



Minutes of the Roanoke Rapids City Council

A Special Meeting (Budget Work Session) of the City Council of the City of Roanoke Rapids was held on **Monday, May 13, 2024** at **1:00 p.m.** at Lloyd Andrews City Meeting Hall

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

Council Members

Sandra Bryant)
Wayne Smith)
Rex Stainback)
Curt Strickland)

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

Absent: Tony Hall, Main Street Development Director

Mayor Doughtie called the meeting to order.

Mayor Doughtie stated the purpose of the meeting was to discuss the proposed Fiscal Year 2024-2025 budget. City Council will hear from each department head concerning their budgets and answer questions.

City Manager Traynham asked if City Council had any comments about the budget.

Mayor Doughtie said overall with the information they received in the last City Council meeting, there is a substantial increase in the budget. They all realize Halifax County had the re-valuation this year causing a significant increase in most people's property value. The tax rate now is \$0.661 that lead to an increase of \$1.2 million in ad valorem tax ? City Council needs to set a budget which they will start

on today. To be revenue neutral, the tax rate would need to go down to \$0.58. They may have some things they need to negotiate on and one of those may be the tax rate. They need to try to come out with what they think is good expenditures of the taxpayer's money and provide optimum services to the citizens.

Mayor Pro Tem Smith said people do not consider the re-valuation of property as an increase in taxes, but it increased everyone's property taxes approximately 8-cents. The City is considering cutting it by 2-cents, resulting in a 6-cents tax increase.

Mayor Doughtie said resort communities where the property has an extremely high value can afford a really low tax rate. Beach property is worth a lot more than an acre of farmland in Halifax County which means they can have a much lower tax rate, but still receive higher amounts of ad valorem taxes.

City Manager Traynham stated the proposed Fiscal Year 2024-2025 budget that will begin July 1, 2024 has been prepared with a tax rate of \$0.641 instead of \$0.661 based on the re-valuation. The City's revenues have been impacted for various reasons over time as well as expenses. Inflation has really impacted where they are right now. When looking at budgets for the past 10-12 years and what the values would be in today's dollars, it was going to be a lot more. Overall, they have been very conservative in expenditures and in estimating their revenues.

She said things that are driven by the market and by consumers are impacting the City's budget such as sales tax revenues. In looking at property taxes and comparing the tax estimates 10 years to today, it is a difference in just over \$2 million. When property values increase, she believes it is a healthy sign for a community, but it is an adjustment period as well. For the past 10-15 years, the department heads and City employees have continued to make cuts. The proposed budget attempts to maintain current staff levels and being able to do additional things that are needed. Many of the things that are needed are in line with what City Council expressed in their retreat about improving the organization, outreach/involvement with the community, maintain and improve public safety, maintain City infrastructure and facilities, and increase efforts to improve the city's appearance and address future needs. She stated they need to start somewhere.

City Manager Traynham said they have responsibly prepared a budget that will help address these needs. She said today, she wanted to give the department heads the opportunity to talk about their own departments and some of their needs and how they can be met in the budget.

Mayor Pro Tem Smith said he did not see any capital improvements in the budget. He has not seen a 5-year plan for capital. He recalled they took money out of the reserve last year and it would be coming back in grants if he was not mistaken.

Finance Director Johnson referred to the amended FY2023-2024 budget document in their notebooks showing the amendments made in the past year. The amended budget totaled \$19,390,302.

Mayor Pro Tem Smith asked how much would the City be reimbursed for the new fire truck and things like that. Finance Director Johnson replied \$370,000 for the fire truck and \$60,000 for the COPS grant.

Mayor Pro Tem Smith asked if those monies would be put back into reserve or put in the budget. She replied it would go back into the fund balance.

City Manager Traynham said she anticipates they will have some excess revenues. She would like to see where they stand at the end of this fiscal year and proposed to move forward with capital planning in the Fall. The City's fund balance is healthy right now and within City Council's goals.

Mayor Pro Tem Smith confirmed the \$2 million received for the Theatre is in the fund balance. City Manager Traynham replied yes. Fund balance consists of restricted and unrestricted.

Mayor Pro Tem Smith asked if the \$2 million was earmarked to not be spent on anything else but the Theatre. City Manager Traynham stated the City does not own the Theatre any more so until there are some changes in the banking industry, they need to hold tight on to the current debt. They are reserving that \$2 million for any negotiation of paying down the debt.

Mayor Pro Tem Smith said if they took the \$2 million out of reserve and put in a different CD, they could use all the interest made towards the payment on the Theatre debt. City Manager Traynham said eventually it could.

Finance Director Johnson stated she has looked at CDs. As of right now with the interest rate they are getting with NC Cash Management account, they are better off to leave it in that right now. But as soon as the rates come out, possibly in September, they may need to look at doing a CD.

Mayor Pro Tem Smith asked if the interest being made was being reinvested and not spent in the budget. Finance Director Johnson replied the interest stays in that

account.

Mayor Doughtie asked if there was any penalty if they paid extra on the Theatre debt. Finance Director Johnson said yes, they would only apply it on the back end, not the front. Meaning, the City would have to continue making the current payment until they reached an amount they could pay off in full. There are seven more years of payments so possibly in the last two years they could pay it off early.

City Manager Traynham added the situation with the current Theatre debt has not changed. She would rather a payment of \$2 million go to all principal and not future interest. They cannot modify that agreement without Bank of America modifying the loan where they would lose the 2.54% interest they are currently paying. She reminded them that interest rates are over 5% right now.

City Manager Traynham said the proposed budget does include some maintenance items that they have pulled out as capital expenses in the past because of the cost value of them. Many of the improvements within the budget are for a lot of deferred maintenance that has not been taking place. They are trying to restore some of these maintenance budgets and take care of some needs within the facilities and for generalized operations. The largest expense is the finance and operations software. The year one costs are pretty high. They looked at this with ARPA funds as well. At the time, City Council was more comfortable with moving forward with the smaller portion of it. It is a critical need of the organization to have this finance program. She referred to the OpenGov information provided in their budget notebooks. The new software would replace the current SmartFusion program that was bought about 10 years ago, replace FLH that some departments are still using, and consolidate things to help staff be more efficient.

City Manager Traynham reported the proposed budget includes a 3% COLA. She referred to a document included in their notebooks showing the history of COLA in a bar graph from 2004 through 2025 compared with CPI. It does not reflect the bonuses, or the \$3,000 salary increase. She noted COLA was trending downward when inflation is trending upward. She stated state and local governments pay more per employee annually compared to the private industry and civilian workers. This is due to government employees typically doing a lot of the work themselves, especially laborers.

Mayor Pro Tem Smith said he did not have a problem with giving the employees a raise; they deserve it. He had questions about some other things. Last year the budget started out at \$17.6 million, and the proposed budget is already up to \$19 million. He had concerns about the department heads coming back and asking for

more money during the year.

City Manager Traynham stated some of those budget amendments were due to unforeseen circumstances.

Finance Director Johnson added that for example, the budget for City Hall was underbudgeted so that is why they had to come to them to ask for additional funds. This year that budget line has been bumped up in order to hopefully maintain for the entire year.

City Manager Traynham said it costs more money now to get things done. That is the reason for the increases, so they don't have to keep coming back to City Council.

Department Budget Summaries

Police

Police Chief Guyant stated they were fortunate in FY2023-2024 to be awarded quite a bit of asset forfeiture funds in July. That helped them enhance a lot of their projects and address three of the concerns of City Council: Outreach to the Community, Public Safety and Appearance. When he came on board, they had a potential lawsuit on their hands with Axon about money owed for some tasers and body cameras from years past. They were able to work out a deal by going into a 5-year contract and paid for the first two years of that contract. They encumbered the second year, but they paid for the first year with those asset forfeiture funds.

He said with the appearance part, the department is very low on uniforms. The way they looked was sloppy and not very appealing; the officers did not look professional. They have made tremendous strides to fix that by ordering some new uniforms, but they are not here yet. The money did not come out of the budget, it came out of the asset forfeiture funds.

Chief Guyant stated he has requested \$4.5 million. Part of the request includes a \$100,000 capital project for new computers. They are deficient when it comes to having the technology. The city manager recommended that the project not be funded because there is some grant funding out there. He reported the department has been very successful in FY2023-2024 with writing and being awarded with small grants to help pay for things.

He said the city manager also did not recommend funding his full request for fuel costs. The current year's budget was aggressive with fuel costs, and they have not

spent all of those funds.

He reported when he came on board in July 2023, there were 12 vacancies in the department. Part of the decision to get the starting pay up was to eliminate seven positions. This allowed the department to implement an incentive program which has been very strong in keeping core employees here. They've had very little turnover since July. They are getting ready to hire two people and if everything works out, they will have no vacancies as of July. By doing away with those positions that had not been truly filled and funded, they were able to take that money and spread it out amongst staff. They have received very good compensation; on average 24% in a year's time. They were that far behind and now they are ahead.

Chief Guyant reviewed the following budget items:

- Salaries and Incentive Programs – Plan to continue with incentive programs and to keep staff levels the same.
- Community Outreach Programs - Many people donated time and money to the department for different things. They've had many events such as National Night Out and have it again in the proposed budget.
- Tires and fuel.
- Fortunate to have the Public Works Department to help install radios, build walls for new offices and other things. This helps keep costs down.
- Departmental Supplies – Purchases managed very well by Administrative Assistant Tina May.
- Flock Camera System – One of the biggest expenses in the department budget. It is one the greatest things they have. The number of hits they receive everyday have helped solve a murder in Northampton County, recover stolen vehicles, and identify suspects in a robbery. It is worth every penny. Cameras in the city captured 1.2 million license plates last year.
- Clear Software system they use to gather intel on individuals is expensive so they are changing systems that will save money. The money they save with that system will go to fund another project which is an internal system making sure they abide by Senate Bill 300. It tells them they must have an early warning system. The system identifies officers that are more prone to use of force or automobile accidents. It helps reduce the amount of discipline with the officers because they can see if they are becoming deficient in certain areas.
- Field training is done on paper now and now the system will be digitized.
- Body Cameras – mainly for maintenance. They will see an increase in next year's budget (year 3 of the contract) if they do not receive more asset forfeiture funds.

- Ammunition – costs have gone up.
- Radio Equipment – All vehicles have been equipped with viper radios and portal viper radios with the asset forfeiture money. It is a digitized voice radio system that is much safer for the officers and not everyone with a scanner can hear what is going on anymore.
- Bullet Proof Vest – Two grant vehicles – A federal grant, Patrick Leahy Partnership, which pays 50% of vest purchases. They have applied every year from what he can see, and they are getting ready to apply for this year's grant money. The second, NCLM grant will pay for 50% of three vests each year. A vest is \$780 each and lasts for 5 years.
- Computers – Need computers. He is looking for grants all the time to supplement.
- Evidence Equipment – Includes kits for DWI blood test (\$25 each).

Mayor Pro Tem Smith asked what the increase in his budget mainly consisted of. Chief Guyant replied mostly salaries. It increased \$375,000.

City Manager Traynham added that there were a lot of vacancies in FY2022-2023. This is the actual expenditure, not what was budgeted in salaries. Those unencumbered salary funds were returned to general fund. Now they are looking at being fully staffed.

City Council asked for clarification of previous vacancies and the number hired. Chief Guyant stated there were 12 vacancies and he eliminated a position on each squad (from 7 to 6 per squad) and one PACE officer (non-grant funded).

City Council asked about asset forfeiture monies. Finance Director Johnson said those funds can only be used for the Police Department and cannot be used to supplement their budget or for salaries. It can only be used for equipment or programs.

Parks & Recreation

Parks & Recreation Director Simeon stated his department oversees 8 facilities and a majority of the department's needs and budget requests are maintenance items. He distributed a notebook binder to City Council and staff with the budget along with photos. (On File in Clerk's Office) He reminded City Council that these facilities are used by the public every day. He reviewed the following requests:

- TJ Davis
 - Fan coil unit – Two not working \$3,000
 - Windows with broken seals – multiple \$20,000

- Newsom gym lights – Replace with efficient LED lights \$6,000
- Aquatic Center
 - Replace pool heater \$20,000. Current heater installed in 2006 and have spent \$40,000 to keep it running the past few years.
 - Councilman Bell asked for more research into newer pool heater equipment that may not cause the same problems encountered with the current unit.
 - Mayor Pro Tem Smith asked how many people use the Aquatic Center. Parks & Recreation Director Simeon replied it averages around 15,000-20,000 visits per year.
- Parks
 - Repair/Replace roof and paint maintenance shed – Third year asking for funding for new roof. \$15,000
 - Councilman Strickland recommended a metal or rubber roof opposed to shingle because it is a flat roof.
- Chaloner
 - Part-time salaries to help on weekends.
- Senior Center
 - Operates on a lot of grants.
 - Auto supplies – Need tires on both van and bus \$4,000
- Lloyd Andrews Building
 - New executive chairs (15) - \$5,000
- Kirkwood Adams Community Center
 - Maintenance/Repairs
 - Windows with broken seals -\$15,000
 - Paint banquet room - \$5,000
 - Landscaping renovation - \$25,000 He said last year department heads took on project to clean up parking lot and grounds. They have done all they can do without funding. If City Council wants the plan to continue, they would need funding for concrete work, curb and gutter, cleaning up etc.
 - City Manager Traynham noted the landscaping request was not recommended for funding in the proposed budget.
- Library
 - Maintenance/Repairs – Two HVAC units – (1 was replaced in 1996 and 1 in 1993). He expects them to go anytime and would not be repairable because of their age. \$10,000 per unit.
 - Councilman Smith asked how many employees were at the library. Parks & Recreation Director Simeon replied 3 full-time (1 is frozen) and 2-3 part-time.

- Councilwoman Bryant asked if the frozen position was the reason they did not offer weekend hours. Parks & Recreation Director Simeon replied that was part of it. For the library to operate and function, there must be 3 people in there at all times. Councilwoman Bryant stated she would like to see something done about that and be open on weekends.
- Roanoke Canal Museum
 - Contribution from Tourism for \$50,000. He said that is part of the City's 1% occupancy tax money into that line item.

Parks & Recreation Director Simeon reported the group proposing the skate park at Emry Park has raised -\$17,000 in cash and has a local contractor willing to donate demolition of the tennis courts and donate the rock base for the concrete. They have done a great job in trying to help the City with one of its eyesores. The tennis courts need to be demolished. To complete this project, he estimates \$4,000 for lighting upgrade, \$40,000 for concrete for a total of \$44,000. Less the \$17,000 raised by the group, it would take \$27,000 to complete the project. He believes the group has reached their peak on what they can do. He asked City Council to consider funding the project using occupancy tax for half of the project. They have been trying to complete this project for over 5 years. It would be something everyone could be proud of by working together with the community.

Mayor Pro Tem Smith said if he wanted the 1% occupancy tax, he needed to bring it before City Council and ask the City Manager to send Tourism a letter. He believed the budget for next year was \$70,000.

Parks & Recreation Director Simeon said that was usually included in the budget when the final budget presentation is made to the public. When City Council votes on the budget that is part of the budget.

City Manager Traynham said City Council decides which projects they would like to see accomplished using the \$70,000.

Councilwoman Bryant said she thought the replacement of the bateau at the Canal Museum was coming out of those funds. Parks & Recreation Director Simeon replied yes. They are on a waiting list for a company out of Virginia for that.

Public Works

Public Works Director Chalker said generally they have some budget lines they want to re-fund, or increase based on City Council's initiative to clean up the city.

He presented the following budget items:

- Asphalt patch truck – they are able to buy emulsion and it has been back on the street for about month. Because of turnover, they had to retrain a new crew.
- Leaf site work – increased \$4,000. This site is permitted by the State.
- Rock/gravel – increased \$7,500. It costs over \$700 per load now.
- Yard waste chipping – increased \$15,000. A vendor comes out to grind limbs at the limb yard.
- Maintenance/repairs to City Hall – increased \$20,000. It is a big building to maintain. In this current budget year, they will purchase a \$30,000 HVAC replacement unit. Since he has been with City they have only replaced 2 units of this size in this building.
- Street Department – Need tires for equipment and big trucks.
- Capital Funds – lease a knuckleboom truck at \$60,000/year. Really need this truck because they are down three trucks now and they run every day. These trucks are used to pick up household items (appliances, furniture, etc.), pick up limbs, trimmings and help with clearing debris on streets after storms to get streets open again.
- Split Property Maintenance by adding a budget line item – Building maintenance and technical services. Work is done by their A-team who have more technical skills: electrician, plumber and carpenter are on staff. This will help to organize expenses better and easier to track.
- Fleet maintenance/Cemetery/Work Orders databases are all on FLH. This software is outdated. SmartFusion is used for some inquiries: employee information, budget, purchase orders. Proposed new software, OpenGov will link everything together and give great reporting capability. It will also be more accessible outside of the building. Servers for existing software are located here. New software products are all cloud based and backed up in several locations.

Mayor Doughtie asked if there were any monies set for paving. Public Works Director Chalker replied no. The last resurfacing they did was in the current year budget. It was earmarked from their state representative in the amount of \$500,000. They have one section left by Chaloner School; waiting for kids to get out of school.

Mayor Pro Tem Smith asked how much were they paying for the current software. Finance Director Johnson replied they were paying \$25,000 per year. City Manager Traynham said when it was purchased 10 years ago, it was not fully implemented.

When FLH fails and they are no longer able to retrieve that data, it will cause issues with auditing reports.

Mayor Pro Tem Smith said he pushed getting this system a few years ago. City Manager Traynham explained when the new software system was proposed a couple of years ago, they did not accomplish everything they were requesting at the time. They did move forward with NeoGov and the OpenGov portion in the Planning Department which is up and running. The proposed request is for the remaining part of the system; she referred to it as the “body.”

Mayor Pro Tem Smith asked what was the total costs of what they are requesting. Finance Director Johnson replied it was \$311,000 for the finance piece. City Manager Traynham added it was up to that amount for the first year and \$80,000 plus annually after that. That is on the high end; they gave a range.

Mayor Pro Tem Smith said he recalled it was between \$300,000-\$400,000 when they requested it a few years ago. Human Resources Director Caudle said it was \$390,000 and it included citizen services. They cut the finance piece out and just purchased citizen services.

Finance Director Johnson said they have the OpenGov section in the Planning Department that is working very well. She considered that an “arm” and they could get other “arms”, but they do not have the “body” for the information to flow through. They will be implementing NeoGov in August. They are waiting to hear from SmartFusion if they can download the information from NeoGov into their system. Staff has done some demos with OpenGov and they can transmit that data directly from NeoGov into OpenGov without issue. OpenGov has also looked at the FLH database and they can pull all that information from FLH into OpenGov. It would link Planning, Finance and NeoGov all together. This would prevent all the paper and better workflow. Reporting and budgeting would be much better. It is backed up on iCloud.

Councilwoman Bryant confirmed that it would be for everyone. City Manager Traynham replied yes, it would be for all the City services.

Councilman Bell asked if it would also allow information/work to be entered into the system remotely. Finance Director Johnson replied yes.

City Manager Traynham said they develop the budget on excel spreadsheets and manually enter the budget into SmartFusion work sheets like what they have

printed here. SmartFusion was not intended to be used by municipalities; it designed for use by school systems.

Human Resources Director Caudle added that it was not in real time either which was problematic. With the ARPA money a few years ago, they were pitching the whole thing. The financial piece was approximately \$300,000 and all of it together was way too much. The planning piece was priority one, human resources/payroll was priority two and she believed it was a city manager decision to remove the finance piece to revisit it later. They were at that time now. Now that further research has been done, with payroll being part of NeoGov, there is going to be a lot of lag time and manual entry on the finance department's part to get payroll from NeoGov into SmartFusion. They have all the accessories ready to launch, but it is going to create additional manual labor to keep SmartFusion running. FLH was created by a person who is no longer living. It was a 90s style database. There is no way to repair it.

Councilman Bell questioned if they had enough staff to manually enter all the additional information and how much would it cost if they did not move forward with the OpenGov software.

City Manager Traynham said they did not have the staff and estimated it would be approximately \$200,000 for salary and benefits to hire more staff. Manual entry is also the cause for more errors as well.

Finance Director Johnson said it was mentioned earlier about a capital budget and this program has an excellent capital budget program and it can project out 5-10 years on what items they need to get ready to replace.

Mayor Pro Tem Smith said he was not opposed to updating the computer system, but a \$2 million jump in the budget in one year tears his nerves up. They keep talking about inflation and people like himself and others have to pay it through taxes.

Councilman Stainback said he understood that last year's budget was amended to \$19.3 million. Finance Director Johnson replied yes. He stated so they were looking at a \$800,000 increase to what the expenditures were in this current year's budget.

Mayor Doughtie called for a short break.

Mayor Doughtie called the meeting back to order and called upon Fire Chief Patrick.

Fire

Fire Chief Patrick said he was going to hit the high points in the fire department's budget as far as increases. He reviewed the following increased budget items:

- Part-time salaries
 - With positions frozen or vacant, they have used part-time employees to cover those positions. With the number of people they were losing, it was costing a lot with overtime pay. They have to maintain a minimum staff constantly, which affects their ISO rating. They are trying to get some of their retirees to come back and help them fill in for the vacated positions or if they are short.
- Building maintenance
 - Fire Station 1
 - Needs shower replacement. The building was built in 1997.
 - Back driveway and parking lot. The asphalt is settling so they plan to replace the driveway with concrete. As a cost savings, they would just do concrete for the driveway straight in and possibly reseal asphalt parking area on the sides.
- Radio system upgrade – In addition to the grant they received this year and with ARPA funding a few years ago, they are still short some radios. The radios are portable, and the lifeline firefighters use on a daily basis when out on calls.
- Equipment – They are projecting to get the second fire truck this Fall. Some equipment will be transferred from the old fire truck to the new fire truck, but there will be some equipment they will need to upgrade and replace. Both engines will be first-out engines.
- Turnout gear
 - Price has significantly increased.
 - Needs replacement every 10 years.
 - They try to have 2 sets per firefighter because of the cancer in the fire service.
 - Replacement plan is to buy 6-7 sets/year.

Mayor Pro Tem Smith asked about the \$8,000 in the vehicle lease line. Finance Director Johnson reminded City Council that part of the year was paid with capital funds and the other part of the year was budgeted to the department. This year it is fully budgeted to the department. Mayor Pro Tem Smith confirmed that it was for the existing pickup truck. She replied that was correct.

Planning

Interim Planning & Development Director Anderson stated she only had a few items

that have increased. She reviewed the following increased budget items:

- Departmental supplies and materials
 - Purchase of smartboard – They can use it for presentations not only for Planning Board and City Council, but also development meetings with the Development Review Committee. This would allow them to review site plans on a larger scale and zoom in on areas. It goes hand in hand with OpenGov system where they receive these plans electronically. It can be utilized by other departments if they have presentations. She was looking to purchase one between 72”-86” and it would be mobile.
 - She looked for grants, but it appears schools are the ones eligible. Councilman Bell suggested requesting grants on basis of required education and staff development here.
- Demolition
 - They do have several buildings and dilapidated homes that need demolition. Her request for \$20,000 is not very much. She said \$20,000 could do one or two demolitions, depending on the size.
 - City Manager Traynham said she would like to bring a list of these properties with the estimate to City Council and then prioritize and approve them.

Mayor Pro Tem Smith asked why is the Planning Department budget so much lower and there is one employee who will be retiring soon and they will not be able to replace them for the same salary. Finance Director Johnson added they increased their training budget considerably. Interim Planning & Development Director Anderson does have a succession plan in place.

Mayor Pro Tem Smith said the Planning Department is responsible for all development that comes into this town, yet they have a half million-dollar budget. They need to be aggressive in this department as much as they are in the other departments. They need tax base in the city.

Interim Planning & Development Director Anderson reported she recently applied for the Rural Capacity Grant with the NC Department of Commerce. They were accepted into the program. It is several months’ worth of career development. They will learn grant writing and strategic planning. At the end of graduation, the City would be eligible to receive \$950,000 to go towards something great for the city. She hopes this will help with development and blight.

Mayor Pro Tem Smith asked if it was a federal grant. She replied yes. He suggested she contact Trey Lewis with US Senator Thom Tillis Office and Congressman Don Davis.

City Manager Traynham added this program allows staff to become more trained to write and apply for grants. As part of this, Interim Planning & Development Director Anderson will be developing a \$950,000 grant application as part of her project. This will take place over the next six months.

Human Resources

Human Resources Director Caudle stated she has some budget lines that apply to all employees. She reviewed the following items that have increased:

- Health Reimbursement Account (HRA)
 - It shows a significant increase. She and City Manager Traynham worked with insurance provider, GW Hux & Company, to renegotiate the City's health insurance plan. They looked at several options. The one they went with was best for both the employees and the City.
 - The deductible increased from \$2,500 to \$3,500. The plan will start July 1st.
 - The cost of the plan is now close to a 7% increase rather than a double-digit increase. Since they have been trying to drive down the dependent cost the City contributes and making the employee-only health rate more transparent and match what Blue Cross Blue Shield charges the City, it actually showed a little change.
 - For FY2023-24, the cost for all the employee and retiree benefits (health, dental, vision) was \$1.891 million. For FY2024-25 it is \$1.852 million. That is a decrease of \$39,515.
 - To not make it a negative for the employees, they increased the City's HRA for each full-time employee. Currently, they offer a \$2,000 benefit for each full-time employee and retiree. They can use it in two different ways. If their insurance explanation of benefits is for example \$2,500 for a test/procedure and it shows they met their deductible, then the first \$500 is the employee's responsibility and the City refunds the remaining \$2,000. The other way would be with prescriptions. If anything is over \$10 every 30 days, the City will reimburse the rest.
 - Not all employees use it; it depends on their medical needs. Some employees use all of it every year, while others never do.
 - In order to offset costs, they increased the HRA to \$93,000 which is a \$53,000 change from the current year. If they do a net increase for fiscal year over year by taking the two numbers of the total insurance,

the City's expense and the two numbers budgeted for the HRA in the Human Resources budget, it ends up being a net increase of \$13,484 which is about a .7% increase across the whole budget.

- This is about three-fourths of the expense budget for the Human Resources Department.
- Everything else is business as usual. They may notice some changes such as an increase in departmental supplies, but reduced telephone and postage. Many things are e-filed rather than mailed now.

Mayor Pro Tem Smith asked if family was included in the HRA budget. Human Resources Director Caudle replied yes and explained that the \$2,000 benefit only applies one time per year and the child/spouse would have to be on the City plan. She said the benefit for the upcoming year will be \$3,000. Once the employee, dependent(s) on the group plan or combination of the two reaches the maximum, then they are out of money.

Councilwoman Bryant asked what dependent tiers does the City offer. Human Resources Director Caudle said the City has Employee-Only, which is the one the City funds; Employee-Spouse; Employee-Children which could be one child or several; and Employee-Family which includes spouse and children.

Councilwoman Bryant confirmed the City pays 100% of employee's health insurance and asked what percentage the employee pays toward dependent coverage. Human Resources Director Caudle said traditionally the City was putting in as much as 50% of what that cost was, but now they are down to within \$200 of what BCBS is charging the City. They have been gradually reducing the City's contribution. Next year they plan to get it down to as close as they can to what BCBS is charging.

Mayor Doughtie asked if there were any additional employees in the Human Resources Department. Human Resources Director Caudle replied there is one full-time employee and she is in this current budget and next fiscal year's budget.

Finance

Finance Director Johnson reviewed the following budget items that increased:

- Professional services – Due to all the GASB reporting requirements, which in turn increases audit fees.
- Training/Meetings – Trainings they will need to attend.
- Software support – Due to GASB requirements.

- Insurance and bonds – Finance Director is required to have a \$1M bond and that cost is substantial.

Main Street

Mayor Pro Tem Smith asked about the Main Street budget of \$86,000.

City Manager Traynham replied for the Main Street program, the City funds the position salary and benefits and very limited materials. The position manages the non-profit and board. She explained there are several ways a city can structure their Main Street program. When she first came on with the City, all they did was provide an office at City Hall. The Main Street Director had to fundraise for their salary through activities with the board. Then they changed to a quasi-partnership where the City pays for the employee but the employee manages the non-profit and runs the program. The other option is to be a city-only run program and use an advisory committee instead. Human Resources Director Caudle has reached out to Liz Parham with the State Main Street program to get some information to educate the City Council on the different ways the program is structured and possibly consider changing the structure.

Mayor Pro Tem Smith asked what was the benefit of the Main Street Program to the City right now. There is a lot of empty buildings and construction going on. It doesn't look like Main Street is doing anything.

City Manager Traynham replied the Main Street program uses a four-point approach: historic preservation, economic development, promotions/marketing, and organization. The City has benefited through grants and legislative funds over the years which have been directed to downtown. The non-profit board has worked with the Main Street Director to determine how to distribute funds. She said the Main Street program is like many others, things do not happen overnight, and change does not just occur. Looking at things since her time with the City there have been significant changes. The lighting of the Christmas tree has changed into Christmas on the Avenue. There are many events and activities that take place because of the Main Street program and the staff and volunteers.

Mayor Pro Tem Smith said he believed the Christmas on the Avenue was done mainly by the Recreation Department. The only thing he has seen Main Street do lately is some paintings on the walls.

Human Resources Director Caudle stated City Council needs to make a decision on whether they want to have an economic development program for downtown. It

is a two-mile district. Most downtowns in the 70 cities across the state in the Main Street organization are two blocks. City Council can decide what they want out of that and then Main Street can deliver. The City became a designated program in 2010. There are a lot of changes that have happened on a federal government level which trickled down to the state government so if they choose to not pursue the Main Street program and lose their designation, they will likely not get back in. She restated that they needed to decide what they wanted to do with the program.

Mayor Pro Tem Smith said most of the money came from Representative Wray and he's leaving. Human Resources Director Caudle stated the significant funding has come from the State.

Councilman Bell asked if when the program was set up, did City Council ever give a checklist or strategic plan for different things they wanted to see occur by a certain time.

Human Resources Director Caudle replied when they earned their designation in 2010, it was a non-profit organization. The city designation goes with the government, but they set it up as a non-profit only. In 2013, they changed their minds and City Council elected to go into a quasi-public-private partnership which is what half of the programs use. The city commits funds for the person/employee which is what this budget shows. The other non-profit or whatever the other part of the partnership does everything else. It is supposed to be an active board and the director serves as the liaison between the two. It helps significantly with the promotional piece. For example, when it was just the non-profit doing the Christmas on the Avenue without City support, they could not afford it because they had to pay for police, public works and other things. With the quasi partnership, the non-profit is supposed to run the program. She added the federal program and state program have a three-page long checklist of things they have to accomplish each year. That alone is significant even before they get into any local programming wishes.

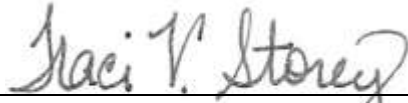
Councilman Bell asked where they could find that information. Human Resources Director Caudle said she could send it to them. The state has a website that has that information and the City also has a job description.

Mayor Doughtie asked if the Main Street board has met any this year. Human Resources Director Caudle replied she did not know because she has not been involved because she is not the Main Street Director anymore.

Mayor Doughtie stated in about another year and at the rate they are spending,

they would have spent close to a million dollars. What they call downtown, there is nothing there. As paid officials, they need to look at what is best for this town. They could take that \$100,000 and use it towards demolition. It's not fair to the citizens to live right under these dilapidated houses.

With no further business, the meeting adjourned at 3:45 p.m.



Traci V. Storey, City Clerk

Approved by Council Action on: June 4, 2024