

April Minutes  
Special Called Work Session  
Commerce Civic Center  
April 17, 2006  
5:00 P.M.

A special called work session of Mayor and Council was held on Monday, April 17, 2006 at 5:00 P.M. in the City Hall Conference Room, 27 Sycamore Street. The work session was called to order by Mayor Charles Hardy. City Clerk Shirley Willis called the roll and those in attendance were Mayor Charles Hardy, Mayor Pro Tem Dusty Slater, Councilmen Wayne Gholston, Donald Wilson, Mark Fitzpatrick, Bob Sosebee and Richard Massey, City Manager Clarence Bryant, one (1) member of the press and fifteen (15) citizens.

Mayor Charles Hardy passed out the agreement regarding the Boys & Girls Club. He said he had just received it and the Club would rent the Recreation Center on Ridgeway for \$1.00 per year. Mayor Hardy asked that they review the agreement and it would be approved at the regular council meeting.

The question was asked if Sam Chaney had been offered the job. Chas Hardy said the Boys and Girls Club's protocol had to be followed and the job could not be offered until the agreement was signed.

A. Water & Sewer Debt Refinancing

Mayor Charles Hardy said the main meeting tonight was to determine how to pay the debt on the new WPCP Treatment Plant. The proposed rate increase was defeated at the council meeting and the council must decide how the funds would be generated to pay the debt.

Mr. Bryant said Georgia Law would not allow an unbalanced budget. At the request of some of the council members they wanted to see the water and sewer budget breakdown. He had provided that information to them.

Mr. Bryant reviewed that Bryan Harbin and Steve McKown had put together some options for increases in the water and sewer fees. The original tap fee proposal had not changed. Mr. Bryant said that he had added some costs, removed others because of changes in the personnel and insurance categories. He then opened the floor for any questions based upon the new numbers they were looking at.

At that time City Manager Clarence Bryant said he would turn the topic over to Bryan Harbin. Mr. Harbin passed out copies of the proposal for review. He said he would like to discuss the options first and then answer any questions.

City Manager Clarence Bryant went over the budget first and said that basically in the water and sewer budget there were three divisions. Water, Wastewater and Water and

Sewer comprised the Water and Sewer Budget. Each division had proponents in the budget and capital outlay projects that were purchased with water and sewer funding only and those consisted of personnel and maintenance and operation. In addition there were projects that were funded by SPLOST, GEFA and/or Bonds. Bryan Harbin got with his superintendents to gather each division's input. He then put those together as a whole and the needs were looked at. The bottom line was personnel, O&M and capital projects.

As shown the debt service was \$1,110,613 plus capital expenditures by division. At the current time the loan not closed on would cover the Steven Reynolds Boulevard and Edwards Creek projects. The loan would be in the amount of \$1.4 million dollars. Mr. Harbin said Mr. Bryant had the loan paperwork to execute but the City of Commerce was holding them until the rate increases were approved.

Bryan listed the projects included in the budget and the total was \$245,000. He said the depreciation reserve listed was \$40,573 and Bryan explained that the reserve would be a percentage reserve to have funds to fix old lines or other priority jobs that should arise on an immediate repair basis.

Mr. Harbin then went over all of the options and dollars and specifically pointed out in the last column with no increase in rates and no debt refinancing that the city would be in the red \$493,000 at the year end.

Councilman Donald Wilson asked if he understood that the change in rate would cost the customers \$4.00 per month more. Mr. Harbin said the \$3.00 cost on water and sewer was the administrative cost of running the plant. The cost to run was \$390,000 and the increase would cover \$290,000. He said the rates were based upon usage.

City Manager Clarence Bryant said that in the past the minimum bill was \$10.00 for usage of 2,000 gallons. Councilman Wilson asked if it would be same as the old electric surcharges. Mr. Bryant replied "no" it would be \$3.00 plus the charge for every gallon of usage. Steve McKown stated that the lower end customer could have a rate decrease. There were 30-35% users with less than 1,600 gallons per month.

Councilman Mark Fitzpatrick asked what the average residential usage was and Mr. Harbin said 5,400 gallons per month. Their bill would go from \$41.00 to \$51.00 per month. Mr. Harbin covered the surrounding cities that were preparing to increase their rates.

Councilman Bob Sosebee said that when the retreat was held in Helen he was the one that asked to look at debt refinancing. He asked Councilmen Wayne Gholston, Donald Wilson and Mayor Pro Tem Dusty Slater if they could come with a plan for paying the debt without an increase and refinancing. Mayor Pro Tem Dusty Slater said the refinancing really needed to be done.

Bryan Harbin said his personnel were on call twenty-four (24) hours per day. He asked if the City of Commerce wished to maintain that level of service. At that time Councilman

Donald Wilson brought up lost water. Mr. Harbin said that 19-1/2% of lost water would equate to old meters, flushing and backlog of billing. Councilman Wilson said 22% was stealing water from hydrants all the way from Yarborough Ridgeway to the South end of town. He said if the person was caught they should have a stiff fine.

City Manager Clarence Bryant said that the City did not allow people to steal city water if we know about it. Mr. Harbin stated that he had asked anyone seeing someone stealing to let him know and the City of Commerce immediately responded to the location.

Mr. Harbin said that Tony Sullivan filled swimming pools and he paid at the City Hall. Mr. Harbin said he was working to meter the hydrant and the purchaser of water would put down a \$500 deposit for the meter. He said the cost of a meter was \$800.00.

Councilman Bob Sosebee asked where the official hydrant was to get the water. The official hydrant was at the corner of Little and Pine Streets adjacent to the Post Office. Mayor Charles Hardy said 34 million gallons was pumped daily and how much could someone haul out in a 2,000 gallons truck.

Mr. Harbin said a lot of the lines were still old Orangeburg pipe. He said Athens Clarke County would not even go on a call. The resident was responsible for the portion of the main at their residence. Councilman Donald Wilson reported that five (5) loads of water went out from in front of Calvary Baptist Church. Mr. Bryant said if anyone saw someone getting water to call the city hall or the police department.

Mayor Pro Tem Dusty Slater said one of the main things was he had not had an opportunity to be in on the budget process. He thought of that after the work session. Mr. Bryant said that between now and the approval time Bryan's budget would change. The budget was always gone through four (4) times. He said he had gone through the portion he does and the costs had gone down. The factors behind that were the city took a higher deductible on the workers compensation renewal and the general liability renewal went down because of a deductible change.

The fuel cost represented bulk buying and the chemical costs depended on the weather. Mr. Harbin said that MEAG would work with Jackson EMC and save \$25,000 to \$30,000 per year in water plant costs. Bryan Harbin talked about the shift changes and Mr. Bryant covered the management rate equaled the energy only. The City would stay off the off peak rate (energy versus demand). Mr. Harbin said the only time it would be turned on would be for a fire emergency or a main leak. There was a 1.6 million gallon storage cap and 58,000 gallons per minute could be pumped.

Chas Hardy said there were 738 hydrants and they were tested twice per year at approximately 1,000 gallons per hydrant. That was part of the unaccounted water.

Councilman Bob Sosebee asked Mr. Harbin if there were any new personnel in the budget and Mr. Harbin said no. It did include two (2) part time for maintenance and testing. Councilman Sosebee said if the budget was approved July 1 and if refinancing

was done would it be included. Mayor Charles Hardy said a special called meeting would be held to approve the financing.

According to the financials the City was receiving \$51,000 SPLOST funds per month; however those funds were dedicated to capital projects. Mr. Harbin said if the rate increase was done now the revenue would not come in until June. Mayor Charles Hardy said it was a lot easier to do in small bites. Mr. Harbin said the last increase was in January, 2004. He said if there were any questions anyone could come by his office and discuss them with him.

B. Proposed Retail Water and Sewer Rates, Wholesale Water Rates and Water and Sewer Tap Fees

Mayor Charles Hardy said that a special called council meeting on Monday to discuss refinancing must also include a rate increase.

Mr. Harbin again went over the options for the proposed water and sewer rate increase along with the wholesale water rates and water and sewer tap fees. The amounts had not changed from the original except to add option 4 to assist the lower end users with less than 1,600 gallons per month usage. That category of users would most likely see a decrease in their utility bill.

C. Migrating from Three Utility Billing Cycles to Four

Steve McKown had sent out a letter to the council requesting their input on going to four billing cycles instead of three and to make that change as soon as possible. Councilman Mark Fitzpatrick asked how long and Mr. McKown replied 60 days. City Manager, Clarence Bryant said the some customers in every cycle would shift. Mr. McKown said that the growth within the city required more cycles.

Councilman Wayne Gholston asked for an explanation and Mr. McKown explained the number of reading books, billing and deposits on record.

City Manager Clarence Bryant said if a special called meeting was held the beginning of the week and he instructed staff to began refinancing and the amount in red was shown the bond market would not let the refinancing happen.

Councilman Bob Sosebee said the even the new tap fees would still be below Jefferson and they have an impact fee also. Councilman Sosebee said if the City of Commerce did not raise tap fees and let the construction and new houses pay their share the residents that have lived here for thirty years would have to pay more. He said the new growth must pay toward all new infrastructures. He said that Early County growth was 1% but North Georgia would have an 8-10% growth.

Bryan Harbin talked about how the WPCP, engineering and staff had completed below the budget and on time the renovation of the new plant. He said that was where recovery was important.

Mr. Bryant said that in fifteen (15) years there would be two more wastewater plants to support the growth.

Mayor Charles Hardy asked the council if they needed to have a meeting on Monday. Councilman Richard Massey said yes they had to do something. Councilman Bob Sosebee asked if in the proposal would the 700 plus customers actually stay the same or go down. The response was that the customers could control the usage. The question was asked if there could be a senior citizen discount. Councilman Bob Sosebee asked if the proposal did not do that. City Manager Clarence Bryant said the City would not know who was a senior citizen in a rate schedule. If a discount was given to one it would pass onto others. Again, it was emphasized the rate proposal was based on usage.

Steve McKown pulled Clifford Slater and Robert Williams' utility history to show to them that they always used more than the minimum.

Mayor Charles Hardy said a meeting would be held at 6:30 P.M. on Monday, April 24, 2006 in the Commerce Room of the Civic Center for the purpose of refinancing the debt; water and sewer rate increases, water and sewer tap fee increases and wholesale water rates.

City Manager Clarence Bryant said that anyone needed any paperwork to let him know.

Councilman Mark Fitzpatrick said the City must have the GEFA loan and the refinancing of the bonds would be covered.

Councilman Donald Wilson gave a water leak at Firestine's residence on Orchard Circle and also on Spring Street the water was running out the side of the road. He said the leak on Orchard Circle had been reported and had not been repaired.

Vivian Poe reported a leak at the school on Lakeview.

Councilman Bob Sosebee said he agreed with Councilman Wilson if a leak had been reported it should have been corrected.

Mayor Charles Hardy asked for a motion to adjourn the work session.

Councilman Bob Sosebee made a motion, seconded by Mayor Pro Tem Dusty Slater to adjourn the meeting.

The vote was unanimous.

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Charles L. Hardy, Jr., Mayor

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Shirley Willis, City Clerk