

Middle Chattahoochee Regional Water And Sewer Authority Meeting Minutes

Tuesday, November 8th, 2022
Fairburn- City Hall
56 SW Malone Street, Fairburn, GA 30213

- I. Chairman Mayor J. Clark Boddie called the meeting to order at 7:00 pm.
- II. Roll Call was taken by Secretary Jessica Davis with the following board members present:

The Honorable Chairman Mayor J. Clark Boddie
The Honorable Mayor Vince Williams The Honorable Councilman Brian Jones
The Honorable Mayor Mario Avery The Honorable Councilwoman Tara Miller
The Honorable Vice-Chair Sonja Fillingame The Honorable City Manager Tony Phillips

The attendance of the board constituted a quorum and the meeting proceeded.

III. **Approval of Water Authority Minutes:**

The motion to approve the October 11th, 2022 MCRW&SA Meeting Minutes was made by Vice-Chair Fillingame and seconded by Mayor Williams. **Vote: 7-0; Motion Carried**

IV. **New Business:**

V. **Discussion and Approval:**

VI. **Reports:**

A. **Water Authority Attorney-**

Attorney Dennis Davenport did not have a report from the attorney's office.

B. **Financial Report-**

Attorney Davenport presented requisition #239 for \$56,448.00.

The motion to approve requisition #239 was made by Mayor Williams and seconded by Councilmember Jones. **Vote: 7-0; Motion Carried**

Chairman Boddie asked the board to review the financial reports which consist of the Statement of Assets, Liabilities & Equity Income Tax Basis.

C. **Project Managers-**

- **Water Withdrawal Permit:** Project Manager Benz began her discussion with the water withdrawal permit. EPD is coming out with new district plan requirements at the end of 2022. Project Manager Benz asked each city to adjust and to inform their Utility Directors that the water audit is due on March 1st, 2023. The authority will have the water-loss control plan updates by July 27, 2023. These items are required for the existing permit.
- **GEFA:** The authority still has outstanding items for the loan to be considered in January 2023. GEFA has reached out to each city individually regarding the loan.

- ARPA Funds: The application was submitted in September for 33 million dollars. The authority is awaiting the final decision.

Mr. Tom Owens provided the authority with a run down on what he believes is the authority's status based on the Gresham Smith estimates they developed. Mr. Owens informed the board that they must keep an eye on the alternative. The Atlanta project wholesale cost in 2026 is what the authority benchmarked against. Using Atlanta's public info, they projected to obtain a wholesale price of \$5.26. The wholesale rate is the water cities purchase to go into the retail system that the cities then mark up and sell to the citizens. There were several scenarios based on G&S cost estimates for the overall project. The authority received a low, middle, and high-cost estimate that they could have, depending on what they discovered. In the analysis, they have assumed that the water authority has a 10 ½ million-dollar GEFA loan that was awarded, a 25-million-dollar GEFA loan in which the application was submitted and is waiting to hear the final decision, and land that is worth 8 million dollars.

In the low-cost scenario, there is a path. If you get a grant to produce this project at the \$5.26 rate, it will be the absolute best-case scenario. Mr. Owens calculated the mid-range cost of 118 million dollars and discovered that the wholesale rate would be around \$7.00 per thousand. If the authority receives the grant, the high end of the number could be \$9.00 per thousand. Without the grant money, there are another 33 million dollars that the authority will have to fund. The low, middle, and high cost range from \$7.68, \$9.41, or \$12.07. There are a lot of variables that come with these. Mr. Owens stated that it is easier to think about the window of feasibility for this project, but it is getting hard and looking unlikely. There is a range of outcomes, and there is a range of possibilities. One possibility is not caring about the cost and moving forward with the completion and absorbing it later. Another possibility is to stop the project now, not spend another penny, sell all assets, take any cash in the bank to pay off all debt, and run out of the remaining debt of 2023. There are projects in the city of Palmetto that is in negotiation with the city of Atlanta to provide water supply to those projects. There may be ways to look at that project in totality that will be better than individual projects. Mr. Owens is seeking direction from the authority. It may be beneficial to talk to the city of Atlanta about whether there are elements of the project that will be useful for the plan for water delivery in South Fulton.

Mayor Williams stated that this is a conversation the authority has been awaiting. They're looking forward to hearing if they will receive the money from the state, but will that be enough? The authority must make some really hard decisions. If they don't have the finances to do it, the authority can't build it. What is the impact? Where does the board go from here, as it relates to a water authority? There are other opportunities as well. A meeting is being scheduled for the 15 cities to speak on this type of issue. What could the cities do collectively to ease the burden of one city trying to do something too big to be able to continue this relationship as sister cities? Mayor Williams further asked, "what do we do, and how do we do it?"

Mayor Avery asked if the authority stops the project, will there be a document reflecting the project cost with and without the grant? He further asked if there are other economic indicators and if the price was achievable. Will the feasibility of the project close in 6 months or a year? Mr. Owens stated that he was speaking from an economic development standpoint and outside his experience. Unless something changes, the authority must produce more revenue or have less expense for it to work. Even with the grant, Mr. Owens thinks the authority could look at a wholesale cost of \$7, \$8, or 9 dollars per thousand. One hundred percent must be absorbed by the ratepayers.

Mayor Avery asked Mr. Owens if it was financially viable. Mr. Owens stated that the authority could hire an engineering firm to do a feasibility study and that working with the City of Atlanta is a great idea.

Chairman Boddie agreed with Mr. Owen's suggestion about working with the City of Atlanta. It's different with new leadership, and he would love to expand on the conversation.

Mr. Owens informed the board that the authority doesn't know how the connection of the systems will be different. The board doesn't have any standby arrangements for maintaining those connections. Typically, when a connection is maintained with another system, compensation is requested for being on a standby basis. If no agreement is in place, there will be no service.

Mayor Avery inquired about the timeline. Project Manager Benz stated that if Governor Kemp remains the governor, there may be a little delay in receiving the award. If Mrs. Stacey Abrams wins, it may be distributed in the last months of Governor Kemp's election.

D. Gresham Smith:

Gresham Smith (G&S) put together a class 3 estimate. It was presented earlier in the year. As the authority progresses, they will go to a class 2 estimate of +20 -50 percent. There is an avenue to ensure that the authority comes in on the low end of the number. The board discussed the city's cost and the hydraulic modeling. Other than working with the cities to get their maps updated, G&S has not taken any further actions with looking into modeling. If the authority partners with the City of Atlanta, the connections could run smoother. Palmetto is working with the City of Atlanta to negotiate water supply for developments. G&S is aware of Atlanta's pressure problems, especially with the areas around the cities. They're still working on the engineering. The cost of 118 million for the infrastructure is a much more attractive number. From Atlanta's perspective, it could benefit their city to have a reservoir in South Fulton. If the authority partners with the City of Atlanta, the authority wouldn't want to share water. The authority would no longer be looking at a 13.25 mtg plant, and they would have equalities of scales to go into that project. There is the opportunity to share some savings. G&S recommends the board discuss this with the city of Atlanta. Ms. Lindsay concluded by stating to the board that they shouldn't invest much more at this point without seeing if there are more financially viable options.

Councilman Jones asked, "why would Atlanta want to partner if they could buy us out? Chairman Boddie responded, "a couple of us are already partnered with the city of Atlanta. It can expand its customer base."


City Manager Phillips agrees with speaking to the City of Atlanta and stated that there is potential to allow the conversation to go further than it may have.

Mayor Williams stated that Atlanta is a new Atlanta. He has noticed the eagerness of the mayor and directors to connect with other cities. This is an appropriate time to look at something as important as water for the board to have those discussions.

Project Manager Benz inquired about the upcoming meeting with the 15 cities. Mayor Williams informed her that the meeting should take place in early December.

- VII.** The motion to adjourn the meeting at 7:40 pm was made by Mayor Williams and seconded by Councilwoman Miller.

Vote: 7-0; Motion Carried



Mayor J. Clark Boddie, Chair



Jessica Davis, Secretary