

CITY OF GASTONIA

FY 2023 Special Council Budget Meeting

Tuesday, May 30, 2023





MICHAEL PEOPLES
CITY MANAGER

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DIRECTOR OF HR

2023 EMPLOYEE SURVEY

This survey is an opportunity for all employees to provide feedback on their experience working with our company.



Table of Content

Employee surveys are an important tool for gathering feedback from our employees. These surveys identify areas of improvement, increase engagement, improve communication, aid in retaining staff, and can lead to increased productivity.

- **EMPLOYEE ENGAGEMENT SURVEY**
- **MINI-PULSE FOLLOW UP SURVEY**
- **SURVEY RESULTS THEMES**



Employee Engagement Survey

**22
days**

Survey ran
11/18 - 12/10/2022

645

Participants

589

Respondents

21

Questions

1

Open-end Question

610

Comments

What one thing could our organization do to improve your experience here as an employee?

1. More people, more money. hiring process takes way too long to hire people.
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2. As difficult as it is to hear, I believe that the city needs to investigate salary ranges, raises, and benefits that are closer to the current industry standard. While we did have pay adjustments last year no COLA has been given to compensate for the current levels of inflation. Medical costs are increasing, and in-depth and competitive insurance is critical. Perhaps family access to medical care like the clinic could reduce the burden on employees. In the same vein, an in-depth look at industry standard salaries can help retention and morale.



What one thing could our organization do to improve your experience here as an employee?

3. Our Department has promoted degrees over experience for advancement. They have made the Department weaker by promoting people who don't have the experience and hands-on knowledge that comes from doing the job and it is starting to show. The promotion process is broken because it is not allowing more knowledgeable and experienced personnel the opportunity to test because they did not have the finances or time to get a degree, this only hurts the Department because they are not tapping one of the most valuable resources that can't be taught in class or a book, on the job experience.

4. Continue to give pay raises to keep up with inflation.

5. Another cost-of-living adjustment.

What one thing could our organization do to improve your experience here as an employee?

- 6.** In spite of efforts in January, we continue to lag behind surrounding and nearby organizations in salary rates and ranges. Valuable and experienced employees continue to leave to seek higher compensation on a regular basis

- 7.** I think city management, and consequently the city council, have no idea how the employees at each department feel about their daily duties, their pay, their benefits, and the impacts of political correctness training that is forced upon employees, whether they like it or not. There is a workforce shortage, which means attracting and more importantly, retaining employees, is crucial. Increase pay to attract and retain employees, value employees from the top down, and respect them for who they are, not who the city management thinks they should be.

Mini-Pulse Follow-Up Survey

**22
days**

Survey ran
4/5 - 4/27/2022

486

Participants

458

Respondents

6

Yes/No Questions

1

Open-end Question

387

Comments

What one roadblock or barrier would you like to see removed to improve your daily work experience?

- 1.** Increase pay rates to compete with local counties and municipalities of our size and workload. Losing too many people to the county and other places due to pay rates.

- 2.** Remove the "do more with less" mentality. More responsibilities are piled on employees who are already doing extra because their area is short-staffed. Many areas are short-staffed because the pay rate is not in line with surrounding areas. Lack of competitive pay and incentives causes good employees to leave and vacant positions to remain vacant. The remaining employees are burnt out and struggling to keep up.

- 3.** Feeling valued as an individual as well as an employee: competitive pay scale, remote working opportunities, increase in vacation time, and an increase in HSA contributions.



What one roadblock or barrier would you like to see removed to improve your daily work experience?

4. I would like to be compensated better (monetarily). I don't feel like our increase in pay keeps up with the rising costs due to inflation.

5. This survey is a joke. I think by the comments of the prior survey you know what the problems are. More responsibilities with no more pay or decreased pay!! Evaluations with no pay incentives for your good employees and no consequences for the sorry ones. It's really a joke how some people are promoted and can not work independently and have to have their hands held constantly. Better pay (has anyone said that already). There's a reason good tenured employees keep leaving. Maybe let the subordinate's opinions have some say in management's evaluations. Remove the "do more with less" mentality. More responsibilities are piled on employees who are already doing extra because their area is short-staffed. Many areas are short-staffed because the pay rate is not in line with surrounding areas. Lack of competitive pay and incentives causes good employees to leave and vacant positions to remain vacant. The remaining employees are burnt out and struggling to keep up.

What one roadblock or barrier would you like to see removed to improve your daily work experience?

6. Micromanaging is a roadblock that causes employees to lose dedication and enjoyment in doing their job.

7. Better pay and incentives. I would enjoy coming to work dealing with what police have to deal with if I was compensated fairly. Running around a city with 80,000+ people with only 9-12 patrol officers on any given shift isn't cutting it. Running upwards of 30+ calls a day isn't great either. Pay your employees for the work done instead of raking in the cash you're saving from not being able to fill positions. Plenty of people leaving for better-paying jobs, it's time the city realizes that.

Common Themes From Survey Results

Compensation

280 comments in the first survey were related to pay

83 comments in the mini-pulse survey were related to pay (when asked about roadblocks)



Benefits

Improving dental benefits 7/1/23



Communication

Surveys

Employee Engagement



Flexibility/ Remote Work

Varies by department

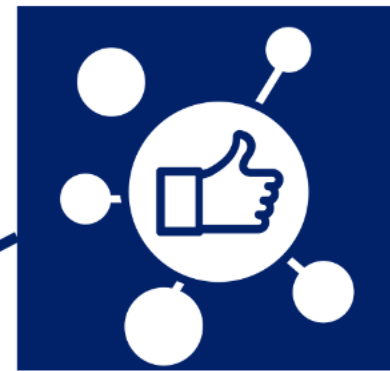
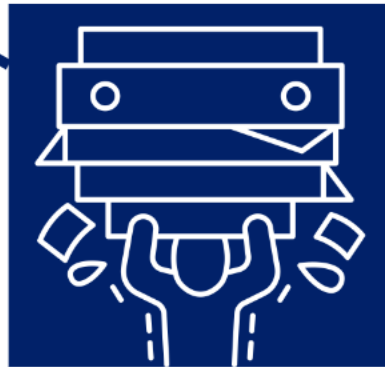


Results of Dissatisfaction with Pay



Feelings
of
Burnout

Feelings of
Being
Overworked



Feelings of
Not Being
Appreciated

Employee
Retention/
Staffing
Issues



Revaluation

Growth due to revaluation = 14.3¢

1¢ ≈ \$1,000,000



Needs utilizing revaluation funding	Amount
GO bond debt service on first issuance	3.14¢
Fund balance appropriated with FY23 adopted budget	2.50¢
Council approved Police Recruitment and Retention Incentives	0.64¢
State mandated retirement increase (no salary increases)	0.35¢
Total required uses of revaluation funding	6.63¢
Proposed tax rate reduction	5.00¢
Revaluation remaining	2.67¢

Revaluation

Growth due to revaluation = 14.3¢

1¢ ≈ \$1,000,000



Additional needs utilizing revaluation funds	Amount
Proposed salary increases & positions (including fringe benefits)	3.21¢
Total personnel costs	3.21¢
Increased transfer to Transit	1.16¢
Increased transfer to Solid Waste	0.35¢
Total increase in transfers to other funds <i>(increase from prior year amount only)</i>	1.51¢

Fund Balance – General Fund

Available fund balance is defined by the Local Government Commission (LGC) is calculated as follows:

Total Fund Balance
Less: Non spendable (not in cash form, not available)
Less: Stabilization by State Statute 159-8 (by state law, not available, such as accounts receivable & inter-fund receivables)
Available Fund Balance

This is the calculation utilized as the basis for comparing you to other units and calculating your fund balance percentages.

Fund Balance Position – General Fund

Total Fund Balance	\$48,893,850
Less: Required Reservations	<u>(\$12,410,001)</u>
Available Fund Balance (48.25%)	\$36,483,849
Minimum Available Fund Balance Required by State (25%)	\$18,905,507
Available Fund Balance 2021 (44.59%)	<u>\$31,253,603</u>
Increase in Available Fund Balance	\$5,230,246

The average Available Fund Balance for comparable Cities was 46% for the year ended June 30, 2022.

Fund Balance Position – General Fund

Increase in Available Fund Balance	\$5,230,246
Reconciliation of current year increase	
Current year revenues over expenditures	\$6,424,687
Net transfers from (to) other funds	(\$864,566)
Increase in other miscellaneous items	\$552,508
Changes in non-spendable and stabilization by State Statute fund balances	<u>(\$882,383)</u>
Increase in Available Fund Balance	\$5,230,246

General Fund Available Fund Balance Information

	Gastonia	Percentage
General Fund Available Fund Balance (AFB) 6/30/2021	\$31,253,603	44.59%
Increase in AFB for FY ended 6/30/2022	<u>\$5,230,246</u>	
Available Fund Balance as of 6/30/2022	\$36,483,849	47.96%
Fund balance appropriated with FY 2023 budget	(\$1,986,850)	
Restricted for Powell Bill, bond proceeds, grant funds, building services and other restricted or assigned by management fund balance	<u>(\$6,940,378)</u>	
Net fund balance	\$27,556,621	36.60%
Council Policy/LGC minimum AFB as of 6/30/2022	(\$18,819,076)	25.00%
Additional fund balance appropriated year to date thru October 2022	<u>(\$3,028,891)</u>	
Estimated fund balance available for additional appropriation	\$5,708,654	

General Fund Appropriation of Fund Balance

(Reported on Audit presentation December 2022)

Date	Description	Amount
	Adopted with FY 2023 budget	\$1,986,850
	Carryover POs	\$740,477
9/6/2022	FY 2022 unspent Arts Initiative funding	\$98,034
9/6/2022	Transfer to Transit for City's match (20%) for sidewalk projects	\$192,380
9/6/2022	Purchase Marietta Street Park	\$550,000
9/20/2022	Transfer to Street Capital Projects for City's match (20%) for NCDOT funded sidewalk projects	<u>\$1,448,000</u>
		<u>\$3,028,891</u>
Total appropriation as of October 31, 2022		\$5,015,741

General Fund Appropriation of Fund Balance

(Additional appropriations since Audit presentation)

Date	Description	Amount
	Carryover UDO funding	\$52
1/3/2023	Transfer to Transit for City match (100%) for SMAP funding	\$191,889
2/7/2023	Additional Code Enforcement contract services	\$25,000
2/7/2023	Linwood Springs staff (one crew chief and two landscape technicians)	\$65,900
2/21/2023	Purchase of two pumper fire trucks	\$1,750,000
3/7/2023	Transfer to Tech Services for the purchase of five vehicles	\$275,000
4/4/2023	Transfer to Tech Services for the purchase of Public Safety mobile data terminals	\$512,000
Total additional appropriations		\$2,819,841

General Fund Appropriation of Fund Balance

(Appropriations since last presentation)

Date	Description	Amount
4/18/2023	Transfer to Tech Services to purchase UPSs and data center storage refresh (GF portion only; total is \$1.45M)	\$870,000
5/5/2023	Police grant funded surplus proceeds	\$388
6/6/2023	Garland Center roof	\$340,000
Total additional appropriations		\$1,210,388

Remaining available fund balance	
Available fund balance as of October 31, 2022	\$5,708,654
Less: Additional appropriations through April 4	(\$2,819,841)
Less: Additional appropriations after April 4	(\$1,210,388)
Remaining fund balance available for appropriations	\$1,678,425

General Fund Minimum Fund Balance

(As required by Local Government Commission (LGC) and Council adopted policy)

	FY 2023	FY 2024	Difference
Budgeted expenditures	\$75,622,028	\$86,604,930	\$10,982,902
25% minimum fund balance required per LGC and Council adopted policy	\$18,905,507	\$21,651,233	\$2,745,726

General Fund Capital Cuts to Balance

Description	Amount
Garland Center roof ^a	\$340,000
Five-year building maintenance assessment*	\$312,182
Replacement of all variable air volume (VAV) actuators for the HVAC system at Police Department	\$280,000
Comprehensive plan update	\$150,000
Erwin Center gym floor ^b	\$130,000
Museum roof – Gallery I & II ^c	\$72,000
Farmer’s Market parking lot improvements	\$70,000
Erwin Center baseball field fencing ^b	\$60,000
Museum roof – NC Hall ^c	\$55,430
Police elevator update	\$30,000
Upgrade of existing door access controllers and DSX hardware at Police Department	\$29,000
Museum roof – Henry Hall ^c	\$15,730
Museum roof – Auditorium/Stowe Gallery ^c	\$6,010
Total	\$1,550,352

a – Fund balance to be appropriated in FY 2023 b – to be funded from ARPA c – to be funded from SCIF

*Included in the Council approved 2023-2025 goals and objectives

General Fund Personnel Cuts to Balance

Description	Amount
Decreased across the board salary increase from 6% to 5% and career development increase from 1.5% to 1.0%	\$619,479
Decreased across the board salary increase from 5% to 4% (career development remained at 1%)	\$486,245
Decreased HSA from \$1,000 per employee back to current \$750 per employee	\$161,904
Travel/training decrease	\$31,381
Total	\$1,299,009

New positions have been eliminated:

- Customer Care Center Representatives have been decreased from six to four
- Financial Services Customer Service Representative
- Parks & Recreation Attendant for Marietta Street Park

Majority of remaining new positions are being budgeted at only 50% of the year to cut costs.

GO Bond funded new positions have also been eliminated:

- Construction Project Coordinator
- Construction Inspector

Total General Fund Cuts to Balance

Description	Amount
Future debt service on GO bond second issuance	\$3,375,000
Capital improvements	\$1,550,352
Personnel costs	\$1,299,009
Total General Fund cuts	\$6,224,361

Amounts above do not include cuts from eliminating positions

General Fund

	FY 2024 Proposed	% of Budget
Ad Valorem Taxes	\$51,214,121	59.14%
Sales Tax	\$19,000,000	21.94%
State Transfers	\$5,905,000	6.82%
Fees	\$5,094,030	5.88%
Transfers In	\$2,052,494	2.37%
Other Revenues	\$1,783,856	2.06%
Investment Earnings	\$902,000	1.04%
Operating Grants	\$558,901	0.64%
Non-recurring Grants	\$94,528	0.11%
Total Revenues	\$86,604,930	100.00%
Personnel Costs	\$62,789,749	72.50%
Operational Support	\$11,952,759	13.80%
Transfers Out	\$7,929,141	9.16%
Debt Service	\$5,448,003	6.29%
Contracted Services	\$2,811,571	3.24%
Equipment Lease & Utilities	\$2,681,929	3.10%
Maintenance	\$2,057,904	2.37%
Travel/Training	\$499,766	0.58%
Purchases for Resale	\$139,750	0.16%
Equipment/Capital Outlay	\$101,324	0.12%
Reimbursement of Services	(\$9,806,966)	(11.32%)
Total Expenditures	\$86,604,930	100.00%

General Fund Breakdown of Expenditures

Function	FY 2024 Proposed	% of Budget
Public Safety	\$43,094,644	49.76%
General Government	\$16,041,341	18.52%
Cultural/Recreation	\$9,819,154	11.34%
Transfers Out	\$7,929,141	9.16%
Debt Service	\$5,448,003	6.29%
Public Works	\$4,272,647	4.93%
Total	\$86,604,930	100.00%

Transfers to	Amount
Solid Waste*	\$3,253,806
FUSE	\$2,033,445
Transit	\$1,347,346
Powell Bill*	\$1,231,348
Street Capital Projects	\$30,000
Airport Capital Projects	\$16,667
CD Block Grant	\$16,529
Total	\$7,929,141

* Areas of potential savings

Solid Waste Fees

First cart

	\$11.00			\$12.00			\$13.00			\$14.00			\$15.00			
	Total SW %	GF Impact		Total SW %	GF Impact		Total SW %	GF Impact		Total SW %	GF Impact		Total SW %	GF Impact		
Second cart	\$6.50	\$3,522,000	55.46%		\$3,828,000	59.65%	(\$308,000)	\$4,134,000	63.84%	(\$614,000)	\$4,440,000	68.03%	(\$920,000)	\$4,746,000	72.22%	(\$1,226,000)
	\$7.00	\$3,534,000	55.62%	(\$14,000)	\$3,840,000	59.81%	(\$320,000)	\$4,146,000	64.00%	(\$626,000)	\$4,452,000	68.19%	(\$932,000)	\$4,758,000	72.39%	(\$1,238,000)
	\$7.50	\$3,546,000	55.78%	(\$26,000)	\$3,852,000	59.98%	(\$332,000)	\$4,158,000	64.17%	(\$638,000)	\$4,464,000	68.36%	(\$944,000)	\$4,770,000	72.55%	(\$1,250,000)
	\$8.00	\$3,558,000	55.95%	(\$38,000)	\$3,864,000	60.14%	(\$344,000)	\$4,170,000	64.33%	(\$650,000)	\$4,476,000	68.52%	(\$956,000)	\$4,782,000	72.72%	(\$1,262,000)
	\$8.50	\$3,570,000	56.11%	(\$50,000)	\$3,876,000	60.30%	(\$356,000)	\$4,182,000	64.50%	(\$662,000)	\$4,488,000	68.69%	(\$968,000)	\$4,794,000	72.88%	(\$1,274,000)
	\$9.00	\$3,582,000	56.28%	(\$62,000)	\$3,888,000	60.47%	(\$368,000)	\$4,194,000	64.66%	(\$674,000)	\$4,500,000	68.85%	(\$980,000)	\$4,806,000	73.04%	(\$1,286,000)
	\$9.50	\$3,594,000	56.44%	(\$74,000)	\$3,900,000	60.63%	(\$380,000)	\$4,206,000	64.83%	(\$686,000)	\$4,512,000	69.02%	(\$992,000)	\$4,818,000	73.21%	(\$1,298,000)
	\$10.00	\$3,606,000	56.61%	(\$86,000)	\$3,912,000	60.80%	(\$392,000)	\$4,218,000	64.99%	(\$698,000)	\$4,524,000	69.18%	(\$1,004,000)	\$4,830,000	73.37%	(\$1,310,000)

Homeowner Impact – Tax Rate Decrease vs Solid Waste increase

Tax Values	\$100,000	\$200,000	\$300,000	\$400,000	\$500,000
City rate = \$0.47	\$1,080.00	\$2,160.00	\$3,240.00	\$4,320.00	\$5,400.00
City rate = \$0.46	\$1,070.00	\$2,140.00	\$3,210.00	\$4,280.00	\$5,350.00
Annual Savings	(\$10.00)	(\$20.00)	(\$30.00)	(\$40.00)	(\$50.00)

Solid Waste Rate (first cart only)

Current = \$11.00	\$132.00	\$132.00	\$132.00	\$132.00	\$132.00
Proposed = \$14.00	\$168.00	\$168.00	\$168.00	\$168.00	\$168.00
Annual Increase	\$36.00	\$36.00	\$36.00	\$36.00	\$36.00

Net Impact	\$26.00	\$16.00	\$6.00	(\$4.00)	(\$14.00)
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Future Needs (Estimated costs)

Description	One-time Cost	Annual Cost
Southeast Recreation Center*	\$15,000,000	\$500,000
Parking deck construction in FUSE district*	\$15,000,000	
Southeast Fire Station*	\$10,000,000	\$1,200,000
Linwood Springs Phase 2 & 3 (unfunded portion)*	\$9,564,276	
Public Works Campus improvements (unfunded portion)*	\$8,564,966	
Downtown Fire Station*	\$5,000,000	\$1,200,000
Sims Park renovations*	\$3,000,000	
Martha Rivers playground equipment	\$1,500,000	
Conference Center improvements	\$500,000	
Comprehensive Plan	\$180,000	
GO bond debt service		\$3,375,000
Career development program		\$535,000
General Fund transfer to Powell Bill (currently subsidized by ARPA)		\$500,000
Solid Waste landfill fee increases (\$30,000 total, but split 50/50)		\$15,000
Total	\$68,309,242	\$7,325,000

*Included in the Council approved 2023-2025 goals and objectives

Annual costs subject to increase due to compounding, along with compensation and benefit increases

Future Needs (Costs unknown)

Compensation and benefit increases*	Increased health care costs
Additional staff and increased employee engagement*	Technology and cybersecurity needs*
Technology Services building up-fit	Second half clinic building up-fit
Micro-transit implementation or new buses	Fire breathing apparatus
City-wide card reader security access	Additional camera systems
Adult Recreation Center	Memorial Hall improvements
All-inclusive Park*	Inventory control bar-coding system for warehoused supplies*
Accounting remodel	Council Chamber improvements
Increased administrative costs for Community Development program	Additional Arts Initiatives/Master Arts Plan*
Future participation in Public Private Partnerships (PPP)	Equipment loan debt service
Satellite higher education facilities*	Greenway connectivity/bicycle pedestrian projects*
Work with Gaston County to implement the Gaston Vision Plan*	Parks & Recreation Master Plan*
Commitment to ending homelessness/safe and affordable housing*	

*Included in the Council approved 2023-2025 goals and objectives

**QUESTIONS
AND
DISCUSSION**