

**CITY OF LAURINBURG  
RECONVENED COUNCIL MEETING  
MAY 13, 2015  
MUNICIPAL BUILDING  
303 WEST CHURCH ST.  
6:00 p.m.**

**MINUTES**

The City Council of the City of Laurinburg reconvened its May 11, 2015 which was recessed until this date and time, 6:00 p.m. on May 13, 2015 in the council room of the Municipal Building with the Honorable Thomas W. Parker, III, presiding. The following Councilmembers were present: Mary Jo Adams, Dolores A. Hammond, Curtis B. Leak, Andrew G. Williamson, Jr. and J. D. Willis.

Also present were Charles D. Nichols III, City Manager; and Jennifer A. Tippet, City Clerk. Leadership Team members present included: Cindy Carpenter, Finance Director; Harold Haywood, General Services Director; Stacey McQuage, Public Utilities Director; Robert Smith, Electrical Services Director; and Josh Coble, IT Manager.

Mayor Parker called the meeting to order at 6:06 p.m.

Councilmember Adams gave the invocation.

**APPROVAL OF AGENDA**

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

**UPDATE ON SANFORD BUILDING ROOF**

Mr. Haywood explained that Council had requested quotes for repairing/patching the roof at the Sanford Building. He added that he had a quote for repairing/patching the roof for approximately \$5,000.00, and that hopefully the repair/patching would last five (5) years. He further added that there are funds in this year's budget to patch the roof and then remove the roof replacement from next year's budget, which would decrease the Building Maintenance budget by approximately \$50,000.00 since no funds would be spent on the Barrett Building or the Sanford Building.

The City Manager explained that there would be no repairs or maintenance for the Sanford Building or the Barrett Building in the FY 2015-2016 Budget.

Motion was made by Councilmember Leak, seconded by Councilmember Willis, and unanimously carried for staff to proceed with repairing/patching the Sanford Building roof at a cost of \$5,000.00

A brief discussion ensued concerning the loan to the Laurinburg-Maxton Airport Commission (LMAC). Councilmember Adams explained that LMAC has been making double payments on the loan each year and it should be paid off in the next budget year.

**FUND BALANCE ANALYSIS**

Mrs. Carpenter reviewed the following information:

	Budget Revenues	Actual Revenues	Difference	Actual Expenses	Revenues over Exp.	Other Source	G/F Net Change
2010	\$7,361,214	\$6,455,585	(\$905,629)	\$6,814,215	(\$358,630)	685,745	\$327,115
2011	\$7,397,682	\$6,535,835	(\$861,847)	\$7,150,583	(\$614,748)	\$857,637	\$242,889
2012	\$6,822,589	\$6,543,996	(\$278,593)	\$7,193,011	(\$649,005)	\$1,520,450	\$871,445
2013	\$6,890,556	\$6,767,525	(\$123,031)	\$7,294,895	(\$527,370)	\$426,057	(\$101,313)
2014	\$6,878,307	\$6,815,818	(\$62,489)	\$6,903,271	(\$87,453)	\$12,852	(\$74,601)
	Detail for other sources						
2010	Electric	\$685,745					
2011	Electric	\$698,955					
	Financing	\$158,682					
	Total	\$857,637					
2012	Electric	\$1,024,532					
	Grant	\$111,570					
	Financing	\$384,348					
	Total	\$1,520,450					
2013	Solid Waste	\$414,057					
	Cemetery	\$12,000					
	Total	\$426,057					
2014	Grant	\$12,852					

Councilmember Willis clarified that the City had been budgeting fund balance from different funds in order to balance the annual budget, and if all of the funds are not used, at the end of the fiscal year, the money is turned back into the General Fund.

The City Manager explained that for years, the General Fund has been subsidized by other funds. He added that regulation concerning transfers from the Electric Fund in 2012 made it necessary to subsidize the General Fund from the other funds. He added that in 2013, the funds were transferred from the Solid Waste which was a payback from previous years when the General Fund subsidized the Solid Waste Fund for years.

Councilmember Willis explained that between the years of 2010 and 2014, the City has used quite a bit of Fund Balance to balance the budget.

## **FY 2015-2016 BUDGET – ENTERPRISE FUNDS**

The City Manager suggested starting with the Solid Waste Fund, then the Electric Fund and then Water & Sewer Fund. He added that when the meeting was scheduled, he forgot that Mr. Robert Ellis, Treatment Plants Director, was out of town; therefore, Mrs. Carpenter, Mr. McQuage and he would review the Water & Sewer Fund.

### ***SOLID WASTE***

Mr. Haywood discussed the following key points for the Solid Waste Fund for FY 2015-2016:

#### Revenues

- Receiving grant of \$12,000.00 for Recycling Center Expansion. Seeking additional grant funding.
- Current Residential Solid Waste Fee is \$24.00 per month per household.
- History of Solid Waste Fee is as follows:

<u>Fiscal Year</u>	<u>Residential Fee</u>
2000-2001	\$18.00
2001-2002	\$18.00
2002-2003	\$18.00
2003-2004	\$18.00
2004-2005	\$18.00
2005-2006	\$21.00
2006-2007	\$21.00
2007-2008	\$23.00
2008-2009	\$23.00
2009-2010	\$23.00
2010-2011	\$23.00
2011-2012	\$24.00
2012-2013	\$24.00
2013-2014	\$24.00
2014-2015	\$24.00

- Commercial Solid Waste Fee is based on size and collection frequency of dumpster.
- Sale of recyclable material is dependent on quantity of material and market prices. This year revenue budgeted at \$95,000.00, but it will probably be approximately \$60,000.00. There were some manpower and equipment issues that resulted in the inability to sort recyclables; therefore they had to be taken to Wagram as single stream. Just to be on the safe side, budgeting \$60,000.00 in Recycling Revenue for next year.

Upon question by Councilmember Williamson, Mr. Haywood explained that the equipment that will be installed with the grant next year coupled with an increase in the number of inmates utilized, have helped make the recycling center operations easier. He added that when the recycling center was re-opened, 20-year old equipment was being used which created some issues. He further added that grant money will be used to replace some of the old equipment.

Mr. Haywood resumed discussion of key points:

- An increase of \$1.00 per household in Solid Waste Fees and an equivalent increase of approximately 4.167% increase in commercial fees would yield total additional revenue of approximately \$87,000.00.

Expenditures

- Salaries & Wages includes addition of one (1) entry-level sanitation employee (\$22,885 salary and benefits).
- Current year overtime budgeted at \$50,000.00 and expected to be approximately \$65,000.00 by June 30. Several reasons for overtime included issues at the recycling facility, yard waste and two (2) employees out for medical reasons for six (6) months at the same time.
- With addition of one (1) entry-level employee, overtime budget will be decreased to \$40,000.00.
- History of staffing in Solid Waste (full-time operational staffing):

<u>Fiscal Year</u>	<u># SW Employees</u>
2000-2001	25
2001-2002	25
2002-2003	25
2003-2004	25
2004-2005	25
2005-2006	23
2006-2007	20
2007-2008	20
2008-2009	17
2009-2010	17
2010-2011	17
2011-2012	16
2012-2013	16
2013-2014	15
2014-2015	15
2015-2016	16

**Solid Waste Salaries & Wages**

<u>Fiscal Year</u>	<u>Budgeted Amount</u>
2000-2001	\$805,345.00

2001-2002	\$815,981.00
2002-2003	\$846,983.00
2003-2004	\$841,570.00
2004-2005	\$862,888.00
2005-2006	\$863,948.00
2006-2007	\$825,671.00
2007-2008	\$864,665.00
2008-2009	\$805,895.00
2009-2010	\$736,116.00
2010-2011	\$713,516.00
2011-2012	\$683,969.00
2012-2013	\$657,997.00
2013-2014	\$651,052.00
2014-2015	\$658,328.00
2015-2016	\$652,089.00

- Use inmates at the recycling center, but inmates cannot drive trucks and do some other things that full-time employees can do. Most of jobs are automated and most of the trucks just have one (1) employee on each truck.
- Increase in Travel & Schools due to General Services Director serving as President of APWA-NC Solid Waste Board.
- Increase in Materials & Supplies due to expense of baling wire, needle-proof gloves for inmates and other recycling supplies.
- Tipping Fees based on County fees remaining same at \$55.75 per ton for MSW and \$31.50 per ton for Yard Waste.

#### Capital Needs

- FY 2015-2016

\$58,872	Previously financed trucks-payoff in 2020
\$13,296	Previously financed truck-payoff in 2021
	Replacement of 2003 pickup truck-old truck has approx.
\$27,000	132,000 miles and needs new engine/trans repair
	Replacement of 2007 truck as front line automated truck-'07 truck
\$252,000	becomes backup, '02 truck surplus
	Expansion of Recycling Center to provide shelter for inmates on
\$50,000	sorting line for materials
	Dumpsters/carts (\$25,000), 1/2 cost of inmate van (\$25,000-
\$50,000	other half in Streets)
<u>\$451,168</u>	

Mr. Haywood explained that in FY 2016-2017, there are capital needs including \$270,000.00 for Recycling Center Equipment is another item for which staff is seeking grant funding. He also briefly discussed capital needs in FY 2017-2018 and that sometimes, capital items are postponed to the next year due to the availability of funds.

Discussion ensued concerning the knuckleboom truck replacement and changing the policy on yard waste pick up. Mr. Haywood explained that leaf collection is automated and limb pick-up is not automated. He further added there are some things that the City could do differently which were discussed several years ago in a Solid Waste Committee. He explained that the citizens did not want to change the yard waste methods.

Upon question by Councilmember Hammond, Mr. Haywood explained that one (1) of the suggestions was containerized yard waste and then it would be a one-man collection versus the current two-man collection operation.

Mr. Haywood then discussed revenues versus expenditures for 2015-2016 as follows:

Revenues vs. Expenditures

Expected revenues for FY 15-16	\$2,183,050
Requested expenditures for FY 15-16	\$2,472,359
Deficit (use fund balance, increase fees, reduce expenditures??)	(\$289,309)
Estimated Solid Waste Net Position (fund balance) at 6/30/15	\$401,089

Mr. Haywood then discussed Solid Waste transfers as follows:

Fiscal Year	Transfer In	Source
2000-2001	\$426,073	GF
2001-2002	\$240,312	GF
2002-2003	\$374,597	GF (\$103,420) EF (\$271,177)
2003-2004	\$217,530	GF
2004-2005	\$110,000	EF
2005-2006	\$0	
2006-2007	\$310,577	GF
2007-2008	\$147,402	GF
2008-2009	0	
2009-2010	\$130,000	W/SF
2010-2011	0	
2011-2012	0	
2012-2013	0	Transferred \$414,057 to GF
2013-2014	0	
2014-2015	0	Transferred \$10,406 to GF

Mr. Haywood explained that in the past money was transferred from the General Fund or another fund to the Solid Waste Fund and in 2002 the goal was to make the Solid Waste Fund self-sufficient.

Discussion ensued concerning municipalities that do not charge solid waste fees. Mr. Haywood explained that some municipalities support solid waste totally out of the General Fund either by charging a flat fee or by charging a lower solid waste fee and partially fund out of the General Fund.

Further discussion ensued concerning the deficit between revenue and expenditures.

Upon question by Councilmember Willis, Mr. Haywood explained that yard waste is the service that costs the most for the City. He added that staff can look at different service options.

Councilmember Leak discussed automation of sanitation and the resulting decrease in positions and personnel costs.

Mr. Haywood explained that if the City did not have the inmate labor for the recycling center, six (6) employees would need to be hired to handle recycling.

Discussion ensued concerning equipment for recycling and whether it is cost-effective to go to automation when you compare number of employees versus the cost of equipment. Mr. Haywood explained that in reducing the number of employees, that the number of trucks was also reduced. He added that there are expenses that cannot be controlled such as tipping fees and fuel costs, both of which have been steadily increasing over the years.

Discussion ensued concerning fund balance in the solid waste fund and the desire to make it self-supporting. Mr. Haywood explained that the trend with municipalities is to make Solid Waste self-supporting.

Discussion ensued concerning the City's fees as compared to other municipalities in the area. The City Manager explained that the City offers much more advanced service than others in the surrounding area and other municipalities the same size, so it is difficult to make comparisons.

Discussion ensued concerning the tipping fees in Scotland County and in Robeson County.

Upon question by Councilmember Willis, Mr. Haywood explained that the only items that the only capital items remaining in his budget were the van for inmates, the side loader and a pickup truck. He added that the \$110,000.00 baler had already been cut from the budget. He discussed that fuel prices and the charges for tipping fees are variable and the budget figures are estimates for those items.

Upon question by Councilmember Adams, Mr. Haywood explained that the pickup truck in the budget is needed for delivery and pick up of carts and investigating citizens' complaints. He added that the truck being replaced is 12 years old and will be declared surplus property.

Motion was made by Councilmember Willis to use \$200,000.00 of the Solid Waste fund balance and increase the solid waste fee for residential by \$1.00 per month and the equivalent percentage increase for commercial solid waste fees. The motion failed for a lack of a second.

Councilmember Adams suggested not taking action on the solid waste fees until the remainder of the budget had been discussed since there may be other fee increases.

The City Manager explained that currently the Garage maintains and pays for labor throughout all four (4) funds and the Garage is in the General Fund. He added that some municipalities have an internal service fund for the Garage so that those charges are reflected in the department from which the vehicle or piece of equipment originates. He further added that the Leadership Team will be meeting to discuss creating an internal service fund for the Garage in order to reduce expenditures in the General Fund.

Further discussion ensued concerning solid waste rates, yard waste services and whether costs would be reduced. Mr. Haywood discussed fluctuation of the amount of yard waste throughout the year and can be affected by weather such as ice storms or hurricanes.

## **ELECTRIC FUND**

The City Manager explained that the Electric Fund would have increased revenues compared to the current year due to the rate increase approved by Council. He added that North Carolina Eastern Municipal Power Agency (NCEMPA) advised its members to prepare FY 15-16 budgets as if the asset sale to Duke Progress Energy was not occurring. He further added that once the asset sale is completed, the electric rate study would be conducted.

Mrs. Carpenter explained that consideration would be given in the rate study for when FCC is at full capacity.

The City Manager explained that there would be no contribution to the Electric Fund from the General Fund.

### ***592- Building Maintenance***

The City Manager explained that operations expenditures were flat and that capital expenditures included one-half (1/2) a floor buffer, intercom system, and new tables and chairs for the canteen.

Mr. Haywood added that new hand dryers would be installed that would decrease Materials & Supplies.

### ***661- Non-Departmental***

The City Manager explained that employee training was added in this budget, but otherwise this budget is flat.

### ***720 – Electric Administration***

The City Manager explained that there is an increase in Contracted Services for the electrical engineering consultant mainly because of the rate study. He added that staff is extremely happy with the new consultant. He further added that the only capital item was a laptop computer.

### ***724 – Consumer Billing & Receiving***

The City Manager explained that Postage was increased due to an increase in delinquent letters. He added that staff had met with the City Attorney to look at options to increase collection rates. He further added that in the Maintenance and Repair Equipment line item includes removal of Harris and an increase in expenditures to Tyler Munis which is a one-time \$30,000.00 charge.

A discussion ensued concerning Teleworks. Mrs. Carpenter explained that this is the method for making payments over the telephone. She added that this service will need to be reviewed because at cut-off time, Teleworks crashes due to the volume of calls.

The City Manager explained that one-half of a new truck was included in this budget.

Upon question by Councilmember Adams, Mrs. Carpenter explained that this department is split between Electric Fund and Water & Sewer Fund.

A discussion ensued concerning computer replacement.

### ***811 – Power Purchases***

The City Manager explained that this budget is the power purchases from NCEMPA.

### ***832 – Electrical Operations & Improvements***

The City Manager explained that on the operations side, the budget includes an increase in uniforms. He added that the overall capital expenditures are reduced from last year. He further added that \$40,000.00 is to complete purchase of the new electric meters and to have \$8,000.00 worth of meter inventory in the event there is a problem.

*Mayor Parker called for a short break at 7:37 p.m.*

*The meeting resumed at 7:45 p.m.*

### ***833 – Fiber Optic***

The City Manager explained that this budget had been decreased. He added that he, Mr. Smith and Mr. Coble traveled to meet with City of Wilson representatives since it is a leader in municipal fiber. He further added that a Wilson suggested a fiber planner to conduct an analysis of the City's structure. He explained that representatives from Wilson told staff that the planner was highly recommended and never steered Wilson wrong. He further explained that Wilson provides cable television, phone and internet to its citizens.

The City Manager explained that currently Electric Fund revenues are approximately \$550,000.00 over expenditures. He added that this fund will be readdressed once the NCEMPA asset sale takes place.

## **WATER/SEWER FUND**

The City Manager explained that revenue in the Water/Sewer Fund is approximately \$4.5 million and in line with estimates for this current year. He added that over two (2) years ago, revenues

and water structures were discussed and it was his understanding that the rate structure had only been increased in the past in order to qualify for grant funding and not based on expenses and rates in the surrounding area. He further added that staff has discussed the process of a rate study with Chuck Willis of Willis Engineers.

### ***593- Building Maintenance***

The City Manager explained that this department is shared with the Electric Fund.

### ***662-Non-Departmental***

The City Manager explained that this budget is reduced from previous year due to paying off the Water/Sewer Bond.

### ***725-Consumer Billing***

The City Manager explained that this department is shared with the Electric Fund.

### ***812-Water Production & Treatment***

The City Manager explained that the operating budget was reduced. He added that a big capital item is to repaint the water tower on Caledonia Road. He further added that the fence at \$75,000.00 is in the current year's budget and staff will see if it can be completed by the end of this fiscal year.

Mrs. Carpenter explained that staff had removed \$300,000.00 for a new well field.

Discussion ensued concerning location of a new well field.

### ***814-Water Distribution***

Mr. McQuage explained that this budget includes the following:

- Two (2) trucks
- \$40,000.00 for new water meters
- Trailer
- Miscellaneous equipment

Discussion ensued concerning vehicle replacement. Mr. McQuage explained that the two (2) trucks are front-line trucks and approximately 11 years old with over 200,000 miles.

### ***820-Sewage Collection***

The City Manager explained that this budget is reduced from the current year. He discussed the easement issue with Omega Rail that has resulted in the sewer expansion to the mobile home park that was previously approved not being completed.

### ***822- Wastewater Treatment***

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

Discussion ensued concerning the College Park pump station.

Mrs. Carpenter explained that a position was added with part in this budget and part in department 812-Water Production & Treatment.

Discussion ensued concerning the years of service of Mr. Ellis and Mr. Ricky Odom, and the need to bring someone in for training and moving up to fill potential vacant positions.

Discussion ensued concerning filling job requirements and certifications.

The City Manager explained that the budgeted expenditures were \$6.5 million with budgeted revenue of \$4.785 million. He added that in the current fiscal year, \$2.8 million was appropriated from fund balance.

Upon question by Councilmember Willis, Mrs. Carpenter explained that the net position of the Water/Sewer Fund is \$28.5 million including assets. She added that there have been projects included in past budgets that are not completed and therefore carried over from year to year in the budget.

The City Manager explained that staff will review expenditures and look at a rate study to bring the Water/Sewer Fund budget back to Council.

Discussion ensued concerning water/sewer rates, Cash & Equivalents of the Water/Sewer Fund, and the City's trend of using appropriations from fund balance.

## **ECONOMIC DEVELOPMENT UPDATE**

A lengthy discussion ensued concerning land adjacent to Laurinburg-Maxton Airport and the possibility of the City loaning funds to the Laurinburg-Maxton Airport Commission (LMAC) to purchase additional land at the airport in order to protect the drop zone.

## **RECESS**

Following discussion, motion was made by Councilmember Williamson, seconded by Councilmember Hammond, and unanimously carried to recess the meeting until Monday, June 8, 2015 at 6:00 p.m. in the Council Chambers of the Municipal Building.

The meeting recessed at 8:54 p.m.

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Thomas W. Parker III, Mayor

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Jennifer A. Tippett, City Clerk