

**Town of Hertford**  
Special Call Session (In Person/Zoom)  
Thursday, May 12, 2022 – 7:00 p.m.  
Horace Reid Community Center, 305 W Grubb Street

The Council of the Town of Hertford held a Special Call Meeting at the Horace Reid Community Center (also by Zoom) on Thursday, May 12, 2022 at 6:00 pm.

COUNCIL MEMBERS PRESENT

Earnell Brown, Mayor	Connie Brothers (Zoom)
Ashley Hodges, Mayor Pro Tem	Sandra Anderson (Zoom)
Jerry Mimlitsch	

STAFF PRESENT

Janice McKenzie Cole, Interim Town Manager  
Ashley Eure, Account Specialist  
Gina Durante, Town Clerk

A quorum was present.

Mayor Brown called the meeting to order and led the invocation, followed by the pledge of allegiance.

Council voted to accept the agenda unanimously with a voice vote of 5-0

Councilwoman Brothers	aye
Councilwoman Anderson	aye
Councilman Mimlitsch	aye
Mayor Pro Tem Hodges	aye
Mayor Brown	aye

**New Business**

**PRESENTATION OF FIRE DEPARTMENT BUDGET REQUESTS**

Chief Drew Woodard presented the 2022-23 Hertford Fire Department Budget Request. He provided Council with a detailed list of line items that outlined their requests. Retirement line item will be paid out of the retirement fund, so that line item is a net zero. Operating expenses last year were budgeted at \$24K and fire department is requesting \$27K for the new fiscal year. Last year, \$7K was budgeted for electricity but the actual was approximately \$3,700 so that line item has been reduced to \$5K. There

is a requested increase for Maintenance & Repair as a lot of equipment needs routine maintenance and testing – oil changes, hose testing, air compressor testing, etc. The fire vehicle is not experiencing and problems, and they are requesting slightly less than last year for that. Fire Truck Payment request is the same as last year. Last year the budget included \$24,000 for insurance and the actual cost was \$27,000. This year that line item has been increased to \$29,000. Fire Department is requesting a grant match of \$105,000 for equipment including: masks, compressed air packs, bottles, Rit Packs. Capital Outlay request is also in the budget request to update a severely out of date 44-year-old kitchen that is in a dire state of disrepair. The amount requested, \$17,963, is in alignment to the estimate given to the Fire Department for the kitchen repairs and updates. The estimate does not include any appliances as the current appliances are in working order. The budget totaled \$255,225; however, grants and County payment will bring the Town portion down to \$100,225.

## DONATIONS/CONTRIBUTION CONSIDERATIONS

The Tourism Development Authority (TDA) has made huge strides in the contribution to tourism. In past years, TDA employed only one part-time person, but Stacey Layden has been hired as a full-time county employee. Mayor Pro Tem Hodges suggested that we increase our past donation of \$1,500 to \$2,000. He noted the opening of the museum, more activities are taking place and the return of the Indian Summer Festival. These TDA items, in addition to upcoming events, generate more revenue to the town and the increased donation is a worthwhile use of our town budget.

Perquimans Art League (PAL) has requested a donation of \$2,000. Councilman Mimplitsch remarked that PAL is doing a great job and making a great contribution to our community and its children. Councilwoman Anderson stated that we should support them. Mayor Brown agreed that Council should support PAL's \$2,000 donation request. Mayor Pro Tem Hodges said, "Yes" to PAL and TDA as both are making a significant and positive impact on Hertford. He stated that the downtown art gallery and museum, the return of the Indian Summer Festival and the numerous activities Historic Hertford, Inc. (HHI) sponsors are all the programs that are good investments for the town to donate their limited funds to. Councilwoman Brothers also agree that we should support both.

Mayor Brown addressed a donation to the Chamber of Commerce. She noted that their funds for salary, communications and operating expenses come from fundraising and sales of Chamber membership to businesses. The County also gives them funding. They have not yet requested any donations but will be soon as they reorganize. Mayor Brown said the town gave them \$1,500 last year. She is suggesting that we do support the Chamber as they promote our small businesses and do ribbon cuttings for opening businesses, which generates revenue for the town. Mayor Brown would like to donate \$1500 as Council did last year, Mayor Pro Tem Hodges agreed with her request to be consistent but does not want to designate any amount until more information from the Chamber of Commerce is provided by them in writing to the Council. TDA provided a plan for expenditures and Mayor Pro Tem Hodges would like the same from the Chamber of Commerce before funds are appropriated. Mayor Brown will take that

information back to the Chamber so they may submit a written and detailed request. Councilwoman Brothers asked if there are any other organizations that we have supported in the past that we can allocate those amounts to have on the side or in reserve for requests like this. Mayor Pro Tem Hodges explained the historically we have had funds like that and they are considered In Kind Donations. In the past, Council has set aside approximately \$10-12K and it is distributed across different organizations and projects. Council can determine how much they would like to have set aside for In Kind Donations when the draft budget is due May 16, 2022 and the final due on June 1, 2022. Mayor Brown reiterated that we mark a placeholder for a donation to the Chamber of Commerce in anticipation of their written request.

#### FY 2022-23 ANTICIPATED COST OF LIVING (COLA) & MERIT INCREASE SURVEY

Mayor Brown asked Manager Cole to speak of the Cost of Living and Merit Increase Survey. Manager Cole acknowledged that Council members have just received the survey and will need to take time to look it over before deciding. The survey was compiled by the North Carolina League of Municipalities. Information from different municipalities regarding their intentions of COLA increases and merit increases for their employees was collected. The State is planning a 2.5% COLA increase, and the County is planning on giving its employees a 3% increase. Manager Cole would like Council to provide guidance for Hertford employees as the draft budget is being submitted on Monday, May 16. Mayor Brown spoke of a study that was done last year on our salaries to determine policies and salaries that would keep Hertford competitive in hiring and maintaining staff. Manager Cole explained that this survey considers different pay grades and percentages as well as annual market adjustments. COLA increases are made to compensate for the global market changes. The study includes a table that should reflect the COLA adjustment plus maintaining competitive pay ranges. We have fallen behind other municipalities in our ability to offer competitive wages.

Mayor Brown asked for discussion. Councilman Mimplitsch agrees with those findings and recognizes that we do need to make adjustments that will help us retain our employees.

Mayor Pro Tem Hodges also agrees and noted that in the past year inflation is at 8-10%. He feels we need to do the maximum we can for our employees as they deserve the adjustment, and that Hertford cannot be regionally competitive as an employer if we continue to fall behind. Mayor Pro Tem Hodges went on to say that inflation is affecting everything in people's lives and the town's needs: new water pumps, fire trucks, equipment parts, etc., everything is more expensive. Council needs to be mindful that everything will increase the budget. Operating expenses are going to increase whether funds are allocated or not.

Councilwoman Anderson agrees that a COLA adjustment is needed, at least 2%.

Councilwoman Brothers also agrees with Council that costs across the board have increased and Council should put in for COLA and merit increases.

## REBUILDING FUND BALANCE

Mayor Brown stated that the rebuilding our fund balance is a priority, and an amount needs to be designated as the goal for that fund balance. She asked for discussion on the topic.

Mayor Pro Tem Hodges said the ways to increase our fund balance are through reducing expenditures, increasing taxes and/or liquidating assets. Even prior to the pandemic and inflation, the town budget was not in a strong, healthy state. Inflation rate is too high to cut costs in expenditures. Hertford charges a lot for electricity to keep taxes low. About \$300K is moved each year from utilities to the general fund. Taking from the utility fund to keep taxes low caused us to stop investing in the infrastructure and now the town is behind. We lack spare parts for maintenance and replacement. Money is needed for wastewater system, electrical system, firefighter equipment, etc. Depreciation is budgeted to gradually collect for the general fund. Correcting this imbalance in terms of revenue will require determining what we need, what we have and where we currently are. Mayor Pro Tem Hodges stated that 10% of our revenue would be a strong general fund balance, about \$200K. Manager Cole suggested \$250K. Councilman Mimplitsch spoke of the properties the town owns and doesn't use or maintain. Selling those properties to future homeowners or business owners will result in generating revenue. In addition to selling the properties, Councilman Mimplitsch suggested that town-owned buildings not being used could be sold, or municipal businesses currently using town buildings in disrepair could be transferred to a building in better condition. Councilwoman Anderson agreed to sell buildings we don't use. She also questioned what process is in place to collect back or unpaid taxes or unpaid installments on tax payment plans. Are there consequences in place to deter people from not paying their taxes? A late fee? Are delinquent taxpayer names posted in newspapers? Councilwoman Anderson said she agrees with selling real estate and/or buildings to build up the general fund and enforcing tax collection. Mayor Pro Tem Hodges explained that Hertford does have authority to levy taxes by statute. The town has an agreement with the County to serve as our tax collector and in return we pay them 3% of taxes collected. We have given them the authority to collect taxes and address non-payment of taxes. For some time, the county was not making a concerted effort in collecting back taxes, nor was the town pressing the county to do so. The town and county are now putting forth efforts to this collection process and ZLS has been retained to assist. On June 6, 2022, there is a meeting with ZLS to update Council and the County on the properties that the county turned over to them for investigation. Mayor Pro Tem Hodges also was told that it is a slow process to get properties sold that are behind on taxes and/or no one is living in them. It can be a 6–24-month project to seize a property through tax lien. Transferring funds from the utility fund to the general fund is not a sound means for building a government. However, building a government upon taxes allows utility funds to be a fallback. If utilities are not paid and properties are seized, there is no hope in recovering those delinquent utility payments. Utility revenue is less predictable, there is no guarantee that it will be received. He finished by saying that selling these properties and buildings will be helpful to build the general fund if they are purchased and lived in or new businesses are established so that revenue will be

generated for the town. Councilman Mimplitsch restated that we should sell the properties that are not generating any revenue for the town.

## **NEW EMPLOYEE POSITION**

Manager Cole is recommending that we create a new general maintenance position that will also help with Public Works. There are leaky roofs, floors that need to be replaced, plumbing issues, cabinet issues, etc., all items being neglected and causing further damage to our buildings. Hiring a full-time Public Works Technician who has knowledge of these types of repairs would save us from unexpected and larger costs in our budget and we would not be depending on contractors and relying on their abilities and schedules.

## **GOVERNING BODY AS A SEPARATE DEPARTMENT**

Manager Cole led the discussion regarding Governing Body as a separate department in the budget or under administration. Manager Cole pointed out that the current budget does not accurately reflect Governing Body expenses. Council was all in favor of keeping the Governing Body under administration but wants more detailed expense line items to be added, for example, line item would be Preventative Maintenance and not Operating Expenses, or TDA Donation and not In-Kind Donation. This allows for more transparency in our expenditures and who is spending monies.

There was discussion regarding budget meetings. Approved Budget is due June 1, 2022. Council has a work session on May 23 and currently audit presentation is May 23, 2022, as well. There will be another budget meeting, May 31, 2022, before the due date and additional meetings can be scheduled if needed.

## **Announcements**

### **Councilwoman Anderson**

EMS Life Training was not as successful as hoped due to low attendance. A future date will be scheduled. Saturday Morning Live Flea Market has six (6) confirmed vendors for the first event on June 11. Jennifer Byrum has been hired by HHI to act as market manager for the three SML events. She has been promoting the market, handing out applications to interested vendors, and will be at each event to monitor set-up, manage event and be on hand for closing.

### **Councilwoman Brothers**

Juneteenth Celebration is coming up and 22 vendors have registered to host a booth or table for the event. June 4 is Community Pride Day and volunteers are needed. Please bring any gardening equipment you may have – push mowers, shovels, rakes, chainsaws, etc. – to help our neighbors clean up and beautify Hertford.

Mayor Brown

June 11, 2022, from 10AM – 5PM is the Seeds of Success Father's Day Basketball Tournament. This is a fundraiser and there will be prizes raffled: a 32" flat screen TV, gift card for dinner for two and cash. There will also be food and a DJ. It will be a great event for Hertford families!

Manager Cole

There will be an H-CAT meeting on Tuesday, May 25<sup>th</sup>. Hertford Business Surveys were sent out to local businesses in April. Reminder postcards to complete the survey were sent out Friday, May 13. The survey can be completed via the paper copy or online.

Motion to adjourn was made by Mayor Pro Tem Hodges and seconded by Councilwoman Brothers. The motion passed unanimously with a voice vote of 5-0

Councilwoman Anderson aye

Councilwoman Brothers aye

Councilman Mimplitsch aye

Mayor Pro Tem Hodges aye

Mayor Brown aye

The meeting was adjourned at 8:30 PM