

**MINUTES
WESTMINSTER CITY COUNCIL
Budget Workshop Meeting
Westminster Fire Department
Monday, April 25, 2022**

The City Council of the City of Westminster met in a special called meeting on Tuesday, April 6, 2022 at 4:00 pm with Mayor Brian Ramey presiding. Those in attendance were:

Brian Ramey

Jimmy Powell

Dale Glymph

City Administrator, Kevin Bronson
City Clerk, Rebecca Overton
Utility Director, Leigh Baker
Police Chief, Matt Patterson
Fire Chief, Michael Smith
Members of the public and press

Notice of the meeting and the agenda was posted on westminstersc.org twenty-four hours prior to the meeting and all persons, organizations and local media requesting notification and the agenda were notified by email.

Call to Order

Mayor Ramey called the meeting to order at 4:00 pm.

Proposed Balanced FY 2023 Budget Review

Mr. Bronson presented Council with a PowerPoint presentation reviewing a balanced budget for the fiscal year 2023. He stated that some of the challenges the City will face in this budget year are the OJRSA lawsuit, OJRSA increases and costs, health insurance increases, and material/labor costs. He reminded Council of the rising inflation rates and how that effects City services. Mr. Bronson informed Council that there were no new positions in the proposed budget and there were 5% rate increases proposed for electric, sewer and solid waste services. He added that these rate increases were not a gain, but were included to simply cover the costs of the services and that the increases still fall short of doing so. Mr. Bronson added that he had removed several capital projects from the general operating fund to the capital project fund where State ARP monies would be utilized to fund the projects.

Attached is the presentation for the record.

Adjourn

Upon a motion by Mayor Ramey and seconded by Mr. Glymph, the motion ***to adjourn the meeting at 5:25 pm*** passed unanimously.

(Minutes prepared by Rebecca Overton)

Mayor Brian Ramey

Date



City of Westminster Proposed Budget FY2023

April 25, 2022

Schedule of events

- Priority Setting Workshop – January 26, 2021
- Expenditure Review Part 1 - February 16, 2021
 - Utility Fund
 - Electric
 - Water
 - Water Plant
 - Sewer
- Expenditure Review Part 2 – March 16, 2021
 - General Fund
 - Solid Waste Fund
 - Youth Recreation Fund
 - Hospitality and Accommodations Tax Fund
- Revenue Review – April 20, 2021 - cancelled
- **City Council Budget Workshop – April 25, 2021**
- **Public Hearing and 1st Reading – May 11, 2021**
- **2nd Reading – June 15, 2021**



Gateway to the Mountain Lakes Region

Summary of Proposed FY2023 Budget



Gateway to the Mountain Lakes Region

General Fund	\$	2,137,158
Utility	\$	8,281,156
Solid Waste	\$	456,161
Fire Department 1%	\$	84,843
Youth Recreation	\$	569,503
Local Development Corp	\$	48,281
Capital Project Fund/State ARP	\$	1,529,914
County ARP	\$	1,300,000
Hospitality Fund	\$	465,060
State & Local Accom.	\$	7,300
All Funds Total	\$	<u>14,879,376</u>

Current Financial Environment

• Funding Sources (opportunities):

- State of South Carolina
- Rural Infrastructure Authority (RIA)
- State Revolving Loan Fund (SFR)
- Rural Development (RD) through the USDA
- Additional federal agency funding
- Capital Market

• Challenges:

- Threatened lawsuit from Seneca re OJRSA
- 2021 SCDHEC Consent Order'
- Rising costs from OJRSA
- Loss of participation credits from PMPA
- Health Insurance cost increases
- Staffing
- Rising personnel costs – competitive wages
- Increased supplies and materials cost
- Delivery delays in materials
- Contractor costs
- City financials
- Cost and affordability



Consumer prices up 8.5 percent for year ended March 2022

APRIL 18, 2022

The Consumer Price Index increased 8.5 percent for the year ended March 2022, following a rise of 7.9 percent from February 2021 to February 2022. The 8.5-percent increase in March was the largest 12-month advance since December 1981.⁽¹⁾

(2)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
2022	7.53%	7.91%	8.50%										
2021	1.40%	1.68%	2.62%	4.16%	4.99%	5.39%	5.37%	5.25%	5.39%	6.22%	6.81%	7.04%	4.70%
2020	2.49%	2.33%	1.54%	0.33%	0.12%	0.65%	0.99%	1.31%	1.37%	1.18%	1.17%	1.36%	1.24%
2019	1.55%	1.52%	1.86%	2.00%	1.79%	1.65%	1.81%	1.75%	1.71%	1.76%	2.05%	2.29%	1.81%
2018	2.07%	2.21%	2.36%	2.46%	2.80%	2.87%	2.95%	2.70%	2.28%	2.52%	2.18%	1.91%	2.44%
2017	2.50%	2.74%	2.38%	2.20%	1.87%	1.63%	1.73%	1.94%	2.23%	2.04%	2.20%	2.11%	2.13%
2016	1.37%	1.02%	0.85%	1.13%	1.02%	1.01%	0.84%	1.06%	1.46%	1.64%	1.69%	2.07%	1.26%
2015	-0.09%	-0.03%	-0.07%	-0.20%	-0.04%	0.12%	0.17%	0.20%	-0.04%	0.17%	0.50%	0.73%	0.12%
2014	1.58%	1.13%	1.51%	1.95%	2.13%	2.07%	1.99%	1.70%	1.66%	1.66%	1.32%	0.76%	1.62%
2013	1.59%	1.98%	1.47%	1.06%	1.36%	1.75%	1.96%	1.52%	1.18%	0.96%	1.24%	1.50%	1.47%
2012	2.93%	2.87%	2.65%	2.30%	1.70%	1.66%	1.41%	1.69%	1.99%	2.16%	1.76%	1.74%	2.07%

(1) <https://www.bls.gov/pub/te/2022/consumer-prices-up-8-5-percent-for-year-ended-march-2022.htm>

(2) source data from the <https://www.bls.gov>

Summary

The Proposed FY2023 Budget moves closer to cost-to-serve for each function.

When the cost to provide a service is not collected (charged) for the service, the cost is shifted to another function.

Millage (tax) – no increase

Recreation Fees - no increase

Water Rate – no increase

Electric Rate– 5% increase

Sewer Rate – 5% increase

Garbage Collection Fee - 5% increase

Tap Fee increases

- Water Tap Fee
- Sewer Tap Fee

increases are variable, noted on slide # 20

Personnel

- No new positions
- 5% COLA
- 18.1% health insurance increase



Gateway to the Mountain Lakes Region



Service	modified dates
Electric	10/1/2016
Water	11/1/2019 3/1/2022 ⁽¹⁾
Garbage	7/1/2019 7/1/2021 ⁽²⁾
Sewer	6/1/2015 6/1/2021 ⁽³⁾ 3/1/2022 ⁽⁴⁾

(1) increased to remove Meter Fee (AMI), 10% base and 24.95% per/1000 gallons on Outside only

(2) 5% increase

(3) pass through 15.2% OJRSA increase

(4) pass through 20% OJRSA increase

Challenges – Personnel (all funds)



Gateway to the Mountain Lakes Region

• Health insurance increase ⁽¹⁾ Jan 2023 – June 2023 costs	\$172,962
• 5% cola for all city employees	\$ 95,548
• No workers comp increases	\$ 0
• Personnel additions – None	<u>\$ 0</u>
	\$268,510

⁽¹⁾ 18.1% projected by PEBA (decided by the SC state legislature); employees will see a \$30 / year increase in their deductible. PEBA – Public Employee Benefit Association - <https://www.peba.sc.gov/>

Debt Service



Gateway to the Mountain Lakes Region

	Actual 2020	Actual 2021	Budget 2022	Projection 2023	Projection 2024	Projection 2025
Solid Waste Capital Lease	\$57,625	\$58,988	\$63,269	\$60,381	\$0	\$0
Garbage Truck ¹	\$29,347	\$30,005	\$32,067	\$30,677	\$0	\$0
Knuckleboom Truck ²	\$28,278	\$28,983	\$31,202	\$29,704	\$0	\$0
Utility Obligations	\$491,953	\$302,756	\$418,908	\$116,194	\$116,194	\$116,194
principal - revenue bonds	\$285,673	\$292,531	\$292,489	\$0	\$0	\$0
interest - revenue bonds	\$206,280	\$10,225	\$10,225	\$0	\$0	\$0
ConserFund ⁴	\$0	\$0	\$45,000	\$45,000	\$45,000	\$45,000
2022 utility equipment lease ⁵	\$0	\$0	\$71,194	\$71,194	\$71,194	\$71,194
TOTAL	\$549,578	\$361,744	\$482,177	\$176,575	\$116,194	\$116,194

¹Garbage Truck lease - \$284,460. 10 yr term @2.24%. May 2013-May 2023

²Knuckleboom Truck lease - \$145,000. 5 yr term @2.5%. January 2018-January 2023

³Series 2014 Waterworks System Revenue Bond April 2014-June 2022

⁴ConserFund Loan - \$369,947.23. 10 yr term @ 1.5%. June 2023-June 2032

⁵2022 utility equipment lease - \$503,000. Various terms, max 8 yrs @ 1.64%. Three (3) pickup trucks, one (1) brush hog, one (1) bucket truck.

Source: Westminster FY2020 Audit and FY2021 Audit (note5)

General Fund

General Fund Totals

<i>Expenditures</i>	
Administration	\$ 435,530
Fire	\$ 509,433
Police	\$ 626,144
Codes	\$ 66,907
Public Works	\$ 111,148
Non-Departmental	\$ 387,996
Total	\$ 2,137,158

<i>Revenues</i>	
All Taxes	\$ 659,000
Intergovernmental Revenue	\$ 341,000
License, Permits, Fees	\$ 345,650
Fines & Forfeitures	\$ 30,000
Payment in Lieu of Tax & Franchise Fees	\$ 431,003
Interest income	\$ 705
Grant Income	\$ 9,000
Misc. & Other Income	\$ 320,800
Total	\$ 2,137,158

Highlights

- Estimated revenues are similar to FY2022
- Htax transfer from \$104,100 (includes \$34,000 for ARC grant match)
 - Tied to eligible expenses
- Transfer from Utility fund **\$377,503** down from \$496,296
 - FY2022 it was \$496,296
 - FY2021 it was \$495,106



Public Safety – Police



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Highlights

Police is modernizing to utilize technology to increase effectiveness

- Two (2) police cruisers (\$45,000 each) \$90,000⁽¹⁾
- Police JetPacks \$ 1,600
- Two (2) Flock camera systems \$ 5,800
- E ticket for vehicles \$ 1,500
- Police K-9 removed **(\$ 1,500)**

⁽¹⁾ Capital Lease/Purchase for two (2) police cruisers and one (1) fire marshal vehicle. \$145,000 financed @ 2.13% for three (3) years. Annual payments of \$20,807, budgeted in Non Departmental.

Public Safety – Fire



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Highlights

- One (1) fire marshal vehicle \$45,000⁽¹⁾
- Increase overtime \$ 3,400
- Increase part time \$ 5,000
- SCBA equipment (price and terms) \$25,964⁽²⁾

⁽¹⁾ Capital Lease/Purchase for two (2) police cruisers and one (1) fire marshal vehicle. \$145,000 financed @ 2.13% for three (3) years. Annual payments of \$20,807; budgeted in Non Departmental.

⁽²⁾ Twenty (20) SCBA's with spare cylinders and related equipment. Total cost \$164,406.00 financed @3.09% for 7 years. Useful life of 15 years.

Proposed Transfers - Summary



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- \$377,503 Utility Fund Transfer to General Fund (5.0% gross revenue transfer)
- \$131,278 General Fund Transfer to Youth Recreation
- \$ 11,411 General Fund Transfer to Solid Waste
- \$104,100⁽¹⁾ Htax Transfer to General Fund
- \$157,310 Htax Transfer to Youth Recreation

⁽¹⁾ Includes \$34,000 grant match (50/50) for Appalachian Regional Commission (ARC) grant for Downtown Master Planning

Utility Fund



Utility Totals

<i>Expenditures</i>	
Utility Administration	\$ 1,020,983
Electric	\$ 3,565,363
Water	\$ 1,307,609
Sewer	\$ 1,062,879
Water Plant	\$ 836,132
Non-Departmental (650)	\$ 208,190
Non-Departmental (700)	\$ 280,000
Total	\$ 8,281,156

Revenues

Interest Income	\$ 500
Miscellaneous & Other	\$ 698,591
Electric	\$ 4,342,500
Water	\$ 2,188,480
Sewer	\$ 782,085
Project Operations	\$ 2,000
Grant Income	\$ 2,000
Proceeds from Borrowing	\$ 265,000
Total	\$ 8,281,156

Highlights

- Utility Fund Admin
 - Legal Services **+\$8,000⁽¹⁾**
 - Electric Fund
 - Increases to cover loss of participation credits **+\$316,613**
 - Water Fund
 - Replace more water meters to increase AMI effectiveness, **+\$48,387**
 - Conservfund Loan repayment
 - Water Plant Fund
 - Increases in chemical costs **+\$29,450**
 - Sewer Fund
 - Cover increases from OJRSA **+\$24,713**
 - Utility Non-Departmental
 - Contingency
 - Electric Line Truck
- | | |
|----|-----------|
| \$ | 28,000 |
| \$ | 2,562,500 |
| \$ | 190,000 |
| \$ | 40,115 |
| \$ | 60,000 |
| \$ | 708,513 |
| \$ | 121,972 |
| \$ | 265,000 |

⁽¹⁾ The threatened lawsuit by the City of Seneca over OJRSA has increased the need for additional funds to cover legal expenses.



Utility Franchise Fee Transfer



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	Fee	Budget	Percentage
2019	\$336,000	\$7,154,678	4.70% (actual)
2020	\$426,909	\$6,664,432	6.41% (actual)
2021	\$495,106	\$6,631,532	7.47% (actual)
2022	\$496,296	\$7,971,746	6.22% (budgeted)
2023	\$377,503	\$7,815,065	5.00% ⁽¹⁾ (proposed)

⁽¹⁾ Calculated from the total proposed budget of \$7,815,065 less \$265,000 for equipment capital lease (\$7,550,065 x 5% = \$377,503)

Electric

+5% = \$125,000 (proposed)

+14.24 % = \$356,000 (needed)



PMPA Base Billing Demand Credits & Rate Changes- 2018-2022

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022⁽¹⁾</u>	<u>Total</u>
Base Billing Demand Credit	\$ 296,021	\$ 682,401	\$ 409,440	<u>-\$382,144</u>	\$ 147,398	\$ 1,917,404
Rate adjustment	0.0%	0.0%	-5.0%	0.0%	0.0%	

⁽¹⁾ Credits for 2022 will be received from June-December 2022

Electric

Partial Rate Structure - examples

	base	per/kwh
Residential Standard	\$14.70	\$.14375
Proposed	\$15.44	\$.15094
Residential GNR	\$14.00	\$.13690
Proposed	\$14.70	\$.14375
Commercial Demand Standard	\$36.60	\$.05088
Proposed	\$38.43	\$.05342



Sewer

+5% = \$24,713 (proposed)

Partial rate structure - examples

	base	per/1000
SW Inside Residential	\$20.51	\$8.30
Proposed	\$21.54	\$8.72
SW Outside Residential	\$23.90	\$8.78
Proposed	\$25.10	\$9.22





Tap Fee Comparison and increase consideration

Water Tap Fees			
	¾ inside	¾ outside	1" outside
Walhalla	\$ 1,800	\$ 1,900	\$ 2,200
Seneca	\$ 1,720	\$ 2,320	\$ 1,920
Pioneer	\$ 2,150		\$ 2,350
Westminster	\$ 1,000	\$ 1,000	\$ 1,500
Proposed Westminster	\$ 1,700	\$ 1,900	\$ 1,900

Sewer Tap Fees			
	4" inside	4" outside	6"
Walhalla	\$ 1,200	\$ 1,600	cost +30%
Seneca	\$ 1,450	\$ 1,650	cost + 30%
Westminster	\$ 1,000	\$ 1,000	\$ 1,000
Proposed Westminster	\$ 1,300	\$ 1,500	cost + 30%

		\$ 150 boring fee
		\$ 300 boring fee

Solid Waste

Solid Waste Totals

Expenditures		
<i>Personel Services</i>	\$	250,142
<i>Commodities</i>	\$	102,900
<i>Contractual Services</i>		39,850
<i>Debt Service</i>	\$	63,269
Total	\$	456,161

Revenues

Fees	\$	434,250
Grant Income	\$	2,000
Other, Interest Income	\$	8,500
Transfer from General Fund	\$	11,411
Total	\$	456,161

Highlights

- 9.8% growth
- 5% rate increase

	Current monthly fee	Proposed monthly fee
• Inside	\$19.32	\$20.29
• Outside	\$25.36	\$26.63
- Transfer from GF reduced by \$65,076
- Moves closer to the cost-to-serve model



Fire Department 1%



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Fire Department 1% Totals

Expenditures

Fire Dept. 1%	84,843
Total	\$ 84,843

Revenues

Misc. & Other	\$ 84,843
Total	\$ 84,843

Youth Recreation



Youth Recreation Fund

<i>Expenditures</i>		<i>Revenues</i>	
<i>Personal Services</i>	\$ 230,188	Intergovernmental Revenue	\$ 30,000
Commodities	\$ 62,925	License, Permits, & Fees	\$ 220,665
Contractual Services	\$ 236,390	Grant Income	\$ 10,000
Capital Outlay	\$ 40,000	Misc. & Other	\$ 308,838
Total	\$ 569,503	Total	\$ 569,503

Highlights

- Service levels maintained
- Football is added back in the expense and revenue numbers

Local Development Corporation



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Local Development Corp

Totals

Expenditures

<i>Contractual Services</i>	\$	16,500
<i>Grants</i>	\$	31,781
Total	\$	48,281

Revenues

Misc. & Other	\$	16,500
Fund Balance	\$	15,531
MASC Grant	\$	16,250
Total	\$	48,281

Capital Projects Fund/State ARP Funds



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Capital Project Fund/State ARP Totals

<i>Expenditures</i>		<i>Revenues</i>	
Administration	\$ 378,740	C Funds	\$ 378,740
Water	\$ 772,161	Fund Balance	\$ 506,218
Water Plant	\$ 76,000	State Grants	\$ 644,956
Electric	\$ 250,000		
Non-Departmental	\$ 53,013		
Total	\$ 1,529,914	Total	\$ 1,529,914

Highlights

\$ 387,740	C-Funds for sidewalk rehabilitation	\$ 30,000	Rock hammer and trailer for mini-x
\$ 100,000	Transformer installation	\$ 76,000	Upgrades at water plant
\$ 150,000	Substation repairs	\$ 356,070	Hall Street water line rehabilitation
\$ 306,091	RIA Dr. Johns Road water line rehabilitation	\$ 53,013	Upcountry Fiber (possible grant match)
\$ 80,000	Water service line truck		

County ARP



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County ARP Totals

Expenditures		Revenues	
Water	\$ -	State Grants	\$ 1,300,000
Water Plant	\$ 1,300,000		
Total	\$ 1,300,000	Total	\$ 1,300,000

Approved for Funding

\$ 987,420	install (2) VFD's and upgrade (2) 300 hp pumps
\$ 155,000	repair plant reservoir (including engineering and permitting)
\$ 65,000	filter upgrade and maintenance
\$ 60,000	repair/improve pipe gallery at the water plant yard
\$ 32,580	upgrades to the various plant components (valves)
\$1,300,000	Total

Hospitality Tax



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Hospitality Fund Totals

<i>Expenditures</i>	
Contractual Services	\$ 323,060
Capital Outlay	\$ 102,000
Other (Grants)	\$ 40,000
Total	\$ 465,060

Revenues

Food & Beverage Tax	\$ 165,000
Fund Balance	\$ 300,060
Total	\$ 465,060

Highlights

- | | | | |
|---|-----------|------------------------------|-----------|
| • Transfer to GF ⁽¹⁾ | \$104,100 | • Anderson Park Improvements | \$ 42,000 |
| • Transfer to Youth Recreation ⁽¹⁾ | \$157,310 | • Hall Street Park – design | \$ 50,000 |
| • Special Events Committee | \$ 15,000 | • Train Depot refresh | \$ 10,000 |
| • Christmas Decorations | \$ 25,000 | • Local Agency Grants | \$ 40,000 |

⁽¹⁾ tied to eligible activities

State & Local Accommodations Tax



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State & Local Accom. Totals

<i>Expenditures</i>		<i>Revenues</i>	
Contractual Services	\$ 6,500	Intergovernmental Revenue	\$ 5,000
Commodities	\$ 800	Misc. & Other	\$ 2,300
Total	\$ 7,300	Total	\$ 7,300

Highlights

Visit Oconee \$5,000



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**Thank you.
The End.**