

**1HAMLET CITY COUNCIL
COUNCIL CHAMBERS ROOM
201 MAIN STREET, HAMLET, NC 28345
WEDNESDAY, MARCH 18, 2026
BUDGET WORK SESSION MINUTES**

Governing Body Present:

Mayor	Amy Guinn
Mayor Pro-Tem	Abbie Covington
Council Member	Oscar Sellers

Staff Present:

City Manager	John Terziu
Asst City Manager	Mackenzie Webb
City Clerk	Heather Hawks

Staff Present at Designated Times:

Public Works Director	Robert Brown
Bldgs. & Manut.	Doc Sylvain
Police Chief	James Carsto
Fire Chief	Trey Goodwin
P&R Director	Maurice McLaurin
Senior Center	Amanda Kempen
Comm. Eng. Director	Mechelle Preslar

1. Call to Order.

Mayor Guinn called the meeting to order at 6:02 pm.

2. Work Session.

Executive Summary – General Fund Structure & Strategic Reality:

- A review of the FY budget distribution highlights a clear and unavoidable reality: the City’s General Fund is structurally dominated by public safety and core infrastructure, leaving limited flexibility for reallocation without impacting service delivery.
- Public Safety (Police and Fire) accounts for approximately 51% of total General Fund expenditure. This is not discretionary spending; it reflects the City’s fundamental obligation to protect life and property. As a result, more than half of available resources are committed before any other services are considered.
- The next largest expenditure category is Streets and Highways (11.4%), representing the City’s primary investment in infrastructure. Beyond these two areas, all remaining departments, including Administration, Parks and Recreation, Senior Services, and other quality-of-life functions, collectively represent a relatively small and fragmented share of the budget. These operations are already running lean and are not positioned to absorb significant reductions without noticeable service impacts.

Mayor Pro-Tem Covington inquired about the City’s responsibilities regarding streets and highways.

City Manager Terziu explained that the City is responsible for sidewalks, streets, and highways, including road repairs and ADA compliance. He clarified that, in accordance with City ordinance, the City does not repair damage caused by cracking or shifting in sidewalks located in front of commercial properties. In such cases, responsibility lies with the property owner, and failure to address the issue may result in a code violation.

Mayor Guinn asked whether a business on Main Street would be required to repair a sidewalk crack.

City Manager Terziu confirmed that, per ordinance, the responsibility would fall to the business owner.

Mayor Pro-Tem Covington raised concerns about unregulated individuals performing sidewalk repairs and asked whether the City had previously addressed such situations.

City Manager Terziu responded that all repairs must go through the City's review process to ensure compliance with established standards.

Public Works Director Brown added that the City typically performs these types of repairs under appropriate circumstances.

Key Takeaways for Council:

- The current budget is structurally constrained, not inefficient.
- There is no significant excess or "fat" to cut without affecting core services.
- Any meaningful budget reductions will require one of the two outcomes:
 - Reductions in public safety capacity, or
 - Reductions in service levels across community-facing departments

Strategic Implications:

- If the Council's priority is cost reduction: Decisions must be made regarding service levels in public safety or visible community services.
- If the Council's priority is service expansion or investment: The City will need to pursue new or enhanced revenue sources, as reallocation alone will not achieve this goal.
- Bottom Line: This is not a budget that can be balanced through minor adjustments. It is a structural reality that requires policy-level decisions about service expectations, community priorities, and long-term revenue strategy.

Key Findings Overall Budget Size:

- Hamlet's General Fund (\$6.7M) is consistent with peer cities of similar size. This confirms: The issue is not overspending relative to population.

City Manager Terziu stated that Hamlet's expenditures align with comparable cities, suggesting that the challenge is not total spending but rather spent within specific departments. He stated that during the Covid period, the City experienced a temporary increase in spending due to the use of Covid-related funds, which offset revenue constraints and supported additional positions and operating costs. However, the additional financial support should have been limited to one-time costs.

Mayor Pro-Tem Covington expressed disagreement with this assessment.

City Manager Terziu explained that if you look at the past budget within the Police Department, in a short period during this time the Police Departments budget grew by nearly \$1M, including positions being increased with the extra money coming in. These approvals led to severe constraints when that ARPA funds ceased. Moving forward he emphasized the importance of assessing operating costs in relation to revenue. He stated that operating costs should never exceed revenues and that fund balance should only be used on one-time expenditures when necessary.

Mayor Pro-Tem Covington responded that in the past the City also received an additional \$700,000 in sales tax revenue from the County, which has supported a significant portion of operating costs.

Public Safety Concentration:

- Hamlet allocates ~51% of its General Fund to Police and Fire.
- This is:
 - Higher than Cramerton and Mount Olive (~40%)
 - In line with Granite Falls (~50%) Conclusion: Hamlet is operating at the upper end of public safety commitment, but not outside the norm for small municipalities.

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Infrastructure / Public Works Investment:

- Hamlet: 11.4%
- Peers range from:
 - 17% (Cramerton)
 - 18% (Granite Falls)
 - 30% (Mount Olive)

Conclusion: Hamlet is significantly underweighted in infrastructure/public works compared to peers.

Budget Structure Reality:

- Hamlet's budget is:
 - Highly concentrated in public safety
 - Less diversified across service areas
- Other municipalities distribute more funding into:
 - Public works
 - Infrastructure
 - Community services

This creates less flexibility in Hamlet's budget model.

What This Means for Council:

- There is no easy reallocation solution
- Hamlet's total spending is not excessive
- The challenge is how funds are structured, not how much is spent
- Options are limited to:
 - Reducing public safety capacity, or
 - Reducing visible service levels (parks, streets, facilities)
 - There are no large discretionary areas to absorb cuts without impact

Policy Decision Point for Council:

- Moving forward, Council must decide:
 - What level of public safety is required?
 - What level of service is expected by residents?
 - Whether new revenue is necessary to sustain or expand services

This budget is not out of line with our peers; it is simply more constrained. The challenge we face is not how much we spend, but how our responsibilities are structured. Without new revenue or changes to service expectations, there is no path forward that does not involve real trade-offs.

City Manager Terziu stated that he and Finance Director Miles met with each Department Head to review departmental budgets. Based on those discussions, recommendations were developed and are reflected in the General Fund chart under the "Manager Recommend" column. He noted that the proposed budget includes 2% COLA for employees but does not account for potential increases in insurance premiums.

Mayor Pro-Tem Covington inquired about the approximately \$500,000 discrepancy between projected revenues and the current budget.

City Manager Terziu explained that the prior year's budget was balanced using approximately \$500,000 from the General FUND balance, with \$491,000 utilized in the previous fiscal year. The discrepancy is that the previous year budget brought in an additional amount of money from the PFAS settlement that was ~500,000. He stated that the proposed budget does not rely on FUND balance for operating costs but probably will once insurance costs come in during April. He added that Council can review the budget line-by-line if desired.

Mayor Pro-Tem Covington clarified that the proposed expenditures are approximately \$500,000 less than the current budget and stated she was trying to identify specific areas that had been reduced.

City Manager Terziu explained that the budget document includes a Department Request column, a Current Budget column, and a Manager Recommend column for comparison. He stated that the City has received approximately \$500,000 in settlement funds, which have been incorporated into this year's revenue stream. He stated that he has reviewed practices in other municipalities and anticipates increased revenues moving forward with the opening of Amazon in Hamlet's Fire District, which is expected to positively impact fire fee revenues. He also stated that the City's current ABC agreement requires revision, as the City has not been receiving the full tax revenue allocation as expected. The ABC Store is supposed to remit 100% of its tax revenue, but this has not happened this year. He stated the existing agreement is outdated, and Mr. Ken Anderson is currently working with the ABC Store to develop a new agreement between the ABC Store and the City of Hamlet.

Mayor Guinn asked who is over the ABC Store.

City Manager Terziu explained that the ABC Store is regulated by the state, with operational governance provided by a local board.

Mayor Pro-Tem Covington inquired about Local Option Sales Tax collections, noting that only 68% has been received to date and asked whether the remaining funds will be received by May.

City Manager Terziu responded that revenues are received on varied schedules, and we anticipate receiving the remaining balance by May.

Council Member Sellers asked about General Fund revenue related to the Depot and Museum and the Senior Center, specifically whether revenues were increasing or decreasing according to the chart provided.

City Manager Terziu responded that these two facilities will be placed under Maintenance Director Sylvain because he deals with the maintenance in both buildings. He also noted that there is a typo where it says \$800, it should say \$8,000 for those two facilities.

Mayor Pro-Tem Covington asked about Emergency Service Fees and whether those funds would be received from the County.

City Manager Terziu clarified that those funds are received through the Rescue Squad.

Council Member Sellers asked whether the City pays for fire protection services provided to Dobbins Heights.

City Manager Terziu responded that Dobbins Heights compensates the City for fire protection services, and there have been no issues with payment to the City.

Council Member Sellers asked who oversees part-time employees.

City Manager Terziu explained that part-time employees are hourly, do not receive benefits, and report to their respective department heads. He noted that most overtime costs occur within the Fire and Police Departments.

Council Member Sellers inquired whether our Parks and Recreational Department employ part-time staff.

Parks and Recreational Director McLaurin confirmed the use of part-time seasonal employees.

City Manager Terziu stated that the current document represents an initial draft budget and may be subject to revisions in the next two months.

Mayor Pro-Tem Covington asked about the decrease in Administrative Professional Services line item and requested clarification on what is included in that line item.

City Manager Terziu responded Administrative Professional Services can go toward several things including attorney fees. He stated that the biggest fund will always be salaries, then materials and resources for buildings. He stated that Police salaries are our largest department salary. He stated Council will need to decide if we will fund the Major salary in the coming budget year.

Mayor Guinn asked whether the Major salary was \$100,000.

City Manager Terziu confirmed that amount noting it does not include insurance and operational costs, which would increase the total \$5,000-\$10,000. He also added that Fire Department salaries are the second highest departmental expense and emphasized that overtime significantly impacts the budget.

City Manager Terziu asked Chief Goodwin about the starting salary for an entry-level paramedic.

Chief Goodwin responded that the starting salary is approximately \$44,000.

City Manager Terziu noted that recruitment and retention are challenging, as nearby hospitals offer salaries up to \$70,000 for a paramedic. He added that while the City invests in training and equipment, employees often leave for higher-paying opportunities.

Council Member Sellers asked who residents should contact if they need a new trash can.

Public Works Director Brown responded that residents should contact the Public Works Department to request replacement of a trash can or lid. He stated the City replaces approximately 50 to 100 lids per year.

Mayor Pro-Tem Covington asked about the legal fees line item.

City Manager Terziu responded that the City has begun utilizing services through the League in place of using TC Morphis, which is expected to reduce legal expenses. He added that further review with department heads will provide a clearer picture of budget impacts.

Mayor Pro-Tem Covington asked if the Department Heads had any issues they would like to discuss.

Public Director Brown stated that Public Works Leaf and Limb crew are having to pick up items (excluding leaves and limbs) that residents put on the side of the road two days a week whereas in the past they were doing it two days a month. He stated it costs the City because they would work on sidewalks and curbing added with the fact we don't have our sanitation guys to assist with these duties. He stated the City had a White Goods Ordinance in the past where residents had to call and schedule for items to be picked up. He stated that residents may obtain a trailer at no cost the first two times they need one.

Mayor Pro-Tem Covington asked for suggestions on what the City could do to resolve the problem.

Public Works Director Brown suggested implementing a formal schedule for bulk item pickup, along with clearly defined guidelines on allowable materials.

City Manager Terziu added that the City could consider implementing a flat fee for trailer rentals and discontinue weekly pickup services.

Mayor Pro-Tem Covington suggested revisiting a structured scheduling system for pickups, noting that staff time spent on these services may be impacting their primary responsibilities.

City Manager Terziu proposed April 28th at 3:00 pm for the Budget Retreat and indicated he would reach out to Council Members to confirm their availability.

The meeting ended at 7:45 pm.