

COMMISSIONERS OF PUBLIC WORKS

Minutes of January 25, 2007

The regular meeting of the Board of Commissioners of Public Works was held on Thursday, January 25, 2007, at 10:00 a.m., in the boardroom at 121 West Court Avenue.

In attendance:

Gene P. Hancock	Steve D. Reeves, Jr.	Vickie Gorham	Jeff Chapman
Michael G. Monaghan	Jeff Auman	Vicki Knott	Bill Patrick
Henry O. Watts	Stacia May	Ron Lemon	Michael Nix
	Denise Ogletree	Jay Thompson	Jean Martin
	Curtis Burnett	Ken Whittle	Charles Schulze
		Melinda Bishop	

- I. Chairman Hancock called the meeting to order. The invocation was given by Commissioner Watts.
- II. Chairman Hancock gave the statement of compliance with the notification provision of the Freedom of Information Act.
- III. A motion was made by Commissioner Monaghan and seconded by Commissioner Watts to approve the minutes of the November 30, 2006 regular meeting; the December 7, 2006 budget work session; the December 14, 2006 regular meeting; and the January 11, 2007 regular meeting as submitted. The motion was unanimously approved.

Chairman Hancock changed the order of the agenda to allow Countybank and Greenwood Capital to give quarterly reports.

IV. New Business:

- A. Ms. Jean Martin with Countybank provided copies of a report on the Federated money in the Sweep Account. Commissioner Monaghan referred to page 13 of the Financial Report and noted a dramatic drop in cash of \$5 million in one month. Ms. Ogletree responded that a large portion would be in December when a bond principal and the bond interest payment was made. Commissioner Monaghan asked how much of the \$5 million this would have been. Ms. Ogletree responded that it would be about \$4.5 million. Commissioner Monaghan asked how often that was done. Ms. Ogletree responded that interest was done twice per year; one of the bond principals once per year and the other two are done twice per year. With no questions for Ms. Martin, Mr. Nix provided an investment report from Greenwood Capital Associates. He referred to

page 1 of the report for fiscal year-to-date June 30, 2006 to December 31, 2006. He pointed out bonds that had matured, called, or been sold during the period, and the proceeds, income, and net gain or loss on those positions. He noted that some of the bonds were held longer than others in looking at the open to close dates. He then referred to pages 2 and 3 showing an appraisal or current statement of assets in the account which had a combination of accrued investments including U. S. Treasury bonds and U. S. Agency bonds. He noted maturities purposely coming due during January to March in preparation for possible cash flow needs with gas prices. He added that after talking with Ms. Ogletree, they do not believe the funds will need to be available and therefore, will be re-invested. He noted a 2011 maturity bond that was called this month and had already been re-invested. He stated that they typically have some cash in the account so that if there were ever any short-term needs, those could typically be met without having to liquidate anything. Commissioner Monaghan asked if a schedule of anticipated draws was provided as is done by Metro. Mr. Nix responded that it is not, outside of what they do for the first three months of the year when they plan on having \$2 - \$3 million in maturities coming due by design in case gas prices are such that CPW needs those excess funds. He added that there is no draw schedule or projects attached to this account at this time or that require having a withdrawal schedule. Commissioner Monaghan noted that with Metro, a draw schedule was given to Mike based on what contractors will need. Manager Reeves noted that no significant projects are planned at this time. Mr. Nix noted that was primarily for the bond proceeds account and if ever at any point there was a similar vehicle, that would then be appropriate for CPW to do as well. He then referred to the last page of the report showing the change in value on the account from the beginning period of fiscal year to current. He pointed out interest generated on the account for the first half of the fiscal year of roughly \$202,000. He added that was on track for where they thought they would be when they had initially estimated \$415,000. In looking at interest expected over the next six months, it will probably end up at around \$420,000 of interest generated for the period. He pointed out that because some of these bonds have been on the books for a period of time, yields are in the 4 ½ % range; as these bonds are coming due and re-invested, they are re-investing at higher rates. He referred to a seminar provided for the Commissioners on the previous evening where they discussed the interest rate environment and how they are positioning for that with the bonds that are coming due. He added that they will probably look at what they have on the shorter end but also where they can invest and "lock in" some pretty decent rates at this point. Overall performance for the counter

year was running in the 4 ¼% range; fiscal year date is running at about the 3 ¼% range which is in line with the benchmark. That is the performance that takes into account any interest coming off the account in addition to any fluctuation of the principal value which is driven by where interest rates are at any given time. Commissioner Monaghan noted that net income of \$3.2 million was shown in the Financial Report for December covering the entire year, yet the portfolio only increased by \$300,000. He asked if money had been transferred into the Investment Account. Ms. Ogletree responded that they had not this year; they try to maintain a balance in the Operating Account to cover expenses. She pointed out that year-end accruals were made where there is not actually cash in hand; it is just basically receivables and not transferring that money. Commissioner Monaghan asked if most of the \$3 million was accrual. Ms. Ogletree responded that one of the big items would be an \$800,000 refund that was actually \$1 million that would come from SCE&G but had not been received yet. With no further questions, Mr. Nix concluded the report.

V. Financial Statement:

Commissioner Watts referred to page 2 of the Financial Report showing \$708,000 under "Miscellaneous Revenue" in the water department. Ms. Ogletree stated that came through a receivable from the Department of Transportation for \$591,700 for work we contracted with Carolina Tap and Bore. Manager Reeves explained that a line was relocated on Emerald Road that was outside of the highway right-of-way when the road was widened and they had to reimburse us the cost of relocation of that waterline. We entered into a contract with Carolina Tap and Bore and they wrote us a check back for that same amount. Ms. Ogletree added that the expense was reflected in the capital analysis in department 21. Commissioner Watts referred to page 6 showing total revenue for 2006 of \$1 million. Ms. Ogletree stated that \$591,000 is the receivable from the Department of Transportation and \$1 million from SCE&G that is a receivable; accounts receivable regular accounts also sitting out there. Commissioner Monaghan noted progress from several years ago when they set out to increase cash flow because of the tremendous surges. Ms. Ogletree added that any extra monies in the Operating Fund are still swept into Federated Funds where they earn higher income. Commissioner Monaghan pointed out the need to continue monitoring to be sure nothing is "left on the table" that could be put into a higher return account.

The meeting returned to the agenda order with Item A. under *Old Business*.

VI. Old Business:

- A. Commissioner Monaghan commended staff for their work on the Cross Connection Control Manual. He noted reservations with a couple of areas and expressed a desire to see the cost of a backflow device. He stated that he did not want a similar situation as with Metro where people were charged \$90 for an inspection every year by local plumbers. He stated that he understood that CPW owned the water meters, and Manager Reeves confirmed that as being correct. He asked about the distance from the water meter to the backflow device, and Mr. Reeves responded that it should be immediately behind the water meter. Commissioner Monaghan asked what the difference between the water meter and the backflow device was and why they have to pay for the backflow device. Mr. Reeves noted that residential customers do not have to pay. Commissioner Monaghan stated that was not in the proposed Policy. Mr. Reeves stated that he understood that only commercial units would have to pay for inspections of backflow devices. He then recalled a new policy adopted last year to change to a device that does not have to be inspected, and would instead have to be replaced periodically at our expense. Commissioner Monaghan requested that this be made clearer in the Policy. Mr. Chapman responded that he would be sure that it was. Commissioner Monaghan referred to the Introduction whereby it was stated that "This manual is subject to change without notice". He referred to a second statement, "the customer is solely responsible for compliance with the most current updated copy". He asked how a customer would know that we updated. Mr. Chapman explained that the stipulation is stated from the SCDHEC regulations by which we are governed. They can change it with very little notice. If they determine that a backflow device does not meet the standard and take it off, they are basically saying there may be times when a backflow prevention device does not meet state standards and may change at a moment's notice. Mr. Chapman pointed out that we would not have the kind of operating relationship with our customers where we would come down on them with a hammer. Obviously, we are not going to know immediately ourselves because DHEC is not going to call us. He noted that this was put in because of state statutes; if there is a change in the state laws by which we are governed, we have to pass those along. Commissioner Monaghan indicated his agreement with the first statement. He added that the second statement was more disturbing because we are holding the customer responsible without their knowing that it has changed. Mr. Reeves asked if there was a list of customers that would be affected by this regulation to

whom copies could be mailed and followed up with if and when changes are made. Mr. Chapman responded that this would be a good policy to implement; however, he expressed concern with putting this into the policy and guidelines that we accept that liability. He explained that should DHEC find something that somehow dropped between the cracks, we could be setting ourselves up for liability where CPW may take the fall for a customer that is governed by the same regulations. DHEC may make the revision, put it out on the website and there is a lack in communication somewhere. Commissioner Monaghan noted that Mr. Chapman made a good point. He then asked about the cost for CPW to do the testing. Mr. Chapman noted two concerns with CPW doing the testing, with the first being that local plumbers are also certified. It could appear that we are running a monopoly in that we require this industry to have a backflow preventer and then we are undercutting the local plumbers or contractors because we have the means and personnel to do testing. He added that he was not sure if DHEC regulations had anything written to that effect and that this has always been market driven. He stated his second concern which was with the increase to the workload and personnel that would be needed, possibly creating the need to hire additional personnel. Commissioner Monaghan stated that it depends on how concerned we are with the pollution of our systems. He noted that since we are an inspection agency, he had no problem with any conflict with plumbers. Commissioner Monaghan asked Mr. Chapman to look into the amount of time and additional cost to do testing. Chairman Hancock noted that it would be good for Commissioner Monaghan to take a look at a cross connection to a commercial establishment to see what is involved. Commissioner Monaghan added that as a public agency in charge of not only the maintenance of the system but the integrity of the system, he did not see a problem with us inspecting something like that. Mr. Chapman stated that he would look at the amount of time and additional cost that would be associated with the test, and he would also check with DHEC to see if there is any rule governing private utilities or plumbers. He noted that we could probably offer our services if we choose to go that way, but it would have to be on a competitive basis. Commissioner Monaghan stated that he did not necessarily agree. Mr. Patrick suggested that if they chose to do it, give them the option of CPW doing it for free, or you could contract with a certified commercial plumber. Commissioner Monaghan commented on the possibility noted that somebody could be getting bribed to pass something that should not be passed and that would contaminate our system. Mr. Chapman stated that a couple of plumbers had their licenses revoked because they had certified they had tested devices and had not. Mr. Patrick added that would be a good argument

for why we would want to do it. With no further questions, Commissioner Monaghan stated that there was nothing wrong with the policy. Chairman Hancock added that the Policy could always be amended at any time in the future and suggested approval. Mr. Chapman credited Carlos Cometto, Charles Clinemyer, Brian Ward, and Ken Barnett with the development of the policy. Commissioner Watts asked about a timeline for approval. Mr. Reeves responded that we are trying to get an application in to DHEC to be able to do in-house design work without going through them for permitting, and they will not permit us without this Policy. Commissioner Monaghan made a motion to adopt the Cross Connection Policy as presented; the motion was seconded by Commissioner Watts, and unanimously approved.

IV. New Business (Continued):

- B. Chairman Hancock presented a request to transfer \$2,598,724.46 from the 2003 Bond Construction Fund into the General Operating Fund to reimburse the Operating fund for projects approved for the 2003 bond issue. Commissioner Monaghan asked if this would come from the Investment Account. Mrs. Ogletree responded that it comes from the Bond Construction Fund at Countybank. A motion was made by Commissioner Monaghan, seconded by Commissioner Watts, and unanimously approved.
- C. Chairman Hancock presented information on a request to extend the Gas Supply and Asset Management Agreement with Scana Energy Marketing, Inc. (SEMI). He noted that SEMI had agreed to a two-year extension of the current Agreement with no changes. He added that Mr. Lemon would put together a more formal RFP to other interested parties during the two-year period. A motion to approve a two-year extension of the Gas Supply and Asset Management Agreement was made by Commissioner Monaghan, seconded by Commissioner Watts, and unanimously approved.
- D. Chairman Hancock presented information based on the recommendation of staff for four (4) underground electrical cabinets at \$9,900 each plus tax from HD Supply Utilities for a total of \$41,580; three (3) pads at \$660 each from Line Equipment Sales; and end fittings at \$286.50 each plus tax, for a total purchase from Line Equipment Sales of \$6,778.80.

A motion to approve the bids as presented was made by Commissioner Monaghan, seconded by Commissioner Watts, and unanimously approved.

- E. Chairman Hancock presented a request from the electric department for staking software. He noted that bids were opened in November 2006 and that Mr. Meredith had asked for time to research the software packages before making a recommendation. After evaluation, Mr. Meredith and Mr. Auman are recommending the purchase of staking software from Powel, Inc. at a "not to exceed" price of \$58,350.00. Chairman Hancock noted this was not the lowest bid provided but is believed to be the best option for the system and CPW. Mr. Auman added that this software would eventually be used by the water and gas departments. A motion was made by Commissioner Watts to approve the purchase of the software package from Powel, Inc.; the motion was seconded by Commissioner Monaghan, and unanimously approved.

- F. Chairman Hancock presented information on a request based on the quotes received for a keyless entry system at the Central Operations Center, the Main Office Building, and the Water Treatment Plant. He added that Mr. Meredith and Mr. Auman had thoroughly reviewed and investigated the various systems and are recommending the issuance of a purchase order to Blue Ridge Security Systems at a "not to exceed" price of \$61,470.00. He noted that this is not the lowest bid price, but is the lowest bid in which the provider agreed to allow us to make upgrades and changes, and to provide training for our personnel. Commissioner Monaghan inquired as to why this was necessary. Manager Reeves responded that the biggest reason would be when there is a change of personnel. People leave for various reasons that are sometimes not the best of circumstances and we have had difficulty in getting keys returned. He noted that this was mostly a security issue. We would gain the ability to track people going in and out of the building at night, who had access, and for better security. He noted difficulty with the keys themselves; we are a stage now where we would have to recommend changing all locks simply to purge the system. He stated that the expense to do that was high enough that they felt it would be better from an economical standpoint to consider going to a keyless entry system. Mr. Auman explained this would be a key swipe or a badge that would be used to touch the pad to gain entry. He added that when contractors are on site for whatever reason, we could give them a badge with an expiration date. We would also have the ability to go into the system and disable a card if we were unable to recover a key from an employee who leaves. Cards could be

programmed according to the doors people in particular positions would need to access. Commissioner Monaghan asked if there was any knowledge of an employee coming back and using a key to gain entry. Mr. Reeves responded he did not know of an instance, but there was one employee that we had to involve the sheriff's office to track down to get back keys and uniforms. Commissioner Monaghan asked if this would include office doors. Mr. Reeves responded that the price at this time did not; however, that would be budgeted in future years. Mr. Auman added that initially this would be for the outside perimeters at the three facilities for a total of thirty-two doors. Commissioner Watts asked if this included the intake at the Water Treatment Plant for added security there. Mr. Auman responded that it did not at this time; it is strictly the main plant building itself. One of the future expansions would be to include the chemical building and the intake doors. Commissioner Watts asked if this was required by DHEC. Mr. Auman responded that it was not required at this time but they would probably eventually. Commissioner Monaghan noted the probability of Metro moving out of the main office and asked about waiting until that took place. Mr. Reeves responded that he did not think that would have an impact. He explained that we would simply give them a pass like Mr. Auman mentioned with contractors. If they were to leave, we would then disable their cards. Mr. Whittle commented on using our own employees for future installations and the cost savings associated. Commissioner Monaghan asked what services would be included in the \$61,470.00. Mr. Auman responded that it would include fire alarm panels at each building; software to run the program; a computer that ties into that to set everything up; labor to do the initial install; and training of our personnel for future changes and expansion. With no further questions, a motion was made by Commissioner Monaghan to approve the installation of a keyless entry system; the motion was seconded by Commissioner Watts, and unanimously approved.

VII. Other Business:

1. Manager Reeves reminded the Commissioners of the annual awards banquet on Tuesday, January 30, 2007, beginning at 6:00 p.m. with a benefits fair, at the Central Operations Center.
2. Manager Reeves stated the need to clarify a motion from the last meeting with regard to discussion of an amendment to the Sick Leave Policy to allow employees to use up to six days per year of sick leave to care for a child of any age, spouse, or parent. He stated that the first motion was to amend only that part of the Policy. He noted a provision in the Policy that limits use and requires employees to maintain a minimum of forty (40)

hours even after using the six days or any portion thereof. He stated that discussion took place on a revision to amend that portion and not require the maintenance of the forty hours. However, a motion was not made and is needed to amend that portion of the Policy if that was still the desire of the Board. A motion was made by Commissioner Monaghan to amend the Sick Leave Policy to not require that a minimum of forty (40) hours be maintained in order to use the six days of sick leave to care for children regardless of age, spouse, or parents; the motion was seconded by Commissioner Watts, and unanimously approved.

3. Manager Reeves informed the Commissioners of a request for sponsorship from Lander University at a Performing Arts event. He stated that they are looking for three major contributors and had asked for a \$1,000 ad. He noted that there would be some advertising in it, but would leave this to the discretion of the Board. Chairman Hancock noted that this would be a big event. Commissioner Watts asked what the ad would look like, and Mr. Reeves responded that the CPW logo would appear on the tickets and in the programs. Mr. Patrick expressed an opinion from a legal standpoint that it is probably legal but possibly a little questionable in that it is more the nature of a donation to help Lander than real marketing assistance. From a political standpoint, there could possibly be some customers who would question spending rate money sponsoring cultural events. If it was more closely related to utilities, it might be easier to defend. Commissioner Monaghan pointed out that on the other hand; we have to support the community where we do business. Chairman Hancock noted that we support the Arts Center by providing their utilities for five years; Commissioner Monaghan was in agreement. The Commissioners denied the request from Lander University.
4. Manager Reeves shared thank-you cards that were received from local school children in response to the book, *Eight Keys to a Better Me*, provided annually by CPW to third graders.
5. Commissioner Monaghan inquired about the Network Systems Coordinator position. Mr. Auman responded that they hoped to begin interviews the following week. Commissioner Monaghan expressed a need to get as many candidates as possible and added that he had never seen anywhere that required an application to be completed. He stated that if you have a short list, you can then send those an application. He stated that he did not want to micro-manage, but he had never seen it done that way before. Ms. Knott added that with management positions, we do accept "resumes only" initially until we go into the interview

process, at which time they are asked to complete an application. She pointed out that an exception was made with this position; they did accept resumes and were sent an application later. She stated that an application contains a lot more vital information than is usually provided in a resume. Commissioner Monaghan stated that his point was to get as many applicants as possible, and really until you get your short list, what do you care. He stated that they should do whatever they want, but added that the availability of candidates is restricted when there are stumbling blocks. Mr. Auman added that advertisements with *The Greenville News* are also placed on Career Builder, which is where IT people look. He stated that 90% of the applications came from there.

6. Manager Reeves provided an update on annexation. He reported that City Council approved the final reading on Monday for annexation of Countybank; the rest of the property owned by Sam Zimmerman; and the property across from Westview Middle School. He reported on a meeting with Steve Brown, Charlie Barrineau, and Ernest Health where they expressed a strong desire to annex; the property is currently outside of the city limits but is contiguous. Nothing has been signed or formally agreed to, but they are very much in favor and want to be a part of the city community. Chairman Hancock asked about the location of the forty acres annexed in. Mr. Reeves responded that it is the Cannon Road property across from Westview Middle School.
7. Mr. Lemon reported that Mr. Gentry and he presented aprons to the first cooking class at Russell Professional Center. He stated that the response from the teacher and students was very favorable and that it was rewarding to see such a good response. He reported that the dog food flavoring facility is in the process of being graded. Mr. Lemon asked about the status of the Techwood facility and Moore Business Product project that had been bid out. Commissioner Monaghan indicated it would be another six or seven months. Chairman Hancock added that it would be at least that due to a death and change of ownership within the company. Manager Reeves commented on a nice ad on the electrical rate comparison showing the national average, state average, and our cost that would run in the paper this week. He added that Mr. Gentry is trying to find the national and state average for gas to run a similar ad. Commissioner Monaghan stated that he would provide a sheet with that information that was given to him.

VIII. Executive Session

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

The meeting returned to open session. Manager Reeves reported that discussion took place during *Executive Session* on a request from the City of Greenwood to amend a repayment provision for infrastructure reimbursements which currently states that on a case similar to the one with SAC Enterprises where CPW advanced the City \$350,000.00 and they were to repay us at \$70,000.00 per year for five years, that would be amended to allow the City to repay that debt at 100% of any new taxes received from development in that area. A motion was made by Commissioner Monaghan and seconded by Commissioner Watts to amend the Agreement as stated; the motion was unanimously approved.

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

Approved: _____, 2007

Secretary