

**CITY OF LAURINBURG
SPECIAL COUNCIL MEETING
JUNE 1, 2009
MUNICIPAL BUILDING
303 WEST CHURCH ST.
LAURINBURG, NC
6:30 P.M.**

Minutes

The City Council of the City of Laurinburg held a special meeting for the purpose of reviewing the proposed budget for Fiscal Year 2009-2010 at 6:30 p.m. in the council chambers of the Municipal Building located at 303 West Church Street with the Honorable Matthew Block Mayor presiding. The following Councilmembers were present: Rembert DeBerry, Amanda B. Faulk, Curtis B. Leak, Thomas W. Parker, III, and Herbert M. Rainer.

Also present were: Dolores A. Hammond, Interim City Manager; Cindy Carpenter, Finance Director; Stacey McQuage, Public Utilities Director; Bob Bell, Human Resources/Risk Management Director; Bill Riemer, Director of Administration and Development; Police Chief John Evans; Ronald Pierce, Electrical Services Director; Harold Haywood, General Services Director; Harold Smith, Fire Chief, and Jennifer Tippet, Deputy City Clerk.

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

Mayor Block explained that at the end of tonight's budget workshop meeting the meeting would be recessed until 6:30 p.m. on Thursday, June 4, 2009 in the council chambers of the Municipal Building located at 303 West Church Street to continue budget discussions.

CITY MANAGER INTERVIEWS

A discussion ensued concerning the interview schedule for the City Manager candidates. It was consensus of Council for Mr. Bell to arrange for interviews on Thursday, June 11, 2009, Monday, June 22, 2009, and Wednesday, June 24, 2009, with the Mayor showing the candidates around the City prior to the interview.

PROPOSED 2009-2010 BUDGET

Revenue

The Interim City Manager explained that there had been a change in projected revenue in franchise cable revenue in that it had increased from \$10,000.00 to \$56,000.00. She added that this change was due to the hold harmless clause in the franchise agreement with the State that guarantees the City will receive the revenue that it would have when the franchise agreement was with the City. She added that there would 911 Restricted Revenue line item was reduced to zero because all of the 911 Restricted Revenue went to the County for the purchase of equipment. She then explained that the Parking Violation Penalties were penalties for illegal parking in handicapped and fire lane parking downtown and in shopping centers.

A discussion ensued concerning the projected revenue from parking violations. Chief John Evans explained that the Police Department issues City handicapped parking citations and the fee is \$10.00. He added that if the Police Department issues a State citation, the fee ranges from \$125.00 to \$500.00 with the amount being at the discretion of the judge. He further added that many times the individual cited is able to get a doctor's letter to allow handicapped parking and the District Attorney will dismiss the charge.

The Interim City Manager explained that the Inspection Fees line item is zoning permit fees.

Upon question by Mayor Block, Mrs. Cindy Carpenter explained that PILOT (Payment in Lieu of Taxes) is paid to the

City from the City's Electric Fund and from Laurinburg Housing Authority, with approximately \$20,000.00 being paid by the Housing Authority.

A discussion ensued concerning the Police Department budget. Councilmember Leak expressed concern about the size of the Police Department budget in relation to the overall budget of the City.

A discussion ensued concerning delinquent lot cutting accounts and collection methods. The Interim City Manager explained that according to the City Attorney, the City is limited in how the delinquent accounts can be collected in that the debt can be collected in the same manner as delinquent taxes. She added that according to the City Attorney these amounts cannot be attached to a utility bill.

Mrs. Carpenter explained that the City needed to be cautious about foreclosing on the delinquent lot cutting bills because the City foreclosed on one lot, and the legal fees totaled more than the lot was worth.

Councilmember Rainer requested that lot cutting expenses be broken out as a separate line item in the Street Department budget. He also requested a monthly budget update to indicate those items that if a trend continues will go beyond the budgeted amount.

Mayor Block requested a list of delinquent lot cutting bills including the names and amounts owed to be placed in Council's next weekly update from the City Manager.

Governing Body

A discussion ensued concerning the Professional Services line item. The Interim City Manager explained that this line item includes the City Attorney, the auditor, and any other specialized attorneys that the City must hire.

Councilmember Rainer requested that the auditing services be bid out next year.

A discussion then ensued concerning the salary line items in the Governing Body (410) and in the Administration (420).

Upon question by Councilmember Rainer, the Interim City Manager explained that the Advertising line item was for publishing public hearing notices as required.

Councilmember Rainer also requested that any subscriptions he is receiving be stopped.

The Interim City Manager explained that most of the publications that Council receives are included as part of the membership dues to the North Carolina League of Municipalities and the National League of Cities. She further explained the various dues the City pays to the Lumber River Council of Governments, Rural Land Use Advisory Committee, National League of Cities, and the North Carolina League of Municipalities.

A discussion ensued concerning contributions to the State retirement system and 401K contributions. Mr. Bell explained that the State mandates the retirement contribution at a fixed rate to the City and to the employee. He further explained that in 1988 the State mandated that local governments contribute five percent (5%) to the 401k plan for law enforcement officers. He added that most local governments, including the City, decided to make the same contribution for all employees.

Councilmember Rainer requested the total figure for salaries.

Councilmembers Rainer and Parker requested the total figure for the City's 401K contribution for employees.

Mr. Bell cautioned Council to seek legal counsel before taking away or reducing employee benefits.

It was then consensus of Council for the remainder of the budget discussion, for Council to highlight line items that

required more discussion at a later time.

Personnel

A discussion ensued concerning the Travel and Schools line item and the necessity for continuing education. The Interim City Manager explained that the City's Personnel Policy allowed for one (1) national conference per year for the Human Resources Director.

Mayor Block requested more information concerning the Health and Fitness line item.

Councilmember Rainer requested more information concerning the Unemployment Compensation line item.

Finance

Councilmember Rainer requested further information concerning the Travel and Schools line item.

Accounting

Councilmember Rainer requested further information concerning the Postage and Departmental Materials and Supplies line items.

Taxation

The Interim City Manager explained that a decision regarding tax consolidation with Scotland County needed to be made before the June 16, 2009 council meeting in order to prepare the appropriate resolutions and ordinances for Council's approval.

Following a brief discussion, it was consensus of Council that the City Tax Collector would continue at her present position.

Councilmember Rainer requested further information concerning Advertising.

Building Maintenance

Councilmember Rainer requested further information on the Maintenance and Repair-Buildings and Maintenance and Repair-Equipment line items.

Mr. Bill Riemer, Director of Administration and Development explained that the Maintenance and Repair-Equipment was primarily for the aging HVAC systems at the Barrett Building and the Municipal Building and for roof repairs at the Municipal Building. He explained that \$20,000.00 for the roof repairs had been removed from the budget.

Mayor Block requested that Mr. Riemer consider using the money set aside for HVAC systems for the Municipal Building roof instead.

A discussion ensued concerning the need for a full-time Building Maintenance worker for the Barrett Building and the Municipal Building. Councilmember Rainer requested that staff consider dividing the work with a janitor in another department and also to consider contracting out building maintenance.

Community Development Administration

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Councilmember Rainer requested further information on the Travel and Schools line item.

Planning

Councilmember Rainer requested further information on the Professional Services, Travel and Schools, and Contract Services line items.

Engineering

Councilmember Rainer requested further information on Maintenance and Repair Equipment, Contract Services, and Departmental Materials and Supplies line items.

Beautification

Councilmember Rainer requested further information on Health Insurance, Departmental Materials and Supplies, Contract Services, and Other Improvements line items.

Councilmember Faulk requested further information on Utilities.

Mayor Block requested a breakdown of expenses on tree takedowns.

Cemetery

Councilmember Rainer requested further information on Utilities, Departmental Materials and Supplies, and Uniforms line items.

Police

A brief discussion ensued concerning the Separation Allowance. The Interim City Manager explained this is money paid to retired law enforcement officers.

Mr. Bell added that the State requires this payment to retired law enforcement officers until they are eligible to receive Social Security benefits.

Councilmember Rainer requested a breakdown of staff and officers per shift, and the period of time most crime occurs in Laurinburg. He also requested more information on the Drug Fund line item and Uniforms line item.

Fire

Councilmember Rainer requested more information on the Maintenance and Repair-Equipment, Contract Services, and Travel and Schools line items.

Upon question by Councilmember Leak, Mr. Harold Smith, Fire Chief, stated that the volunteer firefighters are paid from the Contract Services line item.

Rescue

Councilmember Rainer requested more information on the Travel and Schools and Equipment Replacement line items.

Public Works-Administration

Councilmember Rainer requested more information on the Contract Services line item.

A brief discussion ensued concerning Property and Liability Insurance. Mr. Bell explained that the Property and Liability Insurance premium will not be as large as originally anticipated because the coverage required while installing the fiber optic line was no longer required.

Streets and Highways

Councilmember Rainer requested more information on the Salaries, Telephone/Internet Connection, Equipment Replacement, and Other Improvements line items.

A brief discussion ensued concerning the Mosquito Spraying Program. Mr. Stacey McQuage, Public Utilities Director, explained that he had enough chemicals for the Mosquito Spraying Program for 2009-2010.

At 7:57 p.m. Mayor Block called for a short recess of the meeting.

The meeting resumed at 8:06 p.m.

Storm Drainage

Upon question by Mayor Block, Mr. McQuage explained that the ditch crew had been added back into the budget. Mayor Block requested that Mr. McQuage provide information as to why he felt the ditch crew needed to be included in the budget.

Mr. McQuage requested to discuss Streets and Highways again. He explained that Street Paving had been removed from the budget.

Councilmember Leak requested that Mr. McQuage provide a list of streets needing resurfacing. He and Councilmember DeBerry requested that Durso Street be considered for paving.

Fueling Facility

Mrs. Carpenter explained that the Fueling Facility was funded jointly with Scotland County.

Garage

Councilmember Rainer requested more information on the Contract Services, Departmental Materials and Supplies, and Utilities line items.

Animal Control

Councilmember Rainer requested more information on the Contracted Services line item.

Public Works-Building Maintenance

Councilmember Rainer requested more information on the Uniforms, Contracted Services, and Departmental Materials and Supplies line items.

Non-departmental

Councilmember Rainer requested more information on the Continuing Education and Training and Humane Society line items.

Upon question by Mayor Block, the Interim City Manager explained that City and County residents receive the same level of service from the Humane Society.

Mayor Block expressed concern that the citizens of Laurinburg were paying twice for the Humane Society since City residents pay City taxes as well as Scotland County taxes and getting the same services.

Mrs. Carpenter explained that the City and the County pay an equal amount each year to the Humane Society.

A discussion ensued concerning animal control. Councilmember Parker expressed concern about non-pet owners

funding services for pet owners.

Councilmember Leak requested more information on Downtown Improvements, Economic Development and Contingencies line items.

Upon question by Councilmember Leak, Mrs. Carpenter explained that the Loan line item is the money the City borrowed from the Electric Fund to purchase the roll-out garbage cans and to demolish the old hospital.

Upon question by Councilmember Leak, Mrs. Carpenter explained that the Contribution to Solid Waste Fund was necessary in order to balance the Solid Waste Fund. She added that Council could decide to take it from the Solid Waste Fund rather than the General Fund. She advised Council not to take it from the Electric Fund since the Local Government Commission monitors the Electric Fund transfers very closely.

Upon question by Mayor Block, Mrs. Carpenter explained that because revenues exceeded expenditures in the proposed budget, she placed the difference in a Contingency Fund so that Council could see how much revenues exceeded expenses.

Councilmember Parker stated that he felt the money should be taken out of Contingency to fund the roof repairs under Building Maintenance. He added that the money for the HVAC in Building Maintenance should be removed from the budget since there is enough money in Contingency to cover any HVAC repairs or replacements if necessary.

Mr. Riemer stated that he would have to check with the Beautification Director regarding the Maintenance and Repair-Buildings line item to determine if there are other items included in that line item other than the HVAC. He added that it included the elevator in the Municipal Building and the chairlift in the Barrett Building.

A discussion ensued concerning the projected revenues and expenditures. Upon question by Councilmember Parker, Mrs. Carpenter explained that the 2008-2009 budget included a projected \$7.9 million in revenues and the revenues thus far are at \$7.944 million. She added that any savings can be attributed to the expense side of the budget. She further added that it has been the philosophy at the City not to make any expenditures unless it was absolutely necessary so that funds could roll over into the Fund Balance.

Councilmember Rainer expressed concern that Council had requested from staff a 5% reduction in the budget and the proposed budget showed an increase in expenditures.

Councilmember Parker expressed concern that while the staff has done a good job in cutting expenditures and adding to the Fund Balance, it appears that the City's budgeting process is not accurate. He added that items are included in the budget, money is never expended, yet the taxpayers are paying for those items whether the money is spent or not. He further added that the inaccurate budgeting causes a problem with the trust factor. He stated that Council has to have a more accurate budget so Council can trust the budget.

Councilmember Rainer expressed concern that at the end of the last budget year, the City had almost \$87,000.00 in Contingency that was not spent, and in the 2008-2009 budget year \$14,000.00 was added to Contingency.

Mrs. Carpenter stated that Contingency increased because projected revenues for the next fiscal year are more than expenses and in order to balance the budget, the excess revenue had to be shown somewhere. She added that she put the excess in Contingency so that Council could be aware of the excess.

Upon question by Councilmember Rainer, Mrs. Carpenter explained that if the money is not expended, it does increase the City's net worth. She added that staff would have to come back before Council before expending any money in the Contingency line item.

The Interim City Manager explained that staff understood Councilmember Rainer's request was to reduce the budget by 5%.

Councilmember Rainer stated he meant based on last year's expenditures. He explained that perhaps he had not been clear but his request was for staff to reduce the budget by 5% of the operating expenses. He expressed concern that staff did not prepare the budget as he had requested.

Revenue-Electric Fund

The Interim City Manager explained that the Revenue includes the projected 5% increase in electric rates in March 2010. She added that ElectriCities will review rates in October.

Mayor Block requested information as to how the City's charges compare to Lumber River Electric Membership and Progress Energy on a kilowatt hour basis.

Councilmember Faulk requested more information on the Miscellaneous Revenue line item.

Electric Fund Non-Departmental

Councilmember Rainer requested more information on the Workers' Compensation, Management Fees, and Contribution to General Fund line items.

Upon question by Mayor Block, Mrs. Carpenter explained that the Contribution to General Fund was computed utilizing the formula that Council adopted last year for determining the amount the Electric Fund contributes to the General Fund each year. She added that the Management Fees are based off the new fee schedule based on salaries.

A discussion ensued concerning Workers' Compensation.

Electric Administration

There were no requests for further information from this budget.

Consumer Billing & Receiving

Upon question by Councilmember Faulk, Mrs. Carpenter explained that the Salary line item was the salaries for one-half (1/2) of 10 employees. She added that these employees are split between the Electric Fund and the Water/Sewer Funds.

Councilmember Rainer requested more information concerning the Contracted Services, Dues and Subscriptions, Postage, Maintenance and Repair Equipment, Departmental Materials and Supplies, and Credit Card Processing Fees line items.

A discussion ensued concerning Datamatic. The Interim City Manager is to provide an update on the situation with automatic meters on Thursday, June 4, 2009 to include how much money has been expended thus far with Datamatic.

Electric Production

Mrs. Carpenter explained that the figures in the Power Purchases line item come from North Carolina Eastern Municipal Power Agency (NCEMPA).

Electrical Operations and Improvements

Councilmember Rainer requested more information on the Uniforms, Utilities, Maintenance and Repair Equipment, Automotive Supplies, Departmental Materials and Supplies, Contracted Services, Health Insurance, Equipment Replacement, New Equipment, Equipment (Meters), and New Construction line items.

Fiber Optic Operations

Upon question by Mayor Block, Mrs. Carpenter explained that the Salary line item includes 40% of the Technical Support person, Marcus Smith. The remainder of his salary is charged to Sewer, General Fund and Solid Waste.

Councilmember Rainer requested more information on the Travel and Schools, Departmental Materials and Supplies, Contracted Services, and New Construction line items.

Total Electric Fund

Upon question by Councilmember Rainer, Mrs. Carpenter explained the amount in the Contingency line item was so high because the revenues were greater than expenditures, and she placed the excess in Contingency line item so that Council would be aware of the excess. She added that staff was trying to show Council the true revenues and expenditures.

A discussion ensued concerning Fund Balance in the Electric Fund.

Water/Sewer Fund-Revenue

Mayor Block requested information on the Interest on Investments line item.

Water/Sewer Fund Non-Departmental

Councilmember Rainer requested more information on the Management Fees line item.

Consumer Billing and Receiving

Councilmember Rainer requested more information on the Telephone/Internet Connection, Postage, Maintenance and Repair Equipment, Departmental Materials and Supplies, Contracted Services, and Equipment line items.

Water Production and Treatment

Councilmember Rainer requested more information on the Utilities, Departmental Materials and Supplies, Contracted Services, Ground Water Study, and Equipment Replacement line items.

Upon question by Councilmember Parker, Mr. Robert Ellis explained that the cost of a standard 4-wheel drive truck is split between the Water Production and Treatment and Water Distribution budgets.

Water Distribution

Councilmember Rainer requested more information on the Uniforms, Telephone/Internet Connection, Travel and Schools, Departmental Materials and Supplies, Contracted Services, and Equipment Replacement line items.

Cross Connection Department

Councilmember Rainer requested more information on the Contracted Services line item.

Sewage Collection

Mayor Block requested more information on the Contracted Services line item.

Councilmember Rainer requested information on the Uniforms, Travel and Schools, Departmental Materials and Supplies, and Equipment Replacement line items.

Wastewater Treatment

Councilmember Rainer requested more information on the Uniforms, Telephone/Internet Connection, Utilities, Maintenance and Repair Equipment, Chemical Supplies, Departmental Material Supplies, Contracted Services, Lab Certification Fee, Dues and Subscriptions, Equipment Replacement, Other Improvements, and Travel and Schools line items.

Upon question by Councilmember Leak, Mr. Ellis explained that that sludge land application expenses are listed under the Other Improvements line item. Mr. Ellis explained that he planned to land apply sludge more frequently in order to avoid fines. He added that he had obtained estimates on sludge removal from Atlantic Dewater, a company he has never used. He explained that Atlantic Dewater uses a different technique in that the company comes to the wastewater plant, dewateres the sludge and hauls it off. He further explained that this process is more expensive than the typical land application process and has much stricter guidelines.

Solid Waste Fund Revenue

Councilmember Rainer requested further information on the Dumpster Revenue and Sale of Recyclable Materials line items.

Sanitation

Councilmember Rainer requested more information on the Uniforms, Travel and Schools, Advertising, Departmental Materials and Supplies, Automotive Maintenance and Supplies, Contracted Services, and Equipment Replacement line items.

Upon question by Councilmember DeBerry, Mr. Harold Smith explained that there had been a reduction in the labor force since the purchase of the one-arm bandit trucks.

Councilmember Rainer requested the total labor force in 2005-2006 and current budget year. He requested that it be separated by salaried and hourly employees for the whole City and then by each fund separated by salaried and hourly employees.

Mayor Block requested Fund Balances for each fund be provided Thursday, June 4, 2009.

The Interim City Manager questioned if Council had any line items in the Governing Body and Administrative budgets that required more information.

Governing Body

Councilmember Rainer requested more information on the Salaries, Professional Services, Travel and Schools, Advertising, and Dues and Subscriptions line items.

Administrative

Councilmember Rainer requested more information on the Dues and Subscriptions line item.

DOWNTOWN TRASHCANS

The Interim City Manager explained that information concerning Laurinburg Downtown Revitalization Corporation (LDRC) and the trashcans had been provided in the weekly update.

Councilmember Faulk explained that LDRC wants to go ahead with the purchase of new trash cans and split the cost 50/50 with the City.

A discussion ensued concerning the process used currently to empty the downtown trash cans and the need to reduce manhours spent collecting garbage.

Councilmember Rainer requested cost information on the cost of picking up garbage and emptying trash cans the current way versus the proposed way with the new garbage cans being picked up by the one-arm bandit.

Further discussion ensued concerning the proposed trash cans for downtown.

Councilmember Parker explained that Councilmember Faulk had told him that LDRC has been asking for standards for downtown.

A discussion ensued concerning where the standards should originate.

Mayor Block stated that the Beautification Committee could recommend and bring before Council. He added that he had sample codes from other communities with historical downtown districts from across the State.

Councilmember Faulk stated that the Zoning Officers, Bill Peele and Brandi Deese, should develop the standards since they would be the ones to enforce it. She requested that the Zoning Officers research codes of communities the same size as Laurinburg and work with LDRC to develop standards to then present to Council.

Upon question by Mr. Riemer, Councilmember Faulk stated she was talking about an Appearance Code.

Councilmember Leak suggested that input from the community be sought regarding an Appearance Code.

401K CONTRIBUTION

The Interim City Manager explained that earlier in the meeting Council had requested the total amounts for the 401k contributions and she had those figures available. She stated that the contribution to the Police Department for the 2009-2010 budget is \$99,216.00 and for all other employees is \$237,991.00.

Upon question by Councilmember Rainer, Mrs. Carpenter explained that overtime is included in the Salary line item for each department along with salary and longevity.

Councilmember Rainer requested the overtime figure for the current year broken down by department.

RECREATION

Upon question by Councilmember Rainer, the Interim City Manager explained that the bill introduced by Representative Pierce for funds for a study about recreation needs was still in Appropriations.

RECESS

Motion was made by Councilmember DeBerry, seconded by Councilmember Faulk and unanimously carried to recess the meeting until Thursday, June 4, 2009 at 6:30 p.m. in the council chambers of the Municipal Building located at 303 West Church Street.

The meeting recessed at 9:33 p.m.

Matthew Block, Mayor

Dolores A. Hammond, City Clerk