



WATER AND SEWER EXPANSION AUTHORITY
BOARD MEETING MINUTES

Date: June 8, 2005
Time: 2:00 p.m.
Location: City Hall, Committee Room A

Attendees:
Jeanell Wilson, Chair
John Craddock, Vice Chair
Harriet McDonald
Susan Rudd
Al Sinclair

Chair Wilson called the meeting to order / quorum determined. The Board approved the minutes from the May 11, 2005 Board Meeting and the May 11, 2005 Finance Committee Meeting. Chair Wilson introduced and welcomed new WSEA council support Tom Clayton.

Finance Committee Update

Finance Committee Chair Sinclair stated two issues were discussed at the committee meeting held just prior to this board meeting – the loan request for Clark Road and the FY05/06 budget restraints. Discussion on Clark Road (Truth for Living Ministries) from attending committee members included:

- By study of the information at hand, the ministries ability to pay a second mortgage loan of \$25,000 to WSEA is questionable. Matters of question include:
 - The requested additional financial information has not been received, and there has been no communication from the ministries representatives.
 - The contract for the new auditorium is approximately \$250,000 higher than the Bond funds available for construction, and there is no substantiation on how the ministries intend to finance such for project completion.

- Recommendation was made at the meeting to make a conditional commitment for the \$25,000 loan that includes stipulation that *IF at the time the auditorium is completed, the contractors are paid and the ministries has evidence of reasonable cash flow for debt on the first mortgage and that the second mortgage (\$25,000) would have security, the loan request will be granted.* Intention is to not formalize such a recommendation, but to hold it until the additional requested financial information is received. Then if stipulations included in the conditional commitment are met, and there is evidence of sufficient cash flow at that time, agreement of loan can be made.

Discussion of attending board members included the following response to the above:

- Additional documentation requests have had no response; which include the attendance of a ministries representative at the May Board Meeting who actually stated the requested documentation would be received within 2 weeks of that meeting.
- Making a conditional or contingent commitment means the requested \$25,000 is held specifically for the ministries. Verbiage included in such a commitment could be misleading, specifically if one of the following scenarios were to occur:
 - If the ministries is unable to achieve success in fulfilling the stipulations outlined in the commitment.
 - If the WSEA's financial stability is negative at the time the auditorium is complete.
- If the ministries cannot provide assurance of repaying the WSEA loan, funds should go elsewhere where needed.
- Valuable dialog – even though this loan request is for a small amount, this issue could arise in the future, with any dollar amount of loan request. To make allowances for this particular request, even though it is a small amount, a precedent would be set. Inclusions to this program must be consistent.
- The ministries should be given a deadline to provide all needed information, and if such does not occur, the loan request will be closed.

Motion to draft a conditional/contingent commitment was given by Mr. Sinclair. There was lack of motion being seconded; therefore, motion is null and void.

Motion to request needed information within the next 30 days, and if all requested information is not received by the end date, the loan request will be closed, was made by Chair Wilson, seconded by Vice Chair Craddock, and voted in favor of all present board members.

Development of Preliminary Budget for FY 05/06

- Development of Fiscal Year 2005/2006 WSEA budget is in process. As detailed in budget handout, requested contribution from JEA is \$2,350,000, and from City is \$4,000,000 (two of the seven identified funding sources). The JEA contribution, which will provide for operating expenses (salaries, project support, office supplies, travel, consultants, etc.), has been committed. The City contribution, which will provide for capital expenses, has not yet been committed. The strategy of split funding resources for capital expenses and operating expenses gained credibility from City Council; however, there are severe budget crunches occurring throughout the entire City's FY05/06 budget planning and development process. This year is known to be the City's toughest budget year in history. The progress of WSEA has come farther than anyone anticipated; it would be most unfortunate to have to slow down within the upcoming year. Work continues to strive for WSEA's program to have high priority and to get funding in place, including grants and bonds.

- The prediction is virtually 100% that the other five funding sources will be available. Washington representatives have made commitments; feel close to positive that requested funds will be received; however, amount of funds and when funds will be received are unknown factors. The State Revolving Fund (SRF) is solid. The SRF is a 30 year loan at 3% (SRF vs. initial bond issue – would pay \$256,000 more for bond).
- With overwhelming City Council support, it is unrealistic to think WSEA will receive no funding from City; however, the tough budget crunches will play a part. City realizes the program's progress to date and that it should continue, being such a positive, broad-based program for all citizens. The participation rate to date being 60% low-to-moderate income residents, and that Phase I targets all failure septic areas, were huge steps forward that jump-started the program. Strong support for the program from Mayor and Council continues; however, the budget process must be completed for more accurate forecasting to occur.

Interlocal Agreement Comments/Concerns

A draft agreement was distributed at the May Board Meeting for review. Comments on such:

- Even with budget restraints, 3.E. of the draft agreement ...contracts with firms to design and construct its capital improvement projects... will remain since most work will be outsourced, but will have input from JEA and City. Outside entities will be engaged as needed; however, JEA will be leaned on heavily for support.
- This will be a performance-based contract, which is different from any other contract City has had in the past.
- JEA and Mr. Odom have approved the draft agreement. Forward movement will not occur until all parties understand all commitments, roles, etc. The goal is to vote for adoption of agreement by the August Board Meeting.
- Bring any comments/concerns to future meetings or contact Mr. Odom.

Resolution for Project Approval

Jacksonville Heights Watermain Extension (located on McGlothlin and Buttercup Streets – District 12)

Project Overview:

- 982 LF of 8" water main
- 2 fire hydrants
- 21 residential connections
- Estimated construction cost: \$85,000
- Finance up to \$1,000 per lot for on-site connections (21 x \$1,000 = \$21,000)
- Total project cost, including on-site connections = \$106,000.

Discussion:

- The properties are not feasible for sewer; project would be water only.
- There are 11 total properties, with just 2 owners (10 of the properties are owned by one of the two owners).
- Ten of the 11 properties are duplexes, one is a single connection.
- Both owners are in agreement of the project's total construction price and connection fees.
- Connection costs will be financed.
- Over 75% of the properties are committed.
- Council Germany stated a needed verbiage change to the resolution – ‘approval by majority’ should be ‘approval by 50%’. Council Germany will make said change.

Motion to pass the Resolution for the Jacksonville Heights Watermain Extension project was given by Mr. Sinclair, seconded by Ms. Montgomery, and voted in favor by all present Board Members.

General Items/Discussion/Questions

Grant Update – Mr. Odom has been back to Washington since the May Board Meeting. Jacksonville City Council Members were in attendance at Washington meetings and emphasized the positive benefits of the WSEA project. Other leadership persons of surrounding Jacksonville communities were also in attendance at the meetings, which provided opportunity for edification about the WSEA program to be more widespread in and around the Jacksonville area. Retrieval of grant funds seems positive.

State Revolving Funds (SRF) Update – Mr. Odom attends a DEP hosted workshop Thursday, 6/9/05, that will provide opportunity to engage with other entities that are encountering same funding.

Update on Procurement of the Program Delivery Team (PDT) – Concept of such was delivered at the May Board Meeting. The Scope of Services is approximately 90% complete; however, forward movement will not occur until funding issues are more secure. Further discussion of the PDT should occur at the July Board Meeting.

Potential New Sewer Project – Shakir Economy Motel – Mr. Odom introduced this potential new project as a ‘rags to riches’ enterprise. Additional data to be obtained for review.

Status of Current Projects

Deleted: ¶

Triangle Estates – Sewer – Under Construction; moving forward. Construction Manager, in attendance of this meeting, stated the expected completion date to be by the end of July.

Drury Lane – Water – JEA forces began construction on May 31, with an estimated completion date of June 30.

Clark Road – Water – still in discussion with the WSEA Finance Committee.

Lavilla Sportsman Club – Sewer – On hold – Pipeline Contractors decided not to do the work; waiting for estimates from new contractor. If estimates differ, approval process will reoccur.

Nate Circle – Water – Construction is scheduled to begin on June 6, with an estimated completion date of July 29.

Wagner Road – Water and Sewer – Waiting to hear back from church (Hope Chapel). Church is requesting funding assistance from the Mayor; WSEA is working through the process with them.

Iroquois/Milam and Country Club/Forest Park – Sewer – Approved by Council 5/10/05. Project is being designed and will be sent out for bid. Survey was returned two days ago.

Pine Forest – Sewer – Received preliminary approval by WSEA Board, subject to City Council appropriation of funds, at the May Board Meeting. Scheduled for full Council Board vote on Tuesday, 6/14. There is solid Council support for this project.

Other Items for Discussion

- Update on Ms. Hall and family given Mr. Odom. June 30 may be Ms. Hall's return to work date.
- Great abilities will abound by utilizing the new GIS person on board. Generated maps will highlight all ongoing WSEA projects. There will also be maps for each Council area that show location of septic tanks and wells, which will be presented to City Council.
- The date to file a financial disclosure is by the end of July. Disclosures are on file with OGC or the Supervisor of Elections. Council Germany will research the need to file a financial disclosure each year if no changes have occurred within the year.
- Parking passes for board members will not expire until end of September; however, Mr. Odom will inquire the renewal process.
- Chair Wilson clarified that Mr. Jones called in his absence to this June 8 Board Meeting.

Items for Next Meeting – July 13, 2005

- Finance Committee Meeting will be held at 1:30 before the Board Meeting.
- Advise Mr. Odom of any other items for 7/13.

Request for Public Comment

None

Meeting adjourned.