

**MINUTES OF THE WORK SESSION
OF THE MAYOR AND BOARD OF ALDERMEN
OF THE CITY OF STARKVILLE, MISSISSIPPI
August 14, 2020**

Be it remembered that the Mayor and members of the Board of Aldermen met in a Work Session on Friday, August 14, 2020 at 10:00 a.m. in the second floor conference room of City Hall located at 110 West Main Street, Starkville, MS. Present were Mayor D. Lynn Spruill, Aldermen Ben Carver, Sandra Sistrunk, David Little, Hamp Beatty and Henry Vaughn, Sr. City Attorney Chris Latimer and City Clerk Lesa Hardin were also present.

Mayor Spruill opened the work session. The work session was properly noticed pursuant to Miss. Code Ann. §25-41-13 and a copy of that notice is included in the minutes. The work session was live streamed on Facebook. The public and media were welcomed and attended. The session is also available for viewing on the City website.

A presentation by Terry Kemp, Director of Starkville Utilities, was then given as a follow up to the water rate structure proposal discussion of July 17, 2020. Mr. Kemp estimates the average customer will see an approximate increase of five dollars to their monthly bill. He asked that the new rate increase be effective with October usage with bills to be due in November. The increase will be used for capital improvements.

The proposed budget was then discussed. Budget Chairman Alderman Sistrunk presented a proposed summary budget which will require a two mill increase. Discussion followed. The first public hearing is set for August 18, 2020 and a second is set for September 1, 2020.

The Mayor and members of the Board discussed items on the upcoming August 18, 2020 agenda. Department Directors were available to answer questions related to the items. All agenda items were discussed.

SIGNED AND SEALED THIS THE _____ DAY OF _____ 2020.

D. LYNN SPRUILL, MAYOR

Attest:

LESA HARDIN, CITY CLERK

Seal



Focused on Starkville's Future:

AUGUST 2020

Rate Adjustment Will Keep Infrastructure Upgrades on Track

Starkville Utilities is recommending an adjustment in water and sewer rates that, if approved, will fund planned upgrades to benefit customers well into the future. We are committed to managing costs responsibly and making the right decisions to ensure our customers continue enjoying reliable utility services. As part of that commitment, we have developed this fact sheet to answer questions and promote clarity and transparency in our funding processes.

Why is a rate adjustment necessary?

As part of our five-year capital improvement plan, Starkville Utilities plans to invest more than \$25 million to replace aging portions of the city's water and sewer services and update our wastewater treatment facility. The adjustment will keep projects on track.

Why does Starkville need capital improvements?

Nearly half of the city's water and sewer infrastructure is over 50 years old. In addition to improving service, our proactive approach saves customers money in the long run by avoiding repairs and outages caused by aging infrastructure.

We are committed to managing costs responsibly and making the right decisions to ensure our customers continue enjoying reliable utility services.

What projects are included in the capital plan?

Starkville Utilities is nearing completion of a water and sewer upgrade project in Pleasant Acres, where we replaced all water and sewer infrastructure. We are planning similar projects for Green Oaks, Rolling Hills and Oktibbeha Gardens as well as other areas of the city – all of which will require significant capital investment over the next five years to replace and update aging infrastructure.

Didn't the 2018 rate adjustment fund capital improvements?

Our intention with the 2018 adjustment was to fund the anticipated \$7.2 million annual budget for infrastructure projects, but the adjustment did not generate needed revenue. After carefully analyzing several rate options, we've chosen one that addresses revenue needs going forward and positions Starkville Utilities to stay on track with planned improvements at efficient levels.

How will the proposed increase affect customer bills?

We propose raising water and sewer base rates from \$4 to \$4.50 with a variable rate of \$4.15 per 1,000 gallons (the first 1,000 gallons of water usage is still included in the base rate). If approved, the adjustment will raise monthly water and sewer bills for most customers by \$2 to \$5 while generating annual revenues of \$7.5 million.

Will more rate increases be necessary to fund capital improvements?

Based on current conditions and revenue projections, we do not foresee the need for another increase in the near future. It's worth noting that Starkville Utilities' infrastructure upgrades are funded by rates, not taxes, and periodic adjustments play a key role in our ongoing funding processes to keep utility systems in top operating condition. Before 2018, our water and sewer rates rose only two times over a 30-year period, and our customers have some of the lowest rates in Mississippi when compared to similarly sized municipalities.

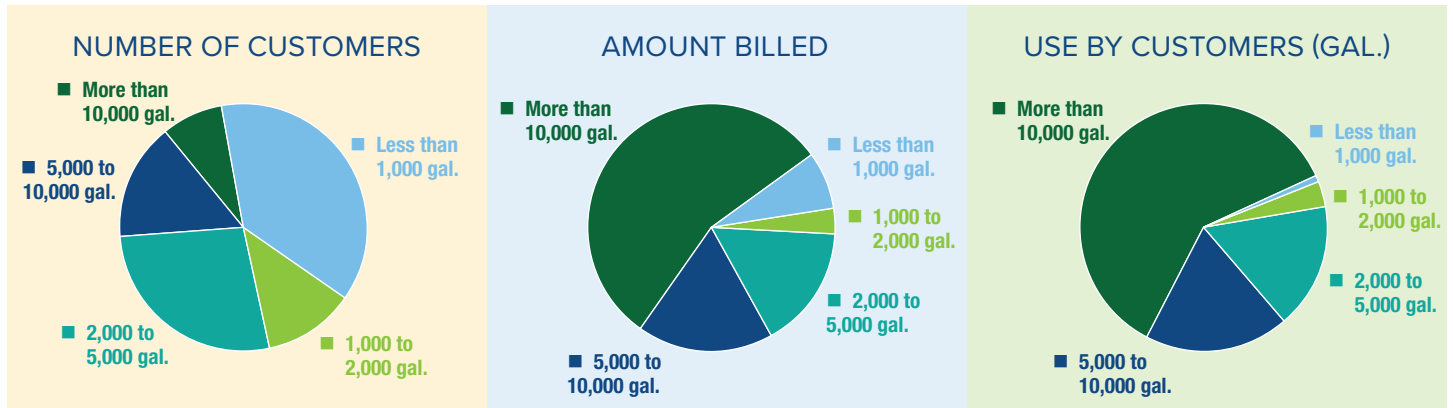
Focused on Starkville's Future:

Rate Adjustment Will Keep Infrastructure Upgrades on Track



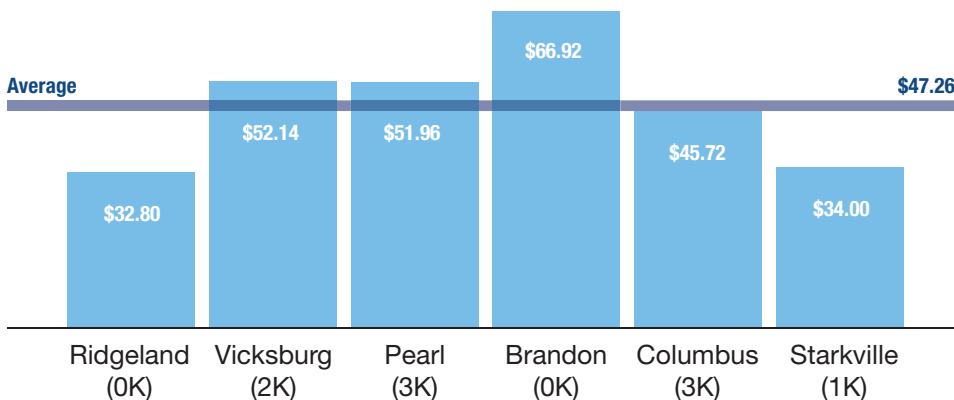
Use and Revenue by Customer Strata – Average Month

CUSTOMER USE	NUMBER OF CUSTOMERS		REVENUE RESPONSIBLE FOR		USE BY CUSTOMERS (GALLONS)	
Less than 1,000 gallons	5,546	37.69%	\$ 22, 184.00	7.63%	821,344	1.01%
1,000 to 2,000 gallons	1,759	11.95%	\$ 9,939.65	3.42%	2,652, 430	3.26%
2,000 to 5,000 gallons	3,987	27.10%	\$46,431.11	15.98%	13,366,420	16.44%
5,000 to 10,000 gallons	2,250	15.29%	\$ 51,900.88	17.86%	15,450, 270	19.01%
More than 10,000 gallons	1,172	7.97%	\$160,124.22	55.11%	48,998,530	60.28%



Water and Sewer Utilities – Cost of 5,000 Gallons

Utility Average\$47.26
 Starkville 28.05% Below Average



The adjustment will fund planned upgrades to benefit customers well into the future.



To learn more: 662-323-3133 starkvilleutilities.com

Proposed Rate Change

Water Base Rate: \$4.50 (first 1,000 gal. free)

Water Unit Rate: \$4.15 per 1,000 gal.

Sewer Base Rate: \$4.50 (first 1,000 gal. free)

Sewer Unit Rate: \$4.15 per 1,000 gal.

Estimated Revenue: \$7.55M

Customer Use Strata	Current Avg. Bill		Estimated Avg. Bill		Estimated Bill Increase		
	Water & Sewer	Water	Water & Sewer	Water	Water & Sewer	Water	Percentage
Less than 1,000 gal.	\$ 8.00	\$ 4.00	\$ 9.00	\$ 4.50	\$ 1.00	\$ 0.50	13%
1,000 to 2,000 gal.	\$ 11.34	\$ 5.65	\$ 13.26	\$ 6.61	\$ 1.92	\$ 0.96	17%
2,000 to 5,000 gal.	\$ 23.26	\$ 11.65	\$ 28.49	\$ 14.26	\$ 5.23	\$ 2.62	22%
5,000 to 10,000 gal.	\$ 45.72	\$ 23.07	\$ 57.16	\$ 28.85	\$ 11.45	\$ 5.78	25%
More than 10,000 gal.	\$ 293.17	\$ 136.62	\$ 373.14	\$ 173.85	\$ 79.97	\$ 37.23	27%



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WORK SESSION

CITY OF STARKVILLE, MISSISSIPPI

Friday, August 14, 2020

10:00 a.m.

- A. CALL THE MEETING TO ORDER**
- B. FOLLOW-UP PRESENTATION OF THE WATER RATE STRUCTURE PROPOSAL**
- C. BUDGET PROPOSAL DISCUSSION**
- D. DISCUSSION OF THE AGENDA ITEMS FOR THE TUESDAY, AUGUST 18, 2020, MEETING OF THE BOARD OF ALDERMEN FOR THE CITY OF STARKVILLE.**
- E. ADJOURN MEETING**



**THERE WILL BE A WORK SESSION OF THE
MAYOR AND BOARD OF ALDERMEN ON
FRIDAY, AUGUST 14, 2020**

**AT 10:00 AM IN THE STARKVILLE CITY HALL
LOCATED AT 110 WEST MAIN STREET
IN THE SECOND FLOOR CONFERENCE ROOM**

The public and media are invited to attend.