

Salisbury, North Carolina  
May 14, 2024

## **SPECIAL MEETING**

**PRESENT:** Mayor Karen K. Alexander, Presiding; Mayor Pro Tem Tamara Sheffield, Council Members Harry McLaughlin, David Post, and Anthony Smith; City Manager Jim Greene, Jr., and City Attorney J. Graham Corriher.

**ABSENT:** City Clerk Connie B. Snyder.

Salisbury City Council met in Council Chambers in City Hall located at 217 South Main Street. The meeting was called to order by Mayor Alexander at 6:00 p.m. A moment of silence was taken.

## **ADOPTION OF THE AGENDA**

Thereupon, Mayor Pro Tem Sheffield made a **motion** to adopt the Agenda as presented. Mayor Alexander, Mayor Pro Tem Sheffield, and Councilmembers McLaughlin, Post and Smith voted AYE. (5-0)

## **PROPOSED FY2024-2025 BUDGET PRESENTATION**

City Manager Jim Greene, Jr. reviewed the highlights of the FY2024-2025 proposed budget. He noted the budget reemphasizes a commitment to financials stewardship, service efficiency, strategic investment, infrastructure maintenance, and planning for growth.

Mr. Greene pointed out the issues impacting the budget which include:

- Growth and service demand
- Recruitment and retention
- Slowing revenue growth and limited resources
- Capital projects, maintenance and repair
- Inflation and its impact on contracts, supplies and equipment

He noted the priorities for the budget:

- Strategic Plan
- Invest in employees
- Realistic revenue estimates
- Plan and manage for growth
- Infrastructure and capital improvements
- Use Fund Balance wisely for Council priorities and one-time needs
- High quality of life

Mr. Greene pointed out the 2024 Strategic Plan was used as the guiding document for the budget, and he reviewed the focus areas and how they will be addressed in the budget:

- Healthy, Safe and Engaged Neighborhoods
  - Begin implementation of Housing Strategy Plan once approved
  - Develop and recommend Community Engagement Plan
  - Improve walkability through construction of Brenner Avenue and Old Concord Road sidewalk projects
  - Begin bicycle plan
- Economic and Workforce Development
  - Conduct branding study
  - Internships funded in Human Resources
  - Implement Microtransit (grant not included in budget)
  - Downtown façade grants
  - Budget infrastructure grants for Phase I of Empire Project
  - Continue Small Business grants
- Sustainable Infrastructure
  - Continues SRU Capital Projects investment including Intake Facility and Stormwater Master Plan Progress
  - Design fuel site with gas, diesel and electric Charging
  - Conduct roof audits
  - Fund new technology, including Microsoft 365 Citywide and Fusus for Police Department
  - Improve Signal Maintenance Shop/Cone Center
- Public Safety
  - Recommend three additional Police Officer positions, IT and Transportation positions
  - Pursue three-year SAFER Grant for six new Firefighter positions to reduce OT and callbacks
  - Complete construction of Fire Station 3
  - Support Police and Fire Purchase of new technology and Fire Department cancer screening/physicals and turn-out gear

- Organizational Excellence
  - Evaluate staffing needs in Solid Waste, Fire and Police
  - Recommend compensation increases for all employees and to help address livable wage
  - Continue to fund DEI training and other leadership training
  - Expand wellness programs for employees
  
- Cultural Amenities
  - Complete Master Plan in conjunction with Rufty Holmes for new Multi-Generational Center Project
  - Complete design of improvements for Wells Fargo Downtown Event Space
  - Continue to improve and grow our greenway system

Mr. Greene indicated the total budget is \$119,746,878 which is an approximate 11% increase from the FY2023-2024 budget. He noted the increase is due to \$7,000,000 in grants, infrastructure, compensation, new positions, and increased benefit costs.

Mr. Greene stated the budget includes retirement system increases from 12.89% to 13.64% for most employees and 14.04% to 15.04% for law enforcement officers. He reviewed the salary adjustments approved in previous years and stated the compensation goal is to provide fair and competitive salaries for all employees. He stated the proposed budget includes the following pay adjustments:

- 1.5% Cost of Living in August 2024
- 4.5% salary range adjustment in September 2024
- 3.0% average merit in January 2025
- Annual 1% lump sum bonus December 2024

Mr. Greene indicated he is recommending a 4.9 cent tax increase to a rate of \$.665 per \$100 valuation. He pointed out that a 4.9 cent tax increase will generate \$2,102,100 for the General Fund and Transit Fund. He noted a home valued at \$200,000 would see a \$98 annual tax increase, while a home valued at \$231,685, the average home value for Salisbury, would increase \$114 annually.

Mr. Greene reviewed the value of one cent on the tax rate for Salisbury and surrounding communities:

- Salisbury - \$429,000
- Statesville - \$465,000 (FY2024)
- Kannapolis - \$888,232
- Mooresville - \$1,290,000
- Concord - \$2,295,423
- Rowan County - \$1,900,000

Mr. Greene recommended the Municipal Service District tax rate remain the same as FY2024 at \$0.156 per \$100 of valuation.

Deputy City Manager Richard White reviewed the highlights of the General Fund budget. He noted the largest expenditures from the General Fund are for public safety, general government and transportation. He also reviewed the large projects and proposed new positions be included in the proposed budget.

Mr. White noted the retirement increase, longevity bonus, increase in health insurance, continuation of additional one percent to 401K and an increase in the tax collection fee from Rowan County total \$900,321, which will be absorbed by the City.

Mr. White indicated an additional Solid Waste crew is needed to address growth and increased demand for service. He explained the additional crew will help address safety concerns from high volume operations and reduce stress on staff. He indicated to help recover the cost of operations a Solid Waste fee increase of \$2.29 per month and Recycling fee increase of \$0.48 per month is recommended. He stated this will result in a total fee of \$22.98 for residential properties and \$23.09 for commercial.

Mr. White also reviewed the 10-year Capital Improvement Plan (CIP) and noted this is the first year it has been incorporated into the budget. He noted the total General Fund request is \$22,708,838 and includes:

- Fueling site design
- The Depot purchase and design
- Neighborhood rehabilitation and revitalization
- Sidewalk projects – Brenner Avenue, Old Concord Rd
- Parks and Recreation Infrastructure (Old ARPA funds)
- Signal Shop/Cone Center design improvements

Mr. White noted there are large projects not included in the CIP because of grants or funds associated with the projects, including additional phases for the Empire Building Project, MicroTransit, Depot Project renovations, Downtown Streetscape project, Kesler Mill site redevelopment, and sale of the Plaza revenues.

Finance Director Wade Furches reviewed General Fund revenues by source and noted the largest portion of revenue is derived from property tax. He then reviewed the assumptions made during revenue projections.

Mr. Furches indicated fees are reviewed annually and in the proposed budget fees have been added or increased in Land Management and Development Services to offset increased demand for services, increased re-review of submitted plans and new services provide.

Mr. Furches reviewed the General Fund balance as a percent of expenditures and noted it increased to 61.05% in FY2023. He explained as of June 30, 2023, the remaining Fund Balance in excess of working capital and the Fund Balance Policy was \$16,872,922. He stated using that

balance and the estimated revenue surplus for FY2024 less several large one-time projects being paid from Fund Balance, the estimated percentage is 48% or \$11,718,634. He commented that the recommended budget appropriates \$2,455,794 for one-time projects.

Mr. Furches stated there has been some revenue growth despite conservative estimates, but the growth is slowing. He added the growth is helpful to the City but the increases are not sustainable long-term and a potential economic downturn is still a possibility. He noted additional revenue is needed in the General Fund to address the growth and Council's Strategic Plan priorities. He stated these appropriations for one-time needs to support needed infrastructure and Council priorities, adding the appropriations will be an investment in public safety, technology, new positions, infrastructure, and employees.

Mr. Furches reviewed the Stormwater Fund recommended budget with expected expenditures and revenues of \$2,597,895. He noted the Stormwater CIP recommends an increase to Stormwater fees to \$5.29 per ERU per month to cover the CIP. He explained these funds are used to pay for leaf collection, street sweeping, public education and involvement, and infrastructure projects.

Mr. Furches then reviewed the Salisbury-Rowan Utilities recommended budget with expenditures and revenues totaling \$39,325,841. He reviewed the key initiatives including:

- Continued investment in infrastructure upgrades to meet future demands due to growth
- Implement System Development fees
- Continued master planning
- Continue to implement adopted Capital Improvement Program (CIP)
- Evaluate staffing needs/invest in Training
- Proceed \$22.5 million grant with bidding and construction activities to meet the proposed 2021 BRIC grant project timeline for the River Pump Station Relocation Project
- \$9 million local contribution (Cube Yadkin)
- \$22.5 million grant

Mr. Furches noted the Consumer Price Index (CPI) of the South Region has increased 22.4% over the past 5 years while rates have only increased 8.03% during that same period. He indicated the City Manager recommends a water and wastewater rate increase of 3.5% for FY2025. He explained this equates to approximately \$2.12 per month for residential units based on 4,000 gallons usage. He pointed out a comparison of rates for the region:

	<b>Municipality</b>	<b>Service Population</b>	<b>No. of Water Connections</b>	<b>Water</b>	<b>Sewer</b>	<b>Residential W/S Bill Total</b>
1	Town of East Specer	1,550	793	\$47.58	\$56.46	\$104.04
2	Town of Landis (Electric City)	3,200	1,855	\$47.75	\$55.60	\$103.35
3	OWASA	86,300	21,849	\$46.54	\$53.90	\$100.44
4	City of Thomasville - <i>Inside Rate</i>	27,485	10,821	\$33.07	\$50.66	\$83.73
5	City of Lexington - <i>Inside Rate</i> (Electric City)	19,632	8,368	\$36.24	\$47.30	\$83.54
6	City of Highpoint - <i>Inside Rate</i> (Electric City)	116,065	43,328	\$28.70	\$47.96	\$76.66
7	City of Wilson - <i>Inside Rate</i> (Electric City)	50,001	21,926	\$33.91	\$39.99	\$73.90
8	City of Statesville - <i>Inside Rate</i> (Electric City)	28,419	12,205	\$25.86	\$41.46	\$67.32
9	<b>Salisbury-Rowan Utilities (proposed FY25)</b>	<b>53,000</b>	<b>20,469</b>	<b>\$28.14</b>	<b>\$37.06</b>	<b>\$65.20</b>
10	City of Lincolnton - <i>Inside Rate</i> (Electric City)	13,135	5,607	\$25.51	\$39.57	\$65.08
11	City of Kannapolis - <i>Inside Rate</i>	51,995	19,958	\$34.15	\$30.60	\$64.75
12	Charlotte Water	1,122,573	304,146	\$17.75	\$44.85	\$62.60
13	Town of Mooresville - <i>Inside Rate</i> (Electric City)	49,552	18,080	\$23.67	\$34.51	\$58.18
14	City of Concord - <i>Inside Rate</i> (Electric City)	116,845	46,002	\$25.92	\$25.87	\$51.79
15	City of Albemarle - <i>Inside Rate</i> (Electric City)	17,368	7,451	\$23.73	\$22.88	\$46.61
16	City of Lenoir - <i>Inside Rate</i>	23,192	9,800	\$22.00	\$22.46	\$44.46
<i>*Information obtained from UNC Environmental Finance Center and adopted fee schedule 2023-2024</i>						
<i>*Rates based on 4,000 gallons (535 cf) for residential customers (approx. 5.347 billing units)</i>						
<i>*All communities are shown at current inside rates (not outside rates)</i>						

Mr. Furches referred to the Broadband Fund and stated the General Fund contribution of \$2,700,000 remains flat from last year. He noted the principal and interest payment for the installment financing debt is \$2,721,313, and the budget includes \$500,000 debt principal payment to SRU. He pointed out that is the same as FY2024 but is a \$200,000 increase from FY2023.

Mr. Furches reviewed the Transit Fund and noted the grant monies used in the FY2025 proposed budget:

- \$817,812 in Grant funds
- \$23,709 allocated for third party services to clean interior and exterior of City buses
- \$678,000 contribution from General Fund (An increase of \$48,000 from current year)

He indicated there will be a continued focus on strategic focus areas including:

- Micro-transit Request for Proposal (RFP) is drafted and being reviewed by Integrated Mobility Division
- Awaiting signed Grant Agreement from Federal Transportation Administration to publish RFP publicly
- Micro-transit costs/revenues are not included in the FY2025 budget as City awaits word on grant and RFP results for service costs. A budget amendment will be needed in the future to budget for this service

Mr. Greene summarized the proposed tax and fee adjustment:

- Recommended tax rate of \$0.665 per \$100 valuation key to fund growth, public safety initiatives & City Council goals (an increase of 4.9 cents)
- Increase in Stormwater fees by \$0.48 per month to address master plan implementation as discussed with City Council

- Increase in Water and Sewer rates of 3.5% to fund infrastructure needs as discussed with City Council
- Increase in Solid Waste Fee of \$2.29 per month to fund additional crew needed for service growth as discussed with City Council
- Increase in Recycling Fee of \$0.48 per month to address increased contract costs as discussed with City Council

He reviewed the residential monthly proposed increase:

- Property Tax Increase: \$9.50 (based on \$231,685 home)
- Solid Waste Increase: \$2.29
- Recycling Increase: \$0.48
- Stormwater Increase: \$0.48
- Utility Bill Increase: \$2.12 (based on 4,000-gallon usage)
- Total Approximate Monthly Increase: \$14.87

Mr. Greene noted the proposed budget adoption process and indicated time had been reserved for an additional workshop on May 21, June 4 and June 11. He pointed out the public hearing is scheduled for June 4 with the budget adoption scheduled for June 18. After discussion, Council agreed to hold the public hearing on June 4 before scheduling additional workshops in order to hear from the public on the proposed budget.

Council thanked Mr. Greene and staff for presenting pieces of the proposed budget over the last several meetings.

Councilmember McLaughlin asked if the budget revenues include the residential developments approved over the past year. Mr. Furches indicated not all growth is reflected in the budget yet because they are valued as of January 1, 2024 and many of the developments are still valued as land without improvements. He added this is the case for commercial development projects that have recently been approved.

Councilmember Post stated the Fund Balance has grown and is also used for one-time projects. He clarified using Fund Balance will leave approximately 50%. Mr. Furches agreed and indicated the estimate is 48%.

Mayor Pro Tem Sheffield noted the General Fund balance is sound and asked if there are cuts from departmental requests that can be covered. Mr. Greene indicated Council has been supportive of staff returning at mid-year if revenues are strong in order to fund items on the list. He stated, if Council agrees, he will give a mid-year update to see if there is additional revenue for project consideration. Council agreed it was a good approach.

Councilmember Smith commented he appreciated the way the Strategic Plan has been incorporated into the budget.

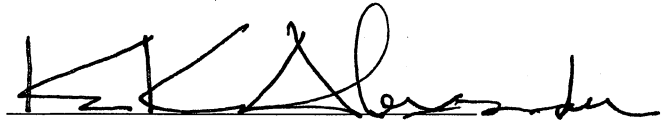
Mr. Greene asked Council to let him know if there is any additional information needed.

Mayor Alexander thanked Mr. Greene and staff for their work on the budget and the way it has been shared with Council.

**ADJOURNMENT**

Motion to adjourn the meeting was made by Mayor Pro Tem Sheffield. Mayor Alexander, Mayor Pro Tem Sheffield and Councilmembers McLaughlin, Post and Smith voted AYE. (5-0)

The meeting was adjourned at 7:40 p.m.



Karen Alexander, Mayor



Connie B. Snyder, City Clerk