
BOARD OF MAYOR & ALDERMEN *WORK SESSION* MINUTES
TUESDAY, AUGUST 27, 2019 – 5:00 P.M.
CITY HALL BOARD ROOM
FRANKLIN, TENNESSEE

Board Members

Mayor Ken Moore	P		
Vice Mayor Clyde Barnhill	P	Alderman Dana McLendon	P
Alderman Brandy Blanton	P	Alderman Margaret Martin	P
Alderman Pearl Bransford	A	Alderman Ann Petersen	P
Alderman Beverly Burger	P	Alderman Scott Speedy	P

Department Directors/Staff

Eric Stuckey, City Administrator	P	Lisa Clayton, Parks Director	
Vernon Gerth, Assistant City Administrator	P	Michelle Hatcher, Water Management Director	
Mark Hilty, Assistant City Administrator	P	Paul Holzen, Engineering Director	
Kristine Brock, Assistant City Administrator		Emily Hunter, Planning & Sustainability Director	
Shauna Billingsley, City Attorney	P	Kevin Townsel, HR Director	
Deb Faulkner, Police Chief		Joe York, Streets Director	
Rocky Garzarek, Fire Chief		Michael Walters Young, Budget/Analytics Manager	
Jordon Shaw, IT Director		Lanaii Benne, Assistant City Recorder	P
Tom Marsh, BNS Director		Linda Fulwider, Board Recording Secretary	
Jack Tucker, SES Director			

Call to Order

Mayor Ken Moore called the Work Session to order at 5:00 p.m.

Citizen Comments

Leadership Franklin annual Carolyn Cross Award

- Julian Bibb: This year's winner of the annual Carolyn Cross Award couldn't attend the Leadership Franklin dinner because she is here with the City of Franklin Board of Mayor and Aldermen. The award is given to recognize and honor a leader in this community who worked tirelessly to improve the lives of those in Franklin. Alderman Brandy Blanton came forward and was joined by her family as a summary of her accomplishments and service to the community was read. Alderman Blanton remarked that this was a full circle moment since her Leadership Franklin Class of 2007 created this award in Carolyn Cross' name and was honored to be among the people who have received this award.

Request to Designate a New Bridge as a Memorial Bridge

- Alderman Brandy Blanton: After speaking with County Mayor Rogers Anderson about a road project, Alderman Blanton is asking her fellow Board members to help her pass a resolution to honor the late Charles Sargent by naming a beautiful 110 ft. bridge that will cross the Harpeth River twice, as the Charles M. Sargent, Jr. Memorial Bridge. She has reached out to county counterparts and to Sam Whitson who will carry that to the Hill, hopefully the first bill in January 2020. Charles Sargent did a lot for this community and was instrumental in getting Mack Hatcher constructed.

WORK SESSION DISCUSSION ITEMS

1. 18-0604 Discussion on Irrigation Metering Structure

Michelle Hatcher, Water Management Director
Mark Hilty, ACA Public Works

This issue has been discussed many times. Michelle Hatcher and Mark Hilty presented the following:

Utility Rate Structure and Irrigation Meter Impact Fee

- Irrigation meter water rates (potable water)
 - ♦ Inclining rate structure to capture costs associated with large demands caused by irrigation and other uses.

- ♦ Impact fee, similar to domestic water meters, to pay for past and near-term future investments by the City
- Sewer revenues associated with irrigation
 - ♦ Declining rate structure – acknowledge that increased water consumption can be associated with irrigation and other uses that may not enter the wastewater stream.
- Irrigation meter fee
 - ♦ Current Impact fee = \$3,150 (3/4" residential)
 - ♦ Actual cost of typical installation is approximately \$1,615 (3/4" residential irrigation)
 - ♦ Complete tap installation fee: \$756 however, code allows for recovery of full cost.
 - ♦ Current irrigation impact fee plus installation fee: \$3,150 + \$756 = \$3,906

Potential Options

- Continue existing practices
- Lower irrigation meter impact fees and evaluate effects on revenues
- Implement a winter pricing model
- Evaluate declining structure for sanitary sewer

Evaluate Irrigation Meter Impact Fees and Effects on Revenues

- Concept presented in April 2019
 - ♦ Lower impact fee to provide for a lower cost of purchase of irrigation meter
 - ♦ Recover lost impact fee revenues through the volumetric rates
 - ♦ Eliminate declining rate structure in sanitary sewer
 - ♦ Irrigation meter impact fee to at least recover cost of installation and materials
- Perform COS analysis to evaluate domestic and irrigation water rates and sanitary sewer rates
- Treats irrigation water as a luxury

Evaluate irrigation meter impact fees and effects on Revenues

From a Utility Management Perspective		From a Customer's Perspective	
Pros	Cons	Pros	Cons
Continue to treat irrigation water as a luxury	Impact fee is no longer paid up front	Makes irrigation water more affordable	Cost of irrigation meter may be prohibitive based on irrigation patterns
Equitable application of fees and rates	May encourage installation of irrigation systems	Mitigates, to some extent, impacts on lower income households	Still may have an upfront impact fee
Continue to have better understanding of irrigation water usage patterns	Potential increase in metering infrastructure	Sewer fee not charged on irrigation meter	---

Winter Pricing Model

- Winter pricing model typically averages water usage during a defined winter period to calculate sanitary sewer charges during defined summer period.
- Considerations
 - ♦ Eliminate declining rate for sanitary sewer since outdoor usage will be accounted for in this methodology
 - ♦ Reevaluate inclining rate in water to encourage consumption within the SFUE
 - ♦ Perform rate analysis for both water and sanitary sewer one year after implementation to evaluate adequacy of rates
 - ♦ Winter months consistent with winter months defined by the City's NPDES permits
 - ♦ Consider percentage allocation for increased indoor water usage to provide for variability of usage patterns.

From a Utility Management Perspective		From a Customer's Perspective	
Pros	Cons	Pros	Cons
Less meter infrastructure requirements	Inaccurate calculation of sewer flow (i.e. leaking toilet in summer)	Makes irrigation water more affordable	Eliminates ability to measure outdoor water usage
Mitigates impacts on low income households	Encourages irrigation *Larger water infrastructure *Larger minimum bill	Mitigates impacts on lower income households	---
	Doesn't promote sustainability(luxury water)		
	Encourages overall usage beyond the SFUE (350 gpd)		
	Higher peak demands		
	No payment of impacts related to irrigation		
	No ability to cut off irrigation meter during periods of drought		

Examples from other utilities were reviewed

Citizen Presentation:

Bill Wade, 1021 Riverview Drive, Franklin:

Franklin Residential Irrigation Meter/Winter Sewer Rate Discussion: Problems & Solutions

The problems to solve

- Existing sewer charges for residential outdoor water use:
 - ♦ Unequitable: households are charged for unused sewer services ~\$7.0 million, last five years; between \$1.5-\$2.0M for 2019

- Inefficient: other existing households are undercharged for indoor sewer use.
- Contrary to good utility ratemaking: charge entire rate base fairly for municipal services provided
- Egregious because sewer expansion costs for new, more dense housing is subsidized by existing outdoor water users

Sewer rates are high and rising faster than water rates

- Water rates up 34%
- Sewer rates up 74%

Residential irrigation meters-wrong tool: will not be adopted. Do not fix the equity and efficiency problems

- Irrigation meters are designed for large water using mostly commercial & institutional properties.
- Few, if any, Franklin residential meters will be sold at \$1,500 tap installation fee. Or \$756.
 - Water Department has not shown the number of meters sold
 - Meter accuracy is a moot point if not sold.
- Unsold meters do not fix the equity problem. Households still taxed for unused utility service.
- A few sold meters still taxes remaining outdoor users and subsidizes the remaining rate base.

Winter Rate Model solves the problems

1. Solves the equity problem:
 - Households not charged for unused sewer services
2. Solves the ratemaking efficiency problem
 - Outdoor sewer charges reallocated to entire rate base
3. Conforms to good utility practice
 - All households charged fairly for services provided
4. Revenue neutral for City of Franklin
5. Aligns Franklin with surveyed Mid TN Utilities
6. Winter average dependable calculated

Winter rate model shifts charges for outdoor water use to entire rate base

- Wade Outdoor Water Use 2014-2019 – Gallons (Outdoor water use = total water use less indoor average)
- Winter Average: November – March
- Graph depicts usage

Hilty/Hatcher misconceptions

- Nowhere have I come across the notion that outdoor water use is a luxury to be taxed
- Water supply policy, not sewer rates, govern sustainable and conservation objectives and rate structures
- Rain and plant requirements govern landscape and turf water use
 - Applied water is not free. Supply policy rates limit use, not sewer rates.
- Most of Franklin's water comes from Cumberland River
 - Not sensitive to drought flows
- Drought policy tools, if needed, are governed by City fiat and drought tool kit – not unsold meters.

Discussion:

- ♦ Mark Hilty reported there are 250 irrigation customers.
- ♦ Alderman Burger said she was partial to the Winter Rate for various reasons. Have to have equality in charging for what is used.
- ♦ Eric Stuckey: If any of the revenues are lowered, water and sewer rates would have to be increased for these Enterprise funds.
- ♦ Alderman McLendon: Were we starting from scratch without policy he would go to winter rates. The best defense for the current structure is because it is what we do. He doesn't want to spike rates on people. What is the target winter rate implementation and what would a smooth transition look like? How do we get from here to there without spiking rates?
- ♦ Mayor Moore said he has been on the Board since 2007 and the common theme has been the Board doesn't want to spike rates. There would be concern about money from the state revolving loan fund. They look carefully at what the rates are. The revenue would need to be gotten somewhere. The Board needs more information.

2. 19-0251 Consideration of Contract Number 2019-0258 a Cooperation Agreement between the City of Franklin and the Franklin Housing Authority for Payment in Lieu of Taxes (PILOT) for projects renovated using Low Income Housing Tax Credits.

Tom Marsh, BNS Director

Kathleen Sauseda, Housing Development Coordinator

This agreement for the Spring Street and Johnson Circle project is to renovate 64 dwelling units. The PILOT will match the PILOT for the Senior Residence at Redick Street, the Redick Street Apartments, and the Chickasaw Senior Community.

3. 19-0746 **★Consideration of RESOLUTION 2019-85, A Resolution to Award the Construction Contract (COF Contract No. 2019-0236) for the Municipal Services Complex Project and to Establish a Project Contingency.**

Paul Holzen, Director of Engineering

This project is on the 2017 Capital Investment Projects list. Pavement improvement around Century Court. Cost is significantly under the budgeted amount. A \$250,000 project contingency will be established.
4. 19-0787 **★Consideration of a Professional Services Agreement (COF Contract No. 2019-0254) with C&T Engineering and Inspection, LLC for Construction Engineering and Inspection Services for the Cool Springs Area Adaptive Signal Control Technology Project (TDOT PIN 116144.01) in the Amount Not-to-Exceed \$82,350.00.**

Paul Holzen, Director of Engineering
Jonathan Marston, Assistant Director

Almost ready for bid. Project is to improve traffic flow in Cool Springs.
5. 19-0845 **Consideration of DRAFT RESOLUTION 2019-86, "A Resolution to Accept and Recommend Approval of Amendment No. 3 to the Comprehensive Transportation Network Plan (Major Thoroughfare Plan) to the Franklin Municipal Planning Commission.**

Paul Holzen, Director of Engineering

 - ♦ Paul Holzen: As development to the south continues, specific modifications to the Plan can help the Goose Creek area function better and could serve as an aid to regional transport as well. Staff is looking at getting an overpass over I-65 and another connection up to Old Peytonsville Road into the Major Thoroughfare Plan. Sewer infrastructure extends out that way. Pratt Lane improvements would provide connectivity from the future overpass up to Old Peytonsville Road. Old Peytonsville Road is proposed to go to a 4-lane median divided roadway long-term. Project 95 – New Roadway (Lewisburg Pike to Peytonsville Road) would be an additional overpass over I-65. Since it is a Green Field Area the possibility of an interchange with I-65 and a future Park & Ride should be explored in this area, especially with 840 to Murfreesboro being there. That starts at a local level to get it to the MPO for their support and ultimately over to TDOT As we consider annexation and development in this area it's to our benefit to have a good strong plan to start with.
 - ♦ Eric Stuckey added that this would take the place of the overpass that had been planned with Berry Farms without an interchange, taking it further down south with a full interchange and an opportunity for transit that would have a regional benefit. This would connect east to west and provide a regional service to a pretty heavily developed area.
 - ♦ Mayor Moore related the MPO and South Corridor Study groups have been alerted.
 - ♦ Comments from the Aldermen and Vice Mayor were favorable toward this amendment.
6. 19-0597 **★PUBLIC HEARING: Consideration of RESOLUTION 2019-72: "A Resolution Requesting a Referendum for the Annexation of Several Properties Located South of Long Lane, East of Interstate 65, and Outside of the Southeastern Part of the Franklin Urban Growth Boundary (UGB), by the City of Franklin, Tennessee."**

Emily Hunter, Planning/Sustainability Director

 - ♦ Emily Hunter: Looking again at the 26 properties for requested annexation. Referendum in October with Municipal election. Recap: Annexation analysis-Goose Creek Basin Area for short-term. Infrastructure in place to the boundary of Franklin city limits, conducive for continuity and orderly growth. If the Resolution is approved and the Referendum passes, annexation will be effective 30 days after election certification. Water and sewer provided by the developer. A study would be needed and would require an amendment to Envision Franklin. Zoning the properties as Estate Residential is a place marker. Following amendment of Envision Franklin, a study would be done to identify hillsides, etc. The properties would then be rezoned.
 - ♦ Alderman Martin: Supports the Referendum but is disappointed there are donut holes left.

- ♦ Eric Stuckey: The City can annex only the properties requested by the owners.
- ♦ Vice Mayor Barnhill: All 26 properties zoned as Estate Residential, properties with development plans must go through the system, process of annexation and zoning is at no cost, and with a slight increase in taxes the properties will receive city services.
- ♦ Alderman Blanton: Was assured Fire Station #7 will accommodate the area.
- ♦ Alderman Burger: Allowing the Referendum makes sense with long-term strategic planning and provides an opportunity to plan infrastructure. The sewer basin dictates where annexation stops outside the UGB.

Citizen Comment:

- ♦ Pete Crutcher, 4465 Peytonsville Road: Owns 400 acres next to the Ramsey Headquarters on Peytonsville Road. He can see both sides and knew growth was coming. Regarding donut hole, if the landowner annexes that land it won't be developed. Think about that.

7. 19-0790 Consideration of Initiating the Annexation Process and Draft Plan of Services, RESOLUTION 2019-81, for the Annexation of the Ingraham and Stovall Properties 4099 and 4101 Clovercroft Road, and 4324 and 4326 Murfreesboro Road. PUBLIC HEARING to be Established for September 24, 2019.

Emily Hunter, Planning Sustainability Director

Amy Diaz-Barriga, Planning Supervisor

Staff could work with the three properties because of the intention to develop two properties as one and annex as one property.

- ♦ Alderman Burger mentioned there are pending lawsuits on some of the properties and she suggested putting this item on hold until documentation proves the City can proceed. A representative for the applicant indicated he could not speak to the lawsuit and said the land is under contract and went through annexation. He said they were given permission to move forward with the Ingraham property and the amendment to add Stovall property.

Other Business

None

Adjournment

Work Session adjourned @ 6:36 p.m.

Dr. Ken Moore, Mayor

Minutes prepared by: Linda Fulwider, Board Recording Secretary, City Administrator's Office - 9/26/2019