

Jackson County Water and Sewerage Authority

Work Session

March 7, 2013

Chairman Ehrhardt called the meeting to order at 5:33 p.m. Members present included Chairman Dave Ehrhardt, Vice Chairman Shade Storey, Board Member Dean Stringer, Board Member Pat Bell and Board Member David Lathem. Also present: Manager Eric Klerk, Attorney Paul Smart, Finance Director Judy Davis, Authority Engineer Joe Leslie, CIO/GIS Analyst Mike Johnson, Wastewater Manager Mark Dudziak and Board Secretary Karen Johnson. Visitors included Mark Beardsley, Main Street News, Tom Bessmer, Traditions Property Manager

Agenda Items

Highway 124 (Traditions) Water Tower Logo

Manager Klerk stated Mr. Bessmer sent him a proposal via email regarding a proposed lease for the Highway 124 water tank logo. He said the proposal is short but to the point. Manager Klerk stated the proposal is in the Board packets to assist the Board in making a determination on what they want to do regarding this matter.

For the purpose of discussion, Chairman Ehrhardt laid out the history and facts surrounding this matter. He stated in 2003 Blue Green and the Authority executed a contract that Blue Green would paint the tank in 2003 with their logo and eight years later at the termination of the contract they would paint it again. Also in the agreement it was stated they would maintain the area around the tank. Chairman Ehrhardt speculated that the contract was executed primarily for two reasons; monetary and community relations. He said there was no discussion on the issue of liability. Chairman Ehrhardt stated that in 2013 Traditions has approached the Authority with the present offer to paint the two logos (JCWSA and Traditions) at their cost and for a period of ten years they would pay \$3,000 a year for their logo. Chairman Ehrhardt said the original agreement if you just add in the \$58,000 for the painting in 2003 and the current quote of \$67,300, equals \$125,300. He stated the present offer for ten years to add the logos is \$3,000 a month and that is roughly \$35,000. Chairman Ehrhardt stated that is quite a difference between the two agreements. He said the \$3000 sounds good but compared to our yearly expense budget, that amount is small. Chairman Ehrhardt said that Authority council stated moving into an agreement to add a private logo onto our tank takes us slightly away from the protections that we have of being a government agency. He asked the Board for comments or questions.

Member Bell said in regards to the Bluegreen contract, it said that they would paint the JCWSA logo back on the tower. Manager Klerk said "yes it did". Chairman Ehrhardt said that \$67,300 includes the logo added to it.

Vice Chairman Storey said "so this proposal says we will not have the word sewerage or sewer in the title as well". Chairman Ehrhardt responded yes.

Member Bell and Vice Chairman made a point that anyone could pay \$3,000 a year to have their logo on one of our tanks.

Chairman Ehrhardt stated that Traditions has offered that our logo face Highway 124 and the Traditions logo face the community.

Vice Chairman Storey asked if there were any options for the \$3,000 a year. He said we have been faced with a previous agreement that has not been upheld and asked if there are other options where we could get more money upfront. Mr. Bessmer said he would look into it. He also said we might consider an escrow. Mr. Bessmer said “the homeowners association and Blue Green will be there for a long time”. Vice Chairman Storey said “the homeowners”? Mr. Bessmer said “yes, the homeowners”.

Member Bell asked if the contract would be with the homeowners association. Mr. Bessmer said that is correct. Member Bell stated they don't meet and they don't have officers. Mr. Bessmer said they do meet but it has not been turned over to the association but there is a board of directors. Member Bell asked again who we would be contracting with. Mr. Bessmer said a corporation that is allowed to do business. He said the board of directors that is in charge now are new and have given him permission to do this.

Attorney Smart asked under the existing covenants, what is the function that turns the control from the declarant over to the HOA. Mr. Bessmer said the year 2015. Vice Chairman Storey asked if a certain number of lots had to be sold out. Mr. Bessmer said whichever comes first, the end of 2015 or substantial completion which is defined as 75%.

Vice Chairman Storey said he would like more information on the \$3,000 a year versus more money upfront. He said his opinion is if we are going to put our logo on the tank it should be our logo. He felt we should not be picking and choosing words to pull out of our logo. Mr. Bessmer said he understood. Vice Chairman Storey reiterated he is not in favor of changing our logo.

Chairman Ehrhardt showed the Board the Authority logo and confirmed with Manager Klerk that it is our current logo. Manager Klerk said “yes”.

Vice Chairman Storey said he might be flexible with the size of the words.

Member Bell asked how long it has been since we painted that tank. Manager Klerk said it was painted in 2003. Member Bell said “so every ten years you can expect it”. Manager Klerk said “yes, that is standard for the exterior of water tanks”.

Member Bell said her only question she has left is “how can we allow a private entity to do this without some sort of a policy”? Vice Chairman Storey stated he did not know if we should. He said we might want to look down the road to a policy before we go further with this matter.

Member Stringer said that is what he is concerned with: He said “what if next week the school board comes in and says we want to paint East Jackson on the tank”. Member Bell said she has already been asked that.

Member Stringer asked Attorney Smart if he had anymore thoughts on the legal side of this matter. Attorney Smart said as far as moving forward, the Chairman pointed out what he said about the liability of moving towards a proprietary function and this is definitely a proprietary function and does not go to the core purpose of the Authority.

He said there is some additional exposure as to the sovereign immunity. Attorney Smart said his other issue is we do not have a policy and he strongly advises that we have a policy if we are going to get into this business. He referenced the saying “if you do for one you have to do for everybody”.

Chairman Ehrhardt asked Manger Klerk if he would look at other municipalities and see if they have similar policies and how they are handled, in order to give this offer the best chance. Manager Klerk said he would. Member Bell stated “if we are going to get into the advertising business we need a policy”.

Manger Klerk commented if we are concerned about the entity we are doing business with going bankrupt, we can have them post a bond. Member Lathem agreed.

Member Lathem said “we had an agreement to get it (the tank) painted and it did not get executed and that really complicates things”. Member Lathem said if it was painted like the contract said and we were not having this meeting, he felt it was a good idea because he thought it would help that area. Member Lathem said when you have a contract that fell through and having yearly payments, it is a little bit of an issue. He also said it could open up the door that everyone would want to do that.

Mr. Bessmer apologized and said this will be in the hand of the home owners in a couple of years and they really didn't have any control over what happened in the past.

Member Lathem said he really wouldn't support a policy doing this but Traditions has set a precedent. He said from his responsibility of looking after the Authority regarding the contract it does make it a lot more difficult to jump on board. Member Lathem said at the very least we would have to have a bond. He said he thinks we would have a lot of requests to have tanks painted.

No action was taken. This item will be considered at the March 14th board meeting.

Cross Connection/Backflow Prevention Proposed Policy

Manager Klerk said for a number of years public water systems have been required to have a program to control cross connections and backflow prevention. He explained to the Board what backflow is and why it is important. Manager Klerk said we do have a program but it needs to be updated. He said he thought it would be best if we started from scratch. Manager Klerk said there are state (Georgia Rules for Safe Drinking Water) and federal guidelines (laws) that address the issue. He said this policy will dovetail with plumbing codes and we have to be able to integrate with those plumbing codes.

Manager Klerk said the program is based on a template from the EPA. He directed the Board to the proposed policy in their packet. Manager Klerk discussed the proposed program and explained the burden is on the property owner/customer. He cited page eight, section five of the policy and said that is the summary of the program. Manager Klerk pointed out that a cross connection is only permitted if there is a proper backflow prevention device installed.

Vice Chairman Storey asked if this was only for governmental hook ups. Manager Klerk said “no, this is for everybody, anyone that is connected to the water system”.

Manager Klerk said we are taking the containment approach. It will primarily be on the outside of the premises just downstream of the Authority's meter.

Vice Chairman Storey verified it is the customers' responsibility to install this device.

Manager Klerk stated the policy contains how the device is to be tested and time lines regarding this.

Vice chairman Storey asked if there would be additional costs to the Authority. Manger Klerk said there are no additional costs to the Authority and referred to page twelve of the proposed policy.

Manager Klerk said this proposed policy fits with our Water Service Agreement Policy. He said there is a form letter that goes out annually/semi-annually for the subscriber, they are generally commercial subscribers, to complete.

Manager Klerk said this program is laid out to avoid going on to private property and referred to page nine, section six B. He said this is the containment method of administering the program and is perfectly legal.

Attorney Smart suggested if the Board chooses to adopt this policy, it should do so by resolution.

Manager Klerk and Finance Director Davis discussed the few minor changes to the Water Service Agreement Policy.

Vice Chairman Storey pointed out page seven of the Water Service Agreement Policy asking if we are uniform in applying our policies to everyone. Manager Klerk said "yes we are" and stated there are clear guidelines and there is not much room for him to be punitive.

Chairman Ehrhardt asked Attorney Smart if adopting the cross connection policy by resolution would supersede any other policy. Attorney Smart said "yes, by adopting this by resolution it would supersede any prior formal or informal policy". He said he would add that specific language to the resolution.

No action was taken. This item will be considered at the March 14th board meeting.

Hoschton Operations Agreement

Manager Klerk said the operations maintenance agreement with Hoschton is going on its fourth consecutive year. He said the Agreement has not changed other than some formatting issues. He directed the Board to Exhibit "A" Base Operations Cost from April 1, 2013 to April 1, 2014. Manager Klerk said the cost is now \$115,797; it was \$97,300. Manager Klerk said he informed Hoschton of the increase back when they were working on their budget. He said they have given him the green light. He said this increase is due to primarily the amount of on-site time required at the wastewater treatment plant.

Chairman Ehrhardt asked if the \$97,300 price included the Authority being at the plant full time. Manager Klerk said "yes".

Finance Director Davis said after several years of this Agreement, it was determined that what we have been charging in the past really has not been covering all of our costs.

Manager Klerk said it states in the contract that we have to discuss costs with Hoschton as early as the summer due to budgeting purposes. He stated the new mayor will be coming to the board meeting next week.

Vice Chairman Storey stated if all things being equal there should not be much of an increase next year. Manager Klerk and Finance Director Davis concurred. Manager Klerk cautioned that there are a lot of dynamics going on in Hoschton. He said the mayor and council are up for re-election and we don't know what they will want to do.

Manager Klerk said the third person hired in 2012 was predominantly for Hoschton but not entirely. He stated we do emergency services there and we do charge extra for that.

Finance Director Davis stated that all time, material and equipment used is tracked very carefully. She said we do a thorough costs analysis before presenting it to Hoschton. She also stated that this contract amount has already been approved in their 2013 budget.

No action was taken. This item will be considered at the March 14th board meeting.

Chairman Ehrhardt asked when the rate analysis would begin. Manager Klerk said Tim Grogg would be here in April.

Executive Session

Chairman Ehrhardt said there is a need for an Executive Session regarding potential litigation.

Member Stringer made a motion to go into Executive Session at 6:29 p.m.

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

Vice Chairman Storey made a motion to come out of Executive Session at 6:54 p.m.

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

No action was taken.

Chairman Ehrhardt adjourned the meeting at 6:55 pm.



Karen Johnson,
Board Secretary