

MINUTES
King City Council
Called Budget Workshop
May 8, 2024

The King City Council, led by Mayor Rick McCraw, convened at a budget workshop at King City Hall on May 8, 2024, at 8:30 am. The session was attended by Councilwoman Terri Fowler, Councilman Michael Lane, Mayor Pro Tempore Jane Cole, Councilman Tyler Bowles, City Manager Scott Barrow, City Clerk Nicole Branshaw, Director of Finance & Personnel Susan O'Brien, and Chaplain Tracey Collins.

Mayor Rick McCraw called the meeting to order.

Chaplain Tracey Collins offered the invocation and then left the meeting.

DISCUSSION OF PROPOSED FY 2024-2025 BUDGET

The discussion on the proposed FY 2024-2025 Budget covered several key areas, including potential tax increases, strategies for maintaining a healthy fund balance, employee retention policies, and the council's role in representing the citizens.

Councilwoman Fowler voiced her support for the proposed 3 cents tax increase, citing the need for progressiveness and the necessity to fund the comprehensive services provided by our full-service city. She also highlighted the state's requirement for a healthy fund balance.

Councilman Lane expressed being in favor of the proposed tax increase of 3 cents.

Mayor Pro Tem Cole feels it is not absolutely necessary to make a tax increase right now and feels this is the people's money, and we are to be good stewards of the people's money. She states that we have a higher tax rate than Bethania, Clemmons, Lewisville, Tobaccoville, and Walkertown. This came from the Department of Revenue, and we are also higher than Walnut Cove, the Surry part of Elkin, Pilot Mountain, and those are just our surrounding communities. If people wanted to go there for a smaller tax rate, they could do that. I think we have a lot going for us. We are a bedroom community. All you have to do is hit the expressway, and in 15 minutes or less, you are there in Winston-Salem.

Councilwoman Fowler feels there will be things throughout the year that need to be covered when it is cut from the budget, and possibly, the fund balance will have to be used.

Per Scott and Susan, since Scott has become manager, the City has not dipped into the fund balance but has in other years.

Mayor McCraw stated he had already spoken with City Manager Barrow because he felt it would be a split decision. He felt it in his heart, and he said let's take a vote on it now. I think we have two for the budget and two against the budget. He states that I cannot. After speaking with people from my church. I appreciate what Councilman Lane sent us concerning looking at all of the houses and what ours would go up while those are real numbers, and I understand that.

Councilman Lane stated that it wasn't for that purpose. That was for the different utility thing you had mentioned.

Mayor McCraw replies, and I appreciate that. I would not vote for a tax increase if it were a split decision. I wanted to give Manager Barrow a heads-up so he would know how to look at things. I think that is what we need to do to provide our City Manager with a heads-up so he's not blindsided. So, if it is a split vote, I cannot vote for a tax increase. If one of you wants to make a motion to take it out of the fund balance; because I want to fund the pay study. I think our employees deserve it. If you were going to cut something, I would cut the BAT Mobile. Still, I don't think you should do that; we need that. Susan and Scott have done a great job on this budget. This is where I stand. I know some people who don't live in the city because they cannot afford to live there.

Councilman Fowler states that I do not agree with that. I know this is hard, but I feel you have to look at this as a business decision and run it like a business.

Mayor Pro Tem Cole wants staff to know she agrees with all recommendations except the 3 cents tax increase. She definitely agrees with the pay study, and she just feels we have another option, which is the fund balance. She does not understand why we can't use that option when our fund balance is more than just about anybody that she knows of.

Finance Director O'Brien replies if we drop below 40%, the LGC will give us a warning and a letter of financial concern.

Mayor Pro Tem Cole asks how people get away with 8 to 20% in their fund balance.

Finance Director O'Brien replies that many people are on the watch list or unit assistant list, and if you are on that list, it is not good.

Councilman Lane replies what does a financially healthy city mean? It means we are representing our city well. For one, it means we are financially healthy and stable. If we are being told our services are more than what we charge our citizens, then that is not economically healthy. Councilman Lane states it is not \$240,000 from the fund balance. To fund this budget fully, it is a 6-cent tax increase, so really, what Scott has proposed is meeting in the middle. So, not doing a tax increase would add \$480,000 to the fund balance. I think he has already done what we have asked him to do and what I believe to be reasonable, and we met in the middle. We're not fully funding everything that has been asked for already, with the expectation of what is coming.

Councilman Bowles asked what our fund balance was last year.

Finance Director O'Brien and City Manager Barrow responded around 46%.

Councilman Bowles asks, and the year before that.

Finance Director O'Brien replies 42%.

City Manager Barrow states that since I have been City Manager, we have not made a budget amendment requesting funds from the appropriated fund balance account.

Councilwoman Fowler, I don't want to cut anything more out. We need all that we have in there.

City Manager Barrow, I think the consensus I've heard is that everyone likes everything in the budget, and all five like it. What it comes down to is the 3-cent tax increase or \$240,000 more from the fund balance. I don't think anyone wants to cut anything.

Mayor Pro Tem Cole states I don't want to cut anything.

City Manager Barrow's response: I want to mention those surrounding communities are not full-service.

Mayor Pro Tem Cole responded that they do contract to get the service.

Mayor McCraw states okay, let's go ahead and vote on this. How many are in favor of the tax increase and the proposed budget as presented?

Councilwoman Fowler says yes, and Councilman Lane says yes.

Mayor McCraw states okay, we have two votes, yes.

How many are in favor of not increasing the tax, leaving everything else the same, and taking \$240,000 out of the fund balance?

Mayor Pro Tem Cole, yes, and Councilman Bowles, yes.

Mayor McCraw stated that I would have to split the vote and that I would be in favor of not doing the tax increase and taking the \$240,000 out of the fund balance.

In summary, Mayor McCraw took a vote at the end of the meeting, with the results leaning towards pulling an additional \$240,000 from the Fund Balance rather than the three-cent tax increase. This vote was 2-2, with the Mayor breaking the tie in favor.

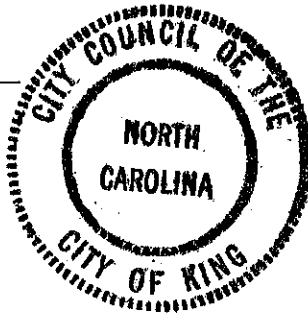
The next step is to approve the Budget Ordinance.

ADJOURNMENT

Councilwoman Fowler motioned to adjourn the meeting at 9:15 am. Mayor Pro Tempore Cole seconded the motion, which was carried by a unanimous vote of 4-0.

Nicole Branshaw

Nicole Branshaw
City Clerk



Richard E. McCraw

Richard E. McCraw
Mayor