OFFICIALS PRESENT: Danny Dunagan, Ruth Bruner, George Wangemann, Sam Couvillon, Zack Thompson, Barbara Brooks
STAFF PRESENT: Bryan Lackey, Angela Sheppard, Jeremy Perry, Denise Jordan, Linda MacGregor, Don Dye, Myron Bennett, Horace Gee, Jarrett Nash, Tina Wetherford

Mayor Dunagan called the meeting to order at 10:30 AM and served as the presiding officer.

City Manager Bryan Lackey welcomed everyone and provided an overview for the workshop.

**UPDATE:**

Water Resources Director Linda MacGregor shared some highlights of the water and wastewater system including but not limited to size, customer profiles, top ten customers, top revenue producing customers over the last four years, revenue profiles for the last two fiscal years and projections into the future. Financial details were discussed in regards to revenue from rates and fees; operating expenses; extensions and renewals; and capital projects.

There was discussion about the transfer from the Department of Water Resources to the General Fund noting this is a common practice among utilities. The transfer represents the risk premium for the city to develop the public utility system and is calculated on a percentage of fixed assets.

Ms. MacGregor stated there are three outstanding bond series with $123 million principal remaining at an interest rate of 5% or less. All bonds are expected to be paid off by 2029.

Ms. MacGregor anticipated that the city would experience modest revenue growth. The expenses, on the other hand, are more variable and may increase at a quicker pace.

**Comprehensive Financial Model**
Water Resources Director Linda MacGregor described the model as a complex spreadsheet that considers multiple variables, i.e., historical information; growth assumptions; expense assumptions; and changes to the differential, rates and fees. The model estimates water and sewer customers separately. There was discussion about the differential rate in regards to how it is calculated, Hall County's involvement, the current rate and other related matters. Ms. MacGregor stated there were no plans to incur any additional debt and capital expenses would be funded with cash.

Council Member Thompson felt it was time to revisit the agreement with Hall County regarding the differential study.

**RECESS: 12:08 PM**
**RECONVENE: 1:25 PM**

**PROGRESS ON CAPITAL PROJECTS:**

Water Resources Director Linda MacGregor stated staff would provide an overview of the Capital Improvements Plan (CIP). It was noted that a limited number of projects would be discussed and staff would address questions about other projects as well.

- Engineering and Construction Services Division Manager Myron Bennett discussed the plans for the CIP Tracking Tool. He also discussed utility relocation projects associated with DOT work and the Wilshire Trail storm drain improvements.
- Assistant Director of Water Resources Don Dye discussed projects associated with the water and wastewater treatment plants.
- Distribution and Collection System Manager Jarrett Nash discussed distribution and collection projects.
- Finance and Administration Division Manager Tina Wetherford commented on the Water Meter Maintenance & Automated Meter Reading Program.
- Environmental Services Manager Horace Gee described Flat Creek watershed improvement projects.

**RECESS: 2:45 PM**
**RECONVENE: 3:10 PM**

**POLICY ISSUES:**

**Drought**
Charts and graphs were used to show water levels and drought trends for Lake Lanier noting the lake level is currently 10 feet below full pool. The highest water use was in 2006 and 2007. Annual usage has not reached those levels since. Staff was closely monitoring water usage.

There was discussion about the State drought declaration. Hall County is under a Level 2 Drought Response. Allowable water usages were discussed. There was an overview of the Level 3 Drought Response which may be declared by the State in 2017.

**Litigation**
There was a brief discussion about the water wars indicating the Supreme Court is not expected to address this until 2018. The update to the Water Control Manual by the Corps of Engineers was discussed noting that the final draft granted the full request for Georgia's water supply needs. Staff is working with other regional water supply providers on related issues and tracking related national congressional and policy issues.

**State Legislative and Regulatory Issues**
It was noted there are a few pieces of legislation that affect storm water utilities.

**Regional Water Issues**
There were no regional issues with immediate impacts to the city.

**HB489 Service Delivery Strategy**
City Manager Bryan Lackey provided an update on Service Delivery Strategy negotiations as it pertains to water and sewer issues. Mr. Lackey stated the framework was to ask for what is fair. The Mayor and Council were asked to be prepared to provide input.

**RECESS: 4:39 PM**
**RECONVENE: Saturday, March 4, 2017, 8:30 AM**

## RECAP AND DISCUSSIONS:

### Water Rates
There was discussion about water rates and the importance of making small increases to avoid large increases. Questions were presented for consideration at some point in the future. What are the options and preferences for water rates?

### Storm Water
There was discussion about storm water matters noting operating expenses are paid through the General Fund and capital expenses are paid with Special Purpose Local Option Sales Tax (SPLOST) funds. There was some interest in developing a funding plan.

### Monthly Updates
There was a request for a one-page monthly update on projects that are underway.

### Fire Hydrants
It was noted that all fire hydrants are operating. There was a request for elected officials to be notified before fire hydrants are shut down due to low pressure.

## FY 2018 LOOK AHEAD:

### Goals
Water Resources Director Linda MacGregor reviewed the three goals for the department.

1. Ensure Financial Stability
2. Position the Utility for the Future
3. Ensure World Class Work Force

### FY2018 Items for Council
It was noted that the department was transitioning to address capital improvement projects approved through the budget process in the same manner as other departments. This means every project will not be presented at Work Session as done in the past. This change will improve efficiency and allow projects to be implemented faster.

### FY18 Storm Water Program
Six staff members work on storm water related projects. Operational expenses are paid from the general fund. The capital plan is funded through Special Purpose Local Option Sales Tax (SPLOST). Detention pond maintenance and five specific projects were discussed.

### Non-Water City Capital Projects
The Department of Water Resources provides engineering services for projects outside the department. The Senior Center and the Allen Creek Park Expansion were noted as examples.

### Water and Sewer Operating Budget
Higher flows are causing higher costs for some operational items. There were no new positions.

### Water and Sewer Capital Projects
There was a brief discussion of the $119 million five-year Capital Improvement Plan. Several projects were already underway. There was specific discussion about relocating the Distribution and Collection Facility.

**Next Workshop**
Positive comments were received about the format of the workshop and several ideas were presented for the 2018 workshop.

**ADJOURNMENT: 10:23 AM**

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C. Danny Dunagan, Jr., Mayor

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Denise O. Jordan, City Clerk