

CITY COUNCIL
Mayor Bill Stankiewicz
Reginald Jackson, Post 1
Marichal Price, Post 2
Fred Higgins, Post 3
George Bailey, Post 4
Theresa Strickland, Post 5

City of Hogansville



David Milliron, City Manager
Lisa Kelly, City Clerk
Jeff Todd, City Attorney

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COUNCIL ACTION FORM

MEETING DATE: September 4, 2018 **SUBMITTED BY:** City Manager

AGENDA TITLE: Proposed Economic Development Incentives

CLASSIFICATION (City Attorney must approve all ordinances, resolutions and contracts as to form)

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|--|-------------------------------------|---|---|
| <input type="checkbox"/> Ordinance (No. ____) | <input type="checkbox"/> Contract | <input type="checkbox"/> Information Only | <input type="checkbox"/> Public Hearing |
| <input type="checkbox"/> Resolution (No. ____) | <input type="checkbox"/> Ceremonial | <input checked="" type="checkbox"/> Discussion/Action | <input type="checkbox"/> Other |

BACKGROUND (Includes description, background, and justification)

In 2015, the City Council discussed the need to have an economic development incentive plan, but it appears no further action was ever taken. The City is currently long on power, so it would behoove the city to have economic development incentive rates for energy usage in place during the negotiation process.

BUDGETING & FINANCIAL IMPACT (Includes project costs and funding sources)

A manufacturing company located within Troup County wishes to consolidate its manufacturing business to its location in Hogansville and is willing to commit to having 50 employees over the next 5 years. The manufacturer is currently receiving incentive rates from Georgia Power at its South Georgia plant and is willing to make the migration happen provided the city match those rates for the next 5 years. The City Manager obtained copies of the actual billing statements and worked with ECG (Electric Cities of Georgia) to come up with incentive rates that would match the rates, keep Hogansville whole, and are better than what the city currently generates by selling its excess power on the open market.

STAFF RECOMMENDATION (Include possible options for consideration)

Authorization is sought to implement the ECG Economic Development Incentive Rates on a case-by-case basis.

lake in Jackson's memory. He made huge contributions to the Hogansville Community as Council Member for many years, President of the School Board, and Mayor. Took an interest in opening the lake for open fishing and citizen enjoyment. For quite some time we could not reopen the area due to it being a water source for the City. Mayor further stated he doesn't think a requirement should be that someone lives on the road. Pike stated some don't agree to that fact. Norred asked who potentially it would be named after on Blue Creek Rd.? Bailey stated he was under the impression we were ready for a vote. Mayor wanted to make sure it was discussed ahead of time. Norred asked if there is a way to get the Citizen's input on it? Mayor stated the Council can hold a hearing on anything they deem necessary. Input is always welcome. Norred stated he is inexperienced in this type of matter and would welcome some guidance. Members agreed the item should be included on Monday's agenda.

4. Person "X". Woods stated through several discussions with the Mayor, we have determined the City needs someone to fill a void. Every successful community has someone who plays the role of a downtown manager, DDA, economic development, events, grant procurement. A new business brought to the City attention that they had gotten lost in the mix and not welcomed as a new business. How do we solve these type problems? Other issues are also not given the focus. Need more manpower. Time to move forward beginning the process for a full time person to fill the void. Would also handle things like keeping the City's website up to date, social media relations. When Chief Harr was hired the City website still said welcome Moses Ector. Our City website just simply is not maintained and there is no one to manage that function. Need someone to welcome businesses and residents. Other cities have a welcome wagon or something to make new comers welcome. We need something in our community. Mayor stated he is in agreement with the City Manager in that we need this person. Grant writing and economic development experience should include some of the criteria. Norred feels it is appropriate. Having data up to date will go a long way in the big picture. Woods stated we have a lot of assets that we don't market well and need someone who can manage our image. Today's marketing goes a long way and begins online before they drive into town. We will have a lot of great amenities coming soon and it is drawing attention from a lot of different directions but need someone to help us get the overall message out. The cost of this person will be easily absorbed through the work done. Norred stated he would like a clear scope of work and job description prior to moving forward. Woods stated with no objections we will move forward with the process. No objections were noted.
5. Economic Development Incentives. Things moved rather quickly with a potential customer with regard to what the City could offer in terms of incentives. The City needs a plan prior to going through the process again. Potential industry is looking for "right now" answers. Would like to have an "up to" authority on those incentives. Doesn't want to be nervous about making a wrong decision that is not agreeable to the Mayor and Council. Prospects usually want to deal with one person and keep it quiet until a decision is made on their part and would like some decision making power ahead of time. Mayor stated the Development Authority

owns some property and has a bit of control as to the use of the property. DA can buy property and lease it to potential clients. Can make tax free bond indentures due to their role. PILOT (payment in lieu of taxes) is an example. Takes into consideration the investment they will make into the community and the amount of people they will employ. Based on some areas if commitments are not made by the businesses we can impose fees or taxes that are pre-negotiated. He thinks it is a good idea to have some decision making power by James. We are in competition with many other cities in many areas around Georgia and we must be prepared to compete. James will put together a package and make a proposal to the Council. We had a situation come up over the New Year's weekend and the potential business is now looking at other locations. We need to be able to sit down with potentials immediately. Norred stated it is a logical step to make sure we can capture the business. If not, they will go up the road to another location. Mayor mentioned we are seeing more and more regional support from Lagrange and Meriwether County.

6. Rental Inspection Process. Woods stated as we move toward improving our housing stock, we are improving the way we work with the building department. No problems with the existing process but if we want to go further the existing ~~contract has many limitations~~. International building code will allow us to have an inspection process. Builder services has to be improved for the long term. Bringing building services back to Hogansville will improve communications with Code Enforcement and offer direct links to our own resources. Would like to pursue the creation of a process whereby rental properties are inspected to make sure code is being met and functional. Would like feedback and direction from the Council. Norred stated he is definitely in agreement with some type of inspections process. If selling a house there is an inspection with several minimum requirements prior to selling. There should be a basic minimal requirement. We hold the stigma of having high utilities but is generally due to many homes have gaping holes and are substandard that create those high utilities. Pike thinks whether rental or purchase the standards should be the same. There are some locations that have old technology. Norred also stated this would level the playing field with owners/landlords. Everyone would be held to the same standards. Many updates have been forced but need a fixed process to move forward. Woods stated we currently do not have a process for rental properties and need a formal process. Would like to consider the possibility of hiring a contract type service to handle the inspection process. The fees we charge should cover their fees and leave us with a portion. All members agreed to move forward with the process.
7. Police Compensation. Woods introduced a two-step proposal created by Chief Harr. When first coming on board Harr began reviewing the compensation currently in place. He did quite a bit of research and found some inequities. First step would cost \$14k +/- and would separate the inequities. 2nd step would happen in the next fiscal year and has an impact of \$7k +/- . It appears we have some overtime dollars that have not been allocated yet to get us through this budget year and build the next into the budget. \$14k would be present time through June 2015. Mayor asked what time period this represents. Ultimately everyone agreed

INCREMENTAL PRICING TARIFF

PAGE	EFFECTIVE DATE	REVISION
1 of 2	Bills Rendered starting in July 2018	20180611

AVAILABILITY:

Available in all areas served by the City of Hogansville and subject to the City’s service rules and regulations.

APPLICABILITY:

For incremental (new) customer receiving power at one standard voltage, delivered at one point. The **minimum metered demand which qualifies for this tariff shall not be less than 200kW**. If monthly demand falls below the minimum threshold, the customer may be switched to the appropriate applicable rate at the discretion of the City. The rate shall be in effect for no more than five (5) years.

TYPE OF SERVICE:

Single or three-phase, sixty (60) hertz, at a standard voltage.

MONTHLY BILL:

The monthly bill is calculated using the following formula.

$$Bill_{Mo.} = (Base \$ + Demand \$ + Cost_{ENERGY} \$) + Franchise Fee + Tax$$

Whereas: $Demand \$ = Demand\ rate \times Billing\ Demand$

$$Cost_{ENERGY} \$ = \sum kWh_{HR} \times Market\ Price_{HR}$$

Definitions:

- $Bill_{Mo.}$ = Customer’s bill for service under this tariff in a specific month
- $Base \$$ = \$150 per month
- $Demand\ rate$ = \$8/kW for first two (2) years of service; increase by \$2/kW every year thereafter.
- $Billing\ Demand$ = See provision for Determination of Billing Demand
- \sum = Sum over all hours of the monthly billing period
- kWh_{HR} = Customer’s kWh usage in the specific hour
- $Price_{HR}$ = MEAG Power’s Posted Hourly Market Price in \$/kWh
- $Franchise\ Fee$ = mandatory 4% to be added to Base \$, Demand \$, and $Cost_{ENERGY} \$$
- Tax = State and local Sales tax(es) will be applied to Base \$, Demand \$, and $Cost_{ENERGY} \$$

DETERMINATION OF BILLING DEMAND:

The billing demand shall be based on the highest kW measurement during the current month and the preceding eleven (11) months.

EXCESS REACTIVE DEMAND:

Where there is evidence that customer’s power factor is less than 95%, the City may install metering equipment to measure reactive demand. The reactive demand shall be the highest 30-minute interval measured during the current month. Excess Reactive Demand shall be the KVAR which is in excess of one-third (1/3) of the actual measured kW in the month. The City will bill excess KVAR at \$0.50 per KVAR. Excess reactive demand charge may be waived at the discretion of the City.

INCREMENTAL PRICING TARIFF (Continued)

PAGE 2 of 2	EFFECTIVE DATE Bills Rendered starting in July 2018	REVISION 20180611
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PRICING TRANSPARENCY

Customer shall receive an Excel bill from the City which shall illustrate exactly how the bill was computed for the particular billing month.

LATE PAYMENTS:

If payment is not received by the due date printed on the bill, services are subject to late charges, service disconnect and reconnect fees and interruption of services