

Jackson County Water and Sewerage Authority
Meeting Minutes
October 12, 2017

Vice Chairman Pat Bell called the October 12, 2017 Jackson County Water and Sewerage Authority Board Meeting to order at 6:00 p.m.

Members present included Vice Chairman Pat Bell, Board Member Christopher Nichols, Board Member Jim Smith, and Board Member Don Clerici.

Also present: Attorney Paul Smart, Manager Eric Klerk, Authority Engineer Joey Leslie, Finance Director Judy Smith, CIO/GIS Analyst Mike Johnson, Wastewater Manager Mark Dudziak, Water Manager Harold Garrison, Engineer Nathan Hester, and Senior Accountant Hope Weeks. Visitors included Cindy Edge, Mainstreet Newspapers and residents from The Traditions of Braselton subdivision.

Approval of Minutes

Member Clerici made a motion to approve the September 14, 2017 Board Meeting Minutes.

Member Nichols seconded the motion. The motion carried with no objection and all board members present voting.

Finance Director Smith presented the financials.

New Business

Budget Presentation

Finance Director Smith presented the overall revenues and expenses for the proposed 2018 budget. For metered water and sewer sales, budgeting has been conservative and projections are exceeded for the last few years. Water connection fees are budgeted conservatively because it is unknown. In the proposed 2018 budget, 53% of the revenues are water sales.

In reference to the Jackson County BOC subsidy of the Bear Creek debt, Finance Director Smith said JCWSA paid 0% of this until 2016 and 2017 where JCWSA paid 50%. In 2018, JCWSA has proposed to pay 65%.

JCWSA has historically projected expenses higher than actual spending.

Visitors

Vice Chairman Bell opened the floor up for comments.

Dave Ehrhardt, a resident of Traditions, said he had heard through word of mouth that there was another tank planned next to the existing tank at Traditions.

He said this has a major impact to Traditions and would be in their front yard. He asked if the tank must be constructed now and if all options had been looked at.

Paul Thompson, a member of the Traditions HOA board and real estate appraiser, said that there are a lot of factors that cause depreciation. He said the second tank will be an eyesore. He asked if there are some other solutions. He said this may seem the easiest and cheapest option but there are unintended consequences and it may not be the best solution. He said the community is very upset about this. He asked that solutions be considered for the long-term impact.

Manager Klerk thanked the visitors for coming. He said we look at finances and look out for all rate payers. He said putting the tank there helps Traditions more than anybody else. He said that during high flow, the tank turns over seven times per day. He said turn over should be about two times per day per industry standards.

Manager Klerk stated not all of the water in the tower is for Traditions and it is sometimes difficult to fill the tank when demand is high. He mentioned that our concern is fire flow and that fire safety standards recommends 1000 gallons per minute for two hours duration in dense developments. He said the water mains at Traditions were initially supposed to intersect with large water mains on Jackson Trail. Manager Klerk said after the fallout of the economy this never happened and we are not sure when it will.

Paul Thompson said the back section of Traditions has been purchased, lots have been submitted to the county, and will start development soon. He asked if they could have the developer meet with Manager Klerk.

Manager Klerk responded that the next step after the developer goes to the county is to come to the Authority. He mentioned that if that line would be contiguous, it is a factor to consider.

Ralph Nesmith, a resident of traditions, said it seems like this is the optimum choice. He asked what the second alternative was.

Manager Klerk responded that other sites require a property purchase. He stated we had hoped to include the expense of constructing the tower with the sewer bond in early 2018 and if we need to purchase property it drags everything out. He said the second site is on Highway 124 and a developer is currently working on this and will have to contribute to water storage in the area. He mentioned a location behind Publix was also considered but not viable.

Ralph Nesmith asked if the difference was so big that it was necessary to choose the Traditions site.

Manager Klerk responded yes, because the piping, power, and communication are already there. He said the existing water tower takes up a small piece of the property we already own and we have another tower very similar to the existing tower that is not being used. He stated it would be half the cost to move the unused tower to the Traditions site.

Engineer Leslie stated that we are very concerned about fire protection with all the growth in Traditions and nearby. He said we are pushing the limit of 1000 gallons per minute for two hours and there are areas with vegetation that could catch fire and spread to homes. Engineer Leslie said a fire in the current situation would suck the tank dry. He asked that the residents of Traditions consider protecting their homes and the risk of their ISO rating plus the safety factor of being able to fight the fire.

Tina Ehrhardt asked if Traditions Walk caught on fire, would this tank service them.

Engineer Leslie responded yes, this tank services the entire area and benefits all rate payers.

Tina Ehrhardt asked if there was a fire at Traditions Walk and it took more than two hours to put it out, would Traditions also be without water.

Engineer Leslie responded yes, the whole pressure zone is served by two tanks: this one and the one at Dry Pond. He stated that the Dry Pond tank is too far away to support the fire protection and the Traditions tank serves a very large area in the heart of where most of our customers are.

He stated this is a very beneficial site because you want to place your storage close to your customer base. He said we have looked at and talked about this for years and we did not haphazardly choose this site.

Alicia Moore, a resident of Traditions, asked if the tank serves a large area and what that area was.

Engineer Leslie responded that 70% of our customers are in West Jackson. Manager Klerk stated that the next closest tank is in the Dry Pond area.

Vice Chairman Bell thanked the visitors for coming.

Budget Continued

Vice Chairman Bell asked Manager Klerk to explain the budget and answer questions from the Board.

Manager Klerk stated that water and sewer sales are going up with Hoschton and Braselton wholesale water sales staying consistent. He said he expects the growth to continue.

He explained that in the budget there is a proposed 1% rate increase for all classes of water and sewer customers and the reasons are debt service requirements because of new debt being issued and taking on more of the Bear Creek debt. He said that the intergovernmental agreement between JCWSA and Jackson County says that we will pay the debt if we are able. We have been paying 50% of the debt for the last year and will now take on 65%.

He said there is an increase in operating costs such as field utilities because of new assets (new pump and lift stations).

Manager Klerk explained that because of the GDOT widening of Highway 129 into Hall County we have had to relocate water mains which is an expense of \$400,000. He said he will have another GDOT project on Highway 334 which will likely be around \$300,000. He said all of these projects are wrapped up in the operating budget.

Manager Klerk said the wastewater plant's sludge production has increased because of increased flows so our chemical costs will go up.

Board Member Clerici asked how much more money it is and how it was decided to increase from 50% to 65% of the Bear Creek debt.

Finance Director Smith said the increase was approximately \$200,000 and Manager Klerk said we arrived at this amount using internal calculations and discussions with Jackson County. He said Jackson County has already put this in their budget for 2018.

Manager Klerk stated there is a section of the invoice where we pay capitol replacement costs plus usage fees, and other dedicated fees for Jackson County. He stated we are bound by contract to pay what we can pay and it is unethical if we don't and I don't operate that way.

Board Member Clerici said he wants to understand the increase in the Bear Creek debt payment and the 1% rate increase when we have so many things to take care of.

Manager Klerk said again, we worked with Jackson County and did internal calculations to arrive at the 65%.

Ms. Bell said there was a promise made to the County that JCWSA would be able to pay the debt. She said the bond is with the County and they are responsible for paying that bond.

Finance Director Smith said the authority at one time borrowed to pay the debt payment in full each year but that was before her and Eric.

Manager Klerk said when he got here we owed Jackson County six to eight months of usage fees, we had loans to pay that debt and no capital reserves.

Finance Director Smith said we arrived at the 1% increase using a rate analysis to see the impact to customers. The average increase was .27 cents per month. She stated the current rate of inflation is 1.9%.

Vice Chairman Bell asked how our rates compare to others in the area.

Finance Director Smith said we are in line if not lower with our rates than most of our neighbors.

Manager Klerk presented and explained the following capital budget.

| | |
|--|------------------|
| Net Income | |
| Cash - Capital Reserve Fund (reserved for 2018 Capital Outlay) | \$ - |
| | 1,437,550 |
| New debt issuance | 8,500,000 |
| Total cash and cash equivalents | <u>9,937,550</u> |
| Capital Outlay Requests | |
| JCWSA Water Admin. Parking Lot | 200,000 |
| Hwy. 124 Additional Water Tower | 1,000,000 |
| Ramblers Inn Line Looping (Arcade, GA) | 200,000 |
| F150 Service Truck-Water_1 | 30,000 |
| F150 Service Truck-Water_2 | 30,000 |
| Parks Creek Reservoir (JCWSA continued participation) | 136,250 |
| NAS backup units | 29,000 |
| Server storage array | 80,300 |
| Wireless Network Towers | 100,000 |
| Building Technology Expansion & Upgrades | 50,000 |
| iChannel Search and Indexing Tool | 25,000 |
| Water SCADA Upgrade | 75,000 |
| Doster Creek Force Main, Environmental/Design | 40,000 |
| Doster Creek Emergency Power | 50,000 |
| Wehunt Sewer Line Extension | 275,000 |
| F150 Service Truck-Sewer_1 | 30,000 |
| F150 Service Truck-Sewer_2 | 30,000 |
| Kubota Skid Steer | 57,000 |
| MOWWTP Phase V Upgrade_2018 | 7,500,000 |
| | <u>9,937,550</u> |
| Total Reconciliation of Debt Requirement/Capital Improvements | <u>9,937,550</u> |
| Net Difference | <u>\$ -</u> |

Manager Klerk stated the \$200,000 for parking will probably be shaved down a bit. He said this is separate from the building renovation.

Mr. Dudziak, Wastewater Manager, stated the two new water and sewer trucks are part of our replacement program.

Manager Klerk stated on call people have vehicles and we don't rotate the vehicle out until it hits about 150,000 - 200,000 miles.

Manager Klerk said we own 25% of the Parks Creek project. Finance Director Smith said the number came from Jerry Hood as to what to expect in 2018.

CIO Mike Johnson explained the NAS back up units as well as the other IT items in the budget.

Manager Klerk said an RFQ was sent out to four professional companies for the Water System SCADA upgrade.

Manager Klerk and Engineer Leslie discussed the Doster Creek environmental design and emergency power for the sewer side.

Manager Klerk said we don't know the future of the Doster Creek lift station so we will do the minimal possible to hook up a portable generator for our power issues.

Wastewater Manger Dudziak and Manager Klerk explained the need for the skid steer loader stating we received four quotes for it and it will be cheaper than renting.

Member Smith asked if we get bids on our vehicles. Manager Klerk said we have gotten the state contract price from Jefferson Ford over the years. He said we are open to change.

Manager Klerk said we have submitted the DDR to the EPD outlining our intentions. He said we are in preliminary design for this project but cannot go to formal design until approval from EPD.

Finance Director Smith said she has talked with the bond company and the rates are presently between 2 and 3% interest.

With there being no further business to discuss, the meeting was adjourned at 6:46 p.m.

Karen Johnson,
Board Secretary