

MINUTES
Town of Lexington
Executive Session and
COUNCIL WORK SESSION
February 17, 2015

Town Council held a Council Work Session preceded by an Executive Session on February 17, 2015 at 6:00 p.m. in the Eli Mack Sr. Room. The meetings were attended by: Mayor Steve MacDougall, Mayor Pro-Tem Hazel Livingston, Council Members Ted Stambolitis, Todd Shevchik, Todd Carnes and Ron Williams. Councilmember Kathy Maness was absent.

Staff members present were: Town Administrator Britt Poole, Assistant Town Administrator Stuart Ford, Municipal Attorney Brad Cunningham, Police Chief Terrence Green, Utilities and Engineering Director Allen Lutz, Finance Director Kathy Roberts, Economic Development Catalyst Johnny Jeffcoat, Director of Parks, Streets and Sanitation Dan Walker, Planning, Building and Technology Director John Hanson, Transportation Director Randy Edwards, Events and Media Coordinator Jennifer Dowden, Assistant Municipal Clerk Karen Hanner, and Municipal Clerk Becky Hildebrand.

There were no citizens present and one member of the news media was present.

CALL TO ORDER: Mayor MacDougall welcomed everyone to the Council Work Session. He read an opening statement to explain the procedures of a Council Work Session which stated: *“Work Sessions are less formal business meetings that enable Council to obtain and discuss information regarding Town issues from Staff members and/or consultants. Like Regular Council Meetings, citizens are encouraged to attend and observe Work Sessions; however, they do not include Public Hearings, but do allow for public comment at the end of the Work Session unless otherwise called on by Council. Council does not take an action vote on items during a Work Session other than to vote to place an item on Council’s next Regular Council Meeting agenda for consideration and an official vote. Council Work Sessions are not tape recorded, but Minutes are taken and posted on the Town’s web page following approval of Council”.*

Councilmember Carnes gave the invocation. Councilmember Stambolitis led in the Pledge of Allegiance. Mayor MacDougall called the Council Work Session to order at 6:25 p.m.

EXECUTIVE SESSION REPORT

Mayor MacDougall reported that the *Executive Session* was called to order at 5:30 p.m. after a motion was made by Councilmember Williams and seconded by Councilmember Shevchik to go into *Executive Session*. The motion was unanimously carried by all those present. (Councilmember Stambolitis was absent for the vote.) Council adjourned from *Executive Session* at 6:24 p.m. after a motion was made by Mayor Pro-Tem Livingston and seconded by Councilmember Carnes. The motion was

MINUTES
COUNCIL WORK SESSION
February 17, 2015

unanimously carried by all those present. Mayor MacDougall reported that Council met in *Executive Session* to discuss: one legal issue regarding an update on pending litigation; two contractual matters related to Downtown economic development and a utilities rate analysis; and two personnel matters related to existing positions and a routine Director review. No vote was taken. A motion was made by Councilmember Stambolitis and seconded by Councilmember Shevchik to ratify Mayor MacDougall's *Executive Session* report. The motion was unanimously carried by all those present.

DELETIONS TO AGENDA: None.

APPROVAL OF MINUTES: A motion was made by Councilmember Williams and seconded by Councilmember Carnes to approve the Minutes as submitted for Council's Regular Council Meeting held on February 2, 2015. The motion was unanimously carried by all those present.

PRESENTATIONS

1. **Water and Wastewater Rate Study (Copy attached.) – Mr. William Zieburtz and Mr. Andrew Burnham, Burton and Associates:** Mr. Zieburtz thanked the Mayor and Council for allowing him to prepare a rate study. He gave a brief background of Burton and Associates and his history with the Town of Lexington. Mr. Zieburtz reviewed two categories: Cost of Service (refining allocation of cost to in-town and out-of-town customers reflected in Town rates) and Financial Planning (a five year plan of rate adjustments to maintain financial stability). He hoped to help the Town continue on their admirable track record. Mr. Zieburtz commended the Town for taking steps in the past to maintain the financial condition of its utility services. He added that in early 2000 the Town moved ahead of the rate curve to provide funding to design, build and maintain a regional sewer system. He presented a Consumer Price Index (CPI) chart showing Lexington (3.3% 15 year average annual increase) compared to the national trend (5.1% 15 year average annual increase). Mr. Zieburtz compared the two sides of Cost of Service: allocations between water and sewer and reviewing inside/outside Town rate differential. He stated that the current Base Surcharge for water is 64.7% and 33.1% for sewer. The recommended Surcharge is 80% for water and 70% for sewer. Mr. Zieburtz stated that a 2.5% annual rate revenue adjustment was required to meet the Town's requirements from FY 2016 through FY 2020, including issuance of long-term debt financing for capital needs.

Councilmember Stambolitis asked if the Town was below the National CPI trend, should the Town meet it. Town Administrator Poole stated that CPI is going up 5% to 6% a year nationally. Mr. Zieburtz stated that knowing what the Town has already invested, it makes sense for Lexington and 2 ½% is a prudent amount.

Councilmember Carnes stated that at 2 ½%, an inside customer's bill would only go up 1.7%. Mr. Zieburtz agreed and stated that it is complicated because

MINUTES
COUNCIL WORK SESSION
February 17, 2015

of how many ways you can slice it, but the actual bill would not go up that much. He added that if CCFs continue to increase it could offset rates and the calculations would be based on the new information. Councilmember Carnes stated that the average inside customer's rate increase would be approximately 1.25%. Town Administrator Poole stated that if cash is available, then the Town would not have to borrow funds. Mr. Zieburtz stated that with a modest increase, future borrowing could be avoided. Councilmember Carnes asked what type of capital would be provided at 1.25% compared to 1.75%. He later wished to explore it further and asked what type of capital would be provided if the adjustment increase was 3%. He added that the Town currently borrows the difference, but it would put this Council in a position to pass on a good financial standing like was passed on to them 10 years ago. He estimated that 1.87% is what would be needed to pay back debt. Assistant Town Administrator Ford stated that \$6M would be the new amount borrowed in 2020-2021 and the 2 ½% is part of the borrowing amount. He added that if you increase the rate adjustment more or if it is the same over five years, it is still debt plus cash if the trends continue. Mr. Zieburtz stated that 2 1/2% for five years is solid and puts the Town in a good position for the next five years. He added that 5 years is recommended, but subsequent years would not be recommended. Councilmember Stambolitis added that he would rather leave the decision to the experts.

Mayor MacDougall asked if Council approves a 2 ½% increase for the next five years, what happens after that time frame. He also asked when another rate study would be necessary. Mr. Zieburtz stated that it would depend on what happens, especially with the financial plan. He added that every year would be looked at to determine if the projected amounts prove out in order to determine the next step. He stated that a rate study should be done every two years as a check-up, but Staff is always monitoring the numbers.

Councilmember Williams asked to make the increase automatic at the end of the five year period and tie it to CPI. Mr. Zieburtz agreed that it would put the Town in a very good position. He added that the CPI generally falls back to 2% and people understand the CPI, but other methods can also be useful.

Mr. Burnham stated that the Town's numbers are an indication of a well-managed debt service. He added that the discussion is good and with additional capital funds you should avoid moderate adjustments. Mr. Poole stated that the Town will budget based on conservative numbers.

Mayor MacDougall thanked Mayor Pro-Tem Livingston and Councilmembers Stambolitis and Shevchik who were on Council when the previous rates were set which put the Town in a good position. Councilmember Stambolitis wished to thank Staff for doing a good job. Councilmember Shevchik thanked Council and citizens for paying their water and sewer bills on time.

MINUTES
COUNCIL WORK SESSION
February 17, 2015

Mayor MacDougall called for a motion to place the item on tonight's agenda for consideration to be made at Council's April meeting. A motion was made by Councilmember Shevchik and seconded by Councilmember Stambolitis to add the item on tonight's agenda for consideration to be made at the April Council meeting. Councilmember Williams wished to tie the rate to CPI followed by an automatic increase in five years if CPI is enough. Councilmember Stambolitis stated that the Town's situation does not match all others for future growth and our ability. He added that the study tells us what the Town needs to do. The motion was unanimously carried by all those present.

BUSINESS ITEMS: (For Discussion and Recommendation for Council's March 2, 2015 Regular Council Meeting.)

1. **"It's All About Herbs Festival" – Municipal Clerk Becky Hildebrand:** Ms. Beverly Kleckley and Ms. Charlotte Caughman with the "Herb Bunch", a non-profit club affiliated with the Clemson Extension Service, contacted us regarding their fourth annual "It's All About Herbs Festival". The festival will be held Saturday, April 11, 2015 on the grounds of the Lexington Count Museum. Contributions will provide funds for a scholarship to a Lexington County student for study in the horticultural field, upkeep on the Colonial Garden at the Lexington County Museum and continued educational efforts in the community about the advantages of growing and using herbs. The levels of contributions and advertisements are as follows: Level 1: \$500, one-half page advertisement in the event program; Level 2: \$250, one-quarter page advertisement in the event program; Level 3: \$150, business card sized advertisement in the event program. All sponsorship levels will be recognized at the festival. In March 2014, Council recommended a contribution of \$150.00 to the "It's All About Herbs Festival".

A motion was made by Mayor Pro-Tem Livingston and seconded by Councilmember Shevchik to place the item on Council's March 2, 2015 agenda for consideration of \$150. The motion was unanimously carried by all those present.

COUNCIL/STAFF COMMENTS

Town Administrator Poole encouraged Council to stop by Willie B. Carator Park where rest rooms were recently installed. Parks, Streets, and Sanitation Director Walker added that they still needed to pour the sidewalk, get power to the rest rooms, and place a sign with the park hours. Mr. Poole stated that park hours were yet to be determined. Councilmember Stambolitis asked if the rest rooms would be secured after hours. Police Chief Green stated that none of the other park rest rooms are secured at night. Mr. Poole stated that some parks have cameras. Mr. Walker stated that the rest rooms are designed to be vandal resistant.

Police Chief Green reminded Council that the Race for Hunger would be held on Highway 378 on February 28th so they might want to avoid that area until after the race.

MINUTES
COUNCIL WORK SESSION
February 17, 2015

Mayor MacDougall requested that the Chief remind the owner of Frank's Car Wash that the 14th annual Race for Hunger would be held soon.

PUBLIC COMMENTS: None.

QUESTIONS FROM THE NEWS MEDIA

Mr. Tim Flach, The State newspaper, asked if the Mayor was correct in adding the Rate Study to Council's April agenda. Mayor MacDougall confirmed that it would go to April, not March.

ADJOURNMENT: There being no further comments or questions, a motion was made by Councilmember Stambolitis and seconded by Councilmember Williams to adjourn the Council's Work Session at 7:10 p.m. The motion was unanimously carried by all those present.

Respectfully submitted,

Becky P. Hildebrand, CMC
Municipal Clerk

APPROVED:

Steve MacDougall
Mayor

FOIA COMPLIANCE – Public notification of this meeting was published, posted and mailed in compliance with the Freedom of Information Act and the Town of Lexington requirements.