



CITY COUNCIL WORK SESSION

City Council Chambers

Tuesday, May 28, 2024 at 3:00 PM

MINUTES

Call to Order

Mayor Becky S. Smith called the meeting to order.

Members Present

Mayor, Becky S. Smith, Council Members: Michael Brooks, Brent Guffey, Donnie Griffin, Nellie Floyd, and Allen Hook were all present. City Manager, Josh Ross, and department heads were present as well. Council member, Brenda Boyd was absent. A quorum was present.

Department Head Reports

Bessemer City department heads gave reports on their department's status:

JoD Franklin, Parks and Recreation Director- Mr. Franklin addressed Council regarding the Down Home Festival, youth recreational sports, and the upcoming Baseball tournaments at Stinger Park.

Brent Gordon, Fire Chief – Mr. Gordon addressed Council regarding a grant from the NC Volunteer Fire Department Fund. The amount is \$25,022.01, the City has received a total of \$150,831.80 since the program began. The General Assembly created the Volunteer Fire Department Fund in 1988 to help volunteer units raise money for equipment and supplies. City Staff is waiting on one of the rescue trucks to be repaired.

Jamie Ramsey, Director of Operations- Mr. Ramsey addressed Council regarding upcoming routine water tank maintenance. The Bessemer City Water Department will be doing a routine maintenance project at our water storage tank starting on June 5th and ending around July 5th. During this time some customers may experience abnormal water pressure. In some areas the pressure could be lower and in some areas the pressure could be higher. During this time the City will purchase water from Kings Mountain.

Nathan Hester, Development Services Director – Mr. Hester addressed Council regarding a community rebranding campaign and the Meritage Homes project located behind Ashley Park off of Costner School Road. The City recently received a \$50,000 grant from the NC Commerce's Rural Community Capacity program for the branding project. The City sent out a RFQ for firms to assist with a City rebranding initiative. The Motley Group was selected as the consultant firm and has sent a press release that City Staff will share to the website soon. Mr. Hester informed City Council that the Meritage Homes project was previously approved as an Eastwood Development back in 2022. Since then, Meritage Homes has acquired the property and would like to annex the back portion of the development into the City limits. A pedestrian bridge will be constructed to Stinger Park and the project will be utilizing natural gas. All other previous conditions imposed by City Council will be followed.

Diane Jenkins, Finance Director – Ms. Jenkins addressed Council regarding the upcoming audit and the auditing firm. Due to the nature of municipal budgets and strict GAAP regulations, there are not many firms that specialize in municipal audits. However, the City has had the same auditor for four budget cycles. The City is able to avoid extra cost by retaining the same firm, as well as strengthen employee relations with the auditor. The City uses a two different auditing firms; one firm handles the annual audit, the other audits financial statements. Additionally, City Staff will be reaching out to the ABC Board for their audit in order to remain in compliance with the upcoming audit. Per the Local Government Commission (LGC), sales tax revenue may be withheld if audits are not turned in on time. Council member, Michael Brooks advised that the ABC Board will be selecting its auditor at their next meeting. This information will be relayed to City Staff as it becomes available. At the June 2024 regular meeting and work session meetings, City Staff will submit several budget amendments to close the year end books and prepare for the upcoming audit.

Deputy Chief, David James & Police Captain, Chris Vaughn- Mr. James & Vaughn addressed Council regarding recent investigations and the new cadet who will be joining the department after his completion of BLET.

Hydeia Hayes, City Clerk & Human Resources Director- Ms. Hayes addressed Council regarding the upcoming Juneteenth Festival on Friday, June 14th from 6 PM -10 PM in Centennial Park.

Solid Waste Contract

Light discussion was held regarding the solid waste contract. A draft contract has been sent to the attorney to review. This would increase the solid waste fee from \$12 to \$16 per cart per month. Additionally, customers would begin paying for bulk item pickup as a separate fee directly to the City's solid waste provider, Waste Pro.

Advisory Boards Discussion

City Clerk & Human Resources Director, Hydeia Hayes informed the Board of upcoming term expirations for the Downtown Development, Planning & Zoning, ABC, and Parks & Recreation Advisory Boards. Light discussion was held regarding the process of reviewing advisory board applicants. City Staff has advertised for Board applications.

By general consensus, the applicants will be appointed at the June 2024 meeting.

FY 2024-2025 Budget Session #3

City Manager, Josh Ross addressed City Council regarding the proposed budget. There are 5 factors that drove this proposed budget:

- Additional debt services in the general fund and water/wastewater fund
- Additional operational expenses (inflation)
- Fund balance
- Investments for growth
- Decrease in utility usage

Over the last 10 years the City has seen an increase in debt service. However, the tax rate has not increased to keep up with the additional debt service. Additionally, operational costs have increased and per the last audit, fund balance has decreased. Historically, previous management has used fund balance and overcharged enterprise funds (administrative charges) to balance the City's budget and operations. This action has caused a substantial decrease in the City's fund balance and has contributed to the negatively impact enterprise funds now face.

The 24-25 City Manager's Proposed budget includes \$0 from fund balance. It also strives to build back fund balance levels and strengthen cash flow. In the FY23 audit, cash flow and fund balance were identified as 2 indicators of concern. City Manager Ross has proposed increasing the City's tax rate from \$.45 per \$100 of valuation to \$.60 per \$100 of valuation. This \$.15 per \$100 valuation increase is crucial to providing funds for general operations, debt service, and to build back fund balance (savings) in all funds.

Manager Ross presented various additional expenditures cuts and revenue changes that would have to take place to raise the tax rate less than 60 cents. He emphasizes these changes are not part of his recommendation; rather, they reflect the types of changes that would take place if Council did not agree to a 60 cent tax rate increase. Additionally, various department heads expressed the need for the 15-cent increase. This year each fund has struggled to manage operational expenses. There have been times when staff have had to manage accounts payable as cash flow has continued to be an issue. Council Member Floyd stated that she understood the need for an increase, and that she would like to see all staff retained in the 24-25 budget. Council Member Floyd went on to say that although the current board is not at fault for the City's financial situation, it is the responsibility of the current board to improve the situation as much as possible.

Council Members Guffey, Brooks and Hook stated that they would like to see a \$.55 per \$100 valuation, which would be a 10-cent increase. Light discussion ensued amongst City Staff and Council. City Manager, Ross stated that he would need additional time to create a proposed budget with a 10-cent increase; however, only a 10-cent increase was not advised since there are crucial financial challenges this budget aims to address without compromising needed services. Manager Ross further discussed that the City would need to work on addressing Financial Performance Indicators of Concern (FPIC) as identified by the Local Government Commission (LGC) and a 15-cent tax increases addresses these concerns more than a 10-cent tax increase. Manager Ross also expressed his frustration for having to propose a 33% increase in one year and that he understands the burden this tax increase proposal places on citizens and businesses; however, this proposal helps to address the City's financial situation which was caused by prior decisions and expenses that cannot be reversed.

A special session will be held on Friday, May 31st, 2024, at 3 PM to discuss the proposed budget changes to account for a rate of 55-cents rather than 60-cents.

Council General Discussion

Mayor Smith opened the floor for Council general discussion. Council member, Brent Guffey asked if staff could investigate mill workers utilizing the City's power boxes during lunch on West Virginia Avenue. Council member, Michael Brooks stated that said people are leaving trash on the road in downtown. Council member, Nellie Floyd inquired about the debris from the recent storm on NC Highway 161 and a broken headstone in the Vantine Cemetery. Council member, Donnie Griffin asked Finance Director, Diane Jenkins if the City would be ok to operate with only a 10-cent increase. Ms. Jenkins stated that she prays that it would be enough.

Adjourn

Being no further business to come before the board, the meeting was adjourned at 5:19 PM by motion of Michael Brooks and unanimous vote.

Becky S. Smith, Mayor

Hydeia Y. Hayes, City Clerk