

**APRIL 17, 2017**

A special called meeting was held at the M.S. Bailey Center with Mayor Bob McLean presiding with Councilmembers Cook, Jenkins, Kuykendall, Neal, Roth, and Young. The City Manager, the Interim City Manager, and the City Attorney were present. Local news media present were Judith Brown from the Laurens Advertiser, Larry Franklin from the Clinton Chronicle, Randy Stephens from WLBG and Bill Dunlap from GoClinton.com. Notice was mailed and emailed to all local news media on April 11, 2017.

<b>INVOCATION</b>	The invocation was given by Councilmember Kuykendall.
<b>PLEDGE ALLEGIANCE</b>	Mayor McLean asked Council and the audience to stand and recite the Pledge of Allegiance.
<b>CITIZEN ADDRESS COUNCIL LAWRENCE YOUNG MUSEUM</b>	Mayor McLean recognized Mr. Lawrence Young. Mr. Young stated that he is a resident of Presbyterian Home and he is before Council regarding the Museum. Mr. Young stated that he has requested several books to be returned to him and all but two have been given back. Mr. Young stated that he would like for the City to find and return the two books to him.
<b>CITY MANAGER'S REPORT  POPE FLYNN</b>	Mayor McLean recognized Mr. Stovall, City Manager. Mr. Stovall stated that the first item on the agenda is a presentation by Lawrence Flynn with Pope Flynn. Mr. Stovall stated that Pope Flynn is the City's Bond Council and Mr. Flynn is here to discuss future bonds that Council may authorize. Mr. Flynn stated that his firm met with City staff to discuss putting the City's finances in good shape for future bond projects. Mr. Flynn stated that an immediate project would be the upgrade of the water and sewer lines. Mr. Flynn stated that the City would also need to address the Recreation Park Project at some point in the future. Mr. Flynn stated that one way to make sure the City's finances are in order is to make sure the interdepartmental transfer of funds from the Utility System to the General Fund is in order. Mr. Flynn stated that the City needs to make sure the City has a policy in place that explains the procedure for the transfer. Mr. Flynn stated that the City also needs to make sure that each division in the Utility System is operating in a fashion that the revenues cover the cost of the service. Mr. Flynn stated that he discussed with City staff the opportunity to refinance the current 2011 Revenue Bonds in order to reduce the interest rate. Mr. Flynn stated that City staff would bring before Council in May a new Master Bond Ordinance that addresses refinancing the current revenue bond as well as a schedule for issuing new bonds for the future. Mr. Flynn stated that the City would want to look at issuing bonds for the water and sewer upgrades because these bonds would be long term and banks normally do not loan funds beyond fifteen years. Mr. Flynn stated that the City

needs to be in a financial position to be able to access the long term bonds. Mr. Flynn stated that the current Master Bond Ordinance the City operates under states that after the City takes out the funds to operate the system the City should have 120% more than the cost of the debt service the City has to pay on the existing bonds. Mr. Flynn stated that if the City's revenue from the system is \$1 million and it cost \$500,000 to operate the system then the net earnings is \$500,000. Mr. Flynn stated that the City's debt service could not be over \$400,000. Mr. Flynn stated that the City would need to continue maintaining rates to cover the debt service for the future projects. Mr. Flynn stated that his firm has developed a policy dealing with the interdepartmental transfer in which the City could use when developing a plan for the transfer.

Mr. Flynn stated that it is no longer an acceptable practice to transfer funds to the General Fund just to balance the General Fund's budget. Mayor McLean asked what the time line is on for the Recreation Park Project. Mr. Stovall stated that many of the pieces are in place for the sewer Line replacement for the I-26 Commerce Park. Mr. Stovall stated that the current revenue bond would pay for upgrades on South Broad Street and the Commerce Park. Mr. Stovall stated that these improvement projects would move quick compared to the negotiations for the Recreation Park. Mr. Flynn stated that Council would hear a presentation regarding the utility rates and Council needs to know that bond holders want to see each Utility System operating self-sufficiently. Mr. Flynn stated that the City's current rate structure is not sufficient to handle future long term debt service. Mr. Flynn stated that the City needs to identify future projects and the debt service required to make the improvements and compare these needs with the utility rates. Mayor McLean stated that the lawsuit the City of Columbia is facing is forcing the City to make these changes. Mr. Flynn stated that the City of Clinton could take what has happened in Columbia and get out ahead of the issue with implementing interdepartmental transfers by putting in place a policy that addresses the transfer. Mr. Flynn stated that the City of Columbia used interdepartmental transfers to balance their budgets but faced a lawsuit that questioned the practice. Mr. Flynn stated that the lawsuit has been upheld in Court. Mr. Flynn stated that Cities and Municipalities would have to justify the interdepartmental transfers or not be allowed to make the transfers at all. Mr. Stovall stated that City staff would bring to Council a set of financial policies and a bond for four water and sewer projects which include the water line under South Broad Street, repair and replace a sewer line under South Broad Street, a sewer line into the I-26 Commerce Park, and a tie-in from Clinton Mill to Carolina Avenue. Mr. Stovall stated that the proposed budget does include a debt service payment based on the refinancing of the 2011

Utility Revenue Bonds and issuing new debt. Mr. Flynn stated that the City would refinance the existing bonds and issue new debt so that the cap of debt service is still at the current amount of \$1.1 million. Mayor McLean asked the rate of the current bonds. Mr. Flynn stated that the 2011 Bonds has an interest rate of 3.32% with a maturity date of 2023 and the 2012-A Bonds have an interest rate of 1.88% with a maturity date of 2020. Mr. Flynn stated that the City's debt would mature in the near future and the City does not have any long term debt.

**UTILITY RATE STUDY**

Mr. Stovall stated that the next item on the agenda is a presentation from Steve Shubbert from GDS Associates concerning the Cost of Service and Rate Study. Mr. Shubbert stated that GDS Associates was founded in 1986 and the headquarters is located in Marietta Georgia. Mr. Shubbert stated that GDS Associates also work with PMPA. Mr. Shubbert stated that the Utility Rate Study came out of the City's Rate Response Plan which included mid-term objectives and long-term objectives. Mr. Shubbert stated that the mid-term objectives were to assess a true cost of services and to assist in developing a plan to make the services self-sufficient. Mr. Shubbert stated that the long-term objectives were to develop a rate plan for each service and to determine a time line for implementing the plan. Mr. Shubbert stated that his firm examined the present utility rates and the revenues from each of the services and the recovery of all of the expenditures for each service. Mr. Shubbert stated that GDS Associates took into account other rate making principals which include revenue stability, efficiency, competitiveness, and the ease of administration. Mr. Shubbert stated that GDS Associates first identified the common expenditures each service should share.

**OVERVIEW**

**COMMON EXPENDITURES**

Mr. Shubbert stated that the common expenditures are Information Technology, Risk Management, Right of Way, Public Works, Utility Billing, and Fleet Management. Mr. Shubbert stated that the common expenditures were then allocated to each service. Mr. Shubbert stated that each service has a direct expenditure and then a common expenditure which gives each service a total expenditure cost for the service. Mr. Shubbert stated that after the expenditures were established then GDS Associates looked at the financial review to determine if the Utility's total rate revenue was sufficient to support each service. Mr. Shubbert stated that GDS Associates looked at factors such as the current base rates, the purchase power cost, sewer treatment cost, and infiltration when determining total revenues. Mr. Shubbert stated that factors like the purchase power cost and sewer treatment cost, capital costs, operating costs, transfers and debt service determines the expenditures for the total Utility Fund. Mr. Shubbert stated that the Utility Revenues need to cover all these types of expenses. Mr. Shubbert presented Council with a spread sheet with the total revenues and

**FINANCIAL REVIEW**

expenditures for the Utility Fund from 2017 through 2022. Mr. Shubbert stated that in 2017 the City has a surplus of \$71,327 but through 2018 to 2022 the City suffers a deficit. Mr. Shubbert stated that the chart shows what would happen if the City keeps the rates the same but expenses and inflation continue to increase in five years. Mr. Shubbert stated that one reason the deficit increases in 2021 is because the City's contract with LCWSC for water ends. Mr. Shubbert stated that the Electric Utility is pulling its weight as well as supporting other utilities. Mr. Shubbert stated that if the City keeps the electric rates the same the Electric Utility operates with a surplus through 2017 to 2022. Mr. Shubbert stated that in 2017 the surplus for the Electric Utility is \$1,001,401 but steadily declines to a surplus of \$768,081 in 2022. Mr. Shubbert stated that the Water Utility operates in a deficit from 2017 to 2022. Mr. Stovall stated that in 2017 the deficit is \$915,958 and the deficit in 2022 is \$2,132,092. Mr. Shubbert stated that the Sewer Utility operates at a deficit. Mr. Stovall stated that in 2017 the deficit is \$14,116 and the deficit in 2022 is \$425,608. Mr. Shubbert stated that the Sanitation Utility shows a zero deficit but the allocation from the Utility System to General Fund covers the deficit. Mr. Shubbert stated that in 2017 the transfer is \$337,015 and in 2022 the transfer would be \$582,139. Mr. Shubbert presented a slide of the total Utility Fund with the rate increases. Mr. Shubbert stated that in 2017 the City would experience a surplus of \$71,327 and a deficit in 2018 of \$8,621 and a deficit in 2019 of \$23,926. Mr. Shubbert stated that the City would operate in the surplus in 2020 through 2022. Mr. Shubbert stated that even though the City operates in a deficit in 2018 and 2019 the deficits are much less than the deficits without the utility rate increases. Mr. Shubbert stated that under the new Utility Rate Plan the Electric Utility operates in the surplus but the surplus drops over the next five years. Mr. Shubbert stated that the new Utility Rate Plan would decrease the electric rates and through the years the electric rates would remain stable. Mr. Shubbert stated that if the electric rates are decreased then the other utilities rates would be increased. Mr. Shubbert stated that the Water Utility rates would be increased and the City would operate at a deficit in 2017 through 2020 but then would operate in the surplus in 2021 and 2022. Mr. Shubbert stated that under the new rates the Water Utility's deficit would decrease and then turn into a surplus. Mr. Shubbert stated that the Sewer Utility is close to break-even now so there would be a small rate adjustment to make sure the Sewer Utility operates in the surplus. Mr. Shubbert stated that the new Rate Plan would reduce the transfer to the Sanitation Utility. Mr. Shubbert stated that under the new Rate Plan the total Utility Fund in 2017 would operate with a surplus of \$71,327 and in 2022 the surplus would be \$47,248. Mayor McLean stated that Mr. Shubbert stated that the Sanitation Department would improve but he could not see it since it

**COST OF SERVICE**

still has a deficit of \$421,000. Mr. Shubbert stated that under the new Rate Plan the transfer to the Sanitation Utility is \$337,015 and in 2022 the transfer would be \$394,939. Mr. Shubbert stated that if the City does not implement the new Rate Plan then the transfer amount in 2022 would be \$582,139. Mayor McLean stated that the numbers are still high. Mayor McLean asked if Council should consider privatizing Sanitation. Mr. Stovall stated that when City staff reviewed these numbers they became concerned about the structure of the Sanitation Utility. Mr. Stovall stated that it is hard to determine a cost for garbage pickup because everyone is charged the same amount whether they put out 30 gallons of waste or 120 gallons of waste. Mr. Stovall stated that the necessary rate to charge for the Sanitation Utility in order for the service to be self-sufficient would be unattainable for citizens. Mr. Stovall stated that City staff needs to look at ways of reducing operating costs and determine which services to offer. Mr. Stovall stated that the City would have to compare the cost the City would charge for the Sanitation pickup to a private vendor and see if it is economical to privatize the Sanitation Utility. Mr. Shubbert stated that each utility has a certain class of customers such as residential, commercial, industrial, and lighting. Mr. Shubbert stated that GDS Associates identified the revenues generated by each rate class, examined the cost to serve each rate class, and determined the adequacy of the present rates. Mr. Shubbert stated that GDS Associates allocated the cost of providing the service to each rate class and determined if the revenue generated from each rate class covered the cost of providing the service. Mr. Shubbert stated that the usefulness of this allocation is it improves the understanding of costs and rates, supports the revenues from each rate class, and justifies the rate structure and prices. Mr. Shubbert stated that some limitations to allocating the Cost of Service is that it is hard to determine a true cost, it is hard to track wholesale price signals, there are different methods for cost allocations, and allocating the Cost of Service is only a part of the design process. Councilmember Neal asked why some areas in Clinton are charged a different electric rate than other areas of Clinton. Mr. Stovall stated that residential customers are charged the exact same electric rate. Mr. Stovall stated that the reason some bills are higher than other others is because of the customer's electric usage. Mr. Shubbert stated that the allocated Cost of Service for the Electric Utility in 2017 operates with a surplus. Mr. Shubbert stated that the rate class of Large General Service operates with a deficit of \$43,058 and in order to recover the Cost of Service the Large General Service rate class should be adjusted to cover the cost of that service. Mr. Stovall stated that the City Accounts rate class is City owned facilities. Mayor McLean asked who are the customers for the Large General Service and Mr. Stovall stated a grocery store or an industrial customer. Mr. Shubbert stated that the

allocated Cost of Service for the Water Utility in 2017 operates in a deficit. Mr. Shubbert stated that none of the rate classes in the Water Utility cover the cost of the service. Mr. Shubbert stated that the allocated Cost of Service for Sewer Utility in 2017 operates in a deficit except for the treatment cost which the City does recover that cost.

Mr. Shubbert stated that the allocated Cost of Service for the Sanitation Utility operates in the deficit with the largest deficit being the residential charge. Mr. Shubbert stated that GDS Associates structured the five year Rate Plan based on each utility and the rate class for each of the utility.

Mr. Shubbert stated that the issues for the new Rate Plan are to satisfy the total Utility Fund revenue requirements, reduce inter-utilities subsidies, address intra-utility rate class subsidies, provide cost based charges and price signals, compare favorably with other utilities, reflect current practices and trends, and continue economic development incentives. Mr. Shubbert stated that the retail rate revisions for the Electric Utility are a one cent per Kwh reduction to the Residential Rate and a reduction in the General Service Rate and the Large General Service Rate. Mr. Shubbert stated that the rate revision would maintain the present basic Facilities Charge, maintain the present Outdoor Lighting Charge, consider modifying the PPCA calculation, and continue economic development rates and riders. Mr. Shubbert stated that the residential service basic facility charge is \$20 in 2017 and would remain so through 2022. Mr. Shubbert stated that the current energy charge is \$0.148 per Kwh and in 2022 the charge would be \$0.139. Mr. Shubbert stated that currently a customer pays \$168 per month for 1000 Kwh and under the new Rate Plan the customer would pay \$158. Mr. Shubbert stated that in 2022 the customer would pay \$166.90 for 1000 Kwh. Mr. Shubbert

**RESIDENTIAL**

**GENERAL SERVICE**

stated that the basic facility charge for the general service rate is \$32.65 and would not change through 2022. Mr. Shubbert stated that the Demand Charge for the first 10 kW is \$0 and \$9.25 for any usage over 10 kW. Mr. Shubbert stated that this charge would remain the same through 2022. Mr. Shubbert stated that the Energy Charge for General Services is \$.18900 for the first 3,000 Kwh and \$.10710 for any usage over 3,000 Kwh in 2017. Mr. Shubbert stated that in 2022 the Energy Charge is \$.0.18410 for the first 3,000 Kwh and \$0.10470 for any usage over 3,000 Kwh. Councilmember Roth asked how was the Demand Charge figured. Mr. Shubbert stated that a customer's load requirements vary in General Services. Mr. Shubbert stated that the Demand Charge is based on the peak load the General Service customer may need at one time during the month. Mr. Shubbert stated that the General Service customer pays for being able to use a large amount of energy at one time even though that amount may not be needed every day. Councilmember Roth asked if the Demand Charge is retained by the City or the supplier. Mr. Shubbert

stated that the City collects all of the revenue and then in turn pays the supplier. Mr. Shubbert stated that the Demand Charge is not a pass through to the supplier. Councilmember Roth asked if the supplier puts a Demand Charge on the City like the City puts a Demand Charge on the customer and Mr. Stovall stated yes. Mr. Stovall stated that the Demand Charge is a car payment and the Kwh charge is the gasoline to operate the car. Mr. Stovall stated that someone buys a car to go up to 85 miles per hour and you only drive at that speed once a month. Mr. Stovall stated that you purchased the car with that capacity at a high premium which is like a Demand Charge. Mr. Stovall stated that the 75 mile speed is an option you can use at any time. Mr. Stovall stated that the Kwh charge is your energy charge and is based on how much electricity you use in a day or a month. Councilmember Roth asked if the Demand Charge covers the facilities. Mr. Shubbert stated that the facility determines the Demand Charge the City must provide in order to meet the peak usage. Councilmember Roth asked if the Demand Charge was actual electrical use and Mr. Shubbert stated yes. Mr. Shubbert stated that the Demand Charge tracks the electrical load a General Service Customer uses in fifteen minute increments. Mr. Shubbert stated that the Demand Charge is set at the highest peak of energy usage because the General Service customer may need that burst of electricity at any given time and the City must be ready to provide that energy and the customer must be ready to pay for that use of energy.

Mr. Satterfield, Interim City Manager, stated that he would invite PMPA to discuss with Council the process of how the City's bill is calculated. Councilmember Roth asked about the factors that determine the transfer to the General Fund. Mr. Stovall stated that the City tries to keep the transfer to the General Fund at 7% or less of the Utility Fund revenues. Mr. Stovall stated that there are two components to the transfer which is the overhead and the transfer. Mr. Stovall stated that traditionally the City has set the transfer in the 8% range but the City is currently keeping the transfer at 7% or less. Mr. Stovall stated that the national average is 5%. Mr. Stovall stated that the reason the City's transfer is higher than the national average is because 50% of the City's property is tax-exempted. Mr. Stovall stated that the General Fund primarily receives funding through Property Tax Revenue and the City collects Property Tax Revenue for the size of a City with 4500 citizens and the City has approximately 9000 citizens. Mr. Stovall stated that a portion of the Utility Fund Revenues is transferred to the General Fund to help support the operation of the General Fund. Mr. Stovall stated that every citizen pays a utility bill even tax-exempted customer. Mr. Stovall stated that the Utility Fund pays the General Fund an overhead cost which is a portion of the General Fund Department's salaries that provide services to the

**LARGE GENERAL SERVICE**

**WATER UTILITY**

Utility Fund such as payroll, finance, and administrative. Mr. Shubbert stated that under the new Rate Plan the General Service customer receives about a 3% decrease from 2017 to 2019, a 1.5% decrease from 2019 to 2021, and a 1.1% decrease from 2021 to 2022. Mr. Shubbert stated that the Large General Service customer's rate structure is complicated and price signals are included in the rates to guarantee the City recovers their cost. Mr. Shubbert stated that the Large General Service customer experiences a decrease of 2% from 2017 to 2019, an increase of 2.1% from 2019 to 2021, and an increase of 1.4% from 2021 to 2022. Mr. Shubbert stated that the rate revisions for the Water Utility are an increase in the base rate, increase the monthly readiness charge, increase the Water Use Charge and convert to a flat rate, merge the Outside with Power Rate with the Outside with no Power Rate, and the Laurens County contract. Mr. Shubbert stated that the new water rates take into account that the City would be losing the LCWSC contract and the revenues from the contract. Mayor McLean asked if the City was losing funds with the current contract and Mr. Shubbert stated no. Mayor McLean stated that he thought the Water System was operating at a large deficit. Mr. Shubbert stated that the Water Utility is but the LCWSC portion of the Water Utility is not operating at a deficit. Mr. Shubbert stated that the base Readiness Charge for a customer inside the City for a ¾" water meter is \$8.5 in 2017 and would increase to \$15.00 by 2022. Mr. Shubbert stated that this readiness cost would be based on the size of the water meter which means the larger the meter the higher the readiness charge. Mr. Shubbert stated that the Water Usage Charge for a customer inside the City is \$2.57 per 1000 gallons in 2017 and in 2022 the charge is \$6.950 per 1000 gallons of water. Mr. Shubbert stated that in 2017 the more water a customer uses the lower the cost per 1000 gallons of water but starting in 2018 the cost of 1000 gallons of water remains the same regardless of how much water the customer uses. Mr. Shubbert stated that a residential customer who lives inside the City pays \$23.47 per 6000 gallons of water per month and in 2018 that same customer would pay \$34.70 per month. Mr. Shubbert stated that this is a 47.8% increase. Councilmember Roth stated that the electric bill is a \$10 decrease but the water bill is an \$11 increase which means an increase in the total utility bill. Councilmember Roth stated that the utility bill just increased by \$1 with adjustments to the electric bill and the water bill.

Mr. Shubbert stated that the new Rate Plan bills each service more fairly. Councilmember Roth stated that he understood the process but the utility bill just increased by \$1. Mayor McLean asked if the sewer bill was still tied to the water usage and would the sewer charge double. Mr. Stovall stated that the sewer charge would increase but not at a high rate. Councilmember Roth stated that he understood the Rate Plan

making each utility self-sufficient but that is an increase and citizens are not looking for an increase on their utility bill. Councilmember Roth stated that regardless of how high or low the increase is it is still an increase on the utility bills. Mr. Shubbert stated that in 2022 a residential customer would pay \$56.70 per 6000 gallons of water per month. Mr. Shubbert stated that the Water Utility operates with a deficit and the increase would be high at first and then after 2018 the rate levels off. Mr. Shubbert stated that the water rates increase again in 2021 to compensate for the City losing the water contract with LCWSC. Mayor McLean asked how the City's water rates compare to LCWSC. Mr. Stovall stated that currently the City's rates are much lower but with the new Rate Plan the rates would be closer but LCWSC's rates would still be lower than LCWSC' water rates. Mr. Shubbert stated that the Readiness Charge for a ¾" water meter for a customer who lives outside the City is \$12.42 in 2017 and would be \$27.00 in 2022. Mr. Shubbert stated that the Water Use Charge for this customer is \$4.17 per 1000 gallons of water per month in 2017 and \$10.425 per 1000 gallons of water per month in 2022. Mr. Shubbert stated that in 2017 a customer who lives outside the City pays a lower rate if they use more water but that goes away in 2018 and the customer pays the same fee regardless of how much water the customer uses. Mayor McLean stated that the customer who uses the least amount of water gets hit with a higher increase and Mr. Shubbert agreed. Mr. Shubbert stated that it is the fixed costs the City is not recovering and the increases are not uniformed but vary. Mr. Satterfield stated that the facility charge is impacting that increase. Mr. Shubbert stated that the volume charge is the same for every customer but the fixed cost charge has to be divided between all of the water users. Mr. Shubbert stated that in 2017 the Readiness charge for LCWSC is \$1,761.34 and the Water Usage Charge is \$1.799 per 1000 gallon for the first 16,500,000 gallons and then decreases as LCWSC uses more water. Mr. Shubbert stated that the annual revenue from LCWSC for water use is \$563,910 in 2017. Mr. Shubbert stated that the City's contract with LCWSC allows the City to increase their water rates at the same pace as a residential customer. Mr. Shubbert stated that if the City applies the new water rates to LCWSC then the City's revenue from the contract would be \$981,960 in 2020 which would be the last year on the contract. Councilmember Roth stated that the City could only increase LCWSC's water rates if the City increases the residential water rates and Mr. Shubbert agreed. Mr. Shubbert presented to Council a chart showing how the City's water rates compare to other Cities in the State before the increases and after the new Rate Plan. Mr. Shubbert stated that the rate revisions for the Sewer Utility are to increase the base rate revenues, moderate annual increases, and continue the Wastewater Treatment Surcharge to track costs. Mr. Shubbert stated that a customer with sewer

service who lives inside the City pays \$7.88 for a Readiness Charge in 2017 and would pay \$11.10 in 2022. Mr. Shubbert stated that the customer currently pays \$58.46 for 6000 gallons of water for one month and that charge would be \$62.29 in 2018. Mr. Shubbert stated that a customer who lives outside the City pays a Sewer Base Readiness Charge of \$11.82 in 2017 and would pay \$16.65 in 2022.

Mr. Shubbert stated that the customer currently pays a sewer rate of \$69.96 for 6000 gallons of water used and that cost would increase by 18% in 2018 to \$75.04. Mr. Shubbert stated that the customer would pay a sewer rate \$90.75 per 6000 gallons of water in 2022. Mr. Shubbert stated that when comparing the City's rates to other Cities the City is still not the highest provider even with the new Rate Plan. Mr. Stovall stated that the rate increases are also driven by SC DHEC's requirements for maintaining the systems. Mayor McLean asked if DHEC has given the City any guidelines on what needs to be fixed on the system and Mr. Stovall stated yes. Mr. Stovall stated that the City is on track with the requirements of the Consent Order from DHEC. Mr. Stovall stated that the City needs to inspect all the sewer lines and list what is wrong with each line and then implement a plan to fix the problems. Mayor McLean asked if the City had the personnel to do this job or should the City contract the projects. Mr. Satterfield stated that some projects the City could complete in house and some of the jobs would be contracted out. Mr. Shubbert stated that the rate revisions for the Sanitation Utility are to increase the base rate revenue, a uniform percentage increases to all pickup charges, and to continue reliance on transfers in from the General Fund. Mr. Shubbert stated that a customer would see a 7% increase in 2018 for residential pickup and an 8% increase in 2022. Mr. Shubbert stated that the increases are in small increments throughout the five-year plan. Mayor McLean asked what the rationale is for doubling the water rates to make the service self-sufficient but not the sanitation rates. Mr. Stovall stated that City staff thinks there are procedures the City could try in order to reduce the cost of Sanitation. Mr. Stovall stated that Council and City staff need to research the Sanitation cost in that what services could the City offer, what the City expects the General Fund to pay for and how does the City bill for the Sanitation services. Councilmember Roth stated that several years ago businesses went to a private pickup. Councilmember Roth asked if the City could recoup those customers and offer that service again. Councilmember Roth stated that was a customer base the City lost and could the City regain that customer. Mr. Stovall stated that his understanding of that decision years ago was the City decided to drop that service because the City was going to have to purchase a new truck to make the pickups. Councilmember Roth asked how many contractors come into the City for commercial sanitation

**SANITATION UTILITY**

pickup and Mr. Stovall did not know the number. Mayor McLean stated that the contractors have a larger customer base and could spread the cost over more customers than the City can. Mr. Stovall stated that customers need to be educated on recycling and what to put in the trash cans and what to leave on the side of the street. Mr. Stovall stated that the property tax bill includes a tipping fee for garbage but it does not include a fee for what is picked up by the Grapple Truck. Mr. Stovall stated that if a citizen discards a pumpkin on the street then the City picks it up and takes it to the landfill. Mr. Stovall stated that the City is charged a fee for the pumpkin but if the citizen puts the pumpkin in their garbage can then the City does not pay any extra fees for the pumpkin. Councilmember Cook stated that he would like to see a chart combining all of the utilities and the rate increases through the five years. Councilmember Cook asked if the potential bonds are included in the new Rate Plan and Mr. Shubbert stated yes. Councilmember Cook stated that when the City was working on the Rate Study a year ago the City knew which type of bond issuance they would have which Council would not discuss until the May meeting. Mr. Stovall stated that the City had to provide GDS Associates with potential debt service and anticipated capital purchases.

Mayor McLean stated that anything Council decides could be modified in the future to make corrections on things that did not turn out as we thought they would. Councilmember Roth asked if the Rate Plan is based on things staying the same without any economic development improvements and Mr. Shubbert stated yes. Councilmember Roth asked if an economic development could change the rates and Mr. Shubbert stated yes. Councilmember Roth asked the net amount the City would receive from LCWSC for the next three years and Mr. Shubbert stated \$982,000. Councilmember Roth stated that the new Rate Plan also reflects the City losing that contract and Mr. Shubbert stated yes. Mayor McLean asked how the City's rates compare with LCWSC with the increase and Mr. Stovall stated that the rates would be close. Mr. Stovall stated that LCWSC is currently building a new Filter Plant and that would be an added debt for their system. Mayor McLean stated that LCWSC would have a new Filter Plant and the City has one with challenges. Mr. Stovall stated that the City would not produce as much water in the future and the City has funds budgeted for upgrades. Mayor McLean asked if the City would look at not producing water and Mr. Stovall stated yes.

**MILLERS FORK TRAIL**

Mr. Satterfield stated that the next item on the agenda is bids for the Millers Fork Trail. Mr. Satterfield stated that City staff recommends Council authorizing the City Manager to enter into a contract with Darrohn Engineering for professional engineering services for the Millers

Fork Trail. Mr. Satterfield stated that the City solicited bids and Darrohn Engineering was the only firm to submit a bid. Mr. Satterfield stated that the total cost of the project is \$118,920 with the funds coming from a Trail Grant and the City's match for the grant. Councilmember Kuykendall asked what type of service would this firm offer the City. Mr. Satterfield recognized Mr. Threatt, Community Development Director. Mr. Threatt stated that the firm would do all of the design work and handle all of the construction bids for the project. Mayor McLean asked if this cost was just for the engineering and Mr. Threatt stated the cost is for the entire project. Motion was made by Councilmember Cook to authorize the City Manager to enter into a contract with Darrohn Engineering for the engineering services for the Millers Fork Trail and seconded by Councilmember Young. The vote was unanimous.

**CLINTON I-26  
COMMERCE PARK  
LANDSCAPING BID**

Mr. Satterfield stated that the next item on the agenda is awarding the landscaping bid for the Clinton I-26 Commerce Park landscaping project. Mr. Satterfield stated that the City recommends Council authorizing the City Manager to enter into a contract with Clinton Carolina Beautiful for landscaping services for the Clinton I-26 Commerce Park. Mr. Satterfield stated that the City solicited bids and received two with Clinton Carolina Beautiful being the lowest bid for \$49,057.18. Councilmember Roth asked if this is a one-time fee and Mr. Satterfield stated the cost covers the landscaping of the entrance into the Commerce Park. Councilmember Roth asked if the City would have to have continuing upkeep of the property and Mr. Satterfield stated yes. Mr. Stovall stated that the proposed budget includes funding to contract the maintenance of the entrance. Councilmember Young made a motion to approve the bid from Clinton Carolina Beautiful for the Clinton I-26 Commerce Park Landscaping Project with a cost not to exceed \$49,057.18 and seconded by Councilmember Neal. The vote was unanimous.

**FIRST READING  
BUDGET  
FY 2017-18**

Mr. Stovall stated that the next item on the agenda is the first reading of an Ordinance to appropriate and raise revenue and adopt a budget for the City of Clinton for the fiscal year ending June 30, 2018. Mr. Stovall stated that he is prepared to go over the budget in detail or Council could approve the first reading. Councilmember Roth asked if all of the Department heads help formulate the budget and Mr. Stovall stated yes. Mr. Stovall stated that the budget process starts in November with City staff working with the Department Heads on the budget. Mr. Stovall stated that City staff takes the needs of each department and the needs identified by Council and incorporate them into the proposed budget. Councilmember Roth asked if the first time Council sees the budget is when the City Manager presents the budget. Councilmember Roth asked if the Department Heads present

their budgets to Council and Mr. Stovall stated yes. Mr. Stovall stated that Council holds budget workshops and Department Heads makes their presentation to Council. Mayor McLean stated that during the budget workshops Council did not go over any numbers but listened to the Department Heads. Mayor Mclean stated that Council has not discussed any numbers until tonight. Mr. Stovall stated that City staff does not put numbers into the proposed budget until City staff receives feedback from Council on which direction the budget should go. Mayor McLean stated that the City Administration budget is up to \$342,000. Mr. Stovall stated that the most significant increase in that department is the cost of \$262,000 which offsets the deficit in the Sanitation Department. Mayor McLean asked if Sanitation was an Administration account and Mr. Stovall stated no. Mr. Stovall stated that the General Fund does not have a Sanitation account and the expense is carried in the Administration Department. Mayor McLean stated that the expense is confusing and does not show where the money is going and Mr. Stovall stated that the expense account is labeled General Fund transfer to Sanitation. Mr. Stovall stated that the Debt Service Expense account increased because the General Fund's debt service is paid from this Department. Mr. Stovall stated that funds were also added to this department to help Council in their negotiations with a new City Manager. Motion was made by Councilmember Cook to approve the first reading of an Ordinance to adopt the budget for the fiscal year ending June 30, 2018 and seconded by Councilmember Jenkins. The vote was two to five with Councilmembers Roth, Kuykendall, Neal, and Young and Mayor McLean voting no. Councilmember Jenkins asked if the budget would be reviewed again. Mayor McLean stated that Council could have another budget workshop. Councilmember Kuykendall stated that taking in consideration that Council has two new members then Council should hold another budget workshop. Mayor McLean stated that Council would need to schedule another budget workshop and Mr. Stovall asked for the workshop to be held after May 5, 2017. After some discussion Council determined to hold a budget workshop on May 8, 2017 at 4:00 PM at the M.S. Bailey Center.

**PAVING**

Mr. Stovall stated that the next item on the agenda concerns the paving of City streets. Mayor McLean stated that Council has been given the name of the streets needing paving several months ago. Councilmember Kuykendall made a motion to pave Forrest Street and with any funds left over pave South Woodrow Street and seconded by Councilmember Young. The vote was six to one with Councilmember Jenkins voting no.

**ADMINISTRATIVE  
BRIEF**

Mr. Stovall stated that under his administrative briefing is information concerning the I-26 Commerce Park Sewer line. Mr. Stovall stated that the project involves running a sewer line from the Pump Station to the

**SEWER LINE  
I-26 COMMERCE PARK**

speculative building in the Commerce Park. Mr. Stovall stated that this sewer line would also serve as the backbone for additional sewer line construction. Mr. Stovall stated that the cost to run the sewer line is \$1,392,550.

Mr. Stovall stated that the City has received a RIA Grant for \$300,000, a grant from the Power Team for \$388,163, and a \$150,000 Grant from Pacolet Milliken for this project. Mr. Stovall stated that these grants brought the cost of the project down to \$554,387. Mr. Stovall thanked City staff for their work on securing funds for this project.

**EXECUTIVE  
SESSION**

Motion was made by Councilmember Young to go into executive session to discuss an economic development matter related to Project Windy and return to open session on the call of the chair and seconded by Councilmember Neal. The vote was unanimous.

**OPEN SESSION**

Mayor McLean declared Council back in open session. Mayor McLean stated that an economic development matter was discussed and no action was taken.

**COUNCILMEMBER  
REPORT**

Councilmember Cook thanked Mr. Stovall for his years of service. Councilmember Cook wished Mr. Stovall the best and stated that he looked forward to working with Mr. Satterfield.

Councilmember Young stated he has enjoyed working with Mr. Stovall and wished him the best in his new job. Councilmember Young stated that he looked forward to working with Mr. Satterfield.

Councilmember Jenkins thanked Mr. Stovall for all he has done for the City of Clinton. Councilmember Jenkins stated that she appreciated Mr. Stovall's work. Councilmember Jenkins stated that she looked forward to working with Mr. Satterfield.

Councilmember Neal stated that it was nice working with Mr. Stovall even though she did not work with him long. Councilmember Neal stated that she looked forward to working with Mr. Satterfield.

Councilmember Kuykendall stated that Mr. Stovall would be missed and that Mr. Stovall has done a tremendous job over the years and the City of Clinton is beginning to show the progress. Councilmember Kuykendall stated that he hoped Mr. Stovall would look at Clinton as home and Mr. Stovall would always be welcomed back.

Councilmember Roth stated that he appreciates what Mr. Stovall has done for the City of Clinton. Councilmember Roth stated that the presentations tonight were informative. Councilmember Roth stated that he looked forward to working with Mr. Satterfield.

**MAYOR'S REPORT**

Mayor McLean stated that when Mr. Stovall came to the Clinton the City had about \$50,000 in the Reserve Funds and now the City has \$3 million in Reserve Funds. Mayor McLean stated that the City is in the best shape in twenty years. Mayor McLean stated the Mr. Stovall has done a great job and he knows Mr. Stovall would do well in his new job. Mayor McLean stated that the ACC Golf Tournament would be held April 20 – 23 at the Musgrove Mill Golf Course. Mayor McLean stated that the first Town Rhythms would be Saturday, April 22 at 7:00 PM at the downtown depot. Mayor McLean stated that the band performing is the Shag Doctorz. Mayor McLean stated that Tuesday, May 2, 2017 from 5:00 PM to 7:00 PM the City would host a reception for Mr. Stovall. Mayor McLean stated that Friday, May 5, 2017 the City would host the Safety Luncheon at 12:00 PM at Thornwell.

Mayor McLean stated that the next Council meeting is Monday, May 8, 2017 at 6:00 PM and a budget workshop on Monday, May 8 at 4:00 PM.

**ADJOURN**

With there being no further business before Council motion was made by Councilmember Young to adjourn and seconded by Councilmember Neal. The vote was unanimous.

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CITY CLERK

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**MAYOR**