

City of West Columbia, SC

Public Hearing on a Proposed Water and Sewer Rate Increase

June 7, 2011 following the Public Hearing on the Budget at 6 p.m.

Members Present:

Bobby E. Horton, Mayor
Jack L. Harmon, Mayor Pro-Tem
Eric L. Fowler
L. Dale Harley
Boyd Jones
Marsha Moore
Tommy Parler

Members Absent:

BJ Unthank, out of town on business
Cathy Shannon

Others Present:

Jenny Cunningham, City Administrator
Mardi Valentino, City Clerk
Myron Corley, Deputy City Administrator
Donna Smith, Economic Development Director
Brian Carter, Planning and Zoning Director
Sid Varn, Planning & Engineering Director
Members of the Public and Press

Rick Hodge, City Treasurer
Charles Garren, Public Works Director
Stuart Jones, Building Official
Dennis Tyndall, Police Chief
Joe Owens, Utilities Director
Ken Ebener, Municipal Judge
Wyatt Coleman, Fire Chief

Agenda Item I – Call to Order

Mayor Horton called the public hearing to order at 6:15 p.m. and noted a quorum was present. *The State, Free Times, Lexington County Chronicle, Cayce-West Columbia News, and The Columbia Star* were notified of the public hearing by e-mail on June 3, 2011.

Agenda Item II – Opening Remarks

Mayor Horton recognized City Administrator Jenny Cunningham who stated that the Water and Sewer Fund is balanced at \$12, 600,000 for Fiscal Year 2011-2012, of which \$2.8 million is debt service. She said the debt service represents an increase of approximately \$400,000 over last year. She asked Council to consider implementing a five-percent increase in water and sewer rates to cover the increase in debt service. She said the five-percent increase would affect water bills as follows:

<u>In City</u>		<u>Out of City</u>	
<u>Current Minimum</u> <u>Bill with Sewer</u>	<u>With</u> <u>Increase</u>	<u>Current Minimum</u> <u>Bill with Sewer</u>	<u>With</u> <u>Increase</u>
\$24.30	\$25.50	\$46.60	\$48.95

She said the increase represents a \$1.20 by-monthly increase for in-city residents and a \$2.35 bi-monthly increase for out-of-city customers. She said the increase would generate approximately \$400,000 to cover the increase in the debt service for the \$20 million upgrade to water and sewer lines and 18 pumps stations in the water and sewer system.

Mayor Horton recognized Council Member Moore who asked if her understanding was correct that the budget could be balanced without the recommended rate increase. Mrs. Cunningham responded that was correct, but the budget was very, very close and if the water and sewer revenues did not come through as projected then there would be no reserve for the General Fund.

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Agenda Item II – Opening Remarks (continued)

Council Member Moore stated she thought that West Columbia is in better shape than it has been in many years. She said she could not vote to increase anybody's water or sewer rates or any kind of a rate increase right now when she knew people are losing their homes and elderly people cannot afford to buy their medications. She said even though it's only 10 or 20 cents that might be the breaking point for someone.

Mayor Horton stated that all council members shared Council Member Moore's concerns about their constituents, particularly people on fixed incomes of which he was one, but sometimes Council has to make hard decisions such as spending \$20 million to upgrade the water and sewer system. He said the debt service has to be paid and if the increase is not included in the budget for this year then next year it will be twice as much. Mayor Horton expressed concern about the citizens living on fixed incomes not being able to pay their water and sewer bills and said there may be a way to address that situation.

Mayor Horton recognized Mrs. Cunningham who presented a plan to assist residents who could not pay their water bills and sewer bills. She said water customers would have the option to round up their water bills to the next dollar and the difference would go into a crisis fund to accumulate money to assist residents who were unable to pay their water and sewer bills due to emergency situations. Council Member Moore asked who would determine what is or is not a crisis. Mrs. Cunningham responded that a committee would be appointed to review the cases and determine which residents truly needed help. She said the idea came from a situation where a resident came to city hall and told employees she could not pay her water bill because of sickness in her family. Mrs. Cunningham said the city's community liaison and victims advocate verified the woman's information and compassionate employees paid her water bill. Mayor Horton said that other utilities have similar programs such as the South Carolina Electric & Gas Company's Good Neighbor Fund that helps people who can't help themselves. He believed a lot of West Columbia citizens would support the crisis fund to assist people in need.

Mayor Horton said he understood that council members did not want to raise the rates, but that council has the responsibility to keep the city fiscally sound to avoid financial problems in the future. He said other neighboring municipalities didn't raise rates for years and now they have to implement large rate increases instead of spreading out small increases over a period of years. Mrs. Cunningham noted that of the 260 water suppliers across the state, West Columbia has the 16th lowest rates statewide. Council Member Moore said she appreciated that fact, but she also saw that there has not been a lot of economic development stemming from low water rates. Mayor Horton said developers and potential business owners do consider water rates and millage when looking for opportunities for development. Council Member Harley said the bottom line is that Social Security benefits have not gone up, which is tough enough on elderly people without burdening them with a five or ten percent increase on the water bills. Mrs. Cunningham responded that it is ultimately council's decision whether or not to implement a rate increase. Council Member Harley asked what percentage of city residents are elderly. Mrs. Cunningham said she did not have that information. Mayor Horton said the city is close to 50 percent in rental occupancy and not all renters are elderly people. He said many renters are university students who are not on fixed incomes. He said the city has a responsibility to all citizens and water customers to keep the city financially sound. He said he would support any program that would assist people who are verifiably unable to pay their bills whatever their age. Council Member Moore asked if there was another way to keep the city financially sound without placing the burden on the backs of the citizens. She said everything in the current depressed economy always trickles down to the citizens and small business owners. She asked what other ways could the debt be repaid without the citizens paying for the debt.

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Agenda Item II – Opening Remarks (continued)

Mayor Horton responded that there are no other sources of revenue to repay the debt service except taxes, business licenses, and payment for services. Council Member Moore asked what portion of the taps fees goes into the General Fund. Mrs. Cunningham responded that those fees were water and sewer revenues and did not go into the General Fund. Mayor Horton said taxes and payment for services are the only revenue sources city government has to provide services. He stated that if the city did not have two water plants to generate additional revenue then the city would have to triple its millage to get the same amount of revenue to provide the current level of services. Mayor Horton said the city has to provide services to 650 newly annexed residences and tax revenues from those properties would not be received for another year. He said the Hulon Green Subdivision annexation added 176 houses which meant another garbage route had to be established. Council Member Moore asked what portion of the General Fund budget could be cut. She said if the budget can be balanced now without an increase in millage or water and sewer rates then what part of the budget could be cut. She stated that everybody is cutting budgets. She said that Lexington County Council is telling its departments to cut their budgets. Mayor Horton responded that the General Fund budget was cut 2.2 percent from last year. Council Member Moore said that the millage and water and sewer rates were increased last year. She asked if the city was going to hit the poor people every year. Mayor Horton responded that the city borrowed \$20 million to ensure that its citizens would have potable water and sewer throughout the city and that debt has to be repaid. He said the water and sewer lines were falling apart and the infrastructure had to be replaced. Mrs. Cunningham said the C Avenue sewer line repeatedly failed and when a section was repaired the line would collapse in another area. She explained that on one occasion the unexpected repair cost was over \$200,000. She said the entire line was replaced with the money the city borrowed to upgrade the entire water and sewer system. Mayor Horton said that the city's sewage goes to the City of Columbia's treatment facility, which is currently under order from the Environmental Protection Agency (EPA) to upgrade its facility, and since the city owns capacity in the plant it will have to share some of the cost of the upgrade. He said the City of Columbia did not keep pace with the growth of the area by taking care of its infrastructure and it now is faced with a costly upgrade to the facility. He said the city spent \$20 million to upgrade the city's water and sewer system to ensure its viability for the future. Mrs. Cunningham agreed that deferred maintenance is far more costly than upgrading the entire system. She said the budget could be balanced with no increases, but that means no reserve if the city encounter significant problems. Council Member Moore said the Council has a responsibility to keep the city sound, but it also has a responsibility to take care of its citizens. She said she understood what was being said about the debt service and the rate increases, but she believed council members have a responsibility to the citizens to let them live in their homes without any increase no matter how small. Mayor Horton said he understood Council Member Moore's view; however, when council members take their oaths they are charged with the responsibility to keep the city in as good a shape or better as when they are elected. He said that cannot happen when Council defers costs that are already in hand. He said the city will be picking up \$400,000 in additional debt service this year that will double next year. He asked what the city would do if it experiences a catastrophe without any reserve in place. Council Member Moore responded that the Council needs to go back through the budget one more time to find where every department could be cut 10 percent. Mayor Horton asked if each department were cut ten percent how much money did she think would be saved. Council Member Moore said she was not sure, but that might be the amount of the additional debt service. Mayor Horton said the bulk of the budget is in essential departments such as police, fire and sanitation. He asked her how the city could cut services in those areas. Council Member Moore responded that she was not recommending cutting police offices or firefighters, but maybe areas such as office supplies.

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Agenda Item II – Opening Remarks (continued)

Council Member Moore said she has been on Council almost eight years and during that time Council has never cut a budget. She said council members have gone along with what city administration told the Council to do and what they suggested to do. She said council members have never told a department to find a way to cut its budget 10 percent. She explained she was not saying she did not believe the information presented in the budget was not right, but that Council has never questioned a budget. She said Council has never asked city administration to go back to the drawing board and revise a budget because the city had a debt of \$400,000 and needed to find a way to pay for it. She said the city needs to find a way to pay the debt service without hitting the backs of its citizens. Mrs. Cunningham stated that in past years city administration was proud to be able to bring Council a balanced budget.

Council Member Harley stated that if the city collects only so much revenue and needs find a way to cut the budget then the only other area to cut would be services. He said lowering service provision was not the answer. Council Member Moore said she was not discounting the fine services that the city provides to its citizens and was not suggesting to cut police officers, firefighters or other city employees. She said the city has good employees, but there has to be cushion somewhere in the budget that could be cut whether it be pennies or dimes that would amount to something. Council Member Harmon stated the issue before Council was a water and sewer rate increase and that was what Council needed to discuss.

Mayor Horton said that in the near future there will be an increase in the cost for the City of Columbia to treat the sewage from West Columbia and Columbia will be sending the city a substantial bill for its portion of the cost of the upgrades to the treatment plant. He said if Council delays increasing rates to pay for the debt service this year then the city will be faced with an even larger debt in the future.

Mayor Horton asked if there were any further comments from Council on the proposed water and sewer rate increase and received no response.

Agenda Item III – Public Comments on Proposed Water and Sewer Rate Increase

Mayor Horton asked if any members of the public had any comments or questions on the proposed water and sewer rate increase for Fiscal Year 2010-2011 and received no response.

Agenda Item IV – Adjourn

Mayor Horton declared the public hearing on the proposed water and sewer rate increase adjourned at 6:40 p.m.

Respectfully submitted,

Marta M. Valentino, CMC
City Clerk