

Questions for Candidates for Joint Water and Sewer Commission:

1. The current water/sewer system has problems related to capacity, cost and technology. How do you propose that each of the issues of capacity, cost and technology be solved?

Clifford Adams (Incumbent): Chose not to respond

Bob Duncan:

The significant issue of capacity is dependent upon two key factors: population increase and improving the system performance. The utility has a Master Plan that should be reviewed and adjusted or validated addresses capital maintenance. The significant issue identified is the intrusion and infiltration of ground water into the gravity sewer system. This must be of highest priority for correction within the system. Similarly, some customer owned sewer lines of the similar old technology of pipes must also be addressed. There are numerous options to attend to the private or customer owned portion of the sewer system, all of which will cost the customers for repair or capital maintenance. Long term funding acquisition, is a more important question. Utility facilities are very capital intensive. For the Master Plan study period 2016-2020, it defines needs for the Capital Rehabilitation of \$54 million and for Expansion Capital, \$61 million. The JWSC has recently unveiled a five-year plan with a cost estimate of \$25 million for expansion and rehabilitation in addition to their annual budget which also includes some capital maintenance. Whatever the right amount is, in my view a permanent funding solution is required. While tax payers have supported some project specific funding of the JWSC via SPLOST, this is only temporary limited funding. I will work with State, County and City elected officials to identify funding sources for the long-term requirements. As for technology: The utility has legacy system that was built over many decades that requires rehabilitation. I support use of the best management practices and materials for new and replacement facilities. there are numerous proven technologies to rehabilitate specifically sewer lines, and not require massive excavation of roads. I will work with peer Commissioners, staff and regulators to advance options for deployment of site specific technologies and practices. Also, there are proven and approved technologies available for deployment in Georgia for onsite sewage treatment. These are viable technologies that can be used in place of septic systems and add new customers. For business management technologies, I support and will encourage the staff to evaluate and deploy proven technology applications where such applications are solidly supported by business cases.

Audrey Gibbons:

The issues of capacity, cost, and technology are rooted in the way in which the JWSC is funded and how its mandate appears to be utilized in practice. First, the commission has only two sources of income, including the water and sewer bills paid by its subscribers and fees, primarily tap-in charges.

Second, some of the existing subsurface infrastructure, especially in the City of Brunswick, is 60 to 70 years old and has experienced the degrading one might expect. Some needs immediate or near-immediate repair or replacement. This deterioration puts additional burden on the system and increases costs.

The Commission is considering several funding options, among them revenue bonds, state revolving funds and grants, Georgia Fund Loan Program, and private bank financing. Looking at the magnitude of the 20-year projections, it seems apparent that more than one funding solution is needed.

There has also been much discussion about requesting a 1 percent SPLOST to establish a trust fund for water and sewer infrastructure. Even if one is authorized by the citizens of the county, the funds would not be available for several years, while the county's needs are more immediate.

JWSC participated in the distribution of funds from the 1 percent SPLOST enacted in 2016. That tax is projected to generate \$71.6 million by the time it sunsets in 2020. The most recent update on actual collections is \$18.8 million, 26 percent of the total.¹ A new sales tax at that level, dedicated solely to improving the water and sewer infrastructure, would probably cover 2/3s of projected infrastructure needs for the 2020 to 2025 period less what remains of projects planned for 2016 to 2020.

A second source I would explore would be a bond issue, financed over-time through water and sewer bills and potentially an allocation of funds generated by the County taxes as a way for the County Commission to reimburse the JWSC for problems caused by its development policy through the years. Another resource would be a revolving loan from the Environmental Protection Agency's Drinking Water State Revolving Fund administered by the state of Georgia. This fund provides low interest loans, guarantees of local debt, and purchase of bond insurance with repayment periods of up to 30 years. Other grant and low-cost loan opportunities should be explored by the JWSC.

JWCS was also a victim of the Great Recession, and many of the capital improvement projects scheduled to be completed on the schedule outlined in the 2008 Glynn County Master Plan, were delayed and then official postponed via an update memo in 2013.

JWCS is performing a perpetual balancing act; weighing its need for revenue with the necessity to respect household and business budgets and promote needed development. The June 2017 increase in tap fees demonstrated how fine that line is. Those increases were blamed for drastically hindering leasing at the new Canal Crossing retail site (into which the County had invested \$4 million in tax breaks), potentially eliminating 400 additional jobs. The developer of the Enclave, a 398-room hotel at Gateway Center also announced indefinite postponement of phases two and three because of the fees. The recent roll-back in those fees has reportedly sparked renewed leasing activity at the retail site and the Enclave developers have stated their intention to move forward. However, if those second and third phases are built, it will be at a loss to JWSC of \$600,000 in fees.²

The aging of the infrastructure is exacerbating costs; demands on the sewer system increase with every significant rainstorm, water is lost through leaking of aged pipes. Yet those losses require investment the Commission is hard pressed to make.

The Commission has estimated its needs for the period 2016 through 2035 at a total of \$110,312,931 for rehabilitation and repair and \$204,905,971 in new development and expansion needs. The majority of the funds in both categories are for the sewer system, and all expenditures are heavily front-loaded time-wise.³

The Commission itself stated in its 2015 Update to the Master Plan “It is not practical for JWSC to consider that within the current and near-term future that it will have the ability to fund even a portion of new development and growth-related projects as funding for rehabilitation and repair must take precedent.” The Commission said even providing that funding would be challenging, necessitating locating alternative funding sources and creating new policies if the utility wishes also to support new development and growth-related projects.⁴

¹www.glynncounty.org/1839/SPLOST-2016

²The Brunswick News, April 2, 2018 “Sewer Tap-in Fee Decrease “Shot in the Arm” for Local Development

³Water and Sewer Master Plan 2015 Update, page 7.2

⁴ Ibid, page 7.3

2. How would you prioritize water/sewer needs within the county, given that lack of capacity is slowing economic development on the mainland and, at the same time, halting residential growth on St. Simons?

Adams: Chose not to respond

Duncan:

As for priority of need, the utility must achieve both to improve and expand its service; 1) timely system rehabilitation and 2) connecting new customers. The ease of doing business with the JWSC is a priority for me: Overall, I rank the utility as in the “needs improvement” category. Stabilizing policies for Capital Improvement Fees (Impact fees) and rates are most important for economic development. Funding expansions will continue to be a challenge for significant size developments. The Commission should develop a policy to partner with project specific development to expand the system needed to serve new customers.

Gibbons:

The priority should be on job creators for the local economy. We should encourage economic development and seek creative ways to allow commercial development for businesses that will employ our residents without paying extremely high tap-in fees. However, it is imperative that developers and builders pay the full cost of the infrastructure needs for residential development, as that places considerable load on the system. Builders and developers will pass that cost on to the buyers. This could have an additional benefit of raising property values in nearby neighborhoods where the infrastructure is already in place.

3. Do you believe the County has adequately defined the capacity that is needed over the next 20 years? If not, what would you propose to do to correct that?

Adams: Chose not to respond.

Duncan:

In my view, capacity needs and availability are a function of new customers and system rehabilitation. As our county population grows, so will the demand of new homes and businesses for utility services. We must maintain an on-track condition for completion of the rehabilitation. I want to see an annual progress report and quarterly updates that track system improvements, expansion, rehabilitation progress, customer growth and demand, and available capacity by area.

Gibbons:

The JWSC appears to have made an earnest attempt to define its future needs. The 2015 Update projects an increase from the subscriber base of 61,684 across the four water districts to 118,556 in 2035. This is an increase of 56,872 persons or a gain of 92.2 percent. The three sewer service areas were serving 55,970 persons in 2015, a number expected to increase by 48,193 or 86.1 percent to 104,163 by 2035.

The increases, as might be expected, are not distributed equally across facilities. The greatest growth is expected in the South Mainland (+346 percent) and North Mainland (+566 percent) Service Areas for water and Academy Creek (+91 percent) and Exit 29 (+599 percent) sewer service areas.¹

The problem with any such estimates of course is the unpredictability both of growth and where it will occur. The former is largely beyond the control of any municipality, but the latter can be directed to a certain extent by planning and growth policies.

The 2015 Update divided capacity needs into five-year increments. Based on estimates for water demand it is anticipated that the City will have sufficient water production capacity throughout the 20-year planning cycle with the caveat that chloride contamination of the Florida Aquifer could require developing other resources. The North Mainland Water System is expected to exceed its permitted capacity after ten years while the South Mainland system has sufficient capacity for 20 years and if combined with the North Mainland system could considerably expand its longevity.

1 - Water and Sewer Master Plan 2015 Update, page 4.13

4. Would you support a policy that no new development would be approved unless water/sewer capacity is already in place?

Adams: Chose not to respond.

Duncan:

I believe the County is the legal authority to approve or disapprove new development. Good policy would be to issue binding commitments, project specific, of utility service availability with a date sure. This way a project developer could make good decisions about the progress of their projects as they consider construction, assuming all other county requirements are met. Once a project for the utility moves to the construction phase, the utility must construct its facilities and connections on a path of parallel timing to support overall project completion. Such a policy would beneficially support economic development.

Gibbons:

The County Commission is charged with the responsibility to manage new development. However, the current rules require approval by both the County Board of Commissioners and the JWSC. As a JWSC candidate, I do not think we can insist on no new development, but that which is approved should prioritize job creators and those residential developers that will fund their own capacity needs. Further, development should be incentivized to utilize the existing infrastructure with capacity. In that regard, the County's 2008 Comprehensive Plan addresses throughout the "what" and the "where" of this issue. For example:

The County will seek a balance in providing adequate infrastructure to serve existing development over the extension of infrastructure to serve new development.

Infrastructure should not be extended to areas that are not planned for urbanized development. For those areas which are planned for urbanized development, adequate public facilities and infrastructure should be in place before urbanized development is approved.⁶

This is a good goal, but one that appears to have been largely ignored. The plan also makes frequent references to the wisdom of incentivizing redevelopment of properties in areas served by existing infrastructure. The availability of existing and adequate water and sewer services could be used to encourage development toward areas ready to absorb it or in need of redevelopment - the Port, Exit 29 and 38 areas, and the existing commercial areas surrounding the Glynn Place Mall, all of which are highlighted in the 2008 plan as central to the county's growth.¹

1 - Glynn County Georgia Comprehensive Plan, 2008, var.

5. Should developers be required to pay 100% of the actual costs of providing water/sewer services to their proposed developments?

Adams: Chose not to respond.

Duncan:

I support cost-based project review fees and inspection fees; and Capital Improvement Fees, where fees are properly determined based upon proven industry standards and system cost data.

Gibbons:

As stated above, we should encourage economic development and seek creative ways to allow commercial development for businesses that will employ our residents without paying extremely high tap in fees. In addressing the cost structure, I propose that we lower tap-in fees in areas where there is existing infrastructure and that the County is seeking to redevelop as part of the 2008 master plan.

Residential developers should pay the full cost of the infrastructure needs for their projects. Simply put, builders can pass that cost on to buyers and recoup their costs much quicker than commercial developers and new businesses.