

**CITY OF LAURINBURG
SPECIAL MEETING/
BUDGET WORKSHOP
JUNE 5, 2019
CITY HALL AND POLICE DEPARTMENT
303 W. CHURCH ST
LAURINBURG, NC
6:30 P.M.**

Minutes

The City Council of the City of Laurinburg held a special meeting/budget workshop on June 5, 2019 at 6:30 p.m. in the council chambers of the City Hall and Police Department located at 303 West Church Street, Laurinburg, NC, with the Honorable Matthew Block, MD, Mayor, presiding. The following Councilmembers were present: Mary Jo Adams, Mary Evans, James J. Garby, Jr. Curtis B. Leak, and Andrew G. Williamson, Jr.

Also present were Charles D. Nichols III, City Manager; Jennifer A. Tippet, City Clerk; Carrie Neal, Finance Officer; Harold Haywood, General Services Director; and Betty Galloway, Human Resources/Risk Management Director.

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

BUDGET DISCUSSION

The City Manager explained there were four (4) items from the May 21, 2019 Council meeting which Council wanted to discuss, with the first one (1) being health insurance.

HEALTH INSURANCE

Mrs. Galloway provided an update on the insurance premiums as follows:

- Original health insurance premium renewal was an increase of 12.1%.
- Final health insurance premium renewal was three and eight-tenths percent (3.8%) increase, the third lowest in five (5) years. All deductibles and co-pays for employees remain the same.

Upon question by Mayor Block, Mrs. Galloway explained that with the three and eight-tenths percent (3.8%) increase, the total for health insurance would be \$93,384.00.

Mrs. Galloway continued with the overview of insurance:

- Employees pay for vision insurance, and since the Principal Group and Blue Cross Blue Shield have a relationship, the vision coverage would be changing to VSP since it is

administered through the Principal Group. Because of the relationship between the Principal Group and Blue Cross Blue Shield and the switch to VSP, the City received a one-half percent (.5%) decrease on the health insurance premium.

Upon question by Councilmember Leak, Mrs. Galloway explained that VSP has more benefits particularly with regard to frame allowances than Superior Vision, the current vision provider. She added that the cost for the employee will be lower.

Mrs. Galloway continued with insurance overview:

- There was a small increase of the life insurance premium. The City pays for life insurance of one (1) year of salary in event of death.
- Employees can purchase additional life insurance.

Councilmember Leak requested that Mrs. Galloway research offering health and life insurance for the elected officials.

A brief discussion ensued concerning benefits and salaries for elected officials.

The City Manager explained that the City offers its employees a rich insurance plan in comparison to many local governments. He added that the insurance premiums discussed by Mrs. Galloway were reflected in the draft budget.

Upon question by Councilmember Williamson, Mrs. Galloway stated the City does provide dental insurance for employees and that it is offered through the Principal Group.

A brief discussion ensued concerning insurance coverage for firefighters. Mr. Haywood explained that the City provides health, dental and life insurance for the full-time firefighters.

Upon question by Councilmember Leak, the City Manager explained that the Scotland County Firefighters Relief Association is a relief fund in the event a firefighter hits hard times.

SCOTLAND ARTS COUNCIL

The City Manager explained that the Board of Scotland County Arts Council had voted to not manage Christmas on Main, which would reduce its budget request from \$8,500.00 to \$5,000.00 for Fiscal Year 2019-2020. He added that the Scotland County Arts Council wanted to focus on its events and Springfest.

SCOTLAND COUNTY REENTRY COUNCIL

Councilmember Evans explained that Scotland County Reentry Council had requested that the City provide funding in the amount of \$10,000.00.

Upon question by Councilmember Adams, the City Manager explained that no official request had been received from the Scotland County Reentry Council. He added that the request was not included in the budget at this time.

Councilmember Leak expressed concern that the Scotland County Reentry Council was a county function and that the other municipalities in Scotland County did not contribute.

Councilmember Evans explained that she believed that the City should contribute to the Scotland County Reentry Council because the City is affected by the individuals who reenter the community from prison. She added that the funding would go to help the individuals who are released into Laurinburg.

Mayor Block explained that the other municipalities in Scotland County do not contribute to the Laurinburg/Scotland County Area Chamber of Commerce or to the Scotland County Humane Society; however the City does contribute to both. He added that crime is a big problem in the City and one of the big problems is recidivism. He added that the Scotland County Reentry Council was working with newly released individuals to reduce recidivism.

Further discussion ensued concerning the request by the Scotland County Reentry Council. Mayor Block suggested that Council could consider funding \$5,000.00 instead of \$10,000.00 as requested.

Following further discussion, Councilmember Evans moved to provide funding of \$10,000.00 to the Scotland County Reentry Council. The motion was seconded by Councilmember Garby.

Mayor Block suggested that no dollar amount be stated.

Councilmember Evans did not amend the motion; therefore, the vote on the original motion was as follows:

Ayes: Evans, Garby

Nays: Williamson, Adams, Leak

MUNICIPAL MOTOR VEHICLE FEE

The City Manager explained that a \$10.00 per vehicle Municipal Motor Vehicle Fee would provide approximately \$100,000.00 in General Fund revenue for the City. He explained that staff had researched how the process would work with Scotland County and the State. He further added that the fee could be removed from the budget; however, the General Fund-Fund Balance Appropriated would need to be increased by \$100,000.00 in order to balance the budget.

Mrs. Neal explained that the collection of the fee would be done through the North Carolina Department of Revenue. She further explained that every year, the City must certify its tax rate to the Department of Revenue, and to Scotland County. For Fiscal Year 2019-2020, the property tax rate would be flat but the Municipal Motor Vehicle Fee would be reported to be implemented. In turn, Scotland County provides the information to the Department of Motor

Vehicles such that when a Laurinburg resident renews vehicle tags, the \$10.00 would be added to the amount the resident paid.

Upon question by Mayor Block, Mrs. Neal explained that the fee would begin on July 1, 2019.

Councilmember Adams explained that she had reservations about initiating this fee at this time. She added that this would be an added burden to City residents. She added that the funds were not earmarked and would just be in the General Fund.

Mrs. Neal suggested that the funds could be earmarked to be spent in the Street Department since the vehicles are using the streets, if Council wanted to tie the funds to something specific.

Upon question by Mayor Block, the City Manager explained that the budget currently includes \$150,000.00 for stormwater projects and \$75,000.00 for engineering fees.

Councilmember Adams explained that if the City was going to add fees for citizens, she would be more in favor of adding a stormwater fee at the conclusion of the stormwater study to be conducted by the engineer.

Mayor Block stated that he liked the idea of tying the Municipal Motor Vehicle Fee directly to streets as suggested by the Finance Director.

Upon question by Councilmember Williamson, Mrs. Neal explained that she would have to research to see if the City could initiate a Municipal Motor Vehicle Fee mid-year.

The City Manager explained that one (1) option Council could consider would be to reduce the amount budgeted for stormwater projects by \$100,000.00, and when the engineer has conducted the study and made recommendations, Council could approve budget amendments to fund any stormwater projects over the \$50,000.00 in the budget. He added that another option would be to increase the General Fund-Fund Balance Appropriated by \$100,000.00 to balance the budget.

Upon question by Councilmember Williamson, the City Manager explained that staff would be meeting with Cape Fear Engineering to begin contract negotiations the following week. He added that the problem areas are known, and once the contract was signed, the Cape Fear Engineering would be ready to begin on the stormwater issues.

The City Manager explained that if Council did not want to initiate the Municipal Motor Vehicle Fee and reduce the amount for stormwater projects by \$100,000.00, then staff would come back with budget amendments once the stormwater engineer had project estimates.

Councilmember Garby stated that most neighboring municipalities have a Municipal Motor Vehicle Fee. He added that the proposed \$10.00 was comparable to the other municipalities.

Mrs. Neal explained that the average Municipal Motor Vehicle Fee was between \$17.00 and \$20.00.

Mayor Block explained that in the big picture, the City's revenues are not high enough, meaning that the City property tax was too low. He added that compared to other municipalities, the City was not generating the amount of money needed to balance the General Fund budget.

Councilmember Garby moved to initiate the \$10.00 Municipal Motor Vehicle Fee for Fiscal Year 2019-2020. The motion was seconded by Councilmember Evans, and the vote was as follows:

Ayes: Garby, Evans, Leak, Williamson

Nays: Adams

The City Manager clarified that Council wanted the \$150,000.00 to remain in the budget for stormwater projects. He added that once Cape Fear Engineering had completed its study and had recommendations, this matter would be back before Council.

OTHER BUDGET DISCUSSION

Mayor Block explained that he had some other items he would like to discuss for the budget. He asked when Council would discuss paying the \$483,000.00 for the Downtown Parking Project.

The City Manager explained that the \$483,000.00 was included in the budget, and was tied into the transfer from the Electric Fund.

Mayor Block stated that the City has more than enough money in the General Fund-Fund Balance, more than what the State mandates and what the City's policy requires.

Mrs. Neal reviewed the Local Government Commission (LGC) statutory General Fund-Fund Balance calculation. She explained that this calculation is done at the end of every audit by the LGC to monitor how municipalities maintain General Fund-Fund Balance, or to determine if the City has sufficient funds as budgeted. She further explained that the calculations include the overall General Fund-Fund Balance as well as non-spendable, or Assigned Fund Balance. She added that the Assigned Fund Balance is for items that have been identified, such as the final litigation payment and bond financing. The General Fund-Fund Balance is at 45% overall; however, the unassigned Fund Balance is 16.6%, just barely over the City's policy requirement of 16%. She discussed that although the LGC recommends a minimum of eight percent (8%) Fund Balance, each municipality is different. She added that she did not believe that 8% was adequate for the City because the area is subjectable to major storm damage. She explained that with an 8% Fund Balance, she did not believe that the City could pay for items upfront and wait to be reimbursed by FEMA; however, by maintaining at least 16% Fund Balance, the City could pay for the damage from storms before the FEMA reimbursements come in.

Upon question by Mayor Block, Mrs. Neal clarified that the City's overall General Fund-Fund Balance was 45%, which equates to approximately \$3.6 million. She added that of that, approximately 80% is Assigned Fund Balance.

Mrs. Neal explained that Mayor Block had questioned the impact of not transferring funds from the Electric Fund to pay for the Downtown Parking Design Project. She added that if the funds were not transferred from the Electric Fund, then the General Fund-Fund Balance Appropriated to balance the budget would be \$1 million versus the current budgeted amount of \$500,000.00. She further explained that this would result in the Unassigned General Fund-Fund Balance being 10%, below the City's policy requirement. She further explained that although this figure would be comparable to the LGC's recommend 8%, she did not believe that amount of Unassigned General Fund-Fund Balance was sufficient for the City of Laurinburg.

Mr. Haywood explained that in 2008, the City went below the 8% Unassigned General Fund-Fund Balance, and the LGC cautioned Council. He added that this was when Council adopted the Fund Balance Policy requiring 16% Unassigned General Fund-Fund Balance, and 23% total General Fund-Fund Balance.

Mayor Block thanked Mrs. Neal for the explanation and stated that the funds for the Downtown Parking Design Project could not be taken from the General Fund.

Mrs. Neal explained that generally the City does not spend all of the Appropriated General Fund-Fund Balance every year. She added that normally, the City spends approximately 50% or less of Appropriated General Fund-Fund Balance; however, this current year, she anticipates that the City will spend approximately 67%.

Upon question by Mayor Block, Mrs. Neal explained that this is determined at the end of the audit as to how much of General Fund-Fund Balance Appropriated was spent.

The City Manager explained that because the FEMA reimbursements from Hurricane Florence will not be received in the current fiscal year with some being received in the next fiscal year, it was anticipated that the City would break even this year.

Mrs. Neal explained that cash is a big portion of what comprises the General Fund-Fund Balance. She added that the City's cash went towards paying for Hurricane Florence-related expenses, and now the City was waiting for the receivables from FEMA to be received.

Mayor Block asked if Council was okay with paying for the Downtown Parking Project by transferring funds from the Electric Fund. It was consensus of Council to do so.

Upon question by Councilmember Williamson, the City Manager explained that he had held discussions with the Laurinburg/Scotland County Area Chamber of Commerce (Chamber) and the Scotland County Economic Development Director about construction of a stage at the Downtown Parking Project. The Chamber prefers to hold Laurinburg After 5 on Main Street because of the shade provided by the buildings. He added that estimates for sidewalks and asphalt had been submitted by Hudson Paving, and that once the plan is finalized, the plan would be presented to Council and then the project would be bid out.

Upon question by Councilmember Garby, the City Manager explained that staff wanted to save as many of the large trees located on the property as possible. He added that Mr. McCoy had

professors from N.C. State University come look at the trees and suggest ways to protect them. He added that staff had also looked at other options for shading such as triangular traps.

Mayor Block explained that he had other issues he wanted Council to consider funding in the budget, and that if Council took the \$100,000.00 out of the budget set aside for stormwater projects until the engineer came back with project estimates, then perhaps some other projects could be funded. He added that Councilmember Evans also had some items to discuss.

Councilmember Evans explained that she did not believe that the City's Code Enforcement is not working as well as she and some citizens would like for it to work. She stated that there should be more positions in the Sanitation Department in order to keep the community clean. She discussed the increase in litter and the need for litter pickup and debris pickup to be done in a timely manner. She added that since this service gets behind at times, that signifies to her that there are not enough workers. She asked Mr. Haywood if there were more workers in Sanitation than any time prior.

Mr. Haywood explained that the Sanitation Department currently has 16 employees, and that prior to automation, there were as many as 30 employees.

A discussion ensued concerning yard waste and the time that yard waste sits before being picked up. Mr. Haywood discussed the seasonal nature of yard waste, with the spring time and leaf season being peak times for yard waste. He added that the City purchased another leaf truck, so that there would be three (3) leaf trucks this coming fall/winter. He further added that during the peak times, the crews work overtime to try to stay caught up.

Upon question by Councilmember Evans, Mr. Haywood explained that another position was not needed because the spring cleaning and leaf seasons were peak times, and another position was not needed throughout the year.

Councilmember Leak explained that there are citizens who are still putting debris out from Hurricane Florence. He asked if the City would be reimbursed for hurricane debris being left out now.

Mr. Haywood explained that FEMA provides a six (6) month timeframe for reimbursement for hurricane debris, so the City would not be reimbursed for anything the City picks up now.

The City Manager explained that staff had worked to make the Solid Waste Fund self-sufficient. He added that compared to neighboring communities, including Pinehurst, the City offers superior services.

Upon question by Councilmember Evans, Mr. Haywood explained that when an employee is out, the City runs three (3) trucks instead of four (4). He added that an employee picks up bulky items on a route, then returns to Public Works and goes back out to pick up yard waste.

Upon question by Councilmember Evans, Mr. Haywood explained that during peak times, the City was not as efficient being one (1) employee down and especially during peak times. He

added that the department would work overtime to catch up. He further added that after Hurricane Florence, at first, the department was working seven (7) days a week, then went to six (6) days a week, and cut back down to regular hours.

The City Manager explained that in order to pay for an additional employee, the solid waste fees would have to be increased.

Mayor Block explained that he hears complaints from citizens about the litter situation.

The City Manager explained that the Beautification Department has four (4) employees and a supervisor. He added that these employees take care of any City-owned property, downtown, the Art Garden, the James Lot, and interchange mowing, and once the Downtown Parking Lot area is complete, this department will maintain it also. He further added that the Street Department mows on US 401 from FCC to Pizza Hut on McColl Road.

Upon questions by Mayor Block, the City Manager explained that the ditch crew is seasonal and works from October to April each year. He added that it was his understanding that the seasonal ditch crew was sufficient.

Mayor Block explained that the City currently contracts litter pickup for an annual cost of \$30,000.00, and he believes that by creating a litter position, the employee would be able to do more with education and enforcement. He added that the position would cost approximately \$60,000.00, which would impact the budget by only \$30,000.00.

Upon question by Councilmember Leak, Mrs. Galloway explained that a litter position salary would be approximately \$27,000.00, for a total of approximately \$40,000.00 with benefits added.

Further discussion ensued concerning the litter issue and the need to provide education and to hold litterers accountable.

Discussion ensued concerning the litter contract. The City Manager explained that Mr. Brown supervises his son and another worker who fulfills the litter contract. He added that Mr. Brown meets with Mr. Walker McCoy, Beautification Supervisor, every week to discuss areas to clean.

Further discussion ensued concerning litter pick up, efforts in the community including the Green Team of the Laurinburg/Scotland County Area Chamber of Commerce.

Mayor Block explained that he wanted Council to consider hiring a police consultant. He asked how much was budgeted for the crime mapping consultant.

Mr. Haywood explained that \$30,000.00 was included in the budget for the crime mapping consultant.

Upon question by Mayor Block, the City Manager explained that it would be a contract employee.

Mayor Block stated that the crime issue and the need for a crime consultant had been discussed ad nauseam. He added that a crime consultant would cost between \$25,000.00 to \$50,000.00.

Motion was made by Councilmember Evans to add money in the budget for a crime consultant. The motion was seconded by Councilmember Garby.

Councilmember Williamson stated that he would like to hear the results of the consultant from the North Carolina League of Municipalities (NCLM).

The City Manager explained that the NCLM consultant wanted to complete the study after the evidence and staff had been completely moved into the City Hall and Police Department. He added that he would find out when the consultant would present the results of the study to Council.

Mayor Block requested a roll call vote on Councilmember Evans's motion to include money in the budget for a crime consultant, and the vote was as follows:

Ayes: Evans, Garby

Nays: Leak, Williamson, Adams

Mayor Block explained that he would like Council to provide \$10,000.00 to identify possible sites and to obtain an architectural rendering of a recreation center. He further explained that the County referendum failed and there was no money from the County for a recreation center. He added that a recreation center ranks consistently as a high need of the citizens.

Councilmember Evans moved to include \$10,000.00 in the budget to identify possible sites and to obtain an architectural rendering of a recreation center. The motion was seconded by Councilmember Garby, and the vote was as follows:

Ayes: Evans, Garby

Nays: Williamson, Adams, Leak

Upon question by Mayor Block, the City Manager explained that the City's mosquito plan was to continue putting larvacide in standing water. He added that the City had not been notified that the Environmental Protection Agency or the State regulations had changed concerning spraying for mosquitoes.

Upon question by Councilmember Evans, Mrs. Neal explained that Ms. Tammie Simmons was the Customer Service Supervisor.

Councilmember Evans explained that if there was not such a position, she was going to recommend one because she hears complaints about how citizens are treated.

Mayor Block stated that what Councilmember Evans was talking about was an employee to train employees about good customer service. He added that he hears complaints about how employees talk with citizens, whether from the police department or consumer billing.

The City Manager explained that ElectriCities offers free training on customer service and other topics, and that staff would research this.

Councilmember Leak explained that some of the complaints could be due to the ongoing construction at the City Hall and Police Department.

Further discussion ensued concerning customer service training. Councilmember Evans suggested that a suggestion box be available with restricted access by staff and to have an employee assigned to review the comments/suggestions submitted by citizens.

Upon question by Councilmember Garby, the City Manager explained that complaints can be filed from the City's website, and that the emails are sent to him. He added that citizens can call him with any issue as well.

Councilmember Leak explained that he was concerned about the fire station situation. He added that the North Fire Station was responsible for taking care of the area from the Laurinburg-Maxton Airport to the Armstrong Plant. He further added that he was concerned that citizens' insurance would increase if the situation with the North Fire Station was not rectified.

A discussion ensued concerning the North Fire Station and the impact on citizens' insurance rates. The City Manager explained that he would ask how long the North Fire Station could be unmanned before insurance rates were affected.

Councilmember Adams thanked the City Manager and staff the work on the budget and keeping the tax rate the same.

Mayor Block stated that he agreed with Councilmember Adams and that the budget process went much smoother than it had in the past.

ADJOURN/RECES

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

The meeting adjourned at 7:56 p.m.

Mary Jo Adams, Mayor Pro Tem

Jennifer A. Tippet, City Clerk