

**MINUTES**  
**BUDGET WORK SESSION**  
**WEDNESDAY, MARCH 27, 2019**  
**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 27, 2019 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

**CITY ATTORNEY:** Larry Flynn

**DEPARTMENTAL STAFF:** Gloria Rogers – Municipal Clerk/Personnel Director; Sam White - Public Safety Director, Kenny Thomas – Public Service Director; Laura Hembree – Finance Director; Joe Nichols – Utility Director; Leroy Edwards – Maintenance Shop Director; Rebecca Lance – Accounting Supervisor, Melissa Youngblood – Media IT Director; DeWayne Hardy – Public Service Supervisor and Kathy Teague – Business License Coordinator

**NEWS MEDIA:** Graham Williams – Union County News and Mike Stevens – WBCU Radio

**OTHERS:** None

Mayor Thompson called the meeting to order and gave the invocation. The Pledge of Allegiance was given by all present. The roll was called by Municipal Clerk Gloria Rogers.

Finance Director Laura Hembree presented the budget overview and revenue projections. She discussed budget considerations for FY Year 2019-2020 which includes the following:

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

The All Funds Summary total for FY 2019 is \$44,907,650 which is a 1.58% decrease over last year's budget. Factors contributing to fiscal year 2019 expenditures are the consumer price index 2.6% 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 adjustment increased the total budget by approximately \$222,000, including the cost of fringe benefits. A 1% COLA will increase or decrease the total budget by approximately \$107,000, including the cost of fringe benefits. A wage and comp study is in progress. Once the results go into effect, wages and fringe benefits will impact the City's budget as

a whole. There is currently no premium increase anticipated for employers for calendar year 2020 for health insurance. The experience rating surcharge for employer and employees have decreased from .099% to .096%. Workman's compensation costs saw a significant decrease for calendar year 2016 through 2018. Claims were down dramatically. Premium payments have decreased by \$45,000 from 2018 to 2019. General liability premiums have also decreased. Retirement costs – employer part- will increase for FY 2020 by 1%. Employer cost will increase to 15.56% for SCRS & 18.24% for members in the PORs. The Finance Director next discussed the following personnel issues:

- COL Adjustment – Our consultant recommends a 2.6% adjustment
- SC Retirement – 1% increase for employer beginning July 1, 2018 will increase to 15.56% for SCRS and 18.24% for PORs. Employer rates are capped at 9% SCRS and 9.75% PORs as of July 1, 2017
- Employee Gains – Request for City Administrator; Part-time Temp Clerk (will discuss) in the Legislative Department; Electric Lineman and HEO - Gas in the Utilities Department

Other budget considerations discussed:

- Carpet for City Hall - \$78,750; parking lot modification and striping - \$88,000
- Public Safety Department - (2) Vehicles equipped - \$92,500; Downtown/Foster Park cameras - \$30,000; (30) Equipped portable radios - \$77,000 and (4) SCBA devices - \$36,000;
- Street Department –Pickup Truck - \$29,500; Air Sweeper - \$227,900 (financing); Truck Mounted Loader - \$168,160 (financing)
- Solid Waste – Sidewinder Truck - \$272,200 (financing) and Yard Rear Loader - \$138,260 (financing)
- Electric –Service Truck request- \$46,000
- Water – Pickup Truck request - \$30,000
- Sewer – Replace Truck request - \$32,000
- Natural Gas – Mini Excavator request - \$80,000
- Electric construction - \$380,000
- Water construction- \$1,421,500
- Wastewater construction - \$2,005,400
- Natural Gas construction - \$564,800
- Relocate warehouse - \$276,000

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 2020 is as follows: FY 2018 is 0.12%; FY 2019 is 1.26% and FY 2020 is 2.13% for a total of 3.51% or 3.05 mills which equals approximately \$37,360.

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

Other taxes discussed were:

- Vehicle taxes – use same millage rate- assessed value is set at 6%; Local Option Tax Relief takes effect on a calendar year basis
- Payment in lieu of taxes – Housing Authority based on rents fewer utilities - \$24,000; City utilities & SWM – 5% of prior year audited operating revenue; Utilities - \$1,751,240 & SWM - \$38,050
- Taxes Transfer – breakdown of FILO by division; Electric - \$898,380; Water – \$1,76,730; Wastewater - \$146,280; Natural Gas - \$530,900. The total is \$1,715,730; 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. Changes to collection of Business License Fees are being proposed at the State level. MASC is working to set up a portal for businesses to pay their license on line. There is another move to place Insurance License Fee

collection of business fees under SCDOR and House Bill 3650 places exemption on businesses whose main office is located outside Municipal limits. Permits are based on valuation of a project. Charter Communication franchise renewal is set at 5%. The City receives approximately \$35,000 each quarter.

The Finance Director discussed Intergovernmental Revenues which includes:

- Utility - \$605,280
- Solid Waste Management - \$127,120
- Public Safety salary reimbursement from School District - \$70,000
- PSO reimbursement - \$10,000

State collected taxes were also discussed; 4.5% 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 56% of the general fund expenditures. Other factors contributing to expenditures are as follows:

- General Administrative – increase of \$29,750, due to technology upgrades being phased in over 2-3 years
- Legislative – increase of \$192,470 due to addition of City Administrator position
- Community Services – requests increased by 72% or \$145,500. This fund includes outside organizations and projects not funded by Hospitality and Accommodations Funds. New projects will be discussed.
- City Court decreased by 2% due to reduced need for equipment.
- The Union Connection increased 1% due to COLA and software needs
- City Facilities Maintenance decreased by 13%, Funds is budgeted to replace the carpet at City Hall and to modify and stripe parking lot. Funds in this department are used for maintenance of City Hall to include utilities
- Public Safety increase of 5% or \$178,160 due mainly to COLA and equipment needs
- Street Department increase of 15% due to COLA and employee's promotion – Pickup truck included in this budget. Plans are to continue to use funds in this department to supplement "C" Funds for street and sidewalk repair. Equipment plans are to continue to use funds in this department to supplement "C" Funds for street and sidewalk repair. Equipment requests are not included in this budget (financing options will be discussed)
- Planning – increase of 2% due to COLA. Building inspections are now performed under contract with Union County. Plans are the continued use of an outside Planner. Also funds are proposed for the demolition of sub-standard housing

The Finance Director gave an overview of funding for outside agencies.

Next the Finance Director discussed the general fund summary. Total revenues are \$5,985,710 and total expenditures are \$6,873,330. Total deficit is (\$887,620). Ways to balance were discussed as follows:

- Raise taxes by millage cap up to 3.05 mills = \$37,360
- Raise other fees such as brush pickup
- Reduce expenditures – this deficit will reduce the fund balance by 27%

Next she discussed revenue for the Main Street Junction which includes the Local Hospitality & Accommodations Tax, Rental Revenue and Donations.

Solid Waste Management was discussed. This was established July 1, 1995. The Transfer Station was constructed in 2002. The current monthly charge remains at \$16 per month. An increase of \$1 per month would generate approximately \$48,000 of revenue a year. Prior year retained earnings –approximately \$89,700 @ 6/30/2019. Other Solid Waste Management issues to consider are:

- Future capital purchases

- Alternatives for pickup/disposal of brush
- Monthly fee
- Transfer from general fund

Solid Waste Management total revenue is \$757,700 and total expenses are \$801,210. The net loss is (\$43,510). Ways to balance are:

- Transfer from general fund
- Increase garbage fee \$1 – generate \$48,000
- Charge for brush pickup
- Prior year retained earnings

Next the Finance Director discussed the Utility Enterprise Fund:

- Electric rates – PMPA and LPC – why the PPA and how it is calculated; changes in electric industry
- Water System over 100 years old; infrastructure; consumption: DHEC
- Sewer System also over 100 years old; infrastructure; consumption; DHEC
- Natural Gas – commodity prices have remained constant or declined for the past several years. Continues to monitor prices through BP Energy as a primary supplier. Incentives are in place to increase the public's interest of installing natural gas appliances.

The Utility Summary was discussed. Total revenue is \$35,509,280; total expenses are \$35,724,130. Total deficit is (\$214,850). Ways to balance were reviewed as follows:

- Retained earnings
- Electric recommendation is to continue with the PPA, to true-up/down the cost of electric each month
- Natural gas recommendation is to continue with the PGA each month to true-up/down the cost of natural gas. Also, we recommend continuing the Natural Gas Rebate Program. The City will rebate natural gas tap fee of \$300, if service is connected within 6 months & a year-round appliance is installed.

Next the Finance Director discussed the Tax Increment District. It was amended on March 16, 2004 to include City Park and the Union Mill property extended until June 30, 2024.

Maintenance Shop Director Leroy Edwards presented his department's budget. A total of 4 employees work in this department. The shop maintains over 320 pieces of equipment owned by the City of Union from grass trimmers to Class 8 heavy trucks. They have a preventive maintenance program to service vehicles every 3000 miles. After discussion by council they agreed that vehicles can be serviced every 5000 miles instead of every 3000. The systems alerts Department Heads and supervisors when their vehicle's service is due. Also they perform minor, as well as major repairs, mount and balance tires, perform welding and fabrication work. Mr. Edwards identified vehicles that use more oil than normal. Also council wants him to check on the use of synthetic blend oil versus regular oil in vehicles. Mr. Edwards states that he is a certified CDL license examiner so therefore he is able to test and issue CDL license.

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. SCMIRF & SCMIT member's benefits were also reviewed. A special election was held on Tuesday, January 9, 2018 for the City of Union to vote on a referendum changing the City Form of Government from Mayor-Council to Council. The change took effect on the 1<sup>st</sup> day of July 2018. There is a budget requests for two new positions in this department, a City Administrator and a Part-Time Clerk (Temp). Also a Wage & Comp Study is in process and will be implemented on July 1, 2019.

Melissa Youngblood, Media IT Director 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. Ms. Youngblood reviewed the process of a video aired on the Union Connection Channel 192. The Media IT Director gave overview of operation expenditures for FY 2019-2020. 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 discussed the current equipment in use for this department as well as new requested equipment which is a new Player/Scheduling System and additional software. Councilmember Morgan asked the Media IT Director to find out how many residents in the City limits have access to Channel 192.

Kathy Teague, Business License Coordinator addressed Council regarding the Planning Department. She reviewed this department's organization chart. Next she reviewed goals and objectives for this department. Other items reviewed were permits issued and new residential construction. Data Max was also reviewed. They have collected \$104,783.56 since July 2018 to present in business licenses. Next new student housing for USC-Union was discussed. Other items Mrs. Teague reviewed were demolition and zoning code violations. The councilmembers asked Mrs. Teague how is the Building Inspector Program working out with the County. She states that she receives an e-mail almost every morning with the schedule of City inspections. City Council has some concerns regarding the joint Building Inspection Program with the County.

Public Service Assistant Supervisor DeWayne Hardy discussed the Street and Solid Waste Department. He states that 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. This department also maintains parks, flower gardens, Union Mill property; festivals/special events and other City properties. Equipment request in this department is as follows:

- Replacement for a 2001 TYMCO 600 Street Sweeper with an updated version at a cost of \$227,900.
- Replace vehicle - 2003 Freightliner - 16 years old at a cost of \$134,651. New Way Viper 11 Yard Loader - smaller and does not require drivers to have a CDL; save on wages and fuel.
- Add second Cart Tipper to the New Way Viper 11 Yard Loader truck - \$3,605.00
- Replace 1999 Dodge 1500 Pickup, with a 4 door ½ ton extended cab, 4 x 4 Pickup with a toolbox and a winch at a cost of 30,000
- Replacement for a 2006 31 Cubic Yard Sidewinder with an updated version at a cost of \$227,200

The Public Service Supervisor also discussed an Option 1 and Option 2 for vehicle replacement. Lastly he added that the Street & Sanitation Department has hired 6 new employees to replace the retirees so that for the next five years there will be no longevity pay for the new hires.

Public Safety Director Sam White gave his presentation. He reviewed the personnel and organizational chart and vacant slots in his department. Next he discussed the number of calls for Law Enforcement, Fire, Transport of Mental Patients and cases assigned to investigations. He discussed the Palmetto 800 radio with 30 radios totaling a cost of \$77,000. The total includes all radios, accessories & initial fees. Cost for cameras on Main Street were reviewed. The Chief discussed the North Greenville Fitness & Cardiac Clinic Report. Also there is YMCA Fitness Allowance for 35 FireFighters @ \$15.50 per month in the budget. The annual allowance for this is \$6,510.00

Mayor Thompson states that the continuation of the budget work session will be held on Monday, April 1, 2019.

Budget Work Session  
March 27, 2019

**MOTION** by Mayor Pro Tem Garner to adjourn  
**SECOND** by Councilmember Sloss  
**CARRIED UNANIMOUSLY**

Budget work session adjourned at 8:50 p.m.

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Gloria J. Rogers, Municipal Clerk

Minutes approved \_\_\_\_\_ 2019

