

Peachtree City Water and Sewerage Authority

September 9, 2019

The Peachtree City Water and Sewerage Authority held its monthly meeting on Monday, September 9, 2019, in the conference room of the John W. Gronner Administrative Center. The following individuals were present: Chairman Vanessa Fleisch, Vice-Chairman Mike King, Treasurer/Secretary Terry Ernst, Board Member Kevin Madden, Board Member Phil Prebor, Ms. Melissa Griffis (attorney with Rosenzweig, Jones, Horne & Griffis), Mr. Robert Monroe (attorney with McRae, Smith, Peek, Harman & Monroe), Mr. Dan Davis (ISE), Ms. Leslie Baer (ISE), Mr. Bo Davis (ISE), Ms. Millie Shah (WASA), Mr. Larry McNeil (WASA), Ms. Corinne Kehayes, and Mr. Kevin Hay.

Ms. Fleisch called the meeting to order at 6:30 pm, and began with the Pledge of Allegiance.

Ms. Fleisch welcomed Ms. Shah and Mr. McNeil to their first official WASA Board Meeting. Ms. Fleisch opened the meeting up for public comment. There were no public comments.

Ms. Fleisch asked for a motion to approve the August 5, 2019 regular meeting minutes. Mr. King made the motion, seconded by Mr. Madden. Motion carried.

There were no reports from the authority members. As a General Manager report, Mr. Dan Davis welcomed Ms. Shah and Mr. McNeil and stated they have been working at WASA for one week.

Mr. Dan Davis discussed the Annual Emergency Services Contract, which is currently held by RDJE. This contract allows for a contractor to provide emergency repairs/services at predetermined rates. This contract was bid last year and the bid is valid for two years; but the option to extend it for the second year must be approved by the Board. The contract will be reissued for bid again next year. Mr. Dan Davis recommended approval of the Annual Emergency Services Contract to RDJE for \$50,000. Mr. Madden asked if the contract is for two years, but it is approved by the Board every year. Mr. Dan Davis confirmed that is the case and stated there is no change in the price from last year. Mr. Prebor asked if this policy existed because of possible changes in the Board from year to year. Mr. Dan Davis stated he did not know, but it does also allow the contractor the option to not renew the contract. Mr. Ernst made a motion to approve the Annual Emergency Services Contract for RDJE in the amount of \$50,000, seconded by Mr. King. Motion carried.

Mr. Dan Davis discussed the Annual Services Contract, which is currently held by Crawford Grading and Pipeline. This contract is for miscellaneous maintenance/repair projects that are not of an emergency nature, provided at predetermined rates. Like the Annual Emergency Services Contract, this contract was bid last year and the bid is valid for two years; but the option to extend it for the second year must be approved by the Board. The contract will be reissued for bid again next year. Mr. Madden asked what type of work this contractor does that cannot be done ourselves/in-house. Mr. Dan Davis stated the work would include heavier construction or equipment that we don't have (for example: pipe burst technology). Mr. Dan Davis stated this contractor would provide services that are beyond WASA's capability in-house. Ms. Fleisch asked Mr. McNeil if he had worked with either of the companies discussed. Mr. McNeil stated he had not. Mr. Ernst made a motion to approve the Annual Services Contract for Crawford Grading and Pipeline at the current prices as established, seconded by Mr. Prebor. Motion carried.

Mr. Dan Davis discussed the Sale of Surplus Vehicles and Equipment which was discussed at the last Board meeting. Mr. Dan Davis stated after some discussion with the staff it was decided that the backhoe will be kept for another year and usage will be evaluated. There are four vehicles identified as surplus, which are shown on the attachment. The question from the last meeting was how do we dispose of the surplus vehicles. Mr. Dan Davis stated Mr. Griffis has researched and identified the statute that WASA is supposed to follow in disposing of surplus property. Ms. Griffis stated as discussed before the recommendation last month, she researched using GovDeals.com. Ms. Griffis stated there is a Georgia Surplus Property Manual issued through the Department of Administrative Services which sets forth guidelines that the State of Georgia should use regarding the disposal of surplus property, and we believe WASA needs to adopt similar procedures. Ms. Griffis stated one of the questions from the last meeting was can we do a private sale for the vehicles. Mr. Griffis stated part of the issue is that WASA purchased the vehicles tax free. GovDeals is recognized as an option that follows the statutes and procedures in place; the other options cannot verify that they follow the guidelines. Mr. Griffis stated the recommendation is that the Board label the vehicles as surplus, and utilize GovDeals, which does allow for a minimum reserve on the vehicles. Mr. King asked if the guideline is law or regulation. Ms. Griffis stated there is a regulation, but there is also a statute that goes with it. Mr. King asked what law specifically states that doing a silent bid for rate payers is forbidden. Ms. Fleisch stated that the City has always done this under GovDeals, because they collect the sales tax, etc. Mr. Prebor stated we could put signs on the vehicles and advertise in order to get more money for them. Mr. King asked what the fee amount is for GovDeals. Ms. Griffis stated the GovDeals fee depends on how many vehicles are listed with them. Ms. Fleisch stated the benefit of using GovDeals is that it provides transparency, which is important since we are a government entity. Mr. King stated he knows the consensus, but if we did a silent bid on the web with the rate payers and we have a person file a lawsuit saying we didn't follow regulations, what would be the penalty with the judge when we're trying to do the right thing. Ms. Griffis stated this procedure comes from the Department of Administrative Services, and if you don't want to follow the Georgia Surplus Property Manual, there are Appendix forms with a check list, but we have to be able to warrant and certify that we've followed all the procedures outlined. Ms. Griffis stated with the ideas that were presented at the last meeting, we don't have a way to warrant that we're following those procedures; GovDeals warrants that and it's an arm's-length transaction. Mr. King stated GovDeals would get 10% of what the vehicle is worth. Ms. Griffis stated nothing prevents the seller from putting the minimum bid at an amount to include the GovDeals fee. Mr. Ernst stated he is concerned with Mr. King's idea with regard to the legality of limiting the sale to rate payers; what if someone lives in another county. Mr. King stated the rate payers paid for the vehicles. Mr. Prebor stated we should let rate payers know it's available to bid on GovDeals. Mr. Prebor asked how the sales price will be determined. Mr. Dan Davis suggested utilizing Kelley Blue Book or similar to determine prices. Ms. Griffis stated the Board needs to classify the vehicles as surplus, and then the value will be determined. Mr. Prebor made a motion to classify the four vehicles as surplus with the intent of getting fair market value to eventually be posted on GovDeals with a reserve, seconded by Mr. Madden. Motion carried 4-1 with Mr. King voting in opposition.

Mr. Dan Davis stated the draft FY2020 budget was presented at the last Board meeting, and there has been some adjustment of the budgeted amounts. Mr. Bo Davis provided a review of the FY2020 budget (see attachment) which is not drastically different from what was presented last month. Mr. Bo Davis noted the Revenue numbers have changed based on an additional month of data which allows us to better project FY2019 year-end and FY2020 numbers. There were minor changes to Salaries, Wages, & Benefits to reflect additional positions and increase in other labor-related costs. As discussed at the last meeting with regard to Materials, Supplies, & Services, there has been an overall economic uptick in these costs, but this budgeted amount is less than 8% from FY2018 which is within reason. Other

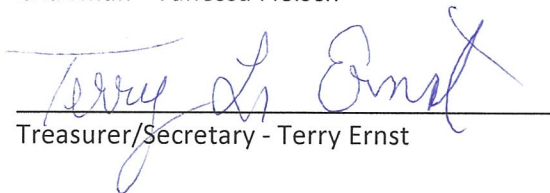
Income (Expense) has nothing budgeted to be conservative. Regarding the Capital Spending & Debt Service section, the debt service payment is taken directly from the debt service schedule in the bond documents. The Renewal & Extension line item is the Annual Services Contract and the Annual Emergency Services Contract which were approved tonight. The Capital & Project spending is a combination of needed IT improvements across all departments, material improvements to equipment at both treatment facilities, and significant repairs to pump stations. Ms. Fleisch asked if there is a slowdown in the housing market (West Village is half built out), do we have sustainability. Mr. Bo Davis stated tap fees, plan review fees, and septage are about 10% of revenues. Mr. Prebor asked what line item contains the house fees. Mr. Dan Davis stated the funds would go into the general fund; bonds are paid on an amortization schedule. Mr. Dan Davis stated in March 2023 the B series bond will be paid off and in 2027 the A series bond will be paid off. Mr. Ernst stated that at that point the money being paid into bonds will be in the general fund. Ms. Fleisch stated that at that point the Board would have the ability to get another bond or GEFA loan for any needed upgrades/repairs. Ms. Fleisch stated that if any large repairs are needed before the bonds are paid off we should look at other ways to finance the project in order to get the bonds paid off. Mr. Dan Davis stated the prioritization plan provides a road map for future improvements/repairs. The total monthly debt payment will reduce when the B series bond is paid off and we can get a GEFA loan to do some projects; and in 2027 when the A series is paid off we can get another GEFA loan to do additional projects. Mr. Ernst stated at the earliest convenience we look at a possible rate cut for the rate payers. Mr. Prebor asked what the balances are for the bonds. Mr. Bo Davis stated the A series is \$7.6 million and the B series is \$7.8 million. Mr. Dan Davis stated when the first bond is paid off, there will be \$1.3 million annual surplus and at that point we should take a look at projects/improvements. Mr. Madden stated we have a temporary solution to the pump station at Starrs Mill which will last a few years, but the replacement is \$800,000 – before we do a rate cut we need to make sure we have enough capital to do the repairs that may be needed for the 60-year old system. Mr. Madden made a motion to adopt the FY2020 budget as presented, seconded by Mr. King. Motion carried.

Ms. Fleisch asked for a motion to adjourn into Executive Session for the purpose of Real Estate, Personnel, and Potential Litigation. The motion was made by Mr. King and seconded by Mr. Ernst. Motion carried. The meeting was adjourned into Executive Session at 6:56 pm.

The meeting was reconvened at 8:04 pm.

Ms. Fleisch asked for a motion to adjourn. The motion was made by Mr. Ernst and seconded by Mr. King. Motion carried. The meeting was adjourned at 8:04 pm.


Chairman - Vanessa Fleisch


Treasurer/Secretary - Terry Ernst