

BUDGET WORK SESSION OF MAY 5, 2022

The City of Kings Mountain, North Carolina met in a Budget Work Session at 3:00 p.m. on Thursday, May 5, 2022 in Council Chambers at City Hall with Mayor Scott Neisler presiding.

ATTENDANCE

The following Councilmembers were present: Keith Miller, Mike Butler, Annie Thombs, Jay Rhodes, and Jimmy West. Councilmembers David Allen and Tommy Hawkins were absent.

Also, present: Marilyn H. Sellers, City Manager, Nick Hendricks, Energy Services Director/Assistant City Manager, Karen Tucker, City Clerk, Rachel Whitaker, HR Director, David Hill, Piedmont Triad Regional Council and Chris Costner, Finance Director.

INVOCATION

The invocation was given by Councilmember Jay Rhodes.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Mayor Scott Neisler.

BUDGET WORK SESSION

Marilyn Sellers, City Manager welcomed Council back for the second budget work session. She introduced David Hill, Management Analyst for the Piedmont Triad Council. She stated that because of the in-house study that was completed by the former HR Director, the pay plan for the City is in better shape than it could have been. That is great news that progress was made in years past.

PAY AND CLASSIFICATION STUDY

David Hill reviewed the Pay and Classification Study findings with Council beginning with a workforce analysis, which is a snap shot of the workforce at the beginning of the study. In a mature workforce, practically every element regarding employees' pay and performance would expect to be within the standard deviations and resembles the "bell curve." The City meets the criteria for a mature workforce. There are both a considerable number of long-standing employees, as well as a considerable number of new employees.

Mr. Hill also addressed the study process, which began with employee meetings that were conducted prior to the start of the study and gave a brief interview of each step of the process. The study included local government units that were similar in provision of services and geographic region, variations of size of governments, comparable job functions, and direct competitors for labor. There was a review of the examples of market comparisons within the local government units that were used for the study.

Recommendations from the study are as follows:

- Place each classification in the market supported pay grade (either "catch up" or "move ahead"). Recommended grade assignments are "catch up."
- Set each employee's salary on the recommended pay plan at Utilizing Time in Position Factor.
- Develop Compensation Philosophy similar to and supports Vision and Mission Statements.

- Consider market review of one-third of workforce each year. This ensures position is reviewed at least every three years.

The total funding requirement to implement this plan is \$431,194, which includes \$344,955 for salaries and \$86,239 for FICA/Retirement/401(k).

Rachel Whitaker, HR Director addressed Council regarding the "Compensation Philosophy" that she would like for the City to adopt, as follows:

"It is the policy of the City of Kings Mountain to compensate its employees at a level sufficient to encourage excellence of performance and to maintain the labor market competitiveness necessary to recruit, retain, and develop a competent and diverse workforce."

This philosophy is designed to attract, motivate, and retain talented employees who drive the City's success. She also addressed Council regarding career progression plans that already have established guidelines for increases based upon training and certification programs. She emphasized that maintaining a competitive compensation plan is an ongoing process and that is best practice to review some areas on an annual basis.

At 4:40 p.m. Council and staff took a break and returned to the work session at 4:50 p.m.

ENERGY SERVICE BUDGET

Energy Division

Nick Hendricks, Energy Services Director/Assistant City Manager gave an overview of the Electric Division budget. There are no employees being added to electric department. There was an employee added last year, but that position has not been filled. There is no rate increase proposed at this time. While this year has been a better year than last, it has still been a challenge. Operating expenses are slightly lower over last year; however, there is still anticipated several subdivision projects and the completion of our new transmission line and the new substation on Kings Mountain Blvd. It is important to note that the largest portion of the electric divisions budget is operating expenses and this is due to the fact that the City's power bill is paid from this line item. This budget will fluctuate some as the PPA goes up or down, and the odds of it going down are very little.

Mr. Hendricks addressed the construction and financing of the Delivery #5 substation on Kings Mountain Blvd stating that there may be budget amendments in the next few months that will move funds around in an effort to stretch electric funds to go as far as they can before going to the LGC. All three steps of the project – transmission, the substation and distribution have to be completed before June of next year due to the fact that we can not go into another summer with the current load.

Mr. Hendricks addressed the wholesale energy market, as well as the major electric and natural gas capital projects, both those that are in process and future projects. Wholesale electric costs are very much associated with natural gas pricing. The overall energy market this year as well as what is being projected for the future is higher than anyone would like. There are several ongoing capital projects that are taking place and the supply chain is causing issues. There are often lengthy lead times for some of the more basic needs. This has posed some challenges but stock levels are being accessed regularly to ensure that the basic items are on hand that are needed to maintain a safe and reliable electric system.

Natural Gas Division

Mr. Hendricks gave an overview of the Natural Gas Division budget stating that this budget is up \$1 Million due to the cost of natural gas, which is reflected in the operating line item. Salaries are down due to the fact

that there is difficulty in hiring experienced personnel. There are no new employees added this year; however, there may be some organizational changes that are upcoming. While it was unfortunate that there was a rate increase, it was needed in order to keep our natural gas system going. There is no rate increase being proposed for July. There are no transfers out of the gas budget.

Mr. Hendricks reviewed the natural gas capital projects stating that there are three upgrades that are budgeted within the 2022-2023 budget. These are upgrades and rebuilding on three regulator stations that exist already. The major projects for this budget year are the new 2nd gate station and the I-85 natural gas connection to the York Road station. The Kings Mountain Blvd tie in is anticipated to be a 2023-2024 project. Financing for these projects will go through the same process with the LGC as the electric projects.

There was additional discussion regarding the positive effects and savings that the City has experienced with the Carolina Power Partners (formerly NTE) powerplant. Mr. Hendricks stated that he will always believe that this was a very positive move for the City.

SPECIAL MEETING

Upon Motion by Councilmember Jay Rhodes, seconded by Councilmember Mike Butler it was voted unanimously to schedule a Joint Work Session with City Council and the Planning and Zoning Board for Thursday, May 12, 2022 at 5:30 p.m. in the Community Room at Mauney Memorial Library to review the proposed City of Kings Mountain Comprehensive Plan.

Upon Motion by Councilmember Jimmy West, seconded by Councilmember Annie Thombs it was voted unanimously to schedule a Public Hearing for Tuesday, May 31, 2022 at 6:00 p.m. in to consider the adoption of the City of Kings Mountain Comprehensive Plan in Council Chambers at City Hall.

Upon Motion by Councilmember Jay Rhodes, seconded by Councilmember Jimmy West it was voted unanimously to scheduled a Public Hearing for Tuesday, June 14, 2022 at 6:00 p.m. to consider the adoption of the proposed FY 2022-2023 Budget.

Marilyn Sellers, City Manager addressed Council stating that her contract was set to expire on August 31st of this year. She stated that she has made the decision to not seek an extension of her contract.

ADJOURNMENT

Upon motion by Councilmember Jimmy West, seconded by Councilmember Annie Thombs it was unanimously voted to adjourn the Budget Work Session at 6:41 p.m.



G. Scott Neisler, Mayor

ATTEST:



Karen A. Tucker, City Clerk