

**CITY OF LAURINBURG
COUNCIL MEETING
MAY 27, 2008
MUNICIPAL BUILDING
303 WEST CHURCH ST.
LAURINBURG, NC
6:30 P.M.**

Minutes

The City Council of the City of Laurinburg held a special budget workshop May 27, 2008 at 6:30 p.m. in the council room of the Municipal Building with the Honorable Matthew Block, Mayor, presiding. The following Councilmembers were present: Rembert DeBerry, Amanda B. Faulk, and Curtis B. Leak. Councilmember Thomas W. Parker, III arrived at 7:19 p.m. Councilmember Herbert M. Rainer, Jr. was absent.

Also present were Craig F. Honeycutt, City Manager and Dolores A. Hammond, City Clerk.

In attendance also were the following Management Team members: Bill Riemer, Director of Administration and Development; Cindy Carpenter, Finance Director; Johnny Evans, Chief of Police; Bob Bell, Human Resources/Risk Management Director; Robert Ellis, Treatment Plants Director; Stacey McQuage, Utilities Director; Harold Haywood, General Services Director; and Ronald Pierce, Electric Distribution Director.

Mayor Block called the meeting to order at 6:30 p.m. Councilmember Faulk gave the invocation.

MANAGEMENT FEES AND ELECTRIC FEE TRANSFER POLICY

The City Manager explained that at the meeting held last week there was much discussion about the proposed budget, the Electric Transfer Policy, and the possibility of increasing the management fees (fees that the General Fund charges to enterprise funds for work performed on their behalf). He stated that staff has been asked to be more aggressive on the Electric Transfer Policy. He then explained that the Local Government Commission reiterated at last week's council meeting that one way of increasing the General Fund Revenue is through management fee increases. He stated that management fees have not been adjusted in over twelve years.

A discussion was held on the calculation of the management fees, and Ms. Carpenter stated that calculations were made as percentages of prior expenses less capital as follows:

- 40% - Electric Fund
- 40% - Water and Sewer Fund
- 10% - Solid Waste
- 10% - General Fund

Ms. Carpenter stated that information gathered from other municipalities indicated that the proposed formula is comparable with that used by others. She stated that the formula is very similar to that of Morganton, NC and that they actually review management fee calculations every year.

Upon question by Councilmember Leak, Ms. Carpenter stated that the projected increase for management fee charges is \$407,000.00 which would bring the total figure to \$787,048.00.

A discussion ensued regarding the Electric Fund Transfer Policy. Ms. Carpenter stated that upon Council direction a resolution would need to be presented to Council in order to change the current transfer requirements. She continued by explaining the current transfer policy requirements which involves several different calculations. Ms. Carpenter was advised to contact the Local Government Commission for its opinion on a five percent transfer and to prepare a proposed resolution to that effect for Council to consider.

Councilmember DeBerry expressed that he was not happy with the projected five-cent increase in the tax rate.

The City Manager stated that at this point Council should discuss the Solid Waste Bid Proposal as it will have a large effect on the budget discussions.

SOLID WASTE

Councilmember Leak stated he would like the bidders that had submitted bids on the Solid Waste Bid Proposal to appear before Council at the June 3 budget workshop session to explain their bids.

There was a consensus among Councilmembers that the bidders present their information to Council at the June 3 meeting.

Mayor Block stated that, from the information provided from the bidders, yard waste is the biggest issue in solid waste collection. He stated he would like to look at that issue further.

Following further discussion, the City Manager stated that the reactivation of the Solid Waste Committee would be helpful as the City considers the future of the Solid Waste Program.

The City Manager stated that the recycling program is being reviewed and that a proposal would be brought before Council that would allow the recyclables to be co-mingled which means that the City would not have curb sort. This process would save the City approximately \$46,000.00.

He also stated that, if co-mingling of the recyclables is allowed, the City would not have to purchase a new recycling truck. He explained that the proposal is to take the funds that would have been used to purchase a recycling truck and use them to purchase another one-arm bandit truck for garbage collection.

The City Manager informed Council that Scotland County's tipping fees have been projected to increase in the County's proposed 2008-2009 budget. It was explained that the increase is due to fuel costs, operating costs, and the tax that the State is imposing.

Upon question by Mayor Block, the Ms. Carpenter stated that she would ask the County for financial information on its solid waste enterprise fund.

The City Manager also stated that if any other solid waste information is needed by Council prior to the June 3 meeting to let him know, and he will attempt to provide it at that time.

Councilmember Faulk stated that she would like to see what the City's costs would be if the City pared down yard waste collection to what the consensus of the other bidders was, and more specifically, what the City services would look like and what the costs would be.

DISCUSSION OF THE PROPOSED 2008-2009 FISCAL YEAR BUDGET

The City Manager stated that the proposed budget includes staff's recommendation of a five-cent increase in the tax rate for the General Fund. He explained that the reasons for the recommendation are that revenue has remained flat and that revenue has not kept up with expenses. He stated that in the projected budget the suggestion is not to use any fund balance unless Powell Bill monies are used for road improvements (but not for operations).

He explained that the Water-Sewer Fund is in balance with a 6.5 percent increase in water and sewer rates. He then explained that this increase is in accord with the three-year plan that Council approved last year in order to get the City up to a competitive level on high unit cost for grants from the State. The State wants to be assured that there is enough money in the system to pay for improvements required by them.

He stated that Solid Waste fees are not being increased despite the expected \$5.75 increase in tipping fees from the

County. He also stated that, even though ElectriCities is projecting a 5% increase to its fees charged to the City beginning January 2009, there is no projected increase in electric fees at this time.

The City Manager then stated that Council should understand that all that has been done is simply to transfer funds from the City's Enterprise Funds to the General Fund. He explained that the General Fund revenues are relatively flat with little or no increase. He stated that it is a good time to make the change in the Management Fee calculations as they have not been revised in twelve years. He added that the City needs to look at long-term revenue growth areas.

Councilmember Parker arrived.

The City Manager stated that he understands that there is been consideration by some Councilmembers not to fund merit raises for employees this year. He added that, over the last several years, the City has asked employees to work harder with fewer positions and equipment, and the concern is that morale will be reduced if merit raises are not funded.

He stressed that capital needs should be addressed within the budget. Capital expenditures were at a minimum in the 2006-2007 budget and non-existent this year.

The City Manager stated that department heads have made cuts to items that were previously requested and that Council has a list of those cuts. These items are not reflected in the proposed budget at this time, and staff would implement the cuts upon Council direction.

Councilmember Leak discussed bonds for capital needs because the City's rating is very good.

The City Manager stated that the concern with a bond issue is that, if there is long term debt on capital equipment that may have a life span of only five to six years, then payments will end up being made on equipment long after its useful life has expired.

Upon question by Mayor Block, the City Manager stated that included in the proposed budget is a 2.3 percent cost-of-living increase to employees as well as merit raises at 2 percent in overall salaries.

A discussion ensued concerning the increase in fuel prices, the importance of keeping \$50,000.00 in the budget for condemnation purposes, the City's mosquito program, proposed law enforcement positions and cars, and other expenses in the proposed 2008-2009 fiscal year budget.

The City Manager stated that the City is working jointly with Scotland County and Richmond Community College in looking at facility needs for training for all public safety officers.

In discussion about the proposed code enforcement officer, Councilmember Parker stated that the Lumber River Council of Governments contracts with member municipalities to help with code enforcement issues.

The consensus of Council is to leave the mosquito program in the proposed budget (but to look at ways to scale back the cost) and to retain the \$50,000.00 condemnation monies in the budget.

Upon question by Councilmember Parker, Ms. Carpenter stated that the North Carolina League of Municipalities (NCLM) handles the police vehicles that have been surplus. She stated that she would contact NCLM to find out when the next sale would occur.

The City Manager stated that the General Fund is the only fund that is not balanced at this time. He explained that, after considering the suggested cuts, the changes in the management fee calculations and the electric transfer policy and a five-cent tax increase, the City has a \$252,000.00 surplus in the General Fund.

Ms. Carpenter pointed out that in the proposed budget the Scotland County Rescue Squad has requested that volunteers be paid an amount of \$8.00 per call. He explained that Scotland County, which funds this department jointly with the

City, is not planning to fund the request.

Following discussion, it was consensus of Council not to fund the requested \$8.00 per call to the Scotland County Rescue Squad.

The City Manager then explained that the Laurinburg Fire Department volunteer call reimbursement is being projected to increase by \$1.00 to add \$6,500.00 to the budget. A discussion ensued on the volunteer firefighters and what demands are made of them.

Councilmember Parker stated that he is not in favor of a five-cent tax increase.

A discussion ensued about the tax rate, and the consensus among Councilmembers is that they could support a two-cent tax increase only.

The City Manager stated that staff would work on the proposed 2008-2009 fiscal year budget with a two-cent tax increase and would bring that back to Council at its next meeting.

The City Manager stated for clarity that from Council's discussion and direction, he planned to add the following back in to the budget: two police cars; \$50,000.00 for condemnation purposes; mosquito program (but look at ways to scale back costs); and to include an additional \$9,000.00 for the interchange mowing contract.

He also stated that the LGC would be contacted to be certain that the Electric Transfer Policy can be changed to reflect a five-percent transfer from the Electric Fund to the General Fund.

A discussion ensued on the cost-of-living and merit raises for employees. The City Manager stated that there was a suggestion that the cost-of-living raises be increased if merit raises were not funded.

Councilmember Parker stated that Council had previously set the cost-of-living increases for employees based on the Social Security cost-of-living increase and would not like to deviate from that.

Following further discussion, the City Manager stated that, with direction from Council, staff would prepare the proposed 2008-2009 fiscal year budget as requested with a two-cent tax increase and present it at the next budget meeting on June 3, 2008.

ADJOURNMENT

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

The meeting was adjourned at 8:45 p.m.

Matthew Block, Mayor

Dolores A. Hammond, City Clerk