

CITY OF MOUNT HOLLY
CITY COUNCIL MEETING MINUTES
MONDAY, MAY 20, 2024
COUNCIL CHAMBERS
6:30 PM

CALL TO ORDER

Mayor Moore called the meeting to order at 6:30 pm. The following were present:

Mayor David Moore	Jonathan Blanton, City Manager
Mayor Pro Tem Lauren Shoemaker	Brian DuPont, Assistant City Manager
Councilman Ivory Craig	Brian Reagan, Police Chief
Councilman Jeff Meadows	Ryan Baker, Fire Chief
Councilman Bryan Hough	Greg Beal, Planning Director
Councilwoman Phyllis Harris	Tony Walker, Streets and Solid Waste Director
Councilman Kenneth Reeves	Robert Stewart, Deputy Utilities Director
Marie M. Anders, City Attorney	Mark Jusko, Recreation Supervisor
Danny Jackson, Consultant	Michelle Wood, Finance Director
Tara Douglas, City Clerk	Alexis Hines, Human Resources Director

INVOCATION

Councilman Kenneth Reeves led the Council, staff, and attendees in prayer.

PLEDGE OF ALLEGIANCE

Mayor Moore led the Council, staff, and attendees in the pledge of allegiance.

SET THE AGENDA

Mayor Moore stated that there would be no closed session needed and requested this item be removed. With no other changes to the agenda, Mayor Moore entertained a motion to approve the agenda as presented. Councilman Craig made a motion to approve the agenda as presented. Councilman Reeves seconded the motion.

All Council members present voted in favor. (Motion Carried)

CONSENT AGENDA

1. Approval of RFQ for Wastewater Treatment Plant Decommissioning-Professional Engineering Services

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Mayor Moore entertained a motion to approve the consent agenda as presented. Councilwoman Harris made a motion to approve the consent agenda. Councilman Hough seconded the motion.

All Council members present voted in favor. (Motion Carried)

PRESENTATIONS

1. Discussion of the Proposed 2024/2025 Budget and Fee Schedule

Jonathan Blanton and Michelle Wood

Mr. Blanton stated that the Council has the draft budget before them for Fiscal Year 2025 that was given to them a couple of weeks ago as well as a memo of budget highlights. Mr. Blanton stated that the budget that is before the Council is balanced and that there is no requirement for the fund balance to be utilized to fund operating expenses. Mr. Blanton stated that the fund balance is only being utilized to fund capital costs and that this is a decrease from last fiscal year's budget. Mr. Blanton stated that he and Mrs. Wood are happy to answer any questions.

Councilman Reeves asked about the Streets and Solid Waste numbers as it pertains to potentially moving to Waste Pro. Councilman Reeves mentioned that at the Council Retreat, it was discussed that the City would save money, but it looks like we are spending and not saving.

Mrs. Wood stated that there is not a presentation prepared since Mr. Blanton reviewed the budget highlights at the last meeting. Mrs. Wood stated that she is prepared for any questions.

Mr. Blanton discussed the Streets and Solid Waste budget. Mr. Blanton stated that the Streets and Solid Waste budget is proposed to increase by approximately \$1.3 million dollars for the upcoming fiscal year. Mr. Blanton stated that this particular department is reflective of the vote that was taken by the Council at the 2024 Council Retreat to move forward with contracting out with Waste Pro. Mr. Blanton stated that the majority of these increases are due to the decision to contract out. Mr. Blanton stated that there will be an additional cost to the City per each can. Mr. Blanton stated that the thought process as mentioned at the last meeting was that the City would not be budgeting for an additional garbage truck and personnel to account for some of the growth. Mr. Blanton stated that the total for that budget is approximately \$3.4 million dollars. Mr. Blanton stated that we can make any adjustments based on the Council's direction.

Councilman Hough stated he was stunned by the numbers. Councilman Hough stated that he is concerned for the customer service that the citizens have grown accustomed to.

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Councilman Hough stated that there have been challenges with Waste Pro already. Councilman Hough stated that the City should continue to study the problem and ways to address the challenges in the Streets and Solid Waste department. Councilman Hough stated that we need to do a better job with the costs because that is something that we do not need to put on our citizens.

Councilman Meadows would like to see staff bring forward a strategy to include a people plan for the great employees that we have. Councilman Meadows stated that we need a strategy around what happens to our equipment, employees, and service to customers. Councilman Meadows stated that he thinks a rebid with some ideas with presenting the information to some of these other companies that could do this work and have a savings plan if we did. Councilman Meadows stated that he is more comfortable staying with what we are currently doing even though it has its challenges.

Councilman Craig stated that he agrees with the discussion around the increase in cost around Streets and Solid Waste and would like for Council to take more time to reevaluate.

Mayor Moore stated that he agrees with the council's statements and stated that the City needs to get more quotes.

Councilman Meadows discussed the merit system and stated that it was never the intent to give COLA and merit. Councilman Meadows would like to know what the merit philosophy is and how do we budget for it.

Mr. Blanton stated that it is his understanding that this is the first fiscal year that the merit program was included in the budget after many years. Mr. Blanton stated that it is his understanding that COLA was budgeted last year and then the merit program was evaluated mid-year. Mr. Blanton deferred to Mrs. Wood for any insight into how this was previously done. Mrs. Wood stated that they had repeated what had previously been done.

Councilman Meadows stated that the amounts need to be driven by the budget and not by an arbitrary percentage. Councilman Craig stated that he agrees with only having the merit. Councilman Hough stated that compression will become a continued issue. Councilman Hough stated that he feels the process is unsure. Councilman Meadows stated that the general idea was to be able to give employees that have done well the opportunity to get a bit more than just the COLA.

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Councilman Reeves stated that we must remain competitive with other municipalities and that he understood that this is why this merit program was implemented. Mr. Blanton stated that this program is twofold. Mr. Blanton stated that in the proposed budget there is up to a 5% increase for merit and the second prong of that is a 3.1% cost of living adjustment (COLA).

Councilman Hough stated that another piece to this is the salary study to stay competitive with other jurisdictions. Councilman Hough stated that the staff has done a lot of work with the salary study to make sure that our people are being paid competitively. Councilman Meadows stated that there have been incentive programs given to keep employees pay competitive.

Councilman Meadows stated that as we are looking at the self-funding of the insurance program, that he would like for staff to come back with a strategy around this. Councilman Meadows stated that he would like to know how and where these savings are going to be derived. Councilman Meadows stated that he would like to have an internal consultant in addition to OneDigital that can help with this transition. Councilman Meadows would like a clear and defined transition plan in place. Councilman Meadows stated that he would rather see the City start today with the knowns. Councilman Meadows asked how we put a system in place to have a back stop to cover that from premium to stop loss if it occurs.

Councilman Hough stated that what Councilman Meadows is referring to max funding. Councilman Hough stated that what is done is that you keep everything as it is today as if you were going to be fully insured and you max fund the claims in your reserve especially in year one and year two to backfill any potential issues if they were to arise. Councilman Hough stated that there is a way to max fund it and that is the most conservative approach to go.

Mr. Blanton stated that the first meeting with OneDigital is tomorrow to discuss the transition plan going forward. Mr. Blanton stated that staff will update the Council on the progress.

Councilman Meadows stated that he would like to see an organizational chart with just positions and one with the employee names. Mr. Blanton stated that the staff has been directed to provide this.

Councilman Meadows stated that he would like to see the City move away from the longevity program and move to a bonus program that is driven by goals that are set by the City Manager and the amount set by the City Manager. Councilman Meadows stated that he would like to see the amount that the employee currently has towards longevity moved to their base salary pay. Councilman Meadows stated that he would like to see this bonus earned and not just because someone has been here the longest.

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Councilwoman Harris stated that she has spoken to a lot of employees and that they do not want to see that happen. Councilwoman Harris stated that she would not be in favor of the longevity bonus being removed. Councilman Reeves stated that he would like to see us do a survey to get the employee's input.

Councilman Craig stated that he is in favor of the longevity because he has lived it, but that he would like to hear more about other ideas. Councilman Craig stated that he is in favor of hearing from the employees. Mayor Pro Tem Shoemaker stated that there should be an education program. Mayor Pro Tem Shoemaker stated that the employees would make more money over time and that Councilman Meadows is not trying to take anything away. Councilman Meadows discussed the bonus program and that the bonus amount set by the City Manager would potentially be added every year as part of the employee's base pay to grow. Councilman Meadows stated that bonuses should be earned.

Councilman Craig stated that the education is crucial and that he understands the benefit of getting the longevity check close to the holidays. Councilman Reeves stated that we need to make sure that we educate the employees to show them the benefits anytime there is to be a change.

Mayor Moore stated that he agrees that the employees need to have input and education on the potential bonus program replacing the current longevity program.

Mr. Blanton recapped the priorities to ensure direction. Mr. Blanton asked for confirmation regarding the longevity payout to employees. Mr. Blanton stated that as far as longevity is concerned, if we moved forward this year, that longevity would be bonused, and that amount would be allocated across all employees that are eligible for the longevity pay for this fiscal year. Mr. Blanton stated that there would be a separate bucket of discretionary funds that would be divvied up based not on longevity alone, but other performance factors that it would be tied to. Mr. Blanton stated that going into the second year, longevity would be sunset, and employees would get bonus pay that is tied to specific performance measures.

Councilman Meadows stated that we would need to talk about the transition because there has not been a bonus program established.

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Councilman Meadows asked about the philosophy regarding capital funds versus operating funds.

Mr. Blanton stated that looking from fiscal year 2024 to 2025, there are different amounts of capital projects that have been funded and we have ensured that the fund balance is not being utilized for operating costs and that this budget is only using the fund balance for capital projects. Mr. Blanton stated that it fluctuates from year to year. Mr. Blanton stated that for fiscal year 2025, we had \$5.4 million proposed as to \$10 million last year. Mr. Blanton stated that it would be based on the Capital Improvement Plan (CIP) that the Council has adopted how much that capital project fund would fluctuate from year to year, but that it is important to note that the proposed budget does not use any fund balance to fund operating costs.

Councilman Meadows stated that he is disappointed that there is no presentation for the citizens to see and that he would like to see an overview and a summary page for the public to see for the public hearing at the next meeting. Councilman Meadows stated that there has been great work by the staff that he would like for the public to see and be able to reference. Mr. Blanton stated that he discussed and advised Mrs. Wood that there would be input from the Council first prior to making any final budget summary, but that he will ensure that this information gets to the public with plenty of time for review prior to the budget public hearing. Mr. Blanton stated that the budget information is on the City's website for public review.

Councilman Hough stated that the \$1.3 million from Waste Pro that we have decided not to go forward with is a significant amount of money at approximately 3.5 cents on tax rate.

Councilman Hough stated that he would like for staff to evaluate that and the impact because there will be expenses potentially that we didn't plan for because we were going forward with Waste Pro until tonight. Councilman Hough stated that we need to continue to look at reducing our tax rate as we continue to grow our business base that we have.

Councilman Meadows would like to know how much of the Capital Improvement Plan (CIP) are we funding and what percentage. Mr. Blanton stated the general fund for fiscal year 25/26 is approximately \$3.9 million and the following year is \$1.4 million. Councilman Meadows stated that his point is that we would be shooting ourselves in the foot if we take pennies off this year's tax rate. Councilman Meadows stated that some of the economic development projects, for example, the \$18 million dollars that we spent on water and sewer being extended from exit 27 back down to Tuckasee as well as the \$3 million that we set aside for the Connector Road would not be happening had we not done that. Councilman Meadows stated that it is good to

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have a float. Councilman Meadows stated that if we pull back on the tax rate now and we need that money next year, that no one is going to want to raise their hand for an increase in the tax rate.

Mr. Blanton received confirmation of Council's consensus that the City is going to forego the contract with Waste Pro. Mr. Blanton stated that he would get with Director Walker to make the changes to the budget. Mr. Blanton stated that there will be additional costs that will come from this. Mr. Blanton stated that the tipping fees were lowered from \$229,000 this fiscal year to \$100,000 for next fiscal year so there will be some adjustments, but the budget in the Streets and Solid Waste Department will not be decreasing by \$1.3 million dollars.

Mayor Pro Tem Shoemaker stated that at the retreat it seemed to be a no-brainer due to the need for additional personnel and the expense for new equipment. Mayor Pro Tem Shoemaker stated that we need to take a moment to reevaluate the numbers for keeping the service in house versus any outside sourcing. Mayor Pro Tem Shoemaker stated that Director Walker made a compelling argument for outsourcing the service. Councilwoman Harris stated that she agrees with Mayor Pro Tem Shoemaker.

Councilman Meadows stated that he would like to see the City reevaluate this over the next three to six months. Mr. Blanton stated that this was going to be his recommendation and that the City can re-advertise this contract throughout the fall and hopefully get more than one bid. Mr. Blanton stated that we are currently charging \$7.10 per month for garbage pick-up, and this was not recommended to change for the upcoming fiscal year. Mr. Blanton stated that for fiscal year 2025, it is costing the City \$41.64 per home per month taking out that \$7.10 we are subsidizing out of the general fund approximately \$34.54 as it stands. Mr. Blanton stated that with Waste Pro, the City would still be subsidizing this cost out of the general fund. Mr. Blanton stated that his recommendation would be that we look at this throughout the late summer and put it out to bid again to see what we can do then.

Mr. Blanton confirmed that the consensus of the Council is that we adjust the budget to take out the contracted cost for the Streets and Solid Waste department and keep the sanitation services in-house currently.

Councilman Craig stated that he would like to know what the cost would be to keep the service in-house with the addition of the needed sanitation trucks.

Mr. Blanton thanked the Mayor and the Council for their feedback and said that he will make sure that this information presented and that we can take a comparison cost approach to this.

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Mr. Blanton confirmed that it is the consensus of the Council for the upcoming June 10, 2024 public hearing on the budget, that the draft budget for the fiscal year 2025 will include in-house garbage pickup and not the Waste Pro contract.

Mr. Blanton asked about the consensus of the Council that we are going to be removing the 3.10 % Cost of Living Adjustment (COLA) from the recommended budget and moving forward with only the 5% merit.

Councilman Meadows stated that it is more sophisticated than that and that he does not think that we need an 8% bucket. Councilman Meadows stated that we need to look at what the distribution is.

Mr. Blanton stated that he needs direction for budgeting purposes. Councilman Hough stated that he feels that we are not ready for this and that we could leave the number at 8% and then work on the merit program. Councilman Meadows stated that last time was the transition year so we should be able to look at the list to see what the baseline is. Councilman Meadows stated that maybe we budget the 8%, figure out what the number is, and report back to Council. Councilman Meadows stated that while it sounds complicated, it is standard operating procedure across multiple industries. Councilman Hough stated that this is true if you have done it.

Mayor Moore stated that taking care of our employees is what matters. Councilman Reeves stated that we need to leave the numbers alone and work out the process.

Mr. Blanton asked for a point of clarification. Mr. Blanton asked if the Council is saying that each employee would be eligible for up to anywhere from 1% to 8% with no Cost of Living Adjustment (COLA)? Councilman Hough answered no. Councilman Hough stated that whatever the number is in a department, that is the budget for that department. Councilman Hough stated that it is a bucket of money that we would take and pay out based on performance of those ranked and stacked. Councilman Meadows stated that we have always stated that we wanted something to go to employees that were performing that was greater than the 3%.

NEW BUSINESS

1. City Manager Report

Jonathan Blanton

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Mr. Blanton stated that City Hall will be closed for Memorial Day and that he hopes everyone is safe and enjoys spending time with their family. Mr. Blanton stated that the first sculpture with

our leased art program was unveiled today at Catawba Heights Park. Mr. Blanton reminded everyone about the concert on Friday, June 7, 2024.

ADJOURN

With no additional items for discussion, Mayor Moore entertained a motion to adjourn the May 20, 2024 Council meeting. Councilman Hough made a motion to adjourn the May 20, 2024 Council Meeting at 7:36 pm. Councilman Reeves seconded the motion.

All Council Members present voted in favor. (Motion Carried)

The meeting adjourned at 7:36 pm.