

The Mayor and Board of Commissioners of the Town of Englewood met in regular session on Monday August 8<sup>th</sup>, 2016 at 6:00PM. The meeting was held in the Community Center Room inside the Municipal Building.

**Call to Order**

Mayor Tony Hawn called the meeting to order.

**Roll Call**

City Recorder Alison Bull gave roll call with Commissioners Shirk, Martin, and Phillips present and Commissioner Raper absent. Mayor Tony Hawn was present and Town Manager Joe Cline.

**Invocation**

Commissioner Jerry Shirk gave invocation.

**Communication from the Mayor**

Mayor Hawn said that it had been a pleasure to serve the citizens of Englewood and he thanked everyone for their support.

**Commissioner Reports**

Commissioner Phillips said that he agreed with Mayor Hawn and discussed how in the past four years, he has helped make many decisions – popular and unpopular. He said that it was an educational experience. He pointed out the police chief, Gary Miller, and how he feels that Gary is a true professional, and always happy to sit down and talk with anyone about how the police department operates.

Commissioner Shirk congratulated newly elected Jason Hitt for receiving the most votes in the election. He said that it had been a great four years and believes that everyone who is a homeowner in Englewood should sit on the board. He also bragged on Gary Miller and said that he has done well. He said that it has been good being your commissioner.

**Approval of July 2016 Minutes**

Commissioner Phillips made a motion to approve. Commissioner Shirk seconded it. All Ayes.

Agenda

**No Old Business**

**New Business**

**Item A: July Financial Report**

City Recorder Alison Bull presented the financial report.

**Item B: Police Department Report**

Police Chief Gary Miller thanked everyone for their kind words, and presented the police department report.

**Item C: Fire Department Report**

Fire Chief Billy Roach presented the fire department report.

**Item D: Library Report**

Library Board Member, Virginia Key, presented the Library Report. Ms. Key also requested that the community center be available for library board meetings. Mayor Hawn agreed.

**Item E: John Greer from Water & Wastewater**

John Greer, Utilities Specialist with the Comptroller of the State of Tennessee, presented an explanation of water rates.

- The Town of Englewood has had a loss in Water & Sewer since 2010
- Depreciation is one of the main things that goes into rate setting. Depreciation is the recognition of the expense. With big projects, it's expensed over the lifespan, not just one year. The cost of the project is divided by the number of years and is expensed out every year and factored in as a part of rates.
- The State began requiring depreciation to be a factor in rate setting.
- The Town of Englewood has lost money for 6 total years now in water & sewer.
- The current mayor & board has worked hard to get the water & sewer department into the positive, which it is projected to be for the first year in 6 years.
- Grants will appear as revenue in audits, but the water & wastewater board of the State will not equate grants to revenue. Therefore, actual revenue needs to cover fines and fees. Rates need to be set to cover the costs.
- The water and sewer plants have had issues, the pipes have had issues, and the system has had issues for years that had to be addressed. Raising rates is a way to address these issues to keep from losing water.
- Our system has also been brought to the Water & Wastewater Board's attention for losing more water than allowable by the state (25%), but they have not been intricately involved in that matter because they knew that the current mayor and board were actively taking steps to get those repaired and rates raised to cover those repairs. He commended the current mayor and board for making those strides.
- When the Water & Wastewater Board met with Englewood, they suggested a 20% rate increase, but the town manager suggested a 5% increase yearly for a time and were able to control expenses.
- Commissioner Phillips asked to clarify about grant money not being factored into the profit loss. Mr. Greer explained that was only when the State looked at it. He said that it will show on the audit. Commissioner Phillips said that he spoke with Brad Harris with MTAS, who did our rate study, and said that (as an example) the state did consider grant money to be revenue so that if you received a \$200,000 grant, and after expenses it will say you made \$100,000. Phillips said that would mean that you didn't actually make \$100,000 over but that you were under \$100,000. Greer said that starting July 1, 2016 there was a change that said that rates & fees

have to be sufficient to meet your expenses. Moving forward, the State will not be looking at grants or write-offs. They want a fair viewing of rates and fees compared to expenses.

- Greer said that depreciation is mandated to be funded. About half of the states in our country does that. Depreciation is basically a savings/replenishing account. When you have to replace pipes, systems, etc. the funds will already be there if depreciation is being done correctly.
- Town Manager Cline asked Mr. Greer about the process of changing the 20% suggested by the state to 5% increments. Cline explained how it had to be a sensible, realistic decision, able to be accomplished. The Town had to show how 5% could work, it wasn't an arbitrary decision.
- Mr. Greer confirmed. He said that they worked with Englewood for several months to come up with that plan, it wasn't an overnight decision. The Water & Wastewater Board is made up of experts who have worked with many different towns and rates. The board has the authority to set the rates.

#### **Item F: Rejection of Pool Bid**

- Commissioner Phillips asked how much the bid was for. Mayor Hawn said that it was \$132,750. Commissioner Phillips asked if it was a \$50,000 project. Mayor Hawn said that it was a \$100,000 project, \$50,000 of it was matching. Phillips said yes, that it was \$50,000 matching and \$50,000 from us. Phillips asked how the individual bid could be over \$130,000. Town Manager Cline said once you take administrative and engineering off, there's about \$88,000 left.
- Cline met with the Development District to discuss the options that we had. 2 options are viable. The first is to come up with the extra money which would be about \$45,000 realizing that this grant doesn't bring the pool totally up to code. The other option would be to turn the grant money back in and try to get a firmer grip on everything that needs to be done, come up with the revenue, and go back later with a project that would bring it totally up to code .
- The Development District suggested that this be tabled for the new board that will be taking office in September and then they will come by again and see what the new board wants. Commissioner Phillips said that seems like a good idea to him, but sometimes it's hard to get grants.
- Mayor Hawn said that the town would be at the top of the list for the same grant if it was returned. Cline said that the Development District said that it would be better for the money to be returned than for the contract to expire.
- Commissioner Phillips asked when the contract expired, and Cline responded with "toward the end of the year."
- Mayor Hawn asked for a motion to table it, Phillips made the motion to table it, Shirk seconded. All Ayes.

#### **Item G: Any Other Business to Legally Come Before the Board**

There was none.

#### **Item H: Adjournment**

Commissioner Shirk made a motion to adjourn. Commissioner Phillips seconded. All Ayes.

*James Cox*

Mayor James Cox

*Alison Bull*

City Recorder Alison Bull