

**MINUTES
BUDGET WORK SESSION
WINNSBORO TOWN COUNCIL
MAY 16, 2023**

Present: Mayor John McMeekin; Mayor Pro-Tem Demetrius Chatman; Janice Bartell Prather, Danny Miller, Jae Burroughs (arrived at 7:17 p.m.), Council Members; Jason Taylor, Town Manager; Chris Clauson and Kathy Belton, Assistant Town Managers; Patti L. Davis, Town Clerk.

Others Present: Trip Peak, Jeff Cisney, Russell Wright and Jennifer Edwards.

The Winnsboro Town Council met for a Budget Work Session on May 2, 2023, at 8:05 p.m. at the Winnsboro Women’s Club (this work session began immediately after a Regular Meeting). In accordance with the South Carolina Code of Laws, 1976, Section 30-4-80 (e), as amended, the following persons and/or organizations have been notified of the time, date and location of this meeting: The Independent Voice of Blythewood and Fairfield, The Country Chronicle and four hundred ninety-two other individuals.

1. CALL TO ORDER

Mayor McMeekin called the Budget Work Session to order at 6:53 p.m.

2. APPROVAL OF AGENDA

Mayor Pro-Tem Chatman made a motion, seconded by Council Member Bartell Prather, to approve the agenda. ***The motion carried 4-0.***

3. INVOCATION

Council Member Bartell Prather led the invocation.

4. ITEMS FOR DISCUSSION

A. FY 2022-2023 BUDGET

Mr. Taylor stated the budget has been prepared using historical data and was crafted this year with two large things in mind. One is making sure the bond covenants are not violated, which means to have the General Fund rely less on the Utilities Fund to operate. Some of this is being reversed to be sure the debt income ratio is maintained for the bonds. The other is knowing that the Town has a \$10M grant that has a \$3M match. It is critical to have that money to match to pull the \$10M down to make future revenue off of the water plant and turn the revenues in the water plant around. Water should be something that makes money, and it is not making money like it should. Once this investment is made, this should turn around to give enough water to open up other areas which will generate revenue income to help support the typical sewer losses. These two things were specifically looked in preparing the budget. In the past,

there was a General Fund budget of \$4,932,000 and this year it is being prepared for \$4,225,000 representing a drop of basically \$707,000. The increases, again, go into utility revenues. Last year, there was a budget of \$19,700,000 with \$21,490,000 being proposed for this year. This represents an increase in the Utility Fund of \$1.79M.

One item to discuss tonight are fees that are charged for the Town's services. This is primarily utilities, but a few other things were touched on. Documents have been distributed to Council tonight, and some of the Department Heads will speak to some of the fees. This will be incorporated with the budget and the public hearing. Some of the rates are fine and have been maintained, such as the user rates, water rates and monthly rates. However, a lot of the development fees have not been addressed in a long time. With new housing and other industries looking at the Town, it is important that the fees are where they need to be. A lot of the development fees, including hook-up fees, impact fees and capacity fees, have not been looked at since 2005. So, it is really time to bring them in line with the surrounding utilities and not leave money on the table. These are the types of things that will be presented tonight.

- Electric rates – Mr. Taylor stated the existing rates are depicted in black and the proposed rates are in red. The Town has to purchase electric and gas from Dominion, so it is a cost plus in order for the Town to operate. With electric, there are also fuel charges. Right now, there is an outstanding balance of \$1.2M in fuel charges. Per Mr. Medlin, this contract was signed 10+ years ago. At that time, fuel adjustments were being made by the Town every month, and those were added as the fluctuations occurred every month. Council came up with the idea to set the fuel charges for a year at a time. We came up with what we thought fuel charges would be for the rest of the year by kilowatt hours, and that is what has been paid. That worked out great for about four years. However, the last three years fuel charges have gone all over the place. At the beginning of the year, the Town was about \$548,000 in the hole. It was bumped up about 27% to try to cover what this year was thought to be versus what was owed from last year. This worked out well until about July. It has been as high this year as 7.3 cents per kwh, and this is where the debt came into place. We spoke with Dominion back in July of last year to see what could be done. There is no leeway to do a mid-year adjustment, so the Town was stuck with what it had for that year. The residential rates are being looked at to increase 15% increase for residential rates. Mr. Taylor inquired how much this would equate to on average per house, and Mr. Medlin stated this increase should be around \$24. If fuel charges continue downward as they have for the last three months, this could be reduced next year unless the war continues in

Ukraine or the country has to continue to buy oil from foreign countries. The shutdown of the Keystone pipeline, the slowing and stopping of fracking in the Midwest, the war in Ukraine which cut off all the oil to Europe, etc., really hit hard in the last three years. The Town has three years left in this contract, and Mr. Medlin suggests we start looking for a new provider in three years and make sure they are diversified. They need to be nuclear, hydro and solar along with fossil fuels. Mr. Medlin stated all this has put a strain on the fuel industry in this country. Another thing to worry about over the next couple of years will be the electric vehicles. Mayor McMeekin agreed and stated this is an evolving industry, and we must be agile and think ahead. Mr. Taylor stated he, Mr. Clauson and Mr. Peak, along with Dominion, have met with a number of companies that have been looking at this area lately. The Town will state that it can provide the water and sewer, and Dominion will state they cannot provide the needed power. However, it is not just this area. Other areas, such as Orangeburg, also cannot provide the power. So, power generation is becoming a huge problem, and Dominion is saying there will be a two-year lead time before the power can be provided. Mr. Taylor further stated this area is competitive because we have the generation of the nuclear plant in the County. The increased rates will translate into around \$24 for the average house. Mr. Medlin stated there are some additional fees on the last page of the handout that will be increased. Concerning solar, Mr. Medlin stated there are approximately six customers currently who have solar panels.

- Page 2 – Monthly user rates for water and sewer will be left as is.
- Page 3 – Natural gas is doing quite well and is one of the Town's high performers as far as revenue. It is cost plus and does fluctuate up and down as the cost associated with purchasing gas fluctuates. This will also be left as is.
- Page 4 – This page contains some of the fees referenced earlier that have not been updated for a number of years. These include the initial development fees associated when a house is built or a subdivision is built. Tap fees, which are essentially hook-up fees, for water are currently \$375 for in-town rates, and the recommendation is to increase this to \$750 because this is comparable to the other surrounding utilities, \$465 would increase to \$900 and the other goes to \$1500. The out-of-town includes \$1350 increasing to \$1500, \$3375 increasing to \$3500 and the others remain the same because those are actually in-line with surrounding utilities. For sewer, tap fees of \$600 increases to \$750, out-of-town increases from \$700 to \$850. The impact fees are increasing to \$3500 for wastewater and remaining the same at \$1500 for water. These do not have separate rates for in-town and out-of-town. The new developments will expect to pay this, they will have it budgeted, and the

Town needs to get this cost because it is selling out the capacity. DHEC will remove this from our capacity, and at some point when we are near capacity, by DHEC requirements, the Town will have to start the plans for expansion.

- Page 5 – Utility deposits are kept the same and the miscellaneous rates and fees discussed by Mr. Medlin. Also concerning the Armory, we have looked at what other event centers charge. Most others, including the new event center in Town, are considerably higher. With looking at what it costs the Town to maintain the facility, we are essentially losing money. The recommendation is to increase the rate from \$750 to \$1250 for in-town and out-of-town rate to \$1750. Mr. Clauson and Mrs. Davis have looked into this in more detail. Mr. Clauson stated the report handed to Council contains the information from Streets and Sanitation for the cleaning before and after an event. Depending on the event, it could require three workers for the job or six workers may be needed. Also, two Public Safety officers are usually needed, depending on the event. Mayor Pro-Tem Chatman inquired concerning if the Public Safety officer is paid by the individual renting the Armory, and the Clerk stated this is included in the rental price. Mr. Taylor stated some event centers do handle it that way, and this change could be made. Mayor McMeekin stated most places he has dealt with add on the Public Safety charges instead of including it in the package. Mayor Pro-Tem Chatman inquired if this is just for events with alcohol, and Mayor McMeekin and the Clerk stated this currently would include any event with or without alcohol. It depends on the type of event and the number of people attending. Mr. Taylor further stated some of the event centers charge for tables, chairs, etc., and this is included in our rental fee already. Further discussion ensued concerning particulars of the Armory rental. Mayor McMeekin stated we need to be careful and not be in competition with the other event centers. We don't have to make money, but we do need to break even. Mr. Taylor agreed and that we want to see new business succeed. Mrs. Belton stated she will need some directive on these fees so she will know how to proceed. Mr. Taylor stated this is why it is being done along with the budget. It will go in the public hearing with the budget and be heard at the next Council meeting. It will then be implemented as part of the budget.

Council Member Miller inquired if the salaries were looked into and is there something to be used for the salary scale. Mr. Taylor stated he and Mrs. Belton have looked at this extensively, and currently, a 4% across the board is being done. Mrs. Belton stated there will need to be another salary study done that Council will want to approve. No one was pleased with the Archer study, but it does have some good guidelines in it.

However, the salary scale has not been approved by the Town. She would, therefore, suggest that another study be done, one that Council will be satisfied with and have the established pay bands in it. Council Member Miller stated a study might not be needed if we can get someone to analyze the pay bands.

Council Member Miller left the meeting at 7:35 p.m.

- Sanitation fees. Mr. Taylor stated as Council knows, the Town is still having to pay the trash fee to the County. We are trying to put ordinances in place to deal with the massive amounts of debris from rental properties and from contractors. The fee will have to be increased until this can be resolved. The Streets and Sanitation Department is one of our shining stars, and they get a lot of compliments. They do a great job, but the Town loses a lot of money on this service. Around \$1M is budgeted each year, and the Town only pulls in about \$300,000. The existing fee is \$15 and the recommendation is being made to increase this to \$20. Mayor Pro-Tem Chatman inquired what will happen if the lawsuit is won by the Town, and Mr. Taylor stated that would be the pleasure of Council and could be dropped back down and possibly a rebate. Mayor McMeekin stated if the County is going to charge the Town's citizens, then we have to pass it through. Council Member Burroughs inquired if something can be put on the bill concerning the increased charge, and Mr. Taylor stated this will definitely be done. Mrs. Belton stated it should also be put in the paper to be as transparent as possible.
- Zoning fees – Mr. Taylor stated there are currently no fees in place, and these fees are commonly charged. Some requests have to be passed on to other professionals to look at, and the Town needs to recoup those costs. One more line item also states that any unspecified fees will be charged at cost plus. This is to recoup whatever our cost is on that service. Mayor Pro-Tem Chatman inquired if there needs to be an ordinance for the zoning fees, and Mr. Taylor stated this is all wrapped into the budget which is an ordinance itself.

ADJOURN

At 7:39 p.m., it was moved by Mayor Pro-Tem Chatman, seconded by Council Member Burroughs, to adjourn. ***The motion carried 4-0.***

PATTI L. DAVIS
TOWN CLERK

JOHN MCMEEKIN
MAYOR