

**MINUTES**  
**BUDGET WORK SESSION**  
**WEDNESDAY, MARCH 22, 2017**  
**5:00 PM**

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{Summary minutes of City Council meeting. Audio tapes of the meeting are on file and are included by reference as part of this meeting. An agenda of this meeting has been either mailed or made available to persons, organizations and local news media as per their request. The agenda gives the date, time and place of the meeting as well as the order of business. This disclosure is in compliance with the South Carolina Code of Laws of 1976, Section 30-4-80 (e).}

The budget work session continued on Wednesday, March 22, 2017 at 5:00 P.M. in the City Municipal building with the following present:

**COUNCIL:** Mayor Harold Thompson; Mayor Pro Tem Robert Garner; Councilmembers Tommy Anthony, Vicki Morgan, Ricky Todd Harris, Pamela Sloss and Sonja Craig.

**DEPARTMENTAL STAFF:** Gloria Rogers – Municipal Clerk/Personnel Director; Sam White, - Public Safety Director, Perry Harmon – Public Service Director; Walker Gallman – Finance Director; Joe Nichols – Utility Director; Adam Harris, Assistant Utility Director, Leroy Edwards – Maintenance Shop Director; Laura Hembree – Accounting Supervisor and Melissa Youngblood – Media Technology Coordinator.

**NEWS MEDIA:** Mike Stevens - WBCU

**OTHERS:** Lawrence Flynn. Robby Moody, Frank Hart

Mayor Thompson called the meeting to order and gave the invocation.

Attorney Lawrence Flynn of Pope, Flynn Group addressed council. He states that several months ago Mayor Thompson called and mentioned the idea of how the City goes about promoting potential economic development in the City, in particular, a student housing developer that had approached the City and County about building a student housing facility in town on a piece of property for re-development. Attorney Flynn states that even though a developer wants to make an investment; he will do as much as he can to get assistance with a project without putting his own money at risk. Attorney Flynn states that any time you talk about economic development, an important purpose is to provide a safe place to live and what to do as far as promote economic development without putting tax dollars at risk. Other questions to consider is what would happen to the project if the City does not contribute funds and is there a need for student housing and will this be a benefit to the community. He states this is something the City needs to think about. Also the idea of providing water and sewer tap may go against the bond ordinance. When funding economic development, a certain amount for funds has to be put aside in the budget.

Mr. Flynn also states that an Economic Development Plan is an important factor that does promotes growth. Questions to consider when establishing an Economic Development Plan are:

- (1) What are we trying to accomplish (is growth important)?
- (2) What service do I provide and how can I help?
- (3) How will my existing customers/taxpayers be affected?
- (4) What will it cost me?
- (3) Do I have the capacity/infrastructure to support growth?
- (4) Does this fit within my capital improvement plan?
- (5) Relationship with the County?

Mayor Thompson thanked Attorney Flynn for his presentation and states that he just wanted to get this information out to City Council.

Robby Moody, Senior Planner for CRPC states that he was at Zoning Hearing last week with the student housing developer. The Zoning Board approved 12 units for student housing. There will not be a site manager. The developer is making plans to have project complete by August 2017.

Councilmember Morgan asked Attorney Flynn to come up with an economic development policy, as council could give him a list to come up with certain scenario/suggestion as to what incentives can be offered.

Mayor Thompson asked Attorney Flynn if he could develop an Economic Development Bond Ordinance that concentrates on student housing, restaurant, hotel/motel incentives.

Mayor Pro Tem Garner states that he would like for council to do something to assist developer with the student housing project since it is already underway and also find incentives to assist downtown businesses.

Attorney Flynn states that incentives for a new business can be established by ordinance.

Mayor Thompson states that council will revisit this at a workshop.

Finance Director Walker Gallman asked about extending TIF district for the student housing project. Attorney Flynn states that the City would have to get approval from the University.

Finance Director Walker Gallman presented the budget overview and revenue projections. He discussed budget considerations for FY year 2018 which includes the following:

- General Fund
- Personnel
- Main Street Junction
- Solid Waste Management
- Electric, Water, Sewer, Natural Gas Utilities
- Tax Increment
- Hospitality & Accommodations Tax
- Outside Organizations

The All Funds Summary total for FY 2018 is \$47,489,630 which is a 5.17% increase over last year's budget. Factors contributing to fiscal year 2018 expenditures are the consumer price index - 2.2% increase that reflects the wage and salary adjustments being paid by employers in the labor markets in which the City of Union competes for its labor supply. A cost of living increase for employees is included in the proposed budget. This will be presented to council for their consideration. A 1% COLA will increase the total budget by \$90,000 including the cost of fringe benefits. Health insurance is anticipating a 4% increase beginning January 1, 2018 for employer only. Workman's compensation cost has seen a significant decrease for calendar year 2017. Claims were down dramatically for 2016. General liability premiums have also decreased for the same period of time. Retirement cost - employer part- will increase for FY 2018 by a proposed 2%. Employer cost will increase to 13.56% for SCRS & 16.24% for members in the PORS.

The Finance Director next discussed the following personnel issues below:

- Recruitment
- Retention
- Grow your own skills
- Training losses
- Loss of experience
- All positions are skilled

Other budget considerations discussed are:

- Carpet for City Hall - \$74,000; Parking Lot sealing & striping - \$16,000; Generator - \$60,000
- Public Safety Department - (3) Vehicles equipped - \$102,409; (4) SCBA device - \$28,800; CLE Advanced Pole Camera System - \$7,000
- Solid Waste - Brush Truck - \$140,000
- Replace Dump Truck (Water) - \$70,000; Replace Truck (Sewer Lines) - \$30,000; Replace Truck (Natural Gas) - \$30,000 & Trencher (Natural Gas) - \$58,000
- Electric construction - \$249,000
- Water construction - \$1,466,700
- Wastewater construction - \$1,802,750
- Relocation of warehouse facility - \$312,000

Total proposed general fund budget for FY2018 is \$6,281,320; general fund revenue - \$5,390,150.

Property taxes were discussed. Millage can increase by the previous year's consumer price (CPI) adjusted for population growth. The City's cap for FY 2018 is 0.12% or .012 mill.

Local Option Sales Tax was reviewed. The referendum for Union County passed November 2016. Collection of additional 1% sales tax will begin May 1, 2017.

Other taxes discussed are as follows:

- Vehicle taxes – use same millage rate- assessed value has been reduced from 10% to 6%. Loss of \$100,000 per year in revenue
- Payment in lieu of taxes – Housing Authority based on rents less utilities - \$24,000. City utilities & SWM – 5% of prior year audited operating revenue – Utilities - \$1,656,360 & SWM - \$35,000
- Taxes Transfer – breakdown of FILO by division; Electric - \$866,000; Water – \$173,000; Wastewater - \$141,930; Natural Gas - \$475,430. The total is \$1,656,360. Based on 5% of prior-year audited operating revenues

Business license was discussed. Business licenses fees are based on prior year calendar gross receipts and construction projects. Permits are based on valuation of a project. Charter Communication franchise renewal is set at 5%.

Councilmember Morgan states that she would like to see Channel 192 go back to the Channel 14 for The Union Connection. She feels that the City's PEG channel at the previous channel would benefit more citizens if it was on basic channel, especially elderly residents. She asked Melissa Youngblood to get cost from Greg Fender to see what it would cost to change Channel 192 back to Channel 14.

The Finance Director discussed Intergovernmental Revenues which includes:

- Solid Waste Management - \$452,020
- Public Safety salary reimbursement from school district - \$60,000
- PSO reimbursement - \$6,000

State collected taxes were also discussed; 4-1/2 of the State's General Fund Revenue of the last completed fiscal year will be allocated to Municipalities & Counties. 16% of this amount is allocated to municipalities. Each city received a ratio based on population.

The Finance Director discussed general fund expenditures by type – Public Safety is 59% of the general fund expenditures. Other factors contributing to expenditures are as follows:

- Legislative – 4.8% increase due to COLA and increased cost of the employer share of benefits and travel

- Community Services – requests increased 8.7%. This fund includes outside organizations not funded by hospitality and accommodations funds.
- City Court – increased by 8.99%. Several items increased – retirement, communication and equipment.
- The Union Connection increased 2.81%. Increase is due to retirement and maintenance contracts.
- City Facilities Maintenance decreased by 28.19%
- Public Safety increase of 4.03% due mainly to retirement cost and vehicle request.
- Street Department decrease of 3.04% - plans are to continue to use funds in this department to supplement “C” funds for street and sidewalk repair.
- Planning – increase of 16.38%. Plans are the continued use of an outside Building Inspector and Planner. Also funds are proposed for the demolition of sub-standard housing

Next the Finance Director discussed the general fund summary. Total revenues are \$5,390,150 and total expenditures are \$6,281,320. Total deficit is (\$891,170). Ways to balance budget were discussed as follows:

- Raise taxes – 1 mill = \$16,070 only by millage cap or referendum
- Raise other fees
- Local Option Sales Tax – additional revenue
- Hospitality Tax & Accommodations Tax (use of funds are limited)
- Reduce expenditures/outside agencies
- Fund Balance

The utility fund summary was discussed. Total revenue is \$37,111,650; total expenses are \$39,461,270. Total deficit is (\$2,349,620). Ways to balance budget were discussed as follows:

- Retained earnings
- Raise rates
- Reduce transfer to general fund

Solid Waste Management was discussed.

Next he discussed revenue for the Main Street Junction which includes: local hospitality & accommodations tax; rental revenue and donations as well as using City personnel to operate and clean Main Street Junction.

Recommended rates for FY 2018 are as follows:

- Electric – recommendation is to increase rates by 5%, & continue the PPA to true-up the cost of electric each month. By increasing rates by 5% the electric utility is projected to just break even. Security lighting – no increase
- Water – proposed deficit, even with a 5% rate increase included is (15.72%). The recommendation is for the rates to increase by 5% & to increase customers service charge for water meter size 2 inch or above to \$125 per month
- Sewer – proposed deficit, even with a 5% rate increase included is (67.55%). The recommendation is for the rates to increase by 5%
- Natural Gas – recommendation is not to increase base rates, but the PGA will continue each month to true-up the cost of natural gas. Recommend to continue the natural gas rebate program. The City will rebate natural gas tap fee of \$300, if service is connected within 6 months and install a year round appliance.

Next the Finance Director discussed the Tax Increment District. The largest taxpayers for the Tax Increment District are Union Mill Crossing (Tax Exempt) and Fairforest Projects.

Frank Hart, Union County Supervisor addressed City Council regarding the Union County Museum. The Museum is currently struggling with staffing/operating cost. The Museum was taken out of the County’s budget about two years ago with a number of

other outside agencies. The Museum has managed to get some funding for tourism from the county side through the hospitality tax. They have gone through their budget, changed some of their staffing and changed their hours. They believe if they receive a total of \$80,000 then they can operate. The cost is \$80,000 a year to operate. The County Supervisor is requesting the City fund the Museum in the amount of \$40,000 and he will request funding in the amount of \$40,000 from County Council. The County's budget work session will be held in two weeks. Mr. Hart also states that the County will not look to fund outside agencies. He also informed council he is proposing Fire and Rescue (non-profit agency) come under the County of Union as part of the County. There is a little resistance from this idea.

Next Mr. Hart discussed the County's Building Official. He states that the County is currently without a full-time employee as their Building Official. They are currently contracted with a company. He does plan on hiring a full-time person. Mr. Hart is proposing that before he hires someone to maybe look at an arrangement with the City; (consolidation of Building Official) similar to what the City/County has done with Animal Control. He believes this is working out well. Mayor Thompson states that Council will discuss.

Maintenance Shop Director Leroy Edwards presented his department's budget. A total of 4 employees work in this department. Fleet consists of over 300 pieces of equipment. This department maintains the entire City's rolling stock. His department performs daily minor and major repairs.

Gloria Rogers, Personnel Director/Clerk gave budget presentation to City Council. Training remains a top priority and employees are urged to develop their work skills. Life & Safety Consultants are used to help curb the rising cost of worker's compensation insurance. Drug & Alcohol testing policy as well as random tests for all drivers who have CDL driver's license remains in place. SMIRF & SCMIT have partnered with LocalGovU, an online training provider specializing in training for local government was reviewed. SCMIT member's benefits were reviewed. Projects in progress were also reviewed. There are no new budget requests for the Legislative Department.

Melissa Youngblood, Media Technology Coordinator addressed council. She gave an overview of the PEG Channel. It has been on air since June 21, 2007. There is one full-time position and 3 part-time positions in this department. The Media Technology Coordinator gave an overview of operation expenditures for FY 2016-2017. The City of Union receives a franchise fee payment quarterly from Charter Communications for the Cable Television franchise ordinance. The City receives 5% on gross. The franchise fee is a fee that is charged to every Charter Communications customer on their bill each month. Ms. Youngblood states that new equipment in this department such as Go Pro, Drone, Laptop and Player will enable the enhancement of our videos and channel.

Barbara Crayne, Business License Coordinator addressed Council regarding the Planning Department. She reviewed goals and objectives for this department. Other items reviewed were permits issued; new construction and annexations. Demolitions and public nuisance were also reviewed. Violation signs have been used as a means of posting properties with code violation. These new signs have generated phone calls from property owners. She states that the Property Maintenance Inspector is constantly called out to inspect rental property by tenants complaining on their landlords. This department goal for 2017-2018 is to propose a rental inspection ordinance. This ordinance will generate revenue and cut back on complaints by making property owners bring their property into compliance. The Business License Coordinator discussed a 2017 Sign Ordinance information package that has been compiled to give new and existing businesses to inform and educate them about the sign ordinance.

Public Service Director Perry Harmon discussed the Street and Solid Waste Department. This department handles numerous activities such as grass mowing, catch basins, snow removal, storm damage, 10-45 removals, weed control, street sweeping, litter control, concrete work, asphalt repair, tree trimming and dirt hauling. Equipment request in this department for the next 3 years totals \$1,010,000. Mr. Harmon discussed sidewalk projects and amphitheater project. He also discussed the damn at Foster Park; the

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estimated cost is over \$100,000 to re-slope the back side of damn. Fishing rodeo will be held at Foster Park in the month of May.

Budget work session adjourned at 9:53 p.m.

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Gloria J. Rogers, Municipal Clerk

Minutes approved \_\_\_\_\_ 2017

