

MINUTES
EMPORIA CITY COUNCIL
CITY OF EMPORIA MUNICIPAL BUILDING
BUDGET WORK SESSION
May 3, 2011

Note to Reader: Although the printed agenda document for this City Council meeting is not part of these minutes, the agenda document provides background information on the items discussed by City Council during the meeting. A copy of the agenda document for this meeting may be obtained by contacting the Office of the City Clerk.

The following City Council members were present:

Councilman F. Woodrow Harris
Councilman James C. Saunders
Councilwoman Doris T. White
Councilwoman Deborah D. Dixon
Councilwoman L. Dale Temple

Others present: Brian S. Thrower, City Manger
Tessie S. Wilkins, City Clerk
Sheila Cutrell, Finance Director
Don Wyatt, Chief of Police
Royal Jones, Public Works Director
Linwood Pope, Director of Utilities
Larry Epps, Superintendent WWTP

Absent: Councilwoman Carolyn S. Carey

General Fund Budget

Mr. Thrower stated that the proposed FY12 General Fund budget is \$18,749,211. He also stated that this increase of \$911,441 over the approved FY11 budget is primarily attributed to the inclusion of new major capital expenditures including the purchase of one new fire truck (485,159), two new sanitation trucks (\$500,000), and increased contributions to and loss of budgeted revenue from the Southside Regional Jail (\$105, 048). He further stated that the departmental totaled \$19,539,172.

Mr. Thrower stated that the new fire truck will be financed through Rural Development over 10 years. He also stated that the City obtained a \$25,000 grant through Rural Development to offset a portion of the fire truck costs. He further stated that per the contract between the City of Emporia and Greensville County, this expense will be shared between both localities. He reported that this vehicle has already been approved by both governing bodies and is in the process of being built. He also reported that the City will start making payments on the truck upon delivery.

Mr. Thrower stated that he also propose to purchase one new automated residential sanitation vehicle and one new automated commercial sanitation vehicle. He also stated that both trucks are estimated to cost \$500,000 and will be financed over seven years. He further stated that

the current 2004 and 2005 model trucks needs to be replaced due to excessive wear and constant repairs. He advised that these new automated trucks will only require one employee to operate each vehicle, as opposed to the three that is currently required under the manual system. He also advised that the City currently have three vacant Sanitation Worker positions. He further proposed that the City eliminate all three positions in order to cover a portion of the expenses, as well as to meet the reduced personnel requirements of operating each truck.

Mr. Thrower stated that in order to structure sanitation service as a true enterprise fund, he recommend the City increase sanitation fees \$5.50 per month for residential service and \$0.50/cubic yard for commercial service. He also stated that starting in FY12 the proposed monthly residential fee would be \$20.50. He further stated that the proposed commercial fee would be \$5.00/cubic yard. He stated that the City currently runs a deficit of over \$180,000 as it pertains to sanitation service under the current rates and organizational structure. He also stated the general fund subsidizes this deficit. He further stated that given the continued state budget cuts, increasing jail and school expenses, and other community needs that the City begins treating sanitation service as an enterprise fund. He stated that under his proposal the increase fees, eliminate positions, and purchase new automated trucks, this will occur.

Mr. Thrower stated that another significant increase to City expenses is that of the Southside Regional Jail. He also stated that the City of Emporia contributes nearly 60% to the local portion of jail revenues. He further stated that the Greensville County makes up the other 40%. He reported that the City's share of jail expense will increase by \$55,048 in FY12. He also reported that he has not included a jail refund in the proposed budget, as this money has evaporated in recent years due to loss of jail revenues and devastating state budget cuts. He further stated that the combined effect of increased expense (55,048) and loss of budgeted revenue (\$50,000) will negatively impact the City's budget approximately \$105,048 in FY12. He stated that over the last five fiscal years the City's budgeted annual jail contribution has increased from \$576,600 in FY08 to \$934,488 in FY12. He also stated that this is an increase of \$357,888 over the five year span. He further stated that this figure does not take the loss of jail refunds into account. He stated that for example, in FY09 the City realized a \$354,000 jail refund. He also stated that the projected FY12 refund is \$0.

Mr. Thrower stated that looking beyond FY12, the budgeting process for FY13 will be much more difficult, primarily for two reasons. He reported that the first reason is the opening of the new Meherrin Regional Jail scheduled for FY13, the Southside Regional Jail will lose approximately \$716,000 in revenue from the Brunswick County contract, given the fact that Brunswick County will no longer require Southside Regional Jail bed space. He also reported that the City's percentage (60%) of this loss of revenue is \$429,600. He further reported that this means the City of Emporia will need to find an estimated \$429,600 in additional funding for the Southside Regional Jail once the new Meherrin Regional Jail is built. He stated that for comparative purposes, in order to cover an additional \$429,600, the City would have to raise the real estate tax approximately 12 cents. He also stated that secondly, continued significant funding cuts to the school system are unsustainable over the long term, given the loss of Jobs Bill money in FY13 and continued operating and capital needs.

Mr. Thrower stated that given these two issues at hand, the primary choices for the City in FY13 and beyond include significantly increasing the real estate tax rate, levying new taxes such as the cigarette tax, and/or severely cutting civic organizations.

Mr. Thrower reported the highlights of the proposed FY12 General Fund budget include:

Revenues

- ❖ No property tax increases.
- ❖ Increase in waste collection revenue due to proposed increased sanitation fees.
- ❖ Proposed sanitation fee increase of \$5.50 for residential service and \$.50 for commercial service. The proposed monthly residential charge beginning in FY12 is \$20.50. The proposed commercial charge beginning in FY12 is \$5.00/cubic yard.
- ❖ Projected stabilization of and slight increases in meals tax, lodging tax, sales tax, and selective enforcement revenues.
- ❖ Decrease in budgeted jail revenue of \$50,000.
- ❖ Transfer of \$197,095 from Utility Fund to General Fund to cover the S. Main Street Enhancement Project local match requirement and to cover a percentage of personnel expenses associated with administration of the Utility Fund and functions.
- ❖ 2% COLA increase for employees effective December 4, 2011. The last general pay increase for City employees was three years ago on December 1, 2008. The total GF cost is \$49,960.
- ❖ Elimination of 5 vacant General Fund positions including:
 - 3 Sanitation Worker positions – not needed due to proposed purchase of new residential and commercial trash trucks requiring less personnel
 - 1 previously frozen Police Dispatcher position
 - 1 previously frozen Motor Pool Mechanic Helper position
- ❖ Additional 25% of the City Treasurer's salary to be allocated to Utility Fund expenses.
- ❖ Conversion of 2 Police Lieutenant positions into entry level Police Officer positions. Sergeant positions will be given a two step (5%) increase due to assuming supervisory responsibilities. Estimated net savings of approximately \$54,000 by restructuring Police Department.
- ❖ Restructuring of Emergency Services Coordinator position to part-time (previously done in current fiscal year) to save approximately \$18,000 (Emergency Services & Risk Management Budget).
- ❖ \$13,217 in new expenditures to cover Police, Fire, and Rescue Squad Line of Duty Act costs. This is another new expense pushed to the localities from the state.
- ❖ VRS debt service payments of \$100,845 completed and eliminated from budget.
- ❖ Replacement of three City Council laptops at \$4,500 in order to start an annual replacement cycle
- ❖ \$11,000 to prepare a compensation and classification study. The last study appears to have been done in February 1998
- ❖ Purchase of Emergency Notification System at \$12,500.
- ❖ Purchase of 2 new sanitation trucks – 1 residential and 1 commercial. These trucks are automated and only require the driver to operate. Both trucks will be financed over 7 years (PW-sanitation).
- ❖ \$15,000 to cover jail clean-crew costs (PW-Streets).
- ❖ \$27,500 for snow plow and salt/sand spreader (PW-Streets).
- ❖ \$12,350 for scanner and air compressor (PW-Motor Pool).
- ❖ Outright purchase of 2 new police vehicles at \$60,000.
- ❖ Purchase of new Fire Truck at \$485,159 to be financed through Rural Development over 10 years. \$25,000 of this expense is grant funding through Rural Development. Greensville County and City of Emporia will split the cost based on contract.
- ❖ Purchase of 1 new ambulance for the Rescue Squad. City and County will split financing costs over three years.

- ❖ Greenville County School System to be level funded by the City at \$3,246,879.
- ❖ Increased City contribution of \$55,048 to the Southside Regional Jail due to increased state budget cuts and increasing medical expenses.
- ❖ \$35,000 for Phase II of Farmers Market – engineering and construction of bridge behind Farmers Market over creek to tie into park trail.
- ❖ Demolition of Bloom Brothers building and repair of party walls estimated at \$80,000. ERHA has contributed \$25,000 of this cost.
- ❖ \$15,000 to repair party wall at corner of Halifax and Valley Streets.
- ❖ \$8,000 to construct a customer service and reception area in Manager’s offices, Construction of this partition wall will facilitate a better customer service experience, as well as provide needed safety for employees.
- ❖ \$7,000 to upgrade restrooms in Municipal Building.
- ❖ \$135,092 to cover architectural services and a portion of the renovation costs of the Bank Building. These are previously borrowed funds which the City has been paying debt service on for years. Increased electricity and heating costs for Bank building.
- ❖ \$6,000 for library upgrades.
- ❖ New EGRA entrance park sign at \$6,000.
- ❖ Level funding of civic and community organizations. YMCA was increased to \$31,500 in order to make up last year’s 5% cut and to honor the City’s five year new facility funding commitment.
- ❖ Included an operating/capital reserve line item of \$50,000 which includes a required reserve for the purchase of the new Fire Truck. This line item will cover any unexpected operating and capital expense.

Utility Fund Budget

Mr. Thrower stated that FY12 Utility Fund budget stands at \$14,718,575. He stated that the proposed increase over the FY11 budget is attributed to the inclusion of the Water Treatment Plant and Distribution Line Upgrade Project into the budget. He also stated that the Departmental requests for the budget totaled \$14,838,121.

Mr. Thrower stated that over the next several years, the Water Treatment Plant and Distribution Line Upgrade Project will continue to be a high priority for the City. He also stated that the water rates for properly servicing the debt associated with this project will be phased in over three fiscal years at a 1/3 increase (10%) each year commencing in FY12. He further stated that he is proposing to increase water rates 10% in FY12. He stated that water rates will need to be increased again in both FY13 and FY14.

Mr. Thrower stated that he is also proposing to increase sewer rates 3% to keep pace with increasing operating and capital expenses.

Mr. Thrower stated the highlights of the proposed FY12 Utility Fund budget include:

Revenues

- ❖ 10% increase in water rates.
- ❖ 3% increase in sewer rates.
- ❖ Increase in projected penalties due to recommended increase in late fee amount from \$10 to \$15.

- ❖ 2% COLA increase for employees effective December 4, 2011. The last general pay increase for City employees was three years ago on December 1, 2008. The total UF cost is \$10,906.
- ❖ Additional 25% of the City Treasurer's salary to be allocated to Utility Fund expenses.
- ❖ Transfer of \$197,095 from Utility Fund to General Fund to cover the S. Main Street Enhancement Project local match requirement and to cover a percentage of personnel expenses associated with administration of the Utility Fund and functions.
- ❖ 1 frozen Water Treatment Plant Operator position officially eliminated.
- ❖ Replacement of Water Treatment Plant Superintendent's 1996 F-150 Truck at \$25,000.
- ❖ Water tank maintenance contract expense of \$42,324.
- ❖ Refrigerator sampler and portable ORP meter at \$6,700.
- ❖ Replacement of sewer pump at \$49,000.
- ❖ Included an operating/capital reserve line item of \$86,750 which includes 1/3 of the required reserve amount of \$36,750 for the Water Treatment Plant and Distribution Line Upgrade Project. This line item will cover any unexpected operating and capital expenses.

Mr. Thrower stated that the Current and Proposed Water and Sewer rate structure is as following:

Current water rate structure		Proposed water rate structure – 10%	
Minimum 2,000 gallons	\$12.78	Minimum 2,000 gallons	\$14.06
Next 48,000/1,000	\$4.39	Next 48,000/1,000	\$4.83
Over 50,000/1,000	\$3.60	Over 50,000/1,000	\$3.96
Current sewer rate structure		Proposed sewer rate structure-3%	
Minimum 2,000 gallons	\$17.56	Minimum 2,000 gallons	\$18.09
Next 48,000/1,000	\$6.04	Next 48,000/1,000	\$6.22
Over 50,000/1,000	\$5.02	Over 50,000/1,000	\$5.17

Councilman Harris inquired if the City Manager could also propose a variable structure rate for the water and sewer rate.

Larry Epps stated that he was asked by Brian Thrower, City Manager, to look at the possibility of accepting leachate from Brunswick Waste Management. He also stated that as requested he began by reviewing the leachate test analyses and contacted the Department of Environmental Quality (DEQ) for their guidance and permit requirements. He further stated that he have outlined his findings below.

- ❖ The leachate contains metals such as copper, zinc, lead, mercury, nickel and silver to name a few. Copper, silver and zinc exceeded the trigger concentrations established by DEQ on several occasions.
- ❖ The ammonia level is extremely high compared to normal domestic waste. 330 mg/1. Influent flow to plant 15-35 mg/1. (normal range 30-50 mg/1)
- ❖ No control on how much is delivered each day.
- ❖ Metals are a major concern. If the metal concentrations in the flow leaving the plant exceeds the Waste load Allocations (WLA) established by DEQ; limits could be established for the plant and put in the discharge permit. If this were to occur, it could require an additional process designed to take out metals. Some removal can be done by adding chemicals.

- ❖ High ammonia levels interfere with the nitrification process that occurs in treating the wastewater at our facility. High levels of ammonia break the nitrification cycle and the water becomes very cloudy. This makes it difficult to disinfect with UV light because the light cannot penetrate the water. This occurred on several occasions when we were accepting the leachate and we narrowly escaped permit violations. This also requires more light which in turn shortens the life of the bulbs. Electrical costs also increases.
- ❖ The City may want to seek the advice of an engineer familiar with leachate. They can look at the data and tell you, at this flow, you can accept this much leachate, at this concentration.

Mr. Epps recommends that the City start out by accepting a maximum of 5 loads a day for 30 to 60 days. He also recommended that if all goes well with plant performance, then increases it to 7 loads a day and monitor plant performance.

Mr. Epps stated that the facility may not be able to handle 5 loads and the City may need to decrease it. He also stated that the main objective is to accept some leachate while maintaining efficient treatment at the wastewater plant and avoiding permit violations.

ADJOURNMENT

With no further business to be presented before City Council members, the budget work session was adjourned.

Samuel W. Adams, III, Mayor

Tessie S. Wilkins, City Clerk