

**CITY OF LAURINBURG
RECONVENED COUNCIL MEETING
MAY 21, 2014
MUNICIPAL BUILDING
303 WEST CHURCH ST.
LAURINBURG, NC
6:00 P.M.**

MINUTES

The City Council of the City of Laurinburg reconvened its April 22, 2014 meeting which was reconvened on May 12, 2014, recessed until 6:00 p.m. on May 20, 2014 at 6:00 p.m. and recessed until May 21, 2014 at 6:00 p.m. in the council room of the Municipal Building with the Honorable Mary Jo Adams, Mayor Pro Tem, presiding. The following Councilmembers were present: Mary Jo Adams, Dolores A. Hammond, Curtis B. Leak, Andrew G. Williamson, Jr. and J. D. Willis. Absent was Mayor Thomas W. Parker III, Mayor

Also present were: Charles D. Nichols III, City Manager; Jennifer A. Tippet, City Clerk. Leadership Team members present included: Cindy Carpenter, Finance Director; Harold Haywood, General Services Director; Stacey McQuage, Public Utility Director; Robert Ellis, Water/Wastewater Treatment Director; and Robert Smith, Electrical Services Director.

Mayor Pro Tem Adams called the meeting to order at 6:03 p.m.

The Invocation was given by Councilmember Williamson.

APPROVAL OF AGENDA

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

The City Manager explained he needed to discuss two (2) topics with Council. He explained that the filling of the swimming pool requested by the Make A Wish Foundation had been taken care of and no action was necessary by the City.

The City Manager explained that a request to sponsor two (2) tables at the Laurinburg Institute Alumni Dinner Saturday, May 24, 2014.

Councilmember Leak explained that he and Chief Williams are being honored.

Following a brief discussion, it was consensus of Council to sponsor two (2) tables at the Laurinburg Institute Alumni Dinner.

FY 2014-2015 BUDGET DISCUSSIONS

Sanitation

The City Manager explained that currently the Sanitation budget is balanced using \$74,000.00 of fund balance. He explained that this was accomplished by increasing the residential solid waste fee

by \$1.00 per month with the equivalent percentage increase in commercial fees, removed the downtown trash cans (\$13,500.00) and increased the recycling revenue projection by \$10,000.00.

Mr. Harold Haywood, General Services Director, explained that he conducted research of solid waste services for municipalities with population between 12,000 and 18,000. He discussed the solid waste fees charged and the services provided by various municipalities in the area.

A discussion ensued concerning the level of service provided by the City and that the City provides the most services and does not subsidize the Solid Waste Fund with money from the General Fund. Mr. Haywood explained that the biggest cost in Sanitation is yard waste.

Further discussion ensued concerning utilizing fund band to balance the Solid Waste Fund and whether solid waste fees needed to be increased in the future. Mr. Haywood explained that the capital costs in the Solid Waste Fund fluctuate depending upon the piece of equipment that is being purchased.

Further discussion ensued concerning purchasing trash cans for downtown. Councilmember Williamson suggested that staff work with Laurinburg Downtown Revitalization Corporation (LDRC) on choosing a trash can in the following year's budget.

Mayor Pro Tem Adams explained that with the change in procedures for recycling, there is potential for additional revenue and this should be monitored in considering any solid waste fee increases.

Upon question by Councilmember Hammond, the City Manager explained that if rates are not increased, the Fund Balance appropriated in the Solid Waste Fund would be \$163,064.00.

Councilmember Willis expressed concern about utilizing fund balance in the enterprise funds to balance the budget in the respective enterprise fund. He also explained that in the future the General Fund Fund Balance could be used to subsidize the enterprise funds since the City has a 42% undesignated Fund Balance in the General Fund.

The City Manager explained that the Fund Balance in Solid Waste as of June 30, 2013 was \$515,000.00 and the projected Solid Waste Fund Balance this year is \$315,000.00.

Councilmember Hammond expressed concern about public perception if fees are increased and employees receive a pay increase.

The City Manager explained that the City's fund balance policy requires the City maintain a 33% total Fund Balance and 16% undesignated Fund Balance. He added that staff is projecting at the end of FY 2013-2014 to have 48% total Fund Balance and 39.5% undesignated Fund Balance.

Following further discussion concerning fund balance in the enterprise funds, motion was made by Councilmember Willis, seconded by Councilmember Hammond, and unanimously carried to not include an increase in solid waste fees in the FY 2014-2015 Budget.

Electric Fund

The City Manager discussed the following concerning the Electric Fund:

- Revenue was \$500,000.00 less than the prior year.

- Revenue projection from McGavran Engineering for fiber was off by \$500,000.00.
- Budget for FY 2013-2104 included appropriation from Electric Fund; however because of net position and letter from the Local Government Commission (LGC), staff chose not to make appropriation.
- Operating revenues minus operating expenditures will be flat.
- Net position of the Electric Fund at the end of June 2014 is estimated to be \$5.7 million.

Non-Departmental - 661

The City Manager explained that this budget is projected to be less than the prior year as expenditures have decreased. He added that the IT position is included in this budget and it will be allocated throughout the four (4) funds through Management Fees. He further added that the City's first payment for the Industrial Park financing is included in this budget.

Electric Administration - 720

The City Manager explained that this budget contains a slight decrease of \$3,000.00 from the prior year but includes allocation of the new City Works work order system.

Consumer Billing - 724

The City Manager explained that there is a slight increase for a maintenance agreement for the Itron readers. He added that with the new meters and reading devices, the routes are completed in less time.

Electric Production – 811

The City Manager explained that the North Carolina Eastern Municipal Power Agency (NCEMPA) provides this budget estimate to the City every year.

Upon question by Councilmember Willis, the City Manager explained that the City was expecting to see an increase in electric revenue because of the new meters.

Electric Operations - 832

The City Manager explained that the salary line item decreased because of loss of veteran employees to Lumbee Electric and Duke Progress Energy and replacement with inexperienced employees and therefore, the Travel & Schools line item increased because the new employees needed to attend training for certification.

A discussion ensued concerning retaining veteran employees, the difference in pay between the City and private companies, certification pay, budgeted positions, and the need for training new employees.

A discussion ensued concerning requiring employees to stay employed by the City for a certain time period after training.

Following further discussion about training and certifications, it was consensus of Council to add to the Council Retreat agenda a discussion concerning retention of employees and training requirements

and also for staff to present Council a recommendation on a requirement for an employee who has received certain training remaining with the City for a specified time period, and if the employee does not remain with the City for the specified time period, to reimburse the City for the costs of training.

832- Electrical Operations & Improvements

The City Manager explained that there is a slight decrease in this budget. He discussed equipment replacement, LED lighting and lighting project on South Main Street from Lauchwood Drive to Tucker Street.

Councilmember Leak expressed concern regarding the Contracted Services line item. He cautioned staff to monitor this line item closely.

The City Manager explained that the electrical engineering contract ends June 30, 2014, and he is researching options.

833 - Fiber

The City Manager explained that the Contracted Services line item was less than the prior year because the Industrial Park fiber was installed and that staff was completing the final loop to the Airbase. He also discussed the needed switches to increase internet options for customers.

Mr. Robert Smith, Electrical Services Director, explained the need to add fiber on top of the City's existing fiber inside the City limits to increase capacity.

The City Manager explained that the Contracted Services line item was reduced because of the plans to hire an IT Director/Manager and reducing the need for NWN.

The City Manager discussed the following cuts made by staff from the Electric Fund budget in order to have no Fund Balance appropriated:

- Consumer Billing: one-half a truck at \$13,000.00
- Electric Operations: line truck at a cost of \$275,000.00
- Solar farm development: \$50,000.00
- Transformer: \$20,000.00
- Decorative LED: \$30,000.00
- Growth: \$5,000.00
- Contract Services: \$20,000.00
- Fiber – GIS Mapping: \$67,900.00
- Southern Loop Expansion: \$383,000.00
- Fiber Expansion: \$114,000
- Total cuts made by staff in the Electric Fund: \$997,900.00

Discussion ensued concerning the line truck's age and maintenance requirements. Upon question by Councilmember Willis, the City Manager explained that of the items cut from the Electric Fund, the line truck is the most needed item due to its age.

Upon question by Councilmember Leak, Mr. Smith explained that with a piggyback bid, he could get a line truck for \$223,000.00 versus \$275,000.00 by not utilizing a piggyback bid process.

Discussion ensued concerning growing fund balance through financing versus using fund balance and not utilizing financing.

Councilmember Willis suggested that the line truck be left in the budget at \$223,000.00, and if Electric Fund Fund Balance is low, use General Fund money to purchase the line truck.

The City Manager explained that with all of the cuts recommended by staff, there would be \$168,851.00 remaining in Electric Fund Contingency. He added that this would mean only \$56,000.00 of General Fund Fund Balance would be needed to purchase the line truck.

Mrs. Carpenter clarified that Council wanted staff to add the line truck back into the budget up to \$225,000.00 and it would be paid for by funds remaining in Contingency and transferring \$56,000.00 from the General Fund Fund Balance.

Water/Sewer Fund

The City Manager discussed the following concerning the Water/Sewer Fund:

- The net position in the Water/Sewer Fund was \$28 million as of June 30, 2013, and it is projected to be \$27 million at the end of June 2014.
- In FY 2013-2014 budget balanced utilizing \$1.4 million of Fund Balance and projection at current time is that only \$1 million will be used because one (1) well did not have to be replaced and some other projects were not completed because of FCC.

Upon questions by Councilmember Willis, the City Manager explained that for enterprise funds such as the Water/Sewer Fund, the terminology is not “Fund Balance” but is “net position”. He added that at end of Fiscal Year 2013, cash on hand in the Water/Sewer Fund was a little over \$1 million.

The City Manager explained that the draft 2014-2015 Water/Sewer Fund Budget is balanced using \$2.3 million of net appropriation.

Upon question by Councilmember Willis, Mr. Ellis explained that based upon recommendation by the City’s Engineer, the City needs to pursue potential new well sites down Johns Road and develop a new well field due to State regulations and the age of the City’s wells. He added that the estimated cost for the new well field and wells was approximately \$6 million. Mr. Ellis explained that rehab work completed on wells 14, 15 and 17 and current rehab work on wells 9, 18 and 19.

Following discussion concerning water production and infrastructure needs, Councilmember Willis suggested that the \$300,000.00 that had been removed by staff from the proposed budget to begin acquiring property for the new well field.

It was consensus of Council for Mr. Ellis to begin researching a new well field and well sites.

Upon question by Councilmember Hammond, Mr. Ellis explained that based upon his limited knowledge of fracking, he does not believe there would be much fracking in Scotland County to

affect the City's water; however, should fracking occur in the northern part of the County, he would be concerned about possible contamination because of the topography of the County.

Upon request by Councilmember Leak, Mr. Ellis discussed the City's land application of sludge at Laurinburg-Maxton Airport.

Upon request by Councilmember Willis, Mr. Ellis discussed the pump station on Elm Avenue located past Scotia Village. He discussed the maintenance difficulties with the bar screen at the pump station. He added that a price of \$275,000.00 was obtained from a vendor to install an automated bar screen to minimize risk on employees.

Upon question by Councilmember Willis, Mr. Ellis explained that it was not vital to the 2014-2015 budget for the automated bar screen to be removed from the budget.

The City Manager discussed that a position was eliminated from the Water/Sewer Fund as this position has been vacant for some time in Mr. McQuage's department. He then discussed the following items removed by staff from the budget:

- Seven AMI meters in the County.
- One-half of a truck for Consumer Billing (other half out of Electric Fund)

A discussion ensued concerning the Water Agreement with Scotland County. Mrs. Carpenter explained that the only way to receive more money from the County was to increase water rates.

The City Manager explained that the Fund Balance Appropriated for the current year was \$1.4 million and for FY 2014-2015 to be \$2.3 million. He explained that the reason for the increase is that the budget includes the last payment on the bond for the 1994 annexation project, the Industrial Park first payment and the AMI/Datamatic payment.

Non-Departmental -662

The City Manager explained the increase in this budget is for the loan payment for the Industrial Park.

Mrs. Carpenter discussed the effect of the Industrial Park Project on the Water/Sewer Fund. She explained that projections were for FCC to be in production in February and since it is not yet in production, revenue projections were off in the FY 2013-2014 Budget.

The City Manager explained that FCC was in the testing phase and expected to be in full production in the fall.

Mrs. Carpenter explained how the City is billing FCC based upon the Incentives Agreement.

A discussion ensued concerning revenue projections from FCC. The City Manager explained that Tammie Simmons and Chuck Willis of Willis Engineering met earlier in the day and it was discovered that the revenue projection will need to be lowered.

Further discussion ensued concerning revenue projections for water and sewer for FCC and the need to be extremely conservative.

Consumer Billing – 725

The City Manager explained that this was the exact same as discussed during the Electric Fund since this department is funded equally by the Electric Fund and the Water/Sewer Fund.

Water Production & Treatment – 812

The City Manager explained that this budget is reduced from the previous year.

Water Distribution and Cross Connection – 814

The City Manager explained that the budget for this department increased slightly due to the CityWorks Work Order System and purchasing a vacuum for cleaning out sewers.

Sewage Collection – 820

The City Manager explained that a jet rodder needed to be purchased at an estimated cost of \$202,000.00. He added that the FY 2013-2014 budget included expanding sewer to the mobile home park beside the cemetery. He further added that because that project could not be completed this year, the funds would roll over for FY 2014-2015.

Wastewater Treatment – 822

The City Manager explained that the budget for this department was flat on the operation side and capital outlay. He added that in Other Improvements line item improvements to Bridge Creek was included. He further added that this project would be bid the following week.

COLA OPTIONS

The City Manager discussed options for a Cost of Living Adjustment for employees of 2.0%, 2.5%, 3%, and a \$700.00 across the board increase for all employees as follows:

	2.0%	2.5%	3.0%	\$700
General Fund	\$73,458	\$91,825	\$110,188	\$67,849
Electric	\$10,702	\$13,378	\$16,054	\$9,885
Water/Sewer	\$18,472	\$23,090	\$27,708	\$17,062
Solid Waste	\$11,048	\$14,332	\$17,200	\$10,204
Total	\$113,680	\$142,625	\$171,150	\$105,000

The City Manager requested that Council consider the reduced insurance package from First CarolinaCare. He explained that if Council did not want to provide an increase in pay for employees, to leave the insurance plan as it is in order to not negatively impact the employees.

Discussion ensued concerning the COLA options presented and the insurance plan.

Upon question by Councilmember Willis, the City Manager presented the following for a \$1,000.00 across the board increase for employees.

\$1,000
\$96,927
\$14,121
\$24,374
\$14,578
\$150,000

Following discussion concerning the effect of a fixed amount increase on the City's pay scale, the City Manager explained that he would provide the COLA Options to Council in his Weekly Report.

Following discussion, it was consensus of Council to meet again on Tuesday, June 3, 2014 at 6:00 p.m. to continue budget discussions including COLA Options.

RECESS

Motion was made by Councilmember Willis, seconded by Councilmember Williamson, and unanimously carried to recess the meeting to Tuesday, June 3, 2014 at 6:00 p.m. in the Council Chambers of the Municipal Building

The meeting recessed at 8:04 p.m.

Thomas W. Parker III, Mayor

Jennifer A. Tippet, City Clerk