

**MINUTES**  
**BUDGET WORK SESSION**  
**TUESDAY, APRIL 17, 2012**  
**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 Tuesday, April 17, 2012 at 9:00 AM in the City Municipal building with the following present:

**COUNCIL:** Mayor Harold Thompson; Mayor Pro Tem Keith Henderson, Councilmembers Tommie Hill, Sr., Robert Garner, Ricky Todd Harris. Councilmember Orangelow Ruff was absent due to illness.

**DEPARTMENTAL STAFF:** Gloria Rogers – Municipal Clerk/Personnel Director; Sam White – Public Safety Director; Gregg Pickens – Captain; Perry Harmon – Public Service Director; Joe Nichols – Utility Director; Walker Gallman – Finance Director; Mike Petrie – Maintenance Shop Director; Laura Hembree – Accounting Supervisor; Brian Blackwell – Building Official ; Melissa Lawson – Media Technology Coordinator; Tommy Anthony – Utility Coordinator and John Kingsmore - Wastewater Supervisor.

**NEWS MEDIA:** Steve Ramsey – WBCU

**OTHERS:** Frank Hart, Torance Inman, Heather Patterson, Lou Stackhouse, Ben Loftis, Harriett Berry, Bennie Giles, Doris Russell, Harold Senn and Sheree Brown.

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

Finance Director Walker Gallman reviewed the All Fund Summary. He gave an overview of the departments. The department heads will present their budget at tomorrow's budget work session.

Next the Finance Director reviewed a comparison of City's Tax Rates in other areas. The City of Union rank 25<sup>th</sup>. He reviewed the operating mileage and the increase to residential homeowners. The Finance Director also reviewed other general fund revenues. He discussed personnel issues:

- Budget includes a 3% COLA raise
- Increased cost of health insurance estimated at 4.6% for employee and employer; other options would be a 6.4% increase employer only or a 16.5% employee only increase
- Increase in retirement cost to employers will increase July 1, 2012 for SCRS 1.06% and PORS 0.5370
- Changes to the State Retirement System being discussed by the House and Senate; employee rates will probably increase 1% and will be implemented over a 2 year period
- Personnel change requests: City Court-part time new position, Public Safety, Utility Administration, Solid Waste Management and Finance

The Finance Director discussed fuel cost increase. In the general fund budget, there are equipment requests in the Street Division for a pick-up truck, a sand spreader and a brine tank. Public Safety has a request for 5 patrol cars.

The Finance Director discussed the Local Hospitality and Accommodations Tax and the purpose for its use.

Solid Waste Management issues to be considered are monthly fee, fuel and whether to purchase or to lease a brush truck. Total expenditures are down 4% over last year's budget.

The Finance Director discussed the gas rebate and water tap fees. The City will continue not to charge for all new underground electric service.

Outside agencies were received. Mr. Frank Hart with the Chamber of Commerce addressed council. The Union County Chamber is requesting funding in the amount of \$49,600.

Heather Patterson of Youth Leadership Union gave presentation. They are requesting funding in the amount of \$5,000.

Mike Petrie, Maintenance Shop Director, discussed his department's budget. Fuel and utilities are up due to the economy. There is no budget request in this department. This department houses surplus which is auctioned through GovDeals.

Public Service Director Perry Harmon presented his department's budget. He discussed Solid Waste. This department is requesting a Brush/Bulk Waste Truck in the amount of \$135,000. He discussed landfill closure cost for Kenwood Landfill. This department also maintains parks throughout the City.

Lou Stackhouse, Executive Director for Union County Disabilities and Special Needs addressed council. They had a dedication ceremony at the Timken Sports Complex. One of the fields were dedicated for the Miracle League. They are again requesting financial assistance from the City of Union.

Ben Loftis of the Union Carnegie Library gave presentation. He reviewed the 2011-2012 programs for the Library.

Melissa Youngblood presented an overview of the Union Connection. This channel has been on air since June 21, 2001. The channel provides programs to benefit citizens along with public announcements. This department consists of the Media Information Technology Director and 2 part-time Videographers. She gave an operations update. Additions to budget this upcoming fiscal year is internet services for upload/download of data and camera purchase. Expenditures for fiscal year thus far were discussed. The City of Union receives a franchise fee payment quarterly from Charter Communications. Mayor Pro Tem Henderson thanked Melissa for her work on Channel 14.

Harriett Berry with the Union Carnegie Library briefly addressed council. She invited council to some of their programs and thanked them for their support.

Brian Blackwell, Building Official, of the Planning Department addressed council. He represents RCI Code Consulting. There is a Zoning Coordinator and Business License Coordinator in the Planning Department as well. The Planning Department continues to handle daily operations regarding planning and developing activities as well as licensing for contractors and businesses within the City of Union. Goals and objectives were presented. Permits and business license issued were reviewed. Other issues reviewed were new residential construction, renovated building sites and non-compliant structures and public nuisances. The Planning Department is up 2%. There are no budget requests for this department.

Mayor Thompson states that the City has received a grant for the Union Mill Village for revitalization of the community.

Jane Scarborough, Ex-Officio of the Olde English District Commission addressed council. They have moved their offices and will open a Visitors Center at I-77 and Hwy. 9 in Chester County. This Visitor's Center will serve Chester, Chesterfield, Fairfield,

Lancaster, Kershaw and York Counties. The OED prints a Visitor's Guide, African-American Historical Sites, Antiquing Guide, Genealogy Guide, Outdoor Adventure Guide Artist's Studies and Calendar of Events in which the City of Union and Union County are prominently featured.

David Owens, representing Uniquely Union is requesting an increase over last year's request. They are requesting funding in the amount of \$2,500. Mayor Pro Tem Henderson thanked Mr. Owens for his work with the Uniquely Union Festival.

Bennie Giles of the Union County Arts Council addressed council. The Union County Arts Council would like to request an increase for annual funding in the amount of \$3,000. Harold Senn, member of the Union County Arts Council also addressed council. He states that they are asking for a budget increase to get information out about the Union County Arts Council as well as new programs that they have added. Mayor Thompson thanked the Arts Council staff for their service in the community.

Joe Nichols, Utility Director discussed the electric distribution system. There are 6,917 customers. He reviewed a breakdown of the City of Union's electric cost of service. The top 5 electric customers are Haemonetics Corporation, Wallace Thomson Hospital, Union County Schools, Wal-Mart and Bi-Lo. Mr. Nichols discussed the purchase power adjustments. Purchase Power Adjustment is the difference between the base cost and the actual monthly cost of power. Capital Improvements for electric was reviewed. The water distribution system was addressed. There are 6,156 customers. The number of water districts served are 5. The top 5 water customers are Standard Textile, Cedar Hill Plant, Timken US Corp, Town of Carlisle and Union County Schools. Capital improvements for water totals \$830,000. There are 4,939 wastewater customers. The top 5 wastewater customers are Standard Textile, Timken US Corp, Cedar Hill Plant, Wallace Thomson and Premier Colors. Total capital improvement cost for wastewater is \$1,195,000. Total customers for the natural gas distribution system are 6,408. The top 5 natural gas customers are Kohler Company, BASF-Wyandotte Corp., Timken US Corporation, Standard Textile Carolina and Georgia Pacific Corp. Mr. Nichols explained Purchased Gas Adjustment (PGA). The PGA is a mechanism that permits jurisdictional natural gas distribution utilities to regularly adjust the price of natural gas supplied to consumers to reflect the utility's cost of purchasing that gas and transporting it via pipeline to their system. The City had received a CDBG for Buffalo Phase III Project. The Utility Director discussed the Plug-In Carolina Project. There are 4 plug-in locations. They are located at Union City Hall, Timken Sports Complex, Advance Technology Center and USC Union Campus. Completed projects for FY 2012 were discussed. Total capital improvements total \$3,482,800.

Sheree Brown, Utility Consultant of Utility Advisor's Network, Inc. discussed FY2012 budget calculations for electric, gas, water and wastewater. This includes revenue projections based on historical trending of customer billing determinants and current rates. She discussed the expected results of operations - cash basis based on current rates. Funding of budget requirements were discussed such as:

- Revenues at current rates
- Electric cost recovered through PPAC
- Rate increases
- Reduction in budget expenses and/or capital items
- Drawdown of reserves
- Reduction in general fund support
- Grants
- Additional debt

She discussed the projected revenue rates from last year and rate alternative and reserve draw-down to fund budget deficiencies. The City will need to implement an increase in rates in the amount of 5 to 10 percent as suggested last year by consultant. Union compares very favorably on electric rates for residential customers and is 22% below Duke and 13% below Lockhart for a 1000 KW customer. Union is not competitive with Duke or Lockhart for small commercial electric customers. Union is higher than both Duke and Lockhart for large commercial demand electric customer. Gas rates are

currently covering the City's overall cost of providing service; a break even scenario gas costs make up approximately 64% of the City's gas system budget and these costs are recovered through the PGC adjustment.

The Utility Consultant states that issues for discussion on how to meet shortfall should be reviewed. Staff recommendation is as follows:

- 5% total increase on electric and gas
- Consider rate comparisons when applying the actual increase to rate classes
- Residential and security lighting will receive the greatest increase in electric
- Interruptible rates will receive the greatest increase in gas
- Additional required increases will affect all classes
- 9% increase in water and wastewater each year
- Balance of budget deficit to be covered from reserves

City Staff will need a recommendation from City Council on how to proceed.

Gloria Rogers, Personnel Director/Clerk presented budget for the Legislative Department. Training remains a top priority and employees are urged to develop their work skills. A Safety Consultant has proven to be an effective way to curb the rising cost of worker's compensation insurance. Drug and Alcohol Testing policy as well as random tests for all drivers who have CDL driver's license is still in effect. Employees in safety sensitive positions shall be subject to random testing (Law Enforcement Personnel, Public Safety Officers and Firefighters). Budget request in this department includes DCR (Digital Audio/Video) recording software w/notes and USB Mixer and a Laptop for system.

Public Safety Director Sam White presented his budget. He discussed the overview of staff in the Public Safety Department by presenting the Public Safety organizational chart. This department consists of 41 full time employees. Chief White states that there are 5 vehicles that will need to be replaced. There has not been a budget request for a new vehicle in two years. There are four positions in the Public Safety Department that Chief White is recommending for pay classification adjustments for the 2012/2013 budget year. Next he discussed Eddie Eagle Gun Safety Classes which continues to soar. This past year, 786 students from throughout our county schools have participated in the Gun Safety Program.

Laura Hembree, Accounting Supervisor presented the Finance Department's budget. She discussed the organizational chart. This department proposed to eliminate one position and move that employee into another position in Finance. There is a slight increase in line items for Maintenance Contracts and Specialized Department Supplies and a slight increase in line items for equipment leases and software. The Utility Billing department has an operating budget of \$165,800. This figure does not include personnel costs. The department currently has nine (9) employees, whose duties include establishing utility service, meter reading, billing and collection. Utility payment options were reviewed. Payment can be made in person at City Hall, by credit card via telephone, automatic bank draft, mail and online. The Debt Setoff Program and the Red Flag Plan was discussed. Lastly there is a slight increase in the equipment lease line item and a slight increase in the vehicle maintenance line item.

Council meeting adjourned at 4:05 p.m.

### **WEDNESDAY, APRIL 18, 2012**

**COUNCIL:** Mayor Harold Thompson, Mayor Pro Tem Keith Henderson, Councilmembers Tommie Hill, Sr., Robert Garner, and Ricky Harris. Councilmember Ruff was absent due to illness.

**DEPARTMENTAL STAFF:** Gloria Rogers – Municipal Clerk/Personnel Director;

Sam White – Public Safety Director; Gregg Pickens – Captain; Perry Harmon – Public Service Director; Walker Gallman – Finance Director; Laura Hembree – Accounting Supervisor; Joe Nichols – Utility Director and Mike Petrie – Maintenance Shop Director.

**OTHERS:** Buddy Smith, Ola Jean Kelly, Sonja Craig, Will Bowles, Scott Sandor, Kathy Stepp, James Rice and Dorothy Jeter.

**NEWS MEDIA:** Steve Ramsey -WBCU

Buddy Smith, President and Ola Jean Kelly, Executive Director with the Union County Historical Society addressed council. Ms. Kelly states that the main reason they are there is to make Main Street shine and provide a positive image for Union. Mr. Smith is requesting funding in the amount of \$17,200 for the following expenses: annual lease expense; liability insurance required by lease; security system & lightning maintenance in the amount of \$950 and Historical Trail & Museum Brochure Printing is \$550. They would like the City to help with the purchase of the building. They are currently leasing the building.

Judge Hampton, Municipal Judge addressed council. This department is located at the Public Safety Department but is a different department from Public Safety. The Judge states that the court should be independent and appear that way also. He is requesting a bailiff for his department. A bailiff would be an officer of the court. Presently a Public Safety Officer is acting as bailiff for Municipal Court. A bailiff would in the best interest for everyone. A bailiff is sometimes thought of a judges assistant. The position plays a very important part in the overall operation of the court system. Judge Hampton presented the job duties of a bailiff to City Council.

Will Bowles with the Union County Tourism Commission addressed council. Their mission is to get people to come to Union. Union County received 11.34 million dollars in expenditures in 2010. Funding is from Union County Accommodations Tax and from the City of Union. Areas of promotion are natural resources, sports and historic significance. Marketing is essential to their mission such as:

- Historical Trail Guide
- Kiosks
- Tourism Summit
- Social Media
- Promotion of City and County events

Tourism affects many different aspects of our community. Union County Tourism Commission wants to continue to partnership with the City of Union; 50% of the accommodations tax is awarded to the UCTC.

Scott Sandor, Executive Director of the YMCA addressed council. There are 2,212 members. He went over activities and programs at the YMCA. Goals for this fiscal year is to acquire a smaller bus that does not require a CDL driver for afterschool and summer day camp programming, offer more non-fitness activities for seniors and look into additional fun water features for the pool area. The YMCA is requesting pool operations funding in the amount of \$75,000 and partnership funding in the amount of \$25,000.

Kathy Stepp of Boogaloo addressed council. They had a Mystery Dinner at the Nicholson Mansion. It netted them \$1,500. They also had a yard sale. A little over \$3,000 is in their account. This will be donated toward the Arts Center. A show is planned for this summer. Boogaloo received a grant in the amount of \$1,297.

James Rice, President of the NAACP addressed council. They have one fund raiser a year which is a banquet. He thanked the City for funding the MLK Day Celebration. Secretary Dorothy Jeter gave a breakdown of what the funding was used for.

The Finance Director gave an overview of the All Funds Summary. It is \$842,020 less over last year's budget. He states that the general fund summary is as follows:

- Personnel – 3% COLA - \$275,000 including fringe
  - 4.6% health insurance increase
  - retirement – 1.06 and .5370 PORS
- Personnel Change Request
  - City Court
  - Public Safety
  - Utility Administration
  - Solid Waste Management
  - Finance

Capital Equipment in the general fund request is:

- Legislative- Digital recording system and laptop \$ 7,500
- Channel 14 – Camera \$ 3,500
- Street – Truck, Sand Spreader and Brine Tank \$ 40,000
- Public Safety – 5 patrol cars and accessories \$152,230

The Finance Director discussed outside agencies. Requests are as follows:

- Union Co Dev Board \$10,000
- Youth Leadership \$ 5,000
- Disability Board \$ 1,000
- Carnegie Library \$ 3,000
- YMCA Partnership \$25,000
- YMCA Maintenance \$25,650
- YMCA \$75,000
- Chamber \$49,600
- Olde English Dist \$ 2,220
- Federation of Blind \$ 480
- Crime Stoppers \$ 1,000
- NAACP \$ 1,900

Next the Finance Director discussed the Local Hospitality and Accommodations Tax. Total projected revenue is \$200,000.

Utility capital construction was discussed. Total cost for electric, water, wastewater and natural gas is \$3,482,000.

Mr. Gallman states that we have a deficit of (\$575,570) and to balance we would need to raise taxes by 5.7% (allowed by Section 6-1-320).

Solid Waste Management Summary was reviewed. This fund has a deficit of (\$113,330). Recommendation from the Finance Director on how to balance Solid Waste Management Fund is to transfer funds from the general fund, increase fee by \$1 from \$14 to \$15 a month which would generate \$49,000 and transfer cash reserves (estimated cash on hand is \$186,460).

The Finance Director discussed the Utility Summary. It has a net loss of (\$2,827,010) of proposed fees and utility rate increases. He states that ways to balance this fund is to:

- Raise rates
- Reduce transfer to general fund
- Reduce the amount of capital improvements
- Cash reserves
- Grants to fund capital improvements
- Borrow funds to fund capital improvements

Rate and fee for utility for FY 2013 were discussed. Electric rates average of 5% across all classes with residential approximately 9%. There is a 5% increase per year for

security lights to cover cost of changing to metal halide. There is a 9% increase in water rates for all rate classes and an increase in water tap fees. Sewer rates are 9% across all rate classes. Natural gas rates average 5% across all classes with interruptible customers is increasing approximately 9%.

Utility Director Joe Nichols reviewed the typical residential utility bill by comparison. A proposed net increase for inside City customers is \$15.20. There is an increase of \$18.21 for outside City customers.

The Finance Director discussed the gas rebate. In an effort to better serve utility customers, the City of Union will offer an incentive to install a natural gas line and meter to a residence.

The Utility Director discussed capital improvements five-year plan. Work is continuing at Tosch on the SCADA system. Automation valves were discussed. All sixteen inch valve pipes are being replaced. The chemical pumps needs replacing. Laboratory equipment is needed. The welding truck needs to be replaced.

The Finance Director reviewed issues for discussion that Sherre Brown, Utility Consultant presented to Council at yesterday's budget work session. It was in regards to an increase for electric and gas rates

The Finance Director discussed funding requests from outside agencies. He will need direction from City Council on how to fund. Funding is as follows:

- Union County Development	\$10,000 (funding from PMPA)
- Youth Leadership Union	\$ 3,800
- Union Disability Board	\$ 1,000
- Carnegie Library	\$ 3,000
- YMCA Partner	\$21,380
- YMCA	\$60,000
- Chamber of Commerce	\$47,720
- Federation Blind	\$ 480
- Crime Stoppers	\$ 1,000
- First Steps	\$ 1,000
- NAACP	\$ 1,900

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

- Uniquely Union Festival	\$ 2,500
- Union Arts Council	\$ 2,500
- Boogaloo	\$ 4,750
- Union County Tourism	\$ 7,500
- Olde English District	\$ 2,220
- Union County Historical Foundation	\$ 7,200

The Finance Director discussed the proposed 3% COLA for employees. This totals \$275,000 and this does include fringe. This will be incorporated into the proposed budget.

Next he discussed personnel change requests. The Municipal Judge is requesting a bailiff in this department. Mayor Thompson feels that court needs to be in a central location. This will be incorporated into the proposed budget.

Sam White, Public Safety Director is requesting promotions for 4 employees in his department. Council approved this request. This will be incorporated into the proposed budget.

The Utility Director is requesting moving an hourly employee to a salaried position. The Finance Director is moving a meter reader to an administrative position. These requests were approved and will be incorporated into the proposed budget.

General Fund Requests as follows:

Legislative – Digital recording system and laptop	\$ 7,500	Approved
Channel 14 – Camera	\$ 3,500	Approved
Street Dept - truck, sand spreader & brime tank	\$ 40,000	Approved
Public Safety – 5 patrol cars & accessories	\$152,230	Approved

Solid Waste Management made a budget request in the amount of \$135,000 for a brush truck and a request in the amount of \$28,000 for garbage carts (360). These requests were approved.

The Utility Department made a request in the electric division for a bucket truck in the amount of \$100,000 and a welding truck in the amount of \$45,000 in the natural gas division. Utility construction in the amount of \$3,482,000 request was made. These requests were approved.

The general fund summary was discussed. The City will raise taxes by 5.7 tax millage (allowed by Section 6-1-320 Code of Laws).

Solid Waste Management Summary was discussed. The garbage fee will not increase this year.

The Finance Director discussed the recommendation for rate and fee increase for FY2013 presented by Sherre Brown, Utility Consultant at yesterday's presentation. He asked for Council's direction on the recommendation. It was the consensus of council to increase electric and gas by 5% and 9% on water and sewer. This will not be on base fee but only on volumes.

Budget work session adjourned at 2:26 p.m.

---

Gloria J. Rogers, Municipal Clerk

Minutes Approved \_\_\_\_\_ 2012