

CLAYTON COUNTY WATER AUTHORITY

1600 Battle Creek Road
Morrow, Georgia 30260

Regular Board Meeting, January 5, 2006

Chairman, Pete McQueen, called the meeting to order at 1:30 p.m.

Present at the meeting were: Chairman, Pete McQueen, Vice Chairman, Lloyd Joiner, Secretary/Treasurer, Marie Barber, Board Members, Wes Greene, John Westervelt, Allan R. Smith and John M. Chafin. General Manager, M. Wade Brannan, Deputy Manager, Terry R. Hicks, Department Managers, Guy Pihera, Mike Thomas, Herbert Etheridge, and Jim Poff, Finance Director, Emory McHugh, Customer Accounts Director, Morris Kelly, Project Engineer, Mike Buffington, Contract & Procurement Administrator, Karen Riser, Human Resources Director, Ed Durham, Public Information Officer, Suzanne Brown, Administrative Secretary, Carla Clark, and Executive Secretary, Janet Matthews. Also present were: Steve Fincher of Fincher Denmark Williams, Rick Hirsekorn, Mike Bennett and Stuart Jeffcoat of CH2M Hill, Bill Camp of Knox Wall, and Wendy West of Blackhawk Development. CCWA employees present were: Keith Kiblinger, Terry Worley, Marshall Maddox, Amanda La Pierre and Gary Curtis.

Chairman McQueen called on Carla Clark to give the invocation.

Approval of Minutes: Chairman McQueen called for any omissions or additions to the Regular and Executive Session Board Meeting minutes of Thursday, December 1, 2005. Hearing none they were approved as received.

Financial and Statistical Report: Chairman McQueen called on Emory McHugh, Finance Director, who reviewed the financial information that was given to the Board and explained that this covered the seven-month period ending November 30, 2005.

Chairman McQueen introduced Mr. Bill Camp with Knox Wall, a division of Morgan Keegan & Company, Incorporated. Mr. Camp stated that he was here today to discuss with the Board another bond refunding opportunity, just like we did in 2004.

Mr. Camp explained that the Authority has some outstanding 1996 bonds that can be refunded this year resulting in a savings for the Authority. Mr. Camp reviewed the information that he handed out to the Board and recommended that the Authority refinance the 1996 bonds with a new bond issue. The reason behind this is the fact that you would lower the annual payments. If the Authority does this refunding, the Authority can save more than six hundred thousand dollars (\$600,000) from 2006 through 2015.

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There was some discussion and questions asked by the Board with Chairman McQueen asking that John Westervelt, Emory McHugh and Mr. Brannan meet and review the information Mr. Camp has provided.

UPON Motion by Lloyd Joiner and seconded by Wes Greene it was unanimously

RESOLVED: to authorize to proceed with the recommendation of Knox Wall to refinance the 1996 bonds unless after meeting and reviewing the information provided by Mr. Camp, Mr. Westervelt, Mr. McHugh, and Mr. Brannan do not agree to proceed, at which time they will come back to the Board.

Employee Recognition: Chairman McQueen called on Guy Pihera, Manager of Water Production, who stated that the Authority has had a formal Safety program since 1987. The first four years after the program was started, the Authority had an average of eight (8) lost-time-injury accidents a year. For the last ten years, the Authority has had between zero (0) and one (1). This just shows the huge success of the program.

Mr. Pihera added that Neal Wellons initiated the program back in 1987 and when he retired a few years ago, Mr. Pihera volunteered to take over this program as he had been helping with it under Neal. This program has been kept going with the help of the entire Water Authority. One component of the program is that there is an active safety committee that meets monthly to review accidents and also inspect facilities. Annually the safety committee takes nominations from all departments for the Department of the year safety award. For 2005, the safety committee has chosen Maintenance & Construction under the guidance of Department Manager, Herbert Etheridge.

Mr. Etheridge stated that it is amazing what this program has done. Mr. Etheridge had served on the safety committee shortly after it was started and added that it is a hard job to select from your peers. When others have come here to the Water Authority for inspections, the one thing that they always looked to take back to their organization was our training program, but now it is our safety program as well. Mr. Etheridge stated that he has one hundred six (106) employees that are out in traffic everyday in vehicles, trenches, and manholes and this award means a lot to his department.

Chairman McQueen stated that he could remember Neal giving sermons on safety issues. He thanked Guy for his involvement in the safety program and congratulated Herbert on his department being selected the winner of the Department of the Year safety award.

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Employee Recognition: Chairman McQueen called on Terry Hicks, Deputy Manager, who added that when the safety program started in 1987, the Authority was too small to be self-insured on workers comp. The Authority had only about two hundred (200) or so employees. The Authority started monitoring this lost control that Guy mentioned and we did see that it was getting better and better. In the early 90's, the Authority actually went to a big deductible on our workers comp, but still paid a premium. The Authority paid about three hundred seventy thousand dollars (\$370,000) in 1991 or so, which was the last year that the Authority paid a premium. Since that time, Mr. Hicks is not aware of any year that we have paid out over one hundred thousand dollars (\$100,000) in a year's time. The first four or five years were probably below fifty thousand dollars (\$50,000). Mr. Hicks added that he is sure that the Authority is in the several million dollars worth of savings just on the workers comp side. It all goes back to the safety program that Neal started and Guy oversees.

Mr. Hicks asked Keith Kiblinger to come forward to be recognized. Keith works for Marshall Maddox in General Services as an electrician. Marshall started the electrical area and at first we were just doing small electrical projects. We began to realize that we really needed more expertise, so we found Keith about six (6) years ago. Keith has recently obtained his Wastewater Collection System license, which better allows him to understand the overall sewer system and the part that sewerage lift stations plays in that system. As an electrician one of his responsibilities is maintenance on sewerage lift stations. Keith took it upon himself to try to understand what all is involved and the importance of the role he plays in the process. Mr. Hicks congratulated Keith on his initiative to obtain his Wastewater Collection System license. The Board gave Keith a round of applause as Ms. Brown took a picture.

Chairman McQueen thanked Keith for the job he does for the Water Authority.

Keith stated that he was glad for the opportunity to work for the Authority.

Employee Service Recognition: Mr. Hicks continued with the Employee Service Recognition by asking Gary Curtis to come up. Gary started thirty (30) years ago today! Gary is from the Atlanta/Riverdale area and still lives in the Riverdale area. He started at what we called at the time, the Flint River Plant, which is now the Casey Plant and is the Plant Supervisor there. Gary has seen every piece and part of the old plant and the new plant and is so knowledgeable about the entire facility. Jim Poff, the Department Manager, really relies heavily on Gary's knowledge and has been a valuable asset over the years. Mr. Hicks stated that Gary is also involved in GAWP as a District Director.

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Mr. Hicks added that if anyone wants an opinion all you have to do is ask Gary. There were chuckles from the Board and staff.

Mr. Hicks recognized Gary's daughter, Amanda La Pierre.

Mr. Hicks thanked Gary for his thirty (30) years of service and presented him his service pin while Ms. Brown took a photo.

The Board and those in attendance gave Gary a round of applause as Chairman McQueen thanked Gary for his years of service.

Gary mentioned that he went to school under Chairman McQueen who was in the county school system for many years.

W. B. Casey Actuator Recommendation: Chairman McQueen called on Jim Poff, Manager of Water Reclamation, who presented a recommendation for Gary's Plant. Mr. Poff added that he appreciated all of Gary's help especially when we had to bring the new Casey Plant online.

Mr. Poff stated that he has a recommendation for six (6) new Multi-Turn Three Phase Electric Actuators which are put on valves or slide gates to turn them from manual operated into electrically operated. Staff's recommendation is to accept the lowest qualified bid from Flow-Matic, Incorporated, to supply the six (6) new Multi-Turn Actuators for a price of thirty-two thousand six hundred twenty-five dollars (\$32,625.00).

Clayton County Water Authority
Six (6) New Multi-Turn Three Phase Electric Actuators
January 2006 Recommendation

COMPANY	TOTAL BID
Flow-Matic Lawrenceville, GA	\$32,625.00
Rotork Controls, Inc. Atlanta, GA	\$34,050.00
Kazmier & Associates, Inc. Alpharetta, GA	\$35,070.00
Southern Valve & Metals Woodstock, GA	\$38,967.00

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IS International Services Atlanta, GA	\$49,305.00 Carbon Steel Option
IS International Services Atlanta, GA	\$50,888.00 Stainless Steel Option
Eco Tech, Inc. Canton, GA	Does not Meet Specifications

CCWA staff recommends that we accept the lowest qualified bid from Flow-Matic, Inc. to supply the six new multi-turn actuators for \$32,625. These items were budgeted in our FY 2005 R&E budget.

UPON Motion by John Chafin and seconded by Marie Barber it was unanimously

RESOLVED: to accept staff's recommendation to approve the lowest bid from Flow-Matic, Incorporated, for the six (6) new Multi-Turn Actuators for thirty-two thousand six hundred twenty-five dollars (\$32,625.00) contingent upon approval of bonds and insurance as required by the specifications and to authorize the General Manager to sign the contract documents.

Freeman Road Plant Claricone Painting Recommendation: Chairman McQueen called on Guy Pihera, Manager of Water Production, who stated that the Authority had advertised for bids to paint the interior of two of the four Claricones at the Freeman Road facility. We received five (5) bids, which ranged from fifty-eight thousand three hundred nine (\$58,309) for the low bid to three hundred eighty-seven thousand six hundred thirty (\$387,630) for the high bid. We had a mandatory pre-bid and each bidder saw exactly what the job entailed.

Staff checked out the references, especially for the lowest bidder, AGK Restorations, Incorporated. Staff recommends the Authority award the Claricone Interior Repainting at the Freeman Road Plant to the lowest bidder, AGK Restorations, Incorporated, but in the event that they can not meet the bonding and insurance specifications requirements, staff requests that they be authorized to go to the next higher bidder, Llamas Coating, who has worked for the Authority before.

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Clayton County Water Authority
 Claricone Interior Repainting
 Freeman Road Water Production Plant
 December 20, 2005
 Bid Tabulation

BIDDER	TOTAL BID AMOUNT
AGK Restorations, Inc. Canfield, Ohio	\$58,309
Llamas Coating Smyrna, Georgia	\$74,728
Mechanical Jobbers Lithonia, Georgia	\$148,000
Thomas Brand Siding Bowling Green, Kentucky	\$167,000
DACA Chamblee, Georgia	\$387,630

Staff is currently evaluating bids and bidder qualifications.
 Recommendation will be made at January 5 Board Meeting.
 Funding Source: 2005 Operating Budget (\$90,000 budgeted)

Board member, Wes Greene, asked Mr. Pihera how often the Authority has to repaint these Claricones at the Freeman Plant.

Mr. Pihera stated that the Freeman Road Plant was constructed in 1999 and there are four (4) Claricone units there. In the first year, one of the unit's interior paint failed, within the warranty period, and the contractor repainted it. These are two of the others that now need to be repainted.

Mike Buffington stated that normally the paint should last about ten (10) years depending on conditions, such as the water level and the area that is exposed to the air.

Mr. Pihera added that the fourth unit is still in good shape and explained that during the construction of the Freeman Road Plant there were a couple of paint subcontractors used for the job. The clarifier that does not need repainting was painted by a different contractor than the one that did the others that do need to be repainted.

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UPON Motion by John Chafin and seconded by John Westervelt it was unanimously

RESOLVED: to award the Claricone Interior Repainting at the Freeman Road Plant to the lowest bidder, AGK Restorations, Incorporated, in the amount of fifty-eight thousand three hundred nine dollars (\$58,309) contingent upon approval of bonds and insurance as required by the specifications and to authorize the General Manager to sign the contract documents. In the event that AGK Restorations, Incorporated, cannot meet specifications then the Board authorizes the Authority to use the next lowest bidder.

Battle Creek Generators Project Summary: Chairman McQueen called on Mike Buffington, Project Engineer, who updated the Board on the Battle Creek Facilities Generator Project. We started construction of these projects in March 2005 and they were completed in December 2005 with a final cost of three hundred forty thousand three hundred ninety-six dollars and seventy-three cents (\$340,396.73), which was eight thousand nine hundred forty six dollars and seventy three cents over the bid amount. This overrun was due to additional work required to make the electrical tie in at the main building here at HQ. All the generators have been tested and are ready for operation. We are in the process of submitting to the state the request for sales tax rebate on the equipment purchase. Mr. Buffington showed some slides of the project.

CONSTRUCTION OF BATTLE CREEK FACILITIES GENERATOR PROJECT

Construction of the Battle Creek Facilities Generator Project includes emergency standby generators for the Water Authority Administration Building and Maintenance Facilities. Emergency power will be supplied by one 350 KW diesel generator for the Administration Building; one 125 KW diesel generator for Maintenance and Construction Building "A"; and one 80 KW diesel generator for Maintenance Building "B".

Project Managers:

- CH2M Hill, Engineers (Design) – Yvette Ratzlaff
- CH2M Hill, Engineers (Construction Manager) – Dave Goddeyne
- CH2M Hill, Engineers (Resident Engineer) – Mark Hedin
- Clayton County Water Authority – Mike Buffington

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Construction Contract Summary:

- General Contractor – Player and Company, Inc., Atlanta, GA
- Bid Amount – \$331,450.00
- All construction work complete, and facilities in operation
- Final change order in the amount of \$8,946.73 included temporary electrical feed to administration building and removal of unforeseen concrete encased duct bank, prior to installation of permanent feed to building.
- Final Contract Amount – \$340,396.73

Funding:

- Construction was funded by FY 2004 R&E Funds

Board member, Wes Greene, asked Mr. Buffington the amount of budgeted funds for this project.

Mr. Buffington stated that the budgeted amount was a good bit more. Originally, the Authority looked to do this project through Southern Company, but they were looking to get out of the generator business. Our estimate was in the four hundred fifty thousand dollar (\$450,000) range. Mr. Buffington explained that the generators will run offline weekly and monthly they actually switch over and run to test the units.

Stormwater Ordinance Presentation: Chairman McQueen called on Mike Thomas, Manager of Program Management, who gave the Board an update on the Stormwater Utility implementation. The Authority has been working along with CH2M Hill's staff for quite a few months with local governments to let the public know about stormwater and what the issues are, and why the utility is the best alternative. Staff has put together a customer database in order to identify everyone that will be billed and is working on a set of development guidelines that will be consistent throughout the county and a guidebook that explains everything that the utility will do. All of this leads up to the Utility Ordinance. Once the County government and the six (6) cities in the county pass the ordinance the Stormwater Utility will be a sure thing.

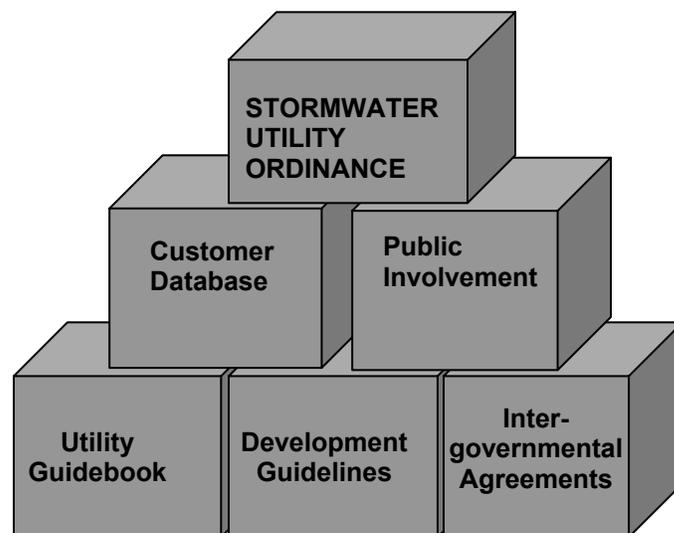
STORMWATER UTILITY IMPLEMENTATION UPDATE

Significant progress has been made on implementation of the stormwater utility and we are entering a critical phase when local governments will consider adoption of the stormwater utility ordinance. The ordinance lays out the legal basis for the utility and

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establishes the Water Authority as the responsible entity. The ordinance also includes the proposed utility fee.

The basic building blocks of the stormwater utility are shown below. The County and all 6 Cities have signed intergovernmental agreements with the Water Authority to implement the program. As part of that implementation process we have been addressing each of these areas. The ordinance will reference the Utility Guidebook and Development Guidelines and will give the final approval necessary for the Water Authority to bill customers for stormwater.



Progress in each area is summarized below.

Utility Guidebook – This is the basic operations manual for the utility that identifies specific responsibilities of the utility and how the utility will be managed. We have developed this document with input from the participating governments and other stakeholders. A final draft of the document has just been completed.

Development Guidelines – This will provide a consistent set of development design guidelines for the entire County rather than developers having to refer to specific requirements for the County and 6 Cities. The Water Authority will maintain and update these guidelines.

Intergovernmental Agreements – This agreement specifies that the local government requests that the Water Authority accept responsibility for the management and

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maintenance of stormwater management programs and assets. The County and all 6 Cities have signed this agreement.

Public Involvement – We have put a significant amount of effort into insuring we had significant public input into the development of the utility through the following processes.

- Technical Coordinating Committee – This committee included the Public Works Directors for each local government. They assisted CCWA and CH2M Hill in developing all phases of the proposed Utility. We will continue to meet with this group after implementation of the Utility to insure their concerns are addressed.
- Citizens Advisory Committee – This diverse group of approximately 15 concerned citizens or business representatives were informed about the stormwater management issues and provided feedback on levels of service, proposed budgets and proposed fees.
- Executive Advisory Board – This group of elected officials and CCWA Board members provided feedback on operating guidelines, levels of service, budget and proposed fees.
- Newspaper articles and inserts were used to describe the need for the utility.
- Bill stuffers – inserts in the CCWA bills were used to educate our customers about the need for stormwater management and in particular a utility to fund these activities.
- Public meetings and presentations – Whenever possible, we are conducting public meetings and making presentations to a variety of groups to get the message out.

Stormwater Utility Ordinance – Adoption of the ordinance is the final step necessary to get local government authorization to begin collecting the stormwater utility fee. The ordinance specifies the base stormwater billing unit of 2,950 square feet, which is the average amount of impervious surface on a single family residential lot. It also will specify the proposed monthly fee of \$3.75 per stormwater unit. All single family residential properties would be billed \$3.75 per month. Other developed properties would be billed based on the specific amount of impervious surface on their lot. The total impervious surface will be divided by 2,950 to determine the # of stormwater units and then multiplied by \$3.75 to determine the monthly fee.

SCHEDULE – The draft ordinance will be presented to the local governments in mid-January and we hope to have adoption of all ordinances by April 2006. The update of the CCWA billing software will not be complete until approximately September 2006. Therefore, the first stormwater bill will not go out until sometime in the timeframe of November 2006-January 2007. CCWA may phase in some utility responsibilities through out 2006 before taking full responsibility in early 2007 when revenue is received.

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Board member, John Chafin, asked Mr. Thomas how a new business and one that had been in business for twenty years would be evaluated under the new Stormwater Utility.

Mr. Thomas explained that each business would be eligible to receive credits based on the kind of stormwater structure that they put in place and those would have to be done according to the design criteria.

Throughout the process the Authority has tried to involve as many people as we could. We have had a technical coordinating committee made up of public works staff, primarily their directors, who we have met with monthly for several hours each time to work out the details of the utility. We have a citizen's advisory committee with a diverse group of citizens and business owners in the county which we have met with monthly from August through November to get their input and feedback on the programs, rate, and budget. We have also had an Executive Advisory Board that has met several times who has the final call on the recommendations that we have taken to the cities and the county.

Mr. Thomas explained that part of the customer database development is determining the average amount of impervious surface for a single family residential lot. This will be our base billing unit just like a thousand gallons per month is on the water side. There are approximately sixty-six thousand (66,000) residential lots. This would cost us a lot of money and time to measure each one of those independently, so we did smaller sub groups to come up with that average. We are also going to have to identify those customers who currently are not a customer of the Water Authority but do have property with impervious surface.

Mr. Thomas added that the Authority has looked at the existing amount of money that is being spent on these programs between the County, the cities, and the Water Authority, which is about four and one half million (\$4,500,000) dollars annually. In order to meet a lot of federal regulations and state requirements, that we have not been doing, or that the county can not keep up with, and to provide a better level of service would cost more like nine million (\$9,000,000) dollars a year.

In the beginning, the Authority will spend a large amount of money on inventorying the storm sewer system, doing some master planning, providing buildings and equipment to house the Stormwater staff and reimbursing the Water Authority for expenditures that we spend before we actually start collecting the fees. After the first two

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years, we will be able to payoff those items and spend more money on actually making capital improvements to the storm sewer system.

Based on that budget need of about nine million dollars (\$9,000,000) annually, the base billing unit will be two thousand nine hundred fifty (2,950) square feet. We know what the total impervious area of Clayton County is and when you divide by the average square foot figure you get the proposed fee of three dollars and seventy-five cents (\$3.75) a month for a single family residential at base billing. Commercial will be determined by dividing their total impervious surface by the two thousand nine hundred fifty (2,950) square feet and multiplying that by three dollars and seventy-five cents (\$3.75). For someone like Hartsfield Jackson International Airport the cost could be as high as one half million (\$500,000) dollars a year and Southlake Mall could be about sixty thousand dollars (\$60,000) a year.

Mr. Thomas mentioned that the Authority would need to reimburse ourselves for expenditures that have occurred as we developed the utility and before we collect fees. At the present date, we have spent a little over three hundred ninety-one thousand (\$391,000) dollars implementing the program. A lot of that has been consulting fees and also Azarina Carmical, who took Kim Zimmerman's place, has spent about one hundred percent (100%) of her time, so we want to reimburse ourselves for her staff time. We are tracking any expenses that we are spending in this area now so that we can reimburse the water and sewer fund. We believe that throughout the period of implementation, until we start collecting fees sometime later this year, we could spend up to \$1.7 million dollars (\$1,700,000). Most of that would be in consulting fees through CH2M Hill, JWA who is helping us with Public Relations, Steve Fincher's law firm who is helping us with the Ordinance and other legal aspects. We also have staff salaries, not only Azarina, but we might bring on some people a little early so that we can help get the utility up and running before we actually have to turn the key and start doing things. We also have to find a way to house these people.

Mr. Thomas added that the Authority could be reimbursed for those costs in the first few years of total operation. The Ordinance hopefully will be taken to the City Councils and the County Commissioners by the end of the month and if all goes well it will be adopted within a couple of months. Implementation of our new billing system, which will probably not be accomplished until September 2006, is driving our schedule for the Stormwater Utility. The first Stormwater bills will not go out until November 2006 or at the latest January 2007. We have a rate adjustment that will be effective in January 2007 and we would not want a Stormwater bill to go out in December and a rate adjustment in January.

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2005 Master Plan Update Presentation: Mr. Thomas stated that at the WEFTEC conference held in Washington, D. C. in 2005 the Board was given a comprehensive overview of the Master Plan Update. Our staff has put together all of the details and has a final recommendation today. The Authority has been doing ten (10) year Master Plans since 1960, which is one of the reasons for the Water Authority's success. In more recent times, we have found that the pace of change in the world is so fast that it is a good idea to take some mid-term looks at our action plans to make sure that they are appropriate.

Each time we do a plan we forecast out twenty (20) years into the future to determine what our needs are. When we did the 2000 Master Plan our primary objectives were to plan for growth, more efficient service, and to reclaim the water that we are treating because we realize that we will not get additional withdrawal capacity from the state in the future. Our objective for the 2005 update is to look at our progress on the 2000 plan, be able to make sure that we are responding to changing regulatory requirements and any kind of growth for capacity demand that has occurred during that time.

Mr. Thomas added that staff has looked at our progress on our 2000 Master Plan and that twenty (20) year horizon included about three hundred fifty million dollars (\$350,000,000) worth of improvements. We have made a great deal of progress on implementing the recommendation of that 2000 Plan. We wanted to go back and look again at how regulatory requirements have changed through the Safe Drinking Water Act. They have a lot of complicated regulations that apply to your finished water quality, disinfection by-products, and we want to make sure that we are set up to address those deregulations.

On the Wastewater side, the Metropolitan North Georgia Water Planning District has some new requirements that we need to adjust to, especially in the area of Stormwater Management. We also want to make sure from a national prospective that we keep our eyes on any indirect reuse regulations that apply to the use of treated wastewater for drinking water which is a significant part of our business.

2005 Master Plan Update

One of the Water Authority's key business practices is the development of long-term capital improvement plans. Comprehensive CIP Master Plans have been developed every ten years since 1960. The 2000 Master Plan was one of the most progressive Master Plans the Water Authority has developed; it included expanding and upgrading all four water reclamation facilities and major improvements to the Hooper WPP, along with

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limited upgrades to the other WPPs. The Master Plan also included significant improvements to the water distribution system, wastewater collection system and general administration processes. The purpose of these improvements is to prepare the Water Authority for future growth, changing regulations, and to improve the efficiency and safety of our services.

It has also become a practice of CCWA to conduct mid-term updates to these Master Plans to evaluate changes in growth patterns, regulatory requirements and other conditions over the first five years of implementation of the plan. Significant progress has been made in the implementation of the 2000 Master Plan and the majority of the major projects included in the plan are complete or under construction. However, this mid-term Master Plan update has identified several projects that need to be completed in the next 5 to 10 years based on current growth, regulatory, business and environmental conditions.

CH2M Hill staff worked with Water Authority staff to assess the current condition of our facilities to meet growth and regulatory requirements. The Master Plan team also identified ways to improve the efficiency and safety of CCWA services. The resultant recommendations were prioritized based on CCWA's strategic planning objectives and a financial plan was developed to fund the recommended improvements. The attached table identifies the recommended improvements, estimated costs and proposed rate adjustments to fund these improvements. One of our objectives was to develop a plan that would not require bond financing to implement, therefore, the recommendations include proposed rate adjustments to generate the income necessary to finance these improvements.

Recommendation: CCWA and CH2M Hill staff recommends that the CCWA Board of Directors adopt the proposed capital improvement and financial plan in the attached table. These recommendations are described in detail in the 2005 Master Plan Update Report. Proposed rate adjustments to fund these improvements will be reevaluated each budget year.

Mr. Thomas introduced Stuart Jeffcoat with CH2M Hill, who was one of their lead project managers on this project, who will give you a quick summary of the Master Plan details that most of you heard in Washington.

2005 Master Plan Update Capital Projects List											
Long-range Capital Plan											
Project Name	TOTAL	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	
TOTAL (current dollars)	\$81,705,000	\$6,935,000	\$15,650,000	\$13,520,000	\$ 7,925,000	\$15,025,000	\$6,000,000	\$6,900,000	\$ 7,250,000	\$2,500,000	
1 Miscellaneous Improvements	\$ 22,500,000	\$2,500,000	\$ 2,500,000	\$ 2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$ 2,500,000	\$2,500,000	\$2,500,000	
2 Collection System I/I Improvements	\$ 3,750,000	750,000	750,000	750,000	750,000	750,000	-	-	-	-	
3 Huie Wetlands, Phase 4 Design	\$ 860,000	860,000	-	-	-	-	-	-	-	-	
4 Huie Wetlands, Phase 4 Construction	\$ 14,295,000	-	9,000,000	5,295,000	-	-	-	-	-	-	
5 Flint River / Swamp Creek Sewer Extension	\$ 1,900,000	100,000	900,000	500,000	400,000	-	-	-	-	-	
6 Casey WRF Solids Handling Improvements	\$ 975,000	-	-	975,000	-	-	-	-	-	-	
7 Casey WRF Primary Sludge Transfer Pump & Receiving	\$ 500,000	-	-	500,000	-	-	-	-	-	-	
8 D&C of Conveyance System for City of Atlanta Flows	\$ 6,000,000	500,000	2,500,000	3,000,000	-	-	-	-	-	-	
9 D&C of Conveyance System for DeKalb Flows	\$ 9,500,000	-	-	-	3,500,000	5,500,000	500,000	-	-	-	
10 Line Improvements, Water Distribution System	\$ 3,000,000	950,000	-	-	775,000	1,275,000	-	-	-	-	
11 Forest Avenue Tanks Improvements including SCADA	\$ 1,025,000	1,025,000	-	-	-	-	-	-	-	-	
12 IT Disaster Recovery Plan	\$ 250,000	250,000	-	-	-	-	-	-	-	-	
13 Emergency Power Generators for Morrow PS and Hooper WPP	\$ 4,000,000	-	-	-	-	-	-	4,000,000	-	-	
14 Smith WPP - Filter Improvements	\$ 3,000,000	-	-	-	-	-	3,000,000	-	-	-	
15 Shoal Creek WRF - Generator Switchgear Modifications	\$ 400,000	-	-	-	-	-	-	400,000	-	-	
16 Smith WPP - Chemical Feed Equipment Improvements/SCADA	\$ 5,000,000	-	-	-	-	5,000,000	-	-	-	-	
17 Emergency Power Generators for WPPs and Repumping Stations	\$ 4,750,000	-	-	-	-	-	-	-	4,750,000	-	
RECOMMENDED RATE ADJUSTMENT		6%	6%	5%	5%	5%			3%		

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Mr. Jeffcoat briefly touched on a few of the major components of our Master Plan process and how it led us in developing the Capital Improvement Plan and also the financial plan for the future. The first part of our process was looking at the flows for the water and wastewater system over this twenty (20) year horizon. To begin that process, CH2M Hill looked up the projected population of Clayton County using the Atlanta Regional Commission (ARC) and the Clayton County Community Development (CCCD) projections. The ARC's projection is about three hundred thousand (300,000) people by the year 2030. CCCD's projections were on the border of about three hundred forty thousand (340,000) by the year 2030. We have been using both these sources for previous work that CH2M Hill has been doing for the Water Distribution model. We are going to assume a population of about three hundred fifty thousand (350,000) by 2030. This has been utilized in all of our work, up to this point, and through our Master Plan update. We have to look at how many gallons of water a day each of these people are going to use. In the 2000 Master Plan, we had a higher per capita of water use than we are seeing now. We are seeing a trend of decreasing consumption, which is an issue that we have to be aware of.

Mr. Jeffcoat compared Clayton County's per capita water consumption with other metro counties. We anticipate this per capita use to continue to decrease in the future as new homes are built with more efficient appliances, better plumbing, better fixtures, along with pushing water conservation. Accounting for this decreased demand, in order to determine what our flows will be so that we can determine if we have the system capacity available to produce water and treat the wastewater based on these demands, is critical.

Utilizing all of that information and working with Emory McHugh, Authority Finance Director, to see if he was comfortable with our demands and our assumptions with account growth, we determined that the maximum daily flow that will probably be needed by 2030 is fifty-two million (52,000,000) gallons per day. The current treatment capacity at the three water production plants is forty-two (42,000,000) million gallons per day. On the wastewater or reclamation side, we are looking at a maximum daily flow need of forty-four (44,000,000) million gallons per day by 2030. We are now able to establish a base line of what kind of capacity are we going to need in the future so that we can plan for plant expansions, to search for new water sources and to provide wetland capacity for discharge of wastewater effluent. This gives us a base line for how to go out and evaluate these things.

In addition to looking at capacity needs for the facility, we evaluated the water system and the water reclamation system. This basically involved meeting with the

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department managers, Guy Pihera for the water side and Jim Poff for the water reclamation side, and talking to their staff, along with site visits to review the existing infrastructure at all three water production plants, at all the Repumping stations, and looking at the water distribution system. For the water reclamation facilities, we went out and inspected the facilities, met with staff, talked about their issues, and also brought in some work that we had done separately with the Huie Master Plan to look at the Wetlands and the wetland construction and how that is going to be scheduled. We also did some work in looking at the wastewater collection system and maybe some issues with flows that we send to the City of Atlanta and DeKalb County.

Mr. Jeffcoat also explained that in conjunction with all that, we also did a study to look at energy usage within water reclamation and the water system. We worked as a team with SLP & Associates looking at the facilities and reviewing their energy bills to look at energy conservation methods that we can implement to look for savings to make the operation more efficient and to save money that we might use for other projects.

The presentation in Washington touched on a lot of different improvements for each of the facilities, but this is just the highlights for the real key issues over the next twenty (20) year plan. The Hooper Plant is in the final stages of construction so we really do not see a lot of need for rehabilitation and improvement at that plant. We do know that we will need ten million gallons a day capacity by 2030 that we do not have now. The Hooper Plant has been identified as one plant where we might increase the capacity by five (5) million gallons per day to bring it from 20 MGD to 25 MGD by the construction of two additional filters. Those filters have been previously designed as part of the work that is ongoing now. We just have to construct them which will be a long term improvement. Before we construct those filters, we need to do a water capacity analysis to see where we are going to get the water to treat at the plant. The Smith plant is the oldest water production plant, which has not had any major rehabilitation work. We anticipate in the next five to ten (5 to 10) years the need to do some improvement to the filters and enhance the chemical feed equipment. This plant also does not have a SCADA system. Adding a SCADA system would coincide with an expansion of the administrative area as there is not room to house the SCADA system. The Freeman Road facility is a newer facility and not much work is needed to be done there as the infrastructure is in good shape. There are no immediate improvements that are needed, but we will need more treatment capacity in the future and we have identified the Freeman Road Plant as another plant where we can increase the capacity by five (5) MGD. The existing infrastructure can handle it, but we just have to do a high rate study with EPD's guidelines to get that extra five (5) MGD.

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On the Water Distribution side, we have reviewed all the Repumping stations and have identified some miscellaneous improvements that are going to have to occur over time, such as replacing pumps and other small items. The Forest Park Repumping Station needs approximately a million dollars worth of work, in terms of improving the existing building, the electrical gear may need to be replaced in short term, and this pumping station is not tied in to the other pumping stations, so we will need to incorporate a SCADA and telemetry system as well.

As part of our distribution modeling work, a series of improvements over the next twenty (20) years has been identified. We also reviewed all facilities through the Wetlands and Collections systems. Northeast is not included, as that is under construction, and we feel that there will not be any immediate improvements needed with that recent construction project. The Shoal Creek facility is in good condition, but there are small minor or rehabilitation repairs that are needed as maintenance and upkeep. We do want to look at improving the electrical switch gear at the plant, so that the entire plant can be operated by one generator. The real issue at the Casey facility is looking at Solids Handling for the future. If we want to continue with Pelletizing then we may want to look at something different, such as anaerobic digesting of the solids in the water. There are very expensive technologies that we may possibly consider as long-term improvements.

A Solids Master Plan for the Casey Plant will need to be done before any recommendations can be made for that improvement. Before that much capital is invested into the Solids program at Casey, we need to decide what we are going to do with the Casey Plant. We are also looking at UV disinfection for Casey as well.

A study of the Wetlands was performed as part of the Huie Master Plan that recently has been completed. This highlights the phased implementation of additional wetland sites. Phase IV Wetlands design is scheduled for next year with construction to follow. Then we have Phase V design and construction scheduled beyond that as well.

We also looked at the Wastewater collection system. Right now, the City of Atlanta and DeKalb County treat a portion of the flows from Clayton County collection system. We want to look at bringing those flows back into the Authority's system and treat at either Casey or the Northeast Plant. We have looked at preliminary estimates for designing lift stations and force mains to return those flows and getting out of those contracts. Those are the estimates that we have for the Atlanta and DeKalb flows. In addition to that, we are looking at just some general rehabilitation work to limit inflow infiltration into the system.

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Another improvement that CH2M Hill looked at is expanding the sewer system to include the Flint River Swamp Creek area to eliminate some lift stations. Finally, there are some overall system improvements that we looked at. Right now there are generators at each of the water reclamation facilities which are required. They are not required for the Water Production plants, but we want to have emergency generators at each of the Water Production plants as well as at the Repumping stations. Those have been included in the Capital Improvement and Financial Plans. There has also been an ongoing IT disaster recovery plan to provide backup for the IT system at the Battle Creek facility. That process is ongoing. Finally, there are just miscellaneous improvements that are going to go on over the life of this Master Plan and we have estimated that to be about twenty million (\$20,000,000) dollars.

Mr. Thomas stated that a workshop was held back in August with our Management staff to develop some strategic planning criteria, prioritize the projects, making sure that the projects that were identified were meeting the goals of the Water Authority and our needs. The strategic criteria that were developed out of that workshop are to make best use of the emerging and improved technology that is on the market, make sure that the projects are cost effective and have an impact on improving our customer relations and satisfaction. Regulations can constantly change, but usually you have five or ten (5 or 10) years' notice on some of that, develop a sustainable asset management program where we are not waiting for things to fail, but are replacing them on a periodic schedule. We see a lot of change in economic, political, and demographic conditions that have an impact on our demands and our customer's ability to pay so we need to make sure that we are addressing those issues. We also need to make sure that we have adequate capacity and good security and safety for all of our facilities. We use these criteria to rate each Master Plan project. In order to narrow the list of sixty projects that were identified throughout the Master Plan, we used this process for those projects that were identified for the next ten (10) years and were greater than one hundred thousand (\$100,000) dollars assuming that the small projects will be funded out of our operating revenue.

Mr. Thomas stated the there were seventeen (17) projects that were identified that would be needed in the next ten (10) years and would cost greater than one hundred thousand (\$100,000) dollars. The list is in order of the priority that we have identified. This is the financial plan that we have laid out showing how much capital we will need each year to fund those improvements. We wanted to see if we could do this without an additional bond issue and without more debt service. We believe that can be accomplished. On the bottom of the chart you will see the recommended rate adjustments. These rate adjustments will be reviewed each year and we will make any

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adjustments to the recommended percent after those reviews. Mr. Thomas stated that staff is asking the Board adopt a resolution adopted the 2000 Master Plan update with the specific financial recommendations and project recommendations.

UPON Motion by Marie Barber and seconded by Allan Smith it was unanimously

RESOLVED: to approve the recommended Capital Improvement Plan (CIP) and Financial Plan contained in the 2005 Master Plan Update.

Board member, Wes Greene, stated that this is a change in thinking for the Board to use rate adjustments to pay for these projects, opposed to bonds. We are now stating that the Authority will be “pay as you go”, which is a shift in our thinking.

There was general discussion of the 2005 Master Plan Update and Chairman McQueen complimented Mr. Jeffcoat and Mr. Thomas for their presentations.

Mowing Tractor Bid Recommendation: Chairman McQueen called on Mr. Hicks who stated that several weeks ago a Mower Tractor was put out for sealed bid. We went through the normal bid process but did not receive any bids. In discussing this with several vendors that handle the type of equipment that we are looking for, we began to realize that we may have had the specifications a little too tight. We will rewrite the specifications, re-bid the mower and will bring this Mower Tractor back to the Board at a later date.

Sick Leave Rollover End of Year: Chairman McQueen called on Mr. Brannan who stated that at the end of every year we have sick leave and annual leave issues. Currently if an employee has more than the maximum number of hours (312) of sick leave left after the twenty fourth pay period of the year, the Authority pays for twenty-five percent of the time and the remainder goes into a catastrophic leave bank which can be used for extended leave or their retirement. This is done at this time of the year so that the employees will have the funds for Christmas. Also, after the first of the new calendar year any employee with more than the maximum number of annual leave hours (256) left has the additional hours added to this catastrophic leave bank.

Now that the Authority has changed from the Legacy system to the JDEdwards system, we have to try to trick the computer to tell it that it is the end of year so that we can pay those checks earlier than the actual end of the year. We would like to revise our policy to allow both of these leave rollover processes to occur as of the last pay period of

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the calendar year. Mr. Brannan added that from a procedural standpoint it causes a lot of problems in accounting for us to stop that sick leave rollover earlier than the end of the year and to do the annual leave rollover after the first of the calendar year. Mr. Brannan made a recommendation to change the timing on the sick and annual leave rollover process to the last pay period of the calendar year.

UPON Motion by Lloyd Joiner and seconded by Wes Greene it was unanimously

RESOLVED: to approve the recommendation of staff to have the sick and annual leave rollover process occur as of the last pay period of the calendar year.

Board member, John Chafin, stated that he understood that the latitude for pay increases or the percentage of pay increase was adjusted by the amount of sick leave that was not taken by the employee versus a lesser percentage given to the employee that had used all their sick leave.

Mr. Brannan explained that an employee has to build up three hundred twelve (312) hours of sick leave to even be considered for the sick leave incentive which is a check for twenty-five (25%) percent of everything over that amount of hours.

Mr. Hicks explained that this program was started in 1986 and the Authority found that employees who do not use much sick leave end up losing the time in excess of the incentive guidelines. The Authority also had employees that were using every hour of their sick leave. Through monitoring this incentive program, we have found that there are thirty or forty (30 or 40) of these checks that are issued out of approximately three hundred fifty (350) total employees. The Authority feels that this incentive has resulted in less use of sick leave and helps on the employee's retirement.

Mr. Chafin asked what is considered on the evaluation process.

Mr. Brannan stated that the use of sick leave is a consideration in the performance evaluation of an employee.

Mr. Hicks explained that there are eleven (11) factors on the performance evaluation rating sheet.

MNGWPD Federal Fund Allocation: Mr. Brannan stated that every year for the last three (3) years the Authority has contributed fifteen thousand dollars (\$15,000) to a

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lobbying effort through the Atlanta Regional Commission (ARC) with Holland & Knight, a law firm who lobbies for funds for water and sewer projects for the metro Atlanta area. We have an invoice for '05, which we have not paid, and an invoice for '06 which would be fifteen thousand (\$15,000) for each year. Mr. Brannan added that of the forty-five thousand dollars (\$45,000) that we have already put in this lobbying effort, the Authority has gotten back three hundred ninety-five thousand nine hundred sixty dollars (\$395,960). This is not as much as we wish we had gotten, but it is about nine to one (9 to 1) for every dollar that the Authority put in it. Projects, such as Solids Handling that we are talking about, will be multi-million dollar types of improvements and this will be one of the few sources of revenue besides water and sewer revenues that we will be able to use to do that. Mr. Brannan added that he is encouraging the Authority to continue contributing to this lobbying effort. The Authority was one of the first organizations to get in on this lobbying issue and we are at the front of the pack. If the lobbying effort gets money, the Authority would be one of the first to receive funds. Mr. Brannan recommends that the Board pay the thirty thousand dollars (\$30,000) out of our Contingency Fund for this lobbying effort, which would take us through 2006.

UPON Motion by Wes Greene and seconded by Marie Barber it was unanimously

RESOLVED: to approve the recommendation to pay the Metropolitan North Georgia Water Planning District (MNGWPD) Federal Fund Allocation of thirty thousand dollars (\$30,000) from our Contingency Fund for 2005 & 2006.

Shoal Creek Plant Easement Request: Mr. Brannan showed the Board a few slides of the Shoal Creek Plant where some time back the Authority had water coming off the Panhandle Road Wetlands site onto Ms. Lee's property. We had talked to Ms. Lee about doing some improvements to eliminate that issue, which we did. The new owners of the property in that area have come to us and want to get to the plant with a sewerage lift station force main, which would have to go across the Authority's property. The owner's plans were to donate to the Authority a piece of property that would allow us access into other areas that we own. All costs will be paid by the property owner. Mr. Brannan recommends to the Board that approval be given to allow the property owner a license to cross the Authority's property with this force main.

UPON Motion by Wes Greene and seconded by Marie Barber it was unanimously

RESOLVED: to approve the recommendation of staff for the Shoal Creek Plant license request.

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Chairman McQueen stated that this concluded the open session of today's meeting.

UPON Motion by John Chafin and seconded by John Westervelt it was unanimously

RESOLVED: that the Board adjourn into executive session for land, legal, and personnel issues. The Board reserves the right to return to the open session.

Upon Motion by Marie Barber and seconded by Allan Smith it was unanimously

RESOLVED: to return to open session.

Upon Motion by John Chafin and seconded by Allan Smith it was unanimously

RESOLVED: to ask the Board of Commissioners to amend the pension ordinance to include the 415M supplement plan so that the Clayton County Water Authority could, if it so decides to, fund the pension supplement.

Mr. Brannan stated that credit card payments are now live. This has not been advertised, but since December 22nd, we have had one hundred thirty-four (134) payments for a value of eleven thousand nine hundred dollars (\$11,900).

Mr. Brannan stated that the contractor on the Hooper Plant project is being fined two thousand dollars (\$2,000) a day because he has gone beyond his construction deadline. The reason for the delay has been caused by some of the subs that were working for the contractor.

Mr. Brannan stated that the sales tax refund on the Casey Plant was going to be one million one hundred thirty-eight thousand dollars (\$1,138,000), but we actually got one million two hundred eighty (\$1,280,000) because they paid us interest on the sales tax that was due to be refunded.

Mr. Brannan announced that Teresa Adams has not had her baby yet.

Mr. Brannan stated that at the Hooper Plant the Authority will be putting in a new phone system. We have a couple of bids which are around eighteen thousand one

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hundred dollars (\$18,100). Funds will be transferred from one of Water Production's budget line items to cover this cost.

Mr. Brannan reminded the Board of the Clayton County Chamber of Commerce annual banquet to be held on Saturday, February 11, 2006. The Authority will sponsor a table of ten (10), so if any Board member would like to attend, please let Ms. Matthews know.

Mr. Brannan wanted the Board to know that Mike Thomas has been selected to go into the Institute for Georgia Environmental Leadership, the Fanning Institute at the University of Georgia, headed up by Bob Barr. His involvement will take some of his time to attend this institute.

Upon Motion by John Chafin and seconded by Lloyd Joiner it was unanimously

RESOLVED: that the regular session board meeting be adjourned.

There being no further business to come before the open meeting, the meeting was adjourned.

Pete McQueen, Chairman

Marie Barber, Secretary/Treasurer