

June Minutes
June 5, 2006
Mayor and Council Work Session
City Hall Conference Room
6:15 P.M.

The regularly scheduled work session was held on Monday, June 5, 2006 at 6:15 P.M. in the City Hall Conference Room, 27 Sycamore Street. Mayor Charles Hardy called the work session to order and City Clerk Shirley Willis called the roll. Those in attendance were Mayor Charles Hardy, Mayor Pro Tem Dusty Slater, Councilmen Donald Wilson, Mark Fitzpatrick, Bob Sosebee and Richard Massey, City Manager Clarence Bryant, one member of the press and approximately six (6) citizens.

Mayor Charles Hardy called upon City Manager Clarence Bryant to go over the agenda items. Mr. Bryant introduced John Giles of the Municipal Electric Authority of Georgia to do a presentation on Future Electric Load Requirements and Opportunities.

Mr. John Giles presented charts showing the position of the City of Commerce within the separate trust funds and the reserve level of the city. Mr. Giles went through the energy, turbine and capacity status of the City of Commerce. He said they were looking at the status of the city at the end of this year. It was the opinion of MEAG that the City of Commerce was in very good shape to meet the needs of the next two years. At that point additional capacity would be needed.

City Manager Clarence Bryant pointed out the position of the City of Commerce on the chart and explained that the city was where they wanted to be at this time; however the city would be flat if they stayed in that position. Also, if a large load user came on line it would use a great portion of the capacity. According to Mr. Bryant if a 1200 or 1500 load was added the position would change drastically.

Mr. Giles went over the load requirements and the position the city must reach to provide those requirements. The City could make it for the next two years but would require more capacity. Currently the Camp Vogtle expansion would allow a 22% buy in by MEAG and the participating cities would buy additional capacity to meet reserve requirements.

Mr. Giles said there was some time for thought; however, a decision would have to be made in April 2008 to either opt out or purchase additional capacity. He covered the debt service shown in 2006 for the next ten years and also up to 2025. Then for the next 20 years plus the cost would be for the added megawatts.

Mr. Giles then went over the Municipal Competitive Trust Funds that reflected the amount of dollars in each fund and the funds that could be accessed. Mr. Giles said the Finance Director had gone to the bond market and investigated the accessibility of funds due to the non-deregulation of electric power as projected two years ago. The end result was that the City of Commerce would be allowed to access the funds from one account

over a period of ten (10) years. Mr. Bryant said that the city could take the ten year funds and spread over a longer time period up to maybe thirty (30) years.

Mr. Giles said that MEAG would look at the City of Commerce needs by the end of the year and the target date for a decision was April, 2008. The cost for an additional 2,100 KW would be \$4 billion dollars. He said the Vogtle development contract was a way to make money. MEAG had no money for bricks/mortar and MEAG was asking the cities if they wanted to contribute to purchase additional capacity. If the cities chose to participate and put up the money to purchase then MEAG would pay them the 11.25% interest in late 2008 after the bonding of the new Vogtle project. Councilman Bob Sosebee talked about the procedure of the funding from the cities and the interest paid to them from MEAG.

City Manager Clarence Bryant said that probably by the July meeting the City of Commerce would have to decide if they wished to participate in the trust. Mr. Giles said all 49 member cities would have to amend their contracts.

Councilman Bob Sosebee said if the Vogtle expansion did not come to pass then additional coal fired plants would have to be built. Mr. Giles said the Vogtle plant was the best option for the cities to participate in. City Manager Clarence Bryant stated that some cities were buying power at the open market and other cities that had additional capacity were selling it to other cities.

Councilman Mark Fitzpatrick asked Mr. Giles if MEAG would work with the City of Commerce and the reply was yes. Councilman Bob Sosebee said that if all 49 member cities did not participate and the total percentage did not come to 22.7% then the cities would have to come up with an option for percentages. He said that some of the participants did not need additional capacity because they had not had any growth requirements.

Mr. Giles said that energy was a commodity and the City of Commerce would be paying market price if a contract was not entered. Councilman Bob Sosebee said the City of Commerce was where they needed to be but there was no industrial – only residential and the City of Commerce needed the extra capacity.

Councilman Donald Wilson asked about the rates of the City of Commerce. City Manager Clarence Bryant said that the PSC study reflected that the City of Commerce was in the middle of the scale. Councilman Wilson then asked if EMC and Georgia Power were higher. Mr. Bryant replied they were higher and Finance Director Steve McKown said both of those were in the process of increasing their rates.

Mr. Giles said they were still competing. MEAG lost the KIA development and that was the first one this year and there were no losses last year. That was the completion of the presentation.

Mayor Charles Hardy turned the work session back over to City Manager Clarence Bryant.

2. Planning Commission Hearing Items

City Manager Clarence Bryant said the DDA had prepared a delineation of the Central Business District and he passed out a layout of the recommended changes. He briefly covered those areas. The recommendation of the Planning Commission was to approve the delineation as presented. Mr. Bryant asked if anyone was uncomfortable with the map. He said it would be defined on the zoning map and asked for any questions.

Mayor Charles Hardy said he felt it had been done as good as it could be. Councilman Bob Sosebee said the DDA had spent a lot of time on the project.

3. False Alarm Ordinance

City Manager Clarence Bryant reported that the Fire Department had answered ten (10) false alarm calls to the same place during the last month. Attorney John Stell had prepared an ordinance for the allowance of two calls and after that there would be a fee assessed for false alarms. Each time a call came in there were 15-17 volunteer firemen that answered the call. The compensation was \$20.00 per call and that was costing the City of Commerce money.

4. DDA Request to Delay Traffic for the 5K City Lights Run

City Manager Clarence Bryant stated that the DDA had received DOT approval to block the street for the City Lights 5K run on June 24, 2006.

5. Request for Package Sale of Beer and Wine – Jackson Food Mart, 517 South Elm Street.

An application had been received, background history checks done and advertising completed for an occupational tax certificate to have package sales at the former Short Stop location.

6. Take Your Dog to Work Day – June 23, 2006

The City of Commerce had received a request from a director of BJC Hospital to allow employees to take their dogs to work with them on June 23, 2006.

The opinions were that the City of Commerce would not participate in the event.

7. Sewer Rate Revision

City Manager Clarence Bryant discussed the implementation of the sewer rate increase with the May billings. Since the funds were in the MEAG Municipal Trust Funds and

two funds could be accessed Mr. Bryant proposed to take those funds and put aside as rate shock reserve since the electric deregulation did not occur. The proposal was to take out \$150,000 over a two year period and put in the water and sewer fund. In so doing the sewer rate inside the City of Commerce could be reduced by \$1.00/thousand gallons for two years only. At that time the City would only have to add back \$.60. If the expected growth occurred it could be that there would be nothing added back.

Councilman Bob Sosebee said if the City of Commerce would not need the funds for electrical upgrade he felt that was a good idea. City Manager Clarence Bryant said during the next two years those funds could be put into the water and sewer bond debt. He said the city was not hearing a lot of complaints from the low end users; however the 5,000 to 6,000 gallon users were getting the hit.

Councilman Mark Fitzpatrick said anything that could be done to help the customers would be great. Councilman Bob Sosebee said he would be in favor of doing it. Mr. Bryant said the only change outs in the electrical upgrades would be minor and there was no major changes budgeted.

Mayor Pro Tem Dusty Slater asked what the City of Commerce was looking at relating to the interest rate. Mr. Bryant said he did not know but could find out what the rate was to pull from one account versus another. Councilman Bob Sosebee said that in 1999 the Variable Account was set up to assist in the handling of the cash flow of cities. A certain percentage of the funds could be taken out. Mayor Pro Tem Dusty Slater asked if there were any City of Commerce reserves that would be available to transfer from versus the Municipal Competitive Fund. The response was no because most of the reserves had been depleted to offset the expenses for the upgrade at the wastewater plant.

Councilman Donald Wilson asked if the water and sewer rates were the same. Mr. Bryant responded that they were not. The sewer rates were higher because that was where the most debt was. Councilman Wilson then asked if there was any anticipation of raising the rates in the next two years. Mr. Bryant said not unless something came in that he was not aware of. Councilman Donald Wilson then asked why give it back now and then raise it again in two years.

Councilman Bob Sosebee stated that growth could supply funds and the \$1.00 could not have to be added back on. Mayor Charles Hardy said he felt that all the citizens would be willing to take the gamble. Mr. Bryant said if the council wanted to reduce the sewer rate an ordinance would be prepared for approval on Monday night.

8. 6" Natural Gas Loop Construction Load Agreement

City Manager Clarence Bryant said that an agreement was prepared for Monday night approval to borrow the funds from Wachovia to install the loop from the South side of the city all the way around. Finance Director Steve McKown said that once the condemnations were received the city could proceed with the installation.

9. 2006-2007 Proposed Budget

City Manager Clarence Bryant passed out the city wide personnel paperwork for review by the Council. He went over the departments and said that the Fire Department personnel were lower and they were trying to maintain that level. The Recreation Department varied from 12 to 13. In the Police Department he and Police Chief John Gaissert had gone back and added one full time officer. There were presently two part time employees and that would equal the full time employee. Also, two cars were cut from the budget to make room for the officer.

The Public Works Department remained the same. In the General Fund there were budgeted 65-1/4 employees for 2007. In the Utilities there was one for gas that was not to be hired until January. According to Mr. Bryant in 2006 there were 95 employees and in 2007 there would be 97 full time employees.

The new summary of the budget was passed out and Mr. Bryant talked about the totals at the last work session. He said he had gone through the line items twice and then went back through them. The General Fund was unbalanced by \$90,287. Mr. Bryant said \$100,000 would be pulled from the reserve to balance the budget by \$9,000+. He said he had again reviewed and took a second look at the general fund and this week he would go back through the utilities budget. The electric was easier to project based on the load increase. The Gas Authority gave the projection on the gas load. The load was easy to project; however the cost was the hard part. The cost fluctuated so much it was hard to project. A rolling amount annually was the sale of 950,000 CF.

Mr. Bryant said he would smooth up and give the total package in the agenda package and would get it out on Wednesday or Thursday.

At that time Mr. Bryant passed out the departmental payroll allocation sheets for the council to look at. He asked them to look at the sheets and he would point out the changes. He said on Page 12 there was a 1-1/2% reduction but some increases due to certification. In the other departments there were only the cost of living increases. The Library increased the part time hours because of the increase in patron services. In the Recreation Department on Page 16 there was a reduction based upon the seasonal help and Sam Chaney was not budgeted.

On Page 17 in the Police Department there were 3-4 promotions and cost of living increases. In the shaded area at the bottom of the page there were four (4) positions of indirect cost that were associated with the utility departments. Water and Sewer, Gas and Electric would contribute to the cost of that area.

Mr. Bryant said he had a Public Works Director hired and he was supposed to begin on June 1. He notified him two days before and advised he had taken another job. He had hired another one and he was scheduled to begin on June 26, 2006. The budget line item would be adjusted down by \$10,000.

Councilman Donald Wilson asked about the inmate labor and if the City of Commerce was getting them on a regular basis. Mr. Bryant said fairly regular but it depended on the guard. Councilman Wilson asked if it would be better to go back to the I.W. Davis Detention Center. Mr. Bryant said no because they had the same legal ramifications. The detainee's main purpose was the railroad tracks and cemetery plus one-half day somewhere else. They could not work when it was so hot or so cold or in rainy weather.

Mayor Charles Hardy said that basically that was all of the agenda items and asked the council if they had anything.

Councilman Donald Wilson pointed out one person in the public works department and said he was a good worker and needed to have a portion of the projected increase for some of the workers that were not performing satisfactorily.

Mayor Pro Tem Dusty Slater said the Employee Handbook needed to be updated.

Councilman Bob Sosebee asked about the status of the building official position. There had been only four applicants and Steve McKown suggested keeping it open a little longer. City Manager Clarence Bryant planned to bring in two of the applicants and interview them to see what potential was there.

Councilman Donald Wilson made a motion, seconded by Councilman Bob Sosebee to adjourn the work session.

The vote was unanimous.

Mayor Charles Hardy asked that the council go into an executive session to discuss personnel and have only the council present.

The meeting was adjourned after the executive session.

Charles L. Hardy, Mayor

Shirley Willis, City Clerk

