

**HAMLET CITY COUNCIL BUDGET WORK SESSION
COUNCIL CHAMBERS ROOM
201 MAIN STREET, HAMLET, NC 28345
WEDNESDAY, MARCH 24, 2021
3:30 PM
MINUTES**

Due to Governor Cooper's Order in regards to the Coronavirus, the meeting had limited seating. Additional seating was provided in the foyer.

Governing Body Present:

Mayor	Bill Bayless
Mayor Pro Tem	Jesse McQueen
Council Member	Eddie Martin
Council Member	Maurice Stuart (arrived at 3:34 pm)
Council Member	Oscar Sellers
Council Member	Abbie Covington (excused at 4:52 pm)

Staff Present:

City Manager	Matthew Christian
City Clerk	Gail Strickland
Finance Officer	Jill Dickens
Public Works Director	Billy Stubbs

Others Present: Gavin Stone and Will Toler

1. Call to Order

Mayor Bayless called the meeting to order at 3:32 pm.

2. Adoption of Agenda

Council Member Covington motioned to adopt the Agenda. Council Member Martin provided the second. The vote was 4-0.

3. Financial Overview

City Manager Matt Christian discussed the expectations for the meeting, saying they would not balance the budget at this meeting and final decisions did not have to be made. He has met with Department Heads to evaluate the needs from the requests received, which will be presented. The Manager has goals and objectives to present to keep the City grounded throughout the budget process and year, and would like to establish the budget calendar moving forward.

The City Manager provided an overview of the City's Finances. He reported the General Fund FY2020-21 had a \$500,000.00 reduction from the previous year due to the cuts that were made. Also, mentioned was the 10-cent increase in the tax rate. The General Fund has zero debt and is stable for now. Mr. Christian stated the cuts to the General Fund hurt deeply and long-term stability is uncertain due to the changes made in the sales tax distribution. The revenues for Powell Bill have decreased over the past several years, resulting in the needs exceeding the resources. The General Fund has had to make up the difference. A comprehensive assessment of the City Streets is underway to evaluate a new, effective strategy for making the much-needed street repairs.

Mr. Christian reported, on a cash basis, the Enterprise Fund is operating in the black; however, FY2020 had a loss of \$122,000.00, including the depreciation figure. The City experienced revenue challenges in 2020 with COVID regarding billing restrictions and the inability to charge late fees. The revenues have rebounded with expenditures now on pace with the revenues. He reported zero debt for the Enterprise Fund, but the City will have to take on debt to modernize the infrastructure for future growth and gave the example of the sewer moratorium and expansion of the WWTP as preparedness for the future.

Questions and Discussions

Mayor Bayless asked for the Fund Balance Appropriation for the 2020-21 Budget. The City Manager answered \$550,000.00 was budgeted to balance the budget. Council Member McQueen inquired on the amount that would be used. Mr. Christian replied he could provide a better answer the end of April, but advised the figure may not tell the whole story due to the deep cuts that were made. If the money appropriated for the Fund Balance is not spent, it is not because the City has lots of money; it is because the City made significant cuts and is cautious in its spending due to the current challenges.

Council Member McQueen asked for the amount of Powell Bill money spent and the streets that were paved. Public Works Director Billy Stubbs answered \$27,000.00 was spent on 400 feet of paving on McDonald Avenue and the rest on the paving assessment. Mr. McQueen asked for the cost of the paving assessment. Mr. Christian answered \$12,000.00 for this year and the remaining balance of the Powell Bill Funds was used for employees' salaries. Council Member McQueen stated the money for the assessment could be used for more paving and a walk around town would show the needs. The City Manager explained half of the assessment would be completed in one year and the second half in the next year. He reported the City's paving quality score is 59 out of 100. His vision is to look at other options that would gear more to the maintenance of the streets. He will report the results to Council and use the findings to make the City's investments more effective. Council Member McQueen asked for the name of the Company providing the assessment. Mr. Christian responded WithersRavenel and explained they used a truck and cameras to obtain imagery of the streets to provide the information.

4. Budget Discussions

Police Department: Ford Explorers (2) \$81,600

The City Manager reported the 2 new vehicles would replace the 2 Tahoes. Council discussed waiting until the new Chief arrives before making a final decision, if sedans would be more practical, another make of vehicle may be more cost effective, and the need for the vehicles to be 4-wheel drive. A decision on the vehicles was not made.

Council Member McQueen gave his opinion that police should be in traditional uniforms when they are on patrol. Council Member Sellers agreed. Council Member Martin added so should the Chief of Police. He said Council was not asked if the casual uniforms could be worn by the police. He stated Council should approve the color of cars, type of uniforms, badges and emblems. The City Manager advised he will address the issues. Mr. Sellers expressed his concern with ghost emblems on police cars.

Fire Department:

F250 Truck \$48,000

The City Manager advised the Fire Department plans for the new vehicle to be for the Chief and the current Chief's vehicle to be used for inspections. The requested F250 would serve as a command vehicle, equipped with a slide out bed for easy reach of equipment and it could transport multiple employees. Council discussed if a F250 was needed and felt the Chief should clarify. A decision on the vehicle was not made, but Council did discuss transferring vehicles from other departments to fill needs.

Air packs (2) \$16,540 –

Mayor Bayless reported air packs are mandatory and the City purchases several each year. Council Member McQueen asked if the purchase would qualify for the funding from the American Rescue Plan. A decision on the purchase was not made.

American Rescue Plan Funding

City Manager Matt Christian reported the City will receive an estimated \$1.85 million in federal stimulus money through the American Rescue Plan. Half of the money will be received in May. He is waiting on the plan's guidance, but is hoping the funds can be used to absorb some of the needs in the General Fund. Council Member McQueen suggested looking at benefits for the employees. Mr. Christian answered Staff has had internal conversations of what could be done for the City's most important asset, it's employees. He will make recommendations to Council when he has the Plan's boundaries.

Hamlet Depot & Museums: New Exhibit Cabinet \$5,000

Mr. Christian advised the cabinet is to display a Hamlet specific exhibit in the Visitors Center. It would be built by the same cabinet maker that built the others. A decision on the purchase was not made.

Public Works:

Street Sweeper \$190,485

The City Manager reported the Street sweeper was cut from last year's Budget. Mayor Bayless said the City went years repairing the street sweeper and then 2 years without one. A decision on the purchase of the street sweeper was not made.

Limb Truck (F550) \$45,485

Mr. Christian advised the estimate is for the truck only. A decision on the purchase of the limb truck was not made.

Water Crew Truck (F250) \$28,255

Council discussed the difference in the prices of a F250 for the Fire Department and Water Crew Truck. The City Manager answered the difference was the extra equipment. Council discussed the need for the F250 to pull machinery and heavy equipment. A decision on the purchase of the F250 was not made.

Water Treatment Plant: F150 Truck \$26,900

Mayor Bayless inquired on the vehicles at the WTP now. Mr. Stubbs reported they have a F250 and a small truck used for obtaining samples. The new truck would replace the existing F250. A decision on the purchase of the F250 was not made but Council discussed sliding another vehicle over to the WTP.

Water Sewer: AMI Water Meters

City Manager Matt Christian asked for Council's direction in obtaining information on AMI meters. He advised the meters could be a multimillion-dollar project, but would be beneficial in providing more data, more accurate readings and better customer service. Mayor Bayless suggested the Manager arrange a presentation on the meters.

Human Resources:

Healthcare Benefit

Mr. Christian discussed 2 options for healthcare for City employees. The first option is a renewal of the current plan with a 6% increase in premiums. The second option has changes in the drug coverage with

an increase in premiums of 3.4%. He explained some of the covered drugs would go from the \$10 tier to the 50% tier with a maximum cost of \$100. There are no changes in the insurance provider or network. It has been determined the City had 40 claims in the previous year that would be affected by the drug change. The difference in the cost to the City is a \$17,000.00 savings for option two. Council discussed, at some point, new hires may not be able to get paid insurance after retirement.

Employee Salary Increase

The City Manager reminded Council the Cost-of-Living-Adjustment had to be removed last year. He provided information on the additional costs of 1% - 4% raises: 1% is \$40,368.19; 2% is \$80,736.37; 3% is \$121,104.55 and 4% is \$161,472.73. Council discussed the need to do something to retain employees. Mr. Christian said Council may want to consider a partial COLA and doing something else. The Board discussed obtaining the guidelines for the American Rescue Plan and possibly using some of the money for the employees in the form of a bonus.

Extra Employee Holiday for Easter

Council Member McQueen motioned to give Easter Monday, April 5th as a paid holiday to the City employees. Council Member Covington offered the second. The vote was 5-0.

Council Member Covington asked to be excused from the meeting at 4:52 pm.

5. Discussion of 2021-2022 Goals

City Manager Matt Christian discussed goals for the upcoming year. The first goal is to modernize the infrastructure by upgrading the Wastewater Treatment Plant and replace the water meters. Secondly, he would like to increase community engagement in the development of a Comprehensive Zoning Plan and organize more community events. The third goal is to improve the City's technology by replacing the phone system, update the website and increase data security and redundancy.

Continued Discussion of the American Rescue Plan Funds

Council Member McQueen stated the City needs to make sure the money is spent for specific uses and needs to be in the guidelines in every situation with no gray area. City Manager Matt Christian advised, to be consistent, the funds will be put in a Special Revenue Fund, making it easy to track the revenues and expenditures. He will present Council with a budget for the first \$925,000.00 that should be received by May 1, 2021.

Next Budget Meeting

The next Budget Work Session was set for April 21, 2021 at 3:30 pm. Council asked that Department Heads with Budget Requests attend the next meeting.

6. Motion to Adjourn

At 5:07 pm, Council Members Sellers and Stuart provided the motion and second to adjourn the meeting. The vote was 4-0.

Respectfully submitted,



Gail M. Strickland, City Clerk

