



City of Freeport

REGULAR COUNCIL MEETING MINUTES

September 14, 2021, 9:00 AM
Council Chambers, Freeport City Hall

Council Members Present: Mayor Russ Barley, Councilwoman Elizabeth Brannon, Councilman Eddie Farris, Councilman Mark Martin, Councilwoman Elizabeth Haffner, Councilman Tripp Hope

Staff Members Present: City Manager Charlie Simmons, City Attorney Clay Adkinson, Planning Director Latilda Neel, Finance Officer Sara Bowers, Billing Manager Debbie Roberts, Parks Director Travis Digges, Water Supervisor Larry Tuggle, Sewer Supervisor Robert Fawcett, City Engineer Alex Rouchaleau, Interim City Clerk Samantha Graves

1. Meeting Called to Order

The meeting was called to order at 9:17am by Mayor Barley in the Council Chambers of Freeport City Hall.

2. Invocation and Pledge of Allegiance

The invocation was given by Councilman Farris, followed by the Pledge of Allegiance to the American Flag.

3. Recognition of Guests

4. Consent Agenda

- a. Special Council Meeting Minutes - August 26, 2021
- b. City Council Meeting Minutes - August 26, 2021
- c. Bills

5. Public Comment on Consent Agenda

None.

9. Staff Reports

- a. Water
- b. Sewer
- c. Parks
- d. City Manager
- e. City Clerk
- f. Finance

1. Water and Wastewater Capacity Fees

Finance Officer Sara Bowers told the Council that two developments had paid their capacity fees. She requested the Council authorize her to move the money from Operating to the Capacity Fee account in the amounts of \$108,354.54 for Water and \$171,675.00 for Sewer.

Moved by: Councilwoman Brannon
Seconded by: Councilwoman Haffner

To authorize Finance Officer Sara Bowers to move the money paid for Water and Wastewater capacity fees as requested.

A roll call vote was ordered and the vote was as follows:

Councilman Farris: aye

Councilman Hope: aye

Councilman Martin: aye

Councilwoman Brannon: aye

Councilwoman Haffner: aye

Carried

2. Check Signers

Finance Officer Bowers told the council members the City's accounts require two signatures on checks. There are currently two authorized check signers, so if one of them is unavailable to sign checks cannot be written. She requested authorization to add the City Manager position as a signer.

Moved by: Councilman Farris
Seconded by: Councilwoman Haffner

To add the City Manager position as an authorized signer on the checking accounts for the City.

A roll call vote was ordered and the vote was as follows:

Councilman Farris: aye

Councilman Hope: aye

Councilman Martin: aye

Councilwoman Brannon: aye

Councilwoman Haffner: aye

Carried

3. Additional City credit card

Finance Officer Bowers explained the city only has two credit cards, one for the Mayor and the other for all other employees to use. When the city manager travels for business, if he takes the card for travel expenses then no one at the city offices can use it for City business until it is returned. She is requesting authorization to get another card to insure there is a card available for authorized uses.

Moved by: Councilwoman Haffner

Seconded by: Councilwoman Brannon

To authorize Finance Officer Bowers to obtain another credit card for authorized city use.

A roll call vote was ordered and the vote was as follows:

Councilman Farris: aye

Councilman Hope: aye

Councilman Martin: aye

Councilwoman Brannon: aye

Councilwoman Haffner: aye

Carried

- g. Billing
- h. Planning
- i. Legal

1. Carr Annexation

Attorney Adkinson explained the city has not yet been able to reach all of the owners in the area in the southern portion that is creating an enclave. Mr. David Smith of Innerlight Engineering told the council members the Carr Foundation would like to move forward with the annexation of the northern portion; this part is approximately 2,009 acres.

Attorney Adkinson requested a motion from the Council authorizing him to prepare and advertise the Ordinance for the annexation of the parcels lying to the north of CR 3280. If the owners in the southern portion come onboard later and the Carrs wish to annex the southern portion, they will not have to pay a second annexation fee.

Moved by: Councilwoman Brannon

Seconded by: Councilman Farris

To authorize Attorney Adkinson to prepare and advertise an Ordinance for annexation of the parcels lying to the north of CR 3280.

A roll call vote was ordered and the vote was as follows:

Councilman Farris: aye

Councilman Hope: aye

Councilman Martin: aye

Councilwoman Brannon: aye

Councilwoman Haffner: aye

Carried

2. Sewer Lien Policy

Attorney Adkinson explained he has researched the issue of the two properties that have been sold while owing money for City Utilities. He found two main issues:

1. If a property is sold before the lien is recorded, the City cannot place a lien against the property.
2. If a property is a rental property and the lien is for money owed by a renter, a lien cannot be placed against property they don't own.

He asked if the council members wish to pursue debt collection services against owners with no attachable property. Councilwoman Brannon said that only two properties had been sold while owing the City money. Those two owners owed the City for loans extended to them to install sewer. How do we pursue, and to what extent, the individuals we cannot place a lien against? Councilwoman Brannon pointed out the owners did not disclose they had municipal liens and the title company apparently failed to do a lien search.

The council members then discussed when utility account past-due amounts exceed the amount of the deposit. Attorney Adkinson advised the City should place a lien as soon as the debt exceeds the deposit amount. Councilwoman Haffner explained the cutoff currently is before the amount of the deposit is reached. Finance Officer Bowers asked how the lien searches were to be paid for; Attorney Adkinson explained that the fee Resolution will need to be added to add the cost of the lien to the individual's account.

Moved by: Councilwoman Brannon

Seconded by: Councilman Martin

To authorize staff to reach out to the Title companies that were involved in the sales of the two properties that owe money to the City for sewer loans and request copies of the closing documents and lien searches.

A roll call vote was ordered and the vote was as follows:

Councilman Farris: aye

Councilman Hope: aye

Councilman Martin: aye

Councilwoman Brannon: aye

Councilwoman Haffner: aye

Carried

Moved by: Councilman Farris

Seconded by: Councilman Martin

To set the Internal policy so when a utility account becomes delinquent in an amount exceeding the deposit, staff records a lien with the Clerk of Court.

A roll call vote was ordered and the vote was as follows:

Councilman Farris: aye

Councilman Hope: aye

Councilman Martin: aye

Councilwoman Brannon: aye

Councilwoman Haffner: aye

Carried

j. Engineering

1. Preliminary Engineering Report Proposal - WWTF Capacity Upgrade

City Engineer Alex Rouchaleau explained this proposal is for a report to meet the USDA's requirements for additional grant funding for the 1.5-2 MGD upgrade to the Wastewater Treatment Plant. City Manager Simmons asked Alex what would be next if the grant is approved; Alex said creating a design would be next. This proposal is just for the report to get funding.

City Manager Simmons requested the Council table this so he could have more time to review it with Engineer Rouchaleau. The council agreed.

Moved by: Councilwoman Haffner

Seconded by: Councilman Farris

To table the Preliminary Engineering Report Proposal for the WWTP Capacity Upgrade until the Regular Council Meeting scheduled for September 23, 2021.

A roll call vote was ordered and the vote was as follows:

Councilman Farris: aye

Councilman Hope: aye

Councilman Martin: aye

Councilwoman Brannon: aye

Councilwoman Haffner: aye

Carried

2. WWTF Capacity Re-rate Proposal

Engineer Rouchaleau explained the purpose of this is the re-permitting of the plant. This report needs to be provided to the USDA to prove we can increase capacity of RIB's 1-3 to .7 MGD. City Manager Simmons recommended approval of this.

Moved by: Councilman Farris

Seconded by: Councilman Martin

To accept the WWTF Capacity Re-rate proposal provided by Dewberry Engineering.

A roll call vote was ordered and the vote was as follows:

Councilman Farris: aye

Councilman Hope: aye

Councilman Martin: aye

Councilwoman Brannon: aye

Councilwoman Haffner: aye

Carried

10. Old Business

- a. Continuation of discussion of Wastewater and Water Rate and Capacity fee study from Special Council Meeting

The council members continued the discussion from the Special Council meeting.

Councilwoman Haffner voice concern about the sharp increase in the water capacity fees. She said she was particularly concerned with the impact on a person building a single-family home. She is okay with the proposed change in monthly rates, but fears that such a large increase in capacity fees will be detrimental. Perhaps the City needs to re-evaluate the "wish list" and pursue a smaller increase.

Finance Officer Bowers said that Water has no reserves for these improvements. Councilman Martin reiterated there were no changes in rates for 15 years. He said if someone pays a fee today but doesn't build for 15 years, the City will once again be spending more than it charged for the install. He asked if there could be a time limit from the time fees are paid until connection. Engineer Rouchaleau said that issue has already been taken care of since fees cannot be paid in advance.

David Crawley complained that the sewer fees don't include a grinder pump. The cost to an owner for the grinder pump and a plumber to install it is over \$4000.

Engineer Rouchaleau clarified the city installed grinder pumps in the past, but lost money in providing this service. Now the city does not install grinder pumps.

Councilman Farris said he had an issue with such a large increase, he doesn't want the city to hurt anyone. He would like to see some way to help those outside the city limits to connect to the system and get off of septic tanks.

Engineer Rouchaleau suggested to assist single customers perhaps the city could establish criteria to offer discounts for single customer single-family homes and incentives for septic-to-sewer transitions.

Councilwoman Haffner voiced her concern that such a large increase in capacity fees might cause some developers to choose not to develop in the city.

Engineer Rouchaleau pointed out that one reason all the projects have to be bid out is that the city does not have the staff nor the equipment to do the work in-house. In-house projects would be less expensive.

Councilwoman Brannon thanked City Engineer Rouchaleau for the rate study and all of the information. She said she is trying to go through all of the historical documents she has and determine how the city arrived at this point. When the City enacted the Capacity Fee Ordinance in 2019 the council hoped that would be sufficient. She suggested the city might need to review the "Wish List" and determine which project are necessities and which ones are just desires.

Alex reiterated that he prefers to stick with the DEP number for ERU's, but if the city chooses to direct him to determine what the city's actual numbers are the process would be very involved and would lock us into using that number for other things. He added that he is not looking for a motion today.

Jay Odom told the council members he agrees there need to be incentives for individuals transitioning from septic tanks to sewer. Mr. Odom added that we have seen materials jump up in price, but the pricing will level out. The city needs to look at the big picture and long-term ramifications.

Engineer Rouchaleau said the proposed rates for water were increased so steeply because prior to 2019 fees were based on connection cost, not cost of capacity. When the Capacity Fee Ordinance was enacted in 2019 the rates used were already two years behind. At that time the main focus was on sewer.

Attorney Adkinson reiterated capacity fees were first instituted in 2019 and have never been increased.

Councilman Martin said again the utilities need to be run as a profit and loss entity.

City Manager Simmons told the council members rate studies are currently scheduled to be performed every three years. It might be necessary to change the schedule to perform them annually.

Matt Parker told the council members he is currently working on a development submittal for a project that consists of 1,500 single-family homes. Based on the rates proposed the capacity fee cost would be approximately \$15 million. He asked if there is a time frame when the new rates are likely to be adopted. He said that if the developer pays the fees at the time of the issuance of the Development Order, the fees will not be recouped until the homes are built. Is it possible the city might consider charging half to the developer and half to the builder instead?

Councilman Martin pointed out there is another side to that; if the developer pays \$15 million at the time of the Development Order, but the cost to the city is actually \$20 million at the time of build-out then the city once again loses money.

Attorney Adkinson said this is an ongoing question. Yes, developers carry the cost for a while, but capacity is booked in our plant at the moment the fees are paid; the city will already be laying lines and putting in improvements if the developer then goes out of business. In the past everyone wanted to pay at the time the building permit application was submitted. The city made infrastructure improvements in advance, and then some of the developers went out of business. That is how we arrived at this situation today.

Planning Director Latilda Neel said the time for the Development Order approval process was currently 3 - 6 months. If it were a benefit to the city, the city could choose to negotiate payments of the capacity fees over time.

Councilwoman Haffner said she would like some more information and discussion. She requested the opportunity to discuss it further at the next meeting. She would like more information on the projects and cost calculations as well as more detail on the calculations used to arrive at the proposed rates. Councilman Hope agreed.

11. New Business

- a. Mayor Russ Barley

Mayor Barley reminded the council members that he will be travelling to accept the City of the Year award. He will have the Award for the next meeting.

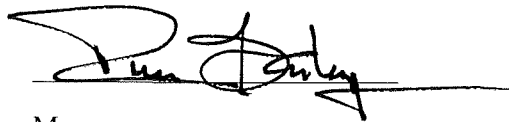
- b. Councilwoman Brannon
c. Councilman Farris
d. Councilman Hope
e. Councilwoman Haffner
f. Councilman Martin

12. Public Comment

None.

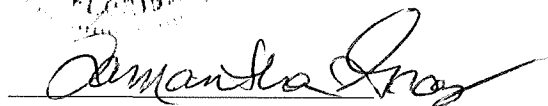
13. Adjournment

Mayor Barley motioned to adjourn. The meeting adjourned at 10:33am.



Mayor

ATTEST:



Interim City Clerk