

**CITY COUNCIL WORKSHOP
CITY OF GEORGETOWN, SC
NOVEMBER 19, 2009**

Notices of this meeting have been made in accordance with the 1976 Code of Laws of South Carolina Freedom of Information Act.

A City Council Workshop was held this date in the Council Chambers at City Hall with Mayor Lynn Wood Wilson presiding.

MEMBERS PRESENT:

Mayor Lynn Wood Wilson
Mayor Pro Tem Brendon M. Barber, Sr. Councilmember Jack M. Scoville, Jr.
Councilmember Rudolph A. Bradley Councilmember Peggy P. Wayne
Councilmember Paige B. Sawyer, III

Councilmember Clarence C. Smalls was absent from the Workshop.

ALSO PRESENT:

Mr. Chris Eldridge, City Administrator
Mrs. Elise Crosby, City Attorney
Ms. Ann U. Mercer, City Clerk

DEPARTMENT HEADS:

Mr. Glen Dixon, Fleet Maintenance Superintendent
Mr. Paul A. Gardner, Chief of Police
Mrs. Jessica Miller, Finance Director
Mr. Lane Mixon, Public Water Utilities Director
Mr. Steve Stack, Assistant Director of Development
Mr. Joey Tanner, Fire Chief
Mr. Keith Wilson, Keep Georgetown Beautiful Executive Director

NEWS MEDIA

Georgetown Times – Mr. Tommy Howard
WGTB/WLMC – Rod Stalvey

Mayor Wilson opened the City Council Workshop at 4:30 PM. Councilmember Bradley rendered the invocation and led the Pledge of Allegiance.

**Call to Order,
Invocation and
Pledge**

Mrs. Jessica Miller presented a summary of the first quarter budget review. She referred Council to the Cash Position report. She said out of the \$18,759,912 cash and investments comes the restricted cash, designated cash and reserve cash. Restricted cash is limited to General Fund – deposits with health insurance agent, court bonds, safe streets, fire impact fee usage, medical spending plan; Electric Fund – customer deposits; Water Fund – customer deposits; Wastewater Fund – Regional Wastewater Treat Plant partner deposits, customer deposits, Andrews capacity purchase reserve account cash with agent SRF Bond. The use of all these funds is legally restricted. The \$1.1 million designated cash, which is set aside for emergencies, was adopted by Council by Resolution. Mrs. Miller said the policy states this is to be two months of General Fund expenditures. Since the Resolution was passed, expenses have risen and this amount should be increased to about \$1.5 million. The reserved cash is not available for spending. This is money set aside by partners for capital purchases at the RWWTP, funds for the drainage project and the donation made specifically for the room at the Winyah Auditorium. Current liabilities and long term liabilities were discussed. After these numbers are backed out of the cash and investments there is \$6,819,022 available cash at the end of the quarter. After deducting the potential GASB 45 liability there is potential net available cash in the amount of \$4,119,022. Mrs. Miller referred Council to the General Fund cash flow from July to June noting that the majority of the revenue in the General Fund is collected during the last six months; taxes in January and February and business licenses in May. During the budget process Council made a decision to use a portion of the Local Hospitality/A-Tax Fund money for construction and maintenance including Harborwalk repairs. Mrs. Miller reminded Council the Hospitality Funds are restricted monies with specific purposes which are related to tourism. The Electric Fund is expected to add money to cash. Most of these funds are used for capital, system upgrades and improvements. There is a \$1.4 million transfer budgeted to the General Fund. The Water Fund cash balances have decreased. This year we had the situation with Arcelor Mittal and we raised rates enough to try and balance the Fund. Staff is concerned because there is no ongoing system replacement or improvements, the cash balances are low and nothing is being budgeted to add to the cash balances. Basically it is the same circumstances in the Wastewater Fund. The current rates are

**First Quarter
Budget Review**

only supporting recurring operational expenses. Mrs. Miller said the management team has and will continue to look at several options that would add to the fund balances: a new source of revenue, a different rate or fee; decrease expenses or adjust current rates. Mrs. Miller re-emphasized the City is not budgeting to put any money into cash. The long-term liabilities must be paid with the cash we have right now unless we make a change. Mayor Pro Tem Barber asked where the funds came from to purchase the property on Highway 17. Mrs. Miller said the money came from several different funds. The Water Fund had money budgeted for a clear well. Staff learned of a grant opportunity to fund the clear well and presented this to Council asking for approval to use the budgeted funds towards the purchase the land. Mr. Eldridge said one position has been removed at the Water Plant and one staff has been transferred to the Finance Department. This is two salaries and presently there is an open position in the Wastewater Department. Mayor Pro Tem Barber said staff suggested taking funds from the fund balances to purchase the property and he had concerns with this approach. Mrs. Miller said there are the same basic trends and same concerns in the Wastewater Fund. Large capital purchases or repairs and replacements which need to be made could be a substantial issue concerning the cash balance. In the Stormwater Fund the rates cover the recurring operational expenses and add a small amount to the cash each year. There is not much replacement or new infrastructure taking place; however, once this begins the cash balance will fall. Mr. Eldridge said he would like for the stormwater rates to pay back, over time, the \$2.5 million for the drainage project to the Electric Fund. Councilmember Bradley asked if the reimbursement to the Electric Fund would lower the rates. Mrs. Miller said the repayment would put the money back into cash. Typically when a rate study is performed the revenues and expenses which occur every year and the capital are examined. Consultants never suggest for rates to decrease. Mr. Eldridge said he was looking at \$150,000 a year for 10 years. Mrs. Miller said staff has been working diligently on the Waste Management Fund over the past several years as the cash balances have dwindled. This fund needs to be examined carefully. Mr. Eldridge said classification of employees needs to be updated; there are 15 full time salaries being paid in waste management but there are only 7 people performing 100% waste management functions.

Mrs. Miller directed Council to a budget amendment request for recycling expenses. She said during the budget process Council agreed to discontinue use of contract labor with the Department of

Disabilities and Special Needs for recycling. Several Councilmembers stated they did not remember voting to discontinue the services but asked if it was approved why hasn't it been discontinued. Mayor Wilson asked the Clerk to check the records.

Mrs. Miller said she wanted to give Council a clear view of what is going on with the cash balances and asked them to review in detail the information provided. Councilmember Wayne suggested 'every department head and every department start looking at their budgets because there's going to have to be a lot of cuts this year to keep us from going into the red.' She wants to have a meeting with each department separately and discuss what they are doing and what changes can be made. Mrs. Miller said when the budget calendar is developed this can be added to the budget process.

Mrs. Miller pointed out the ten year history of deferred property tax revenues and noted the deferred revenue is much larger than it has ever been. This is property tax that is not paid at the end of the year. There is a total of around \$600,000 of revenue that is collected from the annexed properties. As the lots revalue and adjust at point of sale, this revenue will decline. A list of businesses that have closed since June 30, 2009 was attached.

Mrs. Miller stated in one of her previous newsletters she indicated that she would be examining the City's financial policies comparing them to GFOA's recommendations and revising them so that they are clearly aligned with our Code and the regulations we should be following. She provided the existing policy, the proposed policy and the changes document and asked Council to review all and let her know of any questions they may have. The budget reports in summary form were also provided.

COUNCILMEMBER BRADLEY MOVED TO ADJOURN THE CITY COUNCIL WORKSHOP, SECONDED BY MAYOR PRO TEM BARBER. Mayor Wilson called for the question. **THE MOTION WAS UNANIMOUSLY CARRIED 6-0.** The Workshop was adjourned at 5:20 PM.

Adjourn
Workshop

Ann U. Mercer
City Clerk

DATE APPROVED: 12/17/09
VERIFYING INITIALS: _____