

CITY COUNCIL MINUTES

JUNE 24, 2010

The meeting was called to order by President Gore at 7:00 p.m.

MEMBERS PRESENT: Mr. Taylor, Mrs. Richardson, Mr. Fogt, Mr. Gore, Mrs. Groat, Mr. Reams, Mr. Berbee

OTHERS PRESENT: Mayor Schmenk, Director of Administration Froment, Finance Director Chavarria, City Engineer Klingman, Clerk Patterson

REPORTERS PRESENT: Ryan Horns-Journal Tribune, Lin Rice-ThisWeek

CITIZENS PRESENT: Andy Brossart, Matt Stout, Ken Kraus, Don Howard, Jim Minshall, Jeff Bycynsky, Jeff Barnhorst, Kim Miller, David Gibson, Crista Miller, Lloyd Baker, Tim Garrett, Linda Menerey, Bob Meeder, Faye Cox, Tom Gray

Mr. Gore noted the agenda should read minutes of June 10th meeting, not May 27th meeting.

APPROVAL OF MINUTES: There being no additions or corrections, the minutes for the meeting on June 10, 2010 were approved as written.

ADMINISTRATIVE REPORT: Mayor Schmenk announced that Trick or Treat will be held on Sunday, October 31, 2010 from 6:00-8:00 p.m. She said a policy was put in place to have Trick or Treat on October 31st. MORPC has a policy which recommends that Trick or Treat not be held on the weekend. Citizens voiced their opinions that they didn't like that policy, so the City will continue to have Trick or Treat on October 31st. Mayor Schmenk noted that the 31st falls on a Sunday this year. Several churches were contacted about this and we unanimously heard no objection to that.

Director of Administration Froment reported that this week she had the honor of attending the 2010 Engineering Excellence Award that is put on by the American Council of Engineering Companies. This award recognizes engineering firms for projects that demonstrate a high degree of achievement, value and ingenuity. Malcolm Pirnie was a recipient of the award for the design and implementation of the Water Reclamation Facility. This competition is judged on four main criteria: original or innovative application of new or existing techniques; perception of the

public, does it rise to the level of public awareness and enhance the image of engineering companies; social economic and sustainable design considerations and the complexity, what type of site location, hazardous conditions, project requirements or similar elements. The award will be displayed at the Water Reclamation Facility. Congratulations to Malcolm Pirnie.

Finance Director Chavarria reported that Ms. Froment, Mr. Brossart and she had a phone call with Moody's Investment to review the city's debt rating. On the basis of that phone call, the city has been upgraded to an MIG1, which is the highest rating possible. Some of the things they listed as reasons for the upgrade were: stable economic and employment in the area and the passing of the income tax. They noted that we had an above average debt, but they believe that it's manageable and that with the practices that the Administration has in place, they thought that it wasn't a big concern. The MIG1 rating denotes that we have a superior credit rating. It also factors into what the interest cost is. Usually, it's like a half a percent to a percentage point difference every time you make an upgrade.

Mr. Gore asked Administration to reduce that information to a paragraph for the media. This is important information and a press release was suggested.

Mr. Berbee asked about the road construction being done on Main Street. Ms. Klingman said that is the Main Street pump station replacement, which is one of the Stimulus Projects. Will have temporary signals posted for about 2/3 weeks, until they get far enough up to where the road isn't as narrow, up towards K-mart.

Mr. Reams asked about the detour sign at Court and 6th. It's been there for several weeks. Ms. Klingman thinks it's a sign left from the Ninth Street water line project. She'll check into it.

REPORT OF CLERK OF COUNCIL: No report.

REPORT OF PLANNING COMMISSION: Mr. Ken Kraus addressed Council and reported on the June 7th Planning Commission meeting. Legislation on Council's agenda this evening was discussed at the meeting. The Commission looked at Comprehensive Plan issues that need to be resolved. Also established priorities. One of those priorities was to create an Office District, which currently does not exist. Second priority is to look at the uses permitted in the Innovation District (or Industrial Parkway). Right now it's strictly manufacturing, and that may be too limited to what they really might want in that corridor. Third priority will be to look at the current Traffic Oriented Commercial (TOC) Zoning and

Special District, which pretty much contains Coleman's Crossing, to see if these two are maybe the same, with the exception of light manufacturing in the SD-1, and maybe we don't want light manufacturing in that area. Through all of that, there will be more work on the sign ordinance. The Commission didn't want to get into the sign ordinance in total and then go after the zoning changes, then have to go back and change signage again. There will be more work done as the Commission proceeds through this. Want to get it all cleaned up to make it easier to deal with, easier to follow and yet maintain appearance. On the other hand, businesses need to advertise, so they're trying to find a balance.

Design Review Board met on June 9th. They approved an awning at Buffalo Wild Wings for over their outdoor tables.

Farm House Ice Cream Parlor on E. Fifth Street. They want an awning out front, which was tabled for further discussion. In the back, they will clean up the entrance with a ramp, shutters and an awning over the back door. It will really clean up that back area.

Mr. Taylor asked if anything was going to be done with the green wall/fence. Mr. Kraus said he thought that was on city property. Ms. Froment said Administration worked with URT last fall to identify how to improve that parking lot in general. That project is on the list for this summer to remove that fence and try to do some plantings and otherwise make it clear that there is a walkway over to the back of the different buildings. That should help with parking and business advertisement for them.

HEARING OF CITIZENS: Mr. Don Howard addressed Council. He and others in attendance are concerned citizens who live in Scotts Circle. They read in the newspaper that property in their area could go up for sale. That was discussed a few years back and he thought the issue was settled.

Mr. Gore said that approximately four or five years ago, the city addressed the issue, along with other properties. For discussion purposes, new council members raised a question about city properties. Those properties were made available and the issue may have gotten blown out of proportion. City-owned properties were identified and a color-coded map was prepared to explain what properties were city-owned.

Ms. Froment explained a map was put together that showed all of the city property that existed. Discussion took place at the Finance Committee that most of the land

is there for a purpose, whether it be for parks, acceptable green space or water towers. The land that we're unsure about right now that doesn't have a specific purpose; we want to hold on to for now, because we're still looking at possible trails through the city and road realignments that need to occur. The nature of the conversation was really just to educate and discuss the fact that there is a lot of city land, but the majority of it is being used for specific purposes. Unfortunately, the caption that ran under the picture in the paper led people to think that anything that was colored was up for sale. Nothing at this point is up for sale. Ms. Froment has had quite a few calls from people who have some interest in specific pieces of land that may, in fact, make sense in the long run, but the city is not placing anything up for sale, and specifically, Scott Circle was not one that was even discussed that evening as even optioning.

Mr. Gore apologized for the confusion, but added it never hurts to inventory what you own.

Mayor Schmenk commented that Mr. Howard is not alone in expressing concern. She has received calls from people concerned that the city would sell the park in Greenwood Colony and from people who care for the land and the parks. She apologized for causing concern. "We're really glad you came; we're really glad that people called this week, because that's how the system should work and we want to have open communication."

Mr. Gibson addressed Council on behalf of the Presbyterian Church. There is a sidewalk at the corner of Court and 5th that's in pretty bad disrepair. He's looking for help from the city with engineering or funding for that project. He noted across the street it's all been upgraded for the Veteran's Memorial. That looks very nice and he would consider doing a project something like that, but they don't have money in the budget. He asked for the city's consideration. Mr. Gibson was referred to Ms. Froment for further discussion.

RESOLUTIONS

RESOLUTION AUTHORIZING THE MAYOR TO SIGN SUBORDINATION OF MORTGAGE AGREEMENTS FOR CHIP RELATED SUBORDINATION REQUESTS THAT COMPLY WITH THE CHIP LOAN SUBORDINATION POLICIES AND PROCEDURES" was presented for first reading, title only. Ms. Froment explained that when the city enters into CHIP Agreements, we typically are the secondary mortgage holder. We never take the first mortgage. Occasionally we have someone who will refinance their land and suddenly the city

rises to the top, and we don't want to be the top, that's not part of the program. This legislation authorizes the Mayor, when those items come along; to put the city back as the second. There is no financial bearing on the City. Mr. Fogt moved to pass the legislation and the question put, stood:

Mrs. Richardson YES Mr. Fogt YES Mr. Gore YES Mrs. Groat YES Mr. Reams YES Mr. Berbee YES Mr. Taylor YES

Resolution 12-10 passed.

ORDINANCES

The ordinance "TO AMEND CHAPTER 141, INCOME TAX, SECTION 141.03(h)(20), was presented for third reading, title only. Mr. Taylor moved to pass the legislation and the question put, stood:

Mr. Fogt YES Mr. Gore YES Mrs. Groat YES Mr. Reams YES Mr. Berbee YES Mr. Taylor YES Mrs. Richardson YES

Ordinance 20-10 passed.

Mr. Kim Miller addressed Council and Administration. He said, "You didn't have to do this. There are a lot of pressing issues that come before Council that are far more critical than language and how we refer to people who maybe are some of our more vulnerable citizens in our County, but you took time. For me, what it speaks to is that I've heard many people talk about the City of Marysville and its wonderful amenities, that at the end of the day the thing that I think that really makes Marysville different is the people, and you just reinforced that. On behalf of over 400 individuals with disabilities and their families that are served by our agency, I would like to say thank you for what you've done.

As some of you may know, our logo is a Starfish. The story on that goes back almost 100 years. The story of the starfish is where this little boy stands on the edge of the ocean trying to throw this starfish back in, and an old man comes up and says, what are you doing and he says there are so many starfish, there is just not enough time, what difference does it really make. With that, the little boy bent down and picked up the starfish, threw it back in the ocean and said, well, not sure but I think it makes a difference. We try to recognize people who make a difference and a starfish is about making a difference. We recognize people internal to our program and external."

On behalf of the 400 individuals and their families with disabilities, Mr. Miller presented a Community Starfish Award for the Council making a difference. He gave two starfish pins to each council member and asked they wear one and give the other one away, maybe give it to somebody in your life who has made a difference. He thanked Council for what they've done, and said it speaks volumes about what we believe here in Marysville and Union County about people.

Mr. Gore thanked Mr. Miller for what he does, because it does require leadership and direction and "you do an outstanding job in that area."

The ordinance "TO INCREASE THE CITY INCOME TAX FROM A RATE OF ONE PERCENT (1.00%) TO A RATE OF ONE AND ONE-HALF PERCENT (1.50%) EFFECTIVE JULY 1, 2010, AND TO AMEND SECTION 141.03, CODIFIED ORDINANCES AND DECLARING AN EMERGENCY. Mr. Taylor moved to pass the legislation and the question put, stood:

Mr. Gore YES Mrs. Groat YES Mr. Reams YES Mr. Berbee YES Mr. Taylor YES Mrs. Richardson YES Mr. Fogt YES

Ordinance 21-10 passed.

The ordinance "TO RECOMMEND APPROVAL OF THE AMENDED FINAL DEVELOPMENT PLAN FOR HALCYON VILLAGE, FORMERLY GALBURY MEADOWS, PLANNED UNIT DEVELOPMENT" was presented for third reading, public hearing. Mr. Taylor moved to pass the legislation and the question put, stood:

Mrs. Groat YES Mr. Reams YES Mr. Berbee YES Mr. Taylor YES Mrs. Richardson YES Mr. Fogt YES Mr. Gore YES

Ordinance 22-10 passed.

The ordinance "TO AMEND CHAPTER 1100, SUBDIVISION AND ZONING FEES, OF THE CITY OF MARYSVILLE PLANNING AND ZONING CODE" was presented for first reading, title only. Mayor Schmenk introduced this ordinance. It is the city's desire in making these amendments to help businesses succeed. She had heard from a number of business owners that our sign code was a bit rigid and needed more flexibility. The city's goal was to balance that with the expressions heard from citizens that "we want our city to be well-maintained and

neat and orderly.” Planning Commission, Engineering Department and the City Planner have worked diligently on these amendments and believe that they have achieved that balance.

Mr. Ken Kraus addressed Council as Chairman of the Planning Commission. The effort of this addresses temporary signs and not the sign code in total. He noted many signs are currently not permitted in our current code, but yet you see them all over the place. Part of the effort was to get something in the ordinance to say we’ll permit these with some regulations; location, size, etc.

A business is entitled to an ID sign, two business signs and if this legislation is approved, they can have up to four temporary signs. That’s potentially seven signs at one time. He believes seven signs ought to do a good job of advertising. He added that he would hope that most businesses would pick and chose among the temporary signs as to what’s best for them and their location and not go for all seven. What’s not being addressed at this time are automobile dealers, signage at Coleman’s Crossing, unless it involves temporary signage. The Planning Commission is looking at the city as a whole, not just the Uptown.

As someone who has served on BZA, Mr. Taylor asked Mr. Kraus to please do not piece meal any of this, always think of the whole pie.

Mrs. Richardson said Mr. Kraus mentioned concerns that current business owners had about signage. She asked what’s being done to actually incorporate them into the decision-making process. Mr. Kraus said he has talked to three or four of them who had concerns and questions, and they are satisfied with the proposed language. Mrs. Richardson asked if we’re giving everyone the opportunity to at least provide some input in some way shape or form. Mr. Kraus said they did not have a meeting with business owners per se. Mr. Gore added that Planning Commission has a public meeting that everyone is welcome to attend and comment on any issue and the agenda is published in advance.

Mayor Schmenk added that the Uptown Business Manager, Gretchen Friend, has spent a lot of time speaking with individual store owners to determine what their needs are.

Mr. Kraus said that while putting this together, City Planner DeLong had discussions with many business owners as well.

Mr. Tom Gray of Papa Murphy's Pizza addressed Council. He just found out about the proposed legislation this past week. He called and tried to get an email copy of it, but hasn't received it yet. Ms. Friend told him that she has attended meetings and felt that she really wasn't heard. He has no idea what the ordinance says, but what's going on right now with the signage is pretty detrimental. The restrictions are real imposing on businesses. Businesses are really stressed right now. It's very difficult to get the public's attention. We've had so many businesses fail recently and "I think you're on the cusp of seeing many more." He would like to have seen more cooperative effort with the Chamber of Commerce in getting business owners together with a committee. He said the Chamber didn't think this legislation was coming forth until the end of July. It doesn't seem that parties are talking to each other. Communication is sparse. We need businesses in order to have a vibrant community. He doesn't feel like he's being supported.

Mr. Gore noted there are two public hearings on this issue since it is a zoning change, and he encouraged Mr. Gray to attend those public hearings.

Mayor Schmenk told Mr. Gray to leave contact information and she'd see to it that he gets a copy of the legislation. She offered the opportunity for Mr. Gray to meet with staff about this legislation.

Mr. Reams asked Mr. Gray if he had been cited for violation of the existing ordinance. Mr. Gray said, "Yes I have." He puts out a plastic sandwich sign on the curb. When he tells his customers that he's been cited for that, they find it unbelievable.

Mr. Kraus said if this legislation is approved by Council, a banner, A-frame sandwich board sign and two window signs will be permitted.

A public hearing was scheduled for July 22, 2010 at 7:00 p.m. per Section 1131.08 of the Planning and Zoning Code.

The ordinance "TO AMEND CHAPTER 1136 HISTORIC DESIGN REVIEW DISTRICT(S) AND LANDMARK(S) (INCLUDING HISTORIC UPTOWN MARYSVILLE DESIGN REVIEW DISTRICT), OF THE CITY OF MARYSVILLE PLANNING AND ZONING CODE" was presented for first reading, title only.

A public hearing was scheduled for July 22, 2010 at 7:00 p.m. per Section 1131.08 of the Planning and Zoning Code.

Mr. Taylor asked Ms. Froment to make sure that the communication flaw that was pointed out by Mr. Gray is taken care of between the Chamber and us to find out where, what and when so that we're not blind-sighted by this.

The ordinance "TO AMEND CHAPTER 1143, SIGNS, OF THE CITY OF MARYSVILLE PLANNING AND ZONING CODE" was presented for first reading, title only. Mr. Kraus noted portions of this Chapter are misnumbered. It will be corrected and a clean copy will be available at the next meeting. 1143.10 should be .09 and sub letters will be re-lettered accordingly.

A public hearing was scheduled for July 22, 2010 at 7:00 p.m. per Section 1131.08 of the Planning and Zoning Code.

The ordinance "TO AMEND SEWER RATES FOR THE PUBLIC UTILITY DIVISION OF THE CITY OF MARYSVILLE" was presented for first reading, title only. Ms. Froment explained that the Water Reclamation Facility project was put in place to ensure the future of not only our community, but the growth of businesses in the entire southeast corner of the County. To be able to do that, it was necessary for the city to take out loans. As part of those loans and obligations, the city entered into certain agreements that were attached to those. One agreement to be discussed this evening is the agreement that we must bring in 110% of revenue compared to our expenses. For example, if we have \$100 in expenses, we need to bring in \$110 in revenue. This is not something that is debatable or negotiable. It's something that must be done in order to continue maintaining our debt and especially maintaining the interest rate that we have and to be able to sell these debts each time when turning them over each year.

Last year the city had an unusual year. The entire country had an unusual year. The economy did things that we had no expectation was going to occur. When Council and Administration entered into this process several years ago, we had no way of foreseeing. As a result of a slow economy, we have not seen the growth of homes and businesses that we expected to see by today. That is no fault of Council or Administration or our consumers.

When we ended last year, we did not make the bond coverage, that 110%/100% coverage that's required. In fact, the number was 78%. It's the first time it's been that low since we've taken it on. The year before we had 158% coverage.

When we don't make 110% coverage, we immediately look to what our agreement was. Our agreement says that we have until May 1st to determine how we're going to address these issues and submit to the bond holders a recommendation on how to handle these. We are required to get a third party independent engineer to go through detail forecasts of our sewer fund. They don't just look at what's doing today; they try to work with us to say how do you think your expenses will increase over the next ten years. How do you think growth is going to be in the next ten years? We work with them to try to come up with realistic and reasonable numbers so that we don't have surprises in the future. Once that's done, that report goes to our legal counsel and to those holders of the bonds that says this is what needs to happen to be able to make that fund secure for purposes of having these loans. That report was given to the city on April 30th. City then met with Finance Committee to begin discussing what that report meant and what the implications were.

Members of that committee worked diligently with city staff to try to find a way to lessen the impact on how this would affect the community. There are basically two things that you can do. One is to lessen your expenses; the other one is you can generate additional revenue. The first thing was done right away, as soon as we knew last summer that we were having a bad year. Not only did we not see the growth, but many of the manufacturers that the city relies on had reduced production. The city immediately began reducing expenses. We are at a bare minimum with the budget that was placed before Council in November of 2009 and continuing this year. With no ability to reduce expenses, we have to generate revenue.

There are two ways to generate revenue. We can find a cash supply that you can infuse into the fund as a source of revenue or you can raise rates. Council members who are part of the Finance Committee have worked diligently with City Council because there is a significant concern on the impact of our community and our users, whether it be in Marysville or in the County and their ability to handle the same economy that we're trying to face now.

The group came up with a solution, but it had to go back to the economists so they could tell us if the solution would work.

Ms. Froment presented the proposal to adjust rates. She started by saying there would be no adjustment in 2011. There is an estimated adjustment in 2012, 2013 and 2014.

Need to keep in mind, we did a very conservative estimate when we went through looking at what growth would bring to us. We did not want to overestimate growth and be here two years from now with the same issue. We estimated growth within the city would be about 2.4% a year, very conservative. We did not estimate any growth in the county for next year and for 2012. Did not estimate any of the projects we had going except for one and that's Jerome Village. Jerome Village is estimated to come on line for us and begin having an impact in 2015. We knew, as of a month ago, it would probably be more aggressive than that. May start seeing something as early as next year. We did not take that into account because we have to be incredibly conservative.

The good news is that even if we put forward some of the conservative numbers that are going to concern some of our citizens, we have some things on the horizon that potentially impact us, and we may be able to lessen these increases; we may be able to avoid some; we may be able to rethink this each year. Staff has made a commitment to the Finance Committee that we will relook at this each year.

Things on the horizon that are not included in this, Hall's Corner. We are working aggressively to be able to serve that area. We have several housing developments along Industrial Parkway and because of our ability to use stimulus dollars within the Missing Link, they now don't have to place that burden of \$2M putting that in there, and they're going to be able to move forward. The Job Ready Site is simply months away from being ready to be marketable, not only within the state, but internationally. We know that many of our developers are already contemplating and we're actually seeing home building on the south end of town. We've seen Adena Pointe come in and express their desire to move forward. Mill Valley continues to grow. We know that some of our developers of Coleman's Crossing, City Gate and other commercial properties are actively pursuing companies coming here.

Ms. Froment is optimistic and feels we will be able to reevaluate these figures in future years and is optimistic that some of these increases that you see will not come in.

2011 – No increase in rates.

Ms. Froment explained what has been done to ensure no increase in rates in 2011.

In Fund 34, there is \$4.1M. This fund is an incremental sewer fund that was created by Council and Administration in order to create a fund of money to help pay for the Water Reclamation Facility and necessary improvements to the sewer, to be able to do that job. We are coming to the end of that project. We have one more lift station that needs to be dealt with and that money has been encumbered; it's not included in the \$4.1M. Finance and Administration is proposing to use some of that money to infuse Fund 35, the O&M Fund, in order to not have rate increases.

We need to pay \$6.2M each year towards the debt on the Water Reclamation Facility. We're taking money out of the fund that was created to pay for that and moving it over and applying it towards that debt. Both Legal Counsel and our third party economist are comfortable with this proposal. By doing that the first year, we've been able to offset increases. Keep in mind though that when you avoid an increase, somehow you have to make that up because the expenses keep rising, so that second year the increase is a little bit more.

For year two, Mr. Reams suggested looking at the water system to see how we've tiered those rates in the past. We are proposing to tier these rates in 2012 to offset the costs that have to be covered by the Water Reclamation Facility to try to minimize the increase to those who are an average daily household user, but put a little more burden on those who use more of the Water Reclamation Facility.

The tiers are as follows: 0-200 cu. ft.; 201 – 1500 cu. ft. then anything over 1500 cu. ft. We went from one tier to three tiers, very similar to the water rating.

On average, a single family would see a change from 2011 to 2012. This year they paid \$34.59, in 2011 will pay \$34.59 and 2013 will pay \$35.65. The largest businesses are going to see more of a change. In 2013, city is putting another \$1.5M in from Fund 34, so now the increases are being pushed off. When you get to 2013, there is a 9% increase being projected at this time and an 8% in 2014. Ms. Froment is optimistic that we're going to see more growth than is planned here and each year we'll be able to adjust the numbers. She also cautioned that each year we also run the risk we haven't made the numbers.

In the outer years, they're projecting that over the ten years, we're going to be able to bring the rates back down into a reasonable area. Today a single family pays \$34.59, then \$35.65 and will crest at \$41.97 then start going back down. If we are more successful, then these conservative estimates, those negatives start coming sooner than later and they're larger than what's here. She cautioned anything can

happen in those ten years, but we felt it's important to let people know, it's not always about raising; it's about having a commitment to bring it back to what we need, not collecting just because we can.

Ms. Froment pointed out that we're going to be using \$1M in 2013 and \$300,000 in 2014. That's when the \$4.1M has been spent. She added that Fund 34 continues to get the incremental funds. Eventually we will close that account because we've done what we're supposed to do with that money. We cannot close that account until all transfers are done.

The legislation in front of Council this evening puts in place five years of rate adjustments. In 2011 – no increase. In 2012, the average homeowner will see a 2% increase. Section II. shows the amounts to be transferred each year. In Section III., staff has committed to come back together to re-evaluate with a third party, these rates to see if we need to adjust them.

Mr. Gore asked if a commitment has to be made by May 1st. Ms. Froment said we have 90 days from the day that the report comes out to actually put in place what we need to do to meet that report. This legislation needs to be through Council by the end of July. City has contacted Malcolm Pirnie and it is acceptable to revise the report as long as it meets the end goal, then resubmit and they will certify that this new proposal will in fact meet the goal.

Ms. Froment said originally we were looking at 15-20% increases in 2011.

Mr. Gore would like to see added in the ordinance the date specific to review this in 2011 so that it doesn't fall through the cracks. We can add it to the calendar now to be reviewed at the first Finance Committee Meeting in May or whatever month it's needed. Ms. Froment said it's probably a March timeframe because if we need a third party report, it'll take them a few months to do that report. Mr. Gore added that it is his goal, as well as all of Council's, that we will not raise the rates in 2012 either. We will find a way.

Mr. Taylor said as chairman of Finance Committee, Ms. Froment was asked to bring Council a clean piece of legislation tonight. At the next meeting, there will be an amendment which allows for 18 months prior to any rate adjustments. Finance Committee will start looking at the process in March. Mr. Taylor reiterated what Mr. Gore and Ms. Froment have said, nothing in 2010, nothing in 2011 and ideally, people come on board and our income becomes better than we planned, but like a homeowner, "we've been very, very, very conservative." Ms.

Froment added that it needs to be our goal for 18 months and always be projecting three to four years out. She's not sure it's possible to guarantee that they'll get 18 months notice, because we would know at the end of this year to make decisions next spring. We would always look 18 months out.

Mr. Andy Brossart said this is a good plan. They've looked at every single option to try to keep rates down. These are very conservative estimates in terms of development. The goal here is to present a worst-case scenario and come back each year and work with the city to make sure that we keep those rates down.

Mr. Berbee said obviously trying to stay at zero is something for all practical purposes something that we all like to see, but at some point in time, what do you see other municipalities having to deal with as far as long term planning? Does growth have to eliminate the increases or do you say other municipalities have to do the one, two and three percent automatic increases every year? Mr. Brossart said they advise clients to look at a five-year plan with rate increases. A lot of them do that and if they don't need it, they roll it back. He has not seen a client like this that's tried growth potential with other users on. Most of them are not a regional system the way this is set up. When we look out to 2015 and see Jerome Village coming in, that's where this has the potential to be a truly regional system and keep those rates down. When other communities are looking at rate increases, they're not looking at decreases in the future.

Mr. Stout added from a legal standpoint, there are no options here for the city. These are covenants that are made with any municipality when they issue revenue bonds like this, because the bonds are payable from revenues, and that 110% coverage is there. It's not an option to miss that coverage. If it's missed, the bonds go into default and at that point in time, you're going to be forced to raise rates, and it's not going to be Council's option. The trustee is going to come in and force that to happen.

Mr. Taylor asked Mr. Stout, from a legal standpoint, our plan is where it should be? Mr. Stout said yes, it meets the coverage ratio that needs to be met and that is the key.

Mr. Gore said, "We know we can't sit here and guarantee that there won't be a rate increase in 2012 or 2013, but what we can commit is that we'll make every effort within our power to see that there is no increase in 2012 and 2013. We can commit that." He believes it's the intent of every Council member to not have to

raise those rates, so any type of development or additional customers would help offset that need.

COMMENTS OF THE MAYOR AND COUNCIL PERSONS AND GENERAL DISCUSSION

Mr. Reams noted that the outlet on the retention pond up on Silverspur in Mill Valley North was out of whack. It allowed the water to collect quite a bit higher than it should. He called the city to let them know about it and they were already on it. He went by it this afternoon and it looks good. They did a good job.

Mr. Reams will be attending a Court House Summit next week. Since the city is looking at the idea of a police station, he'll be learning about this at the conference. This issue will be going through Public Safety Committee, so he's trying to stay educated on the issues.

Mrs. Groat cancelled the July 6th Ward 3 meeting. She welcomed attendees on August 3rd.

Mr. Fogt said coming July 4th, everyone celebrates our independence and patriotic spirit that we have in this town.

Mr. Taylor reminded everyone of the Friday Night Uptown. Food will be available.

Parks & Recreation Report - Mrs. Richardson said that the Parks & Recreation Commission met this month and is continuing to review the capital projects. Still working on prioritizing the projects.

Mrs. Richardson echoed Mr. Fogt's comments about the 4th of July. "I thank God for America. I hope everyone has a wonderful and safe Independence Day."

Mr. Gore asked for an Executive Session to discuss the possible acquisition of land and a personnel issue. Mrs. Richardson moved to go into Executive Session at 8:15 p.m to discuss the possible acquisition of land and personnel issue, seconded by Mr. Fogt and the question put, stood:

Mr. Reams YES Mr. Berbee YES Mr. Taylor YES Mrs. Richardson YES Mr. Fogt YES Mr. Gore YES Mrs. Groat YES

Motion passed.

Executive Session adjourned at 9:37 p.m.

Regular Session reconvened at 9:37 p.m.

ADJOURNMENT: There being no further business to come before Council, the meeting adjourned at 9:37 p.m.