



South Granville Water and Sewer Authority

CITY OF CREEDMOOR CITY COUNCIL MEETING

AUGUST 28, 2012

SOUTH GRANVILLE WATER AND SEWER AUTHORITY

PRESENTATION

Thomas W. Lane, Chairman of the Board

Staff
Members

Lindsay L.
Mize,
Director

Board
Members

Tom Lane,
Chair

Dave Currin
Vice-Chair

Nancy B.
Alford

Hubert
Gooch, Jr.

Linda
Jordon

Jimmy
Minor

Herman
Wilkerson

Mayor Moss and City of Creedmoor Council Members, I want to thank you for allowing SGWASA to present to you this evening. I want to keep my presentation short, but will give my written comments and background material to the Mayor when I have finished. I come before you tonight as the Chairman of the SGWASA Board and with the full support of the SGWASA Finance Committee. We have discussed the presentation made to the SGWASA Board at its August 14, 2012. We want to reiterate that it is and has been the goal and mission of SGWASA to be an integrated water and sewer utility serving all of the citizens of SGWASA's service area on the same terms and conditions as part of a common system.

Mayor Moss you have stated that the reason that the City did not want to merge its assets into SGWASA was a business decision. We can appreciate that.

What I would like to lay out is three possible options of moving forward in serving all of the citizens of Southern Granville County.

As a business proposition, the First Option I would like to offer is the negotiated purchase of the City of Creedmoor's system. We believe this would truly be a win-win scenario. Based on our preliminary estimates, if SGWASA purchased the City's System and made the payments over a 20 to 30 year time frame:

- the City would have money to support the salaries that the Mayor mentioned at the August 14, 2012 meeting while growing the tax base to permanently support the needs of the City;

- the Citizen in Creedmoor who uses 5,000 gallons per month would see an immediate drop in their service by \$400.00-\$500.00 per year (based on the City's 2012-2013 rates and SGWASA's 2012-2013 rates for water and sewer) even after accounting for the estimated costs of the purchase of Creedmoor's system; and
- the Creedmoor representatives on the SGWASA Board would regain their voting status by Creedmoor joining SGWASA.

This we feel would be the best option for the region as well as all of the citizens served.

In the event that Creedmoor finds the first option unacceptable, SGWASA and Creedmoor could discuss Creedmoor acquiring water and sewer from SGWASA pursuant to a long term contract. As mentioned in the August 14, 2012 meeting, the only contract is for 250,000 gallons per day of sewer. There is no long term contract associated with the water used by the City of Creedmoor or the rest of the sewer. If the City does not want to fully integrate with SGWASA, SGWASA needs some form of commitment for its own business model to insure a stable income to meet the challenges of operation.

Finally, Creedmoor can remain an outside customer of SGWASA as it is today. We believe this is the least attractive option to the customers of SGWASA, the citizens of Creedmoor, and for the region.

As Chairman of SGWASA with the support of the Finance Committee, we feel that the first option is the best option for all concerned.

In closing, we would request that the City of Creedmoor appoint a committee to work with a committee from SGWASA for the purpose of negotiating the purchase by SGWASA of the City of Creedmoor's water and sewer assets. We look forward to meeting with Creedmoor as we committed to do at SGWASA's August 14, 2012 meeting.

Thank-you for your time and attention.

Citizen of Creedmoor Water and Sewer Rate Reduction if a Direct SGWASA Customer

(It should be noted that the SGWASA 2012-2013 rates have been increased by 4% to account for potential debt service to the City of Creedmoor.)

Usage: 5,000 gallons per month

City of Creedmoor charges:

Water Monthly Base: \$22.00 Volume Charge/ 1,000 gallons = \$5.54

(Up to 5,000 gal.)

Water Monthly Bill - \$49.70

Sewer Monthly Base (includes 2,000 gal.): \$42.78 Volume Charge /1,000

Gallons = \$13.03

Monthly Sewer Total: 131.57

Annual Total: \$1,578.84

SGWASA charges:

Water Monthly Base: \$23.61 Volume Charge/ 1,000 gallons = \$3.74

(Up to 5,000 gal.)

Water Monthly Bill - \$34.84

Sewer Monthly Base (includes 2,000 gal.): \$38.25 Volume Charge /1,000

Gallons = \$5.03

Monthly Sewer Total: 88.19

Annual Total: \$1058.30

Savings to the Citizen of Creedmoor Annually: \$520.54