



# Oconee Joint Regional Sewer Authority

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## OCONEE JOINT REGIONAL SEWER AUTHORITY Ad-Hoc Sewer Feasibility Implementation Committee March 13, 2025

The Ad-Hoc Feasibility Implementation Committee meeting was held at the Coneross Creek Wastewater Treatment Plant.

Commissioners/Committee Members that were present:

- Joel Jones (ReWa) – Committee Chair
- Amanda Brock (Oconee County)
- Chris Eleazer (Oconee Joint Regional Sewer Authority)
- Scott McLane (City of Seneca)
- Celia Myers (City of Walhalla)
- Scott Parris (City of Westminster)
- Sue Schneider (Citizen - formerly worked for Spartanburg Water) – *via webcam*
- Scott Willett (Anderson Regional Joint Water System)

Committee Members that were not present:

- Rivers Stilwell (Attorney, Maynard Nexsen)
- Chip Bentley, ACOG

OJRSA appointments and staff present were:

- Lynn Stephens, Secretary/Treasurer to the Board and Office Manager
- Allison McCullough, Regulatory Services Coordinator

Others present were:

- Lawrence Flynn (Pope Flynn - OJRSA Attorney) – *via webcam*
- Kevin Bronson, City of Westminster Administrator (also serves as OJRSA Board Chairman)
- Angie Mettlen (Vice President, WK Dickson)
- Katherine Amidon (Environmental Planner, Bolton & Menk)
- Tony Adams, Oconee Co. Citizen

**A. Call to Order** – Mr. Jones called the meeting to order at 9:03 a.m. He stated that he is going to ask the committee to consider amending the agenda after the public comments, as the approval of last month's minutes was left off the agenda in error.

**B. Public Comment** – Mr. Bronson thanked everyone for what they are doing on the committee, and then he apologized to the committee for having received a memorandum last month from Mr. Michael Traynham (and given to them by Mr. Chris Eleazer) that was full of what he felt were misstatements, conjecture, and inflammatory statements. Mr. Bronson said the board was asked at this month's meeting to release it to the public, and the board chose not to.

Mr. Bronson said some of the items in this memo were "flat out wrong." The document did not have specific names or places mentioned which condemned everyone on the board as if they were guilty of that act. The memo also states that the Cities did not take some of the things that the OJRSA requires to do seriously, and on behalf of the City of Westminster, the city took it very seriously and

has done its best to provide all the information that was requested and on time in the manner it was requested. Mr. Bronson said he will be working with Mr. Traynham and Mr. Eleazer to ensure the document is corrected and then given back to this committee. Mr. Bronson stated that he wanted this committee to know his opinion on the memo and that he feels the board chose not to release the memo to the public for the same reasons.

Ms. Schneider asked Mr. Bronson if he wanted this memo to be recalled from the committee. Mr. Bronson replied that the accusations are out there, and he prefers to have the Member Cities and people called out by name in a revised version of the memo. Mr. Jones stated he read the memo, and it did not sway his vote in any way, so this didn't matter to him either way; however, it is a board-level decision on what to do with it.

**C. Approval of Ad Hoc Committee Minutes** – As discussed at the beginning of the meeting, Mr. Jones asked the committee to amend this agenda for minutes approval for last month's meeting on February 13, 2025.

***Ms. Brock made a motion, seconded by Mr. Willett, to amend the agenda to approve last month's Ad Hoc Feasibility Implementation Committee Meeting minutes. The motion carried.***

- **February 13, 2025** – Mr. Willett asked Mr. Adams if his public comments were accurate in the minutes; Mr. Adams was good with them.

***Mr. Willett made a motion, seconded by Ms. Myers, to approve the February 13, 2025 Ad Hoc Feasibility Implementation Committee Meeting minutes as presented. The motion carried.***

#### **D. Presentation and Discussion Items**

**1. Update on SC RIA Timeline and Process Schedule** – Mr. Jones asked Ms. Mettlen to update the committee on the timeline and schedule. Ms. Mettlen said she spoke with Ms. Bonnie Ammons of the Rural Infrastructure Authority (RIA) several times since last month's meeting. Ms. Ammons is amenable and is fine if a couple more months are needed to get to the end of the Ad Hoc Committee. Ms. Ammons said her approval is not needed for a time extension, because the timeline came out of the study and is not mandated by the RIA.

Ms. Mettlen added that the reason for the tight timeline was to keep things from dragging on and to keep making progress on a path forward. Ms. Mettlen suggested getting some of the items, that could cause a stumbling block later, flushed out early in the process.

Mr. Jones said he would like to leave today with the understanding that the next step is for this committee to draft a recommendation, but first there must be consensus within the group to move it forward.

**2. Review Summary of Reconstitution Memo and Discuss Next Steps** – Mr. Eleazer stated that the OJRSA board released Attorney Lawrence Flynn's memo, *included as Exhibit A*, to the public in their March board meeting. Mr. Jones feels the different portions of this memo need to be discussed and stated that the last item was to consider consolidation. Mr. Jones stated that he feels that the top priority is how the organization will be set up.

Ms. Mettlen said that Mr. Chip Bentley apologized for not being here today, as he got sick while attending a conference. Mr. Bentley told her and Mr. Jones that there was a discussion about the reconstitution of the board and the number of people on the board, and it seemed to be okay with everyone. It also sounded like everyone agreed that a consolidation of the collection systems would be on the table.

Ms. Mettlen said there was also some discussion with Ms. Myers and the Walhalla City Council about some questions about the valuation of the system. This will need to be worked out.

As long as the committee follows Mr. Flynn's path forward (what is detailed in his memo), things that need to be worked on and discussed first can be called out. If there are things needing to be done that require money, Ms. Ammons is open to discussions about funding them as long as progress is continuing to be made.

Mr. Jones said he feels that consolidation must be done for the success of this organization. He asked for a discussion to be opened up to see if the committee has a consensus on this.

Mr. McLane stated that the City of Seneca is willing to consider consolidation but there would have to be meetings set up to have questions answered. Mr. Jones asked what the reasons would be that they would not want to consolidate. Mr. McLane said he couldn't answer that; meetings need to be set up with Mr. Scott Moulder (City Administrator) and Mr. Bob Faires (Utilities Director) to further discuss this and the costs associated with it. Ms. Mettlen said that there are several models (such as a franchise agreement) that can be looked at.

Mr. Willett said he has no stake in a wastewater system (his experience has been with a drinking water utility only), and from the outside looking in, he does not know how you can run a wastewater treatment facility without having control over the collection system, so he feels it is essential to consolidate. Mr. Willett added that how that consolidation takes place is a different question. Mr. Willett says he answers to a board but he serves 200,000 people, and he tries to convince the 14-member board to do the right thing for those 200,000 people. He said he is asking this committee and the city councils to focus on the needs of the citizens of Oconee County.

Ms. Myers said the City of Walhalla is not opposed to consolidation, but the sewer system is considered an asset which is part of a bond. Unless there is going to be a \$20,000,000 buyout to pay the bond, there must be some legal work to disassociate that from the bond before the city can hand over control. The city is already talking to legal representatives on how that could look, but it would be up to the bond investors.

Mr. Willett asked Mr. Flynn if this would be a refinance or is there a way to assume responsibility for the outstanding bonds. Mr. Flynn started by saying he does not represent any of the Member Cities as their bond counsel, and he recommended each city speak to their bond counsels about the process. He stated that Westminster and Seneca have a combined water/sewer/electric system, and Walhalla has a combined water/sewer system. Generally, most of the master bond resolutions pledge the revenues on a combined basis for those combined systems. The revenue of each component of the combined system is pledged exclusively as the security for those bonds that are then issued, meaning that the bond holders stand shoulder to shoulder.

From review of the cities' financial audits, each municipality has debt, but it is unknown how the improvements were originally funded. Generally, the way public utilities work is that the water and electric systems largely subsidize the sewer system. Rate consultants say to make sure that each component of the combined system operates on a stand-alone basis, and then the sewer system is being subsidized by another component of the system. Even though it's permitted by state law and generally appreciated by the rating agencies and the bond holders, they need to get an even footing through rate adjustments or expense reductions.

The typical language in the master bond resolutions is in order to stealth portions of the system (assets in the ground, service area, etc.) or an entire component (water, sewer, or electric system proper) of the system, there is a procedure built out that would dictate the terms by which you could decouple that component of the system from the pledged assets and can, in some circumstances, be done without redeeming all the debt. Typically, you can make a finding that the reduction or removal of the assets from the system does not affect the interest of the bond holders. It's easier done on the sewer system since it is being subsidized by another component, but it does take a detailed dive by a third-party consultant (like Willdan, Raftelis, or some other feasibility or

rate consultant) to make a financial justification for each of the municipalities to decouple the system without hurting the bond holders.

Mr. Flynn added that if consolidation is part of the discussion, identifying the amount of debt and where the value is, and whether OJRSA acquires the systems and redeems or pays off certain portions of the debt as compensation, this is going to be a high-level math problem needing a third-party consultant to figure out how that debt gets paid.

Ms. Schneider said in her experience running a sewer utility is hard. Compliance is hard, the cost to expand systems is more expensive, and making customers happy is hard. She said she hopes Oconee County considers consolidation of collection lines into preferably one (1) system that can assume or pay off debt, take on assets, make sure the lines are maintained, and deal with customer and regulatory issues. Consolidation just makes more sense for long-term success than multiple systems. Mr. Jones said there is no value to sewer except the ability to provide service.

Mr. Parris stated the City of Westminster is open and willing to go down the road to consolidation and has been looking at this for quite some time.

Mr. Flynn added there is a recent example of a broad-scale consolidation in Greenville County, which is Metropolitan Sewer. There were engaged professionals (including Willdan) who did a deep dive analysis to identify how to resolve the debt math problems. Ms. Mettlen said the OJRSA is working with the Member Cities on the Capital Improvement (CIP) and Corrective Action Plans for rehab, but there should be some additional information coming forward. This is for compliance issues, but it could help inform for some of this discussion as well.

Mr. Willett said he hopes people realize that all pipe isn't the same foot by foot. The condition of the pipe matters. The information from the CIP would be critical in determining the true value.

Mr. Eleazer said Mr. Dyke Spencer was involved in the development of the 20-year Master Plan and spoke about Beaufort/Jasper going through consolidation, and they feared the loss of using sewer for annexation purposes. Mr. Eleazer thinks there is a method for that to stay in place. Mr. Flynn replied that is correct and suggested Ms. Schneider, who has some experience with that, speak a little about it.

Ms. Schneider stated that when doing a consolidation or annexation, depending on the relationship between the parties, you want both parties to win. That is a successful thing. Often with small communities, there is concern about how much they are spending (some going into debt), loss of potential revenue, and/or determining their future (decisions about annexation and how they wanted to grow). Each community has its own identity and ideas. A contract can be designed to address these issues.

Ms. Schneider added there are franchise models to review. You can address how you do annexation and inputs with communities. You can also address the county. There is a way to address everyone.

Mr. Jones said it sounds like the entire community would support consolidation as a recommendation from this group.

Mr. Jones said he was going to go through Mr. Flynn's memo now, and the first item is the governance structure and including Oconee County as a member. Mr. Jones asked if anyone was opposed to having the County as a member. No one objected.

Mr. Jones said the best thing this committee can do is to set up a board that will serve the rate payers, not necessarily the communities, the county, nor the municipalities. He said he thinks this provides a greater level of service when the allegiance is to the rate payers; however, the committee may be under some legal restraints to appoint members beyond what is laid out here. He said the goal should be to have a board that is as unified and serving the people at the end of the pipes. Ms. Brock added "and who are going to be at the end." Mr. Jones agreed.

Mr. Jones said the structure was laid out with five (5) members, including one (1) from Oconee County. He asked if there were any comments on this. Ms. Schneider said she wants Oconee County engaged in some way; and if consolidating for the good of the rate payer, you want the three-to-five (3-5) members being from that district of the rate payers and not necessarily representative of the Member Cities if they divested of their assets and debt. You can create a sewer district based on who has sewer. Who do you think would be represented? The cities, but you're calling it out as a whole.

Mr. Willett asked if the assets are ceded or if the liabilities are assumed to reside with the consolidation (whatever form that may be), what would be the rationale for providing weighted voting as the memo states? Several members said there shouldn't be. Mr. Willett continued by saying if the OJRSA owns the debt, each member of the board would be equal, because they won't have any greater stake than the other folks.

Mr. Jones asked Mr. Flynn what would representation look like in a consolidated authority. Mr. Flynn said when this memo was drafted, it was before the discussion about consolidation of the collection systems. If consolidation is recommended, this will change several of the items in the memo, and the OJRSA would operate more in the construct of the traditional special purpose district (SPD) like Spartanburg Sanitary Sewer where there is a collection network and treatment assets, so you control everything for the entire system and not the constituent membership. The weighted voting would happen if you don't take over the collection system (and continue to have independently owned satellite sewer systems).

Ms. Schneider hopes for the consolidation for Oconee County and that the board looks at the big picture of addressing public health, regulatory issues, and what is the future of Oconee County.

Mr. Jones said it looks like consolidation is the first priority, and the second priority should be the representation of this consolidated utility. He added that he didn't think the discussion should get into an appointed versus elected members yet until the recommended governance structure is determined. Everyone agreed.

Mr. Jones asked if there were any comments about the operating agreement. Ms. Schneider asked if there would be an operating agreement. Mr. Flynn replied that is a requirement of the statute to have an operating agreement or governance agreement that lays out the procedures for adopting bylaws and implementing powers, so that would be the vehicle by which restricting who the members can appoint as members.

Mr. Willett asked if that would also cover how the municipalities want to handle growth. Mr. Flynn replied that would be a separate agreement between the Cities and OJRSA, and you may want to have something that is subject to change as there is turnover on the councils. You don't want to bind the future councils to a memorialized governance. Mr. Willett said the operating agreement has a minimum term of forty (40) years, and he likes that Anderson Regional's operating agreement is evergreen (meaning it automatically renews). As long as Anderson Regional is issuing debt and performing the service it was constructed for, everyone is in.

Ms. Mettlen asked if Mr. Flynn could revise the memo to line out the steps of what would be needed if this committee is going to recommend consolidation moving forward, as a lot of what is in there would be non-issues at that point. This would further clarify what needs to be addressed to avoid future roadblocks. Mr. Flynn replied that he has some of this in electronic form, and it won't be hard to change the terms; it's just a matter of prioritizing the items to be addressed and restructuring according to the Ad Hoc committee's recommendations.

Mr. Jones said the committee doesn't need to spend much more time on this memo at this point and asked if there were any other comments or questions.

Ms. Brock said her only concern is the words “shall be” in regard to members of the board not being an officer or employee of an appointing member. Oconee County would be limited for representation.

Ms. Myers said the City of Walhalla has some concerns with not having someone with knowledge of wastewater or financials be their representation. Other committees (such as construction board of appeals, planning commission, architectural review) have requirements that members have some sort of knowledge.

Mr. Jones said he was going to push back on that a little. The board does not need to know how to operate wastewater utilities; that is for staff to do. The board is meant to set policy. He said he understands Walhalla’s view, but if this is consolidated for the community, you need a board to operate that way.

Ms. Brock replied that the Cities have funding decisions that would be required. Mr. Jones replied that the utility would fund the decisions. Mr. Willett said the role of the board is to ask good questions and make sure staff is being held accountable.

Ms. Brock said part of the purpose of coming here is for Oconee County to have representation, and Oconee County Council is pushing the County as an entity and not as its citizens. Mr. Jones said he hears that and will see how Mr. Flynn lays that out, but in his opinion, that does not provide the best long-term value for a wastewater utility.

Ms. Schneider acknowledged that Oconee County has an enormous role in this process, but she added that all the entities and Oconee County have councils that do not have a minimum requirement to be a councilmember except age. If you have a board that’s goal is to move the sewer district, it’s not the board doing it. Boards that you see throughout various states just oversee: They make sure audits are done and that the bigger picture is done.

Ms. Schneider added that the county has a huge role as it approves certain types of annexation. Ms. Brock said the county doesn’t have to approve annexations. Ms. Schneider said you may not have to, but the County can choose to. If the sewer district wanted to annex an area that was not contiguous, the County could require its approval. Ms. Brock said that is why she feels the County Council would find it important for the board member to be an inside person at county government. If there are economic development pushes in one direction or another, the County Council is not going to want to pick a person to provide that possibly confidential information to. Ms. Schneider replied that she didn’t think it was going to get to a consolidated board then if an entity must be identified like that. Ms. Brock said she didn’t know if it was a must, but she wasn’t sure about the “shall not.”

Ms. Schneider asked if the path was to have an elected board from within the area. Mr. Flynn replied that they cannot currently be elected according to the proposed legislation. They can only be appointed by members who are constituent members of the body. There is no authorization for a separate election unless we amend or add that the authorization to the statutory act. Ms. Schneider asked for the county and cities not to look at the OJRSA as a separate entity, but rather as a partner in economic development. Having an entity on the board negates the advantage of moving the sewer district as a whole.

Mr. Flynn said in his experience there has been a strong board overreach in many of the places he’s counseled, but most boards do not end up with people who have specific knowledge. If you are concerned with having someone who is in tune with the business community, you appoint the president of the Chamber of Commerce, and he does your bidding accordingly, but you remove the immediate problem of having someone who “wears two (2) hats” (an individual who represents two (2) separate entities simultaneously) and doesn’t know which hat to wear when setting policy.



Ms. Myers suggested the “shall not” be taken out of the text and let the councils decide on their own and then advocate for why you don’t want an employee to be on the board. Mr. Flynn replied this creates a “tragedy of the commons” where why would one (1) city appoint someone truly independent when another city (or the county) appoints someone who is only acting on their municipality’s behalf. Each municipality will subsequently go back to their own corners and appoint people that are acting in the best interest of their municipality (similar to how it is now).

Ms. Mettlen said the OJRSA is still operating under the Joint Agency Act; however, there are some amendments going on there; however, that is still in effect regardless of whether there is a consolidation of collection systems or not. Mr. Flynn said that is correct. Ms. Mettlen told Ms. Myers that the cities are still member entities.

Mr. Eleazer asked how the other utilities represented on this committee address economic development. Ms. Schneider said Spartanburg County liked economic development, because it gave them new customers. It’s all about “housetops” when it comes to revenue (like what Mr. Jones mentioned in an earlier meeting). It’s important and provides jobs, but it does not exist without sewer. Spartanburg County would provide information to Spartanburg Water such as location of the facility and how much water they would use per day. Once it was determined that the plant had the capacity and ability to treat the waste, Spartanburg County would make the deal. If it’s not currently in the sewer district, you work with the county to get it annexed. Mr. Jones said it’s similar for Greenville County; however, the county will secure funding, but ReWa will participate in it and may contribute to it.

Mr. Jones is looking for the committee to come up with a recommendation. It is not for the committee to determine what people are going to do with it. It seems like people are divided on this today. Ms. Brock said she could take the comments today back to her council. Mr. Jones said the committee needs a workable solution, but it may not be ideal for everybody.

- 3. Update on Potential Legislative Amendment to the South Carolina Joint Authority Water and Sewer Systems Act** – Mr. Jones said the legislation was touched on a little already but asked Mr. Eleazer if he had anything to add. Mr. Eleazer replied that Mr. Bronson (OJRSA Board Chairman) and he met with Senator Alexander last Friday afternoon and presented him with the proposed changes to the legislation. It was a good meeting and well received. Senator Alexander may be reaching out to the Member Cities to discuss it and see what their thoughts are. There may be more information to share at next month’s meeting.

Mr. Jones asked if the committee should consider an alternative to the election process. Mr. Flynn said it could be added, but it would require further edits to the legislation. Mr. Jones said he is concerned that as the system grows, is the member appointee from their district, their customer, or are they people within the service area – and how is it determined? Mr. Parris replied the memo says “customer,” and then asked is it a customer of the member or a customer of the whole system? Mr. Willett said if the Joint Water System Act is not modified, it would have to be a customer of the entity doing the appointment.

Mr. Jones said if the board consolidates, members are no longer customers of the municipalities, but rather the new entity. He asked if there is another alternative process that needs to be considered, because this committee doesn’t want to create a new entity that members cannot be appointed to.

Mr. Eleazer asked if it was in the current statute, or the proposed statute, that it must be a customer. Mr. Flynn replied that it was in the language regarding the fifth member that is appointed by the legislative delegation, and in his prior memo, it reads that the person needs to be an “elector” to be qualified to serve. However, there is nothing in there about who the members are and nothing that requires them to be a sewer customer. Mr. Jones said an “elector” would imply someone who

lives within the voting district. He added that the entities are serving outside the voting district and therefore would have a growing population of people who wouldn't have representation. He said he doesn't think the committee is going to get to this today, but it needs to be given serious thought.

Mr. Willett suggested gerrymandering the districts where the municipalities are at the center, so that people can be added and pulled according to electoral requirements rather than dividing the county where one city can get to appoint more due to population. Ms. Brock replied that Oconee County just redistricted, and it could be done by council district.

Ms. Schneider asked if it was consolidated into one entity where you could see all the assets, can this entity raise funds through an ad valorem tax like an SPD can do? Mr. Flynn said the joint agencies under the statute are expressly prohibited from levying taxes, so it will not be a taxing entity like the original SPDs. Mr. Flynn cautioned that if this committee tried to attempt to add taxing authority to the joint agency act, it probably would kill any amendments this committee is contemplating. Ms. Schneider said the success for anything long term is how you are going to pay for anything, and that should be considered in a reconstitution. Once you take on all the assets and all the problems and want to build a capital plan outward, that will continue to be a challenge. Ms. Schneider apologized to the committee saying she had to leave the meeting now due to other scheduling conflicts.

*Ms. Schneider left the meeting at 10:20 a.m.*

Mr. Jones asked Mr. Flynn to try to revise this memo for a consolidated entity and the representation on it. Mr. Flynn asked if the committee wants to layer in elected authorization into the proposed legislative amendments as well and throw that in as an additional route for governance.

Mr. Willett asked what Mr. Flynn's opinion is on the level of effort to do that. Mr. Flynn said the drafting side is not difficult; Mr. Willett said he meant getting it approved. Mr. Flynn said it was not discussed with Senator Alexander, and he said if you go to an elected board, you are wholly removing any appointment authority from those members who have now given over their collection system and would have zero say in the member that would otherwise be serving for that area. It's probably a question more for the board. Anything that is added that would make flexibility to a statute is a net positive, but whether the membership would be happy with that remains to be seen.

Mr. Jones asked everyone on the committee to put some thought into this and determine what is your preferred method and what is best served by that today and in the future.

- 4. Rate and Cost of Service Study** – The Director reported that Mr. Daryll Parker of Willdan Financial made a presentation to the board last Thursday night. The focus on what he presented had to do with the existing structure. Currently it requires all three (3) Member City councils to approve the OJRSA to borrow funds, which has been tried a couple times in the past without success. Mr. Parker showed what the rates need to be to raise the revenues to bite off the largest chunk (if not all) of the projects on the spreadsheet. Mr. Parker's focus was on the next ten (10) years, and what he came up with was a 74% rate increase in back-to-back years to fund pay-as-you-go for O&M and capital expenses. Mr. Eleazer added that was not the way to go. Mr. Jones asked if that was just for the OJRSA's system and not the Member Cities; Mr. Eleazer replied that was correct.

Ms. Mettlen said it has been tried, but there was never unanimous approval for the OJRSA to take on debt, so Willdan had to assume something and created a model for pay-as-you-go. The model can have other data put into it.

Mr. Willett asked if some of the municipalities' debt is not to do with the collection system. He wanted to know what percentage was for wastewater improvements. Mr. Flynn replied that the debt for wastewater is relatively minute. Walhalla's current debt is only for the water system (Ms. Myers said it was for the new water plant). Seneca obtained financing in 2007 for sewer through



the water pollution fund at the SRF, and the rest is for the water system. Westminster has no sewer debt at all. Mr. Willett said you can run a sewer system with revenue bonds. Ms. Mettlen said the major hurdle is that the OJRSA cannot finance without unanimous approval.

Mr. Flynn said there needs to be a definitive position, or a two-part term sheet, where the collection system acquisition becomes the pivot point on which direction this takes. Consolidation makes this a completely different organization rather than the status quo of being a wastewater treatment operator. He said he needs direction on whether the acquisition is the test case here or should the analysis be segregated for a consolidated approach and a status quo approach. Mr. Jones said that everyone agreed that consolidation is a priority, if not a key, to success. Even if there is not a consolidation, there needs to be an independent treatment agency with regulatory oversight. Ms. Brock replied this committee needs to explore alternatives, because if consolidation is the only thing put in the basket, and the entities responsible for funding it aren't capable of funding it, there needs to be a Plan B. Mr. Jones replied that no one is capable of funding it now. Ms. Brock said there should be an alternative in case the plan on the table isn't feasible financially. Mr. Willett said that financially it's not a question of if but a question of when. Ms. Brock said maybe she worded that wrong and she meant steps. Mr. Willett agreed with this and what you have to do is what you have to do.

Mr. Willett said that running a wastewater system has regulatory responsibilities and, in his opinion, if you run the plant, you've got to run the collection system. Ultimately the costs don't change, it's just a question of who is paying the costs. In his opinion, the Joint Water System Act was meant to be a financing authority. The utility takes the debt so the members don't. You will never be paid off.

- 5. Update of Discussion with Partner Communities About Conveyance of Systems to New Joint Authority** – Ms. Mettlen said Mr. Flynn has one alternative laid out: Reconstitution under the current Joint Water System Authorities Act with the status quo that everybody operates their own collection systems and this being a trunk sewer and treatment entity. Option 2 is consolidating all the sewer systems under one (1) agency and reconstitute under the Joint Water System Authorities Act. The pivot point is the consolidation.

Mr. Jones asked what the committee should do in preparation for the next meeting. Ms. Mettlen replied is to decide if more is to be added to potentially change the act itself or to leave it as is. Mr. Willett agreed and added if he were a member right now, he thinks some effort needs to be made on how assets will be valued. Each entity should be made whole and equal to the other members.

Ms. Mettlen said she doesn't think everyone fully understands what a franchise agreement looks like, what it can do, and how it's beneficial. She thinks there needs some context around the different options regarding valuation and asset versus a franchise agreement. Ms. Brock said she is not familiar with that at all and asked if Mr. Flynn could have this prepared by the next meeting. Mr. Willett said the biggest difference is if someone is due \$10 million to be made whole, does OJRSA borrow the \$10 million and pay it, or do they enter an agreement to repay that debt over 20 years. Who is doing the funding? Do you go to a financial institution or do you let the entity pay them back.

Mr. Flynn added that the sale of sewer systems can be done by ordinance and not referendum. There are a couple ways to do this: 1) A snapshot can be taken on the book value of the system on paper or 2) They can hire a third-party consultant to do a system appraisal. The valuation can be subjective, but the greater good here is that the systems need to be operated on a consolidated basis to best serve Oconee County and receive sewer service in the highest quality at the best value and cost. Some entities have decided to turn their systems over for one (1) dollar and were granted a franchise fee back against the system to recover some portion of the value over time. Some

entities who have a lot of customers requested the value to be based on the cash flow of the system. The memo will identify the valuation (or the appraisal piece) of those systems on the acquisition as being a prerequisite that needs to happen before any consolidation efforts can occur, because that will be a fundamental question if that pivot is practical.

6. **Public Comments Following Discussion Items** – Mr. Adams stated this was a good discussion. He said it looks like we must pay for our sins of the past and thanked the committee for their help with it. Ms. Mettlen said this is not a unique problem to just Oconee County.
7. **Consider Agenda Items for Next Meeting** – Mr. Jones said that the role of the committee is to come up with a recommendation; not for figuring out the details. He would like to wrap up this committee's work in the next couple of meetings. It was decided, and all members agreed, that a recommendation will be drafted at the next meeting with a logical list of the next steps. If the board wants to create another small committee to work out the details, that is fine, but this committee's job will be done.

Ms. Mettlen asked if Mr. Flynn should massage the act or leave it alone. Mr. Jones never fully understood what the limitations are. If the appointees must be elected, and the system grows much faster than the municipalities provide services outside their areas, how do those people get represented over time. Mr. Flynn replied that they would be represented by the county representative and potentially the gubernatorial appointment. Do we need to do anything to allow that representation? Mr. Willett said nothing must be done now, because the current proposal has the three (3) municipalities and the County having representatives and the legislative delegation appoints a fifth member. The proposal gives the ability to elect the members using the County Council voting districts.

Mr. Willett added that this committee's goal was to listen to what was out here, and based on the committee's combined experience, make a reasonable recommendation for the desired outcomes. This was not to negotiate among the members and determine what is possible. We're close to the recommendation, but the system cannot run long-term without consolidation.

Mr. Eleazer asked if the recommendation is going to have parallel paths where if the entity consolidates, there is recommendation for how that goes forward and another if consolidation is not implemented. Mr. Jones said he struggled with this, but he feels that this committee is to make their preferred recommendation. If the board decides to do something different, then they can look at the alternatives. Ms. Mettlen said that alternative is already out there. Mr. Willett said this committee needs to identify what the preferred alternative is and recommend it. There are other alternatives out there, but this committee is recommending one of them – the preferred one.

Mr. Eleazer said his concern is if the consolidation does not happen, the underlying problems that the OJRSA faces currently will continue. What is the recommendation to address those? Mr. Willett says it's okay to list a non-preferred alternative; Ms. Mettlen said that is already laid out. Mr. Jones said the presentation of the recommendation should be formulated in such a way that the committee believes success is solely dependent upon this recommendation and why.

Mr. Eleazer asked Mr. Flynn what he feels about going back to Senator Alexander with another recommended change. Mr. Flynn said he couldn't speak to the Senator's mindset on it, but he believes he would understand that the OJRSA is taking directions from the Ad Hoc Committee. Mr. Willett added that the Senator would understand pivoting.

8. **Confirm Date for Next Meeting, which is Scheduled for Thursday, April 10, 2025 at 9:00 a.m.** – The meeting date and time were noted.

Mr. Jones asked what resources will be available to the Ad Hoc committee to articulate the recommendation. Ms. Mettlen said, with Mr. Flynn's help, she can draft something for the

committee. Maybe the committee can focus on making a skeleton of the recommendation at the next meeting.

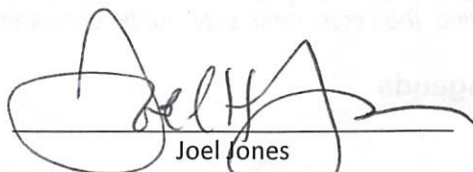
Mr. Flynn asked if he needed to wait to work on his revised term sheet. Mr. Jones and Ms. Mettlen said no. Mr. Flynn asked if some language should be drafted around the election statute. Mr. Jones said yes.

**E. Upcoming Meetings**

1. **Operations & Planning Committee** – Tuesday, March 25, 2025 at 8:15 a.m. *Special meeting date.*
2. **Finance & Administration Committee** – Tuesday, March 25, 2025 at 9:00 a.m.
3. **Board of Commissioners** – Monday, April 7, 2025 at 4:00 p.m.
4. **Sewer Feasibility Implementation Ad Hoc Committee** – Thursday, April 10, 2025 at 9:00 a.m.

**F. Adjourn** - The meeting adjourned at 11:04 a.m.

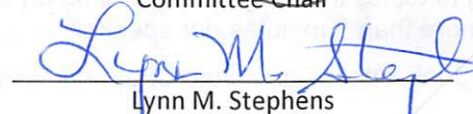
Approved By:

  
Joel Jones  
Committee Chair

Date Approved:

4/10/25

Approved By:

  
Lynn M. Stephens  
OJRSA Secretary/Treasurer

Notification of the meeting was distributed on February 7, 2025 to *Upstate Today*, *Anderson Independent-Mail*, *Westminster News*, *Keowee Courier*, WGOG Radio, WSNW Radio, City of Seneca Council, City of Walhalla Council, City of Westminster Council, Oconee County Council, SC DHEC, [www.ojrsa.org](http://www.ojrsa.org), and posted at the OJRSA Administration Building.



## **Ad Hoc Sewer Feasibility Implementation Committee**

OJRSA Operations & Administration Building

Lamar Bailes Board Room

March 13, 2025 at 9:00 AM

*This advisory committee was established by the OJRSA Board of Commissioners at its November 4, 2024 meeting to consider recommendations and report to the OJRSA Board and Oconee County as identified in the [Regional Feasibility Planning Study](#) as adopted by the OJRSA on September 9, 2024. The committee can neither create policy nor make decisions on behalf of the OJRSA or other wastewater service providers within the area. See the study at [www.ojrsa.org/info](http://www.ojrsa.org/info) for more information.*

*OJRSA commission and committee meetings may be attended in person at the address listed above. The OJRSA will also broadcast meetings live on its YouTube channel at [www.youtube.com/@OconeeJRSA](http://www.youtube.com/@OconeeJRSA) (if there is a technical issue preventing the livestreaming of the meeting, then a recording will be published on the channel as soon as possible). For those not able to attend in person, then the OJRSA Board or Committee Chair will accept public comments by mail (623 Return Church Rd, Seneca, SC 29678) or at [info@ojrsa.org](mailto:info@ojrsa.org). Comments must comply with the public session instructions as stated on the meeting agenda and will be received up until one hour prior to the scheduled meeting. If there is not a public session scheduled for a meeting, then comments shall not be accepted.*

### **Agenda**

- A. Call to Order** – Joel Jones, Committee Chair
- B. Public Comment** – Receive comments relating to topics that may or may not be on this agenda. Session is limited to a maximum of 30 minutes with no more than 5 minutes per speaker.
- C. Presentation and Discussion Items** – Led by Joel Jones, Committee Chair, unless otherwise noted [*May include vote and/or action on matters discussed*]
  - 1. Update on SC RIA timeline and process schedule
  - 2. Review summary of reconstitution memo and discuss next steps (Exhibit A)
  - 3. Update on potential legislative amendment to the South Carolina Joint Authority Water and Sewer Systems Act – Chris Eleazer, OJRSA
  - 4. Rate and cost of service study – Chris Eleazer, OJRSA
  - 5. Update of discussion with partner communities about conveyance of systems to new joint authority – Chip Bentley, ACOG
  - 6. Public comments following discussion items
  - 7. Consider agenda items for next meeting
  - 8. Confirm date for next meeting, which is scheduled for Thursday, April 10, 2025 at 9:00 a.m.
- D. Upcoming Meetings** *All meetings to be held in the Lamar Bailes Board Room unless noted otherwise.*
  - 1. Operations & Planning Committee – March 25, 2025 at 8:15 AM
  - 2. Finance & Administration Committee – March 25, 2025 at 9:00 AM
  - 3. Board of Commissioners – April 7, 2025 at 4:00 PM
  - 4. Sewer Feasibility Implementation Ad Hoc Committee – April 10, 2025 at 9:00 AM
- E. Adjourn**







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PRIVILEGED AND CONFIDENTIAL  
ATTORNEY-CLIENT COMMUNICATION

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MEMORANDUM

To: Oconee Joint Regional Sewer Authority, South Carolina

From: Pope Flynn, LLC

Re: Summary of Reconstitution, including Acquisition of Sewer Collection Infrastructure

Date: February 25, 2025

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Oconee Joint Regional Sewer Authority, South Carolina (the “**Authority**” or “**Joint Authority**”) is a body politic and corporate, and a joint authority sewer system organized under Title 6, Chapter 25 of the Code of Laws of South Carolina 1976, as amended (the “**Joint Authority Act**”). The Authority was created in 2007 under the provisions of the Joint Authority Act by its three member-municipalities (collectively, the “**Members**”)<sup>1</sup>: the City of Seneca, South Carolina (“**Seneca**”), the City of Walhalla, South Carolina (“**Walhalla**”), and the City of Westminster, South Carolina (“**Westminster**”).

Based on funding from the South Carolina Rural Infrastructure Authority, the Joint Authority engaged a team comprised of W.K. Dickson & Co., Inc., Willdan Financial Services, and Bolton & Menk, Inc. to prepare a regional feasibility planning study, which was formally adopted by the Oconee Joint Regional Sewer Authority Commission, as the governing body of the Authority, on September 9, 2024 (the “**Study**”). The purpose of the Study was to determine long-term sewer service options within Oconee County, South Carolina (the “**County**”). Contemporaneously with the Study, the Joint Authority also undertook its “Oconee County and Western Anderson County Sewer Master Plan” (the “**Master Plan**”). Major infrastructure recommendations in the Master Plan include: developing plans to expand the Coneross Creek Wastewater Reclamation Facility (the “**Coneross WRF**”); updating the regulatory checkbook to gain permitted capacity at Coneross WRF; reducing pump station infrastructure and wastewater travel time; and working with Members to improve collection infrastructure.

Based on the terms of the Study and the Master Plan, Pope Flynn, LLC, prepared a memorandum dated November 26, 2024 to describe options for the reorganization of the Joint Authority. The material determination of such memo was that the Joint Authority be reconstituted with a complete revision of its governance documents. Additionally, and subsequent to the release

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<sup>1</sup> For purposes of the reconstituted Joint Authority, such term would also include the County (as defined herein) once or if it is added as a Member.



of the memo, the ad hoc committee studying the Joint Authority recommended that the sewer collection systems owned and maintained by Seneca, Walhalla, Westminster, and any other contributing public satellite sewer system be conveyed to the Authority such that all sewer treatment and collection services in the County would be performed exclusively by the Joint Authority. This memorandum attempts to outline (at a high level) the steps for reconstitution of the Joint System, and conveyance of the Members' collection systems to the Joint Authority.

**1. Governance Structure**

- The Authority shall be reconstituted to include the County as a Member.
- The governing body of the Authority shall be a five-member commission (the "New Commission"), with representatives as follows:
  - One representative from the County;
  - One representative from Seneca;
  - One representative from Walhalla;
  - One representative from Westminster; and
  - One additional member, with the method of appointment to be determined.
- Draft legislation has been proposed to amend the Joint Authority Act to permit the fifth member to be appointed by the Governor upon the recommendation of the legislative delegation from Oconee County.

**2. Operating Agreement**

- A new operating agreement shall be executed with a minimum term of 40 years.
- The agreement shall define governance, financial obligations, operational responsibilities, and dispute resolution mechanisms.
- Operating agreement shall require the board member to be a customer, and shall include a restriction that no representative of a Member serving on the New Commission may be an officer or employee of the appointing member. Further, no ex officio appointments shall be permitted.

**3. Voting Mechanism**

- General matters shall be determined by per capita voting.
- Debt-related matters shall be subject to weighted voting based on an agreed-upon formula.

**4. Expansion & Debt Parameters**

- A framework shall be established for funding system growth, including capital improvements and infrastructure expansions.
- Preapproval mechanisms shall be established for financing certain projects.
- Member approval requirements shall be clearly defined for all other debt issuances.

**5. Addition of New Members**

- The Authority shall establish clear parameters and a defined mechanism for admitting new members.

**6. Rate Structure**

- An equitable rate structure shall be developed, ensuring fairness across all Members and customers.

## 7. **Regulatory**

- Joint Authority to develop stringent sanitary sewer permit requirements that clearly define system requirements for all Members (and any other dischargers).
- Authority to conduct regular inspections of sewer collection network (based on Department of Environmental Services standards) and establish clear rules and enforcement requirements.

## 8. **Acquisition of Municipal Collection Systems**

- Reconstitution shall provide that the Authority shall have the power to provide retail sewer services within its service area.
- The Authority shall acquire the respective sewer collection systems currently owned and operated by Seneca, Walhalla, Westminster and any other contributing public satellite sewer system.
  - Phased implementation may be considered if immediate acquisition is not practicable.
- Conveyance of systems to be conducted by ordinance of each respective Member. No referendum is required as a result of the Supreme Court's determination in *Sojourner v. St. George*, 383 S.C. 679 S.E.2d 182 (2009).
- Review of outstanding utility debt obligations of each Member is required, and consideration must be made as to limitations for sale of system components secured by revenues of sewer systems, respectively:
  - Walhalla (combined water and sewer)<sup>2</sup>
    - \$17,945,000 principal amount still outstanding on originally issued \$20,620,000 Water and Sewer System Revenue Bonds, Series 2018.
    - Various capital leases secured by utility system assets.
  - Seneca (combined water, sewer and electric)<sup>3</sup>
    - \$890,000 principal amount still outstanding on originally issued \$8,350,000 Combined Utility System Refunding Revenue Bonds, Series 2012.
    - \$460,015 principal amount still outstanding on originally issued \$3,762,930 Combined Utility System Refunding Revenue Bonds, Series 2020.
    - \$537,729 principal amount still outstanding on originally issued \$1,993,633 Combined Utility System Revenue Bond, Series 2007 (South Carolina Drinking Water Revolving Loan Fund).
    - \$6,943,035 principal amount still outstanding on originally issued \$11,528,750 Combined Utility System Revenue Bond, Series 2014 (South Carolina Drinking Water Revolving Loan Fund).
    - \$4,791,937 principal amount still outstanding on originally issued \$6,031,455 Combined Utility System Revenue Bond, Series 2007 (South Carolina Drinking Water Pollution Control Revolving Fund).
    - Potential capital leases secured by combined utility system assets.

<sup>2</sup> Source: 2023 Audited Financial Statements

<sup>3</sup> Source: 2024 Annual Comprehensive Financial Report

- Westminster (combined water, sewer and electric)<sup>4</sup>
  - \$8,260,000 principal amount still outstanding on originally issued \$8,260,000 Combined Utility System Revenue Bond Anticipation Note, Series 2023<sup>5</sup>.
  - Originally issued \$369,947 Combined Utility System Revenue Bond, Series 2022 (ConserFund Loan).
  - Various capital leases secured by combined utility system assets.
- The terms and conditions of acquisition, including valuation, financial considerations, and transfer processes shall be reviewed and considered.

**Next Steps:**

- Finalization of governance details and appointment process for the fifth New Commission member.
- Make arrangements to file proposed amendments to the Joint Authority Act.
- Confirm approval/consent of Members for conveyance of sewer collection system.
- Development of financial models and legal framework for asset transfers and debt structuring.
- Create timeline for implementation of reconstitution.

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<sup>4</sup> Source: 2024 Audited Financial Statements

<sup>5</sup> To be taken out by long-term financing with United States Department of Agriculture, Rural Development.