

COMMISSIONERS OF PUBLIC WORKS

Minutes of January 11, 2007

A regular meeting of the Board of Commissioners of Public Works was held on Thursday, January 11, 2007, at 10:00 a.m., in the Boardroom at 121 West Court Avenue.

In attendance:

	Steve D. Reeves, Jr.	Vicki Gorham	Jeff Auman
Michael G. Monaghan	Denise Ogletree	Carlos Cometto	Stacia May
Henry O. Watts	Ken Barnett	Curtis Burnett	Vicki Knott
	Jeff Meredith	Richard Gentry	Ron Lemon
		Ken Whittle	

- I. In the absence of Chairman Hancock due to illness, Vice Chairman Watts called the meeting to order. The invocation was given by Kenneth Barnett.
- II. Vice Chairman Watts gave the statement of compliance with the notification provision of the Freedom of Information Act.
- III. New Business:
 - A. Manager Reeves reminded the Commissioners of a bid in the amount of \$186,826 for an annual supply of water meters from Carolina Meter and Supply that was approved at the December 14, 2006 meeting. He stated that they failed to mention at that time that Carolina Meter and Supply offered to maintain the same price level for three years with no cost increase. Mr. Reeves asked for consideration to enter into a three-year contract. He added that otherwise, it would be rebid next year. Mr. Reeves pointed out that there has never been a decrease in price, and typically inflation would push the price up over that period of time. A motion was made by Commissioner Monaghan to enter into a three-year contract with Carolina Meter and Supply for an annual supply of water meters; seconded by Vice Chairman Watts, and unanimously approved.
 - B. Manager Reeves reminded the Commissioners of an annual bid for regulators approved at the last meeting. He stated that an incorrect amount of \$17.25 from Robert E. Mason Company was shown on the bid tabulation form provided; the actual bid price should have been \$17.75. He added that this was still the low bid. A motion was made by Commissioner Monaghan to approve the amended price of \$17.75 for regulators from Robert E. Mason Company; seconded by Vice Chairman Watts, and unanimously approved.

- C. Manager Reeves provided information on three gas department positions. He explained that the items did not necessarily require Board approval; these are positions that were previously approved and had remained vacant for some time. He reminded the Commissioners that some positions were moved around several years ago and that those positions were never filled. He stated that Mr. Whittle had requested that two operator positions be filled, and those positions were included in the budget for this year. He added that an employee had also retired and that position would be filled as well. At the request of Commissioner Monaghan, Mr. Whittle explained the main functions of an equipment operator. Commissioner Monaghan inquired about the backlog for installations. Mr. Whittle responded that there are only about two or three that had not been done at this point. One of those was waiting on the builder; the other two were maybe three days old and would be put in within a week. Commissioner Monaghan stated that he understood the timeframe would be shortened. Mr. Reeves noted progress in that area; however, the process of permitting through the Highway Department and getting road and bore permits still remains. Commissioner Monaghan asked if three days is inclusive of the permitting process. Mr. Reeves responded that permitting should start right away. He stated that we also have to give locates for 72 hours. Mr. Whittle pointed out that the three business days for calling in locates is after meeting with the customer to be sure we know what area to call in for the locates. They wait three days and then they are out there digging. Mr. Whittle added that they first have to go look at the job to be sure enough distance is called in on the locate. They meet the customer at the job; usually the biggest holdup is either with getting in touch with the customer, or getting them to call us back. He added that in most cases, anything taking a week or longer is the customer. Mr. Reeves stated that the fastest you could possibly do would be around four business days. Vice Chairman Watts asked if the operator positions would be filled from the outside. Mr. Whittle responded that they would likely be filled internally; Mr. Reeves added that as with any promotions from within, other openings are created and then we would go outside.
- D. Manager Reeves asked for consideration of joining an additional insurance network and referred to a memorandum from John Phillips with Medical Claims Management Corporation. The memorandum addressed the Community Health Partners Network that was formed with a number of upstate hospitals. Mr. Reeves stated that we are currently under Medcost for our insurance purposes; Community Health Partners Network is not necessarily a competing network but rather an

“hospitals only” network. Community Health Partners has partnered with Medcost to better market their Network. Mr. Reeves stated that he concurred with Mr. Phillips’ recommendation to join the Community Health Partners Network as part of our Medcost Network. He noted that to do so would increase the fee from \$3.25 per employee per month to \$6 per employee per month, for an annual cost of \$7,623. He added that there is a projected savings of right at \$100,000 per year. Mr. Reeves stated that Mr. Phillips has looked at the hospitals typically used by our employees. Self Regional Healthcare is the primary hospital used and is in that partnership. He pointed out that it would provide further discounts to us on our insurance and that is where the \$100,000 savings comes from. Commissioner Monaghan asked about exclusions such as Emory. Mr. Reeves responded that it does not exclude your going to any other hospital; it is just that if you use one of these hospitals, you get an additional discount. He added that if Emory is in Medcost but not in Community Health Partners you could still go to Emory and get the Medcost discount. You can choose any hospital you want; you can choose a hospital not in Medcost, you just don’t get any discount. Commissioner Monaghan asked for clarification on not getting any discount. Mr. Reeves responded that Medcost provides a discount for our cost of insurance. Commissioner Monaghan asked whether the employee contribution would increase. Mr. Reeves responded that it would remain the same and CPW would absorb the additional \$7,623. Commissioner Monaghan noted that it would not be additional if we are going to save \$100,000. Commissioner Monaghan asked if there was any downside. Mr. Reeves responded that the only downside would be if nobody uses the hospitals. Mr. Barnett added that essentially we would be expanding the current Medcost Network to include the additional Network; nothing would be taken away nor are we losing anything that we already have. CPW’s cost will actually be discounted. Mrs. Ogletree added that the cost per claim is less so the employee is saving as well as CPW. Vice Chairman Watts noted that maybe this will help some with not having to ask for additional money throughout the year. Mr. Reeves reported that the monthly report shows that we have gotten through the major claims and should not need to ask for additional money for now. A motion was made by Commissioner Monaghan to join the Community Health Partners Network; the motion was seconded by Vice Chairman Watts, and unanimously approved.

- E. Manager Reeves asked for consideration to amend the Sick Leave Policy provision that allows employees to use up to six days per year of sick leave to care for a minor child. He added that this is provided that they

have enough sick leave after using those six days to still maintain a minimum of forty hours of sick leave. He stated that the request is to amend that Policy to include children regardless of age, spouses, and parents. He noted that many municipalities and utilities in South Carolina through the Municipal Association have done this. If the request were to be approved, the same stipulations and requirements would apply. Commissioner Monaghan asked if this would give additional sick leave or would it only change the way they could use the leave. Mr. Reeves responded that if an employee has accumulated the leave over time and maintains the minimum of forty hours and needs to care for an elderly parent or even a spouse or child who has had surgery, leave time could be used according to the guidelines of the Family Medical Leave Act. Commissioner Monaghan asked about the guidelines for FMLA. Mrs. Knott responded that FMLA would be for a seriously ill family member; in fact, the employee would be covered anyway so far as being out of work for a parent, child, or spouse. Mr. Reeves added that they would be covered from the standpoint of being out of work, but not entitled to use their sick leave. Mrs. Knott responded that was correct, they normally would take vacation leave. Commissioner Monaghan asked if the guidelines require a certain intensity of sickness. Mrs. Knott responded you would have been seen by a physician; or would have been out three days or longer with an illness; or had a serious health condition. Commissioner Monaghan gave an example of a spouse having a heart attack but was not three days. Mr. Reeves responded that would definitely qualify and Mrs. Knott agreed that would definitely be a serious health condition requiring care. Commissioner Monaghan requested a copy of the FMLA guidelines. Mr. Reeves noted that the FMLA guidelines are mandated and provided by the Federal government. Mrs. Knott stated that a copy would be provided to Commissioner Monaghan. A motion was made by Commissioner Monaghan to amend the Sick Leave Policy to conform to what was proposed to allow the use of up to six days of sick leave per year to care for the illness of a child, spouse, or parent. Discussion continued after Mr. Lemon asked for clarification. He stated that he wanted to be sure that he understood correctly that the Policy was being amended to use up to six days of sick leave to care for all children, husband or wife, or parents. Mr. Reeves added that even after using the six days they would still have to maintain a minimum of forty hours. Discussion continued as to whether the Policy had been applied in that manner or if it had been that an employee had to have at least forty hours to use the six days. Mr. Reeves stated that the original intent was that they should conclude with forty hours. The original intent was not so that you could use the sick leave and then basically delete all of your sick leave in

that process; there had to be enough sick leave on the books so that when you finished using those six days, at least forty hours were maintained for your own purposes. Vice Chairman Watts asked how much leave could be accumulated. Mrs. Knott defined sick leave accrual as six hours per month, nine days per year, with the ability to accumulate 720 hours, or ninety days per year. Vice Chairman Watts seconded the motion made earlier by Commissioner Monaghan. Mr. Reeves suggested that if the Policy is not very clear on the forty hours that may need to be cleared up if the intent of the Commissioners is that they maintain the minimum of forty hours. He added that if they do not care, it may be fine as it is worded. Commissioner Monaghan noted that if they use all of their sick leave and then are out sick, they would be off without pay. Mrs. Knott stated that would be correct, but their job would still be protected under FMLA. Commissioner Monaghan asked about the rationale for leaving the forty hours. Mr. Reeves stated that was his interpretation of the original intent of the motion from 2004. He added that if that was not something they cared much about, then they would leave it as it is. The Commissioners were in agreement to allow employees to use any amount up to and including their last day of accumulated sick leave. Commissioner Monaghan added that if they did, they would be penalizing themselves. Mr. Reeves clarified that what he was hearing was that there would be no minimum leave required except that they have enough sick leave to cover the time for the six days. For example, if they need a day to stay with a sick parent and only had one day accrued, they could take that one day. Commissioner Monaghan noted that should they get the flu the next day, they would not get paid. He added that employees would then have to manage their own sick leave. Mr. Reeves pointed out that far too many do not accumulate leave time and then need the sick leave for themselves. Commissioner Monaghan responded that they would not get paid. Mr. Reeves stated that he did not agree with leave without pay and did not like to give time without pay. That is why they have the opportunity to accrue time. Vice Chairman Watts amended the motion to allow the use of up to six days of sick leave to care for a child, spouse, or parent as long as accrued sick leave was available, and without having to maintain any amount of sick leave and Commissioner Monaghan was in agreement. The motion was unanimously approved.

IV. Other Business:

1. Manager Reeves provided an update on annexation. He reported that annexation of the Countybank site and the Sam Zimmerman property had passed first reading; and the Cannon Road property across from

Westview Middle School was approved for rezoning on first reading. He stated that the only holdup with Howard Corley is with paperwork that has not been received from Advance Auto. Mr. Reeves reported on another meeting with Jim Timms about extending sewer, with no decision made yet. He stated that we are still working with the City on an incentive program with Ernest Health.

2. Mr. Gentry reported that public relations would provide two dozen aprons for a class at the Grier Center for Culinary Arts; ideas for slogans were shared. He reported on several new ads and provided copies. He stated that he was working on a comparison of the national average versus state versus our rates for electric, gas, and water. He added that he was experiencing some difficulty finding a national average on water and gas. Manager Reeves stated that we have a national comparison for electric but not for gas and water. Commissioner Monaghan noted receipt of a comparison showing Duke's total electric rate versus gas that also showed the national average gas rate at the base rate per therm. Mr. Gentry shared information on a builder putting in a development of approximately 38 condominiums across from Greenwood Christian School. Commissioner Monaghan commented on being asked by several people about outside tankless water heaters. Mr. Gentry stated they can go inside or outside. Mr. Barnett added that a couple of people attended a demonstration put on by a propane company. Commissioner Monaghan asked about getting dealers to sell them. Mr. Whittle responded that Curt Brown talked with a dealer rep. He is coming in February to do an installation class and plumbers and builders would be invited. Mr. Gentry thanked Commissioner Monaghan for the information provided on the \$300 tax write-off for 80% efficiency and noted that it had proven to be helpful. Commissioner Monaghan stated that this is a tax credit that comes straight off the tax bill whether or not you take the standard deduction. He added that it might be a good marketing tool to come up with some demonstrations or seminars for builders and plumbers from time to time. Mr. Gentry stated that it might not be a bad idea to get the guy who did the demonstration of the tankless water heater to bring the unit here for our guys to see.
3. Commissioner Monaghan stated a desire to have in depth study session on gas pricing and suggested that Mr. Lemon get everything together for that purpose. Mr. Lemon stated that he was not sure what Commissioner Monaghan wanted to see. Commissioner Monaghan responded that he wanted to know how they are pricing gas and hedging it now that there is some history behind us now with buying "puts". Mr. Lemon stated that he only had two months of history. Commissioner Monaghan asked if something could not be put together from that; he added that he wanted

Mr. Lemon, Mr. Reeves, and Mr. Barnett to put something together and then all of them get together to look it over to be sure we are on the right track, and to look at the plans for the next couple of months. Mr. Reeves stated that was the original intent from the last meeting; they had already put together a spreadsheet and were trying to schedule a time to review it. Commissioner Monaghan noted that we have September, October, and November. Mr. Lemon stated that Commissioner Monaghan had requested looking at the money "puts" in comparison to buying the money "puts" when we hedged; he has that information for November, December, and January. The request was to compare that against "gas daily". He has November and December comparing "puts" against "gas daily". He added that he cannot do January yet. Commissioner Monaghan asked about doing October, and Mr. Lemon responded that he did not do any "puts" in October and did not have the data. He did not have the "at-the-money put" cost for October. Mr. Lemon apologized and pointed out that was history and there is no way to go back. Commissioner Monaghan stated that he had asked for a number of months for a "mock" layout. Mr. Lemon responded that he had that for November, December, January, and February. Commissioner Monaghan responded they could look at that, adding that he was not implying they had done anything wrong. He reiterated the need to look at it because of being over market \$200,000 in the first few days of the month. He stated that he understood that nobody could know there would be no hurricanes or that we would have one of the warmest winters in history. However, that is why you "hedge"; you do not know what is going to happen. Mr. Lemon agreed and added that they have the data. He referred to a conversation in Mr. Barnett's office when they put together a spreadsheet with the "at-the-money puts" for the wintered "hedge" that we had, and stated that they had all of that except for two "hedgies". All of that data is ready but the comparison against "gas daily" would only be for November and December that they have concluded. Commissioner Monaghan expressed the need to look at whether or not the price of a "put" or price tolerance should be a little higher than where it has been. Instead of limiting ourselves to an \$0.80 "put", maybe the limit should be changed to a \$1.00 "put". Mr. Barnett added this would be a good discussion to have because they have all the reasons why they bought when they did; and they have the spreadsheet that Commissioner Monaghan had not yet seen to go over.

4. Manager Reeves informed the Commissioners of notification of the Certificate of Achievement for Excellence in Financial Reporting for 2005.
5. Manager Reeves reminded the Commissioners of the annual Chamber of Commerce dinner that evening at 6:30 p.m. at the Finis Horne Arena.

6. Manager Reeves distributed copies of the Cross Connection Policy. He reminded the Commissioners of a past discussion regarding changes needing to be made; at that time, they decided to wait until the new employees were here to go through the review process. He stated that had been done; the copies were being provided to give the Commissioners time to review them before the end of the month meeting.
7. Commissioner Monaghan noted concern with bad debts and the extent to which we try to rationalize them. He asked about the number over \$5,000; Manager Reeves responded that the list was fairly short and suggested going over the list after the meeting. He noted that with the exception of two, all have good reasons. Mrs. Ogletree added that she had spoken with ASI about writing a program to give them the ability to pull a report on demand and to identify those accounts. She noted that she went through about 166,000 lines of information to pull out eight accounts.
8. Vice Chairman Watts asked for an update on credit card payments. Mr. Auman reported that he found out that they now have a couple of lawyers on the team who had worked with another patent case against the same company. Commissioner Monaghan asked about other utilities in the state. Mr. Auman responded that there are over 40 active cases and several of those are within the state. He stated that they believe the patent is not valid and are trying to settle us separately. They are discussing the state of South Carolina trying to get the patent office to reverse the patent. He pointed out that they are not going after the "Dukes" of the world; the lawyers believe they are trying to build precedent with the smaller cases they can win easily and go after first before going after the larger ones. He noted that progress slowed down some over the holidays, but they still will not give a definitive date. He added that they are rewriting some of their code. Between ASI's and their changes, we may be able to work around the patent law while they are fighting it out in court. They seem to think they can accomplish that in a month or two; then regardless of what happens with the lawsuit, we should still be able to get started.

V. Executive Session

A motion was made by Commissioner Monaghan, seconded by Vice Chairman Watts, and unanimously approved to go into *Executive Session* to discuss contractual matters.

VI. With no further business, the meeting was adjourned.

Approved: _____, 2007

Secretary