

**MINUTES
BUDGET WORKSESSION
TUESDAY, APRIL 24, 2013
3:15 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).}

A budget worksession was held on Tuesday, April 24, 2013 at 3:15 P.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.

City Attorney: William E. Whitney

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: Yates Giles

News Media: Charles Warner – Union Times and Graham Williams – Union County News.

Finance Director Walker Gallman discussed the All Funds Summary which includes the following:

- General Fund - 3% Increase
- Hospitality & Accommodations
- PMPA-Promotional
- City of Union Drug Fund
- Community Change Fund
- Tax Increment District
- Union Events Center
- Combined Utility Fund
- Solid Waste Management

The total for All Funds Summary proposed FY2013 amount totals \$41,955,050. This is an increase of 1% over last year's budget. The current property tax is at 80 mills.

The Business License Ordinance was discussed. The Finance Director states that the City has an agreement with the MASC to prepare an amended Business License Ordinance with rate class, numerical and alphabetical indexes. This ordinance will bring the City into compliance with the 2012 North American Industrial Classification System (NAICS). Union's rates compared to other municipalities and also how the change in classification will affect the revenue of the City was discussed.

Staff will need direction from City Council on how to proceed with the following recommendations:

- | | |
|-----------------------------------------------------------------------------|----------|
| - Adopt NAICS | approved |
| - \$.10 increase per \$1,000 increase revenue by \$7,500 (business license) | approved |
| - Personnel – 2% COLA - \$214,000 including fringe | approved |
| - Planning Department – Property Inspector's Position | approved |
| - Public Safety Firefighter's Position | approved |
| - Utility – Wastewater Trainee Position | approved |

Staff will need direction from City Council on how to proceed with the following recommendation regarding Capital Equipment purchase:

- Channel 14 – Various Equipment - \$6,000 approved
- Public Safety – 4 patrol cars and accessories - \$129,800 approved
- Flash Cam 850 5X - \$7,500 approved
- Phone Upgrade - \$11,000 approved
- Street Spreader - \$18,000 approved

Next the outside organizations, general fund and PMPA were discussed. All outside organization funding request were approved for funding,

The general fund summary was discussed. Several ways to balance the budget was discussed. Staff will need direction from City Council on how to proceed:

- Raise taxes by 2.5 (SC Code of Laws 6-1-320) approved
- Raise taxes by 10 mills approved

Other ways to generate sources of revenue was discussed such as Local Options Sales Tax. This tax would have to be approved by a referendum at the County level.

The Union Arts Council was approved for funding in the amount of \$10,000 and the Union County Agricultural Fair funding request was approved at the level of \$8,500.

Solid Waste Management Summary was discussed. Staff recommendation is to transfer \$75,000 from the general fund; increase garbage fee by \$1 from \$14 to \$15 a month which will generate \$55,900.

The Utility Director discussed the utility capital equipment request:

- Administration – Plotter \$ 5,000
- Electric Bucket Truck (5-year lease) \$250,000
- Water – Utility Truck \$38,000
- Natural Gas – Pickup Truck \$24,000
- Meter Reading – Pickup Truck \$25,000

Next the Utility Director discussed the utility capital construction. Capital construction cost was reduced by \$1,013,000 to reduce rate increases for FY2014. However these funds are needed as matching funds for several grants. City staff will request Mayor and Council to borrow up to \$3,700,000 to fund these projects and several others. This will allow the City to fund these projects at historically low interest rates with debt service spread over 20 years.

The gas rebate policy will be amended by deleting “year-round appliances”. Underground electric service will continue at no charge for all new residential underground electric service, up to 100 linear feet (\$2.50 per linear foot thereafter).

Utility Director Joe Nichols discussed the electric rates. The PPAC has been in effect since January 1, 2009. As you are aware the PPAC has increased to the point that the recommendation is to roll the PPAC into the base rate. This will actually result in a small decrease based on current billing. The PPAC will continue to be a factor in computing monthly electric rates as we go forward. The below rates were approved by Council for implementation:

- Water rates – 10% increase across all rate classes
- Wastewater rates – 15% across all rate classes
- Natural gas rates – No rate increase proposed

The Finance Director reviewed comparison of electric rates, water rates and wastewater rates.

The Utility Summary was discussed on ways to balance the budget such as:

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- Rates – electric roll PPA into base rates/water 10% and sewer 15%
- Cash reserves
- Grants to fund Capital Improvement
- Borrow funds to fund Capital Improvements

The billboard ordinance was briefly discussed by Council.

Staff recommendations approved by City Council will be incorporated into a proposed budget and presented for 1st reading at the May regular meeting.

Budget worksession adjourned at 5:26 p.m.

Gloria J. Rogers, Municipal Clerk

Minutes approved _____