

GASTONIA CITY COUNCIL BUDGET WORK SESSION
April 6, 2023 – 5:30 p.m.
Spindle Conference Room – City Hall, Gastonia, NC

Mayor Reid called the meeting to order at 5:30 p.m. on April 6, 2023, in the Spindle Conference Room, City Hall, Gastonia, North Carolina. Councilwoman Jennifer Stepp 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 (via Webex)
 Director of Financial Services Crystal Certain
 Budget Administrator Crystal Falls
 Budget Analyst Samantha Thibeault

ABSENT: None

ITEM 4: FY20023-24 PROPOSED BUDGET HIGHLIGHTS
Michael Peoples, City Manager and City Staff

Ms. Crystal Certain, Director of Financial Services, presented information on Sales Tax. She spoke about Payment in Lieu of Business Fees and how a law was passed in 2015 that repealed the charge of franchise taxes. She said there is no Payment in Lieu of Business Fees budgeted for FY2024. Mr. Peoples further explained that the Payment in Lieu of Business Fees had been directly from two accounts: water and sewer and electric and the law was changed in 2015 but the City did not change the practice and this year it has been corrected. This correction results in approximately \$2.5M.

Ms. Certain provided information related to the Revaluation Net Effect on Homeowner (City Only) and Revaluation Net Effect on Homeowner (City and County) based on tax rates of .61 County and .47

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City. Ms. Certain provided information on three Homeowner Impact Scenarios for multiple home values (\$100,000/\$200,000/\$300,000) based on a County rate of .61 and a City rate of .47.

Mr. Peoples, City Manager, spoke about the Historical Tax Rates for the city since 2000. In 2000, the tax rate was .4700 and in 2023, the tax rate is .5200. He spoke about the Municipal Survey that shows the comparison of other cities in North Carolina to Gastonia. This survey includes 20 cities in North Carolina with ranking from 1-20 and contains information related to population, real property tax base, and tax rate.

Ms. Crystal Certain provided information on the Fund Balance-General Fund, information which is provided each year by the auditors. She explained that the Total Fund Balance less the non-spendable (not in cash form, not available) less the stabilization by State Statute equals the available Fund Balance. Ms. Certain explained that current year revenues exceed expenditures; net transfers to other funds increased; there is an increase in other miscellaneous items; and changes in non-spendable and stabilization by State Statute fund balance, all resulting in an increase in Available Fund Balance.

Ms. Certain provided information on General Fund Available Fund Balance Information with an estimated fund balance available for additional appropriation of \$5,708,654.

Ms. Certain provided information on General Fund Appropriation of Fund Balance (Reported on Audit presentation December 2022) showing total appropriation as of October 31, 2022 of \$5,015,741.

Ms. Certain provided information on General Fund Appropriation of Fund Balance (Additional appropriations since Audit presentation) with total additional appropriations of \$2,819,841.

Ms. Certain said staff expects two more items for appropriation of Fund Balance consisting of UPS and data center storage and Garland Center roof. She explained the remaining available fund balance which totals \$1,678,813.

Ms. Certain said the 25% minimum Fund Balance is based off the budget. Discussion ensued concerning 25% minimum Fund Balance.

Discussion ensued on General Fund cuts to balance the budget at 47¢ including future debt service on GO bond second issuance, multiple roof repairs/replacements, building maintenance assessment, Comprehensive Plan Update, Erwin Center gym floor, Accounting remodel, Farmer's Market parking lot improvements, and Erwin Center baseball field fencing.

Discussion also included General Fund personnel cuts to balance the budget. These included decreased across the board salary increase from 6% to 5% and career development increase from 1.5% to 1.0%; decreased across the board salary increase from 5% to 4% (career development remained at 1%), and decreased HSA from \$1,000 per employee back to current \$750 per employee. New positions have

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been eliminated and some new positions are being budgeted at only 50% of the year. Several GO Bond funded positions have also been eliminated.

Ms. Certain spoke about estimated costs for future needs and future needs with unknown costs.

Ms. Amy Vitner, First Tryon Advisors, attending the meeting via Webex, shared an interactive model showing different scenarios for available fund balance and debt services including the first half of GO Bonds and other potential issuances for future projects using the tax rate reduction of 47¢.

Ms. Vitner responded to questions and showed scenarios from the interactive model by using varying debt service options.

(Reference as contained in Exhibit Book 7 to Minute Book 112 at Page 44)

ITEM 5: QUESTIONS AND POTENTIAL FOR ADDITIONAL MEETINGS

Councilmembers thanked staff for the work they have done in preparing the budget presentation.

Discussion ensued regarding the possible tax rate and its impact on everyone and how inflation is impacting everyone including the city.

There was discussion concerning the proposed changes being considered to balance the budget including postponing projects, reducing requested new positions, and employee compensation and benefits.

ADJOURNMENT

Mayor Reid adjourned the meeting at 7:27 p.m.

Mayor Walker E. Reid, III

L. Ashley Smith, City Attorney

Suzanne J. Gibbs, City Clerk