



MINUTES
BOARD OF COMMISSIONERS SPECIAL MEETING
HOOD ROOM, MATTHEWS TOWN HALL
JUNE 3, 2019 – 6:00 PM

PRESENT: Mayor Paul Bailey; Commissioners Barbara Dement, Jeff Miller, Kress Query and John Urban

ABSENT: Mayor Pro Tem John Higdon, Commissioner Chris Melton

ALSO PRESENT: Town Manager Hazen Blodgett; Assistant Town Manager Becky Hawke; Fire & EMS Chief Rob Kinniburgh; Parks, Recreation & Cultural Resource Director Corey King; Interim Planning and Development Director Jay Camp; Police Chief Clark Pennington; Public Works Director CJ O'Neill; Human Resources Director Tonya McGovern; Senior Finance Specialist Lindsey Wiggs; Communications Coordinator Maureen Keith; Town Clerk Lori Canapinno

Town Manager Hazen Blodgett reviewed changes that were made to the proposed budget after the work sessions and public hearing. A total of \$125,000 was cut. The Board could choose to decrease the tax rate by .25, so the new rate would be 27.75 instead of 28.00 cents per hundred dollars of value, but he does not recommend that. Instead he recommends shifting those funds into the Capital Improvement Plan (CIP) for paving. The Town has been behind on paving for years, but the State of North Carolina hasn't raised Powell Bill funding in years and paving costs are increasing significantly. He discussed a \$12,000 increase for the new monthly electronic newsletter and the \$20,000 for the Red Brick Partnership, explaining that funds won't be distributed until the Town received a copy of the organization's 501(C)(3) paperwork, which they're still working on. Mr. Blodgett explained that he directed department heads to find money without cutting into services, prorated based on the size on the department. They found \$125,000 worth of cuts.

Mr. Query suggested using the projected excess revenues from the current fiscal year to offset the proposed tax rate increase. Mr. Blodgett explained that projections indicate revenues will come in about \$360,000 over budget, but those numbers won't be official until after the annual audit is completed in November. Those funds will be added to the fund balance. He urged the Board to keep a division between one-time expenditures and recurring expenses. The excess revenues are one-time funds and so they should not be used for operating expenses, since more money would be needed in the following years. Also, there are a lot of capital needs coming up so the one-time funds should be used for those. He reviewed some of the proposed CIP projects, some of which don't yet have any associated funding. If the Board artificially lowers the tax rate this year it will just make things more difficult in future years. Mr. Query reiterated his desire to stay as close to revenue neutral as possible while not negatively impacting public safety and said that a bond referendum could be used for the CIP projects in the future. The group discussed CIP needs, with Mr. Blodgett explaining that CIP needs will increase every year, and that numerous projects that the Board is interested in pursuing haven't been funded yet. There's also the estimated \$5.2 million the Board approved for Highway 74 betterments – the Department of Transportation needs to finalize certain things and that hasn't been done yet.

Mr. Urban noted that some early findings of the downtown mobility study seem to indicate that the proposed parking lot on East Charles Street may not be the best solution to improve parking issues – public/private partnerships and technological aids may better serve drivers looking for parking downtown, and may be less expensive than the lot. He suggested diverting some funds from the parking lot CIP item for other uses. Ms. Dement agreed, adding that additional wayfinding signs may be needed to direct those who are unfamiliar with the area. She said she too didn't want to negatively affect public safety items, and urged the Board make sure that the previous year's work on employee salaries and salary bands was not done in vain. She also said she'd prefer to see the longevity payments eliminated and instead use those funds for the merit raise pool. Mr. Blodgett discussed the area's highly competitive market and explained that staff feels it's necessary to retain the longevity payment because so many of the Town's competitors do.

Mr. Blodgett discussed his view that Matthews is no longer a small town with few services and an accordingly low tax rate. It's now a full-functioning, medium-sized community that offers good services. That all takes money to run, and other communities of Matthews' size have tax rates in the 40s while Matthews' proposed rate this year is 28. Staff feels very strongly about getting the proper amount of money into the correct funds to keep the great work going.

Mayor Bailey discussed the impact of not maintaining competitive pay for employees, saying that last year the Board agreed to the 60% market rate. If the Board doesn't do its due diligence each year to examine salaries and making changes as necessary, they'll just slide back to where they were. The Board would then have to accept that people will leave for other locations that pay more. He wants to be competitive and retain the employees that serve the community so well. He also discussed CIP projects, reminding the Board that these are items they wanted to see happen. More money needs to be put into the CIP to accomplish these projects. Mr. Query discussed using loans and/or bonds rather than fund balance, saying it would be easier to pay back large amounts over time. He would prefer to go out for bonds for multiple projects and raise the tax rate at that time as necessary, since otherwise it would take years to accumulate enough money to handle some of these projects. Mr. Blodgett noted that the last bond was done in 2004 and resulted in a penny and a half tax rate increase. There are large projects that the Board wants to pursue but hasn't even started talking about funding yet, and those will likely require a bond referendum in the future, but the smaller projects could be funded now. Mayor Bailey suggested reviewing all the possible project and bond options, but also continue to put money away so that the Town is in a better position when the bills become due. Ms. Dement saw both sides, saying that the population is going to continue to increase. Town should start saving for recurring costs and also pay for one time projects. The group discussed CIP projects, bonds and rising recurring costs. Mr. Miller noted that the Board can substantially lower the tax rate while still raising the money required for these much-needed items. He said he prefers to *pay as you go* rather than using loans or credit. Ms. Dement noted that the last citizen survey indicated that people were willing to pay increased taxes for certain services. Discussion continued.

The Board will vote on the budget at its regular meeting on June 10.

Motion by Mr. Miller to adjourn. The motion was seconded by Mr. Urban and unanimously approved. The meeting adjourned at 7:30 pm.

Respectfully submitted,

Lori Canapinno
Town Clerk