

CITY OF CAYCE

Mayor
Elise Partin

Mayor Pro-Tem
James E. Jenkins

Council Members
Tara S. Almond
Eva Corley
Timothy M. James

City Manager
Rebecca Vance

Assistant City Manager
Shaun M. Greenwood

City of Cayce Special Council Meeting May 20, 2015

A Special Council Meeting was held this afternoon at 5:00 p.m. in Council Chambers. Those present included Mayor Elise Partin, Council Members Tara Almond, Tim James, and James Jenkins. Council Member Eva Corley was on vacation and not in attendance. City Manager Rebecca Vance, Assistant City Manager Shaun Greenwood and Municipal Clerk Mendy Corder were also in attendance. Mayor Partin asked if members of the press and the public were duly notified of the meeting in accordance with the FOIA. Ms. Corder confirmed they were notified.

Call to Order

Mayor Partin called the meeting to order and Council Member James gave the invocation. Mayor Partin led the assembly in reciting the Pledge of Allegiance.

Public Comment Regarding Items in the Agenda

Ms. Corder stated no one had signed up for public comment.

Proclamation and Other

A. Approval of Proclamation – Say Something Nice Day

Mayor Partin stated that every year the City recognizes June as Communications Month and this year June 1, 2015 as "Say Something Nice Day". Council Member James made a motion to approve the Proclamation. Council Member Almond seconded the motion which was unanimously approved by roll call vote.

B. Discussion of Proposed FY2015-2016 Budget

Ms. Vance explained that the first reading of the Budget will be held at the June 2, 2015 Council Meeting and the second reading and Public Hearing will be held at the June 17, 2015 Special Council Meeting. She explained that the General Fund has had slow increases in revenue but like the Utility Fund, as the General Fund grows in one area it experiences loss in another area. There have been growths in business license revenues in certain sectors and losses in other sectors. Ms. Vance explained that it is very difficult to project business license revenues.

Ms. Vance explained that there has not been much growth in property taxes either. The FILOT (fee in lieu of taxes) are actually going down. They are based on the assessed value of a property and as the property gets older its value goes down. Also once the businesses reach a certain threshold they can apply for certain credits and the City's industries have reached that threshold.

Ms. Vance explained that an average business license fee for a restaurant, a hotel and an apartment complex are all under \$5,000. She stated that thankfully the City has two apartment complexes under construction and have had a few new restaurants open but unfortunately they do not generate a lot of business license revenue. A grocery store's business license fee is typically under \$20,000. Ms. Vance explained that every business on Knox Abbott Drive would need to turn over to generate a substantial amount of growth. She explained that the two apartment complexes currently under construction are \$40 million in development and the City will receive approximately \$60,000 a year in property taxes from them.

Ms. Vance stated that the hospitality tax fund revenues were initially projected to be approximately \$640,000 but are now projected to be \$840,000. She explained that half of that money can be used in the General Fund for operation and maintenance of tourism related facilities therefore \$420,000 of hospitality tax funds will be used for general operation and maintenance costs in the City's Parks and the Cayce Historical Museum. The Public Safety Officers assigned to the Riverwalk, the Parks Rangers and Parks personnel and maintenance can be paid for with these monies as well.

Ms. Vance explained that the General Fund General Fund Revenues are projected at \$10,836,823 and include:

- \$605,269 in Hospitality Tax Revenue, with \$420,000 for general operation and maintenance costs and \$185,269 in other capital and special events costs
- \$150,000 Special Grant allocation from SC PRT
- \$145,000 in Other Financing Sources, which is the allocation from the General Fund balance that was discussed at Council's Strategic Planning Session to pay for five new Public Safety Vehicles
- \$79,272 for a \$1.50 increase in Residential Sanitation Fees to continue our five year plan to make the Sanitation Department self-sufficient. This will take that fee to \$10.50.
- \$1,600,000 transfer from Utility Fund for Indirect Costs

Ms. Vance stated that the General Fund Expenditures are projected at \$11,262,559. This budget includes:

- \$342,814 in capital expenditures. This is a reduced list that includes the items shown on the Capital Equipment sheet.
- \$168,924 in funding for a full year of three new firefighters to continue the four year plan to add twelve firefighters in four years; \$149,617 in salary and benefits and \$19,307 for equipment.

- Reduced personnel requests with only one personnel change being included which is the upgrade of the Assistant Court Clerk from part time to full time
- A 4% increase in health insurance costs. This will require the City changing from United Health Care to CIGNA.

Ms. Vance stated that currently the General Fund is out of balance by \$425,736. She explained that over the course of the last few years new positions have been added. Park Rangers, additional groundskeepers for the expanding Riverwalk, a part time Court position, Special Projects Coordinator, a staff accountant, six additional Firefighters and recently a Planning and Development Director was hired. She explained that these positions were added based on Council's goals for the City. The additional costs compound on each other and the City's revenues are not increasing at the same pace as the expenditures.

Ms. Vance explained that the City's health insurance cost is only increasing by 4% this year. This increase is an additional \$34,578 a year in the General Fund and \$18,000 a year in the Utility Fund. The 4% increase is a result of lower claim numbers and hopefully this is a result from the City's Wellness Program. She stated that there was a 19% increase in health care costs one year and a 10% increase last year.

Mayor Partin stated that it is frustrating to be in this position with the budget but it is nice to know that there has been many improvements for staff and the residents alike. The additional staff, better equipment and the additional six firefighters that have been added over the last two years have increased costs but also increased the level of service for the City's residents.

Ms. Vance stated that the new computers and the new phone system were a necessary expense to increase staff's efficiency but the monthly costs for these items is higher. Every building at the Municipal Complex has had to get new HVAC systems over the last few years. She stated significant improvements have been made in the City's fleet so repair costs have decreased. The City's customer service has improved due to these various improvements. Ms. Vance stated that the City now has a Risk Manager and he has done a fantastic job with training and safety. Since the addition of the Risk manager there has been a reduction in the City's worker's comp incidents.

Ms. Vance stated that Council has also expressed a desire to give Cost of Living Adjustment increases to employees this year. Those increases are not currently included in the budgets. For the General Fund, a 2% COLA would require an extra \$149,252. For the Utility Fund, a 2% COLA would cost an extra \$72,367. Ms. Vance stated that as another option, Council could give a one-time 2% Bonus to employees and allocate funding from the fund balance of each fund to pay for these bonuses. For the General Fund that would cost approximately \$122,546 and for the Utility Fund, that would cost approximately \$63,866.

Ms. Vance stated the options for balancing the General Fund Budget are as follows:

- Cut the three new firefighter positions for a savings of \$168,924
- Hire three new firefighter positions in January for a savings of \$74,808
- Cut the upgrade of the Assistant Court Clerk to full time for a savings of approximately \$11,000
- Raise property taxes by the allowed amount. Staff does not have that amount yet but it will most likely be around 1 mill, which brings the City approximately \$47,000
- Utilize the Three Year Look-back Provision and raise taxes the allowable amount, which would be approximately \$62,900 before this current year's allowable tax increase
- Pay for Capital Expenditures, not paid for by Hospitality Tax, with the fund balance, which is a savings of \$141,313
- Completely eliminate the purchase of capital items, not paid for by Hospitality Tax, for a savings of \$141,313

Council Member Jenkins asked if the 2% bonus or the 2% cost of living adjustment would be more beneficial for employees. Ms. Vance explained that unless the City laid off employees it would be difficult to fund the COLA and find the money to fund it every year. Council Member James asked if any of the fund balance was used last year to balance the budget. Ms. Vance stated that money was actually added to the fund balance last year and the current total is \$2,560,398.

Council Member James stated that he felt the City's residents would not like it if it was decided to use the Three Year Look-back provision and raise taxes the allowable amount. He stated that he feels that residents would understand if millage goes up slightly due to an increase in costs though.

After discussion, Council agreed to consider balancing the General Fund budget by not funding the three new firefighters for FY15/16 (six new firefighters have been added in the last two budgets), raise property taxes by 1 mill (or the allowable amount this year), pay for Capital Expenditures with the fund balance, and give the City employees a 2% bonus funded by the fund balance and fund the remaining \$68,499 needed to balance the General Fund budget with the fund balance. Council Member James stated that if unexpected monies come in during the year then he would like to see the three firefighters hired. Mayor and Council agreed.

Ms. Vance explained that the 2015-2016 Utility Fund Budget is currently out of balance by \$223,397, with Projected Revenues of \$11,572,183 and Projected Expenditures of \$11,795,580. The Utility Fund Budget Includes:

- Reduced list of capital \$268,278
- \$161,000 in lease purchases
- Bond Payment and 15% debt coverage for the SRF funding for the Hwy 321 waterline
- 15% debt coverage for the City's utility fund debt
- \$1,600,000 transfer to General Fund for Indirect Costs
- Does not include a 2% COLA for the Utility employees which would cost \$72,367
- A 4% increase in health insurance costs. This will require the City changing from United Health Care to CIGNA.

Ms. Vance stated that currently the Utility Fund is out of balance by \$223,397. Options for Balancing the Utility Fund Budget are as follows:

- Increase rates by 3%, which will bring approximately \$300,000
- Increase rates by 2%, which will bring approximately \$200,000
- No new personnel for a savings of \$149,297
- Eliminate Meter Technician position for a savings of \$47,270
- Half a year of two of the personnel requests for a savings of \$48,202
- Half a year of lease-purchases for a savings of \$80,500
- No Capital Purchases for a savings of \$268,278

Ms. Vance explained that the average consumption of water used bi-monthly is 8,500 gallons which costs approximately \$70.05. If the rates were increased by 1% it would be an additional \$.66 increase bi-monthly, a 2% increase would be an additional \$ 1.46 bi-monthly and a 3% increase would be an additional \$2.12 bi-monthly. This is for in-city water and sewer customers.

The average monthly increase for residents is \$2.98 if the millage is raised by 1 mill, there is an additional \$1.50 in sanitation fees as part of the five-year plan to make the department self-sufficient and a 3% increase in water and sewer rates. After discussion, Council agreed to consider increasing water and sewer rates by 3%.

Council Comments

Council did not have any comments.

Executive Session

- A. Receipt of legal advice relating to claims and potential claims by the City and other matters covered by the attorney-client privilege
- B. Discussion of negotiations concerning proposed contractual arrangements as it relates to potential development
- C. Discussion of employment (terms and assignments) of City Manager

Council Member James made a motion to move into Executive Session. Council Member Almond seconded the motion which was unanimously approved by roll call vote.

Reconvene

After the Executive Session was concluded, Council Member Jenkins made a motion to reconvene the Regular meeting. Council Member James 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

No action was taken by Council in follow up to Executive Session.

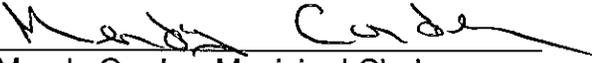
Adjourn

Council Member Almond made a motion to adjourn the meeting. Council Member Jenkins seconded the motion which was unanimously approved by roll call vote. There being no further business, the meeting adjourned at 7:10 p.m.



Elise Partin, Mayor

ATTEST:



Mendy Corder, Municipal Clerk

