

MAY 8, 2017

The budget workshop was held at the M.S. Bailey Center at 4:00 PM with Mayor Bob McLean presiding with Councilmembers Cook, Jenkins, Kuykendall, Neal, Roth, and Young. The Interim City Manager was present. Local news media present was Larry Franklin from the Clinton Chronicle. Notice was mailed and emailed to all local news media on May 2, 2017.

INVOCATION	The invocation was given by Councilmember Kuykendall.
PLEDGE ALLEGIANCE	Mayor McLean asked Council and the audience to stand and recite the Pledge of Allegiance.
BUDGET FY 2017-18	Mayor McLean recognized Mr. Dale Satterfield, Interim City Manager. Mr. Satterfield stated that he would present to Council the proposed budget and the significant changes to each department. Mr. Satterfield stated that he has included in the presentation the page number of each department so Council may follow along with him. Mr. Satterfield stated that the proposed budget includes objectives from the Strategic Plan which are Exceptional Infrastructure, Grow the Economy, Develop and Maintain Sustainable Revenue Sources, and Provide for a First Class City. Mr. Satterfield stated that the proposed budget include Financial Policies for the operating budget, investments, reporting, and Asset Management. Mr. Satterfield stated that the budget consist of two primary cost centers which is the General Fund and the Utility Fund. Mr. Satterfield stated that the General Fund Divisions are Mayor and Council, Office of the City Manager, Street Department, Parks and Recreation Department, Department of Community and Economic Development, and the Department of Public Safety. Mr. Satterfield stated that the General Fund's budget is \$6,706,473 and it is a balanced budget. Mr. Satterfield stated that each budget will highlight salaries because the proposed budget includes a 2% Cost of Living Adjustment and also a 2% increase in the employee's Retirement Contribution. Mr. Satterfield stated that the Mayor and Council budget includes \$65,025 in salaries which is a \$65 decrease from last year. Mr. Satterfield stated that Incidental Expenses have increase by \$20,000 to help offset some cost when Council hires a new City Manager. Mr. Satterfield stated that the Mayor and Council's overall budget has increased by \$19,935. Mayor McLean stated that the Mayor and Council has a 19% increase and would it be the \$20,000 in Incidental Expenses and Mr. Satterfield stated yes. Mayor McLean asked what are Incidental Expenses and Mr. Satterfield stated the funds are for travel expenses for Council. Councilmember Kuykendall asked if any of the departments generate a surplus budget at the end of the fiscal year and Mr. Satterfield stated yes. Councilmember Kuykendall asked what happens to surplus funds and Mr. Satterfield stated that these funds go
OVERVIEW	
GENERAL FUND	
MAYOR & COUNCIL	

**OFFICE OF
CITY MANAGER**

into the City's Reserve Funds. Councilmember Kuykendall asked if any of the surplus funds is applied to the new fiscal year and Mr. Satterfield stated no. Councilmember Roth asked what type of revenue is the General Fund Intergovernmental Revenue. Ms. Morrow, Finance Director, stated that revenues from this revenue stream come from State Shared Revenue, Local Option Sales Tax, a PMPA Grant, and State Accommodation Tax. Mr. Satterfield stated that the highlights for the Office of the City Manager are salaries at \$203,283 which is an increase of \$18,533. Mr. Satterfield stated this expense was increased to help Council negotiate a salary package with the new City Manager. Mr. Satterfield stated that the Retirement Contribution has increased by \$7,399 because of the 2% increase.

**ECONOMIC
DEVELOPMENT**

COURT

LEGAL SERVICES

FINANCE

Mr. Satterfield stated that this budget contains the Sanitation Fund Transfer of \$262,359 and under the Capital Expenses the City has increased the Vance Property payment by \$68,477 because the City would make extra payments to pay this debt off early. Mr. Satterfield stated that the total budget increase for the Office of the City Manager is \$342,603. Mayor McLean stated that he understood the Vance property debt was to be forgiven and Mr. Satterfield stated that he did not have any knowledge of that matter. Councilmember Roth stated that the Retirement Contribution is like Social Security in that the employee and the employer pays into the Retirement System and Mr. Satterfield agreed. Ms. Morrow stated that the increase from the Retirement System would affect the employee and the employer. Ms. Morrow stated that the employee's Retirement Contribution would be a 2% increase. Councilmember Roth stated that the State Legislators have a bill concerning Retirement Contributions and would this help the City. Ms. Morrow stated that the House has a different version than the Senate. Ms. Morrow stated that the House version would reduce the employer's Retirement Contribution but this bill has not been passed. Mr. Satterfield stated that the Department of Community and Economic Development salaries have a \$1,899 decrease. Mr. Satterfield stated that \$10,000 has been included to contract the landscape maintenance of the Industrial Park. Mr. Satterfield stated that the total budget increase is \$9,673. Mr. Satterfield stated that the Municipal Court salaries have increased by \$893 and there are no notable changes in the operational expenses. Mr. Satterfield stated that the Municipal Court's budget has a total budget decrease of \$9,588. Mr. Satterfield stated that the Legal Services budget has a total budget decrease of \$6,500. Mr. Satterfield stated that the Finance Department salaries have an increase of \$5,287 and the Retirement Contribution has an increase of \$5,322 due to the 2% Retirement Contribution increase. Mr. Satterfield stated that there are no notable changes to the operational expenses. Mr. Satterfield stated that

the Finance's Capital Budget reflects a \$10,000 decrease and the total budget has a decrease of \$3,064. Mr. Satterfield stated that the Public Safety's salaries are \$1,535,725 which is an increase of \$31,016.

PUBLIC SAFETY

Mr. Satterfield stated that the Retirement Contributions have increased by \$9,325 and the Police Officer's Retirement Contribution would increase by \$32,891. Mr. Satterfield stated that under the operational expenses the Building and Grounds Expense account has been increased by \$5,000. Councilmember Kuykendall asked if the City would add an additional employee for building and ground maintenance and Mr. Satterfield stated no. Mr. Satterfield stated that the Public Safety's Capital Budget reflects \$90,000 for equipment such as radios, SRT Vests, SCBA's, Ballistics Protection Devices, and Patrol Rifles. Mr. Satterfield stated that the Capital Budget funds two vehicles for \$80,000. Mr. Satterfield stated that the Public Safety's Equipment Replacement Fund is increased by \$30,000 in order to pay back a third vehicle. Mr. Satterfield stated that the Public Safety's total budget increases by \$73,908. Mayor McLean asked how many patrol vehicles does Public Safety have and Crystal Roberts, Police Commander, stated eighteen. Mayor McLean asked how many Officers work per shift and Commander Roberts stated four on the day shift and five on the night shift. Mayor McLean stated that Public Safety has a lot of reserve vehicles and Chief Morse stated that Sergeants and Lieutenants take assigned cars home. Councilmember Roth asked if the City has two Retirement Funds which is the SC Retirement Fund and the Police Retirement Fund and Ms. Morrow stated yes. Ms. Morrow stated that each Retirement Contribution have different rates.

STREET DEPT

Mr. Satterfield stated that the Street Department salaries have a decrease of \$17,592 which is due to re-assigning personnel to other departments. Mr. Satterfield stated that there are no notable changes to the operational expenses. Mr. Satterfield stated that the Street Department Capital Budget reflects an increase of \$450 due to the purchase of a three Point Hitch Sprayer and the Paving and Sidewalk Expense funds \$50,000 in repairs which is a \$10,000 decrease. Mr. Satterfield stated that the Street Department budgeted \$57,039 in debt service for a Street Sweeper. Mr. Satterfield stated that the total Street Department Budget has a decrease of \$25,562. Mr. Satterfield stated that

PARKS

RECREATION

the Parks and Recreation Department salaries are \$66,596 which is a decrease of \$4,209. Mr. Satterfield stated that this department carries the YMCA Program expenses of \$180,000 which will not increase. Mr. Satterfield stated that the Department of Parks and Recreation's Equipment Budget reflects a purchase of a Zero Turn Mower for \$33,000. Mr. Satterfield stated that this budget carries the partial payment of \$400,000 for the Parks Development Project. Mayor McLean asked if that expense should go with the funds for the Hospitality Tax. Ms.

MUSEUM

Morrow stated that the revenue for the Hospitality Taxes is located in the General Fund and the \$400,000 has to be shown as an expense. Mayor McLean stated that this looks as if the City is spending these funds. Ms. Morrow stated that it must be shown as an expense until the Recreation Committee decides to move forward on the project. Councilmember Young asked if this budget has any funds for the Pine Street Park. Mr. Satterfield stated this budget does have funds for the City Parks but he feels confident the City would be able to obtain Park Grants to upgrade the Parks. Mr. Satterfield stated that the Department of Parks and Recreation Department has a total budget increase of \$18,134. Mr. Satterfield stated that the Museum Department's salaries are \$12,977 and an increase of \$5,000 has been added to the Building and Ground Maintenance for upgrades to the building. Mr. Satterfield stated that the Capital Facility account has been decreased by \$20,000. Mr. Satterfield stated that the Museum's overall budget has a \$6,200 decrease. Mr. Satterfield stated that the salaries in the Planning and Inspection Department are \$120,770.00. Mr. Satterfield stated that there are no capital request in the Inspection and Planning Department.

INSPECTION

**UTILITY FUND
OVERVIEW**

Mr. Satterfield stated that the total budget for the Utility Fund is \$23,199,469 and the budget is balanced. Mr. Satterfield stated that the Utility Fund Revenues consists of revenues from the Electric Rates, Water Rates, Sewer Rates, Garbage Fees, and Customer Service Fees. Mr. Satterfield stated that the departments in the Utility Fund are Public Works Administration, Electric Distribution, Water Treatment, Water Distribution, Sewer Collection, Right of Way, Sanitation, Fleet Maintenance, Information Technology, Risk Management, and Utility Billing. Mr. Satterfield stated that the salaries in the Public Works Administration is \$128,326 which is an increase of \$3,752. Mr. Satterfield stated that the increases in salaries are due to the 2% COL and the increase in the Retirement Contribution. Mr. Satterfield stated that there are no notable changes in the operational budget and \$35,000 has been added to the Capital Facility account. Mr. Satterfield stated that the last several years the City has budgeted \$35,000 to upgrade the building. Mr. Satterfield stated that the overall Public Works Administration budget has increased by \$4,792. Mr. Satterfield stated that the salaries in the Information Technology budget are \$106,540 which is an increase of \$10,804.

**PUBLIC WORKS
ADMINISTRATION**

IT DEPT

Mr. Satterfield stated that the changes in the operational budget are a \$1,700 increase in Office Supplies for GIS material. Mr. Satterfield stated that \$10,000 has been budgeted for the Software Maintenance contract and \$10,000 for Cyber Security. Mr. Satterfield recognized Mr. Phil Hasty, IT Director. Mr. Hasty stated that the funds for the Cyber Security include

training and licensing fees for the Cyber Security Program. Mayor McLean asked Mr. Hasty to explain to Council what PMPA does for the City. Mr. Hasty stated that PMPA maintains the City's computer servers as well as the City's network. Mr. Hasty stated that City staff does the physical work such as running the wires and setting up the computers and PMPA makes sure the system runs properly. Mayor McLean stated that Clinton is one in six Cities that utilizes PMPA for IT services and Mr. Hasty agreed. Mr. Hasty stated that PMPA also maintains the City's email program. Mr. Satterfield stated that the IT Department has budgeted \$42,000 for the City's Microsoft license, \$30,000 for the City's Munis license, and \$40,000 for engineering services for the CMON Program. Mr. Satterfield stated that the Capital Equipment account has a budget of \$65,000 which is a decrease of \$85,000. Mr. Satterfield stated that these funds would be used to replace computers for City staff. Mr. Satterfield stated that the total budget for the IT Department has a total increase of \$51,077. Mr. Satterfield stated that the salaries in Utility Billing are \$349,308 which is an increase of \$10,583 and the Group Health Insurance in this department increased by \$20,617. Mr. Satterfield stated that the operational budget contains \$20,000 for Engineering Services to fund the Pay as You Go Program and \$3,500 has been budgeted to fund the Customer Service Guarantee Program. Mr. Satterfield stated that this program operates on the guarantee City personnel gives a customer. Mr. Satterfield stated that if City staff tells a customer the City would provide the service at 2:30 PM and personnel does not show up then the City awards that customer with a credit on their bill. Mayor Mclean stated that the salaries show a 9.2% increase and does that include the 2% COL. Ms. Morrow stated that the increase includes the COL, Retirement Contribution increase, and the increase in Health Insurance. Ms. Morrow stated that the reason the Health Insurance has increased in this department is because the new personnel in Utility Billing have opted for more insurance coverage beside the employee coverage such as spousal or children and the City supplements portions of these types of insurance coverage. Mr. Satterfield stated that the Capital Facility budget includes \$8,000 for upgrades to the Customer Service Office which is a \$2,000 decrease from last year. Mr. Satterfield stated that the total Utility Billing budget has increased by \$61,493. Mr. Satterfield stated that the salaries in the Electric Distribution are \$359,815 which is a decrease of \$44,847. Mr. Satterfield stated that the decrease is due to re-classification of personnel to the Right of Way Department. Mr. Satterfield stated that in the operational budget \$100,000 has been budgeted for Electric System repairs and maintenance. Mr. Satterfield stated that the cost of Purchased Power is carried in the Electric Distribution budget and is \$12,057,919 for the upcoming fiscal year. Mr. Satterfield stated that the Capital budget is \$125,000 which is an increase

UTILITY BILLING

ELECTRIC

of \$35,000. Mr. Satterfield stated that the increase includes a 4Kv Conversion Project, an Arc Flash Study, and a change out of Switches. Mr. Satterfield stated that OSHA requires the City to complete an Arc Flash Study every five years. Councilmember Roth asked what changes in the Arc Flash Study and Mr. Satterfield stated load growth or load loss. Mr. Satterfield stated that the allocated transfer to the General Fund is \$1,079,597 which is a decrease of \$133,217. Mr. Satterfield stated that the City is continuing to reduce the transfer amount to the General Fund. Mr. Satterfield stated that the overall budget for the Electric Distribution is decreased by \$96,844. Mr. Satterfield stated that the salaries for the Right of Way Department are \$184,353 which is an increase of \$47,260. Mr. Satterfield stated that this is the first full year of funding for the personnel in the Right of Way Department and this is the reason for the increase. Mr. Satterfield stated that the operational budget funds \$15,000 for vehicle repairs. Mr. Satterfield stated that when the Right of Way Department was formed the Department inherited the oldest vehicles and these funds would be used to keep the vehicles running for an additional year or two. Mr. Satterfield stated that there is no capital request in this department. Mr. Satterfield stated that the total budget increase for the Right of Way Department is \$71,185. Mayor McLean stated that his information says the Capital Equipment for the Right of Way Department would come from the Sewer I & I Fund. Ms. Morrow directed Mayor Mclean where he could see the detail about the capital projects from the Sewer I & I in the budget. Mr. Satterfield stated that the salaries for Sanitary Sewer are \$113,746 which is a decrease of \$21,531. Mr. Satterfield stated that this decrease is due to re-classifying personnel. Mr. Satterfield stated that in the operational budget \$100,000 is budgeted for System Maintenance which is an increase of \$35,000. Mr. Satterfield stated that the additional funds would be used to rehabilitate manholes. Mr. Satterfield stated that \$1,420,000 is the LCWSC Sewer Treatment cost for next year. Mr. Satterfield stated that in the Capital Budget the City budgeted \$40,000 for Sewer System repairs. Mr. Satterfield stated that the reason these repair funds are under Capital is because the City may have to replace some of the pipes instead of repairing the system. Mr. Satterfield stated that the overall budget for Sanitary Sewer is increased by \$29,401. Mayor Mclean asked how much funds are in the Sewer I & I account and Ms. Morrow stated approximately \$900,000. Mayor Mclean stated that the City has a major problem with I & I in the Sewer System. Mayor Mclean asked if the City would work on that problem in the upcoming fiscal year. Mr. Satterfield stated that the City has a good idea where the repairs need to be done and the City would start the Smoke Testing in the near future. Mr. Satterfield stated that no personnel are paid from the Strom Sewer Department. Mr. Satterfield stated that the System Maintenance account

RIGHT OF WAY

SANITARY SEWER

STORM SEWER

WATER

has \$6,000 budgeted for System Maintenance and there are no capital request for this department. Mr. Satterfield stated that the overall budget for the Storm Sewer Department has an increase of \$6,000. Mr. Satterfield stated that the salaries in the Water Distribution Department are \$141,147 which is an increase of \$4,589. Mr. Satterfield stated that \$110,000 has been budgeted in the operational budget for System Maintenance. Mr. Satterfield stated that the Capital Budget contains \$32,500 for a Service Truck and \$100,000 for System improvements. Mr. Satterfield stated that the Water Distribution's Debt Service is \$301,848 which is an increase of \$178,792. Mr. Satterfield stated that the increase is due to the addition of the 2017 Utility Bond payment. Mr. Satterfield stated that the Water Distribution's transfer to General Fund is \$215,966 which is an increase of \$47,854. Mr. Satterfield stated that the total cost of the Water Distribution Department increased by \$304,320. Mr. Satterfield stated that the salaries for Water Filtration are \$371,946 which is an increase of \$4,208. Mr. Satterfield stated that the Health Insurance is \$60,471 which is an increase of \$14,114. Mr. Satterfield stated that the operational budget contains \$7,000 for postage which is a \$5,000 increase. Mr. Satterfield stated that the City is facing required water testing in 2017 and basically the Filter Plant would have to ship water to Michigan for testing.

**WATER
FILTRATION**

Mr. Satterfield stated that \$85,000 has been budgeted for water treatment chemicals which is a decrease of \$60,000. Mr. Satterfield stated that \$40,000 has been budgeted for System Maintenance, \$35,000 for River Pump Maintenance, and \$340,000 for power consumed. Mr. Satterfield stated that the account for the River Pump Maintenance was included in the System Maintenance Account but City staff could not track the cost as efficiently so a new account has been established for that cost. Mr. Satterfield stated that in previous years the City did not budget enough funds for the power consumed by Water Filtration and \$340,000 is more in line with what the Department uses in power. Mr. Satterfield stated that the Capital Budget contains \$75,000 in Facilities in order to do some upgrades in the Filter Plant. Mr. Satterfield stated that the Water Filtration budget carries the 2012 bond payment which is \$500,947. Mr. Satterfield stated that Water Filtration's overall budget has an increase of \$89,985. Councilmember Kuykendall asked if the City was getting closer to compliance with the upgrades to the Filter Plant and Mr. Satterfield stated yes. Mr. Satterfield stated that the City still has work to do inside the Filter Plant such as painting and upgrading the lab. Mayor McLean asked in fifteen years should the City be operating this Plant and Mr. Satterfield stated yes. Mr. Satterfield stated that the salaries for Fleet Services are \$40,850 which is an increase of \$1,174. Mr. Satterfield stated that there are no notable changes in the operational budget. Mr. Satterfield stated that \$30,000 has been budgeted for Capital Equipment

FLEET SERVICES

**RISK
MANAGEMENT**

SANITATION

and \$30,000 for Capital Facilities. Mr. Satterfield stated that the City would like to enclose a bay to give the Fleet Mechanic more space to work. Mr. Satterfield stated that the total budget increase for Fleet Services is a \$69,520 increase. Mr. Satterfield stated that the salaries in Risk Management are \$58,785 which is an increase of \$3,765. Mr. Satterfield stated that there are no notable changes to the operational budget and no Capital requests. Mr. Satterfield stated that the overall budget for Risk Management has an increase of \$5,526. Mr. Satterfield stated that the Sanitation salaries are \$229,402 which is an increase of \$60,706. Mr. Satterfield stated that this increase is due to re-allocating employee's hours. Mr. Satterfield stated that Group Health Insurance is \$49,397 which is an increase of \$8,883. Mr. Satterfield stated that there are no notable changes to the operational budget. Mr. Satterfield stated that there is a request in Capital for a new Garbage Truck and the proposed budget includes \$20,000 for the down payment. Mr. Satterfield stated that Council would need to decide to move forward with doing the Sanitation pickup in-house before purchasing the Garbage Truck. Mr. Satterfield stated that the Debt Service for Sanitation contains \$20,000 payment for the Grapple Truck and \$93,922 for an Overhead Allocation to the General Fund. Ms. Morrow stated that the Overhead Allocation is for the services provided to the Sanitation Department by the Administration and the Finance Department. Mr. Satterfield stated that the total Sanitation Budget has increased by \$143,066. Mr. Satterfield stated that the budget policy directives for essential services will receive first priority, avoid current expenses against future year funds, and balanced budget define as revenues to expenditures over the business cycle have all been met in the proposed budget. Mr. Satterfield stated that progress is being achieved in the proposed budget in regards to maintaining physical assets to protect capital investments. Mayor McLean asked if there are any funds in the budget to repair the damage to the American Legion Hut. Ms. Morrow stated that the American Legion Hut is a separate fund. Mayor McLean stated that that account has about \$23,000. Mayor McLean stated that the City needs to budget funds to get the building operational again.

Ms. Morrow stated that the American Legion Hut could use its own funds and Mayor Mclean stated that the account only has \$23,000 and that may not be enough to fix the problems. Ms. Addison, Administrative Assistant, stated that City staff would make a list of the repairs to the Legion Hut.

COST OF SERVICE

Mr. Satterfield stated that the base Facility Charge for Residential Rates will be \$20 and the energy charge would go from .14800 in 2017 to .13800 in 2018. Mr. Satterfield stated that is a reduction of one cent. Mr. Satterfield stated that this reduction makes the City more competitive in

regards to the Electric Rates. Councilmember Roth asked where does the City stand in regards to the Electric Rates in the State. Mr. Satterfield stated that the City and SCNG are the two highest providers of electricity in the State. Mr. Satterfield stated that the General Service Electric Rates decreased from .189 in 2017 to .183 in 2018 which is about a 3% decrease in the General Service Electric Rates. Mr. Satterfield stated that the Large General Service such as Asten Press would see a 2% decrease. Mr. Satterfield stated that the Rate Structure for Large General Service awards the company for keeping their Demand Energy usage down but still use a lot of kilowatt hours. Mr. Satterfield stated that the Water Rate increases the Base Rate Revenues, increases the monthly Readiness Charge, increases the Water Use Charge, and converts the Water Rates to a Flat Rate. Mr. Satterfield stated that the Readiness charge goes from \$8.05 in 2017 to \$12.50 in 2018. Mr. Satterfield stated that the new Water Rate would impact the customer by 49%. Mr. Satterfield stated that the new Water Rates merges the outside with power customers with outside without power customers and gives them one rate. Mr. Satterfield stated that the City would increase LCWSC Water Rate as permitted by the contract and this new rate anticipates the impact of losing LCWSC as a water customer in 2020. Mr. Satterfield stated that the Fire Protection Service Rate would increase according to the size of the pipe. Mr. Satterfield stated that the base Readiness Charge for LCWSC would go from \$1,761.34 in 2017 to \$2,620.72 in 2018. Mr. Satterfield stated that LCWSC has a declining rate which depends on how much water they purchase from the City. Mr. Satterfield stated that Council needs to be aware that Water Systems charge different amounts for certain fees. Mr. Satterfield stated that Greenville County charges anywhere from \$5,000 to \$7,000 for a Water Tap. Mr. Satterfield stated that Water Systems have other revenue coming in to help maintain their System. Mr. Satterfield stated that Greenville County only sets the tap and requires the customer to dig the ditch and prepare the ground for the tap. Mr. Satterfield stated that the Sewer Utility has an increase in the Base Rate Revenues, a moderate annual increase, and the City would continue Wastewater Treatment Surcharge to track costs. Mr. Satterfield stated that the Sewer Service Rate in 2017 is \$7.88 and in 2018 the charge would be \$8.65 for a customer living inside the City. Mr. Satterfield stated that the outside Sewer Rates are \$11.82 in 2017 and \$13.00 in 2018. Mr. Satterfield stated that the Retail Rate for the Sanitation Utility is an increase in the Base Rate Revenues, a uniform percentage increase to all pickup charges, and a continued reliance on transfers from the General Fund. Mr. Satterfield stated that the Rate Study moved the sanitation pickup rate from \$13.00 in 2017 to \$14.00 in 2018. Mr. Satterfield stated that the proposed budget did not use the

Rate Study's recommendation for the Sanitation Pickup. Mr. Satterfield gave Council a sample of the rate increases by Ward.

Mr. Satterfield stated that by reducing the Electric Rate and increasing the Water Rate to a true Cost of Service would give the customer more of an opportunity to control their utility bills. Mr. Satterfield stated that it would be easier for customers to control their water usage than their energy usage. Councilmember Roth asked if the transfers from the Utility System to the General Fund are still at 7%. Mr. Satterfield stated that the City currently transfers 7% but in the Financial Policies being presented to Council tonight would give the City a clear policy on how much to transfer which is around 5%. Councilmember Roth asked what determined the 5% transfer of funds. Mr. Satterfield stated that in the past the City transferred funds to operate the General Fund. Ms. Morrow stated that the new Financial Policy for transfers would treat the Utility System as a separate entity and charge fees this agency would pay the General Fund to operate inside the City. Ms. Morrow stated that the Utility System would pay a Franchise Fee, a Business License, and taxes. Councilmember Roth asked are the transfer funds from the Utility System earmarked for certain projects in the General Fund. Ms. Morrow stated that in the past the City capped the transfer at 7% and the percentage would be divided between the Electric Division, Water Division, and the Sewer Division. Ms. Morrow stated in the past several years the City has not transferred 7% and that is why the City is setting the transfer amount to 5%. Councilmember Neal asked why did the Mayor not have an office. Mr. Satterfield stated that he did not know since this was his first day as Interim City Manager. Councilmember Neal stated that she would like to see the Mayor have an office. Councilmember Neal asked if that could be fitted into the budget. Ms. Morrow stated that funds are in the budget to upgrade the Utility Billing Department and that process includes providing office space for the Mayor in the building. Councilmember Neal asked if the building did not have any office space and Ms. Morrow stated that all of the office space in the building was full. Councilmember Jenkins stated that the Mayor serves on Council just like the other six members. Councilmember Roth stated that he disagreed in that the Mayor is elected citywide. Councilmember Jenkins stated that the City's form of government is City Manager and Councilmember Roth stated that he understood that. Councilmember Roth stated that the Mayor should be available to citizens. Councilmember Neal stated that citizens ask her about seeing the Mayor but he does not have an office. Councilmember Roth asked if any changes could be made to the budget after the first reading and Mr. Satterfield stated yes. Mr. Satterfield stated Council could make changes

to the budget before the second reading. Mayor McLean thanked Mr. Satterfield for his presentation.

ADJOURN

With there being no further business before Council motion was made by Councilmember Jenkins to adjourn and seconded by Councilmember Young. The vote was unanimous.

CITY CLERK

MAYOR