



WORK SESSION

A Work Session of the Hogansville City Council was held on Monday, May 14, 2018. The meeting was called to order by Mayor Stankiewicz at 5p.m.

Present were Mayor Bill Stankiewicz, Council Member Reginald Jackson, Council Member Marichal Price, Council Member Fred Higgins, Council Member George Bailey, and Council Member Theresa Strickland. Also present were City Manager David Milliron, and City Clerk Lisa Kelly.

Mayor asked to strike #1 from the agenda as it should have been held during the regular meeting on May 21. Strickland stated she would like to go ahead with the item. Mayor stated he is not prepared to discuss it tonight. Motion by Higgins to approve the agenda as amended. Strickland would also like to know if the executive session will involve a video to which Milliron stated he does not feel comfortable discussing an executive session item in an open forum. The motion was seconded by Bailey. Carried 4-1 with Strickland opposing.

BUSINESS

1. Green Avenue Park Dedication. This item was stricken from the agenda.
2. Utility / Other Rates Discussion. Milliron addressed the Council stating ECG presented cost of service study to the Mayor & Council and is now outlining what it would take to operate all the utilities; operating costs vs. revenue (handout is included as part of the permanent record for this meeting). He noted he has asked for input and this work session was scheduled as a result. Staff has worked with ECG at modeling potential rates to carry the City down the road. These are suggestion and modeling only. Rates aren't the only way to address revenue. He need to get clear direction from Council on how to move forward. Doing nothing will not allow the City to pay debt in 2024. He presented additional information provided by ECG with next fiscal year projections and budgets. These examples do not recognize any new growth. Can improve some revenue by replacing the remaining 40% of meters to recoup some of lost revenue. Operating expenses do go up in the model due to the City not spending any money on the system in the past few years. System is needing repairs and upgrade. Page 4 begins

to spell out the contract. There is a small change with regard to list of services. Jackson asked if the pad mount transformers enclosed are dry or liquid tight? Milliron stated all that are liquid are inside a containment area. He suggested waiting on Jeff Todd to take a look at the contract prior to approval. Page 13 gives an outlook budget for the next 5 years in addition to 2019. Details are being worked out to use contractors being utilized in LaGrange and Newnan. Jackson understood the fees would be \$300k per year. Milliron stated the contract amount is \$640k, the additional \$300k will allow for building the 12kv. Mayor confirmed even if adding items to the budget, a separate rate increase would need to be approved. Milliron stated yes, would heir on the conservative side and would need additional approval. Need to build fund balance in order to afford maintenance. Next discussed was tariffs. Milliron presented a five-year plan for electric rates. When Vogtle goes on-line, the five-year plan will already be in place and can account for maintenance. ECCR is not set by the City and will fluctuate. Recommend keeping the late charges as is. Page 21 addresses security lights; recommend is that a \$7 light go up to \$12.50 and collectively as output increases in lumens. We are not currently covering our costs. Jackson asked if we have looked at multi-vapor light. Milliron stated we have looked at everything; some lights we can no longer get bulbs for and are exploring retrofit kits to move over to LED lights. LEDs are more costly at start up but long-term will be more beneficial. Going to LED will cost even more than current costs and we are already losing money. Not to be exact but seems to recall one light with arm, everything needed, will cost around \$1300. Would like to switch out everything to LED to save energy but right now we are not covering costs. He presented a proposal; looking to shave transfers to the general fund; rates are laid out with same rates just discussed and then with no transfers in comparison. Need to build rainy day funds. Mayor confirmed the no transfer rates options are lower than current rates and go down even more each year until Vogtle kicks in; base charges will go up. Milliron noted the City must be able to pay for new infrastructure and growth. If we don't see the work plan past year one, then realistically cannot afford anything other than 4kv to 12kv project. Bailey confirmed if rate proposals are not done it could be detrimental to the City. Milliron stated yes, but there are other ways to handle and transfer funds into the utility fund from the general fund. Will take 10 years to get financially healthy but we must grow in order to shorten the time frame. This city has to be self-sustaining; debt is high but necessary. Jackson asked about large commercial rates. Milliron explained there are large commercial customers that do not qualify as demand. This allows for more rate structure. One new commercial customer is adjusting to City's rates vs. Ga. Power. The City gas system is young and is performing well with full clearance from PSC, no violations. Every five years we should be swapping out meters, otherwise we are losing revenue. He went through the revenue requirements and five-year outlay. Need to increase wholesale rate to re-trigger Meriwether County. The system should anticipate a 5% increase in expenses over the five-year period. Model removes depreciation and does away with senior discount, though there are always alternatives to doing away with discounts but our percentage is higher than most. We should look to local legislation, discounts to property taxes, increase exemptions, create local exemptions to help offset the discounts. Strickland noted if discounts are handled through

property taxes, the discount would be eliminated for those renting. Strickland stated if the City is not verifying income with respect to senior discounts, we should be able to save money. Mayor's personal thought is it is not worth it to lose the senior discount to save the City \$43k (on the high side) per year. If there is a property tax exemption you would exclude renters and those are generally the ones struggling the most. Mayor asked about the base rate difference between gas and electric. Rate comparison positions Hogansville well but critical thing is when the industrial park was pinned and regionalism was being approached, the agreements were not in our favor. Moving in to water and wastewater, as of this year, expenses already surpass revenue and has for some time. Reality is you do not make money buying and selling water. The existing fund is unsustainable. Grant money was being used for sewer due to consent orders. Need to get ahead of the curve and begin working on next CDBG for 2019. Would hope that the Council would stick with water on the west side of town. \$5M to get the water system where it needs to be and is where most of the expense currently is. He showed projections of potential solutions to better position us. There are pressure issues due to pushing into the system from two areas as opposed to pushing from the center out. In order to become whole, the model shows where we need to be. Higgins asked about main breaks and repairs, are there alarms that would bring attention to large leaks. Milliron stated it must be a rather large leak in order to see it through the SCADA system on the tanks but there are alarms in place. Wastewater – once new plant is on-line, we will decommission the sprayfield but will come with some costs. Current revenue does not include debt numbers for USDA and the new plant. There is another roadblock with Assured Guarantee and their approval to obtain new debt. Mayor asked, comparing water to wastewater, base charges are vastly different, why the separation? Milliron explained there is so much cost with infrastructure, repairs, sprayfield maintenance, etc. it is necessary. He reiterated the purpose of models with transfers and those without. Council will need to make some decisions to get the City to a point where each fund stands on its own and builds some reserves. The City is losing money now and ended last year down \$558k. Feels the new waste water plant must be on-line and fully enforce regulations with our "partners" in order to increase wholesale rates.

3. Resolution – MEAG Voting Delegates. Housekeeping item for voting delegates for MEAG. Resolution needed to change alternate from James Woods to David Milliron. Motion by Bailey to approve the resolution naming Bill Stankiewicz as the voting delegate David Milliron as the alternate voting delegate, seconded by Higgins. Carried 5-0
4. Executive Session. Motion by Jackson to enter into executive session at 6:58pm for the purposes of discussing a personnel item and real estate, seconded by Bailey. Carried 5-0. The regular meeting reconvened at 8:43pm on a motion by Strickland and seconded by Bailey. Motion by Strickland for the City of Hogansville to purchase the PNC building at the price indicated in purchase-sale agreement, with 100% of the funds being provided by the Hogansville Charitable Trust, seconded by Jackson. Carried 5-0
5. ECG Transmission Agreement. Time did not allow for this item during this meeting.

There being no further business to come before the Mayor and Council at this time, on a motion made by Council Member Bailey and dually seconded by Council Member Jackson the meeting was adjourned at 8:45pm.

Respectfully,

A handwritten signature in black ink, appearing to read 'Lisa E. Kelly', written over a horizontal line.

Lisa E. Kelly, CMC
City Clerk
City of Hogansville

May 14, 2018