

**MINUTES
BUDGET WORKSESSION
MONDAY, APRIL 15, 2013
9:00 AM**

{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).}

A budget work session was held on Monday, April 15, 2013 at 9:00 A.M. in the City Municipal building with the following present:

City Council: Mayor Harold Thompson, Mayor Pro Tem Robert Garner, Councilmembers Tommie Hill, Ricky Todd Harris and Jim Wilson. Councilmember Orangelow Ruff was absent due to illness.

Departmental Staff: Gloria Rogers – Personnel Director/Clerk; Walker Gallman – Finance Director; Joe Nichols – Utility Director; Sam White – Public Safety Director; Perry Harmon- Public Service Director; Mike Petrie – Maintenance Shop Director; Laura Hembree – Accounting Supervisor and Melissa Lawson - Media Technology Coordinator.

Others: Yates Giles, Pamela Roberts, Torance Inman, Leticia Wages, Lou Stackhouse, Jamie Trammell, Ben Loftis, Harold Senn, Kim Lawson, Doris Russell, Bennie Giles, Paul Winters, Roger Bailey, Ola Jean Kelly, Jane Scarborough, Will Boyles, Scott Sandor, George Bruce, James Rice, Dorothy Jeter, Larry Stevens and others.

News Media: Mike Stevens – WBCU Radio

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

Finance Director Walker Gallman welcomed everyone to the 2013-2014 annual budget worksession. He began by presenting the budget overview. Mr. Gallman states that the budget process will began by hearing from outside organizations. They will present their information concerning their organization as well as funding request. He state that several of the outside organizations are now funded by the Hospitality and Accommodations Fee. Each organization has been asked to present additional information of their organization as set forth by City Council.

The general fund revenue will be discussed which includes discussing graphs of historical trends and projections for the future. Also current legislation that will offset the state shared revenue going forward will be discussed.

The Finance Director states that the City entered into an agreement with MASC to analyze the Business License Program Business Classification System and to update the City's Business License Ordinance to change the classification.

Next the solid waste management was discussed. The fee is \$14 per month per cart. The fee, along with a transfer of \$48,370 from the general fund, balanced the current years' budget.

Mr. Gallman discussed the combined utilities revenue for electric, water, wastewater and gas.

Next the Finance Director discussed Personnel. The discussion included an addition to the Planning Department (Property Inspector) and an addition to the Utility Department (Wastewater Trainee). Mayor Thompson states that the City will reduce a portion of the contract the City has with RCI, Inc.

There is a proposed increase of 7% for health insurance effective January 1, 2014. There is a cost of living adjustment of 2% included in the budget. This has been recommended by the Archer Company. There is also a projected increase in retirement contribution.

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Pam Roberts, President of the Chamber of Commerce addressed Council. She gave an update of activities and services offered. The Chamber of Commerce is requesting funding in the amount of \$49,600. Torance Inman, Director of the Chamber of Commerce gave a list of upcoming activities.

Leticia Wages of Youth Leadership Union addressed Council. She states that it is an honor to work with 15 students from Union County High School. Ms. Wages states that their funding comes from City and County sponsorship. Youth Leadership Union is requesting the same amount of funding as last year.

Lou Stackhouse of Union Services addressed Council. She thanked Council for their support of the Miracle League and support of the Greenhouse. She is requesting the same level of funding as last year.

Next the Finance Director reviewed the general fund revenues by type. He discussed the general fund revenues which include current property taxes and surrounding cities millage rate. Payment in lieu of taxes and the business license was also reviewed. Mr. Eric Budds with the MASC will be at budget worksession tomorrow to give a presentation.

Jamie Trammell, Chairman of the Uniquely Union Festival, addressed Council. She discussed the reorganization of a voting Board of Directors. She discussed the 2013 festival vision which includes the following: entertainment, artist, unique foods and marketing. Uniquely Union is requesting funding in the amount of \$30,000.

Ben Loftis with the Union County Carnegie Library addressed City Council. He reviewed the 2012 highlights. There were 39,147 circulations; 19,419 computer uses; 500 program visits and 269 reading logs submitted for summer reading. Also there were 45 program visits and 57 participants for adult summer reading program. They continue to have programs for all ages year-round. The Union County Carnegie Library is the 3rd library in SC to become family search affiliate. Also the library answered 1839 reference questions and 860 genealogy questions.

The Finance Director continued the budget worksession by discussing business license. He states that all vendors that come into the City need to get a business license. The City continues to enforce this policy.

Harold Senn of the Union County Arts Council addressed Council. The Union County Arts Council have begun an initiative to offer more classes in the areas of Folk Art to give more people a chance to show their artistic abilities in something other than Fine Arts. They are requesting funding in the amount of \$5,000.

Paul Winters, Union County Agricultural Fair Association addressed Council. They are requesting sponsorship in support for the Texaco Country Showdown. This is the world's largest country music talent competition and live tour event. Mr. Winters states that booking the Showdown State Final offers promotion and advertising from all participating radio stations in our state. Also they would like to replace the petting zoo with the "Circle C Farms Hog way Speedway" and add the event, "Kachunga and the Alligator Show".

Buddy Smith, President of the Union County Historical Society addressed Council. He gave Council a detail expenditures breakdown of expenditures in reference to their funding request. Ms. Ola Jean Kelly, Executive Director of the Union County Historical Society addressed Council. She gave an update on the Union County Museum activities and the services.

Jane Scarborough, Executive Director of the Old English District addressed Council. She presented their visitors guide that includes things to see and do and places to stay, which include seven counties and their many historic sites and other recreational opportunities.

The Finance Director continued the budget worksession by discussing the general fund revenues which includes the following:

- building & utility permit
- local government aid to subdivisions
- accommodations tax
- homestead exemption
- merchant's inventory tax
- manufacturer exemption tax

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- motor carrier taxes
- fines, forfeitures, & fees
- interest on investments
- projected fund balance

FY2013-14 total general fund revenues are \$4,789, 670 and total expenditures are \$5,791,370 with a deficit of (\$1,001,700).

Solid waste management revenue summary was discussed. A dollar per month would bring in about \$50,000 a year.

The Finance Director discussed the local hospitality and accommodations fund estimated fund balance of \$225,000 as of June 30, 2012 as well as the Utility Fund Summary total revenues which totals \$33,233,770 and expenditures totals \$34,115,050 with a deficit of (\$881,280).

Will Boyles, Union County Tourism Director addressed Council. He gave a recap of the areas of promotion which includes natural resource, sports and historic significance. Tourism Commission's activities are as follows:

- Historic trail videos with Channel 14
- Uniquely Union
- Partnership with Historic Society (Living History Event)
- Hotel Packages
- Promotion of City and County events

Upcoming events include:

- Partnership Palmetto Pride, Public Works and Forest Service
- Historic Trail videos
- New Union Tourisms brochure to encompass all tourism assets of the City and County
- Tourism Summit
- Continue to build brand across all mediums

Scott Sandor, Executive Director of the YMCA addressed Council. He gave an update on membership numbers from April 2011 through April 2013. There is about a 23% increase for 2013. Financial assistance totals an increase of \$9,000 for 2012. Their program information includes participation in strength for daily living for senior members which has increased. The "Y" provides snacks and a staff person to offer free after school program at Porter St. Housing Authority location through federal funding. They will be hosting an event in May at the Big Buck site.

George Bruce of Boogaloo addressed Council. They are not requesting funding this year. Boogaloo is working with the Tourism Commission to sponsor an event in May.

Mike Petrie, Maintenance Shop Director addressed Council. The shops maintain 220 pieces of vehicle and equipment for the City of Union and provide maintenance for about a dozen vehicles for the Union Housing Authority. Their budget is up 2%.

James Rice, President of the NAACP addressed Council. He thanked the City for their previous support. They are requesting an increase in funding over last year's funding from \$1,900 to \$2,200.

Perry Harmon, Public Service Director addressed Council. This department does grass mowing, catch basins, snow removal, park maintenance, storm damage, 10-45 removals, weed control, street sweeping, litter control, concrete work, asphalt repair, driveways, concrete pipe, signage, tree trimming and dirt hauling. The solid waste division services provided are roll out carts, brush and bulk waste pickup; leaves and white goods pickup and tire pickup. This department also maintains parks owned by the City of Union. City's flower gardens and entrance ways were

discussed. Mr. Harmon discussed "C" funds. This funding is provided by the state to fund improvements of state roads, county roads and city streets.

Larry Stevens of S.C. Small Business Development Center addressed Council regarding services this agency provides. The SC SBDC provides management consulting services at no charge to small business' in all 46 counties, as well as affordable educational programs targeted to the specific needs of entrepreneurs. These services directly result in job creation and retention, creation of new business, access to financing and increased sales which add taxes into the economy. Mr. Stevens is requesting funding in the amount of \$15,000.

Melissa Lawson, Media Technology Coordinator gave Channel 14 Budget Presentation. The PEG channel has been on air since June 21, 2007. This department consists of one full-time employee and one part-time employee. This channel provides programs to benefit citizens along with public announcements. Budget request for this department includes a new computer and a laptop. There is a proposed increase of \$10 for a DVD. 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. This amount is around \$27,730 each quarter.

Gloria Rogers, Personnel Director/Clerk gave budget presentation to City Council. Training remains a top priority & employees are urged to develop their work skills. The Safety Consultant has proved to be an effective way to 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. The new federal regulations for commercial drivers were discussed. Commercial drivers and beginning permit holders and new applicants must self-certify by January 30, 2014 or risk losing his or her commercial credential. All law enforcement personnel began random drug testing on July 1, 2012, along with adopting a "Zero -Tolerance" Standard for sworn officers. This is a budget request to upgrade Christmas Tree at Foster Park in this department. The Finance Director states that this request qualifies for funding from the Local Hospitality & Accommodations Tax.

Sam White, Public Safety Director addressed City Council. This department consists of 33 full time employees and 7 part time employees. The Eddie Eagle Gun Safety Classes continue to soar. This past year, 771 students from throughout Union County Schools have participated in the Gun Safety Program. Chief White reviewed the Public Safety Department's fleet. He discussed vehicle replacement for FY2013-2014. Next Chief White discussed a proposal for take home vehicles and their advantages. They are as follows:

- Improve patrol car longevity and maintain quality condition
- Improve officer satisfaction with employment
- Reduce collisions
- Reduction in maintenance/repair costs
- Increased patrol presence
- Increased visibility in community
- Decrease in response time to call back situations
- Improve officer job performance
- Cars are in the community, not at the Fire Department

Chief White is requesting replacing a vehicle every year for six years. This will get the department to where it needs to be. He is recommending purchasing the Chevrolet Tahoe.

Budget worksession ended at 4:53 P.M.

Gloria Rogers, Municipal Clerk

Minutes approved _____

**MINUTES
BUDGET WORKSESSION
TUESDAY, APRIL 16, 2013
10:00 AM**

{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).}

A budget worksession was held on Tuesday, April 16, 2013 at 10:00 A.M. in the City Municipal building with the following present:

City Council: Mayor Harold Thompson, Mayor Pro Tem Robert Garner, Councilmembers Tommie Hill, Ricky Todd Harris and Jim Wilson. Councilmember Orangelow Ruff was absent due to illness.

Departmental Staff: Gloria Rogers – Personnel Director/Clerk, Walker Gallman – Finance Director, Joe Nichols – Utility Director, Perry Harmon- Public Service Director, Mike Petrie – Maintenance Shop Director, Laura Hembree – Accounting Supervisor ; Melissa Lawson - Media Technology Coordinator and Brian Blackwell – Building Official. Sam White – Public Safety Director was absent.

Others: Eric Budds, Barbara Crayne and Vicki Morgan.

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

Mr. Eric Budds of the Municipal Association addressed Council regarding the City's Business License Ordinance. The City of Union has an agreement with the Municipal Association of South Carolina to assist in the collection of business license. The City of Union has adopted the model business license ordinance from MASC. Mr. Budds reviewed the City of Union business license classification and base rates. He also discussed a proposed change in classification counts with a rate increase.

Finance Director Walker Gallman states that Council may want to discuss an increase in business license rates. Mayor Thompson states these rates are standard for cities across the state.

Mr. Budds is recommending changing to the NAICS system for the collection of business license. He will send an analysis of other rates in cities compared to the size of Union.

Brian Blackwell, Building Official for the City of Union made a presentation for the Planning Department's budget. He reviewed the department's goals and objectives. The Planning Department continues to handle daily operations regarding planning and development activities as well as licensing for contractors and businesses within the City of Union. He discussed the number of permits issued and business license collected for previous fiscal year.

Laura Hembree, Accounting Supervisor presented the Finance & Utility Billing budget. She reviewed the department organizational chart for FY 2013. The department currently has (5) employees, who's duties include accounting, payroll, accounts payable and tax collection. There are no proposed increases or budget request in this department. Next the Accounting Supervisor gave an overview of utility billing. This department currently has nine (9) employees, whose duties include establishing utility service, meter reading, billing, collection, and IT troubleshooting. There are several utility options for payment that includes paying at city hall, credit card via telephone, automatic bank draft, mail and online. The online utility payment option was implemented January 2010. Customers can pay directly from the City of Union's website. The City has been in the debt setoff program since 1992. The City of Union is required by law to establish and follow an Identify Theft Program or Red Flag Plan, which includes policies and procedures for detecting, preventing, and mitigating identity theft. In Utility Billing, there is a proposed increase for FY2013 for the following:

- An increase in Communications
- An increase in the professional services line item
- A new truck for the meters readers

Next Ms. Hembree discussed equalized billing.

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Utility Director Joe Nichols discussed the FY2013 budget. He briefly discussed economic development in the City of Union. He discussed employees in the utility department that are out due to work related injuries. The following items were discussed:

- Electric Distribution System
- SCAMPS Residential Rate Comparison
- Power Cost
- Lockhart Power PP Charges Comparison
- Electric Purchased KWH Comparison
- 10 Year Comparison KWH Purchased
- Electric Purchased KWH Comparison
- Purchased MWH vs. MWH Sold
- Electric Purchase Cost Comparison
- City of Union Electric Cost of Service

Next the Utility Director discussed the top 5 electric customers who are Haemonetics Corporation, Wallace Thomson Hospital, Union County Schools, Wal-Mart and Bi-Lo. Purchase Power Adjustment was discussed. Capital improvements for the electric and water distribution system was discussed. The top 5 water customers are Standard Textile, Cedar Hill Plant, City of Union, Timken US Corp and Union County Schools. Others items discussed were:

- Water Districts Annual Consumption
- S.C. Drought Status by County
- Water Processed Comparison
- Water Usage Comparison
- Capital Improvements of Water

The Utility Director discussed the top 5 wastewater customers. They are Standard Textile, Timken US Corporation, Cedar Hill Plant, Wallace Thomson and Union County Schools. Other items discussed were:

- Wastewater Processed Comparison
- 10 Year Comparison Wastewater Processed
- Wastewater Processed Comparison
- Capital Improvements for Wastewater
- Natural Gas Distribution System
- Winter Gas Purchase Comparison

The top 5 natural gas customers are Kohler Company, BASF Wyandotte Corporation, Timken US Corporation, Standard Textile Carolina and Georgia Pacific Corporation,

There is a proposed rate increase in the amount of 5% for water and wastewater.

Mayor Thompson gave an update on the sewer line warranty program. There is high participation in this program.

Sherri Brown of Utility Analysis addressed Council. Ms. Brown discussed the Utility System Budget Analysis for FY2013-14. She states that electric and gas should be self-sustaining. She discussed the purchase power adjustment. Ms. Brown also discussed the electric base rate versus PPAC.

The Finance Director reviewed the general fund summary. There is a deficit in the general fund budget. He will discuss ways to balance the budget by giving an overview of the general fund. Staff will need directions from Council on outside organizations

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| - Youth Leadership | \$3,800 | approved |
| - Disability Board | \$1,000 | approved |
| - Carnegie Library | \$3,000 | approved |
| - YMCA Partnership | \$21,380 | will revisit |
| - YMCA | \$60,000 | will revisit |
| - Chamber of Commerce | \$35,720 | approved |
| - Federation of Blind | \$ 480 | approved |
| - Crime Stoppers | \$ 950 | approved |

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| - First Steps | \$ 1,000 | approved |
| - NAACP | \$2,200 | approved |

This funding request will be incorporated into the FY2013-2014 budget.

Mayor Thompson discussed turning over the City Court Cases to the Magistrate Office. The Mayor has met with Judge Crocker about this situation.

Next the Finance Director discussed the City Attorney's budget. Council discussed the City Attorney's salary. There was some discussion about renegotiating his salary or bidding out the City Attorney's services. Mayor Pro Tem Garner states that he would like to get a report from each department on how much help is needed from the City Attorney and a report of his performance.

Mayor & Council briefly discussed contacting Charter Communications about several service complaints from Union residents.

The Finance Director discussed the Public Safety Budget. He discussed line item 5110 salary. This is funding for a volunteer firemen. Mayor Pro Tem Garner recommends cutting this line item by 2/3%. Overtime for Public Safety Department will be revisited. Line item 5111 was discussed. Staff recommendation is to cut this item by \$10,000. Also "Special Contract", Line item 5158 was discussed. This item will be cut by \$10,000. Adding an additional Fireman was discussed.

Next the Finance Director discussed total revenues and total expenditures. There is a deficit of \$1,001,700. He recommends ways to balance the budget. They are as follows:

- Raise taxes by 2.5 (allowed by Section 6-1-320) \$36,050
- Raise taxes by 17 mills – the deficiency of the preceding year
- Use of fund balance
- Balanced budget

Mayor Thompson made a recommendation to purchase 4 cars for the Public Safety Department and add a Fireman. Also Mayor Pro Tem Garner recommends revisiting the Public Safety Department budget at the end of FY2013 and use under runs if there is enough to purchase a vehicle.

Finance Director Gallman discussed the Public Service Department's Budget. There is a request in the department for a sand spreader.

Next the Planning Department was discussed. City Council discussed the proposed Building Inspector's position. Staff is recommending adding this position.

The Finance Director continued discussing the amount to balance the general fund budget. Council recommends raising taxes by 2.5% which is allowed by law; look at raises tax by 17 mills to see how much an increase that is to the homeowners; business license increase was discussed and adopting the NASIC Code would recoup the lost.

Next he discussed the Solid Waste Management Summary. There is a deficit of \$92,340. Finance Director discussed how we balance the Solid Waste Management. Ways discussed is as follows:

- Transfer fund from the general fund
- Increase fee by \$1 from \$14 to \$15 a month
- Cash reserves

Next he discussed budget requests that will qualify to receive funding from the Local Hospitality and Accommodations Tax Funding Request.

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- Christmas Tree \$17,000
- Uniquely Union \$30,000
- Union County Arts Council \$10,000
- Boogaloo \$ 0
- Union County Tourism \$15,000
- Old English District \$ 2,220
- Union County Agricultural Fair will be revisited
- Clemson Extension will be revisited
- Union County Historical Foundation \$30,440

The below agency will be funded at the following level:

- SBDC \$ 2,500

The Utility Summary was discussed which includes the total revenue and total expenses. There is a net loss of \$881,280. Ways to balance the budget:

- Rates – electric-roll PPA into base rates/ 10% and sewer 20%
- Reduce transfer to general fund
- Reduce the amount of capital improvements
- Cash reserves
- Grants to fund capital improvement
- Borrow funds to fund capital improvements

This does not include capital construction to be funded by additional debt service.

Council is proposing 10% increase water and 15% on sewer.

Capital equipment general fund request was reviewed.

General fund summary was discussed.

- Personnel – 2% COLA - \$214,000 (Approved)
 - 7% health insurance increase
 - retirement – 1.06% SCRS and 1.284% PORS

Personnel Change Request

- Position in the Planning Department – Property Inspector (Approved)
- Position in Utility – Wastewater Trainee (Approved)

The budget worksession conclusion will be held on Wednesday, April 24, 2013 at 3:00 p.m.

Budget worksession adjourned at 5:00 p.m.

Gloria Rogers, Municipal Clerk

Minutes Approved _____