

Aiken City Council Minutes

April 16, 2007

WORK SESSION

Present: Mayor Cavanaugh, Councilmembers Clyburn, Price, Smith, Sprawls, Vaughters, and Wells.

Others Present: Roger LeDuc, Bill Huggins, Larry Morris, Ed Evans, Anita Lilly, Sara Ridout, and Tony Baughman, of the Aiken Standard.

Mayor Cavanaugh called the meeting to order at 5:10 P.M. and stated the purpose of the meeting was to discuss preliminary budget issues for fiscal year 2007-08.

BUDGET 2007-08

Mr. LeDuc stated the purpose of the meeting was to discuss a preliminary budget. He said next year's budget is currently balanced and is based on the goals that Council approved at this year's Horizons meeting. The budget has several requests that Council has asked for, such as trained EMTs per shift, the use of a consultant to obtain federal highway funds, the continuation of our façade grant program, major renovations at Rye Patch, continuation of several planning studies including a Parks, Recreation & Tourism Master Plan, and increasing our communications efforts through Channel 4, the newsletter, and updated website. Our budget is based on the premise that services such as solid waste, water and sewer, storm drainage, plan review and building inspection should be fully funded by their fees.

Mr. LeDuc stated he would like to discuss the major aspects of next year's budget and increasing three fees towards full cost recovery. These include fee increases for planning review, solid waste (both for commercial and residential), and water and sewer.

Planning Fees

Mr. LeDuc stated he would like to review planning fees first. He stated the City of Aiken is continually growing, which creates more and more needs within our Planning Department. He said recently he had received some concerns from builders and developers on the ever increasing amount of time it is taking to review their projects. He said for that reason he would like to add another part-time Planner for the department. The major responsibility for that person would be to review plans submitted by developers and to assist the department on other projects. He said this person would probably become a full time staff person as the city moves forward with additional properties under the Design Review Guidelines.

Mr. LeDuc stated that in 1997 the City instituted fees for plan review of rezonings, site plans, preliminary and final subdivisions, annexations, and BZA requests. He reviewed a memo and chart from Ed Evans, Planning Director, on the current fees and fees he would propose to make the fees more fully pay for the service. He said currently the fees generate about \$20,000 per year. The proposed fees would probably generate about \$30,000 to \$40,000. He said this would not cover all the costs, but would be a step in making the fees cover more of the cost. Some of the fees were based on acreage of a project, and it was proposed that for large projects that there be a cap of \$2,500 for the fee.

Council briefly discussed the proposed fees and pointed out the fees still would not cover the cost for the reviews, but would be more in line with what other agencies charge for this service. Their concern was that the person be able to make a difference in reviewing the plans and be able to process the plans quicker. They were concerned that the person may get pulled to other projects and then the process would be slowed down again. Councilwoman Clyburn suggested that the City might consider a cooperative student for

this position or to help in the department in some way. It was also suggested that a senior retiree may be interested in such a job.

After the discussion it was the general consensus of Council that staff go ahead with the process to increase the planning fees as proposed by Mr. Evans.

Solid Waste

Commercial Garbage Fees

Mr. LeDuc stated over the last several years the city's commercial garbage rates have not come close to paying for the services rendered, and as stated at Horizons need to be increased by approximately \$120,000.

He said the last rate change for commercial garbage was five years ago when we raised the rates by 3 1/2%. Since that time, disposal rates have increased by 13% and fuel by 99%. At this year's Horizons we discussed several scenarios concerning our commercial system, including recovering the full cost immediately, spreading the cost over a three year period, or allowing the private sector to provide commercial service. It was also suggested that instead of our current flat rate system, that we use a more accurate way of charging for the cubic yards collected and the number of trips that are made to service a customer. For some customers this system will actually decrease their rate, while for others it will increase their cost. But the proposed system is a more accurate way of assessing user fees by accounting for the volume of garbage and the number of service trips required per week. He said since this fee does not pay for the service, other tax funds are being used to help pay for the service. He pointed out there are private companies that provide this service and that is an option if Council wishes the city to discontinue the service.

Mr. LeDuc then reviewed for Council a chart showing the projected service fees for all customers based on the new system. For the customers which require Saturday service, their cost would reflect a 1 1/2 times rate for overtime. He pointed out the chart has three sections, with the last section being the fully funded fees. He said staff is proposing that the increase in fees be done in increments of three, with the first increase being about one-third of the fee increase needed to fund the service.

It was pointed out the city had tried to use roll carts in the downtown area for commercial pick up, but that did not work for most customers and the city went back to the dumpsters for the commercial garbage. It was also pointed out that space for containers is a problem in the downtown area.

Mr. Larry Morris, Public Works Director, reviewed for Council how the new system would be figured, depending on the size of the container and the number of trips for service each week, plus the tipping fee.

Mr. LeDuc stated he was asking that Council allow the city to change the system and then increase the fees for cost recovery for the service. He was suggesting that Council approve the increase to cover about one-third of the cost at this time.

Council discussed the fees and the new system and felt the new system was a fair way to charge for the service.

Residential Garbage

Mr. LeDuc then reviewed the proposal for rate increases for the residential garbage rates. He stated the city's residential garbage collection is also experiencing a major revenue shortfall. He said the city increased the rates four years ago to the current \$12.50. The plan was to continue the rate increases over the next several years until the revenue was equal to the expenditures. During this time we decided to change both our collection system for residential garbage and yard waste. For this reason we delayed any increases until this new system was fully implemented. During this time we experienced yearly revenue shortfalls of approximately \$304,000 to \$539,000. He pointed out a rate survey which shows that several private services in Aiken County (which do not offer trash

service) and other cities that fully recover their fees are a minimum \$4 higher than what the City of Aiken currently charges. He said staff suggests that Council approve a \$1.50 increase this year, followed by two additional increases the following two years, until we can fully recover the cost for solid waste. He suggested increasing residential garbage service from \$12.50 to \$14.00 per month. He pointed out that Aiken would still be cheaper than most other providers of garbage service.

Mr. LeDuc stated another way to pay for the increased cost is to increase the tax millage rate to pay for the increase in garbage service.

Mr. LeDuc then reviewed a list of services which he labeled as “non’essential services” and stated these services could be reduced or eliminated if Council wishes. He said they are services beyond the basic services. He pointed out the services are important and what helps make Aiken special. He said he was not suggesting that the services are not important, but they are things that Council could eliminate if they wished.

Council reviewed the list, but the Council members felt the services were important and were services that they wanted to provide for the citizens of Aiken.

There were concerns that there were people who could not afford the rate increases, and yet they were helping to pay for providing the extra services. There were concerns from Councilwoman Vaughters about the special projects which the city had been doing and that perhaps the city should not do these projects if we don’t have the money.

Council continued to discuss the proposed rate increase and the need for the increase and the special projects which excess funds help to fund each year. It was pointed out that the city has had a policy for years that user fees basically pay for themselves, and the longer the delay in the increase the worse the shortfall for the fee fully covering the service.

Mr. LeDuc stated he would recommend a rate increase of \$1.50, raising the rate from \$12.50 to \$14.00 per month, and would bring an ordinance back to Council to increase the fee.

Water and Sewer Fees

Mr. LeDuc then reviewed the proposed rate increases for water and sewer rates. He pointed out water and sewer is a separate fund and must be self supporting. He said since 1997 the operating expenses for the Utility Fund had increased at a 4.3% rate. Meanwhile, the revenues have increased at only a 1.8% rate. For these reasons, the City of Aiken’s water and sewer rates are now 52% below the state average. He reviewed a comparison of Aiken’s rates with other cities in South Carolina. He pointed out expenditures had increase 5.2% over last year. He said two of the largest costs for our water and sewer system are power and chemicals. In the last three years we have seen major increases averaging 9.5% per year for electricity and 15.5% for chemicals. He also pointed out that for the last three years the Public Service Authority, which treats the city’s sewage, has also increased their rates for the city at 5% or more per year. He said staff is recommending a 5% increase in the water and the sewer rates with anticipated additional rate increases over the next several years. He said the proposed increase would add approximately \$1.50 to the average customer’s monthly bill. With the increase Aiken would still be the second lowest rated city in the state.

Mr. LeDuc stated another issue is that the city is having a problem with homeowners adding irrigation systems and the city being able to provide instantaneous water. He said the demand for water early in the morning with people using irrigation systems is causing other people to have a low water supply at their home. He suggested that during dry periods he felt the City will need to begin using an odd-even water system. He said although the average water usage throughout the year and the highest peak water usage is not increasing, the city is receiving more and more complaints from certain areas of the city about low water pressure. He said this is due to the increasing number of individuals all wanting to irrigate their yard during the same period of time. The only way to avoid this situation is to add more storage, and even that will not totally solve the problem.

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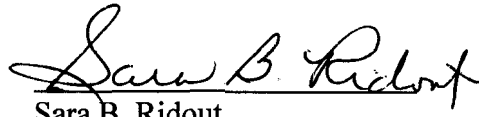
Mr. LeDuc stated the city plans to increase the water capacity by adding three 1 million gallon per day wells over the next six years. However, this will not resolve the instantaneous need for water in certain pockets of the City. He said for this reason staff is suggesting the implementation of an odd-even water system for certain areas of the city that have been experiencing a problem over the last several years. He said the city plans to construct a storage tank near Public Safety Station 4 in the near future, but due to a lot of the residents irrigating at the same time it will not provide enough instantaneous supply for all areas. He said the odd-even system would require those residents whose house number ends in an odd number to have the ability to water on odd numbered days and those residents whose address ends in an even number to be able to water on even numbered days.

The general feeling of Council was that implementation of an odd-even watering system to take care of instantaneous water needs is a good idea to help take care of that problem in certain areas.

Council briefly discussed the proposed rate increase in water and sewer rates, and Mr. LeDuc stated he would bring back an ordinance for a 5% increase and the water and the sewer rates for Council's approval.

ADJOURNMENT

The meeting adjourned about 7:30 P.M.


Sara B. Ridout
City Clerk