

MINUTES
REGULAR MEETING
CITY COUNCIL

June 6, 2022

Ronnie Thompson, Mayor

Sally W. Sandy, City Manager
Louis E. Vinay, Jr., City Attorney

Wendy Cato)
Christopher Hawkins) Council
Chris Jernigan)
Butch McSwain)

Interpreters
Danette Steelman-Bridges
Ernest Williams, IV

- I. Call to Order - The Mayor called the meeting to order in the Council Chamber at City Hall at 6:00 p.m.
- II. Public Comment – The Mayor stated the guidelines for public comment and said speakers were to be called in order of sign-up for those who appeared in person; however, due to COVID-19 the Council was still accepting public comments via email, U.S. mail, or hand-delivered letters.

The following persons requested to be added for Public Comment and were called by Mayor Thompson to come to the podium for comment:

- David Franklin – Owner of Initech, Enterprises located at 109 Craftsman Drive – Mr. Franklin stated that he is a small business owner within the city limits. The business employs 10 people and is growing. He is considering expanding his facility. He recently discovered that there are city ordinances that prohibit him from being able to add on to his current building so that he can eventually add an additional 14 to 20 employees.

He also received a bill for a recent fire inspection. He stated that he has never received a bill for a fire inspection. He feels that on top of city taxes that he pays, he is now being billed for fire inspections.

He is frustrated because he is unable to add on to his facility to add on new positions and because he was billed for inspection services that he did not ask for or want.

- Joseph Bateman – 118 Dogwood Court – Mr. Bateman asked City Attorney Vinay if he has the contract and the copy of law that he requested at a previous meeting (April 4, 2022). He asked why he is not on the agenda. He began to address those in attendance at the council meeting. Mr. Vinay responded at the request of Mayor Thompson by stating that Mr. Bateman

has been a utilities customer of the City for many years and knew that when he became a customer he did so under certain terms of service including allowing access to meter readers to read his meters so that he can be charged, which he has allowed for many years. At this point, Mr. Bateman interrupted City Attorney Vinay. Mr. Bateman continued by stating, "you break the law and harass me. You are not allowed on my property and that is clear in the letter. You can schedule it as stated in the letter. You don't have a right of way. Stop playing games and produce this information. You are a very incompetent lawyer. Did you know that?" City Attorney Vinay tried to respond and again was interrupted by Mr. Bateman who stated that he would be running against Mayor Thompson. He then left the Council meeting with no further comment.

- Beverly Carlton – Executive Director of Olive Hill Community and Economic Development Corporation – Ms. Carlton pointed out that June is Home Ownership Month and 2022 marks the 20th anniversary of HUD's ongoing commitment to helping families and individuals obtain their dreams of home ownership. Olive Hill and HUD will continue to lead the way by providing the opportunity to obtain affordable housing particularly for the underserved communities of color and other underserved communities. Potential first-time homebuyers are encouraged to contact Olive Hill to get started and enrolled in the July 9th Homebuyer's Education class.

On Saturday, June 11th, Olive Hill is partnering with the Hickory NAACP Equity Inclusion Task Force to present the first annual Regional Foothills Housing Fair.

She also thanked the City of Morganton for allowing the Juneteenth Awareness display in the lobby of City Hall.

- III. Pledge of Allegiance to the Flag – The pledge of allegiance was led by Councilmember Hawkins.
- IV. Invocation Given by Rev. Latrese Lyerly of New Hope in Christ Baptist Church
- V. Introduction of Council – The Mayor introduced Councilmembers and staff.
- VI. Retirement Resolutions
 - a. The Mayor read a resolution honoring Bennett A. Chapman, who retired from the City of Morganton on June 1, 2022 with approximately 29 years of full-time service. Bennett retired as Senior Plant Maintenance Mechanic in the Water Department. Mr. Bennett was unable to attend in person.

Upon motion by Councilmember Cato, seconded by Councilmember Jernigan , and carried unanimously, the Council adopted Resolution # 22-15 honoring retiree Bennett A. Chapman.

VII. Public Advocacy Issues and Strategies

- a. The Mayor recognized Joshua Harris, Communication and Public Information Director for the City of Lenoir, to present the City of Morganton an Excellence in Communication Award from the NC City & County Communicators (NC3C) – for the 2021 website redesign project – 2nd place in Digital Technology Website. Mr. Harris is a past president of NC3C that currently has 125 members from across North Carolina.

Sonja Marston, Assistant City Manager, accepted the award. She stated that she is honored to accept on behalf of Ethan Smith, PIO, who did a fantastic job with the website redesign project assisted by over 60 City of Morganton employees. Great job to everyone!

- b. The Mayor read a proclamation celebrating Juneteenth.

The proclamation was presented by the Mayor and accepted by Alicia Connelly and Ruth Roseboro for the NAACP and Artie McKesson-Logan for the Citizens for the Improvement for Better Human Relations and Cultural Awareness.

- c. Michael Berley, Project Designer for the City of Morganton, introduced a new historic marker that will be installed later this month in Morganton for the Historic Jonesboro District. The marker has been ordered and is expected to arrive later this month. This marker will be the 4th historical marker sponsored by Morganton.

This marker was approved and sponsored by the Morganton Historic Preservation Commission. The marker will be black with silver lettering. The marker will read, “Jonesboro Historic District, 1895 to 1935, Morganton’s Oldest Intact Historically Black Neighborhood, Home to Prominent Citizens of the Era, It is Distinguished by the Vernacular Style of Homes and the Rural Character of the Landscape” and then in small type at the bottom of the sign will be the letter “M” and number “4” representing Morganton’s 4th local marker of this type and then “Morganton Historic Preservation Commission” as the sponsor and the year of the marker. The marker will be placed near the corner of West Concord Street and Jones Street to commemorate the Jonesboro Historic District. The Historic Preservation Commission (HPC) hopes to continue with more of these type of markers to further define the other historic districts in Morganton.

- d. The Mayor announced upcoming Downtown events including Farmers Markets to continue weekly through the end of October; TGIF Summer Concerts to continue throughout June and July; Sunday POPS concerts to continue on the fourth

Sundays through September, 3 to 5 p.m.; Juneteenth Harmony & Equality Brunch at the Community House and the Juneteenth Celebration at CoMMA, both to be held on June 18th; and Art in the Hall – Vyvyan Dunne – “Paper Collage – A Two-year Journey” will be on display June and July at City Hall.

The Mayor also announced upcoming Recreation events including Collett Street swimming pool, Martha’s Park splash-pad, and Martin Luther King, Jr. splash-pad are all open for the summer, and the Fourth of July fireworks to be held on Monday, July 4, 2022, at night fall. Fireworks event will take place on the grounds of Freedom Park.

VIII. North Carolina Municipal Power Agency Number 1 Update - No update per City Manager Sally Sandy.

IX. Consent Agenda – City Manager Sandy presented the Consent Agenda and asked if any items should be removed. No request was made.

Upon motion by Councilmember Hawkins, seconded by Councilmember McSwain, and unanimously carried, the Consent Agenda was approved and each individual item adopted as stated, those being as follows:

- A. Approved Regular Meeting minutes for meeting held on May 2, 2022; as submitted.
- B. Reappointed Jennie McNeilly as Tax Collector for a period of June 1, 2022 through July 1, 2023 and approved a Resolution # 22 – 16 adopting an Order Directing the Tax Collector to Collect Taxes.
- C. Approved a budget amendment in the amount of \$51,322.88 to recognize receipt of payment for insurance reimbursement for damage to a sanitation truck.
- D. Approved a Resolution # 22 - 14 authorizing an application for a grant from the NCDWR/WRDG for \$200,000 to assist with improvement at Bethel Park.
- E. Approved amendment, Ordinance 22 – 20, to Chapter 2 of Part 4 of the City’s Code of Ordinances concerning Solid Waste Management as set out in the ordinance .

X. Items Removed from Consent Agenda – There were no items removed.

XI. Presentation of Proposed Budget for FY 2022-2023

Presented by Sally Sandy, City Manager assisted by Jessie Parris, Finance Director – following is the text of the Manager’s budget message to Council:

June 1, 2022

Honorable Mayor and Members of the City Council
 Morganton, North Carolina

In accordance with the North Carolina Local Government Fiscal Control Act, the recommended budget for fiscal year 2022/2023 is presented for your consideration. The budget document represents balanced revenues and expenditures. Supporting our vision and making Morganton, the best it can be requires leadership, the ability to looking toward the future and using resources to invest in that future. Each City department contributes to the whole and is vital to the team. The capital budgets include equipment replacements, facility and infrastructure investments and park improvements. The budget summary by fund is included below:

Statistical Summary

Fund Description	Revised Budget FY 21-22	Requested FY 22-23	Increase/ (Decrease)	
			Dollars	Percent
General Fund				
- Operations	21,306,989	22,176,975	869,986	4.08%
- C.I.P.	3,914,480	3,982,211	67,731	1.73%
- Powell Bill (less capital)	353,048	258,778	(94,271)	(26.70%)
Total General Fund	25,574,517	26,417,964	843,446	3.30%
Water Fund	9,628,877	10,617,235	988,358	10.26%
Electric Fund	34,544,715	28,478,022	(6,066,693)	(17.56%)
Wastewater Fund	11,057,360	11,326,085	268,725	2.4%
CoMPAS CATV Fund	6,488,668	6,123,582	(365,086)	(5.6%)
Cemetery Trust Fund	16,500	124,200	107,700	652%
Subtotal:	87,310,637	83,087,088	(4,223,549)	(4.84%)
Less Interfund Transfers	(794,458)	(943,215)	(148,757)	18.72%
Total Budget:	86,516,179	82,143,873	(4,372,306)	(5.05%)

Not included in the summary above, but presented within this document, is the budget for the Intergovernmental Service Fund. This fund is an internal service fund and represents costs already accounted for within the General and Enterprise Funds.

Inclusion of this fund in the statistical summary above would include these expenditures twice.

In some ways, the last two years have seemed to last forever and in other ways, it seems like time is flying by us. COVID-19 has changed much about how we do business and how we live life. Our community has enjoyed success when we match fiscal responsibility with investments for the future, engage our private partners and leverage our opportunities to make our dollars go further. We are better when we refuse to settle for the ordinary. We have definitely lived this during the past two years.

We continue to negotiate payment plans for past due utilities and unpaid ad valorem taxes. The City has distributed \$193,863 in CDBG entitlement CARES ACT funds to non-profits to help those in need. Timelines for projects continue to expand as supplies and pricing remain uncertain. Rising fuel costs affect every service we provide.

The 2022/2023 total budget is \$82,143,873, which is \$4,372,306 or 5% less than the revised budget for 2021/2022. We continue to use project funds to account for multi-year projects. Ongoing major projects as of June 30, 2022 include the Downtown Greenway Connector, College Street Redesign, Rand Street Substation and Bethel Park Phase I. Large water and wastewater projects keep being rebudgeted as staff attempts to secure funding assistance. Never in our history has so much public funding been available. The challenge is to crack the code on accessing it. Staff also continues to solicit and secure private grant funding and private donations to assist in completing investments.

Our long-standing partnership between the City of Morganton and other governmental partners in the areas of economic development, airport service, public library services and now public transportation continue. In the 2022/2023 budget proposal, these entities are funded as follows:

Burke Development, Inc. (BDI)	\$ 140,175
Burke County Library	235,000
Foothills Regional Airport Authority	47,137
WPCOG	25,687
DIG Incentive	47,575
Greenway Transportation	<u>14,000</u>
Total	<u>\$ 509,574</u>

The BDI contributions fund operations and local incentives to industry. Local incentives to industry are included at \$54,800. The Foothills Airport requests includes funding for operations and \$36,917 for capital. The capital request is to accumulate local matching funds for federal grants for airport improvements in the future.

The library request of \$235,000 is all for operations. The budget proposal includes \$14,000 to continue funding the public transit route in Morganton. Finally, the City continues to budget \$5,000 a year to do routine maintenance on the library grounds,

which is in addition to the requested amount in this schedule. The DIG amount of \$47,575 is for Alpine Mill a recently completed mixed-use project and the Downtown Fairfield hotel. These projects represent large investments in our community. The funding associated with these partnerships equates to the value of 3.0 cents on our tax rate.

In the next few pages, I want to give a summary of each fund including assumptions regarding revenues for next budget year. Each proposed budget includes a Capital Improvement Program (CIP). All funds, except Electric, require an appropriation of fund balance or retained earnings to balance. In no case is the use of these savings at a level that raises concerns.

General Fund

The General Fund is home of traditional government services – police, fire, sanitation, street maintenance, engineering, zoning and inspections. For Morganton citizens it is also home to cultural activities and functions provided by Main Street, Recreation, CoMMA and the Community House. This fund is sensitive to economic factors, subject to NC General Assembly decisions and dependent on property taxes, sales taxes, ABC revenues, occupancy taxes and grant funding.

The 2022/2023 proposed budget is \$26,417,964. This is \$843,446, which is 3.3% more than the revised budget for 2021/2022. The investments that bring visitors to our community, attract new residents and create a quality of life above the rest happen in the General Fund along with support from our utilities. Most importantly, the services that make Morganton different are provided with General Fund resources. Affordability of services for our citizens remains a priority.

For the fourth year in a row, the General Fund is on target to add to the fund balance. Some better than expected revenues, changes to capital expenditures and schedules, conservative spending and lapsed salaries due to hiring difficulties contribute to excess revenues over expenditures. It is predicted that we will add over \$1 million to the fund balance at fiscal year-end.

We are definitely experiencing more participation in recreational activities, CoMMA performances and rentals are better attended, and activity downtown has increased. The Community House continues to see events coming back, bookings are up and catering is still going strong. Even with all this activity, it is still noticeable that everyone is not comfortable being inside with groups. Our parks, parklets and newly renovated Courthouse Square are full of activity. Reaching full staff with adequate part-time help to service the increased activity is challenging.

The 2022/2023 proposed budget includes a recommendation to hold the current tax rate of \$0.57/\$100 value in place which staff believes will generate \$9,950,000 or 38% of the general fund. One cent on the tax rate generates approximately \$170,600. Collection rate assumed is 98% for 2022/2023. Current year collections have been difficult

The 2022/2023 proposed budget includes a recommendation to hold the current downtown special tax rate at \$0.14/\$100 value which staff believes will generate \$131,500 or 15% of the 2022/2023 Main Street expenditures. Assumed collection percentage is 98%. One cent on the downtown tax rate generates about \$9,946. Current year collections have been very difficult and are projected to end the year at 96%. This is largely due to a couple of unpaid large tax bills.

Motor vehicle taxes, utility franchise taxes, Power Bill revenue and State-shared ABC revenue are fairly consistent with some slight increases budgeted. Local ABC revenue and occupancy taxes continue to be bright spots in revenue collections. They are budgeted at \$335,000 and \$125,000, respectively for 2022/2023. Occupancy taxes are definitely supported by business travel and leisure travel. Our investment in beautification, cultural and recreational facilities, and programming support tourism efforts.

The 2022/2023 budget includes \$7,620,778 for investing in such activities and facilities. This total represents the combined budgets for the Community House, CoMMA, Main Street and Recreation. This investment continues to pay back to the community for Morganton and Burke County. The proposed budget also includes \$1,048,000 in revenues from activities in these departments.

Sales tax revenue has been increasing since the beginning of the pandemic and since NC began tax collections for on-line purchases. We have experienced double-digit growth in sales tax revenues for the past two fiscal years. Based on statewide estimates and conservative projections, 2022/2023 sales tax is budgeted to grow another 3% and generate \$6,013,342. That represents 23% of General Fund revenues and is equivalent to the value of 35 cents on the tax rate. This revenue is very important to the City of Morganton.

Highlights from the total General Fund CIP of \$3,982,211 include a Knuckleboom for streets at \$200,000 and a new fire truck at \$820,000. Both of these vehicles will be financed. A \$75,000 Masterplan for CoMMA and an updated Comprehensive Plan for Development is budgeted at \$200,000. This plan will replace Mission 2030 that is 12 years old. Another phase of Bethel Park improvements is included at \$837,211. Grant funds of \$443,914 with City match of \$393,897 make up this phase to restore Fiddlers Run stream.

Other notable projects funded include \$125,000 for restaurant recruitment downtown and \$120,000 in stimulus/loan funds to assist with street construction supporting new housing development. The City is seeking \$150,000 grant funding to replace the floor and bleachers at the Mountain View gym. Other equipment and maintenance items are included in the CIP.

The General Fund budget proposal includes an appropriation of fund balance of \$297,912. This amount is minimal and follows two fiscal years of adding to the fund

balance. This appropriation maintains the Council adopted policy of 15% or more in fund balance.

Water Fund

After several years of decreased water usage during the height of COVID-19, there is some growth in water usage and revenues. Projections include an average 4% increase in usage. However, the revenue growth is not outpacing the rise in fuel and chemical costs. The total budget for fiscal year 2022/2023 is \$10,617,235 including a capital budget of \$5,576,000 with an appropriation of retained earnings of \$46,235.

During COVID-19 we strayed from our 10-year rate study plan and opted to delay the 2020 recommended 2% increase in fixed and volume charges. These rate increases are designed to be small and periodic to handle inflation. In order to meet the rising costs of water treatment, this budget proposal includes a 4% increase in volume charges. Fixed costs are projected to remain the same. Water revenues are projected at \$5,877,000, which is 8% over projected revenues in the current fiscal year. The 4% rate increase is projected to generate approximately \$152,000 and will go into effect August 1, 2022.

The proposed rate increase of 4% would add about \$0.25/month for inside residential customers and \$0.50/month for outside customers assuming 5,000-gallon usage. For commercial customers and industrial customers, increase will range on average between \$200/month to \$1,600/month. Water rates have not changed since 2018.

The recommended CIP includes \$4.16 million for the sedimentation upgrade at the water treatment plant. City staff is seeking State grant funds and/or low interest funding for this project. The proposed plan includes \$400,000 for line replacement/repair, \$150,000 in housing stimulus grants/loans and routine equipment, and vehicle replacement. Other upgrades include \$175,000 for a raw water by-pass and \$60,000 to upgrade the SCADA system.

Electric Fund

As has been the case for the past several years, even during the pandemic with decreased usage, the Electric Fund story is positive. Past decisions and the rate stabilization fund have kept the fund financially stable. The last few years have required some larger capital investments into our distribution system.

The 2022/2023 recommended budget is \$28,478,022 and does not include any appropriated retained earnings to balance. It does reflect increased costs of around 16%-20% on materials with long lead times and difficulty to obtain. The proposed CIP is lower at \$1,210,000 following the new substation project in the current fiscal year.

The NCMPAI has been able to keep wholesale rates steady for several years. Wholesale rates for Morganton will be decreasing at a projected rate of 10% this year.

The decrease will be experienced in the first demand block of our billing, as each rate class of customer will be effected differently.

As our customers are coming off difficult economic times and costs continue to rise with excessive inflation, staff recommends an average 5.5% rate reduction to be passed along effective August 1, 2022.

The rate reductions will range from 2% to 14% depending on the type of customer. Annual savings will range from a household amount of \$60 to commercial savings between \$1,300 and \$15,000. Industrial customers will receive savings of 3% on average. These rate reductions follow last years' reductions and address rate disparities between the City and Duke Energy in several rate classes.

The projected revenues from sale of power are \$27,500,000 and for the first time in years, do include a modest growth in usage/customers of 2%. The cost to purchase power is budgeted at \$20,200,000 for NCMPAI and \$850,000 for SEPA. Contracted services includes tree trimming and is budgeted at \$280,000. A modest contribution of \$300,000 to rate stabilization is included.

The 2022/2023 proposed budget includes continued investment in our system with a SCADA replacement at \$155,000, underground upgrades of \$265,000 and general system improvements at \$250,000. These costs are included in the CIP.

Wastewater Fund

The Wastewater Fund budget proposal for 2022/2023 is \$11,326,085. This represents a 5% increase over the revised budget for the current year. As always, this fund tends to mirror water. Usage is picking up after COVID-19 and the budget reflects a 5% growth from the current year. Appropriated retained earnings of \$12,085 is included.

The recommended budget includes a 4% increase in volume charges with no increase to fixed charges. This increase will generate \$162,713 to help cover increasing costs of chemicals, fuel and supplies. The new rate would be effective August 1, 2022.

The rate increase would add about \$0.70/month for 5,000/gallon per month user inside of the City limits and \$1.40/month for the 5,000/gallon per month user outside of the City limits. Commercial and industrial users will see increases ranging from \$100/month to \$4,000/month from our largest sewer customers.

Treating wastewater is a highly regulated and expensive business. Several costly upgrades have been completed to the plant in the last ten years. Improvements to the collection system occur routinely. Annual debt service is \$1,895,557.

The 2022/2023 budget includes a CIP of \$6,550,000. The upgrade/expansion of the Silver Creek Pump Station continues to be rebudgeted. It is budgeted at \$5,310,000. State grants/low interest loans are being requested for this project. Other capital

highlights include compost area resurfacing and drainage repair at \$85,000 and \$150,000 to support infrastructure development in new single-family housing developments.

CoMPAS Fund

The proposed budget for CoMPAS for fiscal year 2022/2023 is \$6,123,582, which is slightly lower than current year. An appropriation of retained earnings of \$11,382 is required to balance the budget. High-speed internet continues to be the service most in demand. Internet revenue is projected at \$3,375,000 next year. The access to high-speed broadband in our community is invaluable and an economic development tool.

Commercial/business internet customers and phone customers continue to choose CoMPAS. The projection is to add 10 new business customers over the next year and 15 residential customers each month of 2022/2023. Our national consultant recommends condensing our internet speed offerings again this year to remain competitive. Effective with the August 2022 billing, the 10 mbps internet speed will no longer be available. This will make our lowest speed 50 mbps for \$49.95/month. Other internet fees will remain unchanged.

For the first time in many years, there is no recommended rate increase for TV service. We are entering the third year of contract pricing for local channels. Fall 2023 will require renegotiations. The budgeted costs for video programming is estimated at \$2,150,000. We are predicting to lose 100 video subscribers next year.

Phone customers remain consistent with growth in commercial customers. Due to renegotiated rates for residential phone service, rates will drop \$3.00/month beginning August 1, 2022.

The proposed CIP is \$660,000 and includes \$250,000 to deploy headend at several nodes as a pilot project for future conversion possibilities of the system to a streaming service. The budget includes \$20,000 of infrastructure investment to support the development of a local co-work space. City Staff continues to work with our consultant and State elected representatives for funding to convert the existing plant to a full fiber-to-home or last mile fiber system.

Cemetery Trust Fund

The Cemetery Trust Fund is designed to accumulate funds for maintaining the City owned cemetery and to provide perpetual care for that property. The budget for 2022/2023 is \$124,200. Lot and niche sales and marker sales are budgeted at \$23,000 next year. There is a \$100,000 reimbursement to the General Fund for a paving project at the cemetery. This funding is from the original fund. It has been several years since any reimbursements have been used. The main circle drive is in definite need of repaving.

Intergovernmental Service Fund

The Intergovernmental Service Fund includes the Warehouse, Garage, and Information Resources Management Services (IRMS). These departments provide service to other funds. The total budget for these services for 2022/2023 is \$3,139,006, which is \$512,000 more than last year. Increased costs of supplies and fuel are evident in this large increase.

The IRMS budget is \$1,692,006. IRMS projects continue to span multi-budget years. Contracted services, which include support costs for hardware and software, are \$592,810 or 35% of the IRMS budget. Technology is intertwined and critical in most aspects of our operations. Adequate service to our customers depends on technology. CIP is budgeted at \$312,925 and includes routine purchases, connectivity costs, and the second installment of Record Management Software for Public Safety.

A security assessment is budgeted at \$30,000. Like all businesses, it is critical that we stay on top of our system security. Adequate investment in cybersecurity is a must.

The warehouse budget is \$662,000 or \$167,000 higher than the current year. This is reflective of the increased costs of all materials. Largest increases are in Electric and CoMPAS, followed by wastewater and water, respectively. Inventory costs are up as delivery times are extremely extended and departments are struggling to get necessary items regularly.

The Equipment Services budget is \$785,000, which is \$99,600 more than last year. Fuel costs are up \$50,000 at \$425,000 for the year, while inventory costs are up \$50,000 at \$360,000. The washing station planned for current year was postponed to allow time to explore a better and more long-range solution. Those funds were used for increased fuel costs and supplies in the current year. The continued rise in fuel costs will be monitored and may lead to budget amendments mid-year. Departments implemented true conservation measures in Spring 2022.

American Rescue Plan Act (ARPA)

The City has been awarded \$4,835,619 in direct funds as a result of the American Rescue Plan Act (ARPA). In deciding how to best spend these funds, the Council and Staff set three priorities. These are to leverage other funds if possible, to invest in long-term assets and to select projects that provide broad benefit in the community. This budget proposal includes three projects that meet these categories. These projects are budgeted and presented in a separate project fund for accounting purposes.

The projects are sludge system upgrade at the Wastewater Plant for \$305,000; the purchase and installation of an equipment wash station at the garage services facility for \$530,000; and the resurfacing of \$800,000 worth of City streets. The resurfacing funds will allow us to complete about four years of typical resurfacing at one time and enable us to do about 3.5 miles of road, including projects in all four districts of the City.

The commitments of ARPA funding in this budget and the prior commitment of \$1.7 million for the Highway 181 sewer upgrade leave a balance of about \$1.5 million to use in future projects. The timeline for these funds requires commitment by December 2024 and spending by December 2026.

Personnel Issues

The proposed budget for 2022/2023 includes recommendations for salary increases and several position changes. The salary increases include a 4% COLA for all full-time employees effective July 2, 2022 and a 2% merit increase for full-time eligible employees effective as of February 25, 2023. The total costs for the increases including benefits is \$808,215 citywide. Hiring for vacancies remains a struggle. Market pressures and post-pandemic changes in work culture continue to challenge our ability to fill vacancies and provide top quality services. Our employees continue to step up and fill in gaps for vacant positions.

The mini-review market comparison for 1/3 of our positions was completed for Finance, Recreation, IRMS, Development & Design, Water Resources, MDPS Administration and Administrative Assistants across all departments. This study resulted in positions shifting ranges by one or, in some cases, two pay grades. The total adjustments are \$98,777 citywide and are included in the budget to be effective January 1, 2023.

Part-time rates were reviewed and base hourly rates are increased \$1.25/hour to \$10/hour. This is General Fund cost and is budgeted at \$72,248.

Several position changes and reclassifications are included in the budget. They included the ARPA/Special Projects Manager, Public Works Maintenance, CoMPAS Head End Technician and Recreation Concession Coordinator. Total costs, including benefits, for these position changes are \$273,282 citywide are included.

Employees continue to contribute at \$50.00 per month toward health insurance and 6% of salary for retirement benefits. The total cost budgeted for insurance benefits next year for active employees is \$2,368,090. The increased cost of retirement for sworn and non-sworn personnel is included at \$124,129. Law enforcement separation allowance is budgeted at \$240,516.

The personnel costs are significant. They are necessary to remain competitive and to attract and retain qualified personnel. The City is in the service business and our most important asset in that delivery is dedicated people. These proposed increases are consistent with public employers in the region and across the State.

Summary

The 2022/2023 budget charts a path forward for the City. Maintaining services, investing in our amenities and planning for our future remain critical to keeping Morganton sustainable and healthy.

I want to thank the City employees who get the job done every day. You are the frontline. The past two years, you have shown up, worked hard and persevered no matter what was thrown at you. The department directors have advanced our mission, planned and implemented our COVID response and supported the employees. Jessie Parris, Finance Director provided guidance and good common sense as we constructed this budget.

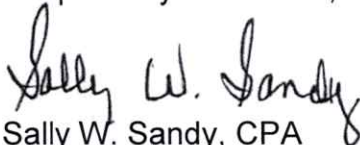
The City Council continues to value master planning, community investment and quality public services. The Council supports conservative financial management, but not at the sacrifice of the City of Morganton's growth and commitment to secure a bright future.

In the movie, *Rocky Balboa* (2006), Rocky counsels his struggling son by telling him, "It's about how hard you can get hit and keep moving forward; how much you can take and keep moving forward. That's how winning is done!" I believe this is good advice for all of us.

As the day-to-day COVID concerns have morphed into supply chain challenges, rising fuel costs, escalating material costs and rising inflation pressures, there is still more to be completed. This is work that we will do together. There is no better recent example of what we can accomplish together than the May 6th Ribbon Cutting of the renovated Historic Burke County Courthouse Square. This project required flexibility, public and private support, cooperation and collaboration and the assistance and support of every department in the City. It is the shining example of looking forward, not back. It is a living example of how we can respect the past and embrace the future at the same time in the same space. The new space is a place of welcome and inclusion.

This budget proposal allows us to ensure Morganton continues on such a path forward. It provides the framework for how we will continue "to punch above our weight-class" for the benefit of this community.

Respectfully Submitted,


Sally W. Sandy, CPA
City Manager

The City Manager stated that they had great help from the Staff and Council during the process. She stated that Council gave direction and help which shows they believe in

our community. She thanked Jessie Parris for her common sense and support during the budget process. She also thanked Kate Setzer for her help in getting the budget prepared and put together.

Jessie Parris stated that she echoes what City Manager Sally has shared and that this is her favorite time of the year. She is appreciative of the support given by the City, the City Manager and the City Council.

Councilmember McSwain commented that everyone should come uptown to the Courthouse Square to enjoy the Friday night concerts. It is refreshing to see a community moving forward.

Upon motion by Councilmember Jernigan, seconded by Councilmember Cato, and carried unanimously, the Council called for a public hearing and vote on the proposed budget on Monday, June 20, 2022, 6:00 p.m. to be held in the Council Chamber at City Hall.

XII. New Business

A. Public Hearings

1. Consideration of the City of Morganton Community Development Block Grant (CDBG) Entitlement of Program Action Plan FY 2022-2023

Lisa Helton of Western Piedmont Council of Government (WPCOG) stated the purpose of this public meeting was to receive public input and comments concerning the proposed 2022 Action Plan of the City of Morganton. This Plan, as required by the U.S. Department of Housing and Urban Development (DHUD), outlines the goals and actions of the City of Morganton in its use of Community Development Block Grant (CDBG) funds for the period, beginning July 1, 2022 and ending June 30, 2023.

She stated the CDBG funds received from HUD will be \$194,624 for this year, which is an increase over last year. In addition, we are anticipating \$30,000 of program income for repayment for our small business loans and \$127,986 in unspent funds from prior years for a total of \$352,610.

The activities being proposed:

- Small Business Loan Program
- Public Infrastructure and Facilities Improvement
- Acquisitions
- Clearance of Spot, Slum and Blight Areas
- Grants to Non-Profits
- Administration

The Mayor opened the public hearing at 7:04 pm. He asked if anyone would like to comment in favor or against the CDBG. There being no public comment, the Mayor closed the public hearing at 7:05 pm.

Upon motion by Councilman McSwain, seconded by Councilman Cato, and carried unanimously, the Council approved the 2022-2023 Action Plan as presented.

a. Consideration of the Community Development Block Grant (CDBG) Project Budget Ordinance

As a requirement of the CDBG Entitlement Program the City of Morganton must approve a Project Budget Ordinance each year to reflect the current budget revenues and expenditures.

Upon motion by Councilmember Jernigan, seconded by Councilmember Hawkins, and carried unanimously, the Council adopted the CDBG 2022 Project Budget Ordinance (Ord. #22-22) for \$352,610.

b. Consideration of an Administration Contract with the Western Piedmont Council of Governments

The City of Morganton contracts with the WPCOG to administer the CDBG Entitlement Program. Approval is needed to enter into an agreement with WPCOG to provide grant assistance for the CDBG Block Grant Entitlement Program for July 1, 2022 through June 30, 2023. The administrative funding for the 2022/2023 CDBG funds is \$38,920.

Upon motion by Councilmember Hawkins, seconded by Councilmember Jernigan, and carried unanimously, the Council approved an agreement with WPCOG to administer the CDBG Entitlement Program for 2022 - 2023.

B. Other Business

1. Appointments to Boards and Commissions

a. Board of Adjustment

This is a City Council appointment.

There are three (3) terms expiring. Dale Brittain, Thomas Eure and Bryant Lindsey have terms expiring on June 3, 2022.

Dale Brittain, Thomas Eure and Bryant Lindsey have been consistent members of the Board of Adjustment and wish to continue serving on this Board.

Upon motion by Councilmember Jernigan, seconded by Councilmember Cato, and carried unanimously, the Council reappointed Dale Brittain, Thomas Eure and Bryant Lindsey to the Board of Adjustment for three-year terms to expire on June 3, 2025.

b. Cable Commission

This is a City Council appointment.

There is one term expiring: William Robertson, Jr. (clergy).

There are two "at-large" vacancies as well as an NCSO appointment on the Commission that is vacant. Staff is actively working on contacting potential members.

Upon motion by Councilmember Hawkins, seconded by Councilmember Jernigan, and carried unanimously, the Council reappointed William Robertson, Jr. to the Cable Television Commission for a 3-year term to expire on June 1, 2025.

c. Community Appearance Advisory Commission

This is a Mayoral appointment.

There are three terms expiring: Liz Beach, Eddie McGimsey and Bill Lennon. Bill Lennon would like to step down at this time.

Both Liz Beach and Eddie McGimsey have been consistent members of the Community Appearance Advisory Commission and are willing to continue serving on this Commission.

There is one application to fill the position to be vacated by Bill Lennon. Raul Martinez has expressed a desire to serve a 3-year term.

The Mayor reappointed Liz Beach and Eddie McGimsey to the Community Appearance Advisory Commission for 3-year terms to expire on June 1, 2025.

The Mayor appointed Raul Martinez for a 3-year term to expire on June 1, 2025.

d. Main Street Advisory Board

This is a Mayoral appointment.

At this time there are six (6) members whose terms are expiring: Bobbie McCombs, Maryann Koziel, Tal Stephanides, Ashley Bunner, Nancy VanNoppen and John Cantrell.

Of the six expiring, one (1) is unable to continue serving, John Cantrell. Bobbie McCombs, Maryann Koziel, Tal Stephanides, Ashley Bunner and Nancy VanNoppen have been consistent members and have expressed willingness to continue serving on the advisory commission.

There will be a total of 1 vacant seat on the board.

The Mayor reappointed Bobbie McCombs, Maryann Koziel, Tal Stephanides, Ashley Bunner and Nancy VanNoppen to the Main Street Advisory Board for 3-year terms to expire on June 30, 2025.

e. Planning and Zoning

This is a City Council appointment.

There are three terms expiring: Judy Francis, Hank Dickens and Pete Wallace.

These three have been consistent members of the Planning and Zoning Commission and are willing to continue serving on this commission. It is recommended by staff that Judy Francis, Hank Dickens and Pete Wallace be reappointed with terms to expire on June 1, 2025.

This leaves two vacancies on the Board. One is a County appointment and one is a County alternate position.

Upon motion by Councilmember Cato, seconded by Councilmember McSwain, and carried unanimously, the Council reappointed Judy Francis, Hank Dickens and Pete Wallace to the Planning and Zoning Commission for three-year terms to expire on June 1, 2025.

f. Recreation Advisory Committee

This is a City Council appointment.

There are four (4) individuals who have 3-year terms expiring: Daniel Hernandez, Stephen Grady, Kathryn Ervin and John Whisnant.

Of the four expiring, one (1) is unable to continue serving, John Whisnant. Daniel Hernandez, Stephen Grady and Kathryn Ervin have been consistent members of the Recreation Advisory Commission and are willing to continue serving.

Upon motion by Councilmember Hawkins, seconded by Councilmember Jernigan, and carried unanimously, the Council reappointed Daniel Hernandez, Stephen Grady and Kathryn Ervin to the Recreation Advisory Commission for terms to expire on June 30, 2025.

2. 30-Day Notice Boards and Commissions

- a. The Mayor announced that due to upcoming expiration of terms, vacancy will exist on the ABC Board. Nominations and appointments will be made at the August City Council meeting.

Mayor Thompson stated if anyone has an interest in volunteering for this vacancy or any other vacancy on any City board or commission, applications for *Request for Appointment to City of Morganton Boards and Commissions* are available on the City of Morganton website or interested individuals may contact City Clerk Renee Carswell.

XIII. Other Items from City Manager and City Council Not on Agenda

XIV. Reports

XV. Adjournment – The Mayor adjourned the meeting at 7:14 p.m.

Preparation of Minutes. These minutes were prepared by Renee C. Carswell, City Clerk. Copies of all resolutions, ordinances and orders referenced in these minutes are intended to be incorporated into these minutes as if fully set forth herein. Prior to including them into the official minute book, the minutes have been read and approved by the City Manager and the City Attorney, then distributed to each member of the City Council for further review and final approval, at a subsequent Council Meeting.



Mayor



City Clerk

