Chairperson Dick Morrow presided, calling the meeting to order at 9:00 a.m. Commissioners attending: Cynthia Reid-Ward, Doug Hollberg, Ryan McLemore, Cora Flowers and David Brock. Commissioner Rodney McCord was absent. Also present were City Manager Kenny L. Smith, City Attorney Andrew Whalen, III, and Teresa Watson to record minutes.

***Discuss art to be installed on traffic boxes throughout Downtown Griffin. Bruce Ballard, Chairman of the Downtown Development Authority will address.***

Mr. Kenwin Hayes requested this item be moved to last to accommodate a prior commitment of Mr. Bruce Ballard, who was scheduled to make the presentation. The Board agreed.

***Discuss the consolidation of the Griffin Business & Tourism Association (GBTA) LLC with Spalding County for the administration of hotel/motel tax revenue. Planning and Development Director Toussaint Kirk and Main Street Advisory Board Chair Daa'ood Amin will address.***

Chairman Morrow congratulated Mr. Amin on being chosen as the Chamber's Man of the Year. Daa'ood Amin, Chairman of the Main Street Advisory Board, thanked City Commissioners and noted this was a proposed DMO (Direct Marketing Organization) for the County and the City. This consolidated entity would be renamed Griffin-Spalding Business & Tourism Association. He and Kenda Woodard proposed this consolidation of City and County programs at the County's December Board of Commissioners meeting. HB1168 incorporated changes in the hotel/motel tax law that allows this to take place at rates up to 8%. Spalding County seeks to increase its hotel/motel tax rate from 5% to 8%, and the City has already done so. The County must expend at least half of the revenue in excess of what would have been collected at a 5% tax rate as follows: At least 50% of this excise tax must be expended for promoting tourism, convention/trade shows or for destination marketing and organizations designated by local governments. Any amounts in excess of that not expended for promotion of tourism/conventions/trade shows must be expended for tourism development projects. Tourism product development is the creation or expansion of physical attractions which are available and open to the public and which improve destination appeal to visitors, support visitors' experience, and are used by visitors. Such expenditures may include capital costs and operating expenses.

The GBTA the City currently has is a 501(c)(6) non-profit, tax-exempt entity incorporated by the City in 2004. The primary responsibilities of this organization are to encourage travelers to visit their destinations, encourage meetings and expositions in the area, and provide visitor assistance and support as needed.

The Welcome Center Agreement showed a partial list of the City's responsibilities. The City currently owns and operates the Griffin Regional Welcome Center and covers the costs of insurance, water/sewer, electricity, storm water, garbage pick-up, elevator maintenance and repair supplies. The responsibilities of Spalding County in the new consolidation were noted, as well. The County agrees to assume the interior and exterior maintenance of said building to include: Interior maintenance, bi-weekly cleaning of restrooms/Atrium/common hallways throughout the entire building (and other areas as necessary). The Event Hall will be cleaned by the County except for back-to-back weekend events. The County also agrees to provide exterior maintenance, to include mowing of the Welcome Center greens, landscape and watering of outdoor planters (a job Mr. Amin currently performs but would like to transition away from). Revenues from rental of the Welcome Center facility will continue to be used to offset the cost of daily operations. Both parties agree that the City of Griffin Main Street Manager will serve as the Executive Director of the GSBTA, responsible for the management of day-to-day operations. The GSBTA Board of Directors has complete autonomy with regard to promoting tourism, conventions and trade shows, along with determining which tourism related products it seeks to develop, fund, market or construct. It is also agreed by both parties that payments of 100% of its annual restricted hotel/motel tax revenue will be deposited into the GSBTA account with a guarantee of continuous ongoing funding to be provided to the entities currently receiving funding, at a funding level no less than that current amount.

The GSBTA/Main Street Board of Directors proposes to include the City Manager (Ex-Officio?), County Manager (Ex-Officio?), Attorney (Ex-Officio from either City or County?), City BoC Member, County BoC Member, Main Street Advisory Board Chair, Spalding County Parks & Recreation Staff Member, Chamber Tourism Committee Chair, DDA Executive Director, Sun City Peachtree Resident, City Business Owner and County Business Owner.

Spalding County previously (at the 3% excise tax rate) received $90,000 annually. Currently (at 5%), the County receives $150,000, of which 60% is non-restricted and 40% restricted funds. At the proposed 8%, Spalding County will receive $240,000 with 37.5% non-restricted and 62.5% restricted funds. Mr. Amin continued with the Spalding County Hotel/Motel Tax Proposed FY '17 Budget with the County retaining $90,000 in unrestricted funds and the balance of $150,000 going to DMO/GSBTA to fund the Chamber at $16,200, UGA at $17,500, Operations at $65,422 and $50,878 going to Tourism / Conventions / Trade Shows (TCT) and/or for Tourism Product Development (TPD).

The City of Griffin Hotel/Motel tax rate is currently at 8%, producing $68,570 with 37.5% in non-restricted funds and 62.5% in restricted funds. The City of Griffin Hotel/Motel Tax proposed FY '17 Budget stipulates $65,422 for Operations ($25,710 in unrestricted funds and $39,712 in general funds), with the balance of $R42,860 going to DMO/GSBTA to fund the Welcome Center at $21,430 and TCT and TPD at $21,430.

For TCT, TPD, and other tourism related purposes, Spalding County will contribute $50,878 and the City of Griffin will fund $21,430 for a grand total of $72,308, after expenditures. This will be a windfall that will greatly help with these tourism-related projects.

Chairman Morrow noted that a few months ago they reactivated the Tourism Committee of the Chamber which had been dormant for some time. Bill Thielemann has been chairing that committee for the past few months. Chris Cannon, Regional Director of Tourism for the State Department of Economic Development is now the Assistant Director of Tourism Product Development for the State. He is sending a team down to be present tomorrow at 3 pm at the Tourism Committee meeting. Holly Winter and his team will coordinate a kick-off for us with the state. Mr. Amin now brings the funding to the mix, so it is a good thing to have the two come together. Mr. Amin hopes to be able to make the meeting tomorrow.

Kenny Smith had asked that an organizational chart originally in the presentation did not make it to the final, but he wanted to clarify that GSBTA will take the place of Main Street Program. The approach of Main Street Program will basically be a subsidiary of the GSBTA. We are not eliminating the Main Street Program but using it as an approach to further the GSBTA. We are still going forward with same programs as in the past but more streamlined and part of GSBTA. Mr. Amin said his understanding was that it was not their intention to replace Main Street Program itself but rather incorporate the GSBTA component and continue. DDA and other components are still viable and necessary to utilize a percentage of Ms. Woodard's time for the business component of Main Street. Mr. Smith said this would need to be clarified somewhat.

Chairman Morrow felt Ms. Woodard's position is a budgeted item for the City and, if eliminated, there will not be enough money for GSBTA. Mr. Amin said the figures he showed were balances after salaries and expenses, including Ms. Woodard's salary. Mr. Smith said the budget was presented based on the new hotel/motel tax revenues. Kenda would remain funded through Main Street, and Mr. Amin said a part-time person too, to assist Ms. Woodard, was already part of the calculations. The consolidated dollars the County would be bringing to the mix make a difference with the new 8% tax rate. Salaries were built into the formulation. Mr. Smith said the City's budget was not changing any; the City will neither lose nor gain. Our budgeted amount is the restricted amount of $21,430 in hotel/motel tax must go to restricted tourism projects. The additional County monies actually make the difference. Accounting processes on behalf of the City will remain the same, but the County's will change since it is increasing.

Mr. Smith responded to Commissioner Flowers that rates for renting the facility are set by City and whatever those dollars are, that will remain. Mr. Smith said this would be up to the City since this is a City building. We don't make money off facility rentals; it is a losing proposition anyway but the rate structure is up to the City. Rental fees help to defray facility operational costs. Inmates will still be cleaning the building unless we have back-to-back weekend events, in which case a private cleaning crew will be hired to clean between events. Some discussion followed on specific areas of responsibilities for the City and County respectively. Mr. Smith also thought an MOU would be attached that would spell out specifics, but it was not included either. This proposed concept will come back to the Board of Commissioners for approval at a later date, and this preliminary draft may experience some changes or tweaking. It will be presented to Spalding County next week, so it is still being fine-tuned. Some specifics can be added to strengthen the City's position and incorporate Commissioner Flowers' suggestions. There was a general consensus from the Board to proceed with presentations. Mr. Smith apologized for there being only one attachment (the slide presentation). He thought there were other documents, i.e. the MOU and organizational chart, among other items. Mr. Amin said they simply included what was necessary for a brief overview and the other documents could be reviewed later.

***The City of Griffin's Water and Wastewater Rate Consultant Raftelis Financial Consultants, Inc. will present the status of the city's rates.***

Dr. Keller introduced Mr. Lex Warmath, Vice President of Raftelis Financial Consultants. He provided an overview of the slide presentation and noted they have been working to update the model. The water assessment has completed, capital expenditures were better defined, and the figures fine-tuned. Chairman Morrow welcomed James Brooks from the Spalding County Water and Sewerage Authority. The Water and Wastewater system is an enterprise fund and, as such, must be run as a self-supporting business. The utility must be able to independently generate revenues to cover operations and capital expenditures. The industry is very capital intensive and last for 20, 30 or 40 years but take a great deal of thoughtful planning to ensure we are in the right financial position to afford costs for these future needs. An overall consultant study can help to ensure planning is effective.

Griffin has historically had sort of a two-part rate adjustment system, i.e. an MCI adjustment occurs in March with an additional adjustment in the summer if needed. This methodology has not really kept up with actual rising costs of managing the utility. He detailed the chart that shows a 10-year history of annual increases. The City has tracked about a 2% increase annually with one large jump in 2009 in order to catch up. This is below the average national water and sewer rate average. The advanced age of much of our infrastructure means we see some major components starting to fail, particularly nationally. Regulations have gotten tighter and federal dollars harder to come by for replacement. Replacing assets is very expensive. An increase in rates will help to address some aging infrastructure. Price tags are $40-50 billion over the next few years.

Key considerations for the Griffin model include $48.5 million needed for 2017-2021, exclusive of $27,000,000 in ongoing projects started this year. This includes plant upgrades and expansions, pump stations, raw water lines and asset management with an aging infrastructure. Timing and actual costs are uncertain since we are dealing with three to five years into the future. We have utilized best estimates, but those costs may change to some degree. Regulations are driving the need for some of these actions in addition to aging infrastructure and reducing non-revenue (or lost) water which is also a regulatory requirement. Regulatory requirements are adding to the rate increases. We are trying to find some balance for costs over the next few years and working diligently with the model to make sense.

There are a lot of capital needs out there, including the following for water: $8.5 million for the Flint River pump station in 2016, $25 million for the Harry Simmons plant upgrade in 2021 (which can conceivably be more like $27 million by the time it is done), $3 million for the Heads Creek pump station in 2021 and $13 million in raw water line rehab. Dr. Keller said the Simmons plant upgrade is major; one challenge is the plant doesn't meet building codes with wiring and backup generator. It is merely limping along with 1929 pump motors, trying to meet water quality standards. The City has not had many dirty water calls when the lakes flipped, and the manganese problem was helped with other processes. Joseph Johnson has worked some interesting calculations to minimize this impact. Additional environmental regulations are always a concern. The facility is truly outdated. More recent lead and copper rules from EPD will be incorporated in the upgrade of the plant. Dr. Keller noted the City has been smart enough to manage our way out of situations like the Flint, Michigan issue currently in the news, but the biggest problem is this plant is just wearing out. We can't get parts and electrical controls maintenance costs are becoming prohibitive. There has been a huge amount of money invested over recent years in maintenance costs just trying to keep the plant going.

Mr. Warmath noted again that capital needs are driving this model. We are looking at a revenue bond issue and starting to pay attention to debt service models and liquidity positions. Rating agencies are using much sharper pencils to protect the bond holders. These are becoming much more important for credit ratings which can save quite significantly over the long term. Revenue from new industrial customers is possible but not built into the models. If they do come in, such as is possible with Coweta County, they can adjust the model and perhaps take pressure off the rates.

The following capital needs for the wastewater system exist: A $19 million cost for the Potato Creek plant expansion in 2016, a $4 million nitrification treatment process upgrade in 2017, $1.5 million Shoal Creek sludge removal in 2019, and $1.5 million Shoal Creek headworks in 2019. Again, we are not banking on new industrial customers adding to the revenue stream, but that could mean adjustments. We are projecting no growth in accounts with a declining per capita consumption.

Key assumptions include that for expenditures, the model right now is driving off 3.3% average increase in O&M increases and is in line with other well-managed utilities, with a 5% adjustment in March each year thru 2019 and then 4% annually for 2020-2021. This will be do away with the March annual adjustments we have historically seen. 5% is however you want to parcel it out (MCI, etc. and is across-the-board for all retail customers) This is in line with other utilities across the country have been doing, even though our rate increases have been less at around 2.1%. A rate of 0% this year may actually even be a negative number. Dr. Keller said we have only done MCI adjustments in March. Mr. Warmath noted this won't get us where we need to be with our plans and our aging infrastructure. Some debt does fall off on or about 2020, but we cannot wait. Capital investments is the key driver at 84% debt financed with a goal to increase cash-financed capital.

Mr. Warmath tracked the overall financial plan, noting fiscal years 2016 through 2021 for Operating Expenses, Debt Service, Pay-As-You-Go Capital, Transfers to General Fund, Projected Revenues and Revenue at the Current Rates. Also ramped up in some years are increases in pay-as-you-go capital, i.e. Simmons plant repairs, etc. They are trying right now to target the loan out in 2021. If we do nothing, our current rates will not keep up with costs. 2019 has little bit of surplus but we need to build reserves or potentially to pay for other projects. He noted that 2021 is the important year to go to bond market and the financial situations need to be as healthy as possible. He detailed next the debt service coverages. Rating agencies look at debt service a little differently than in previous years – after debt service payments must be met. Tracking legal ratios and build-ups progress nicely in 2018-2019 then come back down when money is borrowed in a balancing act. Fund balance and liquidity for reserves is a little different issue. Liquidity does not necessarily mean a reserve balance that is restricted but rather a mechanism for repairing/replacing facility/equipment failures. This is a soft target but not a requirement or written policy, although rating agencies would like to see a written policy. This is our target minimum – 180 days and is considered pretty much rock bottom, or on the low side. Ten years that was perceived as more of a healthy situation, but now many try for 270 to 365 days. With 5%, we won't totally achieve this goal but we must get started. New industrial customers coming online might help to close the gap, and there are lots of moving parts to achieve balance. We are trying to avoid any significant uptick by balancing all these moving parts. Liquidity was qualified via a formulation but based on a percentage of net book value of fixed assets. As expenses go up, and debt service increases, you try to match liquidity. We will, of course, update this model every year and other opportunities might come into play, as well as risks. We must position ourselves to be able to borrow the funds necessary in the near future.

The estimated customer impact for a 5K gallon customer bill, increased steadily over the next five years, shows an average increase from $69.73 to $88.33. This 4.8% average annual bill increase will be required in order to meet our financial objectives.

Commissioner Hollberg noted that twelve years ago we had to implement a 22% rate increase in 2004. We didn't like having to do that, but we did it. We are producing less water now but debt service continues to go up. Costs for estimated projects continues to rise, and elected officials are frustrated with trying to keep a handle on this. Costs typically are much significantly higher than projections, and it is difficult to determine how to make this work. Our format is obviously not working.

We transfer about $1.8 million in revenue from water and wastewater into the General Fund and transfers into the general fund mostly come from the sewer side. Water is not the side of the equation putting money in, so he wondered if we could look at water for the bulk of the rate increase and not sewer. He wondered if we could mothball the Simmons plant and instead place improvements elsewhere. This was looked at, said Dr. Keller, and part of the redundancy issue would mean one water source and one electrical supply might be problematic. We would have to refit Still Branch to accommodate, as well, and there are 30 miles one way and 22 miles the other way for public rights-of-way. New lines from Still Branch would mean $40 to $50 million, and we would still need to establish dual redundancy which would necessitate another $3 to $5 million for a generator. Some discussion followed regarding breaking out costs for water versus wastewater. He also wants to understand what it is costing to operate the Spalding County Water Authority system. Dr. Keller said those figures are available annually. If we could segregate the systems, Spalding County's costs would increase very significantly on several levels. Running another line from Still Branch should not be a future topic unless we start serving a vastly increased number of gallons.

Dr. Keller said another thing is that existing finished water can only push 11 million gallons of water. If we are solely dependent on Still Branch, we must build another line of that magnitude. We proposed in 2023 to do just that, but we now can determine this is a no-go for future discussions. This plan has been changed and many things pushed out, so the spreadsheets being referenced are dated. The sewer system at Cabin Creek, originally $3 million, is now $4 million to upgrade and will be funded through GEFA.

Dr. Keller said we will need to put in a bar screen for the effluent going to Shoal Creek. At Potato Creek, this plant is done unless GSDA lands a major industrial water user. More examination of major capital needs will be constantly ongoing. Trying to do the $1.5 million Shoal Creek project as a pay-as-you-go project. Additionally, rehab of water lines have not been addressed, and they are in renewals/extensions as pay-as-you-go. There are no massive plans for rehab of water lines at this time but were looking at between $300,000 and $400,000. Commissioner Hollberg said he personally would support 4% or so and whatever difference between MCI and this amount should be put into a reserve fund. No, countered Mr. Warmath, the difference would not be put into reserve funds but rather would be spent this money. Revenue requirements are going up and tracking along with revenue needs. If we do not increase the sewer rates by the same 5%, we would need to adjust the water rates up even more for the fund to remain solvent.

Commissioner Hollberg's logic does not recognize some aspects of trying to separate water from sewer based on long term capital (6-8 years). Politically it might be too painful to bring water to the same level as sewer, but Commissioner Hollberg said he would like to see that though. A long term contract with SCWSA is needed; the current contract ends in 2020. We need to have a long term contract with Spalding County guaranteeing this revenue stream before we bite off any more of the infrastructure improvements noted. He would like to see this come to fruition before any rehab or expansion is done at Harry Simmons or with water lines. This makes sense said Mr. Warmath, and the timing is such that the contract will need to be nailed down by 2019 in order to begin talking to rating agencies for loans.

Dr. Keller said it takes a long time to engineer, deal with EPD, and prepare for the bond market in the meantime, Perhaps 24 months or so will be required.

Chairman Morrow said he is a numbers guy and is agreeable to a justified business decision. Dr. Keller said if MCI comes into play, then the 5% is not a fixed number. This increase is not 5% plus MCI but rather is a fixed number each year capped at 5% to include MCI. If MCI is 2.5% then additional increase would be 2.5%. Historically MCI has gone into effect March 1. If we do this, water and sewer is capped at 5% and MCI is a part of that. An opportunity of rebuilding some reserves can be a reality if we plan carefully, too. Chairman Morrow said 5% is a worst-case scenario as well and, if other mitigating factors come into play, that could positively impact that number even more.

City Manager Kenny Smith noted we are not replacing any debt but rather adding on new debt, so we have to be cognizant of retiring existing debt also. Some debt falls off in 2032. MCI is not just for water and wastewater; it is actually for everything except electric. Dr. Keller said for this past year water loss is down 15%.

Commissioners Brock, Flowers and McLemore all said they are still processing this information. Commissioner McLemore said nothing that has presented sounds good at all. We are getting to the realization that capital improvement never ends. We actually never see the benefit of incurred debt before new debt has to be incurred and that is tough to witness. The Harry Simmons plant is simply wearing out said Dr. Keller, but we need to be fiscally responsible at the same time. Commissioner McLemore said this presentation is not the end of discussion, but he does not feel warm and fuzzy and has to do a better job of trying to understand and comprehend. Commissioner Reid-Ward said many residents do not discern the rate for water and sewer when the City bills for everything on one statement. Chairman Morrow said he felt there was some merit to Commissioner Hollberg's opinion to add more increase to water and less to sewer. There will be more discussion of water versus wastewater. We can run the numbers as if they were separate. Sewer has been subsidizing the necessary rate increases for years, and we can't get rid of it without a broader range of impacts that would be even harder to explain. Mr. Warmath said they could explore separating water and wastewater in the model and see how the numbers are reflected. Mr. Warmath reminding everyone of the big picture and said the projected 5% is not bad compared to other cities. Hundreds of cities across the county feel it would be wonderful if they could have several years of only 5%. Cobb County is using 5%. This plan strives to keep rate increases consistent instead of experiencing peaks and valleys. Consistency is easier to count on and easier to manage from both a political and cost efficiency standpoint.

***Discuss art to be installed on traffic boxes throughout Downtown Griffin. Bruce Ballard, Chairman of the Downtown Development Authority will address.***

Bruce Ballard noted that his topic is much less burdensome than the previous discussion and has no associated cost. The DDA elected him again as chairperson recently and they continue to try to work with local businesses in downtown development and make improvements where possible. They try to get façade grants and incentives to help with some of the materials for improvements. Economic development and tourism have had decent successes, but we need more. We have had many challenges over the past five or six years, helping with $45,000 in grants over recent years. More has been added by the businesses themselves. Lowe's, Home Depot, Ace Hardware and others have helped with material incentives. This can save up to 25-30% on projects through these incentives to help both interior and exterior improvements and not just façade grants.

This current grant from last year for artwork to be applied to the stainless steel City utility boxes was selected from about 63 applicants as a tourism development grant from the Georgia Department of Economic Development. The Georgia Tourism Department and the Council of Arts are components, as well. This was matching grant and we were one of 11 recipients chosen to receive this $6800 grant. The DDA looked at a match of up to $8000. So, there exists $14,800 to make some improvements. Augusta and a few others started these type programs last year and Augusta's project was named Best New Civic Project of 2015. This appears to help eliminate graffiti, but we need input from the Board of Commissioners. This is your city and the DDA is simply the conduit to bring about positive changes. Artists can paint directly onto the boxes and apply a clear coat since it will be exposed to the elements and inclement weather. Another alternative is to get the artwork and apply to a vinyl wrap that is then applied to the boxes and sealed, in much the same fashion as wraps are put onto cars, etc. These have a shelf life of about 8-10 years. This would ensure some longevity to the artwork. The artwork is not allowed by GDOT for boxes on state route and he can't guarantee there won't be removal or repairs to the utility that might damage the artwork concept. There are 25 traffic lights with associated boxes around town that are not on state routes. Installation should be done by summer.

Some examples may include wayfinding, maps, mosaics, abstracts, original artwork and driving (smart phone) tours of boxes. This would serve to provide a new focus for visitors and residents to the City. We have a rich artistic heritage already (i.e. KIA plaques, the 6th Street Bridge, Jo Yancey and Joyce Perdue Smith) and this would enhance that perception. He would like to have input from the Board as to possible themes or freestyle, how to select artists (limit to local or allow regional or national artists). Should we narrow or enhance the scope of the projects? Mr. Ballard felt it might behoove the City to allow a broader range of applicants instead of limiting it only to local artists. One idea was to perhaps use scenes from movies/tv shows, i.e. Walking Dead, Driving Miss Daisy, Temptations, Rectify, etc. that have been filmed in the City or even establish a walking tour of film sites. Since the grant is small, they are not considering providing monetary incentive but rather just creating an awareness of art and highlighting our community. Different types of artwork could be part of the appeal. Maybe one could be a map where appropriate and other use a freestyle approach.

Chairman Morrow said it could indeed tie in well with Walking Dead and other film projects. There will be a Tourism Committee meeting at the Chamber tomorrow at 3:00 p.m. if someone could attend; there could conceivably be some tourism funding to enhance this project and incorporate it into state plans. The timeline on this grant is as follows: Call for artists in February, Artists selection in March, Installation in May and Completion of the project in June. There will be specified no nudity, explicit graphics or graffiti styles in the call for artists. Commissioner McLemore said the wayfinding idea was interesting and could perhaps identify walking trails, etc. Commissioner Flowers said she would like to see various types and not have them all be of the same type. Mr. Ballard said the utility boxes are multi-sided, so that can lend itself nicely to something progressive as the box sides are revealed. As discussed, the process will be open to all applicants, whether local, state or national. They will, going forward, explore the idea of a token prize even though a monetary incentive is not appropriate with this initial effort. Mr. Ballard concluded the DDA will develop something that will be pleasing to the City and will provide feedback. The Board wished him luck with this endeavor.

## ADJOURN

***Motion/second by Commissioners Reid-Ward/McLemore to adjourn at 11 am carried 7-0.***

Respectfully Submitted,

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Kenny L. Smith, City Manager/Secretary

Accepted:

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Douglas S. Hollberg, Chairperson