



Mayor  
Elise Partin

Mayor Pro-Tem  
Tim James

Council Members  
Phil Carter  
Hunter Sox  
Byron Thomas

City Manager  
Tracy Hegler

Deputy City Manager  
Jim Crosland  
Assistant City Manager  
Michael Conley

**City of Cayce  
Special Council Meeting  
Budget Work Session  
Wednesday, May 15, 2024**

A Special Council Meeting was held this afternoon at 2:00 p.m. in Council Chambers. Those present included Mayor Elise Partin, Mayor Pro Tem Tim James, Council Members Phil Carter, Hunter Sox and Byron Thomas. City Manager Tracy Hegler, Deputy City Manager Jim Crosland, Assistant City Manager Michael Conley, Municipal Clerk Mendy Corder, Finance Director Kelly McMullen, Utilities Director Betsy Catchings, Human Resources Director Lynn Dooley, Police Chief Chris Cowan, Assistant Chief Shawn Grant, Fire Chief Steven Bullard, and IT Director Jamie Beckham were also in attendance.

Mayor Partin asked if members of the press and the public were duly notified of the meeting in accordance with the FOIA. Ms. Corder confirmed they were notified.

**Call to Order**

Mayor Partin called the meeting to order and Council Member Carter gave the invocation. Mayor Partin led the assembly in the Pledge of Allegiance.

**Discussion Items**

**A. Discussion of Proposed FY2024/2025 General Fund and Utility Fund Budgets**

City Manager Hegler stated that this was the fourth work session that had been held to discuss the FY24/25 budget. She stated that at the February Work Session Ms. McMullen discussed budget analytics and reviewed what funds make up the City's budget and discussed trends, where the City was headed and where staff saw issues happening. She stated that at the March Budget Work Session the rate study consultant, Raftelis, reviewed the rate study and the Utilities Department presented their proposed budget for FY25. She stated that at the April Budget Work Session the General Fund proposed budget was presented. She stated that she put together a few slides to give Council a snapshot of where staff was in the budget process and open it up for Council discussion and questions so staff could receive feedback from Council.

City Manager Hegler stated that the General Fund had some flatlining revenue issues and a lot of increases in costs across the board. She stated that retirement increased by 1%, health insurance increased 11.8% and the City had difficulties filling open positions as everyone was experiencing that same challenge. She stated that the City had an increased need for capital purchases, trying to keep up with technology as well as space limitations at City Hall. She stated that she would not address a new City Hall that day but it was something staff and Council needed to consider for the future.

City Manager Hegler stated that staff had balanced operations in the General Fund and proposed that at \$17.9 million. She stated that was bare bones that included current staff and current salaries, increases in insurance and other fringe benefits, current level operating costs and no increases for items the different departments requested. She stated that \$1.15 million from hospitality tax would be transferred to the General Fund as well as a \$2.15 million transfer from the utility fund, both the typical amounts transferred each year. She stated that was the City's normal standard transfer. She stated that staff researched what other utility providers did and Columbia transferred approximately \$3.5 million on a much smaller budget and the Town of Lexington transferred a similar amount. City Manager Hegler stated that the proposed General Fund budget did not include requested departmental salary increases. She stated that Council had heard from a lot of the General Fund departments a desire to increase their salaries for recruitment and retention. She stated that the proposed budget did not include a cost-of-living increase or elimination of the bottom two (2) pay grades. She stated that the City was on a pay grade system much like State and Federal governments were and Administration would like to propose eliminating those bottom two (2) pay grades which would mean the City's minimum starting salary would be \$35,600. She stated that would have an overall impact to the budget of \$64,000. She stated that operational increases that different department directors asked for were approximately \$168,000. City Manager Hegler stated that the proposed General Fund budget did not include any capital, which everything that was presented to Council in the last workshop equaled approximately \$3 million. She stated that \$2 million of that could be done on a lease purchase.

City Manager Hegler stated that the City's revenue sources were items Council had effect over and could impact. She stated that the City's current millage was 58.10 mils and the value of one mil was \$67,914. She stated that for this year, the millage could be increased by 2.394 mils and that was based on inflation. She stated that the City could look back three (3) years at what the City had or had not raised and could add another six (6) mils to what could be raised this year therefore the most the City could raise its millage was 8.34. She stated that the average \$100,000 home, if the City raised one mil that would be a \$4 increase and if they went the full 8.348 mils that would be a \$33.39 increase a year. She stated that going up one (1) mil would be worth \$67,000 to the City and the full 8.34 would be almost \$600,000. City Manager Hegler stated that one of the ways to not have to raise millage was to raise the value of property. She stated that if the City could start to increase those values then it could start to get more revenue from properties versus raising millage. She stated that other sources of revenue that Council had impact over were the sanitation fees which were currently 13.50 a month. She stated that the City charged a sanitation fee because it was a service that the State said could be charged for. She stated that the City started charging a sanitation fee in 1999 at \$1.50 a month and have raised it incrementally, but very slowly. She stated that the next increase was in 2014 and then the fee was increased to \$13.50, which the City had been charging since 2017.

City Manager Hegler stated that there was a lot of discussion externally regarding the concept of charging through the millage or charging as a fee directly. She stated that the pros of charging sanitation through millage would be higher revenues because that would be applied to every property, every car purchase, and so forth. She stated that the pros of charging sanitation through a fee is that the citizens would probably be paying less. She stated that they were paying for the service and not paying based on the amount of their property. She stated that also it would not affect people that did not use the service like businesses, because businesses would be a part of that millage. City Manager Hegler stated that charging \$13.50 a month was funding a little less than half of the Sanitation Department through the fees. She stated that 9.44 mils were being used to supplement the cost of sanitation at \$605,000 and the rest of that department in the projected year with the projected budget for that department at \$1.5 million. She stated that if the fee stayed at \$13.50, then even more mils would have to be used to supplement that. She stated that staff looked at two (2) options to present to Council if they would like to try to get closer to a sanitation fee only system. She stated the fee would have to increase to \$27.21 a month and that would free up 11.59 mils. She stated that if they wanted to do millage only to fund \$1.5 million 23 mils would be needed so an extra 11.41 mils would be needed to do 100% millage coverage of sanitation and the City's millage was currently 8.34.

City Manager Hegler stated that another source of income that could be used was the unassigned fund balance and the current budget year would end with approximately \$9.243 million in that account and that was unassigned. Mayor Partin asked how much money the City of West Columbia transferred from their Utility Fund to their General Fund. City Manager Hegler stated that they contributed \$3.2 million on a \$23 million budget and the Town of Lexington transferred that approximate amount as well. She stated that an important discussion to have, as they were looking at utility rates and talking about raising rates was justifying the transfer. She stated that the City had done the transfer for years and other municipalities did as well. She stated that there were costs involved and the rest of the General Fund side of the City helped to oversee things in the Utilities Department and that was where the transfer numbers came from. Deputy City Manager Crosland stated that the Utilities Department used the Human Resources Department, the Finance Department and the Fleet Management Department and that use was factored into the transfer. Mayor Partin stated that the City was more responsible about the transfer than surrounding municipalities. She asked what the assessed land value was of West Columbia. City Manager Hegler stated that they were 99 which was at the higher end. Mayor Partin asked if the City was at 64 and West Columbia was at 99. City Manager Hegler stated that the City was at 67. Mayor Partin asked if staff knew what the inflation rate was for the current year. Ms. McMullen stated she thought it was 4.12.

Council Member Sox asked how much could the City anticipate the property tax reassessment to be in 2025 impacting future budgets. City Manager Hegler stated that she did not think there would be the same jump unless the City was adding property or

a new development on 12th Street. Council Member Carter asked what other services the City charged for other than sanitation. City Manager Hegler stated it was predominantly sanitation. Council Member Carter stated that sometimes there were items that there had been an allocated budget for that was not used and he asked was it cleaned up or was it best to leave it in the budget. City Manager Hegler stated that if a project was approved, for example a study, it might take a while to get done so it rolled over to the next year since it has been allocated, assigned, and set aside. Council Member Carter asked if staff saw a line item that did not use as much money as budgeted did they adjust that in the next budget. City Manager Hegler stated that every line item was looked at and adjusted according to usage. Council Member Carter asked if the franchise fees increased a lot once industrial franchise fee was implemented. City Manager Hegler stated that when Council and staff first discussed that Ordinance, it was clearly stated by Council Member Carter that making a lot of money was not the point of it but it was the fairness of applying that to all users. Council Member Carter asked if the transfer amount from Utilities to the General Fund was on the advice of the Finance Department or the auditor. City Manager Hegler stated that it started with former City Auditor Bob Millhouse. She stated that the City had the calculation that they had been using for years to calculate time and overhead and the cost of items that led to the transfer amount.

Mayor Pro Tem James asked what the retirement increase looked like. Ms. McMullen stated that she did not think the State was going to raise retirement. Mayor Pro Tem James asked what the increase was for health insurance. Ms. McMullen stated there was a 11.8% increase on the employer portion of health insurance. Mayor Pro Tem James asked how much money that would cost the City. Ms. McMullen stated that if it was employee only, the City would have to cover an additional \$40 to \$50 per person. Mayor Pro Tem James asked if the equation brought the transfer to \$2.15 million. City Manager Hegler stated that they could actually increase the transfer to \$3.7 or 4 million. Mayor Pro Tem James asked what they were not doing that they should have been or could have been doing. Deputy City Manager Crosland stated that staff was being very conservative and the utility budget could afford that transfer. Mayor Pro Tem James asked Council Member Carter what the average home value was in the City. Council Member Carter stated that it was \$257,000 to \$260,000. Mayor Pro Tem James asked if staff knew the reason why it was decided to start charging a sanitation fee. Deputy City Manager Crosland stated that the \$1.50 charge was for capital. City Manager Hegler stated that it was a fee so that had to be done by Ordinance as part of the budget discussion unless it was done in the middle of the year.

Mayor Pro Tem James stated that he and City Manager Hegler had a discussion regarding increasing the sanitation charge to cover the cost of sanitation. He stated that he did not think that was the intent when a charge was first added. Mayor Partin stated that the previous City Manager told Council that sanitation needed to pay for itself so Council voted to add that fee. Mayor Pro Tem James stated if that was the direction Council wanted to go then they needed to put a plan together. City Manager Tracy

Hegler stated that was what she inherited and the charge had not been raised since she had been with the City but staff did propose an increase last year. Mayor Pro Tem James asked why the sanitation charge had not been increased since 2017. City Manager Hegler stated that in 2019 COVID hit so there was no increase and the budget seasons since then had been difficult and that kind of cut that out from the discussion. Council Member Thomas asked if the City had the funds to replace all the City's recycling bins. City Manager Hegler stated that it probably would not replace every cart. Deputy City Manager Crosland stated that last year the City got a grant but the grant was the same amount of money every year and as the roll carts cost increased, the City got less roll carts every year for that same amount of money for the grant. City Manager Hegler stated that the Sanitation Manager amassed a number that made sense to do an area, because he did not want to do half a street or half a neighborhood. Council Member Thomas asked what was done with the old roll carts. Deputy City Manager stated that they were used for parts. Council Member Sox asked if the City made money off of recycling. Deputy City Manager Crosland stated that it actually cost the City to recycle. He stated that it cost approximately \$80 a ton. Council Member Thomas asked if someone moved into the City and their house did not have a recycling bin, would they have to purchase one. Deputy City Manager Crosland stated that they could purchase a recycling bin but not a recycling roll cart.

City Manager Hegler stated that next was discussion on the Utility Fund budget. She stated that the City was the sixth largest utility in the state and it was a big business so it was an opportunity but it was currently a challenge. She stated that it was a challenge because some of the existing system needed to be replaced. She stated that the Utility Department was also experiencing staffing and workforce development issues as well as suffering the same inflation increased costs of things. She stated that the Utility Department had very specific increases in costs for the things they needed to operate such as chemical supply materials. She stated that costs had gone up every year and the City needed that supply so there was no choice but to purchase the chemicals. She stated that the Utility Department also had infrastructure that had to be maintained and replaced and that had not been done in a in a really wise and strategic way over the last few years.

City Manager Hegler stated that after having a rate study done the recommendation was a rate increase so staff made some assumptions to balance the operating budget. She stated that with a 25% increase in water and sewer rates the City could continue with current staffing levels, current staffing salaries and it would cover insurance and fringe benefit increases and current level operating. She stated that the scary news was that the increase had to happen for these items to happen. She stated that keeping that minimal, balanced operations did not include a cost-of-living increase for utility staff, or capital items. She stated that \$2.2 million was requested in capital and a cost-of-living increase would cost \$237,000. City Manager Hegler stated that she thought it was really helpful to describe the options that the rate study consultants discussed. She stated that option A that was discussed at length and

was a 40% increase in the next fiscal year on water and sewer. She stated that currently, an average typical user of water was paying \$30.67 and that would increase to \$42.94 so the impact to a customer in year one at 40% would be \$22.46. She stated that after the 40% increase it could increase by the CPI or some modest amount. She stated that option B was a 25% increase in year 1 and then a 20% increase in 2026. She stated that was a \$14 impact to the average user in year one and also a \$14 impact in year two, and then hopefully by year three the increase could be 5%. City Manager Hegler stated that option C was a 25% increase in year one, 15% increase in year two and then a 11% increase in year three and then in year four, a CPI 5% increase. She stated that going with option A, one actually paid less in the end so ultimately, customers would see a smaller impact over time.

City Manager Hegler reviewed the utility reserves. She stated that there was an unrestricted net position of \$3.8 million, capital reserve of \$838,000, capital equipment reserve of \$1.4 million, a water and sewer capacity investment of \$5.2 million and a wastewater renewal replacement of \$4 million. She stated that each could only be used for certain things. She stated that she wanted to orient Council to the challenge and tell them how staff proposed balancing the budget very minimally by increasing rates. She stated that was not getting the City really far ahead at that minimal rate increase and they would not be able to do certain things that the department director had asked for, such as COLA and capital.

Council Member Thomas asked what account option B and option C would come from. City Manager Hegler stated that option A would cover operations and almost all the capital that was requested and it would be setting the City on a trajectory for greater revenue growth. She stated that the 25% increase would fund the capital that the department directors asked for and it would probably come out of that unrestricted net position, but depending on the actual item, it could come out of those other funds as well and that was for capital only. Mayor Partin stated that she wanted to start out with kudos to staff. She stated that she did not know the City was the sixth largest provider in the state and stated that they had amazing customer service. She stated that the City got into sludge because the State asked them to and gave the City a million dollar grant to get it up and running because there were dysfunctional sludge sites around the state. She stated that there was a 264% increase in chemicals so she assumed that meant the City was not covering costs. Ms. Catchings stated that the City was covering costs with the receiving station and making some revenue. Mayor Partin stated that if it was not paying for itself then the City would have to tell the State that they were no longer doing it. City Manager Hegler stated that was still a good conversation to start because the State needed to know that this was still a service for them that the City was providing and they could not get closer to that tipping point of it not paying for itself. She stated that staff had made some improvements to the receiving station in the last couple of years with bonds.

Council Member Thomas stated just to be clear, if the City did not increase the water and sewer rates, then the City would not be able to meet its bond. City Manager Hegler stated that was correct and one of the biggest issues with the Utility Fund budget was what was included in operating had to meet the debt coverage. She stated that one did not have a choice with coverage and it allowed the City to take out more bonding. She stated that it was a non-negotiable and the government would come in and basically take over the system if the debt coverage was not covered. Mayor Partin stated to clarify for the public, there were times where the City did not have a choice. She stated that she thought Council had always done a good job of being thoughtful about increases at least under her tenure but they did not ever not raise because that was a bad idea. She stated that there was no business that did not raise prices to cover their costs so they could function, but Council had always been very thoughtful about it. She stated that inflation was insane and the chemicals alone increased 150% in one year. Deputy City Manager Crosland stated that he liked to brag on the Utility Department staff who did a lot of repairs in house.

Council Member Thomas asked City Manager Hegler and Ms. Catchings if they recommended an increase last year. City Manager Hegler stated yes but not on utility rates because they knew they needed to do a study to know what that would look like. City Manager Hegler stated that the last rate increase was in 2017 and that was because of the waterline replacement project. She stated that there was a 3% increase annually for three years but that was a rough estimate of what it would take to reach a bond coverage on a new \$36 million bond that the City was taking out. She stated that in 2019 and 2020 there was no palette for an increase because Council had just done one and there was COVID. She stated that they did not propose a utility rate increase last year, because staff knew they needed to be methodical and thorough about it and understand the real cost of the system and equate that into rates. Council Member Thomas asked if the plan in regard to waterline issues was to eventually start looking at replacing the second oldest waterlines. Council Member Carter stated that if one took the newer neighborhoods out of the equation, then all the other neighborhoods had new water lines. City Manager Hegler stated that 75% of the in-city water lines were replaced. Mayor Partin stated that other cities would love to have the ability to be able to do that but the City was able to do it because Council and staff was careful about the City's money, which meant they were able to get that bonding capacity at such a low interest. City Manager Hegler stated that to Council Member Thomas' point long term, if the City was ever to embark on that kind of a project again rates would have to be raised because the City would have to prove that bonding capacity again and prove its ability to pay that bond back. She stated that the current recommended rate increases did not give the City the money to do that project but sets the City up to be able to take out a loan to do the project.

Council Member Carter stated that he was still struggling to see how the City was in a place that such a large rate increase had become necessary. City Manager Hegler stated that the City's Bond Attorney Mr. Lawrence Flynn advised that the City's debt

rate coverage was good, but not great. He stated that it used to be great and then he started advising that the City needed to do a rate study. She stated that she thought what had happened was over time, those incremental increases had been done with the expectation to keep a very high bond coverage and that had narrowed to a point now of having to do something about it. Council Member Sox asked how the City's rates compared to the five (5) larger systems. City Manager Hegler stated that Ms. Catchings was quite sure that they would be higher but stated staff would check that. Council Member Sox asked if the unassigned fund balance could be used to offset that year one. City Manager Hegler stated that the 25% rate increase in year one did not cover any capital so if Council chose to purchase capital, it would all have to come from something like that. She stated that it would be difficult because they would have to figure out what to cut out of operations that would qualify for one of the unassigned accounts since it was not capital and they would basically be funding a recurring cost of operations via a reserve. Assistant City Manager Conley stated that if the City used reserves for operational costs it would be a mark against the City when the City needed a new bond since they looked at what had been done historically in the past.

City Manager Hegler stated that she brought some material for Council that they asked for. She stated that she had some annual leave research for the request that staff presented to Council as well as what it looks like for millage versus fee for the sanitation fee. She stated that the City had outside agencies that requested funding every year to include CMRTA, the River Alliance, the Congaree River Keeper, Transitions and Keep Midlands Beautiful as well as staff wanted to look into joining the MASC Main Street Program. She stated that feedback would be helpful on funding the outside agencies. Mayor Partin stated that staff really wanted some general guidelines from Council to balance the budget first. Council Member Thomas asked what the cost would be to fund the recycling roll carts. Deputy City Manager Crosland stated that if Council did not do any increases, it would have to come from the fund balance. Council Member Sox stated that if the City increased its millage as much as they could, that still would not cover the departmental increase requests, the cost of living, the pay grade elimination, and the operational increases. City Manager Hegler stated that the City could do lease purchases on the equipment.

City Manager Hegler reminded Council that it was not uncommon that everything requested was not approved. She stated they did not fund every single thing every year. Council Member Thomas asked how much money would go into the fund balance for the current year. She stated that the City had good years where it did really well, because staff was very conservative in budgeting and that added approximately \$200,000 in one year to the fund balance. She stated that thinking long range, the City had to be sure that if any of the fund balance was used there is a method for building it back up. She stated one way to do that was increasing the assessed values of properties.



Mayor Partin stated that she brought a solution to Council two (2) years ago to get vacant buildings to be viable. She stated that did two (2) things, it increased that taxable land value by getting cool things going on making those buildings look better and having building owners have great small businesses. She stated that the other thing it did was bring in business license revenues. She stated that it was shut down on second reading two years ago. She stated that by doing that it was basically prioritizing about 35 land and building owners over all of the City's citizens. Council Member Thomas asked how could the City get the property taxes percentage to go down and the number of businesses to go up. City Manager Hegler stated that it was staff and Council's collective goals to increase the kind of businesses that pay a business license and have hospitality tax. She stated that it was also a quality of life thing so they needed to be supporting and promoting and building a city that those businesses want to come into, and certainly don't want to leave.

Council Member Carter stated that he agreed the City needed to increase its values of properties but they were restricted commercially. He stated that they had the Knox Abbott corridor and the 12th Street Extension corridor which was a lot less than some of the surrounding municipalities. Mayor Partin stated that in reference to the current vacant buildings it was better for the property owners to have buildings that were viable as opposed to vacant because those were more at risk of unsafe behavior. She stated that assessed value was largely based off of commercial and industrial property, because those were at a higher rate and that was what that Ordinance was that she brought to Council two (2) years ago. She stated that she understood there was hesitation to add fees on to commercial and industrial building property owners, but Council was about to add some taxes to their citizens who did not have an asset that they could make money off of like a commercial or industrial piece of property. Mayor Partin stated that the buildings had been vacant since before she was the Mayor. She stated that they were dilapidated structures that were not getting attention and took time and energy from staff from a code enforcement situation. She stated that any viable business that was beside a vacant building was essentially taxed because they did not have cross synergy business. She stated that she had not seen anyone else bring ideas forward and that was what they had to do. She stated that she and Council Member Carter were discussing the budget recently and discussed how it was not possible to cut the City out of this budget. She stated that they might try to cut things out of the budget this year and band aid stuff together but that would get them nowhere the following year.

Mayor Partin stated that the City had already seen successes because Council did pass that Ordinance on first reading and she had talked to two (2) business owners who both directly said when the Ordinance passed on first reading one owner of a vacant building agreed to sell it and now it was being refurbished. She stated the other example was the old Harley Davidson building on Frink Street that Signarama was in now. She stated that they had to figure out how to get more viability in the vacant buildings because that was where quality of life came from, and it also helped to take

the pressure off of the City's citizens and helped to prevent Council from having to keep taxing them. Council Member Thomas stated that Mayor Partin was 100% correct. He stated that it was Council's job to all work together to figure out how to take the burden off for the City's taxpayers that were already working hard enough. He stated that some people lived paycheck to paycheck and they were asking them to pay more. He stated that he was willing to look at options to figure out how to get the banking and business owners to the table to figure out what they needed to do to make it easy for them to get good businesses into their properties. He thanked Mayor Partin for trying to find solutions. He told Administration if they emailed him the list of vacant property owners, he wanted to work to see what he could do. He stated that next year he did not want to be sitting there having the same discussion. He stated that he felt very vulnerable for the City's citizens.

Mayor Pro Tem James asked how close the City was to hiring someone to focus solely on economic development. City Manager Hegler stated that Administration could start to focus on economic development and it could become a goal and priority of the City and that was how they could start to do all these things and not be here next year. She stated that she could not promise they were going to catch up \$3 million in a year but it had to be a strong, sole prioritized focus of Council's and then a person that could focus on only that. Mayor Pro Tem James stated that he felt strongly that this was something that could help staff to be able to not only conceptualize but be very strategic about the approaches to economic development. He stated that he thought that was an answer to the new concerns that Administration had every day and certainly would probably be a huge return on investment. City Manager Hegler stated that she agreed and felt like it can be a one-time investment of Council's and should pay for itself eventually as it brought more business. Mayor Partin stated that she did not want Council to be mad at Administration a year from now because it did not pay for itself and the City did not have those revenues coming in to help with the budget.

Council Member Carter stated that there was a disconnect and a perception of the City that he heard a lot. He stated that people said they were not going to locate in the City because it was difficult working with the City and was hard to do business there. Mayor Partin asked who said that about the City. Council Member Carter stated that developers, business owners and commercial realtors said it. Mayor Partin stated that she had just as many people saying the opposite. Council Member Carter stated that he understood that but the City was not generating new businesses. He stated that the issue was not with staff but with Council's policies and they needed to improve them. Mayor Partin asked what kind of policies. Council Member Carter stated setback rules, zoning rules, anything so the City's customers and clients and potential businesses did not feel like they were being stonewalled and nitpicked.

Mayor Pro Tem James stated that the elimination of the lowest two (2) pay rates was very important to Administration and something that they thought was going to better the City by eliminating them. He asked if Administration could give Council some

type of order in which they could give staff financial advice. City Manager Hegler stated that Council had always taken care of staff and that was going to be a priority. Mayor Pro Tem James stated that they had to figure out a way to do a cost of living adjustment for staff. He stated that Council would take care of staff and that was without a doubt, along with the elimination of the bottom two pay rates. Mayor Pro Tem James stated his priority was to care for, to recruit and to retain the most qualified staff that the City could because then what that meant was you were minimizing turnover, minimizing cost of training and minimizing tearing up of equipment while providing great services to their citizens.

City Manager Hegler stated that Council needed to look at recurring costs and how to increase revenue to cover that. She stated that it was helpful to know Council's priorities and staff could find that middle road with that priority. She stated that staff could take the same approach with the Utility Fund budget. She stated that at this point she wanted to help Council market and communicate the budget to the public and discuss those things publicly so they were well understood. She stated that they still needed to discuss rate increase options. She asked Ms. Catchings what was an average user. Ms. Catchings stated according to Raftelis and RIA, who both did a lot of the rate gathering information, they considered 5,000 gallons a month average so if one used less than that, it was going to be a lower impact and more than that, it would be more.

Council Member Sox stated that option A the average would be a \$45 per bill increase and option B would be a \$28 increase. Mayor Pro Tem James asked if a \$22.46 increase was implemented per month how would that affect the budget. Ms. Catchings stated it would be an increase of about \$3.5 million for the next year. City Manager Hegler stated that the 40% would enable all capital to be included in the budget. Mayor Pro Tem James asked what the calculation would be for out of city customers. Ms. Catchings stated it would be double. Mayor Partin stated that was still probably lower than some of the other private entities that were in other parts of Lexington County.

Mayor Pro Tem James asked City Manager Hegler how much of the fund balance she was willing to use. She stated that it was a similar story to the General Fund and hopefully, the City would be getting more tap fees and more users. She stated that they had to purchase almost everything on the capital list because they could not continue to defer some of those payments. Mayor Pro Tem James asked how much was in the capital. City Manager Hegler stated \$2 million. She stated that Ms. Catchings had for the first time a good long range capital improvement plan so the improvements could be done over time.

Council Member Sox stated that he liked option B. He stated that the difference of B and C on year two was really just about \$42 on average. City Manager Hegler stated that drawing the rate increase out actually cost the customer more. Council

Member Thomas stated that he agreed with option B and that would allow their constituents to see in year 2026 there was going to be a jump but it gave people time to prepare, especially those that were already working paycheck to paycheck.

**Adjourn**

Council Member Thomas made a motion to adjourn. Council Member Sox seconded the motion which was unanimously approved by roll call vote. There being no further business, the meeting adjourned at 4:02 p.m.

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Elise Partin, Mayor

ATTEST:

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Mendy Corder, CMC, Municipal Clerk