

SOUTH FULTON CITY COMMISSION
SOUTH FULTON, TENNESSEE
August 17, 2005

AGENDA

- A. Proposed Budget FY 2005/06

MINUTES

CALL TO ORDER

The special meeting was called to order by Mayor David James at 1:00 p.m. in the Harvey O Vick Community Room. Roll call was taken by City Recorder Beadles. Those present were D James, R Haskins, W Kane, C Moody, T Pettigrew, K Dillon, K Ivey. Also present was Tommy Legins, auditor.

BUSINESS

PROPOSED BUDGET FOR FY2005-2006

Ms. Dillon stated Commissioner Kane has suggested to her the idea of selling the gas system. She stated monies could pay off the general deficit. She stated there would be no gas fund, but wages that have been budgeted out of gas fund would have to be split between the other funds. She stated some other expenses that are divided among all funds such as insurance, utilities, etc would have to be split between the other funds. Commissioner Haskins stated he didn't think selling the gas system is a bad idea, but timing is bad. He stated he did not think city could market gas system before budget has to be adopted. There was also discussion as to establishing an all-volunteer fire department and selling water system. Ms. Dillon stated the gas system has less debt, sewer systems cannot be sold and water system has too much debt.

Tommy Legins, auditor, stated gas system showed \$100,000 profit last year. He stated salaries should be taken out of gas fund of employees who work in gas department, rather than allocating salaries of all employees. Mr. Legins stated if city sells the gas system, all debt can be paid in gas fund and monies can be given to general fund to pay deficit. He also stated the commission can request an extension of the current budget if the new budget is not ready by September 30 or even October 31, that city is not required to submit budget on proprietary funds (water, sewer, gas), only on general and special revenue accounts.

Commissioner Kane stated commission can raise property tax rate and increase rates in all funds, but should look at option to get out of water and gas business. He stated gas prices are increasing and a larger company would probably be able to keep prices lower and residents would pay less than with city. He stated city cannot annex areas outside city limits until budget is in better shape.

Ms. Dillon stated the general fund revenues reflect a tax rate of \$1.60. She stated it is unrealistic to think that tax rate won't be increased. She stated the ambulance fund is a wash, that city pays out what is collected for ambulance memberships. Ms. Dillon stated customer should pay for water by unit, such as beauty shops, car washes, etc. She stated there is no difference in rates of residential customers and commercial users.

In discussion of water rate increases, it was stated that by increasing commercial rates, it would lighten the load on residential customers. Mr. Legins stated commercial rate could be 1 ½ times the residential rate, but board could contact surrounding areas for comparisons. Ms. Dillon recommended \$0.84 per thousand gallons of water or increasing the base \$2.60 per month per customer. The board requested that city manager check rates of Greenfield, Dyer, Newbern, Parsons, Union City and Martin.

Ms. Dillon stated there are deficits in all funds and monies will have to be borrowed and rates increased to pay back those deficits. She stated the sewer rates would have to be increased from base of \$14.32 to \$37.00 or from \$3.56 per thousand to \$5.76 per thousand or split the difference on both - \$25.66 base and \$4.66 per thousand.

Commissioner Kane moved to authorize city manager to contact three entities to purchase natural gas system as an option. Commissioner Haskins seconded the motion. In roll call vote, all voted aye. Motion carries.

It was the census of the board to table the budget.

ADJOURNMENT

Commissioner Moody moved to adjourn at 3:30 p.m. Mayor James seconded the motion. All voted aye. Motion carries.

ATTEST: _____ APPROVED BY: _____
RECORDER MAYOR