

Council Meeting

July 18, 2016

Members Present: Mayor Buddy Duke, members Butch Fausett, Greg Paige, Michael Purvis, Chandler Hill and Jody Greene.

Others Present: John Flythe, Rhonda Rowe, Tim Tanner, Chad Castleberry, Mike Beverly and members of the public.

Invocation was given by Councilman Hill.

Pledge of Allegiance

Approval of Minutes: Councilman Hill made a motion to approve the minutes of July 5, 2016 as presented. Councilman Greene seconded with all in favor.

Audit Report Presentation: Tony Eckler, representing Meeks CPA Firm, presented the completed FY2014-15 audit report to the Mayor and Council. He reviewed several statements throughout the report and cited comparative changes from the previous year. He explained there are large increases due the electric and sewer funds from the general fund largely because of the fact that customer payments are deposited into the general fund bank account. Most expenses are also paid out of this account. These amounts will continue to grow unless they are settled and we need to review these during and at the end of the year for a financial plan to decide how we want to settle these. City manager John Flythe stated that he had asked the auditors to leave these balances unadjusted and we would decide at a later date how to proceed with the settlement. In reviewing utility accounts and any related margins, Mr. Flythe noted two things: (1) we recently had a large power customer that we had to choose to give some credit to in order to keep them here and (2) the city bought into a nuclear plant years ago. We will begin paying fixed costs on that plant in 2018. We are trying not to have a rate shock in our community when this occurs; therefore, we will need remaining electric funds when that happens. Mr. Eckler also reported on a new section appearing on the balance sheet called deferred outflows and deferred inflows required by new accounting principles regarding the pension plan and the new standards requiring you to book the related liability. When questioned by Mayor Duke if any problems were found during the audit, Mr. Eckler replied that as part of their audit they check for compliance and did not detect any issues. He complimented the staff for their assistance and knowledge and noted this was a single audit due to the amount of federal funds received. Councilman Fausett made a motion to accept the audit report as presented. Councilman Greene seconded with all in favor.

Audit Firm Engagement: Councilman Paige made a motion to re-engage Meeks CPA Firm for next year's audit. Councilman Fausett seconded. The decision was unanimous.

Res. #16-03: This resolution, imposing a one percent sales and use tax, specifying the purposes for which the proceeds will be used for, specifying the estimated cost of the facilities to be funded from the proceeds of such tax, requesting the election superintendent to call an election of the voters to approve the imposition of such sales and use tax and approving the form of ballot to be used in such election, was presented to the council. Mayor Duke stated that meetings had been held with the County and the cities of Lenox, Sparks, Cecil and Adel. The original proposal included the County receiving 20% off the top with all remaining cities taking a significant decrease as compared to the last SPLOST referendum. After negotiations, Lenox, Sparks and Cecil will get the same amount as last time plus 10%. The City of Adel and the County both retained a positive amount as well with the remaining cities and county participating in reimbursing Adel for a portion of the costs associated with paving Alabama Road for the location of Wal-Mart. Priority projects before any distributions were also identified. The SPLOST referendum takes into account an estimated \$30M in sales for Wal-Mart. Mr. Flythe further noted that Wal-Mart will create additional funds from LOST for the county and municipalities as well. Councilman Purvis made a motion to approve resolution #16-03 as presented. Councilman Greene seconded. The decision was unanimous.

Power Rate for Extremely Large Customer: City Manager John Flythe spoke to the council regarding a tentative prospect identified as "Project Midnight" that is looking at Adel. He noted that the entire City of Adel consumes approximately 22 megawatts of power. This one customer would use 10-12 megawatts. They have an extremely high load factor and will be running an estimated 95% of the time. What this means for us is they will have steady usage, with few peaks or valleys. Historically, we have tried to give incentives in that the more they use, the less the power cost. While we do have an extra-large rate class, this customer would exceed this usage. Mr. Flythe stated he is asking for the council's authority to offer a rate for an XX-Large power user. Councilman Fausett made a motion to approve the city manager's request. Councilman Paige seconded. There were no opposing votes.

Power Rate – JM Manufacturing: As discussed at the last meeting, JM has changed their hours of operation. This has taken off almost 25% of the peak load and shifted to night time usage. This company had done exactly what they said they would do and in exchange it has created savings for the City of Adel as well as JM. He will bring a proposed rate for them at the next meeting.

Electric Shelter Bids: Bids were received for a shelter for the electric department and were as follows:

Hornet Steel Buildings, Inc.	\$10,000
Elite Structures	\$11,154.75 with sales tax (10,425 before taxes)
Steel Building Systems, Inc.	\$ 7,950

Councilman Fausett made a motion to accept the low bid. Councilman Paige seconded. All were in favor.

Verizon Cell Tower: Following complaints regarding cell phone service, Verizon wants to take down the old internet tower we used at the end of 2nd Street on the recreation department property and replace

with their tower at their own expense. They will then give us the tower and pay us \$500 per month for utilization costs. After the five years has expired (when they have recovered their fixed costs) they will begin paying us \$1500 per year. We will be able to use the tower, it will provide better coverage and give us a small cash flow. It was the consensus of the council to proceed. Mr. Flythe noted that Rene' Cowart, electric superintendent, has been instrumental in negotiating with Verizon.