

GASTONIA CITY COUNCIL BUDGET UPDATE MEETING
March 14, 2023 – 6:00 p.m.
Spindle Conference Room – City Hall, Gastonia, NC

Mayor Reid called the meeting to order at 6:00 p.m. on March 14, 2023, in the Spindle Conference Room, City Hall, Gastonia, North Carolina. Councilman Jim Gallagher 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 (attending via Webex)

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 Financial Services Crystal Certain
 Assistant Director of Financial Services Jessie Williams

ABSENT: None

ITEM D: UPDATE ON EMPLOYEE SURVEY

Assistant City Manager Adrian Miller provided an update on the Employee Survey which was conducted through MYgroup. The non-mandatory survey was conducted November 18 through December 9, 2022. Mr. Miller presented a Powerpoint presentation on the Executive Summary provided from MYgroup. A copy of the Executive Summary is included in the Exhibits. He shared information on the Pulse Methodology of the survey which provides a snapshot of the overall health of the organization, measuring its ability to adapt and create long-term sustainability. He said the structure of the survey included 22 questions and one open-ended question. MyGroup felt there was exceptional employee engagement with the open-ended responses.

Mr. Miller shared the results of the survey.

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Discussion ensued surrounding the survey results. Mr. Miller said the study shows that the City has some challenges and needs to work on internal communication and remove roadblocks and barriers.

Discussion ensued as to next steps to be taken. A four-question open-ended mini-pulse survey will be sent to all employees soon. City management will meet with all staff to review the Employee Survey this spring. Mr. Miller said the City plans to do a lot with employee training and employee engagement in the upcoming year.

Discussion was had concerning what the City is doing to attract new people. Mr. Miller spoke about the total compensation package (salary and benefits) that is offered to employees.

There was discussion regarding results from the survey concerning the mandatory DEI training. Mr. Miller said there is thought to change the DEI training to be incentivized optional training in the upcoming year.

There was discussion on employee engagement and appreciation.

Mr. Peoples said another update on the Employee Survey will be given after the mini-pulse survey.
(Reference as contained in Exhibit Book 6 to Minute Book 112 at Page 41)

ITEM E: PRESENTATION OF FY2024 BUDGET INFORMATION –
Mr. Michael C. Peoples, City Manager

Mr. Peoples said the normal budget calendar process has been followed and everyone has worked hard to get information submitted for the budget in addition to ARPA funding and state-funded projects, working on issuing General Obligation Bonds, working with LGC to issue Revenue Bonds, and the County revaluations.

Mr. Peoples turned the presentation over to Ms. Crystal Certain, Director of Financial Services.

Ms. Certain presented highlights of the January Monthly Financial information. Ms. Certain said revenues are being received as expected and investment earnings are slightly over what was anticipated. A copy of the January Monthly Financial is contained in the exhibits.

(Reference as contained in Exhibit Book 6 to Minute Book 112 at Page 42)

Ms. Certain spoke about historical information with respect to tax values and populations showing the growth percentages in population and in values. She said the County must conduct revaluations every four to eight years. She said the last revaluation was in 2019.

Ms. Certain presented historical information on City and County tax rates.

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Ms. Certain presented information on the breakdown of taxable property including real, personal, and public service companies. She explained that personal property and public service companies are not a part of the revaluation process. Discussion ensued.

Ms. Certain spoke about Real Property Tax Values (5 years) which include the exempt properties to show how much property is not taxed. She said this equals over \$1B. Ms. Certain said that includes churches, schools, government buildings, and hospitals.

Ms. Certain spoke about revaluation referring to a slide in the Powerpoint presentation showing 14.3 pennies (14.3¢). She said each one penny of the tax rate is equivalent to approximately \$1M. Ms. Certain said the revenue neutral calculation would be 14.3¢ less than the current tax rate. Ms. Certain provided a breakdown of the 14.3 pennies (14.3¢). The slide shows 7.5 pennies designated to GO Bond debt (\$7.5M). The slide shows 2.5 pennies appropriated to balance FY2023 budget (\$2.5M). This leaves 3.3 pennies as remainder available for other uses (\$3.3M). Ms. Certain said statutorily mandated or Council approved uses include pension increase, police recruitment and retention incentives and additional equipment annual loan payment.

Mr. Peoples emphasized that the budget is still not balanced. He spoke about the impact of what tax rates could look like moving forward. He said if the City's tax rate is dropped from 52¢ to 51¢, it would be the lowest in twenty-two years. He said the County is expediting their budget process and is looking at dropping their tax rate significantly.

Ms. Certain presented information on multiple proposed tax rate scenarios for the City and County.

Ms. Certain shared a Municipal Survey information sheet which shows real property tax base comparisons. Mr. Peoples said this page shows a comparison of what the tax base is for other cities that are larger than Gastonia and some others that are less in population than Gastonia. Mr. Peoples said the tax base number is the most important number to understand. He emphasized that the Municipal Survey sheet relates to real property only.

Mr. Peoples said there are no proposed fee increases in the budget.

(Reference as contained in Exhibit Book 6 to Minute Book 112 at Page 43)

Mayor Reid stressed that the revaluations are implemented by the County and said the City needs to stick to its plans. He said he feels if the City continues to get more industrial businesses, it will help offset things.

Mayor Pro Tem Kirlin spoke about how normally the City's revenues exceed its expenditures and questioned the 2.5¢ (\$2.5M) being applied to Fund Balance. Ms. Certain explained that .5¢ (\$500,000) was transferred from ARPA (a one-time appropriation for salary increases) and the City appropriated approximately \$2M in General Fund Fund Balance to balance because it is impossible to predict what

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will be spent. Discussion ensued. Mayor Pro Tem made the suggestion to look at a two-year process if possible.

There was additional discussion concerning the impact of the revaluations to citizens.

There was discussion on the GO Bond Debt Service obligation and two tranches of bond issuance and the possibility of a future increase in the tax rate and what is best for the community.

It was consensus of Council to have options to find the best way to balance the budget and offer what is best to residents. Mr. Peoples said scenarios would be presented at the March 28th Budget Work Shop.

Mayor Reid said he felt this has been a good informational meeting and appreciates staff putting in the time to prepare the information. He said he understands that Councilmembers are concerned for citizens in the City and that decisions need to be made for what is best.

ADJOURNMENT

Mayor Reid adjourned the meeting at 8:42 p.m.

Mayor Walker E. Reid, III

L. Ashley Smith, City Attorney

Suzanne J. Gibbs, City Clerk

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