

MINUTES OF SHELBY CITY COUNCIL

Special Meeting – Budget Workshop
Don Gibson Theatre

April 30, 2024
Tuesday, 12:14 p.m.

Present: Mayor O. Stanhope Anthony III, presiding; Council Members David Causby, Violet Arth, Charles Webber, Andrew Hopper, Sr., Emilie Bullock, and David W. White, City Manager Rick Howell, MPA, ICMA-CM, Assistant City Manager Justin Longino, MBA, Assistant City Manager Ben Yarboro, City Attorney Jason Lunsford, City Clerk Carol Williams, Director of Finance Elizabeth (Beth) B. Beam, CPA, Public Information and Communications Officer Chip Nuhrah, Director of Human Resources Deborah C. (Deb) Jolly, Police Chief Brad Fraser, Fire Chief William P. Hunt, MPA, EFO, Public Works Director Scott Black, Director Parks and Recreation Charlie Holtzclaw, and Economic Developer Brandon Ruppe

Mayor Anthony called the meeting to order at 12:14 p.m. and welcomed all who were in attendance.

Mr. Howell provided a summary of what is included in this year's budget:

- No property tax rate increase. The property tax recommended to remain at 51.75 cents per \$100 valuation.
- A proposed increase of \$5.00 in the monthly solid waste collection fee for all customer classifications. (Example: residential collection will go from \$13.93 to \$18.93 per month.)
- Year 1 of 3 labor market adjustments. 5% increase for sworn law enforcement and 10% increase for IT staff.
- A 2.5% increase for all city employees' effective with first payroll in July and another 2.0% increase effective the first payroll in January.
- A 6% increase in health insurance premiums. This follows very low to zero premium increases in the past despite high claims.

Mr. Howell expanded the summary by stating:

- The growth in the overall tax base has slowed mainly due to the slowing of industrial growth; we have had some increase in residential growth but not a significant amount.
- 2025 is a revaluation year; some surrounding areas have shown increases of 50% in property values; we can probably expect similar numbers.
- Next year's budget will show a revenue neutral rate compared to the new revaluation rate.
- We've forecasted very moderate growth for property tax collections this year.
- The proposed \$5.00 increase in solid waste fees would put the City at about 91% as far as being self-supporting.

- Instead of doing a market analysis every three or four years, the City decided to split all positions into three groups and have a market adjustment for one-third of our employees each year; we are back to the Year 1 classifications.
- Our IT department is mainly paid out of allocated costs, which come largely from allocations from utilities.
- A 2.5% increase in July and a subsequent increase in January of 2.0% is comparable to other municipalities in our area which are averaging about 5% increases this year; this will get us on the January cycle for salary increases.
- This year our health insurance claims were at 139% utilization which means we had 39% higher claims paid than premiums paid.

Mr. Howell discussed the General Fund Revenues and the proposed increase in each fund for 2024-2025. Sales tax rose significantly during the pandemic, but it is starting to slow down this fiscal year. Other significant revenue funds include the Unrestricted Intergovernmental Fund which is the Utility Franchise tax and Sales and Services which includes the solid waste collection fee.

Mr. Howell presented the Property Tax Rate Comparison chart which shows how Shelby compares to other municipalities with comparable populations. Shelby still has one of the lowest tax rates at 51.75 cents per \$100 valuation.

Next, Mr. Howell presented another Property Tax Rate comparison chart which shows how Shelby compares to neighboring municipalities. Most of these municipalities had revaluations in 2023 and the City is still competitive based on its tax rate.

Mr. Howell showed the Local Option Sales tax chart and explained that out of the \$3.7 billion the State receives, Cleveland County gets about \$36 million, and the City of Shelby receives approximately \$6 million from Cleveland County, which is approximately 13.39%. There is an agreement between the County and the City that the percentage cannot go below 12.97% through 2032.

Mr. Howell briefly spoke about the Utility Sales tax which is made up of multiple taxes and is approximately \$2 million of our budget. Mr. Howell stated we will most likely remain at that amount for many years to come unless the legislature makes a change.

Mr. Howell went over the General Fund Expenditures which is Personnel, Operating, Capital and Debt Service for each department. In this year's budget Mr. Howell has proposed adding two additional full-time staff, one in the IT department and one at the Airport. Mr. Howell stated there is only a proposed 1.7% change overall in expenditures in the General Fund.

To recap, Mr. Howell listed that there is no increase in the property tax rate,

there is a proposed \$5.00 increase in the solid waste collection fee, and 2 new positions (one in IT and one at the Airport).

Mayor Anthony inquired about the proposed \$5.00 increase in the solid waste collection fee and wondered if it would be better if we increased that fee incrementally, instead of all at once. Mr. Howell stated this is a valid request, and something he will look into.

Mr. Howell concluded by stating the Utility Funds will be discussed at the next budget workshop with a balanced budget to follow, and a public hearing possibly on May 20th.

ADJOURNMENT

ACTION TAKEN: Upon a motion made by Ms. Arth, City Council voted unanimously to adjourn the meeting at 1:30 p.m.

Respectfully submitted,

Carol Williams
City Clerk

O. Stanhope Anthony III
Mayor

Special Meeting Minutes of April 30, 2024