

**CITY OF LAURINBURG
SPECIAL COUNCIL MEETING/BUDGET RETREAT
MARCH 21, 2016
MUNICIPAL BUILDING
303 WEST CHURCH ST.
7:00 p.m.**

Minutes

The City Council of the City of Laurinburg held a special meeting/budget retreat on March 21, 2016 at 7:00 p.m. in the council chambers of the Municipal Building located at 303 West Church Street, with the Honorable Matthew Block, MD, Mayor, presiding. The following Councilmembers were present: Mary Jo Adams, Dolores A. Hammond, Andrew G. Williamson, Jr. and J.D. Willis. Councilmember Curtis B. Leak arrived at 7:16 p.m.

Also present were: Charles D. Nichols III, City Manager, and Jennifer A. Tippet, City Clerk.

Leadership Team members present included: Robert Ellis, Treatment Plants Director; Stacey McQuage, Public Utilities Director; Harold Haywood, General Services Director; Darwin Williams, Police Chief; Randy Gibson, Fire Chief; Tim Pierce, GIS Administrator; Betty Galloway, Human Resources/Risk Management Director; and Josh Coble, IT Administrator.

Mayor Block called the special meeting of the Laurinburg City Council to order at 7:02 p.m.

Councilmember Adams requested a moment of silence.

APPROVAL OF AGENDA

Motion was made by Councilmember Hammond, seconded by Councilmember Adams, and unanimously carried to approve the agenda as presented.

REVIEW OF FY 16-17 BUDGET

The City Manager explained that Mr. Harold Haywood, General Services Director, had taken the Capital Improvement Plan (CIP) prepared by St. Andrews University MBA students last year and updated it with capital items already purchased as well as anticipated capital needs for FY 16-17. He added that the CIP had not yet been rolled into the budget but hoped that next year it would flow right into the budget. He further added that staff needed input from Council on any ideas from the Citizen Input Session that Council wanted worked into the budget.

The City Manager reviewed the budget schedule as follows:

Date	Description of Action Items
January 15, 2016	Capital Requests Due from each department
February 25, 2016	Public Input Session
March 15, 2016	Operating Budget Requests Due from departments
March 21, 2016	Council Retreat to set budget priorities
March 21, 2016	Council receives update of CIP
March 21, 2016 - March 31, 2016	Operating Budget Discussion Meetings with Depts.

April 1, 2016	Budget working draft due to City Manager
April 12, 2016	Council Preview of Budget Working Draft
April 13, 2016 - May 9, 2016	Staff Meetings for Budget Revisions
May 10, 2016	Official presentation of Manager's recommended budget to Council
May 11, 2016 - June 20, 2016	Council budget work sessions as directed
May 17, 2016	Set public hearing for FY 17 budget for June council meeting
June 21, 2016	Hold public hearing on budget
June 21, 2016	Budget and fee schedule adoption (or no later than July 1)
July 1, 2016	Operating and capital budgets loaded and active in Munis
July 1, 2016	Adopted budget document delivered to departments
July 8, 2016	Adopted budget posted on website

CAPITAL IMPROVEMENT PLAN

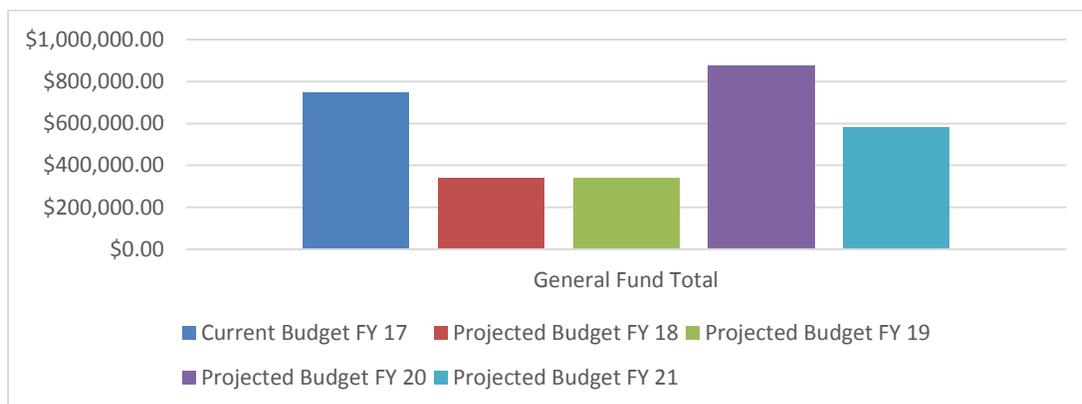
Mr. Haywood explained that he had updated the CIP produced by the St. Andrews University students and that the CIP will be given more attention in the budget process in the future. He added that the CIP will include financing alternatives in the future and will be continually updated. He presented a PowerPoint with the highlights as follows:

- A CIP is a long-term capital improvement plan that is a link to the comprehensive plan and capital expenditure budgets. It lists the capital projects and needs over the next five years as identified by the Department Heads. As the document develops and includes financing alternatives, it will be a “living” document that has Council’s approval.
- Benefits of having a CIP include bringing all departments capital plans together to provide systematic evaluation; a way to provide transparency to citizens and customers, so that hopefully they will get a better understanding of why it is important that utility rates provide the revenue needed not only for ongoing operations, but also setting aside reserves for capital.
- The CIP process can be important to proper financial planning due the following reasons:
 - When a government is issuing debt, the funding source likes to examine the CIP, if available, to get a look at what other capital projects the city has undertaken or will have in the future.
 - State grant providers also give points when awarding grants to those with proper CIP’s in place.
- The CIP Process involves the following steps:
 - Formulate, review and approve goals and policies by the governing board.
 - Identify needs – During the winter, Department Heads review running projects and assess current capital needs for the upcoming budget year. Capital projects should address necessary repairs and replacement of existing capital assets and infrastructure investments required to meet growth demands.
 - Determine costs – Staff works together to determine the full extent of project costs based on scope, timing, ongoing operational costs, land acquisition, etc. This process is applied to new projects and projects previously programmed in the CIP to ensure the most accurate cost estimates are budgeted and any operational impacts are identified.
 - Develop financing strategies – The City Manager works with each department to determine the best method for financing proposed projects. Financing strategies to seek are:
 - Grants

- Debt Financing
- User Fees
- Pay as-you-go
- Prioritize – Once projects are selected, costs determined and a funding strategy is identified, the City Manager meets with each department head to review project forecasts and prioritize the result. The following criteria are considered in the prioritization of capital projects:
 - Necessary to ensure the health, welfare or safety of the community
 - Externally mandated
 - Ties to Council Goals
 - Demand due to growth or service improvement
 - Age and condition of infrastructure
 - Availability of funding
- In the spring, the City Manager presents a proposed Capital Improvement Plan to the City Council. The projects are refined and reprioritized during budget workshops and the formal CIP is adopted.
- Authorized capital projects are monitored to determine if timelines and milestones are being met, and if financial transactions follow the adopted budget. Periodic status reports are provided to the City Council.

GENERAL FUND

Mr. Haywood then reviewed the General Fund Capital Projects which includes in Year 1 street resurfacing, a street sweeper and equipment for the new County fire truck (\$125,000.00). He added that expenditures jump again in Year 4 because of replacement of a City pumper fire truck. He further added that the average over the next five (5) years is between \$600,000.00 to \$700,000.00.



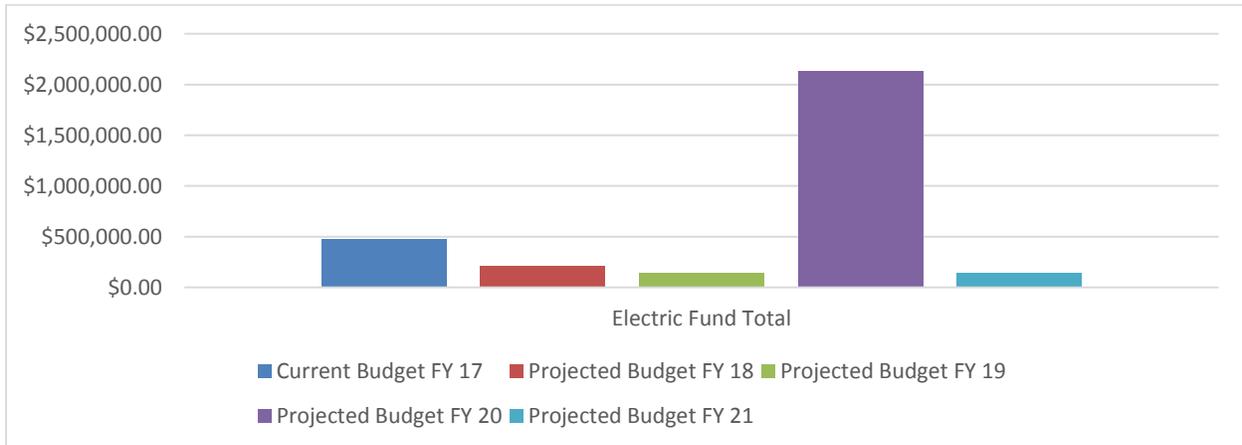
Mr. Haywood explained that the Fire, Police, and Streets make up the bulk of the expense, as public safety and operations functions typically do. There is funding in the Community Development area in each year for beautification projects. He then discussed the expenditures as follows:

- Four (4) vehicles each year in the Police Department are replaced.
- City fire engine and equipment
- Street Sweeper
- Pothole Patcher
- Jet Rodder
- Street resurfacing

- Beautification projects
- Portion of Garage expansion

ELECTRIC FUND

Mr. Haywood reviewed the Electric Fund Capital Projects and explained that it is very expensive to maintain the electric system infrastructure. He explained that in 2020, plans currently are to build a new electric substation.



Mr. Robert Smith explained that the transformer at the substation on West Blvd. needs to be replaced by Duke Progress Energy, and since that substation is already operating at capacity, another substation needs to be built on the north side of town.

Councilmember Willis discussed setting aside funds each year for construction of the new substation rather than having a huge spike in expenditures in the fourth year.

Further discussion ensued concerning the electric substation with highlights as follows:

- Construction prices and cost of materials fluctuate.
- The substation could be financed depending on finance rates, or Council could designate funds and place into a capital reserve fund for certain projects.
- There is no cash available in the Electric Fund at this time.
- Construction of a substation is a two-year project.

Mr. Haywood discussed other capital projects in the Electric Fund:

- Conversion to LED street lighting (mentioned at Citizen Input Session to improve street lighting)
- Electrical inventory
- Meters
- SCADA Replacement
- Fiber Loop
- Portion of Garage expansion

Upon question by Councilmember Williamson, the City Manager explained that ECC Technologies had begun the four-phase process of reviewing the City's fiber system. After ECC completes the inventory, it will provide a recommendation for the City to best utilize the fiber system.

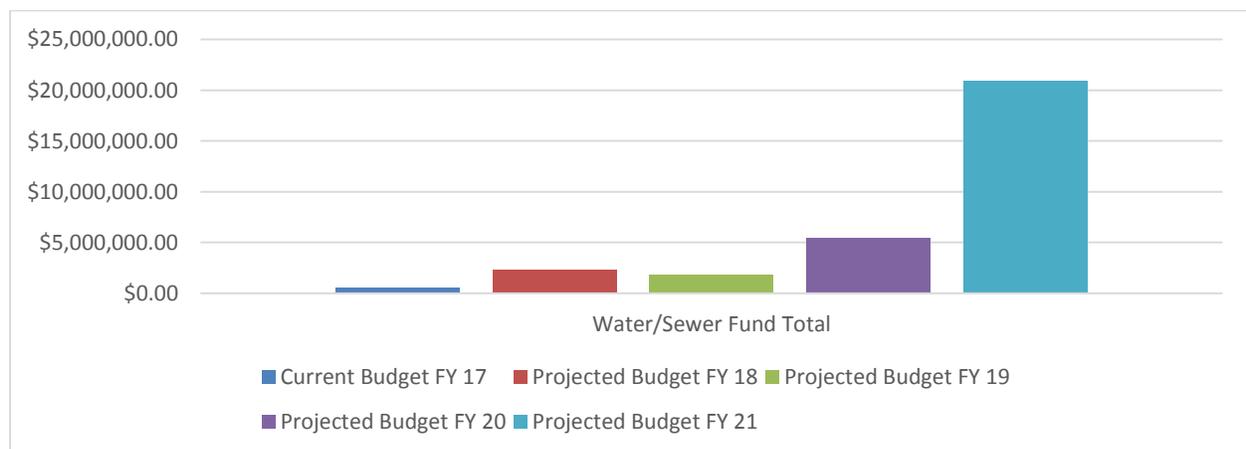
Discussion ensued concerning the need for expanding the Garage. Mr. Haywood provided the following information:

- The Garage was built in 1984 and that more equipment has been added in the Garage to work on the all of the vehicles and equipment for the City, so more floor space is needed.
- The Garage currently has three (3) bays, and the expansion would add three (3) additional bays. He added that any vehicles or equipment that are disassembled and awaiting parts usually cannot be moved, resulting in less space for staff to work on other vehicles or equipment. He further added that additional bays will improve efficiency.

Mrs. Galloway explained that there are safety concerns in the Garage. She added that employees are working in a very tight and cluttered area with huge equipment. She further added that there is oil on the floor. She concluded by stating that the employees do not have enough room in which to work.

WATER/SEWER FUND

Mr. Haywood then discussed the Water/Sewer Fund capital improvements projections. He explained that the dollar amounts in the chart below are in \$5 million increments.



Mr. Haywood explained that the glaring areas which need improvement are the water distribution, new water wells and potential wastewater treatment plant expansion. He added that this highlights the necessity to fund not only ongoing operational expenses each year, but to also build a reserve to handle future critical needs.

Upon question by Councilmember Willis, Mr. Ellis explained that funds for purchasing property for new wells was taken out of the budget last year.

The City Manager explained that there were discussions for staff to seek property owners willing to sell land to the City for new well fields, and that if the land was found, for staff to come back to Council for funding.

Mr. Ellis explained that the engineers have identified several properties that might be used for well fields in the future. He added that he had not contacted the property owners to get permission to put in a test well to determine if the property would be a good site. He further added that when he and Mr. Haywood discussed the CIP, he indicated that he would like to use approximately \$150,000.00 from the funds designated for use at St. Andrews in this year’s budget to begin identifying well sites.

The City Manager explained that the wells were removed from last year's budget and the primary reason was because of the response from the Local Government Commission (LGC) on the 2014 Audit, and Council wanted to set the Water/Sewer Fund without using any Fund Balance and to grow the Fund Balance.

Mr. Haywood briefly reviewed the following projects:

- Potential Wastewater Treatment Plant expansion
- Pumping station repair/replacements (including Big Branch pump station)
- Sewer Plant improvements
- Washwater disposal improvements
- Raw water improvements
- Backhoe and various construction equipment
- Sewer line extensions (for possible retail expansion adjacent to Scotland Crossing Shopping Center)
- Portion of Garage expansion

Mr. Ellis explained that because the projected wastewater flows provided by FCC for its facility at the Industrial Park were not being met, the Wastewater Plant expansion might not be needed as soon as thought. He added that if a new client locates at the Industrial Park, then the expansion may be necessary; therefore, this project is still included in the CIP.

The City Manager explained that FCC built its facility for two (2) additional production lines, but at this time, is only running one (1) production line with no indication if or when any additional production lines will be added.

The City Manager explained that the Connect NC Bond passed in the elections, and it includes \$800 to \$700 million dollars in water and sewer infrastructure grants. He added that details of the grants are not available at this time, particularly whether they will be matching fund grants or full grants to distressed areas. He further added that in order to gear up for applying, Mr. Jim Perry with the Lumber River Council of Governments (COG) will be working on an Asset Management Plan to identify and locate every water and sewer asset. He further explained that this Asset Management Plan would allow the City to be more competitive when the grant funds are available, and will also be of great benefit to staff.

Upon question by Councilmember Williamson, Mr. McQuage discussed the need to replace the 20-inch asbestos water line that feeds the water tank off Caledonia Road. He explained that that the cost to replace that water line is over \$5 million.

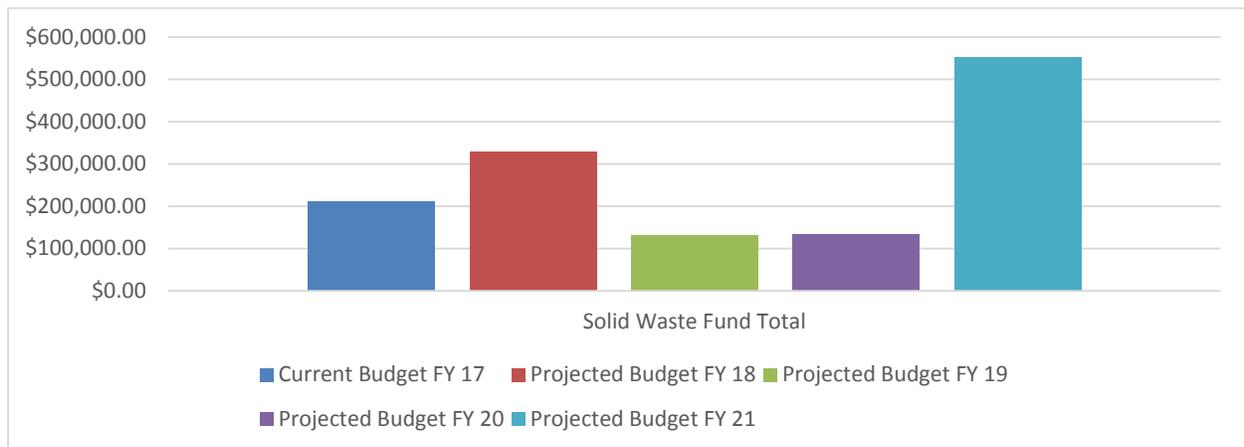
Mr. Haywood explained that the water line replacement project is split between Fiscal Year 2020 and Fiscal Year 2021.

Further discussion ensued concerning the wastewater plant expansion, Inflow and Infiltration (I&I) issues and wastewater capacity.

SOLID WASTE FUND

Mr. Haywood explained that figures in the graph below are in \$100,000.00 increments. He added that the capital expenditures are steady except in Fiscal Years 2018 and in 2021. He further added that in Fiscal Year 2021, there is a possibility that purchase of one (1) of the trucks scheduled that year can

be delayed until the following year to level the capital expenditures. He further explained that the majority of expenditures are in Sanitation.



The City Manager explained that in reviewing the CIP, the expenditures in the last couple of years in each Fund are high is because when the MBA students from St. Andrews were interviewing the department heads to prepare the CIP, the department heads were aware of needs; however it was unknown if the items would be needed in three (3) to four (4) years of possibly eight (8) to nine (9) years later. He added that department heads wanted the items or projects included in the CIP.

Mr. Haywood reviewed the solid waste projects:

- Recycling Center equipment upgrades
- Knuckle Boom truck
- Automated leaf collectors (2)
- Front loading commercial garbage truck
- Automated side loader truck
- Portion of Garage expansion

Mr. Haywood explained that his presentation provided a brief overview of capital needs for the next five (5) years and helped to provide framework for future budget discussions.

The City Manager explained that the PowerPoint presentation and the budget schedule will be emailed to Council. He added that staff needed direction or input from Council on items to work on or projects for the first draft of the budget.

Councilmember Hammond explained that she would like for the City to implement a citizen academy to educate citizens on how local government works. Following discussion, it was consensus of Council for the City Manager to research citizen academies and present information at the next budget work session.

The City Manager discussed the Budget Committee comprised of Ms. Carrie Neal (Interim Finance Director), Mr. Haywood, Mrs. Galloway and himself that has been meeting concerning Fiscal Year 2017 budget. He discussed the transition from creating the budget in Excel to creating it in Munis, the accounting software. He added that he does not see any red flags in the upcoming budget.

Upon question by Councilmember Adams, Mr. McQuage explained that in past years \$100,000.00 was put in the budget each year for resurfacing, and each year it has been removed. He added that the pavement survey needs to be updated and this item is included in the budget along with funds for resurfacing.

Discussion ensued concerning improving street lighting which was an item from the Citizen Input Session. The City Manager discussed replacement of the current street light bulbs with LED bulbs. He explained that the initial cost of the LED bulbs was high, but the savings in electricity costs made for a quick turn-around time for paying for the bulbs. He further added that staff wanted to make replacement of the high pressure sodium bulbs a priority to improve lighting.

Mr. Haywood explained that the initial cost to purchase the LED bulbs was approximately \$300,000.00, and that the project was scheduled to be phased in over several years in the CIP.

Upon question by Councilmember Adams, Chief Williams explained that he and his staff had reviewed adding two (2) positions, but did not include the positions in the budget. He discussed vehicle replacement and the Gang Unit.

The City Manager explained that a representative of the Department of Public Safety contacted him to see if the City was interested in providing some matching funds in order to be more competitive for a grant. He added that there is an annual grant in the amount of \$30,000.00 to pay for overtime to be used in the fight against gangs, drugs and violence. He further added that if the City puts in between \$5,000.00 and \$7,000.00, it will receive the \$30,000.00 grant from the Governor's Highway Safety Program.

Chief Williams explained that in addition to paying overtime in the Gang Unit, he was using the grant money to upgrade computers in the police cars.

Further discussion ensued concerning adding two (2) positions to the Police Department and the Governor's Highway Safety Program. Chief Williams explained that in the past, no employees hired with the Governor's Highway Safety Program were fired.

Mayor Block suggested having an outside entity review crime levels, staffing levels and salary levels to keep the good employees with the City. He also suggested researching state of the art tactics for dealing with gangs.

Chief Williams explained that over the past several years, the Police Department had been hiring young local officers, which somewhat reduced the total salary line item for the department. He added that in the next five (5) to seven (7) years, there will be turnover in the department due to retirements. He further added that officers have attended training on gangs, but the gangs are evolving. He further explained that the department needs to continue reaching out to other departments for new techniques to be more aggressive with gangs.

A brief discussion ensued concerning a Pay and Classification Study conducted in 2012, and if a new study needed to be conducted.

Mrs. Galloway explained that the Pay and Classification Studies are typically conducted every five (5) years.

It was consensus of Council for two (2) positions to be added to the Police Department in the budget.

Discussion ensued concerning the City's organizational chart and Cost of Living Adjustments for employees.

The City Manager explained that the Enterprise Funds cannot be used to balance any other fund. He added that Council made difficult decisions this past year which have resulted in the City's Water/Sewer Fund, Solid Waste Fund, and Electric Fund moving in the right direction. He further added that the budget must be prepared utilizing the FY 2014-2015 audit results.

SPECIAL MEETING/WORK SESSION DISCUSSION

A lengthy discussion ensued concerning eliminating the special meeting/work session every month and having just the one (1) regular meeting. The discussion included the issues of transparency and reducing overtime and comp time for employees.

Councilmember Willis explained that Council has agreed that there would be no surprises at meetings; therefore if an item was brought up at a Council meeting, then it would be considered at the next meeting, and immediate action was not expected when the item was brought up.

Mayor Block suggested that since there would be budget meetings and summer coming up, perhaps Council could consider suspending the special meetings/work sessions for six (6) months and revisit in the fall. He added that Council could address this matter at the April regular meeting.

CERTIFICATION POLICY, PERFORMANCE EVALUATIONS AND MERIT PAY

The City Manager explained that there had been discussion concerning the Certification Policy, performance evaluations and merit pay would be addressed in next year's budget. He added that staff would be seeking direction from Council on the Certification Policy. He further added that the required annual performance evaluations would be implemented.

Mayor Block discussed forming citizen committees – one to determine recreation needs and what the City should be doing and one to look at the litter problem and other avenues to address the problem. He added that he was not requesting funds.

Discussion ensued concerning ongoing projects and partnerships concerning fighting litter in the community such as the Green Committee with the Laurinburg/Scotland County Area Chamber of Commerce and the Adopt-A-Spot Program. Councilmember Hammond explained that she had been through a community recently that had signs erected that said, "Please do not litter our community".

Councilmember Willis discussed the Parks and Recreation Feasibility Study conducted in 2013, and suggested that this study could give the Mayor some direction before Council appoints a committee so that duplication of efforts does not occur. He added that the City had representation and participated in this study.

Councilmember Williamson explained that the City helped fund the Feasibility Study that began in 2012. He added that he was the City's appointee to the Scotland County Parks & Recreation Advisory Committee, and he offered for Mayor Block to take the appointment to the committee.

Councilmember Adams explained that City staff had been working on the litter problem, and that a position was added to address litter.

ADJOURNMENT

Motion was made by Councilmember Willis, seconded by Councilmember Adams, and unanimously carried to adjourn the meeting.

The meeting adjourned at 8:35 p.m.

Matthew Block, MD, Mayor

Jennifer A. Tippet, City Clerk