

## Jackson County Water and Sewerage Authority

### Meeting Minutes

May 9, 2013

Chairman Ehrhardt called the May 9, 2013 Jackson County Water and Sewerage Authority Board Meeting to order at 6:01 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, CIO/GIS Analyst Mike Johnson, Engineer Joey Leslie, Finance Director Judy Davis, Water/Wastewater Manager Mark Dudziak, and Board Secretary Karen Johnson. Visitors included Alex Pace, Main Street Newspapers, Chip McGaughey, EMI, Duane Schlereth, Bates, Carter

### Approval of Minutes

Member Stringer made a motion to approve the April 11, 2013 board meeting minutes as presented.

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

### New Business

#### *Presentation of Audited Financial Statements*

Manager Klerk introduced Duane Schlereth of Bates, Carter. Mr. Schlereth presented the 2013 audited financial statements to the Board. He stated the audit report has a clean opinion with no findings. Mr. Schlereth said the report is in draft form to give the Board the opportunity to review it. He stated after Board approval Finance Director Davis and Manager Klerk will sign off on the audit.

Finance Director Davis said she is pleased with the net income considering the amount of revenues for 2012. She pointed out the statistical section of the financial statements is helpful to see the trending of the Authority and historical data.

#### *Middle Oconee Wastewater Plant Grant and Project*

Manager Klerk stated Chip McGaughey is in attendance to explain the status of the grant money. He stated the second clarifier and upgrades have been approved by EPD and the plans have been sent to USDA for review.

Mr. McGaughey said we have not been issued the letter of conditions which is the commitment in writing for the ARC funding. He reminded the Board that we did receive an award letter for a \$300,000 ARC grant for the clarifier project. He explained the process of applying for the money and that the USDA is the agency that administers those funds.

Mr. McGaughey stated he has been told since USDA did not get the letter of conditions issued to the federal government last fall; Washington has taken those funds out of their budget and has not reestablished the funds. He said they cannot give us a letter of conditions until those funds are reestablished. Mr. McGaughey said USDA has indicated to him the funding is still there but they cannot give him a date when they will give us that letter of conditions. He said he expressed to USDA that it has been over a year since we were awarded that funding and it's getting close to "crunch time" at the wastewater plant.

Mr. McGaughey stated we could start advertising for the project if the Board desires. He said if we go through a thirty day advertising period you have up to sixty days to award the project. He said regardless of the funding we still have to make the improvements to the plant.

Member Lathem asked if starting the project before receiving the funds would jeopardize the grant. Mr. McGaughey said unofficially, off the record, it would not.

Member Bell stated she knows about other grants of this nature that if you start the process without the money it's a no go.

Mr. McGaughey said he knows they won't allow you to start before you are awarded the funds but we have actually been awarded the funds.

Member Lathem said what we really want to hear is that the USDA can't pull back the money. Mr. McGaughey said he can't say that 100%.

Chairman Ehrhardt asked when Toyota would come on line. Wastewater/Water Manager Dudziak said in September of this year.

Chairman Ehrhardt asked if our current flow is 100,000 gallons a day. Wastewater/Water Manager Dudziak said "yes", roughly. He said the flow is not the issue it's a shallow clarifier which could cause us to violate TSS.

Manager Klerk said we can handle up to 300,000 a day but reminded the Board EPD has issued us a permit for 500,000 gallons a day capacity contingent on the additional clarifier. Manager Klerk stated he is sort of on the record with EPD that we are going to build the second clarifier.

Member Lathem said "you are talking about the bidding process not the actual construction".

Chairman Ehrhardt said the bidding process is only a three month delay and is just buying us time. He said at the end of the ninety days we still might not have the funding and we are just pushing it down the road. Member Bell said if we wait to hear, that's just pushing it down the road further.

Chairman Ehrhardt said he feels we are going to have to look internally at if and how we can go forward alone.

He asked Mr. McGaughey to find out if there are any consequences if we move forward with the project. Chairman Ehrhardt stated it really doesn't matter because we have a commitment to uphold.

Mr. McGaughey said we were awarded the ARC grant based off of job creation not based off of if we could financially do the project. He said in his opinion it would be highly unlikely they would take the money away.

Chairman Ehrhardt said we need to figure how we are going to go forward to meet the schedule. Member Lathem asked how long it will take to complete the project. Mr. McGaughey said we have a nine month contract time after the bid has been awarded.

Chairman Ehrhardt asked if we pull out the sludge drying (phase 3) portion of the project how much would that decrease the project. Mr. McGaughey said that is phase three and is a separate contract not included in this project.

Manager Klerk said if we can do phase two it would honor our commitment with the State and we would not run the risk of any solids (TSS) violations at the treatment plant.

Chairman Ehrhardt asked Manager Klerk what he recommends. Manager Klerk said his recommendation is to go forward with the project. He said phase three money is in the budget and there is no commitment tied with that money.

Member Lathem asked what the chances of hearing something in ninety days. Mr. McGaughey said he personally thinks it will happen but USDA has not officially told him anything.

Mr. McGaughey said he would probably not want to award the project until we receive the letter of conditions.

Chairman Ehrhardt said we will move forward with bidding the project.

### ***Wholesale Water Agreements***

Manager Klerk said the wholesale water agreement with Braselton expires in three days, May 12th. He said we need to give them a rate proposal. Manager Klerk said they are our biggest wholesale water customer. He presented Braselton's water use for 2009 through now and how it affects our revenues. He said Braselton is a big player when it comes to our system by driving down our water costs from Bear Creek. Manager Klerk's chart showed that this was especially true in 2011.

Member Bell asked if they had a minimum purchase requirement. Manager Klerk responded "no".

Manager Klerk stated under the agreement now, they are basically paying \$2.79-\$3.00 per 1000 gallons depending on how much they purchase. He recommends changing their rate to \$2.70 per 1000 gallons to incentivize them into purchasing more water from us. Manager Klerk does not recommend a minimum or fixed fee.

He does recommend not going with a ten year proposal and stated we may want to go with a three year proposal. Manager Klerk said Braselton has not contacted us regarding the expiring agreement.

Member Lathem said he felt a two or three year proposal would be better. Manager Klerk said we could send a proposal with a “drop dead” time to respond. Attorney Smart said we could send a proposal letter that would be good for fifteen to twenty days.

Member Bell asked Manager Klerk if he would contact Braselton to discuss the expiring contract. Vice Chairman Storey was in concurrence. He felt we should do that before we sent a proposal letter.

Chairman Ehrhardt asked how our present contract ends regarding the rates. Manager Klerk said we would continue as is until approval by both parties.

Attorney Smart said it would be a good idea to send them a notice letting them know their contract is ready to expire.

Member Bell said she feels the \$2.70, if we can live with that, is a good number. Finance Director Davis said the \$2.70 covers our costs. She stated it’s the usage that helps us lower our costs at Bear Creek.

Consensus from the Board is to give Manager Klerk permission to initiate contact with Braselton and ‘throw out’ the \$2.70 rate.

#### ***Allocation of SPLOST funds for Highway 129 in South Jackson***

Manager Klerk stated the Board would need to vote to use the money out of the SPLOST fund and appropriate it for the Highway 129 portion of the project. He said the estimate is \$134,000 for that portion so he is requesting the Board even it out and authorize the amount for \$135,000.

Manager Klerk said we also need to have the Board authorize to go ahead and publicly bid the project.

Engineer Leslie said his contract documents will have one project with two different prices and bid schedules.

Chairman Ehrhardt said he is all for going ahead with this project and we need to get going on it because they need the water.

Vice Chairman Storey made a motion to allow the Authority Engineer and management to begin the bidding process for the Roquemore Road/Highway 129 South project.

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

Vice Chairman Storey made a motion to approve allocating up to \$135,000 in SPLOST funds for the Highway 129 South project.

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

Chairman Ehrhardt asked if we had the permits for the project.

Engineer Leslie said we have the permits from GDOT and he will be getting a permit from Jackson County.

### ***Adjustment of Authority Managers Spending Limit***

Manager Klerk said historically (at least ten years) the spending limit for the Authority Manager has been \$5,000. He said due to equipment price increases and the large increase in maintenance issues, he said he would like the Board to consider raising his discretionary limit. Manager Klerk said we are a multimillion dollar operation and he doesn't want to keep coming back to the Board after the fact for permission.

Chairman Ehrhardt referred to the emergency with the soft starters at a pump station. He said Manager Klerk needs to have the ability to take care of emergency situations in a timely fashion.

Chairman Ehrhardt said he is all for raising the spending limit. He asked Manager Klerk what he felt would be an appropriate amount. Manager Klerk responded \$10,000 is reasonable.

Manager Klerk informed the Board about a failed pump at the Possum Creek lift station. He said the pump will have to be replaced at a cost of around \$8,000.

Chairman Ehrhardt said we will track it and see if \$10,000 is enough. Vice Chairman Storey said that is a good place to start.

Member Lathem made a motion to raise Manager Klerk's spending limit from \$5,000 to \$10,000 per situation.

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

### **Executive Session**

Member Bell made a motion to go into Executive Session at 7:20 p.m.

Vice Chairman Storey seconded the motion. The motion carried with no objection and all board members present voting.

Vice Chairman Story made a motion to come out of Executive Session at 7:37 p.m.

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

Vice Chairman Storey made a motion to execute the General Release contract contingent upon Bluegreen Communities acceptance and to authorize the Chairman to sign the General Release.

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

### **Managers Report**

## WASTEWATER

The Authority's Possum Creek Wastewater Lift Station, located just north of I-85 and just east of Hwy 129, currently only has one operational pump. The housing was cracked all around - causing the motor to burn up. Because of its age, housing needed to be made at the foundry. The motor is being rebuilt. We're expecting delivery of the housing in four weeks.

## WATER

Several months ago, the Authority applied for renewal of its EPD public water system permit. It has been received and is good for ten years.

The Authority had its EPD Sanitary Survey on April 29. It was the first one in five years. This may have been a result of applying for the permit renewal. We do not yet know the outcome.....it will all be addressed to us in writing.

The Authority's annual Consumer Confidence Report, aka Water Quality Report, has been mailed to all system customers as required. This document can also be accessed on the JCWSA website.

Looking into the near future, we have learned that the water SCADA, which monitors all tower sites and pump stations, needs some upgrades. Tank low level alarms need to be added and some of the programming, especially as it relates to the default set-points, needs to be updated. More importantly, we do not have a backup central digital radio for the SCADA base station (here) nor do we have any remote location radio backups (RTU's).

Manager Klerk announced that Mark Dudziak has taken on Stacy Jenkins duties as Water Manager.

Manager Klerk said he and Engineer Leslie have been working on upgrading the Authority's standards and specs for the last year. He said they might be ready for presentation in June.

With there being no further business to discuss, the meeting was adjourned at 7:52 p.m.

Karen Johnson  
Board Secretary