

**MINUTES**  
*Town of Lexington*

**Special Council Meeting**

May 17, 2010

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Town Council held a Special Council Meeting followed by an Executive Session and Council Work Session on May 17, 2010 in the Council Chambers. The meetings were attended by Mayor Randy Halfacre, Mayor Pro-Tem Hazel Tyndall, Council Members Richard Thompson, Kathy Maness, Danny Frazier and Todd Shevchik. Councilmember Stambolitis arrived after the Special Council Meeting. The Executive Session was attended by Town Administrator Britt Poole, Assistant Town Administrator Stuart Ford, Municipal Attorney Brad Cunningham, Community and Economic Catalyst Johnny Jeffcoat, Sherri Burriss, Brokerage Services, Grubb & Ellis\Wilson Kibler, and Municipal Clerk Becky Hildebrand. Also present for the Special Council Meeting were Police Chief Terrence Green, Utilities and Engineering Director Allen Lutz, Finance Director Kathy Roberts, Parks, Streets and Sanitation Director Dan Walker, Planning, Building and Technology Director Leah Youngblood and Information Technology Manager Josh Emory.

There were approximately ten (10) citizens present and two (2) reporters from the news media.

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Mayor Halfacre welcomed everyone to the Special Meeting to address the 2010-2011 Budget. He requested that the First Reading be aired live on Channel 2 to provide transparency to the proceedings and to provide information to the public so if they had questions they could contact the appropriate staff members. He later welcomed Glenn Martin, in-coming Chairman of the Lexington Chamber, and his daughter.

**INVOCATION, PLEDGE AND CALL TO ORDER:** Councilmember Thompson gave the invocation and Councilmember Shevchik led in the Pledge of Allegiance.

Mayor Halfacre called the Special Council Meeting to order at 6:04 p.m.

**ADDITIONS/DELETIONS**

Mayor Halfacre requested to add "Lexington Life Magazine Annual Contract" as New Business Item #1. There being no objections from Council, the item was added as requested.

**PRESENTATIONS**

**FY 2010-2011 Proposed Budget Overview: Town Administrator Britt Poole, Assistant Town Administrator Stuart Ford, and Finance Director Kathy Roberts:** (Charts attached.)

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**Town Administrator Poole** thanked Council for reviewing the proposed \$21 million 2010-2011 Budget at a recent work session. He summarized the budget as follows: Revenues are down 4.1%; one new police officer position was added and one meter reader position was removed; as with the previous 20 years, no millage increase was included. He stated that the Enterprise Fund would require a 3% increase in order to meet the Town's obligations. He concluded that the budget meets the Town's coverage requirement for debt and a recent change in liability insurance will save the Town approximately \$33,000. He later thanked Finance Director Roberts and Assistant Finance Director Wieder for doing the "heavy lifting" to get the budget and documents prepared.

**Finance Director Kathy Roberts** presented several charts which focused on the General Fund and the Enterprise Fund. She stated that the first chart showed revenues in 2009, then the Budget for 2010-2011. She added that the 2011 budget was cut to reflect the indicators that the Town may not collect all the budgeted revenues. The chart also indicated the following categories: franchise license and permit fees, (largest portion of revenues, business license fees (largest decrease), and property taxes. Ms. Roberts explained that 50% of the General Fund Expenditures are used for the Police Department and the remaining budget is split with 25% going to other departments, including Council and 25% to the Parks Department. The Parks Department budget is \$1.9 million of which 36% is spent for garbage services. She stated that the Enterprise Fund indicated a decrease after 2008 which was largely due to a decrease in Capital Contribution Fee Revenue. She added that it is expected to continue a decline through 2011 and then stabilize. Water and Sewer Revenue represents 87% of the Enterprise Fund Revenues. Ms. Roberts stated that expenditures for 2011 with debt service being the largest category at 30%. Other large portions are represented in salaries at 26%; contractual services including water from West Columbia; and, cost of sewer from Cayce. Cash Reserves will be used in 2011 for \$9 million in system improvements.

**Assistant Town Administrator Stuart Ford** gave a brief background of the \$100 Million Capital Improvements Plan (CIP) with the new wastewater treatment plant in Cayce totaling over \$30 million and expected to be complete in 2011 resulting in 12.45 MGD of sewer capacity. The CIP will continue beyond the end of the decade. Mr. Ford stated that operating costs continue to increase with the new plant. Currently the Town pays Cayce \$630,000 per year and that is expected to increase to \$2 million per year once the plant is on line. The rates and charges must be sufficient to cover the Town's debt covenants with bond holders and provide for on-going O&M and the recession has dramatically reduced anticipated revenues. He added that as the Town sets rates, professionals are hired to help analyze the eight objective components which are a balancing act between financial stability and being able to defend our rates if challenged against affordability for customers, conserving precious resources, equitable rates, and having customers who understand how they are being charged. Mr. Ford explained the impact of a rate increase. Typically a residential customer uses 6,000 gallon per month. A rate increase of 3% would increase their bill by \$1.75 per month increasing their total bill to approximately \$61.60 per month. Mr. Ford

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displayed a chart that indicated that if the Town does not approve a rate increase, net revenues would decline below \$4 million resulting in the Town's default of debt by 2014. He added that with a 3% rate increase a healthy picture was presented. Coverage Ratios would decline below the required level of revenues without a rate increase. Cash balances would decline by 2015 without a rate increase and with a rate increase cash balances would exceed \$5.3 million in the bank by 2015 which would position the Town for the future. Mr. Ford gave a summary of continuing Capital Improvement Projects which totals \$33 million of which \$17 million will from borrowed funds and the remaining amount will come from cash on hand.

**NEW BUSINESS ITEMS**

1. **Lexington Life Magazine Annual Contract:** Council received a notification from Lexington Life Magazine on May 11, 2010 advising the Town that due to the tightening economy, they could no longer offer the Mayor's column for free each month. They offered the Town a discounted contract price of \$800 a month, with a 12 month commitment, to continue the article. Council's consideration was requested for the FY 2010-2011 budget. Total annual cost: \$9,600.

A motion was made by Mayor Pro-Tem Tyndall and seconded by Councilmember Thompson to approve the request as stated. Councilmember Shevchik recused himself from the discussion and vote as he is the owner of Lexington Life Magazine. Mayor Halfacre stated that he was a little disappointed in the notification in that he viewed the article as a community service column since the inception of the magazine. He later stated that he was surprised that it was not a graduated amount; just all of a sudden it would go to almost \$10,000 per year even though he understood based on a letter from Lexington Life Magazine that it was due to economic reasons which has affected many people. He asked if the price was negotiable. He called on the representative from Lexington Life Magazine who was present to answer questions.

**Ms. Mary Hook**, Acting Editor for Lexington Life Magazine, stated that she was a recent graduate of USC Aiken with a degree in Communications and Public Relations. She stated that the price of \$800 per month quoted to the Town was the same rate paid by non-profit church organizations for half page ads in the magazine. She added that the rate includes printing, postage, editing and was the cheapest rate that could possibly be quoted by Lexington Life Magazine. Ms. Hook stated that space in the magazine is currently at a premium due to the economy and since this is a small local family owned magazine, they could no longer subsidize the free columns. She added that the column had been donated to the Town since 2004 which equals 71 issues and \$60,000 in donated articles over the past six years in the form of ad space. She confirmed for Mayor Pro-Tem Tyndall that the Lexington Chamber already pays through an established partnership. Ms. Hook confirmed for Councilmember Thompson that the size of the ad was

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quoted for a half page ad at \$800 and on behalf of Lexington Life Magazine, the ad would need to be a half page or no column at all. She later stated that they were sorry to spring this on the Council, but when they prepared their budget they determined that they could no longer offer the column for free. She added that \$800 is a great price for an ad and the Town would own the space and could use the column in any way that was needed.

Councilmember Frazier requested that the item be removed from the agenda and returned to a Council Work Session for further discussion. He added that he knows that times are tough and he appreciated that, but he would like to discuss the item further to see if there could be some type of negotiation. He added that if they had to vote tonight he knew where his vote would be. Mayor Halfacre stated that he had no problem with Councilmember Frazier's request, but they had just been told by Ms. Hook that there was no negotiating. He questioned what would be accomplished by taking it back to a Work Session if the price or size could not be negotiated down. Mayor Halfacre added that this is a budget item and this is just the First Reading of the budget and it could be amended at the Second Reading. He stated that the Town has other avenues to publish a Mayor or Council column such as the internet and the Town's newsletter. He added that he gets many good comments about his homespun articles in the Lexington Life Magazine column, but he cannot support spending \$10,000 of the taxpayers money just to "blow smoke" for lack of a better term. Ms. Hook restated that she was pretty positive that it could not be negotiated lower.

Councilmember Frazier withdrew his motion to return the item to Council's Work Session. Mayor Halfacre thanked Ms. Hook for attending and stated that she had learned her college courses well and how to respond to questions. Mayor Halfacre called for a vote on the original motion to approve \$9,600 for the Lexington Life Magazine article. No votes were cast. Councilmember Maness asked once more if the item could be negotiated further in a Work Session. Councilmember Frazier advised Ms. Hook that he would request that the item be returned to Council's Work Session only if she would go on record and state that she would be willing to negotiate. Ms. Hook replied that she would try her best to see what she could do to negotiate the fee and she would like to see it go back to a Work Session. Councilmember Frazier restated his amended motion to return the item to Council's Work Session. Councilmember Maness seconded the motion. Municipal Attorney Cunningham confirmed that the Work Session in question was the Work Session immediately following this Special Council meeting. Mayor Halfacre confirmed that Ms. Hook could stay for the Work Session. The motion was carried with four (4) in favor, one (1) opposed (Halfacre) and one (1) recused (Shevchik).

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- 2. First Reading of an Ordinance Adopting the FY 2010-2011 Budget (Title Only):** South Carolina law requires Town Council to adopt a balanced budget each year. Budget Revenue and Expenditures were provided to Council as well as the draft ordinance. (Copies attached.)

A motion was made by Councilmember Thompson and seconded by Councilmember Frazier for First Reading approval of an Ordinance adopting the FY 2010-2011 Budget (Title Only). The motion was unanimously carried by all those present.

- 3. First Reading of an Ordinance to Provide for the FY 2010-2011 Tax Levy (Title Only):** South Carolina law requires Town Council to adopt the Tax Levy each year. A draft ordinance for the Tax Levy for FY 2010-2011 was provided to Council. (Copy attached.)

A motion was made by Councilmember Maness and seconded by Mayor Pro-Tem Tyndall to approve First Reading of an Ordinance to provide for the FY 2010-2011 Tax Levy (Title Only). The motion was unanimously carried by all those present.

- 4. Funding for Palmetto Girls State:** West Columbia Councilmember Dale Harley contacted several Town Council members requesting assistance to send several girls from Lexington High School to Palmetto Girls State this summer. Councilmember Harley recently found that some of the schools needed additional funding to send students, along with the assistance of the Lexington American Legion Auxiliary Post 7. The American Legion Auxiliary organized and has administered the program since 1947. During the week of Palmetto Girls State they learn about government and produce a newspaper that informs citizens of happenings around the state including election results and important issues affecting towns in the state. Councilmember Harley requested funding from many of the municipalities in Lexington County. West Columbia, Cayce and Springdale have committed to help with funding for Legion Posts in their areas. Town Council was asked to fund \$2,000 to help send additional girls from the Lexington area to Palmetto Girls State. Funding would go directly to the Lexington American Legion Auxiliary Post 7.

In the April 19, 2010 Work Session, Council voted to add this item to the May 3, 2010 agenda. During the discussion Mayor Halfacre recommended splitting the funding between Girls State and Boys State. The Town Administrator recommended that Council consult with the Municipal Attorney before proceeding. No Executive Session was held at the May 3<sup>rd</sup> meeting and the item was removed from the agenda.

A motion was made by Councilmember Frazier and seconded by Councilmember Maness to approve funding \$2,000 for Girls State to be paid directly to Lexington High School. Councilmember Maness

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confirmed that she had talked with Jessica Calhoun at Lexington High School and they have 18 boys funded and only 5 girls, therefore, she requested that all the funds go to sending additional girls from Lexington High School. Mayor Halfacre stated that he supported that as long as the girls and boys were equal players. The motion was unanimously carried.

**PUBLIC COMMENTS:** None.

**QUESTIONS FROM THE NEWS MEDIA**

**Mr. Tim Flach**, The State newspaper, confirmed with Municipal Attorney Cunningham that it was legal for the funds for Girls State to go directly to Lexington High School.

**Ms. Vickie Shealy**, Lexington Chronicle, asked about the millage set in the Tax Levy that just had First Reading. Finance Director Roberts stated that the millage was 36.238 and it did not include rollback tax and the Town had not received those numbers yet. She added that the Town's revenue numbers should not change and if the millage changed it could be corrected by Second Reading. Ms. Shealy advised that Lexington County Council had done reassessments and voted on the new millage rollback tax at their last meeting. Councilmember Maness requested that the county be contacted to verify the information.

**ADJOURNMENT:** There being no comments or questions, Mayor Halfacre requested to move directly into the Council's Work Session. A motion was made by Councilmember Maness and seconded by Mayor Pro-Tem Tyndall to adjourn Council's Special meeting.

The Special Council Meeting was adjourned at 6:36 p.m.

Respectfully submitted,

Becky P. Hildebrand, CMC  
Municipal Clerk

APPROVED:

T. Randall Halfacre  
Mayor