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CITY OF STATESBORO  
WORK SESSION MINUTES  
AUGUST 16, 2022

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Mayor & Council Work Session

50 East Main Street

3:00 PM

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A Work Session of the Statesboro City Council was held on August 16, 2022 at 3:00 p.m. in the Council Chambers at City Hall, 50 East Main Street. Present was Mayor Jonathan McCollar; Council Members: Paulette Chavers, Venus Mack, and Shari Barr. Also present was City Clerk Leah Harden, City Attorney Cain Smith, City Manager Charles Penny, Assistant City Manager Jason Boyles and Public Information Officer Layne Phillips. Absent was Councilmember John Riggs and Phil Boyum.

### **1. Water/Wastewater Rate Study**

Mihaela Coopersmith with Raftelis presented to Mayor and Council the results of the water and sewer rate study performed for the City of Statesboro. Last fall Raftelis began the study working with city staff to develop a water and sewer financial plan of this enterprise fund by developing a 5 to 10 year forecast of revenue and revenue requirements as well as assessing the level of future rate increases. As an enterprise fund the utility must run like a self-supporting business. The objective is to balance the system reliability, sustainability and financial integrity with customer costs and impacts. Cost increases are primarily driven by infrastructure reinvestment, regulatory and expansion related capital needs. Revenues are based on the user charge, customer accounts and growth projections and financial policies help guide the balancing process. There are three components to revenue requirements operating expenses, debt service, and capital spending.

Study findings shows that water subsidizes sewer. Water generates 67% of the total revenue but accounts for only 23% of the total expenses. A new wastewater treatment plant is planned for FY 2028 with a total cost of \$60 million. A complex rate structure with multiple customer classes and tiers with an industrial tier rate higher than residential and create a sewer tiered volumetric structure. With these findings the initial recommendations include working toward sewer self-sufficiency, small incremental changes to minimize rate impact, and moving sewer toward one uniform rate equal to the industrial rate. Once sewer changes are done the focus can move to small changes to the water structure by phasing in to minimize bill impacts. In order to bring all sewer customers to current industrial rates will result in a 10% increase for residential customers, an 8% increase for commercial customers and a 6% increase for government customers increases are to begin in FY24 through FY28. Water rate options for consideration is to equalize all irrigation base charges to residential irrigation and to bring the industrial base charge to the government base charge. Over the next four slides Ms. Coopersmith reviewed the current and proposed rates for residential, commercial, government, and industrial. The proposed residential rates only change in the sewer volumetrics. The current rate is \$2.70 and the proposal is an increase to \$2.97. Commercial, government, and industrial proposed rates focus on and increase the sewer volumetrics and brings irrigation up to the residential rate. An example of a typical residential bill beginning in FY24 would have a 3% increase and FY25-FY26 a 4% increase and a 5% increase in FY28. The water financial plan shows revenues are higher than expenses and the sewer financial plan is opposite as it has higher expenses than its revenue. The city's water and sewer fund is a combined enterprise fund and we want to make sure it continues to be self-sufficient. With the proposed rates beginning FY24 the revenues become more than expenses and begins building in the reserves that will be needed for the anticipated wastewater treatment plant. Future rate considerations once the sewer volumetric rates are in place would be to focus on water volumetric rates similar to the process of the sewer rates. Next is consider moving the sewer volumetric

rate to a one tier rate. Further down the road consider implementing a base charge by meter size, which allows the city to recover more from those customers that have a larger meter size. Another consideration is to look at the inside/outside differential rates to see if there is anything that might need to be adjusted there. The first step would be to start the sewer volumetric rate.

City manager Charles Penny stated there is nothing wrong with our rate structure right now but when you look at enterprise funds they really need to stand on their own. We are subsidizing the water fund for the sewer fund and water needs to stand on its own as well as sewer.

Ms. Coopersmith stated the recommendation is to start slow and continue to monitor and update the financial plan on a regular basis so we can incorporate any changes that may occur. We are not advocating for a 100 percent sewer self-sufficiency in 10 years just that we need to start moving that way.

## **2. Infrastructure – Water and Wastewater**

Director of Public Utilities Steve Hotchkiss stated the next phase of this is the water/sewer infrastructure. There is so much activity going on here lately which has highlighted the issues we have. We have two consultants here one from Hussey Gay Bell to talk about water and wastewater infrastructure and one from Sapp Engineering to talk about gas infrastructure. They will address current conditions and what they see of the needs we have and how we get there in the future.

CJ Chance with Hussey Gay Bell stated they have been working with the city on water/sewer infrastructure for about forty years. It has been going well and we think we are about to see an increase of growth in the City of Statesboro and Bulloch County. The City of Statesboro needs to plan for that growth, part of that plan is the water availability and wastewater infrastructure.

Chris Burke with Hussey Gay Bell presented a map showing the existing water and sewer system owned by the City of Statesboro. There are roughly 28 lift stations and each lift station has pipes that pump to the wastewater treatment plant. The wastewater treatment plant has the treatment capacity of 10 million gallon per day capacity and right now we are seeing 5 million gallons per day of wastewater that comes to that plant. The treatment plant in its current configuration has been in operation for thirty years. Some of the components are quite old and in need of an upgrade. There have been major water and sewer expansions outside of city limits the past few years. There are two lift stations out at I-16 on 301 to serve the gateway industrial park.

The next map showed the current wells and tanks. The city currently has six ground wells in operation and six elevated storage tanks. Similar to sewer, city water was also extended out to I-16 on 301 to serve the industrial park. The city's water system over the next 10 years includes a ground water well with a cost of about \$1 to \$1.5 million. The second item is connecting a water system at Railroad Bed Road then down Burkhalter to Hwy 67 and by connecting that loop it increases fire protection allowing development to proceed. There has been a good bit of interest in development of properties along that area and it is the closest area to the existing water system. Another potential expansion is down Hwy 67. Growth primarily will be residential closer to town and will require a good bit of water. As it gets closer to I-16 it will begin to change over to commercial and light industrial. Item number four is a new groundwater well somewhere on the northeast side of town which will help increase the fire protection in that area. The water system improvements project has an approximate cost of \$20 million based on this plan.

On the wastewater side we are looking at Railroad Bed Road because of the development in that area it is the most urgent area interest. This area will need a lift station and a force main to provide additional sewer service to the area. Item number two is sewer expansion on Hwy 67 out to I-16. Currently a lift station is being constructed near the fair grounds and that wastewater will be pumped into the town. We are likely to see new development out toward I-16 and there will be a number of lift stations chained into that system. Item number three addresses the capacity issue on Hwy 301 out to I-16. It is proposed to upgrade the lift station at I-16 and Hwy 301 and install a parallel force main back to the gateway lift station. Then upgrade the gateway lift station and install another parallel force main back into town. The fourth item is options for upgrading the City's existing wastewater treatment plant to increase its capacity or build a brand new treatment plant that is capable of treating the entire 10 million gallons per day. Another option would be to build a scalping plant which receives diverted wastewater flow before it gets to the existing wastewater treatment plant. The cost for a new

treatment plant is anywhere from \$10 to \$12 million for every one million gallons per day, so if we install a 3 million gallon per day wastewater treatment plant at Birds Pond it would be \$30 to \$36 million. We would still have to upgrade the existing wastewater treatment plant so we are looking at \$60 to \$100 million in upgrades and a new treatment plant. Fortunately, it doesn't all have to be done at one time it can be done separately from upgrading the existing wastewater treatment plant. With all the options presented we are in a range of \$75 to \$120 million worth of improvements over the next ten to twenty years, which ties into the need for the water / wastewater rate evaluation and making an adjustment to the rate now.

City Manager Charles Penny stated that in order for communities to grow there are things that need to be done and it is something we have to plan for. We can do the smaller plan and help extend the life of the current wastewater treatment plant, but at some point down the road the city will need to plan to replace that plant. The smaller plant will help us buy more time. After the presentations we will come back and talk about how to proceed.

### **3. Gas Infrastructure**

Jack Sapp with Sapp Engineering stated he has been working in natural gas operations and engineering work for forty-nine years and has worked with the City of Statesboro since 2014 working on the expansion out to I-16 Industrial Park. At that time a 6 inch pipe was a good call based on the type of industrial customer we had at that time. A good industrial customer uses 20 to 30 MCF, an MCF is a unit of measurement of natural gas and is 1000 cubic feet; in today's world a good industrial customer uses 100 to 150 MCF. Some conditions have changed and the 6 inch is a little bit small for what we need right now. Mr. Sapp presented a google map of the current high pressure system. There is a computer model we use to show us the "what if" analysis on the gas system. The entire system is modeled but we only used the high pressure section of it for this because that is the major impact of where the industrial load come on is on the high pressure. The Statesboro tap station is located on the upper right of the map which is the only source we have right now for the natural gas. The gas comes from the tap station down across the river, down 301, to the bypass, around the bypass and then south on 301 to the industrial park at I-16. On the current conditions we leave the tap station with about 370 pounds of pressure which is the maximum we can operate this system on right now. With that we get to the I-16 industrial park with 210 mcf's which is our max capacity right now. Aspen plans to use about 75 - 80 mcf to start with, their future projection is over 100 mcf's. We can handle what we have right now with Aspen but as new customers come in, activities start generating looking at places to go we have had some activity back up 301 at the Briggs and Straton area also we have had some industrial customers look there which all comes off of this high pressure system. So what do we need to do to supply additional gas at the I-16 industrial park? If we parallel the existing system as a phase one operation from the tap station to the river we could operate that line at 500 pounds rather than the 370 we have now. We would increase our capacity down at the industrial park by 40 mcf an hour. That would be a phase one operation to improve this high pressure system and has an estimated cost of \$7,151,626.25. Phase two would come from the river down to Randy Lowery Road and 301 utilizing the piece under the river. That would get us a parallel line from the tap station to Randy Lowery Road operating at 500 pounds of pressure which increases the capacity down at the industrial park to 300 mcf's per hour. Phase 3 is a continuation from Randy Lowery Road to Old Register Road on the south side. That would get us an 8 inch line all the way from the tap station to Old Register road operating at 500 pounds of pressure and increase the capacity more at the industrial park to 625 mcf an hour and still maintain around 100 pounds. So with the existing tap station and existing structure, we do this paralleling we can increase from 210 mcf that we get now to the 625 mcf. By doing it in phases it can be done over time and growth comes along. The total of all three phases is \$15,100,031.60. An alternative to look at is a new tap station on the Cypress line off Kinder Morgan road and come up Hwy 80 to Hwy 46, parallel Hwy 46 to 301 and tie in there. That line could operate at 500 pounds with an 8 inch line. It would improve the volume at the industrial park to 750 mcf an hour. The estimated cost of this alternative is estimated at \$22,707,048.95. That is a totally different direction

from where we are right now but it give us two options to look at going forward with natural gas. As it stands right now we do have the capacity to serve Aspen and we do have capacity to serve probably one more Aspen type plant at the existing industrial park.

City Manager Charles Penny reviewed the costs of the Water, sewer, and natural gas expansion projects. The total projected utility cost is \$80,360,361.00. In order to be able to address being able to extend water and sewer to increase the capacity of natural gas we need to put a plan together. The next steps include more staff and consultant work is need to prioritize the infrastructure needs. We will follow with some further analysis within 60 – 90 days where we will talk in more detail about what is our strategy is going to be. It is recommended to have a joint work session with Bulloch County Commissioners to discuss further growth and infrastructure plans. We will have to prepare a financial plan to fund infrastructure and conduct a rate analysis to make sure, based on those priorities how we can handle the debt payment.

#### **4. Planned Unit Development**

Director of Planning and Development Kathy Field stated PUD's are a type of zoning district that allows developers to more creatively develop plans without the constraints of other zoning districts. The purpose of the Statesboro PUD zoning district is to allow for flexibility in use and design of structures and land in situations where modification of specific provisions of the ordinance will not be contrary to its intent and purpose or significantly inconsistent with the planning on which it was based and will not be harmful to the neighborhood in which they occur. The requirements in our PUD ordinance state, all PUD's must first be reviewed by the Planning Commission. Second the owner must file a proposed site plan and the lot must be ten acres in size. And third the Planning Commission may authorize uses not permitted in the district where the lot is located, but no more than ten percent of the land area or building floor area may not materially alter the existing character of the neighborhood. Ms. Field stated these requirements are pretty general but, is what we have to use when we analyze a proposal that comes to us under the PUD zoning district. Ms. Field also reviewed a comparison of requirements for PUD zoning districts from the City of Darien, the City of Winder, and the City of Richmond Hill. The common threads throughout the comparison cities are, consistency with the comprehensive plan, a submission requirement for a master development plan, no increase in overall density, increase in open space and amenities, and that a PUD needs to show recognizable and tangible benefits to the community. Potential option for council to consider; one is the Status Quo option which is, continue to accept PUD applications with preliminary review by the Planning Commission and the current ordinance will remain in place. Option two is a zoning moratorium on all PUD applications for a predetermined timeframe. Option three is take no action at this time and wait until the Revised Zoning Ordinance is approved as a revised PUD zoning district will be included as part of the re-write project.

City Manager Charles Penny stated that we know the zoning rewrite takes a while so what would be the best approach. If we speed the process up like what was done with the townhouse ordinance there were things that got missed because we needed that ordinance on the books as it did not exist. We don't want to rush the process but at the same time is it fair to the development community to slap a moratorium on PUD's when they have been using them all this time. A way to handle that is for staff to be more judicious in the review process.

Mayor Pro Tem Shari Barr stated she feels a moratorium would be appropriate and it would give us time to really consider what we want it to look like.

Mr. Penny stated this could be presented to the Planning Commission informing them of the options that have been presented here today to get their input.

Mayor McCollar stated that Gen Z is a generation of individuals who are choosing where they want to live first and then getting a job so we need to have quality development in our community. We want our residents to be living with the accessibility to green space and with things that add to the quality of life.

Mayor Pro Tem Shari Barr addressed her concerns with the recently passed townhouse ordinance regarding the 5% green space requirement. She stated that after some reflection and investigation she feels that is not enough and proposed an amendment to increase the open/green space to a 10% requirement in townhome developments.

City Manager Charles Penny stated this is something we could also share with the planning commission so they can give their feedback as well. That way they are receiving clear direction as to what council is looking for and setting expectations and it gives them an opportunity to have some input in the development process.

Mayor Pro Tem Shari Barr stated she just wants to avoid the problem of coming back in a month and having two more developments in here with 5 % there needs to be more right away.

City Attorney Cain Smith stated zoning ordinance revisions do have to go through the Planning Commission to begin with.

Direction was given to Kathy Field to present the proposed amendment to the townhouse ordinance to the Planning Commission along with the PUD recommendations.

The meeting was adjourned at 4:43 pm.

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Jonathan McCollar, Mayor

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Leah Harden, City Clerk