MINUTES

COUNCIL FINANCE, HUMAN RESOURCES and CITIZEN APPOINTMENT COMMITTEE

Monday, December 16, 2024 – 11:00 AM
City Hall Council Chambers

Members Present:	Lauren Wise, Chair, Council Member Gary Daniel, Vice-Chair, Council Member Susan Miller, Citizen Member Mayor Maureen Copelof, Ex-Officio
Staff Present:	Wilson Hooper, City Manager Dean Luebbe, Assistant City Manager/Finance Director Becky McCann, Communications Coordinator Selena Coffey, Assistant to the City Manager
Guests:	None

A. Welcome & Call to Order

Committee Chair Lauren Wise welcomed everyone and called the meeting to order at 11:00am.

B. Certification of Quorum

Quorum was certified by Assistant to the City Manager

C. Approval of Agenda

Motion by Mr. Daniel, seconded by Ms. Miller, to approve the agenda as presented. The motion carried unanimously.

D. Approval of Minutes of October 28, 2024 Meeting

Motion by Mr. Daniel seconded by Ms. Miller to approve the minutes of the October 28, 2024 meeting as presented. The motion carried unanimously.

E. Review of Fiscal Year 2025-2026 Budget Schedule

Mr. Hooper provided an overview of the fiscal year 2025-2026 budget calendar noting that the budget year holds a number of potential challenges, particularly noting Storm Helene and the County's property revaluation. He also noted the importance of City

Council's upcoming priority-setting retreat in developing the budget. Mr. Wilson highlighted the following budget activities and timelines from the distributed budget calendar, noting that the process will begin on December 17, 2024 with the initial kick-off with Leadership Team. See below:

FY 2025-2026 Budget Calendar

December 17, 2024	Staff Budget Kick-Off
Before Christmas	Send funding letters to non-profits
January 6 - 10	Individual Department Kick-Off Meetings w/Wilson, Dean, David, and Selena
February 3	If necessary, David to hold supplemental meetings on CIP Base operating budget, capital needs, and Service Level Change requests (SLCs) due
February 4 - 28	Dean embarks on warpath to get early reval numbers from county and sales tax estimates from DoR/NCLM
	Dean/Finance compile expenses and prepare revenue projection
February 17 – 28	Evaluate corporate-wide resource demands (compensation, ins. etc)
	Wilson/Dean/David review SLCs
	Prep for Priority Setting Retreat
March 7	Priority Setting Retreat
March 8 – April 8 (tentative) or April 14	Craft first draft budget
April 8 (tent.) or 14	Distribute budget retreat materials
April 11 (tent.) or 17	Budget retreat w/straw votes
April 18 - May 1	Craft recommended budget
	Produce recommended budget document
May 1	Distribute recommended budget document
May 5	Manager presents recommended budget
	Call for public hearing
May 19	Conduct public hearing
June 2	Approve budget
June 16	Relief date if not approved June 2

Ms. Miller asked about the potential for receiving property valuation figures from realtors or other sources if staff did not receive County revaluation figures early enough to determine the revenue available to fund City operations. She also questioned if there were resources for gathering information about how previous storms had impacted the City's budget. Mr. Daniel asked about the CIP, Capital Improvements Program, and Mr. Wilson explained that he would like to focus more on estimating capital improvements at five or ten years in the upcoming budget process. There was some discussion about the City's funding of vehicle replacements within the budget.

No action was taken.

F. Discussion of Retreat Goals

Mr. Hooper shared that he had scheduled Lydian Altman and Kimberly Dickerson from the University of North Carolina - Chapel Hill School of Government to facilitate City Council's upcoming retreat. He posed the following questions for the Committee ahead of the retreat:

1. What would need to happen at the retreat for you to consider it a success?
2. What are your objectives for your time together?
3. What are the agenda items the group wishes to discuss?
4. Is there a preferred method for priority-setting, i.e. sticky dots, numerical ratings, etc.?
5. Is there a preferred method for making decisions? Will the method be the same for all decisions?
6. What are the particular strengths of the group? What might hold the group back from being most effective?
7. What would help the group function at its best?

In response to the first question about the success of the retreat, Mr. Daniel noted that City Council needed to share a clear understanding of finances and goals. Mr. Wise agreed with Mr. Daniel and noted that he felt that City Council's strategic goals from last year still align with current goals. The Committee continued their discussions, noting particularly change they prefer for the upcoming retreat process. The Committee agreed that City Council should focus on actual key strategic actions (KSA) and where funds go within the budget.

Mr. Hooper asked the Committee to provide input regarding his presentation of the financial report at a City Council meeting beforehand. The Committee agreed that this would be a good plan for proceeding and noted that there needed to be more of a focus on the KSAs and less on team building activities at the retreat because Council had already worked together.

The Committee discussed the decision-making process and recommended that City Council have direct conversations about the decisions to be made as opposed to using sticky notes, etc.

Mr. Hooper asked the Committee who should be responsible for deciding topics to be discussed. Ms. Miller shared that she felt that staff should be permitted to provide their input with the City Manager because they know best about their departmental needs and resources necessary for operations. Mr. Wise agreed with Ms. Miller and added that City Council didn't have a grasp of the best framework was well as the City's professional department heads have with regard to their operations. Mr. Daniel agreed with Mr. Wise and Ms. Miller that the information should come from staff.

In responding to what would help to make the group function at its best for the retreat, Mr. Wise felt that simply having a game plan for the retreat would be best. Ms. Miller noted that setting the stage a week before by the Manager with the presentation of the finance report would be helpful.

When Mr. Hooper asked about the objectives for the retreat, Mr. Daniel noted that last year the facilitators didn't ask whether City Council's agenda had been met during the retreat and stressed the importance of this. All agreed that this should be addressed in this year's retreat.

G. Fund Balance Review

Mr. Luebbe provided two documents, a comparison of available fund balance and fund balance policies for other area jurisdictions and a summary of projects/funds in relation to the City's fund balance. He reviewed the following information with the Committee. See below.

Fund Balance at 6-30-2023
Available Fund Balance as a % of General Fund Expenditures

City	Population	Fund Balance Available of General Fund Expenditures	Policy	
Brevard	8,198	41%	25%	
Fletcher	8,491	121%	45%	
Black Mountain	8,515	67% available	30% unassigned	59.00% unassigned
Mills River	7,554	144%	65%-75%	
Hendersonville	14,277	30%	25%	
Waynesville (electric city)	10,131	61%	N/A	
Weaverville	4,726	97%	40%	
	Average	86.78%		

Mr. Luebbe then reviewed the second document. See below.

FUND BALANCE	FY 22	FY 23	FY 24
General			
Total	5,076,218	4,849,072	4,933,492
Unassigned	3,469,706	3,200,810	3,355,857
Unassigned %	36%	31%	37%
Available	3,893,686	3,628,594	3,957,744
Available %	38%	41%	42%
Water and Sewer			
Net Position	855,719	1,587,068	1,585,813
Capital Reserve			
Reserved for water and sewer	356,773	417,376	518,036
Downtown Master Plan	276,280	247,466	272,880
Housing Trust	399,627	352,803	569,756
Parking Lot	268,571	199,968	278,575
Multi Use Path	1,069,907	1,309,028	1,259,197
Rosenwald	633,556	404,667	56,638

Mr. Luebbe noted that the City's current fund balance policy requires 25% of available General Fund expenditures and noted that the City has one of the lowest percentages of fund balance of those on the list.

He noted that last year's audited financials reflected that the City was at 41% in fund balance. He noted that he was recommending that the City increase its "floor" for fund balance to 35% with a "ceiling" at 60%. He explained that the ceiling would allow the City to have funds available for capital or other projects as necessary and encourage the City to put any fund balance over 60% to use as opposed to letting it sit in the account. He noted that the policy would need to be updated to reflect these changes and that it would be important that he provide a quarterly report on available fund balance.

The Committee discussed Mr. Luebbe's recommendation with Ms. Miller asking how the ABC funds were budgeted. Mr. Luebbe explained that the ABC Board has their own separate audit and financial accounting, but their contributions to the City would be included within the City's General Fund fund balance.

There was conversation about the fund balance of other jurisdictions on the list and how those jurisdictions were able to hold higher fund balances. Mr. Wise stated that he likes the idea of having the ceiling cap on fund balance. Mr. Daniel agreed and stated that it would be important to note to the public when the City was saving for capital projects and transferring money from fund balance to a capital reserve account. Ms.

Miller agreed that having a strong fund balance was important and she liked the idea of having a ceiling on it.

Although formal action was not required, the Committee agreed with Mr. Luebbe's fund balance recommendation for a 35% floor and ceiling at 60%.

H. Public Comment

Harvey Sankey asked about the timing of the revaluation and it not being complete until after Mr. Hooper submitted his proposed budget. He also asked about the retreat facilitator and capital reserves within the City's budget, particularly street repaving and repairs. Mr. Hooper and Mr. Luebbe responded to his questions. Ms. Copelof and Ms. McCann also noted that information regarding streets could be found on the City's website.

I. Set Date for Next Meeting

The next meeting of the Committee was scheduled for January 27, 2025 at 11:00am

J. Adjourn

There being no further business, the meeting was adjourned at 12:09pm.

X _____

Lauren Wise
Chair, Council Member

Minutes Approved: January 27, 2025

X _____

Selena Coffey
Assistant to the City Manager