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water treatment plant.

Effective July 1, the wholesale water rate will go from \$1.81 per 1,000 gallons to \$4.12 per 1,000 gallons. This is a considerable increase that will generate about \$65,000 in additional city revenues over the next two years, after which the city will re-examine the rate.

Mayor Liz Ordiales said the new rate is based on a multivariable cost analysis designed to help the city recover costs associated with at least 16 contested commercial water accounts that should have belonged to the city based on the 10-year water and sewer service delivery agreement established in 2011.

“This figure was arrived (at) by calculating the average monthly charges to commercial businesses established from 2013-2019,” Ordiales said in a recent letter to the authority. “After that figure was obtained, a thorough review of similar arrangements around North Georgia water systems was also considered.

“In addition, a rate study that was done for the City and the Authority several years ago by Cybergov Consultants, LLC and EMI, was also reviewed to confirm that the figure was comparable and acceptable.”

Ordiales said data from 2011 and 2012 were not included because the city switched over to a new system in 2013, and that data is no longer available.

As to why the big jump is happening all of a sudden, Ordiales said negotiations between the city and Water Authority have stalled due to the authority’s “unwillingness” to reach agreement on a number of issues, so it’s time for the city to start recovering what it’s owed.

The city and Water Authority have been at odds for several years now regarding sewer collection problems and ownership rights of new water accounts in the so-called “commercial corridor,” or the area between Sunnyside Road and the Junction inside the Water Authority’s service territory.

Ordiales says that, based on the current service delivery agreement in place between the municipalities of Towns County, new water accounts where the city also provides sewer should be Hiawassee Water customers, though this practice has not been enforced in recent memory.

One of the reasons this matters to the city is because it has had issues with some large Water Authority customers located inside the commercial corridor not paying for city sewer services received, resulting in tens of thousands of dollars in processed sewage and unpaid bills.

Unlike water, sewer services cannot be disconnected in the event of bill nonpayment, so the city wants control of commercial water accounts to which it also provides sewer in that corridor to allow the city to use water disconnections to encourage people to settle unpaid sewer bills.

The city says it’s especially important to collect all the water and sewer fees it’s owed because the sewer department perpetually operates in the red due to immense operational costs, in addition to having over \$3.5 million in debt from infrastructure upgrades.

However, the Water Authority has taken issue with the city wanting to sell water utilizing water lines “installed and maintained by the Water Authority,” which is complicated further by the fact that the two parties disagree over what constitutes a “new” water customer.

The city believes a new customer is a new application for service, while the authority believes it’s a new meter

hookup altogether. Regardless of the definition, no new water customers in that corridor have gone to the city in recent years.

Ultimately, the authority wishes to negotiate a water purchase agreement in the neighborhood of 40 years to maintain long-term affordable water costs for its customers, though it hopes to secure at least a longer-term rate in the negotiations surrounding the next 10-year service delivery strategy set for 2021.

“The city of Hiawassee, the city of Young Harris and Towns County are compelled by the state of Georgia, legally, to come up with a long-term strategy,” Hiawassee-based attorney Eddy Corn said, speaking for the Water Authority. “If the Water Authority is going to participate in that 10-year strategy, we need to know what’s happening between now and the end of the 10 years.

“Are we going to have water supplied to us at a reasonable cost or not? We have a responsibility to our customers to know where their water is going to be coming from in the future.”

It should be noted that the Towns County Water Authority is a separate entity not directly affiliated with Towns County Government, so the authority’s participation in upcoming service delivery strategy negotiations is voluntary and not compelled.

Corn disagreed that the Water Authority was “unwilling” to work with the city on the current slate of issues, in turn characterizing the city as being “resolute” in not wanting to budge from its own side of negotiations.

So far, the city and authority have been unable to agree on long-term conditions amenable to both parties, with the city favoring a three to five-year agreement consisting of small year-over-year increases in the wholesale water rate.

“Most recently, rather than work out a long-term arrangement, the Authority has insisted upon a series of one-year agreements, the third of which expired Aug. 31, 2019,” Ordiales said in a recent letter to the authority.

Continuing, she said, “After that expiration, the City continuously reached out to the Authority, including suggesting mediation, yet it was not until mid-January 2020 that the Authority responded to that overture.

“Because the Authority refused to stop taking customers that should have belonged to the City, the City imposed a moratorium. The Authority, on at least two occasions since that time, has caused, even encouraged, customers to violate the moratorium, and then sought to blame the City for its wrongful acts.”

As alluded to by Ordiales, in an attempt to move the ball on negotiations, on Feb. 24, the city imposed an indefinite moratorium on new sewer accounts it did not also provide water to inside the commercial corridor, though it’s unclear how this can be enforced without voluntarily compliance.

At the time, the Water Authority did not respond to requests for comment by the Towns County Herald, but Corn said recently that the moratorium came as the Water Authority and city were working to schedule mediation efforts.

Mediation finally took place in early March following the imposition of the moratorium, though Ordiales said it cost the city \$10,000 in legal fees and went nowhere due to the authority’s unwillingness “to reach any agreement that would be consistent with the long-term financial health of the City’s water and sewer system.”

The Water Authority said further mediation was

interrupted due to COVID-19. Two months later, in mid-May, the Water Authority proposed a solution to one of the issues at hand, doing so in a release published in the Towns County Herald criticizing the city’s sewer moratorium.

Acknowledging the city’s concerns with collecting unpaid sewer bills, the Water Authority has said it is willing to take over billing for sewer customers in the corridor to give the authority the ability to set up agreements enabling water shutoff should a Hiawassee sewer customer not pay their bill.

Doing things this way would allow the authority control over unpaid sewer bills without having to violate independent agreements with its customers by cutting off water at a third party’s request.

Additionally, in implementing this solution, the authority would like to do away with the language in the service delivery agreement surrounding new water customers, thereby removing any ambiguity over who gets what water account while ensuring sewer bills get paid.

Ordiales and the City Council believe the concession is too little, too late, and that, besides, the city needs the “new” customer water revenue designated to the city in the service delivery agreement to maintain its services and pay down debt.

In lieu of an agreement to this effect, the city has implemented the new rate to enable the city to collect the money it says it needs to cover its costs, Ordiales said.

Thus, council members voted unanimously to increase the water rate in their June 2 meeting, after which Ordiales sent a letter to the authority outlining the reasons behind the increase, as detailed above.

In response to the new rate, Corn said, “With only 21 days’ notice, the City put through a \$2.31 per thousand gallons increase to the wholesale cost of water. That’s a 127.6 percent increase over the current rate of \$1.81 per thousand.

“The huge increase and short notice are blatantly unreasonable,” he continued. “Twenty-one days is not a reasonable time for the Authority to process and implement such an unprecedented rate hike.

“The Water Authority objects to this increase as unfounded and not in keeping with prior agreements where the Authority supported and contributed to the City’s construction of the current drinking water plant.”

Added Corn, “The Authority has submitted inquiries to the City to ascertain the reason for the sudden and large price increase. In the past, the City provided engineering and accounting records to substantiate the rate increases. The Authority is willing to pay its fair share to produce drinking water, but only if the rate increase is justified by actual production cost increases.”

The new rate was considered by Authority Board members in their June 16 meeting, and Corn said that “notices of the price hike will be sent to our customers soon.”

“Unlike the City, the Authority relies upon a single source of revenue, our customer water fees, to cover the cost of water acquisition, distribution and future growth,” Corn said. “Unfortunately, to maintain a balanced budget, we will be forced to pass this price increase onto our customers.

“This is regrettable, as many customers are already suffering delinquencies and extreme hardships from loss of jobs and business closures from the COVID-19 pandemic. The Authority is committed to our customers and recognizes the additional burden a price increase will cause.

“We have asked our managers, engineers and accountants for options and to develop new budgets and pricing structures to cover the City’s abrupt rate hike.”

The Water Authority has been able to sell the wholesale-rated water for at least \$24 per 1,000 gallons to customers, though the new price of the water was not known at press time.

Moving forward, Ordiales said the city would be willing to give up its claim on older commercial corridor accounts as long as the Water Authority would grant the city access to new commercial accounts where it serves sewer, meaning accounts from all new customers, not just new meter hookups.

Negotiations are expected to continue between the two parties, though the city and Water Authority had yet to resume talks by press time.

“We are certainly open to any kind of negotiations with them – the ball’s in their court,” Ordiales said. “We have given them the terms that we would like to follow, and it’s not Liz Ordiales, it’s the council and the

city of Hiawassee.

“We feel like we need to do the right thing for the people of Hiawassee and the citizens, and that requires them to come to the table and negotiate.”