

**CALLED MEETING MINUTES
DECEMBER 9, 2021**

The members of the City Council of the City of Phenix City, Alabama met with Representatives of Jackson-Thorton Utilities Consultants at 10:00 a.m. Eastern Time in the Martin Idle Hour Park Community Center (MIHPCC) located at 3743 Moon Lake Drive, Phenix City, Alabama, for the purpose of reviewing the water rates study. Mayor Eddie N. Lowe, Councilmember Vickey Carter Johnson, and Councilmember Arthur L. Day were present. Councilmember Steve Bailey and Councilmember R. Griff Gordy were not present. City Manager Wallace B. Hunter and City Clerk Melony Lee were present. Department Heads in attendance were: City Engineer Angel Moore, Finance Director Labrita King-Copeland, Utilities Director Charles Woody, Utilities Engineer John Spraggins, IT Technician Brannon Prather, and Police Chief Raymond Smith.

Mayor Lowe called the meeting to order.

Mayor Lowe delivered the invocation.

Mayor Lowe turned the meeting over to Mr. Hunter. Mr. Hunter advised we were here to review the water rates study as prepared by Jackson-Thorton Utilities Consultants. He further advised that the city has not had a water/sewer rate increase since 2019. Mr. Hunter called upon Utilities Director Charles Woody. Mr. Woody introduced Mr. Jim Morrison and Mr. Ryan Shubert of Jackson-Thorton Utilities Consultants. Mr. Woody turned the meeting over to Mr. Morrison.

Mr. Morrison opened the discussion by presenting a Power Point Presentation. He reviewed the 2021 Water Cost of Service Study – 12 months ending September 2020. He reviewed the following slides:

1. Objectives of Rate Study
2. Overview of Process
3. Water Cash Method – System Revenue Requirement
4. Water – Components of Revenue Requirements
5. Water – Components of Revenue Requirements
6. Water – Revenue Requirement by Class
7. Water – Recovery by Class
8. Water – Results and Recommendations
9. Water – 5/8" Rate Curve
10. Water – 5/8" Rate Impact
11. Water – Projected Recovery

Mr. Morrison stated that for the test year, water rates recovered 91% of the Revenue Requirement. The total under-recovery is \$636,000.00 The Residential Class is under-recovered by \$1,049,000. He stated that Rate Action is warranted. He suggested considering reducing the usage included in the minimum bill from 3,000 gallons/month down to 1,500 gallons/month on all customers. He stated that this would generate approximately \$907,000 in additional annual revenue.

Mr. Morrison continued with the Power Point Presentation. He reviewed the 2021 Sewer Cost of Service Study – 12 months ending September 2020. He reviewed the following slides:

12. Overview of Process
13. Sewer Cash Method – System Revenue Requirement

14. Sewer – Components of Revenue Requirement
15. Sewer – Revenue Requirement by Class
16. Sewer – Recovery by Class
17. Sewer – Results and Recommendations
18. Sewer – Rate Adjustments
19. Sewer – Residential Rate Curve
20. Sewer – Residential Rate Impact
21. Sewer – Projected Recovery at Full Implementation

Mr. Morrison concluded by stating that the sewer system is under-recovered by \$2,257,000. All rate classes fail to meet their revenue requirement. He stated that a Three (3) Year action plan is warranted:

Year 1: Reduce usage included in the minimum bill from 3,000 gallons/month down to 1,500 gallons/month.

Year 2: Increase Residential & Tax Exempt Customer Charge by \$4.25/month. Increase Commercial & Industrial Customer Charge by \$15.00/month.

Year 3: Increase Residential & Tax Exempt Customer Charge by \$4.25/month. Increase Commercial & Industrial Customer Charge by \$15.00/month.

Mr. Morrison asked for questions.

Councilmember Johnson asked how did the local income factor into the projected increase. Mr. Morrison advised that the increase needs to be only at the level you need to cover the costs. He further advised that the objective of the rate study was fairness and equality. He stated that the sooner a plan is implemented, the sooner the city can stop losing money.

Councilmember Day asked how will the city include the public on the plan rate increase. Mr. Hunter advised that the city could utilize the website to distribute information in addition to speaking about the upcoming changes at the council meetings.

There was nothing further discussed.

Mr. Hunter thanked everyone for putting this rate study together and presenting it to Council.

Mr. Woody thanked the Finance Department for their help in getting figures to Jackson-Thorton Utilities Consultants.

Mayor Lowe thanked everyone for coming.

The meeting concluded at 11:16 a.m.