

TOWN OF RICHLANDS
NORTH CAROLINA

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The Richlands' Board of Aldermen met on Thursday, May 26, 2011 at 9:00 am for a Budget Workshop which was held in the Board Room of the Richlands Town Hall. Present for the Workshop were:

McKinley Smith, Mayor Pro Tem
Paul Conner, Alderman
Fran Pierce, Alderman
Hans Jacobsen, Alderman
Gregg Whitehead, Town Administrator
Doreen Putney, Town Clerk
Thomas Bennett, Chief of Police
Johnathan Jarman, Public Works Director

Absent: Tom Brown, Alderman

WORKSHOP CALLED TO ORDER:

The Budget Workshop was called to order by Mayor Pro Tem McKinley Smith at 9:10 am.

INVOCATION: Mayor Pro Tem McKinley Smith

BUDGET OVERVIEW:

Mayor Pro Tem McKinley Smith welcomed and thanked everyone for attending. Mayor Pro Tem Smith requested for Gregg Whitehead, Town Administrator, to proceed with the overview of the 2011/2012 budget.

Gregg Whitehead, Town Administrator, reported on the proposed budget highlights:

- Budget is balanced.
- No fund balance is being appropriated.
- Budgeted \$55,000 for Powell Bill Funds which is determined on population. This is also assuming that the State doesn't decide to take it.
- Anticipating use of the Powell Bill Funds for street repairs, piggy backing with the Department of Transportation. If the State holds back the Powell Bill funding, we will have to re-evaluate where the money will come from. We will have to wait until the State's budget is approved before we would be able to move forward with paving the streets.

General:

- Tax Rate is to remain at .37/100 of tax value.
- Tax values have increased 16% since last year mainly due to new residential construction and constitutes the biggest increase/change to the budget from last year.
- Rate changes to our Fee Schedule include a \$15.00 fee per card for fingerprinting and the addition of a \$25.00 fee for Golf Cart Registration. All other fees will remain the same.
- A 2% COLA increase for all employees and up to 3% merit pay increase based on performance evaluations completed in fall, is currently budgeted. The merit pay will be available contingent on the state not taking our funds. The merit pay will be based on employee performance evaluations.
- Our health insurance costs are currently based upon age and are not hurting us right now. We received only a 1-2% increase this year.

Governing Body:

- \$3,000 is budgeted for the November election costs. We will not be providing one stop voting here for this election.

Public Safety:

- Five (5) full time positions are funded. To add an additional police officer would cost the town an additional \$45,000 including benefits.
- No new vehicle purchases are budgeted.

Public Works:

- No Powell Bill funds are being used to pay for salaries.
- Funds have been budgeted to cover the debt payment from a \$325,000 loan for street improvements thru First Citizens Bank. We are looking at a 10 year loan at 4%. This would repair most of the streets on the list if we piggy back with DOT. Debt payments for 10 years would come from Powell Bill Funds.
- No new vehicle purchases are budgeted.

1) Tax Base Development and Trends (Residential Growth):

- o Mr. Whitehead provided the Board with a chart on how the town has progressed from 1992 to present time.
- o Trifield Estates' and Maidstone's homes are averaging \$200,000 property values which are increasing our property tax growth.

2) Revenue Projections (Property Tax Values, Sales Tax, Etc.):

- o Mr. Whitehead provided the Board with a chart on sales tax revenue totals since 2003.
- o Projected sales tax revenue for 2011/2011 is \$184,000 which has been steadily decreasing each year from \$200,000 in 2006/2007.
- o Chart depicting Sales Tax Revenues versus Property Tax Revenues indicates that our property tax revenues are well above our sales tax revenue.
- o Currently property tax is our primary revenue source.

- The county controls the sales tax revenue at a 60 (AdVal) / 40 (per capita) split.
- Looking at increasing the rental rate for use of the Community Building once the renovations are completed. Mr. Whitehead will conduct a market value analysis first to determine rate.
- Department Budget Over Time chart shows that the Governing Body and Administration Department have been steady over the last 6 years. Public Safety has always been the highest, however, this year the Public Works Department have gone above the Public Safety mainly due to the payment of the Ventrac machine, road repairs and garbage/recycling expenses.
- General Fund Revenues chart shows the percentage of revenues, with property tax being the most at 46%, followed by sales tax at 19%, state collected revenues at 10%, garbage collection 9%, rent & lease 5%, Powell Bill funds 4%, ABC revenues 3%, and miscellaneous, sales tax refunds, permits and contracted services all at 1% each.
- General Fund Expenditures chart shows that most of our expenses come from the Public Works Department at 34% following by Public Safety 32%, Administration 20%, Governing Body 9%, Fire 3%, buildings/grounds 2%.
- Department Salary chart shows the percentage of each department's salary with Public Safety being the highest at 79% followed by Administration at 78%, Public Works at 38% and Governing Body at 12%.
- General Funds Budget Over Time chart reflects each years budget when the budget was adopted from 2000/2001 \$558,800 until present time 2011/2012 \$994,400.

3) State Budget Implications:

- If the State holds back the Powell Bill funding, we will have to re-evaluate where the money will come from. We will have to wait until the State's budget is approved before we would be able to move forward with street repairs.

DEPARTMENT NEEDS & ISSUES:

Gregg Whitehead, Town Administrator, presented the 2011 Budget Capital Outlay Department Requests.

Administration's total request is \$200.00 for the following items:

1. Typewriter

Public Safety's total request is \$14,120 for the following items:

1. PC/Workstation replacement for \$800.00. Replacement of Chief's old computer.
2. Multi-media Projector w/screen for \$400.00. This will be needed for training/instruction purposes.
3. In-car camera system for (1) vehicle is \$6,200.00. This is a new digital system to be placed in Car 3 which doesn't have one.

4. Mobile Network Software (6) for \$3,720.00 will also require a \$3.00 per computer monthly maintenance fee. This is to replace their current obsolete system.
5. (6) new laptops with Verizon service that will be encrypted, \$3,000.00 . Will use an aircard and will have a monthly fee.

Chief Bennett discussed possibly creating a rotation system in order to replace old police vehicles.

Public Works total request is \$4,100.00 for the following items:

1. Power Pruner \$550.00. Will be used to reach tree limbs.
2. Jack Stand Set \$50.00. To be used to ensure the safety of the employees when doing vehicle maintenance.
3. Storage Building (12 x 16), \$3,500.00 to store the Christmas decorations along with other miscellaneous items.

Johnathan Jarman, Public Works Director reported that the biggest priority for next year will be a new flat bed truck, then a street sweeper. He stated that he is investigating the cost of contracting out the street sweeping versus the town purchasing a new sweeper. The cost for a new street sweeper would be approximately between \$152,000 to 155,000. The Board discussed the possibility of creating a cushion fund in order to purchase those items in the next couple of years. It was also discussed that with our continued growth, we may need to hire seasonal workers for the Public Works Department in the future as the need arises.

Governing Body:

1. Legislative Goals: Will have to wait and see what the State decided to do with our Powell Bill Funds before we decide what to do with the repairs to our streets.
2. Short Term Goals: Repairing our streets.
3. Long Term Goals: Replacement of Flat Bed Truck, Street Sweeper, Hiring more Police Officers and hiring seasonal workers for the Public Works Department as the need arises.

MISCELLANEOUS DISCUSSION AND REVIEW:

Gregg Whitehead, Town Administrator, reported that the HELP Building currently costs the town approximately \$1,200.00 per year. The building is in need of some serious repairs that includes damage to the fascia boards. The only civic groups that use it are Rotary and Ruitan Clubs who pay a fee of \$50.00 per month. The AA group also meets there but do not pay a fee. The Town does not use the building and we are losing money on upkeep. Mr. Whitehead suggested to fix the repairs needed and either sell it or lease it out to a civic organization.

Chief Thomas Bennett noted that the Golf Cart Ordinance goes into effect July 1, 2011. We have completed the design of the Registration and Inspections Forms and also the Registration stickers. The fee for registration will be \$25.00 per year.

The Board gave no objections to Mr. Whitehead's proposal for the budget and instructed him to proceed with presentation of the Proposed FY 2011/2012 Budget at the June 14, 2011 Regular Board of Alderman Meeting. A public hearing will be scheduled at that meeting.

ADJOURN:

There being no action taken on any of the agenda items and no further business, a motion was made by Mayor Pro Tem McKinley Smith, seconded by Alderman Fran Pierce to adjourn the meeting at 11:20 am. The motion was unanimously carried.

Respectfully Submitted,

Mayor Pro Tem McKinley Smith

Doreen Putney, Town Clerk