

**CITY OF CAYCE
Special Council Meeting
June 21, 2011**

A Special Council Meeting was held this evening at 6:30 p.m. in Council Chambers. Those present included Mayor Elise Partin, Councilmen Steve Isom, Tim James, James Jenkins, and Kenneth Jumper, City Manager Rebecca Rhodes, Tammy Barkley, Municipal Clerk and Garry Huddle, Municipal Treasurer. City Attorney, Danny Crowe, Director of Utilities, Frank Robinson, and Public Safety Director Charles McNair 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 called the meeting to order. Councilmember Jumper gave the invocation and the assembly recited the Pledge of Allegiance.

Other

- A. Approval of Ordinance Prescribing Rates for the City of Cayce Utility Rate Structure – Second Reading

Council considered for second and final reading an Ordinance prescribing rates for the City of Cayce Utility Rate Structure. Mayor Partin stated that staff has advised that a typo was made relating to the fiscal year in the Ordinance and that a motion was needed to amend the Ordinance as recommended. Councilmember Jenkins made a motion to amend the Ordinance as recommended to correct the typo. Councilmember Isom seconded the motion which was unanimously approved by roll call vote.

Councilmember Jenkins made a motion to approve the Ordinance on second and final reading as amended. Councilmember Jumper seconded the motion. Councilmember James stated the City Manager did a good job at the last meeting recognizing that while this is not something we want to do, the 7.5% increase stays in line with Council being consistent with what is expected by the bond. Mayor Partin stated it does make a difference with the City's bonds and if these increases are not done, it will cost us more down the line.

Ms. Rhodes advised that the proposed Utility Fund budget included a 7.5% increase in water and sewer rates for Cayce customers. She stated that an increase is necessary because of the requirements set forth in the City's bond indenture and that when the new Wastewater plant is completed in 2012, the City will have to begin paying back the bond that was used to pay for the construction of the plant which is over \$30 million. She stated that as part of the repayment, the City is required to have gross revenues that are 115% above the gross expenditures and that the City has tried to

gradually increase rates to meet this level by the time the new plant comes on line and repayment of the bond begins. She stated that if the City does not meet that part of the bond indenture the bond could be recalled or the interest rate can be increased. She stated it is not something that the City wants to do, but we have to be able to meet that debt coverage and the increase in rates is part of it. She stated that over the years Council has been diligent in gradually increasing the rates to get us to that point. She stated there are some Councils that prefer to wait until D-day comes and then raise rates 40%. She stated some items were cut out of the budget and the projected revenues from the Amazon project allowed the City to keep the increase to 7.5%. She stated that for an average customer using 11,000 gallon, the rate would increase \$5.50 for the two-month billing period.

Councilmember Isom stated that although the comments of Ms. Rhodes and Councilman James are laudable, expenses are the other part of this equation. He stated that Ms. Rhodes did a good job as far as reducing expenses, but there are a lot of Councils across the country who are having to make even deeper cuts than this Council. He stated that the average consumption rate of 11,000 gallons will decrease as the cost goes up per gallon which is a natural tendency of a consumer. He stated he would prefer no increase, but rather than putting the burden on the taxpayers sometimes we have to make deeper cuts and that is something that Council has decided not to do. He stated he felt there were other cuts Council could make. He stated that at a previous meeting the economist with the State Senate told the audience that we would have more and more service cuts all across the state and we will see harder times next year. He stated that he foresees more cuts to come and does not feel that the burden should be placed on the taxpayers.

After discussion, the motion passed four to one by roll call vote with Councilmembers Jumper, Jenkins, James and Mayor Partin voting yes and Councilmember Isom voting no.

B. Approval of Ordinance to Adopt the FY11-12 Budget to Provide Revenue For the City of Cayce for Fiscal Year Ending June 30, 2012 – Second Reading

Council considered for second and final reading an Ordinance to adopt the FY11-12 budget for the City of Cayce. Ms. Rhodes advised that the General Fund budget is balanced includes the following:

- A .7 millage increase in property taxes. 1 mill in the City of Cayce brings the City approximately \$42,466 and costs the owner of a \$100,000 home \$4.00. The .7 mill increase will bring the City approximately \$29,000 and would cost the owner of a \$100,000 home about \$3.00. This is the increase that is allowed through State law based on the City's growth plus the CPI for this year.

- A 5 millage increase for deficit millage. This millage increase is allowed because the City ran a \$211,000 deficit last year. This increase will equal a \$20 increase for one year on a \$100,000 home. The City is allowed to increase taxes in just the amount that will recoup this deficit. Once that amount is recouped the millage will drop off of the taxpayer's bill. That millage will only be there for one year and will be clearly denoted on the tax bill.
- An increase in commercial sanitation base fees and increase in the fee for extra service.
- A reduction in sanitation expenses for the discontinuation of twice of week pick up services
- A 4% increase in our health insurance costs and a 9% increase in our dental insurance costs
- Funding for six months of lease/purchases for 15 patrol cars, 3 unmarked police vehicles, 6 trucks, 2 SUVs and 1 rear loader sanitation truck
- The payment in lieu of property taxes and franchise fees from the Utility Department
- Latest funding request from CMRTA of \$19,150
- Funding for the Midlands Housing Authority at \$5,000
- A reduced list of the capital items that were requested
- A 2.5% cost of living raise for all employees

In reference to the Utility Fund, Ms. Rhodes advised that the proposed budget is balanced and includes the following:

- A 7.5% increase in water and sewer rates. This increase is necessary because of requirements of our bonded indebtedness. When the new plant is completed in 2012, the City will have to begin paying back the over \$30 million bond that was used to pay for the construction of the new plant. As part of the repayment, the City is required to have gross revenues that are 115% above our gross expenditures. The City has tried to gradually increase our rates to meet this level by the time the new plant comes on line and we are required to begin repayment of the bond.
- A 4% increase in our health insurance costs and a 9% increase in our dental insurance costs
- The payment in lieu of property taxes and franchise fees from the Utility Department to the General Fund
- A reduced list of the capital items that were requested
- Two new positions: Customer Accounts Manager and Pump Mechanic
- A 2.5% cost of living raise for all employees

Councilmember Jenkins made a motion to approve the Ordinance on second and final reading. Councilmember Jumper seconded the motion. Councilmember Isom inquired that after the six-month lease purchase for vehicles is completed, how would it

be funded for the future. Ms. Rhodes advised that funds would need to be placed in the next year's budget and thereafter until the term of the lease is completed. She stated that in reviewing the amount of money the city had paid on repairing vehicles, we would spend the same amount of money on either repairing old vehicles or lease/purchasing new vehicles. She stated it would be more advantageous to lease/purchase the vehicles rather than having the vehicles continuously at the Garage for repairs.

Councilmember Isom stated that the budget includes a 2.5% cost of living increases for all employees and this is in the midst of a recession or very bad depression. He stated that most people's income is down in a downturn in economy but yet we are giving our employees a 2.5% increase. Ms. Rhodes stated that during the budget discussions that was something staff was asked to try to find money to fund. She stated the employees have not received any increases for three years and the salaries are already traditionally below the average from surrounding areas and it is starting to affect the city's ability to recruit and retain employees. She stated the 2.5% will not place most of our employees' salaries up to the average, but it is a good effort and shows that management is trying and hopefully will help retain our employees. She stated that on exit interviews the reasons for leaving are better pay and/or better equipment. Councilmember Isom stated that the city does have great employees.

Councilmember Isom inquired if the City had received the ridership statistics requested from CMRTA. Ms. Rhodes stated there is another meeting tomorrow, but CMRTA does not keep the data in the format we are requesting. She stated it was a difficult process because there are people that get on in Columbia and get off in Cayce or somewhere else or they get on in Cayce and get off somewhere else. She stated the budget includes \$19,150 but CMRTA will not receive these funds until an agreement can be reached with all parties concerned and Council has approved that agreement. Councilmember Isom stated that until he can get the ridership statistics, he cannot commit taxpayers dollars.

Councilmember Jumper stated that the City Manager has done an outstanding job coming in the middle of the year and hopes that the citizens will bear with Council another year and hope that things will turn out better next year.

Councilmember James stated that he has had an opportunity to meet with many constituents over the past few weeks to solicit their feedback on the budget. He stated that the vast majority by far were found to be very supportive and satisfied with the level of communication that came from this Council to the constituency and all the community. He applauded all members of Council and City administration for their efforts in this matter. He stated that overall there have been six meetings and want the citizens to recognize that these decisions did not come easy and that Council did review any and all alternatives. In reference to the deficit millage, he asked for confirmation that this is for a 12-month period and at the end of that period that millage comes off the taxpayers bill. Ms. Rhodes stated that was correct and on the tax bill it has to be denoted as deficit millage. Councilmember James stated that some people may

recognize the deficit millage, wonder how it got spent over and above the budget, and wanted to know if the city had a plan in place so that we are not looking at that same concern this time next year. Ms. Rhodes stated yes.

In reference to the vehicles, Councilmember James reiterated that the city is spending more on keeping the old vehicles running rather than it would cost to bring some new cars in and this is not a good use of taxpayer funds. He asked for confirmation that the City did absorb some of the take home vehicles. Ms. Rhodes stated that was correct and that means some of the vehicles have been reassigned to be used in other departments or other areas that will be a little bit less intense in use. Councilmember James stated that with the exception of the cost of living increase which he totally supports, we are not upgrading any salaries in the city. He stated he felt it was the time to do so, but the city needs to stay competitive and wanted to know if the 2.5% would keep the city competitive. Ms. Rhodes stated it does help and the city has fantastic employees and felt that the 2.5% shows that we appreciate them. Councilmember James stated that while the funding for CMRTA is included in the budget, no funds will be expended until we are confident we know what we are doing. Ms. Rhodes stated that was correct.

Mayor Partin stated that the County has been meeting and there is a sub-committee of folks from across Lexington County trying to figure out what the answer is for the bus system. She stated that for a while the committee was looking at creating its own system, but the cost was prohibitive. She stated that CMRTA is in a healthy reconstruction phase and understands our concerns with the numbers. She stated that there is not a metropolitan city in the US that does not have public transportation. She stated that a portion of the funds are also used to contribute to the DART system for the disabled. She stated it is not just Cayce, but all the Lexington County areas meeting together to try to make sure that we are going to have the system held accountable if we are going to continue to contribute to the system. She advised these were public meetings and encouraged citizens to attend.

Mayor Partin thanked Ms. Rhodes. She stated that if you look at the budget from this year to last year, the first thing Ms. Rhodes stated that some of the numbers might not match up exactly because the true costs were allocated to each department. She stated you can now look at departments and see the actual costs per department. She stated that Council is able to move forward in a positive way with a number of things, specifically communications. She thanked the Sanitation Department for getting out the information to our citizens on the budget and Council's decisions. She also thanked Council for adjusting their schedules and meeting numerous times regarding the budget. She stated Council had a great open process where we were educated on what was in the budget and the concerns of the department heads. She stated they were able to sit down with the department heads and discuss their needs and both Council and the department heads appreciated that opportunity. Mayor Partin stated there are projects that the city cannot do at this point, but want to and need to do such as the Moss Creek issue of switching from chlorine gas to another system. She stated

however the city does not have a reserve or slush fund and have been operating very close to the belt. She stated the city does need to take care of its responsibilities and make sure we are continuing to offer that level of service that everyone in the city is used to receiving.

After discussion, the motion passed four to one by roll call vote with Councilmembers Jumper, Jenkins, James and Mayor Partin voting yes and Councilmember Isom voting no.

- C. Approval of Resolution of Intent to Participate in the South Carolina Municipal Insurance and Risk Financing Fund and Intergovernmental Agreement for an Insurance and Risk Financing Fund for Risk Sharing

Ms. Rhodes stated that currently the City receives general and liability insurance from a private firm and as part of the City's budget process, staff requested a quote from SCMIRF, MASC's affiliate organization. She stated that the premium quote received from SCMIRF was \$11,139 lower than the City's current carrier. In addition, because the City participates in MASC's workers comp program, the City would receive a 2% credit or \$5,330. Ms. Rhodes stated that because SCMIRF is a local organization, the City would receive better and more accessible service.

Councilmember Jenkins made a motion to approve the Resolution of Intent and authorize the City Manager to execute the Agreement between the City of Cayce and SCMIRF. Councilmember James seconded the motion which was unanimously approved by roll call vote.

- D. Approval of Evaluation Committee's Recommendation for the Selection of a Landscape Architect for Phase 3A of Riverwalk Park

Due to the fact that a few of the evaluation forms were not included in the agenda packets, Councilmember James made a motion to postpone the issue until the complete information is provided. Councilmember Jumper seconded the motion which was unanimously approved by roll call vote.

- E. Bid Award – Installation of 12" Water Main to the New Wastewater Treatment Plant Project

Ms. Rhodes stated that this is the water line that will go to the new Wastewater Treatment Plant which will allow us to have a double feed to the plant so that we will not lose water to it. She stated that it would be paid for by the City, Town of Lexington and Joint Water & Sewer Commission as identified in the Agreement.

Councilmember Jenkins made a motion to award the bid in the amount of \$329,705 to the low bidder, G. H. Smith Construction Inc. for the 12" water main project.

Councilmember Isom seconded the motion which was unanimously approved by roll call vote.

Councilmember James made a motion to adjourn the meeting. Councilmember Jenkins seconded the motion which was unanimously approved by roll call vote. There being no further business, the meeting adjourned at 7:15 p.m.

Elise Partin, Mayor

ATTEST:

Tammy P. Barkley, CMC, Municipal Clerk