

MANCHESTER WATER AND SEWER COMMISSION
SEPTEMBER 4, 2025

The Manchester Water and Sewer Commission met on Thursday, September 4, 2025 for a regularly scheduled meeting.

Director Perry made an announcement that this meeting will be live streaming.

Chairman/Commissioner Anderson called the meeting to order at 3:00 PM.

Roll taken by Billing Office Manager Jennifer Hall and present were: Chairman Mike Anderson, Secretary Gary Hunt, Commissioner Terrance Hillsman, Mayor Hobbs, Alderman Thomas Crosslin, Director Jeff Perry, Assistant Director Lonnie Foley, and Billing Office Manager Jennifer Hall. A meeting quorum had been established.

Absent: Vice-Chairman Nelson Watson

Late Arrival: None

- 1) Director Jeff Perry requested an addition to item number four on the agenda regarding the old water treatment plant and the need to have it bypassed. I've received a quote from Adam to have that work done, including the water pumping station. Chairman Mike Anderson also requested an addition. He would like to include a "Commissioners' Comments" section at the end of the agenda to give everyone a chance to speak. The agenda of the regular meeting on September 4, 2025, was approved upon a motion by Commissioner Terrance Hillsman, second by Secretary Gary Hunt. 4-0

2) **Citizen Comments:**

None to report.

- 3) The minutes of the regular meeting on July 3, 2025, were approved upon a motion by Commissioner Terrance Hillsman, second by Secretary Gary Hunt. After a vote was taken, the motion passed. 4-0

4) **Mayor's Report:**

- a) Mayor Hobbs welcomed Alderman Crossman to the committee. He noted that a new selection of committee members takes place each year in September.
- b) Mayor Hobbs brought up the grants currently in progress and asked Director Jeff Perry to provide an update on where things stand. Director Perry confirmed and proceeded with the overview.

- 1) Update on ARC Grant – Basin I Sewer Rehabilitation-
Director Perry reported that the ARC – Basin I sewer rehabilitation project (covering Willis Farms to Skinner Flat) is wrapping up and nearing completion.

- 2) Update on ARP (FED) Sewer Rehabilitation – Basins A, B, E, F, H, I & K-
Duke's sewer rehab and root control work is ongoing. Stuart was scheduled to attend today to provide a summary, but due to traffic delays in Chattanooga, he was unable to be present. The work is back on track and scheduled to resume on September 8, 2025.

Duke's will also be conducting smoke testing as part of the project. Door hangers are being distributed in the affected areas to notify residents in advance.

A CCTV crew is currently in town finishing the remaining line cleaning, and Stuart has indicated he will be on-site throughout the following week.

- 3) Update on 102-167 Basins A, B, E, F, H, I & K Sewer Rehabilitation (TDEC ARP Grant)-

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Norris Brothers are continuing progress on their rehabilitation project.

Adam Carter of St. John Engineering, LLC provided an update, reporting that the work is moving along, with only a couple more areas remaining to complete.

- 4) Update on City Works Asset Management Implementation-
Director Perry reported that the City Works asset management system is close to implementation. A training session in Murfreesboro is scheduled prior to the system going live. Regular meetings have been held to prepare for rollout. Miss Kathleen Penner has been actively working in City Works, now from her shop location, to become familiar with the system. Assistant Director Lonnie Foley is also well-versed in City Works, which will help provide experience and support once the system is online. The upcoming training in Murfreesboro will be valuable in preparing staff. Mayor Hobbs noted that the system will allow assets to be entered, work orders to be generated, and inventory to be managed. City Works will track materials used on jobs, deduct them from inventory, and signal when reordering is needed. Adam Carter of St. John Engineering confirmed that this effort is part of the ARP Grant requirement to establish an organized asset management plan. Director Perry acknowledged that progress is slightly behind schedule, but with additional staff involvement, including Assistant Director Foley, the team is moving forward effectively.
- 5) Beginning in October 2025, Mayor Hobbs requested that Director Perry include several additional items in his monthly report to the Commission. From time to time, letters to and from TDEC are issued when events occur within the system, such as equipment failures or other upsets. These letters are public and will now be shared with the Commission so members can stay informed about ongoing issues. Mayor Hobbs explained that making these documents available will provide a clearer picture of system operations, noting that several such events occurred in August, 2025.

In addition, Director Perry will begin reporting monthly tap requests for both water and sewer. This information will reflect new construction, subdivisions, and other customer connections added to the system. The Commission also discussed the importance of regularly tracking water loss. Monthly reporting will now include water loss percentages along with the financial impact, which Alderman Crosslin requested be added for better understanding. Chairman Anderson recalled that a prior 12-month report showed water loss at approximately 13 percent, which is favorable compared to the utility average of 20 percent. Although the numbers can vary month to month, Commissioners agreed that ongoing tracking will show progress as leaks are repaired. Chairman Anderson further noted that water loss and new tap information should also be reported to the Duck River Utility Commission each month as he and Vice-Chairman sit on the board.

The Commission also considered bringing back a contractor, possibly Joe Richardson, who previously performed annual system-wide leak detection for the City of Manchester. This contractor had been very effective in identifying both large and small leaks and that re-engaging his services would be beneficial in further reducing water loss.

Chairman Anderson requested that an organizational chart of the Water and Sewer Department be provided so Commissioners can better understand staff roles. Director Perry confirmed that a work chart already exists in Paycom and that Assistant Director Foley has been updating it. This chart will be included in the next monthly report. Director Perry also reported that the department currently has thirty-three employees, including the Billing Office. Mayor Hobbs suggested that reporting active headcount each month would help the Commission gauge staffing levels, particularly in the event of future requests for additional crews.

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In closing, Mayor Hobbs and several Commissioners commended Director Perry and his team for their diligence in repairing leaks and addressing issues within the system, noting that their efforts have been very beneficial overall.

5) **Director's Report:**

5.1 During the month of August, our department televised 10,830 feet of sewer line.

5.2 Water Distribution:

- a) Director Perry reported that we repaired three main breaks, installed seven services, and completed three water taps.

5.4 Wastewater Plant:

- a) Director Perry stated that ongoing maintenance remains a constant part of the department's operations. He mentioned that the belt press went down earlier in the day due to an issue with the rollers, where some bearings had come out. As a result, pressing operations will be impacted until Paul Tech can inspect and repair the equipment. Mayor Hobbs explained that the department previously distributed them to local farms, but that arrangement has ended. Due to other pressing priorities, a new distribution partner has not yet been identified. Currently, biosolids are being hauled to Murfreesboro, which involves a disposal fee. While this represents a cost that was previously avoided, it will continue until a new solution is found. He added that the department has successfully cleared the backlog of material, which was a significant effort and a positive step forward.

5.5 Wastewater Collection System:

- a) Director Perry reported that the department completed repairs on 14 sewer lines over the past month. He noted that he intends to bring a detailed list of repairs to future meetings for better transparency and tracking. The recent repairs included several broken cleanouts, and one notable incident involved a sewer line that had been inadvertently poured through a gas line. Director Perry emphasized that completing 14 repairs in a single month is a strong accomplishment, especially considering the limited number of crews available.

5.6 Sewer Collection System (Grant) Projects:

- a) Norris Brothers Project (TDEC ARP Grant):
Director Perry previously discussed.
- b) Fisher Excavating Project (ARC Grant):
Director Perry previously discussed.
- c) Duke's Root Control Project (Federal ARP Grant):
Director Perry previously discussed.

5.7 Wastewater Pretreatment:

None to report.

5.8 Water Billing Office:

None to report.

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5.9 City Works:

- a) Director Perry informed the board that the implementation of City Works and the updated features within field maps is progressing well. The final phase of training will be conducted in person, with the date to be confirmed following the completion of the final online training session. Initially, four staff members—Amidy, Terry, Lonnie, and Director Perry—will attend the training. He noted that once implementation begins, additional support will be provided on-site to guide staff through the process. Eventually, all foremen will be equipped with tablets and will be responsible for updating job activity, including materials used and work completed, directly into the system.

5.10 Staff Updates:

Director Perry previously discussed.

6) **Budget Review:**

None to report.

7) **Discussion:**

None to report.

8) **New Business:**

- a) Director Perry proposed revising the current fee structure for services provided by the Manchester Water and Sewer Department, noting that many of the existing equipment rates are significantly outdated and underpriced. For example, the vac truck is currently listed at \$100 per hour, while similar equipment is commonly charged at \$150 to \$200 per hour in other areas. Labor is currently billed at \$31.55 per hour, a rate that has not been updated in many years. Director Perry suggested waiting until the recent budget amendments are approved before formally implementing any increases.

He emphasized that these fees, including labor and equipment rates, are typically factored into capital improvement projects or charged to customers when appropriate. However, equipment fees like boring are currently handled separately, customers must call to verify whether a bore is needed, and if not, a \$200 refund is issued. Director Perry suggested potentially including the boring fee in the standard tap fee moving forward to simplify the process.

When asked by Mayor Hobbs if equipment charges are separate from tap fees, Director Perry clarified that they are currently built into the tap fee. However, items like smoke testing or sewer televising may be charged separately if the service is requested for a private issue rather than a utility-side problem.

Chairman Anderson commented that while the proposed increases appear substantial, they seem reasonable given the current cost of equipment rentals and replacements. He also suggested that it would be helpful to have a side-by-side comparison of the current and proposed rates, including percentage increases, to better evaluate the changes. He noted that an updated labor rate of \$75 per hour per employee would not be unreasonable.

Chairman Anderson made a motion to approve these proposed cost increase for equipment, labor, and miscellaneous charges. Commissioner Hillsman seconded. After a vote was taken, the motion passed 4-0.

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- b) Director Perry informed the board of ongoing efforts to acquire new vehicles for the department, noting that while he hadn't previously presented a formal proposal, the topic had been discussed internally and during recent finance meetings. Mayor Hobbs referenced a discussion from the last finance meeting regarding a potential allocation of \$120,000 for vehicle purchases. Director Perry stated that the team had been monitoring GovDeals and local dealerships, identifying options such as a crane truck and other utility vehicles.

Mayor Hobbs confirmed that two vehicles had recently been purchased: a 2018 crane truck for approximately \$31,000 and a 2022 crew truck. These were secured locally and represented significant cost savings, particularly the crane truck, which had been budgeted at \$200,000 for a new model. By purchasing used, the department saved nearly \$170,000. Assistant Director Foley conducted the research and located the vehicles at a local dealership, identified as Truck Universe near People's Bank. Lonnie helped facilitate the purchase.

Director Perry added that three of the four trucks ordered from Murfreesboro had already arrived, with the fourth expected within the next couple of weeks after final preparation. Mayor Hobbs noted that while some minor additions—such as a welder—may still be required for the crane truck, the overall savings justify the investment. He praised the team's resourcefulness, pointing out that the new crane truck would have cost around \$240,000, making the \$31,000 purchase a significant win. Additionally, it was clarified that the four trucks Jeff referenced were purchased under the previous year's budget, with delivery delayed due to availability.

- c) Discussion on Utility Separation -

Director Perry opened the discussion by noting that, at the board's request, he included the topic on the agenda and prepared a brief slide presentation to support the conversation. Chairman Anderson acknowledged the importance of the topic and stated that Vice-Chairman Nelson had specifically requested its inclusion. He emphasized that the idea of separating the Water and Sewer Department from the city's general operations has been a recurring conversation dating back to former Mayor Lonnie Norman and continuing through multiple administrations. Chairman Anderson expressed support for exploring the separation, but stressed that significant research and planning would be required. Key considerations include determining the governance model, whether the utility would become a public utility, a district, or operate under a separate board. Each model comes with different regulatory implications, especially in how agencies like TDEC and the State of Tennessee oversee operations, training requirements, and compliance obligations. He noted that even similarly structured entities, such as Duck River Utility Commission, function under unique frameworks that affect how they are regulated. Chairman Anderson concluded by stating that while he believes the separation is worth pursuing, it places a substantial responsibility on the Board of Mayor and Aldermen. He suggested a feasibility study as the logical first step to guide decision-making and better understand the potential impacts, challenges, and benefits of such a transition.

Director Perry shared that he had compiled a detailed informational packet for board members to review, offering context and data related to the potential separation of the Water and Sewer Department from the City of Manchester's general operations. He encouraged open discussion and questions, emphasizing the importance of informed decision-making. Chairman Anderson initiated the conversation by asking whether most towns of Manchester's size or larger had already moved to a separate water utility structure. Based on his experience attending professional water conferences, he noted a trend where larger municipalities tend to operate through independent water departments, commissions, or districts, while smaller towns often remain under city government management. Director Perry agreed and noted that even smaller towns, such as his hometown of Brownsville, had successfully separated their utilities from city oversight, forming independent authorities. However, he added that Brownsville also had an electric cooperative, which may have influenced their ability to form a utility authority. He expressed uncertainty about whether water and wastewater services alone could qualify

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to form an authority under current regulations. The discussion acknowledged that forming a separate utility can reduce the regulatory burden on city government, though it also introduces its own administrative complexities. Secretary Hunt added that in some cases, utility systems may have even predated the cities they now serve. Chairman Anderson observed that Tennessee's legal and governance landscape varies widely due to the existence of private acts and city-specific charters, which affect how municipalities can organize utilities. He pointed to Duck River Utility Commission as a particularly unique example, where two cities appoint the commissioners, resulting in a hybrid governance model and different rules. Director Perry concluded the discussion by noting that if Manchester were to pursue separation, there are a few possible legal pathways. The change could either be enacted through a voter referendum during an election cycle or approved by a vote of the Board of Mayor and Aldermen, depending on the chosen route and legal interpretation. He stated that further research and planning would be necessary before moving forward.

During the discussion on the potential separation of the Water and Sewer Department, Mayor Hobbs asked what would be functionally different under the proposed model compared to current operations. He questioned whether the primary motivation was simply to remove the department from oversight by the Board of Mayor and Aldermen (BOMA), and what tangible advantages the change would bring. He noted that many of the responsibilities outlined in the presentation are already being carried out under the existing structure. In response, Secretary Hunt explained that the main advantage would be reducing political influence on utility operations. He emphasized that utility management should be focused on long-term planning, looking 20 to 30 years ahead, rather than being influenced by short-term political cycles or election considerations. He added that utilities operate more like a business and should be managed with a different mindset than departments such as fire, police, or public works. Secretary Hunt emphasized that the Water and Sewer Department operates with a distinct mission compared to other city departments. When Mayor Hobbs asked what that mission was, Secretary Hunt responded that it is to provide safe drinking water. He clarified that his comment was not a criticism of current operations, but rather an acknowledgment of the department's unique responsibility and focus.

Secretary Hunt reminded Mayor Hobbs that six months ago, there was a commitment to begin receiving regular financial statements, but none have been provided to date. Mayor Hobbs turned to Director Perry to ask whether the statements had been received and whether he had been meeting with Finance Director Burrows. Mayor Hobbs also clarified that he does not run the board, stating that Chairman Anderson oversees board matters and that Director Perry is responsible for departmental operations. Secretary Hunt reiterated his concern to Mayor Hobbs, stating that financial statements were promised to the board six months ago but have yet to be provided. He emphasized that he has attended every monthly meeting and has been waiting to receive them as previously committed. Mayor Hobbs responded by pointing out that Finance Director Burrows has the statements and questioned whether it was his responsibility to distribute them, suggesting that Secretary Hunt ask Director Perry why they had not been shared. Secretary Hunt confirmed that he did not receive a financial statement for the current meeting and that this was the reason for his inquiry. Mayor Hobbs noted that he had received his copy. Director Perry clarified that he had also been sent a copy by Finance Director Burrows, but it contained some errors. Because of those inaccuracies, he chose not to distribute the statements to the board at this time. Secretary Hunt emphasized that in order for the board to make reasonable and feasible recommendations to the Board of Mayor and Aldermen (BOMA), it is essential to have access to current financial data. In response, Mayor Hobbs asked Director Perry if he could begin providing the numbers regularly. Director Perry confirmed that he has been including the financials as requested. Mayor Hobbs further clarified that Director Perry meets quarterly with Finance Director Burrows to review the department's financials, and it is Director Perry's responsibility to report that information to the board. Chairman Anderson stated that if financial reports are available, they should be included in the department's monthly report, noting that there had been a period when such reports were not consistently provided. Mayor Hobbs agreed, adding that the delay in financial reporting had not been limited to the Water and

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Sewer Department, it had affected other departments as well. He emphasized that, since that time, the reports have been consistently received. Chairman Anderson reiterated the request to have financials included moving forward. Mayor Hobbs clarified that Director Perry receives the same reports from Finance Director Burrows as he does and indicated that responsibility for sharing those with the board lies with Director Perry. Secretary Hunt responded that his concern was based on a previous commitment made by Mayor Hobbs promised to provide the board with financial reports. He asked that Director Perry ensure the board receives them regularly. Mayor Hobbs acknowledged the point and noted that he personally has been receiving the reports.

Chairman Anderson responded to Mayor Hobbs' earlier question by explaining that the Board of Mayor and Aldermen (BOMA) has a broad scope of responsibilities, which naturally divides their focus across many areas. He noted that, understandably, political considerations and reelection concerns can influence decisions made at that level. Using the recent rate increase as an example, he acknowledged that if he were serving on BOMA, it would have been a difficult vote, despite understanding the clear needs of the Water and Sewer Department. However, if the decision had been made solely from the perspective of what is best for the utility and its ability to provide safe water and sewer services, he would have supported it without hesitation. He emphasized that this illustrates the political challenge of managing utility operations within a general government structure. Mayor Hobbs raised a concern about accountability, questioning whether creating a separate utility authority would reduce the public's voice in decision-making. He noted that while political pressures exist, they also serve the purpose of giving citizens a say in how their government operates. Chairman Anderson agreed that citizens should always have a voice and noted that even if a utility board is separated from the city, citizens can still have influence, whether board members are appointed or elected. Director Perry added that, should the department move toward becoming a separate entity, the most transparent and accountable approach would likely be to elect board members. Alderman Crosslin responded, acknowledging that while electing board members might bring politics back into the equation, that isn't necessarily negative. He took issue with the implication that the Board of Mayor and Aldermen does not prioritize doing the right thing. Speaking for himself, he stated that supporting the recent rate increase was not a difficult decision because it was clearly needed for the city's infrastructure. He emphasized that, in his view, BOMA exists to make decisions in the best interest of the City of Manchester, and although members may disagree at times, the intent is always to serve the community. Alderman Crosslin concluded by stating that while studying the idea of separation is worthwhile and gathering information is important, it will be a "high bar to clear" to convince him, as a voting member of BOMA, that creating a separate utility authority is the right path forward.

Director Perry discussed the potential benefits of separating the water and sewer department from the City of Manchester's general government, emphasizing that there are different ways to form a board for such an authority. Board members could either be appointed by the Board of Mayor and Aldermen (BOMA) or elected by the citizens, each option with its pros and cons. He noted that while appointed boards would still involve some degree of BOMA influence, an elected board would provide a clearer separation of powers. A major benefit, according to Perry, would be the ability to attract board members with utility experience, which could improve decision-making. He emphasized the importance of having qualified individuals, such as those with experience in utilities or financial management, on the board. A dedicated utility board or authority would also provide more focused oversight, including open meetings, rate studies, and financial audits, with the goal of ensuring long-term sustainability. Perry also pointed out that separating the water and sewer department from city politics could reduce conflicts of interest, where city officials might prioritize short-term budget relief over the long-term health of the utility. Additionally, utility authorities often have easier access to loans and better financing options than city-managed utilities. He mentioned that a utility authority could set its own pay scale for employees, adjust rates based on actual operational costs and long-term capital needs, and improve access to state and federal funding through eligibility for state revolving funds and grants. With independent financial statements, the utility would be better positioned for financial audits and transparency. Finally, Perry

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highlighted the potential for avoiding political pressure when it comes to rate changes, and the benefit of keeping utility revenue separate from the general city fund to ensure it is used exclusively for utility purposes. Alderman Crosslin emphasized the importance of data, stating, "I think the truth is always in the math." He expressed that any effort to increase knowledge and conduct further study would be beneficial. You're never going to be hurt by knowing more, underscoring the value of gathering more information before making any decisions. Director Perry highlighted that one advantage of separation is the ability to hire qualified utility managers and operators who would report directly to a professional board, rather than to elected officials. He noted that this structure could apply whether the board members are elected or appointed, but the focus is on professional management. Alderman Crosslin asked Director Perry if he felt there was a roadblock preventing the department from hiring qualified utility managers and operators. He emphasized that it was an honest question, without any hidden agenda. Director Perry acknowledged the question, noting that it was both loaded and honest. He explained that separating the utility from city government could encourage decision-making based on technical expertise and long-term planning, rather than short-term political cycles. Furthermore, such separation would allow for more flexibility in offering competitive pay to certified operators. He mentioned that certified operators in some areas can earn \$40 an hour right out of the gate, whereas the private sector often offers better compensation. He also pointed out that talented and qualified operators are in short supply, making it difficult to find good help. Alderman Crosslin responded by agreeing that good help is hard to find, whether in the public or private sector. He acknowledged that pay is a significant factor, but emphasized that, ultimately, it's about the math. He stated that while he was open to listening and considering all options, he needed to understand both the benefits and drawbacks of transitioning to an authority. He cautioned that even though the idea of an authority may sound appealing, there are likely challenges to be addressed, things wouldn't be as easy.

Chairman Anderson reflected on his experience serving on the Duck River board, which he was appointed to by BOMA. He noted that the dynamic there might be different compared to the political sensitivity BOMA members face. He pointed out that if utility rates were raised too high under his watch, he would likely face public backlash, and people would call for his removal. However, if he were to refuse to raise rates, leading to financial instability, the consequences would be catastrophic, with the potential for a serious water shortage. He continued, emphasizing that whether the utility board is elected or appointed, there will always be some sensitivity to public opinion. But the key issue, he argued, is making decisions that will ensure the long-term sustainability of the water and sewer systems and provide fresh, clean water to the entire community. He also mentioned that in the past, the city had spent funds, potentially from grants or tax money on the water department, something that should not need to happen in the future. Moving forward, he believed it would be better to cut them loose, so that the water department could be self-sustaining and not rely on city funds. Chairman Anderson explained that his goal in raising this topic was simply to get people thinking and discussing the potential change. He acknowledged that this conversation might be heated and even lead to disagreements, but he was not afraid of that. He believed that through these discussions, the truth would eventually emerge. Alderman Crosslin agreed with Chairman Anderson's sentiment, noting that in the end, everyone is accountable to the public. Public scrutiny would ensure that all decisions are held to a high standard. Chairman Anderson ended by reiterating that the purpose of bringing up the discussion was to provoke thought, debate, and ultimately find the best path forward. He didn't mind if the conversation got heated; in fact, he believed it would only help uncover the best solutions.

Alderman Parsley raised a question about who would be the guarantor for the new utility if it were separated. This is important because it addresses the risk and responsibility for the debts or obligations the utility might incur. Secretary Hunt explained that, currently, the city is responsible for the utility's debts. If the utility were separated into its own entity (as an authority or district), the debt would no longer be on the city's balance sheet. This means that the new entity would take on its own financial obligations, essentially becoming a self-sustaining body separate from the city government. Alderman Parsley expressed concerns about what would happen if the utility were to fail. He questioned

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what would happen if the new entity didn't work out, and whether the state would step in as a guarantor. Secretary Hunt confirmed that if the utility faced financial trouble, the state could potentially intervene, as the entity would be treated like a business. Mayor Hobbs clarified that the city currently pays the debts for the utility but is not responsible for its direct management or operational costs, which would remain with the utility even after a separation. Chairman Anderson added that many utilities and commissions across the state are set up with different levels of separation and governance, from fully independent utilities to those that still report back to the city. He mentioned that the feasibility study would explore various options, some of which could include expansion into other services, like Tullahoma did, potentially even venturing into fiber optics, phone services, or other utility services in the future. Director Perry highlighted the flexibility of a separate entity, pointing out that, under the right structure, the utility could even merge with other services, such as an electric company. This would create a broader service base and possibly open new revenue streams. Alderman Crosslin expressed his openness to the feasibility study, emphasizing that gaining more knowledge is always beneficial. However, he raised an important question: if the utility needs to be run more like a business, then why isn't it operating that way now? His point suggests that, if a change in structure is necessary for more efficient management, the current system may not be providing the utility with the necessary tools or authority to function optimally. Secretary Hunt responded by clarifying that, under the current system, the utility operates with a limited role as an advisory board. This means the board doesn't have the authority to make significant decisions or implement changes. Their job is to advise and make recommendations, but the final decisions must come from the Board of Mayor and Aldermen (BOMA). This limitation is one of the core reasons they cannot run the utility in a more business-like manner. Director Perry further highlighted a frustration, recalling that just a week ago someone had mentioned that this advisory committee had no real power. This comment likely reflects the ongoing frustration within the board—despite their efforts to guide and suggest improvements, they lack the control needed to enact real change. Chairman Anderson disagreed with the idea that the advisory board has no real power. He pointed to specific actions they've taken, such as addressing extraordinary leak situations. In cases where residents have multiple leaks, they have adjusted bills or provided reimbursement without needing approval from the Board of Mayor and Aldermen (BOMA). These decisions, while small in scope, demonstrate that the board does have some authority to make decisions outside the norm. Anderson acknowledged that this is a rare and exceptional scenario, but still pointed out that they have exercised some level of decision-making power in those cases. However, he also recognized that, for the most part, the board's role is advisory, and he agreed with Secretary Hunt's point that greater autonomy for the utility would allow for the hiring of more specialized staff with the expertise needed to manage the utility more effectively. He noted that currently, their decisions may be limited to specific circumstances like leak adjustments, but a more independent authority could bring in professionals with broader expertise, not just engineers, but a more diverse range of professionals from the utilities field.

Alderman Anderson highlighted that another advantage of turning the board into an independent entity would be the mandatory training required for all members. This continuous professional development would ensure that decisions are made by individuals who are consistently improving their knowledge and skills, particularly in utility management. He pointed out that, as it stands, even though he did his best to educate himself when he wasn't part of the board, he didn't have the formal utility training that members of an independent utility authority would. This ongoing learning would help decision-makers stay up to date on the latest best practices, trends, and regulations in the field. Chairman Anderson agreed, noting that he personally has received double training through both his involvement with Duck River and through Manchester's water utility, which covers the cost of ongoing professional development for the board members. He mentioned that this kind of training is not only beneficial for personal knowledge but is also required by the state, with members needing to report the number of hours they've completed each year. Secretary Hunt added that the training sessions provide valuable insights, and while some sessions may feel tedious, they feature high-level industry experts who share advanced knowledge about water and wastewater

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management. This exchange emphasizes the importance of specialized training for those involved in managing utilities. If the utility were to be separated into its own independent board or authority, ongoing training would be mandatory for all board members, leading to better informed decisions and long-term improvements for the utility's operations.

Alderman Parsley raised a critical question about the **costs** involved in transitioning the water and sewer department into an independent entity. He asked for a ballpark estimate of the startup costs, including the hiring of professionals and other necessary expenses. Secretary Hunt pointed out that legal costs and the need to hire more experts, such as a financial officer and possibly additional staff, would likely make up a significant portion of those costs. Director Perry confirmed that an independent utility authority would need its own payroll department, including HR, separate from the city's services. He noted that these costs might be difficult to predict without a detailed feasibility study, but suggested that it would require significant investment. Chairman Anderson echoed the importance of a feasibility study to help understand the potential costs, including the practical challenges of setting up a new office. He emphasized the need for an independent utility to have its own facility, either through renting space from the city or by constructing a new building. He explained that the feasibility study would help clarify if this is a viable path or if it's simply an idea that would be too difficult to implement. Secretary Hunt asked Mayor Hobbs about the city services currently provided to the water and sewer department that are not reimbursed, such as finance, HR, and IT services. Mayor Hobbs confirmed that the city provides these services but does not reimburse the city for them. However, in an independent structure, the utility could either pay the city for these services or manage them independently. The cost savings to the city would come from not having to provide these services, but that would be offset by the **costs** the utility would need to incur to manage them internally. Mayor Hobbs also acknowledged that for the past several years, the water and sewer department has been running a deficit, leading to fund transfers from the general fund. He pointed out that there are larger issues facing the utility, including problems with depreciation values and a pre-treatment program that isn't being handled correctly, which would require substantial investments to fix. He emphasized that while moving to an independent board might have some pros, such as a dedicated focus on utility management, these underlying problems need to be addressed first to make a fully informed decision. He also noted that while raising rates was a necessary step, the additional revenue would likely not be enough to cover all the required fixes, such as improving infrastructure or addressing the regulatory compliance issues. This makes it clear that while an independent utility board might bring certain benefits, the financial and operational challenges would need to be understood through a feasibility study. Chairman Anderson agreed that, if the utility had been autonomous for the past decade, it would have had its own finance team, potentially addressing some of these long-standing issues. However, as it stands, the lack of dedicated financial management is one of the challenges facing the utility department. Secretary Hunt also mentioned that a shift to an independent utility board would likely mean a loss of some grants currently available, but there could also be new funding opportunities for which the city is not eligible. Therefore, the feasibility study should also explore the grant landscape and how it might change under an independent structure.

Director Perry pointed out that based on his research, it might be easier for utility districts and authorities to access grants compared to being under the city's control. However, Mayor Hobbs quickly acknowledged that while this might be true in some cases, the grants the city is currently receiving are not available to an independent utility, specifically mentioning industrial board grants that are tied to the city and county. Mayor Hobbs emphasized that the city is currently managing around \$8 million worth of grants for the utility, which is a significant amount. However, he stressed that the focus should not be on rushing into a change but rather on understanding what is best for the utility in the long term. He made the point that before considering an independent board or authority, the priority should be getting the utility financially stable. Over the last two years, the utility has withdrawn roughly \$2.5 million from the general fund, which Mayor Hobbs described as unsustainable for any business model.

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Director Perry pointed out that the utility's financial sustainability largely depends on rate increases, which have often been ignored or denied in the past. He acknowledged that not all aldermen are in favor of rate hikes or fee increases, but emphasized that the goal is to make the department sustainable, not to create an independent entity. Without those increases, the utility will continue to face financial struggles. If the increases are voted down, Aldermen Parsley and others will be responsible for the negative consequences. During this exchange, Alderman Parsley raised the issue of Hillsville's contract with the utility, asking why they weren't included in the recent rate increase discussions. Chairman Anderson clarified that the contract with Hillsville was negotiated a couple of years ago and that he believed the rates for Hillsville were based on a percentage of what the city residents were charged. If that was the case, the rate increase for Hillsville would go up in tandem with the city's increase. However, there was some uncertainty about whether Hillsville's contract was a fixed rate or a percentage-based rate, which could affect their cost structure. Mayor Hobbs added that it seems the rates for Hillsville were indeed based on 1.25% of what the city pays. This way the margin will stay consistent. So, when the city raises its rates, Hillsville's rates should increase accordingly. He also clarified that the contract with Hillsville is currently in a five-year grace period, which was triggered when the contract wasn't renegotiated in time. So, the next contract renegotiation will likely happen in four years. This conversation underscores a few key issues:

1. The need for rate increases to sustain the utility's finances, despite pushback from some members of the Board.
2. The potential impact of contracts (like with Hillsville) on rate-setting decisions.
3. The complicated nature of renegotiating contracts and the need for foresight when drafting agreements.

Chairman Anderson made a motion to recommend to the Board of Mayor and Alderman (BOMA) that a feasibility study be conducted based on the discussions surrounding the potential separation of the water and sewer department into an independent authority or district. Commissioner Hillsman seconded. After a vote was taken, the motion passed 4-0.

- d) Director Perry provided an update on the water treatment plant, highlighting concerns about the two aging pumps and the overall condition of the facility. He mentioned that he had conducted several tours of the plant over time to assess the issues. Based on the work that needs to be done, including rerouting pipes around the plant and some in-house repairs, the estimated cost for replacing the pumps and addressing related issues is \$132,278.25. However, the initial internal estimate was closer to \$250,000, factoring in additional electrical work and potential unforeseen expenses. Perry suggested that the board approve a budget allocation of \$250,000 for the project, acknowledging that if the work comes in under budget, it wouldn't be a problem, but going over could present significant issues. The existing infrastructure, including old equipment and materials from as far back as the 1960s and 1970s, has become increasingly inefficient and poses operational risks, making the upgrades necessary. The plan also includes demolishing the old building once the new pumping station is in place, although concerns about asbestos and the building's structural integrity must be addressed first. While the old structure is in poor condition, with a roof that is near collapse, there may be opportunities to repurpose parts of the building, such as transforming it into a paintball arena. The aging infrastructure and the condition of the old building are major drivers behind the need for these upgrades, with a focus on improving the plant's long-term sustainability.

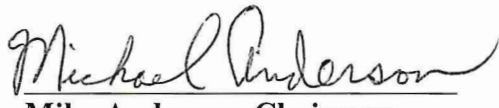
Chairman Anderson made a motion to approve or recommend \$250,000 to replace the water pump station on current bid coming from water maintenance to the Board of Mayor and Alderman (BOMA). Commissioner Hillsman seconded. After a vote was taken, the motion passed 4-0.

9) **Commissioners Comments:**

- a) Chairman Anderson began by warmly welcoming Alderman Thomas Crosslin to the commission board, expressing his enthusiasm about working together. He then took a moment to acknowledge and thank both Alderman Anderson and Mayor Hobbs for their leadership in shepherding the recent rate increase through, recognizing that it was not an easy decision. Anderson noted the challenge it presented for the Board of Mayor and Aldermen (BOMA), but emphasized his appreciation for their ability to navigate the tough vote. He also stressed the importance of the rate increase for the water department, acknowledging the critical need for these changes to support the department's sustainability and operations.
- b) Chairman Anderson asked Director Perry for an update on the JE Sartain Road water extension project. He mentioned that there had been a recent article, either in *Manchester Times* or on the radio, that covered the status of the project. Anderson stressed that this is something that needs to happen because the residents along that road are in desperate need of water. Mayor Hobbs responded by explaining that this group had committed to doing the labor for the project, while the county was being asked to fund the necessary materials. He expressed his appreciation for Director Perry's firm stance in insisting that the water line needs to be larger for adequate fire protection, highlighting the need for a bigger line. Hobbs noted that the city had done its part by offering the labor and putting all their resources on the table. Chairman Anderson acknowledged that the county was still deliberating about how to proceed, indicating that they had yet to make a decision. Director Perry had already obtained quotes for the pipes, with the lowest bid coming in at \$93,600 for the six-inch pipe. Anderson raised a concern about tying the new water line into a six-inch line at 16th Mile Road, asking whether the county had already paid for that section of the pipe. There was some contention, as the county had previously paid for only a four-inch line, but the city was now advocating for a six-inch line to ensure proper pressure and fire protection. Mayor Hobbs clarified that when he first became a commissioner seven years ago, the county had purchased half a million dollars' worth of piping. However, after audits, it was revealed that the city had installed most of the infrastructure. Hobbs mentioned that the county had not revisited the issue for years and wasn't sure of the exact size of the pipe, but agreed that if the new line was to tie into the six-inch line, it made sense to use the same size pipe. The group agreed that expanding the line to a six-inch pipe was a smart move, especially with the potential for future growth along the road. Though there are currently only a few homes along JE Sartain Road, installing water infrastructure would encourage future development and growth in the area.
- c) Chairman Anderson complimented Director Perry, who has been with us a little over a year, and in that time, you've managed an incredible range of projects, everything from water main breaks to sewer overflows, along with handling numerous contracts. The amount of work that's come your way has been significant, and I want to recognize the exceptional job you and your team have done. I truly appreciate your dedication and hard work. However, we can't afford to slow down. There's still a lot to be done. Some of the projects funded by grants are winding down, but new challenges are always coming our way. We need to stay on track and continue pushing forward. I want to make sure we keep up the momentum. The work is out there, and it's going to keep coming, no matter what changes lie ahead, whether related to the water department or other areas. You've done an excellent job so far, and I'm confident that with your leadership, we can keep moving forward and finish strong."

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The meeting stands adjourned.



Mike Anderson, Chairman



Gary Hunt, Recording Secretary

LIVE STREAMING <https://www.youtube.com/@CityOfManchesterTennessee>

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