



WORK SESSION

A Work Session of the Hogansville City Council was held on Thursday, April 19, 2018. The meeting was called to order by Mayor Stankiewicz at 3:30p.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, City Attorney Jeff Todd, City Clerk Lisa Kelly, and Chief of Police Brian Harr.

BUSINESS

1. USDA Funding – Terms & Conditions. Tamika Lucas addressed the Mayor & Council and Citizens with the newly updated amended letter of conditions to include the additional funding to cover the shortfall from the original USDA loan. Original bids resulted in cost overruns. She gave a breakdown of funding for the \$7.6M required to build the new wastewater plant of which \$2.02M in additional funds needed that created the shortfall. Loan term is 40 years with the first payment due date after the 1st year after closing. The 2nd payment would be one year later and subsequently monthly at \$8031.00 Single audit requirements will apply. Other document requirements were noted. Documents were provided today for signatures. Milliron asked for questions from the Council. Motion is needed to approve the loan and covenants. Motion by Strickland to approve the USDA loan and covenants, seconded by Jackson. Carried 5-0
2. Utility Rate Presentation – ECG. Chau Nuegen addressed the Mayor & Council stating their purpose as a consultant for cities. He introduced Sarah Leonard and Katrina Bond. He gave an overview of the topics to be discussed today and a brief narrative of the difference between general fund and enterprise fund. He spoke of how both generates revenue and the importance of the two standing on their own.
 - a. Gas Utility. Katrina Bond presented a power point presentation (presentation will become part of the permanent record from this meeting) and spoke on the definition of cost of service and the breakdown of utilities. The City's gas utility is \$8k short overall for year-end audited 2017. Meriwether County is charged at a rate that is costing other categories and losing profitability. Hogansville rates are lower than surrounding areas. If all things remain the same, expenses will outweigh revenue and is not sustainable. It is recommended to reevaluate the Meriwether agreement to offset the cost to other categories;

- residential, commercial, industrial and municipal. The enterprise fund should stand on its own and not subsidize the general fund. It is unfortunate but is common with cities across the country with aging infrastructure. Bond further recommended the senior discount be adjusted to be a percentage off instead of a flat rate, adjust Meriwether County pricing, evaluate annually, and adjust base and distribution rates.
- b. Water & Wastewater Utilities. Bond presented a power point presentation (presentation will become part of the permanent record for this meeting) noting the water utility loses \$486k annually including transfers to the general fund. Meriwether County, again, is not paying their share for water costs. Senior discount is again affecting overall revenue. A graph was presented showing Hogansville water rate is the lowest in the area. Conservation rates should be higher and rates should be higher for more usage. Commercial base charge should be higher. Hogansville is 2nd lowest in the study for commercial rates. Future outlook was discussed and the losses that will be incurred if all remains the same. The waste water utility is losing \$450k annually with \$115k in transfers to the general fund. Margins were discussed and again the senior discount is contributing to a loss. Meriwether County is not paying their share. Overall rates are the lowest in the area while the base rate is okay. The future outlook for water and waste water is concerning and cannot be fixed through rates alone. She recommended adjusting rates to increase revenue, reduce costs, seek lower cost sources for water supply, make adjustments to the senior discount, evaluate rates annually, and review agreements with Meriwether County. Jackson asked if we are suggesting raising rates and taxes? Mayor asked about the senior discount and what is being suggested. Bond clarified a discount off the base rate is fair but not 96% off. He also made the comment depreciation is not real dollars and is double counted dollars along with the debt service. Bond stated the margin of profitability should go back into the system for improvements and upkeep. Jackson feels once repairs are made and lost water is accounted for we should be able to reduce rates. Look forward to seeing how things will work out with rate re-design. Strickland stated we have discussed Meriwether county in the past and should review.
- c. Electric. Sarah Leonard addressed the Mayor and Council and Citizens with a power point presentation of the position of the electric utility (presentation will become part of the permanent record for this meeting). Same concept as discussed with other utilities. Approximately \$276k is transferred to the general fund annually. As it stands, security lighting is the only class that is losing dollars. Residential has a small positive margin. She discussed the different classes and the differences. Hogansville is the 2nd highest in rate comparison in summer rates. Winter rates looks worse due to no summer / winter rates. Small commercial is less than Georgia Power in this category. All fees are included in the rate to include ECCR, franchise fees, etc. Demand customers were discussed. Mayor confirmed the schedule is assuming that no increase is made in revenue but inflation on the expense side. He asked if we have taken into consideration that we own more than we sell and we sell that excess on the open market. In addition, are we considering the old Carter's building? Chau explained we cannot assume what the usage would be for

- Milliken moving into the Carter's location. Leonard recommends increasing revenue to cover expenses, eliminating the transfer to the general fund, reduce the inequities between classes, increase fixed rates, evaluate rates annually, adjust senior discount to a percentage of the base charge. The City's fixed costs are high to cover the capital construction costs for the power generation plant. 84% of the City's power costs is fixed costs and is creating a huge misalignment. Growth would help alleviate some of that burden.
3. Reconsideration of the Hogansville Downtown Master Plan. Milliron noted we were requested to put the master plan back on the agenda. Staff communicated with the consultants and discussed why this plan is so important and conveyed that information to Council Members. This plan is not a commitment on the city but needs to be addressed in order for the City to qualify for tax credits to downtown businesses and new job creation. Ten Georgia cities will qualify for the Georgia Rural Zone Designation but Hogansville did not qualify because we do not have a master plan currently in place. M&S Holdings is awaiting the Council's decision on the masterplan in hopes of qualifying for funding for 101 College Street. The master plan will enhance future grant applications through USDA and others. Jackson asked if it reaches out past downtown? Milliron explained different programs have different criteria. Miller stated the downtown area is defined and reaches down West Main and Highway 29 in both directions. Received money from Callaway Foundation in creating a gateway and corridor plan. Price asked about the proposed trail and could lead to basketball courts and the Splashpad? Miller explained there is recreational trails dollars that could potentially add trails and then lead to future trails. The next planned phase would lead to the library and then potentially to the courts and Splashpad in future phases. Grant points can be gained with master plan connectivity. Mayor asked for motion given the above referenced information. Motion by Jackson to approve the Hogansville Downtown Master Plan, seconded by Price. Carried 5-0.
4. Executive Session – Real Estate. Motion by Jackson made at 5:15pm to enter into Executive Session for the purposes of discussing real estate, seconded by Bailey.

There being no further business to come before the Mayor and Council at this time, on a motion made and dually seconded, the meeting was adjourned at 6:20pm.

Respectfully,



Lisa E. Kelly, CMC
City Clerk
City of Hogansville

April 19, 2018