



Mayor
Elise Partin

Mayor Pro-Tem
Tim James

Council Members
Phil Carter
Hunter Sox
Byron Thomas

City Manager
James Crosland

Deputy City Manager
Michael Conley

**City of Cayce
Special Council Meeting
Budget Work Session
Tuesday, April 1, 2025**

The April 1, 2025, Budget Work Session Meeting was held this evening at 4:00 p.m. in Council Chambers. Those present included Mayor Elise Partin, Mayor Pro Tem Tim James and Council Members Phil Carter, Hunter Sox and Byron Thomas. City Manager Jim Crosland, Deputy City Manager Michael Conley, Assistant City Manager Wesley Crosby, Municipal Clerk Mendy Corder, Utilities Director Betsy Catchings, Finance Director Kelly McMullen, Human Resources Director Lynn Dooley, IT Director Jamie Beckham and City Attorney Will Dillard were also in attendance.

Mayor Partin asked if members of the press and the public were duly notified of the meeting in accordance with the FOIA. Ms. Corder confirmed they were notified.

Call to Order

Mayor Partin called the meeting to order and Council Member Sox gave the invocation. Mayor Partin led the assembly in the Pledge of Allegiance.

Discussion Items

A. Discussion of Proposed FY2025/2026 Utility Fund Budget

Mayor Partin stated that this was one of her favorite times of the year because she loved being with the City's team and meeting with them in a close setting. She stated that it was special this year, because Utilities Director Betsy Catchings was back. She stated that meant a lot to Council because Ms. Catchings' excellence in her job was unparalleled. She stated that it was an important thanks to all of Utilities staff because they stood in there when needed when Ms. Catchings was not able to be there every day. She thanked the rest of the Utilities team that was not there and stated that Council wished they were there because they loved staff members to be there with them because Council made those decisions with them.

Finance Director Kelly McMullen welcomed Council to the 2026 budget process. She stated that there were a couple of things that had changed this year to include staff implementing a Capital Improvement Plan which segregated capital improvement items from the normal operating budget so staff could focus on operating first and then see how much money was leftover for capital projects. She stated that the requested budget included all operating expenses and small capital items such as tools and equipment and did not include large capital projects. She stated that once staff finished the operating budget, they looked at revenues and expenses and any excess revenues at that time would be allocated to the Capital Improvement Plan. Ms. McMullen stated

that since COVID, inflation had a tremendous increase on the Utilities budget. She stated that the Utilities budget was operating capital heavy and salaries and fringes only accounted for about 25% of the Utilities fund budget. She stated that inflation costs impacted the Utilities budget more than the General Fund budget since it was so reliant on chemicals. She stated that from 2020 to 2025, looking at budgeted expenses, the sludge disposal cost increased 175%, liability insurance on employees and vehicles increased 114%, the employer portion of health insurance increased anywhere from 22% to 38% and the cost of operating a vehicle increased 18%. She stated that the Utilities budget paid more for operating which meant it had less money left over for capital. Ms. McMullen stated that pre-COVID, \$609,000 in capital was allocated every single year and after COVID it became more around \$200,000 and the City had to start using money from reserves. She stated that the rate increase in 2025 had so many positive effects on the budget and now the Utilities budget had sufficient revenues to allocate some money back to capital. She stated that staff would always remain vigilant in their pursuit of grant funds and alternative funding sources to try to alleviate budget constraints.

Utilities Director Betsy Catchings thanked Council for having staff sit down with them again and stated that staff were always very grateful to have that opportunity. She stated that the recent rate increase that occurred was not an easy thing but she wanted to review the positive impacts that it had on the City's utilities. She stated that Council had approved purchase of some large items over the last year that were really making a big difference for the Utilities Department. She stated that approximately 2,030 new meters were purchased with ARPA funds and this allowed staff to start replacing old meters, which allowed them to be more efficient. She stated that they had a new coordination system that was installed at the Highway 321 booster pump station that replaced a manual system that was very inefficient. She stated that a chlorination upgrade was in the works for the Water Treatment Plant which would eliminate the use of the gaseous chlorine that was currently on site and provide a safer environment for staff. Ms. Catchings stated that there was an RFQ for a Sewer System Master Plan and a hydraulic model that had been advertised and staff was in the process of selecting a consultant to guide them through the process to look at the big picture and help staff prioritize needs. She stated that this was the first time that this had ever happened and the first time that they were going to get a true glimpse into the future to help staff better prepare for where they needed to go and even look at what potential needs were within the system for wastewater capacity and things of that nature. Ms. Catchings stated that a good many pumps had been purchased over the last year and that included a new raw water pump and a new high service pump that were being installed for the water plant to provide better redundancy and sustainability. She stated that the department also had a few replacements for aging pumps in the wastewater system and at the Wastewater Plant. She stated that all of these things helped tremendously with reducing the downtime of equipment and helped with keeping operations going smoothly.

Ms. Catchings stated that Mr. June with the Septage and Grease Facility was the most excited about the terminal tractor that was purchased in this year's budget and the reason he got so excited about it was because it had made them more efficient with sludge processing. She stated that the Utilities Department had two (2) big projects currently, with Pump Station Number One and Six Mile Creek. She stated that the Pump Station Number One project would upgrade the City's largest pump station, making it more reliable, more efficient, and again, helping them to be more sustainable. She stated that construction on that should be completed around October of this year. She stated that the Six Mile Creek project was behind the Moss Creek subdivision and was the City's largest transmission line, a 36 inch line that was in deteriorating shape and needed to be lined. She stated that it was being lined and that project should be completed in June of this year. Ms. Catchings stated that these projects had come to fruition partially because the City had been able to secure funding through grants and partially because Council had approved funding for it in other ways.

Ms. Catchings stated that the City continued to see growth outside of the City in its industrial parks. She stated that it was not always an immediate thing that one could see but staff thought the City would likely see a huge impact in FY26. She stated that Lexington County did announce that an industry was coming to the Saxe Gotha industrial Park that was a very large water user and would be using about a million gallons a day in water. She stated that it was a huge addition for the City and would be a very big boost for the Water Treatment Plant as far as water usage, as well as revenue. She stated that it was all the more reason for staff to make sure that the City's pumps and equipment were in good operating shape, because once flow started ramping up there was not a lot of room for error.

Ms. Catchings stated that Council received the breakdown on Utilities proposed expenditures for FY26 and they had the operational budget and the Capital Improvements Plan budget. She stated that the proposed FY26 operations budget was exactly where the department was for FY25 and part of the reason for that was the managers had done a fantastic job of controlling cost. She stated that they had gone through and taken a hard look at things and where they had the ability to do so, made reductions and they controlled spending in the few areas where there might be a little bit of flexibility. She stated that there were no big increases at all but they could not control the inflationary side of things and that impacted them more than anything. She stated that there were across the board inflationary increases for service contracts, for chemicals, materials, sludge and insurance had skyrocketed. She stated that they were coming up on the end of their three (3) year term for sludge disposal and would have to negotiate a contract that started in September. Ms. Catchings stated that typically costs were going to go up and they expected there to be a significant increase in the landfill disposal cost account. She stated that she had reached out to Waste Management and was waiting on some information back from them. She stated that they hoped to have more definitive information to help staff to make some decisions before they brought back a recommended budget for Council. She stated that unfortunately, the City was

way ahead of where Waste Management was as far as the renewal date of the contract with it being in September. She stated that it was currently at an audit time and she would like to change that, and that was part of her request so they could align it better with the City's fiscal year.

Ms. Catchings stated that the only other item that was significantly new for the operating budget was one new full time employee (FTE) that was proposed for the Wastewater Plant. She stated that they needed more run time on the solids handling, therefore a new staff person was needed so they could have two (2) shifts that overlapped to get more run time out of the equipment. She stated that eventually they might need a 24 hour shift, but they were proceeding gradually, and first the second shift that would be added. She stated that they would have at least two (2) people present for safety reasons and to be there to run everything. Ms. Catchings stated that the biggest costs for the department were capital items and if one looked at the department's historical trends, in the last few years they had not invested significantly in capital until they had some market funding and reserve funds that were transferred over last year. She stated that pulling money out of reserves was not sustainable at that level for very long, so that was not something that they were planning on doing this year. She stated that if one looked at the revenues and expenses that the City's Finance Director projected, you would see that there was about \$612,000 but that was not surplus. She stated that it was \$600,000 outside of the operating budget that could be put towards capital. She stated that currently the operating budget did not include capital. City Manager Crosland stated that was still very good, because they were able to cover the operations already. Ms. Catchings stated that she wanted to review the department's needs with Council so they could decide what to do with the \$600,000. She stated that the department's Capital Improvement Projects (CIP) chart had almost \$12 million in requests. She stated that staff knew it was not possible to fund all of that and a lot of hard decisions would have to be made. She stated that staff was going to be as creative as possible with bonds or grants, as well as cost share funding from different sources and doing what they could to squeeze as much out as they could with what their needs were, because if they did not continue to put money back into the system, then it would definitely catch up with them, and had been, so they would take it step by step to get where they needed to be.

Ms. Catchings stated that she was going to review the Utility Administration Department budget requests next. Council Member Thomas stated that Ms. Catchings mentioned that a company was coming that was going to be pulling 1 million gallons of water and asked if there were any other companies in Cayce that used that much water. Ms. Catchings stated that the City had some that used that much but a lot of industries were moving towards water conservation so it was not typical to see industries that used that much water now. Mayor Partin stated that the City had one (1) current large industry. Ms. Catchings stated that the biggest item for the CIP and Utility Administration was the Asset Management Software request. She stated that staff was evaluating the Asset Management Software to determine how it would assist staff and

help in managing the City's assets and tracking issues, scheduling maintenance and replacements.

Ms. Catchings stated that she was going to review the Customer Service and Billing budget but that department's Manager, Kay Hutchinson, was there if Council had any questions. She stated that the City currently had approximately 1,500 backflow devices that staff monitored throughout the City and they were required to make sure that those devices were tested when they were required to be tested and track all that information on an annual basis. She stated that staff was currently manually tracking all of that information so they had requested backflow prevention software to speed up their efficiencies and speed up the processing time for entering that information. Ms. Catchings stated that the second capital request item was the Advanced Meter Infrastructure (AMI). She stated that the City currently had the drive by system where staff drives by to receive the meter information. She stated that the AMI was a fixed system that read the meter and reported back to staff and would enable customers to have the ability to get more information and monitor their daily usage and monitor for leaks. She stated that it was the next step in technology and also helped with the safety of the meter techs. She stated that there were locations along Airport Boulevard and some areas where it was not safe for staff to get out in the traffic. Mayor Partin asked if this would be phased in over three (3) years to get everything system wide. Ms. Hutchinson stated that the City did the meter replacement project through 2018 and replaced 75% of the inside City meters and ARPA money was used last year to purchase 2,000 3-quarter inch meters. She stated that it would take a year and a half to two (2) years to get those meters in the ground fully.

Ms. Catchings stated that she was going to review the Water Treatment Plant budget next. She stated that the City's plants had more capital requests. She stated that they had requested replacement of some of the transmitters for the filters that were originally installed when the plant was built in 2002 so those were at the end of useful life. She stated that they had six (6) filter waste drain actuators that had exceeded their useful life as well as replacement of one (1) of the transmission pumps at the raw water station. She stated that they also requested security camera upgrades since the cameras were installed in the early 2000s and had exceeded their useful life. Ms. Catchings stated that the variable frequency drive had exceeded its useful life and was no longer supported by the manufacturer.

Mayor Partin stated that she would love as the budget process moved forward, to understand what things were asked for last year that were being requested this year again, because she would like to be aware of what did not get addressed last year so Council would be aware of that.

Ms. Catchings stated that she was reviewing the Water Distribution and Wastewater Collection departments budget next and Superintendent of Field Operations Ben Wright was there to answer any questions. She stated that she would

start with Water Distribution. She stated that the first request was a spare pump for a 321 Booster Pump Station. She stated that currently if one of the pumps went down, it puts the City in an emergency situation, and it could take two (2) to six (6) months to get a replacement pump. She stated that a dump truck was requested to replace a 1996 model dump truck that had the equivalent of 740,000 miles on it and the City's Fleet Manager had recommended it be replaced. She stated that a utility truck was also requested. She stated that the current truck had 145,000 miles on it and was a service truck. Ms. Catchings stated that staff knew all of the requests would not be filled, but they wanted Council to know what requests had been submitted by staff. She stated that Etmf was the City's tank on Highway 321 and it had a booster pump station next to it that had not worked for a long time. She stated that the intent of it was to provide boosted pressure in certain areas of the system. She stated that it had been put off for a long time and needed to be addressed. She stated that it needed to be refurbished and staff needed to figure out what was needed in order to get that booster pump up and running. Council Member Carter asked if anyone knew how long the pump had not worked. Mr. Wright stated that it had not worked since he had been with the City. Council Member Carter asked if it had been brought to Council before. Ms. Catchings stated that she did not know. She stated that it was in the CIP that was put together in the early 2000's but she could not answer why it was not done, other than it just kept getting cut for financial reasons. Council Member Carter asked how much it would cost. Ms. Catchings stated that she thought it would cost \$400,000 but it would be split between two (2) years. Council Member Carter stated that they could weigh the amount of customers that would be affected to justify \$400,000. Ms. Catchings stated that there were limitations to what was allowed on the regulatory side and they were on that edge.

Ms. Catchings reviewed the Wastewater Collections budget next. She stated that an upgrade for the Arbor Gate pump station had been requested. She stated that it was part of the old Midlands Utilities system that the City took over years ago and it had been giving staff a lot of trouble. She stated that it was outdated and needed to be overhauled. She stated that most of the work would be done in house, but the materials were needed. She stated that the next requests were a portable pump and a portable generator that were both replacements to units that had extended their feasible life and the City's Fleet Manager has begged staff to get rid of them and get new items for emergency situations. She stated that the Platt Springs pump station had also exceeded its useful life and had been on the list for a long time, and due to financial restraints, had never come to fruition. She stated that it was at capacity and the City could not accept additional flows currently and that created the potential for overflows. Ms. Catchings stated that this station also prevented growth from the whole Three Fountains Airport area so it was an important pump station from a regional standpoint. She stated that the department had two (2) vacuum trucks, both of which have had some issues, and staff had requested replacement of one of those vac trucks that had, according to the City's Fleet Manager, approximately 365,000 miles equivalent on it. She stated that the last request was the number one (1) priority for Wastewater Collections. She stated that the City had approximately 120,000 linear feet of concrete

sewer pipe in the system and it needed to be addressed. She stated that concrete pipe just did not hold up, and a lot of it had been in the ground for nearly 100 years, especially over on The Avenues therefore staff was looking at options to try to handle that. She stated that staff knew it was a monumental task and were looking at possibly doing different phases and trying to tackle some of the worst areas first. She stated that it would still be a huge task and staff was looking at creative ways to get it started. She stated that it was much better to do it before there was a complete failure and then they would have to dig, because a lot of the sewer lines were in the road, under the asphalt. Ms. Catchings stated that was something they would be looking at, hopefully with the master plan consultants and they could give staff guidance. Council Member Carter stated that he assumed that staff used that truck every day. Ms. Catchings stated that the truck was pretty much their life.

Mayor Partin stated that as they continued to work on the budget this year, she would like to see what was asked for last year and not funded added. She stated for example, last year, Council did not fund a generator that was asked for, and then the generator went down an emergency one had to be rented. She stated that one could not always guess or know those things but if it was a 90% it was going to fail, or even a 100% it was going to fail, that information would be helpful for Council to know, because if it was inevitable and it was not going to be funded they were going to end up wasting taxpayer dollars, because the City would be coming in after the fact, renting equipment in an emergency. Mayor Partin stated that Council had a history of doing things really thoughtfully and carefully. She stated that the City replaced 70% of its water lines and that was proactive work that a lot of municipalities were in no position to do. She thanked staff for arming Council with all of this information.

Council Member Thomas asked if it was possible to give Council a list of items that were requested along with what budget years they were requested and not funded so they would be aware of how long it had been requested. Ms. Catchings stated that she could only speak on what had been requested since she had been with the City but thought that in the past some things did not make it to Council. City Manager Crosland stated that with the new software Council could see what was requested each year moving forward. Ms. Catchings stated that the asset management software would be very helpful as well. She stated that all the City's assets would be in the system and staff could track what the condition was and when maintenance was needed and when replacement was needed. She stated that it would give staff a really good plan and a really good look at what needed to be done.

Ms. Catchings stated that the Wastewater Treatment Plant budget would be discussed next and Legrand June, the Superintendent over the Septic and Grease Facility was there to answer any questions. She stated that there were always items that needed to be refurbished or replaced at the plant. She stated that the first item was motor controls for some existing building doors and next was gate actuators. She stated that this was a continuation of something that was approved for FY25 that

basically would allow staff to control the sludge blankets a little bit more remotely so when staff was on call, they could look at things, and it improved the safety for on-call staff. She stated that a pump truck was requested. Mr. June stated that staff wanted to repurpose the old pump truck that had the diesel tank on it and use that for operations only, and then dedicate the new one to the control technician. Ms. Catchings stated that Mr. June had indicated to her his highest priority was the grit snail belt. She stated that it was a belt that helped staff to remove the grit coming into the plant and it would consist of rebuilding three (3) belts. She stated that staff had requested replacement of some air conditioning units that were part of the control panels at the head works, which was where everything comes into it. She stated that staff was also requesting the continuation of replacing the membrane units and that was something that staff was doing over the course of three (3) years and each unit needed to be changed about every eight (8) years. She stated that an aeration blower control panel upgrade that needed replacing was also requested.

Ms. Catchings reviewed the Septage and Grease Facility budget next. She stated that a replacement semi-truck was requested because the truck that the septic side was using to haul the sludge to the landfill had the equivalent of 630,000 miles on it. She stated that staff would try to do a lease purchase on the replacement truck. She stated that a concrete pad was requested for a tractor trailer as well as the continuation of the belt press rebuild. She stated that they were currently rebuilding the electrical side of the old belt press and the mechanical side would be the continuation. She stated that a roll up door and motor to replace the original door was also requested. She stated that it was not functioning well and was a safety concern.

Mayor Partin stated that originally the Grease and Septage Facility was paying for itself and asked Ms. Catchings to remind her where they were with the balance of expenses and revenue. Ms. Catchings stated that in FY24 the total revenue was around \$1.6 million and the O and M expenses were \$710,000 but that did not include the bond. Mayor Partin asked if there was a plan to see if the State would pay some of the costs. Ms. Catchings stated that she did not think they would be too sympathetic but staff could ask. Mayor Partin stated that it would be worth reminding them of why they came to the City.

Council Member Thomas stated that hearing all these items that needed to be purchased or considered, especially after the budget process last year, he asked if there was a plan moving forward so Council could not be able to kick the can down the road, but also not ask the citizens to pay a big increase. He asked how they could be proactive with making sure they did not allow these capital items to continue to pile up. Deputy City Manager Conley stated that last year all of the capital items were funded out of reserves. He stated that the revenue increase was for O and M operational costs. He stated that the items that were requested in the draft budget was all the needs the Directors had and it was Administration's hard job to prioritize those and see what was direly needed and prioritize some of the others. He stated that staff would

look at other revenue sources, whether it was grants, or Federal funding, or a partnership with other organizations. Deputy City Manager Conley stated that for example, the Platt Springs Pump Station was on last year's budget requests and was pushed off of last year's because staff thought there was an avenue that the City could get help with a partner from a Federal agency. He stated that the City tried to partner with them but they chose not to go after that grant.

Mayor Pro Tem James stated that Ms. Catchings opened up by saying what Council did last year about the rate increases was not easy, but it made a huge impact. He stated that time had a way of allowing people to get really what took place last year but Council had a group say they needed an increase of about 40% but the proof in the pudding was going back to Ms. Catchings and her team and saying sharpen your pencil and help us through this, because the impact of 40% on the City would have been tremendously hard. He stated that they did it with less than and now they were coming back to the table being able to celebrate what took place last year. He thanked staff for working hard to where it did not all fall back on the shoulders of the citizens and customers beyond where the City's water and sewer goes.

Mayor Partin stated that she wanted to clarify something. She stated that when someone talks about a 40% increase it sounds really large and really scary. She stated that Council would never take for granted any penny from their citizens yet what they knew was, even if they had gone with a 40% increase, the City would have still been the second lowest water and sewer provider in the entire region. She stated that the City was literally charging half what the customers of the Joint Municipal Water and Sewer Commission customers paid. She stated that they had to be really careful not to talk about 40% and things that scare people when they were not also telling the rest of the picture, which was literally that this team did so much with so little, and yet the City was the sixth largest utility provider in the entire State. Mayor Partin stated that she had been thrilled to hear Council say that there was definitely a focus on giving staff a cost of living adjustment at the very minimum this year, but, she wanted Council to be empowered with the language that helped the citizens know what was the reality and to not talk in 40% in a way that would scare people. She stated that Council was told if you do not do this, this happens and that was not a hypothetical. She stated that there were laws and rules Council had to follow and regulations the City had to meet with the City's equipment and they did not get a choice. She stated that there were things that ensured that the City provided clean drinking water for the citizens and that cost money, and all of those costs everywhere just went up. She stated that the City treated its water that went back into the river to a higher level than anybody else in the entire region. She stated that the City's permits were higher and better than almost anybody else's in the entire region.

Adjourn

Mayor Pro Tem James made a motion to adjourn. Council Member Sox seconded the motion which was unanimously approved by roll call vote. There being no further business, the meeting adjourned at 5:55 p.m.

Elise Partin, Mayor

ATTEST:

Mendy Corder, CMC, Municipal Clerk