

**CITY OF LAURINBURG
COUNCIL MEETING
MAY 25, 2010
MUNICIPAL BUILDING
305 WEST CHURCH STREET
LAURINBURG, NC
6:00 P.M.**

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Minutes

The City Council of the City of Laurinburg reconvened its May 18, 2010 meeting recessed on that date to this date and time, May 25, 2010 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: Curtis B. Leak, Thomas W. Parker, III, Herbert M. Rainer, Jr. and Kenton T. Spencer.

Also present were: Edward F. Burchins, City Manager; Jennifer M. Tippet, Deputy City Clerk; Cindy Carpenter, Finance Director; Bob Bell, Human Resources/Risk Management Director; Bill Peele, Planner/Zoning Officer; Bill Riemer, Director of Administration and Development; and Charles L. Hicks, Jr., Assistant City Attorney.

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

SWEARING IN OF COUNCILMEMBER ELLISON

Mayor Block stated that the swearing in of Councilmember Ellison contained two (2) parts, the first being to enter into the record an affidavit by which Miss Ellison attests that she meets the qualifications to accept the seat vacated by Amanda F. Doerffel. A copy of the affidavit is attached to these minutes and incorporated herein.

The Assistant City Attorney explained that Miss Ellison had come forth with the affidavit attesting to the fact that she is a resident of the City and that she meets the qualifications.

Mayor Block explained that at the May 18, 2010 meeting, the acceptance of Councilmember Doerffel's resignation and the appointment of Miss Ellison were not in the proper order.

Motion was made by Councilmember Spencer, seconded by Councilmember Rainer, and unanimously carried that Miss Davian LaJoyce Ellison is qualified to be appointed to the seat formerly held by Amanda F. Doerffel.

Motion was made by Councilmember Spencer, seconded by Councilmember Rainer, and unanimously carried to appoint Miss Davian LaJoyce Ellison to the council seat formerly held by Amanda F. Doerffel.

The oath of office was administered by the Deputy City Clerk.

Following a short recess, the meeting resumed at 6:53 p.m.

PROPOSED 2010-2011 BUDGET

The City Manager explained that the proposed budget format had been changed to be more understandable and more transparent. He further explained that he would like for the workshops to end around 8:30 p.m. in order for everyone to maintain focus. He provided the following highlights of the proposed budget:

- The proposed budget was prepared to be in line with Council's visions and goals as discussed in the retreat.
- The biggest expense in the budget is personnel costs. In the General Fund, personnel costs are probably in the 65-70% range which is typical of most public budgets.

- Personnel costs were reduced by fully evaluating necessity of a position as it became vacant in order to free up funds. Reduced number of positions from 158 to 153.
- Looked at reducing overtime by one-third (1/3).
- The budget includes a 7% increase in the health and hospitalization insurance premium. Mr. Bell, Human Resources and Safety Director, is continuing to try to negotiate a smaller increase in premiums.
- There is no increase in the dental insurance premium.
- \$3,109,000.00 is recommended for capital outlay expenses. Evaluated the capital needs by Fund and recommendation is to finance most of the capital outlay contained in the proposed budget.

The City Manager discussed the interest rate situation and the rationale for financing capital outlay. He explained that financing allows the Fund Balances in Reserves to be built up and allows the City to set aside for any future needs or future contingencies that the City might have. He further explained that items to be financed in the General Fund included: three (3) police cars, a street sweeper and an automated police records system.

- The proposed budget includes continuation of the street paving program. This program will be funded from Reserve Fund Balance. The Reserved Fund Balance is all Powell Bill money which can only be used for street purposes.
- The Water/Sewer Fund includes replacement of two (2) wells. The City Manager explained that with the possible consolidation of the City and County water systems, it is important to add wells to meet the needs of the next 25 years which could include 12-16 new wells.
- Equipment needs include a dump truck, a backhoe, pickup trucks and the automated meter reading system.

The City Manager provided an update on the Datamatic automated meter reading system and the two (2) options offered by the company for resolution of the issues the City has experienced.

- Capital expenditures in the Electric Department include the automated meter reading system and an upgrade to the substation.
- Capital expenditures in the Solid Waste Department include a one-man leaf collection vehicle and roll-out recycling bins (part of a grant).
- The tax rate remains unchanged.
- There will be no increases in solid waste or water/sewer charges.
- No increases in wholesale electrical rates; therefore, no increase in electrical rates is anticipated.
- The total proposed budget is \$33,532,884.00, with the Water/Sewer Fund being \$5,447,000.00, the Electric Fund \$17,738,577.00, the General Fund \$8,257,843.00, and the Solid Waste Fund \$2,088,800.00.

Councilmember Leak expressed concern about the total amount of financing of capital items and the financing of short-lived items such as police cars.

A lengthy discussion ensued concerning financing. Councilmember Spencer stated that depending upon the cost of money, borrowing could be a wise step.

Councilmember Rainer stated that he had no problem with the concept of the City borrowing money.

Following further discussion, the City Manager stated that he would re-evaluate five-year financing.

Upon question by Councilmember Leak, the City Manager explained that the only indebtedness of the City is in the Water/Sewer Fund. He added that he would get the exact indebtedness amount to Council.

Following further discussion, the City Manager explained that he was attempting to build a revolving capital loan program so there is a cycle that as capital items are paid off, additional capital items can be financed.

Upon question by Councilmember Ellison, the City Manager stated that the expected contingency was \$391,000.00. He added that he anticipated this being added to the Fund Balance. He further added that this would put the Fund Balance at over \$3,000,000.00.

A discussion ensued concerning the Fund Balance Policy. Mrs. Carpenter explained that the Local Government Commission (LGC) is satisfied as long as progress is being made by the City in bringing up Fund Balances and there is a Fund Balance policy in place. She explained how the LGC evaluates a city's Fund Balance.

Upon question by Councilmember Leak, Mrs. Carpenter explained that the final payment on the \$8.5 million sewer bonds from 1995 will be made in 2015 with an annual payment of \$450,000.00.

The City Manager stated that staff would rework the approach to financing capital equipment.

GENERAL FUND REVENUE

Mrs. Carpenter then discussed the following revenue items:

- Decrease in animal tag fees
- No increase in tax rate
- Increase in cable television tax
- Decrease in grant revenue
- Increase in the Fueling Facility (jointly shared with Scotland County) because of the County's share of replacement cost of an underground tank. The revenue will be offset by expenditures in the Fueling Facility budget
- Increase in Fund Balance contribution which is \$250,000.00 in Powell Bill money

Upon question by Councilmember Rainer, Mrs. Carpenter explained the Management Fees.

A lengthy discussion ensued concerning the privilege license fees for internet cafes. The City Manager explained that a conservative approach to the budget was taken regarding the privilege license fees for internet cafes as these fees were not included in the proposed budget. This is due to pending action by the North Carolina General Assembly.

GOVERNING BODY

The City Manager explained that the Governing Body budget was decreased 9.37% from last year's budget because the City Manager and City Clerk's positions were moved to one (1) department, Administration, instead of being split between two (2) departments.

ADMINISTRATION

The City Manager explained that this budget increased due to the transfer of costs of the City Clerk from the Governing Body budget into the Administration budget.

PERSONNEL/SAFETY

Mr. Bell explained that Unemployment Compensation was transferred from this budget to the Non-Departmental budget resulting in a reduction in the Personnel/Safety budget.

Mrs. Carpenter explained that at the end of the fiscal year, the Unemployment Compensation costs are charged back to the individual departments. She added that the amount budgeted each year is provided. She cautioned that if Unemployment Compensation is extended, then the budgeted amount may not be adequate.

A discussion ensued about staff estimating the amount of Unemployment Compensation in order to avoid having to shift funds at the end of the year.

A discussion ensued concerning travel expenses for the Personnel Director and the benefit to the City for an employee being an officer of an organization.

A discussion ensued concerning the Health and Wellness Program (Weight Watchers At Work).

FINANCE

Mrs. Carpenter explained that the Finance Department budget is basically the same as last year except that the Travel line item was increased by \$1,000.00.

ACCOUNTING

Mrs. Carpenter explained that the only new items were replacement of two (2) computers and construction of shelving for storage purposes.

Upon question by Councilmember Spencer, Mrs. Carpenter explained that computers are purchased under the State Contract.

TAXATION

Mrs. Carpenter explained that \$1,000.00 was added in the Travel and Schools line item in order for the Tax Collector to maintain her certification.

A discussion ensued concerning joint collection efforts by the City and Scotland County.

POLICE DEPARTMENT

Police Chief Evans explained that the proposed budget represented a decrease of 11.47% from the previous year's budget. He stated that one (1) position was eliminated through attrition - the Governor's Highway Safety position funded by a grant that expires in June. He added that the school system has requested an additional School Resource Officer (SRO) for Scotland High School, so he would have to add an additional position. He further added that the school system pays all salary and benefits for the SROs. He explained that this past year four (4) positions were vacant and he would like to fill three (3) of those positions, with one (1) being the SRO position.

Chief Evans explained that capital outlay items included three (3) vehicles, seven (7) computers, and an automated records keeping system.

A discussion ensued concerning the automated records keeping system. Chief Evans provided a brief overview of the automated records keeping system.

AUDITOR

A discussion ensued concerning interviews for the four (4) auditing firms who responded to the Request for Proposals.

RECESS

Motion was made by Councilmember Parker, seconded by Councilmember Spencer, and unanimously carried to recess the meeting to 4:00 p.m. on Wednesday, May 26, 2010 in the conference room of the Scotland County Governmental Office located at 507 W. Covington Street.

The meeting recessed at 8:33 p.m.

Matthew Block, Mayor

Dolores A. Hammond, City Clerk