

**City of Cayce
Special Council Meeting
May 10, 2010**

A Special Council Meeting was held this afternoon at 5:30 p.m. in Council Chambers. Those presented included Mayor Elise Partin, Councilmen Steve Isom, James Jenkins, Kenneth Jumper, Rick Myers, City Manager John Sharpe, Municipal Clerk, Tammy Barkley, Municipal Treasurer, Garry Huddle and Charles McNair, Director of Public Safety. City Auditor, Robert Milhous and City Attorney, Danny Crowe, were also in attendance. Mayor Partin advised that members of the press and the public were duly notified of the meeting in accordance with the FOIA.

Mayor Partin opened the meeting and Mr. Jumper gave the invocation. Mayor Partin led everyone in the Pledge of Allegiance.

Executive Session

A. Continuation of City Manager's Annual Review

Mr. Myers made a motion to move into Executive Session to discuss the matter above. Mr. Isom seconded the motion which was unanimously approved by roll call vote.

Reconvene

After the Executive Session was concluded, the Special meeting was reconvened. Mayor Partin announced that no vote was taken in Executive Session other than to adjourn and resume the Regular meeting.

Mayor Partin announced that City Manager, John Sharpe, had turned in his notice of retirement and his last day of employment with the City would be May 14, 2010. She shared Mr. Sharpe's retirement letter with those in attendance and thanked him for his 38 years of dedicated service to the City of Cayce. Mr. Sharpe received a standing ovation. Mayor Partin stated a drop in would be held in Mr. Sharpe's honor on Friday.

Mr. Jenkins made a motion to appoint Tammy Barkley as Interim City Manager until a permanent replacement is found. Mr. Jumper seconded the motion which was unanimously approved by roll call vote. Mayor Partin thanked Ms. Barkley for taking on the leadership role and explained that she would serve in this capacity until an official interim city manager can be found. She stated that Mr. Sharpe has agreed to be available to assist in the transition.

Other

A. Discussion and Approval of Amending Section 16.6 Regarding Elections, Time of Filing – First Reading

Ms. Barkley advised that in accordance with State law, the time of filing deadline for the City's municipal elections is August 15 at noon. The specific deadline date is due to the fact that Lexington County handles the City's elections and by State law, the filing deadline must match that of the county's. She stated that the city's current ordinance needed to be changed to reflect the correct filing deadline. Mr. Jumper made a motion to approve the ordinance amending Section 16.6 of City Code on first reading. Mr. Jenkins seconded the motion which was unanimously approved by roll call vote.

B. Discussion of FY2010-2011 Draft Budget

The City Manager advised that this was not the final draft budget, but was balanced for discussion purposes. He provided Council with a specific list of items that needed to be discussed and reviewed the list with Council.

Indirect Cost Analysis – Mr. Robert Milhous, the City's Auditor, reviewed with Council the 2010-2011 indirect cost analysis which he prepares annually. He stated that he had revamped his approach based on American Water Works Association models for utility funds supported in part by the General Fund. He stated that the variables used in the formula sums up to approximately \$950,000 which is included in the FY2009-2010 budget. He stated that in addition when looking at the utility as a franchise, you could add \$200,000 and a fee in lieu of taxes paid to the general fund--all total, approximately \$1.5 million. He stated that the city has not in its preliminary budget included this maximum amount, but put in the amount that would balance the General Fund or \$1.2 million. He stated there are other governments that do not go through an elaborate methodology and the indirect cost ranges from \$2 million to \$4 million. He stated there are other governments that do this type of analysis. He asked Council to keep in mind that historically the General Fund subsidizes the overhead operations of administering the entire water and sewer works from ultimate construction, operation, to monthly billing analysis and it has a right to be reimbursed. He stated the methodology is in support of management's decision on the amount to place in the budget which is less than what has been computed.

Annual Water and Sewer Rate Adjustments Review – Mr. Milhous reviewed the summary of debt coverage computations based on current and projected debt service requirements and scenarios for projected rate adjustments through 2013. After discussion Mr. Milhous advised that he would proceed to prepare a more definitive rate model based on final budget amounts.

Mr. Myers inquired if the projections were based on revenues and transfers from the O&M fund to the General Fund in the amount of \$940,000. Mr. Milhous stated the indirect cost of \$1.2 million is included in these numbers. Mr. Myers inquired if this

includes the \$300,000 franchise fee. Mr. Milhous advised that it was included. Mr. Myers inquired what affect it would have on the rates if the indirect cost was \$900,000 versus the \$1.2 million figure. Mr. Milhous stated that in the short term the city would be very comfortable for FY2011. He stated the risk factor is when you get into the higher debt coverage requirements in 2012 and 2013. Mr. Myers asked if Mr. Milhous knew what the rate would be in incremental amounts of \$100,000 and how it would change the debt service. Mr. Milhous stated he did not have that information at hand, but can certainly provide that information. He stated that would be the process he would be working through looking at the exact percentage needed to meet the debt service. Mr. Myers stated that if the \$300,000 franchise fee was taken out of the budget then it would be way out of balance. He stated that the city did not need to balance the budget on the back of the utility fund.

Millage Cap – The City Manager advised that under State statute, Council can increase the tax millage by the CPI plus growth. He stated that the CPI provided was 0% and the growth was 2.80%. He stated that based on this, the tax millage could be increased 1.29 mills from 46 to 47.29 mills. He provided Council with an analysis showing the millage cap calculations and what an increase would do for a house valued at \$100,000. He stated that the proposed budget does not include a tax millage increase at this time.

Hospital Insurance – The City Manager stated a quote was received from the city's current company, Blue Cross Blue Shield for medical insurance renewal at 0% increase. He stated the dental carrier, Delta Dental has proposed a 6% increase for renewal. However, Blue Cross Blue Shield has agreed to include dental coverage in their proposal at the current dental rate which would be another 0% increase. He stated the total renewal quote would be \$469.88 per employee and recommended the renewal with the city's current carrier, Blue Cross Blue Shield. He stated that he needed a decision from Council as staff needed to schedule open enrollment in May so that deductions could be made in June for the July premium. Mr. Jenkins made a motion to accept the renewal with the city's current carrier, Blue Cross Blue Shield. Mr. Isom seconded the motion which was unanimously approved by roll call vote.

Property and Liability Insurance – The City Manager stated that the city's current carrier, Millennium Insurance Group, has revised coverage on the existing wastewater treatment plant to reflect a truer replacement cost. He stated that this has resulted in a premium adjustment. He stated their renewal quote on liability, auto, and property coverage is \$282,744. He also received a quote with comparable coverage from the South Carolina Municipal Insurance & Risk Financing Fund (SCMIRF) in the amount of \$282,617 which is an assessable pool. He stated the city's current carrier is an insurance company, not a pool and that based on the different in premium of only \$127 and coverages, he recommended renewal with the city's current carrier. Mr. Jumper made a motion to accept the renewal with the city's current carrier, Millennium Insurance Group. Mr. Jenkins seconded the motion. The motion passed four to one with Mr. Isom, Mr. Jumper, Mr. Jenkins and Mayor Partin voting yes and Mr. Myers voting no.

Commercial Sanitation Service – The City Manager stated that one area that could possibly be looked at as a cost savings area, could be to eliminate commercial sanitation services to businesses effective January 1, 2011 and open that service to private industry. He stated an estimate of total expenses to provide this service is \$305,718 and revenues generate approximately \$250,000 per year. He stated that to stop service after six months would require budgeting approximately \$197,500 with half year revenues of approximately \$125,000. He stated the two employees could be absorbed into the General Fund and the three trucks could be sold. He suggested that a detailed study on expenses and revenues be conducted if this issue is to be pursued. Council asked that the businesses be polled on this issue. Mayor Partin inquired as to the cost to have an outside contractor pick up commercial service versus the city's service. Thomas White, Sanitation Manager, stated that he thought the businesses would come out cheaper going with an outside contractor. Mr. Myers asked that the businesses be polled to get their preference.

Personnel Issues – The City Manager stated that there was only one new position in the O&M Fund budget and none in the General Fund budget. He stated that also not included at this time are Cost of Living increases. He stated that the estimated amount needed for a 1% COLA in the General Fund would be approximately \$44,000 plus \$10,000 for fringes. He stated that if there are any projected revenue increases at the last minute or if expenses are cut, this should be considered since there were no adjustments in the current budget.

Municipal Court Budget – The City Manager advised that the City Judge has requested an increase in the budget for the court. He stated the increase includes a salary increase as well as increased line items for expenses. He stated that the draft budget as presented includes current salary level and the increased expense line items.

Capital – He provided Council with a copy of the Capital Equipment Schedules stating that the General Fund has nothing included in the draft budget, however requests total \$774,314. He stated that in the O&M Fund \$842,631 of equipment is included in the draft budget.

Animal Control Shelter – The City Manager stated that this item is not included in the draft budget but that the current shelter has to move to a new location and be replaced. He stated that the city still has approval to remain on site until the Hardee Expressway is under construction. He stated that based on preliminary plans, a rough quote of about \$400,000 was received and that the city's Building Official has tweaked the plans and solicited informal quotes of approximately \$261,000. Mr. Myers inquired if the City had discussed the new shelter with the City of West Columbia and the possibility of entering into a joint agreement to share in the cost of a new shelter. The City Manager advised that he had not approached the City of West Columbia on this issue.

Other – Not Included in the General Fund Budget – The City Manager advised that the City had received a request from the Midlands Housing Alliance Inc. to contribute \$25,000 to support the Homeless Shelter in 2011.

Central Midlands Regional Transit Authority (CMRTA) – The City Manager advised that a request was received by Lexington County to fund bus service in Cayce, West Columbia, Springdale and portions of the County. He stated that service would stop July 12, 2010 if no funds are remitted and to fund the service through the end of September would require a contribution of \$24,000. He stated that based on a meeting at Lexington County an information division of that amount would be a Cayce portion of \$5,000. He stated that funding for a full fiscal year starting October 1 would be a total county assessment of \$193,000. He stated that discussions centered on funding through September while developing a plan to implement a local cooperative system in Lexington County.

Mr. Myers suggested that the budget be reduced to last year's amounts. Mr. Jenkins asked that research be done to see if the city could cut back on gas or repairs if city cars were not driven to and from home.

Mayor Partin suggested that Council consider not attending the annual MASC meeting and possibly using those funds for a bonus for employees.

There being no further business, the meeting adjourned at 8:00 p.m.

Elise Partin, Mayor

ATTEST:

Mendy Corder, Interim Municipal Clerk