

**CITY OF BELLEVUE
WORKSHOP MEETING**

**BELLEVUE CITY HALL
COMMISSION CHAMBERS**

January 14, 2004

6:00 P.M.

MAYOR STEVE BAIRSTOW
Seat 1 COMMISSIONER ABSHIER
Seat 2 COMMISSIONER MOORE
Seat 3 COMMISSIONER CHAFFIN
Seat 4 COMMISSIONER ANDERSON

PRESENT: MAYOR BAIRSTOW; COMMISSIONERS: ABSHIER, ANDERSON; PUBLIC WORKS DIRECTOR MONROE; CITY CLERK/ADMINISTRATOR McKAMEY; DEPUTY CLERK DeGENNARO
ABSENT: COMMISSIONERS CHAFFIN and MOORE

A. Refinancing of FMHA Bonds

Commissioner Abshier stated that he wanted to discuss the possibility of refinancing the bonds because everyone is doing it and maybe the City should be doing it also. Mayor Bairstow stated that one concern is that there would clearly be a savings over the term of the loan, but how would the City make the additional payments.

Mayor Bairstow stated that the City has increased the water rates and the reasoning was to get that fund a little more financially secure, but we agonized over doing that. The Mayor stated that we gave that a lot of thought and then we raised the rates and now this would be another rate increase. Commissioner Abshier stated we could advertise for a public hearing to get comments because he feels it makes common sense to do this and raise the rates by \$.92. Most individuals and/or businesses would refinance if they could save money over the long term.

Mayor Bairstow stated you also refinance to bring the payments down. The City does not get a lot of participation at public hearings. Commissioner Abshier stated that he has not received a lot of comments on the rate increase and the Mayor stated that he has not either.

The Mayor stated that it would be a substantial savings to the City, but a \$.92 increase on my bill each month will not result in savings to me (personally) long term. Commissioner Abshier stated that the people fund the City and the City budget has no fluff in it. The Commissioner stated that there could be more efficient ways of doing things, but \$.92 cents is not a lot of money to him, but it is to a lot of folks. To pay a little more in order to pay the debt off sooner and to save on our interest would be worth it.

Commissioner Abshier stated if he could reduce his loans by a small amount and save a lot of interest, he would do it if he could afford it. If we go forward, it is one way to shorten the life of our loans and this would be a good answer if citizens ask why we did this.

Mayor Bairstow stated that we will be asking for a rate increase in 2004 and another rate increase to help fund the sewer plant as well. PWD stated that he had asked the City to put aside

money for payments, but that was not done so he will ask again this year and by the third year we will have to do that because that is when our payments will start. The Mayor asked what a standard rate increase would be and PWD stated 3-5% is around \$.50 to dollar increase.

Commissioner Anderson stated that he does want to take the \$.92 and lower the payment or take the \$.92 and put it on the new payment. The Commissioner asked what the rate increase was this year and PWD stated over a \$1.00 per month so it would be another \$1.00, plus the \$.92, which would total \$3.00. Commissioner Anderson stated that comes to \$36.00 more per year. Commissioner Anderson suggested taking that \$1.00 and instead of cutting down the interest put it towards the payment on the new loan.

Commissioner Abshier stated that sewer plants do not last 30 years and 30 years ago the City financed our current plant. PWD Monroe stated that the plant was built in 1958, went on line in 1960 or 61 and then there was a major expansion in 1974. Clerk McKamey stated that the City is still paying the balance on the 1977 bond series which will be paid off in 2016. Commissioner Abshier stated that with all the new technology today, maybe a new one is more efficient than what we have now.

Commissioner Abshier stated that usually the rate increases are based on demand and this is a 100% allocation to reduce our present debt. It is a win - win situation and it will save interest.

Commissioner Anderson stated that we could go ahead and refinance the new construction and take the impact fee money and use it to pay off this debt. The Clerk stated that impact fee money can only go for what we have done since we had the impact fees. Commissioner Anderson stated that he wanted to use the impact fee money and pay off the bad debt instead of putting the money down on the 2% money. PWD Monroe stated that the interest on the State Revolving Loan will be less than 2%. Commissioner Abshier stated at a minimum use the impact fees or do both.

Mayor Bairstow asked PWD if he would use the money for debt reduction, reserve or depreciation. PWD stated if we continue the program of budgeting for capital improvement projects and sell capacity by charging impact fees for when we expand. If we can stay ahead of construction fees there should be enough money in 15-20 years to replace that plant in 15-20 years from the sale for capacity. Right now there is \$1.3 million in the sewer impact fees. Clerk McKamey stated that impact fees are to be used only to increase capacity. Commissioner Abshier stated that we do not want to go with 100% impact fee money and Commissioner Anderson asked the Clerk to check with a money management person to help the City. Commissioner Abshier suggested the Clerk to check with the Florida League of Cities to see if they could assist with investment advice.

Mayor Bairstow stated can we refinance the existing loans/bonds at a reduced rate, but keep the same term. Clerk McKamey stated that she has checked and the City cannot refinance through Farmers Home. The Mayor suggested paying off the bonds with new bonds. The Clerk stated we can refinance through the Florida League of Cities.

Mayor Bairstow stated a new loan with a lower interest rate and shorter term than the old one would create interest. A new loan would fill the space for the old loan and would still be paid off at the same time. The Mayor stated we would pay off the old loan with this new loan.

Commissioner Abshier stated that after listening to Commissioner Anderson he now wants to use the impact fees. The Commissioner stated we would need to ask about a 15 year term, have same payments as now, so how much would we have to put down if we don't want to have an increase to our customers.

Commissioner Anderson stated to spend the \$1.00 on old financing or on a new loan and cut it accordingly from 30 years to 15 years with that dollar. Commissioner Abshier stated that the place to put the dollar is where you have the highest rate and Commissioner Anderson stated then that would be on the shortest loan. Commissioner Abshier asked the Clerk to get the information from the Florida League of Cities.

PWD stated that the City will receive a report on the sewer plant from the engineer in early February. Commissioner Anderson asked if this financing be within the engineer's scope and Commissioner Abshier stated it is out of the scope of what the engineer was asked to do and Clerk McKamey agreed.

Commissioner Abshier asked if the engineer is going to be doing a rate study and the Clerk stated a rate study on all of the current debts. The Commissioner stated that this will impact that study. PWD stated that the engineer knows what our debt is going to be and his job is not to find the money for us to build with as we already know where the money is coming from, but Angie Brewer might be the one to ask.

PWD Monroe stated that this came up the other day and a suggestion was to use this money to pay off part of our current debt and do the renovations and charge the impact fees to replace that money. The Clerk stated we can use the money for expansion only after it was collected. If you collected the impact fees in 1990 and the project was completed in 1987, then you cannot use that money. The Clerk stated she asked if we could incorporate old debt into the State Revolving Loan and was told said we could not.

Mayor Bairstow stated that we could talk to our CPA and ask if we want to pay off the debts quicker to save money or have debt forever as a government. Current rates cover current debt or alter our cash flow to save money, but since we are a municipality should we be more concerned with cash flow rather than saving money.

Commissioner Abshier stated that in the real world you don't think like that. The City is still paying on the waste water plant that was built in the 1970's. The City is financing things for too long a period. Mayor Bairstow stated it was probably financed over the life of the equipment. PWD stated that the same residents will be paying that \$.92 so make it simple on your residents. Commissioner Abshier stated he thinks that was all they could afford when they financed back in the 1970's and the City needs to get out from under all this debt. \$.92 is not going to be a burden on the residents. Commissioner Anderson stated it is not how fast you pay the loan, but whether or not you can pay it at all. He stated that government does not use Commissioner Abshier's

principle. Commissioner Abshier stated if they had chosen the 15 year option back then, the City would be better off today. Let's correct what they did in the past because Bellevue will not be the same City in 10 years that it is today. We are experiencing fast growth and we are putting money away for construction and that is the difference between now and then.

Mayor Bairstow asked the Clerk to monitor the rates of return every two months and to explore the options of a money manager.

B. Excessive Water Relief Policy

This item was pulled from the Workshop Agenda, and Commissioner Abshier stated that he was disappointed that it was pulled. Mayor Bairstow stated that he pulled it from the Agenda as a courtesy to the Commissioner who asked for it to be pulled. The Mayor stated if a Commissioner cannot be at a workshop, but wants to and asks that it be pulled from the agenda, I will pull it as long as the Commissioner who had initiated the workshop was in agreement. Commissioner Anderson was in agreement to have this pulled from the Agenda tonight.

Commissioner Anderson stated even though it was pulled, he still wanted to discuss it. The Commissioner asked the Mayor why he voted against the last two individuals who came before the Commission with excessive bills. The Mayor stated that the citizens who came before the Commission have stated that there was not a leak on their side of the meter. We will not argue with them and I will not challenge their statements. Staff comes in and states that there is no leak on our side of the meter and the water went through the meter. I believe our staff and our policy specifies unknown water and that means we don't know what happened to the water and that it did not go through the meter. In order to resolve this issue and come to a decision, we would have to call someone a liar. The Mayor stated that this happens so infrequently and the policy we have now says they can come in every 20 years and get some relief.

The Mayor stated that the two people who came before the Commission recently did not check it out, but the water perked up on their side of the meter. That is why the Mayor voted against both individuals. The Mayor stated we have a fine policy, we just don't follow it.

Commissioner Anderson stated that we changed the amount by the average bill and they pay up to that amount and the rest is dropped. The Mayor stated the Commission voted in favor of giving them relief. Commissioner Abshier stated that when they come in and say they cannot afford to pay the bill and can you help me. That is when he would give him the relief because it is not costing the city one penny. That is a win - win situation. However, if a pipe breaks and they do nothing about it, then he stated he would not help them and he likes to help people.

Mayor Bairstow stated that the City has a program to work with and we have a policy that we need to follow. Every citizen who wants relief comes before us and then we decide if we will give them relief.

Commissioner Abshier stated that if you had a leak in your ground how would you know and the Mayor stated the water pressure would change. The Mayor stated the last man who came before us stated his property was a rental and his daughter (tenant) was abusing the water.

Commissioner Abshier stated that the water pressure in that area was not consistent and if it was obvious, he would not help the people, but if it was in the ground where he could not see it, he would help the individual. The Commissioner stated that unknown reason means exactly that, no one knows what caused the problem.

The PWD stated that when that happens one month you would have a high water reading, the following month it would go back down, and when the City checks the meter it went through the meter, but the customer does not know where it went - that is unknown. A water leak increases with each month until you find the leak and fix it. The Mayor stated we knew what caused that gentlemen's bill to increase. Commissioner Abshier stated they knew it after the fact and the Commissioner stated he was shocked by the Mayor's vote.

Commissioner Anderson stated that the last two requests had asphalt covering and you could not tell and that is why I voted in the affirmative. Giving relief will not break anybody and gives a good spirit. We need to have a flag on the water meters to give a high and low so we know when there is a difference in their bill and then we can tell them to check their system. 100% of the bill back the Commission can at last charge for pumping the water. It is not the City's fault or the citizen's fault but we are going to be short on our revenues because of that. It should not go for three months before they take care of the problem. The Commissioner stated if we alert the customer to a water problem and they don't do anything, then I would shut the meter off until they took care of the bill. The Commissioner advised he did not want to throw the policy out the window. The City needs to have a policy to go by and it is a good public relation's tool.

Mayor Bairstow stated that the policy can not be subject to two different interpretations. We need to make the policy clear so that both staff and Commission have the same understanding of the policy. Commissioner Abshier stated we need to be compassionate and we need a definition of unknown. The Commissioner stated that this policy does not state how many months we could adjust for so that needs to be clarified as does what the eventual outcome would be. PWD Monroe stated as an example, one customer had a leak in their kitchen. The bill was high for two or three months and then three months later he came in and asked for help paying the excessive bill. Commissioner Abshier asked what is an excessive bill and the Mayor stated whatever the customer says it is, but only once in 20 years.

The meeting was adjourned at 8:10 P.M.

ATTEST:

Sandi McKamey, CMC, CPM
City Clerk/Administrator