

Walterboro City Council
Work Session
Budget Committee Meeting
May 13, 2014
5:00 P.M.

Present were:

Budget Committee Members: Tom Lohr - Chairman, James Broderick and Jimmy Syfrett.

Also Present were:

Mayor Bill Young, Council Members: Paul Siegel, Judy Bridge and Bobby Bonds, City Manager Jeff Molinari, and City Clerk Betty Hudson, Finance Director Bill Floyd and Finance Office Manager Amy Risher.

Present in the Audience:

Charlie Sweat and Brantley Strickland.

The purpose of the meeting was to discuss the proposed Fiscal Year 2014-2015 Budget.

Chairman Tom Lohr called the meeting to order. He stated, we will dispense with the prayer and the pledge of allegiance to our flag, which we will do at the regular meeting.

He then introduced City Manager Molinari, who provided a brief summary of the changes made to the 2014-2015 budget since the last meeting, which are as follows:

- 1) A two percent (2%) across the board cost of living adjustment for city employees. That has been put into the budget.
- 2) Added \$1,500 to the City Manager's budget which was left blank under contractual services. The \$1,500 amount is consistent with what this line item has been in the past.
- 3) Transferred one additional position, Street Superintendent, from the Department of Public Works to the Facilities Enterprise Fund. This will free up some additional capacity in the General Fund.
- 4) Due to Council Member Bond's comments, we have changed the verbiage under "contractual services" in the City Council Budget from the "City Attorney Retainer" to "Legal Services - City Attorney."
- 5) Next, the City Manager apologized that he had omitted this item when he first put the budget together - For \$25.00 per employee, we have contracted with Rite Aid for City employees to get "flu shots". This is a good investment. Overall, this fee will impact the City for about \$2,500. Mayor Young pointed out that we were getting the flu shots from the health department for about \$15. Mr. Molinari responded that the City did this in the past. It is my understanding that this has stopped. Last year, we did not do anything for City employees. The contract with Rite Aid is the best option that we have.
- 6) Removed the verbiage "electrical outlet repair" from the Finance Department building maintenance. This is no longer relevant.
- 7) Added verbiage to non-departmental budget that states "moved to Planning and Codes" for three (3) line items.

City Manager Molinari also pointed out that Council Member Bridge had inquired about traffic next door as far as customers paying water and sewer bills. He then passed out a summary chart which outlined this traffic during the last three (3) billing cycles, showing how many bills the City processed. He stated, as you can see, it averages to about 3,300 bills per billing cycle. On a question raised by Council Member Bridge, Finance Office Manager Amy Risher explained that this does not include payments by mail, night deposits or on-line. Finance Director Bill Floyd added that the total customers we have are about 5,600 per billing cycle.

**Page -2-
Walterboro City Council
Work Session
Budget Committee
May 13, 2014
5:00 P.M.**

Mr. Molinari announced that he had also provided a copy of the Tuition Reimbursement Policy which was requested by Council Member Bridge.

City Manager Molinari then asked if any Council Member had additional questions or if there is anything you'd like to see in there. If not, I would look for a consensus that you are comfortable with the budget and that we can move forward at the May 27 meeting with First Reading.

Council Member Bridge asked if the health insurance increase that is supposed to start in January, is that in place? Mayor Young asked if the City would pass on the per employee increase in health insurance coverage to the employees. Mr. Molinari responded that this is correct. He added, it is my understanding that the increase is both on the employer's side and the employee's side. Council Member Broderick asked if this is the "retirement payment". Ms. Amy Risher noted that all employees retirement premiums will increase from 7 ½% to 8%.

Chairman Lohr asked if the Committee would consider setting a policy concerning the "unreserved fund balance". City Manager Molinari said that he had submitted a suggested policy just for information. He asked the committee to look at establishing a minimum "unreserved fund balance policy in both the general fund and the Enterprise Fund. Basically, this is something that would cushion the City or give us backup in the case of a catastrophic event. For example, if there were a significant downturn in the economy, which would have a negative impact on the amount of revenue that we bring in. He stated, I just want to get City Council to think about establishing a baseline fund reserve fund balance. Mr. Molinari suggested that Council adopt a 35% fund balance to cover city operations for 4 months. He added, there is no set rule of thumb on this. What we have to do is what's best for us. On a question raised by Council Member Bridge on the location of these funds, City Manager Molinari explained that these funds are in the General Fund, and it's cash in the bank. It's not setting this out in a different fund, but you will see it when the audit is delivered. You'll just have a page that is delegated for what your unreserved fund balance is.

Finance Director Bill Floyd clarified that this is just a policy, that will set a benchmark. It really would not change the financial statements at all.

Further discussion was held by the City Manager and Council Members on establishing a baseline 35% fund balance. When asked to explain the 35% figure, Mr. Molinari explained that the 35% would be 35% of the City's projected expenditures in a fiscal year.

Mayor Young noted that the City had to let the lobbyist go that was hired by the City. We decided not to terminate them until they had fulfilled their promise to us, which never happened. We had to give them 60 days notice that we were terminating our contract. We do not have anyone working directly for us. We do have people through the Municipal Association and we do have senators and representatives. We ought to be able to get something done in Columbia.

City Manager Molinari told Council that first reading of the budget ordinances will be held at the May 27, 2014 City Council Meeting. He asked if anyone was uncomfortable with the documents or if there were any questions. No questions were received.

City Manger Molinari then asked to let the Finance Director Bill Floyd discuss the Equipment Replacement Fund, since there was a few minutes left in the meeting. He stated, if you put this in place this year, we will have to do some things internally, and I just wanted Bill to address that.

Finance Director Bill Floyd informed Council that the Equipment Replacement Fund was started around 2006. Each year, we would put part of the cost of all the equipment that we buy into this Equipment Replacement Fund. Eventually, we would have all the money in this fund to replace

**Page -3-
Walterboro City Council
Work Session
Budget Committee
May 13, 2014
5:00 P.M.**

everything, through the budget. For instance if we bought a \$30,000 car, we had to pay for the \$30,000 car and at the same time, you would put \$6,000 in the budget to fund 1/5 of that car, and if you did that every year, at the end of 5 years, the car would be worn out and you would have \$30,000 in the fund to buy a new car. That attempt was good for a period. It was good when the economy was growing, and the general fund was growing.

He told Council that at the end of this year, we will have \$2,000,000 in the equipment replacement fund and that means over the next few years, we will have to put another \$2,000,000 in the fund to get to a point where we can replace things out of this fund, and that means we've got to budget for the purchase of new vehicles. This current year, we put \$429,000 in this fund and it comes out of the budget. Further discussion was held on the Equipment Replacement Fund. Mr. Floyd suggested that maybe the City would eliminate the Equipment Replacement Fund and go back to a cash basis for purchasing equipment.

No action was taken and the meeting concluded at approximately 5:30 P.M. Notice of this meeting was distributed to all local media and posted on the City Hall bulletin board at least twenty-four hours prior to meeting time.

Submitted by,

Betty J. Hudson
City Clerk

APPROVED: June 10, 2014