

Stanford City Council
Special meeting
Tuesday, May 23, 2017
6:30 p.m. Stanford Water Office

Roll Call:

Council members present at roll call; Scottie Ernst, Peggy Hester, Ronnie Deatherage

Council member John Sallee arrived at 7:00 p.m.

Council member absent; Sara Givens, Dr. Naren James

Others present; Mayor Eddie Carter, Attorney Chris Reed, Ella Curtis, Jack Withrow, Ryan Owens, Alive Atwood, Abigail Whitehouse

Vaughn Williams and Brandon Hamilton representatives with Kenvirons, Inc. were also present

Mayor Carter proceeded with discussion

Purpose of special meeting:

1.) Water Projection Presentation

Vaughn Williams, President of Kenvirons, Inc. update council on project. Vaughn informed council project has been worked on since 2012. State notified us we having KIA funding for the project. The city received the maximum amount of 4.1 million dollars of which a little over 50% is grant money. The remaining 2 million dollars will be in a loan.

Brandon Hamilton, EIT with Kenvirons, Inc. gave an overview of the project. Brandon advised council the reason project was funded was due to lead fittings in the system. The city received notice in 2013 that city water was in excess of the amount of lead allowed in the water. Brandon explained lines being replaced have reached usable life. Brandon informed council the 8" cast iron line that brings all water into town will be replaced with 12" line. There will be 15 miles of line replaced with 5000 feet of new water line installed to connect lines which will help keep water fresh water flowing.

Brandon informed council KIA stipulated city generate \$200,000 in revenue per year. The proposed 6.9% water rate increase and 22.99% increase in sewer rate are needed to generate this amount.

Council member Deatherage asked what the cost per year for 20 year bond will be. Vaughn responded the loan is for 20 years at .025% interest.

Brandon informed the council the KIA loan will have a repayment term of 20 years, Rural Development loan is 38 years at 2% and grant funding source amount is \$500,000.

Attorney Reed asked if the rate increase is not done on the project can we be barred from further project. Vaughn responded funding is looked at on a case by case base and to receive funding you have to meet their requirements. Council member Deatherage responded \$229,964 paid backed each year over 20 years we will payback 4.5 million dollars. Vaughn explained the rate increase is to cover sewer which is in the red.

Mayor Carter asked if they are recommending 22% rate increase in sewer. Vaughn responded they want assurances \$200,000 per year will be generated. Brandon informed council KIA will look at financial statements each year to see if \$229,000 is generated per year. Vaughn explained the annual

payment on Rural Development loan is \$37,329 and KIA loan is \$74,770 which will generate \$112,099 annually.

Mayor Carter said he thought if this happens we may go to a 2 ISO rating which is almost unheard of for a volunteer fire department.

Brandon informed council the city the reason the city is receiving the maximum amount from KIA is due to conditions of lines and lead service connections.

Mayor Carter asked if money is in project for easements. Brandon responded \$5000 is in project to cover easements if need. Council member Ernst asked if easements have to be bought. Vaughn replied only is we have to move line from where is it now.

Council member Hester asked if sidewalk changes will be covered. Brandon responded the project say contractor will clean up damages and messes.

Mayor Carter asked if dust will be in the contract. Vaughn responded there will be basic guidelines for what is and what isn't acceptable. There will be cost associated with this.

Brandon asked if there were any other questions.

Mayor Carter asked about time line for project to start. Vaughn responded construction will probably start in 5 to 6 months.

Council member Deatherage asked can project be started in January. Mayor Carter asked if contractors would have problem working during winter. Vaughn responded as long as they are given time to do their job. Mayor Carter asked if once they start what is the time frame. Vaughn replied at least 9 months.

Council member Deatherage asked if the whole project has to be completed before water is turned on. Vaughn responded water will be turned on as lines are completed.

Mayor Carter asked how long residents will be out of water when line is switched. Vaughn explained maybe a few hours when transfer from current line to new line takes place.

Council member Hester asked why Miller Street was not getting new lines. Ryan Owens explained Miller Street was done in 1994. Council member Hester asked how long lines will hold up. Vaughn responded 50 years.

Brandon summed up presentation;

- 1.) Lines to be replaced are over 50 years old and in bad shape.
- 2.) Rate increase is necessary to fund project and receive KIA and RD money. A rate increase is stipulated that will meet their requirements.
- 3.) Proposed rates are highly competitive.
- 4.) Replacing outdated lines will help the city water department to grown by giving them money to grow.

Mayor Carter asked if there were no further discussing a motion be made for 1st reading of water rate increase ordinance. Motion made by Council member Hester, 2nd by Council member Deatherage, All in favor of.

Attorney Reed read the ordinance.

Mayor Carter asked for motion for 1st reading of sewer rate increase ordinance.

Council member Sallee made motion, Council member Hester 2nd, all voted aye in favor.

There being no further discussion motion to adjourn was made by Council member Ernst, Council member Deatherage 2nd.

Time: 7:45 p.m.

Mayor

City Clerk