

OFFICIALS PRESENT: Dunagan, Hamrick, Figueras, Bruner, Wangemann, Couvillon
STAFF PRESENT: Kelly Randall, Don Dye, Horace Gee, Myron Bennett, Joey Leverette,
Tina Wetherford, Melody Marlowe, David Dockery
OTHERS PRESENT: Doug Baughman, Betsy Massie, Bobby Sills

Public Utilities Director Kelly Randall welcomed everyone and commented on the first retreat/workshop which occurred 19 years ago.

City Manager Kip Padgett stated stormwater issues resurfaced in 2013 after heavy rains. This issue was discussed at the 2014 Public Utilities Department Workshop at which time there was consensus to transition stormwater responsibilities to the Public Utilities Department. This change had been underway for almost a year and brought attention to the need for a dedicated funding source with community involvement.

Mr. Randall commented on issues at Lake Knickerbocker. He stated the goal for the workshop was to determine if the governing body agreed with the plans for addressing stormwater issues.

STORMWATER/WATERSHED:

State of the Program

Assistant Public Utilities Director Don Dye indicated there was a need to address regulatory and infrastructure requirements then briefly reviewed each. There was an overview of the implementation schedule as presented in 2014 with a status report for each task.

Current Financial Situation

Finance and Administration Division Manager Tina Wetherford presented Fiscal Year 2015 financial information compiled from various sources as shown below.

Category	Actual Expenditures	Year End Projections
Personal Services and Employee Benefits	\$ 531,804	\$ 821,305
Professional and Other Services	\$ 42,781	\$ 64,271
Supplies and Operating Charges	\$ 46,625	\$ 80,302
Repairs and Maintenance	\$ 11,744	\$ 22,542
Subtotal for O&M	\$ 632,954	\$ 988,420
Capital	\$ 12,240	\$ 86,631
Total	\$ 645,194	\$ 1,075,051

Project Updates

Environmental Services Administrator Horace Gee and Engineering and Construction Services Division Manager Myron Bennett provided updates on the following projects:

- Flat Creek Stream Restoration Project
- USACE Stream Restoration Project – Section 206
- USACE Stream Restoration Project #32
- USACE Stream Restoration Project #33
- Chattahoochee Golf Course Storm System Improvement
- Island Drive Storm Sewer Improvements

- City Owned Detention Ponds
- Cargill/Gainesville Mill Stream Restoration
- Flat Creek Stream Restoration – Phase I
- Aging and Failing Infrastructure

There was discussion about the need to include a method for allowing stormwater treatment credits to reduce maintenance requirements for the city.

RECESS: 1:59 PM
RECONVENE: 2:26 PM

Level of Service

Doug Baughman, CH2MHILL, stated the existing approach for addressing stormwater issues was reactionary. There was room for improvement by transitioning to a proactive stormwater program. This required an understanding of the program cost which led to discussion of the following:

- Extent of service in regards to private property and right of ways.
- Level of service in regards to Best Management Practices (BMPs), i.e., techniques, measures or structural controls used to manage the quantity and improve the quality of stormwater runoff.

There was discussion about unexpected expenditures associated with MS4 stormwater permits, aging infrastructure and 2013 flooding events. The initial estimates indicated a 20-year program could cost over \$200 million. A phased approach was suggested as the best way to get started.

Mr. Baughman commented on other tasks that should be included in the stormwater program such as regulation and enforcement; stormwater quality management, engineering and master planning; floodplain management; operation and maintenance; and capital improvements.

Staff and CH2MHill recommended the following stormwater program:

- Extent of Service - Right of Way (ROW) Plus: Drainage system in the ROW plus infrastructure leading to and including the outfall to receiving stream/lake
- Level of Service – Drainage: Inspect 20% of the system, address preventative/corrective maintenance issue and utilize GIS information management
- Level of Service – BMPs: Inspect 20% public and (accessible) private BMPs, perform preventative corrective maintenance of public BMPs and fully fund the stormwater program

The program elements would be typical for local/national stormwater programs. They would be easy for the public to understand and allow for comprehensive program development.

Operating Funding Needs

Distribution and Collection System Manager Joey Leverette stated staff was worried about the residents, legal issues, and the environment. He discussed actions that have been taken to resolve recent problems. He presented the five-year operational funding needs which compiled the cost for the existing stormwater services subsidized through the sanitary sewer system. In

summary, \$1,465,200 was needed for Fiscal Year 2016 and \$8,661,200 was needed for the five-year operational funding of a stormwater program. Also, one new position was needed.

City Manager Kip Padgett expressed the importance of funding the program. Money was not allocated to address this when the economy was in good standing. He called attention to the fact that some of the stormwater systems were installed when the city had 10,000 residents.

Capital Improvement Plan (CIP) Funding Needs

Engineering and Construction Services Division Manager Myron Bennett briefly reviewed the projects included in the stormwater CIP indicating \$1,367,000 was needed for Fiscal Year 2016 and \$8,031,000 was needed for the five-year CIP.

Mayor Dunagan reported there had been some discussion among residents about addressing issues at Ada Creek and Lake Knickerbocker.

Council Member Hamrick commented on the Department of Agriculture having provided assistance at some point in the past.

City Manager Padgett felt the first two priorities should be Lake Knickerbocker and problems at the golf course.

Mr. Bennett closed the discussion by stating the 20-year CIP had been reduced from \$206,070,000 to \$122,660,000 over the last year as a result of having better knowledge of the situation.

RECESS: 4:17 PM

RECONVENE: 4:29 PM

Stormwater Funding Alternatives

Doug Baughman, CH2MHILL, commented on the three drivers for establishing a dedicated stormwater program: economic pressure, competition for general fund revenues and increasing complexity in program needs. He reviewed the funding options then discussed the advantages and disadvantages of each option.

Council Member Bruner recalled staff discussing stormwater several years ago. No action was taken. Council Member Figueras commented on the public not being receptive to the idea.

Public Utilities Director Kelly Randall expressed a need for public education. He felt creating a committee to help develop and promote a stormwater utility was a good way to move forward.

Mr. Baughman explained how a stormwater fund works and the basis for a stormwater user fee. He also reviewed some legal cases on this subject. Mr. Baughman discussed credit systems for stormwater indicating credits must be offered for the program to be legally defensible. He reviewed the types of measures eligible for credits and indicated the maximum credit limit should not exceed 50% of the stormwater fee charged, which could be based on impervious surface. He also stated the program should not be complicated for the administrative staff.

Implementation and Funding Plan/Resolution

Public Utilities Kelly Randall stated the goal was to create an independent financial plan for a stormwater program. The total funding needs for Fiscal Year 2016 was \$2.87 million. The funding needs for the next five years was \$16.73 million. A dedicated revenue source was needed. Mr. Randall stated an interdepartmental line of credit could be established as seed money for the program. The following stormwater was presented as a possible funding option:

Available Funds (millions of dollars)	FY16	FY17	FY18	FY19	FY20	5 Year Total
SPLOST			1.2	1.2	1.2	3.6
General Fund (Operating)	0.18	0.12	0.06	-	-	0.36
General Fund (Capital)	0.10	0.30	0.10	-	-	0.50
Wastewater Funds (NPDES)	1.09	1.20	0.75	0.94	0.40	4.38
Bonds	-	-	-	-	-	-
Impact Fees	-	-	-	-	0.30	0.30
TAD Revenue	-	0.05	-	0.07	-	0.12
Total Funds Available						
Dedicated Funding Source	-	0.33	0.66	1.00	1.33	3.32
Interdepartmental Line of Credit	1.5	1.82	0.43	0.41	-	4.16

Mr. Randall discussed a proposed resolution that authorized the City Manager to

1. Develop a new Stormwater Enterprise Fund.
2. Establish a temporary line of credit for an interdepartmental loan from the Public Utilities Department to be used as seed money to implement the Stormwater Enterprise Fund.
3. Rename the Public Utilities Department as the Department of Water Resources and allow the department to operate/oversee water, sanitary sewer and stormwater activities.

Mr. Randall closed by briefly discussing the implementation schedule.

EXECUTIVE SESSION:

Motion to close the workshop to enter an Executive Session to discuss personnel matters at 5:30 PM.

Motion made by Council Member Figueras

Motion seconded by Council Member Bruner

Votes favoring the motion: Hamrick, Figueras, Bruner, Wangemann, Couvillon

OFFICIALS PRESENT: Dunagan, Hamrick, Figueras, Bruner, Wangemann, Couvillon

STAFF PRESENT: None

Mayor Dunagan asked Council Member Bruner to take the minutes for the Executive Session.

Motion to close the Executive Session at 5:45 PM.

Motion made by Council Member Figueras

Motion seconded by Council Member Couvillon

Votes favoring the motion: Hamrick, Figueras, Bruner, Wangemann, Couvillon

RECESS: March 27, 2015, 5:45 PM
RECONVENE: March 28, 2015, 8:25 AM

OFFICIALS PRESENT: Dunagan, Hamrick, Figueras, Bruner, Wangemann, Couvillon
STAFF PRESENT: Kelly Randall, Don Dye, Horace Gee, Myron Bennett, Joey Leverette,
Tina Wetherford, Melody Marlowe, David Dockery
OTHERS PRESENT: Betsy Massie, Bobby Sills

STORMWATER/WATERSHED:

Recap of Implementation and Funding Plan/Resolution

Public Utilities Director Kelly Randall reviewed the stormwater implementation and funding plan information. As a reminder, he stated the resolution allowed staff to develop a plan for consideration by the governing body.

City Manager Kip Padgett stated the resolution would be presented for action at the second Mayor/Council Meeting in April. This schedule was consistent with the budget presentations. The proposed implementation schedule was presented as follows:

Adopt Resolution	Spring 2015
Adopt Level of Service and Extent of Service Policy Document	Spring 2015
Authorize Creation of Stormwater Enterprise	Spring 2015
Authorize Creation of Interdepartmental Line of Credit	Spring 2015
Contract with CH2MHILL for Program Development Assistance	Spring 2015
Move Stormwater Development Permitting into PUD Engineering	July 1, 2015
Move Sedimentation/Erosion Inspection to PUD Engineering	Fall 2015
Council Receives Draft Recommendations from Staff and Consultant for Stormwater/Watershed Utility Fee	December 2015
Public Education Program to Include Meetings	January – May 2016
Adopt Stormwater Program	June 2016
First Billing of Stormwater Fee	January 2017

There was discussion about creating a committee to help plan/promote a stormwater utility.

WATER/WASTEWATER:

Mission Statement and Goals

Assistant Public Utilities Director Don Dye reviewed the mission statement and goals for the water/wastewater system. It was noted that the mission statement must be changed if a stormwater program was implemented.

State of the Utility

Assistant Public Utilities Director Don Dye discussed the state of the utility in regards to several areas including but not limited to active water/sewer customers, water meters/wastewater connections sold, water distribution/wastewater collection systems, historical rainfall, annual average water pumped versus returned flows, water loss trends, etc. Emphasis was placed on the fact that in the last 15 years, there are 40% more water meters with less water usage.

Current Financial Situation

Finance and Administration Division Manager Tina Wetherford reviewed various statistical information including but not limited to water/wastewater billing volumes; water/sewer sales; fee comparisons; water/wastewater comparison profile; water/wastewater top ten customers; and revenue/expense comparisons for FY2015 budgeted, FY2015 projected year end totals and FY16 proposed budget.

It was noted that the account service fee was currently \$5.10. The actual cost for this service was \$6.17. It was also noted that the top three customers were making a significant contribution to the system. The importance of having healthy reserves was stressed.

Current Project Update

Engineering and Construction Division Manager Myron Bennett provided a brief summary of the following projects:

- FY14 Water Main Extensions and Improvements
- FY14 Water Meter Replacement
- FY13 Water Main Improvements
- Friendship/Thompson Mill Road Utility Relocation – Phase 2
- Athens Highway Utilities Relocation
- Clarks Bridge Utilities Relocation
- Water Storage Tanks Maintenance Program – 2nd Term
- Cargill Sanitary Sewer Improvements – Phase 2
- Corrugated Metal Sanitary Sewer Replacements
- Pump Station #23 Improvements
- Riverside Drive WTP Concrete Rehabilitation
- Riverside Drive WTP Chemical Systems Upgrade
- Linwood WRF Discharge Pipe Easement/Installation
- Telemetry System Improvements

RECESS: 10:01 AM
RECONVENE: 10:31 AM

Recommended Capital Improvement Plan (CIP)

Engineering and Construction Division Manager Myron Bennett presented the five-year CIP for water and wastewater projects. In summary, the water and wastewater system five year CIP was \$56,680,000 and \$27,064,000, respectively.

Recommended Funding Plan

Finance and Administration Division Manager Tina Wetherford reviewed the financial model assumptions which included but were not limited to water/wastewater billing volume growth and income/expense growth. It was noted that the funding plan included more water sales compared to last year.

City Manager Kip Padgett confirmed the Braselton Hospital water sales were included in the assumptions.

Ms. Wetherford stated the five-year CIP funding plan would be supported by cash. Also, there were no debt proceeds included in the funding plan and no water unit rate increase was shown for FY16. The estimated five-year water unit rates increase schedule was presented as follows:

Fiscal Year	2016	2017	2018	2019	2020
Water Differential	2.00	2.00	2.00	2.00	2.00
Inside/Outside Increase	0.00%	2.00%	2.00%	2.00%	2.00%
Workshop 2014	2.25%	2.5%	2.5%	2.5%	2.5%
Workshop 2013	5.0%	5.0%	5.5%		
Workshop 2012	5.0%	5.5%			

The estimated five-year wastewater unit rates increase schedule was presented as follows:

Fiscal Year	2016	2017	2018	2019	2020
Wastewater Differential	1.00	1.00	1.00	1.00	1.00
Inside/Outside Increase	0.00%	2.00%	2.00%	2.00%	2.00%
Workshop 2014	2.25%	2.5%	2.5%	2.5%	2.5%
Workshop 2013	5.0%	5.0%	5.5%		
Workshop 2012	5.0%	5.5%			

Mrs. Wetherford stated the funding plan proposed a 15 cent increase to the account service fee in January of 2016 and January 2017.

City Manager Kip Padgett suggested addressing the difference in the account servicing fee as soon as possible.

In summary, the funding plan proposed (1) no increase for the unit charge per CCF, Tier 2 and Tier 3 of the water rates in January 2016; (2) an increase for the unit charge per CCF beginning January 2017; and (3) a decrease to the Oakwood wastewater rate in January 2016. Typical customer monthly bills were presented for both residential and large volume customers.

After a brief discussion, there was consensus to increase the account service fee to the actual cost over the next two years.

DIRECTOR’S DIALOGUE

Public Utilities Director Kelly Randall summarized the recommended actions as follows:

1. Adopt a resolution to proceed as outlined with a stormwater utility that will establish a line of credit, create an enterprise fund and rename the department.
2. Provide a recommendation for dedicated stormwater funding by December 2015.
3. No adjustments to water/wastewater rates.
4. Adjustment the account servicing fee.

MANAGER'S MOMENT

City Manager Kip Padgett thanked staff for their hard work. He agreed the finances of the Public Utilities Department look strong and offered the possibility for no rate increase. He asked the governing body to reconsider increasing the account servicing fee to cover the full cost in one year. Mr. Padgett stated the revised model needed to address Knickerbocker Lake.

Mayor/Council extended words of appreciation.

Public Utilities Department Director Kelly closed the workshop by calling attention to the fact that staff had a more active role in preparing for the workshop which helped them better understand the operation.

OTHER BUSINESS:

Bond Issue

City Manager Padgett stated Council Member Hamrick's request to check for potential financing opportunities had been shared with staff.

Chief Financial Services Officer Melody Marlowe stated Diane McNabb reviewed every outstanding debt and identified two bonds that need to be transferred before June 1st, i.e., 2005 Golf Course bonds and the 2007 Frances Meadows bonds. Transferring the bonds will generate a \$900,000 savings. Staff could start working on this on Monday with consensus from the governing body.

Mr. Padgett stated addressing the golf course bonds could minimize the transfer from the general fund.

Mayor Dunagan reported it was not financially feasible to finance the golf course greens project at this time.

Motion to authorize staff to proceed with bank placement for the 2005 Golf Course Bonds and the 2007 Frances Meadows Aquatic Center Bonds.

Motion made by Council Member Wangemann

Motion seconded by Council Member Figueras

Votes favoring the motion: Hamrick, Figueras, Bruner, Wangemann, Couvillon

ADJOURNMENT: 11:50 AM

/dj

C. Danny Dunagan, Jr., Mayor

Denise O. Jordan, City Clerk