



## Rabun County Board of Commissioners

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December 10, 2020

### VIA U.S. MAIL

Mayor Jordan Greene  
Clayton City Council  
City of Clayton, Georgia  
837 Highway 76 West, Suite 101  
Clayton, Georgia 30525

### RE: Rabun County Service Delivery – Offer in Compromise

Dear Mayor Green and City Council:

Thank you for your Considered response to our September 8, 2020 offer in compromise. It appears that there is already a general consensus in principle on two of the three key components addressed by that offer: (1) the entry of a TSPLOST Agreement, where the County and City of Clayton dedicate the funds received through TSPLOST towards the City of Clayton transportation initiative described in the previous letter; and (2) the purchase of City of Clayton Water and Sewer assets and liabilities by the County and the transfer of such assets to the Rabun County Water and Sewer Authority. It appears that there is still some work to be done on item (3) the resolution of the Service Delivery Strategy. The specific issues raised in the City's October 6, 2020 letter are addressed below.

#### 1. TSPLOST

It appears that the parties are in agreement on this element. The parties would sponsor a five year 1% TSPLOST and enter into an intergovernmental agreement for the use of such revenue exclusively on Main Street in downtown Clayton, including road, sidewalk, and stormwater improvements and the relocation (and replacement, when necessary) of all fiber, electric, water, and sewer utility lines underground. Your October 6, 2020 letter states that the City will commit to covering 50% of the cost of the project with its share of the TSPLOST funds. The County will commit to using its share of the TSPLOST for the remaining 50%.

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**Rabun County  
Commissioners**

Greg James  
*Chairman*

Darrin Giles  
*County Administrator*

Scott Crane  
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Allyn Stockton  
*County Attorney*

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*Member*

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*Chief Financial Officer*

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*Member*

## **2. Water and Sewer Consolidation**

It also appears that there is an agreement, at least in principle, on this element, although the County cannot accept all of the City's terms. Your October 6, 2020 letter proposed the following: (1) increasing the purchase price from \$3,000,000 plus the cash on hand in the Clayton Water and Wastewater Fund to \$5,000,000 plus the cash on hand in the Clayton Water and Wastewater Fund; (2) the Rabun County Water and Sewer Authority would agree to retain all City of Clayton Water and Sewer employees for a minimum of 12 months; (3) City of Clayton Customers will not be charged a higher rate than other customers in the County; and (4) the County would assist the City in the reallocation of its current SPLOST funds that are earmarked for water and sewer improvements.

After much consideration, the County respectfully declines the City's request to increase the purchase price. The County's offer not only includes \$3,000,000 in direct payment plus the approximately \$2,000,000 cash on hand in the City's Water and Sewer Fund, but it also included the assumption of approximately \$2,200,000 in existing debts. Perhaps most importantly, the County's offer would relieve the City from the cost of replacing the City's water and sewer infrastructure, which the County estimates to be in the neighborhood of \$40,000,000. It appears to us that the deterioration of the City's water and sewer infrastructure is accelerating and that the replacements will need to be made sooner rather than later. The County's offer would relieve the City from this financial burden and would ensure that the infrastructure is properly maintained going forward.

As part of an agreement, the County will also agree that the assignee of the City's system (the Water and Sewer Authority) would agree to hire the employees identified by the City of Clayton, but it cannot guarantee their employment for 12 months. Instead, the Authority would have the right to terminate or discipline the employees for cause for documented violations of the employee handbook. The County will also agree to the City's request to retain its multi-use assets as well as all other water or sewer related fixtures that are not currently incorporated into its water and sewer system as part of the sale. Finally, the County will agree to assist the City reallocating its current SPLOST funds earmarked for water and sewer improvements.

Even if an agreement cannot be reached on the consolidation of water and sewer, it is clear that the City must take swift action to address its infrastructure. Based on the 2017 Agreement with the City of Clayton ("City"), the Rabun County Water and Sewer Authority is contractually obligated to provide a maximum of 36 million gallons of water each month to the City. Recently the City has exceeded that monthly maximum, putting an unsustainable strain on the Water and Sewer Authority's system. This increased demand is driven in large part by the documented water loss in the City's water system. Ultimately, however, the increased demand is unsustainable and something must be done.

### 3. Service Delivery Strategy

You October 6, 2020 letter requested that the County agree to pay \$200,000 per year to the City for the next ten years as a “millage adjustment” and a 50% reduction in the tipping fees for Clayton-marked compactor trucks at the County Recycling Center and Landfill. As explained repeatedly to the City, the County will not agree to pay a millage adjustment to the City to resolve the remaining SDS issues. The 13 service categories identified in the County’s September 8, 2020 letter will continue to be included in the Service Delivery Strategy as countywide services. Nevertheless, the County will agree to a 50% reduction in residential tipping fees provided that the waste is delivered in a City-marked truck. As a practical matter, however, rather than policing the City’s trucks to determine the amount of the discount and ensuring that only residential waste is discounted, we propose that the parties should simply estimate the current residential volume and then simply cap the 50% discount at that volume.

Thank you for your attention to this matter and I look forward to the City’s response.

Sincerely,

A handwritten signature in cursive script that reads "Darrin Giles". The signature is written in black ink and is positioned above a horizontal line.

Darrin Giles

Rabun County Administrator

cc: Rabun County Board of Commissioners