



CITY OF GERMANTOWN TENNESSEE

1930 South Germantown Road • Germantown, Tennessee 38138-2815
Phone (901) 757-7200 Fax (901) 757-7292 www.germantown-tn.gov

FAC Sub-Committee Meeting MINUTES

Wednesday, March 5, 2014, 6.00 pm
Water Treatment Plant, 7700 Southern Avenue

Members Present: Clint Hardin, Russell Johnson, Sidney Kuehn, Julius Moody, Jonathan Turner

Members Absent:

Staff Present: Patrick Lawton, Ralph Gabb, Adrienne Royals, and Bo Mills

Others:

ROLL CALL

Ralph Gabb called roll and announced that a quorum was present.

CALL TO ORDER

Chairman Hardin called the February 5, 2014 FAC Sub-Committee meeting to order. He announced that the sub-committee was reconvening to discuss a proposed water/sewer rate increase. He said that at the end of the meeting there will need to be some type of consensus/recommendation to present to the Financial Advisory Committee.

Mr. Gabb said the question of whether the pilot should be there or not was presented. Per Mr. Gabb, according to the Comptroller's Office, once the pilot is in place you should leave it in place so that it does not appear as though there is a source of funds that is being used; it should be treated as a true Enterprise Fund as you would any other business.

Referring to a handout, Mr. Gabb explained in detail, projected Change in Net Position for fiscal years 2015, 2016 and 2017. He said right now, the City could use a 30% rate increase for FY 15 and 16 and then by FY 17, we should take a look again to see if this rate needs to be changed or adjusted. Mr. Gabb stated within two years we have to do something before the state gets involved which may affect our bond rating as well as our positive image.

Mr. Lawton said if you look at our rates overall and the impact on the average citizen of Germantown, 30% is not a significant increase although it sounds large.

Mr. Mills advised that he did a comparison with Memphis, Collierville, and Bartlett and based it on 5,000 gallons of water usage. [Inaudible] both experienced rate increases recently with Collierville being a little

more on the sewer side rather than the water side. Germantown's cost was the lowest of the bunch coming at \$14.40 and compared to \$30.57 (Memphis), \$20.50 (Collierville), and \$22.31 (Bartlett). Also referring to a handout, Mr. Mills explained that the average residential water bill for 10,478 gallons of water is currently \$15.79; this amount increases to \$20.53 with the proposed 30% rate increase. For sewer cost at the same 10,478 gallons, the current rate is \$8.79 which increases to \$11.43 with the applied 30% increase.

After much discussion regarding the pilot, Mr. Lawton said in two years if the Utility Fund has not improved, we can definitely reconsider the program at that time.

Chairman Hardin moved that the recommendation to approve the increase of water/sewer rate and to look at the rate and pilot program again in two years. The motion passed unanimously.

ADJOURMENT

With no other business the meeting adjourned.