

**SAVANNAH CITY COUNCIL
SPECIAL MEETING
AUGUST 30, 2016, 1:00 P.M.
CITY HALL**

Purpose: Special meeting is held to discuss the 2017 budget utility rates and other business.

Mayor Connie George presiding.

The pledge of allegiance was recited. Council members present: Kenny Maxwell, Don Dillman, Joy Thompson. John Parker was absent. Mayor Connie George, City Administrator Bruce Lundy, City Clerk Beth Kar, City Attorney Emily Bauman, and Chief of Police David Vincent were also present. The meeting notice was posted at City Hall on August 26, 2016. The meeting was audio recorded.

RECOMMENDATION FOR NEW HIRE – Chief of Police David Vincent recommended hiring Seth Allen who works at Caldwell County for the vacant officer position. Vincent contacted a few people who knew Allen including one of his instructors. Allen's father is a sergeant too. He would begin at starting officer pay. Don Dillman motioned to approve hiring Seth Allen. Kenny Maxwell seconded. Motion carried on 3 yes votes.

BILL FOR CONSIDERATION:

Bill 2016-21 Vacate Alley was read for first and second readings. The new owner of Chuck Field's auto garage, Edward Gibson, requested the alley next to his location by 4th and 5th streets be vacated. It is impassable and not being used.

ORDINANCE NO. 2704

This ordinance vacates the requested alley in Webster's addition. Don Dillman motioned to adopt ordinance no 2704. Joy Thompson seconded. Vote: Dillman: aye; Maxwell: aye; Thompson: aye; Parker: absent. Motion carried.

Don Dillman asked if it had been considered to close all of the alleys like this one that aren't being used. Many of the alleys are already vacated and it is a simple process to vacate them. The question was asked does vacating the alley turn it into taxable land. City Attorney Emily Bauman mentioned that when land is reassessed it would increase a little of the property.

BUDGET DISCUSSION:

Water, Sewer, Trash Rates – The City's Financial Advisor Tionna Pooler, Independent Public Advisors, presented recommendations for the Fiscal Year 2017 utility rates. The good news is that not much has changed from last time. She updated all the figures. **Water rates:** Current rates \$22.23 base and \$13.15 gallon. She recommended 2% increase as intended at last rate discussion: \$22.67 base and \$13.41 gallon. Impact: \$0.96 cents on an average bill. With water and sewer rates, she looks at the debt coverage. There has to be 1.10 debt coverage at minimum.

Sewer rates: The wastewater fund and sewer collect less revenue. For bond purposes, the water and sewer are combined. She has looked at each separately to make sure that water covers water expenses and sewer/wastewater covers sewer expenses. Sewer has had less coverage thus Sewer rates will increase more than water rates. She recommended a 10% increase in sewer rates. Current rates: \$17.27 base and \$4.86/gallon. New rate: \$19 base and \$5.35/gallon. Impact: approximately \$2.71 on average bill.

Sanitation/trash: She recommended 8% increase. Current rates: \$15.66 regular and \$11.61 senior. New rates: \$16.91 and \$12.54 senior. Impact \$1.25 a month on average bill. The sanitation fund has been running at an operating deficit with the cash balance supplementing it. The City is having discussions with trash hauler on rates. Pooler expects similar rate increases over next few years depending on any future projects.

Discussion: Don Dillman asked about pool discounts and her experience reviewing with other cities. Deputy City Clerk Brooke Bell explained when the City had tried to deduct sewer before on pools it was a huge mess and hard to manage. City Attorney Emily Bauman described that the bill should be considered part of the cost of owning a pool. Tionna Pooler addressed that financially it could be negligible but administratively discount for pools was not worth the time. It would be difficult. Council discussed the many situations. Joy Thompson mentioned concern of a chain reaction afraid if started discount for one instance, would have to do for all. Thompson's business includes watering plants and the water does not go down the sewer. There are irrigation meters.

However, Thompson was concerned about a backlash if all three rates were raised. Mayor Connie George described how last time rates were raised; people would come in and talk to City Administrator Bruce Lundy. Once they understood the increase was minimal, they were okay. Lundy added if the City did not take small steps, there would be larger increases down the road. Marshall White, St. Joseph News Press, described that he would write his article that it was beneficial that based on Council's previous actions, the new rates would be a small increase. The City of St. Joseph has run into problems by estimating bills and allowing discount on pools. Director of Public Works Kenny Lance commented that many people misunderstood that St. Joseph bill was only water charges and not a utility bill like Savannah's that included water, sewer and trash. Tionna Pooler reminded that there was an obligation to the bond holders to keep rates to cover expenses. The City has started the process of refunding 2007 Water bond this fall which will provide some savings. The bonds are callable in December. The City is soliciting proposals for an underwriter. The savings has not been put into the budget because it is difficult to plan until go to market on the bonds. Pooler will be back with more information throughout the refunding process. Don Dillman motioned raise the rates to the recommendations. Kenny Maxwell seconded. Motion carried on 3 yes votes.

Adjournment -- No further business to discuss. Council adjourned at 1:20 p.m. on a motion by Joy Thompson and seconded by Kenny Maxwell. Motion carried on 3 yes votes.

Connie George, Mayor

ATTEST: _____
Beth Kar, City Clerk