

**CITY OF CAYCE
Public Hearings and Regular Council Meeting
June 7, 2011**

A Public Hearing was held at 6:00 p.m. in Council Chambers to obtain public comment on the proposed Utility Rate Structure. Those present included Mayor Elise Partin, Councilmen Steve Isom, Tim James, James Jenkins, and Kenneth Jumper, City Manager Rebecca Rhodes, Tammy Barkley, Municipal Clerk and Garry Huddle, Municipal Treasurer. Mayor Partin advised that members of the press and the public were duly notified of the Public Hearing in accordance with the FOIA.

Opening Statement

Mayor Partin stated that the purpose of the Public Hearing was to obtain public comment regarding the Proposed Utility Rate Structure. Ms. Rhodes gave the opening statement. She stated that as presented at an earlier meeting by the City's auditor, an increase is necessary because of the requirements set forth in the City's bond indenture and that when the new plant is completed in 2012, the City will have to begin paying back the bond that was used to pay for the construction of the plant. She stated that as part of the repayment, the City is required to have gross revenues that are 115% above the gross expenditures and that the City has tried to gradually increase rates to meet this level by the time the new plant comes on line and repayment of the bond begins. She stated that staff is working hard to keep the costs as low as possible and that the new plant will improve the water quality of the Congaree River and increase the City's economic development opportunities.

Public Testimony

No one from the public in attendance offered any public testimony or comment.

Close Hearing

Mayor Partin closed the public hearing noting that no public comment was received.

Immediately following, a Public Hearing was held at 6:15 p.m. in Council Chambers to obtain public comment on the proposed FY 2011-2012 Budget. Those present included Mayor Elise Partin, Councilmen Steve Isom, Tim James, James Jenkins, and Kenneth Jumper, City Manager Rebecca Rhodes, Tammy Barkley, Municipal Clerk and Garry Huddle, Municipal Treasurer. Mayor Partin advised that members of the press and the public were duly notified of the Public Hearing in accordance with the FOIA.

Opening Statement

Mayor Partin stated that the purpose of the Public Hearing was to obtain public comment regarding the Proposed FY 2011-2012 Budget for the city. Ms. Rhodes gave the opening statement providing the following information:

Ms. Rhodes stated that this year in particular, the City is facing some sizable financial hurdles, such as failing buildings and equipment. She stated that of the City's 59 public safety vehicles, a third of them have more than 100,000 miles and to deal with aging vehicles and equipment, the City has had to spend over \$325,000 in the last 12 months in repair and maintenance. She stated that she believed the money could be much better spent on public safety or beautification and that repairing failing equipment to this extent is neither efficient nor effective use of taxpayer dollars. She stated that virtually all City buildings have water leaks, and a large number of the city's computers are below minimum industry standards. She stated that there is pressure on the budget for several reasons—business licenses and property tax revenues are down significantly because of the economy. Requests for building permits, another source of revenue for the City, have also decreased significantly. She stated in addition that the State continues to reduce the money it sends to municipalities in the form of funding.

She stated that another source of stress on the budget is the huge rise in fuel costs, which has dramatically increased operating expenses. She stated that in order to give a clearer picture of how gas prices are affecting the City, the City purchases approximately 6,000 gallons of unleaded gas and 5,500 gallons of diesel per month to fuel all vehicles and trucks. She stated that if prices continue on their current path, the City could spend more than \$100,000 more on gas and \$60,000 more on diesel in 2011 compared with 2010.

Ms. Rhodes stated that for many people, these are not easy times to balance budgets and she assured the citizens of Cayce that the decision to make any millage or fee increase is not taken lightly. She stated that the City understands that such changes affect the City's hardworking families and business owners, but ensuring the City's financial stability and the quality of the services provided to our citizens is critical to Cayce's ability to remain a wonderful place to live and work in the coming years and decades. She stated that Cayce's future will always be top priority.

Ms. Rhodes stated that the General Fund budget is balanced at \$9,095,204 and includes the following:

- A .7 millage increase in property taxes. 1 mill in the City of Cayce brings the City approximately \$42,466 and costs the owner of a \$100,000 home \$4.00. The .7 mill increase will bring the City approximately \$29,000 and would cost the owner of a \$100,000 home about \$3.00. This is the increase that is allowed through State law based on the City's growth plus the CPI for this year.

- A 5 millage increase for deficit millage. This millage increase is allowed because the City ran a \$211,000 deficit last year. This increase will equal a \$20 increase for one year on a \$100,000 home. The City is allowed to increase taxes in just the amount that will recoup this deficit. Once that amount is recouped the millage will drop off of the taxpayer's bill. That millage will only be there for one year and will be clearly denoted on the tax bill.
- An increase in commercial sanitation base fees and increase in the fee for extra service.
- A reduction in sanitation expenses for the discontinuation of twice of week pick up services
- A 4% increase in our health insurance costs and a 9% increase in our dental insurance costs
- Funding for six months of lease/purchases for 15 patrol cars, 3 unmarked police vehicles, 6 trucks, 2 SUVs and 1 rear loader sanitation truck
- The payment in lieu of property taxes and franchise fees from the Utility Department
- Latest funding request from CMRTA of \$19,150
- Funding for the Midlands Housing Authority at \$5,000
- A reduced list of the capital items that were requested
- A 2.5% cost of living raise for all employees
- Christmas drop-in funding

She stated that items that were not included in the budget were requests for new personnel and/or salary upgrades except one partial upgrade, funding request of \$25,000 for the Navigating from Good to Great program, funding for a new animal shelter for the City and any possible business license income that may result from the City's negotiations.

In reference to the Utility Fund, Ms. Rhodes advised that the proposed budget is balanced at \$9,577,795 and includes the following:

- A 7.5% increase in water and sewer rates. This increase is necessary because of requirements of our bonded indebtedness. When the new plant is completed in 2012, the City will have to begin paying back the over \$30 million bond that was used to pay for the construction of the new plant. As part of the repayment, the City is required to have gross revenues that are 115% above our gross expenditures. The City has tried to gradually increase our rates to meet this level by the time the new plant comes on line and we are required to begin repayment of the bond.
- A 4% increase in our health insurance costs and a 9% increase in our dental insurance costs
- The payment in lieu of property taxes and franchise fees from the Utility Department to the General Fund

- A reduced list of the capital items that were requested
- Two new positions: Customer Accounts Manager and Pump Mechanic
- A 2.5% cost of living raise for all employees

She stated that items not included in the budget were the Liquid Lime Slurry Feed System which contrary to previous discussion is not the system that will help the Moss Creek subdivision. She stated that project is the chlorine gas containment project which is outlined in the City's Capital Improvement Plan. She stated that project is estimated to cost \$600,000.

Public Testimony

No one from the public in attendance offered any public testimony or comment.

Close Hearing

Mayor Partin closed the public hearing noting that no public comment was received.

The Regular Council Meeting immediately followed the Public Hearing at 6:30 p.m. in Council Chambers. Those present included Mayor Elise Partin, Councilmen Steve Isom, Tim James, James Jenkins, and Kenneth Jumper, City Manager Rebecca Rhodes, Tammy Barkley, Municipal Clerk and Garry Huddle, Municipal Treasurer. City Attorney, Danny Crowe, City Auditor, Robert Milhous, Director of Utilities, Frank Robinson, Public Safety Director Charles McNair and Planning & Development Director, Shaun Greenwood was also in attendance. Mayor Partin advised that members of the press and the public were duly notified of the Public Hearing in accordance with the FOIA.

Mayor Partin called the meeting to order. Councilmember Jumper gave the invocation and the assembly recited the Pledge of Allegiance.

Mayor Partin advised that the photos received for the City's Photo Contest were on display in Council Chambers for those in attendance to review. Awards will be given at the July Council meeting.

Approval of Minutes

Councilmember Jumper made a motion to approve the minutes of the May 3, 2011 Regular Meeting, and the May 11 and 18, 2011 Special Meetings as submitted. Councilmember Jenkins seconded the motion which was unanimously approved by roll call vote.

Presentations

A. Presentation by Ms. Patricia Shull Re Sewer Availability Charge

Ms. Shull appeared before Council to express her concern about having to pay a sewer availability charge when she is not tied onto the system and does not need to use the City's sewer. She stated that she has not yet heard from the City with regard to a resolution of this matter.

Public Comment Regarding Items on the Agenda

No public comment was given.

Ordinances and Resolutions

A. Approval of Ordinance Prescribing Rates for the City of Cayce Utility Rate Structure – First Reading

Councilmember Jenkins made a motion to approve the Ordinance on first reading prescribing rates for the City of Cayce Utility Rate Structure with the 7.5% increase in rates as proposed. Councilmember Jumper seconded the motion.

Ms. Rhodes advised that the proposed Utility Fund budget included a 7.5% increase in water and sewer rates for Cayce customers. She stated that as presented by the City's auditor, an increase is necessary because of the requirements set forth in the City's bond indenture and that when the new plant is completed in 2012, the City will have to begin paying back the bond that was used to pay for the construction of the plant. She stated that as part of the repayment, the City is required to have gross revenues that are 115% above the gross expenditures and that the City has tried to gradually increase rates to meet this level by the time the new plant comes on line and repayment of the bond begins. She provided Council with the worksheet prepared by the City's Auditor that outlines how the increase will affect in-town and out-of-town customers.

Councilmember Isom stated that he appreciates the fact that the increase was reduced from 10% to 7.5%, but his understanding was that the minimum increase needed to meet our bond indenture is 5%. Ms. Rhodes stated yes if all revenues come in as projected. She stated that if we do not meet the 115% test, there are some issues that would be detrimental to the City. Councilmember Isom stated that he understood that point but felt that Council had an obligation to the citizens especially in what he thinks is an economic depression, to keep the rates as low as possible. He inquired if the rates for outside city customers was double the inside city rates would that mean the outside rate was being increased by 15%. Ms. Rhodes stated that was incorrect. The outside city rates are increasing 7.5%. He stated that the County and State are putting a burden on the taxpayers and Council needs to do what it can to keep the minimum burden on the taxpayer until this economic slump is over.

Mr. Milhous stated the fact of the matter is that rates will have to go up over a period of time and that is predicated on the amount of customers and volume that Cayce has. He stated the problem is that we are in the interim period which has an economic impact to the citizens, but it also has an economic impact to Cayce. He stated that last year, we talked about Council approving a minimum increase but we were projecting 2 and 3 years down the road when the bonds become due and instead of a one time double digit hit that it had been the practice of Cayce to do incremental increases knowing that in 2013 the debt service of the city will double. In order to meet the cash flow needs, our recommendation was looking at least a 5% increase. The effect on the average residential customer at 7.5% increase in base and volumetric which is based on 11,000 for two months is \$5.55 or \$2.25 per month. For the out of town rates, that is \$5.50 per month or \$11.00 bi-monthly. Councilmember James stated this time last year the City could have initiated a 5% increase, but chose to initiate a 10% increase. He inquired if Council had not decided on 10% if it would have had a more negative impact on today's discussion. Mr. Milhous stated that was correct. He stated that the difference between the proposed 5% increase and 7.5% increase is \$1.82 for an average in-city customer bi-monthly.

After discussion, the motion passed four to one by roll call vote with Councilmembers Jumper, Jenkins, James and Mayor Partin voting yes and Councilmember Isom voting no.

B. Approval of Millage Rate Limitation Suspension and Millage Rate Surcharge

Ms. Rhodes stated that the General Fund budget includes a 5 mill increase for deficit millage and that SC Code 6-1-320 requires that a separate vote be taken to suspend the millage limitations to allow for deficit millage to be placed on the tax bills. She stated that because of this requirement, the City Attorney has recommended that Council place this on the agenda as a separate item and vote on it before voting on the actual budget.

Councilmember James moved that, pursuant to SC Code section 6-1-320(B), the Council for purposes of the 2011/2012 fiscal year budget, suspend the limitation upon millage rate increases for the specific purpose of paying the deficiency of the preceding 2010-2011 fiscal year and increase the millage rate for the 2011-2012 fiscal year by a surcharge of five (5) mills. Councilmember Jenkins seconded the motion. The motion passed four to one by roll call vote with Councilmembers Jumper, Jenkins, James and Mayor Partin voting yes and Councilmember Isom voting no.

C. Approval of Ordinance to Adopt the FY11-12 Budget to Provide Revenue For the City of Cayce for Fiscal Year Ending June 30, 2012 – First Reading

Noting the points related by Ms. Rhodes during the Public Hearing, Councilmember James made a motion to approve the Ordinance to adopt the FY11-12 Budget on first reading. Councilmember Jumper seconded the motion. The motion passed four to one by roll call vote with Councilmembers Jumper, Jenkins, James and Mayor Partin voting yes and Councilmember Isom voting no.

- D. Approval of Ordinance Establishing a Payment in Lieu of Business License Tax and Franchise Fee and a Payment In Lieu to Property Tax for the City Water and Sewer System – Second Reading

Councilmember James made a motion to postpone the issue until the July Council meeting. Councilmember Isom seconded the motion which was unanimously approved by roll call vote.

- E. Approval of Ordinance Repealing Sec. 12-2 of the City Code –Second Reading

Ms. Rhodes stated that Council gave first reading approval of this Ordinance at the May 3, 2011 Council Meeting. She stated that the City is currently in violation of State Law by prohibiting fortunetelling, palmistry, etc., businesses to operate within the City limits. Councilmember James made a motion to approve an Ordinance repealing Sec. 12-2 of the City Code on second and final reading. Councilmember Isom seconded the motion which was unanimously approved by roll call vote.

- F. Approval to Amend the Business License Ordinance – Second Reading

Councilmember James made a motion to postpone the issue until the July Council meeting. Councilmember Jenkins seconded the motion which was unanimously approved by roll call vote.

- G. Approval of Resolution Approving Regulations Related to Business License Assessments

Ms. Rhodes stated that in reviewing the City's Business License Ordinance in anticipation of possible business license assessments, the City Attorney discovered that there was a technical gap in our procedures for assessments. She stated that Section 12-46(b) of the Ordinance requires that a regulation be adopted setting out a procedure for the hearings on applications for adjustments of assessments and the issuing of a notice of final assessment. She stated that the proposed resolution was included in Council's packet. Councilmember Jenkins made a motion to approve the Resolution as presented. Councilmember James seconded the motion which was unanimously approved by roll call vote.

City Manager's Report

Ms. Rhodes advised that Phase IV of the State Street Streetscaping project is moving along well and the new grants person has been very helpful in this issue. Phase III and IV on the western side of the street is being handled by SC DOT and the project has been awarded to AOS who is the same company doing Phase IV which will help the work being done on both sides of the street to be similar.

In reference to the sewer availability charge, the Utilities Department sent letters to everyone who was not tapped on and through that process the list has been reduced to 7 people who are not connected to the sewer system and are paying the sewer availability charge. She stated these were individuals who came in years ago and paid \$100 saying once they needed it, they would tap onto the system. She stated that Ms. Shull's issue is understood and proposed two options. She stated that one option is to remove the sewer availability charge from the customer's bill and refund the \$100 fee and then when they decided to connect, they would pay whatever the going rate would be to tap onto the sewer system at that time. She stated that currently that fee is \$1,595.

She stated the other option would be the customer can continue to pay the sewer availability fee, the City would maintain the reduced tap fee paid previously, and the customer will be able to connect onto the system when needed or required at the reduced rate. Mr. Robinson stated that the City's sewer ordinance includes that if a septic tank fails, DHEC will not allow it to be repaired and the customer would need to tie onto the City's system. Ms. Rhodes stated that she would meet with Ms. Shull and obtain her input.

She stated in reference to the next phase of the Riverwalk Park, the RFQ's have been received and the review committee has turned in their review sheets. She stated that scores would be calculated and the results will be provided to Council at an upcoming meeting.

She stated that Council had mentioned having a Special Meeting on June 22 to hold second reading of the Budget and Utility Rate Ordinances. Councilmember Isom stated he had a conflict with that date. Ms. Rhodes stated that staff would contact Council regarding alternative dates/times.

She stated that she provided Council with information on Lexington County's e-recycle program and that information has also been provided tonight for citizens.

Committee Matters

- A. Approval to Enter the Following Committee Minutes into the City's Official Record

Councilmember James made a motion to approve entering the following Committee minutes into the City's official record:

Board of Zoning Appeals – May 17, 2010
Beautification Board – May 10, 2011
Events Committee – May 12, 2011
Museum Commission – May 18, 2011

Councilmember Jumper seconded the motion which was unanimously approved by roll call vote.

B. Committee Appointments/Reappointments

Cayce Museum Commission – Two (2) Positions

Ms. Pat Walker has resigned from the Commission. The Commission reviewed several potential member applications received. The Commission recommends the appointment of Mr. Scott Morgan for this position. Ms. Lynn Summers' position has expired and she would like to serve again. The Commission recommends the reappointment of Ms. Summers. Councilmember Isom made a motion to appoint Mr. Morgan and reappoint Ms. Summers to the Commission. Councilmember James seconded the motion which was unanimously approved by roll call vote.

The following positions have been postponed until potential member applications are reviewed by the Committees and recommendations are submitted to Council.

Beautification Board – One position
Cayce Housing Authority – One position

Executive Session

- A. Discussion of Increase in Compensation for City Judge as Requested for FY11-12
- B. Receipt of Legal Advice Regarding Possible Resolution Concerning a Business License Matter

Councilmember Isom made a motion to move into Executive Session to discuss the matters above. Councilmember Jumper seconded the motion which was unanimously approved by roll call vote.

Reconvene

After the Executive Session was concluded, Councilmember James made a motion to reconvene the Regular meeting. Councilmember Jumper seconded the

motion which was unanimously approved by roll call vote. Mayor Partin announced that no vote was taken in Executive Session other than to adjourn and resume the Regular meeting.

Possible Actions by Council in follow up to Executive Session

Councilmember Jenkins made a motion to compensate the Judge's salary by increasing it to \$40,500 annually and that the City Manager evaluate the proposed budget to confirm there are funds available to handle the increase and to confirm the salary comparison information provided by the Judge. Councilmember Jumper seconded the motion. The motion passed four to one by roll call vote with Councilmembers Jumper, Jenkins, James and Mayor Partin voting yes and Councilmember Isom voting no.

There being no further business the meeting adjourned at 9:55 p.m.

Elise Partin, Mayor

ATTEST:

Tammy P. Barkley, CMC, Municipal Clerk