APPROVED BK 20 PG 50

CITY OF LAURINBURG
CITY COUNCIL SPECIAL MEETING
APRIL 18, 2023
CITY HALL AND POLICE DEPARTMENT
303 W. CHURCH ST.
LAURINBURG, NC
4:00 P.M.

Minutes

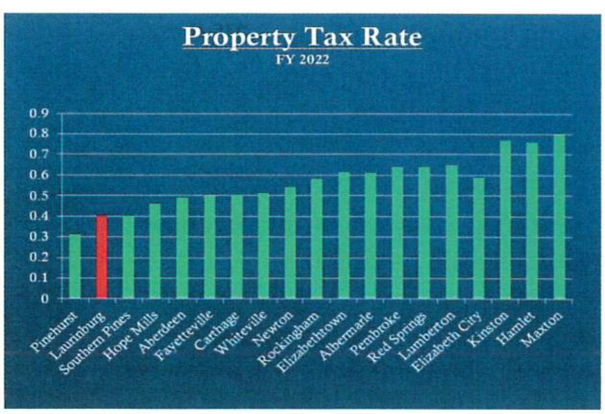
The City Council of the City of Laurinburg held a special meeting on Tuesday, April 18, 2023, in the Council Chambers of the City Hall and Police Department at 4:00 p.m. with the Honorable James T. Willis, Mayor, presiding. The following Councilmembers were present: Mary Jo Adams, Mary Evans, Rosemary Rainer, Barbara Rogers, and Andrew G. Williamson, Jr. The purpose of the meeting was to discuss the Fiscal Year 2023-2024 annual budget.

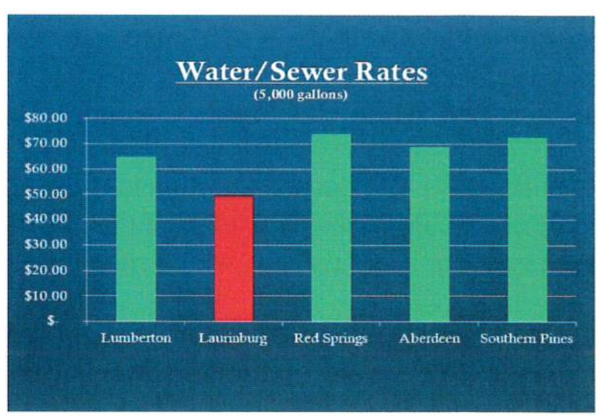
Also present were Charles D. Nichols III, City Manager; Harold W. Haywood, Administrative Services Director/City Clerk; and Susan K. Coble, Administrative Support Assistant/Deputy City Clerk. Leadership Team and other staff members present included: Carrie Neal, Finance Director; Betty Galloway, Human Resources/Risk Management Director; Stacey McQuage, Public Works Director; Dixon Medlin, Treatment Plants Director; Jason Lighthall, Electric Utilities Director; Walker McCoy, Community Development Director; Mitchell "Mitch" Johnson, Police Chief; Jordan McQueen, Fire Chief; and, Angie Foster, Assistant Public Works Director.

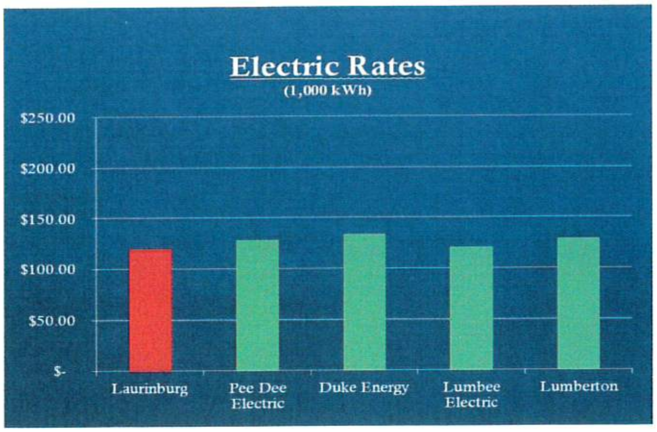
Mayor Willis called the meeting to order at 4:00 p.m.

Mayor Willis gave the invocation and lead the pledge of allegiance.

The City Manager presented the council and all others in attendance with introductory information comparing the city's property tax rate, water/sewer rates and electric rates with other locations.







The graphs presented above compare the city's property tax rates and utility rates with other nearby, similarly sized, and providers of similar services. The City Manager discussed these slides in detail.

The property tax rate slide reflects a comparison of nineteen (19) similar cities to Laurinburg. The City of Laurinburg has the second lowest tax rate within the group at $0.40 (forty cents) per $100.00 (one hundred dollars) property valuation. Laurinburg's tax rate has been forced to remain low due to the residents paying both city and county taxes, which increases the total tax bill for city residents to $1.40.

The water/sewer rates slide reflects a comparison of five (5) neighboring cities to Laurinburg. The City of Laurinburg is the lowest in comparison to the other four (4) cities at $49.20 for the average five thousand (5,000) gallons a month. Currently, a grant-funded water/sewer rate study is underway that has not been completed yet, but there will be future discussions concerning a possible rate increase. There has only been one water/sewer rate increase in the last ten (10) years, which was back in 2015.

The electric rates slide reflects a comparison of the five (5) electric utility providers in the surrounding areas. These rates are based on an average usage of 1,000 kWh and the City of Laurinburg is the lowest in comparison. In 2018, Electricities, which the city is a part of, had an asset sale that helped reduce the debt and allowed the city to become even more competitive pricewise with Duke Energy. The manager informed the Council that Duke Energy did announce that they would have a rate increase in Spring, 2024 due to the state initiating a carbon reduction plan, which could have some impact on future electric rates.

Councilmember Williamson questioned if the city gets its supply of electricity from Duke Energy. The City Manager explained that the city has a long-term wholesale purchase agreement with Duke Energy, which should keep our wholesale price flat.

The City Manager explained that the general fund is made up of all the general services the city provides, except for electric, water/sewer and solid waste, which are funded through enterprise funds.

The City Manager explained the 2023-2024 Proposed Budget for review and subsequent discussions. The Proposed Budget totals $40,765,522 compared to $40,487,202 from the previous fiscal year. The City's budget consists of four (4) operating funds – the General Fund, the Electric Fund, the Water and Sewer Fund, and the Solid Waste Fund. A summary and comparison of the proposed budget by fund is as follows:

FUND	ADOPTED BUDGET 2021-2022	ADOPTED BUDGET 2022-2023	PROPOSED BUDGET 2023-2024
General	**9,088,769**	**11,774,008**	**11,220,024**
Electric	**15,276,207**	**16,748,050**	**17,195,997**
Water/Sewer	**7,461,640**	**8,366,927**	**8,464,110**
Solid Waste	**2,722,113**	**3,598,217**	**3,885,391**
TOTAL	**35,548,729**	**40,487,202**	**40,765,522**

The City Manager explained that this budget in its current form consists of **ALL** requests from department heads and partner organizations. This does not include a cost-of-living adjustment or pay study adjustment to employees' pay yet because staff is still waiting on those results/findings. This budget also maintains current fringe benefits and increases the longevity contribution to employees to assist with retention.

The City Manager and Mayor Willis spoke briefly on the new industry, Sopakco, coming to the area and that industry possibly using the City of Laurinburg for power supply. The manager stated that, as of now, Sopakco has not been annexed into the city limits, but the city can still supply the power.

The City Manager stressed that the city is comprised of dedicated employees with the competency and initiative to plan for long-term needs, secure grant funding, and administer services to our citizens in a highly effective and efficient manner. He expressed that our employees have always been the City's most important asset, and strongly feels that, now more than ever, we need to support them and their families during these uncertain times with unprecedented inflation.

Mayor Willis inquired about the difference of $500,000.00 in the general fund request this year. The City Manager explained that it was lower due to waiting on the results of the following items:

- Employee Pay Study
- Health Insurance Premiums
- Property/Liability Insurance Premiums

Councilmember Adams commended the staff for a job well done at the 95.22% collection rate on property taxes. The City Manager agreed and stated that the staff does a great job at sending letters to residents, making calls and being very persistent with collecting the unpaid property taxes.

The City Manager informed the council that the Human Resources Director would provide more details regarding health insurance for the city employees. Mrs. Betty Galloway informed the council that the current health insurance agent on record is the only one that can negotiate the renewal and get the best premium rate or plan design that will benefit the employees. The manager and Mrs. Galloway met with several perspective agents that would like to contract with the City.

Mrs. Galloway expressed that the preliminary numbers provided by several agents have come in more favorable for the city than what our current agent on record has provided. The current agent is proposing a 4.9% increase, but due to some concerns with the current broker, both Mrs. Galloway and the City Manager expressed the potential benefit to the city to consider using another agent. Currently, the city has spent $920,000 on health insurance, so pursuing a change to the agent on record could confirm if the city can get lower premiums, which would benefit the city and its valued employees.

Councilmember Evans and Councilmember Adams inquired about the names of the agents in question. The City Manager explained that those names are kept confidential due to the budget workshop being publicized. He also added that all the agents were asked to present the best possible rate packages over the past couple of weeks, but only the current agent on record can give the exact number, due to having access to all the information on file. The manager stated that should the council approve changing the agent on record, the new agent in question can provide the city with a firm quote.

The City Manager explained that the current agent on record is aware that the city is looking at other agents. He stated that three different agents have presented information to the city through informal meetings, including an agent that has worked with the city in the past. The manager stated that this former agent did provide excellent customer service in the past. The decision to change from this former agent in the past was due to the current agent on record being local and being able to provide the same rate plan and package that the other was offering at the time. The manager further stated that the city has been openly expressing to the current agent on record that the existing plan increase for the employees blindsided everyone. The employees experienced an increase from $10.00 to $75.00 on several prescriptions after being told repeatedly that there was no change to the plan.

Councilmember Rainer inquired how soon the decision needed to be made. Mrs. Galloway and the manager both stated the sooner the better, so the city can make any changes before the fiscal year begins in July. The manager stated that if the council approved the change, he would contact the current agent on record and provide notification. The manager stated that if the city can keep the rate flat, or even lower the rate, it will benefit everyone in the long term. The council agreed to change the agent on record.

General Fund

The City Manager stated the proposed budget for 2023-2024 maintains the tax rate of $0.40 (forty cents) per $100 valuation, which should yield $3,225,000 in revenue for the upcoming fiscal year. Currently, $1,744,960 of Fund Balance is appropriated to balance the budget. Assigned Fund Balance of $510,485 is designated for the Laurinburg City Hall/Police Department Capital Project Financial Plan that was implemented.

The City Manager explained that, as presented, funds have been allocated in the General Fund to pay for all current operations with no decrease in services in addition to the following items:

- Community Development – Vehicle $63,000
- Community Development - Building Demolitions $67,000
- Beautification – Vehicle $39,000
- Police - TIP 411 & Power DMS Programs $15,500
- Police - Tsunami Cameras & Shot Spotter (similar) Program $144,000
- Police - Replace (5) Patrol/K-9 Vehicles $250,000

Councilmember Adams inquired about the Power DMS Program and Shots Spotter. Police Chief Johnson explained that Power DMS Program is an operating system in which the police department will have the most updated information, standards, rules, and guidelines and can acknowledge that they have reviewed the information in real time, electronically. Having this software will limit having officers from coming to the police department to cover the information and they can do it in their cars between calls while out in the field.

Chief Johnson spoke regarding all traffic stops and informed the council about a form that the officer must complete that explains the purpose of the stop and a description of the stop. He stated that, with the body camera footage the department now has, he can review the traffic stop and coach or correct any issue that took place during the traffic stop.

Councilmember Rogers inquired about the Shots Spotter Program and the benefits it brings to the department. Chief Johnson explained that after research he found a program called FLOCK and it is like Shots Spotter. These programs are designated to triangulate the sound of where a shot has been fired and pinpoint the area which would result in a faster response rate.

Mayor Willis inquired about the current cameras and the intent of the additional cameras. Chief Johnson expressed that updating the current Tsunami cameras and adding more would help build a platform to keep the community safer and they would be able to add more features in the future, such as a license plate reader.

The City Manager continued to discuss highlights in the General Fund with the following items:

- Fire - Additional Employees (5) $250,000
- Fire - Airpack Replacement $65,000
- Fire - Thermal Camera $40,000
- Fire - Hose Replacement $50,000
- Rescue Squad - Part Time Stipend $75,000
- Rescue Squad - Building Supplies (N. Fire Station) $65,000
- Rescue Squad - Volunteer Pay Per Call $50,000
- Rescue Squad – Equipment/Pagers $83,000
- Rescue Squad – Turnout Gear $30,000
- Rescue Squad – Quick Response Vehicle $85,000

The City Manager explained the need for an additional five (5) employees, which comes from a safety concern of only having one (1) employee on duty at night. This will be a greater concern once the new fire station is open and operational. There has been no safety concern since the closure of the North Fire Station because everyone has been housed at the South Station.

Councilmember Williamson inquired if the Scotland County EMS and Rescue Squad are two different entities. The City Manager explained that they are two different entities, with the Rescue Squad jointly funded by the city and the county and is only operated by volunteers. The Rescue Squad is looking to acquire the North Fire Station so they would be able to house all the equipment that they have in one location.

Mayor Willis inquired about the Rescue Squad occupying the North Fire Station, which has not been in use by the fire department since Hurricane Florence in 2018 due to flooding. The City Manager explained that some of the funds that are being requested from the Rescue Squad are for improvements to the North Fire Station if they are allowed to obtain the property.

Fire Chief McQueen explained to the council that currently the Rescue Squad has all the equipment located at different facilities and it would benefit the fire department to have the rescue equipment not located at fire stations, so they have more space to store fire equipment. Chief McQueen explained the protocol of all calls and who had to respond to each call, so by adding an additional five (5) employees, the department can ensure that all standards and requirements are being met.

(Copy of Fire Department Breakdown on file in the clerk's office)

The City Manager continued to discuss highlights in the General Fund with the following items:

- Street – Sweeper $320,000
- Street – Resurfacing $250,000
- Street – West Blvd Sidewalk Project (20%) $76,000
- Stormwater – Ditch Cleaning Contract $60,000
- Stormwater – Improvements $50,000
- Garage – Utility Truck (split between all depts.) $155,000
- Garage – Additional Position (1) $33,000
- Municipal Elections $17,000

The City Manager explained that the current street sweeper desperately needs to be replaced. It currently stays out of service more than it is being used.

The City Manager explained that several of the items in the current fiscal year budget previously approved by the council were purchased, but would not be received until next fiscal year, so those funds had to be carried forward. The manager stressed that these are all requests from the department managers and partnering organizations. The Rescue Squad request is a joint request, so if approval is given from the city, then approval must be obtained from the county as well.

The City Manager explained that all four of the funds are somewhat flat this year and that is why he wanted to bring a focus to the property tax. The general fund will lose significant revenues once all the American Rescue Plan Act and other grant funding that has been received has been expended.

Discussion ensued concerning sales tax revenues.

The City Manager continued to explain the proposed General Fund budget in that, additionally, funds have been allocated to continue funding the Tis the Season, Chamber of Commerce, Scotland County Economic Development Corporation, Humane Society, Downtown Revitalization, and the Arts.

Electric Fund

The City Manager explained that there would be no proposed increase in the electric rates for the city in this proposed budget. Currently, $1,940,075 of Fund Balance is appropriated to balance the budget.

The manager highlighted that funds have been allocated in the Electric Fund to pay for all current operations with no decrease in services in addition to the following items:

- Meter Reader Vehicle (50%) $33,000

- LED Conversation $110,000
- Tree Utility Truck & Trailer $98,000
- Pickup Trucks (2) $100,000
- Bucket Truck Replacement (ordered current year) $255,000
- Stump Grinder $26,000
- Transformers $300,000
- South Main Pole Rebuild/Restructure $260,000
- Scotia Village Relocate $30,000
- Delivery #1 Building Renovation $125,000
- New Pole Barn $30,000
- Fiber – Replace Network Trunk $300,000

The City Manager explained that there are several items, such as an electric bucket truck and sanitation truck, which will not be received until after June 30, 2023. The funds for those cannot be expended until the city has received them, which means the funds would need to be carried forward into the next fiscal year to pay for this encumbered obligation.

Water and Sewer Fund

The City Manager explained that there will be a proposed increase in the water and sewer rates for the city based on our consulting firm's preliminary rate study analysis. Currently, $1,491,686 of Fund Balance is appropriated to balance the budget.

The City Manager explained that there are numerous capital project funds that are not funded within the operating budget. There is approximately thirty (30) million dollars of water/sewer projects that is not reflected in the operating budget. The manager explained that what is presented is operating and capital expenditures that will be completed in one fiscal year. All the large projects, such as the Distribution Water System, Influent Pump Station, Regionalization Study, are funded in separate Capital Project Funds.

The City Manager continued to discuss that funds have been allocated in the Water/Sewer Fund to pay for all current operations with no decrease in services in addition to the following items:

- Water Production/ Treatment Essential Capital $280,000
- Water Distribution Construction (equipment replacement) $247,000
- Wastewater Treatment Essential Capital $615,000

Solid Waste Fund

The City Manager explained that there will be a proposed increase in solid waste fees for the upcoming year. Currently, $866,174 of Fund Balance is appropriated to balance the budget, based on the current solid waste fee remaining the same. The manager stated that the staff is waiting for the county to decide on the amount, if any, for the tipping fee increase.

The City Manager further explained that funds have been allocated in the Solid Waste Fund to pay for all current operations, with no decrease in services, in addition to the following items:

- Equipment Replacement $1,141,690
- Dumpsters $60,000

The manager stated that citizens who live in the city are paying $55.00 a year to the county for an availability fee for the solid waste. The manager stated he has proposed to the county to potentially charge the same availability fee of $85.00 per year for city and county residents in order to eliminate the tipping fees that are charged to the city when it takes garbage collected from city residents to the county transfer station, but it has not been approved to go in that direction.

The City Manager explained he would be working with Harold Haywood, Administrative Services Director, and Carrie Neal, Finance Director, to review the proposed budget and bring back a revised budget for the council to consider at the next meeting on May 16, 2023. The manager reiterated that these requests were the actual requests from the department heads and partner organizations, but there will be adjustments to those requests for review.

ADJOURNMENT

Motion was made by Councilmember Rainer, seconded by Councilmember Rogers, and unanimously carried to adjourn the meeting.

The meeting was adjourned at 5:46 p.m.

James T. Willis, Mayor

Harold W. Haywood, City Clerk