

## APRIL 9, 2019

A budget workshop was held at the M.S. Bailey Center at 5:00 PM with Mayor Bob McLean presiding with Councilmembers Cook, Jenkins, Kuykendall, Neal, Roth and Walsh. The City Manager and the City Attorney were also present. Local news present was Vic McDonald from the Clinton Chronicle. Notice was emailed to all local news media on April 5, 2019.

<b>INVOCATION</b>	The invocation was given by Councilmember Kuykendall.
<b>PLEDGE ALLEGIANCE</b>	Mayor McLean asked Council and the audience to stand and recite the Pledge of Allegiance.
<b>EXECUTIVE SESSION</b>	Motion was made by Councilmember Kuykendall to enter into executive session to discuss one contractual matter relating to Real Properties relating to Project C and one contractual matter relating to the Recreation Complex and return to open session on the call of the chair and seconded by Councilmember Neal. The vote was unanimous.
<b>OPEN SESSION</b>	Mayor McLean declared Council back in open session. Mayor McLean stated that two contractual matters were discussed and no action was taken.
<b>BUDGET FY 2019-20 UTILITY SYSTEM</b>	Mayor McLean recognized Mr. Cannon, City Manager. Mr. Cannon stated that Council would discuss the Utility System in this budget workshop. Mr. Cannon recognized Ms. Morrow, Finance Director, to present the budget. Ms. Morrow stated that the proposed budget has a Utility Fund Balance of \$245,933. Ms. Morrow stated that City staff has allocated \$190,000 of the Utility Fund Balance to the Sewer System in order to complete the Consent Order from the State. Ms. Morrow stated that the Utility Fund rate increases are based on the Rate Study. Ms. Morrow stated that the proposed budget does not have an Electric Rate increase but a 9% Water and Sewer Rate increase. Ms. Morrow stated that the proposed budget does include a \$1.50 Garbage Rate increase. Ms. Morrow stated that the City has not raised the Garbage Fees in the last two years. Councilmember Roth asked if the Water Rate increase was just on consumption or does the increase include the meter charge. Mr. Meadors, Public Works Director, stated that the 9% Water Rate increase includes the consumption charge as well as the meter charge. Councilmember Roth asked if there is an increase on the irrigation meter and Mr. Meadors stated yes but the charge is less than the 9%.
<b>OVERVIEW</b>	

**ADMINISTRATION**

Ms. Morrow stated that the Administration salaries increased by \$34,843 due to moving personnel to this department. Ms. Morrow stated that there are no changes in the operational expenses and Capital Facilities went down by \$35,000. Ms. Morrow stated that the total budget increase in the Administration Department is \$138,460. Ms. Morrow stated that part of the increase is due to the PMPA credit the City is putting aside for future use. Councilmember Roth asked if Council would discuss the use for the Reserve Funds. Mayor Mclean asked if some of the Reserve Funds could be used to offset the utility bills. Mr. Cannon stated that the City would be facing some issues with PMPA in the near future and he recommends not using the funds until the issues with PMPA are resolved.

**IT DEPARTMENT**

Councilmember Cook asked if the funds could be used to stabilize the rates if PMPA has a rate increase. Mr. Meadors stated that according to the Rate Study if the City would like to reduce the utility rate by one cent that would cost the City one million dollars. Ms. Morrow stated that the IT Department has several operational expense increases which include a \$31,000 increase in telephone services, \$14,000 increase in cyber security, \$5,000 increase in Munis software, \$17,000 increase in PMPA services, and a \$21,000 increase in employee training. Ms. Morrow stated that Capital Equipment expense went up by \$50,000. Ms. Morrow stated that the increase in Capital Equipment include cameras and network equipment. Ms. Morrow stated that the total budget increase for the IT Department is \$164,425. Mayor McLean asked what is the total budget for the IT Department and Ms. Morrow stated \$667,865. Councilmember Roth asked what does the PMPA services include. Ms. Morrow stated that PMPA hosts the City's server as well as handles the City's email system and cyber security. Councilmember Roth stated that the City initially purchased electricity from PMPA but now PMPA is branching out and supplying IT services. Councilmember Roth stated that does the IT Department for PMPA stand alone or does PMPA supplement this service by using funds from their wholesale rates which means the City is helping PMPA pay for that service. Mayor McLean stated that not all of the PMPA members use the IT services PMPA offers. Councilmember Roth stated that the City should look at other IT services and see if it is cost effective to stay with PMPA. Councilmember Walsh stated that PMPA may offer the IT services because a cyber threat could happen with the electric grid. Councilmember Cook stated that the City's IT cost is not unusually high but just reflective of what it costs to keep the City's system secure. Ms. Morrow stated that the salaries in Utility Billing were reduced by \$149,372 due to the elimination of one position and two other positions were moved to other departments.

**UTILITY BILLING**

**ELECTRIC DEPT**

Ms. Morrow stated that there are no notable changes to the operational accounts. Ms. Morrow stated that the total budget decrease for Utility Billing is \$210,055. Ms. Morrow stated that the salary in the Electric Department has increased by \$123,246 due to mid-year market rate adjustments. Ms. Morrow stated that there are no notable changes to the operational accounts. Ms. Morrow stated that the Capital Expense Account increased by \$20,000 due to the 4 Kv Conversion/Arc Flash Study, replacing SCADA with TRAC, and pole replacements. Mr. Cannon stated that SCADA alerts City staff if there is a problem in the system and where the problem is. Councilmember Roth asked if the issue concerning linemen pay has been taken care of and Ms. Morrow stated yes. Ms. Morrow stated that the debt increased by \$19,620 due to the changes in the 2017 bond payments. Ms. Morrow stated that the Fund Transfer increased by \$720. Ms. Morrow stated that the Overhead transfers are based on what the General Fund offers the Utility Fund in regards to Human Resource, Payroll, and Accounts Payable. Ms. Morrow stated that the Allocations to the General Fund are based on what the Utility Fund would pay in Franchise Fees and Taxes. Ms. Morrow stated that the Overhead Transfer and the Allocations to the General Fund are based on the recommendations from the City's Bond Attorney. Ms. Morrow stated that the total budget increase in the Electric Department is \$99,583. Ms. Morrow stated that the salaries in the Right of Way (ROW) Department increased by \$40,376 due to mid-year market rate adjustments and the addition of one employee. Ms. Morrow stated that \$50,000 was added to operational expenses to cover tree removal. Ms. Morrow stated that the debt payments decreased by \$1,699 and the total budget increase in the Right of Way Department is \$73,877. Mr. Cannon stated that an Arborist from SC Forestry has marked the trees on South Broad for removal and City staff would present Council with an Ordinance addressing planting trees between the sidewalk and the road. Mayor Mclean stated that the City did not identify these trees but an Arborist for the State marked the trees for removal. Mayor McLean stated that the State is taking the trees downs not the City. Mr. Cannon stated that the City may have to cover some of the tree removal cost. Councilmember Roth asked who would be responsible for the sidewalks if they are damaged. Mr. Cannon stated that the State may help with that cost but it is the City's responsibility. Ms. Morrow stated that the salaries for the Sanitation Department are \$234,421 and there are no notable changes to the operational expenses. Ms. Morrow stated that the debt for the Sanitation Department increased by \$80,117 due to the added loan payment for the new Garbage Truck and an increase in the Fund Transfers.

**ROW DEPT**

**SANITATION**

**SANITARY SEWER**

Ms. Morrow stated that the total budget increase for the Sanitation Department is \$169,182. Ms. Morrow stated that the salaries in the Sanitary Sewer Department had no notable changes and the LCWSC Treatment Cost increased by \$100,000. Ms. Morrow stated that the Capital Expenses increased by \$110,000 in order to make repairs to the Sewer System. Councilmember Kuykendall asked how much does the City pay LCWSC each month and Mr. Meadors stated that the bill is based on the amount of rainfall. Mr. Meadors stated that higher the levels of rainfall mean a higher LCWSC bill. Mr. Meadors stated that the City has four basins and two of the basins are under the State's Consent Order. Mayor McLean asked if the I&I problems are coming from residential lines or the City's manholes and Mr. Meadors stated from both places. Mr. Meadors stated that the cost of repairing these lines is expensive but the repairs would lower the sewer treatment cost from LCWSC.

Councilmember Roth asked if the City would contract the repairs. Mr. Cannon stated that it is cost effective to do the repairs in house but that would require more personnel and that is what the City is striving to do. Councilmember Cook asked how much of the Consent Order has the City finished. Mr. Meadors stated that the Consent Order required the City to maintain the right of ways and GIS the system which the City has done but the City has not made any strides as far as repairs to the Water and Sewer lines. Ms. Morrow stated that the total budget increase for the Sanitary Sewer Department is \$178,983. Ms. Morrow stated that the Storm Sewer Department does not have any salary costs and \$25,000 is budgeted for the operational costs. Ms. Morrow stated that the Storm Sewer Department does not have any Capital request. Ms. Morrow stated that the total budget increase for this department is \$27,000. Ms. Morrow stated that there are no notable changes in salaries in the Water Distribution Department. Ms. Morrow stated that the operational expenses decreased by \$50,000 due to a decrease in Professional Services Expense. Ms. Morrow stated that System Improvements decreased by \$65,000 and Capital Equipment increased by \$26,000 due to the request for a Softstart for a serviced pump and a hydraulic power pump. Ms. Morrow stated that the Water Distribution Department's debt increased by \$48,863 due to the additional 2017 Utility bond payments. Ms. Morrow stated that the total budget for the Water Distribution Department decreased by \$15,409. Councilmember Roth stated that the City had to flush the fire hydrants after the water lines were replaced on South Broad at the City's expense and Mr. Meadors agreed. Councilmember Roth asked if that aspect of the project is included in the bid and Mr. Meadors stated that is not.

**STORM SEWER**

**WATER DEPT**

**FLEET SERVICES**

**RISK MANAGEMENT**

**FILTER PLANT**

**SUMMARY**

Councilmember Roth stated that the City should consider this cost when dealing with water line replacements and Mr. Meadors agreed. Mr. Meadors stated that the City is required to flush a new water line. Ms. Morrow stated that if the City had kept up with the cost of flushing the water lines then the bond funds could reimburse the City for that expense. Councilmember Cook asked if the Water and Sewer lines have been placed to the new Spec Building and Mr. Meadors stated yes. Ms. Morrow stated that there are no notable changes to salaries in the Fleet Services Department. Ms. Morrow stated that employee training has increased by \$3,500 and \$4,500 has been included for Capital Equipment. Ms. Morrow stated that the total decrease for the Fleet Services Department is \$82,511. Ms. Morrow stated that there are no changes to the salaries in Risk Management and \$10,000 was added to professional services for a Wage Compensation Study. Ms. Morrow stated that the total budget increase for the Risk Management Department is \$25,519. Ms. Morrow stated that the salaries in the Water Filtration Department decreased by \$35,116 due to the reallocation of the Water Operators and the Maintenance Contract increased by \$24,450. Ms. Morrow stated that the Capital Facility Expense increased by \$158,449. Ms. Morrow stated that the Filter Plant requested Turbimeters for \$39,000, a Gear Box for \$8,000, a Water Pump for \$28,000, Pratt valves for \$55,000 and Clearwell Valves for \$27,650. Ms. Morrow stated that the Water Filtration debt decreased by \$68,234. Ms. Morrow stated that the total Water Filtration budget increased by \$58,398. Mr. Cannon stated that the City recommends a 2% Cost of Living Adjustment in the proposed budget. Councilmember Roth asked if the City's critical need positions were competitive in the market place and Ms. Morrow stated that the Police Department's salaries are not competitive. Ms. Morrow stated that the proposed budget would address these salary increases for the Police Department. Police Chief Ledda stated that the salaries need to be increased so that the Police Department is competitive with surrounding agencies. Police Chief Ledda stated that the City of Newberry offers a \$5,000 recruitment bonus and the Laurens County Sheriff's Department offers a take home vehicle, a County paid phone, and a higher salary. Councilmember Jenkins asked how many vacancies does the Police Department have and Police Chief Ledda stated five positions. Councilmember Roth asked if the five vacancies are included in the proposed budget and Ms. Morrow stated yes. Mr. Cannon stated that Fire Chief Russell requested five personnel per shift but that would depend on the Clinton Laurens Fire Contract. Mr. Cannon stated that if the City does not receive the requested \$450,000 then the Fire Department would have four employees per shift.

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Councilmember Neal asked Police Chief Ledda what avenues did the Police Department use to recruit Officers. Police Chief Ledda stated that the Police Department used word of mouth, Job Fairs, websites such as the Municipal Association and Piedmont Tech. Councilmember Roth asked if the City has added to the Reserve Funds and Ms. Morrow stated yes. Ms. Morrow stated that the City still does not have six months of reserves in the Utility Fund but the City has enough in the General Fund. Ms. Morrow stated that the City has seventy-nine days of Reserve Funds in the Utility Fund. Councilmember Roth asked how much borrowing power does the General Fund have. Ms. Morrow stated that the General Fund could currently have \$750,000 in outstanding bonds. Councilmember Roth asked if there is a Property Tax increase and Ms. Morrow stated yes. Mayor McLean asked if the Assistant City Manager's position was included in the proposed budget and Ms. Morrow stated no. Councilmember Roth asked how many employees the Fire Department would add even if the City does not receive the increase from the Fire Contract and Ms. Morrow stated three new firemen. Councilmember Roth stated that he would like to see the City budget for four Firemen regardless of the results from the Fire Contract. Councilmember Cook stated that until Mr. Cannon fills the Administrative position the City could outsource the grant writing and Ms. Morrow agreed. Councilmember Kuykendall asked the City Manager if that position was needed. Mr. Cannon stated that he was looking at someone and did not know if she would accept the position. After some discussion Council decided to hold another budget workshop on May 6, 2019 at 5:00 PM.

**COUNCILMEMBER  
REPORT**

Councilmember Walsh asked if the budget would be available on the website and Ms. Morrow stated a proposed budget would be put on the website. Councilmember Walsh stated that she is getting calls about the direction the garbage carts should face the road. Mr. Meadors stated that City staff would place stickers on the garbage carts and spray paint the street the location the cart should be placed. Councilmember Walsh stated that the sign on the highway looks good.

Councilmember Jenkins stated that limbs on West Centennial Street and South Livingston Street need to be picked up.

Councilmember Neal thanked the Public Works Director and the Finance Director for their hard work.

Councilmember Kuykendall stated that the sign on the highway looks great. Councilmember Kuykendall stated that many people have made comments about the sign.

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Councilmember Kuykendall stated that the frontage road has a dip in it and needs to be looked at and Mr. Meadors stated that he would look into the matter.

Councilmember Roth thanked City staff for their work on the budget.

**MAYOR'S REPORT**

Mayor McLean stated that the City needs to address replanting the trees that are being taken down. Mayor Mclean stated that the City is making progress but there are still critical needs in the City.

**ADJOURN**

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

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CITY CLERK

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**MAYOR**