



Minutes of the Roanoke Rapids City Council

A regular meeting of the City Council of the City of Roanoke Rapids was held on **Wednesday, May 18, 2022 at 5:30 p.m.** in the Council Chambers at the Lloyd Andrews City Meeting Hall.

Present: Emery G. Doughtie, Mayor
Carl Ferebee, Mayor Pro Tem
Sandra W. Bryant)
Wayne Smith)
Rex Stainback)

Council Members

Kelly Traynham, City Manager
Geoffrey Davis, City Attorney
Traci Storey, City Clerk
Christina Caudle, Human Resources Director
Carmen Johnson, Finance Director
Jason Patrick, Fire Chief
Bobby Martin, Police Chief
Larry Chalker, Public Works Director

Absent: Suetta S. Scarbrough
John Simeon, Parks & Recreation Director
David Wise, Planning & Development Director

Mayor Doughtie called the meeting to order and opened with an invocation.

Adoption of Business Agenda

Mayor Doughtie stated that the agenda needed to be amended to add: Discussion & Consideration of Fire Engine Purchase in Current Fiscal Budget Year under New Business to be discussed before the presentation of the budget summary.

He 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 Smith, seconded by Councilwoman Bryant and unanimously carried to adopt the agenda as amended with the addition of the discussion and consideration of purchasing a new fire truck.

Public Comment (Scheduled)

Mary Duncan

Ms. Duncan stated she was in attendance on behalf of the Roanoke Valley Girls Softball League. They have a special project request for Chockoyotte Park which is the expansion of the concession stand. They would like to move the front of the building out eleven more feet the same width of the building. There was already a concrete pad there. It would not require any additional plumbing or heating/cooling. They would extend the roof and walls out. She reported their industrial refrigerator died last year and the City split the costs for a new refrigerator. She said they do not have space in the concession stand. They believe it would not cost that much and whatever funds they had leftover they would like to see the gates locked at 9 p.m. There is a lot of vandalism in the park. She said they would like to request \$30,000 of the City's Tourism Occupancy Tax money (See HCCVB proposed budget) be used for these projects at Chockoyotte Park improvements.

Councilman Smith asked if storage was the problem. Ms. Duncan replied yes, they did not have any storage. Food, drinks and supplies were stored under tables. They have to constantly go to the store to buy more product for the next week because there is no room to store what they need.

Councilman Smith asked if a storage building could serve the same purpose as what they were trying to do. Ms. Duncan replied she was not sure where they would put a storage building and they could possibly run into the vandalism type thing. She added it would have to be heated and cooled because they would not want the product to get hot and cold and hot and cold. She stated anything the City could do would be greatly appreciated.

Councilman Smith said he understood the City had a certain amount of time for them to respond back to the Halifax County Convention & Visitors Bureau (HCCVB) and asked City Manager Traynham when they had to get back with them. City Manager Traynham replied according the email from Ms. Lori Medlin last week, she asked that any requests for changes be submitted to her by Monday, May 23rd.

Mayor Pro Tem Ferebee asked Ms. Duncan if the issue was the lack of storage or lack of space or was the storage creating the issue for the space or both. She said they do not have the space first of all. Then when they try to store things, it makes their workspace even tighter.

City Manager Traynham explained this is part of the Occupancy Tax that is collected and then Tourism has to spend it on travel and tourism related expenses. Typically

they estimate that amount each year and come up with a few different type of projects. Over the years they have seen trail maintenance, contribution to the Canal Museum's operations and various special projects usually at different parks and recreation facilities or something within Main Street. She reported the total allocation is \$173,000 and the proposed allocation for this particular construction project is \$30,000.

Councilman Stainback asked if they had an estimate for the expansion. Ms. Duncan replied no, Parks & Recreation Director Simeon was working with some contractors on that. Councilman Stainback questioned that \$30,000 seems high for twelve feet with the concrete floor already there and it was concrete block. Ms. Duncan said she would love for it to be less than that. She said if there was money leftover she would like to remove the five tree stumps and run the fence across and pick up another 10-15 parking spaces. Again, it's for the improvement of the entire park. Hopefully the extension would not take the entire amount so it would allow Parks & Recreation to complete other items in the park.

Mayor Doughtie suggested if there was room on the back of the building, a container type storage could be a cheaper option. This way they would not lose the cement area where the customer come up to the concession stand.

Ms. Duncan stated hopefully it will come in much less than \$30,000 and it would give Park & Recreation Director Simeon more flexibility to get rid of the tree stumps and move the fence down. The league has contacts for grinding the stumps down to help defray these things. They want to work with the City.

Councilman Smith said some of the concerns he has is that Little League Baseball came to the City asking for over \$70,000 to build a concession stand over there. The City got \$54,000 from Tourism. He believed it cost about that to build the one at Chockoyotte too. Little League got out and raised money to make theirs larger. He asked if they had tried to raise any money.

Ms. Duncan replied they do go out and ask for donations. Their building is not the same size as the one at Ledgerwood. Councilman Smith said that was correct because Little League raised \$23,000 to upsize theirs. It did not come from Tourism, they raised the money. Ms. Duncan said they were glad to chip in on things like that.

Mayor Doughtie asked if the City Manager and Parks & Recreation Director Simeon could follow up on to see what the City could do. Councilman Smith asked if they had time for that since they were supposed to have answer to Ms. Lori Medlin by the end of the week. City Manager Traynham replied that was correct, by Monday at the latest.

Councilman Smith said they started out with the wayfinding signs for the City of Roanoke Rapids with monies from the Halifax County Convention & Visitors Bureau. Somehow or someone has dropped the ball on that and they have never finished up the project. They have new highways coming out here off I-95 that needs these signs. He did not mind giving the Softball League some money, but he thinks they need to invest some money into the wayfinding signs to make sure people coming off I-95 into Roanoke Rapids know where they are going. That is why he asked about using a storage building to see if they could do that. He would like to see some of the \$30,000 go towards signage.

Ms. Duncan stated they have \$45,000 slated for marketing/advertising so she did not know if wayfinding signs were under that.

Councilman Smith asked Human Resources Director/Interim Main Street Director if she knew how much money was designated for Main Street to get the wayfinding signs done. She replied she had not seen the tourism budget for this year. When they did the wayfinding signs, it was a two fiscal-year project. Ms. Medlin budgeted that plus took the Main Street \$5,000-\$10,000 each year. Then they had a second phase that was supposed to include additional signs and they were going to replace the green municipal signs in the parking lots. They funded it, but then COVID hit so the funds went to something else and has not been put in the budget since. She said they would need to price it out again and go back with a new request to complete the project. If City Council and the City Manager wants to do, they can do that pretty quickly because they already have a template.

Councilwoman Bryant added some signs needed to be updated. Human Resources Director Caudle replied those signs have space so it would be a simple process to take them down and get them to Express Signs and adding to them. There would be a cost associated with it. They did do all of that project with Occupancy Tax dollars initially.

Councilman Smith stated he would like City Council to consider funding their project for \$10,000 and take the other \$20,000 to complete the signage project.

Mayor Pro Tem Ferebee said he was not opposed to that, but he would like to see a real estimate as what it would be to get the project somewhat finished. Then take the other monies for the signage. \$10,000 may or may not be enough to have the project done.

Councilwoman Bryant asked Ms. Duncan if the Softball League was willing to help fund part of the project. Ms. Duncan replied yes and if the estimates come in less, then they can do an amendment to move the money to another line. They could modify

that at any point with a budget amendment.

Mayor Pro Tem Ferebee said this was just a comment period tonight so they would get with the City Manager to come up with how they want to proceed. Councilman Smith stated they had to make a recommendation by Monday to Ms. Lori Medlin. Mayor Pro Tem Ferebee said he hoped Parks & Recreation Director Simeon could have estimate by tomorrow and then City Council could take a poll after taking a look at the estimate. It sounds like it would not be a \$30,000 project and whatever monies are left they can put towards the signs.

Councilman Smith asked if they could put the money on hold until they find out what the costs of everything was going to be. City Manager Traynham replied they typically set the budget amounts in certain line items and the \$30,000 will be designated for special projects. Ms. Duncan stated it will be under special projects and City Council can amend that move it by vote to any line they want it to go. Councilman Smith said he did not have a problem with that as long as they get the estimates for what the costs were going to be.

City Manager Traynham said it was her understanding that Parks & Recreation Director Simeon was in the process of obtaining estimates.

Public Comment (Unscheduled)

Kathleen Robinson

Ms. Robinson announced she will be hosting a Network Expo on June 18, 2022 from 10 a.m. to 3 p.m. at Rochelle Park. She invited and encouraged everyone to participate.

Mayor Doughtie acknowledged Ms. Robinson's efforts and stated she was very dedicated to what she was trying to do for the community. He appreciates everything she does and she does so on a shoestring budget.

Approval of City Council Minutes

Motion was made by Councilwoman Bryant, seconded by Mayor Pro Tem Ferebee and unanimously carried to approve the April 5, 2022 City Council Work Session, April 19, 2022 Regular City Council meeting and May 3, 2022 City Council Work Session minutes as drafted.

City Council Appointments

Roanoke Rapids Planning Board/Board of Adjustment

City Clerk Storey reported the term for Kathryn Strickland Wrenn for the Roanoke Rapids Planning Board/Board of Adjustment will expire June 1, 2022. Ms. Wrenn wishes to serve another term and has submitted an application for consideration.

She said Mr. Colby Lyles' term also expires June 1, 2022, but he has declined serving another term. Fortunately, Mr. Dom Fenner, who formally served on this board, recently moved back to the area and expressed interest in serving again on the Planning Board/Board of Adjustment. He submitted an application for your review and consideration. City Council took a ballot vote earlier and both Ms. Wrenn and Mr. Fenner received a unanimous vote to be appointed.

Motion was made by Mayor Pro Tem Ferebee, seconded by Councilwoman Bryant and unanimously carried to reappoint Kathryn Strickland Wrenn and appoint Dom Fenner to the RR Area Planning Board/Board of Adjustment.

New Business

Consideration of Budget Ordinance No. 2022.08 for Storm Drain (1st & Jackson Streets)

Public Work Director Chalker presented numerous photographs of the sink hole and damage to the storm drain/pipe at 1st and Jackson Streets. He stated it was very possible that this repair could come in less than \$75,000. He added the Public Works Department cannot physically dig this up because they do not have a piece of equipment that large nor can they dig that deep. They rely on contractors to do work like this.

Councilman Smith asked City Manager Traynham where the money was coming from to do this repair. She replied the request is from the Unassigned/Undesignated Fund Balance because they do not have the amount of money to pay for this in the current year's budget. He asked if any of the monies from the ARPA offset funds could be used. She replied yes, potentially it could be used. He stated he did not know how City Council felt, but he did not like it being taken out of fund balance; he would like to use some of the ARPA offset funds. City Manager Traynham said once they get those funds transferred after getting all the Time & Effort Certification Forms from employees, they could do that as one of the options for funding this project.

Mayor Doughtie asked Finance Director Johnson about revenues exceeding expenditures by \$560,000; he believed that was down some from where they were a

month or so ago. If they were to end up with \$500,000 less expenses over revenues they could put it back in.

Councilman Smith asked if they could talk about the finance end of it now. City Manager Traynham agreed. He stated the budget for the fiscal year is \$15,850,000 and if they look at the income they've had so far this year which is \$13.9M so they are already close to being \$2M short in the budget. He questioned if they had time from May to June 30th to make up \$2M. He asked Finance Director Johnson if she anticipated collecting the amount of money to make up the shortage in order to meet the budget this year.

Finance Director Johnson said she would have to look into that further and review some of the historical data.

City Manager Traynham added it was hard to tell with current spending levels. They have directed staff that they are coming into the final rounds of this fiscal year and they needed to be conservative. She said City Council could postpone the decision on the current agenda if they wished.

Mayor Doughtie asked if City Council wanted to take the City Manager's recommendation because he did not believe they could postpone this; it needs to be fixed. They need to decide where to take the money from.

City Manager Traynham said they could take from fund balance because she believes it will even out. This is a priority project that needs be done. They do have the benefit of the ARPA replacement funds. They did talk to the City's auditor a few weeks ago about needing to get the paperwork in place then start moving forward with offsetting the current year's salaries. That \$2.281M will help even that out in the end. She added she was not specifically aware of any other anticipated revenues they were expecting to receive before the end of the fiscal year. Most are ongoing revenues such as permit fees, collections while Sales & Use Taxes are received two months later.

Councilman Smith asked if this money was taken out of the Fund Balance could it be replaced ARPA offset funds. Finance Director Johnson said the City is taking the Standard Allowance/Revenue Replacement Option so it will be based on the City's salary expenses. She talked with the auditor last week, basically the ARPA money is going to be placed into fund balance and they will be able to use it the way they see fit.

Mayor Pro Tem Ferebee asked if that would be done after June 30, 2022. Finance Director Johnson replied no, they will have to get it done before June 30th. He added

that he agrees the repair needs to be done and there are grants that the City could apply for as well for stormwater projects. He would like to see the City look into applying for those monies for not only this project, but any future projects.

Councilman Smith asked Public Works Director Chalker if this was something that was a danger to the public. He replied that they do have cones out, but the issue is constantly changing and they cannot see the entire thing. Any time they have a significant rain, it is going to move dirt and going to shift things. He recalled the photos he showed earlier and said it was a very large pipe that carries a lot of water because it is at the end of the system. His recommendation is to fix it as soon as possible to get it stable. The sooner they can get a resolution, the better off they will be. They will have to get with the contractor to get on their schedule.

Ordinance No. 2022.08
CITY OF ROANOKE RAPIDS
BUDGET AMENDMENT

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ROANOKE RAPIDS:

SECTION 1. The following additional amounts are hereby appropriated for the operation of City Government and its activities for the fiscal year beginning July 1, 2021 and ending June 30, 2022, according to the following schedule:

SCHEDULE A – PROJECT FUND REVENUES

Fund Balance – Public Works – Storm Drain System at 1st and Jackson Street (not budgeted)

Project Revenues – To Fund Storm Drain at 1st and Jackson Street	\$75,000
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FUND PROJECT TOTAL	\$75,000
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SECTION 2. The following additional revenues and reductions in appropriations are available

for the fiscal year beginning July 1, 2021 and ending June 30, 2022, in order to meet the foregoing appropriations, according to the following schedule:

SCHEDULE B – PROJECT FUND EXPENDITURES

Funding to General Fund – Public Works – Storm Drain System at 1st and Jackson Street

Project Expenditures - To Fund Storm Drain at 1st and Jackson Street	\$75,000
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FUND PROJECT TOTAL	\$75,000
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SECTION 3. This ordinance shall become effective upon adoption.

Emery G. Doughtie, Mayor

Motion was made by Councilman Smith, seconded by Mayor Pro Tem Ferebee and unanimously carried to adopt Budget Amendment/Ordinance No. 2022.08 in the amount of \$75,000 to repair the storm drain system at 1st and Jackson Streets and it be taken out of fund balance.

Consideration of CDBG-NR Contract Award for Land Surveying & Lead Based Paint Inspection Services

City Manager Traynham stated the City of Roanoke Rapids was awarded a Community Development Block Grant – Neighborhood Revitalization Grant and that follows all the federal uniform guidance.

She reminded City Council of last month's meeting when they authorized her to execute a contract for asbestos inspection services. Since then, they have received responses from land surveying services and lead based paint inspection services. Those responses have been reviewed and tabulated and her recommendation would be to authorize the City Manager to execute the contracts with contractors in order of their rank.

City Manager Traynham reported under lead-based paint inspection services, they received three responses. The highest ranked firm was Matrix Health & Safety Consultants, LLC. Under surveying services, they received two responses. The highest ranked firm was Mack Gay Associates, P.A.

She added as part of CDBG grant, any contracts the City enters into must be properly advertised, a competitive bidding process conducted and for the City Council to award such contract. They did two rounds of direct solicitation and advertisement. They have exceeded the minimum requirements in trying to procure these services.

Motion was made by Councilwoman Bryant, seconded by Councilman Smith and unanimously carried to authorize the City Manager to negotiate and execute a CDBG-NR Program Lead-Based Paint and Registered Land Surveying Service Contracts hereby awarded to the most qualified firm based on proposed evaluation and scoring completed by the Administrative Consultant in consultation with the City Manager.

Consideration of Fire Engine Purchase in the Current Fiscal Year

City Manager Traynham stated during one of the last City Council meetings, Councilman Smith requested information on the purchase of a new fire truck due to the time it takes to order. As of this afternoon, the final documents came in. They do have a very large descriptive document with the specifications of the proposed fire truck they can email to City Council for their review.

Fire Chief Patrick presented and summarized the quote and proposal from Fire Connections for a 2024 E-One Typhoon Pumper dated May 18, 2022. The quote includes a prepaid discount and performance bond. He explained the performance bond protects the City and the monies they paid for the truck ahead of time.

He reported in 2019, the previous City Manager asked the Fire Department to do the same thing which was to work on specifications for a new truck like they have been working on for the past 3-4 months. It is not an easy thing to do. The price of the truck they “built” back in 2019 was \$550,000-\$570,000. That same truck today using the same specifications would be \$750,000-800,000. That shows how much things have gone up in just a few years.

Fire Chief Patrick stated they put a committee together that was led by Chief Cook. The committee went through the specifications to see what they could do without to save. He gave an example that a light tower would cost \$20,000. They did cut this out but they did include lights on the side of the truck rather than going with a light tower. Since everything is going to battery, they also eliminated a generator (\$25,000) and ladder rack.

He added the quote before City Council was for just the truck so they could move forward to get it ordered. He explained since the last meeting, the delivery time has been delayed another month. They have gone from 18 months to 19 months out for delivery. He called their attention to the year of the truck as a 2024.

Mayor Pro Tem Ferebee asked how much the equipment would be for the truck. Chief Patrick replied between \$125,000 - \$150,000.

Councilman Smith said they would be looking at 19 months before they would need to worry about that. Chief Patrick said in his opinion once they have an estimated time for delivery of the truck, they should go ahead and order the equipment because they do not know what the supply chain was going to look like. He would like the equipment to be here right before the truck so they can get it into service quicker. He said they did not need to order the equipment right now.

Councilman Smith asked if they would have the money in 30 days to pay for the truck. City Manager Traynham replied yes, by using the ARPA offset funds which are in the bank. They are working on the paperwork so they can offset the salaries and benefits.

Motion was made by Councilman Smith, seconded by Mayor Pro Tem Ferebee and

unanimously carried to purchase the fire truck at this time in the amount of \$581,000.

Presentation of Proposed Fiscal Year 2022-2023 Budget Summary

City Manager Traynham stated NCGS 159-11 requires the presentation of the proposed budget and budget message to City Council prior to June 1st. This proposed budget does not have to be the final budget. She expects there will be some desired changes. At the next City Council meeting which is a Work Session scheduled June 7, 2022, she would like to have a Special Meeting to continue with budget discussions and to talk about capital/non-operational expenses. She presented and summarized the following FY 2022-2023 Budget Message.

Fiscal Year 2022-2023 Budget Message

I respectfully submit the proposed budget for Fiscal Year 2022-2023, which includes all operating and capital funds of the City of Roanoke Rapids, is contained within this report. This is intended to be a “first pass” at review of the balanced budget.

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 appropriations 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 2022-2023 General Fund Budget being submitted for your consideration totals \$16,771,496. This budget varies from the FY 2021-2022 budget.

The growth rate of many of the City’s General Fund revenues is directly tied to the state and local economics as well as population growth within the City. In order to maximize the use of available revenues the Fiscal Year 2022-2023 Budget was prepared as a continuation budget, providing only for the continuation of City operations at their current level.

The proposed budget includes the current tax rate of \$0.651 per One-Hundred Dollars (\$100) valuation.

Governmental Funds.

Fiscal Year 2020-2021 (prior year)

At the end of the FY20-21 fiscal year, unreserved fund balance of the General Fund was \$4,118,325, while total fund balanced reached \$5,535,399. As a measure of the general fund’s liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represented 16% of total General Fund expenditures, while total fund balance represented 26% of that same amount.

At the close of the prior fiscal year (June 30, 2021), the governmental funds of City of Roanoke Rapids reported a **combined** fund balance of \$5,562,408 with a net increase in fund balance of \$1,376,077, per the independent Auditor’s 2021 Report.

Fiscal Year 2021-2022 (current year)

On June 1, 2021, City Council adopted Ordinance No. 2021.05 establishing a \$15,850,253 budget for the fiscal year beginning July 1, 2021 and ending June 30, 2022.

About two-weeks later, Ordinance No. 2021.05 was replaced on June 15, 2021 when City Council adopted Ordinance 2021.08 establishing a *revised* FY 21-22 budget to include additional tax revenue and tax expenditure of \$120,000 to be paid to Roanoke Valley Rescue Squad. The resulting operating budget remained at \$15,850,253.

FY 2021-2022 Budget Amendments

1. On July 20, 2021, City Council approved Ordinance No. 2021.09 which amended the FY 2021-2022 budget by transferring \$22,000 from Fund Balance to General Fund for expenditures required for the NC Department of Corrections (NCDOC) Inmate Worker Program.
2. On August 3, 2021, City Council approved Ordinance No. 2021.11 which amended the FY 2021-2022 budget by transferring \$612,100 from Fund Balance to General Fund for COLA Salaries & Benefits for City Employees (\$3,000 per full-time employee, adjusted for part-time employees).
3. On November 16, 2021, City Council approved Ordinance No. 2021.14 which amended the FY 2021-2022 budget by transferring \$29,000 from Fund Balance to General Fund for the purchase of roll-out trash carts.
4. On March 15, 2022, City Council approved Ordinance No. 2022.05 which amended the FY 2021-2022 budget by transferring \$171,497 from Fund Balance to General Fund for the increased expenses in automotive fuels (\$100,000) due to unforeseen global increases and to fund the expense of E-911 System Costs (\$71,497).
5. On May 18, 2022, City Council approved/disapproved Ordinance No. 2022.08 which amended the FY 2021-2022 budget by transferring \$75,000 from Fund Balance to General Fund for the emergency repair of the stormwater drainage system in the area of Jackson Street and 1st Street.

<i>FY 2021-2022 Budget Amendments</i>		
<i>FY 21-22 Budget</i>	<i>\$ 15,970,253</i>	
<i>Amendment by Ordinance Number</i>	<i>Transfer Amount (\$)</i>	<i>Purpose</i>
<i>2021.09</i>	<i>22,000</i>	<i>Inmate Worker Program</i>
<i>2021.11</i>	<i>612,100</i>	<i>COLA Salaries & Benefits</i>
<i>2021.14</i>	<i>29,000</i>	<i>Roll-out trash carts</i>
<i>2022.05</i>	<i>171,497</i>	<i>Increase Auto Fuels/gasoline; E-911 payment difference</i>
<i>2022.08</i>	<i>75,000</i>	<i>Stormwater Drainage System Emergency Repair</i>
	<i>\$ 909,597</i>	<i>Total Increase to FY 21-22 Operating Budget</i>
	<i>\$ 16,879,850</i>	<i>REVISED FY 21-22 Budget with Amendments</i>

BUDGET SUMMARY

This budget was drafted based upon estimated revenue from all usual sources, just as previous years' budgets. The operating budget does not include any resources from the American Rescue Plan (ARP)

funding from the Federal government. We anticipate the City will be able to use them in the FY 2022-2023 budget and it is recommended that these funds be utilized for specific program, project, or equipment expenses. This current budget allows departments to maintain a minimal level of services to the City while not recommending raising any taxes. However, the FY 22-23 Proposed Budget includes approximately \$500,000 of Undesignated Fund Balance funds.

This proposed budget includes minimum department manning levels and no capital projects or equipment acquisitions. It includes the minimum level of any travel or per diem expenses as required licensing and certification. 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.

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 American Rescue Plan Act (ARPA) has provided \$2.281 million during FY 21-22 and we expect a second (final) allocation of \$2.281 million during FY 22-23. The City will utilize these funds to reimburse for salaries and benefits expenditures during FY 21-22 and FY 22-23 under the **Standard Allowance of the Revenue Replacement Category per U.S. Treasury's Uniform Guidance**. The City should strategically plan expenditures with the "offset" revenues following completion of the standard allowance. I am hopeful that the funding will be transformational for our City.

ECONOMIC SUMMARY

Source: NC League of Municipalities Projection of State-Collected Local Government Tax Revenue, April 2022

COVID-19 and the New Normal

Similar to last year's economic outlook, further recovery from the COVID-19 pandemic and the continuing transition to a "new normal" are major drivers causing uncertainty around projections. Within the last year, COVID-19 vaccines have become widely available, and the NC Department of Health and Human Services estimates that 76% of North Carolina adults have received at least one dose. While cases declined throughout the back half of 2021, the rapid spread of Omicron throughout the winter led to a new spike in cases. Regardless, Americans are reporting that they are increasingly more comfortable with activities such as visiting grocery stores, eating out, and attending indoor concerts and events, which is hopefully a positive indicator for economic activity.

Unfortunately, as the impact of the pandemic wanes somewhat, another source of uncertainty has emerged in the form of the Russian invasion of Ukraine. Sanctions by the U.S. and other countries throughout the world on Russia include a ban on importing Russian oil, a move that has contributed to rising fuel prices in the U.S. (see below). There may still be impacts to come on items like food prices and the availability of raw materials, to say nothing of the potential implications were the conflict to escalate.

Since the final round of federal stimulus checks in early 2021, consumer spending has continued to increase in North Carolina, but **future outlooks grow more uncertain and less optimistic**. As of late March 2022, North Carolina total consumer spending increased by 16.6% when compared to January 2020. Yet, data from the U.S. Census Bureau's Household Pulse Survey Interactive Tool notes that in

the first half of March 2022, **an estimated 34.4% of North Carolina adults report difficulties in covering normal household expenses up from 29.9% in the same period last year.** The same data set notes that in the first half of March 2022, **23.3% were worried about their ability to pay an energy bill, up from 19.1% in summer 2022.**

The Bureau of Economic Analysis **estimated personal savings as a percentage of disposable income in February 2022 at 6.3% compared to 13.5% at the same point last year.** At the time of this year’s memo, gas prices in North Carolina hover around \$3.98/gallon, compared to \$2.63/gallon at this time last year, which will also likely impact the availability of consumers’ disposable income.

Inflation is another issue which has greatly affected consumers across the country in recent months. The February 2022 Consumer Price Index Summary indicated an increase of 7.9% over the previous year. As a measure to combat inflation, the Federal Reserve recently raised interest rates from 0.25% to 0.5% and indicated that further hikes are expected throughout 2022. In addition to other factors outlined in this section, inflation and rate hikes may eat into NC consumers’ disposable income.

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.

<i>FY 2022-2023 Revenue Estimates for the City of Roanoke Rapids</i>	
<i>Revenue Source</i>	<i>Anticipated Revenues</i>
<i>2022 Ad Valorem Taxes</i>	<i>\$ 7,350,000.00</i>
<i>Prior Years Ad Valorem Taxes & Penalties</i>	<i>\$ 96,000.00</i>
<i>Payments in Lieu of Taxes</i>	<i>\$ 40,000.00</i>
<i>Credit & Collections Lien Accounts</i>	<i>\$ 1,000.00</i>
<i>Motor Vehicle NC License, Tax and Tags</i>	<i>\$ 870,024.00</i>
<i>Lease Vehicles</i>	<i>\$ 27,500.00</i>
<i>Business Registry Collections</i>	<i>\$ 4,000.00</i>
<i>Powell Bill Street Allocations</i>	<i>\$ 487,000.00</i>
<i>Sales Tax</i>	<i>\$ 3,845,000.00</i>
<i>Solid Waste Disposal Tax</i>	<i>\$ 12,000.00</i>
<i>ABC Profits</i>	<i>\$ 50,000.00</i>
<i>Christmas Parade</i>	<i>\$ 1,800.00</i>
<i>Police Grants and Donations</i>	<i>\$ 34,000.00</i>
<i>Fire Grants and Donations</i>	<i>\$ 200.00</i>
<i>Recreation Grants</i>	<i>\$ -</i>
<i>Senior Center Grants and Donations</i>	<i>\$ 32,625.00</i>
<i>Library Grants and Donations</i>	<i>\$ 26,600.00</i>
<i>Roanoke Canal Museum Grants and Donations</i>	<i>\$ 23,030.00</i>
<i>Solid Waste User Fees and Penalties</i>	<i>\$ 1,510,500.00</i>
<i>Court Costs</i>	<i>\$ 2,200.00</i>
<i>Animal Control</i>	<i>\$ 500.00</i>
<i>Inspection Fees</i>	<i>\$ 114,680.00</i>
<i>Lot Cutting Revenue</i>	<i>\$ 10,000.00</i>
<i>Cemetery Revenue</i>	<i>\$ 180,000.00</i>
<i>Recreation User Fees</i>	<i>\$ 62,800.00</i>

Roanoke Canal Museum Fees	\$ 2,500.00
Community Center Receipts	\$ 35,000.00
Lease Revenue	\$ 14,732.00
Planning/Zoning Fees	\$ 12,000.00
Public Works Fees	\$ 10,000.00
Library User Fees	\$ 6,425.00
Utility Franchise Taxes	\$ 1,300,000.00
Beer and Wine Tax	\$ 63,000.00
Miscellaneous Grants	\$ -
Miscellaneous Revenue	\$ 13,050.00
Insurance Reimbursement	\$ 2,500.00
Interest Earnings - General Fund	\$ 2,500.00
Sale of Wreck Reports	\$ 7,500.00
Occupancy Tax	\$ 4,100.00
Sale of Surplus Property	\$ 45,000.00
Restitution	\$ 300.00
Municipal Ordinance	\$ 25,000.00
	\$ 16,325,066.00

EXPENDITURES

Debt Service. During FY 2021-2022, the City of Roanoke Rapids satisfied two (2) debt instruments by making the final payment for the New Town Resource Center and the early pay-off of the 2017 Series B Bond Loan for the Music & Entertainment District “Roanoke Rapids Theatre.”

Budgeting for FY 2022-2023 includes an expenditure of **\$1,404,241.30** in currently obligated tax supported debt among six (6) financing instruments consisting of the annual payment on the 2017 “Series A” Bond Loan, which is projected to be \$952,136 and the remaining debt service payments for the FY will be \$452,105.50.

FY 2022-2023 Tax Supported Debt			
<i>Purpose</i>	<i>Principal (\$)</i>	<i>Interest (\$)</i>	<i>TOTAL (\$)</i>
2017 “A” Bond Loan (Theatre District)	946,228.00	205,908.00	952,136.00
2021 FCB: (5) Police Durango SUVs, (1) Fire Dept. Pickup Truck	37,062.00	3,800.00	40,862.00
2021 USDA: Electric Cooperative Program	32,839.00	0.00	32,839.00
2018 BB&T, Equipment	166,820.86	10,400.14	177,221.00
2016 BB&T, Equipment	104,797.78	1,865.22	106,663.00
2013 FCB, Fire Station 2 refi. USDA loan	70,332.52	\$24,188.48	94,521.00
FY 22-23 TOTALS	\$ 1,158,080.02	\$ 246,161.28	\$ 1,404,241.30

Long-Term Schedule of Tax-Supported Debt (current obligations).

The following Table entitled “Long-Term Schedule of Tax Supported Debt” reflects the financial obligations, or debts encumbered by the City of Roanoke Rapids in prior fiscal years. As you can see, if the City does not take on any additional debts, then in year 2033, the City will have zero debt payments. **Is this likely?** No, it is realistic to expect the City to choose debt financing instruments to fund capital projects and equipment into the future. North Carolina General Statutes limit 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.

Long-Term Schedule of Tax-Supported Debt (current obligations)				
<i>Fiscal Year (FY)</i>	<i>Principal</i>	<i>Interest</i>	<i>TOTAL</i>	<i>Difference from Prior FY</i>
2021-2022	\$ 1,153,442.45	\$ 275,072.85	\$ 1,428,515.30	
2022-2023	\$ 1,158,080.02	\$ 246,161.28	\$ 1,404,241.30	\$ (24,274.00)
2023-2024	\$ 1,080,565.04	\$ 217,013.26	\$ 1,297,578.30	\$ (106,663.00)
2024-2025	\$ 898,521.10	\$ 188,997.20	\$ 1,087,518.30	\$ (210,060.00)
2025-2026	\$ 921,849.78	\$ 165,668.52	\$ 1,087,518.30	\$ -
2026-2027	\$ 904,924.87	\$ 141,731.93	\$ 1,046,656.80	\$ (40,861.50)
2027-2028	\$ 928,474.67	\$ 118,182.13	\$ 1,046,656.80	\$ -
2028-2029	\$ 952,638.71	\$ 94,018.09	\$ 1,046,656.80	\$ -
2029-2030	\$ 977,433.13	\$ 69,223.67	\$ 1,046,656.80	\$ -
2030-2031	\$ 1,002,874.13	\$ 43,782.67	\$ 1,046,656.80	\$ -
2031-2032	\$ 1,028,978.99	\$ 17,677.81	\$ 1,046,656.80	\$ -
2032-2033	\$ -	\$ -	\$ -	\$ (1,046,656.80)

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 an increase in employee health insurance premiums with most all the same plan benefits, the net increase is due to the rising costs of elective dependent coverage. In the near future, the City should consider amendments to the shared costs to keep employee coverage at 100% funded by City.

The General Government and Administration budget totals \$3,680,661 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 \$3,903,503. Two of frozen positions requested for funding are not allocated. During FY21-22, two (2) positions were funded that were previously not. Chief Martin is hopeful that the salary adjustments to increase starting pay for police officer will aid in recruitment to fill vacancies. Two (2) funded positions remain open per Chief Martin due to the lack of qualified candidates within the Police Department. City Manager recommends opening the employment opportunity to potential candidates from external agencies. With the adjustments made during FY21-22, the department should be able to provide acceptable service levels for traffic safety, investigations, security, and community policing.

Fire. The proposed budget for the department is \$2,253,755. 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 \$4,612,958. It does not include any capital items/equipment or street resurfacing funding, but does fund minor street repairs and patching.

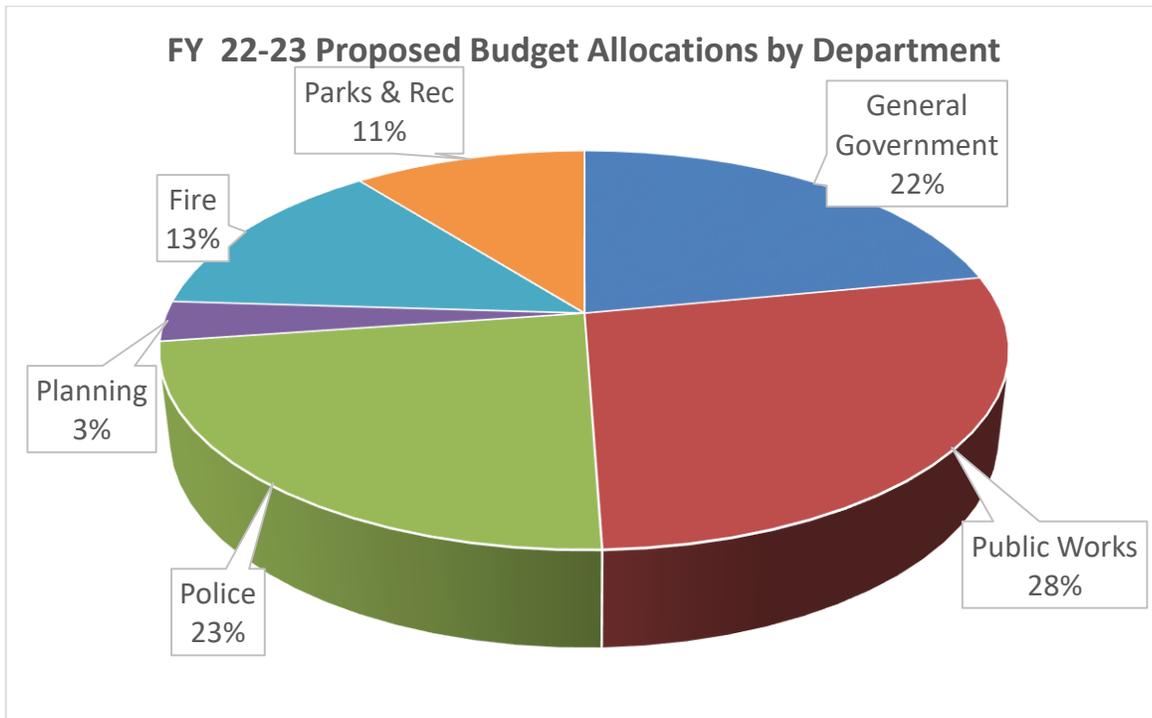
Three positions total in Street Department remain unfunded.

Parks and Recreation. The proposed budget for all departments under Parks and Recreation is \$1,774,692. 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 may continue to increase with grants, State aid and donations. Funding for inmate labor is included.

Planning and Development. The proposed budget for the department is \$545,926. Minimal funding was provided for expenses related to future demolition needs.

Comparison of FY 22-23 Proposed Budget to FY 21-22 Budget (original)				
	FY 2022-2023		FY 2021-2022	
	Proposed Budget	% of Total Budget	Adopted Budget	% of Total Budget
General Government	\$ 3,680,661	21.95%	\$ 4,314,052	27.22%
Public Works	\$ 4,612,958	27.50%	\$ 3,995,628	25.21%
Police	\$ 3,903,503	23.27%	\$ 3,272,667	20.65%
Planning	\$ 545,926	3.26%	\$ 531,172	3.35%
Fire	\$ 2,253,755	13.44%	\$ 2,072,347	13.07%
Parks & Recreation	\$ 1,774,692	10.58%	\$ 1,664,387	10.50%
	\$ 16,771,496	100%	\$ 15,850,253	100%

FY 22-23 Proposed Budget represents an increase of \$ 921,243, or 5.81% increase compared to the FY 21-22 Adopted Budget.



SUMMARY

The Fiscal Year 2022-2023 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.

I hope we will be able to use American Rescue Plan Act (ARPA) funds to invest in the transformation and growth of our community in order to compete with other cities and towns. The ARPA funds will allow the City to move forward with innovations and improvements in technology to become more efficient and cost-effective. This can be realized using ARPA funds to pay for the significant initial development 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 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, I remain confident and hopeful that the City will overcome these immediate challenges with innovation, technology, and engaging employees in quality services.

City Manager Traynham reported when she added up all the departmental requests (wants, needs, must haves etc.) it totaled over \$19M. She has gone through each of the lines and made reductions. She did not know how much lower she can get without either coming back to City Council, leaving things broken or make more significant cutbacks without using fund balance. She added the budget did not include a tax increase as requested.

Mayor Doughtie stated he thought they should predict additional Ad Valorem Tax revenue from the Premier Blvd. area since some new business were opening there. He also commented about prior years using fund balance to balance the budget. He said they should not use fund balance as a means for balancing the budget. He agreed with City Manager Traynham about looking for additional revenues. He said they all know population is decreasing but at the same time the citizens they serve has grown. For example, the people Police Department is involved with and serve do not necessarily live in the city.

City Manager Traynham said the State’s allocations are based on the City’s permanent population. She recognizes Roanoke Rapids is the micropolitan of this area. The last figure she heard was 60,000 people per day are in Roanoke Rapids at some point.

She said they do have a lot of non-resident visitors throughout the city, but unfortunately the State does not use that number. She reported she looked back to years 2016-2020 and those five years had expenditures that exceeded revenues totaling approximately \$4M. There has been a trend of using fund balance. When they closed out FY2021, the City was ahead \$1.186M. The next month, they increased employee salaries and benefits. She noted salaries and benefits are one the City's greatest expenses. It is the unexpected events that they do not know it is going to happen, such as the stormwater drain repair. They do want to look for other funding opportunities in the upcoming fiscal year.

She asked that City Council have a Work Session and then schedule a Special Meeting in order to hold a Public Hearing for citizen input on the upcoming budget.

Councilman Smith asked the amount in the City's fund balance now. Finance Director Johnson replied \$5.1M.

Mayor Pro Tem Ferebee asked for the percentage. City Manager Traynham stated the State requires 8% at the end of the fiscal year. Councilman Smith said this City Council wanted to stay around 20%. City Manager Traynham reported at the close of FY2021, they were at 16%.

Mayor Pro Tem Ferebee asked if the City had any other debt that would be paid off in 2023. City Manager Traynham replied in 2023 the City will satisfy a finance instrument from 2016 for BB&T for equipment (annual payment \$106,663). In 2024, they will satisfy two notes: BB&T from 2018 for equipment purchase and Electric Cooperative program USDA finance instrument (0% interest at \$33,000). She referred them to long-term debt table in the budget message.

Councilman Smith stated he noticed the \$200,000 increase in property taxes and also increases in motor vehicle tax and Sales & Use Tax. He asked City Manager Traynham if she anticipated increases from the current year. She replied they made some conservative estimates of revenue. They used information from Halifax County on what they were scheduled to receive.

Councilman Smith said they were proposing to increase the budget close to \$1M and he was concerned about that.

Mayor Doughtie said they had time between now and the next Work Session to think about and make a decision on what to do.

Councilman Smith said he understood they were planning to use almost all the ARPA

offset monies for capital needs. Those needs were not included in this budget. City Manager Traynham confirmed they were not. She has \$6.8M in needs and the total ARPA funds is \$4,563,000. They currently have the \$2.281 in the bank minus the \$581,000 for the new fire truck. Obviously they cannot fund all the needs. Some of the needs they may want to consider financing instruments. Vehicles are going to be a need they will have on an on-going basis.

Councilman Smith stated he was not interested in financing anything else until they get some of this Theatre debt paid down. He would like to get the City out of debt.

Councilwoman Bryant wanted to confirm the Fund Balance percentage. She recalled when the auditor gave his report that the average was 29%. City Manager Traynham questioned if the auditor was referring to a combined percentage of Restricted and Unrestricted because the City's combined fund balance at the close of FY2021 was 26%. Public Works Director Chalker added that most of those municipalities across the state sell a utility.

Mayor Pro Tem Ferebee stated if they do the same thing, they will get the same results. He questioned what they could do and what the City Manager could propose them to do to help with the situation. He understands they have cut back as far as they could without reducing employees and services. He asked what they could do to bring in additional revenues. They may need to partner with other groups to bring in new businesses and development. He suggested hiring someone to concentrate on grants to obtain additional monies out there.

City Manager Traynham stated that is where she sees the ARPA offset monies being used to invest in things that will help transform the community, make them more competitive or take them to more than being an 8:30 am – 5 pm business. By upgrading the City's operating system, they will have the technology and software to handle things more efficiently and effectively. She agrees with him about hearing about different things at meetings and conferences. Municipalities have to sometimes share in costs to offer development incentives to bring something in.

Councilman Smith stated he has been talking about the software for 4 years or more. He hasn't seen anything on an agenda to talk about what they were going to use the money for or what they were going to do; they were procrastinating. City Manager Traynham reported they would be talking about capital requests at the next meeting. She wanted to address the operating budget first. Councilman Smith said they needed to find out where the money would come from for the software upgrade and decide if they were going to do it or not.

City Manager Traynham asked for City Council to officially schedule the Public Hearing. She suggested holding a Budget Work Session earlier on June 7th at 4 p.m. followed by a Special Meeting for the public hearing at 5:30 p.m.

Motion was made by Mayor Pro Tem Ferebee, seconded by Councilman Smith and unanimously carried to set a Budget Work Session for June 7, 2022 at 4 p.m. and a Special Meeting to conduct a Public Hearing for the FY 2022-2023 Budget on June 7, 2022 at 5:30 p.m.

City Manager's Report

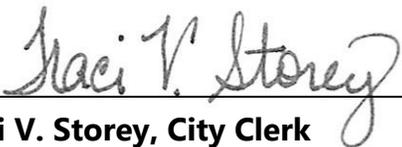
City Manager Traynham stated she did not have anything further to report as this time.

Finance Director's Report

Mayor Doughtie asked Finance Director Johnson if she had anything further to report since they went over most of the financial information earlier in the meeting. She replied she did not.

Adjournment

There being no further business, motion was made by Mayor Pro Tem Ferebee, seconded by Councilwoman Scarbrough and unanimously carried to adjourn. The meeting adjourned at 7:52 p.m.



Traci V. Storey, City Clerk

Approved by Council Action on: June 21, 2022