

Walterboro City Council
Work Session
April 3, 2018

MINUTES

A Work Session on the Fiscal Year 2018-2019 Budget was held by Walterboro City Council at City Hall on Tuesday, April 3, 2018 at 4:30 P.M., with Budget Committee Chairman Judy Bridge presiding.

PRESENT WERE: Mayor Bill Young, Council Members: Carl Brown, Judy Bridge, Paul Siegel, Bobby Bonds, James Broderick and Greg Pryor. City Manager Jeff Molinari, City Clerk Betty Hudson and City Attorney George Cone were also present. There were approximately 5 persons present in the audience.

There being a quorum present, Budget Chairman Bridge called the meeting to order and thanked everyone for coming to the Budget Committee Meeting. For the benefit of newcomers to the meeting, Chairman Bridge explained that the budget process starts in January. Ms. Bridge then stated that information then goes out to the department heads and they work on their budgets. I have sat in on a couple of those meetings with Jeff and it is interesting to see that process and how they talk about what they have been able to do with their money each year, what are their projections and overall needs. Then, they come to a consensus of what needs to stay in the budget, and what needs to come out. So, at that point, they start taking a little bit, and Jeff goes back to Amy and they look some more. The State tells them two things like insurance increases or retirement increases. So, we have to look at all that, also.

Chairman Bridge then announced that the next Budget Committee Work Session will be held on April 17th at 4:30 p.m. She asked Council Members to review their budget books, make notations on what their questions might be, and all questions will be answered at the April 17th meeting. First Reading of the Budget Ordinance will be held in May and final adoption and approval will be held in June.

Chairman Bridge then recognized the City Manager Jeff Molinari. Mr. Molinari then gave the following highlights of the Fiscal Year 2018-2019 Budget. A budget summary sheet was provided to all Council Members.

1. The total City Budget is \$11,124,407. This is about \$100,000 less than last year.
2. The General Fund Budget is \$7,047,507.
3. The Enterprise Fund Budget is \$4,076,900. This is our water and sewer operations, as well as Sanitation.
4. We are proposing no ad valorem property tax increase.
5. We are proposing that the millage rate remain at 86.4.
Back in 2013, we were required by the State of South Carolina to upgrade the 800 MHZ radios for our Police Department. In order to do that in 2013, we took out some general obligation debt, which equals 2.86 mills. As you are aware, the General Assembly has really tied our hands as far as our ability to increase millage. What they have done is they said we can go back a maximum of 3 years to factor in our growth rate, which is essentially zero and the CPI. Coincidentally, if you go back the last 3 years, that equals 2.86 mills. So, what I am recommending to you is a millage increase without having to increase the millage. You really are not going to have a better time to do it, and what this translates to us in real dollars is about \$70,000. And this is money that if we don't take advantage and capture, this is \$70,000 that we won't be able to recapture.
6. There will be no business license increase.
7. No water or sewer rates increase.
8. We are proposing a sanitation rate increase. If you will remember at the retreat, I showed you some slides which had indicated that beginning in

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2015, we started losing money in the Sanitation Department. Essentially, in the last 3 years, we have been subsidizing that operation. What we are proposing is a \$2.00 increase per resident per billing cycle, which would amount to a \$12.00 annual increase and a 20% increase for commercial. When we get into the budget in 2 weeks, I will show you the comparables for commercial, and we are still very far below what the private section charges.

9. One of the things that we had to adjust to during the budget process was we found out from the State that health insurance premiums would be increasing 7½% effective January 1, 2019, and that has been incorporated into the budget. There is not going to be a premium increase for employees, but Amy has informed me that employees are going to have to absorb an increase in deductibles, as well as prescription costs.
10. We anticipate a 2% increase in South Carolina Retirement contributions. I have put that in there, just as a place marker, because the budget that passed both the House and the Senate shows the General Assembly picking up that 1% like they did last year, which would be great, but until that budget is passed, we are not going to bank on that money. So, in real dollars for the general fund, it is about \$36,000. For the Enterprise Fund, it is roughly \$9,000.
11. We are also proposing a 1% cost of living adjustment for City employees.

The City Manager then gave the following details for each City department budget:

Mayor and City Council: Status quo. When I say status quo, what I mean is there are no new personnel, and no major capital expenditures.

City Manager: Status quo.

Finance: Status quo.

Public Works: Status quo.

Planning and Development: We are proposing to allocate \$25,000 for demolition of substandard properties. That was one of the things that we talked about at the retreat. One of the opportunities that we have through CDBG is to utilize those funds potentially for demolition. You heard Ms. Knights' comments during the public hearing last month that we could potentially utilize those resources as a match for a CDBG Grant, where we could really leverage that money and get some additional resources for those purposes.

Police Department: We are proposing to purchase two new police vehicles for the Police Department.

Judicial: Add a Public Defender position. Due to a memo from the Chief Justice of the State Supreme Court last year, we entered into a contract with a Public Defender and we are going to need to continue that.

Fire Department: Status quo.

Sanitation: We are proposing a new residential sanitation truck. This will be similar to what we did last year with the grapple truck. As you are aware, the lead time on one of those vehicles is typically 10 to 12 months. So, it is important for us to get it in this coming year's budget, which allows us, if approved by City Council, to

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get it out for bid, get it ordered in July and then we don't have to start paying on the vehicle until the next budget year.

Parks Department: Status quo.

Tourism Department: Status quo.

Water: We have been purchasing new radio read meters each year. This has been an ongoing process. Right now, we have between 30-35% of our meters have been converted to the radio read, and we would like to continue with that process.

Utility Support: We put in for a Water/Sewer/Sanitation Rate Study.

Sewer: Status quo.

Sewer Support: Status quo.

Mr. Molinari concluded by stating, I know that was a fairly quick overview, but as I said before, you will have the budget books for 2 weeks and as you are going through them, if you have any questions or comments, pass those along and then when we reconvene on the April 17th, I will go through each department's budget and do it in as much detail or as little detail as you'd like. It seems like each year, the budget gets a little bit more challenging. What I am finding, when we are looking at cutting things, we are getting closer and closer to the bone, as our personnel and other fixed costs are there, we are having less and less room to maneuver with some other expenditures. Amy Risher and her staff have been outstanding in helping us to get this together. I think we have a new budget that will accomplish the goals and objectives that City Council has set forth.

Council Member Bridge asked why are we doing a Water/Sewer/Sanitation Rate Study? Mr. Molinari responded that the City has some significant capital expenditures for its water/sewer system, water & sewer infrastructure, and its waste water treatment plant. Also, it has been over ten years since we have done a rate study to see how our rates compare with other cities, but also to be able to dovetail that into a capital improvement plan, so we can accomplish our increase in capacity and continue to replace outdated infrastructure water and sewer lines and then obviously, we want to look at sanitation, as well, because that is part of our enterprise budget. As we move forward to that, Council will need to make some policy decisions on where we go for sanitation. When City Council adopted the financial policies last year, one of the things that the City's bond attorney recommended was to have the rate study done.

Council Member Brown then asked the City Manager if he had looked at all ways to cut costs for sanitation instead of just raising costs? Have you looked at cutting costs in that department? City Manager Molinari responded, as far as cutting cost, we have not. Our sanitation service is very generous and we pick up twice a week and that has been something that City Council has been very consistent on, and they would like to continue that. We did not make any operational changes. It's a very lean operation.

Mr. Brown then asked if there were any money in the budget for cleanup of the streets. City Manager Molinari responded, I think that we can do that. I think we can absorb that internally.

Council Member Brown then said, I still like to see us do sweeping. If we have money in the bank, we can look at sweeping that account every night. Also, I like to see us putting out for bids our banking services. He stated that he believed that the school system also does that. He asked the Finance Director if she would be putting

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this out for bid. Councilman Brown also noted that he was not trying to take any money from locals. Council Member Bonds asked, so when will we look at bidding that out? When is that going to be done? Ms. Risher said, we just wanted to get the budget settled and then we can work on that. Council Member Brown then stated, what you are going to need to do is to go to the County and get a boiler plate thing of what they bid out so that everybody bids on the same services, unless you already have something.

Finance Director Risher said she could start looking at this probably next month. Mr. Molinari asked if this service had been bid out about 10 years ago. Ms. Risher said she believed it was 4 or 5 years ago.

Councilman Brown then said, there are some banks that won't sweep and you have to make that a part of your bid packet. Councilman Bonds then asked Councilman Brown, what is sweeping? Mr. Brown responded that the bank will take your money and invest it over night for you and give it back by the next open business day. Mr. Molinari mentioned that the rate that the City has is very low, and that's why we have parked some of our general fund money in the Local Government Investment Pool at 1% interest. Again, it does not sound like a lot, but it is more than .1%.

There being no further business to consider, Chairman Bridge adjourned the meeting at 5:15 P.M. Notice of this meeting was distributed to all local media and posted on the City's website and the City Hall bulletin board at least twenty-four hours prior to meeting time.

Respectfully,

Betty J. Hudson
City Clerk

APPROVED: May 1, 2018