

BUDGET WORKSHOP MEETING – CAIRO MAYOR & COUNCIL – MAY 28, 2009

The May 28, 2009 Budget Workshop Meeting was called to order immediately following the regular meeting in the Council Room at City Hall with Mayor Richard VanLandingham presiding. Present were Mayor Pro Tem Ernest W. Cloud, Jr., Council Members James H. Douglas, Kermit V. Gilliard, Jr., Robert L. Gwaltney, and Lannis Thornton. Staff Members in attendance were City Manager Chris Addleton, City Attorney Thomas L. Lehman, and City Clerk Carolyn B. Lee. Cairo Messenger Editor, Randy Wind, was also in attendance.

City Manager Addleton reported that, since the last workshop, he had added extra for an increase in employee healthcare as a result of a high incident rate, adding that other plans could be considered but he did not think a better rate could be found at this time. He also noted the need to consider self-funding in the future. \$150,000 had also been added for employee retirement, but actual figures would not be available until June 1st. This brought the new budget total to \$36,482,902.

He also reported that some Electric Capital Outlay would be funded from the MEAG Competitive Trust Account. Depreciation in the amount of \$1,172,000 was in the enterprise funds and actually not a cash expense. Councilman Douglas stated that he would not budget depreciation, but it would be needed for reporting purposes. He added that the debt service was a cash use but not an expense, with only the interest being an expense and having to be budgeted.

The difference in revenue (\$36,482,902) and expense (\$36,001,903) was \$480,999 and would be used to fund the expected increases in retirement and healthcare.

With regard to new personnel, he wanted to focus on the Accounting/IT position rather than the Accounting/IT/Purchasing Clerk that was previously considered. He wanted someone with IT experience in order to free up the Finance Director so that she could take a greater part in budget preparation.

Regarding the funding for other agencies, Director Alan Kaye and Mrs. Lois Duncan were present to discuss Roddenbery Memorial Library's budget. Mr. Kaye reported that both the Board of Education and the County Commission had revenue shortfalls and were looking at reductions in their contributions. The School Board was not certain what they could do until after the first of the fiscal year. He was hoping the County would contribute an amount between last year's and what the School Board funded. The State had cut their funding to the library by 8%. Director Kaye was questioned on what changes he had made, with him asking what he had to work with. Mayor VanLandingham expressed that there would be less revenue for all entities and everyone was trying to minimize expenses. Mr. Kaye stated that he would like to focus on support rather than percentages. Councilman Douglas stated that it was not fair for City employees to suffer by not getting raises this year if no cutbacks were made by the other agencies. Mr. Kaye stated that he had reduced expenses by cutting the book budget, reduced ground maintenance, eliminated several summer programs, made an audit change to reduce costs, no raises were planned, set up a charge for notary services, saved \$14,000 in healthcare costs, delayed replacement of student assistants, use of new volunteers, held a large book sale, applied for one or two student workers through stimulus funding, cut online homework program unless a grant was received, cut subscriptions for magazines and newspapers, reviewed use of supplies, and adjusted thermostat settings. In conclusion he added that he needed \$475,000 in local funding. Mrs. Duncan encouraged the Council to provide the funding needed for the library.

Councilman Douglas asked Mr. Kaye if he had looked at reducing hours or eliminating staff; and if the City agreed to make up the difference, would the County and School Board pay more next year. He referred to the 1944 contract for the City to pay 50% and the other two entities to pay 25% each.

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Councilman Douglas noted that, if General Motors filed bankruptcy, Timken would be affected and the economy hurt even more. Mayor VanLandingham suggested putting a plan in place for what to cut and warn up front of a possible reduction in funding. Council discussed the other agencies funding, agreeing to reduce the library to ½ of the \$475,000 for an amount of \$237,500. The Ferst Foundation was decreased to \$4,000, the Joint Development Authority remained at \$37,500, Holder Park Pool was reduced from last fiscal year to \$36,900, Holder Park Summer Program reduced from last fiscal year to \$17,500, Downtown Façade Program reduced to \$10,000, Downtown Development Authority left the same as last year at \$25,000, and the Neutral Zone reduced from last year to \$3,780. City Manager Addleton was requested to look at the Clean and Beautiful budget again.

City Manager Addleton had prepared water and sewer charts and rate evaluations and comparisons with other cities. Remaining revenue neutral, he had proposed reducing the residential “ready for service” monthly charge on water from \$11.95 for the first 3,000 gallons to \$7.00 for the first zero gallons. The sewer rate would go from \$19.10 for the first 3,000 gallons to \$10.50 for the first zero gallons, with a 15,000-gallon monthly cap on sewer. In answer to a question from Councilman Douglas, he confirmed that the gallons did not register until they reached 1,000, and the minimum would be billed. It was also asked how many dead meters there were, with Councilman Cloud stating that the number had been reduced since the change-out of meters. Councilman Douglas suggested that a zero-consumer report be run each month to follow-up on this. He also stressed the need for a cost of services study by an engineering firm. In closing, Mayor VanLandingham suggested looking at changing the \$2.35 difference in the sewer rate to water instead.

ADJOURN: Discussion was complete, and the meeting was adjourned.

APPROVED:

**RICHARD VANLANDINGHAM
MAYOR**

ATTEST:

**CAROLYN B. LEE
CITY CLERK**