BUDGET WORK SESSION - MARCH 13, 2020

The Mayor and City Council held a budget work session on Friday, March 13, 2020 at 8:00 a.m. in the Council Chambers of City Hall located at 114 West Sycamore Street, Lincolnton North Carolina.

The following were in attendance**:**

WHITE	**WATSON**	**EADDY**	**JETTON**

Mayor Ed Hatley opened the budget work session by calling the meeting to order. Mayor Hatley welcomed all who were in attendance before turning the meeting over to City Manager Steve Zickefoose.

City Manager Steve Zickefoose began by referencing the format and the expected outcomes of the agenda driven meeting, clarifying, however, that the meeting would be informal and open for discussion of additional items not on the agenda. Mr. Zickefoose also took a moment to address the webinar several of the department heads participated in regarding the State of Emergency declared by the Governor and measures being taken in light of the Coronavirus (COVID-19). Discussion was generated among Council and staff as to Councils role in this unprecedented situation. Mayor Ed Hatley informed that he would communicate with the leaders of the various organizations regarding what actions will be taken if Lincoln County declares a State of Emergency, as the City of Lincolnton will request to be included within the Lincoln County declaration. Business Services Manager David Ramsey reminded Council of the importance of hand washing during this time, however some customers are due to have water service disconnected for non-payment. He continued stating that an Ordinance is required to change the current policy.

Councilman Jetton made a motion, unanimously approved, to amend the City's ordinance and modify the disconnection policy allowing staff to suspend the use of the disconnection tool due to the global spread of the COVID-19 This suspension shall remain in effect until rescinded. City Manager Steve Zickefoose clarified that customers will still owe any bills incurred during this time.

Moving forward with the meeting, Mayor Ed Hatley directed attention to section 1, Infrastructure, and recognized Assistant City Manager Richard Haynes to speak to this item:

INFRASTRUCTURE

Assistant City Manager Richard Haynes, began thanking those who served on this committed. He continued, identifying items that were in process, completed and/or ongoing.

Mr. Haynes spoke to the implementation of Smart Grid to city electric customers, tablets or similar devices for Public Works, Electric and Water Resources vehicles. He informed that computers for Public Safety vehicles are in the budget and Mr. Haynes also mentioned Downtown Speakers with hopes that it will become a shared project with the County.

Mr. Hayes went through the chart, giving a brief update/summary of the status of each project. He spoke to equipment such as the twelve (12) generators for sewer pump stations needed and the reason requested equipment is so vital. The also talked about right of way clearing. Mr. Haynes asked Water Resources Director Robert Pearson to speak to the restructure force main - Rhyne Mill/150 pump station.

City Manager Steve Zickefoose directed Assistant City Manager Richard Haynes to report on Betty Ross Park issue. Mr. Zickefoose reported that approximately $125,000.00 worth of repairs are needed each time there is a rising water in this location. Plans to correct this issue are underway but a budget amendment will be required to cover the cost. Water Resources Director Robert Pearson explained, in detail, the how the system will work and how much these upgrade are going to improve the station. In response to a question from Councilman Eaddy, equipment will cost approximately $352,000.00.

Moving on to water, Water Resources Director Robert Pearson and Fire Chief Ryan Heavner spoke to modeling of the water system to identify low flow areas and ascertain where improvements or increase capacity where water flows are needed. The need to re-negotiate the water contract with the City of Cherryville was mentioned, as well as Water Treatment Plant improvements to existing facilities as regulatory requirements increase and new training is required. Constructing a water line from the plant to the County's water line is in the process however it is identified as a County project. Both infrastructure upgrades and Smart Meters are ongoing projects. In response to a question asked, Business Service Manager David Ramsey reported that installation of water meters by the contractors are complete. Currently over 6,200 water meters have been installed. Some discussion was generated among Council and staff regarding the City’s water plant capacity and revisiting talks with the City of Cherryville becoming a city water customer.
Robert Pearson also spoke about the need for a high speed pump at the Water Treatment Plant and needed repairs to the Lee Avenue tank

For Electric, Street and Buildings, Assistant City Manager Richard Haynes continued to update Council in these areas. Mr. Haynes talked about the ongoing tree trimming project and the lack of excess outages because of the full time tree trimming capability. He moved on to Streets, referencing the approved DMV fee that was established in 2017-18 for the purpose of funding increased mileage of annual resurfacing. He reported that sidewalk repairs and needs are also on going, with the East Pine Street project scheduled to begin one week from Monday (*March 23rd*), depending on weather. Project will begin at Martin Luther King Dr.

Projects in process under Buildings include remodeling and repair of the Public Service Center Administration and Warehouse, remodel and repair the old Public Works site which will include a new wash pit and lay down yard. The new location for the Lincolnton Police Department and Lincolnton Police Department improvements were also listed under this topic. In conclusion, Mr. Haynes briefly mentioned the possibility of future land acquisitions and a new roofing for the Treatments. Mr. Haynes volunteered to answer any questions regarding infrastructure goals. Councilman Eaddy requested a list of street and sidewalk paving priorities. Other questions were asked regarding the plan for any new sidewalks, repairs currently needed around the City to the sidewalks we have and discussion was generated regarding the immediate need for the paving of multiple streets in the city.

EMPLOYEE BENEFITS

Human Resources Director Tanya Osborne gave an update on employee benefits starting with Pay and Class study - 2016, each goal being listed as completed. Under Health Insurance Comparisons, retiree health insurance program options is identified as on going and Mrs. Osborne identified 401k as something that could possibly be put in place for general employees if financially feasible for the City in the future.

Continuing on past completed task, Mrs. Osborne explained what some of the components regarding the City's Incentive Bonus Plan, stating that they continuingly review and identify additional program for employees. Under the 1/3 Pay and Class Study Method, she reported that the annual studies conducted and presented to the City Manager for the budget process is ongoing. This is where employees are divided up into three (3) groups, with one group being assessed per year.

Compensation equities were highlighted, as Mrs. Osborne reviewed some of the completed goals. She also listed things being researched, such as an employer paid option dental plan for all employee dependents and employer paid vision insurance for employee only. She spoke to bereavement leave, the service recognition program. Due to the change in the demographics among City employees, Mrs. Osborne expressed her desire to survey the employees which would be used to determine if the current program still meets the needs. She briefly spoke to how other entities are utilizing paid family leave verses FMLA.
In conclusion, Mrs. Osborne reported on the status of updates/revision to various policies. Both the Personnel Policy and the Drug and Alcohol Policy are undergoing complete revisions

DOWNTOWN DEVELOPMENT

Planning Director Laura Elam reported on downtown development goals starting with the completed task under establishing development fund for property improvements. Mrs. Elam spoke to the success of the Business Incentive grant, which included the hiring of Mr. Wayne Godfrey, to the downtown area. So much so, that there is very limited available space currently in the downtown area. Creating residential space has now become a focus as property owners look to use the second floor space. Mrs. Elam inquired as to Councils thoughts on making changes to the Business Incentive Grant, as the grant, as it is currently written, has run its course. She proposed a re-invention of the grant that would allow for some revitalization of buildings to expand current uses. City Manager Steve Zickefoose added that under a new, re-vamped grant, guidelines can be more specific/targeted on what projects qualify. The proposed model is currently being successfully being used in the Hickory area. There was discussion generated regarding current loft space in the downtown area and the status of the city owned space. Council unanimously agreed and directed staff to move forward with the drafting a new incentive program and presenting to Council at a formal Council meeting.

In response to a question from Councilman Eaddy, Planning Director Laura Elam gave an update the Bonview property reporting that due to the amount of aseptic in the building and the cost associated with its renovation and/or demolition of the property, the potential buyers withdrew any interest in taking on the project. If approached from a code enforcement standpoint, if the owners refused to take action, it would be left up to the City. Discussion regarding the city's options was generated.

RECREATION

Recreation Director Nathan Eurey spoke to strategic planning goal #4. Adding a shade structure/sail for splash pad at First Federal Park is an identified need. City Manager Steve Zickefoose informed that DDA has expressed interest in helping with this project. Under the Master Plan and Pedestrian/Bike Study task, Mr. Eurey stated the bid process has closed and five proposals have been received. Out of the five, three will be chosen to be interviewed, after which, a recommendation will be presented to Council. Improvements have been completed at City Park. Security light has been added, two trees have been removed for paving purposes, as well as a park entrance sign has been installed.

Mr. Eurey recognized the Rail Trail task as an ongoing project. Speaking to Phase four (4) and five (5) and the goal being to tie the Rail Trail to the Laboratory Mill Trail. Regarding improvements, cameras have been install on the North side of the tunnel with plans to include the south side, eventually covering the entire length of the trail. Continuing the repaving of the trail was also listed.

Mr. Eurey spoke to land acquisition, applauding Councils vision to strategically acquire properties necessary establish recreation areas. In regard to improvements, crews have begun clean-up on the Massapoag property and depending on the weather, dog park construction on Motz Ave. is scheduled to begin in two to three weeks.

Updating on facility improvements, Mr. Eurey reported on the replacement of Lentz Gym lighting, vinyl siding on the Betty Ross shelter and shop building, replacing the fencing around the pool, and placing a divider screen in the Lentz Center Gym. There are future plans for Highland Drive Park shelter renovations, restroom renovations at Lentz Center and an expansion to the Lentz Center Gym or shell building Purchase in Boger city area for future recreation center. Some discussion was generated regarding among Council and staff regarding acreage/space.

In conclusion, Parks and Recreation Director Nathan Eurey spoke to Betty Ross expansion and some of the issues relating to the recent flood. He also spoke to new sod and irrigation to existing ballfield as well as new fencing and the creation of a new playground design, potentially with a theme. Discussion was generated in response to a question regarding a second river launch, with City Manager reporting on where things currently stand. Parking along/by the rail-trail was also discussed.

GROWTH NEEDS

City Manager Steve Zickefoose directed attention to item/tab #2 on the meeting agenda, which consisted of a list of growth requests submitted by the various departments. Mr. Zickefoose stated that he would not go into detail at this time regarding the list, but briefly touched on items listed, stressing the fact that the information being presented was the un-filtered version of request submitted. Mr. Zickefoose did, however, allow department heads to explain/give reasons why the requested item is needed and how it will benefit the department. Departments requested the following:

	Department	Requested
4110	**City Manager/Clerk**	0
4120	**Human Resources**	
	CIVICHR Software	4,669
	Thinkpad	1,100
		5,769
4130	**Finance**	0
4280	**General Expense**	15,500
4285	**General Debt Service**	0
4310	**Police**	
	Downtown Pay- Parking and Community Service	80,000
	Certificate and MPO Pay	8,000
	Taser Contract Costs	20,000
	E-Crash Yearly Service	1,500
	In Car Computers	15,000
	Misc Equipment	10,000
	2 Patrol Trykes	20,000
	Furniture New Building	100,000
	Monitors New Building	15,000
	Grounds and Maintenance	10,000
	Exercise Equipment- New to replace existing	10,000
	Move Electronic Sign	6,000
		295,500
4340	**Fire**	
	Equipment Repairs Increase	12,000
	Training Increase	3,500
	Salaries for Car Seat Incentive	14,500
	Safety Increase	5,500
	Misc Equipment - Various Items	11,650
	-Hydrant Testing Equip 2,400	
	-Rescue Bage 2,000	
	-Extrication Tool Batteries 2500	
	-Station 1 Recliners 4,750	
	Capital Equipment- Various Items	91,000
	-Radios 16,000	
	-Extrication Rams 7,000	
	-PPV Fans 12,000	
	-4 Toughbook Cmputers 22,000	
	-New Knox Box Boxes 7,500	
	Building and Structure	154,300
	-Roof Station 2 52,000	
	-HVAC Station 2 26,000	
	-Paving Station 2 16,000	
	-Exhaust System Station 2 5,000	
	-Training Room Carpet 7,800	
	-Alerting Systems 47,000	
	Engine 3 Replacement	585,000
		877,450

4510	**Public Works**	
	Building and Structure	40,000
4520	**Street**	
	Part-Time Salaries	5,000
	Miscellaneous	1,000
	Building Maintenance	6,500
		12,500
4530	**Equipment Services**	
	Building Maintenance	2,500
4710	**Solid Waste**	
	Gas & Oil	3,000
	Equipment Repair	20,000
	Roll Outs	12,000
	Knuckleboom Truck	175,000
		210,000
4910	**Planning/Zoning**	0
4930	**Bus & Comm. Dev**	0
6100	**Recreation**	
	Vending & Concessions	2,000
	Sports Programs	9,600
	Parks & Trails Maintenance	9,000
	Training & Business	500
	Rail Trail Landscape Fund	10,000
	Zero Turn Mower	9,000
	Shade Structure-FFP	20,500
	Cameras - Rail Trail	15,000
	Pool Fencing	8,000
	Divider Curtain-Gym	13,500
	Existing Ballfield Sod & Irrigate	26,000
	Replace Backstop	9,100
	Repave Hollybrook	21,000
	Automated Gates at Betty Ross and Highland Drive	23,500
		176,700
	Fund 10	1,635,919

	Department	Requested
7100	**Water Treatment**	
	#1 High Service VFD	120,000
	Breakers & MCC 1	75,000
	Generator Batteries	12,000
	PLC Replacement	12,000
	Blueprint Scanner/Printer	6,000
	Valve Replacement	30,000
	Roof	120,000
	Lee Ave Tank Rehab	37,500
		412,500
7110	**Dist & Collection**	
	Training	2,000
	Survey Clarks Creek Station	6,000
	Mapping of Sustem	200,000
	Inspection Camera	72,000
	Generator - Lift Stations	65,000
	Soft Start Betty Ross	9,000
	Sewer Line Cdear Street	8,000
	Fairway Lane Water Line	10,000
	Hot Tap 2 Valves in Town	28,000
	Roper Line Extension	100,000
	Backhoe	150,000
		650,000
7120	**Wastewater**	
	Supplies	5,000
	Service Contracts	3,000
	Digester Lid #3	50,000
	Road Repair at Plant	35,000
	Flow Meters/Sensors	15,000
	Roof Repairs	25,000
	Outside Lighting	15,000
		148,000
	Fund 61	1,210,500
7200	**Electric**	
	Consulting	20,000
	Uniforms	500
	Power Secure	5,500
	Equipment Repairs	12,000
	Building Maintenance	60,000
	Excavator	100,000
	Meters	120,000
	Transformers	50,000
	System Maintenance	0
	Police Building- Networking & IT	120,000
	Restaruant Projects	525,000
	Welcome Center	85,000
	Fund 63	1,098,000
	Total All Funds	3,944,419

Smart Meter Review

Business Services Manager David Ramsey presented a Smart Meter Review to update Council and staff of the status of the smart meter project. Mr. Ramsey highlighted several of the various features/capabilities that are now available to staff due to this system. He spoke to both the water and electric meter systems, explaining how the systems work and the cost savings for the City going forward. Meters allow staff to zoom in on very specific information. Water meters can not only show production spikes, they can also show the days and times of those spike which is information that can be shared with customers when there is an issue. Information codes, such as leak codes, are also available that can be passed on to customers. The same with the electric meters. Mr. Ramsey spoke to the capabilities of the new meters and how they communicate with each other. He informed that staff is in the process of being installed. As meters are installed, they can be read from the office, eliminating the need for staff going out to read the meters. Councilmembers had a number of questions and lots of discussion was generated.

Dilapidated Structures

City Manager Steve Zickefoose gave an update on code enforcement. The referenced memo included activity related to the Minimum Housing Code, the Abandoned Structure Ordinance, the Commercial Maintenance Code, the Abandoned Vehicles Ordinance and the Nuisance Ordinance. Mr. Zickefoose directed attention to the initial 2017 working list of dilapidated structures, informing that all 17 have been demolished or renovated. He provided a list of other demolitions/renovations/removals that had been addressed through the code enforcement process, and also a list of structures closed and secured. Mr. Zickefoose informed that criteria has to be met to qualify as a dilapidated structure that needs to be demolished. He continued pointing out the list of structures currently under enforcement before moving on to Nuisance issues which is the biggest issue dealt with. Mr. Zickefoose informed that all of these issues are being dealt with on a daily bases, however with a budget of only $30,000.00 dollars, staff has to be selective as to what will take precedence. Both Laura Elam, planning Director and Steve Zickefoose, City Manager, stressed how beneficial the contract with Centralina Council of Governments has been, as they are now handling these type issues for us. Lot's of discussion was generated regarding the process in place to deal with violations and non-payment, and what additionally can be done. Mrs. Laura Elam, Planning Director, explained in detail the abatement process being used current in lieu of fines to prevent neighbors from complaining. Council directed staff to research ways to collect abatement fees from property owners.

Downtown Merchant Request

City Manager Steve Zickefoose informed of a request from a current downtown merchant asking that Council limit the number of similar and/or like businesses to operate in the downtown area. There was a small about of discussion on the topic before turning to discussion to needing more retail verses services type businesses in the downtown area.

Boger City Fire Department

Discussions moved to a request from the Boger City Volunteer Fire Department proposing a merger with the City of Lincolnton. City Manager Steve Zickefoose gave some brief history and explained how discussion began regarding a potential merger. Mr. Zickefoose informed that both he and Fire Chief Ryan Heavner, have had several meeting/conversations to determine the pluses and minuses related to this type action.

To prove how serious talks are, Mr. Zickefoose provided a copy of a board Resolution, that was unanimously approved, to request that the City consider a merger. Some of the specifics, starting with why the request is being made, is listed as follows:

BCVFD Challenges

- Maintaining staffing levels adequate to handle calls. High employee turnover rate due to lack of long term benefits and competitive salaries. Typically send 1 truck with 2 firefighters to a scene. (This impacts the LFD as we serve as mutual aid. City is essentially becoming the primary provider on scene. Thus, we cannot leave and have to call in additional help to cover our own calls.)
- Administrative Deficiencies
  - One part-time administrator
  - Have to contract payroll functions
  - No staff to handle purchasing, paying of bills etc.
- ISO Rating very high. They are a 4/9, which is a higher insurance costs to residents and businesses. The City is a 2.
- The State is recommending that they look at a merger.

Mr. Zickefoose called on Chief Heavner to explain and give the answers to many questions that brings things into prospective. Moving on to why the City should consider merging, Mr. Zickefoose listed these answers:

- Merger will provide a higher level of protection to residents and businesses. 8,000 residents, 35 churches, 1 school, 150 commercial businesses, 1 airport.
- Mutual aid will be better for both stations.
- Residents and businesses would fall under the City ISO rating and would reduce fire insurance premiums.
- Cost Savings

  - Less duplication of costs to provide services
    * Equipment
      - Fire Engines $1,850,000
      - Radios $25,000
      - Rescue equipment $25,000
    * Close Station 2
      - $125,000 building needs
      - Operating costs- $15,000
    * Administrative costs
      - Part-time Chief- $30,000
      - Contracted services- $28,000
    * Operational Savings
      - Part-time salaries- $130,000
      - Fill in staffing due to covering mutual aid calls- $30,000
      - Other- $25,000
- - Future expenses $ 75,000 (Gear Washer/Extractor, SCBA Compressor, Gear Dryer) BCFD has new

And lastly, answers to how the merger will work were given as follows:

- The Boger City Fire Taxing District remains in place. The County collects and will distribute to the City
- The City would assume all administrative capacities, including staffing, budgeting, personnel, operati functions and be in control of the funds.
- The existing BCVFD employees would become City of Lincolnton employees. Leave balances would transfer. BCVFD employees would be placed as appropriate on the pay schedule. As City of Lincolnto employees, they will be eligible for promotional opportunities
- Six additional full-time firefighters would be employed from the Boger City fire district funds in order maintain the same full time staffing ratios for all stations.
- Equipment remains in holding for 12 months or as till such time that the North Carolina Department Insurance re-inspects the combined districts. It can still be used as needed during the holding period.
- Either party has 12 months from July to end agreement with 90 days' notice. The new positions and original BCFD employees would be riffed based on seniority in the retirement system.
- A sample of the Fire Protection Agreement is attached. Wording could change based on attorneys suggestions.

City Manager Steve Zickefoose stressed that this type of agreement is not new, currently being used my many of our neighboring counties, and coming up with a reason not to do it is hard to find. Lots of discussion was generated regarding the terms and conditions of the potential merger with Councilman Eaddy advising that caution be used, whatever is decided, and that language be included in the contract that will insure that tax district monies can never be withheld or diverted by future governing County boards. Various questions were asked and answered relating to how this agreement will work. A sample contract was also provided for review. Attorneys from both sides will advise/revise as necessary.

Councilman Eaddy made a motion, unanimously approved, to direct staff to move forward with negotiations regarding the potential merger of the Boger City Volunteer Fire Department with the Lincolnton Fire Department. A formal contract and final Resolution will be drafted and presented to Council for approval at a future City Council meeting.

Retiree Health Insurance

City Manager Steve Zickefoose, along with Human Resources Director Tayna Osborne addressed the issue of retiree health again this year, providing the following information:

HEALTH INSURANCE PREMIUMS

Policy calls for retirees to receive same health insurance coverage provided to regular employees. Because retirees are not allowed on the SHP, it is impossi to be on the exact same plan. We are spending $10,000 more per retiree. This can be viewed as an unequality for active employees.

State Health Plan				
Active Employees	153	$	1,170,000	$ 7,097
Blue Local				
Retirees	40	$	700,000	$ 17,500
Difference				$ 10,403

Option to Consider for New Hires affter 7-1-20

Do not offer Health Insurance after retirement.

Governments that have adopted this policy:
- State of NC
- Lincoln County
- Mooresville
- Maiden
- Morganton

Mr. Zickefoose spoke to the continuing raising cost of the benefit and one of the potential options. He informed that effective January 1, 2021, newly hired state employees will no longer be eligible for health insurance coverage after they retire. Mr. Zickefoose continued stating that this has already been enacted by the Lincoln County

Government and many other neighboring entities. The option would not affect any current city employee, only those that are hired after 7-1-2020.

Discussion was generated among staff and council regarding the details surrounding insurance coverage and options available. City Attorney T.J. Wilson advised that action should be taken on this item. City Manager Steve Zickefoose advised that staff would present proposed change in the form of a policy amendment for Council action at the next scheduled Council meeting.

Pay & Class Study

City Manager Steve Zickefoose spoke to the Pay and Class study, giving a brief history on when and how it was implemented, as well as the methodology used for recommendations made by the consultant. Mr. Zickefoose informed the current study includes 31 classifications with 39 employees. The proposed pay plan with recommended market adjustments was presented and reviewed as follows:

2020-21 Pay & Class Recommendations

Class Title	Department	Current Class		Proposed Class	Difference
City Manager/Finance Dir	CMO	35		37	2
Assistant City Manager	CMO	32		34	2
Assistant to CMO/Clerk	CMO	18		20	2
Admin Support Asst	CMO	9		11	2
Accounting Support Tech	Electric	9		11	2
Customer Service Rep	Electric	9		10	1
Information Technology Mgr	Finance	24		24	0
Accounting Services Mgr	Finance	19		21	2
Business Services Mgr	Finance	18		21	3
Accountant	Finance	15		17	2
Accounting Tech-AP	Finance	11		12	1
Accounting Tech-Billing	Finance	11		12	1
Payroll Specialist	Finance	11		14	3

Accounting Support Tech	Finance	9		11	2
Admin Support Asst	Fire	9		11	2
Human Resource Director	HR	25		28	3
HR Benefits Administrator	HR	17		18	1
Admin Support Asst/Recpt	HR	9		11	2
Sr Administrative Support	HR	9		12	3
Building Services Attendant	HR	7		8	1
Parks & Recreation Dir	Parks & Rec	24		27	3
Community Relations Dir	Parks & Rec	22		24	2
Sr. Rec Program Coordinator	Parks & Rec	15		17	2
Rrecreation Program Coord	Parks & Rec	15		16	1
General Services Supervisor	Parks & Rec	14		17	3
Property Maintenance Tech	Parks & Rec	13		9	-4
Sr Admin Support Asst	Parks & Rec	10		12	2
Admin Support Asst	Parks & Rec	9		11	2
Property Maint Tech	Parks & Rec	7		8	1
Planning & Comm Develop Dir	Planning	25		28	3
Zoning Administrator	Planning	15		17	2
Planning Assistant	Planning	13		15	2
Sr. Administrative Support	Police	13		12	-1
Police Evidence Tech	Police	9		12	3
Admin Support Asst	Police	9		11	2
Admin Support Asst	Police	9		11	2
Sr Admin Support Asst	PW Admin	10		12	2
Admin Support Asst	PW Admin	9		11	2
Sr Admin Support Asst	WTP	10		12	2

There was discussion regarding the cost to implement the salary study as recommended. Mr. Zickefoose informed that additional adjustments will be made through the budget process. Cost to implement the proposed recommendations will be less than the previous year. Information provided as follows:

Position Adjustments Notes:

1- Moved Administrative Assistant Position to HR.

1- Does Not Include $123,000 Not Being Spent Due to Dual Role of Manager/Finance Direc

2- Administrative Assistant Position from CMO.

3- Savings from Reclassify Administrative Assistant Position.

4- Reduced Administrative Assistant Position to Part-Time.

5- Savings from Reclassify Property Maintenance Tech Position.

Cost to Implement Salary Study 2020-21

GENERAL FUND	Salary Increases	Matching Benefits	Total Cost	Position Adjustments		Cost
CMO	36,217	6,519	42,736	-31,000	1	11,736
General Expense	4,409	475	4,884			4,884
Finance	30,892	5,561	36,453	0		36,453
Human Resources	30,201	5,436	35,637	29,000	2	64,637
Fire	3,035	546	3,581	0		3,581
Police	11,718	2,109	13,827	-1,630	3	12,197
Public Works	6,558	1,180	7,738	-25,000	4	-17,262
Planning	18,425	3,317	21,742	0		21,742
Parks & Recreation	37,434	6,738	44,172	-14,075	5	30,097
Total GF	178,889	31,881	210,770	-42,705		168,065
WATER/SEWER FUND						
Water Plant	3,980	716	4,696	0		4,696
ELECTRIC FUND						
Electric	13,862	2,495	16,357	0		16,357

Mr. Zickefoose stated that staff recommendation is to include these changes in the budget process therefore council approval will be included with the approval of the 2020-2020 budget. Mr. Zickefoose confirmed the cycle will start over next year with an analyses of employees in category A. He also reminded Council that the longevity benefit is still in place.

As an added item, Councilman Eaddy addressed the issue of litter/trash in the City. Councilman Eaddy stated he continues to receive complaints from city residents regarding the amount of litter in various area and voiced his own concerns with this issue. There was discussion of what can be done to address the problem. Both Councilmembers and staff expressed a variety of ideas/options that can be investigated. Councilman Eaddy suggested possibly some community involvement (Clean up, Fix up, Paint up..) and encourage businesses to encourage employees and their families to volunteer maybe twice a quarter. Assistant City Manager Richard Haynes informed of the intent to include these duties in the job descriptions for the street department part-time employee. He expressed that he would also like to re-vamp the adopt-a-street program. There was also discussions surrounding residential trash and issues with roll-outs.

Assistant City Manager Richard Haynes informed of the intent to include these duties in the job descriptions for the street department part-time employee.

There were no additional questions at this time however Councilman Eaddy expressed his appreciation for the monthly reports from staff. He did make suggestions on the format used going forward that would simplify the reports. Councilman Jetton commended staff on their work and expressed his confidence in knowing they are doing the right thing.

With the exception of Human Resources Tanya Osborne, department heads were dismissed at this time. Meeting continued with Mrs. Osborne explaining the pay and class recommendations in more detail as it pertained to what was recommended for the mayor and council positions. These recommendations, if accepted, would also be included into 2020/2021 Fiscal Year Budget.

City Manager's Office Overview/Recommendations

City Manager reviewed mandated expenses as shown below.

Budget 2020-21 Mandated Expenses		
GENERAL FUND		
Mandated Expenses		**Amounts**
Salary Survery Implementation	$	163,180
Insurance Stipend	$	17,800
Retirement Increase (by State)	$	44,225
Health Insurance Regular	$	54,100
Health Insurance- Retirees-New	$	-
Total Mandated	$	279,305
Projected Deficit Covered by Fund Balance	$	-
Funding Deficit Before Any New Items	$	279,305
WATER & SEWER FUND		
Mandated Expenses		**Amounts**
Salary Survery Implementation	$	4,700
Retirement Increase (by State)	$	30,450
Health Insurance Regular	$	4,000
Health Insurance- Retirees-New	$	45,000
Total Mandated	$	84,150
Projected Deficit Covered by Fund Balance	$	-
Funding Deficit Before Any New Items	$	84,150
ELECTRIC FUND		
Mandated Expenses		**Amounts**
Salary Survery Implementation	$	16,360
Insurance Stipend	$	5,000
Retirement Increase (by State)	$	9,000
Health Insurance Regular	$	-
Health Insurance- Retirees-New	$	29,000
Total Mandated	$	59,360
Projected Deficit Covered by Fund Balance	$	-
Funding Deficit Before Any New Items	$	59,360

Continuing on, Mr. Zickefoose informed that Assistant City Manager Richard Haynes did a line by line review of each department to identify numbers shown below under the heading "zero based cuts". He also reviewed information regarding estimated property tax value, estimated property tax revenue and estimated sales tax revenue for 2020-2021. Mr. Zickefoose talked about budget balancing, growth request from each department and how these request are to be funded. In conclusion, City Manager Steve Zickefoose spoke to his recommendations/highlights for 2020-2021 year. Information to follow respectively:

Zero Based Cuts 2020-21 Budget

	DEPARTMENT	Cuts
4110	City Manager/Clerk	-32,000
4120	Human Resources	-1,700
4130	Finance	-4,000
4280	General Expense	0
4285	General Debt Service	-89,875
4310	Police	-15,000
4340	Fire	-7,000
4510	Public Works	-5,900
4520	Street	-4,000
4530	Equipment Services	-300
4710	Solid Waste	-1,220
4910	Planning/Zoning	-500
4930	Bus & Comm. Dev	0
6100	Recreation	-2,500
	Fund 10	-163,995
7100	Water Treatment	-100
7110	Dist & Collection	0
7120	Wastewater	-2,200
7130	W & S Intangibles	-12,000
	Fund 61	-14,300
7200	Electric	-21,220
	Fund 63	-21,220
	Total Cuts	-199,515

ESTIMATED PROPERTY TAX VALUE FOR 2020-21

(Advised estimate per tax administrator)

	Change in Value	Estimated 2020-21	2019-20
Real Property Valuation	28,100,000	832,300,000	804,200,000
Personal Property	7,300,000	214,600,000	207,300,000
Corporation Excess	900,000	27,200,000	26,300,000
Valuation- Sub Total	36,300,000	1,074,100,000	1,037,800,000
Vehicle Valuation	0	0	0
VALUATION - GRAND TOTAL	**36,300,000**	**1,074,100,000**	**1,037,800,000**

ESTIMATED PROPERTY TAX REVENUE FOR 2020-21

	2020-21	2019-20
Total Value- Real, Personal, Corporate	1,074,100,000	1,037,800,000
Tax Rate- 56 cents	0.0056	0.0056
	$6,014,960	$5,811,680
FY 2019 Collection Rate	98.37%	98.37%
Estimated Revenue- Real, Personal, Corporate	**$5,916,916**	**$5,716,950**
GRAND TOTAL REVENUE	**$5,916,916**	**$5,716,950**
INCREASE IN REVENUE	**$199,967**	

Tax Rate- 1 cents = 105,659

Revenue Neutral Tax Rate 54.1 cents

Prior to 2019-20, Tax Value decreases are equal to 6.6 cents on the tax rate.

ESTIMATED SALES TAX REVENUE FOR 2020-21

	2020-21	2019-20
Sales Tax Revenues	**3,160,000**	**3,060,000**
INCREASE IN REVENUE	**$100,000**	

COMBINED INCREASE IN REVENUE	**$299,967**

Budget 2020-21 Balancing

GENERAL FUND		Amounts
Mandated Expenses		$ 279,305
Growth Requests		$ 1,635,919
	Total	$ 1,915,224
New Funding		$ (290,000)
Zero Based Cuts		$ (163,995)
Prior Year One Time Items		$ (266,579)
	Funding Deficit	$ 1,194,650
CMO Requests Reductions		$ (1,064,650)
Fund Balance Used		$ (130,000)
		$ (1,194,650)
	Deficit	$ -

WATER & SEWER FUND		Amounts
Mandated Expenses		$ 84,130
Growth Requests		$ 1,210,500
	Total	$ 1,294,630
New Funding		$ (500,000)
Zero Based Cuts		$ (14,300)
Prior Year One Time Items		$ (336,830)
	Funding Deficit	$ 443,500
CMO Requests Reductions		$ (313,500)
Fund Balance Used		$ (130,000)
		$ (443,500)
	Deficit	$ -

ELECTRIC FUND		
Mandated Expenses		$ 59,360
Growth Requests		$ 1,098,000
	Total	$ 1,157,360
New Funding		$ -
Zero Based Cuts		$ (21,220)
Prior Year One Time Items		$ (1,010,140)
	Funding Deficit	$ 126,000
CMO Requests Reductions		$ (26,000)
Fund Balance Used		$ (100,000)
		$ (126,000)
	Deficit	$ -

Budget 2020-21 Growth Requests

	Department	Requested	Approved	Notes
4110	**City Manager/Clerk**	0	0	
4120	**Human Resources**			
	CIVICHR Software	4,669	4,669	
	Thinkpad	1,100	1,100	
		5,769	5,769	
4130	**Finance**	0	0	
4280	**General Expense**	15,500	6,500	*Donations
4285	**General Debt Service**	0	0	
4310	**Police**			
	Downtown Pay- Parking and Community Service	80,000	0	*CMO agreed to positions if paid from existing budget
	Certificate and MPO Pay	8,000	0	* CMO built in to salaries
	Taser Contract Costs	20,000	20,000	
	E-Crash Yearly Service	1,500	1,500	
	In Car Computers	15,000	15,000	
	Misc Equipment	10,000	10,000	
	2 Patrol Trykes	20,000	0	
	Furniture New Building	100,000	100,000	* Fund Balance
	Monitors New Building	15,000	15,000	* Fund Balance
	Grounds and Maintenance	10,000	10,000	
	Exercise Equipment- New to replace existing	10,000	10,000	* Fund Balance
	Move Electronic Sign	6,000	6,000	* Fund Balance
		295,500	187,500	
4340	**Fire**			
	Equipment Repairs Increase	12,000	0	
	Training Increase	3,500	4,250	
	Salaries for Car Seat Incentive	14,500	0	
	Safety Increase	5,500	0	
	Misc Equipment - Various Items	11,650	1,450	
	-Hydrant Testing Equip 2,400		2,400	
	-Rescue Bage 2,000			
	-Extrication Tool Batteries 2500		1,400	
	-Station 1 Recliners 4,750		4,750	
	Capital Equipment- Various Items	91,000	8,550	
	-Radios 16,000			
	-Extrication Rams 7,000			
	-PPV Fans 12,000			
	-4 Toughbook Cmputers 22,000		22,000	
	-New Knox Box Boxes 7,500		5,200	
	Building and Structure	154,300	25,000	
	-Roof Station 2 52,000			
	-HVAC Station 2 26,000			
	-Paving Station 2 16,000			
	-Exhaust System Station 2 5,000			
	-Alerting Systems 47,000			
	-Training Room Carpet 7,800			
	Engine 3 Replacement	585,000	0	
		877,450	75,000	

Budget 2020-21 Growth Requests				
4510	**Public Works**			
	Building and Structure	40,000	20,000	
4520	**Street**			
	Part-Time Salaries	5,000	5,000	
	Miscellaneous	1,000	1,000	
	Building Maintenance	6,500	6,500	
		12,500	12,500	
4530	**Equipment Services**			
	Building Maintenance	2,500	2,500	
4710	**Solid Waste**			
	Gas & Oil	3,000	3,000	
	Equipment Repair	20,000	20,000	
	Roll Outs	12,000	12,000	
	Knuckleboom Truck	175,000	175,000	* 7 Yr Loan
		210,000	210,000	
4910	**Planning/Zoning**	0	0	
4930	**Bus & Comm. Dev**	0	0	
6100	**Recreation**			
	Vending & Concessions	2,000	2,000	
	Sports Programs	9,600	5,000	
	Parks & Trails Maintenance	9,000	5,500	
	Training & Business	500	0	
	Rail Trail Landscape Fund	10,000	10,000	
	Zero Turn Mower	9,000	9,000	
	Shade Structure-FFP	20,500	0	
	Cameras - Rail Trail	15,000	12,000	
	Pool Fencing	8,000	8,000	
	Divider Curtain-Gym	13,500	0	
	Existing Ballfield Sod & Irrigate	26,000	0	
	Replace Backstop	9,100	0	
	Repave Hollybrook	21,000	0	
	Automated Gates at Betty Ross and Highland Drive	23,500	0	
		176,700	51,500	
	Fund 10	1,635,919	571,269	

Budget 2020-21 Growth Requests

	Department	Requested	Approved	Notes
7100	**Water Treatment**			
	#1 High Service VFD	120,000	120,000	* Fund Balance
	Breakers & MCC 1	75,000	75,000	* Fund Balance
	Generator Batteries	12,000	12,000	* Fund Balance
	PLC Replacement	12,000	12,000	* Fund Balance
	Blueprint Scanner/Printer	6,000	6,000	* Fund Balance
	Valve Replacement	30,000	30,000	* Fund Balance
	Roof	120,000	120,000	* Fund Balance
	Lee Ave Tank Rehab	37,500	37,500	* Fund Balance
		412,500	412,500	
7110	**Dist & Collection**			
	Training	2,000	2,000	
	Survey Clarks Creek Station	6,000	6,000	
	Mapping of Sustem	200,000	0	
	Inspection Camera	72,000	72,000	*Fund Balance
	Generator - Lift Stations	65,000	65,000	*Fund Balance
	Soft Start Betty Ross	9,000	0	* Doing This Year
	Sewer Line Cdear Street	8,000	8,000	*Fund Balance
	Fairway Lane Water Line	10,000	10,000	*Fund Balance
	Hot Tap 2 Valves in Town	28,000	28,000	*Fund Balance
	Roper Line Extension	100,000	0	
	Backhoe	150,000	150,000	* 7 Yr Loan
		650,000	341,000	
7120	**Wastewater**			
	Supplies	5,000	2,500	
	Service Contracts	3,000	1,000	
	Digester Lid #3	50,000	50,000	*Fund Balance
	Road Repair at Plant	35,000	35,000	*Fund Balance
	Flow Meters/Sensors	15,000	15,000	*Fund Balance
	Roof Repairs	25,000	25,000	*Fund Balance
	Outside Lighting	15,000	15,000	*Fund Balance
		148,000	143,500	
	Fund 61	1,210,500	897,000	
7200	**Electric**			
	Consulting	20,000	9,000	
	Uniforms	500	500	
	Power Secure	5,500	0	
	Equipment Repairs	12,000	0	
	Building Maintenance	60,000	60,000	
	Excavator	100,000	0	
	Meters	120,000	120,000	
	Transformers	50,000	50,000	
	System Maintenance	0	102,500	
	Police Building- Networking & IT	120,000	120,000	
	Restaruant Projects	525,000	525,000	
	Welcome Center	85,000	85,000	
	Fund 63	1,098,000	1,072,000	
	Total All Funds	3,944,419	2,540,269	

City Manager's Office/Recommendations/Highlights

2020-21 CMO Recommendations/Highlights

General Fund $11,728,091

- No tax rate increase
- New Revenue- Property Tax- $190,000; Sales Tax- $100,000
- Zero Based Cuts- $163,995
- Using $130,000 Fund Balance for Police Building Furniture/Monitors/Equipment
- Implement Salary Study – Phase 3- $168,065
- Retirement cost increase by State- $44,225
- Health Insurance Increase- $54,100
- Insurance Stipend- $17,800
- Replace 8 Police vehicles- Enterprise
- Improve Downtown Security Camera System
- Allot $40,000 to Fire Department for Capital
- Allot $10,000 to Fire Department for Misc. Equipment
- Allot $25,000 to Fire Department for Building Needs
- Purchase New Knuckleboom- $175,000
- Providing year five funding for DDA administrative position- $42,000
- Increase Parks & Recreation Sports Programs- $5,000
- Increase Parks & Recreation Trail Maintenance- $5,500
- Rail Trail Landscaping Fund- $10,000
- Rail Trail Security Cameras- $12,000
- Pool Fencing- $8,000
- $150,000 from NCMVT for street paving/sidewalks
- Fund Balance Available $3M = 28%

Water and Sewer Fund $9,606,950

- No rate increase
- New Revenue- $500,000
- Using $960,000 Fund Balance for Capital Expenses
- Implement Salary Study – Admin- $4,700
- Retirement Cost Increase by State- $30,450
- Health Insurance Increase- $4,000
- Retiree Health Insurance Increase- $45,000
- Water Plant High Service VFD Repairs- $120,000
- Water Plant Roof- 120,000
- Water Plant Equipment- $135,000
- Valve Replacements- $30,000
- Lee Ave Water Tank Rehab- $37,500
- D&C Inspection Camera- $72,000
- D&C Lift Station Generator- $65,000
- D&C Water Line Fairway Lane- $10,000
- D&C Hot Tap Valves in Town- 28,000
- D&C Backhoe- $150,000
- DAF at Wastewater Plant $75,000
- WWTP Digester # 3 Lid- $50,000
- WWTP Road Repair at Plant- $35,000
- WWTP Flow Meters- $15,000
- WWTP Roof Repairs- $25,000
- Fund Balance Available $5M = 100%

2020-21 CMO Recommendations/Highlights

Electric Fund $7,888,350

- No increase in rates
- Using $100,000 Fund Balance for Capital Expenses
- Implement Salary Study - $16,350
- Retirement Cost Increase by State- $5,000
- Retiree Health Insurance Increase- $29,000
- Insurance Stipend- $5,000
- Smart Meters $120,000
- Spare Transformers $50,000
- Building Maintenance- $60,000
- System Maintenance Increase- $102,500
- Welcome Center Renovations- $85,000
- Police Building Networking/Cabling- $120,000
- Complete Water Street Restaurant- $325,000
- Reserve for Downtown Development Project- $200,000
- Fund Balance Available $1.8M = 24%

Powell Bill Fund $305,000

- Paving of City Streets- $140,000
- Maintenance of City Streets- $120,000
- Capital Projects- $45,000
- Fund Balance Available $200,000 = 66%

Donations

City Manager Steve Zickefoose provided a spreadsheet showing donation request received to be considered for the 2020-2021 fiscal budget year. Mr. Zickefoose explained his recommendation as it pertains to each organizations request as listed.

Donations	2018	2019	2020	Requests 2021	Approve 2021
American Legion Medal Honor	-	-	1,000	1,000	1,000
Keep Lincoln County Beautiful	-	-	-	1,500	-
Lincolnton High School - Sign	-	-	-	29,000	-
Arts Council	-	-	6,000	6,000	6,000
Historical Association	-	-	6,000	15,000	7,500
Lincoln Cultural Center	34,000	40,000	40,000	40,000	40,000
Chamber of Commerce	17,100	17,100	17,100	17,100	17,100
DDA Administrator	48,000	48,000	42,000	42,000	42,000
LEDA	50,000	55,000	60,000	65,000	65,000
Humane Society	2,000	2,000	2,000	2,000	2,000
Communities in Schools- City	4,500	5,000	5,000	5,000	5,000
Hessed House of Hope	5,000	5,000	5,000	5,000	5,000
City Donation Total	**160,600**	**172,100**	**184,100**	**228,600**	**190,600**

1 Cents = 105,000

$190,600 = 1.81 Cents of Tax Rate

Councilmembers unanimously agreed, in addition to the $5,000.00 requested by Communities in Schools, to also give a one-time donation of $2,500.00 based on concerned comments made by Councilman Watson who is the City's representative for that organization. Councilman Watson also commented on the future of the Courthouse once the County's new facilities are complete. City Manager Steve Zickefoose updated councilmembers on the Steering Committee's stance and intensions regarding the buildings future. He also answered questions about the organizations status on doing a street scape design.

Line Item Budget

A copy of the line item budget was provided for review and will be added to the end of this document as a permanent part of the minutes.

Council Feedback/Discussion

After all agenda items were presented and reviewed, the floor was open for discussion. Councilwomen White inquired about the niches at Holly Brook Cemetery and if cost is why they have not done well. City Manager Steve Zickefoose commented that he would look into that concern to see what may be done to address it.

Councilman Watson inquired about the advisory committee, representing the 21 to 44 age group that was discussed at last year's budget work session. City Manager Steve Zickefoose responded the request has been represented and discussed by the Steering Committee, but has not been acted upon. He opened the floor for suggestions in reference to the type/structure and function of the committee. It was agreed that each council person would appoint one person from their ward to serve, with Mayor Hatley selecting an at-large appointee. Names and a contact number will be given to Assistant City Manager Richard Haynes by the next Council meeting.

Councilman Jetton made the motion unanimously approved to adjourn.

DAPHNE A. INGRAM
CITY CLERK

ED HATLEY
MAYOR