

MINUTES
REGULAR MEETING
CITY COUNCIL

June 5, 2023

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.
- III. Pledge of Allegiance to the Flag – The pledge of allegiance was led by Councilmember Hawkins.
- IV. Invocation Given by Pastor Mark Ball – Walker Road Baptist Church
- V. Introduction of Council – The Mayor introduced Councilmembers and staff.
- VI. Service Pins
 - a. Mayor Thompson recognized Jimmy Vance, Public Works, Senior Equipment Operator in Sanitation, for his 20 years of service.
 - b. Mayor Thompson recognized Carolyn Richardson, Legal Department, Paralegal, for her 25 years of service.
- VII. Retirement Resolutions
 - a. The Mayor read a resolution honoring Jason A. Smith, who retired from the City of Morganton on June 1, 2023 with 24 years, 11 months of full-time service. Jason retired as Administrative Manager, Public Safety. He was unable to attend in person.

Upon motion by Councilmember Cato, seconded by Councilmember Hawkins, and carried unanimously, the Council adopted Resolution # 23 - 21 honoring retiree Jason Smith.

- b. The Mayor read a resolution honoring Kimberly H. Davis, who retired from the City of Morganton on June 1, 2023 with 28 years, 7 months of full-time service. Kimberly retired as a Senior Public Safety Officer - Patrol with the Public Safety Department.

Councilmember Jernigan presented Kim with the resolution. He stated that he was honored to present the resolution with mixed emotion, being sad to see her leave Public Safety and happy for her as she retires. He thanked her for her years of service.

Kim thanked the Council, co-workers and family. Chief Whisnant thanked her for her years of service to Public Safety and the community.

Upon motion by Councilmember Cato, seconded by Councilmember McSwain, and carried unanimously, the Council adopted Resolution # 23 - 20 honoring retiree Kimberly Davis.

Upon motion by Councilmember McSwain, seconded by Councilmember Jernigan, and carried unanimously, the Council declared a weapon, Glock model 45, serial number BSTF749 and Carnis model # 1044, serial number 1044FH24, fire services helmet as surplus, sold for one dollar (City Manager Sandy provided the \$1), and Chief Whisnant presented the service weapon to retired PSO Kimberly Davis.

VIII. Public Advocacy Issues and Strategies

- a. The Mayor read a proclamation recognizing July 2023 as Parks and Recreation Month. Councilmember McSwain presented the proclamation to Bryan Fish, Recreation Director. Bryan thanked the City Council.
- b. The Mayor read a proclamation recognizing the 65-Year Anniversary of the Chesterfield Ruritan Club. The proclamation was presented by Councilmember Hawkins and accepted by Club President/Secretary Michael Bandy. He was accompanied by National Director Larry Garrison, District Governor Shandy Gossett, District Lt. Governor TJ Garrison, Zone 1 Governor Gary Barger, Club Vice President Mike Smith, Club Treasurer Charles Duckworth, and several club members and volunteers.

Councilmember Hawkins thanked them for their years of service to the community.

Upon motion by Councilmember Jernigan, seconded by Councilmember Hawkins, and carried unanimously, the Council adopted the proclamation recognizing the 65-Year Anniversary of the Chesterfield Ruritan Club.

- c. The Mayor read a proclamation celebrating Juneteenth. The proclamation was presented by Councilmember Cato and accepted by Alicia Connelly and Ruth Roseboro for the NAACP. Councilmember Cato also presented the proclamation to Artie McKesson-Logan for the Citizens of the Improvement for Better Human Relations and Cultural Awareness.

Upon motion by Councilmember Cato, seconded by Councilmember Jernigan, and carried unanimously, the Council adopted the proclamation celebrating Juneteenth.

The Mayor also announced several upcoming events in connection with Juneteenth:

1. Juneteenth Celebration will be held on Saturday, June 17, 2023, 10 a.m. to 4 p.m. at CoMMA.
2. The Third Annual Juneteenth Brunch will be held on Saturday, June 17, 2023, 10 a.m. at the First United Methodist Church in Morganton. The theme is "The Journey Continues" and will feature multicultural performances and several speakers, including Rev. Dr. James E. Hunt. Limited seating is available. Tickets are \$20 each.

The Human Resources Commission is a sponsor of both events.

- d. The Mayor recognized June as *National Homeownership Month*. This month recognizes the legislation and programs that have helped citizens achieve the American dream of home ownership. National Homeownership Week began in 1995, by President Bill Clinton as part of an effort to increase homeownership across America. Later, in 2002, President George W. Bush expanded the period of observance from a week to the entire month of June.

- e. The Mayor recognized June as *African American Music Appreciation Month*. This month honors African American musicians, singers, and contributors who have created, inspired, and influenced this rich part of our national cultural heritage. He encouraged everyone to celebrate the month of June as African American Music Month and to take in some live music that celebrates this tradition at community activities in June, including: The Jammi Jamm 2.0 Multi-Cultural Arts Festival - A Multi-Cultural Day of Unity Celebration will be on Saturday, June 24, 2023, 10 a.m. to 6 p.m. at the corner of Bouchelle Street and East Union Street.
- f. The Mayor announced a public meeting hosted by WPCOG in City of Morganton Council Chambers to be held on Tuesday, June 6, 2023, 4 p.m. to 6 p.m. on The Greater Hickory Metropolitan Planning Organization Draft 2050 Metropolitan Transportation Plan and Comprehensive Transportation Plan. He stated this would be a drop-in format.
- g. The Mayor announced a Community Workshop for the IMAGINE Morganton 2040 Comprehensive Plan in the City of Morganton Council Chambers, to be held on Wednesday, June 7, 2023, 5:30 p.m. to 7:30 p.m. He stated this would be drop-in/open house format.
- h. The Mayor read a Letter of Appreciation to the City of Granite Falls thanking them for their assistance with power restoration after a recent storm.
- i. The Mayor announced the following events:

- **Downtown/City Hall**

Art in the Hall – Tim Abrose and Al Raynor - Photography – Will be on display during the months of June and July.

Farmers Markets

- Every Wednesday through October 2023, 11am-2pm at 111 North Green Street.
- Every Saturday through October 2023, 8am-Noon at 300 Beach Street.

TGIF '23 Free Summer Concert Series

(Food trucks & beverage tents open at 6pm. Concerts begin at 7pm.)

- Friday, June 9th, Mac Arnold (American Blues)
- Friday, June 16th, Brandon Bethel (Country)
- Friday, June 23rd, Radio Ready (Top 40)
- Friday, June 30th, Thomas Anthony & The Livehouse Band (R&B/Soul)
- No TGIF on Friday, July 7th
- Friday, July 14th, Scott Moss and the \$100 Handshakes
- Friday, July 21st, Throwback Collaboration Band
- Friday, July 28th, YM2K

Dogs on the Catwalk & Pooches on Parade – Saturday, July 1st, 10am-12pm on the Historic Burke County Courthouse Square.

- **Collett Street Recreation**

The Collett Street swimming pool will open on June 9th and Martha's Park and Martin Luther King, Jr. splash-pads are currently open for the summer.

Fourth of July Fireworks

A fireworks display will be held on Tuesday, July 4, 2023, with a projected start time of 9:45 pm (May be earlier or later depending upon weather conditions). Fireworks will be shot from the grounds of Freedom Park. The park will be **closed** to the public to ensure the safety of fireworks operators and the public. People wanting to see the fireworks should find parking in the parking lots of nearby businesses along Independence Boulevard, Wamsutta Mill Road, and North Green Street/N.C. 181. More details will be released closer to the July 4th holiday.

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

X. Consent Agenda – City Manager Sandy presented the Consent Agenda.

Upon motion by Councilmember McSwain, seconded by Councilmember Cato, 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 1, 2023 and Closed Session minutes held on May 1, 2023 as submitted.
 - B. Approved the nomination of Ronnie Thompson to serve on the Western Piedmont Sister Cities Committee (WPSCA) for a two-year term to expire on June 30, 2025 and authorized the City Clerk to send a letter of appointment to WPSCA.
 - C. Reappointed Jennie McNeilly as Tax Collector for a period of July 1, 2024 through June 30, 2024 and approved a resolution (Resolution #23-17) adopting an Order Directing the Tax Collector to Collect Taxes.
 - D. Adopted a resolution accepting dedication of easements for water and sanitary sewer lines within the Murphy's Farm apartment development.
 - E. Accepted a grant award from NCDEQ in the amount of \$400,000 for stormwater planning.
 - F. Adopted a resolution (Resolution #23-18) authorizing the acceptance of an ARP Grant from North Carolina Department of Environmental Quality (NCDEQ) for the Silver Creek Pump Station in the amount of \$1,118,247.
 - G. Approved amendment to ordinance (Ordinance # 23-14) regarding the quorum for the Community Appearance Advisory Commission.
 - H. Approved an agreement with Western Piedmont Council of Governments (WPCOG) for provision of technical planning assistance.
- XI. Items Removed from Consent Agenda – The Mayor asked if anyone wanted to remove an item from the Consent Agenda. There were no items removed.

XII. Presentation of Proposed Budget for FY 2023-2024

Presented by Sally Sandy, City Manager assisted by Jessie Parris, Finance Director –

City Manager Sandy stated that for the first time in years the City will have interest earnings again. The City will have over \$300,000 budgeted in interest earnings.

Following is the text of the Manager’s budget message to Council:

June 1, 2023

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 2023/2024 is presented for your consideration. The budget document represents balanced revenues and expenditures. Using resources to invest in our future requires leadership and vision. 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 22-23	Requested FY 23-24	Increase/ (Decrease)	
			Dollars	Percent
General Fund				
- Operations	\$22,481,370	\$24,716,086	\$2,234,716	9%
- C.I.P.	\$5,533,974	\$11,440,967	\$5,906,993	106%
- Powell Bill (less capital)	\$266,778	\$417,732	\$150,954	57%
Total General Fund	\$28,282,122	\$36,574,785	\$8,292,663	29%
Water Fund	\$10,948,418	\$11,717,484	\$769,066	7%
Electric Fund	\$30,461,446	\$28,660,142	(\$1,801,304)	(6%)
Wastewater Fund	\$11,620,847	\$12,837,292	\$1,216,445	10%
CoMPAS CATV Fund	\$6,531,018	\$6,252,085	(\$278,933)	(4%)
Cemetery Trust Fund	\$124,200	\$20,200	(\$104,000)	(84%)
Subtotal:	\$87,968,051	\$96,061,988	\$8,093,937	9%
Less Interfund Transfers	(\$843,215)	(\$972,974)	\$129,759	15%
Total Budget:	\$87,124,836	\$95,089,014	\$7,964,178	9%

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.

COVID-19 changed much about how we do business and how we live life. One thing that has not changed is our commitment to making Morganton a community of choice. We continue to enjoy 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.

Timelines for projects continue to expand as supplies and pricing remain uncertain. Rising fuel costs affect every service we provide. Even vehicle purchases remain a challenge due to availability.

The 2023/2024 total budget is \$95,089,014, which is \$7,964,178 or 9% more than the revised budget for 2022/2023. This large increase is due to a CIP of \$11.4 million. This almost doubles the usual capital requests. We continue to use project funds to account for multi-year projects. Ongoing major projects as of June 30, 2023 include the College Street Redesign, Bethel Park Phases I and II, the Wash Station and the expansion of sewer service in the Bost Road area. Large water and wastewater projects keep being re-budgeted as staff attempts to secure funding assistance from the State. Staff 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)	\$ 311,067
Burke County Library	272,204
Foothills Regional Airport Authority	53,737
WPCOG	26,459
DIG Incentive	68,076
Greenway Transportation	<u>14,000</u>
Total	<u>\$ 745,543</u>

The BDI contributions fund operations and local incentives to industry. Local incentives to industry are included at \$221,577. We have been fortunate to see several business expansions in the last few years. The Foothills Airport requests includes funding for operations, capital and a market analysis for vacant property development. The capital request is to accumulate local matching funds for federal grants for airport improvements in the future. The cost of market analysis will be shared by all four governing partners at \$6,600 each.

The library request of \$235,000 is for operations. The City is funding \$37,204 in capital and doing some concrete work on the grounds. The City continues to budget \$7,500 a year to do routine maintenance on the library grounds, which is in addition to the requested amount in this schedule. The budget proposal includes \$14,000 to continue funding the public transit route in Morganton. The DIG amount of \$68,076 is for Alpine Mill a 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 the proposed 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 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. Economic factors influence the consistency of revenues in this fund. NC General Assembly decisions affect the General Fund, which is dependent on property taxes, sales taxes, ABC revenues, occupancy taxes and grant funding.

The 2023/2024 proposed budget is \$36,574,785. This is \$8,292,663 more than the revised budget for 2022/2023 due to significant capital investments included in the CIP. 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 with support from our utilities. Most importantly, the services that keep Morganton a cut above other towns are supported with General Fund resources. Affordability of services for our citizens remains a priority.

It is predicted that we will add over \$2 million to the fund balance at fiscal year-end, however, some of that will be spent next year. The fund balance is increasing largely because of sales taxes being higher than predicted. We were also successful in collecting prior years' taxes from delinquent payers.

In the post-COVID world, I am happy to report that we continue to experience more participation in recreational activities, CoMMA performances and rentals are better. Activity Downtown keeps increasing. The Community House continues to see events coming back, bookings are up and catering is still going strong. Our parks, parklets and renovated Courthouse Square are full of activity. Reaching full staff with adequate part-time help to service the increased activity remains challenging.

Ad Valorem Taxes – Burke County performed the statutorily mandated revaluation of real property this past year. Valuations are done by Burke County Tax appraisers or their contractor. In the last appraisal in 2019, property values in Morganton increased on average around 9%. The 2022 values are significantly higher with real property increasing an average of 45.24% across the City.

The 2023/2024 proposed budget includes a recommendation to reduce the current tax rate of \$0.57/\$100 to \$0.50/\$100, which staff believes will generate \$12,237,000 or 33% of the general fund. One cent on the tax rate generates approximately \$244,700. The revenue neutral at a collection rate of 98% is \$0.43/\$100.

The additional revenue of \$1,837,000 will be used for the following projects and investments:

Paving Streets	\$ 500,000
Public Safety Vehicles	655,000
Bethel Park Match	200,000
CoMMA Design	250,000
Housing Stimulus/Streets	150,000
Restaurant Recruitment/Downtown	<u>150,000</u>
Total	<u>\$1,905,000</u>

Downtown Special Tax (MSD Tax) – The property values in the Morganton Municipal Service District (MSD) have increased on average 40.80% since the last revaluation in 2019. The continued investment by property owners in downtown properties is reflected in that growth. The 2017 Masterplan continues to guide efforts to reinvest in Downtown Morganton and keep the heart of our community vibrant.

The 2023/2024 proposed budget includes a recommendation to reduce the current downtown special tax rate at \$0.14/\$100 to \$0.12/\$100, which staff believes will generate \$165,000 or 12% of the 2023/2024 Main Street operational expenditures. One cent on the downtown tax rate generates about \$9,946. The revenue neutral tax rate for the MSD at a collection rate of 98% is \$0.10/\$100.

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 \$500,000 and \$175,000, respectively for 2023/2024. Occupancy taxes are definitely supported by business travel and leisure travel. Our investment in beautification, cultural and recreational facilities, and programming supports tourism efforts. ABC profits continue to increase year over year.

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 three fiscal years. Based on

statewide estimates and conservative projections, 2023/2024 sales tax is budgeted to grow another 3% and generate \$6,768,105, which is equivalent to the value of 27.6 cents on the tax rate. This revenue is very important to the City of Morganton. It is concerning that sales tax revenues are equal to 55% of ad valorem tax revenue. Sales tax is subject to shifts in the economy, which are out of local control.

The budget includes \$1,710,000 in solid waste user fees based on no increase in the \$12/month fee for residential service and no change in commercial service fees. Powell Bill revenues are included at \$527,500. Interest earnings are finally worth noting with \$225,000 budgeted in the General Fund.

The proposed General Fund CIP includes routine purchases for equipment and maintenance related vehicles. Several CIP investments are being funded jointly by the City and our partners – these include painting and cupola repair at the Historic Burke County Courthouse at \$240,000 (shared equal by the City and Burke County) and rebuilding and resurfacing at Freedom Park tennis courts for \$350,000 (shared with Burke County Public Schools at \$115,000 and the City at \$235,000). Public Safety is budgeting for equipment replacements and small building improvements. Applications for \$123,500 in grant funding for Public Safety have been submitted.

The General Fund CIP includes two large projects that continue our investment in Downtown and our cultural offerings. The Downtown project is a 2 ½ block streetscape project on North Green Street. The total cost of the general fund portion is \$2.1 million and Staff has submitted an application for \$900,000 in grant funds for this project. Utility costs appear in the proper utility funds. The budget proposal also includes \$5.3 million in installment financing proceeds to fund Phase 1 and 2 renovations for CoMMA as proposed in the recently completed Masterplan. These improvements include auditorium renovations to make the theater accessible to all patrons, back of house improvements and lighting and sound system replacements.

The General Fund budget proposal includes an appropriation of fund balance of \$330,000 of fund balance to fund the proposed CIP. A small appropriation of \$114,981 is required for operations. This appropriation does not come close to reaching the Council adopted policy of 35% in available fund balance.

Water Fund

The good news is that water usage continues to increase reaching pre-COVID levels. We have included a 3% growth in usage for the fiscal year 2023/2024 in the budget totaling \$11,717,484. The budget includes a capital budget of \$6,087,000. Estimated revenues of \$200,000 annually are attributed to growth, while revenues generated from a proposed rate increase total \$600,000 annually. An appropriation of \$55,484 is required to balance the budget.

The proposed rate increases include adjustments to fixed and volumetric charges. Average increases for most customer classes are 5% in fixed rates and 5% in volume rates. Residential customers will see fixed charges increase from \$9.00/month to \$10.50/month. Outside customers will continue to pay double volume charges and an increase of \$3.00/month. The monthly increase to a home inside the City using 5,000 gallons of water will be \$1.85. This is only the second rate change since 2018. Increases will be effective August 1, 2023.

Rate increases are largely being driven by inflation and higher costs of fuel, supplies, chemicals and requirements to keep and maintain a qualified workforce. The budget includes unfreezing a position for distribution and collection work at an annual cost of \$51,644.

Industrial customers will pay a 5% increase in fixed charges and a 2.5% increase in volume charges. Commercial and institutional customers will see 5% increases in fixed charges and 5% in variable charges. Bulk customers will see the same increase as commercial customers.

The recommended CIP once again includes \$4.16 million for the sedimentation upgrade for which we are hoping for some State funding. If no State funding is available, we will need to borrow to complete this project in the upcoming year. The proposed plan includes \$500,000 for line replacement/repair and \$200,000 in housing stimulus grants/loans. Upgrades totaling \$600,000 are proposed at the water plant in addition to the sedimentation project.

Wastewater Fund

The total proposed budget for Wastewater for fiscal year 2023/2024 is \$12,837,292. Just as trends in the water fund indicate, sewer usage is back at pre-COVID levels. Costs for supplies, fuel and chemicals continue to escalate in this fund, too. An appropriation of \$40,292 of retained earnings is included to balance the recommended budget.

Rate increases in the sewer fund mirror the water fund exactly. Residential rates are projected with \$1.50 increase in fixed charges for inside customers and a 5% increase in volume charges outside rates are double. A household using 5,000 gallons will see an increase of \$2.31/month. Revenue generated by the proposed rate increase is estimated at \$705,000 annually. Increases will be effective with the August 1, 2023 billing.

Major improvements at the sewer plant to remain in compliance with State and Federal requirements have been completed in the last several years. Debt service associated with those total \$1.8 million.

The CIP for next year is \$7.56 million. Included in that is the \$5.3 million for the upgrades to Silver Creek Pump Station. An additional \$1,000,000 is included for

multiple improvements at the waste treatment plant. Line/manhole replacement is included at \$500,000 and Housing Stimulus funds at \$200,000.

Electric Fund

The proposed Electric Fund budget for 2023/2024 totals \$28,660,142. The capital for next year is down to \$2.3 million since the new substation has been completed. Appropriated retained earnings for next budget year total \$81,092. The slight growth in electric usage since COVID appears consistent. The NCMPA1 is passing on a wholesale rate decrease that should equal about 4% to Morganton. Again, the reduction is in the first demand block so each customer will be effected differently.

City staff recommends a rate reduction of an average 1.75% to City electric customers. This reduction comes on the heels of last year's 5.5% reduction and in the wake of increased supply costs, in some cases, of 100%. It seems appropriate to point out we continue to reduce rates even when the nation is experiencing an average 15% increase in electric rates.

Rate decreases range from 1.25% to 2.34% on average. A typical residential customer will save about \$2/month, while commercial and industrial savings will range from \$21/month to \$2,400/month. Just like last year, rate reductions increase competitiveness with Duke Energy.

Wholesale power costs predicted for next year total \$20,300,000 and tree trimming is included at \$288,000. Revenues from sale of power are \$27,300,000. Capital expenditures include equipment purchases, system improvement and routine expenditures of about \$800,000. The fourth year of upgrading direct buried lines in neighborhoods is estimated at \$317,000 and supports work in the Rebel Run and Heritage Lane areas.

CoMPAS Fund

The proposed budget for CoMPAS for fiscal year 2023/2024 is \$6,252,085. An appropriation of retained earnings of \$87,585 is required to balance the budget. This appropriation follows a projected surplus at the end of the current fiscal year. High-speed internet continues to be the service most in demand. Internet revenue is projected at \$3,500,000 next year. Access to high-speed broadband in our community is invaluable and an economic development tool that provides the City opportunities to support new businesses.

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 2023/2024. In order to remain competitive, we have evaluated our broadband products and recommend some adjustments. Effective with the August 2023 billing, our lowest speed offered will be

200 MB at \$59.95 per month. Other internet offerings will be 500 MB for \$89.95 per month and once available later in the year, 1 Gig service for \$109.95 per month.

For the second year in a row, there is no recommended rate increase for TV service. Fall 2023 will require renegotiations for our local channels so next year will no doubt require price increases. The budgeted costs for video programming is estimated at \$2,250,000. We are predicting to lose 100 video subscribers next year.

The proposed CIP is \$735,000 and includes \$250,000 to continue to deploy headend at several nodes 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. Our hopes of funding assistance to convert the existing plant to a full fiber-to-home or last mile fiber system are waning. Future investments for this upgrade will more than likely need to be financed. Private companies are being funded with Federal and State tax dollars, while CoMPAS does not qualify.

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 2023/2024 is \$20,200.

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 2023/2024 is \$3,060,005, which is \$70,000 less than last year. Increased costs of supplies and fuel are hitting this fund hard. The reduction is in the IT capital portion of this fund.

The IRMS budget is \$1,490,005. IRMS projects continue to span multi-budget years. Contracted services, which include support costs for hardware and software, are \$762,000 or 51% 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 \$108,000 and includes routine purchases and connectivity costs. This budget includes funding for a conversion of our billing and collections software. This conversion will allow us to improve the on-line payment process.

The warehouse budget is \$685,000. This is reflective of the increased costs of all materials. Largest increases are in Electric, 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. Purchases of inventories is higher at \$680,000 and a generator for the warehouse is included at \$80,000.

The Equipment Services budget is \$885,000 with fuel costs at \$525,000 for the 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, which continue. The garage will be purchasing a steam genie to be installed in the wash station.

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 proposed capital improvements that meet these categories.

The proposed budget includes using \$250,000 to purchase and install new playground equipment in three City parks. The parks are Carbon City, Freedom and the Catawba River Soccer Complex. This investment will allow us to upgrade our parks with new and accessible playground equipment for our kids to use while families continue to enjoy our recreational facilities.

As a reminder, ARPA funding has been committed/used for resurfacing City streets, wastewater plant sludge system upgrades, the Mountain View gym restoration, the wash station facility at the garage and the Bost Road sewer line extension. Committing funding for our parks helps to ensure our goals for spending ARPA funds are met and that our community gets to enjoy the results of these investments.

The commitments of ARPA funding to date plus the park improvements in this budget leave a balance of about \$1.0 million to use for future projects. The timeline for these funds requires commitment by December 2024 and spending by December 2026.

Personnel Issues

The proposed budget for 2023/2024 includes recommendations for salary increases and several position changes. The salary increases include a 5% COLA for all full-time employees effective July 2023 and a 2% merit increase for full-time eligible employees effective as of March 2024. The total costs for the increases including benefits is \$1,072,012 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 Executive, Human Resources, CoMPAS, Public Works, Recreation Maintenance, and Creative and Cultural Development. This study resulted in positions shifting

ranges by one or two pay grades. The total adjustments are \$84,119 citywide and are included in the budget to be effective January 1, 2024.

Several new positions are included in the budget. They include an Executive Fire Officer, a Stormwater Administrator and a Distribution and Collections Operator in Water Resources. Total costs, including benefits, for these position changes are \$229,134 citywide and are included in this budget.

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 \$2,372,942. The increased cost of retirement for sworn and non-sworn personnel is included at \$135,438. Law enforcement separation allowance is budgeted at \$205,000.

The personnel costs are significant. It is more important than ever to remain competitive as an employer 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. An additional benefit included in the proposal is an additional holiday at Christmas. This matches benefits offered by neighboring entities.

Summary

The 2023/2024 budget is our road map that keeps us focused on supporting goals that help achieve a bright future for Morganton. Maintaining services, investing in our amenities and planning for our future remain critical to keeping Morganton sustainable and healthy. Beyond sustainable, our goal continues to be a community of choice – for our citizens, our businesses, our visitors and our future investors.

I want to thank the City employees who get the job done every day. You are the foundation to our success. You continue to show up and work hard with pride. The department directors continue to set the example in how to lead us forward as a team working in unison to achieve a victory. Jessie Parris, Finance Director, and Kate Tallent, Assistant Finance Director, worked diligently to get this budget together.

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 *Harry Potter and the Chamber of Secrets (2002)*, the wise and all-knowing Dumbledore advises Harry in the following way, "It is not our abilities that show what we truly are, it is our choices." How appropriate. Many places have the

ability to be forward thinking and create greatness in the community, only a few have the elected leadership, community support and willing staff to make the tough choices to be GREAT. Thankfully, Morganton continues to have the right commitment to make choices for the future.

Rising fuel costs, escalating material costs, rising inflation and wage pressures and supply chain pressure can't stop us from planning ahead. As we embark on our Comprehensive Land Use Plan update (a process to determine how we grow being led by a group of 29 community representatives who care about our future) we have the opportunity to make the right choices. To our community, participate in this process. Help us choose the path forward. This is work we will do together.

This budget supports a bright future for Morganton. Although this budget does not include funds for a magic wand, it does provide the framework for how we will continue to use our abilities to make the right choices for the benefit of this community.

Respectfully Submitted,



Sally W. Sandy
City Manager

Upon motion by Councilmember Cato, seconded by Councilmember Hawkins, and carried unanimously, the Council called for a public hearing and vote on the proposed budget on Monday, June 19, 2023, 6:00 p.m. to be held in the Council Chamber at City Hall.

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XIII. New Business

A. Public Hearings

1. Public Hearing to Consider the Approval of an Economic Development Agreement with TruWest, LLC Under the Housing Stimulus Program

The Mayor opened the public hearing at 7:07 p.m.

City Attorney Vinay stated that TruWest LLC, owner of a tract of approximately 7 acres at 300 Fletcher Street, has submitted a request for a loan/grant under the City's single family Housing Stimulus Program. For the current fiscal year, the program has \$150,000 available for assistance with extending water infrastructure and \$150,000 for extending sanitary sewer infrastructure. The Program caps assistance at \$5,000 each for water or sewer for each single-family residential unit.

TruWest is seeking the full \$5,000 each for extending water and sewer to each of the 27 townhomes which they plan to build at 300 Fletcher Street, for a total of \$135,000 in water funding and \$135,000 in sewer funding. Payments under the Stimulus Program cannot exceed the actual amounts spent by the developer for those purposes. TruWest has submitted contractor estimates indicating that the total cost of construction and installation of water for the project would be \$192,000, and for sewer would be \$171,000. Thus, even with the full \$5,000 grant for each unit, the maximums under the Program would not be exceeded.

Under the Program's terms, this 0% loan would be secured by a deed of trust on the property. As individual units are sold by TruWest, the City would be repaid 50% of the amount advanced for that unit.

The application from TruWest is the only one received for this fiscal year, and therefore ample budgeted funds are available.

By statute, because loans or grants under the stimulus Program are an economic development incentive, a public hearing is required before the City may make such awards. In accordance with the requirements of General Statutes 158-7.1, the City Council previously adopted a Resolution of Intent, set a public hearing for the June 5, 2023 Council meeting, and required publication of Notice of the hearing, which was done in the News Herald on May 18, 2023.

Because funds are available in the Housing Stimulus Program budget, and because the project presented by TruWest appears to meet all of the requirements of the Program, City staff sees no reason to object to the request. If Council wishes to make the award, an appropriate development agreement, spelling out all the terms and conditions of the loan and grant, and the details of the TruWest project, must be executed before any funds change hands.

Mayor Thompson asked if anyone would like to comment in favor or against the agreement with TruWest, LLC under the Housing Stimulus Program.

Anne Moncrief asked if these would be market rate units. Attorney Vinay stated that it is his understanding that these would be market rate units.

There being no further public comment, the Mayor closed the public hearing at 7:12 p.m.

Upon motion by Councilman Hawkins, seconded by Councilman McSwain, and carried unanimously, the Council approved to award to

TruWest LLC loans under the single family Housing Stimulus Program in the amount of \$135,000 for extension of water service, and \$135,000 for the extension of sanitary sewer service, for a project to construct 27 townhomes at 300 Fletcher Street; to enter into an economic development agreement with TruWest, LLC governing such loan and the terms under which part of the loans may be converted to grants; and further authorizing the Mayor and City Manager to execute any necessary documents.

2. Public Hearing to Consider a Rezoning Request Submitted by Airlie Incorporated to Rezone 8.04 Acres Located at 0 Sanford Drive (PIN 2704143120) from Medium Intensity District (MID) with the River District Overlay to High Intensity District (HID) with the River District Overlay

The Mayor opened the public hearing at 7:14 p.m.

Wendy Smith, Director of Development & Design, stated the subject property is located at the northwest corner of Sanford Drive and Lenoir Road (Highway 18 North), with street frontage on both roads, as shown on the zoning map at Attachment A. The site is currently zoned MID with River District Overlay (RDO) and is proposed to be rezoned to HID, retaining the River District Overlay.

The Medium Intensity District is intended for a variety of medium to high density residential and low to medium intensity civic, institutional, office, service, and retail uses designed to keep the impact on adjacent residential areas at a minimum.

The High Intensity District is established to accommodate high density residential and a wide variety of civic, institutional, retail, service, and office uses along major arterials within the City and to ensure these uses are attractive, functional, and do not have a harmful effect on adjacent neighborhoods or other commercial areas of the City.

The intent of the River District Overlay is to protect and conserve the natural setting of area in the vicinity of the Catawba River and Catawba Meadows Park and to promote compatible recreation and tourist-based development. This overlay applies to any portion of the property within 250 feet of Lenoir Road and Sanford Drive. Preserving the River District Overlay will provide some use and design restrictions to limit impacts upon neighboring properties and the streetscape.

The nearby properties are located in Zone MID with RDO; to the north and west the site directly adjoins land owned by the City, developed with recreational uses. Other nearby development includes Grace Ridge with six story multi-family residential structures, North Morganton United Methodist

Church and Kirksey Funeral Home. The proposed rezoning will allow development that is considered consistent with surrounding uses. While the applicant has noted an intent to construct multi-family housing on the site, rezoning to HID could allow any of the permitted uses allowed in HID (shown in the comparison table at Attachment B) and base dimensional and density standards of that zone. The development of the site with multi-story, multi-family uses or other non-residential/commercial uses as allowed under HID can be considered to be in keeping with surrounding development and the character of surrounding uses and any potential traffic impacts can be managed at the time of development.

The City's Mission 2030 Comprehensive Plan's Future Land Use Map, shown in Attachment C indicates that the subject parcel's future land use should be Recreational/Open Space, which is inconsistent with the current proposal. Recreational/Open space land would typically be reserved for natural open space, parks and similar uses. However, it is considered unlikely that a private owner would develop such a large site in this location for recreational purposes.

The City is currently undergoing an update to the Comprehensive Plan wherein the suitability of land uses will be reconsidered. It is preliminarily expected that re-evaluation of the subject area will support an increase in intensity of uses. Further, the additional density available in HID, should the site be developed with housing, would fulfill a significant community need. Therefore, inconsistency of the rezoning with the adopted plan is considered appropriate.

Staff, and the Planning and Zoning Commission, unanimously recommended approval of the rezoning proposal.

Mayor Thompson asked if anyone would like to comment in favor or against the rezoning request. There being no public comment, the Mayor closed the public hearing at 7:19 p.m.

Upon motion by Councilman Jernigan, seconded by Councilman McSwain, and carried unanimously, the Council approved the rezoning of 0 Sanford Drive (PIN 2704143120) from Medium Intensity District (MID) with the River District Overlay to High Intensity District (HID) with the River District Overlay, which is inconsistent with the adopted Mission 2030 Comprehensive Plan but is considered suitable as:

- the subject site is unlikely to develop as recreational open space and therefore inconsistency with the Mission 2030 Comprehensive Plan Future Land Use Map is appropriate;
- traffic impacts from future development can be mitigated;

- the development of the site with multi-story, multi-family uses or other non-residential/commercial uses can be considered to be in keeping with surrounding development and the character of surrounding uses;
- the additional density available in HID, should the site be developed with housing, would fulfill a significant community need; and
- preserving the River District Overlay will provide some use and design restrictions to limit impacts upon neighboring properties and the streetscape.

B. Other Business

1. Consideration of Award of Contract for the Catawba River Soccer Complex Greenway Re-Alignment Project

City Manager Sandy stated this project involves the re-alignment of a section of existing greenway at the Soccer Complex. The project will include the removal of existing greenway and installation of new greenway for approximately 300 linear feet. The purpose of the project is to prepare for future streambank stabilization and embankment repairs by a separate contractor.

The funding for this particular project would be from the City of Morganton Recreation Department Parks Capital Improvement Fund.

Informal bid proposals were received and opened by the Development & Design Services Department on Thursday May 25, 2023. Four bids were submitted for the project. The lowest responsive, responsible bid was submitted by M&K Enterprises LLC of Lenoir NC in the amount of \$33,599.41. The remaining three bids in order from lowest to highest were \$56,212.45 submitted by Evans Construction of Connelly Springs, NC; \$58,190.00 submitted by J.T. Russell & Sons Inc. of Conover, NC; and \$69,850.00 submitted by Midstate Contractors of Hickory, NC.

Upon motion by Councilmember McSwain, seconded by Councilmember Hawkins, and carried unanimously, the Council authorized a contract with M&K Enterprises, LLC of Lenoir, North Carolina in the amount of \$33,599.41 to perform the Catawba River Soccer Complex Greenway Re-Alignment Project and to authorize the Mayor and/or the City Manager to execute such contract and any other necessary documents.

2. Appointments to Boards and Commissions

a. Board of Adjustment

This is a City Council appointment.

There is one term expiring. Susan Shelor's term expired on June 3, 2023.

Susan Shelor has been a consistent member of the Board of Adjustment and wishes to continue serving on this Board.

Upon motion by Councilmember Cato, seconded by Councilmember Jernigan, 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, 2026.

b. Cable Commission

This is a City Council appointment.

City Manager Sandy stated there is one term expiring: Barry Stock. He has been a consistent member of the Cable Television Commission. He will not be able to continue serving due to ineligibility.

There are five (5) vacancies - two (2) "at-large", one (1) NCSD appointment, one (1) High School appointment and one (1) AARP appointment on the Commission that is vacant. Staff has received two applications. One for the NCSD representative and the other for an A-at-large representative.

Upon motion by Councilmember Jernigan, seconded by Councilmember Cato, and carried unanimously, the Council appointed Aaron Dennie as the NCSD representative and Leslie Cothren as an At-Large representative, to the Cable Commission for terms to expire on June 3, 2026.

c. Community Appearance Advisory Commission

This is a Mayoral appointment.

There are three terms expiring: Martha Franklin, Leslie Giese and James Bagley.

Martha Franklin, Leslie Giese and James Bagley have been consistent members of the Community Appearance Advisory Commission and are willing to continue serving on this Commission. It is recommended by staff that they be reappointed with terms to expire on June 1, 2026.

The Mayor reappointed Martha Franklin, Leslie Giese and James Bagley to the Community Appearance Advisory Commission for 3-year terms to expire on June 1, 2026.

d. Main Street Advisory Board

This is a Mayoral appointment.

The Main Street Advisory Board works with the Main Street staff to oversee and advise on the development of Downtown Morganton. The board is made up of business owners, property owners, and interested individuals.

At this time there are five (5) members whose terms are expiring: Ben Belton, Dr. Bryant Lindsey, Eddie McGimsey, Marcus McGimsey and Pete Wallace.

Ben Belton, Dr. Bryant Lindsey, Eddie McGimsey, Marcus McGimsey and Pete Wallace have been consistent members and have expressed willingness to continue serving on the advisory commission.

In addition to the reappointments, there is one vacancy on the board. One application was received to fill the one vacant position. Scott Brooks has expressed a desire to serve a 3-year term.

The Mayor reappointed Ben Belton, Dr. Bryant Lindsey, Eddie McGimsey, Marcus McGimsey and Pete Wallace to the Main Street Advisory Board for 3-year terms to expire on June 30, 2026.

The Mayor appointed Scott Brooks to the Main Street Advisory Board for a 3-year term to expire on June 30, 2026.

e. Planning and Zoning Commission

This is a City Council appointment.

There are three terms expiring: Erin Kizer, Donald Smith, Jr. and Rick Lingerfelt.

These three have been consistent members of the Planning and Zoning Commission and are willing to continue serving on this commission.

One new application was received from Mr. John Day. He is a resident of the City of Morganton. Mr. Day's application will be kept on file for future consideration.

It is recommended by staff that Erin Kizer, Donald Smith, Jr. and Rick Lingerfelt be reappointed with terms to expire on June 1, 2026. This leaves two vacancies on the Board. One is a County appointment and one is a County alternate position.

Upon motion by Councilmember Hawkins, seconded by Councilmember Jernigan, and carried unanimously, the Council reappointed Erin Kizer, Donald Smith, Jr. and Rick Lingerfelt to the Planning and Zoning Commission for three-year terms to expire on June 1, 2026.

f. Recreation Advisory Committee

This is a City Council appointment.

City Manager Sandy stated there are two (2) individuals who have 3-year terms expiring: Rev. John Hagmann and Mike Hasson.

Rev. John Hagmann and Mike Hasson have been consistent members of the Recreation Advisory Commission and are willing to continue serving.

Upon motion by Councilmember Cato, seconded by Councilmember Hawkins, and carried unanimously, the Council reappointed Rev. John Hagmann and Mike Hasson to the Recreation Advisory Commission for terms to expire on June 30, 2026.

g. ABC Commission

This is a Council appointment.

City Manager Sandy stated the term of ABC Board Chairman Steve Gregory is expiring August 5, 2023. The Council has the option to vote on the reappointment at this meeting if they desire to do so.

Mr. Gregory has been an excellent participant on the Alcoholic Beverage Control Board and has expressed interest in continuing to serve as the Chairman of this board.


Upon motion by Councilmember Jernigan, seconded by Councilmember McSwain, and carried unanimously, the Council reappointed ABC Board Chairman Steve Gregory for a term to expire in August 2026.

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

XV. Reports

XVI. Adjournment – The Mayor adjourned the meeting at 7:29 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