

GASTONIA CITY COUNCIL BUDGET UPDATE MEETING
March 28, 2023 – 5:30 p.m.
Spindle Conference Room – City Hall, Gastonia, NC

Mayor Reid called the meeting to order at 5:45 p.m. on March 28, 2023, in the Spindle Conference Room, City Hall, Gastonia, North Carolina. Councilman Charles Odom presented the Invocation. Mayor Reid led the audience in the Pledge of Allegiance. Ms. Suzanne Gibbs, City Clerk, recorded the minutes.

PRESENT: Mayor Walker E. Reid, III

Council Members: Robert Kellogg
 Dave Kirlin
 Jim Gallagher
 Charles Odom
 Jennifer Stepp
 Donyel Barber

City Manager Michael C. Peoples
 Assistant City Manager Adrian Miller
 Assistant City Manager Melody Braddy
 Assistant City Manager Quentin McPhatter
 City Attorney L. Ashley Smith
 Director of Human Resources Judy Smith
 Director of Financial Services Crystal Certain
 Assistant Director of Financial Services Jessie Williams
 Chief Information Officer Chris Kolyk
 Budget Administrator Crystal Falls
 Budget Analyst Samantha Thibeault

ABSENT: None

Department Heads were available for questions via Webex.

ITEM 4: REVIEW OF ADOPTED FY2023-24 BUDGET CALENDAR
MICHAEL PEOPLES, CITY MANAGER,
AND CITY STAFF

Mr. Michael Peoples, City Manager, reviewed the adopted Budget Calendar. He said if another work session is needed, it should be scheduled for a time in April rather than waiting until May so that it could be accomplished before the Public Hearing on May 2, 2023.

BUDGET WORK SESSION– MARCH 28, 2023

(Reference as contained in Exhibit Book 7 to Minute Book 112 at Page 26)

ITEM 5: FEBRUARY 2023 MONTHLY FINANCIAL REPORT

Crystal Certain, Director of Financial Services

Ms. Crystal Certain, Director of Financial Services, provided an update on the February Monthly Financial Report. She presented highlights of the financial report stating that 66.7% of FY2023 has been completed.

Ms. Certain provided information on the General Fund. Ms. Certain said expenditures are trending as expected.

Ms. Certain provided financial summary information for the Electric Fund. She said overall Electric is trending as expected but expects a budget amendment for later in the year as she believes both expenditures and revenues were under-budgeted.

Ms. Certain provided financial summary information on the Water & Sewer Fund. She said revenues are higher than expenditures.

Ms. Certain provided financial summary information on the Stormwater Utility Fund. She said revenues are greater than expenditures for the year.

Ms. Certain provided financial summary information on the Solid Waste Fund. She reported their revenues are greater than the expenditures.

Ms. Certain provided financial summary information on the Transit System Fund. She said revenues are greater than expenditures. She said there are outstanding drawn downs. She said overall the Transit System Fund is as expected.

A full copy of the February Monthly Financial Report is contained in the exhibits.

(Reference as contained in Exhibit Book 7 to Minute Book 112 at Page 27)

ITEM 6: PRESENTATION OF HUMAN RESOURCES INFORMATION

PROPOSED FOR FY2024 BUDGET

Adrian Miller, Assistant City Manager and

Judy Smith, Director of Human Resources

Assistant City Manager Adrian Miller introduced Ms. Judy Smith, Director of Human Resources, to provide the presentation for Human Resources.

BUDGET WORK SESSION– MARCH 28, 2023

Ms. Judy Smith, Director of Human Resources, provided a historical look at compensation since 2019.

Ms. Smith said staff is currently proposing a 5% across-the-board salary increase with another 1% built in for a Career Development Program. She said this program would start on January 1, 2024. Ms. Smith explained the Career Development Program would involve employees completing five professional development activities during the fiscal year consisting of one wellness activity and one DEI activity. She said the other three activities will be designated by the individual departments and would be department specific. She said if employees did all five of the activities, they would get the additional 1% pay increase.

Ms. Smith provided historical information related to retirement since 2017.

Ms. Smith provided historical information related to the City's insurance program. Ms. Smith said staff is not recommending an increase in premiums. She said there is no increase in the Blue Cross administration fees and there is an 8% increase in the Stop Loss fees.

Ms. Smith said as to dental insurance, staff is recommending some changes to that program which would require some increase in funding of about \$65,800. She said with regard to the Base Plan, staff recommends increasing the benefits to include diagnostic and preventive services at 100% (currently covered at 50%). She said the maximum benefit per year for this plan is \$1,000 for each covered person. She said staff is recommending waiving the diagnostic and preventive services so they no longer apply towards the \$1,000 maximum annual benefit. Ms. Smith said with regard to the Buy-up Plan, staff recommends increasing the maximum benefit from \$1,000 to \$2,000 per year for each covered person and not applying the diagnostic and preventive services to the maximum in order to artificially increase the maximum benefit.

Ms. Smith said the dental program has not been changed since it was initially purchased 15 or 16 years ago.

Ms. Smith provided information on the HSA Contribution Program. She said staff recommends increasing the HSA contribution from \$750 to \$1,000 for all eligible employees and retirees. She said the Waiver Incentive (\$250 per person that meets the criteria) is budgeted and will be paid in April 2024.

Ms. Smith provided information on the Employee Health Clinic and Wellness Program. She said staff recommends extending the Caromont contract for wellness for one year as well as extending the Atrium clinic contract for one year. Ms. Smith said a new facility (Old Train Depot) has been purchased to relocate the Employee Health Clinic after renovations are completed. She said once the clinic is moved, services will be extended to dependents and the addition of a Certified Medical Assistant will be considered.

Ms. Smith spoke about the Diabetes Program. She said staff recommends continuing the program as is.

BUDGET WORK SESSION– MARCH 28, 2023

Ms. Smith provided information on new positions in FY2023 and new positions in FY2024.

Discussion ensued surrounding the Customer Care Center. Mr. Peoples said the five Customer Care Center employees would be housed at the MOC except for one position to be housed in the Garland Center to greet customers as they come into the building. Mr. Chris Koltyk, Chief Information Officer, and City Manager Michael Peoples spoke about the plan for the Customer Care Center and how it would benefit citizens and City staff.

A complete copy of the presentation on Human Resources is contained in the exhibits.
(Reference as contained in Exhibit Book 7 to Minute Book 112 at Page 28)

ITEM 7: FY2023-24 PROPOSED BUDGET HIGHLIGHTS**Michael Peoples, City Manager, and City Staff**

Ms. Crystal Certain, Director of Financial Services, provided information on the Tax Revaluation and explained Revenue Neutral. She said the Revenue Neutral rate is applicable to all types of property and impacts not only real property but also impacts SBAs (utility lines and railroads), motor vehicle rates, and every type of property that the City collects taxes on.

Ms. Certain provided a comparison of Tax Revaluation Values from current year to the latest numbers received from the County for real property, personal property, utility, and motor vehicles. She provided information on Revenue Neutral Calculations considering the Growth Rate Factor since the last revaluation (which is slightly over 2%) and increase of tax levy by estimated growth factor (.3761).

Discussion ensued regarding Revenue Neutral tax rate.

Ms. Certain spoke about the proposed budget currently being presented which includes a 3¢ tax reduction. She explained the GO bond debt service, the Fund Balance appropriated with FY23 adopted budget of 2.50¢, match of CARES money covering Transit, the increased transfer to Solid Waste for new positions and new equipment, State mandated retirement increase (with no salary increases), Council-approved Police Recruitment and Retention Incentives, the addition of new positions (five in FY23 and six in FY24), and Customer Care Personnel (five positions). Those amounts total 15.42¢ of the 14.3¢ growth due to revaluation.

City Manager Peoples spoke about the GO bond debt service, the Fund balance appropriated with FY23 adopted budget, the increased transfer to Transit of 1.47¢ and said that is higher than normal because of grant funds and the fact that Transit is confusing. He talked about how COVID-19 had subsidized all of transit operations and that was how free bus fares came into play. Mr. Peoples spoke about the growth in Solid Waste with additional employees and new equipment. He spoke about the State-mandated retirement increase, the Police Recruitment and Retention Incentives, the proposed salary

BUDGET WORK SESSION– MARCH 28, 2023

increases and the proposed Career Development Initiative, new positions, and Customer Care personnel.

Ms. Certain presented information related to General Fund Compensation Forecast and future needs of the City which focuses heavily on facility projects.

Mr. Peoples spoke about delaying the Microtransit implementation. There was discussion surrounding Microtransit.

Mr. Peoples spoke briefly about the Workforce Housing Bill.

Crystal Certain, Director of Financial Services, presented information on homeowner impact by providing several County/City tax rate scenarios.

There was discussion about Ad Valorem taxes and sales tax.

City Manager Michael Peoples spoke about proposed building improvements which include roof replacements for Schiele Museum, Fire Station, and Garland Center; 5-year Building Maintenance Assessment; Finance Department Accounting remodel; Police Department HVAC upgrades and replacements; Police Department water heater storage tank and floor replacement; Fire Station 2 concrete repairs; and Police Department gate door replacement.

Mr. Peoples provided information about Administration – City Management, Human Resources, Finance, and Diversity, Equity & Inclusion including insurance, election costs, educational reimbursement, city-wide DEI training and public outreach, Leadership Academies, Employee Development Program, employee survey, and online job board postings.

Mr. Peoples spoke about Planning and Housing & Community Engagement consisting of the Comprehensive Plan Update, the Farmers Market Recycling Center parking lot improvements, and the ACE Program Grant.

City Manager Michael Peoples spoke about Economic Development and Communications & Marketing which includes Gaston Investment Grant payments, Economic Incentive payments, the Retail Coach contract, and billboard advertising.

Mr. Peoples provided information on Museum and Parks & Recreation which included admission fees, revenue sharing, vehicles, gym flooring at Erwin Center, fencing around the ball field at Erwin Center, pressure washing and resealing wood at Rankin Lake, benches, tables and bleachers at T. Jeffers Center, operational expenses for Marietta Park, and the Carolina Thread Trail.

BUDGET WORK SESSION– MARCH 28, 2023

Mr. Peoples spoke about Public Safety which includes police incentives, midsize SUVs for Police, Fire turnout gear, replace bomb vests for Police, clothing allowing for Police, and turnout gear dryers for Fire.

City Manager Peoples spoke about Technology Services including TDMA upgrades for Public Safety 800 Mhz radio system and potential equipment loan items. Mr. Peoples said there is an agenda item on the upcoming City Council meeting for consideration to replace the mobile data terminals for Police and Fire, which would not be included in the FY24 budget.

Mr. Peoples provided information on Public Works – Traffic, Streets, and Fleet Services. This includes resurfacing, airplane incentive payment, service van for Building Maintenance, mobile lifts for heavy equipment, and CDL training.

Mr. Peoples spoke about Public Works – Stormwater and Solid Waste. He spoke about the negotiation for County Landfill fee increase of \$1 per ton, the automated leaf trucks, knuckleboom trucks, automated garbage truck, Rubicon fleet optimization, and S. South St. 35-yard compactor.

Mr. Peoples provided information on Public Utilities – Electric including the Advance Metering Infrastructure (AMI), Caromont Hospital Project, and continuation of citywide streetlight LED replacement.

Mr. Peoples spoke about Public Utilities – Water & Sewer including Chemicals, trailer mounted bypass pump, remote control Bush Hog for extreme slopes, leak detection equipment, CDL training costs, and miscellaneous Capital Projects.

(Reference as contained in Exhibit Book 7 to Minute Book 112 at Page 29)

ITEM I: QUESTIONS/DISCUSSION/DIRECTION

Mr. Peoples said the focus right now is on General Funds. Mr. Peoples said he feels Utilities is strong and Water & Sewer is strong. He said there are no proposed increases in any Enterprise funds. He said the focus is on General Funds to get a balanced budget. Mr. Peoples said the sales tax definitely needs to be determined.

Discussion ensued regarding General Fund Funds and sales tax. There was discussion regarding tranches for bond issuance.

There was some discussion on possibly using one-time funds (not Fund Balance) and the possibility of suspending some proposed projects.

Another Budget Work Session was scheduled for Thursday, April 6, 2023, at 5:30 p.m. in the Spindle Conference Room at City Hall.

BUDGET WORK SESSION– MARCH 28, 2023

ADJOURNMENT

Mayor Reid adjourned the meeting at 8:36 p.m.

Mayor Walker E. Reid, III

L. Ashley Smith, City Attorney

Suzanne J. Gibbs, City Clerk

Budget_WorkSession03282023