

**CITY OF GRIFFIN BOARD OF COMMISSIONERS
WORKSHOP
ONE GRIFFIN CENTER, W. ELMER GEORGE MUNICIPAL HALL
TUESDAY, OCTOBER 11, 2016**

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Chairperson Dick Morrow presided, calling the meeting to order at 9:00 a.m. Commissioners attending: Cynthia Reid-Ward (arriving late), Doug Hollberg, Ryan McLemore, David Brock, Cora Flowers (arriving late) and Rodney McCord (arriving late).

Also present were City Manager Kenny Smith, City Attorney Drew Whalen, City Staff Attorney Jessica Whatley O'Connor and Teresa Watson to record minutes.

The Chairman apologized for only 4 commissioners in attendance at the beginning of the meeting.

Presentation on Cabin Creek Wastewater Treatment Plant update. *Director of Public Works and Utilities Brant D. Keller will address.*

Dr. Keller noted we have completed 12 assessments with one left to complete. Cabin Creek's infrastructure is not in good shape after 80+ years. Alternatives are as follows: 1) To do nothing, 2) To apply a "Band-Aid," and 3) To engage in a capital project to restructure a plant upgrade.

Options include:

- 1) Force main to Shoal Creek and Plant Expansion - \$61.7 million.
- 2) Force main to gravity to Shoal Creek Plant and Plant Expansion - \$64 million.
- 3) Force main to Potato Creek Plant but this is not an option financially. We would have to upgrade the collector and expand Potato Creek to 5.0 mgd.

To do nothing has an unknown impact, but the plant cannot meet permit limits and would put the plant under consent. We would lose the WaterFirst status, which also affects CDBG.

To, in essence, provide a "Band-Aid" would cost \$2-3 million dollars and the plant could not meet permit limits. GAEPD would put the plant under consent. The cost would be \$15.5 million and we would lose the WaterFirst status, which also affects CDBG.

To upgrade and build the plant comes in at a cost of \$15.5 million. GAEPD will allow the plant to operate while under design and construction and push Harry Simmons Treatment Plant out in CIP.

Spalding County treatment plants are not an option logistically. Dr. Keller reminded that we do have a GEFA loan. If we move forward tonight, the environmental writing of parts 1 and 2 will determine any environmental impacts. This should be at an interest rate of 2% or below.

Dr. Keller reviewed the CIP 2018-2023 and the 2024-2028 Water and Wastewater Assets reports, paying particular attention to the timeline of capital improvements. Dr. Keller answered questions on components of these reports, i.e. pump costs and the cost of sludge removal and management. We are trying to manage sludge on an ongoing basis, rather than taking a really expensive hit periodically. We are currently engaged in the Potato Creek upgrade. We will apply for a GEFA loan to accomplish this sludge removal.

In 2025, we are looking at a rebuild of the Harry Simmons Plant, which is estimated to cost \$32 million. We have pushed Harry Simmons further out and feel comfortable in doing so.

The Water-Wastewater Debt Payment Schedule was reviewed by year. A Total Debt Analysis was reviewed by plant and by year. He provided a typical customer bill for years FY 2015 through FY 2021 for residential applications. An average of \$41,000 per month in the restricted account is presently being posted. He wanted to lock in the proposed rate increases so that we do not revisit annually and up the rates each year individually. The average customer bill (including both water and sewer) will go from \$69.73 in FY 2015 up to \$92.11 in FY 2021 in incremental increases that average 4% to 6%.

Chairman Morrow said he would like to lock this in and ensure the City is protected since some will be rotating off the Board and new board members would have to get up to speed and really should not be burdened with having to make these kinds of increases to ratepayers right after getting elected.

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City Attorney Drew Whalen noted they could not bind future boards, and Chairman Morrow advised he knew that was true. A new Board could certainly change this plan, but if they choose not to, then a long-term plan ensures the issue is addressed in case they do not want to change.

Commissioner Hollberg wanted to explore separating the water side from the sewer side. Dr. Keller noted these numbers reflect a blended rate for both water and sewer. The rate consultant can accomplish this, and the rate will probably be around 9% and sewer rates will reflect whatever is necessary. There will be some increases on sewer, but he feels the water rate needs to be 9% and have sewer make up the difference to achieve the blended rate. This will affect transfers to General Fund.

We are actually going to take the money that is reflected currently in the cash flow statement and put it toward Potato Creek upgrades. He answered questions from Commissioner Reid-Ward regarding the average increase. The structure is set at 8% on water and 4% on sewer, for an aggregate total of 12%, divided by the two components (water and sewer) comes to an average of 6%. This is an average only; the breakdown is actually 8% water and 4% sewer. He continued the City knew when we said we would increase water only at 9% and not sewer that we would have to address a rate increase for sewer, as well, but operational expenses necessitated this action sooner than we expected even though we pushed out the capital improvements for Harry Simmons Treatment Plant.

Dr. Keller said he just needed marching orders and some direction tonight so that we may proceed. We have been out of permit a couple of times already, and he does not want to see EPD place us under consent. We can assure them we are being proactive in taking care of the necessary upgrades.

Commissioner Hollberg favored a blended rate with 9% restricted to water and have the sewer make up the balance. Some discussion followed. He favored still restricting the 9%.

Commissioner McCord asked for the recommendation of staff as to the blended rate versus separation at 9% for water with the balance to make up the difference in sewer. Private

Dr. Keller said the rate consultants advise our water is too cheap, compared to other jurisdictions, and he agrees. He also agrees that we should perhaps not provide a base amount but rather charge for whatever is used in the same manner as Spalding County. It costs more to process sewer, but sewer is more profitable for the City. There is a disparity on our net value at year's end during the audit. While bumping up water is fine, we are about to have a tremendous increase in debt and sewer is responsible for most of that debt; consequently, it makes sense to increase sewer to some degree along with water.

Commissioner Hollberg questioned future costs for I and I (inflow and infiltration). Dr. Keller said we just finished the first sewer model for Cabin Creek. We are working on Potato Creek and Shoal Creek, trying to identify problems and upgrades needed. Cabin Creek showed eight major projects, with a 60% reduction in I and I, but we would have to spend more money in that process. Then, we also must consider that 60% of the I and I is coming from the back of homes according to industry standards, through private lines. One major issue is private property at the back of the sewer line. About 50% of the sewer product actually arises through this type of private access. While the average is .9 to 1.2 at Potato Creek, with the large rain event of last year it went to 3 mgd.

Chairman Morrow asked the Board's preference for the blended rate as presented. The rate increase would be effective probably March 1, 2017. He urged not to keep changing variables for Raftelis Consultants because their time is at a premium. Commissioner McLemore said when you are looking at Spalding County's formula, you need to know that number before proceeding. When we look at the revenue side of what Raftelis has, they don't have adjustments for revenue to accommodate the huge capital investment. We need to know how this year is going with regard to profitability in order to proceed with informed decisions. Spalding County's rates are adjusted each year accordingly, and we need to ensure this formula is adequate. Approval of the rate increase would come before the Board in February, advised Dr. Keller. By December 1, the auditors can determine exactly what the big picture is with regard to Spalding County concerning water. The TOF will be considered tonight for design. We can hold off on drudging, but there are pumps that need to be replaced now. Perhaps we can hold off on drudging Head's Creek and get the water line put in place to Coweta County. GEFA will loan what is needed as long as the combined debt ratio is 1.25 or below. GEFA is cash rich right now. Dr. Keller does not favor taking on too much debt too quickly. The request tonight for the TOF at \$1.41 million for design/engineering and construction management.

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Chairman Morrow noted that the Griffin Lions Club will be celebrating their 65th Anniversary at the Kiwanis Event Center on Saturday, October 22, 2016 at 6 p.m., and we need someone to attend and present the Proclamation. Vice Chairman McCord said he would be happy to attend and present.

The Board felt the regularly scheduled workshop on October 25 can be cancelled unless something of import appears on the horizon before that time, particularly since this workshop was held today. The City Manager will keep the Board abreast of issues.

Consider Executive Session 1) Pursuant to O.C.G.A. Section 50-14-2(1) for the purpose of meeting with its attorney to discuss pending/potential litigation, and 2) Pursuant to O.C.G.A. Section 50-14-3(4) for the purpose of discussing and acting upon the acquisition of real estate.

Motion/second by Commissioners McLemore/Brock to enter Executive Session, 9:48 am, carried 7-0.

Motion/second by Commissioners Brock/McLemore to adjourn Executive Session and reconvene to Open Meeting at 10:22 am carried 7-0.

Adjournment

Motion/second by Commissioners Reid-Ward/McCord to adjourn at 10:23 am carried 7-0.

Respectfully Submitted,

Brant D. Keller, Acting City Manager

Accepted:

Dick Morrow, Chairperson