

**CITY OF LAURINBURG
SPECIAL COUNCIL MEETING/BUDGET WORKSHOP
JUNE 9, 2016
MUNICIPAL BUILDING
303 WEST CHURCH ST.
5:30 p.m.**

MINUTES

The City Council of the City of Laurinburg held a special meeting/budget workshop on June 9, 2016 at 5:30 p.m. in the council chambers of the Municipal Building located at 303 West Church Street, with the Honorable Mary Jo Adams, Mayor Pro Tem, presiding. The following Councilmembers were present: Dolores A. Hammond, Curtis B. Leak, Andrew G. Williamson, Jr. and J.D. Willis. Mayor Matthew Block was absent.

Also present were: Charles D. Nichols III, City Manager, and Angela H. Taylor, Deputy City Clerk.

Leadership Team members present included: 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; Michael Mandeville, Community Development Director; and Robert Smith, Electrical Department Director.

Mayor Pro Tem Adams called the special meeting of the Laurinburg City Council to order at 5:42 p.m.

Councilmember Williamson requested a moment of silence.

APPROVAL OF AGENDA

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

DISCUSSION OF ADMINISTRATIVE POLICIES UPDATE

The City Manager explained that Mrs. Galloway will give a brief summary of two (2) administrative policies that will become in effect July 1, 2016.

Alcohol and Substance Abuse Policy

Mrs. Galloway reviewed the updated Alcohol and Substance Abuse Policy which added firefighters and police officers to random quarterly alcohol and drug testing already conducted on those with Commercial Drivers Licenses (CDLs).

Upon questions by Councilmember Leak, Mrs. Galloway explained that the policy applies to full and part-time employees, but not to volunteer firefighters. She added that a volunteer can be subject to testing if there is reasonable suspicion for testing, and that if the individual refused testing, then the individual would no longer be used as a volunteer. She further added that if

there is an on-duty accident, employees and volunteers will be subject to alcohol and drug testing.

Upon question from Mayor Pro Tem Adams, Mrs. Galloway explained that if an employee fails a random alcohol and drug test, the individual is terminated.

Upon question by Councilmember Hammond, Mrs. Galloway stated that it would be up to the Department Head to rehire an employee that had been terminated for alcohol and drug testing.

Certification Policy

Mrs. Galloway explained that the Certification Policy and List of Certifications and the list contains those that will benefit the City as well as encourage and promote life-long learning for the employee.

Councilmember Hammond questioned what happens if an employee loses a certification or does not have a certification renewed. Mrs. Galloway explained that the Certification Policy requires that an employee maintain a certification.

Councilmember Hammond stated that the Municipal and County Administration Class is not a certification class.

The City Manager explained that he had discussed the Municipal and County Administration class with other managers, and that due to the time involved in completing this class, the majority of other municipalities that have a Certification Policy provide for a step increase for this class.

Upon question by Councilmember Leak, Mrs. Galloway explained that a step increase was a two and one-half percent (2.5%) increase in salary.

BUDGET DISCUSSION

The City Manager explained that he would hit on high level things from the budget message and then go back and hit the issues that staff needed direction from council – fund balance appropriated, solid waste side of things and hit those.

The City Manager provided an overview of the proposed budget as follows:

FUND	BUDGET 2014-2015	BUDGET 2015-2016	BUDGET 2016-2017
General	\$7,506,121	\$7,664,445	\$7,425,079
Electric	\$17,423,462	\$17,983,332	\$15,685,397
Water/Sewer	\$7,452,965	\$6,062,800	\$6,794,266
Solid Waste	\$2,419,450	\$2,400,410	\$2,388,410
TOTAL	\$34,801,998	\$34,110,987	\$32,293,152

- Total FY 16-17 budget is \$2 million less than previous year, \$32 million versus \$34 million.
- Includes a two percent (2%) Cost of Living Adjustment (COLA) for employees.
- All three (3) enterprise funds are balanced without the use of Fund Balance.

- Includes growth of Fund Balance in Electric Fund by approximately \$253,105.00 and in the Water/Sewer Fund of \$22,074.00 and allows for completion of much-needed capital projects.

GENERAL FUND

The City Manager provided an overview of the General Fund as follows:

- Slight increase in revenue from changes made to the sales tax allocation passed in House Bill 97.
- No tax rate increase proposed. Property tax collection amounts have increased from prior years.
- To balance the General Fund, \$318,522.00 is being allocated from the General Fund Fund Balance.
- Change in health/dental and life insurance programs resulted in savings of \$337,651.00 from prior year.
- Property and liability insurance increased 21% or \$26,258.00.
- Workers' Comp insurance increased by \$6,657.50.
- Funds have been allocated in the General Fund to pay for current operations with no decrease in services and the following have also been added:
 - \$12,000.00 Microphones and Sound Board for Council Chambers
 - \$30,000.00 Downtown Pass-Thru Project
 - \$35,000.00 Building Condemnation/Demolition
 - \$28,500.00 Cemetery Privacy Fence & Replace Curbing
 - \$150,000.00 Four (4) Police Vehicles
 - \$125,000.00 Fire Equipment for new Pumper Truck
 - \$21,000.00 Paving Survey
 - \$125,000.00 Street Paving & South Main Fire Station
 - \$245,000.00 Street Sweeper
 - \$31,250.00 Garage Three-Bay Expansion
- Funds were also allocated to continue funding the Chamber of Commerce, Scotland County Economic Development Corporation, Humane Society (including an increase of \$5,000.00), and the Laurinburg Downtown Revitalization Corporation and added to fund the Scotland County Arts Council (\$7,500.00).

A discussion ensued concerning funding of non-profits. Upon question by Councilmember Leak, the City Manager explained that he had not heard if Scotland County was going to increase its funding of the Humane Society.

Councilmember Leak expressed concern about funding the Scotland County Arts Council (Arts Council) and setting a precedent for other non-profit organizations requesting funding.

Councilmember Willis explained that he has no issue providing funding for non-profits such as the Humane Society; however the City should develop guidelines for dealing with non-profits in order to be consistent with all non-profit organizations.

The City Manager explained that when he talked with Ms. Erin Rembert, Arts Council Director, he understood that the Arts Council would assist with Christmas on Main, an Arts Festival, and possibly other events in the downtown area.

Following further discussion about non-profit funding, it was consensus of Council to remove the Arts Council funding from the budget until Ms. Rembert provides detailed information on services the organization would provide.

The City Manager requested guidance from Council on the amount of funding to include in the budget for the Humane Society.

Following discussion, it was consensus of Council to fund the Humane Society at the same amount as the previous year, and if Scotland County changes its funding of the Humane Society, then Council will reconsider and do a budget amendment.

The City Manager resumed review of the budget as follows:

- Increase tuition reimbursement for employees who are pursuing education from \$500.00 to \$1,000.00 per year.
- Commonwealth Bridge Project removed from budget. The 80/20 match has been paid, so if this project comes back, so revenue from the state would cover any expenditures for this project.

The City Manager explained that \$318,000.00 was budgeted from Fund Balance to balance the General Fund budget. He further explained that Councilmember Williamson had requested an analysis of Fund Balance Appropriated. He added that in 2013 legislation changed governing transferring money from enterprise funds; therefore, the 5-year analysis does not portray a clear picture. In 2012 and 2013, the budget was balanced without any Appropriated Fund Balance because funds from enterprise funds were transferred into the General Fund. The Fund Balance Appropriated in 2014 was \$693,000.00 to balance the budget; however only \$74,000.00 of that amount was used. In 2015, \$662,000.00 was appropriated to balance the budget, and the Fund Balance was increased by \$387,000.00. In 2016, \$280,000.00 was appropriated to balance the budget, and it appears at this time that the Fund Balance will increase.

ELECTRIC FUND

The City Manager reviewed the Electric Fund as follows:

- No proposed rate increases to the current Fee Schedule.
- Review of Fee Schedule continuing which will be changed to make the Fee Schedule easier to understand.
- Contract with ECC Technologies to help maximize the use of the City's fiber infrastructure and potentially yield additional revenues.
- Funds have been allocated in the Electric Fund to pay for all current operations with no decrease in services in addition to the following items:
 - \$31,250.00 Shop 3 Bay Expansion (\$125,000)
 - \$50,000.00 LED Street Lighting conversion
 - \$200,000.00 Electric Inventory and Hardware
 - \$100,000.00 Fiber Inventory
 - \$250,000.00 Fiber Monitoring & Management Systems, Lateral Builds (ECC)

The City Manager explained that upon request from Mayor Block, he and staff had looked at replacing the wooden poles on South Main Street across from Mi Casita's Restaurant with

fiberglass poles. He added that a wooden pole costs \$173.00 and a fiberglass pole costs \$1,400.00. He further added that if Council decided to move forward with replacing the wooden poles, the money could come from the \$200,000.00 allocated for Electric Inventory and Hardware. He further explained that he and staff would prefer to move forward in replacing the high sodium streetlights with LED lights in as many areas in town as possible, and the pole switch out would cut into the funds for changing the lights.

A discussion ensued concerning changing out streetlights first and then area lights with LED. The City Manager explained that the \$250,000.00 in the budget, would not be enough to change all of the lighting to LED.

Mr. Robert Smith explained that Time Warner and AT&T lines cannot be added to the fiberglass poles; therefore, if Council decided to change these poles to fiberglass, a wooden pole would still be required for other attachments such as Time Warner, AT&T and the City's fiber.

Upon questions by Councilmember Leak, the City Manager explained that the change to tenant paid utility bills with Laurinburg Housing Authority (LHA) has been pushed back a few months because of Housing and Urban Development (HUD). He added that LHA has continued to meet with its residents about the change and that the delay with HUD will allow the residents to begin paying any delinquent accounts with the City. He further added that he would get an update from LHA and provide to Council.

WATER/SEWER FUND

The City Manager reviewed the Water/Sewer Fund as follows:

- No proposed rate increases.
- Working with the Lumber River Council of Governments (COG) to pursue a large grant for an Asset Management Plan for water and sewer infrastructure.
- Funding for a lot of capital items that have been eliminated from past budgets include some of the following:
 - \$31,250.00 Shop 3 Bay Expansion (\$125,000)
 - \$40,000.00 Truck
 - \$100,000.00 Reline Well #13
 - \$385,000.00 Paint Caledonia Tank
 - \$130,000.00 SCADA System upgrade
 - \$150,000.00 Land for future well sites
 - \$35,000.00 GPR Radar to locate lines
 - \$120,000.00 Meters, Hydrants, Line repairs/replacements
 - \$60,000.00 Mobile Home Park sewer construction
 - \$18,000.00 Sewer line to City owned property in Scotland Crossing

SOLID WASTE FUND

The City Manager explained that he would provide a brief overview of the Solid Waste Fund and then Mr. Haywood would discuss the Municipal Solid Waste Options that were presented to Scotland County.

The City Manager reviewed the Solid Waste Fund as follows:

- No proposed increases in solid waste fees.
- Have not been informed of increase in fees by Scotland County.
- In final stage of upgrading the Recycling Center which will make recycling more efficient and provide safer and better working environment.
- No Fund Balance was used to balance the Solid Waste Fund.
- Includes the following capital items:
 - \$31,250.00 Shop 3 Bay Expansion (\$125,000)
 - \$120,000.00 Baler for Recycling Center
 - \$30,000.00 Inventory for Dumpsters and Carts

Mr. Haywood explained that the cost of continuing to dispose of the municipal solid waste in the same manner would cost \$650,550.00, as shown below:

Estimated Tipping Fees (No Change)

<u>Waste Type</u>	<u>Tons</u>	<u>Tipping Fee</u>	<u>Cost</u>
Residential MSW	4800	\$55.75	\$267,600.00
Commercial MSW	5400	\$55.75	\$301,050.00
Yard Waste	2600	\$31.50	\$81,900.00
Total			\$650,550.00

Mr. Haywood explained that Option 1 is to take municipal solid waste and yard waste to the Robeson County Landfill. He noted the reduced Tipping Fees and the increase in fuel and maintenance expenses, resulting in overall cost of \$512,930.00. He added that this would result in a reduction in costs of \$137,620.00, as shown below:

Estimated Tipping Fees (Option # 1-Robeson County)

<u>Waste Type</u>	<u>Tons</u>	<u>Tipping Fee</u>	<u>Cost</u>
Residential MSW	4800	\$38.50	\$184,800.00
Commercial MSW	5400	\$38.50	\$207,900.00
Yard Waste	2600	\$24.50	\$63,700.00
Subtotal			\$456,400.00
Increase in Fuel/Maintenance			\$56,530.00
Total			\$512,930.00 <u>\$137,620.00</u>

Mr. Haywood explained that Option 2, below, is for Scotland County to increase the Solid Waste Availability Fee to City residents to \$85.00, the same charged to non-City residents, and not charge the City a Tipping Fee for municipal solid waste. He added that the City would still pay the Tipping Fee for commercial solid waste and yard waste. He further added that this option would result in a net reduction in cost for the City of \$267,600.00, as shown below:

Estimated Tipping Fees (Option # 2-Scotland County-Pay through Availability Fee)

<u>Waste Type</u>	<u>Tons</u>	<u>Tipping Fee</u>	<u>Cost</u>
Residential MSW	4800	\$0.00	\$0.00
Commercial MSW	5400	\$55.75	\$301,050.00
Yard Waste	2600	\$31.50	\$81,900.00
Total			\$382,950.00 <u>\$267,600.00</u>

Availability Fee= Increased on Scotland County property tax bill from \$55 to \$85

Mr. Haywood that Option 3 is a hybrid approach whereby the County would increase the Availability Fee for City residents to \$85.00 and not charge the City a Tipping Fee for residential solid waste, the City would take commercial solid waste to Robeson County, and continue taking yard waste to the Scotland County Landfill. He added that he had concerns about transporting yard waste to Robeson County Landfill due to the number of trips necessary to transport yard waste. He further added that this option would result in a net reduction in cost of \$347,250.00, as show below:

Estimated Tipping Fees (Option # 3-Hybrid-Availability Fee and Robeson County)

<u>Waste Type</u>	<u>Tons</u>	<u>Tipping Fee</u>	<u>Cost</u>
Residential MSW	4800	\$0.00	\$0.00
Commercial MSW (Rob Co)	5400	\$38.50	\$207,900.00
Yard Waste (Sco Co)	2600	\$31.50	\$81,900.00
Subtotal			\$289,800.00
Increase in Fuel/Maintenance			\$13,500.00
Total			\$303,300.00 <u>\$347,250.00</u>

Upon question by Councilmember Leak, Mr. Haywood explained that if Scotland County was to increase the Availability Fee for City residents and not charge the City a Tipping Fee for residential solid waste, the City could reduce Solid Waste Fees to residential customers from \$26.50 to \$24.00. He further added that if the City reduced its residential solid waste fee and Option 2 was agreed upon by the City and County, then the net reduction in cost to the City would be \$267,600.00 because of the reduced revenue to the City.

Following discussion about the three (3) options, motion was made by Councilmember Williamson, seconded by Councilmember Willis, and unanimously carried to present to Scotland County that Option 2 as discussed is Council's recommendation for municipal solid waste.

OTHER BUDGET ITEMS

The City Manager discussed the following items that are not included in the budget at this time:

- A Pay and Classification Study which would cost between \$25,000.00 to \$35,000.00.
- Maintenance and Repairs for the Municipal Building and the Barrett Building of \$108,000.00.

- The Greenspace Project on Leith Creek between North Main Street and Caledonia Road. Staff is still waiting on estimated costs from lumber companies on tree removal.

Upon question by Councilmember Hammond, the City Manager clarified that the budget included a two percent (2%) COLA for employees.

Upon question by Councilmember Willis, Mr. Haywood explained that a two percent (2%) COLA in the General Fund amounted to approximately \$69,000.00.

Upon question by Councilmember Willis, the City Manager explained that another one-half percent (½ %) would be approximately \$17,000.00.

Motion was made by Councilmember Willis, seconded by Councilmember Hammond, and unanimously carried to include in the budget a two and one-half percent (2.5%) COLA for employees.

CLOSED SESSION

At 7:06 p.m., motion was made by Councilmember Willis to go into closed session pursuant to North Carolina General Statute 143-318.11(a) (6) for the purpose of considering the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of initial employment of an individual public officer or employee. The motion was seconded by Councilmember Leak, and unanimously carried.

At 7:41 p.m., Councilmember Willis moved to adjourn the closed session and resume the open meeting. The motion was seconded by Councilmember Williamson, and unanimously carried.

SETTING CITY MANAGER'S SALARY

Motion was made by Councilmember Willis, seconded by Councilmember Hammond, and unanimously carried to increase the City Manager's salary for Fiscal Year 2016-2017 by five percent (5%) based upon his outstanding performance during the previous year.

ADJOURNMENT

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

The meeting adjourned at 7:45 p.m.

Matthew Block, Mayor

Jennifer A. Tippet, City Clerk