

**MINUTES  
BUDGET WORK SESSION  
MONDAY, APRIL 4, 2011  
12:00 NOON**

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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).}

A budget work session was held on Monday, April 4, 2011 at 12:00 noon 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, Orangelow Ruff and Andy Bailey.

**DEPARTMENTAL STAFF:** Gloria Rogers – Municipal Clerk/Personnel Director; Sam White, - Captain, Perry Harmon – Public Service Director; Joe Nichols – Utility Director; Walker Gallman – Finance Director; Mike Petrie – Maintenance Shop Director; Laura Hembree – Accounting Supervisor and Melissa Y. Lawson – Media Information Technology Director.

**NEWS MEDIA:** Steve Ramsey - WBCU

**OTHERS:** Torance Inman, Frank Hart, Lou Stackhouse, Tom Lowrimore, Jayne Scarborough, Auvis Cole, Kevin Montgomery, Bennie Giles, Doris Russell, Monte Lancaster, Graham Williams and Dr. Allan Charles.

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

Finance Director Walker Gallman gave the budget overview of revenues current and projections for the future: 2011 is tax assessment year; 2010 Census showed a decrease in population of 400 or 4.5% with the total city population being 8,393.

The Finance Director discussed Solid Waste Management, which was established July 1, 1995. Current monthly charge for cart pick- up is \$13 per month. Utility Enterprise Fund, which includes electric, water, sewer and gas were discussed.

The City has received a number of grants. He states that utility grants have helped to keep utility rates down. Grants include: Buffalo Project - complete; Union Mill and Excelsior - in progress; Union Mill Village Renaissance -study in progress. Grants applied for includes Monarch Phase I – in cooperation with Union County; 49 West Apartment and Tosch Creek Wastewater Plant Energy Grant. Grant engineered is the Monarch Phase II in cooperation with Union County.

Other issues discussed include a projected increase for employee and employer in health insurance in January 2012. Workers compensation premiums; general, auto and tort liability insurance; Tax Increment District and the Victim's Assistance Fund were also discussed.

Mr. Gallman reviewed the All Funds budget worksheet. Total budget is down 4% from last year's budget. There is a 5 % increase over last year's budget for the Combined Utility Fund. Next he discussed the General Fund and the General Fund Revenue. The 5% transfer from utilities is based on the operating revenue from prior year. No tax or fee increase is proposed, but will be discussed. Property taxes were discussed. Vehicle taxes assessed value has been reduced from 10% to 6%. Mr. Gallman reviewed a comparison of nearby city's tax rates.

Next the Finance Director discussed business license; permits and state collected taxes. He continued his discussion with the general budget worksheet for each department. Factors contributing to the General Fund's Expenditures are as follows: consumer price index – 2.1% increase as of February 28, 2011; 3% cost of living increase proposed for employees; health insurance – anticipated increase; worker's comp premiums; retirement cost to City employer part; fuel cost; general liability insurance and general administrative. Legislative has an increase in personnel cost and Community Services shows a slight increase. City Court shows an increase due to a request for metal detector & scanner for security. There is an increase in the City Attorney's budget due to increase in personnel costs and additional professional fees. The Union Connection shows a decrease in personnel cost. Public Safety shows an increase in debt service for fire truck payment and a request for a Chemical Fume Hood for drug analysis. There is the loss of one SRO in the Public Safety department. The Building & Zoning Department continues to outsource building inspection and code enforcement. Funds are proposed for the demolition of sub-standard housing in this department.

Finance Director Gallman discussed ways the City can balance the budget. He discussed several options such as raising taxes by 4.5 mills to offset prior year deficit; raise taxes by the CPI 1.6%; raise other fees; a Local Option Sales Tax Referendum; reduce expenditures for outside agencies; utility fund forgive advance of funds for YMCA property; reduce transfer to Solid Waste Management fund balance with the creation and funding of a reserve fund.

Solid Waste Management issues to be considered as to balance the budget are monthly fee, fuel, advance due the general fund. These funds were used to construct the transfer station. Continue to downsize staff due to attrition and automation of equipment and privatize operation.

Electric rates will remain the same, but PPA will continue to true up of electric each month. There is a 5% increase for security lights and water rates need to be increased 33% and sewer rates need to be increased by 87%. Natural gas base rates will remain the same, but the PGA will continue each month to true-up the cost of natural gas. Due to the loss of industrial load; the City's consultant will study rates and loads. An increase in tap fees and connection fees as well as a deposit to establish utility service with City for new and returning customers will be considered.

Personnel issues were discussed. There are no new positions proposed. There is a loss of a SRO Officer in the Public Safety Department. A 3% cost of living increase is proposed in the FY2011-2012 budget.

Chamber of Commerce Director Torance Inman and Frank Hart addressed Council. The Chamber is requesting funding in the amount of \$49,600; same level of funding as last year.

Heather Patterson of Youth Leadership Union addressed Council. She thanked Council for their continued support. She is requesting the same level of funding as last year in the amount of \$3,800.

Lou Stackhouse of UCDSN addressed Council. She is requesting funding on the same level as last year in the amount of \$1,000. Ms. Stackhouse gave an update on Union Services and McCormick Greenhouse.

The Finance Director continued the budget worksession with discussion on Tax Increment District. This was effective December 1993. It was amended on March 16, 2004 to include City Park and the Union Mill property and was extended until June 30, 2024. The amendment allowed the City to undertake 1 of 3 projects: (1) Educational building to be used by School District (2) Multipurpose Facility to be used by various agencies (3) Recreational Facility /Community Center. Next he discussed the Local Hospitality and Accommodations Fee. This was effective September 1, 2010.

Tom Lowrimore, Interim Director of Union County Carnegie Library addressed Council.

There is a great need for space for various activities and groups in the library. The library has a basement that they would like to renovate in order to create more space. This is approximately 2,500 square feet. The library is requesting the City of Union fund the renovation expansion of the library. He presented a written proposal to Council regarding this request.

Jayne Scarborough with Olde English District addressed Council. She states that the OED promotes visitation and economic development through tourism for seven counties, including Union. OED is requesting 10% of the Accommodations Tax Net Revenue that the City of Union received for 2009-2010.

Kevin Montgomery, Committee Member of the Uniquely Union Festival addressed Council. He presented an informational handout of the Uniquely Union Festival. Mr. Montgomery states that this is Union's County's only totally free festival open to the public. It has been officiated by the S.C. Bar-B-Q Association. Uniquely Union Festival is requesting funding in the amount of \$2,500.00.

Bennie Giles, President of the Arts Council addressed Council. She reviewed projects and fund-raisers for 2010. Ms. Giles also reviewed expenses for the Union County Arts Council. The Arts Council is requesting funding in the amount of \$6,000.00.

Monte Lancaster, Treasurer, of Boogaloo addressed Council. A yard sale will be held on April 16, 2011 at the old Western Auto Building. Kathy Stepp, Chairman of Boogaloo also addressed Council. Boogaloo is planning a "Mystery Dinner" production at the old Nicholson Mansion. Proceeds from this event as well as the yard sale will go toward the Boogaloo building fund. Boogaloo is requesting funding in the amount of \$4,750.

Laura Hembree, Accounting Supervisor, presented the Finance & Utility Billing Budget. She reviewed the organizational chart of employees. The Finance Department has an operating budget of \$124,700. This figure does not include personnel costs. The department currently has five (5) employees. The Utility Billing department has an operating budget of \$145,000. 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. Online utility payment was implemented January 2010 so customers can pay directly from the City of Union's website, [www.cityofunion.net](http://www.cityofunion.net). The Call Center was implemented November 2010. This provide a daily greeting that has streamlined utility calls. Other issues discussed were Debt Setoff Program; Red Flag Plan; Shred-A-Way and Online Utility Exchange. Also utility fees; sewer taps and water taps were discussed. The Utility Department is considering setting deposit amounts and requiring deposits from customers when establishing new utility service and considering adjusting utility fees and/or tap fees. Equalized billing was briefly discussed.

Dr. Allan Charles, President of the Union County Museum addressed Council. He thanked Council for their support. Last year was the 6<sup>th</sup> anniversary of the museum. Ms. Ola Jean Kelly of the Museum also addressed Council. She states that they museum had over 3,200 guests that registered at the Museum last year. The Union County Historical Society is requesting funding in the amount of \$16,550.

Melissa Lawson, Media Information Technology Director, presented the budget presentation for Channel 14. This department consists of 1 full time position and 2 temporary part-time positions. This PEG channel has been aired since June 21, 2007. This channel provides programs to benefit citizens along with public announcements. Also this department handles events scheduled for taping; tape events; video editing; plug video files on player at Charter and schedule recordings to play. DVD's of videos shown on Channel 14 can be purchased at the cost of \$5.00 each. Expenditures for FY2010-2011 thus far were reviewed. A comparison of prior budgets were discussed. There is a savings of \$5,879.45 over last year's budget.

Auvis Cole, Director of the Tourism Commission addressed Council. The Union County Tourism Commission successfully promotes both visitation and economic development

through tourism for the entire County and City of Union. Their “2010 Accomplishments” letter sent to key constituents around the state showed a glimpse of what they are doing and their hard work. The Tourism Commission is requesting 25% of Accommodations and/or Hospitality Tax Net Revenues.

Mike Petrie, Maintenance Shop Director, presented his department’s budget. A total of 4 employees work in this department. This department maintains approximately 250 pcs. of rolling stock. This includes 9 vehicles maintained for the Housing Authority. His department performs daily minor and major repairs. Also he discussed the sale of a vehicle from the Building & Zoning Department and a Fire truck. These are on the City’s GovDeals website.

Scott Sandor, YMCA Director addressed Council. He gave an update of the YMCA program. Currently there are 825 unit members. Total members are 1,998. Activities include spring soccer; swim team; flag football; summer day camp; swimming pool; senior water fitness classes and senior adult classes. Each year the YMCA subsidizes membership and programs for the community in excess of \$60,000. The YMCA is requesting funding in the amount of \$75,000 for pool operations and \$25,000 for partnership funding.

Meeting adjourned at 5:05 pm

**Tuesday, April 5, 2011**

The budget work session continued on Tuesday, April 5, 2011 at 12:00 noon 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, Orangelow Ruff and Andy Bailey.

**DEPARTMENTAL STAFF:** Gloria Rogers – Municipal Clerk/Personnel Director; Sam White, - Captain, Perry Harmon – Public Service Director; Joe Nichols – Utility Director; Walker Gallman – Finance Director; Mike Petrie – Maintenance Shop Director; Laura Hembree – Accounting Supervisor and Melissa Youngblood – Media Technology Coordinator.

**CITY ATTORNEY:** Billy Whitney

**NEWS MEDIA:** Steve Ramsey - WBCU

**OTHERS:** Daryll Parker and Vic Taus.

Mayor Thompson called the meeting to order and Mayor Pro Tem Henderson gave the invocation.

Utility Director Joe Nichols presented the Utility Department Budget. He reviewed an organizational chart of employees for this department. He will lose an assistant supervisor in the gas department due to disability and possibly another employee who has applied for disability. These positions will be replaced. Mr. Nichols discussed the electric distribution system. Next he discussed the top 5 electric customers. Current and proposed security light rate schedule was reviewed. The water distribution system was discussed. He discussed capital improvements for water and the wastewater system. The Utility Director is proposing moving up the lead operator positions at the Water Plant and the Wastewater Plant to supervisors. This is included in the proposed budget. The Utility Director continued his presentation with the discussion of the natural gas distribution system. The operating cost for utilities was reviewed totaling \$970,600. Projects discussed were: Plug-In Carolina, the Substation Vacuum Breakers, the River Generator Upgrade, Water Line & Valve Replacements, Water Plant

High Service Pump Rotating Assembly, Meng Creek WWTP, Meng Creek WWTP Closure Meng Creek Pump Station, Union Mill - Excelsior Mill Sewer Improvements and natural gas expansion. Completed projects for FY2011 includes: lighting upgrade at City Hall; SCADA Upgrade at Water Plant; paving at Tosch Creek WWTP Drive; cleared sewer right of way at 8 locations; river pump station generator upgrade; energy lighting upgrade @ YMCA; radio and repeater upgrade to narrow bandwidth and SCADA upgrade @ WWTP & lift stations. FY2011 projects under construction are: Meng Creek pump station & force main; Meng Creek WWTP Closure; Union Mill Village Water & Sewer Improvements; Excelsior Mill Village Water & Sewer Improvements; Monarch Phase I and II water & sewer improvements; Buffalo and Union water and sewer improvements; HVAC Upgrade at City Hall and YMCA; Highway 49 West Apartments, Perrin Avenue and Wardlaw Street Sewer Improvements. He discussed Main Street lighting upgrade cost. Other topic discussed was Capital Improvement Projects. The Utility Director explained what PPA (Purchase Power Adjustments) means. It is the difference between the base cost and the actual monthly cost of power.

Daryll Parker, a consultant with Utility Advisors' Network, Inc. addressed Council. He made a presentation regarding the City's current situation and a need for a rate study. He discussed preliminary results and recommendations. He presented a flow chart of a general rate study methodology. Mr. Parker discussed matters that are driving the need for a study. It has been 10 years since the last comprehensive rate study. The primary goals and objective of the water and wastewater rate study include: full cost recovery for utility expenditures; cost-based rate structure; equity among customer classes; administrative efficiency; 5-year financial plan and reduced reliance on inter-fund support from electric and gas systems. Mr. Parker concluded with future cost impacts & challenges: continue to protect public health and the environment; ongoing capital improvement needs; more stringent environmental regulations; increasing energy, fuel & chemical costs; personnel cost; limited availability of inter-fund financial and support due to cost increases for electric and gas systems.

Personnel Director/Clerk presented the Legislative Department budget. The City provides health insurance administered by the S.C. Budget & Control Board. There is a proposed 5.2% increase for employer as well as employee cost of premiums effective January 1, 2012. Other employee benefits were reviewed. Safety Training is still in place and the Drug and Alcohol Testing continues to be administered for CDL drivers. The City of Union has 128 budgeted positions – 120 full time employees, 8 part times employees, 2 part-time temps and 7 elected officials. The Wage & Salary Study by Archer Company for FY2011-2012 was reviewed. There was a discussion on administering random drug testing for all City of Union employees.

Perry Harmon, Public Service Director, gave presentation for his department. The Street Department handles numerous activities in this department such as: grass mowing; catch basins; snow removal; park maintenance; storm damage; 10-45 removals; weed control; street sweeping; litter control; concrete work; asphalt repair; driveway; concrete pipe; signage; tree trimming and dirt hauling. He reviewed the Street Department worksheet. Mr. Harmon discussed the need for a pick-up truck for the Public Service Department. Request in this department include a pick-up truck and a sand spreader. He also discussed the Solid Waste Division. Next he discussed the Parks. The Public Service Department maintains several parks.

Chief Sam White presented the Public Safety Department's budget. He gave an overview of personnel in his department. The department consists of a total of 41 full time employees. There is a request for a Marijuana Analysis Chemical Fume Hood in his budget. Three grants have been awarded. These grants are: Lawtrak Reporting System \$20,000; Equipment Grant - \$53,197 and Weapons Grant - \$12,951. The department has given officer's training on the new fire truck.

Outside agencies were discussed. Mayor Thompson recommends funding agencies at the same level of funding as last year. Agencies will be funded as follows:

- Grant Writer \$36,000
- Rental Assistant - Fairforest 14,400

- Rental Assistant – Flynn Bld.	\$15,600
- Special Events	20,110
- YMCA Partnership	23,750
- Chamber of Commerce	35,720
- Olde English District	2,220 (funding - local hospitality tax)
- Uniquely Union -	1,000 (funding - local hospitality fee)
- Union County Arts Council	1,900 (funding -local hospitality fee)
- Boogaloo	4,750 (funding - local hospitality fee)
- Union County Historical Society	14,750 (funding - local hospitality fee)
- Union County Tourism	7,500 (funding - local hospitality fee)
- Youth Leadership	3,800
- Veteran’ Parade	950
- Union County NAACP	0
- DSN	1,000
- Crimestopper	950
- Federation of the Blind	480
- American Legion	0
- Torch Run	1,000 (funding - local hospitality fee)
- Union Carnegie Library	3,000

Public Safety Day was discussed. This will be funded at a level not to exceed \$10,000 this year through the local hospitality fee.

General fund summary was discussed. Raising taxes by 4.5 mills to offset prior year deficit would generate \$458,500.

**MOTION** by Councilmember Garner to raise taxes by 4.5 mills to offset prior year deficit and raise taxes by the CPI 1.6%.

**SECOND** by Councilmember Henderson.

**CARRIED UNANIMOUSLY.**

The Public Safety Department was discussed in detail regarding the number of police officers. There are 2 vacant slots for a Public Safety Officer that has not been replaced. After in-dept discussion it was decided by Council to leave the 2 positions in the budget but only hire 1 Public Safety Officer to see if the department can still operate shift efficiently.

City will fund the YMCA with hospitality fee if feasible. The Finance Director will conduct research on this. Also there is a possibility that the hospitality fee can be used for park improvements.

It was the consent of Council regarding the utility fund to forgive advance of funds for the YMCA property - \$72,000 per year. Council also consent to reduce transfer to Solid Waste Management – currently \$130,000 per year and increase garbage fee by \$1.00 which will generate \$49,000.

It was the consent of Council to forgive advance due to general fund - funds used to construct the transfer station.

The Utility Director reviewed rates. He recommends that electric rates remain the same for FY 2012, but a purchase power adjustment (PPA) will continue to true-up the cost of electric each month. Natural gas base rates will remain the same, but the PGA will continue each month to true-up the cost of natural gas.

It was the consent of Council to increase water and wastewater rates by 9%. Staff will run budget numbers and bring back to Council at a later date. It was also the consent of Council to increase security lighting 5%.

Main Street Lighting Upgrade was discussed with the LED upgrade. This will produce a savings of \$84,000 over a 10-year period.

Regular Council Meeting  
Special Meeting/Budget Work Session

Councilmember Garner recommends transferring the old Building & Zoning Department vehicle to the Public Safety Department to replace one of the detective's older vehicles.

Council will meet on Monday, April 11, 2011 at 8:30 a.m. to complete budget worksession.

Budget recommendations will be incorporated in FY2011-2012 proposed budget.

Council meeting adjourned at 6:15 p.m.

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Gloria J. Rogers, Municipal Clerk

Minutes Approved \_\_\_\_\_ 2011