

MINUTES
BUDGET WORK SESSION
WEDNESDAY, APRIL 11, 2018
5:00 PM

{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, April 11, 2018 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, Pamela Sloss and Sonja Craig. Ricky Todd Harris was absent due to illness.

CITY ATTORNEY: Larry Flynn

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

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

OTHERS: Amy Belue and Kathy Teague.

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

Finance Director Laura Hembree presented the budget overview and revenue projections. She discussed budget considerations for FY year 2018-2019 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 2018 is \$45,975,700 which is a 2.43% 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 will be presented to council for their consideration. A 1% COLA will increase the total budget by \$99,000 including the cost of fringe benefits. Health insurance is anticipating a 8.1% increase beginning January 1, 2019 for employer only. Workman's compensation cost has seen a significant decrease for calendar year 2016 and 2017. General liability premiums have also decreased for the same period of time. Retirement costs - employer part- will increase for FY 2019 by 1%. Employer cost will increase to 14.56% for

SCRS and 17.24% for members in the PORS.

The Finance Director next discussed the following personnel issues below:

- COL Adjustment – our consultant recommends a 2.6% adjustment
- SC Retirement – 1% increase for employer beginning July 1, 2018; increase to 14.56% for SCRS and 17.24% for PORS
- Employee Gain – HEO in Gas Division
- Employee losses thru attrition; none proposed for FY 2019

Other budget considerations discussed are:

- Carpet for City Hall - \$70,000
- Public Safety Department - (2) Vehicles equipped - \$85,500; (4) SCBA devices - \$30,400; Zuercher Records Management System - \$76,000
- Solid Waste – replacement carts - \$25,480
- Vehicle Maintenance – 4 x 4 Truck - \$30,00
- Electric – Bucket truck - \$220,000
- Water – Replace dump truck - \$80,000; Backhoe - \$75,000
- Sewer – Replace truck - \$32,000
- Natural Gas – (2) Replace trucks - \$70,000
- Electric construction - \$636,450
- Water construction- \$993,000
- Wastewater construction - \$1,279,000
- Natural Gas construction - \$536,980

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% and FY 2019 is 1.26% for a total of 1.38% or 1.19 mills. 1.19 mills equals approximately \$14,580.

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 are as follows:

- 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 less utilities - \$24,000. City utilities & SWM – 5% of prior year audited operating revenue – Utilities - \$1,715,240 & SWM - \$38,050
- Taxes Transfer – breakdown of FILO by division; Electric - \$883,410; Water – \$177,320; Wastewater - \$143,040; Natural Gas - \$511,470. The total is \$1,715,240; 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%. The City receives approximately \$35,000 each quarter.

The Finance Director discussed Intergovernmental Revenues which includes:

- Solid Waste Management - \$102,530
- Public Safety salary reimbursement from school district - \$55,000
- PSO reimbursement - \$8,000

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 59% of the general fund expenditures. Other factors contributing to expenditures are as follows:

- Legislative – 3% increase due to COLA and increased cost of the employer share of benefits, elections and travel
- Community Services – requests increased 57%. This fund includes outside organizations not funded by Hospitality and Accommodations funds.
- City Court – decreased by 1% due to reduced need for equipment.
- The Union Connection increased 10%. Increase is due to COLA and equipment needs
- City Facilities Maintenance decreased by 2%
- Public Safety increase of 6% due mainly to COLA and software needs
- Street Department increase of 6% due to COLA and equipment needs - plans are to continue to use funds in this department to supplement “C” funds for street and sidewalk repair
- Planning – decrease of 9% due to personnel decrease. Building inspectors 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 \$5,641,860 and total expenditures are \$6,214,220. Total deficit is (\$572,380). Ways to balance were discussed as follows:

- Raise taxes by millage cap up to 1.19 mills = \$14,580
- Raise other fees
- Reduce expenditures
- Fund Balance

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 pickup of dumpsters for residential pickup only was outsourced. The Transfer Station was constructed in 2002; outsourced to haul waste from transfer station to landfill and pickup dumpsters. The current monthly charge remains at \$16 per month. Currently there is no transfer from the general fund. An increase of \$1 per month would generate approximately 48,000 of revenue a year. Other Solid Waste Management issues to consider are:

- Future capital purchases
- Alternatives for pickup/disposal of brush
- Dumpster pickup contract at multi-family dwelling
- Hauling contract from transfer station to landfill
- Monthly fee
- Transfer from general fund

Solid Waste Management total revenue is \$759,500 and total expenses are \$784,510. The net loss is (\$25,010). 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 \$35,516,120; total expenses are \$37,085,300. Total deficit is (\$1,569,180). Ways to balance budget are:

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

Recommended rates for FY 2018 are as follows:

- Electric – continue the PPA to true-up the cost of electric each month
- Water – proposed deficit is (\$1,306,915) or 38.52%. A rate increase of 5% on volume would increase revenues by approximately \$89,000
- Sewer – proposed deficit is (\$1,410,519) or 55.98%. A rate increase of 5% on volume would increase revenues by approximately \$84,300
- Natural Gas – continue with the PGA each month to true- up/down 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. It was amended on March 16, 2004 to include City Park and the Union Mill property.

Amy Belue, Main Street Junction Facility Coordinator presented her department's budget. She began by discussing the Main Street Junction status. She has currently booked 46 out of 52 Saturdays in 2018. Donations have been received from Lockhart Power and Timken. Mrs. Belue is currently working with Alison South Marketing Company with the design and marketing collateral and website. Other items discussed include organizing fundraiser events; developing donor program and second floor office rental space pending council's approval. Lastly she discussed revenue and expenditures. The Main Street Junction is requesting funding in the amount of \$100,000.

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. The systems alerts Department Heads and supervisors when the vehicle's service is due. Also they perform minor, as well as major repairs, mount and balance tires, perform welding and fabrication work. He identified vehicles that uses more oil than normal. After discussion with council, he will check on the use of synthetic oil versus regular oil in vehicles. This department is requesting a vehicle replacement and LED bulbs for the Shop building. Mr. Edwards discussed the Shop building. He states that it is getting too small for some of the equipment. It has 12 foot doors and some of the equipment will not fit inside. This means that they must work on it outside and be subject to the changing weather conditions. He showed newer buildings in the county whose size would be comparable to what is needed. Also he states that a kitchen is much needed at the shop facility for their employees.

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 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 will take effect on the 1st day of July 2018. There are no new budget requests for the Legislative Department. The cost of retiree's health insurance was discussed. The City of Union's health insurance is experience rating. The load factor for the employer group is calculated using the most current health claims data. Retirees that qualify receive a supplement towards their insurance cost until the age of 65. Council recommends increasing the supplement by \$50.

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 2017-2018. 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 (2) new 4K cameras and wireless live streaming equipment that could be used for Graduation at high school. Councilmember Sloss suggest asking the School Board with the funding cost of the equipment for live streaming. Mayor Thompson asked Ms. Youngblood to make sure high school kids have signed waivers for live streaming. She also discussed the Drone and the training it takes to legally operate. Lastly she states that the addition of new cameras and possible live streaming equipment will enable The Union Connection to enhance the videos and channel filming.

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 construction. Demolitions by NIP grant, code enforcement and public nuisances were also reviewed. New signage for businesses was discussed and signs are in compliance.

Public Service Director Perry Harmon discussed the Street and Solid Waste Department. He expressed some of his ideas for going forward in the future for this department. This will be his last budget; he will be retiring in September. Mr. Harmon reviewed changes in his department through the years. He discussed employees who are close to retirement which includes about half his department. Public Service Department's proposed budget for 2018-2019 is the same as last year with some minor changes. This department has went from 23 employees over time with no layoffs to now 12 employees. They were able to do this because council has bought the right equipment to replace employees and the only service they gave up was the rear loader dumpsters for businesses throughout the City. Mr. Harmon states that this department is coming to a fork in the road and there are two options; carry on the same path as last year or change the way things are done as in the past with equipment to reduce personnel and modify some services.

Council briefly discussed retained earnings.

Laura Hembree, Finance Director presented the Finance & Utility Billing Budget. She reviewed the organizational chart of employees. The Finance Department has an operating budget of \$494,450. The department currently has five (5) employees. The Utility Billing department has an operating budget of \$681,640 and currently has (8) employees. Other items discussed:

- Utility payment options – at City Hall; mail; credit card in office; automatic bank draft or online & automated telephone system
- Debt Setoff Program
- Red Flag
- Deposits

There is an overall decrease in their budget of \$1,180.00; an increase in the overall operating budget of \$22,470 due to the increase in online and telephone payment processing fees.

The Finance Director discussed the utility policy setting deposit amounts and requiring deposits from customers when establishing new service as well as landlord's getting temporary service for tenant's home renovation.

Councilmember Morgan feels that there should not be a deposit to get service if power is still connected.

Mayor Pro Tem Garner recommends the utility policy be reviewed to be more customer friendly.

Mayor Thompson states that we need to look at policies to see what works out for everyone.

Next outside agencies were reviewed.

Councilmember Morgan states that every outside agency should report where money is being spent.

Outside agencies were reviewed and will be funded at the following levels:

- Union County Economic Development	\$12,000
- Youth Leadership	3,000
- UCDNS	1,000
- UC County Carnegie	3,000
- NAACP	1,500
- Union County Crime Stoppers	750
- Federation of the Blind	550
- Union County First Steps	750
- Union County SBDC	3,000
- Meals On Wheels	5,000
- Rental Assistance – Flynn Building	15,600
- Special Events	5,000
- YMCA Partnership	20,000
- Parking Lot Lease	1,200
- YMCA Facilities Maintenance	20,000
- Union Chamber of Commerce	40,000
- Union County YMCA -	60,000
- Utilities	7,200

The following agencies will be funded from the Hospitality & Accommodations Tax:

- Union County Carnegie Library	\$ 25,000
- Union County Arts Council	\$ 10,000
- Union County Tourism	\$ 16,500
- O & M – Tourism/Rec. Facilities	\$140,630
- Union County Antique Farm Show	\$ 2,000
- Union Comm. Cultural Arts Center	\$100,000
- Piedmont Physic Garden	\$ 2,000
- Farm and Craft Market	\$ 0
- Ag & Art Tour	\$ 1,500
- Union Co. 4-H Livestock Show	\$ 1,000
- Special Events	\$ 70,000
- Old English District	\$ 2,200
- Union County Historical Society (pending County of Union's match	\$ 40,000

Budget Work Session
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- Union County Fair \$ 2,500
(City Council want letter sent to County
regarding Fair Board's presentation)

The recommendations will be incorporated into the proposed FY 2018-2019 budget.

Budget work session adjourned at 9:28 p.m.

Gloria J. Rogers, Municipal Clerk

Minutes approved _____ 2018

