

SPECIAL MEETING CITY COUNCIL  
February 16, 2021

The City Council of the City of Albemarle met in a special session focusing on strategic budget planning on Tuesday, February 16th at 4:00 p.m. in the Stanly County Senior Center. Mayor Ronnie Michael and the following Councilmembers were present, to-wit: Mayor Pro Tem Martha Sue Hall and Councilmembers Martha E. Hughes, Dexter Townsend, Christopher Whitley, Shirley D. Lowder, and Benton Dry. Absent: Councilmember Bill Aldridge.

Also present were the following City of Albemarle staff:

- Michael J. Ferris – City Manager
- Nyki Hardy – Assistant City Manager
- Britt A. Burch – City Attorney
- Cindy Stone – Clerk/Assistant to the City Manager
- Keith Tunnell – Economic Development Director
- Chief T. Pierre Brewton – Fire Department
- Colleen Conroy – Finance Department Director
- Jacob Weavil – Assistant Director Finance Department
- Dana Chaney – Human Resources Department Director
- Owen Squires – Information Systems Department Director
- Lisa Kiser – Parks and Recreation Department Director
- Kevin Robinson – Planning and Development Services Director
- Chief David Dulin – Police Department
- Judy Redwine – Public Utilities Department Director
- Ross Holshouser – Public Works Department Director
- Lee Staton – Public Housing Department Director

Facilitating the session or presenting were:

- Geraldine Gardner – Executive Director, Centralina Regional Council
- Emily Parker – Senior Planner, Centralina Regional Council
- David Cheatwood – Managing Director, First Tryon
- David Hill – consultant, Piedmont Triad Regional Council

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The Mayor called the meeting to order.

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## **Introduction and Meeting Overview**

Geraldine Gardner from Centralina Regional Council (CRC) began with an overview of the agenda, ground rules review and a summary of how the meeting would proceed.

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## **Review: February 9<sup>th</sup> Meeting and Options for Vision, Mission, Values**

Emily Parker briefly recapped the work Council completed on mission, vision, and values in last week's strategic planning session. She then handed out a vision statement options worksheet and a mission statement options worksheet. The facilitators went over the worksheets with the group and asked for feedback on the vision and mission statements options. Council discussed the options and what they liked and didn't like about them.

For the vision statement, Options 1 and 3 had some merit but some wording in both statements drew a mixed reaction among Council members.

Option 1: Community Pride - Albemarle will be welcoming of all people, rich in opportunity, and built on small town pride.

Option 3: Economic Opportunity - Albemarle will be proactive in the development of opportunities for the benefit of all citizens.

A consensus of Council members liked the "pride" theme in Option 1 but wrestled with the phrase "small town" and possible negative connotations associated with it. However Councilmember Whitley saw "small town" as a description of Albemarle not its size, and Councilmember Dry emphasized "built" as an action suggesting that Albemarle is progressing based on small town pride.

For Option 3, the City Manager noted that he liked the reference to "all citizens" in that it indicates that the City is inclusive of who we are here to serve, and acknowledges that the City is thinking about others.

For the mission statement, Council's first reaction was that none of the options really resonated with them. Mayor Pro Tem Hall thought that Option 2's statement could be refined, Option 3 resonated with the phrase "create a sense of community" and Option 1 resonated with her for the word "transparently." The Mayor offered the suggestion that combining Option 1 and Option 3 with an emphasis on transparency. Other Council members agreed with that idea.

The facilitators will incorporate input from Council and further refine options for Council to select in a future meeting.

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## **FY 2021-22 Budget Approach**

### Alignment with Community Survey and November Strategic Planning

The facilitators reviewed community survey results again with Council, focusing on what respondents wished for the City to work on, particularly in service areas. The top 5 areas of City services to be viewed as areas of opportunity for the City to improve upon, which were in line with what respondents wanted to improve in quality of life measures, included: economic development; street maintenance/cleaning; Main Street Program/downtown development; stormwater management; and police.

This recap formed the introduction into a presentation that City Manager Michael J. Ferris provided Council of how community survey results could be folded into Council priority areas, such as Economic Development, Infrastructure, Talent Management, and Safety and Security. The handout Council was provided approached the prioritization process on three levels: the top level was the general Council Priority Area; the second level was feedback from residents based on community survey results; and the third level is the City's current plans and/or possible future actions to address these priority areas.

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Before moving into First Tryon's presentation, the facilitators sought Council's feedback on information provided thus far. The Mayor stated that he thought that the process so far is on the right track. Councilmember Whitley advised that it is important for the City to get the community survey results to the public, and make it easy to see and understand it. Councilmember Hughes agreed with Councilmember Whitley's comment.

Mayor Pro Tem Hall asked the facilitators if the wider trend for the public to not trust government in general is being seen or noted on the municipal level widely. The facilitators replied that they would look into that, but so far in their work here in the region and reviewing research they are not seeing a distinction between peoples' perception of federal, state, and local levels of government. The City Manager noted he has recently seen information that indicates local government is still the most trusted level of government, but that the public distinction and opinion of the various levels is becoming blurred.

There was a short break for dinner and working dinner session.

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## **Financial Briefing and Discussion**

City Manager Michael J. Ferris introduced Mr. David Cheatwood from First Tryon. Mr. Cheatwood's presentation sought to update Council on financial modeling and revenue and expenses trends from the November strategic planning sessions based on more recent financial data. He based his presentation on slides provided to Council in their binders.

Mr. Cheatwood began by reviewing the 5-year historical summary of the City's General Fund. Currently, the City has limited operating expenses due to the pandemic, resulting in an increase in the fund balance. Because of this shift there are opportunities for the City to consider other projects if they wished, such as the stormwater management plan with the initial cost inserted into their model. He noted that the capital projects that were inserted into financial models in November are still the same. For the Albemarle Business Center, First Tryon made changes on the funding streams for that which include an inter-loan fund.

The updated financial modeling First Tryon completed for this session is based on the most recent fiscal year (FY19-20) as baseline, with adjustments made with assumptions such as a reduced occupancy tax and a decrease in sales tax reductions. First Tryon also flatlined all expense categories from FY 2020 except for salaries and wages. If less revenue this fiscal year comes in and there are more expenses, there will be more pressure on the fund balance moving forward.

Since debt service is coming due for a number of capital projects in upcoming years, it will be a peak year for capital expenditures. After this fiscal year, however, there will be more room opening up in the next few fiscal years for additional capital projects. First Tryon then summarized assumptions about how the debt service could affect the fund balance.

Next, First Tryon showed Council a comparison of the City of Albemarle's General Fund as compared to a series of similar sized municipal governments in the state with populations of between 10,000 and 20,000. The City was in the middle tier of the comparison group for the set fund balance as percentage of revenue, and in the middle to lower middle tier on unassigned fund balance as percentage of revenue. On the debt side, for direct net debt the City was in the higher tier, and in the high tier also for direct net debt per capita. However, the City was in low to middle range for debt service as percentage of operating expenses, and in the middle tier for 10-year debt payout ratio.

First Tryon then went through models and assumptions for the Water and Sewer Fund considering there are multiple capital projects ongoing or in the pipeline which would affect the Fund.

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## **Compensation Study Briefing**

The City Manager introduced Mr. David Hill, the consultant hired by the City to conduct a compensation study. Mr. Hill came in front of Council to present highlights of the study results and to

explain three options for Council to consider for readjusting personnel pay to be competitive with other area municipalities and counties. Mr. Hill distributed a handout of the study highlights to the group.

Mr. Hill provided a general overview about how employers with a “mature” workforce like the City’s should have employee compensation distributed for an equitable pay scale. He then showed the results of classification-to-classification comparisons (where available) with a dozen other municipalities/counties in the state comparable to the City of Albemarle in terms of scope of services provided, location, and/or population. The City of Albemarle’s current compensation system shows signs of moderate to severe salary compression and a somewhat skewed pay scale across all positions.

Finally Mr. Hill explained 3 potential options to address current compensation issues which would take into account market competitiveness, employee recruitment, employee retention, and salary compression. He took questions from Council.

Councilmember Lowder commented that these days, potential new recruits are looking largely at salary to compare employers’ offers. Mr. Hill agreed with this statement, adding that geographic location to a potential job to where an employee lives is not as much of a factor as it used to be, too.

Councilmember Whitley asked if the study compared benefits packages across the comparison group. Mr. Hill replied that the study did not compare benefits packages across the comparison group, but in general there is not much difference among local governments in terms of benefits packages, with the exception of the health insurance provision. Mayor Pro Tem Hall followed up on Mr. Hill’s response and asked if there is evidence that most local governments are not providing health insurance as they did in the past. Mr. Hill confirmed this trend, stating that in the last 20 years, local governments have whittled away health insurance provisions for employees.

City Manager Michael J. Ferris recommended to Council that he be permitted to work one of the options provided by Mr. Hill into the FY 21-22 budget that does implement the market competitiveness adjustments with provisions to address compression based on time in the current position. He said this approach addresses the major salary concerns. He indicated he intends to build the budget around the implementing market adjustments and some factor for compression to the best of his ability. He indicated this is the goal with this issue, but revenues and other requests across the City have to be factored into what we can do overall. He did note this has been a top priority of staff.

Council discussed the suggestion and which option to recommend to the City Manager to work into the budget. Option 3 was the option Council agreed to allow the City Manager to plug into the budget.

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### **Prioritization of FY ’22 Investment Opportunities**

Assistant City Manager Nyki Hardy introduced this last portion of the meeting by directing Council members to the investment opportunities handouts in their binders for a prioritizing exercise. The facilitators asked Council members to place dots next to the investment opportunities they would like prioritized in the next fiscal year budget, as well as those which Council members feel need more attention, as itemized on sheets of paper on the wall.

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**Other Business**

The Mayor requested that Council gather at the end of the session for some updates on issues/topics brought up in last night's Council meeting.

1. Economic development incentive package – The Mayor noted that in order to follow the County, Council should place the setting of the public hearing on the March 1<sup>st</sup> agenda pending more information and direction from Economic Development Director Keith Tunnell.
2. Quarter cent sales tax request to state for transportation/road funding – The Mayor spoke with NC Representative Wayne Sasser about the City's request for a quarter cent sales tax increase for road funding to be introduced in the General Assembly. Mr. Sasser stated that in order for that to occur all of the local municipalities in the county would need to agree to it, and it would need to be considered and passed by the County Board of Commissioners. Council debated what approach to take next and decided on adopting a resolution at the March 1<sup>st</sup> meeting for the City to request an increase in Powell Bill funding from the state.
3. Update: violation of state mask mandate at local restaurant – The Mayor requested that Police Chief David Dulin provide Council with an update of the meeting which occurred earlier that day about the restaurant featured in the news over the weekend for violating the Executive Order requiring masks be worn indoors to reduce the spread of COVID19. Chief Dulin confirmed that he met with the Stanly County Health Director, 2 ALE (Alcohol Law Enforcement) agents, and the District Attorney about the restaurant issue that morning. The group agreed that the approach would be to wait until the next complaint came in, and put into effect the following process: 1). On the occasion of the first complaint a copy of the Executive Order would be provided to the restaurant to educate them about the law; then 2). For the second offense, a warning ticket would be issued, followed by 3). A citation provided to the restaurant with a copy of the citation sent to NC DHHS through the County Health Department. The revocation of the restaurant's liquor license could also be used if needed to encourage compliance by the restaurant. A Councilmember asked if the District Attorney (DA) would prosecute the case if it got that far. Chief Dulin replied that the DA indicated he would prosecute, but it is likely not to produce a conviction in court. Chief Dulin also said another meeting is scheduled so that all parties can remain coordinate in this effort. Council thanked Chief Dulin for his update.

There being no further business, the Mayor called a motion to adjourn.

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Upon a motion by Councilmember Dry, seconded by Councilmember Whitley, unanimously carried, the meeting was adjourned until Monday, March 1, 2021 at 6:30 p.m. in Council Chambers of City Hall.