



MINUTES

The King City Council convened for a called meeting in the Council Chambers at King City Hall, 229 S. Main St, King, on Friday, February 6, 2026, at 12:00 pm. The purpose of the meeting was to discuss budget amendment considerations. Present at the meeting were Councilman Tyler Bowles, Mayor Rick McCraw, Councilwoman Terri Fowler, Councilman Michael Lane, City Manager Scott Barrow, City Clerk Nicole Branshaw, and Police Chief Jordan Boyette.

MEETING CALLED TO ORDER

The meeting was called to order at 12:05 PM on Friday, February 6, 2026. The Pledge of Allegiance was recited with all remaining standing for the invocation given by Mayor Rick McCraw.

1. ACTION ITEMS

A. Budget Amendment Consideration:

City Manager Scott Barrow and Director of Finance & Personnel Susan O'Brien presented two options for Budget Amendment 2025-06.04 regarding the replacement of Police Department vehicles that were totaled in a recent incident.

Susan O'Brien explained that she had prepared a spreadsheet to accompany the presentation, noting that this was similar to what she had presented the previous Monday night. She outlined Option 1, which involved buying two replacement vehicles outright using various funding sources including insurance money, ABC Police Department general revenue, surplus property sales, some ABC general fund revenue, and future police department ABC revenue.

O'Brien stated, "This will buy the cars outright," but acknowledged, "I still don't have an answer from the insurance, so that's it."

Scott Barrow clarified the ABC funding structure for the council, explaining that each time they receive an ABC allocation, there are three separate portions: a certain amount that goes directly to the Police Department, an amount for education programs and alcohol-related initiatives, and the general fund portion.

O'Brien detailed that the anticipated amount of \$7,255 represented the expected police department general share for the next quarter or two, explaining, "It may take both of the next 2 quarters." When Councilman Tyler Bowles asked if the estimate was based on current performance, O'Brien confirmed it was, stating they had received \$8,200 for the first two quarters in that particular funding bucket, leading them to project approximately \$7,200 for the third and fourth quarters.

Barrow noted that this approach would cover everything except for unknown equipment costs, with O'Brien adding, "We hope, think, that insurance will cover all of that, but we don't know that yet. So, if it doesn't, we may have to come back and ask for more money at a later time."

O'Brien confirmed that the equipment quotes included removing usable equipment from the damaged vehicles and installing it in the new vehicles, as previously requested by Councilman Bowles.

The discussion then turned to the available ABC general fund money, with O'Brien explaining they had \$23,566 remaining from the first two quarters of general fund allocations, noting that \$20,000 of that had already been allocated to the Police Department basement project on Monday night. She detailed the specific amounts received: \$18,799 for the first quarter and \$24,700 for the second quarter, with Barrow noting the second quarter included December's higher revenues from Christmas-related activities.

O'Brien then presented Option 2, which involved taking a loan for the vehicles. She explained that one of the totaled vehicles and another vehicle were still on an existing loan, with a remaining payoff amount of \$17,895. The new loan would be for \$97,120 for the two replacement vehicles, with estimated payments of approximately \$21,663 annually for five years at 3.75% interest.

"The insurance money itself would cover that and leave us about \$3,000, which will cover the DMV fees on the two new vehicles," O'Brien explained. "So that kind of makes a wash there."

She outlined the advantages of Option 2, stating it would allow them to use the \$23,566 of unallocated ABC funds toward the \$20,000 worth of road salt they had to purchase and motor grader expenses from recent inclement weather. It would also free up the Police Department's general fund allocation for the next couple of quarters, and they expected to receive enough over the next four quarters to make the vehicle payments.

Barrow noted that Option 2 would also eliminate one existing loan.

Councilman Michael Lane observed, "So if we were to go with option 1, we're still going to have to deal with the salt and those things... So going to option 2 kind of takes care of several items once you're done." He noted that Option 2 would result in three or four more years of payments of around \$21,000-\$22,000 annually.

Councilman Bowles expressed concern about taking a loan, asking about gap coverage and stating, "I'm concerned about doing a loan if we were to do that. We have an accident, total one or both of these, or something happens, and then we have a huge gap in what has been paid versus what is owed... We're going to be really upside down."

The discussion turned to the inclement weather expenses, with Barrow confirming they had purchased 51 tons of salt for approximately \$20,000. O'Brien detailed that the motor grader costs were about \$7,800, with additional expenses for replacement plow blades and other incidentals. She provided a comprehensive total of \$31,280 for all weather-related expenses, including salt, brine solution, motor grader work, and supplies for brine tanks, not including overtime costs for staff.

Bowles asked about the city's history with vehicle loans, with O'Brien confirming, "Taking loans for them? Yes. That's normal practice for us. If we did it forever."

Barrow explained that they had been trying to move away from borrowing, stating, "The whole goal over in this year's budget was to not borrow money for anything."

O'Brien acknowledged the reasoning behind presenting Option 2, saying, "But then this time, knowing that we're going to need \$30,000 plus for weather and there could be more coming, that's why I threw that out there because it would free up some of that ABC and other revenue to put towards inclement weather."

Lane asked if Option 2 would help with repair costs on the other five police vehicles, and O'Brien confirmed it would, explaining, "The surplus property sales and the ABC general revenue are things that

would be freed up under Option 2 that we could throw at their vehicle repairs, which are already over budget. There are 2, 3 more in the shop, and we still have till June thirtieth to go."

Bowles sought clarification about funding sources for both options, with O'Brien explaining that Option 1 would require more creative approaches to pay for weather expenses, potentially borrowing against future ABC revenue or using fund balance. She emphasized, "We don't have \$30,000 to pay for salt and all those things."

Barrow noted that Option 1 would "probably exhaust" the available ABC funding and might still require additional funding sources.

The conversation included discussion of ABC revenue projections, with estimates of around \$11,000 for the next quarter based on December's typically strong performance. Lane observed the busy activity at ABC stores during preparations for the recent snowstorm.

O'Brien addressed the loan interest concern, explaining that while the total interest would be around \$11,000, it would be spread over five years and would help avoid immediate fund balance use.

Bowles asked about the nature of the vehicle repairs needed, confirming they were mechanical rather than cosmetic. He noted that since the five remaining vehicles had likely been thoroughly inspected after the incident, the likelihood of multiple simultaneous failures should be reduced, which led him to lean slightly toward Option 1.

Lane countered by noting their historical experience with vehicle reliability issues, suggesting that major repairs often lead to additional problems.

O'Brien acknowledged that, while this was the first time she had seen the detailed analysis, after reviewing the information, she felt Option 2 might provide more flexibility.

Bowles noted that under Option 2, if they received substantial ABC revenue in the future, they could pay off the loan early. O'Brien confirmed this, stating that they always ensure there are no prepayment penalties in their loan agreements.

The discussion included a review of the city's current debt obligations. O'Brien detailed that they currently have nine loans, with two ending this year, reducing the total to seven. Adding this loan would bring the total to eight. The existing loans include two for fire department equipment, the police department building, several vehicle loans, and radio equipment financing.

Mayor Pro Tem Cole expressed concern about making the decision, stating, "I was disappointed that all this happened while I was coming out from under anesthesia... I don't know any details except what I've learned today. So, I don't know if I'm qualified to make a decision on this for the citizens of the city."

The meeting included a detailed explanation of the incident that led to vehicle losses, which involved a pursuit that began in King and continued into Forsyth County, ultimately causing damage to three police vehicles. The incident occurred around 2:00 AM and involved a brake failure during the pursuit response, resulting in the total loss of two vehicles and significant damage to a third.

Mayor Pro Tem Cole moved to close debate and called for the question.

Motion: Councilman Boles moved to approve the budget amendment 2025-06.04 Option 2, financing the vehicles through a loan with payments of approximately \$21,663 annually for five years at 3.75% interest. Councilman Lane seconded. Motion carried 3-1. (Role-call vote: Bowles—Aye; Lane—Aye; Fowler—Aye; Cole—Nay) ****See Document 1****

ADJOURNMENT

MOTION: Councilwoman Fowler made a motion to adjourn at 8:16 PM. Councilman Lane seconded the motion. The motion carried unanimously, 3-0.

*** **Clerk's Note: See Document 1 for supporting document.** ***

Attest:

Approved by:

Nicole Branshaw, City Clerk

Richard E. McCraw, Mayor

CITY OF KING
BUDGET AMENDMENT 2025-06.04

Be it hereby ordained by the City Council of the City of King that the following amendment be made to the Budget Ordinance adopted on the 4th day of June 2025, as follows:

Section 1. To amend the General Fund, the expenditures are to be changed as follows:

<u>General Fund Expenditures</u>	<u>Decrease</u>	<u>Increase</u>	<u>New Approp.</u>
Police		100,187	4,079,828
Streets		23,566	490,317
Debt Service		39,558	465,072
Total	0	163,311	

This will result in an increase in the expenditures of the General Fund. The above changes in expenditures will require no adjustment to revenues.

<u>General Fund Revenues</u>	<u>Decrease</u>	<u>Increase</u>	<u>New Approp.</u>
GF Revenues		163,311	12,145,835
GF Fund Balance Appropriated			50,371
Total	0	163,311	

Section 2. Copies of the budget amendment shall be furnished by the City Clerk to the City Council to the Mayor, Budget Officer and Finance Director for their directions.

Adopted this the 6th day of February, 2026.



Richard E. McCraw, Mayor

Attest:



Nicole Branshaw, City Clerk



OPTION 2

The below loan payment is an ESTIMATE.

Loan payoff	17,895
First pmt	21,663
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	39,558

Insurance 42,625

Difference 3,067 *for DMV fees*

New vehicle cost to loan 97,120

Gives money to pay off loan and make first pmt on a new loan with funds remaining to pay DMV fees

Put ABC and surplus property towards vehicle repairs (from Feb 2 budget amendment)

Use 23,566 of ABC General Fund revenue towards road salt etc (not in Feb 2 budget amendment)
(on current amendment)

Can use 3rd qtr ABC General Fund revenue towards road salt, etc.

Can use 3rd and 4th qtr PD ABC general for vehicle repairs

This does not directly obligate funds we haven't received for ABC revenue.