

WATER COMMITTEE
NOVEMBER 10, 2010
MINUTES

MEMBERS PRESENT:

Pete Frisina, Chairman
James K “Chip” Conner, Vice Chairman
Brian Cardoza
Jack Krakeel
Tony Parrott

NON-VOTING MEMBERS:

David Jaeger

STAFF PRESENT:

Russell Ray

The meeting was called to order by Chairman Pete Frisina at 8:00 A.M.

I. APPROVAL OF MINUTES FROM THE MEETING ON OCTOBER 13, 2010.

Vice Chairman Chip Conner made the motion and Tony Parrott seconded, to approve the minutes from the meeting on October 13, 2010. There was no opposition.

II. WADE LESTER TO DISCUSS IRRIGATION METER COST.

Mr. Parrott explained that Mr. Lester thinks we charge too much for irrigation meters. He referred to information provided to the committee from the last time this issue came up. It came up the last time WASA raised their rates. He said the Water Committee recommended irrigation meters and the Board approved. Then we started selling them at a price. He said Mr. Lester thinks it is too much because Griffin sells theirs cheaper. Staff gathered current information from other places and we are fairly competitive with our prices.

Mr. Parrott said he would not recommend making any changes. He did not recommend irrigation meters to be sold when this initially came up in 1998. During the drought, irrigation meters was one of the first things the State wanted turned off.

III. LAKE MCINTOSH UPDATE.

David Jaeger did a slide presentation showing the pump station, the sixty inch pipe, the diversion channel, and the old creek channel on the Lake McIntosh site. He also described the toe of slope once the dam is constructed, and the current surcharge pad being built. Once the work is completed at the inlet end of the pipe, we will have a new channel to divert the creek into the pipe and then the existing diversion channel will be backfilled. He showed a slide with the settlement plate installation; this allows them to monitor the settlement of the surcharge foundation.

Mr. Parrott asked how much settlement is there. Mr. Jaeger responded that when they calculate it, they can have as much as two feet of settlement. As you build it up,

you are achieving some of that settlement as you come up. Once it is finished it is not going to settle that much. It is just a matter of it tapering off and becoming essentially stable. The contractor is building the surcharge pad up to the proposed height of the dam, so they will have the weight of that fill to assimilate the dam weight to compress the foundation. Then, when they removed it, there is only a minimal amount of rebound, then they will come back, build the spillway and the remaining fill material around the spillway.

Mr. Jaeger showed the diversion channel, the construction of the outlet end of the sixty inch pipe, the recent construction at the inlet end of the pipe, and the existing pump station; originally the pump station was constructed with wing walls that projected out into the stream channel. Mr. Jaeger said they are modifying the downstream wing wall to incorporate a wall thimble, with a sluice gate attached to that on the inlet end of the wall, which will be controlled by a floor stand operator up on the modified pump station. The contractor is currently putting in the reinforcement and pouring the concrete.

Mr. Parrott commented that the mitigation site work has slowed down because of recent rain. The order is in for the trees; about 82,000 trees.

IV. TOTAL ORGANIC CARBON UPDATE.

Mr. Jaeger explained that he updated some of the information in the previous presentation. He showed these updated slides to the committee. In assembling some more cost information the Acti Flow Carb operating cost came down slightly. Previously it was more or less identical to the full treatment MIEX number at \$170,000. At the South Fayette Water Plant based on an average flow of 4 MGD, the cost he initially used was \$1.00 per pound; it is more like 90 cent per pound. That brought the cost down slightly. It still does not overcome the cost of operating the MIEX where you are treating half the flow. That is the cheapest operating cost scenario. The capital cost did not change.

Mr. Jaeger showed the graph projecting a twenty year total cost. As you proceed out into the future, the operating cost makes a difference. He said at the last presentation the MIEX 50% treatment solution became the cheapest overall cost at around ten years with the reduction in operating cost of Acti Flow Carb, that pushes it out to about 13 years before the MIEX 50% becomes the cheaper total cost. It still is in the long run, the cheapest cost because they have the cheapest operating cost by a substantial margin.

Mr. Jaeger went on to say that he updated the total annual operating cost for both plants; 13 MGD at Crosstown and 9 MGD at South Fayette. The Acti Flow Carb number came down accordingly, but as shown on the graph, the MIEX 50% treatment option has the lowest annual operating cost. That is based on 4 MGD average at South Fayette and 5 MGD at Crosstown.

Mr. Jaeger commented that Mr. Krakeel had asked him about the history of Orica, the parent company of the company that provides the MIEX system. They are an Australia based company that has been in business for over one hundred years. They are currently listed in the top 30 of the publicly traded companies in Australia. They do business in fifty countries world wide. They appear to have a very broad footprint for stability. They have made a fairly substantial effort to try to insure that they have their resin available on US soil that would allow people to have the stockpile for at least one year's production. As best he can tell, if the county is comfortable in entering an agreement with a sole proprietor type situation, they would be doing business with a stable, strong company.

Mr. Jaeger said the resin is manufactured in Australia currently. They are looking at opening a resin plant in Mobile. It is stored in three locations in the United States, including Savannah. They have strategically positioned it so that if there were a problem, a strike or some natural disaster, they would still have other reserves in other locations domestically. The only unknown is that when we get beyond the initial contract period, we would be negotiating with a single provider. They do anticipate that there might be competition for resin in the future, but currently they have enough resin.

Chairman Frisina asked if there was another resin that came on the market, would this equipment be able to use it, or would we have to retrofit the equipment. Mr. Jaeger replied that he does not know the answer to that right now. He thinks that if the resin was similar in nature, it is a magnetically ionically charged particle, if it is something similar to that there is a possibility it would be feasible with a minor modification. He went on to say that this seems to be a growing industry; we are not the only ones that have this situation coming up. He suspects that their market share will grow.

Mr. Parrott stated that spring of 2012 is when we will have to meet the new regulations that our sampling points for THMs and HAAs will be each location instead of an average. We are passing the average, but we won't pass single locations. It doesn't appear that any of the surrounding water systems will pass the single locations, from what he has been told. It appears, from the operational side, using MIEX works better; operators dealing with it, plus the fact that we have a difference between 50% now and at some point in the future, if the regulations change, we know we can do better. We have pretty good assurance that MIEX is superior for reducing the TOC's.

Mr. Parrott stated that to do half at both plants will cost \$9,000,000.00. A project this size, at the same time we are doing Lake McIntosh, is extreme. We can easily get GEFA money at 3.8% for \$3,000,000.00 per project. We could get two \$3,000,000.00 loans, one for each plant and make up the difference out of our Renewal & Extension fund. This increases our debt service payments, but he thinks we can handle it. It is still less than what GAC would cost to put it in the filters. We could fund it.

Mr. Krakeel commented that we will probably have to look at a combination of issues. We are pretty close on debt ratio coverage bond requirements right now. Mr. Parrott stated that they treated GEFA loans differently on the debt coverage. Mr. Krakeel said we are right on the margin at meeting the debt covenant ratios right now. He thinks we are probably looking at an issue of GEFA loans, as well as potential rate increases to insure that we have sufficient revenues to not only maintain the debt covenant ratios, but also the loan requirements. He does not know that we will be able to do it without a rate increase. A financial analysis will need to be done to see where we stand. He does not think that is out of the realm of possibility.

The committee discussed the possibility of needing a rate increase, the recommendation to make to the Board of Commissioners, it will take about a year to put the new treatment technique into operation, available grant money, and the deadline of April 2012 being when the rule begins and you have to calculate numbers on the individual sites.

Mr. Jaeger explained with the MIEX 50%, you would be splitting the flow, running half the flow through a 100% treatment of MIEX and the other half untreated, then blending it together downstream. You achieve 100% treatment for half of the water which results in an acceptable total treatment. The proposal is in 4 ½ MGD modules; for South Fayette we plan on a 9 MGD plant, we would be looking at a single 4 ½ MGD module, then we would have to expand if we wanted 100% treatment with another module. We would plan a footprint for the future, to be able to add to it, the equipment would not be included in the initial construction. The piping would be designed to handle future flows.

Mr. Krakeel stated that there are two issues; formal acceptance of the engineers recommendation and developing a financial plan for implementation of the project.

Vice Chairman Chip Conner made a motion to accept the engineer's report regarding methodology and treatment for Total Organic Carbons, and to direct staff to develop a financial plan to present to the Board of Commissioners at the retreat in 2011. Brian Cardoza seconded and there was no opposition.

BURNING AT LAKE MCINTOSH CONSTRUCTION SITE.

Mr. Krakeel reported that yesterday in a meeting with the City Manager of Peachtree City, the question came up that it is their understanding that the contractor intends to start open burning on the site in the next ten days. He asked Mr. Jaeger if that is right. Mr. Jaeger said that he had not been told that. He told them that Peachtree City was not able to permit their burning and neither could the County. He believes they were trying to pursue a burn permit through Coweta County, but he does not know the status. Mr. Jaeger said that he instructed his personnel not to assist with that.

Mr. Krakeel said that Peachtree City does not want to see any burning taking place at all. He told the City Manager that is beyond our control. If they want to burn on the Coweta County side and were able to obtain a permit from Coweta County that this is within his legal right to do so, he would be in compliance with the outdoor burning regulations in the State of Georgia, as long as they were not burning inside the municipal limits of Peachtree City, they had every right to do that. Our contract did not specify specifically what type of removal.

Mr. Jaeger stated that the contract does say they are allowed to burn, but they are responsible to get a burn permit for it. He felt it was best from our position to not assist with that beyond Fayette County and Peachtree City.

Vice Chairman Conner asked what prompted this. Mr. Krakeel said the thinks at some point, a Peachtree City Fire Department representative went to the site and inquired as to how they were going to dispose of the brush. He thinks they were told it was their intent to obtain a burning permit, upon which they were told that Peachtree City does not permit outdoor burning other than just a certain size. They would be prohibited from burning inside Peachtree City. He said he thinks you can be more restrictive than State law. He does not think that Coweta County has the type of limitations that Peachtree City has. Essentially, they enforce the requirements of the State law. The State does allow developers to clear land to use an open pit with an air curtain destructor for burning vegetation.

Mr. Jaeger stated they would have to comply with whatever type of permit they get. We did not specify that they that have to provide that equipment, it is just that they have to obtain the permit. Mr. Krakeel said they would not be allowed to free burn on the ground, because we are in the air quality zone that requires the use of an air curtain destructor. In Meriwether County you can burn year round. In our area, all burning stops on May 1 and then resumes October 1. Mr. Jaeger stated he would keep a check on the situation. It is typical in a reservoir project to burn the brush. Mr. Parrott stated that we do not need the organic material left in the lake bed.

There being no further business, Chairman Pete Frisina adjourned the meeting at 8:35 A.M.

Peter A. Frisina

The foregoing minutes were approved at the regular Water Committee meeting on the 8th day of December, 2010.

Lisa Quick