

City of Gastonia

Fiscal Year 2007



Mayor

Jennifer T. Stultz

City Manager

Edward C. Munn

City Council

Ward 1 - Jeff Horne

Ward 2 - Dave Kirlin, Mayor Pro Tem

Ward 3 - R. Dale Burkett

Ward 4 - Walker E. Reid, III

Ward 5 - John B. Howren, Jr.

Ward 6 - James L. Watson

City of Gastonia, North Carolina

Mission Statement

It is the mission of the Government of the City of Gastonia to provide for the professional delivery of public services to all citizens while being good stewards of public resources in order to enhance the quality of life in Gastonia.





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Gastonia
North Carolina**

For the Fiscal Year Beginning

July 1, 2005

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to City of Gastonia, North Carolina for its Annual Budget for the fiscal year beginning July 1, 2005. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

CITY OF GASTONIA BRIEF PROFILE

The City of Gastonia was incorporated in 1877 and became the county seat of Gaston County in 1911. Located in the heart of the Piedmont section of the State of North Carolina, approximately 22 miles west of Charlotte, it is the second largest city in the Charlotte, - Gastonia, - Rock Hill Metropolitan Statistical Area (MSA) as identified by the United States Bureau of the Census. The MSA currently has a population of approximately 1,400,000 persons. Gastonia covers an area of approximately 57.43 square miles. The City has a broad industrial, office and commercial base and is the twelfth largest city in the State with a new official estimated population of 70,278.

The City is responsible for providing governmental services, including police and fire protection, community development, recreation programs, solid waste collection and disposal, water and sewer, electricity, public transportation and other miscellaneous public services.

The City is governed by a Mayor and a six-member City Council elected on a non-partisan basis. The Mayor and City Council members are elected for two-year terms in odd numbered years. Each Council Member represents a particular City ward, but elections are determined by an at-large vote. The Mayor presides over all City Council meetings (held on the first and third Tuesday of each month) and has the ability to vote on any issue as if she were a member of the City Council. The City Council enacts all general and technical ordinances, including budgetary appropriations and revenues, construction and zoning ordinances, approves contracts and originates general management policies. The City Council employs a City Manager who directs the daily operations of the City through two Assistant City Managers; the Assistant City Manager – Public Services and the Assistant City Manager – Operations. For Fiscal Year 2006, the City of Gastonia has funds budgeted for 1,038.75 full time equivalent employees. This full time equivalent (FTE) number was arrived at by adding all full time, part time and seasonal employee hours and assuming a full time position is equivalent to 2080 hours of service. Property taxes may be levied by the City without a vote of the people and are collected as an annual ad valorem tax on the appraised value of all real and tangible personal property within its boundaries. In Fiscal Year 1994, Gaston County began collecting current taxes for the City of Gastonia. Delinquent taxes continue to be collected by both the City's collection offices as well as the County's.

Brief Profile, continued

EDUCATION

One public school system serves the City of Gastonia and Gaston County. The Gaston County School Administrative Unit is governed by the Board of Education consisting of nine members elected for four-year terms. A school superintendent is appointed by the Board of Education.

The State provides funding for a basic minimum educational program (approximately 72%), which is supplemented by the County and Federal governments. This minimum program provides funds for operational costs only. The financing of public school facilities has been a joint State and County effort. Thus, local financial support is provided by the County for capital and operating costs which is not provided for by the State or Federal government. The City does not provide any funding for the school system.

TRANSPORTATION

The City has approximately 419 linear miles of streets. The City and State maintain approximately 319 miles and 100 miles, respectively, of paved streets. Major expansion, improvement and maintenance of primary and secondary highway thoroughfares fall under the responsibilities of the State. Responsibility for major construction, improvement and maintenance of the local street system is shared by the State and the City. Construction of new streets within subdivisions is the responsibility of the developer and the City.

Gastonia also owns and operates a transit system consisting of seven buses and two special handicapped vans. The City will receive approximately 50% of the operating costs from the Federal government. The remaining funds are supplied by the City with the State contributing a small percentage for capital expenditures. Through funds from the State and the Federal government, the City purchased all new transit buses in Fiscal Year 2004. In May 2000, the City of Gastonia & Charlotte Metropolitan Transit entered into a trial commuter bus program to help reduce vehicular traffic between the two urban areas.

The Gastonia Municipal Airport, a general aviation airport, is owned by the City. The airport serves the City and the County for both business and pleasure trips. In Fiscal Year 1999, the City entered into an agreement with Gastonia Aviation to serve as the Fixed Base Operator for the airport.

Brief Profile, continued

RECREATION

The City has available many different national, regional and local recreational facilities. A National Football League team, the Carolina Panthers and a National Women's Basketball Association team, the Charlotte Sting, play in facilities located in Charlotte, North Carolina. In January 2003, Charlotte was awarded an expansion National Basketball Association team. the Charlotte Bobcats, to replace the NBA Charlotte Hornets, which relocated to New Orleans in 2002. The team began to play in the 2004 NBA Season. A professional minor league hockey team, the Charlotte Checkers, and a Triple A minor league baseball team, the Charlotte Knights, is also located within 25 miles of the City. Also a Summer Baseball – College All-Star League team, the Gastonia Grizzlies play at Sims Park. The City sponsors a full range of recreation programs. Recreation facilities are located on approximately 587 acres of land including six community centers, eight jogging tracks, 50 tennis courts, seventeen baseball/softball fields, two swimming pools, 7 parks, 4 soccer fields and a municipal skeet and trap range. The first portion of the City's Greenway System was dedicated in 2002.

Crowders Mountain State Park, a 3,000-plus acre natural mountain park area, is located in the City at its western edge. The park offers hiking, rock climbing, fishing, picnicking and other nature and environmental related activities.

In 1996, Gaston County and the Gaston County School Board donated 27.5 and 29 acres of land respectively to the City for development of the \$4.5 million Martha Rivers Park. The park consists of four soccer fields, four little league baseball fields with a center control tower and concession stand, community based planned playground, parking lots, entrance beautification, and walking trails. The park opened in April 2000.

PUBLIC UTILITY ENTERPRISES

The City owns and operates the water, sanitary sewer and electric systems. Water and sanitary sewer services are provided to customers inside and outside the City limits, with the outside customers paying higher rates. The water, sanitary sewer and electric systems are supported solely by user charges.

Water System

The City's water system consists of 27.3 million gallons per day (MGD) treatment capacity, with an average daily use of 13.2 MGD. There are approximately 24,000 water meters in use. The current raw water storage capacity is 275 million gallons at the Rankin Lake reservoir. The water distribution system consists of approximately 512 miles of pipeline and 8 million gallons of elevated storage.

Brief Profile, continued

Gastonia currently serves the cities of Lowell, McAdenville, Ranlo and Cramerton, North Carolina, and Clover, South Carolina, with water treatment and supply. Water system interconnects are also provided to the cities of Dallas, Bessemer City and Belmont for use in emergency situations.

The City uses Mountain Island Lake as its raw water supply source. Mountain Island Lake is a man-made lake constructed by Duke Energy on the Catawba River between Lake Norman and Lake Wylie, approximately 11 miles northeast of Gastonia. Approximately 11 miles of 54-inch and 48-inch raw water lines provide raw water from the lake to the City. Gastonia has a permit to withdraw up to 75 million gallons per day (MGD) from the lake with peak rate of withdrawal up to 150 MGD. It is anticipated that this will supply the raw water needs for Gastonia, it's municipal customers and portions of Gaston County until the year 2050.

**Top Ten Water Users
(12 months ending 6/30/06)**

<u>Number</u>	<u>Customer</u>	<u>Water Gallons Used</u> <u>(000,'s)</u>	<u>Annual Water System</u> <u>Revenue</u>	<u>Revenue (% of Total Annual</u> <u>Water System Revenue)</u>
1.	Town of Clover (Municipality)	184,159	\$436,440	3.24%
2.	Town of Cramerton (Municipality)	166,362	422,299	3.14%
3.	Town of McAdenville (Municipality)	117,840	384,909	2.86%
4.	City of Lowell (Municipality)	120,686	346,179	2.57%
5.	Town of Ranlo (Municipality)	123,862	314,160	2.34%
6.	Southwood Realty (Property Mgmt)	115,298	263,831	1.96%
7.	Gaston Memorial Hospital (Health Svcs)	75,659	202,213	1.50%
8.	Rhone Poulenc (Chemical Processor)	32,619	180,201	1.34%
9.	Gaston County Schools (School System)	27,863	134,217	1.00%
10.	Easco Handtool (Manufacturing)	47,417	124,571	0.93%
	TOTAL	<u>1,011,765</u>	<u>\$2,809,020</u>	<u>20.88%</u>

Brief Profile, continued

In November 1999, the City, in advance of a potential major residential and commercial development being built adjacent to our new water intake at Mountain Island Lake, purchased the 430-acre proposed development - for \$9.4 million. The State of North Carolina Clean Water Trust Fund subsequently awarded the City a \$1,000,000 grant to help establish a conservation easement on this property.

Sanitary Sewer System

The sanitary sewer system for the City consists of 22 million gallons per day (MGD) treatment capacity at two (2) wastewater treatment facilities. Average maximum daily flow at these plants is 9.3 MGD. The sanitary sewer collection system consists of approximately 485 miles of collection lines and 20 pump stations. The City currently has approximately 21,490 sanitary sewer customers both inside and outside the corporate limits. Of the 21,490 customers, the top ten customers uses less than 21% of the City's wastewater capacity. The service area for the sanitary sewer system encompasses the entire corporate limits of the City and portions of Gaston and Cleveland counties adjoining the city limits and portions of York County, South Carolina. The City also owns and operates under private contract, a 700-acre Biosolids Storage Facility and Resource Recovery Farm located at Pasour Mountain approximately five miles northwest of the City.

The City discharges wastewater into two major drainage basins: South Fork-Catawba River and Crowders Creek. The Long Creek Wastewater Treatment Plant has a capacity of 16 MGD. The Crowders Creek Wastewater Treatment Plant serves primarily the western and southwestern parts of the City, along with unincorporated portions of the County, portions of the cities of Kings Mountain and Bessemer City and portions of York County, South Carolina. The Crowders Creek Wastewater Treatment Plant has a capacity of 6 MGD.

Brief Profile, continued

Top Ten Sewer Users

(12 months ending 6/30/06)

<u>Number</u>	<u>Customer</u>	<u>Sewer Gallons Used</u> (000's)	<u>Annual Sewer System</u> <u>Revenue</u>	<u>Revenue (% of Total Annual</u> <u>Sewer System Revenue)</u>
1.	City of Bessemer City (Municipality)	167,407	\$557,913	4.23%
2.	Town of Clover (Municipality)	137,070	458,829	3.48%
3.	Southwood Realty (Property Management)	83,786	333,049	2.52%
4.	CBP Resources (Food Processing)	48,966	214,062	1.62%
5.	Gaston Memorial Hospital (Health Svcs)	54,295	193,873	1.47%
6.	Town of Ranlo (Municipality)	52,391	176,000	1.33%
7.	Gaston County Schools (School System)	26,801	171,099	1.30%
8.	Easco Handtool (Manufacturing)	47,417	162,075	1.23%
9.	Gaston County (Government)	30,835	124,590	0.94%
10.	Triangle Realty (Property Management)	<u>28,710</u>	<u>113,872</u>	<u>0.86%</u>
	TOTAL	<u>677,677</u>	<u>\$2,505,362</u>	<u>18.99%</u>

Electric System

The City is a member of ElectriCities of North Carolina, Inc., a joint municipal agency serving the interests of municipal electric systems in the State. Of the 71 municipalities in the State that own their electric systems, 64 are members of this agency.

The City purchases electricity from North Carolina Municipal Power Agency Number 1 and resells it to its customers. The City's electric system operates under a 2400/4160-volt and a 7200/12,460 volt electric transmission system that serves approximately 25,430 meters. The electric system is the largest revenue producer in the City and has been used to supplement the General Fund and other funds in previous years. In Fiscal Year 1994, the City Council voted to reduce the dependency on electric revenues and to establish a Rate Stabilization Fund to set aside monies to provide funding for capital projects, any unforeseen occurrences and to offset future rate increases.

Gaston Gazette (Newspaper)

Brief Profile, continued

Top Ten Electric Users
(12 months ending 6/30/06)

<u>Number</u>	<u>Customer</u>	<u>Electric KWH's Billed (000's)</u>	<u>Annual Electric System Revenue</u>	<u>Revenue (% of Total Annual Electric System Revenue)</u>
1.	Gaston Memorial Hospital (Health Care)	38,505	\$2,414,831	4.22%
2.	Freightliner (Truck Mfg)	31,062	1,533,253	2.68%
3.	Gaston County Schools (School System)	14,193	1,156,392	2.02%
4.	Stabilus (Manufacturing)	18,955	1,043,117	1.82%
5.	Gaston County (Government)	13,882	1,009,592	1.77%
6.	Food Lion (Retail Groceries)	7,079	442,893	0.77%
7.	Industrial Electroplating (Manufacturing)	4,876	380,577	0.67%
8.	Wix Corporation (Manufacturing)	5,261	348,398	0.61%
9.	Harris Teeter (Retail Groceries)	5,279	345,670	0.60%
10.	Gaston Gazette (Newspaper)	4,241	334,348	0.58%
	TOTAL	<u>143,334</u>	<u>\$9,009,071</u>	<u>15.76%</u>

SOLID WASTE

The City currently provides residential and commercial refuse collection to City residents and businesses. Residential service is provided by City forces while voluntary commercial service is provided by a private waste hauler under contract with the City. A major change to our system was implemented in October 1994, as the City modified its pick-up schedule to curbside service. An additional improvement in July 1996, when the City went forward with fully automated collection trucks. These trucks only need a driver/operator and deletes the need for a full manual crew for each vehicle. The City is making a concerted effort to expand its recycling program, which was introduced in Fiscal Year 1994. The City's residential and commercial waste is hauled to a transfer point located in the Town of Ranlo.

Brief Profile, continued

PUBLIC SAFETY

The City currently provides both fire protection and police coverage for its residents. The City of Gastonia Police Department has 205 sworn officers and associated support staff and provides services throughout the City in three patrol districts and eleven beats. Fire services are delivered through eight fire stations located throughout the City with 147 employees.

COMMERCE AND INDUSTRY

The City's economy has benefited from its proximity to Charlotte, access to major interstate highways and a recent retail boom. These influences have led to significant recent economic growth and diversification.

For many years, the primary industry in the City was textiles. However, the recent national trend of companies relocating manufacturing facilities outside the United States has resulted in significant losses of jobs and investments in the textile industry. Over the past decade, the City's economy has diversified and expanded its commercial and industrial base through a variety of industry, trade and tourism sectors, while the significance of the textile industry has declined. In 2005, approximately 25% of the industrial workforce in the County was employed in manufacturing, 13% in wholesale and retail trade, 35% in the service sector and 6% in public administration. The expansion and diversification of the City's economy can be attributed to the City's proximity to the City of Charlotte, and the City's access to major interstate highways.

The City emphasizes the attraction of new and diverse industry while providing support for the existing commercial and industrial community. According to the Gaston County Economic Development Commission, in 2005, from new and expanding industry, new manufacturing companies and expansions and renovations of existing companies resulted in investments of approximately \$185 million and created more than 845 new jobs.

A variety of new manufacturing and retail establishments have recently begun or expanded operations in the City, including Colortex USA, LLC which has leased a 30,000 sq ft facility in Gastonia to house their North American Headquarters and finishing operations. Atkinson International, Inc., a subsidiary for the Canadian based Atkinson Re-work Specialists Ltd, has begun operations in Gastonia. Atkinson International, Inc. will provide second tier supplier support in the form of riveted highway truck and trailer brake shoes. Dimensional Printing, Inc., a contract printing company, will expand its operations to another facility in Gastonia. The company's

Brief Profile, continued

processes include pad transfer printing, spray masking and screen-printing. Mutual of Omaha has moved its 125 local employees into a newly upfitted building on X-Ray Drive. They spent approximately \$500,000 renovating the 20,000 square foot office building. Dimensional Printing, Inc. has expanded its operations into a 20,000 square foot building located off Highway 321 South. Rochling

Plastics has expanded its plant by 18,500 square foot to add a second “World’s Largest Press”, for a capital investment of \$4.5 million. Five new jobs were created and eventually 10-15 more.

The City and surrounding area are also redefining itself as a metropolitan-dominated region. The City and the County are fast becoming what economists refer to as a “regional retail center.” With the establishment of the City as a retail destination, an influx of shoppers from surrounding counties such as Lincoln, Cleveland, York and Mecklenburg has been noted.

The City is home to two enclosed malls: Gaston Mall, with approximately 200,000 square feet, is the home of Mary Jo’s Cloth Store, the largest fabric store in the Southeast, attracting customers from all over the United States. Westfield Shoppingtown Eastridge (formerly Eastridge Mall) was acquired in April 2002 by Westfield Holdings Limited, an Australian company. Westfield Shoppingtown Eastridge is an approximately 1,560,000 square-foot retail facility and is the fourth largest mall in North Carolina and South Carolina. Belk, Dillard’s, Sears and JCPenney anchor this facility, which is supported by 70 smaller retailers. Franklin Square is another retail shopping area consisting of over 1,000,000 square feet. Anchored by Wal-Mart, K-Mart, Lowe’s, Sam’s Club, Best Buy and Kohl’s. Franklin Square has further enhanced consumer appeal. Numerous retailers, restaurants and a 13-screen movie theater are also located in Franklin Square, with plans for additional square footage in the works. Wal-Mart also opened its second store in the west side of the City.

The growth in retail sales since 1998 lends support to the claim that the City is becoming a regional retail center. For the fiscal year ended June 30, 2005, County retailers recorded \$2,359,696,164 in sales, an increase of more than \$199 million from the fiscal year ended June 30, 2004. The City accounted for \$1,413,261,555 (65.42%) of the sales in the County.

New retail and industrial operations that have recently opened their doors in the City include On the Border and Arby’s Restaurants, a Food Lion Grocery store, Lowe’s Food’s Grocery Store in a new shopping center that also includes a tanning salon, a nail salon, art and framing studio and Lotus Bar and Grill, Olive Garden Restaurant, Ruby Tuesday’s and Chuck E. Cheese Restaurants and under construction are Fuel Pizza, HH Gregg Appliance Store and a retail store on Cox Road at I-85.

Brief Profile, continued

Ten Largest Taxpayers (As of 6/30/06)

<u>Name of Taxpayer</u>	<u>Type of Enterprise</u>	<u>Assessed Valuation</u>	<u>Tax Levy</u>	<u>% of Total Assessed Valuation</u>
Freightliner Corporation	Manufacturing	\$ 59,462,995	\$ 317,972	1.36%
Triangle Real Estate	Property Management	54,753,208	295,667	1.26%
Wix Corporation	Manufacturing	40,804,819	220,346	0.94%
Parkdale Mills Inc.	Textile Manufacturing	39,323,289	203,120	0.90%
Bell South	Utility	37,742,349	201,445	0.87%
Public Service/Scana	Utility	34,438,324	183,834	0.79%
Stabilus/Gas Springs	Manufacturing	33,818,301	182,619	0.78%
Wal-Mart	Retail	26,811,136	144,780	0.62%
Heritage Properties	Property Management	26,136,650	141,138	0.60%
E&A Franklin Square Ltd.	Retail Shopping Center	24,018,140	114,991	0.55%
	Total	<u>\$377,309,211</u>	<u>\$2,020,619</u>	<u>8.66%</u>

Statistical Information

Number of Building Permits, 6/30/2006	1,068
Residential Value of Building Permits issued, 6/30/2006	\$80,082,791
Commercial/Industrial Value of Building Permits issued, 6/30/2006	\$40,903,964
Total Retail Sales, <i>as of 6/30/2005</i>	\$1,413,261,555
Median Age	36
Gaston County Median Household Income, 2004	\$42,424
Net Bonded Debt per Capita, 6/30/2006	\$380.98
Ratio of Net Bonded Debt to Assessed Value, 6/30/2006	0.59
Unemployment Rate, June, 2006	5.4%