



WORK SESSION

A Work Session of the Hogansville City Council was held on Monday, June 11, 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.

BUSINESS

1. Discussion of 2018/2019 proposed budget. Draft one of the budget was originally distributed to Council on May 21. Milliron stated he has reviewed the five-year history on revenue, including grant revenue, which washes with expenses. Projections were derived from a combination of the history, current revenues to date, and where we anticipate they will be at year end. Ends are not meeting at this point and five years down the road it will be even worse. Revenues are off by 14.7%, which is approximately \$300k across both General Fund and Enterprise Fund. Per the last audit, the numbers ended up around \$500k in the negative for fiscal year 2016/2017. We must be able to financially bring the City whole. Staff is having regular meetings with the County and beginning Service Delivery Strategy (SDS) talks. We would like to open up the SDS as early as possible. 100% of overtime has been cut from the budget but is not realistic due to after hour emergencies and increase in employees needed at the new waste water treatment plant when it comes online. Each department must stand on its own. Strickland addressed payroll dollars and why the numbers have increased overall. Milliron stated the costs are affected with Administration due to the City Manager salary. Strickland spoke specifically regarding the Police Department and the increase in payroll. Jackson addressed the overall number of \$400k loss within the Police Department. Milliron pointed out in last year's budget a step program was approved for year one of two in pay increases to help the City sustain good officers where we were losing them to higher paying jurisdictions. That increase was reflected in this year's budget but no additional step programs have been implemented in the proposed budget. Mayor pointed out the increase in anticipated cost of payroll in the Police Department is around 8%. The increase proposed in the upcoming budget is less than \$10k. The attributed current costs are being affected by being three officers short and one employee out on medical leave. Mayor noted there seems to be some discrepancy

with LOST dollars and asked for some research into the amounts. Property tax dollars are down and staff has determined we are only collecting approximately 80% of total digest dollars. Milliron stated this is another reason for a sit-down with County administrators. Mayor questioned building permits income and asked for some adjustment with the upcoming building by developers. Current pay scales information was addressed with Jackson asking why one employee in the Sanitation Department was making more than another to which Kelly responded one of the employees is dual certified with water and waste water and holds three licenses. Milliron explained they may be attached to a particular department as their home department but likely works in other areas as well. Discussion was held with regard to salaries within City departments and employee's value to the City. Milliron stated he is advocating for a 3% increase in payroll for all employees to salvage our employees, especially those that hold certifications and could go elsewhere and grow their salaried. Strickland stated she understands but realizes too that we have a tight budget. She referenced an employer that is paying better wages but is also laying off people. Milliron stated the unemployment rate is at a low and employers are having a hard time finding qualified workers; it is an employees market. We have solid employees and the tough budget should not be on their backs. He also noted decisions that go back many Councils has affected the City's financial situation today. Strickland stated it still leaves this Council to manage the upcoming budget. Mayor advocated for the 3% increase. Strickland stated her position has always been advocating for the employees but it still leaves this Council with the tough decisions to make. Jackson spoke to the employees benefits and training costs. Milliron noted two full-time employees have been cut from the budget that make up the cost of the 3% increase. Discussion was held as to vacation "cash-in". Mayor suggested cutting from the budget the ability to cash-in vacation would save over \$26k. Kelly stated less than 1/2 of employees cash-in vacation per the current policy. Strickland asked if salaried employees have been added. Milliron stated there are 7 employees that will fall into an exempt status. He clarified this is proposed and was introduced as part of the original submittal letter. As a result of other opinion and discussion a 2% increase was agreed upon by Council Members. Jackson asked about the figure for legal fees and inquired if the attorney's fees for the gas situation are included. Milliron stated we do not expect the legal fees required right now will fall over into the new budget year. He is concerned that Meriwether is being uncooperative with the City; Mayor concurred and feels they are being driven by dollar signs. Price asked the dollar amount the City Manager is allowed to spend without Council approval. Milliron stated the City worked with MGAG to protect the City's rights before he became City Manager. MGAG provided legal representation with all matters relating to regulatory compliance. A private entity is attempting to acquire a sister City's gas system that the City of Hogansville provides the gas for. We have the right to intervene in the case where we maintain we own 1/2 of the line; Meriwether maintains they own the whole line and if they sell, a private entity would be operating the pipeline in Hogansville. Price stated he is concerned that the money is spent on legal fees before the Council even knows about it. Milliron stated the first figure was given and the communication to Council was that it would require more legal fees. He stated he and the Mayor have been required to appear before the PSC and give sworn testimony as

to the City's position with this line. This requires legal counsel and there are more meetings to be held. Meriwether is willing to sell to a private company that will fall on the backs of our Citizens and we are fighting for the City to try to get out from under the bad agreements made in the past. Price and Strickland inquired if the amounts of legal fees has accumulated and what do we expect future costs to be. Mayor stated there are many instances where outside counsel is required and it is hard to determine what the overall costs will be. Jackson stated Council would just like to have a little more heads-up in costly situations such as these. Through meetings with Meriwether it is clear they are not a friend to this City. They are looking for a competing offer from the City. If Liberty acquires that pipeline and expands it at the cost that it is being sold for now, the City is who will pay the price. They want to put all the maintenance on the City. The legal costs are in an effort to try and protect the City's rights. Mayor stated they can litigate us out of the picture. They can sue us and we cannot afford to protect ourselves. We are selling gas at a very low price to those four businesses by way of a contract in 2008. Liberty could expand the system to all of northern Meriwether County at the same rate, which the City maintains that is not reasonable or part of the agreement. There is 15 years left on that original agreement. Brief discussion was continued regarding acquisition of the Meriwether County gas line and the ownership of the line. Milliron concluded there is a lot at stake with this messy situation. He then spoke briefly on the USDA waster water treatment plant and the fact no approval has been granted by Assured Guarantee. He is concerned with the Meriwether agreement regarding waste water as well. Council input will be needed soon in regard to making some decisions relating to EPD. Strickland asked if the EPD is aware of the current situation with the hold-up by Assured. Milliron stated EPD is not aware at this point. We must wait until we get an answer from Assured. We are already in a situation where we cannot meet the EPD deadline and will need to go to them once an answer is obtained by Assured.

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,



Lisa E. Kelly, CMC
City Clerk
City of Hogansville

June 11, 2018