

**MINUTES
SPECIAL COUNCIL MEETING
TUESDAY, JUNE 4, 2013
9:00 A.M.**

{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 special council meeting was held on Tuesday, June 4, 2013 at 9:00 A.M. at the City Municipal building with the following present:

COUNCIL: Mayor Harold Thompson, Mayor Pro Tem Robert Garner, Councilmembers Tommie L. Hill, Sr.; Yates Giles; Ricky Todd Harris and Jim Wilson. Councilmember Orangelow Ruff was absent due to illness.

CITY ATTORNEY: Billy Whitney.

DEPARTMENTAL STAFF: Gloria Rogers – Municipal Clerk/Personnel Director; Walker Gallman – Finance Director; Joe Nichols – Utility Director; Perry Harmon – Public Service Director; Gregg Pickens – Captain; Mike Petrie – Maintenance Shop Director and Laura Hembree – Accounting Supervisor.

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

OTHERS: Pete Berry

1. CALL TO ORDER

Mayor Thompson called the meeting to order. Invocation was given by Mayor Thompson. The pledge of allegiance was given by all present. The roll was called by Municipal Clerk Gloria Rogers.

2. BUSINESS

A. ORDINANCE – 2ND READING – BUSINESS LICENSE AMENDMENT

Finance Director Walker Gallman states that the City's Business License Ordinance is based on the Standard Industrial Classification (SIC), which is outdated. In order to bring the City into compliance with the 2012 North American Industrial Classification System (NAICS), the City's Business License Ordinance will need to be amended. During the preparation of the model it was determined that after reclassifying businesses to their correct (NAICS) code that 83% would be reclassified lower and 17% higher. The aim was to make this change as revenue neutral as possible, but the result was a loss of revenue in the amount of approximately \$18,000 based on the current information. To reconcile this loss there is a proposal in the budget to

increase the rate per thousand charge by \$.10 on all rate classes. The base charge will not change. Also, there is language in the amended ordinance to clarify the specific number of residential properties, with the exception of their principal residence, a person owns before they are required to purchase a business license. Currently, we require a business license for one or more residential rental properties. A survey was performed by staff of other municipalities and most do not charge a renters license unless the owner has two (2) or more rental units. One other item staff would like for council to consider rescinding is the amendment to the business license ordinance dated July 17, 2007 that allowed any business purchasing a business license from March 30 through June 30 of the fiscal year will be charged one-half of the base rate for the current business license year. This amendment to the ordinance has been a benefit mostly to out of town contractors. For example, if an out of town contractor has a project started in March; he would only pay one-half the base rate. If the project was not complete by the time to renew July 1, he would not be required to purchase a new license. City Council passed 1st reading at its June regular meeting. The recommendation is to pass 2nd reading of the amended Business License Ordinance to adopt the 2012 North American Industrial Classification System (NAICS); include in the Ordinance the requirement that residential rental properties with two (2) or more properties purchase a business license and rescind the amendment to the Business License Ordinance date July 17, 2007 that allowed any new business purchasing a business license during the last quarter of the fiscal year to be purchased at one-half (1/2) the base rate.

MOTION by Mayor Pro Tem Garner to accept recommendation.

SECOND by Councilmember Giles.

CARRIED UNANIMOUSLY.

B. ORDINANCE – 2ND READING – PROPOSED BUDGET 2013/2014

Finance Director Walker Gallman states that the FY 2013-2014 Proposed Budget All Funds totals \$41,870,350. The General Fund proposed budget totals \$5,716,480 and includes the following tax and fee increases: Property tax increase of 12.5 Mills; Business License Tax increase of \$.10 per \$1,000 in gross sales and the cost to purchase a Channel 14 CD will increase to \$10. Also, \$189,300 is provided to replace equipment in the General Fund. The Solid Waste Management proposed budget totals \$772,760. No capital expenditures are proposed in this budget. The monthly charge of \$14 is proposed to increase by \$1 to \$15 per month. The combined Utility Fund totals \$34,056,240. The electric rate is proposed to adjust by rolling the current (PPA) purchased power adjustment. Natural gas rates will remain unchanged. The (PGA) Purchased Gas Adjustment will continue. Water rates will increase by 10% and wastewater by 15%. \$92,000 to replace equipment and vehicle and \$1,979,000 for utility infrastructure is included. Personnel - A 2% cost of living adjustment is proposed as well as (3) additional employees. The General Fund and Utility Fund will use fund balances/cash reserves to balance. The Solid Waste Management fund will balance with a transfer from the General Fund. The following is a list of special revenue funds and their FY 2013-2014 proposed budgets:

Local Hospitality and Accommodations	\$375,000
PMPA-Promotional	16,870
Drug Fund	6,000
Community Change	25,000
Debit Service-Tax Increment District	102,000
Union Events Center	<u>800,000</u>
Total	\$1,324,870*

*All special Revenues are included in the All Funds Proposed Budget of \$41,870,350. City Council passed 1st reading of the ordinance at its June regular meeting.

MOTION by Mayor Pro Tem Garner to pass 2nd reading of Proposed Budget for FY 2013/2014.

SECOND by Hill.

CARRIED UNANIMOUSLY.

C. **ORDINANCE – 2ND READING – ADOPT TAX LEVY FY 2013/2014**

Finance Director Walker Gallman states that the proposed Tax Levy will increase by 12.5 Mills for a total of 92.5 Mills. An increase of 3.16% is allowed by South Carolina Code of Laws, Section 6-1-320 that establishes millage caps for local governments. Also, the additional 10 Mill increase is an exception to the above Code of Laws that allows local government to increase taxes to recover a prior year deficit. The 10 Mills will be shown as a separate item on each tax notice and will have to be removed once the deficit is recovered. City Council passed 1st reading at its June regular meeting.

MOTION by Councilmember Giles to pass 2nd reading of the Tax Levy Ordinance for FY 2013/2014.

SECOND by Mayor Pro Tem Garner.

CARRIED UNANIMOUSLY.

D. **ORDINANCE – 2ND READING – AUTHORIZING CERTAIN AMENDMENTS & MODIFICATIONS TO INDUSTRIAL/ECONOMIC DEVELOPMENT RATE BY CONTRACT**

Utility Director Joe Nichols states that the ability to provide utility services under a negotiated contract rate can be an important element in attracting new industrial investment to new and expanding industries. Occasionally the City is requested by industrial development officials of the state and county to assist in industrial recruitment efforts by providing utility services at negotiated contract rates as an incentive package for a prospect. Industrial customers are often high-volume users of utility services with high load factors which make them less costly to serve than other customers. Increasing the industrial load contributes to increased economies of scale and to a more efficient use of the utilities. City Council passed 1st reading at its June regular council meeting.

MOTION by Councilmember Wilson to pass 2nd reading of the ordinance.

SECOND by Councilmember Harris.

CARRIED UNANIMOUSLY.

E. **RESOLUTION – STATE REVOLVING LOAN FUND – DRINKING WATER APPLICATION**

Finance Director Walker Gallman states that during the budget workshop staff discussed infrastructure needs of the water system. The City's water system was established in the year 1898, approximately 115 years old. There are approximately 183 miles of water lines, as well as the infrastructure to purify and move water, to maintain. City staff continues to evaluate the water system and have identified the following projects: replacement of approximately 2600 water meter that are in excess of 25 years old, with meters that have the remote read component; replacement of filter control consoles at the water plant that are over 60 years old; replacement of (16) valves over 50 years old,

(13) fire hydrants, replace galvanized piping on Williams Street, Louise Street, Oak Street and Mill Street that are over 40 years old and replace water lines in the Monarch area on Hancock and Munro Street. The cost of these projects is estimated to be \$1,600,400. To fund this project we propose to apply to the State Revolving Fund for a low interest loan under the Drinking Water Act. The standard interest rate is 1.9% for a 20 year loan. There is a possibility that \$933,550, the cost to replace the water meters, will qualify for what is considered a "green" initiative with an interest rate of 1%. The resolution will authorize the Mayor to complete, execute and submit application to the State Authority. This resolution also grants the State a pledge of, and lien on, all of the City's combined revenues for payment of the loan. The recommendation is to allow the Mayor to apply for a State Revolving Fund Loan.

MOTION by Councilmember Giles to pass resolution to allow the Mayor to apply for a State Revolving Fund Loan.

SECOND by Councilmember Hill.

CARRIED UNANIMOUSLY.

F. **RESOLUTION – STATE REVOLVING LOAN FUND CLEAN WATER APPLICATION**

Finance Director Walker Gallman states that during the budget workshop staff discussed infrastructure needs of the sewer system. The City's water system was established in the year 1917, approximately 96 years old. There are approximately 123 miles of sewer collector lines, as well as the infrastructure to process and move wastewater, to maintain. City staff continues to evaluate the water system and have identified the following projects: (1) Ottaray Mill Village-Phase II; (2) Buffalo Mill Village-Phase III; (3) Monarch Mill Village-Phase II; (4) McBeth Street area sewer rehabilitation; (5) Industrial Park Road sewer outfall; (6) Pump station upgrades at the Tosch's Creek Waste Water Treatment Plant; (7) Railroad Street pump station upgrade; and (8) general Improvements to the System (collectively, the "Projects"). The cost of these projects are estimated to be \$3,653,350. To fund this project we propose to apply to the State Revolving Fund for a low interest loan under the Clean Water Act in the amount of \$2,096,170. The standard interest rate is 1.9% for a 20 year loan. Other funding sources will include \$1,246,050 Community Development Block Grants, \$146,480 South Carolina Department of Transportation-C Funds. The resolution will authorize the Mayor to complete, execute and submit application to the State Authority. This resolution also grants the State a pledge of and lien on, all of the City's combined revenues for payment of the loan. The recommendation is to pass resolution to allow the Mayor to apply for a State Revolving Fund Loan.

MOTION by Councilmember Harris to pass resolution.

SECOND by Mayor Pro Tem Garner.

CARRIED UNANIMOUSLY.

3. **ANNOUNCEMENTS BY MAY AND COUNCIL:**

Mayor Thompson states that the City's policy is to keep department heads working and involved in the budget process. He thanked department heads, council and staff for their work during the budget process.

4. **ADJOURNMENT**

MOTION by Councilmember Giles to adjourn.

SECOND by Councilmember Hill.

Special Council Meeting
June 4, 2013

CARRIED UNANIMOUSLY.

Council meeting adjourned at 9:26 A.M.

Gloria J. Rogers, Municipal Clerk

Minutes approved _____ 2013