

**CITY OF LAURINBURG
RECONVENED CITY COUNCIL MEETING
JUNE 4, 2013
MUNICIPAL BUILDING
303 WEST CHURCH ST.
6:00 p.m.**

MINUTES

The City Council of the City of Laurinburg reconvened its May 21, 2013 meeting which was reconvened until May 28, 2013 which at that time was recessed until this date and time, June 4, 2013 at 6:00 p.m. in the Council Chambers of the Municipal Building with the Honorable Thomas W. Parker, III, presiding. The following Councilmembers were present: Mary Jo Adams, Curtis B. Leak, Kenton T. Spencer, Andrew G. Williamson, Jr. and J. D. Willis.

Also present were Harold W. Haywood, Interim City Manager; Jennifer A. Tippet, City Clerk; Cindy Carpenter, Finance Director; Robert Ellis, W/WTP Director; Robert Smith, Electric Utilities Director; Stacey McQuage, Public Utilities Director; Kimothy Monroe, Interim Police Chief; Randy Gibson, Fire Chief; Brandi Deese, Planning & Community Development Director; and Tim Pierce, GIS Administrator; and Amy Martin, Human Resources Director.

Mayor Parker reconvened the meeting at 6:03 p.m.

The Invocation was given by Councilmember Adams.

APPROVAL OF AGENDA

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

Mayor Parker explained that he had polled Councilmembers to determine if they needed any further information than had previously been requested. He added that Councilmember Willis indicated he would talk with Mrs. Carpenter.

REVIEW OF PROPOSED FY 2013-2014 BUDGET

The Interim City Manager reviewed the draft budget message, a copy of which is attached to and incorporated in these minutes as Attachment A.

Upon question by Councilmember Spencer, Mrs. Carpenter explained that the total in the Farmers Market budget was \$6,000.00.

A discussion ensued concerning the use of Fund Balance and the trend in each fund – General Fund, Electric, Water/Sewer and Solid Waste, with the highlights as follows:

- It is typical for the City to use money from Fund Balance to balance the budget.
- Fund Balance Appropriated in the General Fund is anticipated to increase in FY 2013-2014; however, the General Fund Fund Balance is anticipated to be .80% greater than FY 2012-2013.
- Fund Balance Appropriated in the Electric Fund is anticipated to increase in FY 2013-2014; however, the Electric Fund Fund Balance is anticipated to be 1.23% greater than in FY 2012-2013.

- Fund Balance Appropriated in the Water/Sewer Fund is anticipated to decrease in FY 2013-2014 by 8.07% and the Water/Sewer Fund Fund Balance is anticipated to be 2.39% less than in FY 2012-2013.
- Fund Balance Appropriated in the Solid Waste Fund is anticipated to decrease in FY 2013-2014 by 45.84% and the Solid Waste Fund Fund Balance is anticipated to be 8.20% less than in FY 2012-2013.

A discussion ensued concerning the City's history of Fund Balances and the need to monitor it since the City will not be financing capital projects other than the FCC Project. Also discussed was the City's policy of maintaining Fund Balance of at least 23%.

A discussion ensued concerning the Police Department budget and the overtime amount budgeted. Mrs. Martin explained that there is one police officer out on long-term Workers' Compensation and may not be able to return to work. She explained that the staffing study of the Police Department showed that almost 60% of the overtime pay occurs during the period from Thanksgiving to Christmas as well as within the Detective Division. She added that she is continuing to review options to reduce overtime and to determine benchmarks.

A brief discussion ensued concerning insurance premiums. Mrs. Martin reported that the Workers' Compensation claims were lowered by \$150,000.00 in FY 2012-2013 by better managing claims.

Upon question by Councilmember Willis, the Interim City Manager explained that overtime for the July 4th Fireworks cleanup was built into the proposed budget.

Discussion ensued concerning transfers between funds and the FCC Project. The Interim City Manager explained that the FCC Project will come out of the Water/Sewer and Electric Funds.

Councilmember Willis expressed concern that with using Fund Balances from the different Funds, although the City would still be in the upper 30% range for Fund Balance, the use of Fund Balances cannot be sustained.

A discussion ensued concerning increase in revenue in the Electric Fund. Mr. Smith discussed the agreement to provide fiber to FCC and the projected increase in revenue from the partnership with MCNC which has not yet been finalized.

A discussion ensued concerning the FCC Project and financing options. Mrs. Carpenter explained that she had been researching financing the project for 10-15 years which would result in a return on investment in 6-7 years. She discussed FCC's sustainability. She also discussed the meeting held with the Local Government Commission (LGC) attended and that the LGC indicated there should be no problem with the City financing the FCC Project.

Upon question by Councilmember Williamson, Mrs. Carpenter explained that the budget was prepared on the conservation side as if there would be no grant funding for the FCC Project. She added that in 2015 all of the City's bonds will be paid off.

Further discussion ensued concerning using Fund Balance and financing in the future. Upon question from Mayor Parker, the Interim City Manager explained that in the future, the City would have to look at increasing taxes and/or fees.

Councilmember Spencer expressed concern that instead of taxing the property owners, the City should look at this through strategic planning to ensure we have met efficiency in all areas of operation and to look for new revenue streams.

Further discussion ensued concerning financing and utilizing fund balance. Mrs. Carpenter explained that at this point, the estimate of unspent funds in the General Fund is approximately \$400,000.00; therefore, the proposed budget is only using \$200,000.00 from existing Fund Balance.

Upon question by Councilmember Willis, Mrs. Martin explained that one (1) Management Trainee was included in the budget at a salary of \$32,000.00, for a total of approximately \$44,000.00 with fringe benefits.

A discussion ensued concerning IT needs and the development of a job description.

Upon question by Councilmember Adams, Interim Police Chief Monroe explained that there is an 8-mile radius for taking police vehicles home.

Upon question by Mayor Parker, the Interim City Manager explained that no increase in solid waste rates were necessary this year.

A discussion ensued concerning revenue on recyclables. The Interim City Manager explained that he continues to research ways to increase revenue on recyclables. He added that because of the decrease in tonnage taken to the landfill, the City saves by not having that expenditure.

Upon question by Mayor Parker, the Interim City Manager explained the vehicle replacement program in Sanitation and the need to purchase two (2) knuckle boom trucks this year in order to not get behind in the replacement process.

Discussion ensued concerning the need to keep the City's debt ratio low and be sustainable with a healthy balance between spending Fund Balance and financing.

At 7:25 p.m., Mayor Parker called for a short break.

At 7:35 p.m., the meeting resumed.

Mr. Smith explained that the City has a contract with MCNC and ECC to make a connection at Richmond Community College (RCC) which had to be established before the City could establish a contract with FCC to provide fiber optic services. He explained that he hoped to include in the contract a clause for a 3-5% increase in fees every two (2) to three (3) years. He added that once that contract is established, the revenue will be approximately \$775,000.00 this fiscal year and the next fiscal year will double. He explained that FCC internet service connection will provide approximately \$350,000.00 in revenue per year and for the FCC dark fiber rental, estimated revenue is \$250,000.00 per year. He then listed estimated revenues as follows from other sources:

- FAA tower connection at the airbase - \$75,000.00 per year
- American Tower, which is all of the cell towers in the perimeter of the City limits, are requesting connection from the City and that would result in approximately \$100,000.00 per year which is \$4,800.00 per tower per connection.

Mr. Smith explained that with FCC and a contract with American Tower, would provide the City with revenue of approximately \$64,583.00 per month for the City.

A brief discussion ensued concerning the Pole Attachment Agreement with Time Warner. The Interim City Manager cautioned that this should be discussed in closed session.

A brief discussion ensued concerning the agreement with Clarity for providing internet to the School System. The Interim City Manager explained that the agreement with Clarity had been revised to delete the two (2) schools that had been closed by the School System and to increase the rates.

Upon query by Mayor Parker, it was consensus of Council that the proposed budget as had been presented and amended thus far, was satisfactory.

SALARY OPTIONS FOR CONSIDERATION

Mrs. Martin explained several options for providing some type of compensation consideration for Council as follows:

- All employees receive 1.5% Cost of Living Adjustment (COLA) increase with a budget effect of \$94,882
- Permanent employees with the City for over 5 years receive a 2.5% step increase and those less than 5 years receive a \$500 one-time bonus with a budget effect of \$130,365
- All employees receive a one-time bonus of \$800 with a budget effect of \$122,443

Upon question by Councilmember Willis, Mr. Nichols explained that the County will be reinstating 1.25% of salary was taken from County employees two (2) years ago, putting County employees back where they were two (2) years ago since 1.25% was reinstated last year.

A brief discussion ensued concerning past history of employee compensation.

Upon question, Mrs. Martin stated that employee reviews are due into her office June 30th.

Mrs. Martin explained that obtained a study from the NC League of Municipalities (NCLM) and the average COLA and merit adjustment for municipalities with similar population is 3.91%. She added that if the municipalities that were not providing any type of compensation are included, the average is 1.56%.

A discussion ensued concerning the options as well as what the State and other local municipalities were providing to employees.

Upon question by Mayor Parker, Mrs. Carpenter explained that any employee salary adjustment would have to come out of Fund Balance.

A discussion ensued concerning overtime, particularly in the Police Department. Mrs. Carpenter explained that until Mrs. Martin conducts her staffing study, no one could tell if there was waste included in the overtime.

A discussion ensued concerning the employee review system. Mrs. Martin explained that the system purchased last year has no benchmarks and does not have measurable numbers. She suggested that Council consider alternating providing Merit and COLA for employees. She added that she would have benchmarks for all jobs to present to Council next year so that employees deserving of merit increases would be recognized and rewarded.

Upon question by Councilmember Williamson, Mrs. Dee Hammond, retired City Clerk, provided a brief history of merit pay and COLA for the City.

Following further discussion, motion was made by Councilmember Willis to provide employees with a 1.5% COLA with the funds coming out of Fund Balance. The motion was seconded by Councilmember Spencer, and unanimously carried.

Mrs. Carpenter clarified that Council wanted one-half of budgeted overtime was placed in Contingency and use had to be substantiated.

Motion was made by Councilmember Willis, seconded by Councilmember Adams, and unanimously carried to adopt the FY 2013-2014 budget as presented including the COLA for employees.

Mayor Parker expressed appreciation for staff working together and that everyone had done a great job. He added that Mr. Nichols would begin as City Manager on July 1st.

Councilmember Williamson stated that Mr. Nichols was inheriting a great team.

Councilmember Leak reminded staff that the July 4th Fireworks Display was being held and the City should be as clean and beautiful as possible.

The City Clerk explained that Mr. Nichols wanted the oath of office to be administered in the morning on July 1st and a reception would be held from 4:00 – 6:00 p.m.

CLOSED SESSION

At 8:12 p.m., Councilmember Willis moved 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. Councilmember Williamson seconded the motion and it carried unanimously.

At 8:28 p.m., motion was made by Councilmember Willis, seconded by Councilmember Spencer, and unanimously carried to adjourn the closed session and resume the regular meeting.

ADJOURNMENT

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

The meeting adjourned at 8:29 p.m.

Thomas W. Parker, III, Mayor

Jennifer A. Tippett, City Clerk