

**CITY OF LAURINBURG
COUNCIL MEETING
JUNE 12, 2006
MUNICIPAL BUILDING
6:00 P.M.**

Minutes

The City Council of the City of Laurinburg reconvened its regular meeting held on May 16, 2006 which had been recessed until June 5, 2006 and on that date until this date and time (June 12, 2006 at 6:00 p.m.) in the council room of the Municipal Building with the Honorable Ann B. Slaughter, Mayor, presiding. The following Councilmembers were present: Rembert DeBerry, Curtis B. Leak, and Herbert M. Rainer, Jr. Councilmember Griswold arrived at 6:24 p.m. Councilmember Parker arrived at 6:32 p.m.

Also present were: Craig F. Honeycutt, City Manager; Dolores A. Hammond, City Clerk; Bob Bell, Human Resources/Risk Management Director; Cindy Carpenter, Finance Director; Robert Malloy, Chief of Police; Harold Smith, Public Works Director; Robert Ellis, Water and Wastewater Treatment Plants Director; Bill Riemer, Director of Administration and Development; Stacey McQuage, Water/Sewer/Streets Superintendent; Harold Haywood, Fleet Maintenance and Sanitation Superintendent; and Neil Smith, Scotland County Rescue Squad Commander.

Mayor Slaughter called the meeting to order at 6:00 p.m. Councilmember DeBerry gave the invocation.

BUDGET WORKSHOP

The City Manager stated that during the last meeting there was a lot of discussion regarding the proposed budget and the proposed tax rate increase. He explained that the original recommended budget included a 4 cents tax increase and that, during the previous discussions, staff was asked to find areas in the budget that could be cut to reduce the proposed 4 cents increase. He stated that with Council's direction, staff had reviewed the proposed budget and has found a total of \$332,000.00 in additional cuts in all funds. He also explained that this still leaves the proposed tax increase at 3 cents per \$100 valuation. Two-thirds (2 cents) of the increase would go for expenditures in the General Fund, and one-third (1 cent) would go to loan repayment to the Electric Fund. He then thanked staff for all the work it did in finding additional cuts in the proposed budget.

He stated that proposed additional cuts include the following:

- \$88,305.00 from the General Fund
- \$9,684.00 from Sanitation
- \$58,500.00 Water/Sewer Fund
- \$175,711.00 Electric Fund

He then stated that this totals \$332,000.00 for all funds. He explained that there are not any proposed increases in the fee structure (water/sewer, electric, or solid waste).

He then explained that, in looking at the total cuts, 1.1 percent has been eliminated from the General Fund and 1.0 percent of the total budget.

He stated that the major budget cuts are in the City's enterprise funds that total approximately \$100,000.00 for automatic meter readers in water/sewer and electric. He then stated that staff still recommends that this is a direction to pursue in next year's budget.

Council was provided with a list of budget cuts from the City Manager.

Upon question by Councilmember DeBerry, the City Manager explained that, since the study on sewer lines was

conducted, the older sewer lines are being replaced each year.

Councilmember DeBerry then asked where the City stood with the purchase of the Laurel Hill Water System, and if there were any problems with the system, would the City be able to handle those problems considering the proposed budget cuts provided to Council.

Stacey McQuage informed Council that the City would be able to handle those concerns.

Mayor Slaughter then asked about the public hearing for the Laurel Hill Water System purchase.

The City Manager stated that the Utilities Commission had received a petition from Laurel Hill water customers and that a public hearing will be held July 19, 2006 at the Scotland County Courthouse at 7:00 p.m.

He also stated that Pate's Water System staff was mailing notices to the Laurel Hill water customers.

A discussion ensued regarding the proposed budget cuts.

Councilmember Rainer thanked staff for reviewing the proposed budget and finding additional cuts.

Councilmember Griswold arrived at 6:24 p.m.

Councilmember Leak asked what the total work force is for the City of Laurinburg.

Bob Bell informed Council that the City has 164 employees and that that figure has been reduced because of the ditch crew. The ditch crew is temporary employees. He explained that the City is in the process of recruiting a few employees.

The City Manager stated that the turnover percentage is about 15 percent for the City with the average being 12 percent.

Upon question by Councilmember Leak, Mr. Bell stated that the employees most needed in the City are ones with CDL driver's license. He stated that if a person meets qualifications other than having the CDL driver's license, the City would typically hire them and train them so that they can receive desired licenses.

A discussion ensued concerning the cost of living increase and merit increases for employees.

Councilmember Leak stated that, for clarity, when Council begins to discuss employee cost of living increases and/or merit increases, they should be considered early on in the year and not during budget meetings.

Councilmember Parker arrived at 6:32 p.m.

Upon direction from Mayor Slaughter, the City Manager stated that the revised proposed budget includes a 3 cents tax increase with 2 cents to the General Fund and 1 cent to pay back the loan to the Electric Fund.

Councilmember Parker stated that because eliminating the automated meters in the Water/Sewer Fund does not affect the tax rate, he is in favor of leaving them in the proposed budget.

The City Manager stated that the \$42,000.00 for meters in the Electric Fund would not affect the tax rate. He then explained that there are a total of 1,000 electric meters and 500 water meters eliminated. He also stated that to be fully automated it will still be a ten-year process.

Upon question by Councilmember Parker, Harold Smith stated that the hardest areas to read are the water meters located in the county because of growth of vegetation, fire ants, etc. He also informed Council that there are about 1,000 water meters being read that are located in the County.

A discussion ensued regarding automated meters and the proposed meter reader position as well as the purchase of a new truck.

Cindy Carpenter informed Council that the cost including benefits for the proposed meter reader position would be approximately \$28,000.00

Following further discussion, the suggested proposal was to purchase 1,100 county water meters and 700 water meters for those citizens who do not purchase electricity from the city but do purchase water with the elimination of the proposed meter reader position and the purchase of a truck for that department.

The City Manager then stated that there are 1,000 proposed automated electric meters included in the budget and that those are less expensive than the water meters. These proposed meters were also eliminated in the Electric Fund when staff was asked to make additional cuts. He then stated that this is also a direction that has been discussed for the future.

A discussion ensued concerning the efficiency of installing automated electric and water meters.

The City Manager stated that one of the things that Council could consider regarding automated meters is to raise the tap fee for new construction in order to offset some of the costs.

Harold Smith stated tap fees had been discussed and that he and his staff had considered proposing to raise tap fees in next year's budget. He informed Council that the reason for the proposal for next year is the continuing increase in the price of copper. He also stated that the cost of plastic pipe is also increasing; therefore, tap fees will need to be reviewed in next year's budget sessions.

Upon question by Councilmember Parker, Mr. Smith stated that in-city tap fees are \$450.00 and out-of-city tap fees are \$900.00. He also informed Council that the cost to the City for in-city tap fees is currently \$650.00.

A discussion then ensued regarding how long it would take to install the meters, and it was determined to be a six-month time period.

Upon question by Mayor Slaughter, it was suggested that 2,000 water meters be purchased in order to cover all county water customers as well as those customers who receive water but no electric service from the City.

Cindy Carpenter stated that to purchase up to 2,000 water meters, and by eliminating the purchase of a truck and personnel, the increase to the Water/Sewer Fund would be \$144,000.00 if Council chose to add this back into the proposed budget.

Following the discussion regarding water meters, it was consensus of Council to purchase 2,000 water meters, eliminate a meter reader position and a truck, and let staff use its discretion to locate the meters in the best and most efficient areas of the City and County.

The City Manager stated that staff would present Council with a policy to include automatic meters as part of the cost of the water tap fee as well as the increase in water tap fees.

A discussion then ensued regarding the purchase of automated electric meters and the fact that such purchase would have no effect on the tax rate.

Councilmember Parker suggested that automated electric meters be purchased for those areas where the water meters are hard to read in the City in order to be more efficient in reading both meters. Harold Smith stated that there is a minimum order to purchase the electric meters.

Upon question by Councilmember Griswold, Cindy Carpenter stated that the original proposed budget included 1,000

electric meters at a cost of \$46,000.00.

Following further discussion regarding electric meters, Harold Smith stated that he felt that 300 electric meters would be a sufficient number to order at this time provided this would be a minimum order. It was a consensus among Councilmembers that 300 automated electric meters be purchased and installed at staff's discretion.

Upon question by Councilmember Parker, the City Manager stated that a penny on the tax rate was equal to approximately \$70,000.00.

Upon question by Councilmember Parker, Chief Malloy stated that he had been asked to make additional cuts in the Police Department's budget and that he had chosen to eliminate two police cars. He stated that he could not project whether this would create a hardship on the department.

A discussion ensued concerning the type of preferred police cars, and Councilmember Parker commended Chief Malloy in his decision to help cut back on the proposed budget.

Upon question by Councilmember Griswold, the City Manager stated that before the proposed budget was presented to Council that staff had cut approximately \$465,000.00. He explained that from Council's direction during the previous budget meeting, staff found where it could cut an additional \$88,305.00 from the General Fund.

After further discussion regarding the proposed budget, Mayor Slaughter stated that the proposed tax rate before Council is 41 cents per \$100.00 valuation.

Councilmember Parker stated that he felt that the tax rate should be decreased to less than 41 cents. He explained that in the previous budget workshop, he suggested that the recycling program be reduced to provide pick up from every week to every other week. He stated that this would lower the tax rate by one-cent and bring the tax rate to 40 cents.

He also stated that during those discussions, no one seemed to feel it was a good idea to reduce the recycling program.

Upon questions by Councilmembers DeBerry and Rainer, Harold Haywood informed Council that the cost for the current recycling program is \$215.00 per ton to recycle whereas it costs \$88.00 per ton for garbage.

A discussion ensued regarding the benefits and disadvantages of the proposed schedule change. The discussion focused on the schedule's frequency, which could result in a savings of approximately \$68,000, based upon several factors including decreased fuel and labor costs, efficiency concerns, low recycling program participation, and the Council's desire to keep the tax rate palatable for the City's citizens.

Councilmember Parker stated that in the City's proposed budget is a platform truck for the fire department, which would enhance the City by improving the safety of its citizens. He continued by stating that some sacrifices have to be made in order to provide a safe environment for citizens and that reducing the recycling program to every other week will allow the City to provide safer conditions for its citizens.

Mayor Slaughter asked if there was a consensus on changing the recycling program from an every week pick up to an every other week pick up.

Councilmembers Parker, Griswold, DeBerry, and Rainer stated that they were in favor of reducing the recycling program. Councilmember Leak was against the change.

Upon clarification by the City Manager, he stated that by reducing the recycling program to an every other week pick up, the City is now looking at a two cents tax increase to the General Fund, totaling 40 cents, and allocating \$70,000.00 to pay the electric fund loan.

Upon final discussion, it was a consensus among Councilmembers that the tax rate be increased from 38 cents per \$100 valuation to 40 cents per \$100 valuation.

ADJOURN

Motion was made by Councilmember DeBerry, seconded by Councilmember Rainer, and unanimously carried to adjourn the meeting.

The meeting was adjourned at 8:30 p.m..

Ann B. Slaughter, Mayor

Dolores A. Hammond, CMC, City Clerk