

Peachtree City Water and Sewerage Authority

August 11, 2020

The Peachtree City Water and Sewerage Authority held its monthly meeting on Tuesday, August 11, 2020, in the break room and 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 Phil Prebor, Board Member Kevin Madden, Ms. Melissa Griffis (attorney with Horne & Griffis), Mr. Dan Davis (ISE), Ms. Leslie Baer (ISE), Ms. Millie Shah (WASA), Mr. Larry McNeil (WASA), Mr. Chris Miller (Cpak Technology Solutions), and Mr. John Dufresne. Due to the COVID-19 pandemic and Governor Brian Kemp's Executive Order the Board members were located in the break room and the public was in the Board room for proper social distancing with live video and audio being fed into each room.

Mr. King called the meeting to order at 8:00 am and began with the Pledge of Allegiance. Mr. King stated that Chairman Fleisch had not arrived yet and requested the meeting be put on hold until her arrival. The meeting was paused at 8:01 am and subsequently started again at 8:08 am upon Ms. Fleisch's arrival.

Ms. Fleisch opened the meeting up for public comment. There were no public comments.

Ms. Fleisch asked for a motion to approve the July 7, 2020 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 stated a new employee started, Mr. Jonathan King, filling an open position in the Collections Department.

Ms. Shah discussed the Quarterly Financial Update. Ms. Shah stated the Authority has \$8M in cash as of June 30th, with \$2.7M restricted for debt, \$2.7M restricted for capital for four years, and \$2.6M for day-to-day operations which is 47% of next year's operating budget. Ms. Shah stated most of the cash is in the Georgia Fund 1 (secure fund), and interest income has decreased. Ms. Shah stated Covid-19 has affected billed revenue for the months of May, June, and July, with \$64,000 less commercial revenue. However, this reduction is offset by an increase in residential revenue of \$43,000, resulting in a net reduction of revenue of \$20,000. Ms. Shah stated collections is \$76,000 less than last year – people are paying bills, but they are paying them late. Fayette County Water was not charging penalties or interests for three months. Ms. Shah stated as of June 30th, the Authority is at 76% of revenue, and will meet the budget at the end of the year. The Authority is at target from a revenue standpoint, and below budget on expenses in every department (for example Admin Services is 63% versus 75% budgeted with most of the savings in professional services, Collection is 69% versus 75%). Chemical cost savings (\$185,000) was reallocated to replacing much needed pumps. Support services is at 69% versus 75%, and these savings reallocated to reorganizing the shop, purchase needed shop equipment, and necessary vehicle maintenance. The plants are at 77% which is slightly higher than budget due to replacing bulbs, needed maintenance, and replacing pumps from a lightning strike (an insurance claim was submitted for the lightning strike and a \$60,000 reimbursement is expected). Mr. Prebor asked Ms. Shah to provide this data to the Board members. Ms. Shah stated the Authority will meet the budget and net income should be \$500,000 to \$700,000. Ms. Shah stated overall the Authority has recognized a lot of savings and not seen a significant impact from Covid-19 that would require an adjustment to the FY2020 or FY2021 budgets. Ms. Fleisch asked if the payroll tax program will affect the Authority. Ms. Shah stated the program delays taxes, and the payroll program will adjust the payment. Ms. Fleisch asked what the rate of interest is on Authority loans since the rate of borrowing has reduced. Ms. Shah stated she can complete an analysis of debt. After the first bond is paid off (\$4.7M remaining), the Authority can get a GEFA loan. Mr. Dan Davis stated some

industries are closed. Ms. Shah stated the closed industries are planned to reopen January 1, but their closure represents the reduction in commercial revenue.


Ms. Shah discussed the FY2021 Budget. Mr. Prebor stated he requested a copy of the detailed budget on Thursday night, but did not receive a copy. Mr. Dan Davis stated he would provide a detailed budget copy to Mr. Prebor. Ms. Griffis stated the Board is not taking any action on the budget today, and it will be on next month's agenda as well. Mr. King stated the General Manger was on vacation last week. Ms. Shah stated the budget performance for 2020 will meet the revenue projection and expect to save \$563,000 on expenses (for example: materials, supplies, chemicals, professional services, HVAC maintenance, trash service, etc.). The team has reviewed and evaluated existing contracts to reduce expenses. Ms. Shah discussed the FY2021 budget, stating it includes an increase in revenue of \$280,000 due to residential growth, with a decrease of \$112,000 in other fees due to a reduction in commercial tap fees (overall a projected \$168,000 increase in revenue for 2021). Ms. Shah stated she will reevaluate revenue after the first quarter and adjust to balance the budget. Ms. Shah stated the budget has an increase in salaries and benefits, including the addition of a Collections Department employee (budgeted only, will come back to the Board if needed), a Cost of Living increase (as of October 1), healthcare cost increase of 15%, and inclusion of second part-time position that has been hard to fill. Ms. Shah stated the budget for materials, supplies, and services has decreased by \$162,000 (majority in professional services), equipment has increased by \$50,000, increase operating supplies by \$90,000, and sludge cost has increased by 15% (new rate provided by vendor in January/February). Ms. Shah discussed debt services, stating an interest payment is due in September, and a principal payment in March 2021. Debt service for next year is \$2.7M with one last payment in 2022 on the series B bond. Ms. Shah discussed the capital projects for 2021 at \$1.2M. Mr. Prebor asked if some of the cost shown are maintenance and not capital costs. Ms. Shah stated they have evaluated previous expenses to determine if they are capital versus maintenance costs. Ms. Shah stated the 7-year capital projects will be evaluated and adjusted every year by Mr. Dan Davis, Mr. McNeil and the team based on the Authority's needs. Mr. Dan Davis stated in 2023-24 the team will begin looking at the solids handling issue, and the sewer on Huddleston is planned for 2027.

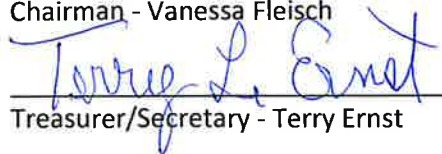
Mr. King discussed the Property Committee Report, stating the Authority has been approached by the City and the County to purchase a portion of the Authority's land.

Ms. Fleisch asked for a motion to adjourn into Executive Session for the purpose of Real Estate 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 8:43 am.

The meeting was reconvened at 9:43 am.

Ms. Fleisch asked for a motion to adjourn. The motion was made by Mr. Ernst and seconded by Mr. Madden. Motion carried. The meeting was adjourned at 9:43 am.


Chairman - Vanessa Fleisch


Treasurer/Secretary - Terry Ernst