

## Aiken City Council Minutes

May 4, 2004

WORK SESSION

Present: Mayor Cavanaugh, Councilmembers Clyburn, Cuning, Price, Smith, Sprawls and Vaughters.

Others Present: Roger LeDuc, Bill Huggins, Anita Lilly, Sara Ridout, Lex Kirkland, Al Cothran, Det Haislip, and Phillip Lord of the Aiken Standard.

Mayor Cavanaugh called the meeting to order at 3 P.M. and stated the purpose of the meeting was to discuss the proposed budget for fiscal year 2004-05.

Mr. LeDuc stated the first item to be discussed was a presentation regarding the business license and how it works and any options Council may have.

BUSINESS LICENSE

Mr. Lex Kirkland, Business License Administrator, stated his presentation was the basics of business licensing. He stated a business license is an excise tax levied on the privilege of doing business and a method of requiring a business or occupation to contribute its share in support of the government. He reviewed the law which allows a municipality to levy a business license tax on gross revenue. He briefly reviewed the City of Aiken's Business License Ordinance. He said although business licenses are primarily used as a revenue source, they may also be used to regulate businesses. He pointed out the City has the right to classify businesses for license purposes and to impose different rates on different classes.

Mr. Kirland stated there are two classification systems—the SIC (Standard Industrial Classification) and NAICS (North American Industry Classification System). Both classification ordinances are based on ability to pay as determined by an index of ability to make a profit, calculated from nationwide IRS statistics. Mr. Kirkland stated he considered the NAICS code to be an improvement over the SIC code. He reviewed the differences and the advantages and disadvantages of NAICS compared to SIC. He pointed out if the City changed to the NAICS code, most businesses would remain in the same rate class, but a few business categories would move one rate class, with some increasing and some decreasing. He said to make such a change would take several months work by the Finance Department and could not be made effective until fiscal year 2005-06.

Mr. LeDuc pointed out Council has some options. He stated there are two classifications to choose from—SIC or NAICS. Council also has the right to change the rates for the present classifications under SIC.

Councilwoman Vaughters stated the merchants to whom she talks hate the business license. She said some feel that some of the categories are no longer "in line." She pointed out the business license encourages some businesses to locate outside the city, so we encourage urban sprawl. She felt that a license based on gross receipts would discourage industry from locating in the city. She pointed out if there is an expense associated with a new business coming to town, if the new business does not pay an impact fee then the old businesses feel that they are paying the expenses.

Most of the other Councilmembers stated they had not received any complaints or had received one or two complaints. It was pointed out if any changes are made, Council has to make up any difference in income somehow.

Councilwoman Clyburn stated, from the information received, it seems that it will take several months for the Finance Department to work out the differences in switching from SIC to NAICS and then it would be 2005-06 before a change could be made. She said at

this point it seems the best thing to do is to ask staff to begin a study of a switch to NAICS and bring this information to Council. She pointed out Council should be prepared for complaints from the businesses whose licenses would increase.

Mr. Det Haislip, an owner of a business downtown, suggested that Council consider making the license fee start at \$500,000 or \$1 million, with the amount being like a homestead exemption with a flat fee for that amount. This would make Aiken appear to be a small business friendly environment.

Council discussed the proposal and felt there would be issues that would need to be studied. Council asked that staff study the licenses issue and bring a proposal to Council later on the difference between the SIC and NAICS.

#### BUDGET 2004-05

At 4:10 P.M. Mr. LeDuc began review of the proposed budget for Fiscal Year 2004-05 for City Council. He pointed out the staff has been trying to identify more user fees to cover specific services and cover the full cost of the service provided, rather than increase property taxes. He pointed out Council had discussed the fees for Solid Waste at Horizons and had asked staff to try to get a cost recovery over three to four years. He pointed out the proposed budget is about a 2% increase over last year. He then reviewed the items impacting the proposed budget, including local items and state mandates. Mr. LeDuc stated he had not proposed a tax increase, but did propose an increase of \$1.25 per month for Solid Waste fees, pointing out the increase was needed even if the city goes to a roll cart pickup service. He reviewed the fees charged by surrounding entities, pointing out the City of Aiken's fees are lower, even though the city picks up yard trash and recycling.

Mr. LeDuc then reviewed the revenue losses the city will incur with the reduction in telecommunication fees and vehicle taxes.

He pointed out that at this time even though a 5% rate increase was needed for both water and sewer, he was not recommending an increase in fees until after we see how the new meters measure water usage.

Mr. LeDuc stated the City was using more part-time employees rather than hiring full-time employees, because salaries are a major portion of the budget. He pointed out that, during the past five years, the City has had an increase of one full time employee, even though the population has increased.

Mr. LeDuc pointed out that under expenditures there is a new account for Tourism in the Recreation Department. He also pointed out that under the Local Accommodations Tax Fund he had included the funds requested by Council for the African-American Cultural Center and the Railroad Depot. He stated he was using some funds from the Local Accommodations Funds for the Tourism Division for maintenance and materials. He also pointed out that he had proposed \$10,000 as seed money to try to bring in additional shows for the Playhouse. He said we would like to start a series of performances to bring more activities to the Playhouse.

Mr. LeDuc then reviewed the proposed expenditures for the various departments, including General Government departments, Public Safety Department, Public Works Department, Recreation Department, and the Non-Departmental expenditures.

Council discussed roadways and the improvements that need to be made and expressed concern about the need for money to improve roads.

Mr. LeDuc pointed out that in Non-Departmental the City will see some insurance rates reduced for liability and Workers Compensation. He pointed out, however, the city's health insurance rates will increase about 9%. He asked for Council's direction on Christmas lights, signage and kiosks in the downtown area. He said it costs about \$150 for lights on each pole. He said ADDA wants to expand from just Laurens and Richland to have Christmas lights, garlands and bows all the way from Pendleton Street to Union

Street, and from Barnwell to Park. He said they want to implement this plan over the next five years. He said the cost would be about \$1,200 per block, or about \$30,000 over a five year period. Council discussed the request and felt that it would probably have a positive effect on the businesses. Mr. LeDuc stated he would give Council some further information on the matter. Council also briefly discussed signage in the downtown. Mr. LeDuc stated Randy Wilson, of Community Builders, would be working with the city giving direction as to signage in the downtown. It was pointed out kiosks are good signage for those walking, but not for those driving looking for a location.

Mr. LeDuc then reviewed the expenditures and plans for the Northside Redevelopment Fund. He said the City was looking for ways to get private development to continue the redevelopment.

Councilwoman Clyburn stated she would like for the city to continue the redevelopment plan as was shown on a map of the areas to cover when the project was first discussed. She said the Edgewood area should be the next area to cover, as there were great needs there.

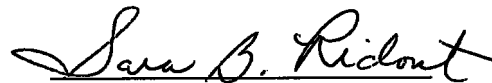
Mr. LeDuc reviewed the various Enterprise Funds, including the Capital Development Projects Fund, Sunday Alcohol Fund, Capital Development Projects, and Community Development Block Grant. He also reviewed the Non-City Support Division.

Mr. LeDuc stated that a 5% increase was needed in the Water and Sewer Funds, but he was suggesting waiting until September to see how the new meter system is working and to see actual water usage. In the Stormwater Fund money is included for the Governor Aiken Park stormwater project.

Council then discussed the salary for the City Manager. The general consensus of Council was to give the City Manager a 2% Cost of Living Increase, plus a 3.5% merit, for a total salary increase of 5.5%.

#### ADJOURNMENT

The meeting adjourned at 6 P.M.

  
Sara B. Ridout  
City Clerk