

A Work Session of the Oconee County Board of Commissioners was held on Wednesday, January 18, 2017 at 9:00 a.m. in the Conference Room of the Community Center at Oconee Veterans Park.

*Members Present:* Chairman John Daniell  
Commissioner Mark Thomas  
Commissioner Chuck Horton  
Commissioner W. E. "Bubber" Wilkes  
Commissioner Mark Saxon

*Staff Present:* Jeff Benko, CPA, Administrative Officer  
Kathy Hayes, County Clerk  
Daniel Haygood, County Attorney  
Wes Geddings, Finance Director  
Marvin Poe, Director, Facilities & Operations  
Wayne Haynie, Director, Utility Director  
Austin Marable, GIS Administrator  
Alex Perschka, Director, Tourism  
John Gentry, Director, Parks & Recreation  
J.R. Charles, Director, Economic Development

Chairman Daniell called the meeting to order at 9:03 a.m.

**Overview and Purpose of Work Session:**

Chairman Daniell introduced Utility Director Wayne Haynie to present an update regarding water and wastewater resources.

**Update Water and Wastewater Resources:**

Utility Director Wayne Haynie began the update by giving an overview of topics to be discussed including water/wastewater forecasts and capacity needs, water supply and treatment, wastewater treatment options, proposed planning, and Equivalent Residential Connection (ERC).

Mr. Haynie stated that today's session is the Water Resources Mid-Year Update. The morning session will involve planning and implementation updates for water and wastewater. The afternoon session will provide a review of the water and wastewater rate study, rate structure, and capacity fees as provided by Public Resources Management Group (PRMG). He introduced Robert Ori, President of PRMG, who will present the rate study update.

Mr. Haynie introduced Paula Feldman, PE, of Engineered Horizons and Jimmy Parker, Vice President of Precision Planning who will present information regarding the topics for the work session. Power Point slides presented during the work session are entitled "Water Resources Mid-Year Update – January 18, 2017, Oconee County Utility Department" and "Fiscal Year 2017 Water and Sewer System Utility Rate Study – Public Resources Management Group, Inc."

Ms. Paula Feldman, PE, presented historical background information regarding the forecasts and needs assessments prior to the recession of 2007-2008. The 2005 Wastewater Strategic Plan is a good baseline. Due to the recession, population forecasts changed and projects were pushed into the future rather than implementing. The drought of 2009 created changes in plumbing codes and caused the County and citizens to change its view of water and water usage. Growth in Oconee County has returned and is close to pre-recession levels.

Planning for water demand and wastewater flow forecasts should be considered through 2050. Forecasting is a data intensive process, which will involve historic and future population statistics, Future Development Map 2030, maps of Oconee's Water Systems and Sewer Service Areas and working with the Planning and Utility Departments. In 2015, the Utility Department served 9,400 water customers of which approximately 75% were residential water demand with non-revenue water at approximately 17%. Average annual daily water usage in 2015 was approximately 2.53 MGD.

The Upper Oconee Basin Water Authority (UOBWA) and Bear Creek Reservoir supplies water to four member counties (Oconee, Athens-Clarke, Jackson and Barrow) with Oconee's entitlement share at 12% for Permitted Reservoir Withdrawals and 19% for Water Treatment Plant Capacity. Oconee County is reaching its entitlement share of the existing Water Treatment Plant capacity. Oconee County owns nine wells of which four wells are in operation.

Utility Director Wayne Haynie discussed possible options for treated water supply. These options included a concept of UOBWA members possibly leasing treatment capacity to members who have a greater need from members that do not use their full allocation. If a lease arrangement for additional water treatment capacity is not possible, Oconee County could choose to work through the UOBWA and expand the Bear Creek Water Treatment Plant without the other members. Long term, Oconee County has adequate water supply from its ownership share of the Hard Labor Creek Reservoir. Barrow and Jackson Counties have expressed an interest in further discussions toward leasing their available entitlement share of their water treatment capacity at the Bear Creek WTP. Ms. Feldman stated that Hard Labor Creek will supply approximately 15 MGD in the future, meeting Oconee County's long-term needs until 2040-2045 range.

Ms. Feldman presented statistics for Oconee's wastewater system. Two treatment facilities in Oconee County are the Land Application System (LAS) on Rocky Branch Road and the Calls Creek Water Reclamation Facility (WRF) in Watkinsville. The Calls Creek facility is currently operating at 0.67 MGD and LAS on Rocky Branch at 0.4 MGD. Several options were discussed which included increasing

capacity at the Calls Creek WRF; building a facility on the Middle Oconee River; and/or increase capacity at Rocky Branch LAS.

Future wastewater planning may include using Equivalent Residential Connection (ERC) units to assess capacity impacts for proposed for residential water and wastewater connections. Commercial capacity could be considered based on GPD per square feet, and industrial capacity considered on a case-by-case basis. The discussion of the updated ERC calculation will be presented to the development community in the region in the coming months. After due comment and discussion, Oconee County will consider these changes for FY 2018.

Utility Director Wayne Haynie discussed several possible solutions to expand wastewater capacity such as multiple wastewater facilities, implementation of the increased capacity of Calls Creek WRF and then transition to a Middle Oconee facility, and closing operations at the Rocky Branch LAS or possible improvements to the LAS. The Calls Creek WRF may expand the plant from 0.67 MGD to 1.5 MGD. Design and construction could be ready to begin within the next several months pending Board approval. Mr. Haynie discussed the NPDES Permit and Design Development Report process for Calls Creek WRF. He explained that the present facility is in need of new membranes, which require frequent maintenance costs. Mr. Haynie's presentation included the Calls Creek design for the new plant and he briefly discussed the benefits of the new plant.

Mr. Haynie discussed several stages in the Original Upgrade Proposal which showed rehabilitation of the present facility, a refurbished "package plant," future capacity expansion and cumulative costs for the various stages. Mr. Haynie explained that the Power Point slide describing the construction budget for the Calls Creek WRF Upgrade needed correction. He stated that the estimated construction cost contained in the Contractor's 80% GMP budget was \$13.5 million.

Utility Director Haynie discussed the need to build additional water storage tanks in the county to provide for a full average day of water in elevated storage, water availability during a drought, and water pressure. He suggested dividing the county into pressure zones and locating a storage tank in these zones. The Northwest Pressure Zone could be located near the Barrow County border in the area of the new school site recently purchased by the Board of Education.

Administrative Officer Jeff Benko asked if the elevated storage will meet the requirement of school site and other residential areas. Mr. Haynie stated that an elevated storage would improve the service and fire flow for this area.

*A break was taken at 10:14 am and the meeting resumed at 10:35 pm.*

Utility Director Wayne Haynie discussed funding for the Calls Creek WRF Expansion of \$13.5 million to include cash-on-hand to fund the first year, regular customer sources, SPLOST funds (2009 and 2015), and private financing. He stated that cash "flowing" the project should be manageable. Due to the land availability at the Calls Creek Plant, the plant could serve Oconee County for many years into the future.

Mr. Haynie introduced Jimmy Parker, Vice President of Precision Planning, to discuss pumping stations, trunk lines, and gravity sewer in Oconee County. Mr. Parker began by discussing the McNutt Creek Gravity Sewer line. Construction of the line is through the Jennings Mill Golf Course with a bore under Loop 10. He gave a brief history of the Epps Bridge Force Main Upgrade to handle current and projected growth in the County. Future alternatives include the Middle Oconee basin and expansion of the Calls Creek Plant. He suggested that the County continue with gravity flow infrastructure improvements instead of pump stations. With gravity flow sewer infrastructure in place, pump stations could be decommissioned.

Commissioner Horton asked if having a distribution center for discharging wastewater could be in the Highway 441 area. Mr. Parker stated that distribution flows to the Calls Creek Plant. The plant could be in the Highway 441 area, but would require a pump station instead of gravity flow. Commissioner Horton asked, with an upgrade to Calls Creek Plant, how long before another upgrade will be needed. Director Haynie stated that another expansion may begin planning and permitting in the 2020 to 2022 range.

Further discussion continued regarding sewer capacity needs of future rezones; expansion of Calls Creek; disposal of effluent; and the recent update to the Sewer Capacity Policy allocated at 40/40/20 (40% for residential, 40% for commercial and 20% for industrial/manufacturing); future expansions of Calls Creek and other locations; pump station upgrades and/or retirement of pump stations; and capacity reserves for citizens with failing septic systems.

Chairman Daniell stated that the 2005 plan still provides future planning with a treatment plant on the Middle Oconee. Environmental impact is a concern as pump stations are usually where spills occur. Trunk lines along the creeks would eliminate the pump stations. Economics are a consideration and decisions should be made in the near future.

Utility Director Haynie stated that by constructing a smaller plant at the Middle Oconee River site, capacity can be added at a fairly cost effective rate. A pump station could be built at the site as the "head works" for a future wastewater plant and later transition to the influent pumping station needed for the future Middle Oconee wastewater treatment plant.

Commissioner Thomas asked if capacity could be increased by moving the proposed Middle Oconee site to another alternate site further south in the Oconee River basin. Mr. Haynie stated that this should be a consideration in the upcoming Comprehensive Plan Update. The Board of Commissioners' input and vision will shape sewer service areas for future generations. As requested by Commissioner Horton, Mr. Haynie explained the process and time frame for the Middle Oconee Pumping Station that could convert to a plant site. Discussion continued regarding average MGD at Calls Creek and the LAS, reasons for pipe erosion, inflow/infiltration sources, and effects of surface water within the system.

*On motion by Commissioner Wilkes and second by Commissioner Horton, the meeting was adjourned for a lunch break at 11:33 am. The Work Session will resume at 1:00 pm.*

Utility Director Wayne Haynie introduced Mr. Rob Ori, President of Public Resources Management Group, who discussed rate structure, fees, debt and debt coverage, and funding of utilities. A report is being prepared from PRMG that could merge with the Utility Department's budget for the upcoming year.

Mr. Rob Ori discussed the development of a financial forecast with sufficient revenues for a "by-utility" basis (water pays for water / sewer pays for sewer); the number of water and sewer customers; amount of gross assets; ERCs for water and sewer; and the need for rate stability to limit the financial risk of the utility. Mr. Ori stated that the Bond Resolution adopted in 1998 includes an operating reserve of 45 days for O&M expense, which is low. The rate covenant within the resolution is typical at 115% of annual debt service. Residential customers use approximately 5,800 gallons per month and a portion of water accounts are commercial.

Mr. Ori presented a chart providing a Forecast of Revenues for water and wastewater projections over the next five years. Oconee's utility budget was reviewed by PRMG and projected operating expenses were found to be 53% of gross revenue requirements. Personnel, utilities, chemicals, and purchased water are included in the operating expenses. He further discussed salaries and benefits allocated between water and sewer; additional personnel; reclassification of expense items to capital; and compound annual growth rate for water and sewer.

Mr. Ori discussed a Capital Improvement Plan to include sewer projects as follows: Calls Creek Sewer Plant Expansion; McNutt Creek Sewer Trunk Lines; and other capital improvements. Water capital improvement projections include system expansion; repairs and replacements; and water meters. The advantage of the plan today is that funding is available internally and through SPLOST and no additional debt should be required.

Best Management Practices recommendations from PRMG are to establish additional operating and capital reserves above 45 days; utilize debt for expansion and limit debt for replacement capital; dedicated annual transfer from operations of prior year revenues; and projection to fund all capital improvements of system for the forecast period. Mr. Ori reviewed the outstanding debt that was issued pursuant to the Bond Resolution for the Upper Oconee Basin Water Authority and the Hard Labor Creek Reservoir. He also reviewed the type of debt (GEFA, bonds, notes payable); debt repayment security; and existing debt service payments. The GEFA loan for Hard Labor Creek Reservoir includes a balloon payment in 2053 and PRMG recommends an annual deposit to fund this payment. Mr. Ori noted that the debt load will decrease in the next several years. Recommendation is to pay off bonds issued under the Bond Resolution.

Residential water and sewer rates were compared to surrounding cities and counties; showing that Oconee is comparable with these other areas.

Mr. Ori reviewed the recommendations discussed and suggested that Oconee consider reserves of 120 days of O&M Expenses and a capital reserves target of 2.00% of gross plant asset value.

Mr. Ori reviewed the base charge regarding water rates and proposed an increase in the existing base charge based on the meter size. He recommended changing the conservation tiers to "level of service" based on volume with a total of four tiers versus the current six tiers. The sewer rate structure may undergo a similar change regarding the base charge and volumetric charge. Utility Director Haynie commented that the Water Business staff had realized the need for simplification of the billing process by reducing the number of tiers and independently asked for same.

The next steps will be to revise the forecast as the Board directs; a rate resolution and public hearing; policy decisions regarding rates, sinking funds and capacity fees; and the goal of having water revenue pay for water and sewer revenue pay for sewer.

**Adjourn:**

There being no further business, on motion by Commissioner Wilkes and second by Commissioner Saxon, the meeting was adjourned at 2:15 p.m.

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County Clerk

Date

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Chairman