB reporting requirements, leases for office equipment, advertising costs, and *OpenGov* citizens services as well as the proposed incorporation of the financial and budget planning part. She noted the first year of incorporating the financial piece costs more because of the implementation required. After that it will be an ongoing subscription.

Mayor Doughtie recalled last year they gave a really large figure, and they got it down some. The first year was supposed to cost a lot more and then it was supposed to come down some. Now it is up 20% again this year. The thing that bothers him is the budget keeps going up and they have less people who own homes and they are taxing them more. It not hard to figure out that it may be one of the reasons why people are moving outside the city because the City is taxing them so much. That is why sales tax is going down is because people are moving away. He said they have \$240,000 which is about 2-cent on the tax rate that is coming in next year and they \$263,000 less in debt payment so that is another half million dollars on top of a million dollars even if they give the 2-cent tax cut she was proposing. He said if this was a business, he believes some of these costs would have to be much less because businesses don't have the luxury to charge more. The City is not run like a private business. He believes it is going to be a real shock to quite a few people, himself included. Most people's property went up from 30-50%. It was going to be a big tax increase on a lot of people and businesses. If someone has a modest home, they may have a modest income too so it will be less they have to spend on groceries. He believes it is something to think

about. He wondered if they were still doing things that the volunteer people could be doing.

Mayor Doughtie also asked if they were looking at putting a policy in place, as City Council has discussed, about not paying for health insurance for retirees for new hires; he was not talking about for anyone currently working. City Manager Traynham replied they were planning to sunset that out and it is included in the updated, draft personnel policy they are reviewing now. They were considering sunseting that out effective January 1, 2026. The current policy is a good retention and recruitment tool but wanted to put a time for that sunset clause. She said the draft personnel policy may be ready to be presented to City Council by the next meeting. A lot of the changes are to modernize the language because it has been almost 30 years since the last major overhaul of the policy. It helps with liability and employment rights.

Councilwoman Bryant said she understands the City pays 100% for employee only medical, dental and vision insurance. She asked what part the City pays for family coverage. Human Resources Director Caudle replied it used to be they paid for up to 50% to offset the costs. They have been driving those down year after year incrementally, so it doesn't hit the employees at once. For example, the family plan has increased over \$100 per pay period for Open Enrollment tomorrow. That puts the City paying less than \$200 they will be supporting for that family plan. Within the next year or two it should be where the City is contributing nothing to that.

Mayor Pro Tem Smith stated that if the budget is approved, he would like the employees to know that they are not only getting a 3% increase in salary, but they are getting a 7% increase in the benefits with the insurance. Plus, they will be getting a percent in their retirement and the police officers are getting an extra percent for their retirement. They need to make sure to let them know they are really getting a 10% increase in salary.

City Manager Traynham stated that there are mandated changes that are at no fault of the City. Mayor Pro Tem Smith said he understood that, but the City was still paying for it. She agreed the City has to pay for it; it goes to a lot of baby-boomer retirements to sustain them.

Human Resources Director Caudle said it was part of the employee's total compensation package. The increase the City is mandated by the Local Government Retirement System to pay towards their Local Government retirement benefits is the same for Roanoke Rapids, Rocky Mount and Charlotte. It is set every year, so that would not be a competitive advantage.

Mayor Pro Tem Smith stated he was not saying it was a competitive advantage and they were not Raleigh or Rocky Mount, but the employees are getting a benefit out of the City paying the insurance for them and they need to know they are getting a benefit from it.

Human Resources Director Caudle stated that was correct and should be demonstrated to them every year.

City Manager Traynham announced open enrollment is tomorrow and Thursday. Following open enrollment, Human Resources intends to create a total compensation package for each employee and what FY2024-2025 will look like.

City Manager Traynham stated this was a first pass for the proposed FY2024-2025 budget. As far as the property tax rate goes, that is what is going to make the difference in the budget and when they prepare to advertise. She asked if there was a consensus from City Council concerning the proposed tax rate.

Mayor Pro Tem Smith stated he likes that the tax rate is cut to \$0.64 instead of \$0.66. At least they are showing the citizens they are trying to do something. He appreciates that.

City Manager Traynham said in the City Council meeting on May 21, 2024, there will be a lot more details and they will get their notebooks ready for them as well. When they advertise for the June public hearing, they have a tax rate and balanced budget.

Councilwoman Bryant asked City Manager Traynham for an update concerning setting a date for compensation to employees who earned comp time. City Manager Traynham replied in about a year from now, the City will have to start logging comp time as a liability per the Governmental Accounting Standards Board (GASB). Therefore, staff have encouraged employees to reduce their comp time. They have been trying not to pay overtime to save money, but there are some employees that have earned so much comp time. These employees were not able to take the time off due to the short staff over the past few years. They have been working to get those numbers reduced to an acceptable level. Looking at the balance now it is less than \$200,000. They could possibly log it as a debt in the annual budget going forward or pay it out over time. If the employee is a non-exempt employee, then the City has to pay them. Again, the numbers have been reduced significantly in the past several months.

Councilwoman Bryant confirmed that non-exempt employees were not continuing to be compensated. City Manager Traynham replied yes, that is correct.

City Manager's Report

City Manager Traynham stated in lieu of her report, Fire Chief Patrick had some things to share and update to City Council.

Chief Patrick said he received an email from the International Association of Fire Chiefs this week and there is going to be a vote in Washington, D.C. on SAFER and AFG grant program. It is supposed to sunset this year. They are asking for departments to request their representatives to vote to continue with the program. He reminded City Council that the City received the \$500,000 funding for the new fire truck through that program. It is also the same grant funding they were able through the Halifax County Firefighters Association where they received approximately \$1million for all the fire departments in Halifax County to get VIPER radios. He asked City Council to reach out to Congressman Don Davis and/or Senator Thom Tillis to encourage their support to continue the grant program. He stated the program has been a blessing to the Fire Department in the last 4-5 years.

He reported the first fire truck is currently in Rocky Mount. He will be meeting with them in the morning. He hopes the truck will be here by the end of the month. They are in the process of mounting the last few pieces of equipment. He also spoke with them about the second fire truck. It is scheduled to hit the assembly line towards the end of June. If all goes well, it should come off the assembly line around the end of September or October.

Chief Patrick stated they are almost finished with their annual hydrant testing. They have 23 more and should complete the testing in the next few days.

He thanked City Council members for attending and supporting the Veterans Breakfast. It was another successful event. They had over 100 veterans who registered and attended. He thanked the sponsors as well.

Mayor Pro Tem Smith asked Chief Patrick to send City Council Bill number and information concerning the SAFER and AFG grant.

City Manager Traynham thanked Chief Patrick and the Fire Department staff for hosting the Veterans Breakfast. She was glad they could recognize the City's veteran employees. She noted it is often said in the managing world that veteran employees are very good at following directions and reviewing their work because of the structured environment of the military as well as loyalty. She stated they welcome veterans as employees and potential employees.

Adjournment

There being no further business, motion was made by Councilman Stainback, seconded by Mayor Pro Tem Smith and unanimously carried to adjourn. The meeting adjourned at 6:43 p.m.



Traci V. Storey, City Clerk

Approved by Council Action on: May 21, 2024