

**CITY OF COLUMBIA
WORK SESSION MINUTES
MARCH 18, 2009 – 10:00AM
CITY HALL - 1737 MAIN STREET**



The Columbia City Council met for a Work Session on Wednesday, March 18, 2009 at City Hall, 1737 Main Street, Columbia, South Carolina. The Honorable Mayor Robert D. Coble called the meeting to order at 10:12 a.m. The following members of Council were present: The Honorable E.W. Cromartie, II, The Honorable Sam Davis, The Honorable Tameika Isaac Devine, The Honorable Daniel J. Rickenmann, The Honorable Kirkman Finlay III and The Honorable Belinda F. Gergel. Also present were Mr. Steven Gantt, Interim City Manager and Ms. Erika D. Salley, City Clerk.

CITY COUNCIL DISCUSSION / ACTION

A. Prescription Discount Card Program – The Honorable E.W. Cromartie, II

Councilor Cromartie explained that one of the programs that the Board of Directors instituted during the National League of Cities (NLC) Conference is a program to help our residents during these very tough times. People sometimes have to choose between paying their bills and getting prescriptions. The NLC has a prescription discount card program that will allow City of Columbia residents to receive a 20% discount on CVS Drugstore prescriptions and it won't cost the City of Columbia or our residents.

Councilor Davis clarified that it is not limited to CVS; there will be a number of participating pharmacies.

Councilor Devine said that it is a great program; NLC started with a pilot program in four different cities. We heard a lot about the US Communities Program that deals with the vendors that are often used by municipalities. I would ask that the Interim City Manager look into that as a way to save money on purchases. She agreed that the NLC is truly a benefit.

Upon motion by Mr. Cromartie, seconded by Mr. Davis, Council voted unanimously to join the National League of Cities Prescription Discount Card Program to save residents an average of 20% off the retail price of prescription medication at no cost to the City.

B. ** Honorary Designations – Mr. Chip Land, Long Range Planner

Mr. Steve Gantt, Interim City Manager explained that we have three (3) designations for one (1) area and that staff needed directions from Council on what to do. He said that we need to meet with all parties to resolve this matter.

Councilor Cromartie said that this is unbelievable; it is simply a designation because we cannot rename the road.

Councilor Devine said that we have a request from members of the St. John Baptist Church and the community and then Elder Nelson passed away and we are interested in doing something to honor him as well. We want to do something appropriate and not haphazardly, because these two (2) men deserve recognition. Mr. Cromartie suggested that we not completely rename a road, but instead come up with something else like a historic marker at the churches. I request that Mr. Land get the parties together and discuss the alternative then we won't have to worry about SCDOT when renaming the road. We need to move forward with the Martin Luther King, Jr. designation. I am concerned that it would be confusing to go up Harden Street and Farrow Road. Should we limit it to Harden Street?

Councilor Cromartie said that the initial proposal was to extend it from Blossom Street to the end of Harden Street to Interstate 277. Mr. Davis indicated that he wanted it to go to I-20, but it doesn't matter to me personally. We anticipated markers and I have no objection to how we decide to do it.

Councilor Davis said that it is getting confusing in terms of what we are trying to do and in terms of how much of it we control. The markers do make sense and I don't see a problem with joining the two (2) corridors.

Mayor Coble suggested that they ask for a meeting and any City Council member that wants to take a leadership role should attend that meeting.

Mr. Steve Gantt, Interim City Manager noted that a marker would require an encroachment and that would need SCDOT approval, also.

There was a consensus of Council to direct staff to schedule meetings with the sponsors of both the proposed Rev. Dr. Martin Luther King Jr. and Rev. Roscoe Wilson honorary designations to discuss an alternate proposal of placing historical markers within the Harden Street and Farrow Road corridors.

C. ****Renaming of the Edgewood Place Community – The Honorable E.W. Cromartie, II**

Councilor Cromartie explained that Mrs. Elise Martin is 93 years old and still gets involved in everything. Her mother, Mrs. Jones started the neighborhood association now known as Jones-MacDonald and it has been in existence as long as I can remember. He added that Elise Martin started the Easter Program that we all attend each year and she is the chair of the program again this year. She has been ill recently and we want to acknowledge her. This only includes Edgewood Place. We will rename it and have a ceremony.

Upon motion by Mr. Cromartie, seconded by Ms. Devine, Council voted unanimously to authorize the renaming of the Edgewood Place Community to the Elise Jones Martin Edgewood Place Community in honor of her longstanding history of community activism. There should be a ceremony to commemorate the renaming of the community, which includes seventeen (17) single family homes.

- **Council recessed at 10:35 a.m.**
- **Council reconvened at 10:40 a.m. in the second floor Conference Room.**

- D. Fiscal Year 2009 / 2010 Budget Review (*General Fund, Water and Sewer Fund and Parking Fund*) – Ms. Melisa Caughman, Budget Director
1. February 2009 Revenue and Expenditure Report – Mr. Bill Ellis, Interim Finance Director

Mr. Bill Ellis, Deputy Finance Director reported that we haven't added or subtracted anything; the budget is \$104 million.

Mayor Coble said that for next year's budget, what happens with the economy will be as critical as much as healthcare and we need to make sure that we have the very best advice on that.

Councilor Finlay said that we are at \$104,300,000 and we think we may have another \$2.5 million of potential taxes coming in.

Mr. Bill Ellis, Deputy Finance Director said that we are projecting that we will be over budget in certain areas and we are going to be under in others, but the net overall is over.

Councilor Finlay said that we also have the "\$3 million surplus" and if we net the two out we end up close to \$104,300,000, which is close on revenues, but I think that our expenditures are out of control.

Mr. Bill Ellis, Deputy Finance Director concurred. That's all I have on this, because we have to get into other areas that are higher priority.

Councilor Gergel reminded Mr. Gantt that the Council anticipates receiving the monthly financial reports aligned soon, because that is very important in restoring the confidence of our greater community in the financial operations of our City government.

Mr. Bill Ellis, Deputy Finance Director said that we have discussed this internally and we are within days of complying with that request.

Councilor Gergel said that this information should be put on the City's homepage linking individuals to the Finance Department's webpage. This is all important in addressing transparency.

Mayor Coble said that there are a lot of things we are doing. We need to figure out how to be a part of the Comptroller General's transparency initiative.

Mr. Bill Ellis, Deputy Finance Director said that this is number four on the priority list and we anticipate complying with that, but not necessarily during this current fiscal year.

Councilor Devine said that we talked about putting the stimulus information on our website to include how much the City of Columbia received and where it is going.

Councilor Davis asked if we can periodically review the funding categories.

Mr. Bill Ellis, Deputy Finance Director said that the statistical information behind those reports is 86-pages and I would like to put that online.

Councilor Davis elaborated on his request for the Council to receive a hard copy report from one department each month.

Councilor Rickenmann said that it should be posted online to save money.

Councilor Cromartie added that personnel services should be broken out so that Council will know exactly what's included; when you start getting the detail you will understand exactly what it is.

Mr. Steve Gantt, Interim City Manager reported that beginning July 1st we will have a quarterly review of the budget with each department head and they will have all of that information and the back up; they will come in and tell you how they managed their budget for the previous quarter; and you can ask them to explain why overtime is 25% overspent.

Councilor Finlay noted that many departmental budgets are increasing significantly over the previous year. While it's important for us to receive the detail, we also have to keep these numbers from blowing out of control.

Councilor Cromartie said that without the details we wouldn't know that the Police and Fire Departments had all of that overtime. We need to know why they had overtime; how did it occur; and where did it occur.

Councilor Devine added that the detail helps with things like the Detention Center; we knew that a year ahead of time; we talked about it and we kept saying that starting July 1st we would start paying. We also said that we would make sure that people are being arrested and detained when it is absolutely necessary and that's something that the Chief of Police needs to look at to determine if people are going to jail for violations like public urination and we're paying \$50 per night for that. The department heads need to determine whether or not an expense can be managed.

Councilor Cromartie said that if in fact a department head listed something that goes over their budget, then they need to make a decision as to whether or not that should be budgeted. My concern is that somebody has to be watching; it's not enough to give a department head a budget and they overspend it. We need someone to say that you can't spend the money and to make sure the budget is as it should be or be in a position to justify to the Interim City Manager how the budget was spent and why.

Councilor Gergel asked how we handle it when a department head goes over budget. Is that presented to the City Manager's Office? What authority does a department have to go over their budget?

Mr. Steve Gantt, Interim City Manager said that he can't speak to what happened in the past; all I can tell you is that as we are going through the budget process with the budget committee, the departments have to specifically spell out where they are going to spend overtime and those items that habitually cause the budgets to go over. Another thing we are going to add this year which I think is essential for us to do is that there will be an accounting of every department's budget on a quarterly basis and in a public session so that they can explain to me and you why their overtime budget has exceeded what it should have for that quarter.

Councilor Gergel anticipates that no department will go over budget or over a projected percentage of their budget. No department will be moving inappropriately in the expenditure of their allocated money without approval from the City Manager.

Councilor Finlay reminded his peers that at the end of October they were looking at a 5% cut, because at that point they were scared about revenues and we were told that it was not necessary in an open session upstairs. If we had moved then on a 5% cut we would have saved approximately \$4 million, which is close to cutting our potential deficit at this point by two-thirds. The reality is that going forward the City Manager has to understand the finances and be the first line of defense. We should not be per se holding department heads accountable; we should be holding the City Manager accountable for holding department

heads accountable. We don't need to micro-manage the departments; in fact, that's where we get into trouble and many departments feel like they get unfunded mandates from Council. When we vote in Council to spend \$25,000 that's not in a department's budget and say find it, those are the types of things on both sides that breaks down the integrity.

Councilor Rickenmann said that the real issue is when funds are expended without being approved by this Council and the bottom line is if you look back at the history for the last seven (7) years that is what healthcare has done. All expenditures over \$10,000 are supposed to come to this Council; if it's outside of our approved budget then it has to be discussed at a special called meeting, but that has not happened and it's the root of all of our issues right now.

Councilor Cromartie said that the public holds us responsible and if we don't get in there and find out what's going on; and correct the situation then we will be held accountable. When the voters hold us responsible, we have to be in a position to make sure that we know what's going on. The problem he's running into is that some departments are doing as they please. That's why we issued a Request for Qualifications (RFQ) to find an auditor so that we can be in a position to find out what's going on in our City.

Mr. Steve Gantt, Interim City Manager explained that if you don't get an accurate monthly financial statement on what happened the previous month and compare that to the budget then you don't know. That's the reason that we're where we are now. We are in good shape with the monthly financials; I can compare it to the actual budget and the percentage that should be spent through that part of the fiscal year; and if it looks like there's a problem, then you have something to work on.

Councilor Cromartie asked if the department heads are loosely spending money without physically keeping track of every dollar they spend.

Councilor Finlay said that there's a department that signed off on overtime after it was expended. The City Manager explicitly has the authority to do this. We are saying that politically we want the departments to hear that we endorse his explicit authority and that not only is the lighting going to strike from him, but it's going to strike from us.

Councilor Devine said that there is going to be accountability.

Councilor Finlay said that unfettered spending is going to be the sword on which people throw themselves; it has to end.

Councilor Cromartie said that the Council needed to pass a motion that states that no department can overspend their budgets without direct authorization of the City Manager and if in fact that budget is spent there will be consequences as determined by the City Manager. That way, it is absolutely understood. We have great folks working for the City, but they have been doing things a certain way for a long time and it's a part of the culture of the City.

Mr. Steve Gantt, Interim City Manager said that he would do that whether the Council approved a motion or not.

Councilor Davis said that we can give the City Manager all the authority he wants and needs, but Council members come and go and I would like to see the policies. I don't know what the policy is now, but if there's not one in place then there has to be one. We are at point now where everything is starting to fall into place in terms of how we go through the budget process. Moving forward we should periodically get broad looks at departments, expenditures and transfers.

Mr. Steve Gantt, Interim City Manager said that the quarterly reviews will be four (4) good check points a year on where we are with revenue projections and expenditures to see if we are on target. If we have areas to work on that would give me and the department head another three (3) months to rectify that situation so when it comes back the second time you wouldn't anticipate the same problem you saw the first time.

Councilor Devine agreed whole-heartedly with Mr. Cromartie and Mr. Davis. She said that the other message that needs to be out there is that you are not to go over budget and there will be consequences, but also to stay under budget you are not to make some crazy knee-jerk reactions by cutting something that is important to all of us, because it's the easy thing to do or in response to budget cuts instead of being creative. Going back to the memo we received in the fall, it was all gloom and doom. We think that basic services can stay the same and improve, but we have to be more efficient and our feet must be held to the fire and not just do things the way we've always done things. I would caution staff on that.

Councilor Gergel said that as we make decisions about what to cut I would want to know when it's something like cell phones. We may well have a written policy on this; I don't know.

Mr. Bill Ellis, Deputy Finance Director respectfully requested that they discuss the departmental overtime policy in Executive Session, because it deals with personnel issues.

Councilor Finlay said that the Budget Committee has held three (3) meetings with departments and they have all started out with the impossible. All of sudden when the concept of salary reductions came up, minds clicked in and we had one (1) department come forward and assured us they could cut their budget by 8%. The impossible becomes possible, but only when people are willing to do it. Every department has to hear that the City Manager with us behind him is empowered to fix this problem and we would prefer that the people in the departments, who are getting paid to manage it, fix the problem before he has to.

Mr. Steve Gantt, Interim City Manager said that his fix has to be a broad fix and theirs can be more surgical.

Councilor Davis suggested that Council authorize the City Manager to revise the appropriate policies and procedures as necessary.

Mayor Coble said that instead of us just saying it, why don't Mr. Gantt draft what he deems appropriate and bring it back to Council for approval.

There was a consensus of Council to direct the Interim City Manager to draft the appropriate policies and procedures relating to budgetary and personnel matters for Council review and consideration.

Councilor Gergel asked about the Hospitality Tax collections, noting that the memo said the collections are on target.

Councilor Rickenmann said that he doesn't understand that.

Councilor Devine said that we've tried to be optimistic and conservative on collections.

Councilor Rickenmann asked if we under budgeted the revenue from the Hospitality Tax.

Mr. Bill Ellis, Deputy Finance Director said that we are not having the downturn we were expecting.

Councilor Rickenmann said that he is feeling it right now; I know what I've paid in hospitality taxes over the last four (4) years.

Councilor Devine said that he should consider the style of his restaurant versus other restaurants. I talked to the Vista Guild and they said that they are seeing it at some restaurants, but others are not. Some restaurants are offering specials and doing a lot better than they were 6-months ago.

Councilor Rickenmann said that he hasn't talked to anybody that's over last year's sales. Unless a whole bunch of new places opened up, I don't see the math.

Ms. Melisa Caughman, Budget Director said that a couple of different factors are impacting our collections. The projections are based in part on what we collected the prior year and we receive input from the Hospitality Committee. There are a number of new higher-end businesses that charge higher prices and some businesses are increasing their prices to keep up with their costs. She reported that collections year-to-date are \$300,000 more than they were this time last year.

Councilor Rickenmann would like to know what we projected and what we actually collected.

Ms. Melisa Caughman, Budget Director added that we are seeing an increase in the number of new businesses and renewals, but the revenues are not increasing.

2. Fiscal Year 2008 / 2009 Budget Reduction Options – Mr. Steven Gantt, Interim City Manager - *This item was discussed in Executive Session.*
3. General Capital Improvement Projects Update – Mr. Steven Gantt, Interim City Manager

Mr. Steve Gantt, Interim City Manager explained that we have 4 or 5 funding sources wherein some of the projects have been completed and there is still money available. We would like to come back in two (2) weeks with a recommendation on how to move some of the money around that we have in these various funds to cover the capital projects that need to be covered. He said that Washington Square is the biggest culprit due to the additional repairs needed.

Councilor Devine said that she is in favor of moving money for projects that are under funded, but since these are TIF projects can we use that money to pay back what we used to defease the bonds.

Mr. Steve Gantt, Interim City Manager explained that we still have outstanding projects in the TIF such as the CanalFront Project and the connector north of the Zoo. The Esplanade came in fairly significantly under budget and that money can be moved to one of those other projects like the Greenway or the extension of the Greenway on the Columbia side down to Blossom Street. We are trying to come up with enough money for the River Alliance to get their connection from the Zoo northwards; get the CanalFront built and complete the connection from Gervais Street to Blossom Street, at least a pathway.

Councilor Finlay said that it is important to note that when we shift this money around it will zero out these fund balances.

Mr. Steve Gantt, Interim City Manager said that is correct; you won't have any other capital monies available. We won't spend any more than we have to, but there are some things that have to be taken care of. We have to pull from those funds to do those things that you all have authorized us to do.

Councilor Finlay said that there is no more General Fund money for projects that isn't already designated; we've covered our past sins; we may be able to cover what's coming, but that's it.

Mr. Steve Gantt, Interim City Manager said that he will be bringing forth all the funds and all of the conditions of the funds. We have a couple of small funds that I will be bringing to you such as the Liquor Rebate Fund; there is money in that account that can be used for very specific things. We would like to use some of that money to rehab the covered walkway from Gervais Street to Senate Street. The one by the Blue Marlin looks beautiful and the electricity is working, but on the other side, every time it rains the water runs into the conduit and blows all of the lights out.

Councilor Rickenmann asked about the lease on those canopies.

Mr. Steve Gantt, Interim City Manager said that they have encroachments on them.

Councilor Rickenmann recalled that we did a very favorable lease on all of that property. Who owns the property for the Blue Marlin?

Councilor Cromartie said that the Columbia Development Corporation did that many years ago.

Councilor Rickenmann asked if we had to pay for the repairs to the canopy.

Mr. Steve Gantt, Interim City Manager said that the Blue Marlin paid for repairs to the canopy on their side, but the other one is actually a safety issue. It's the gateway to the Convention Center; it's in disrepair; it's dangerous; and it's in an historic designation so it fits right into what we need to do.

Councilor Davis asked about the stormwater projects.

Mr. Steve Gantt, Interim City Manager said that we will review the Water and Sewer Fund after the General Fund.

Councilor Rickenmann asked if we are managing the projects being administered by the River Alliance. We should not be transferring those funds to a third party.

Mr. Steve Gantt, Interim City Manager said that Mr. Baker has to approve their budget and he signs off on it all.

There was a consensus of Council to allow the Interim City Manager to review and revise the General Capital Improvement Projects listing for a discussion with Council on April 1, 2009.

4. Overview of the Fiscal Year 2009 / 2010 General Fund Budget - Ms. Melisa Caughman, Budget Director

Ms. Melisa Caughman, Budget Director provided a summary of the General Fund proposed budget for 2009/2010; projected revenues; and budget saving options for 2008/2009. As of today, we are \$450,000 under revenue projections for the current year. This stems primarily from business licenses and permits, which are the areas most impacted by the economy. The property tax revenues are based on the numbers we provided at the Retreat when we talked about 95% collections on property taxes using the assessment.

Councilor Cromartie asked if collections will be down by \$2 million.

Ms. Melisa Caughman, Budget Director said yes, that is what we are projecting. There is an increase in property taxes, because assessed values have increased.

Councilor Rickenmann said that he is curious about how this will be approached, because people are getting their bills and they don't really understand how we have a county-wide reassessment again even though it's close to the cap. We will have a less than favorable local option sales tax. We have to work with our legislative team to at the State House to come up with a way to get payment in lieu of taxes for some services, because the people within the city limits can't afford our tax structure anymore.

Councilor Finlay said that we as a municipality have the highest millage per dollar in the State and we have the highest business license fee on small and retail businesses.

Councilor Cromartie inquired about the differences in revenues from 2008/2009 to 2009/2010.

Ms. Melisa Caughman, Budget Director said that the budget for interest in 2008/2009 was projected higher than it should've been. We are maintaining our cash and reconciliation on a more current basis and that allows us to have more accurate numbers for projections.

Councilor Finlay said that the hits we've been taking to the General Fund and Risk Management are also decreasing our assets; therefore, we generate less interest.

Ms. Melisa Caughman, Budget Director said that the proposed \$250,000 in interest on investment revenues is a very low estimate and we want to keep that low until we have better numbers to work with. We have recorded \$650,000 year-to-date. She moved on to discuss the expenditures, noting that we haven't done too much with the departments, but we are continuing to work on the numbers for the Police and Fire Departments. Overall, the departmental budgets are under the current year budget by \$2 million.

Councilor Finlay said that not only are they \$2 million under the previous year's budget, but they are \$8 million under this year's run rate. In other words, when you see the 2008/2009 budget and it says \$94,722,305 add \$6 million and you get the true run rate that the departments are on for 2008/2009. The departments are dropping \$8.5 million in net dollars, but they also have to pay their medical costs for the first time. They are going to spend \$100 million in 2008/2009, but they were budgeted to spend almost \$95,000 and next year they are budgeted to spend about \$91.3 million and 8% of that is going to healthcare, which is about \$7 million. Their true ability to spend is about \$84 million. We are in essence saying that departments will have \$16 million less in disposable cash in their budgets.

Mayor Coble asked if departments are paying for healthcare in this year's budget.

Ms. Melisa Caughman, Budget Director said that the budget numbers for 2008/2009 do not reflect the true cost of healthcare; it's only a portion of it. They are being charged in their current year, which is why we have the deficit in the 2008/2009 budget.

Councilor Finlay said that we are requiring the departments to realize that there's about 15% less cash in the budget for 2009/2010 than they spent in 2008/2009.

Mr. Steve Gantt, Interim City Manager reported that they are working through all of the departments individually to review their budgets.

Councilor Cromartie said that Council needs to know how services will be affected by this, because we need to notify our constituents of any effects.

Mr. Steve Gantt, Interim City Manager said that as we work through every department in the General Fund budget we are going to work through their budgets. These proposed numbers are going to change based upon what we determine to be the actual need within each department. After we get the General Fund to where we think we have optimal levels of service for the dollar then Council will be briefed on all of that. There won't be any surprises. My hope is that there will not be an impact on City services.

Councilor Cromartie directed the City Manager to meet with Public Relations to determine how best to disseminate information to citizens on changes in services provided by the City.

Councilor Davis concurred with Mr. Cromartie to some extent. As I understand it our goal is to be more efficient and to cut the overspending to a point where there is no negative impact on essential services. We should go public only after we agree on changes.

Mayor Coble said that the Budget Committee, Administration and City Council have made significant progress in reducing costs within the budget without reducing personnel or service levels. I think you have to go through all of that and that will take some time. The good news is that by all accounts significant progress has been made. The revenue projections are better for this year, but next year that will be an issue. We're starting earlier than we ever have and we just have to keep working on it. Our goal on changing the culture of the way the City does business is going to produce savings and changes that will significantly change our budget. People must stay focused.

Councilor Finlay said that the departmental numbers haven't changed since the Retreat. Without previous budget comparisons it is hard for me to follow the changes. I want to understand the assumptions that are made. When changes are made from one document to the next it's hard for me to challenge your assumptions and understand exactly where you are coming from.

Councilor Rickenmann said that we need the actual numbers.

Ms. Melisa Caughman, Budget Director agreed, noting that revenue projections have increased by \$3 million since the Retreat, but revenues will be \$450,000 less than 2008/2009.

Councilor Devine said that she doesn't want us to grossly underestimate revenues, but I don't want us to project additional revenue; that was not the direction I was hoping you all would be looking in. I was thinking we would look at how we would stay within the budget without cutting services. If your assumptions are wrong just a little bit, then we're back into a deficit situation. We want to get to a neutral point, but we also have to build our reserves again.

Ms. Melisa Caughman, Budget Director said that at the Retreat they provided the departmental budgets wherein many of them met the number that we gave them by reducing staff or some kind of reduction in services. We heard loud and clear that the goals from this Council are meet this budget without a reduction in force or impacting salaries or services.

Councilor Rickenmann clarified the statement; we would like to not have to go that route, but we do have excess force. We were in the good times and we have a lot of fat.

Councilor Finlay concurred with Ms. Devine adding that if we slip up on our budget numbers, our biggest hit will be in January 2010 and the second shoe to drop will be in April 2010. I don't want to do this again. He asked Mr. Ellis where he projects the General Fund budget will be as of June 30, 2009.

Mr. Bill Ellis, Deputy Finance Director said \$10 million excluding GASB.

Councilor Finlay said that we need to know where that number is in order to understand how big of a miss we can tolerate before we go negative.

Councilor Devine reiterated that finding more revenue to allow the departments to keep operating as normal is not our goal.

Ms. Melisa Caughman, Budget Director stated that that's not what they did. At the time of the Retreat we had only reviewed the property tax revenues; we had not evaluated the other revenues. The departments' budgets are under by \$2.5 million and that reflects a lesser amount than the current year.

Mayor Coble asked if the current budgeted shortfall at \$500,000 included healthcare. If we are \$500,000 down now, but we have included the healthcare cost, it seems that next year the bear is going to be the \$3 million and revenue shortfalls from the economy.

Mr. Steve Gantt, Interim City Manager said that we made progress in 2008/2009 from 2007/2008, but we are not all of the way there. Mayor Coble inquired about our healthcare cost.

Mr. Steve Gantt, Interim City Manager asked Mr. Ellis if healthcare costs are running less than, about the same or more than last year.

Mr. Bill Ellis, Deputy Finance Director reported that healthcare costs appear to be on target right now at \$500,000 in claims less than last year. That's where we anticipated it to be and I am waiting on the shoe to drop.

Ms. Melisa Caughman, Budget Director reiterated the fact that departments will have less to work with already.

Councilor Cromartie said that it's key to ensure that they stay within budget, because they will still have the same mindset to do as they have always done.

Ms. Melisa Caughman, Budget Director said that non-departmental expenditures are almost \$1 million. You can see that we are making up some of the difference by putting the water and sewer transfer back at \$4.5 million since we defeased the TIF out of the General Fund. Another savings there is the debt service of \$750,000. At this point, we have a \$75,000 surplus in the budget.

Mayor Coble said that we must take General Fund monies from revenues where appropriate. I think that is one area where we need to maximize our revenue. You all are doing an outstanding job on identifying when we do provide services for someone else, but we don't get paid.

Councilor Finlay said that we are increasing water and sewer, because we incorrectly booked the TIF. It's not an increase; we are just putting the money back. Will that drop in the following year? We need to remember Black & Veatch's study.

Mr. Steve Gantt, Interim City Manager said that it will take three (3) years to pay the money back to the General Fund.

Councilor Rickenmann said that this doesn't reflect the Tapp's Building and a long list of things that's already being transferred and will come off the books at some point and we need to know when that is. Some things need to be absorbed somewhere else.

Councilor Finlay said that he is willing to look for new money in other places, but water and sewer is not one of them. We have an incredibly low prime rate and we should be able to bond money cheaply, but because of the list premium that the economy has put into the market, that's not so. We have to figure out how to carefully proceed.

Councilor Rickenmann said that as we move forward in changing the culture of the way we do business, I would suggest again that we look at the way we run the water department. I would love to see us have an authority and at the end of the day the net profits would be transferred to the General Fund to offset other costs. This is the lifeline of the community.

Mr. Steve Gantt, Interim City Manager said that he provided the Council with a number that he wanted to retain in water and sewer on an annualized basis to allow us to put cash back into operations and maintenance instead of always depending on bonds. That would be cheaper than borrowing money.

Ms. Melisa Caughman, Budget Director reported that the indirect cost study was done with Black & Veatch; we are following what they suggested; and that's the \$2.2 million whereas it was \$3.2 million two (2) years ago.

Councilor Finlay said that we are still hitting \$6.5 million over what they defined for direct cost transfers.

Ms. Melisa Caughman, Budget Director said that it is \$4.5 million for combined direct and indirect costs.

Councilor Finlay asked if the economic impact study is complete.

Ms. Melisa Caughman, Budget Director said that we were waiting on the 2006/2007 audit information and we should have that report within the next couple of weeks.

Mayor Coble stated that taking advantage of every dime of the stimulus is absolutely essential.

Councilor Cromartie asked how many police officers are being requested by the Chief of Police.

Police Chief Tandy Carter said that his goal is to request fifty-two (52) officers and forty-two (42) detectives.

Councilor Cromartie said that we need to be prepared to pay for those positions after three years. There are additional monies that you can apply for through the Department of Justice in addition to the Byrnes and COPS Grants. He asked Ms. Florence and Chief Carter to keep the Council informed on the number of positions and services they are applying for.

Mayor Coble asked Ms. Florence to provide the full report on stimulus funding to Council.

Police Chief Tandy Carter explained that as part of the solicitation application we have to certify that the City will pick up those people for twelve (12) months after the thirty-six (36) months expire.

Councilor Devine said that we should apply for the funds, but we must recognize that whatever we get we will have a commitment to absorb that cost. This happened when the Eisenhower Foundation's grant ended and we kept KOBAN; we've done that in the past and that's why our costs have grown. We need to understand that; plan for it; and be prepared to fund it.

EXECUTIVE SESSION

Upon motion by Mr. Cromartie, seconded by Ms. Devine, Council voted unanimously to go into Executive Session at 12:15 p.m. for the discussion of **Items D2., E. and F.** as outlined.

- E. Receipt of legal advice which relates to matters covered by attorney-client privilege
 - **Legal Issues Related to Employee Compensation and Benefits
 - **Project Spider
 - **Homeless Services

These items were discussed in Executive Session.

- F. Discussion of negotiations incident to proposed contractual arrangements
 - **Central Midlands Regional Transit Authority
 - **Operational Audit

These items were discussed in Executive Session.

- **Council adjourned the Executive Session at 2:00 p.m. to reconvene the meeting.**

COUNCIL DISCUSSION / ACTION

- G. **Fiscal Year 2008/2009 Proposed Budget Deficit Reductions

Upon motion by Mayor Coble, seconded by Mr. Rickenmann, Council voted unanimously to limit all overtime calculations to the actual time worked as provided by the Fair Labor Standards Act **and** to implement Phase I of the budget deficit reductions as it relates to the Fiscal Year 2008 / 2009 Budget for a total savings of \$4,037,713. The Interim City Manager was directed to develop recommendations for Phase II cost savings in an effort to balance this year's budget. (*Please refer to the list below.*)

Furlough of two (2) Holidays (Good Friday and Memorial Day)	\$323,000
Cancellation of the Human Resources Assessment	\$100,000
Reduction in Non-Departmental Expenses	\$516,000
Reduction in Overtime Expenses	\$1,250,000
Debt Service Savings	\$748,713
Reduce the Purchase of Supplies	\$700,000
Reduce Capital Expenditures	\$400,000

- H. ** Intergovernmental Agreement Relating to the Interim Financing for the Central Midlands Regional Transit Authority (CMRTA)

Upon motion by Mayor Coble, seconded by Mr. Cromartie, Council voted unanimously to accept the first amendment to the agreement under Section 3.04 and to deny the second amendment to the agreement under Section 4.01 since the City has an existing agreement with the CMRTA that covers the length of the City's obligation.

- **Council reconvened the Executive Session at 2:06 p.m.**
- I. Discussion of negotiations incident to proposed contractual arrangements
 - **Municipal Association of South Carolina
 - **City Manager's Retirement

These items were discussed in Executive Session.
- **Council adjourned the Executive Session at 3:14 p.m.**

COUNCIL DISCUSSION / ACTION

- J. ** Intergovernmental Agreement Relating to the Interim Financing for the Central Midlands Regional Transit Authority (CMRTA)

Mayor Coble explained that Richland County did not intend for the first \$1 million to continue indefinitely; they meant for the interim period of the contract, which we all agreed to. Subject to legal approval, I would ask for authorization to sign the Intergovernmental Agreement.

Upon motion by Mayor Coble, seconded by Mr. Rickenmann, Council voted unanimously to authorize Mayor Coble to execute the Intergovernmental Agreement subject to legal approval.

- **Council adjourned the meeting at 3:15 p.m.**

Respectfully submitted by:

Erika D. Salley
City Clerk