



Water and Sewer System Fact Sheet and Q&A – *from January 2019*

Powder Springs Water Distribution System has been operating and providing water to residents since 1935. The City's water utility currently serves an estimated population in excess of 15,000 through approximately 7,000 water connections.

- The City's water system consists of approximately 153 miles of water mains and pipeline networks. There are no water wells, storage tanks, plants for water production or water pumping stations.
- The City purchases its pre-treated water and delivered pressure from Cobb County Marietta Water Authority (CCMWA) water distribution system, which is the City's only source of water. There are 8 connections points to the Cobb County Marietta Water Authority (CCMWA) water distribution system.
- The water service area covers approximately 11 square miles area, extending outside the City limits and entirely within Cobb County.
- Residential consumers accounted for 84% of water users and commercial accounts comprised the remaining 16%. The City's water distribution system services primarily single-family residential homes, apartments, condominiums, 2 assisted living complexes, and commercial development supporting these residential areas.

Powder Springs Wastewater System started operations in 1974 under an agreement with Cobb County in which the County made a portion of its wastewater infrastructure available to Powder Springs. This City utility currently serves an estimated population in excess of 15,000 through approximately 5,000 wastewater connections.

- The City's wastewater system discharges at several locations into the Cobb County Water System wastewater collection system, regulated by a long-term agreement with the County. This agreement was renewed for 30 years in 2007.
- The City's wastewater system consists of approximately 83 miles of gravity sanitary sewer mains and pipeline networks. The City does not own or operate wastewater treatment plants or have wastewater lift stations (removed in the early 1980s).
- The wastewater service area covers approximately 11 square miles, along boundaries similar to the City's water distribution system. The wastewater system was expanded via a series of projects in the early 1980s. The capacity of the City's wastewater system is limited to the size of the City's pipe network and the County's transmission lines.

Water and Sewer revenues and expenses are accounted for in the City's proprietary Water and Sewer Fund. This fund supports its expenditures through revenues generated by fees charged for water and sewer services, based on metered water usage. No users are provided with free service.

The Mayor and City Council set rates for water and wastewater fees, and adjust these rates as needed to assure that sufficient revenues are generated to cover costs of operations, maintenance, and debt service. The City prepares a monthly utility billing for each customer account, which includes both water and sewer fees, and fees for sanitation (trash collection) and street lights.

As of June 30, 2018 water and sewer data shows:

- 7,832 active water customers and an average daily water consumption of 1.024 million gallons.
- 6,727 active sewerage accounts and an average sewerage of 0.867 million gallons per day.
- The City's Water and Sewer operations currently include 15 full-time positions (including three temporary employees). FY2017, departmental expenses for employee salaries and related costs were approximately \$957,000.

Water Rate Comparisons

Location	Base Rate	Usage	Monthly Bill
Powder Springs	\$ 7.16	9,000 gal.	\$58.75
Smyrna	na	9,000 gal.	\$44.87
Marietta	\$13.00	9,000 gal.	\$51.66
Austell (in City)	\$ 8.07	9,000 gal.	\$38.03
Austell (outside City)	\$ 8.57	9,000 gal.	\$40.40
Cobb County (in City)	na	9,000 gal.	\$33.63
Cobb County (unincorporated)	na	9,000 gal.	\$34.65
Paulding County	\$ 5.00	9,000 gal.	\$70.15

Asset Management Planning and Evaluation

Homeowners know that house roofs, water heaters and HVAC systems require regular maintenance, repairs, and eventually replacement. In a similar manner, the City is expected to monitor, repair and improve its public amenities, buildings, roads, and utilities to ensure these are kept in good operating condition. The City's water and wastewater systems are a necessary and important priority in maintaining City infrastructure, a significant factor in annual budgeting and in asset planning for future needs and growth.

Median replacement rates for water and wastewater systems similar to Powder Springs are about \$1,000,000. Current rates only generate an approximate average new of \$700,000 each year.

With the next budget preparation cycle soon to begin for FY2020, the City has examined the resources required to sustain our water distribution and wastewater systems to improve how these utilities will be managed and budgeted. In the course of this review, the option to sell these utilities was explored and proved to be a viable and productive opportunity.

Water and Wastewater System Questions and Answers

1. Why is the City selling these systems?

The overall reason is to take advantage of economy of scale, an important factor in capital asset management. Since we purchase City water and wastewater services from Cobb County, we believe the most effective and efficient way to sustain these systems for present use and future growth is to consolidate ownership with Cobb County. By doing so, we will have comparable or better service and water quality, with an improved economy of scale at the County level, resulting in lower water and sewerage fees for Powder Springs customers.

Small systems like the City's water utilities have fewer people to share the costs of investment and fewer operating resources to implement projects and maintain facilities. In larger systems, like that of Cobb County, operating costs and investments can be spread across a larger population, generally resulting in a lower rate structure.

The City is a smaller operating entity, more limited in its resources and capacity to provide cost effective water distribution and wastewater services and to invest in infrastructure. Our current rates are higher than neighboring cities. Given the scope and demand of our service area and typical long-term capital improvements required to run water and wastewater utilities, the City cannot operate and maintain these assets without continued rate increases. Selling these utilities to Cobb County is a viable and responsible option that would significantly reduce operating costs and usage rates for customers.

As owner and operator of a large system, Cobb County has the capabilities and resources to provide comprehensive and sustainable services to meet the ongoing demand of a growing population and invest in asset improvements as needed at a lower cost to the customer.

For example, an ongoing sewer rehabilitation project within the City of Powder Springs would cost approximately \$113,000 less under pricing available to the County, based on its size. Economy of scale better positions Cobb County to address system needs as they arise and keep water rates affordable for its customers.

Taking all of this into consideration, the timing is appropriate to sell the City's water and wastewater systems to Cobb County. For more information about the County's system, visit the following link: <https://www.cobbcounty.org/water/about>

2. When will the sale occur?

The County approved the sale in December 2018, and the City approved the sale in February 2019. Closing is scheduled before the end of the fiscal year in June 2019 with a target date of

June 7, 2019 set for the transfer to the County. This date may change as the two utilities work through the logistical transfer of account information. Updated information will be provided on the City's website.

3. Will we have to go to Cobb County to pay our bills?

The City and County will work to establish a short-term satellite office where customers can drop off payments, which will then be delivered to the County. Additionally, customers will have a number of payment options. They will be able to pay at the Government Service Center on Austell Road, by night deposit, and by drive-through at the County's customer service facility on South Cobb Drive. Cobb County also offers on-line bill pay or payment by phone with an Interactive Voice Response System available 24/7. Check here for payment options:

<https://www.cobbcounty.org/water/customer-service/bill-pay>

4. Will our water and sewer bills increase?

No, to the contrary, current City rates are greater than those paid by unincorporated areas of Cobb County. It is expected that City customers should see a reduction in their cost of service. For residents of Powder Springs and surrounding residents of unincorporated Cobb County that are served by the City's system, the County will be able to provide water and wastewater services at least as good as they now receive, and at a lower cost because the County is a large system, which runs more efficiently and offers significantly lower rates. Check here for rates:

<https://www.cobbcounty.org/water/customer-service/water-rates>

5. How much will the City receive?

The City will receive \$5.5 million over 10 years, paid in annual installments of \$550,000. The purchase price was established to be revenue neutral in the short-term for Cobb County. By adding the Powder Springs' customer base, Cobb County will gain additional revenues which are expected to exceed the County's actual costs of providing services to the City by about \$550,000 per year. The payments are to run without escalation for 10 years, after which time the County will be able to retain the additional income. The City and County also negotiated other important items of additional consideration including employment of staff, nondiscrimination of service, and ensuring that future water service remains adequate to serve the growth expected in Powder Springs.

6. What will you do with the money?

Presently, revenues going into the Water and Sewer Fund must be used to cover expenditures pertaining to the operation and improvement of these systems. The annual proceeds from the sale of these assets will not be restricted to water system expenses and can be used to reduce City debt during the 10-year period of the payments. This will strengthen the City's overall financial position. For remaining water and sewer reserves, an investment plan will be prepared by the City in coordination with the City's financial advisor.

7. Did any employees lose their jobs?

Powder Springs Water Department employees will not be fired or lose their jobs. Cobb County will hire the water and sewer employees, who are employed by the City at the time of closing, and will offer them employment on a full-time basis for a minimum of three years subject to the employee's satisfactory job performance. Provisions are being made to address accrued and future pension investments. The City's employee count is lean compared to cities of our size. An employee not hired by the County under this sale would have an opportunity to remain with the City in a department in need of his or her skills.