

**SAVANNAH CITY COUNCIL
SPECIAL MEETING
SEPTEMBER 22, 2014
CLASBEY CENTER
6:00 P.M.**

Mayor Connie George presiding.

Council members present: Don Dillman, John Parker, Joy Thompson and Greg Wilson. Mayor Connie George, City Administrator Bruce Lundy, City Attorney Emily Bauman, Chief of Police David Vincent, Director of Public Works Kenny Lance, and City Clerk/Treasurer Beth Kar were also present along with several of the department supervisors.

Purpose: Special meeting is held to discuss the 2015 budget specifically rates.

The meeting notice was posted at City Hall September 18, 2014. The meeting was audio recorded.

BUDGET DISCUSSION:

Water & Sewer Rates – Tionna Pooler, Independent Public Advisors.

Tionna Pooler followed up from her initial rates presentation in May. For 2015, no additional rate increases are recommended at this time. Going forward, she advised to expect annual water and sewer increases. Pooler reviewed the rate adjustment effective June 2014 to increase sewer rates the recommended 4%. The City will wait and look at a full quarter of revenues that include that increase. Any capital plans and changes to usage will be monitored for future rate increases. The biggest driver is what the City decides to do on capital plans. As those things get added, they will be folded into the rates. There will be changes in some of the internal reporting to help analyze and hone in those revenues. The preliminary expected increases in 2016 would be: 1 ½% water and 4% sewer. John Parker asked about any grants for mass capital improvements. Pooler described that there are other sources of revenue for improvements. Marshal White commented that there are USDA monies. Parker expressed his concern that the City's sewer system is older and it will not be cheap to repair and replace items. Pooler described that the City needs to get a handle on the needs, then see how to fund it. Pooler suggested the City could have a feasible engineer look at the system and its capacity and then draw up a timeline on what improvements needed to be done when.

Other Budget Items: City Administrator Bruce Lundy would like to set aside \$20,000 to \$25,000 to hire a company to replace existing or put in new sidewalks each year. He will talk to John Wright to get an estimate on how much sidewalk that would be. The money would come out of same fund as streets program. MIRMA requires cities to do some sidewalk work every year. Lundy also mentioned that there are companies out there that look for grants and charge a fee. Pooler does not typically look for grants but she would be happy to look and see what other cities are doing too.

Lundy and City Attorney Emily Bauman also want Pooler to look at how it would affect the city if there were not revenues and expenses due to a petition initiative and selling the plant. Pooler explained that the City has debt and bond holders anticipating revenues, and cannot impair bondholders. If the debt isn't callable an escrow would have to be set up to pay the debt until it's callable. It would be extremely expensive. There is no actual offer amount. Pooler also mentioned that EPA has mandates to do certain things. How do those get fulfilled if the plant was sold? As a municipality there are obligations that a private company may not have. If we don't have control of the facility, the city may still have obligations. It is not an easy question to answer. The Water plant and wells are a big asset for the City. The City will look at selling water to more customers.

Don Dillman had a question about the difference on revenue figures between Pooler and City reports. Pooler explained the City budgets conservatively and budgets before the fact while she is analyzing figures after the fact.

Director of Public Works Kenny Lance forgot to add in Cemetery expenses line item 804: a set of tires for the loader: \$1200. It will be added to the budget.

Adjournment

No further business to discuss. Greg Wilson motioned to adjourn the meeting at 7:31 p.m. and Joy Thompson seconded. Motion carried on 4 yes votes.

Connie George, Mayor

ATTEST: _____
Beth Kar, City Clerk