

Aiken City Council Minutes

WORK SESSION

April 10, 2017

Present: Mayor Osbon, Councilmembers Dewar, Diggs, Ebner, Homoki, Merry, and Price.

Others Present: John Klimm, Stuart Bedenbaugh, Gary Smith, Ryan Bland, Tim O'Briant, John McMichael, Tim Coakley, Sarah Herring, Michelle Jones, Liz Stewart, Kim Abney, Sam Erb, Barbara Stafford, Gary Allington, and Michael Smith of the Aiken Standard.

CALL TO ORDER

Mayor Osbon called the work session to order at 5:02 P.M. and stated Council had four items to discuss at the work session. He noted that he was going to change the order of the agenda to accommodate the schedule of some of the presenters as follows: 1. Public Works Automated Truck Discussion, 2. Budget Overview, 3. Comprehensive Plan, and 4. Public Safety Employment Update.

PUBLIC WORKS AUTOMATED TRUCKS

Garbage Pickup

Solid Waste

Transfer Station

Mr. Klimm noted that two operational audits of the Public Services Division had been conducted over the past year and a half, one on the feasibility of a transfer station because of the high cost to transport the trash on a daily basis. That report suggested that building, constructing, and operating a transfer station would not be cost effective. The second study was the possibility of at least some of our garbage trucks being automated or having robotic type trucks to pick up garbage. He pointed out that Tim Coakley and Sarah Herring, as well as the consultants, had done a lot of research and evaluation on an automated system. Staff is present to report to Council the results of the study.

Ms. Michelle Jones, Public Works Director, pointed out that Smith-Gardner conducted the study and prepared the report on the costs and benefits to implement automated collection of garbage. The purpose of the study was to look at the feasibility of switching from the current semi-automated rear load packer garbage trucks to a fully automated truck using the existing landfill facility. The purpose of the study was to try to improve the operation efficiency and to maintain the commitment to the customers to not raise rates. She noted that the study took several factors into consideration, one being the number of customers served. Currently the city serves about 12,000 households city-wide. They looked at current tonnage, trips to the landfill, non-productive time for the routes, route centroid locations, fully-automated productivity versus current semi-automated productivity, time analysis for fully automated collection, fully automated performance metrics, capital costs and fuel savings.

Ms. Jones noted the findings of the Smith-Gardner study. One was that the current residential services are operating at a very high level of efficiency and under a very reasonable cost structure. They also pointed out that the current labor structure, knowing that the city would no longer have inmates for labor, would increase in cost. The increase in cost would be about \$80,000 or more. They pointed out that not having to pay for disposal of waste collected is an unusual situation indirectly creating no economic incentive to recycle more materials. Another point was that the city already enjoys what appears to be reasonably low insurance costs related to worker's compensation claims. Currently the city has three person crews and would go to one person crews with a fully automated system. This would eliminate two potential risks with having three person crews per truck and going to one person per truck. They also pointed out there appears to be an opportunity for additional savings by applying computerized route optimization

software. This was with respect to the non-contiguous routes that we have. She noted on a map that the city is basically broken out into four areas. We currently have four trucks per day that pick up garbage Monday thru Thursday. It is predicted that we will be able to go from four trucks to three trucks with the new fully automated system.

Ms. Jones stated there were also some additional conclusions. Ms. Jones stated staff believes that we are fully optimized as we currently operate and once we go to the new system with three trucks that we will continue to function at an optimal rate and that we would not need to investigate the optimization analysis of the routes. Another item noted was to reevaluate the requirements for the purchase of a new fully automated truck to be utilized as a spare unit. Staff looked into this, and feels that we could utilize one of our existing rear load trucks as a spare and there would not be a need to purchase a new spare truck. That would be a substantial cost savings. Smith-Gardner also pointed out that as an alternative to full conversion to a fully automated collection system, that the city could consider a partial conversion which is what the staff is proposing. This could be done through a combination of fully automated trucks and the current semi-automated rear-load trucks which would allow the rear-load trucks to serve as the backup unit at no additional cost. The alternative would significantly reduce the required initial capital outlay.

Ms. Jones stated taking all of the points noted into consideration, city staff recommends a partial conversion to the fully automated collection system, through a phased implementation approach, which would lessen the initial capital cost and enable the city to gain experience in operating a fully automated collection system in advance of the full conversion. The phased approach would also allow the city to collect important data to determine how well the new trucks are performing on the established collection routes.

Ms. Jones showed a picture of the proposed fully automated truck proposed to be purchased. She pointed out the curotto can. The truck is a front load truck. It would allow the operator to be able to see the garbage cart as it is being loaded and dumped into the can. Another type truck, a side load truck, does not offer that safety feature. She noted a picture of a cart which the city has already started purchasing and which can be used in the current system as well as the fully automated system.

The plan is to purchase about 4,000 of the new type roll carts at a cost of about \$200,000. Mr. Klimm pointed out that we are at a point where we need to buy new carts, and we need to buy new trucks. Our present trucks are in poor condition. We are at a decision point so it is a time to consider the alternatives. He pointed out the fully automated trucks are not new technology, and other cities have been using such a system for at least 15 years. He pointed out that looking at the financial analysis of the study, it suggests only a very modest savings. However, the study does not indicate the possible savings from worker's comp claims. He noted that traditionally worker's comp claims are high for cities for garbage collection employees, but this is not the case in Aiken at this time, but could be in the future.

There was discussion as to whether the proposed automated system would facilitate a down size the number of employees. Ms. Jones noted that presently there are three employees to each of the four trucks that pick up garbage. With the fully automated trucks, there is only one employee per truck. Presently we are using temporary workers which we would not need with the new system. However, other employees could be used in other divisions of Public Works, especially in taking care of the parks and grounds.

Mr. Klimm pointed out that he was not asking for a decision from Council at this meeting as the request for the fully automated system would be contained in the proposed budget.

Council then briefly discussed the proposed change. It was noted that as part of phase 1 staff is currently proposing that one fully automated truck be purchased to analyze the experience, use and cost involved versus the present system.

It was noted that currently each truck collects about 750 households per day. The fully automated truck can collect about 1,200 households per day. The automated truck can

hold about double the ton capacity of the present trucks. The current trucks hold about 8 to 10 tons. The automated truck will hold about 18 tons of garbage which will require less trips to the landfill. It was pointed out that with the automated system the collection rate is proposed to go from collecting from 750 houses per truck to 1,200 per truck per day, go from the present three employees per truck to one employee per truck, and make fewer trips to the landfill per truck since the automated truck holds more tonnage, there should be a savings. It was noted that the automated trucks costs about \$300,000, whereas the present trucks cost about \$175,000 each. It was also noted that maintenance of the trucks may be more since there are a lot of moving parts. It was pointed out that the study estimated an 8% savings per year going to the automated system. However, it is felt there may be more savings which staff can analyze by initially getting one truck and analyzing the experience and cost with the truck. It was also pointed out there is concern about the present system where two employees hold on to the back of the truck. There is concern about their safety. There was discussion about a previous proposal to privatize the garbage service and citizens saying they were pleased with the city's service and did not want the city to privatize the service. There was also discussion about the proposed computer program to conduct a route optimization analysis. It was pointed out that presently the city has been commended for its efficiency in running the routes in the city.

Mr. Klimm stated the request for a pilot program to purchase one fully automated truck would be in the budget proposal for Council's consideration. In the meantime, if Council has questions staff would be happy to answer any questions.

BUDGET REVIEW

2017-2018

Mr. Klimm stated he would like to begin discussion on next year's budget. He said staff will provide Council with a projection of revenues for the upcoming year as well as some expenditure challenges that we will be facing.

Ms. Kim Abney, Finance Director, stated to start budget discussions for the fiscal year 2017-18 she was going to focus on revenues, but also had some expenditure challenges to discuss with Council. She said she would discuss the preliminary budget revenues without the transfers from the depreciation fund and holding fund. She pointed out that this year revenue includes \$5 million for the anticipated State Revolving Fund Loan to start work on the downtown sewer renovation. She noted that the 2017-18 Preliminary Revenue Estimates for the General Fund is estimated to be \$47,700,000. She pointed out the preliminary revenue estimates will actually be down about 2% from last year. It was noted that the expenditures will include monies in Debt Service to repay the SRF loan.

Ms. Abney reviewed the revenues for the General Fund pointing out that the revenues are flat and there will be a slight decrease. She reviewed the Nine Month Comparison for revenues. She noted that thru March 31, 2017, we are doing well in collecting Property Tax Revenues and through nine months have collected more than we collected for the year last year. Business Licenses revenue has also exceeded budget for the nine month comparison. Most of the Business License revenue has been collected for the year. She noted that we have been working with Eagle Auditors who have helped us collect license revenue from businesses we were unaware of, and they go back three years collecting the revenue. They get one-half of what they collect with the city getting the other half. This is where some of the extra revenue is coming from, but we can't count on the three year prior revenue next year. She noted this has been a very good program for the city. Also, Vehicle Taxes are coming in very well. The cable franchise fees continue to be strong. Atlantic Broadband is just over \$100,000 a quarter. At this time Building Permits have exceeded budget as we were conservative in our estimate and there is an uptick in construction. Police Fines are down which is a combination of less tickets and a new Solicitor trying to get the cases through the court. Fire Protection Fees are about \$1 million. She noted there are two types of fire protection. There are those on the city water system who are billed monthly on their water bill for fire protection based on the value of their home. We also bill those who are in our fire district but not on our water system who are billed \$100 per year. She pointed out it is difficult to collect the fee from

those not on our water system. She pointed out that the fire fees have not been increased since 2003. Looking at inflation and using the CPI calculator the \$10 minimum fee in 2003 would equate to \$13.24 today.

Ms. Abney stated regarding Property Taxes this was a year of reassessment. She noted on the chart that the city had been increasing the revenue from Property Taxes slightly each year, but that has now leveled out. She pointed out that in 2011, a year of reassessment, the digest grew and the revenue grew, however, that was not the case this year and the tax digest actually is lower which means less revenue from Property Taxes. She pointed out that this year the city has collected 96% of Property Taxes budgeted. She noted that people are paying their taxes earlier than in previous years which makes the collection rate higher for this time of year.

Ms. Abney reviewed the Building Permit fees. She noted that the revenue is jagged, and it seems that Building Permits may be up slightly. She noted the revenue from Licenses and Permits which is \$1.5 million. She pointed out that the franchise revenue from SCE&G is going down because we had a warm winter and people did not use as much electricity. She pointed out the Insurance Company Premium Licenses is about \$3.5 million. She noted that Licenses and Permits is a revenue that is being discussed in the state legislature. She pointed out the legislature has been talking about business license reform, and this is one of the things they have targeted and it would severely hurt the cities as this is a big part of the General Fund revenues.

Ms. Abney reviewed the Water and Sewer Revenue noting that the revenue is stable with a slight decrease. She pointed out the water revenue has normalized, and we will probably exceed the budget at 8.1%. She pointed out that sewer revenue will only meet about 98% of the budget. That is due to two industrial customers who decided to save money and reduce their use of the sewer system. We lost revenue of \$90,000 from one customer and over \$300,000 from the other customer. That amounts to about 5% of our sewer revenue. She pointed out that the impact fees for meters and taps have already met budget which is showing growth. Regarding the water meter change out, Ms. Abney reported that there have been staffing issues in changing out meters. She said they have 900 meters that have not been attempted to be changed. Also, there are about 1,000 meters that have to be revisited because there were issues at the locations, with some being direct connects, and other matters. Also, there were some meters they could not find. She pointed out that next year the Aiken County Public Service Authority will be undertaking a huge renovation of the sanitary sewer treatment system, and the customers will have to pay for the renovation and will have to look at increasing the rates to cover the increase in cost from Aiken County for the debt service for the plant renovations. She pointed out that the City of Aiken is one of their major customers.

Ms. Abney pointed out that the Solid Waste Fund revenues support the expenditures, excluding the purchase of new roll carts. Funding will be provided from Depreciation to fund a new garbage collection truck and some roll carts for the pilot project.

Ms. Abney reviewed the history of the collection of the Hospitality Tax. If the revenue is maintained the last three months, we will exceed the budget or revenue for Hospitality Tax about 11%.

Ms. Abney gave a brief Expenditure Preview. The Department Requests for the proposed General Fund budget were \$35,899,550 and the Revenue Projections were about \$25,000,000. There are a lot of things the departments would like to do, but won't happen because of lack of funding. Ms. Abney pointed out Health Insurance was an item she wanted to discuss. She noted that salaries are about 30% of the budget, and if benefits are added that is almost another 16%. Employee cost is about 46% of the budget. Health Insurance has been changed and more changes are anticipated. June 30, 2017, will mark the end of the Med 100 Plan which used to be the only plan available for employees. Last year Teledoc was introduced. The employee calls a number and gets a doctor in South Carolina. The benefit is that the employee only pays \$10 versus \$35 for an office visit and the city's cost for doctor visits is less with the Teledoc. This also saves a lot of time by making a phone call rather than sitting in a doctor's office for a

long time. The results so far from Teledoc have been favorable in saving time and money for the employees and the city. Ms. Abney pointed out there will be increased payroll deduction for the insurance this year as well as increased prescription co-pays. Prescription costs, especially specialty drugs, are increasing. Prescription costs are 25% of the claims cost. Specialty drugs are 1% of the number of prescriptions written, but they account for 36% of the prescription cost. Ms. Abney also pointed out that cost for fuel is unpredictable and the proposed budget will include a 15% increase for fuel over last year. Fuel costs will be approximately \$700,000 annually. Ms. Abney noted that we are anticipating having the Center at Eustis Park in operation next year. Ideally we would like to hire some staff 3 to 6 months before opening for training. However, this is currently not in the budget.

Councilman Ebner noted that staff had been working on a grant for the Eustis Park Center, but there has been a delay for the \$350,000 grant which has now been moved from February to May, 2017. He pointed out that he did not see the Eustis Park Center being ready by July, 2018. We need the grant to proceed with the building otherwise the building would have to be reduced in size. We will find out about the grant in May, 2017. Councilman Ebner pointed out that Northside Park will need some money as the first phase should be finished by the end of the first quarter of 2018.

Mr. Klimm pointed out that staff is working on the classification system for our departments starting with Public Safety. He said there will be some reorganization in the budget, the issue of pension reform will be addressed, and the issue of data base management in Public Safety addressed. These are major initiatives that will be coming forward over the next month or so.

Councilman Ebner stated he had reviewed the audit and all of the budgets, as well as the CAFR. He said he needed some time with Mr. Klimm and Ms. Abney to review some questions he has.

COMPREHENSIVE PLAN

Community Facilities

Element 6

Mr. Bland pointed out the map showing the Comprehensive Plan Study area and the water service boundary. The Vision Statement is: Preserving our history while creating a prosperous future. The Guiding Principles are: Growth, Connectivity, Transformation, Consistency, Balance, and Investment. Mr. Bland pointed out of the nine required elements so far he has reviewed Population, Housing, Natural Resources, and Cultural Resources.

Mr. Bland stated that Community Facilities looks at the non-transportation infrastructure. One item is parks. He noted the City of Aiken has several parks in the city. He noted geographically in the south Aiken area there are a lot of more private, neighborhood based recreational opportunities. Regarding Educational Facilities, Mr. Bland pointed out the City of Aiken does not operate the educational facilities, but the partnership between educational facilities and the quality of a community is imperative. He noted that the education facilities list will need to be updated as there are some that are not on the list. He pointed out there will be some updating in this particular section. Within the Water System there are two basic statements. One involves the capacity that exists which is location based. He noted the city has 21 million gallons daily capacity, and our average is around 5.6 mgd. The peak one day was 12.6 mgd. The Sewage System includes both sanitary sewer and stormwater. For sanitary sewer the capacity exists based on location. There is 7.1 mgpd capacity total throughout the system with 4.4 mgpd being the average. Within the sanitary sewer and water discussion in the Comp Plan we do recognize the need for maintenance for the infrastructure. He pointed out that with the Innovyze System he will be updating the data in the Comp Plan regarding linear feet or miles of lines and levels of lines needing repair.

Councilman Ebner pointed out that you have to be careful annexing neighborhoods without sewer service. He pointed out putting in sewer service will never pay for itself

unless you charge an exorbitant fee for each house. He said sanitary sewer needs to be put in when the property is developed. To come back and add sanitary sewer later is extremely expensive.

Mr. Bland stated the stormwater needs are being assessed. He said we have an idea of how many linear miles of stormwater pipe we have and the level of maintenance and need assessment for infrastructure.

For the Police and Fire facilities, it recognizes the Class 2 ISO rating, the trending of call increases, and capacity concerns, especially in the downtown Public Safety Headquarters building.

Mr. Bland reviewed the Community Facilities Policies regarding growth, connectivity, transformation, consistency, balance, and investment.

Mr. Bland noted there had been a concern he received that within the Community Facilities element, particularly with the policy whether there should be an additional statement that takes a look at the ongoing maintenance as opposed to future planned growth of infrastructure needs. He said staff would propose adding this statement: "Continue to systematically assess the condition of community facilities infrastructure in order to prioritize an effective and efficient maintenance program for the system of service delivery."

PUBLIC SAFETY EMPLOYMENT UPDATE

Charles Barranco Retirees

Chief Barranco stated when he talked to Council at the last meeting there were some questions to which Council wanted answers. He noted that he had sent some information out to the Council members. He pointed out that Councilmembers Price, Homoki and Dewar had brought up some concerns. He said he does feel that this is an opportunity to look at some structure and the salaries to fix the holistic cost and some other areas that need to be addressed. Chief Barranco pointed out that the issue regarding the retire/rehire officers is a temporary solution because some unforeseen things came up in addition to the retire/rehire matter. He pointed out that in the list that he sent to City Council there are 8 officers who have left, 3 unexpectedly left, 1 was deployed on military leave, we had some administrative leave which went much longer than expected, some others resigned, and there has been some extended medical leave on additional people which does not include the retire/rehires. He said that was the reason he came to ask Council's permission to give the City Manager authority to temporarily suspend or extend the retire/rehire cap that the city set of 5 years. It had been mentioned that extending the cap might be negative to the morale on being able to promote up for the captain's positions. He pointed out that none of those folks are involved in this process who could potentially be extended. Chief Barranco stated he was just asking for temporary relief from the 5 year cap on the retire/rehire program so we can get officers hired and trained. He said he would be glad to answer Council's questions.

Councilman Ebner pointed out that he has talked about this matter over the last 5 years at every budget time. He pointed out there is an average number of unexpected officers who leave every year. He asked if we are planning ahead and hiring people as we know we are going to have people retiring, leaving, etc. He noted that we have to get ahead on our hiring. He pointed out that we were supposed to put money in the budget to hire extra officers so we could take care of this problem of those who leave and fill the vacancies. He said if we don't do this, we will have the same conversation again next year. He asked if there is a training limitation. He said if you are going to lose 5 people beside retirees, you have to have 5 plus every year.

Chief Barranco pointed out that for the academy slots he cannot preregister or get academy slots ahead of time until someone is hired. Councilman Ebner said if the department is losing 5 people per year, then 5 people need to be hired and get them on the payroll because sometime during the year 5 people will be gone. He noted that maybe

the number is 3 more than the allotted number of 87. Councilman Ebner stated this was brought up five years ago for the same reason. He pointed out that we lose people unexpectedly, and it takes 50 weeks to train new employees. He pointed out that this is happening every year. We are losing 3 to 5 people on the average every year. He said he thought we had funded extra funds to hire officers to fill unexpected slots.

In response to a question regarding the number of people who apply for Public Safety Officers, Chief Barranco pointed out that the number applying for the Public Safety Officer positions has decreased. He said they used to receive from 100 to 125 applications for officer positions. This last time only 39 applications were received for the public safety officer positions. He noted this is nation-wide not just in Aiken. People are not applying for the police positions as they have in the past.

Councilman Dewar pointed out part of the problem is that we only require two weeks' notice to leave and 50 weeks of training for new officers to replace those who have left. He pointed out that on the list there are 69 sworn officers listed as full duty out of 87 that we need to have. He felt that number is significant. He noted that 56 are listed as on patrol, and of that 4 are listed as patrol/fire. Chief Barranco noted that all the Public Safety Officers are trained in police and fire. Some of the officers are assigned to the Fire Station like the three supervisors and the Captain. He said there are 3 Sergeants and a Captain assigned to the Fire Station. Chief Barranco noted that 12 officers are assigned to each shift. He said basically the Community Service Officers had been assigned to shifts to make patrol whole as that is the primary function. Councilman Dewar wondered when the last time we had 100% of the positions filled.

Councilman Ebner pointed out again that the department will have to pre-hire in order to be able to have the positions filled as we lose officers every year. Chief Barranco pointed out that presently he only has 3 vacancies, and those should be filled within the next two weeks. Then we will open up for applications again to start the process before we have other vacancies that we know are going to have.

Mr. Klimm stated the point that he hears Councilman Ebner making is that the number of officers leaving every year is consistent since he has been on Council and that he feels that the department needs to pre-hire to take care of vacancies that come up every year. He pointed out, however, the department could end up with more employees than intended if employees don't leave during the year. He pointed out the other side is why are the employees leaving every year. He said that will be talked about in the budget process. He said that is because of the lack of a classification system and some issues that will be addressed during the budget process. He noted that one question is whether there is enough of a consistency of officers leaving that you can project how many openings there will be during the year. He pointed out that maybe we can do more to predict what is going to happen. He said the second issue is that we need to address why it is happening.

Councilman Ebner pointed out that it is hard to hire a temporary law enforcement officer. Other departments can do that, but when you get to public safety it is a different issue. He pointed out that the human nature factor of those leaving in law enforcement is two or three a year. Councilman Ebner stated he thought that had been taken care of in last year's budget, but the numbers did not get changed. He pointed out that the authorization for sworn officers needs to be 89 or 90 so the department can pre-hire to have officers available to fill the slots of those leaving every year.

Councilman Dewar pointed out that he felt exit interviews are a key as we need to know why people are leaving. He said he did not know the answer to the current problem, but he would support the department any way he could. He felt it is dangerous to extend people beyond the five year limit if it creates a perception that the people who are working hard and want to get promoted will not get promoted because the older guys won't leave.

Chief Barranco pointed out that extending the cap beyond 5 years is only a temporary measure for not more than a year to get over the hump. He said the request is not to do away with the 5 year cap for the retire/rehire program.

Councilman Dewar stated he felt there is no choice but to support the temporary measure request made by Chief Barranco, but he still did not think we have a solution to the problem.

After much discussion, the general consensus of Council was that the 5 year cap on the retire/rehire employees be temporarily extended for a period of not more than a year and that the proposed budget should include an additional three employees to be pre-hired to take care of those employees who will leave during the year so the department can keep the number of positions filled at 87 sworn officers.

ADJOURNMENT

The work session adjourned at 6:40 P.M.

A handwritten signature in cursive script, reading "Sara B. Ridout", is written over a horizontal line.

Sara B. Ridout
City Clerk