CITY COUNCIL
WORK SESSION MINUTES

Pelham City Hall

Council Conference Room

May 1, 2023 – 4:30 p.m.

Proper notice of the regularly scheduled work session of the Pelham City Council was given in advance of such public meeting and the notice remained posted throughout the scheduled meeting.

Members of the Pelham City Council met on Monday, May 1, 2023, at 4:30 p.m. The regular work session was held in the Council Conference Room at Pelham City Hall and was open to the public.

<u>Call to Order</u>

The work session was called to order by Council President Mercer at 4:30 p.m.

<u>Record of Attendance</u>

The following elected officials were present:

Council President Maurice Mercer
Councilmember David Coram
Councilmember Rick Wash
Councilmember Mildred Lanier
Mayor Gary Waters

The city clerk/treasurer recorded the attendance of the elected officials and announced a quorum was present. City Manager Gretchen DiFante and City Attorney Josh Arnold were present.

Media Present: None

Others Present: City department heads, city employees, and members of the public.

<u>Approval of Minutes</u>

A motion was made by Councilmember Wash to approve the April 17, 2023 Regular Work Session Minutes and the April 24, 2023 Special Work Session Minutes.

The motion was seconded by Councilmember Coram.

There being no further discussion, the motion passed unanimously by voice vote of those members present.

Executive Session

Council President Mercer stated for the record the purpose of the Executive Session is to discuss the legal ramifications of and legal options for pending litigation, controversies not yet being litigated, but imminently likely to be litigated if the governmental body pursues a proposed course of action under Section 36-25A-7(3)(a), Code of Alabama 1975, as amended.

City Attorney Josh Arnold stated the purpose of tonight's Executive Session is appropriate under Section 36-25A-7(3)(a) Code of Alabama 1975, as amended.

A motion was made by Councilmember Lanier to enter an Executive Session of the city council for the stated purpose. Said motion was seconded by Councilmember Wash. Council President Mercer asked the city clerk/treasurer for a roll call vote. The vote to adopt said motion was recorded as follows:

Maurice Mercer, Council President	Yes
David Coram, Council Member	Yes
Rick Wash, Council Member	Yes
Mildred Lanier, Council Member	Yes

Council President Mercer asked the members of the city council, Mayor Waters, City Manager Gretchen DiFante, City Attorney Josh Arnold, IT Director Chuck Crocker, and City Clerk/Treasurer Tom Seale to attend the Executive Session. Council President Mercer stated he expected the city council to return from the Executive Session in approximately 30 minutes. The city council went into Executive Session at 4:34 p.m.

Councilmember Coram moved to adjourn the Executive Session. Said motion was seconded by Councilmember Wash. The motion passed unanimously by voice vote of those members present and the Executive Session was adjourned at 5:31 p.m.

Council President Mercer called the work session back to order at 5:33 p.m.

Request to Address the City Council – None

Old Business

1. Discussion - Water Rate Study and Implementing at 5-Year Plan

Director of Development Services & Public Works Andre` Bittas and Acting City Engineer Chris Cousins presented the modified Water Rate Study to the city council. Mr. Cousins reviewed the proposed rate study for city council consideration.

The complete text of the FY2023 Cost of Service Update is a part of the May 1, 2023 Work Session Minutes and follows in its entirety.

Pelham

DEVELOPMENT SERVICES AND PUBLIC WORKS
WATER DEPARTMENT
FY 2023 COST OF SERVICE UPDATE

April 2023

BACKGROUND

- Last Complete "Rate Study" completed in 2005 that established current rate structure – Base Rate + Commodity
- Since 2005 Structure has remained unchanged with charges amended by Council periodically

Pelham Historical Water Rates				
	Inside City		Outside City	
	1st 3000 gal	$/1000 over 3000 gal	1st 3000 gal	$/1000 over 3000 gal
September 1, 2005	$13.00	$3.13	$13.00	$3.13
December 1, 2014	$13.00	$3.30	$15.00	$3.80
March 1, 2017	$14.00	$3.63	$16.50	$4.18
March 1, 2018	$15.00	$3.88	$17.75	$4.47
March 1, 2019	$16.00	$4.16	$19.00	$4.79

FY 2023 COST OF SERVICE UPDATE

- Update based on anticipated cash requirements funded by existing rate structure, i.e. Base Rate + Commodity Rate
- Not a complete “Rate Study” which is more in depth, time consuming and expensive to conduct
  - Limited Customer Classes– Residential and Light Commercial
  - No fundamental changes in Customer Class or makeup since 2005 study
- Institute a systematic review of funding needs versus revenues to minimize rate shock
- Update rate components to more closely align with current industry practices
- Propose some level of “automatic” rate adjustments for rates to keep pace with inflation

HISTORICAL REVENUE LESS CASH REQUIREMENTS

Revenue		2016	2017	2018	2019	2020	2021	2022	23 Budget
	Water Sales	4,468,474	4,822,414	5,034,578	5,585,063	5,791,989	5,499,181	5,736,476	5,750,000
	Tap and Impact Fees	338,500	278,750	210,500	182,500	243,670	267,920	297,742	223,000
	Other Revenue	13,494	30,184	38,347	39,627	30,000	15,154	13,681	8,000
	Fees	313,930	366,546	371,619	414,044	409,821	413,934	391,060	358,477
	Total	5,134,398	5,497,894	5,655,044	6,221,234	6,475,480	6,196,189	6,438,959	6,339,477
Cash Requirements									
	Salaries and Benefits	1,574,328	1,461,689	1,409,773	1,137,335	1,216,393	1,305,347	1,477,655	1,836,339
	Water Purchases	1,513,629	1,656,119	1,727,460	1,919,938	2,229,289	2,081,081	2,371,394	2,547,469
	Other Op Ex Expenses	1,175,713	1,414,105	1,280,481	1,465,272	1,703,959	1,539,482	1,648,099	1,826,441
	Debt Service	261,386	261,406	272,579	329,415	306,823	309,000	308,978	311,233
	Annual Cap Ex	-	-	-	-	-	-		
	Total	4,525,056	4,793,319	4,690,293	4,851,960	5,456,444	5,234,910	5,806,126	6,521,482
Revenue Less Cash Requirements		609,342	704,575	964,751	1,369,274	1,019,036	961,279	632,833	(182,005)

IS DOING NOTHING AN OPTION?

Revenue		23 Budget	2024	2025	2026	2027	2028	2029
	Water Sales	5,750,000	5,836,250	5,923,794	6,012,651	6,102,840	6,194,383	6,287,299
	Tap and Impact Fees	223,000	226,345	229,740	233,186	236,684	240,234	243,838
	Other Revenue	8,000	8,120	8,242	8,365	8,491	8,618	8,748
	Fees	358,477	363,854	369,312	374,852	380,474	386,182	391,974
	Total	6,339,477	6,434,569	6,531,088	6,629,054	6,728,490	6,829,417	6,931,858
Cash Requirements								
	Salaries and Benefits	1,836,339	1,909,793	1,986,184	2,065,632	2,148,257	2,234,187	2,323,555
	Water Purchases	2,547,469	2,649,368	2,755,342	2,865,556	2,980,178	3,099,386	3,223,361
	Other Op Ex Expenses	1,826,441	1,899,499	1,975,479	2,054,498	2,136,678	2,222,145	2,311,031
	Debt Service	311,233	311,233	311,233	311,233	311,233	311,233	311,233
	Annual Cap Ex							
	Total	6,521,482	6,769,892	7,028,238	7,296,919	7,576,346	7,866,950	8,169,179
Revenue Less Cash Requirements		(182,005)	(335,323)	(497,151)	(667,865)	(847,856)	(1,037,533)	(1,237,321)

Assumes Annual Growth at 1.5%
Assumes Annual Inflation at 4%

RATE ADJUSTMENT EXAMPLE ASSUMPTIONS

1. Rate adjustments must generate sufficient revenues to cover operating and capital expenses
2. Annual Commodity Rate adjustments include a Consumer Price Index adjustment plus annual increase over CPI as needed
3. Minimum Bracket is not adjusted below **1000** gallons/month
4. Annual Revenue Increase Due to Growth is 1.5%
5. Out of City Revenue is negligible
6. Initial Annual Capital Expenditures are $1,000,000
7. No new debt service or grant funding
8. Maintain existing rate structure – Base + Commodity Rate

RATE ADJUSTMENT EXAMPLE

Annual Revenue Increase Growth	1.50%	Annual CPI Increase	3.00%
Annual Inflation	4.00%	Annual Increase Over CPI	1.00%

	2023	2024	2025	2026	2027	2028	2029
Base Charge	$16.00	$18.00	$18.00	$19.00	$19.00	$20.00	$20.00
Commodity Rate	$4.16	$4.33	$4.50	$4.68	$4.87	$5.06	$5.26
Minimum Bracket (gal)	3000	2000	2000	1500	1500	1000	1000
Revenue	$6,339,477	$7,634,060	$8,034,222	$8,966,244	$9,439,741	$10,478,318	$11,035,130
Expenses	$6,521,482	$6,769,892	$7,028,238	$7,296,919	$7,576,346	$7,866,950	$8,169,179
Cap. Expense	$0	$500,000	$1,000,000	$1,040,000	$1,081,600	$1,124,864	$1,169,859
	($182,005)	$364,168	$5,984	$629,325	$781,795	$1,486,503	$1,696,092
			Monthly Bill				
6000 gal/month residential	$28.48	$35.31	$36.00	$40.06	$40.90	$45.31	$46.32
4000 gal/month residential	$20.16	$26.65	$27.00	$30.70	$31.17	$35.18	$35.79
3000 gal/month residential	$16.00	$22.33	$22.50	$26.02	$26.30	$30.12	$30.53

1. Shown for Inside City Residential Only. Outside City Residential will be amended proportionally but will have minimal effect on revenue.
2. Highlighted cell represent a change to an element of the water rate

RATE ADJUSTMENT EXAMPLE DECISION POINTS

1. Adopt annual/automatic CPI increases?
2. Desire for minimum bill to go to 0 gal/month?
3. Adopt policy that operating revenue must cover operating expenses?
4. Require annual report to Council every May or June to coincide with budget planning?
5. Adjust rates annually (above CPI if needed) or adopt in a 5 year program and only adjust if needed?
6. What is an appropriate reserve level?

RATE ADJUSTMENT PROPOSED TIMELINE

- May 1st - Presented to Council for Review
- May 15th - Council Feedback on Proposed Structure
- June 5th - First Read for Rate Adjustment Ordinance
- June 19th - Second Read for Rate Adjustment Ordinance
    - Rate Adjustments included in FY24 Budget Preparation
- October 1st - New Rates and Fees Become Effective

CURRENT AREA WATER RATES

	System	Monthly Charge for 6,000 gal/month Customer
1	Pelham (eff. 03/01/2019)	$28.48
2	Helena Utilities Board (eff. 11/1/2022)	$35.64
3	Alabaster Water Board (eff. 04/01/2023)	$41.68
4	Shelby County (eff. 09/27/2021– 2023)	$52.87
5	Warrior River Water Authority (eff. 10/1/2022)	$56.71
6	Birmingham Water Works Board (3/4" meter) (eff. 01/01/2023)	$64.06

Council President Mercer asked the city council to have questions prepared for the May 15th work session regarding the Water Rate Study.

Councilmember Wash asked a question about sewer rates. Mr. Cousins said a water rate increase would have no impact on sewer rates.

Council President Mercer noted the residential growth along Shelby County Highway 11. He stated water is purchased from Shelby County to serve this area and is the most expensive to provide.

Councilmember Lanier asked for a sewer rate study for a side-by-side comparison with the water rates.

Director of Development Services & Public Works Andre` Bittas stated the importance of looking forward and anticipating revenues and expenditures within a five-year plan.

New Business

1. Presentation – Mid-Year FY2023 Budget Adjustments

City Manager Gretchen DiFante and Finance Director Jamie Wagner presented the proposed FY2023 mid-year budget adjustments for city council consideration. City Manager DiFante explained the reasoning behind presenting a mid-year budget for city council review. Mrs. Wagner reviewed the mid-year budget.

FISCAL YEAR 2023 MID-YEAR BUDGET OVERVIEW

The Government Finance Officers Association has issued a best practice for adopting a structurally balanced budget, which is described as a budget where recurring revenues are sufficient to cover recurring expenditures. City management has worked diligently to provide a structurally balanced budget while also addressing the City's infrastructure needs with a conservative and sustainable plan.

In an effort to ensure city management is presenting a structurally balanced budget, the City of Pelham's budget is prepared on a modified accrual accounting basis. Modified accrual accounting standards are set by the Government Accounting Standards Board with the purpose to measure the current-year revenues, expenditures, and financial resources in government funds. It recognizes revenues when they become available and measurable and, with a few exceptions, records expenditures when liabilities are incurred.

Revenue Projections Highlights

The City's primary revenue sources are sales and related taxes, ad valorem or property taxes, and business licensing and permits. The City's overall revenue projections appear on track to meet or exceed our original budget estimates at the halfway point of the budget year. Below is a brief summary of the current status of revenue generating funds.

General Fund

The majority of the revenue streams for the general fund are performing well.
Some accounts have been adjusted down due to current projections, but any reductions are more than offset by strong revenues in other taxes along with above average miscellaneous revenues. Careful attention has been made to ensure revenues and expenditures which are dependent on reciprocal accounts we readjusted correspondently.

Water & Sewer

The Water & Sewer fund is on target to meet its budget estimate which will cover
operational expenses and debt service payments. The fund also has many capital projects currently ongoing, however, a majority of the capital projects are being paid for by the bond issue and not general revenues.

Civic Complex & Ice Arena

VenuWorks has requested an increase in projected revenue due mainly to the Birmingham Bulls making it far into the playoffs. There is a level of uncertainty regarding the shutdown timeframes required during the scheduled repair of the HVAC units and Chiller replacements. Due to VenuWork's management changes, there have been fewer off-ice events than expected, but VenuWorks has spent the past few months evaluating the facility and is actively pursuing several new events.

Pelham Racquet Club

The Racquet Club is on track to exceed its budgeted revenue projections with plans to increase lesson and product revenues along with several upcoming tournaments. Pro shop sales are steadily increasing as new product lines and logo items are added to inventory. Other fees for services and activities are also robust.

Ballantrae Golf Club

Ballantrae Golf Club is also performing well and is projected to exceed budgeted revenue estimates. The club had a record year in FY2022, and management at the club has continued to show above-average growth in revenues. Increased marketing and hosted events have introduced the general public to the club and are attributed to the increased guest fees and food and beverage sales.

Garbage Fund

The Garbage Fund is on target to meet its budget estimate and management will continue to keep a close watch over the summer months as the fuel surcharge is expected to increase based on historical gas prices.

Expenditure Projections Highlights

Personnel Expenditures

City management was able to produce salary and benefit projections in the enterprise resource management system for the first time in this fiscal year. The process of manually calculating salary and benefit projections was time-consuming, and the potential risks for errors were high due to the complex formulas in Excel. The system-generated projections appear to be on target at the mid-year point, and there are minimal adjustments due to employment changes since the original projection.

Operations Expenditures

Substantial changes in operational expenditures are detailed in each department's summary, but there are several expenditures that management needs to address across all departments. The quote for liability insurance came back higher than anticipated after the start of the fiscal year. The city's vehicle maintenance provider experienced some challenges due to a system upgrade resulting in a delayed 4thquarter FY2022 invoice, and an adjustment has been made to account for the additional payment in FY2023. Utilities, maintenance contracts, and general supplies have experienced some overages due to inflation. Careful attention has been made to ensure revenues and expenditures, which are dependent on reciprocal accounts, were adjusted correspondently.

Capital Expenditures

The transition to the Capital Projects Fund has produced staff time savings and has provided valuable real-time accounting of each project. With the use of the project accounting module in the ERP system, staff can run monthly allocation reports, which generate internal billing from the Capital Project Fund to the designated funding source. This process also pulls monthly expenditures into a capital asset work file. The development of the module was a partnership between engineering and finance, but all departments can view real-time information related to projects that directly affect their provision of services. The Fund allows for life-to-date project budgets, which aid in transparency and accountability to our internal and external stakeholders.

GENERAL FUND

Revenue Projections for Major Categories

The City's sales tax revenues, property tax revenues, business license fees, and permit fees make up approximately 96% of the General Fund's total revenue. As such, City management obtained necessary data pertaining to each of these sources to be used in projecting General Fund revenues for FY2023.

Sales and Use Tax

City management originally proposed a 2% decrease in tax revenues due to the possible economic impact caused by supply chain problems and the continuing Ukraine-Russia conflict along with the gradual withdrawal of federal COVID support. Sales and use tax revenues were up with a year-to-date increase of 8%. The total sales and use tax revenue received is 56% of the total budgeted amounts. The total proposed budget adjustments to sales and similar tax revenues are an increase of 3%which is an additional $1,253,081. City management is proposing the following changes to sales and related taxes to reflect the changes in projected amounts:

Sales Tax – General - $618,017
Sales Tax – Automotive -$131,459
Sales Tax – SSUT Distribution - $253,985
Sales Tax Education - $206,005
Sales Tax Penalty - $36,000
Rental Tax - $31,380
Shelby Co Vehicle Tax - $26,854
Revenue Auditor - $(65,000)
Other Related Tax Adjustments - $14,381

Property Tax (Ad Valorem)

City management originally proposed budgeted amounts for property tax using estimates provided by Shelby County. Year-to-date ad valorem taxes are up 10.55%over last year, with total ad valorem tax revenue received at 94.47% of total budgeted amounts. The total proposed budget adjustments to property tax revenues are a decrease of $85,943. Based on revenues already received, management is proposing the following adjustments:

Ad Valorem Tax RE - $(286,281)
Motor Vehicle License Shelby County - $200,338

Motor Vehicle/Gas Tax

Due to higher-than-expected revenues, the proposed budget adjustment to the gas tax is an increase of $15,714.

Other Tax

City management originally proposed budgeted amounts for the financial excise tax based on amounts received in the prior fiscal year and the revenues are expected to reach projected budget amounts. The total proposed budget adjustments to other tax revenues are an increase of $12,669.

Licenses and Permits

The City's business license and building permit revenue is on target to exceed the projected budget amounts. Business License & Permits revenues were up with year-to-date increase of 7.63%. The total business license and building permit revenue received is 91.83% of the total budgeted amounts. The total proposed budget adjustments to license and permit revenues is a net increase of $298,464. City management is proposing the following changes to license and permit revenues:

Business License Penalty - $15,000
General Business License - $283,514
Business License – RE Agents - $(50)

Fines and Forfeitures

City management originally proposed budgeted amounts for court costs collected based on amounts received in the prior fiscal year, but court costs vary from year to year depending on caseload, type of case, judgment, etc. Projected amounts are lower than amounts originally budgeted so City management is proposing a decrease of $47,195 for fines and forfeitures.

Charges for Services

The Parks and Recreation Department revenues were under-projected for certain programs and over-projected for others. The total proposed budget adjustments to charges for services revenues is a net decrease of $6,085. City management is proposing the following adjustments to charges for services revenue accounts:

Rec Center Concessions - $5,000
Merchandise Revenue - $(6,000)
Youth Sports Revenue Flag Football - $(275)
Rec Center Rentals - $2,000
Registration – Baseball/Softball - $(4,335)
Adult Basketball - $(5,600)
Rec Center Exercise Class - $500
Adult Sports Rev Volleyball - $100
Youth Sports Revenue Smart Start – $(975)
Parks & Rec Field Rentals - $3,000
Adult Sports Rev Pickleball - $500
Adult Sports Rev Pickleball - $500

Interest Income

City management originally proposed budget amounts for interest on investments based on amounts received in the prior fiscal year, with consideration given to changes in interest rates. Projected amounts were over amounts originally budgeted so City management is proposing an increase of $369,765 for interest on investments.

Other Revenue

City management does not budget amounts for copies/reimbursements, donations revenue, or gains/losses on the sale of assets, as these amounts are not predictable or guaranteed. City management is proposing an increase in donations revenue of $4,040 to match amounts already received, and $163 for copies/reimbursements projected from amounts already received. The total proposed budget adjustments toother revenues is a net increase of $4,203.

Proceeds from Other Financing Sources

City management originally proposed budgeted amounts for capital asset sales based on the sales of several pieces of property. Due to unforeseen circumstances, not all property sales are expected to close this budget year. An adjustment has been proposed for $20,000 on gains/losses on the sale of assets to reflect amounts received at auction. The creek cleanout grant expenses were lower than budgeted therefore the 75% reimbursement was reduced proportionately. The grant revenue has been reduced from $877,158 to $366,300. City management is proposing a total decrease of $1,060,859 in proceeds from other financing sources.

GENERAL FUND

Expenditure Projections by Department

City Manager's Office

City management is proposing an increase of $12,301 in personnel expenses and a decrease of $12,301 in operating expenses to cover the extra expenditures.

Mayor's Office

City management is proposing an increase of $10,000 to operating expenses and a decrease of $10,000 to personnel expenses to cover the contracted labor needed in operating expenses.

City Council

City management is proposing a total increase of $21,526 in personnel expenses and operating expenses. Personnel expenses have an increase of $18,526 for the added coverage of insurance. Operating expenses have an increase of $3,000 for the installation of the Christmas snowflakes.

Municipal Court

City management is proposing no changes to the current budgeted amount, but due to the onboarding of a new employee, there were adjustments to benefits that were offset by operating expenses.

Information Technology

City management is proposing a total expenditure increase of $216,889. Personnel expenses have an increase of $21,824 for the added coverage of insurance and overtime. Operating expenses have a proposed increase of $195,065 due to transitioning from the current management provider to onsite management of services

Human Resources

City management is proposing a total expenditure increase of $4,720. Personnel expenses have increased by $17,427 due to the position reclassification from an Administrative Assistant to a Recruiting Coordinator. City management is proposing a decrease in operating Expenses in the total amount of $12,707 in order to offset some of the additional personnel Expenses.

Finance

City management is proposing a total expenditure decrease of $59,557. Personnel expenses have increased by $1,521 for overtime. The reduction in operating expenses in the amount of $61,078 includes a decrease in revenue audit and professional audit fees.

City Clerk

City management is proposing an increase in operating expenses in the total amount of $211,469. This amount includes an increase of $206,005 for education tax funds payments equally adjusted to account for the increased sales and use tax projections. The remaining increase is for maintenance contracts, contract service agreements, and liability insurance.

Communications and Branding

City management is proposing no changes to the current budget.

Economic Development

City management is proposing an increase in operating expenses in the total amount of $102,264. This amount includes an increase of $3,264 in payments to the CDA due to the 1% projected increase in lodgings revenue and a $99,000 annual economic development accrual to Campus 124. The economic development accrual began in October 2022, and City management was advised by auditors regarding the recording of the accruals. The payment to the developer will be held in trust per the contract until October 2024.

Fire Department

City management is proposing an increase of $10,891 for personnel expenses due to payouts of compensatory and vacation time from retirements and promotions. An increase in operating expenses is proposed in the total amount of $132,167 which includes increases for vehicle repair and maintenance, building repairs and maintenance for the bathroom at Station 5, and liability insurance.

Police Department

City management is proposing an increase of $36,056 for personnel expenses to cover overtime pay due to short staffing. An increase in operating expenses is proposed in the total amount of $139,590 which includes LPR/Genetec camera lease payments, computer maintenance agreements, repair and maintenance vehicles, and liability insurance.

Parks & Recreation

City management is proposing a total increase of $55,163 in operating expenses. A majority of the increase is due to utilities trending higher than the prior year to date as well as increases to other property repair and maintenance and liability insurance.

Library

City management is proposing a total increase of $17,913 in operating expenses which included building repair and maintenance and increased employee participation in vacation buyback.

Development Services and Public Works

City management is proposing an increase of $10,343 for personnel expenses due to overtime for code enforcement. An increase in operating expenses is proposed in the total amount of $10,343 which includes additional fogging and weed control supplies, Amwaste rubbish disposal fees, and liability insurance.

GARBAGE FUND

The Garbage Fund is on target to meet its budget estimate and management will continue to keep a close watch over the summer months as the fuel surcharge is expected to increase based on historical gas prices. Since the original budget projection, there has been an increase in the number of customers serviced from 9,118 to 9,290. Cahaba Solid Waste Authority and Amwaste are exploring purchasing options to potentially reduce fuel costs.

WATER & SEWER FUND

Revenue Projections

The Water & Sewer Fund is on target to meet current revenue projections generated from charges for services. City management is proposing a total increase in revenue of $43,427 resulting from an increase in interest rates received from the bank on the investment account.

Expenditure Projections

City management is proposing a decrease of $1,085 for personnel expenditures related to other employee benefits adjusted to actuals. An increase in operating expenses is proposed in the total amount of $156,840 which includes an increase for repairs & maintenance of a pump at the Indian Hills well, repairs and maintenance of vehicles, supplies, additional audit fees, and liability insurance.

PELHAM CIVIC COMPLEX

Revenue Projection

City management is proposing a total increase in revenue of $338,841 due to the Birmingham Bulls making the playoffs. There is a level of uncertainty regarding the shutdown timeframes required during the scheduled repair of the HVAC units and Chiller replacements. Due to VenuWork's management changes, there have been fewer off-ice events than expected, but VenuWorks has spent the past few months evaluating the facility and is actively pursuing several new events.

Expenditures Projections

City management is proposing an increase in operating expenditures in the total amount of $513,625. This adjustment is requested due to higher-than-normal labor costs, high market fluctuation for the cost of goods in the food and beverage department, utilities, repairs, and equipment purchases needed to

maintain our service standards. Utilities have increased by 25% in 2023, but steps are being taken to reduce usage such replacement of the ice chillers and compressors.

The mid-year FY2023 budget discussions were joined by Seth Greenberg, Executive Director of the Pelham Civic Complex & Ice Arena; Loredana Cretu, Business Manager, Pelham Civic Complex & Ice Arena; H.R. Cook, Regional Vice President and Tim Sullivan, Executive Vice President and Chief Financial Officer from VenuWorks. Mr. Greenberg spoke about the mechanical upgrades should reduce the utility costs. Mr. Cook mentioned the increase in temporary employees, and food and beverage costs.

PELHAM RACQUET CLUB

Revenue Projection

City management is proposing a total increase in revenue of $45,412. This includes an increase of $21,000 in pro shop revenue, $20,000 in tennis lesson revenue, $14,420 for the National 40 Tournament, $5,400 for the National 14 Tournament, and a decrease of $17,000 due to not having the Southern Senior Cup Tournament.

Expenditures Projections

City management is proposing an increase of $19,689 for personnel expenditures. City management is proposing an increase in operating expenditures in the total amount of $57,985. This amount includes an increase of $4,000 for repairs & maintenance, $15,000 for lessons expense, $24,000 for pro shop merchandise, and $8,375 for tournaments

BALLANTRAE GOLF CLUB

Revenue Projection

City management is proposing a total increase in revenue of $105,740. This includes an increase of $50,000 in guest fees, $20,000 in pro shop revenue, $25,000 in food and beverage revenue, and $10,000 in range ball revenue. This is all due to an increase in membership and the number of rounds of golf being played.

Expenditures Projections

City management is proposing a decrease of $12,000 for personnel expenditures due to not having a food and beverage manager until April. City management is proposing an increase in operating expenditures in the total amount of $35,344. This amount includes an increase of $10,000 for pro shop merchandise, $8,768 for repairs & maintenance, $5,000 for supplies, and $11,388 for food and beverage expenses. These increases are all due to an increase in the rounds of golf being played.

End of Mid-Year FY2023 Report

2. Discussion - Revision of the Commercial Development Authority's Redevelopment Zone

Economic Development Director Michael Simon discussed the Redevelopment Zone revisions approved by the city council in October 2022. Mr. Simon discussed the possibility of expanding the Redevelopment Zone to include Alabama Highway 119 as recommended by the Pelham Commercial Development Authority (CDA).

He said the CDA, with their funding, could have a positive effect on this area of Pelham. Mr. Simon said this is the only change recommended by the CDA for consideration by the city council.

3. Discussion – Rescheduling remaining 2023 work session and council meetings due to calendar scheduling conflicts

Council President Mercer noted several scheduling conflicts with council work sessions and council meetings in the coming months. Those dates include Juneteenth, Monday, June 19th, Fire on the Water, Monday, July 3rd and Labor Day, Monday, September 4th. Council President Mercer asked the city council to review their calendars to consider rescheduling these meetings for a different date.

It was the consensus of the city council to move the June 19th work session and council meeting to Tuesday, June 20th.

The conflicting dates of July 3rd and September 4th would be discussed at another time.

4. Discussion – Reappointments to the Pelham Board of Adjustment & Appeals

Council President Mercer stated there are currently two vacancies and three expired terms on the Pelham Board of Adjustment & Appeals. He said those members currently in the expired places have indicated to the city clerk/treasurer of their desire to be reappointed for another term. He asked the city council if it was their desire to interview those members seeking another term. The consensus of the city council was to ask the city clerk/treasurer to contact each of those seeking a reappointment to attend the May 15th work session.

Council President Mercer asked the city clerk/treasurer to post the vacancies on the Pelham Board of Adjustment & Appeals for 30 days. He stated those interested in the appointment should submit a letter of interest and resume to the city clerk/treasurer for city council consideration.

5. Discussion – Appointments to the Pelham Commercial Development Authority (CDA)

Council President Mercer stated there was a tie vote in the evaluation of the candidates for Place No. 5 on the CDA. Each councilmember spoke to the strengths and qualifications of the candidates.

Councilmember Wash asked each candidate to appear before the city council for a follow-up interview on May 15th. He stated both individuals were extremely qualified. Councilmember Wash asked the city clerk/treasurer to pose two questions to the candidates and to have their prepared answers on May 15th. The two questions are:

1. How have you been involved in the Pelham community?
2. How do you plan to move Pelham forward?

Mayor Waters suggested postponing the appointment until the new councilmember is elected and seated.

6. Discussion – Appointment to fill the unexpired term of Place No. 2 on the Pelham City Council

Council President Mercer thanked the city council for working through the interview process. Each councilmember spoke to the strengths and qualifications of their two top candidates. Council President Mercer spoke to honoring the appointment process the city council has adopted over the past several years. Councilmember Wash said it is the duty of the Pelham City Council to elect a city councilmember, and we should not rely on the governor's office to make the appointment.

A motion was made by Councilmember Wash to have the city clerk/treasurer prepare a resolution for the May 15th city council meeting to elect Chad Leverett to fill the unexpired term of Place No. 2 on the Pelham City Council. Said motion was seconded by Councilmember Lanier. There being no further discussion, the motion to prepare a resolution electing Chad Leverett to the Pelham City Council passed unanimously by voice vote of those members present and the council president declared the same passed.

Further discussion followed regarding Mr. Leverett's need to resign from the Pelham Planning & Zoning Commission and the BEAT. City Attorney Josh Arnold concurred, with the exception of the Planning & Zoning Commission, a sitting council member could not simultaneously hold a city board position.

Review of May 1, 2023 City Council Agenda

Council President Mercer reviewed the May 1, 2023 city council agenda.

E. Consent Agenda

   A consent agenda is presented by the presiding officer at the beginning of a council meeting. Items presented on the consent agenda are considered routine and/or non-controversial and are organized apart from the rest of the agenda and are adopted by general consent and vote by the city council without debate. Items may be removed from the consent agenda on the request of any one member. Removed items may be taken up either immediately after the consent agenda is approved or placed later on the agenda at the discretion of the presiding officer and City Council.

   1. Approval of the May 1, 2023 City Council Agenda

   2. Approval of the April 17, 2023 Regular Council Meeting Minutes and the April 24, 2023 Special Work Session Minutes

   3. **Resolution 2023-05-01-01** for consideration to approve the lowest and most responsive bid from Gillespie Construction, LLC for the installation of American with Disabilities Act (ADA) compliant curb ramps as a part of the Stratford Place sidewalk improvement project and to amend the FY2023 Public Right-of-Way Accessibility Guidelines (PROWAG) budget

Director of Development Services & Public Works Andre` Bittas stated this is the city's annual ADA improvement program for sidewalk and curb compliance.

4. **Resolution 2023-05-01-02** for consideration to approve the most responsible and responsive quote from Morrow Water Technologies for the Indian Hills Well Pump No. 2 replacement project.

Director of Development Services & Public Works Andre` Bittas stated this resolution is to replace the Indian Hills Well Pump No. 2.

5. **Resolution 2023-05-01-03** having rejected all bids and pursuant to the Alabama Bid Law, consideration to accept the solicited bid from Sweetwater Construction, LLC for construction of the Campus No. 124 Park Project and to amend said FY2023 budget

Director of Development Services & Public Works Andre` Bittas stated the project was reengineered which reduced the cost by $200,000.00. He said this will complete the Campus No. 124 park project.

6. **Resolution 2023-05-01-04** for consideration to accept the lowest and most responsive bid from Alabama Grading & Excavation for the city's FY2023 paving projects

Director of Development Services & Public Works Andre` Bittas stated this is the city's annual paving project. He further stated the bids came in on budget.

7. **Ordinance No. 512** for consideration to vacate a public utility easement located in the Camellia Ridge sub-division, Phase 3 Sector 3. First Reading was on April 17, 2023.

Director of Development Services & Public Works Andre` Bittas said the utilities have been moved in the easement. He said the city no longer needs the public utility easement and requested the city council consider adopting Ordinance No. 512.

F. Public Hearing(s) – None

G. Mayor's Comments

H. Proclamation(s) by the Mayor and Others

1. Proclaiming May 2023 as Mental Health Awareness Month in Pelham, Alabama

I. Report of the City Manager

J. Report of the City Attorney

K. Request(s) to Address the Council – None

L. Old Business / Resolutions / Ordinances / Orders and Other Business – None

M. New Business / Resolutions / Ordinances / Orders and Other Business

1. **Resolution 2023-05-01-05** for consideration of an ABC license application for a 140 Special Events Retail - Liquor License for applicant Event Concessions, Inc. operating under the trade name Xterra Competition located at 200 Terrace Drive, Pelham, Alabama 32124

Councilmember David Coram stated having visited the business last week. He said the request is a part of the Xterra Triathlon event which will be held at Oak Mountain State Park this month. Councilmember Coram further stated Event Concessions, Inc. will provide proper training for all employees with respect to the Responsible Vendor Program.

2. **Resolution 2023-05-01-06** for consideration of ABC license applications for 050 – Retail Beer (Off Premises Only), 070 – Retail Table Wine (Off Premises Only) and 011 – Lounge Retail Liquor – Class II (Package) for applicant Shaym, Inc. operating under the trade name Pelham Marathon Convenience Store located at 2855 Pelham Parkway, Suite A, Pelham, Alabama 35124

Councilmember David Coram stated having visited the business last week. Councilmember Coram further stated the convenience store will provide proper training to all employees with respect to the Responsible Vendor Program. He further stated the business has changed owners requiring a new ABC license.

(End of May 1, 2023 Agenda Review)

Adjournment

A motion to adjourn the work session was made by Councilmember Coram and seconded by Councilmember Lanier. The motion passed unanimously by voice vote of those members present and the work session was adjourned at 7:26 p.m.

Respectfully submitted this 1st day of May 2023.

Tom Seale, MMC, City Clerk/Treasurer

Maurice Mercer, President of the Council

CITY OF PELHAM CITY SEAL ALABAMA
[SEAL]