

ECONOMIC DEVELOPMENT COMMITTEE

August 12, 2008

4:20 P.M.

Councilman Page, Chairman, called the meeting of the Economic Development Committee to order, with Councilmen Benson, Bennett, Berz, Rico, Gaines, Shockley, Robinson, and Pierce present. Also present were City Attorneys Randall Nelson and Mike McMahan and Shirley Crownover, Assistant Clerk to the Council.

Others present included Dan Johnson, Daisy Madison, and Richard Beeland.

WATER RATE INCREASE

Chairman Page called the meeting to order and turned it over to Randy Baker.

Mr. Baker expressed his appreciation for allowing him to speak, stating that this was a popular subject. He is working with “Fight the Hike”, and he thanked the Council for taking a stand and urged them to do all they could to help support the fight against this, which he did not feel was justified. He stated that this was beyond being ridiculous and finding an answer to a simple question is justified. He explained that in 2007 there was \$30 million dollars revenue and that asking for a \$11 million dollar increase was unjustified. He questioned how many users were residences and how many were businesses and the actual impact on people; that capital improvements should be under the operating budget now.

He stated that we needed to ask “How will you spend it”? “Who will benefit”? “Is it necessary”? He went on to say that we have the highest water rate of any city in Tennessee; that we are on the banks of the River, and this is a critical time in Chattanooga with the Volkswagen Plant relocating here, and this is a detriment; that this is wrong.

Councilman Benson asked Mr. Baker if he was a relatively new citizen here? He responded that he had been here six years. Councilman Benson stated that he thought what Mr. Baker was saying was great—that all other cities own their water company.

Councilwoman Robinson stated that if they could not pay the advertising against the Fight—that if the millions of dollars being spent in their advertising campaign was used, we would not have to spend one dime.

Councilman Pierce asked in relation to other cities, how do they come up to par with sewer charges? He noted that sewer charges are attached to our water rate, and we have sewer rates that are more than the water rate.

Mr. Baker responded that typically sewer charges are tied in and sewer charges are much higher than water; that they are saying it will only be \$3.00 increase per customer based on the typical user, which they say is only 4,000 gallons a month, which does not compute. He reiterated that most sewer charges are tied in and based on usage.

Chairman Page asked Mr. Baker to give his background and why he was here.

Mr. Baker stated that he was a Real Estate Developer on Canyon Ridge and Lookout Mountain; that he moved back to North Carolina and missed Chattanooga so much that he moved his company into downtown Chattanooga; that he had been traveling here for ten years and had resided here for six years; that he was promoting an issue that he thought was important; that the Water Company was a bad business model, and they were making up for bad decisions on the shoulders of our citizens.

Albert Waterhouse was also present and noted that our three hospitals, the NAACP, and River City Company wanted the City to take care; that the Water Company was getting help from California, and they were fed up with this; that there had been a 45% increase since 2003.

Chairman Page asked for help in understanding the rationale.

Mr. Baker stated that the core problem was that the unsuspecting citizen was getting hammered; that they were trying to educate the public—that the Water Company was saying the increase would be less than \$.01 a gallon; that the increase was not just cents a day but 45%, and they wanted to know where the money was going.

Chairman Page thanked Mr. Baker for coming and stated that we supported him.

The meeting adjourned at 4:30 P.M.