Town of Beaufort, NC
701 Front St. - P.O. Box 390 - Beaufort, N.C. 28516
252-728-2141 - 252-728-3982 fax - www.beaufortnc.org

Town of Beaufort Board of Commissioner Work Session
4:00 PM Thursday, June 25, 2020 - Held Electronically Due to COVID-19 Pandemic
Minutes

Call To Order

Mayor Newton called the meeting to order.

Roll Call

PRESENT
Mayor Everette Newton
Commissioner Sharon Harker
Commissioner Charles McDonald
Commissioner Ann Carter
Commissioner Marianna Hollinshed
Commissioner John Hagle

Agenda Approval

A motion was made to approve the agenda as presented.

Motion made by Commissioner Hagle.
Voting Yea: Commissioner Harker, Commissioner McDonald, Commissioner Carter, Commissioner Hollinshed, Commissioner Hagle

Items for Discussion and Consideration

1. FY21 Proposed Budget

   Mayor Newton asked for comments and/or questions regarding the proposed FY21 budget.

   Commissioner McDonald asked for a clarification on the three scenarios being proposed.

   Town Manager Day indicated the scenarios were proposed by Commissioner Harker, Commissioner Hagle and Commissioner McDonald. Town Manager Day explained the first scenario (Harker) lowers the tax rate from 46 cents to 43.68 cents; the scenario includes no Fund Balance appropriation in FY21 of $122,500. It reduces the Fund Balance appropriation in FY22 by $384,000. It makes a new appropriation of $100,400 in FY21 vehicle replacements which is up from zero. It also reduces the five year budget shortfall from approximately $400,000 to $300,000. It increases the contingency in FY21 by about $11,000. It moves the remaining Unified Development Ordinance (UDO) funding from FY22 to all of it being in FY21. It increases the Fund Balance of General Fund expenditures each year by 7%. It leaves $252,000 which is sufficient to satisfy debt on 3.1 million dollars on delayed capital projects.

Scenario 2 (Hagle) provides for everything to stay the same as was in the FY21 Budget presentation. Additionally, it adds debt service in the amount of $3 million for additional road surfacing. It increases the Fund Balance in percentage in three years FY21, FY22 and FY23. In FY24 and in FY25 it stays about the same as in the original presentation of the proposed budget.

Scenario 3 (McDonald) the tax rate is maintained at 46 cents and eliminates the Fund Balance appropriation in FY22 and FY23. It provides a new appropriation of $336,000 for vehicle replacement which eliminates the shortfall over the five year period. It moves the funding for the UDO to FY21. It adds a little less than $20,000 in contingency for FY21. It adds debt service of $4 million for the road surfacing project in FY22. It increases the Fund Balance for four years FY22, FY23, FY24 and FY25 by about 3 to 5 percent. It also leaves about $160,000 of additional monies available in FY25 which should be sufficient to cover debt of delayed capital projects.

Commissioner McDonald indicated he was supportive of scenario three based upon the fact that in 3 to 4 years we will start having a cushion in Fund Balance. Town Manager Day indicated the Fund Balance would go from about 29% in FY21, to 27% in FY22, to 26% in FY23, to 24% in FY24 and almost 25% in FY 25. The only one that goes higher is in Scenario 1. Commissioner McDonald also stated scenario three completes a good portion of what is on the drawing board for the next five years. Town Manager Day reported it completes everything. He stated he supported the tax rate remaining the same. He indicated it would be foolish to cut the tax rate back. He continued by saying leaving the tax rate at 46 cent would allow the town to move forward with what the citizens of the town would like to have done. He also recommended earmarking dollars for specific projects and not spend it for anything else.

Commissioner Carter indicated she had heard from two citizens supporting the tax rate remaining the same. She asked Town Manager Day about scenario 3 and the funds for street repair and whether that would just finance the debt. Town Manager Day confirmed this for Commissioner Carter. He also indicated this would be the based on the receipt of the maximum grant funding from USDA. Commissioner Carter also asked about how much debt would be added at that time. Town Manager Day reported the debt to be added is for the roads and there will be enough money in FY25 about $2 million additional money for the Police Department. Commissioner Carter indicated she stated she was not totally opposed to Scenario 3.

Commissioner Hollinshed indicated Scenario 3 would provide a lot of momentum. She stated her only fear was funds that get collected sometimes get diverted one way or another; sometimes for things unknown at this time. She indicated there were parts of Scenario 3 she did not like as well as parts of all of it she did not like.

Commissioner Harker stated the discussion started with lowering taxes and the having to raise them again. She continued by saying it was unusual for taxes to be lowered. With Scenario 3 she indicated a lot of work would get done. She echoed Commissioner Hollinshed's concerns about debt service and how much we will get grant wise. She further stated Scenario 3 did provide for planning forward; although some parts were not comfortable for her.

Commissioner Carter indicated she agreed with the concerns expressed by Commissioners Harker and Hollinshed. She asked if the extra money would go into Fund Balance in the interim. Town Manager Day indicated in the interim the extra money could go into the Capital Reserve Fund if the board so wished. He also reminded the board members if the entire $4.4 million is not needed for road surfacing then there were other projects that had been delayed such as the Police Department and the relocation of Public Works for which the funds could be used. She commented she was in agreement with Commissioner McDonald that it would be better to have the reserves for the future.

Commissioner Hagle indicated the board needed to remember there were still businesses closed and people unemployed and a tax increase may or may not hit some folks hard. He continued by saying the 43.6 rate will increase the billing $50 to $100. Additionally, he stated the town did have all of these needs particularly utilities and streets. He stated his intention with Scenario 2 was to get funds specified for streets and earmark those funds. He indicated he was not against the 46 cent rate but consideration should be given of the added costs for people and significant jump as time goes on for taxes. He recommended funding be earmarked for streets.

Mayor Newton asked Town Manager Day if he was comfortable with the Fund Balance in the scenarios that have been presented. Town Manager Day indicated 20% was a reasonable number. He also stated we are subject to natural disaster in our area and if an economical disaster occurred it is good to have the reserve funds. He indicated he was comfortable with 20% but was much more comfortable with a higher percentage. The commissioners were in agreement the bigger the cushion the better.

Mayor Newton indicated he saw the trucks at Stanton Road and Mashburn Drive rolling on the paving. He indicated Professional Park will be started in early July.

Commissioner Harker indicated in Scenario 3 the commitment is to just roads and not capital projects since not knowing the funding from USDA, consideration should be given to earmarking. Town Manager Day indicated if the board felt better saying the $4.4 million would service debt on a capital project that could be done. Commissioner Hollinshed she was concerned about not specifying for what the funds would be used.

Commissioner McDonald made a motion for the board to adopt Scenario 3 with the tax rate of 46 cents which will provide the Town of Beaufort with a cushion of the later part of the five year plan as well as earmarking funds for debt service for road surfacing with any additional funds directed to some of the outstanding capital projects in the Capital Improvement Plan (CIP). The vote was unanimous.

Mayor/Commission Comments

Commissioner McDonald indicated after three years the town is finally getting to working on the roads. He indicated there was one other thing facing the board and that be the monies being spent in areas where they are always spent. He encouraged spreading it out all over the town in communities.

Commissioner Carter indicated she did not think she would be approving the 46 cents and she was surprised at herself and the town might be in good financial shape.

Commissioner Hollinshed indicated she did not think she would support it, but the more in depth the discussion became the more it became needed. She indicated she knew some people would be hit hard and felt there might be some for sale signs put out as a result.

Commissioner Harker indicated she also did not this the 46 cents would be an option. She stated this was a growing option for all board members. She stated she saw this would be providing some services the citizens want. She stated she would like to get the streets done, the utilities completed and the Police Department redone. She stated she was glad the wording of earmarking was stated in a manner that will open the use of the funds. She applauded the board for their work on the budget. She indicated it was the future of the town the board was looking toward.

Commissioner Hagle stated some people will see an increase which will be hard, but this is a good plan and we know what is out ahead of us. He indicated he hoped to get over the next five years or so without and additional tax increases. He also commented on the need to be cautious on how the money is spent and look for accomplishing tasks at a cheaper price.

Mayor Newton thanked Town Manager Day, Christi Wood and Christy Shi-Day for their work on presenting a budget that was understandable and flexible to meet the requests of the board members. He thanked the board members for their work and questions during the budget discussions. He alsp spoke about Commissioner McDonald's comments about projects in town; he stated the projects for paving and sidewalks are spread all over town and the community which is a positive development.

He urged everyone to please continue to be proactive in the fight against COVID-19.

Adjourn

A motion was made to adjourn the meeting. The meeting adjourned at 4:35 pm.

Motion made by Commissioner Hagle.
Voting Yea: Commissioner Harker, Commissioner McDonald, Commissioner Carter, Commissioner Hollinshed, Commissioner Hagle

Mayor Everette S. (Rett) Newton

Michele Davis, Town Clerk