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A Work Session on the Fiscal Year 2018-2019 Budget was held by Walterboro City Council at City Hall on Tuesday, April 17, 2018 at 4:30 P.M., with Budget Committee Chairman Judy Bridge presiding.

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

There being a quorum present, Budget Chairman Judy Bridge called the meeting to order and thanked the department heads for attending the meeting. She also thanked City Manager Jeff Molinari, Finance Director Amy Risher, Assistant City Manager Hank Amundson and all other staff members for their help in preparing the budget.

Chairman Bridge then recognized the City Manager Jeff Molinari. Mr. Molinari then gave a brief overview of the proposed 2018-2019 budget. In opening, he stated that he had asked the department managers to sit in on this meeting to answer any questions that he or Amy cannot answer. He then gave the following highlights of the Fiscal Year 2018-2019 Budget.

1. The total City Budget is \$11,201,407.
2. The General Fund Budget is \$7,047,507.
3. The Enterprise Fund Budget is \$4,126,900.
4. There will be no net ad valorem property tax increase. Millage rate will remain at 86.4 mills. The general obligation debt for 800 MHZ radios is retired and will be replaced by 2.86 General Fund Mills - the maximum allowable by state statute, counting back the past 3 years to include the CPI and growth rate.
5. No business license increase.
6. No water or sewer rates increase.
7. There will be an increase in Sanitation rates - \$2 for residential per billing cycle and 20% for commercial per billing cycle.
8. Health Insurance premiums will have an increase of 7.5% effective January 1, 2019.
9. There is an anticipated 2.0% increase in South Carolina State Retirement contributions.
10. There is a proposed 1.0% cost of living increase for city employees.

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

General Fund Budget

Mayor and City Council: Status quo.

City Manager: Status quo.

Finance: Status quo.

Public Works: Status quo.

Planning and Development: We will be contracting out our building inspection services. Quite frankly at the time that we did our budget last year, we had no

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idea what those expenses would be, so that is more accurately reflected in the budget. We had also put \$25,000 for the demolition of substandard structures, and that is something that City Council has talked about at our retreat.

Police Department: You see a little incremental increase. We have \$6,000 allocated toward tsumni cameras. These are the street cameras that the City has used.

Judicial: You are going to see an increase there. As you are aware in the fall of last year because of a Determination that was made by the Chief Justice and the Supreme Court, the City will begin having to provide public defender services, and this is the first year that has been accounted for in our budget. Also, we are seeing an increase in postage because of the new regulations for having to send out multiple notices.

Fire Department: You are actually seeing a decrease in the Fire Department's budget. The reason for that is twofold. We had initially allocated \$50,000 in this current year's budget for a new self-contained breathing apparatus compressor. That was contingent upon getting a grant from FEMA. We didn't get the grant, but as you are aware because of the age and the condition of that piece of equipment, being roughly 30 years old, we ended up having to purchase that equipment anyway. In May, we will do a budget amendment to reconcile that expenditure. Also, as you are aware, the debt service on the 800 MHZ radios that are worn by both the Fire Department and the Police Department is going away, and for the Fire Department, that was roughly \$20,000.

Parks Department: You are going to see a decrease in the Parks Department budget as well. The reason for this is primarily from a capital standpoint. There were two capital items that Adam requested and I asked him to take care of those in this year's budget, because Adam has some additional capacity in his budget and currently he has a couple of vacancies.

Tourism Department: You will actually see a slight increase in this budget. The reason is that last year, the cost for the cleaning contract for the Welcome Center was not properly reflected in the budget. There were two items that were listed under contractual. I believe it was a contract to redo the website and then cleaning services. We had to correct that number. So, we now have a more accurate number. That being said, we looked at that number from staff's standpoint and if we carry what Amy is going to be paying for cleaning services at 300 Hampton Street, we feel we can do better. So, we are going to be requesting proposals for cleaning services for the Welcome Center, which should save us some money.

Hopefully, we won't have to draw too much, but we are proposing to take money out of fund balance to pay for two police vehicles and we will go into more detail on that when we get into the police budget.

The City Manager then continued with his presentation on the Enterprise Fund budget.

Enterprise Budget

Water: This budget has stayed fairly level. We don't have any requested capital expenditures.

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Utility Support: That has gone up primarily due to electricity costs. That also includes a cleaning contract that we have for 300 Hampton Street.

Sanitation: This budget has stayed fairly consistent. You will see when we go through the budget, this is the first year that we have broken out the costs for both commercial collection and residential collection.

Sewer: In this department, that has had an incremental increase. One of the down sides of the improvement that we made to the Wastewater Treatment Plant is that we are having to pay more for electricity - specifically the timers - that's about \$25,000. The flip side is that we are projecting to spend roughly \$32,000 less on sludge disposal.

Sewer Support: This budget has remained fairly level.

Utility Support to the General Fund: The City Manager said, we are proposing the transfer of \$741,020 to the General Fund. As you are aware of one thing that we have been trying to do as a staff is as best as we can incrementally, wean ourselves off of the transfer that is made from the Utility Fund to the General Fund. Also, one of the things that we have to deal with, in the Enterprise Fund, is that we had two major industries to either close down or severely restrict their operations - that being Dayco and Sarlaflex. With Dayco not operating and Sarlaflex only operating on a limited basis, that's roughly a \$100,000 hit, and then sewer is another \$15,000 or \$20,000. That's another reason why that transfer is so much.

Revenues

City Manager Molinari then stated that he would go through the General Fund revenues. If you have any questions, please don't hesitate to stop me.

He said, we are proposing to keep the property tax rate the same at 86.4 mills. We have 4 mills which go to general obligation debt and then we have 82.4 mills which go toward operating revenue and we are projecting property tax revenue at \$1.737 million. Fines and fees, we have had to dial that back given what has occurred. At the court administration level, we are projecting \$147,000. Last year, we budgeted \$200,000. State shared revenue - this is the local government fund. As you are aware, the local government fund has not been fully funded since 2008.

As this point, Council Member Bonds asked the City Manager if the fines and fees were under the 2017-2018 budget. Mr. Molinari responded, what that reflects is where we were through the 7th month. Ms. Risher responded, that amount is through January. Mr. Bonds then said, so in 2016 -2017, we brought in \$158,000 in fees, and in 2017-2018 because of drawbacks, we are projecting \$100,000 in fines and fees? He then asked are those only court fine fees or other fees? That's not water fines or anything like that, that's only for our cause where someone gets written up for not cutting their grass and they get a fine. So, the revenues that we are going to be generating for 2018-2019 is \$147,000, and then the offset of that is all the costs that are associated with running the Judicial Department? So, how much money is it going to cost to run the Judicial Department in 2018-2019? Finance Department Amy Risher responded \$230,217. Council Member Bonds then said, that is a huge loss to have court. The City Manager agreed.

Mayor Young then asked, why did you say we were losing that money. The City Manager answered, if you compare what it costs to operate the court compared to the revenue that's directly related to what they bring in.

The City Manager responded, it is being subsidized by other areas of the General Fund.

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Mayor Young then said, well, what's the big change?

Council Member Bonds then said, well, we are having to be careful because you can't run it as a debtor's court anymore, because of the Supreme Court and Chief Justice. I really think we need to look at whether or not it is feasible to let the magistrates hear our cases. I am just saying, if we are losing \$50,000 or \$83,000 a year, that's just something to consider.

City Manager Molinari then said, from staff's standpoint, we would certainly have no objections to exploring that. Certainly, there are other examples around the state where municipalities contract with magistrates who do municipal court. Council Member Bonds then stated that's something that I would propose that we entertain. Not that it has to be done now, I just wanted to have those numbers, that's why I asked the question.

Council Member Siegel then said to Council Member Bonds, so you are relating to the decrease in revenue, as related to the cost of the operation. You see it going down, because we don't have this debtor's court? Council Member Bonds responded, yes, I think that the judges are having to be more prudent as it relates to the imposition of fines and the steps they are taking to collect the fines. As a result of that, now, we are looking at, even with a Public Defender, we have got to be more conscientious about it. So, now, I think every year, you are probably going to be looking at an \$80,000 loss. Not that we are doing it for money, but that's just a lot of money. That's the only question I have about that.

Mayor Young then said, you know, all that is true. We have some control over what we pay for now. We wouldn't have any control if the magistrates have it. So, I don't know even though it might be less, but they are set to do it anyway. City Manager Molinari responded, quite frankly, I don't know if they would still be the one. Mayor Young then said, they would have to do it, if we don't do it, because we don't have to have a City Court. Could they then force us to pay for the Public Defender's cost for the county, because that would increase on them? I don't know the answer to all that.

Council Member Bonds then said, well, I need to have that report, I mean all of a sudden if we can spend \$50,000 and have somebody else take it over, then all of a sudden we are saving \$30,000 a year by not having the court. Now, I am just using those numbers, but that may be something that we want to consider.

Council Member Siegel then asked, so if we did that, then we would have no municipal judges? City Manager Molinari said, that's correct.

Mayor Young then added that there is a lot to be explored. In my opinion, if they can increase cost on us, then we have no control over it. Mr. Bonds then said, then we would go back. Mayor Young responded, I guess we could go back.

Assistant City Manager Amundson then pointed out that in this matter, there are operational and financial concerns.

Mr. Bonds then said, now I am not trying to put anybody out of a job, I am just throwing it out there. I just see numbers here, and that's why I brought that up.

Mayor Young then said, I guess it would be good if somebody could draw up a strong contractual document that would answer all of our questions before we did that.

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Council Member Bonds said, someone could say that I am biased because my wife is a magistrate, so in terms of doing that, she would be looking at making more money. I just want people to know that I am just looking at these numbers right here - that's all. I am not advocating that.

Mayor Young then said, that's not the first time this has come up. In your defense, it's been brought up before that we don't have to have a municipal court. Maybe, we are just now reaching that point.

State Shared Revenue

City Manager stated that this is the local government fund. As Council is aware, this hasn't been fully funded by the State in a decade. We are projecting about \$123,000. If you look at what we should be getting by statute compared to what we are getting, that's about \$50,000. That's roughly a patrol car every year, completely outfitted. So, this is real money that we are not getting from the state.

State Accommodations Tax

This has been a bright spot for us. It has continued to trend upward. By statute, the first \$25,000 has to go into the general fund, then after that, 5% of everything after that. We are projecting \$43,000 in State A-tax funds.

Business License

We have both our local business license that we are projecting \$855,000 and also projecting \$730,000 through the insurance and telecommunications tax. The Municipal Association collects those taxes. If you will remember, last year there was some legislature that was introduced that put both of those sources of revenue in great peril. So, hopefully we can stay the course on that.

Franchise Free Revenue

We are projecting \$742,000. This comes from SC&G, Comcast, PRTC and Coastal Electric. For our utilities to operate, put their infrastructure in the City's rights-of-way, they have to have permission from the governmental entity, and we can by law charge them a fee of up to 5%. We charge 5% on all of our franchise agreements.

Councilman Broderick said that he noticed some discrepancies in the franchise revenue from this year and last year. He said, there is a pretty big discrepancy.

City Manager Molinari explained that the City typically gets the franchise payment from SCE&G on June 30th.

Permit Revenue

We are projecting the same as last year. Per our contract with Safebuilt, they get 90% of permit revenue, and we retain the other 10%.

Miscellaneous Revenue and Interest

Mr. Molinari stated that under Miscellaneous, which includes interest and fees, we are projecting \$22,000. You will notice that at the end of this year, we are projecting \$90,000. That's an aberration. That is FEMA money, and that is why that is still high.

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Local Option Sales Tax Revenue

Per state law, that has to be broken down into two funds - municipal revenue which is 29%, and then the property tax credit, which is rebated on your property tax bills. That's the other 71%.

We track that very closely. We get two checks every month from the Department of Revenue. That revenue source has been trending upward and hopefully that will continue, especially as we bring more commercial activity into the City.

The Mayor then asked if the Homestead Exemption money is listed in here separately. The City Manager responded that it's rolled into property taxes.

Victim Assistance Fund

Mr. Molinari stated that this is fairly a minor source of revenue. As you can see, that is something that comes through as an assessment on tickets, and we are projecting that will go down, based on recent activity.

Transfer from Utility Fund

Mr. Molinari again emphasized that the City will be transferring \$741,020 from the Utility Fund to the General Fund.

Reimbursements - SC ORBET

Under this category, Mr. Molinari stated that the Cities has been a participant in the SC Other Retirement Benefits Employer Trust for the last ten years, and have built up a balance from our contributions, plus the interest that has generated in that fund, to almost \$1.8 million. When Amy and I sat down to look at initial revenue and expenditure projections, we took a strong look at SCORBET and will see it as we get into the finance budget, but we have historically been cutting a check for at least \$200,000 to go into that trust. So, what we are proposing this year because we are well funded, is not to contribute anything, and also we have, I believe, twelve retirees who are currently receiving post employment health insurance benefits and paying those premiums from drawing down those funds from the SCORBET Trust.

On a question by Council Member Bridge, Mr. Molinari said, what we have seen over time is we are required by law, I think it's every two years, we have to have an actuary determine where our liability is. What we have seen, when I started four years ago, I want to say we had roughly 75 current employees or former employees were eligible for that benefit. Obviously, over time, people leave the city, people die, and that number goes down, but I think we are down to 50. As a result, as we move forward, our contribution to SCORBET goes down. So, I want to say the first budget that I did, our contribution to SCORBET was around \$275,000. As we move forward, I am not sure that we cannot pay anything until those benefits are paid out, but as the further we get along, the amount that we have to contribute to the trust is going to be less and less. There will be fewer people who get that benefit.

Local Hospitality Tax

We are proposing the same as last year; the Local Hospital Tax transfer is \$155,000 and the Local A-Tax Transfer of \$90,000.

Water and Sewer Revenue

Because of Sarlaflex and Dayco, we are projecting less water revenue - \$2.11 million. Water Service and taps are going to be the same at \$95,000. Miscellaneous

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charges, this is very small. We budgeted \$3,000 last year. We are budgeting \$3,000 again.

Environmental Testing

This is just a pass through. This is \$.75 that goes to DHEC. It is on every water bill.

Sanitation Fee

We are proposing an increase in our Sanitation Fee per residential of \$2.00 per billing cycle, which will be at \$12.00. Our commercial sanitation fee will have a 20% increase.

Council Member Bridge asked if this fee would be effective July 1 and whether everyone had been notified. Mr. Molinari responded that the fees would be effective July 1.

Mayor Young asked if there would be an increase in water charges? Mr. Molinari responded that there would be no increase in water fees. For Sanitation the increase would be \$2.00 per billing cycle for residential service and 20% for commercial service. Mr. Molinari stated that the recommended increases will get us through the break-even point.

Mr. Bonds asked if the increases would bring us even with our expenses. Mr. Molinari responded, yes that is the rate structure that Amy recommended. It's just to get us to where we can break even.

Mayor Young then asked, what do we charge for commercial bimonthly now? It was noted that the current bimonthly commercial is \$190.58, and the current bimonthly residential rate is \$23.00.

Mr. Bonds stated that he does not get complaints about the garbage pick up service.

Mr. Molinari noted that he had given comparison rate sheets to Council. He said, this is just to give you an idea of what the City charges for garbage pickup service compared to what the private sector charges. You can see it is pretty dramatic.

- a. If you look at once a week pick-up of an 8 cubic yard commercial dumpster, we are currently charging \$190.58. The proposed increase would bring that charge to \$228.07. He pointed out that in the private sector S&S Disposal charges \$370 and Republic Services charges \$480.20.
- b. For an extra pickup, the City currently charges \$24.86 and is proposing an increase to \$29.83. S&S Disposal charges \$85.00 and Republic Services charges \$160.25.
- c. For the customers who just have the rollout carts twice a month, we are currently charging \$23.18 and the proposed increase is \$27.82. Currently, S&S Disposal charges \$75.00 and Priority Disposal charges \$40.00.

Mayor Young then asked, how much are we able to put back into the Fund Balance? Are we putting anything back into the General Fund Balance out of the overage in the revenues of the Enterprise budget? Mr. Molinari responded no. Mayor Young then said, so anything that is an overage is going back into those departments?

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Mr. Molinari replied, that's correct. The Mayor then asked if some of the overage might be going into other departments. When I said overage, I meant the increase from last year. Mr. Molinari then clarified that the reason why you see that increase is because the increases that we are proposing in residential garbage collection and commercial garbage collection are going to absorb all of that. So, there won't be any overages.

Mr. Molinari then recognized Finance Director Amy Risher to speak on the ordinances that will be brought before City Council at the May Meeting. He also said, one of the things we need to do is to update our fee structure, and Amy just wanted to talk to you about our deposits and recommend some changes.

Mayor Young then asked a question about the millage rate, and the retired millage rate of 2.86. Mr. Molinari explained that the existing millage would be taken by the maximum allowable by State law, where you can go back three years. So, the way that I like to phrase it is, it's a tax increase without a net millage increase. This would mean no increase in taxes to the taxpayer. I can't think of a better time to do it, because with the radios' debt coming off line, it's a wash and there's not going to be any effect.

At this point, Finance Director Amy Risher addressed Council. She stated that she is concerned about how much money that the City writes off every year for bad debts, which is uncollected funds. In 2017, we wrote off \$40,000 and in 2016, we wrote off \$36,000 and in 2015, we wrote off \$34,000.

Councilman Bonds then asked, why are we writing this debt off, what do you mean about that? Ms. Risher gave an example of when a customer leaves and does not pay his water bill. We turn it over to the Municipal Association through the Setoff Debt Program, and we can submit that to the Department of Revenue for 3 years. After 3 years, we are holding on to that debt and we never collect the funds from the person who left and is not coming back. So, this is what we write off each year. After three years, we write it off. Now, we can collect up to seven years. If the customer comes back after six years, we can say you didn't pay your bill from 2015 - we can collect that. So, currently our deposit is \$50 when someone signs up for service. So, I ran a scenario of a one person family all the way up to a four-person family. If the customer comes in and signs up for service in December, pays us \$50 and we read their meter on February 1. They get their bill March 1; they don't pay their bill. We read their meter again on April 1, and we don't turn their water off until April 15 for their March bill. So, now we've gotten two bills already calculated into what they owe us before we even apply this \$50 deposit. So, I wanted to recommend increasing it to \$100, so at least we will have less to write off if they never came back to pay us. That's the first concern that I have. This would lessen our write off after the three years.

Ms. Risher then said, the next fee that I was concerned about was an appointment fee of \$25.00. When a customer signs up for service, we set an appointment for the next day for the customer to meet us at their home/business to turn on the water. We had to start doing this, so it would alleviate people saying we came out there and turned the water on and left something running in the house and get sued for it, so we started giving appointments for the next day. So, we set up an appointment and we are having an issue where people don't show up. We call them and we set up another appointment for the next day and they just don't show up. So, by the 3rd time that they don't show up, I want to recommend charging a \$25.00 fee for us having to go there 3 times to get the water turned on. There are very few people who do it. Out of 100 customers, we might have 5 that do it.

Council Member Bonds then said, so they have already paid a deposit, but then they are not showing up to have the water turned on. Ms. Risher responded, that's correct - for the appointment to get their water turned on.

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Utilities Director Wayne Crosby then said, I want to go on the record to say I recommend that the fee be charged on the 2nd visit instead of the 3rd visit. It's a waste of our time to hash that out.

City Manager Molinari said, what we are recommending is that we make these changes and in order to become official, it has to be acted upon by City Council and made a part of our Comprehensive Fee Schedule.

Mayor Young then asked what did the number of persons mean as related to this scenario. Ms. Risher responded, that's just an average because one person usually uses 4,000 units of water and two people use 8,000 units. That's just an average that I tried to calculate. Then, they would be billed in the city or out of the city. If you look at the last column -if we increased our deposit to \$100, it would only cover one of these bills, and that would be an outside the city customer with one person in that home. All these others would leave balances owing, if that was their bill.

Mayor Young then asked how long does it take before the City cuts the water off? Ms. Risher responded, if your March bill is due by March 25, then we don't cut off the water until April 17. Like we are doing cutoffs tomorrow. We have 285 people whose water will be cut off tomorrow. Some of those people probably have already left town. There will probably be about 50 of them who have left town, leaving their bill unpaid. Mayor Young then asked, so when do we send them a notice that their water is going to be turned off. Ms. Risher responded we send out the delinquent notice on March 26, and then they have until April 15 to pay their bill. So, we don't cut the water off until April 17. So, we have already read the meter twice and the customer now has 2 bills technically by the time we turn off their water in our computer, and I'd like to take that \$100 deposit and apply it to those two bills that have already been calculated.

Ms. Risher pointed out that this won't affect the good customers. You pay your bill, you leave, you get your deposit back, if you leave owing us no money. This is for those persons who leave owing us a debt.

Council Member Broderick then asked, are there more people inside the City that this has to do with or with more people outside of the City? Ms. Risher responded that she does not know the answer to that. Mayor Young said, outside the City, we would have larger bills, right? Ms. Risher responded that why I just ran two scenarios, because some of them have sewer and some do not.

Council Member Bridge asked, are all of these apartments? Ms. Risher responded, these are just residential customers, and apartments are considered residential. So you have residential customers which take care of homes and your apartments and then we have commercial customers, the businesses.

Mayor Young then asked, so this will just affect the new customers. Ms. Risher responded, that's correct. Anybody who were to walk in to our offices after July 1, would have this fee if it is approved.

Council Member Bonds asked what are the other municipalities charging, do we know? Mr. Risher responded, I don't know, but I can find out.

Council Member Bonds then said, I certainly have zero concern about somebody who misses two appointments and we charge them money for that. Anything can happen on one, and then two, but for some people, it's just going to be a sacrifice to increase the deposit. As far as fining them for a missed appointment if they don't show up, in my opinion, after two times, I have no problem with that.

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Council Member Bridge pointed out that when staff set up those appointments with the customers, that takes a lot of time by our employees, because we are not overstaffed.

Council Member Siegel then said he agreed with the fining for missed appointments, but the question about the amount of the deposit, I know it's going to be a hardship for some people to turn on their water, particularly people who live in apartments, probably have a very low income. But it's just a one time thing, and it's just a deposit, which could be compromised to \$75.00.

Council Member Bridge questioned how does it work when staff goes to a missed appointment and the deposit has been paid. Ms. Risher responded, what we do is an adjustment. So, if we have to go out that 3rd time, we would adjust their account by \$25.00, and they would pay it on their first bill.

Further discussion was held. The Mayor asked Ms Risher if the City checks anybody's credit when they come in to open an account. Ms. Risher said, we don't do that. We don't have that capability. He further asked, do we do anything to verify. Ms. Risher responded, we require them to bring a lease saying they have permission to stay in the home, and we get their picture I.D. and their social security card. That way, we can have their social security number to turn it over to the Municipal Association for the Setoff Debt Program.

A question was raised about the Setoff Debt Program. Ms. Risher responded that we do receive funds from the Setoff Debt Program, but there are those who don't pay.

Mayor Young then asked, would it be illegal to charge them for the first month in advance based on this projected use? Ms. Risher responded, we go based strictly on what their meter says. Mayor Young further explained, what I am saying is could we make them pay us what we anticipate the first month when they get their water cut on. Then after that, then they will be paying ahead. Council Member Broderick added, that's what the electric company does. Mayor Young then explained, if they pay the \$100 deposit and \$78.80 which included that first month's water or what we think their first water bill will be, then if they leave us, then we've already collected the money.

Ms. Risher then introduced a new fee - tampering fee to be set at \$100. Ms. Risher explained that this is to cover the cost for Wayne Crosby's crew to go out there for the material and labor. This is for individuals who cut the lock off of their meter after we've locked the meter for nonpayment and then they turn the water back on. So, they physically tampered with our meter, and it costs us to go out there and pull it, disconnect and all that.

One of the last items Ms. Risher wanted to recommend is the terminate and restore tax fee which is \$400.00. We've had several individuals steal meters from their neighbors and put it in their box and use our water. We have had to go to the extent of taking that meter out and terminate the tap all together.

Mayor Young then said, so when they steal our meter, is the neighbor paying for their water? Ms. Risher responded, well, actually they go to a vacant home or something that might be in the area and put it in their box. Council Member Bonds then said, well then we need to pursue that criminally, right, because that is a crime. Utilities Director Crosby said, one of the most recent incidents happened within the County. If it's in the City, we usually handle it fairly easy, but if it's an incident in the county, then we don't get much help.

On a question from Council Member Bridge, City Manager Molinari said we will look at this to see what some other cities are doing. Obviously, we want to balance

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between not being a burden to our customers, but also try to protect ourselves much as possible on the back end. Ms. Risher then said, so basically these fees will be on a Comprehensive Fee Schedule that you will see the first week in May.

Sewer Fee

Mr. Molinari stated that we are proposing a \$20,000 decrease in revenue, as I have already mentioned, with Dayco and Sarlaflex. Sewer taps will stay the same. There is a little uptick in miscellaneous interest. We are actually getting a pretty favorable interest rate from the South Carolina Local Government Investment Pool. Before we had the money with the Bank of New York, and that wasn't doing anything. Then we have our sewer and environmental testing for sewer and water. It's \$1 that is reflected on your bills, and this is simply a pass through that we send to DHEC.

Mr. Molinari then announced that he would get into the Departments budget:

Mayor & City Council - I have already mentioned some of the increases we are proposing. There is an increase in training and travel just to better reflect what we have been paying. You will see an increase in our retiree insurance. That's primarily to reflect the insurance increase that goes into effect on January 1, 2019.

Looking in the budget books, Mr. Bonds asked Mr. Molinari, what is the legal expenses for Item No. 87? Mr. Molinari then said, that's just what we budgeted for George or any other attorney that City Council may need. We have that legal expense line item in pretty much every budget.

Mr. Bonds then said, so that's what we are estimating then as, say George would work on a project above and beyond his basic retainer. Mr. Molinari agreed and then added, unfortunately, that's a hard number to nail down, just because we don't know what type litigation will be handled.

Next, Council Member Siegel asked if this contains all of the miscellaneous outside charges, like Attorney Cone charges, as well as various projects. Mr. Molinari responded, yes.

On a question about the \$8,000 charge, City Manager Molinari explained that this is the actual number where we are so far this year. What we have been able to do with some of the litigation is that through our current insurance provider, the IRF. I think it's \$15,000 that they cover, then we purchased some additional coverage, which covers 80% of that. When we get the bill from McLeod, Fraser and Cone, which is either twice a year or once a year, I immediately hand it over to Amy and have her go through and break it down by department. It is all lumped under legal expenses. We have paid \$8,000 so far this year.

Council Member Bonds then said, so then between training and travel, I think the Municipal Association of SC meeting that we go to in July is important. I think that the Legislative Action Day Meeting is important to go to. However, I question whether our best interests are served by having four and five people go to another national seminar. I think having one or two go, with people rotating, certainly the Mayor can go to all of them, but I would surely like to see, and I think we could easily look at doubling the employees' Christmas bonus by doing some belt tightening.

The Mayor then gave the story about how the employee Christmas bonus came about. We used to have a fancy Christmas Party, usually at the Country Club and all of the employees came and they received small gifts. After a while, I think Tuck was here, the City Manager said that our employees would rather have a small Christmas bonus than to come to this fancy party. So, at that time, we started giving the Christmas bonus and having the employees' luncheon at Christmas time.

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The Mayor further stated that this Council has not really been too bad about traveling. I will tell you that over the years, for lots of years, everybody on Council went to everything. This Council has not really been too bad about that. There is always something there that Council can consider.

Council Member Broderick asked Council to look at where we are actually budgeted for this year and where we are actually at. Ms. Risher responded, we are currently at \$14,999 on travel as of the March Report. The Mayor added that, we have been budgeting less for travel than we used to. We used to budget more for travel than we have in recent years.

Council Member Bridge said, my only comment on that is I think that the national meetings are very relevant, because we have been seeing some positive results from the meetings with our Congressmen, whether everybody needs to go or not. Council Member Bonds reemphasized that he felt that we do need to go to the national meetings. My question would be about the number attending. Should we have five people going as opposed to two people and then include the City Manager and the Assistant City Manager.

Council Member Bridge then turned the discussion back to the budget. Council Member Bonds felt now is the time to decide on these budget items we are discussing. He said, I mean we don't have to decide today. For instance, if some of you go and make a motion at the Council Meeting. Mayor Young then said, truthfully, what's in this travel budget will not cover our travel to start with. So, there really isn't anything there to transfer somewhere else. Even if we do what you are talking about, I would think it's really not fat in the travel budget. City Manager Molinari said, you never know, and I can guess how many people who will go to the NLC meeting. It's kind of a crap shoot, but ultimately it's your call and it all depends on what your schedule is.

Mayor Young then said, it would certainly suit me if instead of the City buying us (Council) a Christmas gift, they could give that to the Police Department to use for the children when they buy presents or put it in the employees' bonus fund. I would rather either of those groups get it. It's not something we have to have. That's just something you can think about.

The City Manager then continued with the departmental budgets.

City Manager

There is nothing really dramatic here. I actually dialed back the training \$250 to reflect what we actually spent. I did bump up the travel. When we did the budget last year, we now have a year's experience. We've got \$2,700 under contractual services. As you are aware, we have been using the city's bond counsel for the economic development incentives we have been working on. We have the Bailey Bill, but we are also looking at getting a comprehensive incentive package to bring back to Council, and we need to get some legal input on that.

Council Member Bonds then asked why did line item no. 29 go from \$400 to \$0 to \$3,500? Mr. Molinari asked him to look at No. 16 Office Supplies. We are doing away with that line item and just moving it to line item 23 Supplies.

Finance

The big item here is SCORBET. Other than that, there is nothing else significant. Council Member Bonds then asked a question about item No. 29. He asked if this item increased because we are getting new furniture for 300 Hampton Street? Mr. Molinari responded, yes, for the conference room.

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Assistant City Manager Hank Amundson pointed out that whereas all departments did have "supplies" and "office supplies, but now it will be just one line item under "supplies."

Public Works

Mr. Bonds raised a question on line item No. 22 - Alarm System at the City Shop. He said, it looks like we budgeted \$1,300 and we spent \$474 and then budgeted \$1300 again. I could not figure this out, are we getting new alarms? Mr. Molinari responded, that's just what we have. Amy Risher pointed out that the alarm system has a monthly fee. The \$474 goes through December which is probably only 5 months. Currently though the end of March, it is \$886 now for the total spent for the alarm system at the City Shop. Mr. Bonds then asked if this were a monitoring fee of \$1,300 a year? Ms. Risher affirmed that this is correct.

The City Manager stated under No. 31, the contract for the Board of Disabilities to pick up litter, we bumped that up a little and then you will see an increase in street lights, and that's just to reflect the more lights we are responsible for.

Line Item 64, Mr. Bonds asked about only spending \$38 this year. Is this like keeping the sidewalks clean? Mr. Molinari responded that this number was actually \$51.39 at the end of March. Mr. Bonds asked why is this number only \$38. Ms. Amy Risher responded that figure was as of December 31. I run the reports, fill out these and give them to the departments. So, 3 months has lapsed since then.

On a question from Council Member Bridge about the shingles, the City Manager said, as you recall a couple of months ago, we asked for Council's approval of a resolution for an application to USDA and there were a number of different projects in the application. So, when we were trying to balance the budget, this \$27,000 is the total cost, and of that 60% would be paid by USDA and 40% the City would be responsible. USDA has been a consistent reliable source of money for the City. The problem is that it takes forever for the City to get that money. So, as we were trying to balance the budget, that was an easy item to shift over. It probably won't happen until 2019-2020. That's why that was taken out.

Council Member Bonds then asked, are we going to be able to get the shingles to stop the leaking (at City Hall) in the near future or what. Today, I was in a department head's office and you walk in there, and it just doesn't project the image we need. Do we have to wait and fix it or what?

Mayor Young then asked, if the roof could be fixed out of the fund balance and then put the money back. Finance Director Amy Risher responded, we can put instead of \$90,018 coming of fund balance, we can add more to that. Mayor Young then said, I mean if we are going to get it from USDA, can't we do that. Ms. Risher responded, if we get the grant in this fiscal 2018-2019, it could offset some, but if we get it in the following year, then that will just be miscellaneous revenue.

Council Member Bridge then asked, how long has it been since we applied. Ms. Risher said it was in the last year's calendar, but have had some forms that we just turned in last week, in addition, they wanted some more information. But we will have 18 months to spend the grant if we do get it. Mr. Young then said, so we can spend it on something else. Ms. Risher said, that's why it is easy for police cars, because you always buy police cars, so we always apply every year for those police cars, because it doesn't matter what two police cars, as long as it is two police cars. And it doesn't count as miscellaneous revenue, because you are always buying police cars. But when you are talking about the roof, then that's a different story. Ms. Risher further explained, if we fixed the roof in the July, and we get the money in June 2019, we are good to go. I mean it's possible.

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Council Member Siegel, then said well if it is leaking, how much damage is the leaking doing, besides just on ceilings, because we can do other things too. I mean are we having some serious leaking? Public Works Director Mike Crosby told Council that the shingles currently on the roof are 30+ years old, and the life expectancy is done. But on most of the main parts, we have a secondary roof, so we don't know. In other words, the original roof is a flat roof and it is under that. So, I mean some of that could be leaking on the secondary roof.

Council Member Siegel felt that it best for us to be good stewards of this building. Mayor Young agreed saying it will cost us more if there is more damage. Council Member Bridge then said, so we need to make that decision now as part of the budget? City Manager Molinari then said, you may have a little bit of room in that both the budgets that passed the House and the Senate including the state picking up 1% for state retirement like they did last year and that will give us about \$34,000. So, what we can do is we can back that in and get that done. So, you have some capacity there and we can get that done.

Planning and Development

Mr. Molinari said, we have a much better number with contractual services. We know what Safebuilt is going to cost and we are also putting \$25,000 in there for demolition. That's really all I have for Planning and Development.

Council Member Bridge then asked a question about Safebuilt. She asked, if they get 90% of our permit money, what more beyond that do we have to pay? Mr. Molinari said, we don't, it's just 90%. So, we are projecting \$49,000 in permit revenue, so whatever 90% is, that's what they get. Ms. Risher added that \$40,000 is for regular permits that go out and inspect, \$36,000 is their expense and therefore, \$4,000 is true revenue.

Council Member Siegel then asked, what is difference between what we were spending when we had a full time building inspector? City Manager Molinari answered, when we had a full time inspector, our total cost was \$85,000. Amy actually ran those numbers for me with a base salary of \$58,193. When you tack on benefits, fringes, everything, it's a little over \$85,000. Council Member Bonds said, he was also doing Code Enforcement, meaning he was doing two jobs.

Mr. Molinari responded, that's correct. Officer Lee Hanley is doing our Code Enforcement and he is really doing a good job. Answering a question from Council Member Siegel, Mr. Molinari stated that Lee is a certified officer. He helps out Wade Marvin from time to time on the law enforcement side when needed, but he is primarily Code Enforcement. Mayor Young said, so if you factor Code Enforcement out of that total money, what does that leave? What are we actually paying for Building Inspection? I mean what were we paying for building inspection if you just isolated the building inspector part of it, now that we know what the Code Enforcement Officer costs us?

Mr. Molinari said, that's kind of hard to do. He added, in my opinion, if you had a full-time building inspector who was just 100% dedicated, I'd be surprised if you could get someone good for under \$50,000 - \$55,000. Mayor Young then said, if you do that, then basically what we have done is add a Code Enforcement Officer. Mr. Molinari responded affirmatively.

Police Department

I have already mentioned the tsunami cameras. We are also requesting two new vehicles and will try our best to keep the police department's fleet current and we are requesting a new Ford Explorer for the k-9, as well as a new patrol vehicle. As Amy has mentioned that is just part of our standard operating procedures. We are just

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going to keep going after USDA and trying to get as many grants as we can, because Wade's need for vehicles is not going to go away.

No. 92 - Tuition Reimbursement. Mr. Bonds said it appears that we have already maxed \$1,500. I think this is a great program, but at this level are we going to end up exceeding that amount for the year, because we have already spent \$1,500. There is still another 2 months remaining. Mr. Molinari responded, from what Wade has expressed to me, the way that he handles it with his department, it is on a first come - first serve basis and he explains to the department that he has "x" amount for tuition reimbursement. Whomever is interested, this is what we have available. Mr. Bonds then asked, are any people turned down? Chief Marvin answered, maybe only one has been turned down since I have been here. I don't have many requests. Council Member Bonds said, I think if there is a need, then this item amount for Tuition Reimbursement should be increased. He said, I am 100% in favor of increasing that amount. Mr. Molinari responded, all we have done in the past is simply use it based on demand. Mayor Young added, one department might use it and other department may not.

Mr. Molinari answered, we can't really move it around, but what it would do is when you look at the general fund in it's totality and you would have one department that went over in this line item and one department did not.

Council Member Bridge then said, last year during the budget process we talked about departments doing projections, so we would have some direction in terms like what water lines need to be fixed, or how many police cars, etc. are needed, so that we would know progressing through the budget process what needs to be addressed. Do we have anything that we have been working on? Mr. Molinari responded, we have a schedule in the budget that will be in the final document and that's one of the reasons why I wanted to have a rate study done on improvement programs for water and sewer to get it started down that road so we can tie our rate structure in to what our capital needs are down the road.

Judicial Department

We already talked about the addition of a Public Defender being reflected in the budget.

Fire

The Fire Department budget is Status quo. It has actually gone down some because of the radios coming off line.

Parks

Mayor Young reminded that the City Manager has already said that the Parks budget would be reduced. He then asked about all the boardwalks in the parks that need repairing?

Mr. Molinari said, yes, Adam and I have been talking about that and looking at a couple of different options, either getting that done in-house or contracting that work out. Unfortunately, we are getting into our growing season and we are down a couple of personnel.

Council Member Bridge asked if the City got FEMA money for the boardwalks? Mr. Molinari said we did get some funds. Ms. Risher noted that those funds were for those repairs right after the incident. Regarding the bridge right off of Ivanhoe, Mr. Molinari said we will get that fixed.

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Mayor Young then said, I think we put \$15,000 in the budget last year to have the fence repaired at the Forest Hills Tennis Court. He asked Parks Director Adam Davis if this fence had been repaired. Adam responded, no. He said, the quote that I obtained for that was after the budget year ended, and that was \$25,000 to fix the fence. A short discussion was held on the need to repair the fence at the Forest Hills Tennis Court. The Mayor suggested that we should look and see the most economical way to do something there. Mr. Molinari responded, we will figure that out.

Next, the City Manager noted that the John Deere Gator Dump Trailer that Adam requested, I have asked him to go ahead and buy that this year. This will save us some money in next year's budget.

Tourism

Under this category, Mr. Molinari told Council that the application for the Tourism Director position closed yesterday. We received 36 applications. I will start going through those tomorrow morning.

In this budget, Council Member Bridge asked about the car allowance. Mr. Molinari responded that this was a benefit that he gave Michele after she had been with us a year.

On a question raised by Council Member Bonds, Mr. Molinari explained that in last year's budget, we had contractual services and we had cleaning and I believe it was an expense for the website. The true cost of what it actually cost for us to clean that facility was not reflected. That's why you see that jump from \$2,000 to \$13,000.

Enterprise Fund

Mr. Molinari recognized Utilities Director Wayne Crosby to speak on the tank maintenance, line item 311. We have a proposed increase.

Utilities Director Wayne Crosby then said, we have seven water storage tanks, and five of seven have been under a maintenance program for some plus years. The other two have not. Those two tanks are the Colleton County Commerce Tank which is a 500,000 gallon tank at the Buzz Aldrin Park on the interstate, and the other one is the Ruffin tank. Neither of which has been painted, and we haven't had any rust taken care of. The only thing we have done is clean those out, which is a requirement by DHEC. We clean those out every other year, but no maintenance has been done to the paint or anything, other than the logos, for 10 or 15 years. We looked at just taking those tanks and bidding out the maintenance to repaint both the interior and exterior, and it was a significant cost. As a matter of fact, for the Buzz Aldrin tank, it was around \$150,000. So, we have an option of either doing it all at one time and paying for it up front, or add those two tanks on to the maintenance program, which will not only cover the paint job, interior and exterior, it will also cover the washouts and any insignificant thing we have like if a bolt goes missing, they will replace that under the program. So, it's a pay be now or pay me later.

On a question from Council Member Bonds, Mr. Crosby said, we have had four line items for equipment repair. One was for chlorine equipment, the other is for pumps and then others cover whatever.

On tank management, Council Member Broderick, asked if we want to keep that at that level from now on, because we are adding the two tanks. Mr. Crosby responded, now typically what they do is a 5% increase each year. So, we are looking for an increase, but we will negotiate that after the proposals. The reason we asked to go out for a proposal, is that the company we have been with for 20 years plus gave us a figure for \$30,000 just for the one 500,000 gallon tank. It would put us over what

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most other companies would want to do. I think we can get a better deal if we out for proposals.

Utilities Support

Mr. Molinari said this is all administrative positions that are housed over at 300 Hampton Street.

Under debt service, we have the 2011 issue and the Bells Highway Project, as well as the Wastewater Treatment Plant SRF grant, and they have come fully on line and our debt service is now \$88,283.

Sanitation

Mr. Molinari stated we have talked a lot about rates. There is really nothing substantial here. You will see a \$5,000 increase in the commercial disposal fee.

At this point, the Mayor asked, personnel wide and city wide - how are we as far as staffing goes? Are we fully staffed or are we looking for employees? Mr. Molinari responded, we are not fully staffed, but we are in pretty good shape. Adam has two vacancies. We have some impending vacancies that we are going to have to deal with in the Water Department, but for the most part we are in pretty good shape. The Police Department is full and the Fire Department is full. Obviously, I have to find a new Tourism Director. Amy is full, so overall, we are in pretty good shape.

The Mayor then told Parks Director Adam Davis that his people are probably one of the most visible groups from the City out working, and when you are out working and they see your people out and working hard, they notice it. We get comments from that.

Sewer

Mr. Molinari said, I already mentioned the increase in electricity due to the improvements.

Mr. Bonds said, have we gotten everything straight out there with the problems we were having with stuff getting all on the lines out on Sidney's Road. Weren't we supposed to be charging? I haven't heard anything about that. Mr. Molinari said, it's interesting you mentioned that, because that issue has resurfaced. In fact, Wayne came to see me a couple of weeks ago and we burned out another pump, and the arrangement that we had is they wanted to do it at the least cost to them, and the arrangement was that once a day they would clean out that basket. Well, it's our understanding that they had been directed not to do it because of safety concerns. So, we have been spending more time over there.

Further discussion was held on the problems with the pumps in that area. City Manager Molinari told Council, I think that this is a conversation that City Council needs to have in Executive Session. Just to put this in perspective, I have been here a little over four years, and I was dealing with this problem and this preceded me and it just has not gone away, and we are bearing the brunt of it.

Council Member Bridge asked Mr. Crosby if the City still needed to lease property for sludge disposal. Mr. Crosby answered, that's a complicated question. We can't release the property, because DHEC requires us to do sampling and it is also in our preliminary engineering report that we have to have that as an alternative. We have approached DHEC, even in a meeting last month, and asked them if they could help us proceed with doing away with the obligation to have that property. They told us as soon as this project is complete, we can apply to remove that. But it is still going to require us to do the sampling. We have at least three or four monitoring wells.

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DHEC has not allowed us to pursue that yet. When this current project is over, we should be able to go forward, but we might still have a sampling obligation.

Sewer Support

Mr. Molinari said he wanted to point out one thing. You will see under system that our cost is going from \$5,000 to \$18,000. The reason why we have that large of a jump is that some of the items that were budgeted in this year's budget, we actually took care of the year before, so we are able to bring that number down to \$5,000 for budgetary purposes, because we were in a pretty good cash position last year with the Enterprise Fund.

Under this budget, we are proposing a new pickup truck. This department is currently using a 2005 truck with 160,000+ miles and they have definitely gotten their monies worth.

Mr. Molinari said, we are having to do some repairs to the Gadson Loop - King Street area sewer line. But this particular line is about 14 or 15 feet deep and we have no way to camera it, so we need to begin the process of repairing that line and the first thing we need to do is to bring someone in there to properly assess the damage.

Debt Service

Mr. Molinari told Council, you will see a schedule of our debt in the General Fund, which is pretty self-explanatory. The City did a general obligation bond in 2011 for a total of \$2,000,000 which is broken up into two separate debt issues. We also have the radios which were paid for this year in full and assuming the debt on the fire truck and the grapple truck which will come on line this year. Next, is the debt service for the Enterprise Fund. We will be paying a full \$88,282 for the Wastewater Treatment Plant upgrade and that debt will be retired in 2038.

Mr. Molinari reminded Council that last year the City adopted a set of financial procedures and guidelines and this is simply a breakdown of how we justify the transfers from the local hospitality tax, local accommodations tax, as well as our transfer from the Enterprise Fund to the General Fund. One thing I did want to point out is under local accommodations tax, we did put a line item in there for debt on the Discovery Center.

Mr. Molinari also stated that the 2020-2021 budget year will be a big year for us, because we will satisfy the debt service on both the tax increment funding financing district, as well as the Veterans Victory House. What we are looking at with the financing of the Discovery Center is that it will be back loaded where the first three years we will pay interest only and then in the last seven years, as those additional revenues come on line, we will pay off the principal and be able to satisfy that debt in ten years.

Mayor and Council agreed that staff had done a good job with the budget.

There being no further business to consider, Chairman Bridge adjourned the meeting at 6:37 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: August 7, 2018