



Brunswick-Glynn County Joint Water & Sewer Commission
1703 Gloucester Street, Brunswick, GA 31520
Commission Meeting Room
Thursday, March 10, 2016 at 2:00 PM

FACILITIES and FINANCE COMMITTEE MINUTES

PRESENT

FACILITIES MEMBERS: Ronald Perry, Chairman
Clifford Adams, Commissioner
Todd Kline, Senior Engineer
Thomas Boland, Acting Director

FINANCE MEMBERS: Donald Elliot, Commissioner
Ronald Perry, Chairman
John Cason, Commissioner
Thomas Boland, Acting Director
John Donaghy, Chief Financial Officer

ABSENT: Robert Bowen, Commissioner

ALSO PRESENT: Pam Crosby, Director of Procurement
Kirk Young, Systems Pumping & Maintenance

Chairman Perry called the meeting to order at 2:00 PM.

PUBLIC COMMENT PERIOD

There being no citizens that wished to address the Committee, Chairman Perry closed the Public Comment Period.

ADOPT:

1. Minutes from February 11, 2016 Facilities Committee Meeting

Commissioner Cason made a motion seconded by Commissioner Adams to adopt the minutes of the February 11, 2016 Facilities Committee Meeting. Motion approved 5-0-1 (Commissioner Bowen was absent for the vote).

DISCUSSION:

1. Air Liquide Presentation – Todd White

Mr. Todd White of Air Liquide presented to the Committee stating they are the largest industrial gas company in the United States and currently going through a merger with Air Gas but are still competitors until they close in May or June. They are FTC approved. Air Liquide has been doing business with JWSC since 1996 and provide a service to monitor the LDL for oxygen levels. Currently JWSC is using approx. 6 ½ million standard cubic feet a month of oxygen. For all of the monitoring system of methane

levels of the tanks the charge is \$800 a month as a facility fee and for the oxygen the charge is 0.52 ½ cents for per 100 standard cubic foot. If this is bid out we ask that the monitoring be included and is a very good service. It is normally a larger fee. Mr. White stated that JWSC was interested in possibly selling a tank to Air Liquide and normally the company is interested in assets but at this time there are no plans to purchase due to the merger. Mark Ryals stated the oxygen has been provided for and JWSC has not needed to monitor and has been assistance free. Typically the contract is 3-7 years and the lower the contract the more competitive the bid can be. The terms on payments are normally net 30. The cost for last year was approx. \$300,000.00.

2. Electrical Services RFP Update – Pam Crosby

Pam Crosby presented details about the JWSC Electrical Services. The JWSC currently provide our own services with the aide of Certified Electric. A meeting was recently held with each department internally to discuss the current services provided and provide a scope of work. The plan is to Electrical Services out for an RFP and offer to other Electrical providers. A matrix of work will need to be developed with components for emergency and standard project work. The next part to be determined will be how much internal electrical work JWSC will have to be able to staff on electrical crew. The cost spent last year with Certified Electric was approx. 100K at \$80 per hour for a 2 man crew. In general, the staff is really happy with the services. The reason this came up is to be sure we are offering bidding opportunities to the community and be sure our internal needs are provided for. Certified is very experienced with our systems and know about our electrical needs.

3. Academy Creek CIP Project – Pam Crosby

Pam Crosby updated the Committees on the Academy Creek CIP approval. This was previously on the Commission meeting and a conditional approval for the repair on the main pipe coming into Academy Creek. The staff had been waiting for finalization of some bids came as we only had preliminary numbers. A final bid was received from Instituform for \$274,479.00 and will be funded from R&R and the plan is to move forward in the next couple of days. Mark Ryals stated this will replace both pipes and the manhole. It will also allow to coat the small influent box. This has been on the list to repair for some time.

4. Master Plan & Rate Resolution – Comm. Elliott / Andy Burnham

Commissioner Elliott updated the Committees on his request for a list on capital improvements requested by the superintendents/staff. There has been a hold on capital purchases for the past 2 years because there has not been enough money in the budget and there has not been a rate resolution for some time. Com. Elliott stated the item will be on the March 17th agenda for the full commission to take 1.5M out of the operating reserves which is at 8M at this time. This will allow JWSC to purchase half of the items on the much needed capital improvements list, which is a total of 2.8 M. The remaining balance will be funded through the rate structure. Doing this will improve the equipment and provide money for added staff. It was stated that it previously the F450 vehicles were not needed but proved to be incorrect. Some of the work the staff does in trenches and more requires this size of a vehicle. The equipment and vehicles are being updated to serviceable condition through the new fleet manager, Matt Lemke. The use and salvaging of parts and disposing of unusable equipment has been part of Mr. Lemke's tasks. The spreadsheets were discussed.

Andy Burnham, Burnham and Associates, discussed the current rates and financial state of BGJWSC. The presentation reflects the analysis of fund balance and shows the use of 1.5M for minor capital equipment. The plan is to keep the Operating Reserve at 6 months of expenses and using the fund will cause it to dip but can be restored by the rate adjustment plan. A potential borrowing might be necessary to support the Renew and Replace program. Mr. Barnham stating the Rate adjusted was last updated on 7/1/2014. The changes since the last update has been the level of capital spending on the Master Plan. There have been substantial costs identified which is largely Renewal and Replacement. In the analysis it

shows the only amount of expansion could be funded with capital tap fee revenues. It was stated that rate payers feel they are paying for new developer requirements but JWSC does not really receive benefit from development. It may provide a few more people to tap into the system but the expense to add infrastructure is a very long payback period. Andy continued showing the issuance of long term debt based upon the scale was about 20M. The Renewal and Replacement projects were discussed in the Master Plan to be addressing improvements to avoid consent orders or compliance criteria. There really isn't much flexibility here without high consequence for deferral. In the 2017 budget there is an increase for manhole rehabilitation and in additional to operational costs. Andy noted that the outlook of rate adjustments is pretty significant as compared to how the Commission has handled this in the past. Previous rate adjustments in the past years have been quite low nominal adjustments like the past year was zero and the year before that was 0.36 % for typical rate users. There have been quite low rate adjustments and are now in a position to look at larger adjustments. It was noted that most of the budget is for repair and fixing things that need to be fixed in order to be in compliance. The prior, current and possible future impact fees were discussed for the county and city. Mr. Burnham stated Four Waters went into very good detail on the Master Plan. The advantages of the Master Plan is it provides the capacity and costs to provide a great plan. The Master Plan identified more system expansions for the sewer side than the water side. There was additional discussion of possibly changing the operating agreement it could affect how JWSC could use the rates. It was requested to add the operating agreement change to the next Commission agenda. There is a need to vote to accept operation, debt service, administrative fees, and capital tape fees. It was noted that SPLOST funds can relieve some for growth related projects. John discussed the next steps needed if JWSC confirms the assumptions in the model and then have the Commission adopt as a five year plan. The Commission would approve the proposed budget for 2017 which facilitates forwarding to the City and County as required by the Operational Agreement. JWSC would then prepare for the public hearings so the proposed rates can get out to the public. The final 5 year plan, budget and rate resolution are subject to change up until voting on at the second meeting in June. It was requested to have Andy Burnham present at the next full Commission meeting on 3/17.

Meeting was adjourned at 3:10 pm.

Attest:

Sandra Egan, Clerk



Ronnie Perry, Chairman