

**SAVANNAH CITY COUNCIL
PROCEEDINGS REGULAR SESSION
JANUARY 4, 2016 6:00 P.M.
CLASBEY CENTER – COUNCIL CHAMBERS**

Mayor Connie George presiding.

Pledge of Allegiance was recited.

Council Members present: Kenny Maxwell, Don Dillman and Joy Thompson. John Parker was absent at roll call. Mayor Connie George, City Administrator Bruce Lundy, Chief of Police David Vincent, City Clerk Beth Kar and City Attorney Emily Bauman were also present. The meeting notice was posted at City Hall on December 30, 2015. The meeting was audio recorded.

Approval of Agenda – Don Dillman motioned to approve the agenda as posted. Kenny Maxwell seconded. Motion carried on 3 yes votes.

Minutes – December 21, 2015 – Joy Thompson motioned to approve the minutes of December 21, 2015 as submitted. Don Dillman seconded. Motion carried on 3 yes votes.

John Parker arrived at the meeting.

Tionna Pooler – Rates Evaluation – The City’s Financial Advisor, Tionna Pooler, Independent Public Advisors LLC, provided a memo of Rate Recommendations for Water, Sewer and Sanitation/Trash. The increases would not go into effect until bills due March 10th. She described each fund’s options and analysis behind the increases. **Water** is recommended to start a minimal 2% to keep up with inflation on an annual basis. She only listed one option because 2 percent is minimal. **Sewer** is recommended 9% or 10% increase and repeated increases for next few years. The rates have not been high enough for debt coverage and potential DNR changes. All rates will need to be re-evaluated each year depending on capital requirements. **Sanitation** (trash) has started operating at a deficit due to increased charges. The fund has a cash balance which helped balance it for this year. Increase options: 6, 7, or 8 %. There are no capital items or debt from this fund. Each fund may have increases. Sanitation would eventually moderate to 4% increases depending on how much Deffenbaugh increases what it charges the City for pickups. In the future she would like to analyze the rates prior to the fiscal year start so there will be the impact of a full year’s increase. If rate increases are implemented sooner, then the percentage could possibly be less. All the rate recommendations are based on no growth in the number of residents. If the City discovers large capital needs, that will change the figures. The new sewer license from the Department of Natural Resources comes in 2016. The sewer rates are based on the state not requiring more.

Council discussed the rate proposals. Joy Thompson mentioned the difficulty of these three things being on the same bill. Residents will look at the bill and see increases on each. Pooler responded that is why she wanted to provide as much information on the totality of what’s happening. Don Dillman pointed out that the average customer would see \$4.76 a month increase, or a \$5.27 increase if you take the highest increase for all three. John Parker commented that everyone lived here and he did not want to get to the point where we needed another 48% increase. Parker asked what happened if we did anything. Pooler explained that water could be okay but essentially it would be to pay the sewer bills. Joy Thompson asked about the contract with Fillmore water district. The rates are different because they pay for their own infrastructure. The contract will be evaluated. With an increase in Savannah, we need to make every effort to pass the percentage on to anyone who buys water. Pooler explained that the

analysis assumed water and sewer costs grow at 5%. The ordinances to finalize the increase will be on the next meeting's agenda. Don Dillman motioned to proceed with the highest percentages of each recommendation. Kenny Maxwell seconded. Motion carried on 4 yes votes. Water 2%; Sewer 10%; Sanitation 8%. City Administrator Bruce Lundy had provided handouts from MRWA of other cities. John Parker asked for Pooler's help on looking at a proposed sales tax increase. The City has an existing sales tax so it would not be hard to figure out what the increase would be.

Public Testimony: Jerry Brunk asked about where the City disposed of the lime for the water plant. There is a company that land-applies the lime on fields. There are DNR Department of Natural Resources regulations on applying the lime. Director of Public Works Kenny Lance explained that regulations do not allow one to stockpile it. City Administrator Bruce Lundy described that the sewer plant can haul sludge. The new City employee has been hauling it so an outside company may not be necessary this year.

City Administrator's Report – City Administrator Bruce Lundy had been on vacation so there was nothing to report. There had been recycling pick up misses during the holidays. City employee Valorie Bush and Lundy called Deffenbaugh. John Blessing, the representative at Deffenbaugh, apologized and was going to try and get someone to pick it up. Joy Thompson said hers was picked up late Friday afternoon. Lundy went on the MRWA association website. They conduct a water rates survey every year. The 2015 survey is not available yet. He printed the 2014 survey, which showed similar sized cities with similar hook ups; Savannah's rates are close. He will continue to look for 2015 reports so he can see what the City's rates are compared to others. Wastewater Superintendent Jason Long had told him that the sewer plant's permit will be renewed in 2016. Until the permit comes due, the City does not know what if any additional requirements will be needed. There may be added a process to treat sewage as it leaves the plant, under a light. If it is required, the City will have to purchase the associated equipment. John Parker motioned to approve the City Administrator's report. Joy Thompson seconded. Motion carried on 4 yes votes.

City Attorney's report—City Attorney Emily Bauman mentioned the ordinance for sales tax will be on the next agenda. There is not time for Tionna Pooler to look at it before then. The deadline for sales tax is the same as the rest of the items on April's election: January 26th. The County Clerk has to send it off with election materials. Bauman will have everything written up with ½ cent. It is sales tax and affects anyone who shops, not just residents. It may take more than one time to pass. John Parker asked if Tionna Pooler might be able to help with the projected numbers before the election. Bauman will contact Fillmore and work to renegotiate their contract. Don Dillman talked about including the ability to raise costs in the future with cost of living increases. Joy Thompson offered to have Water District #3/Fillmore come and meet with Council if needed. Bauman lives in Fillmore water district and had been receiving letters about possible contaminants. Don Dillman motioned to approve the City Attorney's report. John Parker seconded. Motion carried on 4 yes votes.

Second Public Testimony: None.

ELECTED OFFICIALS DISCUSSION

Mayor's Report – Mayor Connie George congratulated Council Member Joy Thompson and Jerry Brunk on their engagement. There were no meetings with all of the holidays.

Council Members Discussion -- Joy Thompson thought it looked like a water leak at the Messick Park. City Administrator Bruce Lundy explained it was not a leak but had to do with a

gravity valve which overflowed some. Thompson reported the directional sign at 8th and Main looked bad. The sign pointed to the old middle school and Minnie Cline. City Administrator Bruce Lundy will look at it. The sign may just need removed since the middle school is no longer at that location.

Adjournment – No further business to discuss. Council adjourned at 6:58 p.m. on a motion by Don Dillman and seconded by Joy Thompson. Motion carried on 4 yes votes.

Connie George, Mayor

ATTEST: _____
Beth Kar, City Clerk