

**CITY OF DARLINGTON
BUDGET WORK SESSION
THURSDAY, MAY 3, 2018 AT 6:00 PM**

The City of Darlington held a budget work session in the Old Council Chambers on Thursday May 3, 2018 at 6:00 PM. Present at the meeting: Mayor Gloria C. Hines, City Manager Howard Garland; Council Members: Mayor Pro-Tem Carolyn Bruce, John Segars, Elaine Reed, John Milling, Sheila Baccus and Bryant Gardner. Others in attendance included: W&S Superintendent Mr. Kinsaul, City Attorney Kevin Etheridge, Police Chief Kelvin Washington, Ms. Jannie Lathan.

Mayor Hines called the meeting to order at 6:19 PM.

Mr. Garland said the State of South Carolina allows us to go back three years for millage increases if Council wants to go that. He said whenever he gets the value of one mil in the City of Darlington he will be able to tell them how much they can raise the mils if they want to do that and whether they want to do it for just one year or look back over the last two years. He said the CPI is 2.13%. Mr. Garland said what they are waiting for from the State of South Carolina is to look at the population. He said if there is an increase in the population we can raise the millage rate even more, if there is a decrease, it's just 0%. Mr. Garland said those numbers won't come out until May 24th. He told Council he won't have anything final for them until then. Mr. Garland told Council he is going to give them information about State Law allowing us to raise millage rates and how it is done and he will also give them a printout of millage caps from 2008-2018. Mr. Garland said there's been so many questions about the storm water and the water and sewer. He said some of the questions he can't really answer on the storm water because we just signed on the bond yesterday. He said the new bond will take effect within the next week. Sterling National Bank will wire the funds sometime early next week. Mr. Garland said we currently have \$1.131 in our storm water account and that money will stay there except for interest we have to pay BB&T (we owe approx. \$38,000) which is interest for the first year of the bond plus \$13,000 early prepayment penalty. He said there's an additional \$80,000 that we have to pay the Bond Attorney and to First Tryon for working out the particulars of this particular finance. Sterling Finance will give us an additional \$1.2M.

The building has been taken down at 909 Pearl Street. Councilman Gardner asked Mr. Garland if they saved those doors and Mr. Garland said they don't fit. He said he thinks we'll have to get something that's custom. Mr. Garland said Councilman Gardner is talking about having some doors put in at the street department so Kendrick or whomever is the mechanic is can work in a bay that's cool or hot depending on the time of year.

WATER DEPARTMENT BUDGET PRESENTATION

Mr. Kinsaul went over department 912. There weren't many line item amounts that changed from the previous year. Mr. Kinsaul said salaries include a 1 1/2 % increase. Mr. Kinsaul said line item 212 was increased because Davis & Brown asked for an increase because they are having to pay their operators more money to maintain them. He said there's a shortage of operators and everybody is fighting for them. Mr. Kinsaul said line item 272-Special Contracts is where DHEC does water sampling. He said the agreement was made by all the water systems that they would pay and rather than have any non-biased entity, DHEC will have all the samples done and analyze it. Mr. Kinsaul went over department 914C which is the sewer collections – (Sewer Pipes & Pump Stations). Mr. Kinsaul said salaries include a 1 1/2 % increase and also \$39,000 for a potential vac truck driver. Mr. Garland said this is the person that will be responsible for the day-to-day operation of the vac truck. He said one of those positions will come out of water & sewer and one will come out of the street and sanitation department. Mr. Kinsaul said line item 212-Contract O&M was increased a little. He said line item 234-CMOM is required by DHEC. He said this has anything to do with a manhole or repairing anything with the sewer to keep it from overflowing or spilling. Mr. Kinsaul said if the Joe Louis pump station goes down, the By-Pass goes down; everything from Bay Island Seafood to B&B Restaurant will probably shut down for two or three days. Mr. Kinsaul said the lift station was patched two or three months ago. Mr. Garland told Mr. Kinsaul to explain how many times he's fixed it. Mr. Kinsaul said it's literally falling apart. They've put new controls panels; the pumps and pipes are rusting out. He said the estimated to fix that lift station is \$240,000. Mr. Kinsaul said RIA has another round of grants coming up in September, but we have the RIA grant tied up on the ditch but they have one in the economic side and he would like to apply for it under economic and use the jobs that were created in the By-Pass area. Mr. Kinsaul said it's a long-shot, but it's worth a try. Mr. Kinsaul said if not, we will have to take part out of the budget and the rest out of capital reserves. Mr. Kinsaul said this is the most crucial item that we have right now. Mr. Garland said we

are working on replacing the reserve that we're going to lose for painting the water & sewer tanks and now the Joe Louis repairs. Mr. Garland said we have a company that we rent the N. Main Street well for cellular service. He said Verizon own the rights to it and he's had a company approach him about buying out that lease with an upfront cash payment anywhere between \$450,000-\$500,000. Mr. Garland said he has held off on purpose until he had the meeting with Council tonight. He said if they do this they can take this money and put it back in their reserve. He said if we lose that money, that's \$38,000 a year plus whatever is going to accrue in future years that we'll lose each year as revenue. Mr. Garland said he'd rather replenish our fund and do something right now. He said with technology keeps changing and those tower leases are no longer needed, then somebody else is taking all the risks, we'll lose that revenue stream anyway. He said he thinks it's a good thing to do and if we can't work out a deal with the company we're currently negotiating with, we're going to go to the company that painted our water tanks and instead of paying the bill we will let them keep all the proceeds from the lease payments in exchange for painting both of the tanks. Mr. Kinsaul said Pine Street well is down right now and we're looking at approximately \$25,000-\$50,000 to repair it. Councilwoman Bruce said, "So the cost to paint the two water tanks was \$220,000"? Mr. Kinsaul said the first tank was \$169,000 and the second tank was close to \$200,000. Mayor Hines told Council to wait until Mr. Kinsaul finishes his budget presentation to ask questions. Councilman Milling asked how many years are left on the lease? Mr. Garland said it is open-ended. Councilman Gardner said, "Right now are we not going to assess that one issue". Councilman Gardner said his question is, they want an up-front payment of \$400,000-\$500,000 and have the lease for perpetuity. Councilman Gardner said every 10 years we would get that assuming....Mr. Kinsaul interjected and said if they don't go satellite or some other method of cell. Mr. Kinsaul said Mr. Garland put \$106,073 in the storm water line item. Mr. Garland said the reason why that's such an odd number is we use storm water to balance out the water & sewer fund. He said if they have a surplus or a shortfall you will find it in storm water. Mr. Garland said this line item use to be around \$100,000 before we enacted the storm water fee. He said since the storm water fee is being used for the Southwest Darlington storm water project, we had to increase this amount to handle other storm water needs. He said there's no payment due on the vector truck until July, 2019 so that means there's no payment due for this budget year. He said most of the money in this line item can be used for planning with the engineer (they plan on using Ervin Engineering). Mr. Kinsaul said line item 914c-278 was increased to

\$57,499. He said Councilwoman Reed can vouch for this because they have worked in her front yard for a while. Mr. Kinsaul said they have almost spent that much in paving this year not counting the cost for digging and other work. He said they will probably reach \$100,000 in sewer line repairs this year. Mr. Kinsaul said you don't know what it's going to cost from year to year, but you've got to have something when it falls in. He said depending on how extensive it gets, (like Tallulah & Syracuse Streets) where you have to go an entire block, it's expensive. He said fortunately it's been where our guys have been able to do the work and save the city thousands of dollars by renting a piece of equipment and doing the work themselves. Mr. Garland asked Mr. Kinsaul to explain what the beds are for and how they are used (914-277T). Mr. Kinsaul said we have seven beds and the sewer water goes into the beds, drains down in it, goes down about 15 feet – 16 feet deep in the ground and then there's a set of pipes that collect it. By the time it filters through the dirt and work its way, it biodegrades. He said it goes out and then it will go through a disinfecting chamber where its treated with chlorine to make sure there's nothing left in it. Mr. Kinsaul said the chlorine is removed out of it and then it's discharged to the creek. He said the beds are actually what does the treatment over years the sand works it way out through the drains and we'll have to replace some sand in at least one of the beds. Mr. Garland said the plant was built in 1982 and the useful life is usually 40-50 years if you're fortunate and that will be in year 2022. Mr. Kinsaul said it runs efficient and real reasonable as long as DHEC don't come up with some kind of strange parameter that this plant can't handle. Mr. Garland said anybody that would like a tour let him know and he will take them out there, Councilwoman Reed asked what is Contract O&M for? Mr. Kinsaul said this is where Davis & Brown furnishes licensed operators for the water & wastewater. He said we pay them out of all three budgets. Mr. Garland said this question comes up a lot and asked Mr. Kinsaul to address why we don't have those qualifications or licenses. Mr. Kinsaul said the average age of a licensed operator in South Carolina is 59 years old. He said nobody is getting into this field. Mr. Kinsaul said Florence just upped their starting pay to \$24 per hour and they have a year to get their certification, if not, they are terminated. Mr. Kinsaul said the only way to get an operator is to buy one. Councilwoman Reed asked again about what the Davis & Brown operators do? Mr. Kinsaul said they are actually treating the water at the well and they run all the tests at the waste treatment plant. They run the filter, backwash it and they have all kinds of logs they have to do for DHEC. Councilman Segars asked if we have a problem at night or after hours are the workers from Davis & Brown

on call. Mr. Kinsaul said, "Yes, they are on call and if there's a problem or a well goes down, it's on remote and the workers will get an alert on their phone. Mayor Hines asked what type license does that require? Mr. Kinsaul said the wells require a "C" Water and the Wastewater requires a "B" Biological Waste Treatment. Mayor Hines said once upon a time we had Richard Hodges at the treatment plant and he was testing wanted to know the difference between what he was doing then and what Davis & Brown is doing now. Mr. Kinsaul said they are doing the same thing, but lab certification has gotten so critical and the cost of maintaining because DHEC had to come in and certify and recertify. He said if you do your own testing you've always got that question, "did they pencil it; did they have a legitimate test; Was the answer really correct"? Mr. Kinsaul said by using a third party to test it, the City of Darlington don't have anything in it. He said DHEC is not going to question it because we did not run the numbers. Councilman Segars said before Mr. Kinsaul and Davis & Brown came on board we were constantly getting reprimanded from DHEC. Mr. Kinsaul said Davis & Brown has been operating over eight years and we have not failed an inspection. Councilwoman Sheila Baccus asked how many Davis & Brown employees we have. Mr. Kinsaul said there's always two employees that work seven days a week, 365 days a year. Councilman Gardner asked what the cost difference would be to hire operators ourselves. Mr. Kinsaul said probably \$40,000-\$50,000 a year, plus you have to furnish a vehicle and provide benefits. He said you would need two, probably three people because no one person will work 365 days a year. Councilman Segars asked Mr. Kinsaul to explain more about Joe Louis Blvd. lift station. Mr. Kinsaul said the lift station is critical, but the concern is if Sonic and Zaxby's come to the By-Pass area. He said everything on the By-Pass goes to Joe Louis lift station. Ms. Jannie Lathan asked how old the lift station is and Mr. Kinsaul said probably about 30 years old. Ms. Lathan said if we can't justify the Rural Infrastructure Authority (RIA) grant based on the economic development because that pump station supports the LMI area, we could probably qualify for a CDBG. Mr. Kinsaul said if we get enough into it because a lot of it crosses Main Street up to about Bay Island. Ms. Lathan said we can qualify and that's just another option. Mr. Garland said Ms. Lathan knows the CDBG regulations better than he does. He said maybe we can put in for both. Ms. Lathan said we can because with RIA you're estimating the cost which will be about \$250,000, but you'll have a brand new fully compliant pump. She said with RIA we can get up to \$500,000 so there might be some other infrastructure we may be able to use the grant for. Mr. Kinsaul said you might be able to increase the size of the pumps at the

old treatment plant. Ms. Lathan said the good thing is the City's match is only 10%. Mr. Garland told Council if they give them guidance they will go ahead and do the work for the CDBG and get it in. Mayor Hines said for one thing, you want to do what you need to now because if those businesses come and we're not prepared for it, it will be disastrous. Mr. Kinsaul said it would be devastating and we wouldn't want anything like that on T.V. Mr. Kinsaul said this is our growth area and we've got to do what we can. Councilman Gardner asked when will we have to replace the pump station at Grove Hill and Mr. Kinsaul said it needs work now. Councilman Milling wanted to know how much it would cost to put together packages that need to go to see if we can get the CDBG. Ms. Lathan said her fee is \$3,000 to put the application together; Coupled with that we will need a preliminary engineering report and she's seen prices range anywhere from \$7,000 to as much as \$10,000. Mr. Garland told Council if they want that he will put it on the June agenda so they can go ahead and approve for them to put the application in. Councilwoman Baccus asked if we could apply for the two different grants. Ms. Lathan said with the approval she will work with the City Manager and Mr. Kinsaul and figure out which is the optimum application to submit. Ms. Lathan said they will look at all the options and then you all can make a decision in terms of what's the optimum type of application to submit and which is the best agency to submit based on timing. She said for RIA, like Mr. Kinsaul said, in the Fall, you're looking at an Economic Development, but you've got to partner with a business and that business has to sign a contract with RIA to say, "guarantee for the next five years I'm going to bring in 50 new jobs over that period of time". She said you actually have to partner with the industry who's going to commit to certain things in terms of economic growth and development. She said there are other types of ways we can get that in and not have to have that commitment. Councilman Gardner asked if we can apply for both of the grants and Ms. Lathan said there's a possibility that we can apply for both grants. Councilman Milling said he thinks we need to look at both options and see if we can get two grants. Mayor Hines asked how many employees went to training last year. Mr. Kinsaul said three went last year, but they usually rotate. Council started to discuss among themselves the best option for the cell tower; whether to keep collecting the money they are sending us or sell to the company that has made an offer to us. Mayor Hines told Council they need to finish with the budget line items before they branch off on something else. Councilman Gardner said on page 59 (line item 255 – storm water), he said he thought when they created the storm water fee they did that to get this line item out of the budget. Mr. Garland said he thought

he went over this earlier. Mr. Garland said the fund is being used to pay for one project now and we have storm water needs over the rest of the town and he doesn't know of any other way to do it, unless they want to increase the storm water fee to generate more income. Councilman Gardner said he thought we were getting it out of this fund and it would have its own budget. Mr. Garland said the entire fee is going for the payment of the project so there's no budget. He said what we've tried to do to blunt the impact to the W&S fund and the general reserve fund is to put one position in the Water & Sewer and one position in the general fund and when the payment is due in July, 2019 it will be split between the two departments. Councilwoman Baccus wanted to know what truck they are referring to listed under line item 914C-380. Mr. Kinsaul said this is for a new pickup. He said he usually tries to get a new truck each year. Councilman Segars asked are we still shipping sewer to Florence. Mr. Kinsaul said we don't have anything to go to Florence because the Oil Mill is down. Mr. Garland said the option is available if it's there and we will need it one day. Mr. Kinsaul said if we have large growth and industry that want to locate on the By-Pass then we'll have that capacity on the By-Pass. Mr. Garland said we will keep that plant as long as we can. He said if we get a new industry and if something causes a problem from a chemical standpoint that we can't handle at our plant, then it goes to Florence. Ms. Lathan said this is another thing for us to keep our eye on and a keep a close analysis on in terms of what's our O&M cost versus what a new plant, plus what's new technology available to bring that on because that is also considered infrastructure and we can get grant funding. Mr. Garland said the cost for a new sewer treatment plant is approximately \$7 million. Councilwoman Reed asked about line item 265 – professional services. Mr. Kinsaul said this can be for any engineering service such as Ms. Lathan, Davis & Brown, Ervin Engineering or any professional service, consulting service or lab testing that we have to pay.

WATER & SEWER CAPITAL IMPROVEMENT PLAN

Mr. Kinsaul passed out sheets to Council that listed the Water & Sewer Priority Maintenance Projects for 2018-2019 budget year. He said most of those projects he touched on during his presentation.

WATER & SEWER RATE INCREASE

Mr. Kinsaul passed out copies of the new rates with a water rate study. said Council voted last year to do a 3% rate increase for the next five years. He said the base water bill will go up fifty-four cents. Councilman Gardner asked about the estimated revenue that this will generate and Mr. Kinsaul

said approximately \$58,000. Councilman Segars asked if we need to leave the rates where they are at or do we need to increase it. Mr. Kinsaul said we're surviving, but we're not gaining any and we are still in the bottom half of the rates around us. Mr. Kinsaul said if he did anything it would be to raise that capital fee that would help replace water lines, wells, etc. He said it's been \$2.00 since we implemented it. He said he would rather do this rather than increasing the basic rate and that way it would be designated to a capital project. Councilman Segars asked if the rates that we are charging now will reflect the grants that we are applying for. Mr. Kinsaul said they will look at them and so far, the revenue has met requirements. He said if your revenue gets too low RIA or whomever will dictate whether you do a rate increase if you want to maintain eligibility for grants. He said he'd rather do 3%-4% at a time and do it over a period of time rather than having to do a large increase at one time. Ms. Lathan said what the agency does is compare the rates throughout the State of South Carolina. Mr. Kinsaul said he gets the rate information off of RIA website. He said every municipality has to participate and send in their rates each year. Ms. Lathan said you have to submit the rate as part of the application process. She said they won't deny approval of the grant, but they make it conditional if they consider our rates are significantly low. Councilman Milling asked should they look at increasing the \$2.00 fee by .25 cents or .50 cents? He said we need to start building toward having more money on hand when these things break down. Mayor Hines said .25 cents wouldn't be bad to start off with and then go up another .25 cents next year so we can get some of these things done. Mayor Hines said there was a sewer collapse behind her house and wonders if it's going further back. Mr. Kinsaul said on the Tallulah Street project they ended up going about 2/3 down and didn't find any pipe, so he told Frankie to quit looking for pipe. Mr. Kinsaul said he told Frankie that pipe is cheap so let Woodrow dig the ditch and put in new pipe. Mayor Hines asked Mr. Kinsaul if he had a log of all of that on his computer where he keeps track of lines installed. Mr. Kinsaul said it's not logged on the computer and he would have to work on it to get the information together. Councilwoman Reed asked him where does he document this type stuff? Mr. Kinsaul said a lot of it is work orders or invoices when we pay Industrial Paving to pave. Councilwoman Sheila Baccus said, "So we're not maintaining a paper trail on the computer system"? Councilman Gardner said, "Of course we have a paper trail". Mr. Garland said the questions that keep coming up is: we don't have anything mapped out, what's been replaced and what's not. Mr. Kinsaul said he can get it, but it's not on a spreadsheet where he can pull it up. Councilwoman Bruce said, "shouldn't

we generate some kind of spreadsheet so that way, if the question comes up, we won't have to dig in a file to get the information". Mr. Garland said he's sure Davis & Brown has that information; it's just a matter of requesting them to put it in proper format for us. Councilman Milling said it may be also that we are going to have to look at our computer system at some point and time. Councilwoman Reed told Mr. Kinsaul that the work orders should be compiled somewhere so that he's able to get back to it. Mr. Kinsaul said a lot of the work orders would be on his monthly reports, but it would be a matter of going back and getting them. Ms. Jannie Lathan said one of her observations when going through the budget is she didn't see anything for IT (Information Technology) upgrades. Mr. Garland said we are not satisfied with the current IT provider. Ms. Lathan said she was not talking about emails, she's talking about for operations for your O&M. She said as they are doing projects now they get a set of "as built" drawings. She said this is so everything that goes underground the engineer is required to get the contractor to get certified "as built" drawings and they come back to them. Ms. Lathan said this will allow us to know where every piece of underground piping is, whether water, sewer or storm water, the elevations and location of the manholes. She said we need to be able to digitize that. She said if we start building that now a lot of the problems that Mr. Kinsaul and his staff are having when they go out to locate things, all of that should be computerized. She suggested that the City consider allocate some funding in the budget to start building that database. Ms. Lathan said this is a problem and almost all of her clients in rural South Carolina have this same challenge; their systems are old, but they haven't had the technology or the staff to keep up and to build that IT. She said Davis & Brown should have a lot of the old projects. Mr. Kinsaul started talking over Ms. Lathan and said everything is digitalized and they have gone back and put a lot of old information on digital. Ms. Lathan said this is something the City really should have. Councilman Gardner asked if we need to have a repository on site. Ms. Lathan said it would be good to benchmark some municipalities (Hartsville) to see what they've done. She said we need to have a GPS system. She said it's just technology that's been out there for decades and it's not terribly expensive or difficult to manage. Councilman Gardner asked what's terribly expensive? Ms. Lathan said when she said "not terribly expensive", when you look through a cost benefit ratio it would be definitely less than one. She said the benefits will tremendously outweigh the cost that you're going to invest in that. Councilman Gardner asked, "What is the cost"? Ms. Lathan said she doesn't know the cost. She said a good thing to do that doesn't cost much money is to do a benchmark study.

Mr. Kinsaul said most of the larger systems have a GIS staff. Ms. Lathan said the City needs at least one person and that person doesn't have to be full-time. She asked Council to consider this during this budget process. Councilman Gardner asked Council is they decided what they are going to do as far as raising rates. Mr. Garland said that is up to Council. Councilman Milling said before they talk about money, he thinks they need to get Mr. Garland and Ms. Lathan to make contact with somebody that's good with computers and have them come in and do an evaluation. He said once that person makes suggestions, Mr. Garland and Ms. Lathan can filter through the information and make some determinations as to what we need in order to get by. Councilman Milling asked Mr. Garland to get with some municipalities and find out who their vendors are and perhaps get the ball rolling to see what's available to us. Mr. Garland said that's a specialized area. Mr. Kinsaul said Rural Water has some dealings with GIS outfits. Ms. Lathan said he suggestion would be to benchmark with some local municipalities because they may be using some local vendors.

SOUTHWEST DARLINGTON STORMWATER PROJECT

Ms. Lathan said the project is coming along well and as Howard noted earlier, one of the things holding up construction was the demolition on Pearl Street. She said demolition is now complete and they made sure they had all of the permits that were required.

DRAFT BULKY REFUSE ORDINANCE

Mr. Garland gave Council a copy of the proposed ordinance for them to review and make recommendation/changes if they need to.

The meeting adjourned at 8:20 PM.

Mayor

ATTEST:

Clerk & Treasurer