

MINUTES
CITY COUNCIL WORKSHOP
February 24, 2023
Morganton Community House

Ronnie Thompson, Mayor

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

Wendy Cato
Christopher Hawkins
Chris Jernigan
Butch McSwain

Others present included Department Directors, staff, concerned citizens, and media including the News Herald and The Paper.

➤ Call to Order and Welcome

The Mayor called the meeting to order at 8:15 a.m. in the Cobb Room at the Morganton Community House. He welcomed everyone and asked the City Manager to introduce the agenda.

The City Manager said she was very excited to all be together again. She is excited for the future. She then asked Finance Director Jessie Parris to begin the day with a financial update and to discuss updates on two policies.

➤ Financial Update/Fund Balance Policy/Electric Transfer Policy

City Manager Sally Sandy introduced Jessie Parris, Finance Director. Jessie gave a quick update on City finances. She stated that we continue to experience rising costs in supplies and contracts and are monitoring this closely to ensure budget compliance. She reviewed Cash & Investments, Investment Earnings, General Fund Overview Revenues & Expenditures, Key Revenues, Utility Fund Overview Revenues & Expenditures, Capital Outlay, Current Debt and Policy Updates. Jessie also shared current information regarding the tax appraisal for revaluation. On average, property values in the City are up 45% and Downtown values are up 41%.

In assessing our financial standing, Jessie stated that two of our long-standing financial policies need review and updating. The Fund Balance Policy we currently use was established in the 1980's. The current policy requires no less than 15% of general fund expenditures in unassigned fund balance. Jessie advised that we are consistently above that percentage. Jessie shared recommendations for amending this policy. She recommended we increase the percentage to 35%, which is more in line with our peer group and gives us an average of 4 ½ months of expenditures.

The other policy recommended for evaluation and amendment is the Electric Fund Transfer Policy. City Manager Sandy shared that the current policy was adopted in 1995 when the City was issuing water and sewer bonds. The New York rating agencies were requiring a policy in their review process. She advised the current policy was adopted April 3, 1995 and establishes a range of between 3%-5% of gross revenues for our transfer. Using gross revenues for calculating the transfer was commonplace in the nineties. Gross revenues in a utility fund are subject to fluctuations – customer usage, grants, weather and other factors influence the fluctuations.

Jessie stated that we believe that using a percentage of gross fixed assets as the measure would make this more consistent and be more tied to true value of our distribution system. Using fixed assets is generally accepted by financial experts and would be consistent with practices acceptable to the LGC. Jessie recommended amending this policy to calculate based on asset values. This is more transparent and

easily recalculated, less variable year over year and still accomplishes the underlying purpose.

She asked for and welcomed comments concerning these policy amendments. She asked the Council, if comfortable with the changes suggested, to consider approving these at the March 6, 2023 Council meeting.

Parris stated that overall she is very happy with where the City is currently. She thanked the team for working so well together. She thanked her staff for their support, as well as Department directors, saying that it is a team effort.

Mayor Thompson thanked Jessie for the presentation.

➤ Stormwater Update

City Manager Sandy stated that stormwater continues to be a topic on everyone's mind. She reminded Council that last year we consulted engineers who attended the workshop and spoke about stormwater audits, policies and best practices, stormwater utilities and stormwater departments.

She advised that Staff continues to work on stormwater plans and recommendations as to how to manage stormwater going forward. She introduced Michael Chapman, Director of Public Works. Michael spoke regarding resources needed to move forward with planning grant funds and a stormwater plan. He reviewed the audit process and advised that the process has been long and required a second audit. He shared the news that our grant application for \$400,000 for stormwater planning was approved by NCDWI. There are restrictions on this, money cannot be used for repair, but can be used for GIS mapping, planning and evaluations of the system. He stated that the City will need more staff to be dedicated to stormwater. At this point, Michael introduced Rus Scherer to review future staffing.

Rus stated that stormwater will require additional, dedicated staff. He stated that the time has come to have someone on board to handle these requirements: educating the public, investigating problem areas, resolving issues, taking care of internal processes and maintenance. This position will be working with all departments as a team. He will be looking for someone with engineering, wastewater experience, strong organizational skills, teamwork, etc.. He advised that initially, he will be looking to hire one person for this position.

City Manager Sandy shared that this position would manage the \$400,000 of grant money awarded by NCDWI. She stated mapping and understanding what we have as a City, will take a lot of time and energy. She further advised that now is the time for us to figure out how to make all of this work by coming up with a plan. She stated that this will not be totally rate paid and will be subsidized through property taxes. This will not be a self-supporting entity and will not work as a utility.

Sally stated that the City would need to add the additional position in the 2023/2024 budget.

➤ City Manager Sandy called for a break at 9:11 a.m. The meeting resumed at 9:30 a.m.

➤ Comprehensive Plan – Who, What, Where, When & Why

City Manager Sandy stated that in 2009, the City Council adopted a Comprehensive Land Use Plan (Comp Plan) known as Mission 2030 - A Vision for Economic Success for Morganton, North Carolina (copies of summary included). Mission 2030 was prepared with economic development as a focus. She stated "the plan has served us well, but it is time to engage the community and develop a new Comp Plan".

Wendy Smith, Director of Development and Design, issued a Request for Proposal (RFP) for development of a Comprehensive Plan on January 17, 2023. The RFP

yielded four responses. All were reviewed by an internal selection committee. The review resulted in interviews of two firms. The proposals, interviews and reference checks lead staff to recommend Kimley-Horn as the consulting partner to lead the City of Morganton through this crucial planning process.

This planning process is critical to get a course for future growth. Ultimately, this plan, future investments and the City's zoning code must align. The Planning & Zoning Commission members were invited to attend today's session as they will play a key role in this process.

City Manager Sandy welcomed special guests - P&Z members and D&D employees. She stated that planning is important in that we do it to have the steps that we need to go out and get things done. The City is currently working off the Mission 2030 plan. What we do now will affect the next 15 years and will set the City on the right path for the future. City Manager Sandy stated that everyone is excited to begin this process.

City Manager Sandy then introduced Wendy Smith, Director of Development & Design. Wendy also thanked the P&Z and D&D staff for attending. She stated the comprehensive plan really sets the vision and policies for the activities we undertake as a City. She is very excited about working with Kimley-Horn. In the RFP process our focus was on extensive community engagement and setting an action plan with next steps and policies. She introduced Jonathan Whitehurst, the Project Manager from Kimley-Horn, to answer the "who, what, when, where and why" of the comprehensive plan. She advised that this presentation will help everyone in attendance to gain an overview of the process with particular attention being given to explaining the public engagement part of the process.

Mr. Whitehurst stated that he works with a very experienced staff who have worked regularly with other small towns. He said that it is important to put into action a visionary plan. He went over introductions and planning for small town engagement. The process will be in 3 phases: Plan, Envision and Finalize. He reviewed each phase via a Power Point presentation.

He put emphasis on economic development/diversification, land use strategy and transportation and mobility.

He advised that the first step in the process is creating an advisory committee. He reviewed how to go about creating the advisory committee by getting the right people. This will be formed quickly.

He closed with stating that it is not too early or too late to consider how to be clear and active in the process. He suggested that the City must define how to use the plan by engaging the community, finding balance between a vision plan and strategy development and aligning resources with desired outcomes.

City Manager Sandy said Staff is currently working on getting information ready to be presented to Council at the March meeting for approval of a contract with Kimley-Horn. This will be presented to move the plan forward quickly. She stated that we will want people involved from every area – young parents, retirees, faith community, non-profit community, land owners, business owners, etc. The more attendance and participation we get the better the outcome.

- The Mayor called for a break at 10:35 a.m. The meeting resumed at 10:50 a.m.
- City of Morganton 101

City Manager Sandy stated this session first began as a reminder of how big the business known as "The City of Morganton" really is and what it takes to keep it running. Originally, she planned to ask each Department Director to talk about, in list form, the assets (people & things) managed and maintained by them. She then realized this could be a workshop all by itself. Everyone has been provided in their booklet bullet pointed versions of just that. This is designed to be a good refresher for everyone to

review. She stated that everyone will be amazed at how much we operate and maintain.

She stated this part of the presentation involves two categories of assets that are the City – People and Things.

She stated that these assets are important to our community. Jessie started the day with revenues and expenses. Obviously, revenues are required to support the assets. Rus Scherer, Human Resources Director, is going to address the People. He will share market trends, concerns and why investing in our people is critical.

City Manager Sandy stated she is going to highlight the City's Things. Things include vehicles, buildings, parks, utility systems, streets, pools, gyms, police and fire stations, fire trucks, bucket trucks, heavy equipment, cemeteries, sidewalks, a Performing Arts Center, a banquet facility, a warehouse, a garage, software and hardware, a headend, water tanks, electric poles, sewer lift station, etc.. She began by summarizing each department as follows:

- 13 Departments
- Stopped counting at 20 businesses
- 259 buildings and structures on our insurance
- 441 vehicles in the fleet

Human Resources, Executive, Legal

- Serve the people – internal and external
- In-House attorney/paralegal
- Propose policy
- Oversee benefits
- Grant writing
- ARPA project management
- Budget development

Finance

- Maintain financial records
- Procurement oversight
- Tax, Financial, Utility system oversight
- Budget development & compliance
- CPA

Development & Design

- Serve internal and external customers
- Regulatory Roles – inspections, nuisance abatement, zoning, permitting
- Development Roles – design, landscaping design support, project design support, planning
- Licensed engineer
- Registered surveyor
- CAD techs

Public Works

- 2 cemeteries
- 7,300+ garbage customers
- 87.83 miles of streets
- 39 acres of beautification/building grounds

CoMMA

- 17,465 - 2021/2022 Attendance
- 240 days used
- 270 Kids Camps
- 16 Season Performances

Community House

- 17,830 people served
- 534 events

Main Street

- 36 blocks
- 177 events produced
- 165 times the Courthouse Square was used in 2022
- 415 businesses
- 3,320 employees
- 21,700 marketing reached in the last 28 days

Recreation

- 378 acres of parks
- 7.44 miles of paved track (5.14 Greenway)
- 17 mowers
- 5 tractors
- 2 buildings/centers
- 2 pools

Morganton Public Safety

- 6 buildings/facilities
- 8 fire apparatuses
- 59 patrol vehicles – 3.4 million miles driven on these cars
- Community Relationships
- Other stats in MDPS Annual Report

Water Resources

- 330 miles of water lines
- 200 miles of sewer lines
- 10,556 water connections
- 6,943 sewer connections
- 12 tanks
- 24 pump stations

Electric

- 8,855 customers
- 5 substations; 22 circuits
- 254 miles overhead
- 17 miles underground

CoMPAS

- 5,000 customers; 43 nodes
- 190 miles plant
- 156 fiber to the premise locations
- Channel 2
- 70 satellite receivers
- Broadband

She stated this is truly a snapshot and that we have not even touched the internal departments and their assets. IRMS, Warehouse, Garage are critical to our operations. Big capital investments. Continual maintenance. Separate businesses integrated into one – City of Morganton. Each piece has a relationship to the other while maintaining unique needs and challenges.

This is how we deliver service and create the quality of life our citizens require and, more importantly, deserve. Together, the people and the things make our community beautiful, attractive to visitors and the economic center of our County.

The revenues are needed to support our continued investments. The plans, studies and community engagement are needed to ensure we are investing in the right ways. The afternoon will conclude by seeing and reviewing future investments required/desired to continue being the City of Morganton of which we are proud to be a part.

She introduced Rus. He discussed the People part. He stated that the people are what we need to make things happen. The City of Morganton is blessed to have the dynamic of “team”. We must have the people in place to make future plans happen by attracting and retaining people.

Currently we have 13 ¾ vacancies. We are doing more with less. Half of the City’s employees have been here less than 5 years and 2/3 of supervisors have been in positions for less than 5 years. The market is dictating higher wages and changing habits of job seekers are a challenge.

Scherer stated that some considerations in moving forward in HR: Simplify onboarding process; utilize NeoGov; training supervisors; looking at updating procedures and policies for current work force; and staying in tune to the labor market. We have new challenges that require new solutions.

City Manager Sandy advised that municipalities are recruiting from our sister communities, which used to never happen. It has become more difficult to attract the right employees with the right skill set, which brings up the need to figure out how we, as a City, become more flexible. At the end of the day, we do it together because no one has the ability to do it by themselves. We can’t survive without the team concept that is currently in place at the City of Morganton. The team concept changes everything here in Morganton and translates into our community and our planning processes.

➤ Capital Improvement Program Part I

City Manager Sandy introduced, Jessie Parris, Finance Director, who stated that this year the process is vast and with a lot of multi-year projects. She thanked Kate Setzer, Assistant Finance Director, for putting together the presentation. She stated that the Capital Improvement Plan for the next six years is included in the agenda packet. The presentations and discussions at the workshop will focus on the requests for fiscal year 2023/2024 and will included photos of items requested.

As has been the case in the last several years, the needs as presented by the department directors with few cuts will be presented so the Council can get a perspective on the CIP needs city-wide. Requests total \$33,186,247 (\$10,571,500 – Utilities; \$19,157,167 – General Fund and \$3,457,580 ARPA) for next year city-wide. Six-year needs total \$77,518,247. Jessie did state we have already engaged in shifting and moving requests.

There has never been more federal money available than right now. The challenge is figuring how to access it and how to leverage it with other funding to accomplish as much as we can. We have made multiple attempts to secure water and wastewater funding to no avail. It appears we will have to go it alone. It continues to be difficult to get funding as the City is not on the financial watch list and it is frustrating to be penalized for good financial management.

As in the past, these requests will be re-evaluated, tweaked and prioritized with matching resources later in the budget process. Several requests have associated revenues and some of the larger projects lend themselves to borrowings. We are not giving up on grants or other sources. We will be evaluating the large projects that were not funded by State grants as well.

Each director presented their CIP needs/wants beginning with Wendy Smith (Director of Development & Design), Jason Whisnant (Director of Public Safety), Sharon Jablonski (Director of Cultural and Creative Development) and Abby Nelson-Gentry (Main Street Manager).

➤ The Mayor called for a break for lunch at 12:13 p.m. The meeting resumed at 1:02 p.m.

➤ CIP – Part II

Each director presented CIP needs/wants continuing with Michael Chapman (Director of Public Works), Bryan Fish (Director of Recreation), Brooks Kirby (Director of Electric Services), Brad Boris (Director of Water Resources), Greg Branch (Director of IRMS/CoMPAS) and Rob Winkler (Special Projects Manager).

Total CIP Requests: \$33,266,247

➤ Wrap-up and Adjourn – City Manager Sandy stated that she hoped this day represented that there is a lot on the table and there are a good group of dedicated people who are committed to making it happen.

The Council as a whole stated that the presentations have been very informative and outstanding. They voiced appreciation for the department heads and staff for the quick responses to citizens and for their willingness to work together as a team to make the City of Morganton a great place to live, work and play.

The Meeting was adjourned at 3:02 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.



Ronnie Thompson, Mayor



Renee C. Carswell, City Clerk