



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 16, 2023, 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) **Council Members**
Tommy Daughtry)
Wayne Smith)
Rex Stainback)

Kelly Traynham, City Manager
Geoffrey Davis, City Attorney
Traci Storey, City Clerk
Carmen Johnson, Finance Director
Gorton Williams, Interim Police Chief
Christina Caudle, Human Resources Director
Jason Patrick, Fire Chief
David Wise, Planning & Development Director
Larry Chalker, Public Works Director
John Simeon, Parks & Recreation Director
Tony Hall, Main Street Development Director

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

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 Smith, seconded by Mayor Pro Tem Ferebee and unanimously carried to adopt the agenda as presented.

Approval of City Council Minutes

Motion was made by Councilwoman Bryant, seconded by Mayor Pro Tem Ferebee, and unanimously carried to approve the May 2, 2023, City Council Regular Meeting minutes as drafted.

New Business

Presentation of Proposed Fiscal Year 2023-2024 Budget Summary & Message

City Manager Traynham stated as required by NC General Statutes and in accordance with the Local Government Fiscal Control Act, she would be presenting the fiscal year 2023-2024 budget which begins on July 1, 2023, and ends June 30, 2024. She said this was intended to be a first pass; it is not a finalized budget per se. It is still open to some reviews and changes, but if they do make changes, they will need to find something to cut or find additional revenues to support those changes.

She stated this budget did not come without challenges. They have looked at revenues and have been experiencing significant cost increases due to inflation. Labor and materials costs have placed a lot of pressures on the operational budget and the cost of projects. What they have seen regularly is that they will receive a quote or cost for a project and 3 months later it has increased in price. The City is experiencing rising costs and limited revenues. They do have limited growth in the community; a lot of their revenues are based on population per capita. The City of Roanoke Rapids' population has been decreasing year after year since the mills closed. The City has been experiencing personnel fluctuations that come with the competitive labor market surrounding the city who offer competitive wages. They need to focus on employee compensation to be able to recruit and retain in order to provide quality services. It is important to invest in the City's staff. Staff is critical to provide services from customer service, public safety, maintaining streets and sidewalks, parks & recreation programming and resources, and cultural and historic resources. The staff is the primary focus of this budget while having lean operational expenses to operate.

City Manager Traynham said this recommended budget for FY 2023-2024 focuses on personnel, services and programs where they can deliver services and operate as efficiently as possible. Maintaining the tradition of doing more with less and providing customer service while mitigating increases to the property tax rate. This budget does not include any increase in the property tax rate, however that is something they will need to look at in the fiscal year 2025 budget with the re-evaluation which occurs next winter.

She referred to the budget message handout. The budget that is prepared for them totals \$17,659,857. This budget looks a lot like their current budget with the operations and expenses cut down to minimal levels. The revenues that they have been looking at equate to \$17,409,488 approximately. The difference between the recommended budget and the revenues is about 3.94% difference which equates to about \$250,000 from fund balance in order to balance the budget. In the past they've had use up to \$500,000 of fund balance almost annually in order to balance the

budget. Therefore, \$250,000 is a very conservative measure to use to help balance the current budget based on our anticipated revenues and expenses while maintaining the current tax rate and also implementing a 5% COLA for employees.

City Manager Traynham stated as part of the budget message requirements, they look back at prior years and the fund balance. The fund balance has continued to grow incrementally over time. As of the June 30th of 2022 report, the total fund balance represented 45% of the general fund expenditures and it was 30% of the unreserved fund balance. The current fiscal year for 2023, after some amendments and things, was up to \$16,990,486. The difference between the recommended budget and the current fiscal year budget is \$669,371 or a 3.94% increase. Some of these increases are not just about providing the cost-of-living adjustment to the employees, but it is also about inflation and retirement contributions and things that are outside of their control. The retirement contributions that are mandated by the state have increased for law enforcement officers from a rate of 13.04% of salary to 14.04%; it was 13.01% the prior year. For non-law enforcement, the FY 2024 contribution is 12.91% where the prior year it was 12.1%; the year before that it was 12.01%, so they can see these are things that are outside of their control. As far as employees are concerned, they have been able to maintain providing 100% of the cost to the City for full-time employees to be covered by health insurance. They still maintain that relationship with their local insurance broker, GW Hux & Company. The City does supplement additional coverage so that employees may cover their children, spouse or family members. It cost us about \$100,000 a year in order to do that which is a competitive benefit for employment. The recommended budget maintains the current staffing levels that are funded. Over time they've had some frozen positions and those positions have not been funded. But the currently funded positions in this fiscal year are recommended for funding in the upcoming fiscal year, including part-time staffing that is needed and seasonal staffing for lifeguards and to work at community events.

She reported the City's tax supported debt includes five financing instruments that they have been making payments on for some of them for many years. The last one was initiated in 2021. She referred to page 12 of 20 and stated they could see those instruments and what the principal and interest payments would be for the upcoming fiscal year. Starting with the 2017A bond loan for the Theater District, they have that payment of \$952,137 until May of 2032. They can see in the upcoming fiscal year, they will pay off or retire the 2021 USDA Electric Cooperative Program funding and relieve about \$33,000 of the budget as well as a loan from BB&T for equipment. The total tax supported debt for any long-term financing instruments is \$1,297,578.

City Manager Traynham referred to page 13 of 20. This gives a picture of the City's total principal and interest payments for current long-term debt obligations. She

noted the difference between the current fiscal year 2022-2023 and the prior year is (\$24,274). For the upcoming fiscal year, the budget will be freed up by (\$106,663). In FY 2024-2025 in comparison to this upcoming year, (\$210,060) will be freed up. The City is reducing the debt that is currently in place. This proposed budget does not include any capital expenses. Any capital expenses or equipment that may be needed they will need to consider looking at financing options or other ways to fund that. She stated they were looking at the operational budget right now. If they maintain the schedule as is, the debt will be paid off in 2032. The state statutes limit the amount of general obligation debt the City can go into. It is 8% of the total assessed value of taxable property so the City is well within their borrowing abilities if financing is needed.

She continued to page 14 of 20 which breaks down the budget total expenditures by department.

- General Government and Administration - \$3,853,047 or 21.9% of general fund budget. *(City Council, general government, legal fees, elections, City Manager, City Clerk, Finance, Human Resources, etc. It also includes debt service, any capital reserves).*
- Police - \$3,936,186 or 22.37% of general fund budget.
- Fire - \$2,604,208 or 14.80% of general fund budget.
- Public Works - \$4,724,817 or 26.85% of general fund budget. *(Street, garage, refuse, sanitation, and cemetery). Four positions in Street Dept. remain unfunded.*
- Parks & Recreation - \$1,896,955 or 10.78% of general fund budget.
- Planning & Development - \$580,894 or 3.30% of general budget.

She stated the budget allocation percentages are consistent with prior years.

City Manager Traynham said the presentation of the budget message is intended to cover a comparison of the prior years and provide recommendations for the upcoming budget year. A balanced budget has been prepared and it is very lean. It does include a 5% cost of living adjustment for City employees. This is expected to help with the cost of living due to inflation, assist with the rising costs and competitive wages in nearby communities. As mentioned, this recommended budget is only a 3.94% increase to the current year's budget. It includes approximately \$250,000 from fund balance to balance the budget. This will help cover the staff increases, insurance increases and other operational expenses. The City has used fund balance in prior years and last year they ended up in the positive more than what they expected. Under City Council policy it states if they achieve a certain amount of fund balance it can go into the upcoming year. Staff feels like these increases can be offset with the

retirement of the debts this year and with the interest revenues from this current year and proposed interest earnings in the upcoming year due to increased interest rates.

She stated the tax rate is maintained at \$0.661 per one hundred dollars valuation. It does include the one-cent rate to the Roanoke Valley Rescue Squad as approved by voter referendum. The net tax rate is \$0.651 per one hundred dollars per assessed value. The City has not raised its taxes in many years despite the cost of living continuing to increase. The departments have done a good job leveraging other funding sources and competitive prices in order to manage those increased costs. Sometimes that comes with some deferred maintenance due to lack of funds. Property values have slightly increased compared to 2022 by approximately \$16M. The FY 2023 Ad Valorem Tax Levy is expected to be \$1,173,191,880 per the Halifax County Tax Department. The City is seeing some growth. Since March 1st when *OpenGov* software went online, there have been fifteen (15) building permit applications pulled for the Canal Walk subdivision. Each home averages about \$190,000 in construction value. There have been a dozen homes completed at the Villages of Cross Creek community as well. Those are helping to contribute to increasing tax values as well as commercial developments with the parts of Premier Blvd. that are within the city limits. City staff received some information from the Halifax County Tax Department, according to their levy settlement year 2022-2023, one cent is expected to generate approximately \$115,000 in revenue to the City.

City Manager Traynham stated this budget has been done conservatively utilizing a high level of confidence when looking at incomes from sales and use tax which should remain consistent for the City since it is the retail hub of Halifax and Northampton counties. The availability of fund balance is more than what is required by General Statutes so the City could consider using that for any specific one-time capital projects or expenses that could come up in the fiscal year. There have been some fee schedule modifications with incremental increases. She added that since the budget meetings with the departments, staff looked at the Parks & Recreation fees such as the library and user fees and maintained those at the current levels. They did make some incremental increases for group gatherings. Individuals would not be as impacted by increases such as copying or recreation cards.

She referred to a handout showing the expenses for the current budget, departmental requests, percentage change to prior year, manager recommendation and the difference from departmental requests. (On file in Clerk's Office). She stated the departmental requests totaled \$18,651,007 or approximately a 10% increase as compared to the current fiscal year. She had to cut out about 7%, bringing the total expenses to \$17,659,856. With the \$250,368 from fund balance, she was able to provide a balanced budget.

Mayor Doughtie asked how much did the health insurance increase this year. City Manager Traynham replied it was a fairly insignificant increase. The local insurance broker has been able to negotiate rates for the City.

Mayor Doughtie asked what percentage would the fund balance be if they used the \$250,000 to balance the budget. City Manager Traynham replied after the close of the fiscal year June 30, 2022, the fund balance was right at 30% so it is likely to stay close to that in the high 20's. Utilizing the \$250,000 from fund balance will have an insignificant impact on the overall fund balance appropriations.

Councilman Smith asked if they took \$500,000 out of fund balance last year. City Manager Traynham said it was \$406,000 and the year before that was about \$500,000. She stated the fund balance was able to grow. He asked if that was because of the ARPA monies. She replied that does have some part to do with it, but also cutting back on expenses to ensure they meet the fiscal year budget and when they have funded positions and salaries that are vacant. Any funds that are not used in the fiscal year revert to the general fund. She said any grants and other funding revenues have allowed the City to offset the use of the general fund. She did not believe they had used much of the \$406,000 this current fiscal year.

Councilman Smith said he noticed they had increased the motor vehicle taxes up \$85,000 and it looks like they are about \$200,000 short this year from what they predicted last year. City Manager Traynham replied they had not received all the allocations for that yet. It is estimating revenues and expenditures, but they feel confident about it. Councilman Smith said he realized that, but did not want them to underestimate their income. City Manager Traynham stated all their incomes are estimated and it all depends on if people pay their taxes. Utilizing information from the Halifax County Tax Department, they remain confident in their figures. She added in reference to the motor vehicle tax revenues in comparison to the current year, they are maintaining the same estimation.

Mayor Pro Tem Ferebee asked for a breakdown of the changes in the schedule of fees before the next meeting. He said there were concerns over some of the fees. He realized some had changed and he would like to see them.

Mayor Pro Tem Ferebee referred to an email from early on and said he believed Councilwoman Bryant made a recommendation on a COLA plus a bonus. He asked if they considered that strongly or how did they consider that. City Manager Traynham replied they did consider that, but it was a little more difficult to apply in their worksheets. They can still gather that information, but they are really looking at the competitive wages and trying to maintain the City's current workforce. She added a

5% COLA is extremely common statewide and surrounding area. Mayor Pro Tem Ferebee said the dollar value would be the same, but then how it was calculated in the budget in relation to bonus versus COLA would be advantageous to look at both. He said when he was an employee, he wanted to get his now as opposed to waiting to get it over 12 months.

City Manager Traynham stated her role tonight was to present a balanced budget. The next step would be to schedule a public hearing, but they could continue these talks and making changes. They need to be mindful of changes in expenditures and where they would offset them with revenues. Her concern with issuing bonuses right now in lieu of COLA is because a COLA goes towards their retirement and helps to build their salary. They have some employees that if they received a bonus right now would probably leave and take a competitive wage job somewhere else making more money. It has changed significantly in the past few years.

Human Resources Director Caudle added from her exit interviews of employees who have left this quarter, 92% are saying they are leaving because of better pay and all of them have provided her with what that pay would be. Their annual salaries have increased on the low end 12% and as much as a 40% increase for someone taking a position two ranks lower in Henderson. That is their base salary. They are getting sign-on bonuses and retention bonuses. They are in a very different competitive wage world currently versus previous years.

City Manager Traynham said when she discussed the budget with department heads, she asked if they wanted to focus on COLA for the employees or some of the other wants and needs. It was unanimous for a COLA for the employees to keep up with the market changes and inflation. Everyone knows when they go to grocery store, the same items cost more than they did a year or two ago. That is why she wanted to reiterate that this recommended budget is still less than a 4% increase from the current year's budget. The recommendation is based on what staff feels is advantageous to maintain and retain employees and try to get competitive with salaries.

Councilwoman Bryant stated she understands that. She would not want to see a particular person's salary, but she had also asked that employees be provided with the cost of the benefits along with their salaries. She does not think employees appreciate benefits, but the City is responsible for paying for all of those, and it is a pretty significant amount. She said 5% this year is going to be that next year and they will be paying that plus the cost of increases for medical, dental, vision, long-term and all the other things. She understands the cost of living, but the city is not growing.

They are having to come up with the monies. They want to retain the employees and she thinks it is important that they do that.

City Manager Traynham said they could develop some other alternative scenarios.

Councilwoman Bryant referred to the statement on page 11 of 20 that they currently have 20 vacant positions, but they are not planning to fill 11 of them within the next year. City Manager Traynham replied she has not finalized that yet. The department heads will provide more information when they give their reports later. Any position that is currently funded in the budget, is funded for the upcoming year. They do have some frozen positions that have been on the books for several years that are not recommended for funding. They want to maintain the current staffing levels.

Mayor Pro Tem Ferebee said if he was making \$20,000 per year, a 5% increase would equate to \$1,000 per year. He was looking at the dollar values and for those that are not in the management levels because there are a lot of employees struggling in the lower levels. A 5% increase may not help them like a bonus plus a percentage. The younger folks are not like the older folks who would stay and hammer it out. The turnover is going to be higher now no matter what they do because the generation is different. They are not going to stay like they used to and try to get that longevity. Some folks are going to move on, but they are going to move anyway. Some will move for a dollar, but they will have some folks that will not. He would like them to look at equating the same dollar value. He would like to look at a bonus and a COLA. It was really not going to cost the City any more money because they are not going to have to pay for all the things that go along with an increase. They are balancing the same monies and to the people that really need it. He would like them to look at that as an alternative. He gave the example of the workers on the back of the trash truck. He believes they would appreciate that money in hand rather than the \$1,000 in a year. If he divided that \$1,000 per year, it would not be that much more in each paycheck.

City Manager Traynham stated she, administrative staff and department heads have discussed various scenarios and considered things. She invited department heads when they get up to give their reports to share any information about how their employees feel about a COLA and bonuses.

Councilman Smith agreed with Mayor Pro Tem Ferebee. A 5% for employees making \$50,000-\$60,000 is a whole lot more money than those making \$25,000. He asked Human Resources Director Caudle how many employees making over \$50,000 have quit. She replied one employee this quarter. He stated there was very little turnover in the higher paid range than the lower end of the scale. She said on the flip side of that, there is a lot more opportunity in entry and mid-level positions close by. If you

want to jump ship as a human resources director to somewhere else, they will have to go to where the one opening is. But if she's a certified police officer, they are hiring everywhere. It is a challenge and it is the nature of today's market.

Councilman Smith replied he understood that and what makes people advance is the hard work that they do. It is not just sitting back doing nothing. If they get out there and work hard, their supervisor sees how hard they are working and recommends a merit raise to the city manager. City Manager Traynham said they do have those practices in place and that is why a COLA is intended to apply to everyone to keep up with the rising costs.

Councilman Smith stated he agreed that all the City's employees are probably underpaid. They were short on a lot of income last year and he does not know where the money is coming from.

City Manager Traynham said a copy of this budget will be submitted for City Council to review and they need to schedule the budget public hearing for the next Council Meeting on June 6th.

Councilman Smith said he thinks they need to agree whether they like this budget or not. He was not much in favor of taking \$250,000 more out of fund balance. City Manager Traynham stated approval of the final budget is not until their last June meeting so they still have over a month between now and then to make adjustments. Councilman Smith said the public was not going to know what the actual budget is. She replied this was a recommended budget and will be online. Once they have the public hearing all this information will be publicly available. This is their first step to get there. They have to create a balanced budget which has effectively been done and by law it has to be presented to City Council before June 1st. This is a first pass. It is a balanced budget and is just a recommendation. She would expect City Council to approve the budget at the June 20th meeting.

Mayor Doughtie stated it would be really nice to have a room full of people at the public hearing that pay the taxes and pay the fees. They usually have five people here at the most. If they had the people here instead of just the five Council members deciding, they could let City Council know what they want and how they want their money spent. It would help them feel better about what they decided. Again, that meeting is generally very poorly attended. They may not know what a 20 year old or a 50 year old wants to spend their money on.

City Manager Traynham added there were a lot of wants in the community and she wishes they could afford all of them. This is a lean budget to maintain the City's

current service operations.

Mayor Doughtie said the City was still heavily laden with debt. They are getting closer, but \$1M per year is going out of the budget to pay the debt which is difficult for the City. \$1M out of \$15M is a pretty good chunk. Then they are saddled with all the benefits that they are demanded to pay, but they don't tell them how to pay them. They have to go up on retirement and hospitalization. He was sure the powers that be and the legislature know the City of Roanoke Rapids was not growing. They weren't the only town in eastern North Carolina that was not growing. Everything continues to increase in price, but the revenues are not increasing. So, they have to make some really hard decisions like they do in their own homes. They could probably survive a week or a month without television or a telephone if they had to; they have to make some difficult decisions.

Mayor Pro Tem Ferebee said again, he would like them to look at some different alternatives. He would like them to continue to look at starting, mid-point and max salaries. He thinks that is probably a big hit for why people turnover such as the police department and even other departments. They need to look at that seriously. Looking at an alternative to a bonus plus COLA. It may not be a 5% COLA plus, but at least that will allow the employees that work for them every day that are not in the higher echelon, the dollars that they are not getting. He guessed staff had done a survey or maybe they need to do a survey to see if employees want a bonus and maybe a 3% COLA. It would equate to the same dollars.

Mayor Doughtie stated this budget was an initial offering to them and they could continue discussing it at the public hearing. They can think about it and bring their ideas back.

Motion was made by Councilman Stainback, seconded by Councilman Daughtry and unanimously carried to schedule a public hearing on the proposed Fiscal Year 2023-2024 budget at the June 6, 2023 City Council Meeting at 5:30 p.m.

Consideration of Roanoke Rapids Theatre Proposal

City Manager Traynham stated the City of Roanoke Rapids has received a proposal to negotiate a lease for the Roanoke Rapids Theatre usage. (On file in Clerk's Office). The proposal included in their packets states the term requested is for ten (10) years with a lease amount of \$500,000 payable in advance. It states an additional amount of \$2 per ticket sold for any event held at the Theatre would be paid quarterly. It requests the City acknowledge the Lessee would assign the proposal to another liability company which is basically subleasing it. The Lessee would be responsible for all

expenses, insurance, utilities, maintenance and so forth for the premises and return the property in reasonable wear and tear as expected.

She said the proposal states if at any time during the term, the tax valuation of the real property becomes advantageous for the purchase, the Lessee would desire to purchase the property for \$1,500,000. The \$500,000 would be a credit against the purchase price if it closes within the first five (5) years. It would be reduced by \$100,000 per year for each year after year five. They are proposing a non-refundable deposit of \$5,000 to be credited against the rent. The payment of the balance of rent would be made upon execution of the lease.

City Manager Traynham said they do not have an actual lease document; these are just some general terms that have been provided. She asked City Council to consider the proposal. She added they did not necessarily need a motion. It could be by general consensus whether or not these terms are ones they would want to consider for a lease, or individual Council members may want to express any feelings about the proposal.

She reported the *GovDeals* auction is set to begin on May 25th. As of this morning, they've had almost 14,000 unique hits which means it is not the same person clicking on the website. They've had over 10,000 unique visitors to that specific page. There are 80 people that are currently watching it or reserved it. A direct mailer went out to almost 7,000 potential real estate buyers and the listing is appearing on major social media sites, being shared with real estate companies such as Trulia; there is an MLS listing for the property. The auction is scheduled to close on June 26th. They will see what happens with that.

City Manager Traynham asked City Council to discuss the lease proposal that has been provided.

Mayor Pro Tem Ferebee stated a few weeks ago they were here talking about this and they decided they wanted to sell it versus trying to lease or rent it. He asked if this proposal would preclude a sale if someone wanted to buy it or was the ten-year lease stating that they had the lease, therefore nobody could come in and buy it. He thinks ten years was a long time. He wants to give what they fought about a few weeks ago a chance to work. The dollars presented do not interest him enough to go that route at this point. Maybe after they go through the process and look at who wants to buy it. He knows there is some interest out there about buying it; he knows that for a fact. He would like to see them go through this process prior to tying themselves down.

Councilman Smith said he thinks they should have some discussion with all the

Council members on what they think should they decide to lease the Theatre in case something didn't happen otherwise. He does not go along with the 10-year lease either. Some of his recommendations were to increase it from \$500,000 to \$600,000 and increase the \$2 per ticket to \$4 per ticket, or persons sitting in the seats. He suggested getting a security deposit from them so if anything happens to the Theatre the City will be able to repair it. They should pay for all the utilities, insurance and maintenance and the City inspect it quarterly. Also, they would not be able to sublease the property out. He thinks they should come back with a better lease or if someone else wants to lease it. It is not going to interfere with the auction.

City Manager Traynham said a lease does have to follow certain procedural requirements. With the timeline the City is on with the auction, if the lease is less than 10 years and more than 1 year, a resolution is required and the lease would have to be publicly available for 30 days prior to the adoption of that resolution. At this point the auction would be concluded before any lease could be advertised. She believed those processes could occur concurrently and/or overlap. If they want to maintain and keep the auction process in place then that is a statement of fact and any transference or facts about the City having the right to sell is something that could be included in any potential lease considerations. This is more of a proposal to enter into lease negotiations. The details would have to be identified and agreed to and made publicly available for 30 days prior to adoption of a resolution.

Mayor Pro Tem Ferebee asked if someone came in and offered to buy the Theatre at any time whether it was a 5 year, 8 year or 10 year lease, could the City sell it to them. Attorney Davis replied not under the current proposal here, although if there is some negotiation that happens from here, they could put that as a term. He added in his opinion the last paragraph on the first page where it states the Lessee agrees to purchase the real property from the Lessor for a price triggers the competitive bidding process. At least with this proposal, if City Council were to accept this proposal with that condition in it, they would have to advertise that and go into the competitive bidding process and upset bidding process. By it putting a future purchase price basically turns it into a purchase of real estate. This is something that may need to be discussed with the group that made the proposal. If there is consensus from City Council that they are not necessarily satisfied with these terms, and he felt like that was what he was hearing, he would like to get some consensus of terms that City Council thinks may be worth presenting back. He and City Manager Traynham could take it back to that group and try to formalize it in some way and present it to City Council at the June 6th meeting. If City Council was interested in it, they could set it up on the 30-day period. At that point the auction would have run as well and they would have that answer by the first meeting in July. That is what he was thinking with the different timeline aspects of it.

Councilwoman Bryant asked if she understood correctly that if the Theatre was leased then the loan would be adjusted. Attorney Davis replied the loan aspects comes in with seller financing. It may also be impacted with this option to purchase they have included in the proposal where it was being set so far out. It could get the City in the same situation and cause problems just like a seller financing agreement. Staff would need to check into it.

City Manager Traynham recommended if City Council considered any leases or purchases to try to look at one process. The statutes designate the guidelines they are required to follow. The intent in tonight's meeting was to allow City Council an opportunity to discuss this and provide feedback. She stated the auction would continue to move forward.

Mayor Doughtie asked if they would have to pay the \$500,000 upfront rent on the debt. City Manager Traynham replied it would not be required under the terms. Bank of America would likely apply it to the back end of the debt. If the City receives any type of revenue for it, it would be more advantageous to put it in Cash Management and allow it to generate interest in case the lease falls through. They know in the future the building is going to need a new roof and other major expenses. It is hard to think about 8-10 years out right now.

Mayor Doughtie asked if City Council chose to go with a lease, would it be legal to ask if the \$4 ticket fee could be set at a minimum of \$40,000 which would be 10,000 tickets. That would be about the amount the City would receive if it were on the tax books. Attorney Davis replied he did not think there was anything illegal about that. It may be a good way to look at it. One of his concerns about the proposal in reference to the tickets was there is no real metrics or data about how many tickets they expect to sell or how many shows they are going to run. Without that, it is hard for the City to estimate those costs or project the value of that part. He believes that would help to give it a minimum or base since there are so many variables that go into that number and final amount.

Mayor Doughtie stated he believed the public would want to see it on the tax books in order to create revenue. They would only have to sell 10,000 tickets in a year to generate \$40,000.

City Manager Traynham reminded City Council that this time next year they would be looking at revised property values so they do not know what direction that is going to go with the evaluation from Halifax County.

Councilman Smith questioned whether a lease would affect the audit now. Finance

Director Johnson replied yes, if the City does a lease GASB87 will affect the fund balance. City Manager Traynham added there is a new government accounting standard which requires all the City's leases to be counted as liabilities in the audit.

Mayor Pro Tem Ferebee asked if it was for the full amount of the lease and would it be \$500,000. Finance Director Johnson replied it was based on a discount formula and an annual amount.

Councilman Smith stated he would like to see the City Attorney and City Manager discuss some of the benefits with the organization that is looking to lease the Theatre. Let's leave it open and not shut everything down.

City Manager Traynham said she believes City Council should consider all options. It does not mean they have to accept all of them. Having the discussion was important and it was the administration's duty to present the facts and considerations that would need to be given.

Attorney Davis said he was not asking for a poll of each City Council member, but would like some feedback about the different terms in the proposal to take back. He asked about the 10-year lease and if they had any feeling about the timeline. Councilman Smith suggested 8 years. Mayor Pro Tem Ferebee said he would like to see less than that. He said no matter what the time frame would be, if the lease would tie the City up from selling the property, and it sounds like it does, he would like to see something put in it that if they received an offer to sell, they have 60 days.

Attorney Davis said in that scenario the City could do that if they chose to accept the offer. They would still have to go through the competitive bidding process and the group leasing still gets an opportunity to file an upset bid.

City Manager Traynham stated in her opinion if City Council were to consider a lease, she recommends they reserve the right to sell it at any time and give appropriate notice as well as any compensation back.

Councilman Smith said he has been on City Council for ten years and they have not been able to sell the Theatre yet.

Attorney Davis continued with reviewing the terms of the proposal. He asked about the amount of the term being \$500,000 up front and the only other revenue coming to the City would be the ticket sales in the current proposal. Councilman Smith added there would also be a \$5,000 security deposit.

City Manager Traynham recommended they consider adding a substantial security deposit to cover any potential damage such as replacing the carpet and other wear and tear repair. Councilman Smith suggested a \$75,000 security deposit.

Attorney Davis said Councilman Smith suggested raising rent to \$600,000 for 8 years.

Councilwoman Bryant asked if the group was interested then why were they not interested in going through the formal bidding process. Attorney Davis replied if they were to do it this way, and if he were in their shoes, one of the considerations would be the tax liability. The taxes between the city, county and school district were approximately \$96,000 per year. That is a cost to them, whereas if the City retains possession of it and leases it to them, they do not have to pay the taxes. Councilman Bryant said before she would commit to that she would need more clarification on how it was going to affect the loan the City is paying.

Attorney Davis said if the option to purchase is removed from the proposal they would probably not get into that situation. If it stays, then Bank of America would lose the interest free aspect of the loan and it would get back dated for the whole life of the loan. Suddenly, the City's payments would not just balloon because of the future interest that would come at that interest rate, they would also have to pay back payments for the old interest. It would be a huge amount of costs.

City Manager Traynham stated if this results in a drafted lease agreement, they will want the City's bond council to review it to make sure the City will not have any consequences and allow City Council to make an informed decision. That would be part of the due diligence process.

City Attorney Davis stated if they remove the option to purchase from any lease agreement, he did not believe the City would have any of those concerns.

Councilman Smith also asked Attorney Davis to add that the building would be inspected quarterly into the agreement and that the building could not be subleased.

Attorney Davis agreed. He stated his concerns with any subleasing agreement is that since the City owns the building, City Council would have to approve any sub-lessee. He did not believe that had been contemplated in this proposal. They would need to go back to the group with that. He did not think subleasing was something that is feasible because of the different kinds of procedures the City would have to go through as the Lessor. City Manager Traynham added all documents were subject to public inspection and the City would have to maintain those records in their files.

Councilman Smith said he thought they needed a consensus from the City Council for the City Attorney and City Manager to negotiate what they have been talking about.

Attorney Davis stated they have received some feedback and direction from City Council. This gives them something to work with when they go back to the group in trying to formulate something acceptable to them.

Mayor Doughtie stated nobody wants to miss a sale if they were to get a bid. He does not think anyone wants to walk away from a good deal no matter what it is, and it has to be a good deal for the City. As Councilman Smith said they have tried to sell the property a couple of times, but have not had any success. He said it was costing the City \$10,000 per month to hold on to it now. That is another thing people don't realize. It is not just sitting there and not doing anything. It is getting older and costing the City money. If they had a contract to lease and everything worked like it was supposed to work that would be \$100,000 plus in savings for the City. It would not be income, but it would be less going out. That is something else to consider.

City Manager's Report

City Manager Traynham stated she would like to defer her time to allow department heads to give brief oral reports. Their priority has been the preparation of the budget and it has required a lot of resources, time and attention. She thanked the department heads and their staff for their part in it. It is a very big and important task.

Finance Director's Report

Finance Director Johnson reported for the period ending April 30, 2023, the General Fund year-to-date revenues totaled \$17,430,000. The General Fund year-to-date expenditures totaled \$15,312,175.

She called their attention to the report where she noted the following upcoming payments/revenues:

- **Ad Valorem** Tax for May & June
- **Motor Vehicle** Tax for May & June
- **Sales & Use** Tax for March – June
- **Hold Harmless** Tax for March – June
- **Utility Franchise** Tax Quarterly Payment in June
- **Beer & Wine** Tax Payment in May
- **Residential and Commercial Solid Waste Fees** for May & June

She reviewed the revenue status line by line.

- *Ad Valorem* - She was confident they would go over budget and they were already over budget for prior year.
- *Motor Vehicle Tax* - She was not sure if they would meet budget, but the ad valorem overage will compensate for that.
- *Sale of Surplus Property* - They have some police cars they will be putting on GovDeals so hopefully they will meet that budget.
- *Sales & Use Tax* - Still scheduled to receive March, April, May & June payments. They received the March payment yesterday in the amount of \$340,000. She was confident they would meet budget.
- *Hold Harmless* - She was confident they would meet that budget. It is 1% of sales tax.
- *Utility Franchise Tax* - She was confident they would meet budget.
- *Beer & Wine Tax* - She was confident they would meet budget.
- *Residential S/W User* - She was confident they would meet budget.
- *Commercial Solid Waste* - She was confident they would meet budget.
- *Interest Earnings* - As of April they are at \$306,000 so any variation or underage on a budget she was confident that in total receive the revenue that was budgeted for the year.

Mayor Doughtie stated if they received the \$600,000 lease payment for the Theatre they could be earning \$30,000 a year on that.

Finance Director Johnson stated they were estimating about \$20,000 because they were not sure, and it is going to dip down towards the end of the year. With inflation and interest rates the way they are right now, they are making \$40,000 interest per month on the Cash Management account.

Councilman Smith asked if the interest earnings of \$306,000 was just in the bank. Finance Director Johnson replied it was in the NC Cash Management account.

Councilman Smith asked why they would use \$250,000 of fund balance when they have \$306,000 in interest. Finance Director Johnson replied at the end of the year that money will roll into the fund balance when they close the books. City Manager Traynham added based on projections and estimates, they expect the budget could absorb it.

Departmental Reports

Public Works

Public Works Director Chalker said it is grass cutting season and they are sending out nuisance letters. They are in the middle of making sidewalk repairs on 7th Street in two locations between Allen Avenue and Virginia. Both the Southgate drainage project and the asphalt resurfacing project are in the clear. Contracts have been signed and are underway. They are now waiting on the contractors and their schedule to get their equipment onsite to break ground. Also, Rightmyer's asphalt plant is broken down right now, so they are trying to get it back going. They are about two weeks out from that.

He referred to the budget discussion. Right now, he has five open positions and five frozen positions at Public Works for a total of ten people that are not there. They have been dealing with the frozen positions, but the open positions are from people leaving and they are having trouble filling. When the City Manager comes to you and tells you the employees need a COLA, that information comes from the department heads, and they are hearing from their employees. The employees have had a bonus without a COLA before and they do not like that. They would be happy to do a formal or informal survey and bring that information back to City Council. The employees tell them they want a COLA so it will be there every year after. That is how they get ahead and how they advance. Inflation hits them every year. As a department head, he was getting to a point where he needed a COLA too. He hears the discussion about they need to get the money down to the people on the lower end of the organization and they do. Those people deserve to make more money, but some of the department heads have been here a long time and deserve a COLA too. He stated that was his position on it.

Mayor Pro Tem Ferebee said he appreciated that, and he made that comment. His comment was a combination of a COLA and bonus.

Councilman Smith asked what was the difference in getting a 3% raise and \$1,500 bonus. If they gave a 5% raise, it is still the same money.

Public Works Director Chalker replied it was the same money, but next year the bonus is gone. Whatever the percentage raise stays with them every year after that.

City Manager Traynham added there were employees where a bonus would be spent immediately on a need or something like that. The cost of living would increase their salary. They would know that at least they are getting additional revenues.

Mayor Pro Tem Ferebee said he believed if they polled the employees, he guaranteed a combination of a COLA and bonus would be advantageous for them and they would like that as well as give department heads an increase.

Main Street

Main Street Development Director Hall reported they have received sixteen (16) applications for the downtown revitalization grant. They requested \$286,317.57. If the criteria met all of guidelines they were following and was under \$10,000, they granted that. If it was over \$10,000, they went back and talked to them to make sure if they started the project with the matching funds, they could complete the project. They still have three that are requesting between \$30,000-\$40,000. It is justified, but he did not have that kind of money to give them, so they are trying to work with them.

He said they did get the planters put out and they should have a few more that will go out when they receive more plants.

Planning & Development

Planning & Development Director Wise stated the department has two major plan reviews going on. The Toyota dealership on Premier Blvd. Extension and Rural Health Group with a parking lot expansion on Hwy. 125.

He reported the department has sent out two letters in regards to parking lot violations for Big Lots and Family Dollar on 10th Street. They have active construction permits going on at the four-bay on Premier Blvd. Aspen Dental, Chipotle and AT&T will be located in three of the four retail spaces at a cost of \$599,700. Pizza Hut across the street on Premier Blvd. is a \$1.1M project which is underway.

Planning & Development Director Wise said the residential development, Rivers Edge & Canal Walk is sixteen residences at cost \$3.5M. Cross Creek phase 1 is complete, 15 residence total, but from that development year-to-date \$700,000. Appleberry Ct. and Winterberry Lane. Cross Creek phase 2 is a proposed 71 townhome project. They held a predevelopment meeting on April 21, 2023 with the developer Pete Gitto. Hales Branch Road development started in 2020 for 30 residences. Twenty have been built so far. From July 1 until today, new construction for single family homes being built in Roanoke Rapids with a building evaluation equal \$5.4M.

Police

Interim Police Chief Williams announced several upcoming community events.

- Fallen Officer Memorial Service will be held Friday, May 19th at 10 a.m. in Centennial Park.

- Petsense/Rainbow Animal Adoption will be at Great Falls Plaza on Julian Allsbrook Hwy. on May 20th at 10 a.m.
- Coffee with a Cop at Hardees on Julian Allsbrook Hwy. on at 8 a.m. on May 26th.

He reported Master Officer Bradley will be graduating from Ventosa K-9 School Friday, May 19th at 9 a.m. He has four (4) cadets who have successfully completed BLET at HCC and are scheduled to take the state exam on May 26th.

Interim Chief Williams stated they currently have ten (10) openings. Two officers will be leaving next week and two officers are in the hiring process with other jobs. So at the beginning of June, he will have fourteen (14) openings and there could be more. He has only received one application for employment. He was steady losing officers.

City Manager Traynham thanked Interim Chief Williams for his positive attitude because he was experiencing a lot of adversity right now. She assured him he was supported, and she appreciated him bearing the storm.

Fire

Fire Chief Patrick reported this last quarter, the department finished all their annual testing: fire hose, fire apparatus, SCBAs and everything tested good except for a few hoses. Hydrant testing should be completed by the end of this week. They provided CPR and first aid classes for Chaloner Middle School 8th graders. They also conducted fire extinguisher classes for Lowe's Distribution in Garysburg and for the Roanoke Rapids Sanitary District.

He announced they had an extremely good turnout for the Veteran's Breakfast on May 5th. He said they had over 100 veterans who attended. They hope to continue building on the event for next year.

Chief Patrick stated that currently, the department was five (5) short. They have received a few applicants and plan to hold physical agility testing on June 3, 2023. In reference to raises versus bonuses. Bonuses are greatly appreciated, but as Public Works Chalker said, that raises sticks with them from year to year. He noted that his department preferred COLAs rather than bonuses because they can build upon their salary. He believes that is why they are behind because they have not kept up with other agencies. They are extremely behind a lot of places; he knows his department is.

Parks & Recreation

Parks & Recreation Director Simeon stated he spoke with the vendor for the Chaloner restroom building and the delivery date has been delayed a week. Expected delivery is June 5, 2023. They are on schedule for the site prep. Plumbing and electrical is being worked on as they speak and should be wrapped up and ready to go. The TJ Davis Recreation outdoor pool will open June 10, 2023. The department has a full slate of programs and camps for the summer. A brochure was given to each of them.

He stated he was the longest tenured department head, and he knows the employees in his department want a COLA. The bonus has been discussed. For all these years, the COLA has been what the employees want.

Councilwoman Bryant thanked Parks & Recreation Director Simeon for the wonderful job they did with the event held on Saturday renaming the Aquatic Center for Chris Wicker.

Human Resources

Human Resources Director Caudle reported for the first time ever, they gave every active full-time employee a total compensation sheet earlier this month at open enrollment. The way it broke down was they started with earnings. They showed their base salary and then broke down what the employer (City) was paying for all the benefits. This includes health, dental, local government pension and 401k which is elective for non-law enforcement employees. They also put a dollar figure to all the paid leave. All this together gave an annual total compensation number which surprised a lot of employees. They also have a net annual number which takes out all the things the employee contributes. Every full-time employee is required to contribute 6% to the same local government pension plan. She believes that was an eye-opener. They plan to continue to do that every year.

She did stand here at the end of the calendar year and told City Council that things were looking a little better as far recruitment and retention. Unfortunately, they are not in that state anymore. At the end of 2022, they had a City-wide turnover rate of just over 11%. They heard specifically with the Police Department where they have a few resignations in the process. By the end of May 2023, the turnover rate will be 14%. That has jumped almost 3% City-wide in just a few short months. They also heard that different departments reported vacancies. They are at the highest vacancy the City has had in 12 months. There are certain departments like the police and fire that all the surrounding agencies, smaller and larger than Roanoke Rapids and right at their back door, hiring at higher rates at every level. Where before it was more about the starting or entry rate. But as they grew in their profession it was harder to jump ship. That is not necessarily the case anymore. That is where the sense of

urgency about competitive pay and looking at the cost-of-living adjustment is almost at a critical point for some of the managers because they are seeing that change of tides. It was not like that last spring when they were talking about starting pay, not overall pay.

Human Resources Director Caudle said at the end of April, the NCLM released the results of a salary adjustment survey which is conducted annually. They were looking at what people did in the current fiscal year for COLAs, merit and one-time pay increases (bonus) and what they are projecting as the end of April for the upcoming fiscal year.

- 90% of all the respondents are going to do a COLA and/or a merit increase.
- 80% of them are going to do both. That is not one time; that is a salary increase.

She stated they had some city friends; it's the best apples to apples comparison they can find. The closest one is Henderson, NC. They are in the same population bracket and similar physical size. They are in a shrinking Tier 1 community. They do have some utilities. She cannot find a community that does not have utilities the same size in a Tier 1 county. There is also Tarboro, Reidsville and two others. Last year, the average COLA in those communities and merit and combination was 5%. That was not a one-time bonus, they increased their salaries 5%. This year, their projections are 6% for those communities. She explained if that happens, what that says to her is the City is going to be 11% behind the base of the closest comparison community. The City has a police employee that is leaving at the end of this month to go to Henderson. He is taking 2 steps down in rank and he is increasing his pay 40%. That is a challenge. He has some law enforcement experience, some leadership experience, and he is educated. In the modern world when the City attracts younger and younger people, they are educated. Their experience comes, but the education piece can put them in a faster track to increasing their wages. She believes that is really important to consider. She thinks it is a great idea to conduct a survey of the employees and ask them. She will get a survey out to them tomorrow since they are in a crunch time to make decisions.

Human Resources Director Caudle stated this was different than looking at Raleigh or Durham like they were talking about last year that are very progressive. Right now, the other communities like Roanoke Rapids are going to outpace them very quickly if they don't do a COLA. The question came up earlier about what is the difference, the employees can get the money upfront and that is something they all need; especially the ones at lower wages. It does not give their future self a raise. The way the pension works is they look at the highest four years of pay over their career in local government. They average that out to an annual compensation and that is what they

get paid in the form of a pension. If they bonus people and although that helps them today, it does not help them in the future. As the competitors, including ones in very similar economic conditions continue to change those competitive wages, the City is going to lose everybody. The City will not be able to compete at any level. She thinks that is where the critical need for a COLA consideration comes in at all levels. She believes it is a great idea to do a COLA plus and look at the lower wage employees and bonus them and do a COLA across the board to adjust for inflation to try to make the City more competitive. She believes at a minimum that COLA after what happened last year and what is projected this year, is very important.

Mayor Doughtie asked if she had the opportunity to look at the other cities' budgets to see how much debt they have; how much is Henderson's budget. She replied that Henderson's budget is about \$1M higher, but they have utilities. They are in the same process as the City right now, so they should have something up for public inspection in the next week or so. She reported that she and the Henderson human resources person and Tarboro human resources person email each other regularly and ask specific questions related to expenses, actual pay etc. That type of information they are sharing regularly.

Councilman Smith asked if she realized the City's tax base was \$7M and the City pays out about \$12M in salary and benefits so it is almost double what the City brings in. They depend on sales tax and things like that to make payroll. They are talking about 68% of the City's budget is salaries and benefits. That leaves very little for them to do other things that the people paying taxes need.

Mayor Pro Tem Ferebee said he knows it was going to cost money, but there was a difference in COLA and adjustments. They have said time and time again, they need to look at the salaries as a whole; it has nothing to do with COLA. All a COLA is going to do is take that \$10/hour guy and give him 5% so he will still be on that same level that he is on. They need to look at the departments with their starting salary, mid-point and max and do something with that. When they do that, he guarantees the employees were going to like that better. It has nothing to do with COLA. He said 5% on \$10 or \$15, they may be happy. It may mean looking at it and taking a bite, but they need to do that. They talked about it over and over again and he has not seen it. Until they see that, they are going to be talking about the same thing because a 5% COLA isn't going to do it for the low-end person.

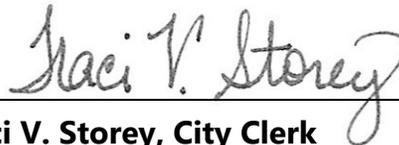
Human Resources Director Caudle stated she was ready to do that and have that conversation. It needs to be looked at, but COLA is a separate conversation from that. They were talking about existing employees that were here today somewhere in that grade. This is not a recruitment process; this is a retention process. There are 225

employees full-time and part-time. If you round up, 2% of the community is serving this community. They were in this community too and she believes they need to think about that as well.

City Manager Traynham thanked Human Resources Director Caudle for her analysis of that. They have been working with the NCLM as well and they have been very helpful. They are getting the NCLM for insurance in the upcoming year except for health insurance which will provide the City with a lot more resources to assist them with this rather than having to pay. Human Resources Director Caudle has gone out of her way to do an analysis to at least get them to a base level. One thing they have been doing is with every employee that is hired or any payroll adjustment, they have been making adjustments slowly within the budget. She announced several NCLM staff members will be visiting tomorrow morning to discuss the insurance quote provided to the City and the resources that are available by having the insurance coverage.

Adjournment

There being no further business, motion was made by Mayor Pro Tem Ferebee, seconded by Councilman Stainback, and unanimously carried to adjourn. The meeting was adjourned at 7:32 p.m.



Traci V. Storey, City Clerk

Approved by Council Action on: June 6, 2023