CITY OF LAURINBURG
CITY COUNCIL RECONVENED SPECIAL MEETING/RETREAT
APRIL 14, 2021
CITY HALL AND POLICE DEPARTMENT
303 WEST CHURCH ST.
6:00 p.m.

Minutes

The City Council of the City of Laurinburg reconvened its special meeting/retreat from March 30, 2021 at 6:00 p.m. on Wednesday, April 14, 2021 in the Council Chambers of the City Hall and Police Department with the Honorable James T. Willis, Mayor, presiding. The following Councilmembers were present: Mary Jo Adams, Mary Evans, James J. Garby, Jr., Donald Rainer, and Andrew G. Williamson, Jr.

Also present were: Charles D. Nichols III, City Manager; Jennifer A. Tippett, City Clerk; Harold Haywood, General Services Director; Stacey McQuage, Public Utilities Director; Jason Lighthall, Electric Services Director; and Dixon Medlin, Treatment Plants Director.

Mayor Willis reconvened the meeting at 6:02 p.m.

Mayor Willis gave the invocation and led the Pledge of Allegiance.

ENTERPRISE FUNDS BUDGETARY OVERVIEW

The City Manager explained that the focus of this budget meeting would be on the City's three (3) enterprise funds – Water/Sewer, Electric and Fiber Optics, and Solid Waste. He presented a brief PowerPoint with highlights as follows:

- Comparison of tax rates of benchmark municipalities across the state and in the region shows that Laurinburg's property tax rate is $0.40 per $100 valuation. The City is tied for the second lowest municipal tax rate.
- Water and Sewer Rates what an average 5,000 gallon residential user would pay for. Comparison of the City, Lumberton, Red Springs, Aberdeen and Southern Pines – we are by far the lowest. $49.20. This will probably be something in the next couple of years look at. Aware of all of the capital projects we have going on. Looked at our CIP, we will need to address in the future. Current budget has flat water and sewer rates.
- Electric rates – a lot push from ElectriCities over the past 10 years to get our electric rates down. We sold NCEMPA assets to reduce the debt burden and to get our rates where they are currently. An average normal residential customer uses 1000 kW per month. That average bill is $119.40. And then you see where we compare to the three Co-Ops, Pee Dee, Lumbee and another ElectriCities member, Lumberton, We are below all of those and we are basically right in line with the Duke Energy rate. Just one note, what is shown here, is they are on average about $3.00 a month lower, but Duke Energy has 2 different rates. They have seasonal rates. Summer/winter rate and fall/spring rate. We tried to take one of those to compare to our rates.

City Manager, the last time we addressed any water/sewer rates where there was an increase was back in 2015. Since then been flat. That will lead into some of the detail. A lot of our revenues have been flat because it has been constant rate and we feel comfortable about where the numbers are. On the electric side, the push to get rates lower and more competitive with Duke, our last rate increase of 3.5% was in January 2015. Since then, in November 2015, we were able to do a 7% reduction in rates, and in June 2017, another reduction in electric rate of 3.21%. So we have been able to decrease our rates on the electric side.

In front of everyone is very detailed line item budget of our Electric Fund first, then Water/Sewer and then Solid Waste.

ELECTRIC FUND

Very flat revenues because we have had consecutive years of the same rates. I'll hit on a few things and then run fairly quickly through the departments.

First page, Electric and fiber revenues, flat. One thing to point out is the Contributions from other funds. When the city uses electricity, we have to pay the electric department back.

Garage

This is allocated through all four (4) funds, 25% into each fund.

Building Maintenance

The City Manager explained that this is for one (1) custodian at Public Works which is split between the Electric Fund and the Water/Sewer Fund.

Non-Departmental

This is where all of the Management Fee allocations occur. As in the Water/Sewer Fund, it includes the debt payments, and the only debt service for the Electric Fund is the portion of the portion of the FCC industrial expansion 7 or 8 years ago.

Electric Administration

The City Manager explained that this department includes one (1) employee, the finance director, and the budget is flat from last year. It includes the 3% COLA.

Consumer Billing

The City Manager explained that this department is split between the Electric Fund and the Water/Sewer Fund. It includes 10 employees. The operations budget is flat from last year except for the 3% COLA.

Electric Production

This department is for power purchases from ElectriCities.

Electrical Operations & Improvements

There are eight (8) employees in this department. Staff is proposing to have an in-house tree crew of three (3) employees due to dissatisfaction with contracting out the service which salaries and fringe benefits would be split 2/3 in the Electrical Operations and 1/3 in Beautification. Capital items for this department include $85,000.00 to change lights on interchanges of Highway 74 to LED. New equipment is $581,000 for changing to LED lights downtown, a new line truck and transformers, and new equipment for the tree crew including a bucket truck, a chipper, and other equipment. Adding the tree crew does not change the budget much from the previous year. It will cost $100,000 for the Electric Department and $50,000 for the Beautification Department.

New Construction is $80,000, and consists of the second phase of converting the lights to LED in the parking lots at the high school, and a fast-charging EV station located at a new construction site in the Chic-fil-a area. This will be a fast charger unlike the one downtown, and users will have to pay to use it.

Upon question by Mayor Willis, Mr. Lighthall explained that the charger had been replaced; however, a technician would be coming to complete programming.

The City Manager explained that it was a newer model and that it was being replaced by Siemens, the manufacture, free of charge.

Further discussion ensued concerning the new EV charger. Mr. Lighthall explained that users would use a credit card to pay for the power. There will be signs directing citizens and visitors to the site.

Discussion ensued concerning the tree crew. The City Manager explained that the tree trimming crew would be supervised by Mr. Lighthall.

Fiber Optic Operations

The City Manager explained that there was a slight decrease in the operating budget for Fiber Optic Operations.

The City Manager explained the Electric Fund budget did not use any fund balance in order to balance the department's budget.

WATER/SEWER FUND

Revenues

The City Manager explained that revenues were flat in the Water/Sewer Fund. He added that $545,417 of the fund balance was used to balance the department.

Garage

The City Manager explained that as in other funds, the Garage is split between the four funds.

Building Maintenance

The City Manager explained that this was for the custodian at Public Works and the expenses were split between the Electric Fund and the Water/Sewer Fund.

Non-Departmental

The City Manager explained that the $815,113 in Non-Departmental was the loan payment for the FCC/Industrial Park infrastructure. There will be decreased revenue on the Water/Sewer Side and an increase on the Electric side. He added that the Incentives Agreement expires in September, 2021; however, the City has already recouped the cost of the financing from FCC.

Consumer Billing

The City Manager explained that this was the other half of Consumer Billing, the same as in the Electric Fund.

Water Production and Treatment

The City Manager explained that the salary and fringe benefits was for the director and three (3) employees. The capital budget was scaled down by the Budget Team before presented to Council. He reminded Council of the six (6) large capital projects in this department. The Equipment Replacement is a new truck at $30,000, and Other Improvements includes funds for the raw water main, painting the Water Treatment Plant and putting a fence around the plant. The Equipment line item is for security cameras at the Water Treatment Plant.

Water Distribution

The City Manager explained that this department includes 10 employees with half of their salaries and fringe benefits split between Water Distribution and the other half in Sewage Collection. The operational expenses are flat with the exception of the three percent (3%) COLA. The new capital includes $110,000 for replacement of a tractor and an excavator. The Water Construction line item of $105,000 is for line repairs and other items that might arise.

Sewage Collection

The City Manager explained that half of the 10 employees were included. There are increases in Capital items including $13,300 for a sewer camera to probe pipes. A motor grader at $217,000

is in the Equipment line item, and in the Sewer Line Construction line item is $35,000 for repairs and other items that might arise.

Wastewater Treatment

The City Manager explained that the salary and benefits are for one-half (1/2) of the director and three (3) employees. Operational costs are flat with the exception of the three percent (3%) COLA. Capital items include $75,000 for lab equipment and two (2) trucks. There is $100,000 to complete the SCADA installation and upgrade. The SCADA allows the City to monitor the lift stations and wells. The system notifies the director and employees when there is an issue and at which lift station or well. The last five (5) lift stations are being added to the SCADA system. There is $10,000 for cameras at the Wastewater Plant.

Upon question by Councilmember Evans, Mr. Dixon Medlin explained that on the water side, his personnel collect 20 water samples each month, and quarterly more testing is required.

The City Manager added that the employees check all of the pump stations and lift stations.

Further discussion ensued concerning testing. Mr. Medlin explained that wastewater is tested because after being treated is it discharged into Shoeheel Creek.

The City Manager explained that in order to balance the Water/Sewer Fund budget, $545,417 of Fund Balance had to be appropriated.

Upon question by Councilmember Williamson, the City Manager explained that usually only 90-95% of the budgeted amount is spent each year. He added that this was evident especially in the enterprise funds, and sometimes the fund balance actually increases.

SOLID WASTE

Revenue

The City Manager explained that revenues compared to the previous year increased due to a proposed increase in solid waste rates. The residential solid waste increase is $2.00, from $26.50 per month to $28.50, and $195,895 of fund balance is appropriated to balance the budget.

The City Manager explained that the Sanitation Department is comprised of 15 employees. One of the reasons for the proposed increase in rates was because at the very last minute in the previous fiscal year budget, Scotland County upped the tipping fees by $2.00, and City staff did not know until after the City budget had been passed.

Mr. Haywood presented a PowerPoint and began by saying that there are two (2) departments in Solid Waste, and the largest one is Sanitation.

Mr. Haywood explained that primary revenue in the Solid Waste Fund comes from user fees. There has been no funding support from the General Fund in the last 10-12 years, so the Solid

Waste Fund is totally self-supporting. The residential user fee is $26.50 per month and commercial user fees are variable based on the number, size of containers and number of pick-ups per week. The fees have been unchanged since 2015. At the end of each year the costs associated with the Solid Waste Fund by service must be provided to the state. He reviewed the breakdown on the graphs shown on Attachment A, incorporated in these minutes. Since Fiscal Year 17, yard waste service has increased, and is difficult to control. In 2018, the City recognized money from the Federal Emergency Management Agency (FEMA) so that it appeared that the cost of solid waste per household was below $25 per household per month, when in actuality is was more. The annual report for FY 20 showed that it costs the City $27.31 per household per month to provide services. Since the City only charges $26.50 per month per household, the City has been going in the hole the last several years.

Mr. Haywood explained that as the City Manager reported, the City was hit late last fiscal year after the City's budget had been approved, of a $2.00 per ton tipping fee from Scotland County. This was a $40,000 to $50,000 cost increase that staff tried to absorb without a budget amendment. He explained that when the report for the state is prepared this year, that he expects the cost of solid waste for the City to be in the $28 range.

Mr. Haywood explained that since there are so many different solid wastes services, he did not really like to compare the City's services to other municipalities as the City provides "Cadillac" services. The City provides garbage, recycling, bulky item pick up, and yard waste (except trees and contractor waste). He then showed the attached graph comparison, Attachment B, incorporated into these minutes.

City of Rockingham including County fee:	$37.00 (no recycling service)
Town of Aberdeen with no County fee:	$31.00
City of Lumberton with County fee:	$26.00 (contracts out garbage collection)
City of Laurinburg with County fee:	$31.00 (City charges $26.50)

Mr. Haywood explained that factors impacting the costs and why staff is recommending increasing fees include the following"

- $2.00 per ton tipping fee implemented by the County last fiscal year.
- Closing out the old leaf disposal site. Half of the cost is in the General Fund because the Street Department and Storm Drainage Department also use the site.
- Attempting to obtain used equipment – track hoe and bulldozer to help manage the yard waste site that must be permitted.
- Financing of existing equipment and some new equipment. There is an automatic collection truck that was financed in 2015 that will be paid off in 2024. And also finance some new equipment – new garbage carts. The garbage carts are 16 years old and new carts are needed. They have a 10-year warranty on them.

Mr. Haywood explained that staff was proposing an increase of $2.00 to the residential solid waste fee, from $26.50 to $28.50 per month. This is approximately 7.85% increase, and the commercial rates will increase by that same percentage amount.

Discussion ensued concerning the possibility of the County raising the tipping fee and if the City should negotiate with Robeson County.

The City Manager explained that staff could contact Robeson County and runs some numbers. He added that staff would need to factor in wear and tear on the vehicles and gas. It is difficult to make the Solid Waste Fund self-sufficient. Some municipalities contribute out of the General Fund to make it work.

Upon question by Mayor Willis, the City Manager explained that because of the upcoming quasi-judicial hearing for the request for a conditional use permit. He added that basically if the incinerator was not approved, then staff would do more stumping and grinding.

Mr. Haywood discussed possible options concerning handling yard waste and fees.

- Option A includes an amount in the budget for an incinerator.
- Option B is following current procedures with yard waste. However, the grinding would have to be done more often and the cost would increase.
- Option C is that the City no longer deals with yard waste and takes it straight to the County site. He was told that the County is having difficulties in its yard waste site and would have to increase the tipping fee by $15.00 per ton.

Mr. Haywood concluded by stating that with any of the three options above, the cost would be approximately $200,000 to $300,000.

Discussion ensued concerning the commercial fees. Mr. Haywood explained that the commercial rates would increase by 7.5%, amounting to $2 to $3 per month.

OVERVIEW

The City Manager explained that all four (4) fund budgets had been presented. At the next budget meeting, Council should discuss the next meeting to discuss the budget and overview of outstanding items or issues, as well as the proposed fee increase. Council must be presented a balanced budget by June 1st each year, and it is emailed to the Mayor and Council. The public hearing on the budget will be on June 15, 2021, and hopefully Council will adopt the budget.

Discussion ensued concerning the recent fee for violating the recycling, and the need to educate citizens on recycling. Mr. Haywood reminded Council that Mr. Dave Wells of WLNC Radio has offered to produce a video on recycling.

ADJOURNMENT

Motion was made by Councilmember Rainer, seconded by Councilmember Williamson, to adjourn the meeting. The vote was as follows:

Ayes: Rainer, Evans, Williamson, Adams, Garby.
Nays: None

The meeting adjourned at 7:11 p.m.

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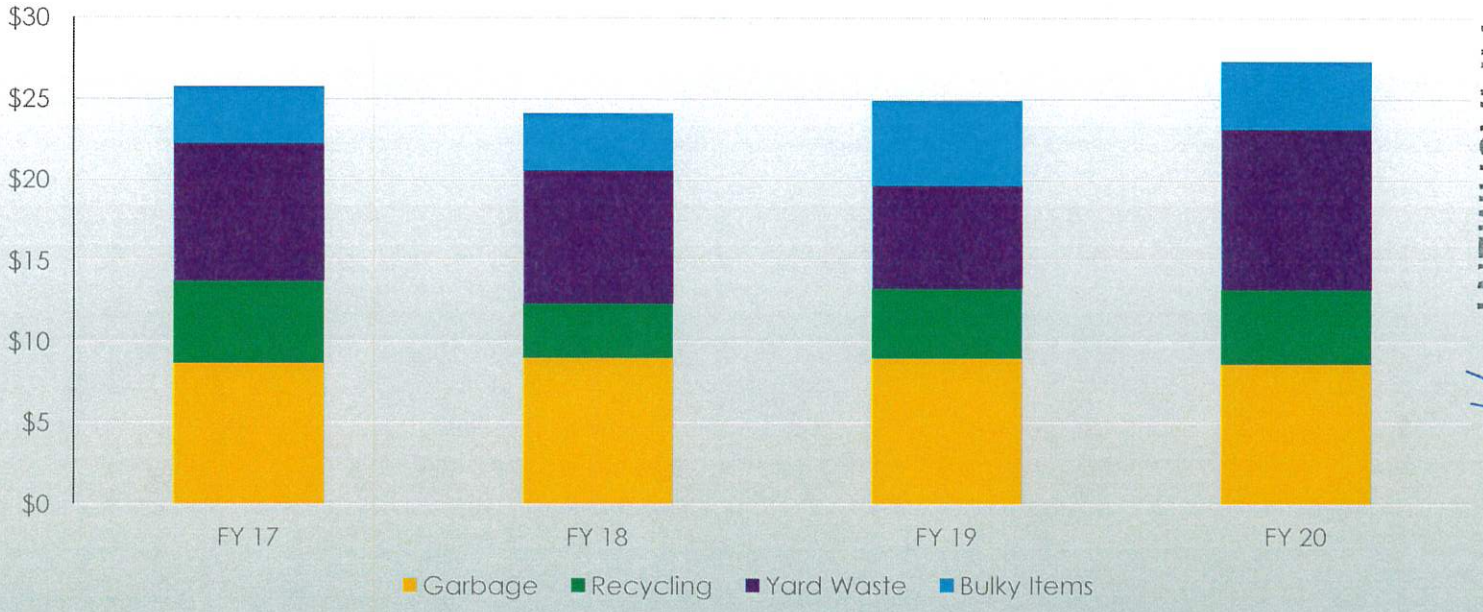
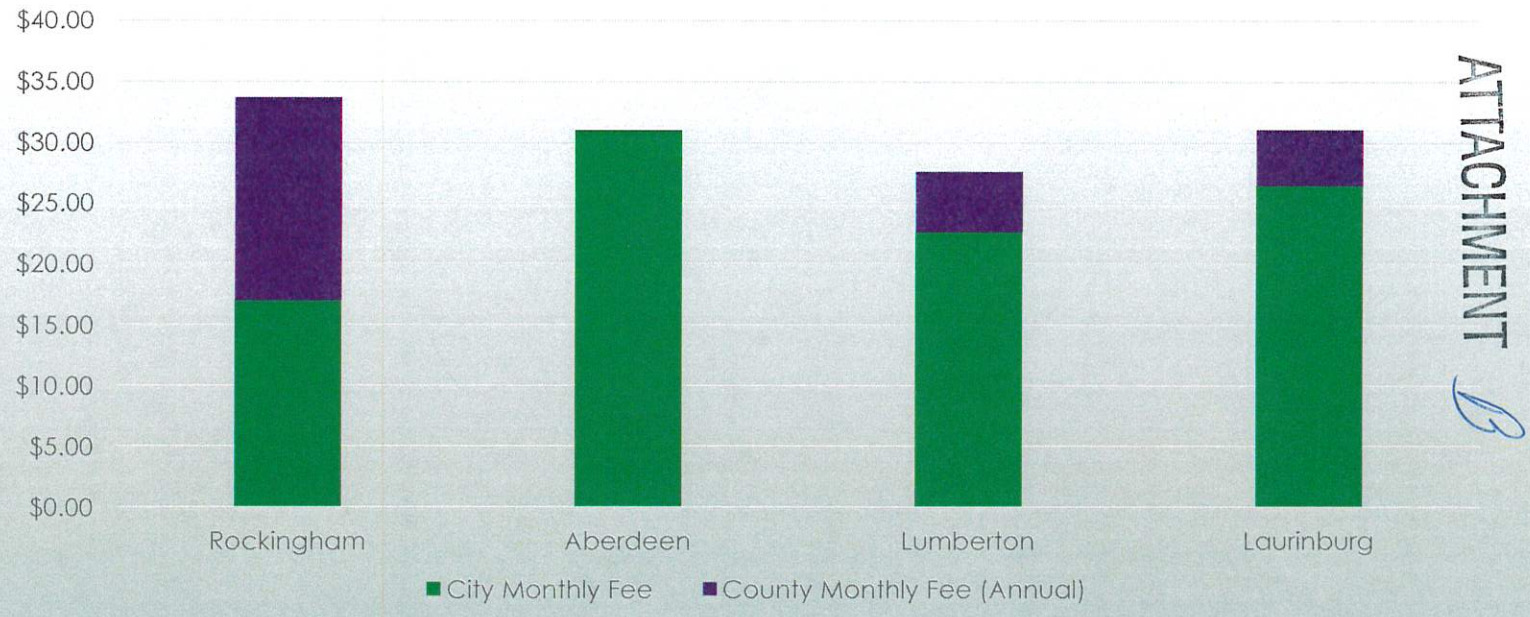
James T. Willis, Mayor Jennifer A. Tippett, City Clerk

Residential Cost Breakdown By Service Based on FY 2017 - 2020 Annual Reports



ATTACHMENT 4

Surrounding Solid Waste Fees



ATTACHMENT B