

RANLO BOARD OF COMMISSIONERS SPECIAL MARCH 2021 MEETING
RANLO TOWN HALL
1624 SPENCER MOUNTAIN ROAD, RANLO, NORTH CAROLINA 28054
Thursday, March 4th 2021
7:00 PM

MINUTES

Governing Body Present:

Mayor	Lynn Black
Mayor Pro-Tem	Katie Cordell
Commissioner	Robin Conner
Commissioner	Jamie Fowler
Commissioner	Effie Locklear
Commissioner	Doug Moore

Staff Present:

Town Manager	Jonathan Blanton
Finance Director	Lieke Janssen-Castro

I. Call to Order and Roll Call

Mayor Black called the meeting to order and Town Manager Jonathan Blanton conducted the roll call. All members were present.

Mayor Black offered the invocation.

II. Adoption of the Agenda

The Town Manager requested that a closed session be added to the agenda at the conclusion of new business. Commissioner Moore motioned to adopt the agenda as amended and Commissioner Fowler provided the second. The vote was 5-0.

III. Comments from Attendees

The Town Manager reported that there were no comments from attendees wishing to address the Board.

IV. Financial Overview and Assessment of Previous Fiscal Year Audit Findings

The Director of Finance provided a presentation on the state of the Town's finances based on the findings of the recently completed audits for fiscal year 2017, 2018, 2019, and 2020. Mrs. Janssen-Castro explained issues with internal controls, loss of capital in the fund balance, and issues facing the Town in the upcoming fiscal year. Major issues of concern that were noted included a 100% decrease in fund balance totals from 2017-2020. The presentation in its totality is attached to the March 4th 2021 special meeting minutes.

The Mayor noted major projects that the Town funded over the last few years and the Town Manager confirmed that no major capital outlay purchases were outstanding at this time.

Commissioner Conner noted that the finances of the Town were not in good-shape and that she was not aware of the extent of the financial issues with the Town. She spoke to the history of the Town's finances over the last few years and previous discussion that occurred in the community and at Board meetings surrounding the Town's finances.

The Mayor noted that the amount of money in the fund balance is similar to other municipalities.

Commissioner Conner noted that the Town may not be in a position to fund the Boulder Court Project. The Mayor sought clarification from the Town Manager on the issue.

Mr. Blanton explained that he and Mrs. Janssen-Castro met with the Local Government Commission and that there would be several obstacles that the Town would be facing in applying for a large-scale loan to rehab and reconstruct Boulder Court. He also explained that the League of Municipalities recently reached out regarding concerns surrounding the Town's finances.

The Town Manager also shared that the Governor's Office recently released a list of recipients of the Community Development Block Grant-Coronavirus Grant and that the Town was not included on that list. Mr. Blanton expressed his disappointment in the matter and cited issues surrounding the Town's financial history as a key factor in the Town not being competitive for state-wide grant funding.

Mr. Blanton stated the 118% fund balance decline to 24% and the extensive disparity between revenue and expenditures in the Town's utility funds are the largest concern with outside agencies reviewing the Town's finances.

The Town Manager spoke to penalties that may be issued to the Town if a plan to remedy these issues are not presented and that the Local Government Commission seemed skeptical about the Town's chances of securing funding for large capital projects. Mr. Blanton stated that he would be lobbying the Local Government Commission at their June 1st meeting for special consideration of the Boulder Court Project.

V. Presentation of Budgeted vs. Projected Expenditures for Fiscal Year 2021

The Town Manager presented the Board with a year-to-date expenditure report for fiscal year 2021. Mr. Blanton explained that disparities are due to several years of outstanding audits not being completed until recently and the difficulty with projecting accurate financial figures.

Mr. Blanton explained that he and Mrs. Janssen-Castro are projecting a roughly \$227,000.00 short-fall in the General Fund and a \$247,000.00 short-fall in the Utility Fund for fiscal year 2021. The Town Manager explained that this is partially due to large emergency projects that have occurred since July 1 and increased rates over the years from the City of Gastonia on water/sewer rates.

The Town Manager presented the Board with three options for consideration. The first included continuing to utilize fund balance to finance the upcoming budget. He warned that this would put the Town at a disadvantage in applying for loans and grants, as well as worsen the Town's financial position. The second option included cutting services to the Town. Lastly, the Town Manager stated the third option would be to raise taxes and utility rates. Mr. Blanton stated that this would be in the best interest of the Town in order to alleviate the concerns of the Local Government Commission and the League of Municipalities.

The Mayor inquired about the amount of cuts that the Town Manager was suggesting. Mr. Blanton stated that he was able to readily identify \$207,000.00 in cuts in the General Fund. He stated that the Utility Fund was running at a bare-bone minimum operation and that few cuts could be made.

Commissioner Moore stated that he was not in favor of cutting services and that changes needed to be made to keep the Town running normally. Mr. Blanton concurred that the residents of the Town enjoy the degree of services that the Town provides. He also compared the tax rates in Ranlo to other municipalities.

Mayor Pro-Tem Cordell stated that the only viable option for consideration was to raise taxes and utilities rates. She stated that it was unfair to delay the issue for future boards to deal with. She expressed her disappointment that the Town is currently in this position, but stated that the Town would need to join together to secure the future well-being of Ranlo.

Mr. Blanton proposed a two-year tax increase of .10 in order to build the fund balance reserve and balance the General Fund without utilizing fund balance.

Commissioner Fowler stated that this would be similar to a tax-revenue neutral rate. Mr. Blanton concurred and stated that at the conclusion of the two-year increase that a tax revaluation would occur throughout Gaston County. He also stated that the City of Gastonia would be increasing utility rates by 5% for both water and sewer.

Commissioner Conner inquired about the condition of Boulder Court. The Town Manager stated that the situation would continue to be monitored and that the Town has made great progress on the situation. He stated that the process for reconstruction is continuing to progress at an appropriate pace. Mr. Blanton advised that the Town should budget as though the Local Government Commission will approve the loan, and then adjust accordingly in June should the Town not be successful. The Town Manager stated that the Town has taken the necessary steps to show that the situation is being tended to, including funding of the initial assessment of the road, awarding the contract for construction management, and the start of the upcoming bidding process.

The Mayor inquired as to whether the Town had contacted the original company that constructed Boulder Court. Mr. Blanton confirmed that he had and gave a legal assessment on the situation and cited the signed plat from 2017 where the Town accepted ownership of the street.

VI. Discussion of Capital Project Requests for Fiscal Year 2022

The Town Manager suggested that capital projects be temporarily postponed until a solution could be reached on bridging the disparity between the expenditures and revenues. He presented the Board with requests from the Police and Public Works departments.

Commissioner Fowler and Mayor Pro-Tem Cordell spoke to the need to freeze spending and sticking with only the essentials for the upcoming fiscal year.

The Town Manager spoke to options that the Board could consider in the upcoming weeks and suggesting planning for an essentials-only-budget for now.

Commissioner Conner spoke to past spending and salary increases that the Board had approved for employees in the past. Mayor Pro-Tem Cordell stated the importance of paying employees a fair wage. Commissioner Moore followed up that the Police Department's salary budget was based on changes and increases in other municipalities budgets.

The Mayor expressed that budgetary discussion are not easy and that the situation is often uncomfortable. He stated that this is the beginning of the discussions and that answers will be found as we continue.

VII. Rate and Fee Assessment for Revenue Projections for Fiscal Year 2022

The Town Manager reiterated the rate and fee changes that would need to be made to balance the Town's budget. He provided information on how revenue would be generated from changes to the Town's fee schedule. Mr. Blanton sought guidance from the Board for revenue projections.

Mayor Pro-Tem Cordell stated that she would like to see a draft budget with the recommended rate adjustments.

Commissioner Moore spoke to the Police Department's budget and voiced his support for an additional officer and salary adjustments for police officers.

Mayor Pro-Tem Cordell confirmed that the Town Manager was recommending cutting all capital outlay funding. Mr. Blanton stated this was his recommendation.

Commissioner Locklear sought clarification on the Recreation Department's budget. Mr. Blanton stated that cuts in this department were capital outlay expenses that were not recurring in fiscal year 2022, as well as ball-team expenses. The Town Manager asked the Board to give direction for the future of sports in Ranlo.

Mayor Pro-Tem Cordell stated that in her experience in recreational sports, programs across the country are not doing well. She stated that the Town should be cautious in funding the program, if it were to result in a deficit in the program. The Board discussed past issues and recreational related matters.

Mr. Blanton sought clarification on how the Board would like to proceed with revenue projections and capital outlay financial planning, specifically the requested changes for the Police Department.

The Board discussed the issues at length and reached consensus that revenue projections would be preliminary estimated with increased tax and utility rates, as well as a doubled commercial water/sewer rate, and that no capital expenditures would be planned initially.

Commissioner Conner, Mayor Pro-Tem Cordell, and Commissioner Fowler stated their disappointment that the Town's infrastructure grants would likely not be successful. Options for going forward were discussed. No official action was taken.

Mr. Blanton stated that the Town is making strides in identifying problems and formulating a path forward. Commissioner Conner stated concerns with citizen awareness of these issues and Mayor Pro-Tem stated her desire to see streets scheduled for paving with Powell Bill funding. The Board discussed streets that need attention and the need to prioritize each in order to show attention is being given to the situation.

The Mayor confirmed that consensus was reached to project revenue totals with increased tax and utility rates and that no capital expenditures would be planned initially.

VIII. Town Manager's Report

The Town Manager stated that COVID-19 vaccination appointments are now available for all Town employees. He suggested that a waiver be signed by those employees who choose not to be vaccinated and that Town employees who choose not to be vaccinated would be required to use their own personal sick time in the event of contracting the virus.

Mr. Blanton also shared that he had been researching the scholarship for a Warlick graduate previously discussed at the February meeting. He spoke to legal obstacles, hurdles, and limitations for local governments in funding such a project. The Board discussed potential options with the project and potential partnerships with non-profits.

Commissioner Conner thanked the Board for their consideration of the project and made a motion to rescind the original proposal for a scholarship due to legal restrictions on the funding of the scholarship. Commissioner Locklear seconded the motion. The vote was 5-0.

IX. Closed Session

Commissioner Locklear motioned to go into closed session and Commissioner Fowler provided the second. The vote was 5-0. The Board remained in closed session for approximately fifteen minutes.

X. Open Session

Commissioner Moore motioned to go back into open session and Commissioner Fowler provided the second. The vote was 5-0. The Mayor announced that no action was taken during closed session.

XI. Adjournment

Commissioner Locklear motioned to adjourn the meeting and Commissioner Moore provided the second. The vote was 5-0.

ATTESTED TO:

Mayor Lynn Black

Recorder and transcriber of the minutes for Special Board Meeting of March 4th 2021