

**CITY OF LAURINBURG
SPECIAL CITY COUNCIL MEETING/
BUDGET WORKSHOP
MAY 8, 2017
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 Tuesday, May 8, 2017 in the Council Chambers of the Municipal Building at 5:30 p.m. with the Honorable Matthew Block, Mayor, presiding. The following Councilmembers were present: Mary Jo Adams, Dolores A. Hammond, Curtis B. Leak, Andrew G. Williamson, Jr. and J.D. Willis (arrived at 5:37 p.m.).

Also present were Charles D. Nichols III, City Manager; Jennifer A. Tippet, City Clerk; Carrie H. Neal, Finance Director; Harold W. Haywood, General Services Director; Robert Ellis, Treatment Plants Director; Stacey McQuage, Public Utilities Director; Police Chief Darwin Williams; Fire Chief Randy Gibson; Tim Pierce, GIS Administrator; Michael Mandeville, Community Development Director; Betty Galloway, Human Resources/Risk Management Director.

Mayor Block called the meeting to order at 5:33 p.m.

Councilmember Williamson gave the Invocation.

**CONSIDER ORDINANCE AMENDING THE FY 2016-2017 BUDGET
APPROPRIATIONS ORDINANCE (ORDINANCE NO. 2016-05)**

The City Manager explained that the City had been awarded a grant several months ago for sewer improvements and the access road at the City Industrial Park. He added that the contact at the Department of Commerce requested that the City set up a capital project in the current year's budget rather than wait until the next fiscal year.

Councilmember Hammond moved to approve Ordinance No. O-2017-10 amending the FY 2015-2016 Budget Appropriations Ordinance (O-2016-05) by increasing revenue in the Water/Sewer Capital Project Fund by \$708,000.00 for IDF Grant Revenue (72-434911) and increasing expenditures by \$540,900 to Sewer Construction (702-507501), \$50,300 to Engineer/Design (702-506500) and \$116,800 to Construction (702-507200). The motion was seconded by Councilmember Williamson, and the vote was as follows:

Ayes: Hammond, Williamson, Adams, Leak

Nays: None

(Ordinance No. O-2017-10 on file in City Clerk's office)

BUDGET DISCUSSION

Mayor Block discussed the overall strategy for the budget process. He explained that the current meeting is the only meeting scheduled so far, and that the City Manager will try to review the entire budget. He added that if there is a question about an item, instead of the discussion continuing for a lengthy period, a list of items to be clarified and discussed further be maintained for the next budget meeting.

The City Manager explained that he would review the budget and discuss major changes, additions or deletions, in each department. He added that there are some smaller changes to the budget that occurred since the budget was first presented to Council at the April 18, 2017 meeting. He further added that one (1) of the major changes concerns insurance premiums which will increase by eight percent (8%) resulting in total net effect of a little over \$64,000.00 across all four (4) funds.

Mrs. Galloway explained that there was a slight increase of eight percent (8%) in health insurance premiums primarily because several large claims put the City's loss ratio at 103%. She added that the broker contacted FirstCarolinaCare, Cigna, United Health Care and Aetna to obtain quotes, with the quotes from United and Aetna being extremely high, and Cigna and FirstCarolinaCare did not submit a quote. She further added that the City has the opportunity to do a Wellness Program that is being offered at a discounted rate of \$.78 per employee instead of \$4.00 per employee. She discussed the benefits of having a wellness program, particularly helping with insurance premium costs in the future.

The City Manager explained that the broker offered nine (9) options of reducing insurance coverage to keep the premium cost level. He added that since the insurance was changed last year, he and Mrs. Galloway did not want to reduce the insurance benefit. He further added since the addition of the wellness program would be an 8.19% increase compared to the 8% for renewal, it was felt that adding the wellness program would be beneficial in the long run.

Upon question by Councilmember Hammond, the City Manager explained that the \$64,000.00 increase included the wellness program. He added that since the majority of employees are males, they tend not to get annual check-ups like females; therefore, he believed that the City should be more proactive in encouraging wellness for its employees. He further added that the \$64,000.00 net is \$33,000.00 in the General Fund, \$9,000.00 in the Electric Fund, \$13,500.00 in the Water/Sewer Fund and \$8,000.00 in the Solid Waste Fund.

It was consensus of Council for staff to include the proposed health insurance with the wellness program in the draft budget.

The City Manager explained that the following changes are not included in the current proposed budget:

- The Scotland County Humane Society was requesting a \$5,000.00 increase in annual funding.

- The Laurinburg/Scotland County Area Chamber of Commerce was requesting an additional \$500.00 in order to work with the City, the Scotland County Arts Council, and the Scotland Memorial Health Foundation to coordinate having the Spring Arts Festival, Laurinburg After 5 and the FUNd Run on the same weekend.
- There is legislation being considered that provides a separation allowance for firefighters just as is provided to law enforcement officers.
- There is also legislation being considered that will allow law enforcement, firefighters and public safety employees to retire with 25 years.

The City Manager then reviewed the budget as follows:

GENERAL FUND

Revenue

- Revenues are basically flat.
- With House Bill 522 and Senate Bill 126, there could be an increase in sales tax revenue for the City. Staff preferred to budget conservative since the passage of either bill is unknown.
- Only changes in Revenue are in Fueling Facility and Rescue Squad contributions from Scotland County, and those are very small changes.

410-Governing Body

- Decreased due to purchase of soundboard and microphones for Council Chambers. Otherwise flat.

Upon question by Councilmember Adams, the City Manager discussed the following line item definitions:

- Contracted Services – vendors with whom the City contracts.
- Dues and Subscriptions – annual dues to organizations such as the Lumber River Council of Governments and subscriptions such as The Laurinburg Exchange and relevant trade publications.
- Travel-education and training

Upon question by Mayor Block, the City Manager explained that Professional Services in the Governing Body's budget is for attorney fees and for the auditor.

420-Administration

- Overall reduction in budget.
- Includes new position of Public Information Officer (PIO) and Main Street Manager.

Upon question by Mayor Block, Mrs. Galloway explained that the salary for the PIO and Main Street Manager was approximately \$45,000.00 plus benefits.

421-Personnel

- Budget is flat.
- Increased Christmas gift card for employees from \$25.00 to \$100.00 per employee.

441-Accounting

- Overall reduction in budget due to equipment purchase in current year.

460-Taxation

- Budget is flat with only change in the Utilities line item. Across the budget there may be changes in Utilities since the budgeted amounts are based on actual expenditures over the past three (3) years and not estimates.

500-Building Maintenance

- Budget is still low because of not budgeting for normal building maintenance on the Municipal and Barrett Buildings.
- The current 2017 Budget includes improvement costs incurred for the new City Hall as recommended by the auditor. These expenditures will be added to the capital project ordinance for the new City Hall and be reimbursed.

Mayor Block commented that the Management Fee in the Administration budget indicated that \$260,000.00 was being taken from the enterprise funds.

Mr. Haywood explained that the allocation formula was 15% of operating expenses from the General Fund, 40% of operating expenses from the Electric Fund, 35% from the Water/Sewer Fund, and 10% from the Solid Waste Fund.

The City Manager explained that the Management Fees are allocated in the departments that deal with operations in all four (4) funds. He added that the Management Fees include all operating expenses, not just salaries.

501-Community Development

- Flat from current budget. Includes \$30,000.00 for projects at this time, but staff needs direction from Council on projects to be undertaken.

Upon question by Councilmember Hammond, the City Manager explained that the \$5,000.00 in the Building Maintenance Equipment Replacement line item was for a heat pump in the event one (1) needed to be replaced.

Mr. Mandeville discussed possible projects for Community Development for FY 2017-2018:

- Leith Creek Project

- Received two (2) proposals for clearing and stumping. First from Edge Grading: \$3,500.00 per acre at estimated 40 acres, for a total of \$140,000.00. Reduction of \$10,000.00 for salvageable lumber, resulting in total estimate of \$130,000.00.
- Second proposal from Doug Morton at \$2,500.00 per acre at estimated 30 acres, for a total of \$75,000.00. Reduction of between \$25,000.00 to \$30,000.00 for salvageable timber, resulting in total estimate of \$50,000.00.

Upon question by Councilmember Williamson, the City Manager explained that the \$30,000.00 currently in the budget was an estimate based upon the projects completed this year. He added that Council had mentioned the way finding signs, Leith Creek and the parking study. He further added that an estimate for the parking study was \$15,000.00.

Upon question by Councilmember Adams, the City Manager explained that he and Mr. Mandeville met with Mr. Cory Hughes of the Scotland County Tourism Development Authority about the possibility of doing some of the way finding signs in-house to save money. He added that the City received a \$4,000.00 grant from ElectriCities with a \$4,000.00 match from the City for the way finding signs. He further added that \$8,000.00 would pay for planning for the signs by an outside consultant, so it was thought that between City staff and the Mr. Hughes, the planning could be done in-house and the City could get the signs done.

Mr. Mandeville explained that he did not have an estimate for the cost of the actual signs. He added that he thought that the way finding signage could be done in stages by installing some one year, and then more the next year until the project was completed.

Upon question by Councilmember Williamson, Mr. Mandeville explained that the parking lot behind the Walk Through needed a lot of work. He added that approximately \$15,000.00 had been set aside for planning on needs and uses for the parking lot.

Councilmember Williamson suggested that the Main Street personnel be consulted for guidance on uses for the parking lot.

Further discussion ensued concerning the parking lot, possible uses and possible grant funding.

Upon question by Councilmember Adams, the City Manager explained that the parking lot is owned by several different property owners and the City cannot make any improvements to it. He added that he and staff plan to work with the City Attorney about the parking lot.

Upon question by Councilmember Williamson, the City Manager explained that there had been talk several years about having fishing piers and other activities at Leith Creek once it was cleared; however, current staff had not researched that. He added that once cleared, the area would be mowed and kept clean.

Councilmember Williamson suggested leaving clearing and stumping of the Leith Creek in the budget.

502-IT

- Includes new position of IT/Fiber Director. Part of the expenses are in the General Fund and part are in the Electric Fund.
- Includes \$6,000.00 for new battery backups for servers.

503-Planning

- Flat from current year.

504-GIS/Cemetery

- Slight increase in Contracted Services, otherwise flat from current year.

505-Beautification

- Includes \$14,000.00 for a part-time litter position, otherwise, flat from current year.

Mr. Mandeville explained that staff obtained one proposal for contracting litter pick up. The proposal includes 2-3 people for 25 hours per week picking up litter where designated by the City, and with the City supplying trash bags. He added that the proposal indicated a cost of \$28,000.00 annually.

The City Manager explained that one (1) part-time position was put in the budget originally, and Councilmember Willis had suggested the possibility of contracting litter pick up. He added that this would provide more manpower to focus on roads needing the most attention.

Upon question by Mayor Block, Mr. Mandeville explained that the proposal was submitted by Mr. Joe Brown.

Upon question by Councilmember Adams, the City Manager explained that currently Beautification includes the Supervisor and three (3) employees. He added that the litter position was added two (2) years ago. He further added that depending on inmate labor is not dependable due to other governmental organizations requesting inmates.

Discussion ensued concerning the need for an education program, the possibility of offering citizens signs to put in their yards that promote not littering.

Upon question by Councilmember Adams, Police Chief Williams explained that if an officer sees someone littering, a ticket is issued.

Further discussion ensued concerning part-time littering versus contracting.

The City Manager suggested taking the part-time litter position out of the budget and include \$35,000.00 for contracting litter pick up.

506-Cemetery

- Less than last year due to completion of capital project.
- Includes crack sealing for asphalt and lawn mower.

510-Police

- Budget has decreased in total due to going by actual expenditures for the past several years instead of estimates.
- Includes four (4) vehicles.
- Includes 10 Tsunami camera systems which may help with litter enforcement.
- Includes two (2) new police officers which Chief Williams was looking at having them work 2:00 a.m. to 2:00 p.m. shift to provide more coverage when needed.

Upon question by Mayor Block, the City Manager explained that the salary line decreased because the School System will be paying actual salaries for the School Resource Officers instead of a fixed amount of \$42,000.00.

Further discussion ensued concerning salaries for the School Resource Officers.

Mayor Block inquired of Council concerning Mr. Michael Edds' previous requests for Council to address the high crime rate and how Council was going to respond to the high crime rate.

Councilmember Willis explained that addressing crime such as the Tsunami cameras were going to be discussed during the budget process.

Police Chief Williams explained that there are strategic things he is doing that cannot be discussed. He added that the Tsunami cameras and getting fully staffed will aid tremendously. He added that he was told that the Crime and Drug Committee was looking into the Shots Fired program. He further added that he looked into that program three (3) years ago and it is very expensive and covers only three (3) square miles.

Further discussion ensued concerning the unpredictability of crime, the advantage of having additional officers on the ground, and that the differences in how crime statistics are reported.

Discussion ensued concerning the need to highlight positive steps being taken. The City Manager explained that communication is one area that the new PIO could help with to spin the positives and get the information out for the Police Department.

530-Fire

- Overall reduction in budget due to purchase of \$125,000.00 of equipment in current year for new fire truck.
- Includes routine replacement of equipment and payment for pumper truck.
- Due to some radio issues during Hurricane Matthew, a dedicated fire repeater channel has been added.

Upon question by Councilmember Williamson, the City Manager explained that the fire substation issue was still under discussion by Scotland County.

535-Rescue

- Due to increase in insurance costs, there was a slight increase in expenditures, otherwise same as previous year.

545-Administration Public Works

- Operational expenditures are flat.
- Includes one (1) computer replacement.
- Expenditures are split between all four (4) funds.

562-Street

- Overall reduction from current year due to purchase of sweeper.
- Includes \$200,000.00 for paving.
- Includes \$10,000.00 for restriping of Plaza Road and Scotland Crossing Drive.

Upon question by Councilmember Leak, the City Manager explained that there were no new sidewalk projects included in the budget. He added that the City had already paid its portion for the pedestrian improvements at U.S. 401 and West Boulevard.

Upon question by Councilmember Hammond, Mr. McQuage explained that he does have a street paving priority list.

563 – Storm Drainage

- Basically flat from current year.
- Includes \$10,000.00 for culvert repairs.

564 – Fueling Facility

- Split between City and Scotland County.
- Includes canopy gutter and downspout replacement.
- Includes slight increase for insurance.

Mr. Haywood explained that staff had recently received test results on one (1) of the gas tanks and the tank is taking on water. He added that the repairs must be made as soon as possible, so this budget will probably increase significantly. He further added that Scotland County will pay for one-half (1/2) the repair costs.

565 – Garage Department

- Supported by all four (4) funds.
- Budget is flat from current year.
- The three-bay expansion project was being carried over from current year due to Hurricane Matthew.

Upon question by Councilmember Leak, Mr. Haywood explained that additional cameras and a security door had been added at the Public Works Facility.

590 – Animal Control

- Flat from current year's budget.

660 – Non-Departmental

- Flat from current year and does not include requested increase of \$5,000.00 from Scotland County Humane Society and \$500.00 from the Laurinburg/Scotland County Area Chamber of Commerce.
- Includes Pay and Classification Study.
- Includes \$8,300.00 for upcoming municipal elections.

The City Manager discussed the proposed two percent (2%), two and one-half percent (2.5%) and three percent (3%) Cost of Living Allowance (COLA) for employees. He added that the net effect of a 2% COLA on the General Fund was approximately \$76,000.00, net effect of 2.5% COLA on the General Fund was approximately \$96,000.00 and a 3% COLA was approximately \$115,000.00 on the General Fund. He further added, that typically only 95% of budgeted funds are expended annually. He further explained that as the budget exists currently, \$182,000.00 of General Fund-Fund Balance would be needed to balance the General Fund Balance, as compared to \$324,000.00 in this year's budget. He further added that changes and adjustments would need to be made further with the General Fund budget before it was finalized.

At 7:10 p.m., a break for dinner was called.

The meeting resumed at 7:18 p.m.

Councilmember Adams explained that Professor Walls had requested a letter of support from Councilmembers for an award and that Councilmember Leak suggested that it be in the form of a resolution from Council. Staff was instructed to prepare a resolution of support from Council for Council to consider at the May 16, 2017 Council meeting.

ELECTRIC FUND

Revenue

The City Manager explained that the Electric Rate Study will be presented by the Electric Engineer Consultant at the May 16, 2017 meeting and that the public hearing will be held on June 20, 2017 to act on the findings of the Electric Rate Study. He added that the current budget

contains a four and three-tenths percent (4.3%) reduction in overall electric rates based on the wholesale cost reduction and is not reflective of the findings of the Rate Study.

566 – Garage Electric

- Includes three-bay garage expansion and expenses are shared by all four (4) funds.

592 – Building Maintenance

- Includes new gate opener at Public Works.
- Expenses are shared equally between Electric Fund and Water/Sewer Fund.

661 – Non-Departmental

- The last AMR/AMI payment was made in current fiscal year.
- Includes loan payment for Industrial Park/FCC improvements.

720 – Electric Administration

- Salary line item includes Director and portion of administrative staff.
- Includes electric engineering firm in Contracted Services.

724 – Consumer Billing & Receiving

- Expenditures shared between Electric Fund and Water/Sewer Fund.
- Due to software conversion completed in current budget year, Maintenance & Equipment line item reduced from prior year, resulting in total budget reduction from prior year.
- Includes replacement of two (2) trucks.

811 – Electric Fund Power Purchase

- Projections provided by North Carolina Eastern Municipal Power Agency.

832 – Electrical Operations and Improvements

- Budget reduced somewhat because budget is based on actual expenditures from previous years.
- Includes \$50,000.00 for new inventory, \$200,000.00 for startup for the new electrical substation
- Includes \$65,000.00 for meters for inventory.
- In the Equipment line item, includes \$150,000.00 for 600 new LED lights, and 150 area light LED lights.
- Includes new backhoe tractor in Equipment Replacement line item.

833 – Fiber Optic Operations

- Broad budget that can be fine-tuned once the IT Director is hired.
- Includes \$150,000.00 of equipment replacement.
- Equipment line item includes contingency amount based on what ECC Technologies may say the City needs and includes \$50,000.00 for a monitoring device to notify when there are cuts in the fiber optics.

991 – Electric Fund Contingency

The City Manager explained that as the draft budget exists, revenues exceed expenditures by \$22,776.00. He added that the Electric Engineering Consultant will present the Electric Rate Study on May 16, 2017 and will recommend a reduction in electric rate structures.

WATER/SEWER FUND

Revenue

The City Manager explained that revenue in the Water/Sewer Fund are flat from the current year.

567 – Garage Water Sewer

- Includes three-bay expansion as in other funds.

593 – Building Maintenance

- Includes new gate opener at Public Works.
- Expenses are shared equally between Water/Sewer Fund and Electric Fund.

662 – Non-Departmental – Water/Sewer

- Flat from current year with exception of last payment in current year of AMR/AMI loan.
- Includes loan payment for Industrial Park/FCC improvements.

Upon question by Mayor Block, Mrs. Neal explained that the figure is generated automatically based on current operations.

The City Manager explained that the Management Fee is a calculation of operating expenditures from departments that deal with all four (4) funds, to wit: Administration, Human Resources, Finance, GIS, IT and Governing Body.

725 – Consumer Billing & Receiving

- Expenditures shared between Water/Sewer Fund and Electric Fund.
- Due to software conversion completed in current budget year, Maintenance & Equipment line item reduced from prior year, resulting in total budget reduction from prior year.
- Includes replacement of two (2) trucks.

812 – Water Production and Treatment

- Flat expenditures on the operation side.
- Includes new well in Improvement line item. This is included in every budget in the event it is needed.
- Includes upgrade of the SCADA System (Supervisory Controls and Acquisition) and adding SCADA to several well sites not currently on SCADA.
- Includes \$150,000.00 for land acquisition for new well sites. Letters have been sent to property owners of potential sites south and east of the Water Treatment Plant.
- Includes \$75,000.00 for fence around the Water Treatment Plant.
- Includes \$200,000.00 for planned upgrades to Wells 12 and 13.

Upon question by Councilmember Leak, Mr. Ellis explained that Wells 12 and 13 are not currently working. He added that wells will be re-drilled on the current sites.

814 – Water Distribution

- Overall reduction in budget due to reduction in Utilities and Contracted Services.
- Includes purchase of backhoe and trench box.
- Includes \$12,000.00 for Itron water meters for a pilot program using the drive-by reading.

Upon question by Councilmember Leak, Mr. McQuage explained that currently there are 80 of the Itron meters in the ground for some of the larger customers for two (2) to three (3) years, and that they seem to be working well. He added that the pilot program will be for residential meters.

820 – Sewer Collections

- Reduction from last year due to purchase of materials for sewer extension to the mobile home park beside Hillside Memorial Park.

822 – Wastewater Treatment

- Overall operational expenditures are flat.
- Includes purchase for some capital items including SCADA upgrades, expansion of the lab, a sampler, connection of five (5) of the lift stations to SCADA, and renovation of the pump station.

Mr. Ellis explained that currently there are issues with the liner. He added that staff and the engineer are trying to determine if the liner can be patched or if it will need to be replaced. He further added that if it needs to be replaced, that will be a major project.

992 – Contingency-Water/Sewer

- Revenues exceed expenditures by \$55,677.00.
- There may be some smaller expenditures that need to be added to the draft budget.

SOLID WASTE

The City Manager explained that the Solid Waste budget was prepared with the procedure for the City to take its municipal solid waste (MSW) to the Robeson County Landfill in St. Pauls since there was no proposal yet from Scotland County.

Revenue

The City Manager explained that Revenue in the Solid Waste Fund was projected to be flat.

568 – Garage Solid Waste

- As in all other funds, includes 3-bay garage expansion.

580 – Sanitation Department

- Slight decrease due to landfill Tipping Fees.
- Following Hurricane Matthew, MSW was taken to Scotland County Landfill for three (3) weeks.
- Leaf and limb sites set up this year, so there is a better feel for expenditures.
- Equipment Replacements includes a new automatic sideloader for \$190,000.00. Also includes \$30,000.00 for dumpsters and carts to have inventory.
- Includes four (4) part-time positions for Recycling Center. Will continue to use inmates, but planned, dedicated employees are needed to keep Recycling going and the part-time employees will be coordinated at needed times in the Recycling Center.

663 – Non-Departmental Solid Waste

- Currently revenues exceed expenditures by \$69,123.00. Plan to continue to build Fund Balance in the Solid Waste Fund in order to buy needed capital.

The City Manager explained that when staff began working on this budget and the CIP, Department Heads were asked to bring budget requests and capital needs for the next three (3) to five (5) years to promote long-term planning.

A discussion ensued concerning the number of vehicles being purchased. Mr. Haywood explained that some departments are split between two (2) funds, so the vehicles are listed in each fund.

Upon question by Councilmember Adams, Police Chief Williams explained that four (4) new police cars were in the budget.

Cost of Living Allowance

The City Manager explained that because it is tedious to run different options for Coast of Living Allowance (COLA) in the budget, staff had not run options through the budget. He added that guidance from Council was welcomed for planning purposes.

A discussion ensued concerning the COLA given employees the previous year. The City Manager explained that staff presented a two percent (2%) COLA and at the last budget workshop in 2016, Council agreed upon a two and one-half percent (2.5%) COLA.

Following discussion, Councilmember Willis suggested staff run the budget with a three percent (3%) COLA to see how that would affect the budget.

Upon question by Councilmember Adams, the City Manager explained that the County Manager had been informed that the City was moving forward in its budgeting process. He added that he would send an email reminder to the County Manager that the draft budget includes for the City to continue taking its MSW to the Robeson County Landfill.

A brief discussion ensued concerning the Electric Rate Study to be presented at the May 16, 2017 meeting.

NEXT MEETING

Following discussion, it was consensus of Council to have the next budget workshop on Tuesday, May 23, 2017 at 5:30 p.m. in the Council Chambers of the Municipal Building.

Following discussion, it was consensus of Council that the only staff needed at the workshop were the City Manager, the City Clerk, Mrs. Neal and Mr. Haywood.

The City Manager explained that there would be a demonstration of the Tsunami camera system.

ADJOURNMENT

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

The meeting adjourned at 8:13 p.m.

Matthew Block, MD, Mayor

Jennifer A. Tippett, City Clerk