

Work Session
04-26-2016

MINUTES OF WORK SESSION MEETING HELD BY MORGAN CITY COUNCIL IN REGULAR
SCHEDULED OPEN PUBLIC SESSION ON TUESDAY, APRIL 26, 2016 AT 5:30 P.M., IN THE COUNCIL
ROOM OF THE CITY OFFICE LOCATED AT 90 WEST YOUNG STREET

Present: Mayor, Ray W. Little.

Council Members: Tony London, Jeff Wardell, Fran Hopkin and Bill Cobabe.

Excused: Council Member, Mike Kendell.

City Staff: Gary Crane, Attorney; and Shayla Hurlbut, Economic Development Director.

Others present: Marlin Eldred, Morgan County; and Jennifer Vesper, Morgan County News.

This meeting was called to order by Mayor, Ray W. Little.

Items for Discussion

Budget Work Session
FY 2016-2017

The members reviewed the tentative budgets that have been prepared. Mayor Little asked Fran to review the proposed increase for sewer rates. Fran stated last year there was a five year plan to increase rates for the sewer department. There is the need to upgrade the sewer lagoons and the rate increases will be needed to fund the project. This is a 12% increase for this year, as it was last year. He is recommending the increase be approved. The master plan for the sewer upgrades was presented at the last meeting and it is obvious the rates have to increase.

Tony stated this rate is high compared to other areas. He was asked if the City had considered doing an independent study for income levels. Mayor Little asked Attorney Crane if he felt it would be feasible to do such a study. Attorney Crane stated you could do a study he is not sure if there would be a benefit, or if the entity you are disputing the figures with will accept an independent study. They can check to see if this is allowed.

Attorney Crane stated he has talked an individual that works at the Division of Water Quality and feels there are some discrepancies in the urgency of a sewer lagoon upgrade. He feels it would be beneficial to have the Mayor, Council Member and the wastewater operator meet with them to try to obtain answers as to exactly what will be required. Attorney Crane will arrange the meeting with all individuals.

Tony asked about the maintenance and operation for the sewer department. There has been a lot of work done with the dredging of the ponds, with that being done – how is the department doing keeping up with the basic operation. Fran stated they have spent a lot of money on the dredging project, and if the lagoons are upgraded that will obviously be a lot of money. He feels the basic operation is being covered and the budget is in good shape with the increase that has been proposed.

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Tony stated he may look at implementing a small increase in the sanitation department. He has nothing prepared for tonight, but will be considering it before final approval.

Mayor Little asked the members to consider items needed to be budgeted in the capital project funds. If there are any projects for the upcoming year they need to be added. Bill stated a company he worked for in the past had a fund that was for fixed assets. This fund allowed the purchase of new vehicles, computers, and these types of items. The capital project fund is what the City has but this is for large capital projects. The type of account Bill is talking about is for fixed assets. He feels an account like this would be beneficial. Jeff stated there is a need for a new truck for the road department.

There was discussion about how new vehicles and equipment are budgeted and purchased. The enterprise funds currently budget these types of purchases under their departments. The capital project fund is for general fund items only.

Mayor Little stated there needs to be discussion about salaries and benefits. The medical insurance rates are increasing 4.7% which equates to approximately 1% of overall salaries. Do the members want to consider having the employees pay a portion of the insurance and what amount, if any, cost of living increases should be considered.

Tony stated if you had the employees contribute, possibly on a 90% - 10% ratio, the employee would be losing money overall. However, he is not sure how long the City can continue to pay the entire portion of the medical insurance. Mayor Little stated there does not need to be a decision made tonight, the members need to be prepared to make a decision at the next meeting. Bill stated benefits are structured different than wages. The employees get the benefits but they do not get the discretion on what type of benefits they receive. He feels they need to be careful when considering this. Jeff stated this has been a topic of discussion for the past several years. Bill stated having their insurance paid has been part of the benefit package and there may need to be changes made, but it needs to be looked at very carefully.

There was discussion about what the impact would be having the employee pay part of the insurance. For many years, the employees did not get a cost of living increase due to the increase in medical. There was a point made that if the employees pay a portion, they may take more "ownership" in the use of medical care.

The tentative agenda will be adopted at the next meeting which is May 10th. The final budget would be adopted at the June 14th meeting, unless the members schedule a special meeting sometime before the 22nd.

Resolution #16-14
Easement – Telecommunications Facilities

Attorney Crane stated T-Mobile already has an agreement for the cell tower at the transfer station. They are asking for an easement to upgrade fiber lines. Attorney Crane has talked with city personnel and they could not see a reason this easement should not be approved. There is a resolution that would approve the easement. There is a map attached that outlines the area where these lines would be installed.

Hotel Study
Approval to Update

Shayla Hurlbut, City Economic Director and Marlin Eldred, County Economic Director are in attendance to present information on this item. Shayla stated the City has been working for a number of years trying to attract a hotel to the area. In order to have a developer be interested in this project, there needs to be a viable study done. She gave information to the members on this, they are asking the City to fund one-third of the \$11,225. This City total would be \$3,742.

Marlin stated he has reached out to a couple of developers in regards to the hotel project. The comment received from them is they rely on a study such as the one being recommended. Based on the 2009 study results and the downturn of the economy at that time it is felt if the study was updated, these developers would be willing to look at the project. Marlin clarified this only means they will look at it, does not guarantee they would develop even if the study comes back as feasible. One of the companies he has been talking with is associated with Hilton products. He feels the study should be done in order for the hotel to be considered as a possibility. Without a study there is no way to know if it is feasible. If not approved, the hotel project would not proceed until such a study can be done.

Fran asked why the County does not want to proceed unless the City agrees. Marlin stated the hotel is being proposed to be located in the City and they would have the most benefit. The County does not want to agree to the upgrade of the study unless the City is on board. They would each pay one-third of the costs, with the owner of the property paying the final one-third. The members reviewed the estimate that has been provided.

Tony stated this hotel has been discussed for several years. He feels the City and County are always forcing the issue, and have had multiple studies. All of the past studies have showed a hotel is not feasible. If it is feasible why are there not developers wanting to build a hotel. It seems the City and County are forcing the issue. If a hotel is feasible, he feels a developer will approach us.

Marlin asked how interested the City is about having a hotel. Bill stated they could spend another \$12,000 and it is still not feasible. Tony is not sure what has changed from the last study that would make it feasible. Shayla agrees there is no promise the study will be any better than the last ones, but she feels it should be done. Bill asked if the company doing the study would come back stating the hotel is not feasible and is potentially 5 or 10 years out if that is what the study determines. Marlin stated they will not show that type of information.

There would be the need to have 70% occupancy which means 42 out of the 60 rooms would need to be occupied every night to meet that level. There will be some times the occupancy rate is higher, and sometimes it is lower – this would be an average.

Tony stated he does not feel it is feasible there will be that high of an occupancy rate. There was discussion about the transient room tax and what the rates are. Bill stated the County's transient room tax rate is considerably higher than the City's. They will have more revenue from this tax. Marlin stated the City benefits from sales tax collections. This study is site specific to the property on Commercial Street.

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Fran stated he understands what all parties have said. He has not been here as long as some of the members. However, if there are funds available in the current budget he feels it could be done. If the study comes back stating it is not feasible the decision could be made saying it is no longer a project being considered. Bill asked what happens after the study is completed, do they go to the hotels that are identified to see if they feel it pencils out. Does the study at least get us in the door with potential developers? Marlin stated the study will determine if a hotel is feasible or not. He also clarified this is not an update it will be a new study.

Bill stated he agrees with Fran – there is money in the current year budget so he is cautiously in favor of approving the study. Shayla stated she is frustrated that they have no current study. She has put a lot of time and effort in attracting a hotel to Morgan. She is to the point where doing the study must be done to determine whether it is feasible. If it is not she can put her focus somewhere else. Tony hopes it is an honest study, and if it not feasible the project needs to put to the side.

Bill stated he would be interested in a study that shows some type of information on what type of businesses would be feasible for Morgan City and County. Marlin stated he has some information that he can provide on that topic.

Council Department Review

Fran stated the dredging project at the sewer lagoons is complete. It will take a while before the results of how much it helped are determined.

Attorney Crane
Council Training

This item was not discussed.

This meeting was adjourned at 7:00 p.m.


Julie A. Bloxham, Recorder

These minutes were approved at the 05-10-16 meeting.