

**City of Pelham**  
**City Council Work Session**  
**November 23, 2009**

**MINUTES**

Members of the Pelham City Council met on November 23, 2009 at 6 p.m. with Council President Mike Dickens presiding. The meeting was held in the conference room of Pelham City Hall and open to the public.

The following elected officials were present:

Don Murphy, Mayor  
Mike Dickens, Council President  
Teresa Nichols, Councilmember  
Bill Meadows, Councilmember  
Steve Powell, Councilmember  
Karyl Rice, Councilmember

Media Present: Marianne Thomas-Ogle

Others present: Tom Seale, Gary Waters, Eddy Jowers, Mike Morgan, Jerry Nolen, Tom Enright, Mosely Johnson, Vincent Cottone, Officer Pat Cheatwood, Officer Pete Folmar, Fire Chief Danny Ray, other city employees and members of the public.

The council work session was called to order by Council President Dickens at 6:05 pm. All elected officials were present. Mr. Dickens reviewed the work session agenda and commented the work session was called to discuss the proposed sewer rate increase and other business as time permits.

Steve Powell discussed implementing the proposed rate increase over a four year period to lessen the impact to the residents, businesses and high users of the sewer system. He stated he considered three stakeholders in the sewer system, the customer, the City and the Water/Sewer Department.

Karyl Rice commented on Mr. Powell's four year plan. She would like the Council to consider raising the minimum from 3,000 gallons to 5,000 gallons for rate calculations. Mr. Jowers commented on the average sewer usage per month and the rate study results. Mrs. Rice made additional comments about the rate study and calculations. She talked about the importance of sewer to Pelham for a number of reasons and would like to see the rate increase spread over several years. Mr. Powell mentioned funding sources over a number of years.

Mr. Dickens said the original rate study was a baseline and was to be used for discussion purposes. Additional comments from Mrs. Rice and Mr. Dickens followed concerning setting the minimum rate at 5,000 gallons, calculating the rate impact to customers, economic impact, the pressure on the General Fund and options and compromises to a rate increase.

Teresa Nichols said the sewer system should be self-sustaining and to respect the rate study. Dr. Nichols said she was in favor of a two year rate increase and mentioned the need to address other critical sewer needs and problems throughout Pelham.

Bill Meadows was recognized and discussed the consultant's recommendations regarding the sewer rate increase and the rate differences between using a 3,000 or 5,000 minimum to calculate the rates. Mr. Jowers explained how the 3,000 gallon minimum rate was derived. Discussion involving the two year and four year rate phase in options followed. Mr. Meadows asked for sewer rate calculations and customer impact information. Mr. Dickens and Mr. Powell discussed the recovery of the \$2.3 million in the original rate study proposal. Mr. Dickens would like to see the water/sewer reserves fund the sewer deficit. Mr. Powell asked the council to consider a four year phase in instead of the two year option.

Mrs. Rice mentioned her concern about the sewer rate increase on the citizens and businesses in Pelham. She stated many will be impacted if a large rate increase is passed by the council. Mr. Dickens commented everyone is challenged during these tough economic times but hard decisions with regard to the rate increase must be made. Mayor Don Murphy spoke to the impact and the responsibility of the city and agreed a tough decision was before the council. Dr. Nichols stated there had been no sewer rate increase for a number of years. Mr. Meadows asked how Pelham's rates compared to surrounding cities. Mr. Dickens commented it was very difficult to compare sewer rates based upon the many variables involved.

Revenue Director Mike Morgan was recognized and he mentioned the benefits of having sewer and the costs to the General Fund over the past 10 to 15 years. He further commented on the positive impact sewer availability had on residential property values in Pelham.

Mr. Dickens summarized the sewer rate discussion by outlining options and considerations for a two year or four year rate phase in period. Mr. Dickens polled the council and the city clerk was instructed to prepare two ordinances with the following to be included: Ordinance A – two year sewer rate phase in period, Ordinance B – four year sewer rate phase in period. The following will be included in both ordinance options: (1) sewer rate will be based on 90% of residential water use, (2) evaluate the sewer department's financial position on an annual basis, (3) do not capitalize the Water Department's revenues through a sewer rate increase, (4) use Water reserves in the amount of approximately \$ 2 million to construct the chemical feed building, (5) charge a minimum flat rate usage fee for residents having access to the City of Pelham's municipal sewer system and are not "tied" into the system, (6) do not charge residents a sewer fee that do not have access to the City of Pelham's municipal sewer system, (7) establish a sewer rate fee structure for residents on a Social Security or Social Security disability fixed income.

Mr. Dickens called upon Dr. Nichols for discussion regarding the Royal Chase lift station problem. Dr. Nichols stated no Royal Chase homeowners association was ever established and the developer does not want to continue paying the monthly electric bill for the lift station. The city's sewer consultant estimated a cost of over \$ 100,000 to bring the lift station into compliance. The residents want the city to manage the lift station. There are no records the city has ever agreed to accept the lift station from the developer. Mayor Murphy recommended the lift station be brought into compliance and to city code before considering accepting. Discussion followed regarding all future lift stations to city specifications. The consensus among the council was the residents must upgrade and bring the lift station into compliance before it would be approved and accepted by the city. Mr. Jowers was requested to bring recommendations to the council to require all lift stations to be built to city specifications in order to close the loop hole and to avoid this situation in the future. Mayor Murphy suggested

inviting the Royal Chase residents to a future council meeting. The consensus among the council members was the lift station was the resident's responsibility, not the City's.

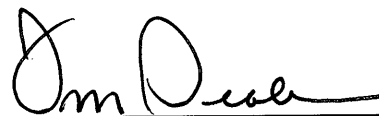
Mr. Dickens moved to the next agenda item, retiree health benefits. Mr. Powell moved to table discussion pending the completion of the Mercer salary study. Dr. Nichols suggested cancelling health insurance for all current and future retirees. Mr. Powell objected and considered the retiree health insurance benefit as a moral obligation of the City of Pelham. The motion to table was seconded by Mrs. Rice and passed on a 4-1 vote with Dr. Nichols casting the no vote. The Mayor's retirement was mentioned and Mr. Dickens commented this benefit was eliminated by the previous city council action.

Health insurance benefits for Councilmembers Rice and Powell was the next item on the work session agenda for discussion. Mr. Powell explained the benefits of the council position and how Human Resources Benefits Coordinator Janis Parks had told him council members were eligible for health insurance benefits through the City of Pelham. He later was told he had received incorrect information from Human Resources and he was not eligible for health insurance benefits. Upon learning of the misinformation he cancelled the insurance with the city. Discussion among various council members continued. Mr. Meadows made a motion to instruct the city clerk to prepare a resolution authorizing the payment of health insurance benefits by the City of Pelham for Councilmembers Rice and Powell to the time they were made aware they were ineligible. The motion was seconded by Dr. Nichols and passed on a vote of 3-0-2, with Mrs. Rice and Mr. Powell abstaining.

Dr. Nichols mentioned the Education Incentive Committee's meeting earlier in the day and confusion regarding the education incentive committee ordinance.

Mr. Meadows made a motion to adjourn, which was seconded by Mr. Powell. The motion passed 5-0 and the work session was adjourned at 7:58 pm.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Tom Seale", written over a horizontal line.

Tom Seale

Finance Director / City Clerk