

CITY OF GASTONIA

EXECUTIVE SUMMARY

The following section consists of the City Manager's budget message, which highlights the major policy changes adopted for the new fiscal year, the Budget Schedule for the Fiscal Year 2009 budget, and an Explanation of the Budget Presentation, which details the layout of the balance of this document.

Presented to the City Council
April 28, 2008

Adopted in Final Form by the City Council
June 3, 2008



BUDGET MESSAGE

April 24, 2008

The Honorable Mayor and City Councilors
City of Gastonia
P.O. Box 1748
Gastonia, North Carolina 28053-1748

Re: Submission of Comprehensive City Budget Proposal for Fiscal Year 2009

Dear Mayor and City Councilors:

Submitted for your review, and attached herewith, is a complete copy of the Comprehensive City Budget Proposal for Fiscal-Year 2009 (July 1, 2008 through June 30, 2009); including all applicable Funds and balancing Revenues and Expenditures in each case.

In reviewing our recent past, it appears that with each successive year of budget development and preparation, we have further improved upon and refined what has been a highly efficient protocol for budget creation -- this document reflects and fulfills that protocol.

It was first initiated by the Office of the Budget Director; from there, it was forwarded in component parts, to the individual offices of Department and Division Heads assigned budget preparation responsibility; then returned to the Budget Director for further development, coordination and refinement; it was then thoroughly reviewed and evaluated by the Assistant City Managers; and finally, it was evaluated in detail, and adjusted where appropriate, by the City Manager. The results and final document reflects fully the collective efforts of all Senior Management Level Staff, as well as that of the Budget and Financial Services Departments and their staff; and attempts to reflect to the fullest extent possible, the clear and established policy directives and initiatives of the Governing Body as balanced, translated and interpreted by the City Manager.

This Budget was prepared and designed to provide its user with a consistent and measurable point of reference or "benchmark" against which to gauge the City's effectiveness in evaluating, delivering, and managing municipal services, programs and functions. Its aims are multi-faceted and multi-focused -- to outline financial priorities; to identify and accurately project resources; to effectively allocate those resources based upon priorities; and to indicate where substantial changes have occurred or are proposed. The Budget is designed not only as a management tool to provide accountability and ultimate control over expenditures, but at the same time to maintain enough flexibility so that periodic amendments or adjustments can be made to incorporate emergencies, changes in circumstances or requirements, innovative programs or altered priorities.

The Fiscal Year 2009 Budget Proposal, as presented herein, represents a comprehensive fiscal plan for the effective and progressive management of our community over the twelve-month

period identified. It is fully balanced and reflects a breadth and scope of both creativity and cost-effectiveness which will serve to preserve and, in modest, targeted spots, “expand” upon the services and functions that our community has come to rely on. In the preparation of this Budget, we never failed to lose sight of the established and deeply entrenched desire for transparency, accuracy, and forthrightness. We demanded nothing less than complete accountability for cost effectiveness and fiscal conservatism, yet we recognized that the budget has to continually serve as a component part to a multi-year planning and programming effort, even in the face of tightening fiscal constraints. In that regard, the Budget must allow for some balance to the aspirations inherent to the creation of a bolder, more vibrant future and the more-mundane, yet-absolute need to preserve and maintain a continuity of basic programs and service delivery, independent of any artificially-imposed fiscal or calendar year timeframes.

As insight into the creation and evaluation of the Comprehensive Budget Proposal for Fiscal-Year 2009, it should be noted that a **series of identified objectives and priorities** were both focused upon and ultimately achieved -- they were/are as follows:

- 1.) The ongoing, critical evaluation of programs, services, and capital projects from a holistic or “zero-based” approach, rather than the pursuit of mere incrementalism.
- 2.) The maintenance of an unreserved ending General Fund Balance of no-less-than 15% of total yearly expenditures in keeping with established policy.
- 3.) The inclusion of adequate funding to fully meet the employee compensation requirements established by both the Police and Fire Departments “step plans”; as well as the funding of across-the-board wage increases to all other, non-public safety employees in a manner similar in total cost to that required by the “step plans”. In the aggregate, this required an increase to wage expenses of approximately 3.3% over last year’s totals. It further contemplates providing a 2%, lump-sum increase to public safety step-plan employees who have reached the top of their individual range; while providing a similar, 2% lump-sum increase to non-step-plan employees throughout the City who have otherwise reached a salary level determined to be “above market”.
- 4.) The ongoing maintenance of a level of service and program delivery which at least equals that of the immediate past, across the broad spectrum of City services and functions.
- 5.) The avoidance of any additions to the Ad Valorem property tax rate and, instead, to maintain that tax rate at the adopted, fiscal-year 2007/2008 rate of 53 cents.
- 6.) The accomplishment of all of the aforementioned objectives, even in the face of the fact that, for the fifth consecutive year, the City will have failed to achieve any real increase in revenues derived from the sales tax. You will recall that the Gaston County Commission changed the sales tax distribution formula in 2004 leading to the creation of an inter-local agreement which capped the municipal share of sales tax revenues at the 2004/2005 budget year amount. Since that time, the City has been effectively losing the historical average of 4.5% increases in sales tax revenues per year -- now placing the City some \$2.2M below the total sales tax revenues that likely would have been achieved for fiscal year 2008/2009 had the change in allocation formula not previously occurred. This annual and growing

loss of a substantive portion of the City's second largest source of revenues is becoming an ever-more-pronounced problem and must be addressed sooner rather than later.

As you further review this budget proposal in detail, you should begin to see how both the substance and spirit of these identified objectives resonate throughout.

In addition, I would like to draw your attention to the following budget highlights, which I feel are worthy of further comment:

CENTER-CITY REVITALIZATION:

As a result of the adoption of the Center-City Revitalization Plan, this budget will represent the first, fiscal-year in which we will account for project revenues and expenditures in a separate, segregated fund (Downtown Revitalization) in order to plan for, manage, facilitate, and track specifically-identified Downtown improvement projects and project components. Of primary significance to this fund will be the hotel/conference center project and all of the support activities associated therewith. This budget proposal specifically provides that the City will not make a \$40,000 contribution the Gastonia Downtown Development Corporation, but rather redirect an equal amount to the Downtown Revitalization Fund. In addition, the General Fund will no longer budget \$36,000 for the payment of consulting services to Jim Palermo of Charlotte, but will instead also redirect those funds to the Downtown Revitalization Fund. It should be noted that this budget does still contain, within the City Manager's budget for "professional services", an allocation of \$12,000 for funding a lesser program of consulting services for Mr. Palermo for the fiscal-year 2008/2009.

The Downtown Revitalization Fund will also receive transfers from the Hotel Occupancy Tax Fund, as ultimately approved by the Tourism Development Authority, representing both unreserved fund balance and yearly, unallocated revenues, in keeping with approved plans. Finally, this fund will also receive and account for, the \$1.5M in 2/3rds bond proceeds earmarked for the Downtown Plan and associated with parking and street improvements.

2/3RDS BOND ISSUE:

This budget proposal does not specifically include those revenues and corresponding expenditures expected as a result of the approval and issuance of \$2,980,000 in 2/3rds Bonds at the conclusion of fiscal-year 2007/2008. However, assuming such passage, we will be amending this budget ultimately in order to properly classify and account for the project components funded. Specifically, that will include \$1,500,000 for parking and street improvements associated with the hotel/conference center and \$25,000 for debt issuance costs associated therewith; \$490,000 for street improvements within the Highland Neighborhood Plan (specifically for Beatrice Costner Street upgrades), along with \$5,000 for the debt issuance costs associated therewith; \$400,000 for the electric system improvements at the eastern end of Main Avenue and the intersection of Franklin and South, along with \$30,000 for the debt issuance costs therewith; and, a final \$530,000 for parks and recreation improvements, divided among \$400,000 for Rankin Lake park and trail upgrades; \$100,000 for nature trail improvements near the Schiele Museum; and \$30,000 to cover the debt issuance costs associated with both.

PUBLIC SAFETY:

- **Police:** Because of a number of economic constraints affecting the City's General Fund as a whole, and the Police Department budget specifically, we were unable to recommend the addition of any new positions as a result. To that end, the City's allocated force of sworn police officers would remain at 167, while 34 civilian employees would remain assigned to the Police Department. Within these numbers, however, Chief Sult is reviewing ways to reallocate certain personnel to better combat and focus on street-level crime. The Police Department is expected to experience a dramatic increase in fuel costs of approximately \$76,000 year-to-year; ammunition costs have gone up by nearly 66% -- adding some \$20,000+ to this year's budget; and the addition of the 800mhz radio system agreement with Charlotte-Mecklenburg will add \$53,000 in new costs. Apart from the actual Police Department budget, the overall budget provides for the replacement of 20 police cars -- 7, unmarked and 13, black-and-white patrol cars. Finally, we expect to continue, throughout the fiscal-year to be as aggressive as possible in pursuing law enforcement-related grants in order to supplement and enhance our overall staffing and program outreach.
- **Fire Department:** For reasons similarly-detailed in relation to the Police Department, we were also unable to budget for any additions to Fire Department personnel or staffing. We have, however, within this budget provided for the purchase of a new, 100+-foot aerial ladder truck at a total cost of \$800,000. Further, within the budget year we will be planning for the possible relocation of Station 7, and are already looking at a possible, temporary solution involving an airport location wherein costs could be kept to a minimum. Also, much like the Police Department, we will continue to be aggressive in researching and applying for grants which could serve to enhance and expand staffing and/or program outreach. The S.A.F.E.R. grant is one such opportunity that holds out real promise for potential staffing increases, and is expected to have an award announcement date sometime in October 2008.

GENERAL GOVERNMENT AND ADMINISTRATION:

This budget includes \$71,429 in yearly contract payments to the U. S. National Whitewater Center in keeping with the City's contract -- representative of year two of what will be a seven-year commitment in total. These funds are included within the Mayor and Council budget, under "Contracted Services". Also new to the Mayor/Council budget for this proposal is the addition of a payment-in-lieu-of healthcare coverage for elected officials who otherwise do not elect to receive the healthcare coverage provided by the City. We have estimated this total additional cost will add \$29,829 over last year's total, bringing the 2008/2009 amount to \$55,176. I firmly believe that this addition is the only fair and equitable way to continue to provide this part of the compensation package for elected officials. It will serve to equalize the benefits afforded to all and not continue the current inequities inherent in the system of providing no benefit to those who have coverage through another entity. Finally, included within the Human Resources Department budget is \$75,000 for expected outside legal services associated with the Police Pension Lawsuit, as well as an additional \$30,000 for other outside legal costs associated with other lawsuits/litigation, either known or expected. It should also be noted that Travel and Training expenditures throughout the budget remain essentially "flat" from last year's levels except for a few extraordinary circumstances where identified, specialized new training was required. This

budget also will continue to fund \$15,000 total toward the reimbursement of employee costs incurred in the pursuit of higher education.

NEIGHBORHOOD AND COMMUNITY DEVELOPMENT:

The Neighborhood and Community Development Department budget represents the only place within this budget where we have actually decreased the total, allocated staffing. In this case, we have done so through the proposed elimination of three, half-time positions heretofore dedicated to Real Estate, Economic Development, and Sister Cities respectively. This action was taken largely in order to avoid the more extreme action of eliminating full-time positions as we continue to see decreases in Federal Revenues through the Community Development Block Grant and HOME Programs. Of the three positions scheduled for elimination, the Sister Cities' slot is currently vacant, while the office-holders of the Economic Development and Real Estate positions will see their employment with the City cease effective June 30, 2008. In each case, these part-time positions are currently occupied by City retirees who returned to work following their retirement in a less-than-full-time capacity. We believe in each case that the duties, responsibilities, and functions of the positions eliminated will be fully and adequately re-assigned to other, full-time positions wherein duties will be added. Specifically, the Real Estate duties will now be handled by the Assistant Community Development Administrator; the Economic Development duties will be largely reassigned to the Development Services Manager, City Manager, and Planning Department staff; while the Sister Cities' duties will become the additional function of the Case Manager for Community Development.

ELECTRIC DEPARTMENT:

Because of the recently-adopted wholesale and retail rate increases for the Electric Utility, this budget will, for the first time in a long time, begin the process of reversing the highly-negative trends which have plagued the economics of the Electric Fund for the last several years. More specifically, this budget proposal adds five new full-time positions to the Electric Fund in the form of one, key accounts supervisor; three, linemen; and one, locator. Of the three linemen proposed, two actually represent the replacement of a contract crew with full-time City employees which, when accomplished actually serves to improve the City's staffing flexibility, overall productivity, and accountability; while at the same time actually slightly decreasing costs. So, while five new City positions are created, the economic affect is much like the creation of only three. Further, this budget will allow the Electric Fund to finish the fiscal-year by adding \$665,403 to unreserved Fund Balance, as well as to expend over \$1,755,000 in targeted new capital expenditures. Also, for the first time we are funding \$25,000 for the purchase and planting of new trees, to be administered by Keep Gastonia Beautiful; while a full, \$100,000 allocation is going toward the G.E.A.R. Program to assist low-income residents with the economic impact/burden posed by the recently-imposed rate increases. Also, this budget further accomplishes reductions to the so-called "free book", wherein electricity had been heretofore not fully billed for functions, facilities, or aspects of the City's organization for all or portions of real electric power used. Specifically, in this budget we have achieved the addition of \$470,850 in new City service revenues to the Electric Utility, primarily coming from the Water and Sewer Fund, from a large filter building. However, we have also made certain that all new service accounts, including the newly-installed traffic signal system is metered and pays electric service fees.

WATER/SEWER:

We are very pleased that this budget was achieved without any contemplated or planned fee increases to either water or sewer rates, given the significant decrease in consumption in response to the prolonged drought and the mandatory water restrictions subsequently imposed. Conversely, this budget year will see the completion of our contracted, comprehensive rate analysis and likely changes to the overall rate structure as a result -- however, such changes would likely be imposed beginning with the start of the fiscal-year 2009/2010 and will be more focused on the proper balance and distribution of fees from an equity and environmental standpoint, than solely as a basis to generate new or expanded revenues. With the FY 2008/2009 budget year, we are seeing a \$1,500,000 decrease in Revenue Bond Debt Service, as well as a \$200,000 decrease in required payments to the General Fund for the purchase of the Paysour Mountain property. This \$1.7M total decrease in expenditures will allow us to add one new, high-priority position to the Water Fund in the form of an additional lab supervisor; set aside \$913,970 Debt Service Reserve monies as proper planning for future, needed capital investment; and avoid any possible rate pressures being caused by the drought-imposed consumption decreases.

GOLF COURSE:

With this budget proposal we have decreased the planned, General Fund Subsidy (transfer) for the Golf Course to a total of \$149,259. This is the result of a series of factors. Specifically, the newly-generated revenues derived from Greens Fee increases as well as Driving Range fees and beer sales will each add to the ongoing revenue base. Also, however, with this budget year we are proposing the use of \$182,480 in-so called "Fund Balance" of the Golf Course Fund, which is actually nothing more than General Fund monies previously transferred to the Golf Course Fund in excess of needed yearly subsidy. These funds will go to increase the Capital Expenditure in cart path repaving by \$60,000 over the typical yearly \$40,000 figure and to decrease the requisite yearly General Fund subsidy by the remaining \$122,480. Please keep in mind, though, that this one-time transfer will not be reflected in future budget years and, as a result, if all things remain the same, the subsidy transfer will again spike-upward with next year's budget. To that end, we continue to work on possible ways to privatize the management of the course in order to decrease City subsidy while still ensuring the high-quality and ongoing availability of golf facilities at the site.

SCHIELE MUSEUM:

On the expenditure side, this budget remains largely status quo except for fixed increases associated with staffing and material costs as witnessed throughout. It does, however, still provide for several exciting new temporary exhibits including the planned, "Swamp Things" coming later in 2008. On the revenue side, a proposed restructuring/increase in the admission fees are contemplated to increase total revenues by over \$169,000. Assuming approval of the fee restructuring/increase as contemplated, the total fiscal-year expenditures will still exceed revenues by \$1,664,954. In the absence of such increase, the City's only identified alternative is to dip into the unallocated General Fund Balance by an amount equal to the shortfall, which is not recommended.

FUNDING FOR VEHICLES AND EQUIPMENT:

The City has traditionally financed its purchases of vehicles, equipment, and computer hardware and software through an annual loan spread over a 59-month period, which serves to level the overall economic impact of equipment needs purchasing from year-to-year. In the FY 2008/2009 budget, we are proposing the funding of \$3,314,424 in vehicles and rolling stock, which includes the 100+-foot aerial ladder truck for the Fire Department; 3 new, replacement automated refuse trucks for the General Services (Solid Waste) Department; 20 new, replacement police sedans; 3 new, replacement backhoes for Public Works and Utilities; and 6 new, replacement hybrid vehicles in our continuing movement to become more fuel efficient overall. In support of our overall technology and communication focus, we are funding \$817,570 in new computer and communications equipment, hardware, and software -- which does not include the \$92,000 in new fleet management software, which is being funded by an allocation of Transit Fund Balance; nor does it include any additional funding toward the comprehensive replacement of the City's administrative software system -- which is, in turn, included on the "Unfunded Projects List".

STORMWATER FUND:

The Stormwater Fund's sole source of revenues is the fees assessed against all classes of property throughout the City, as first-imposed in 2003. Since there has been no adjustment to those rates in the five succeeding years, inflationary pressures have eroded our overall ability to achieve capital improvement efforts within this fund. As a result, this year's budget proposal includes \$319,132 in total funded capital improvement expenditures which is down somewhat from previous years. This is largely as a result of the fact that the growth in revenues from new accounts/users is not keeping up with the general inflationary affect on expenditures. As is annually the case, to the extent that the audit would reveal lesser expenditures than budgeted for the FY 2007/2008, any such surpluses can be carried forward to this budget year as possible additions to capital expenditures.

STREET REPAIRS AND RESURFACING:

Unfortunately, this budget must deal with the reality that the State has projected our receipt of Powell Bill Revenues will experience a real decline from FY 2007/2008 in an amount totaling \$144,689. This circumstance clearly makes it difficult to fund substantive amounts of street repair and resurfacing, yet we were still able to budget a total of \$540,000 in such expenditures within this budget. Of that total, \$370,000 is specifically earmarked for resurfacing, while \$170,000 is dedicated to maintenance and repair items. Included on the "Unfunded Projects List" is an additional \$200,000 in street resurfacing and \$100,000 in annexation street paving.

HEALTH INSURANCE:

As we have transitioned to a self-funded program for the provision of employee health and dental insurance care coverage, as managed by a contracted, third-party administrator, we have been able to effectively plan for and contain costs to the point that this budget year proposal contemplates no real increase in costs to either the City or individual employees as dedicated to these benefit programs. In actuality, we hope to modestly improve upon the coverage afforded employees by making added preventative care available without subsequent cost increase. Overall, this was one

of the clear bright spots within this year's budget document and has allowed us to maintain services in other areas as a result.

INFRASTRUCTURE REHABILITATION FUND:

As you will recall, in 2007 the City Council approved the creation of the Infrastructure Rehabilitation Fund as a repository of those monies generated by the sale of surplus City real property along with any newly-generated cell tower revenues. The approval of this fund created a policy whereby the identified revenues are segregated and earmarked exclusively for capital improvements within established older and/or distressed areas of our community. It is anticipated that this fund will commence the fiscal-year 2008/2009 with in-excess-of \$575,000 in Unallocated Fund Balance. Rather than budgeting these dollars to any specific projects in advance, our approach is to hold the funds in reserve and bring forward, at any given, appropriate time, those high-priority projects that both meet the eligibility requirements of the fund, as well as the circumstance that they could not be accomplished in any other manner. In addition, we will give priority to the expenditure of these funds when they serve to leverage substantial amounts of other dollars derived from grants, endowments, or allocations from other levels or jurisdictions of government or from the private sector. As you might imagine, our focus for these funds will be largely aimed at the Center City area; the Franklin Boulevard corridor; the Highland redevelopment area; and the 321 corridor respectively.

UNFUNDED PROJECTS LIST:

As you know, with each year's budget creation we evaluate a number of valid, high-priority capital projects which the City simply cannot fund given the identified resources at the time. In this regard, we have typically created a list (Unfunded Projects List) with each year's budget to identify those next-highest-priority capital projects which we would likely fund in the event of the receipt of new increments of revenues otherwise unallocated and above our policy-guided minimum Fund Balance Reserve. This budget is no exception in that regard and we have created the below-described projects or project components as representative of such a list. You will note that in total they add up to \$1,916,000 and are listed in priority order as we view their value and/or necessity. Included on the list are a number of smaller-cost improvements to Parks and/or Recreation facilities; upgrades to the Farmers' Market building and grounds which could make it far more usable throughout the year; the next Franklin streetscape project component, at Marietta Street; the street resurfacing work mentioned earlier; the replacement of the Financial Management Software System (\$800,000), which, in combination with the \$140,000 earlier reserved for this improvement should fully fund its replacement; and \$135,000 to complete the resurfacing of cart paths at the Municipal Golf Course. Following completion of the audit for FY 2007/2008, expected near the conclusion of calendar-year 2008, we can review this list to determine if some or all of the projects listed might then be fundable.

**Unfunded Projects List
Proposed Budget Fiscal Year 2009**

Project	Amount	Account	
Rec Center repairs	\$77,000	83-883-73.02	Waterproof, seal, paint, termites, weatherproofing, etc.
Reroof picnic shelters	\$8,500	83-883-34.00	3 Lineberger & 4 Rankin
Adult Recreation Center	\$7,500	83-883-15.00	Refinish stage flooring, extend stage etc
Martha Rivers Park	\$23,000	83-883-15.00	Paint scorers tower, exhaust & fan system concessions
Playground equipment small parks	\$8,500	83-883-74.02	All American, IC Falls & East Park
Farmers Market	\$115,000	83-493-73.00	Paving and building improvements
Martha Rivers Park wash pit	\$14,000	83-883-73.02	Wash pit & dumpster pads
Franklin Streetscape	\$100,000	63-665-73.00	Marietta Street
Street Resurfacing	\$200,000	83-570-75.01	
Annexation Street Paving	\$100,000	83-885-75.01	Log Cabin & Marve
Financial Management System	\$800,000	83-440-74.03	Replacement of the old Datapoint System
Sims Park Parking	\$175,000	83-883-73.02	Paving
Parking @ Ferguson	\$82,500	83-883-73.02	Paving-additional near tennis courts
Downtown Irrigation System	\$70,000	83-596-73.00	City Hall, Garland, Transit & parking lot 5 phases
Golf Cart Paths	\$135,000	77-974-73.02	To complete project
Fund Balance Appropriated	\$1,916,000	10-660-399.00	

COMPREHENSIVE SOLID WASTE MANAGEMENT:

While this budget largely provides for the Solid Waste Management functions on a status quo basis, it is not my intention to continue that approach for long, nor do I believe such an approach is either economically or environmentally feasible. Our current approach of funding the program through property taxes, with virtually unlimited pick-up of general refuse and fee-based, voluntary pick-up of recyclables, is proving more and more unmanageable. Further, it is environmentally irresponsible and faces a fundamental overhaul in the near future. As a result, I will be using the fiscal-year 2008/2009 to more completely review and analyze our opportunities and bring forward recommendations as to changes which can and should occur in FY 2009/2010 and beyond. We have to begin thinking about, and then implementing methods to incentivize recycling and reducing waste, while at the same time tying our revenue stream to a more controllable and predictable source which, in turn, can be tied to actual service usage and behaviors. I think we can get there without increased burden to our citizens, but it will take real fundamental changes in philosophy, approach, and perception. This will continue to be an area of focus.

LOOKING TO THE FUTURE:

In addition to evaluating our Solid Waste Management services, we will also be critically looking at the potential for a major new street funding bond issue, dealing with both the need for added capacity as well as reconstruction and resurfacing. Major Water and Sewer Capital Improvements will also be closely reviewed as to the need for additional revenue bonding, particularly with the knowledge that our water treatment plant is aged by virtually any standard; and, our continuing disposal of biosolids from the wastewater treatment plant as large-scale field application of liquids becomes ever more obsolete.

Also, we must look to consolidate services and programs wherever possible and economically feasible and eliminate redundancies which are not in the best service of our citizens or customers. Specifically, the pursuit of a Countywide consolidation of water and sewer services should be a priority and the City of Gastonia should become leaders in that effort. Other efforts to work with surrounding jurisdictions, as well as the private sector, could also bear fruit as we look to become more cost-effective wherever and whenever possible.

Finally, I think it is important to note that while this budget doesn't specifically describe or initiate any new, economic development programs or initiatives, beyond the Downtown Revitalization efforts, that should not be viewed as indifference toward, or neglect of that critically-important function. Rather, because my entire career has been spent in the aggressive pursuit of economic development as a dedicated and key component of municipal government, I will continue to work toward finding ways, throughout the organization, to introduce a comprehensive mindset and predisposition toward economic development in all that we do. I think we all can espouse the concept of "quality of life" as a desirable feature of our community, yet there can be no true "quality of life" without some basic level of economic well being, or access to that well being for all. As City Manager, my commitment, first and foremost, has to be to that overall economic well being.

To conclude, it is my sincere belief that this budget presents the optimal possible financial alternatives available to the City of Gastonia at this time. It is nothing if not creative and proactive. Yet it remains responsible and entirely within the City's financial ability to fund. I would like to take this opportunity to sincerely thank all of the City Department and Division Heads, as well as their individual staff members, who have worked diligently for so many hours in developing and producing this comprehensive, thorough, attractive and professional document. My gratitude goes out as well to Budget Director Melody Usery, and her staff, whose tireless efforts have proven invaluable to me and to the overall production of this high-quality product.

Respectfully submitted,

James M. Palenick
City Manager

ADDENDUM TO BUDGET MESSAGE
FY 2008-2009

June 1, 2008

On May 22, following the City Council's final budget work session, the City received updated Valuation Reports from the Gaston County Tax Department which, based upon our calculations using the reports, will translate into the City's General Fund increasing its Property Tax Revenues by a total of \$223,937. With this in mind, we have amended the FY 2008-2009 General Fund Budget to reflect these new circumstances. Specifically, we focused on the two, identified areas of highest priority need and channeled the new funds to best address those priorities. We have added \$85,135 to a Fuel Reserve to better respond to the unprecedented run-up in wholesale gasoline and diesel costs; and, we've added \$130,000 in the Aggregate to those Police Department line-items necessary to fully fund two, additional Police Patrol Officer positions, along with all the necessary vehicles, equipment, gear and training required by their addition. A memo from Police Chief Terry Sult is attached herewith, which better explains what the Budget Adjustments for the addition of the two Police Patrol Officer positions will mean, and how it will be implemented. As you read the memo, you will see that the budget changes will have the affect of reintroducing the second, "Street Crimes Unit" on a more permanent basis.

Also, included in the Amendment to the General Fund Budget are the addition of \$3,000 to the Human Resources-Professional Services line-item, in order to fund the cost of providing debit cards to participants within the pre-tax medical reimbursement program; the addition of \$5,000 to the Recreation Budget covers the funds Council requested for improvements at Memorial Hall; and, the final \$802 reflects the updated lease payment for the Code Enforcement Office rental on South Street.

Attachment



MEMORANDUM

DATE: May 23, 2006

TO: Jim Palenick – City Manager

Larry Wood – Asst. City Manager

FROM: Terry Sult
Chief of Police

RE: Budget Adjustment for Two Police Officer Positions

Over the years the Gastonia Police Department's (GPD) allocated staffing levels have been reduced due to economic and budget constraints. The opportunity to add two additional positions will clearly have a positive impact upon GPD service delivery and morale. If approved and funded the two new positions will be assigned to work the streets of Gastonia in a direct effort to reduce crime and disorder.

The first priority of all municipal police organizations in the deployment of police staffing is having the capacity to respond to citizens' emergency calls for service. This staffing level must be kept to maintain a reasonable degree of officer safety. At basic operational staffing levels officers are completely responsive to calls for service with little time for proactive crime enforcement, prevention and intervention activities. GPD has operated at this basic level with reduced proactive resources since the decline of allocated positions began in 2001.

Obviously, adding two additional police positions will not meet all of the staffing challenges facing the police department. Over the past three years GPD has focused upon effective and efficient deployment of these resources. GPD has met all recruiting, hiring and staffing goals resulting full staffing of all allocated sworn officer positions. The reorganization and reallocation of staffing levels now allows for officers to become more proactive in their day-to-day activities. However; our population has increased from approx. 68,000 to 72,000 over the years and thus the demand for police services has also increased. GPD has reached the limit of efficient deployment within existing resources and thus our effectiveness is being negatively impacted.

These two positions will allow for the full-time staffing of a second Street Crimes Unit, which has not been fully staffed since 2002. The estimated cost of funding two full time police officer positions with all equipment, training and police vehicle for the first year is estimated to be approximately \$130,000.

Description	Account #	Increase/ (Decrease)	New Total
REVENUES			
<i>General Fund</i>			
Ad Valorem Taxes Current Year	10-460-301.01	223,937	\$ 25,847,533.00
Total Changes in Revenues		<u>223,937</u>	
EXPENDITURES			
<i>General Fund</i>			
City Manager - Fuel Reserve	10-420-31.00	85,135	\$ 85,135.00
Human Resources - Professional Services	10-421-4.00	3,000	\$ 86,281.00
Police/Field Svcs - Salaries	10-514-2.00	65,832	\$ 5,303,063.00
Police/Field Svcs - FICA	10-514-5.00	5,036	\$ 76,759.00
Police/Field Svcs - Insurance	10-514-8.00	5,782	\$ 644,245.00
Police/Field Svcs - Retirement	10-514-7.00	6,452	\$ 530,249.00
Police/Field Svcs - Supplies	10-514-33.00	20,000	\$ 64,000.00
Police/Field Svcs - Non Capital Equipment	10-514-34.00	25,398	\$ 93,398.00
Police/Field Svcs - Uniforms	10-514-36.00	1,500	\$ 56,500.00
Code Enforcement - Rent	10-594-21.00	802	\$ 52,802.00
Recreation - Maintenance - Bldg & Grounds	10-620-15.00	5,000	\$ 8,000.00
Total Changes in Expenditures		<u>223,937</u>	
Net Change to the Proposed Budget for the General Fund		<u><u>-</u></u>	



BUDGET SCHEDULE - FISCAL YEAR 2008-2009

January 2, 2008	Initial equipment requests due to the Budget Office.
February 7, 2008	Council Work session (Goals & Objectives).
January 18, 2008	Preliminary revenue and expenditure budget worksheets and information sent to the Departments.
February 4, 2008	Preliminary revenue projections due.
February 22, 2008	Expenditure worksheets, new program initiatives and capital project worksheets due. Comments can be entered once expenditure worksheets have been turned in to the Budget Office.
March 3, 2008	All comments should be entered. The Departments can make no further changes unless approved by the Budget Office.
March 7, 2008	Mission Statements/Goals & Objectives/Accomplishments due. Analysis and reports by the Budget Office.
March 17-March 28, 2008	Review of departmental requests by City Manager, Assistant City Managers, Department Heads and Budget Department staff. Reviews will be scheduled daily. Department Heads should try to leave their schedules open for these two weeks.
April 14, 2008	Council work session: Budget Outlook.
April 18, 2008	Budget should be finalized and balanced based on recommendations of the City Manager.
April 25, 2008	Proposed budget should be printed and notice of public hearing completed.
April 28, 2008	Budget presented to City Council and press.
May 5, 2008	Public Hearing on the Budget and Budget discussion at the Special Council Meeting.
June 3, 2008	Adoption of the Fiscal Year 2008-2009 budget.

Explanation of the Budget Presentation

FUND LAYOUT

This budget is designed to present revenues and expenditures by Fund and expenditure detail by Department. The format of this budget is basically the same as last year. It begins with a section laid out by Fund which includes revenue and expenditure summaries. Each Fund type has a locator tab with the Fund type listed on the tab.

There are six Fund types in the Fiscal Year 2009 budget. They are as listed on the right side of the page. An explanation of each Fund type is included in the glossary located in the Appendices section of this budget.

The layout of the expenditure detail information is graphically explained on the following pages.

General Fund #10
Marketing/Communications Fund #17

Enterprise Funds
Water & Sewer Fund #30
W/S Capital Exp & Dev #42
W/S Renewal & Replace #51
Electric Fund #31
Power Agency Settlement #37
Electric Renewal & Replace #52
Transit Fund #32
Golf Fund #33
Stormwater Fund #36

Capital Projects Funds
Airport Project Fund #44
Water & Sewer Project Fund #62
Street Project Fund #63
Insurance Reserve Fund #69
Golf Capital Projects Fund #77
Electric Capital Projects Fund #78
Stormwater Project Fund #79
General Fund Capital Project Fund #83
Downtown Capital Projects #84

Internal Service Funds
Health Self-Insurance Fund #68
Dental Self-Insurance Fund #70
Veh/Equip Replacement Fund #80
Tech Services Internal Svc Fund #81

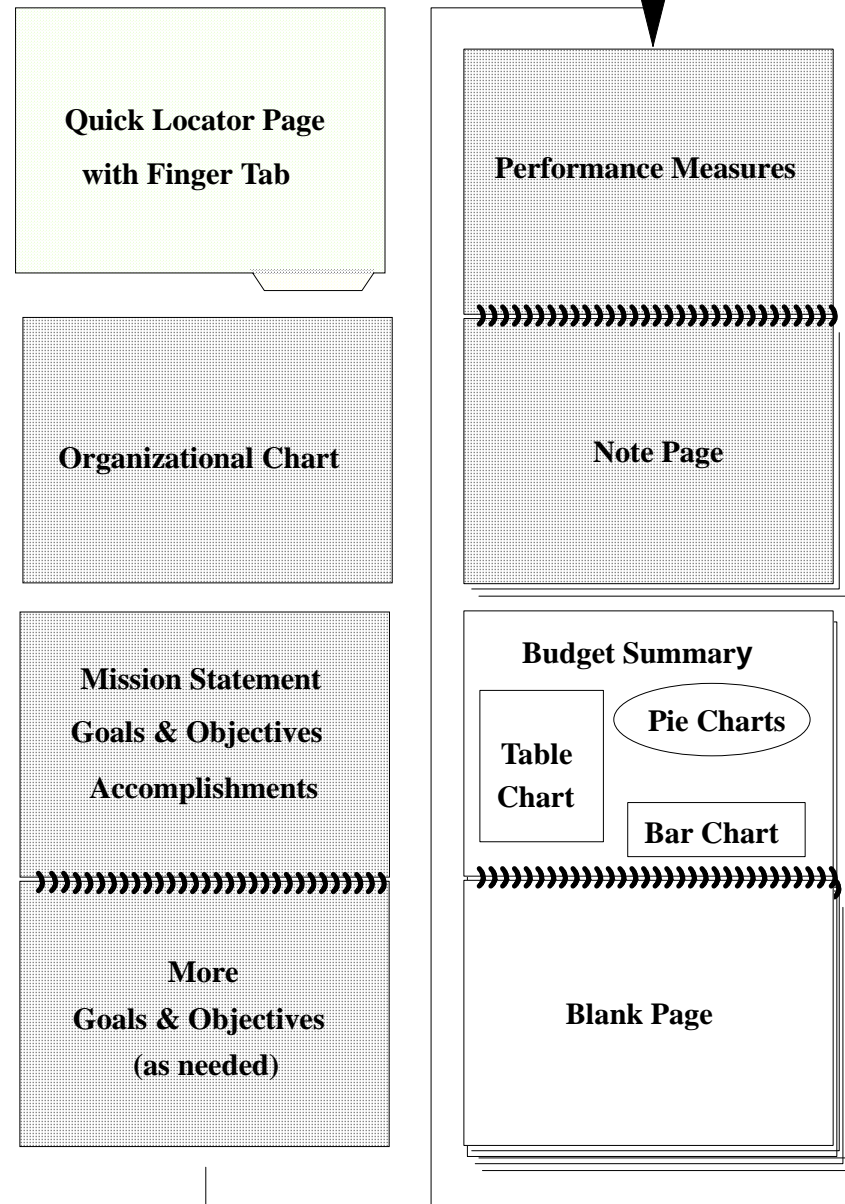
Special Revenue Funds
Technology Support Fund #19
Community Development Fund #21
CD/108-Downtown Revit Fund #22
CD/Rehabilitation Fund #23
CD/Home Investment Fund #24
CD/108 Loan/Neighborhood Fund #25
CD/108-Economic Devel Fund #26
CD/Economic Devel Fund #27
Occupancy Tax Fund #28
Uptown Municipal Services Fund #29
Infrastructure Rehab Fund #87

Trust & Agency Funds
Federal Asset Forfeiture #73
State Asset Forfeiture #74

EXPENDITURE DETAIL LAYOUT

The expenditure detail section includes the information as shown in the page layout on the right side of this page. The detail begins with the Mayor/Council budget and proceeds to the City Manager and those departments which are directly under his perview. Thereafter, it is organized by Assistant City Manager with the departments following alphabetically.

Following the organizational chart are the department's Mission Statement, Fiscal Year 2009 Objectives and Fiscal Year 2008 Accomplishments. The next page presents an overview of the department's budget in the form of a summary. (Please see the next page in the introduction for a more detailed explanation of the overview/summary section.)



The budget summary page is in chart form. It allows the reader to get a "quick picture" of the department's proposal. The chart on the left side of the page is a table which summarizes expenditures by division (or function) within the categories as generally used in the City's monthly financial reports. These categories are as follows:

- Salaries
- Fringe Benefits
- Equipment
- Other Capital Outlay
- Purchases for Resale
- Debt Service
- Other Operating Expenditures

The divisions are listed top to bottom in the same sequence as the detail following the chart. The department codes included in each division (or function) subtotal are listed in the bar beside the division (or function) name. These codes (XX-YYY) represent the fund (XX) and department (YYY) as reported in the upper left corner of the detail sheets which follow the summary page. In the case of multi-division/function departments, totals are provided at the bottom of the chart. Total expenditures are compared to total revenues and utility reimbursements. Utility reimbursements are overhead costs charged to the Enterprise Funds for services provided.

The right side of the chart page is basically a visual illustration of the text and numbers which appeared in the table discussed above. Just below the department name is the department's total expenditures as compared to the total operating budget and reported as a percentage figure. Next is a pie chart showing the percentage of the budget allocated to each division (or function). A second pie chart portrays the allocations by the expenditure categories. The horizontal bar chart at the bottom right compares expenditures, revenues and utilities reimbursements/service charges. This is a graphic illustration of the information on the bottom line of the table.

