



GreenvilleWater

**MINUTES OF THE REGULAR MEETING
COMMISSIONERS OF PUBLIC WORKS**

**407 West Broad Street
Commission Room, Level Two
Greenville, South Carolina**

**May 7, 2013
8:00 a.m.**

Commissioners of Public Works:

Chairman Debra M. Sofield, James W. Bannister, Phillip A. Kilgore, J. David Sudduth, and Knox H. White

Greenville Water Staff:

Chief Executive Officer David H. Bereskin, Chief Operations Officer Murray Dodd, Chief Financial Officer Phil Robey, Director of Business Services David Hughey, Director of Engineering Mike Sharpless, Director of Water Resources K.C. Price, Director of Human Resources Susan Rector, Director of Information Technology Joe Beineke, Controller Jondia Berry, and Commission Attorney David Ward.

The Regular Meeting of the Commissioners of Public Works was called to order at 8:00 a.m. by the Chairman, Commissioner Sofield.

1. APPROVAL OF MINUTES

Commissioner White moved, seconded by Commissioner Kilgore, to approve the regular meeting minutes of April 2, 2013. The motion carried unanimously.

2. PUBLIC COMMENT

Cynthia Chance, 33 Seyle Street, Greenville, shared concerns with using Windows 8 to open her water bill and with providing payment in a timely manner when her bill is due before she receives her disability check. Ms. Chance also shared concerns regarding inconsistencies with the due date cycle. Ms. Chance commented on being charged a late fee after being told she would not be charged and requested consideration be given to her situation.

Mary Oglesby, 504 Perry Avenue, Greenville, shared similar concerns and advised she is charged a late fee every month because the bill is due before she receives her check.

Chief Executive Officer David Bereskin advised he and Director of Business Services David Hughey will work with Ms. Chance and Ms. Oglesby in addressing their concerns. Mr. Bereskin also advised he will make a note on Ms. Oglesby's account so she is not charged a late fee and will monitor the account for timely payments. Mr. Bereskin stated the billing system restricts staff from selecting due dates and he hopes the system upgrade will allow for overriding.

Commissioner Kilgore asked if the vendor has been made aware of the Windows 8 issue. Mr. Bereskin responded Greenville Water is in the process of upgrading the system and he will address the matter with the vendor. Commissioner Sudduth asked if staff is currently overriding the system or waiving late fees. Mr. Bereskin responded Mr. Hughey will set up a list of accounts with similar issues, indicate on the accounts not to apply a late fee, and monitor the list.

As an update from the last Commission meeting, Mr. Hughey advised responses received from most customers charged with a late fee were they simply did not provide a timely payment. Mr. Hughey also advised some customers have requested a change in the billing cycle. Mr. Hughey stated he has approximately 25 customers with similar situations as Ms. Chance and Ms. Oglesby. Commissioner Sofield commented on Ms. Oglesby's issue being a timing matter and stated she does not want to see customers like Ms. Oglesby being charged a late fee. Commissioner Sofield also stated it is not the will of the Commission to cause harm to its customers who are diligent. Commissioner Sofield asked for a status update at the next meeting.

Commissioner Sudduth requested a time line to address the system issues. Mr. Bereskin responded the conversion is anticipated to go live between Thanksgiving and the New Year. Commissioner Sudduth recommended assisting customers with payment issues through the process until the system is converted to avoid similar issues.

3. ADOPTION OF FINANCIAL POLICIES

Chief Financial Officer Phil Robey presented highlights of the proposed financial policies as provided in the Commissioners' Agenda packet. Mr. Robey provided an overview of the policies including the reserve policy, debt management policy, long term financial planning, operating budget, and capital planning, budgeting, and management. Mr. Robey stated the operating budget policy allows the CEO to make certain administrative adjustments to the budget without having to come back to the Commission so long as it does not require use of reserves or does not have any significant policy impact. Mr. Robey recommended adoption of the policies.

Commissioner Kilgore moved, seconded by Commissioner Sudduth, to adopt the financial policies. The motion carried unanimously.

4. FINANCIAL OVERVIEW AND CIP PROJECTS

Mr. Robey presented a five year financial forecast as provided in the Commissioners' Agenda packet and explained how the forecast is utilized. Mr. Robey referred to a positive bump in the revenues last year as a result of the quarterly to monthly conversion and to an anticipated 3 percent annual rate adjustment over the next four fiscal years. Mr. Robey commented on being conservative in terms of growth estimates while assuming growth in expenses per year. Mr. Robey stated Greenville Water is assuming approximately 1,200 new accounts per year which is a historical average.

Mr. Robey provided a five year fiscal comparison for the operating financing plan, revenue adjustments and coverage, debt service coverage, cash reserves, and capital spending by type. Mr. Robey stated normal system improvements average approximately \$8 million each year. Mr. Robey discussed planned debt issues including a 2014 Revenue Bond and 2016 Revenue Bond. Mr. Robey advised approximately one-third of the CIP is debt funded with capacity fees being on average \$3 million each year. Mr. Robey stated the reason Greenville Water has debt is because it pays for a project in one year and then issues bonds reimbursing Greenville Water from the proceeds of the bond issued.

Mr. Robey provided highlights and changes to the annual budget process FY 2013-2014 as provided in the Commissioners' Agenda packet. Mr. Robey discussed the objective of changes to the budget including increased accountability and transparency. Mr. Robey recommended normal system improvements and routine annual additions and replacements be removed from the CIP process and placed into the annual budget process. Mr. Robey also recommended the

budget be divided into divisions as opposed to departments to better understand and manage the costs of services and the different aspects of service provided. Commissioner Sofield requested the Commission be informed of any unusual costs or services found in the budget.

Commissioner Sofield asked how long Greenville Water maintains vehicles. Mr. Robey referred to guidelines that dictate when vehicles are replaced. Commissioner Kilgore asked if there is a bright line of what is going to be included on the capital side from a definition standpoint versus what is on the operational side. Mr. Robey shared criteria for both including cost amount, useful life, and if the annual budget can absorb it as opposed to the nature of the project.

Regarding status of the financial software, Mr. Robey advised staff is negotiating a contract with Acumen who specializes with improving Great Plain's program. Mr. Robey stated the software is fully capable of doing what Greenville Water needs with Acumen's assistance.

In advance of CIP discussions, Chief Operations Officer Murray Dodd reviewed information regarding major capital projects, water resource improvements, and capital projects covered under the annual budget as provided in the Commissioners' Agenda packet

Commission Kilgore raised questions regarding work at North Saluda. Mr. Dodd commented on North Saluda being an aged pump station with no improvements since its implementation and discussed electrical upgrades and general work needed at the facility. Mr. Dodd also discussed reviewing whether to make improvements to the pump station or to parallel a new 48 inch raw water transmission main to allow for more capacity flowing out of North Saluda. Mr. Dodd recommended a third party review and to develop a study of the matter. Commissioner Kilgore asked if there is a reason to accelerate the process. Director of Water Resources K.C. Price recommended initiating the study as soon as possible.

Mr. Dodd referred to the need to update the master plan. Commissioner Sofield recommended Commissioner Kilgore and Commissioner Sudduth be involved in the bid selection process. Mr. Dodd commented on projects moving from the actual budget to the CIP this year as well as projects moving from the CIP to the actual budget. Mr. Dodd discussed water main breaks and projects identified based upon asset management scores. Commissioner Sofield reminded staff to notify all elected officials informing them of work taking place in their areas.

5. WATER LINE EXTENSION POLICY

Mr. Bereskin reminded the Commission of previous decisions adopted involving the water line extension policy including the addition of a 10 year time frame on any line extension and taking ownership of mains located in private subdivisions. Mr. Bereskin stated the proposal before the Commission today implements developers paying for growth and not the system paying for growth for individual improvements. Mr. Bereskin introduced Michael Dey of the Homebuilders Association in attendance. Mr. Bereskin advised Greenville Water will be sitting down with the Homebuilders Association to determine what is appropriate for the Greenville service area.

Mr. Dodd stated the current policy allows for all extensions to be subject to financial feasibility and that Greenville Water does not use public funds or Greenville Water revenue to participate in speculative development. Mr. Dodd commented on the proposed policy alleviating both practices.

Mr. Dodd commented on Greenville Water charging the current rate of \$20 per foot to third parties for water main extensions along public roads while construction costs over the past 10 years have averaged \$36.41 per foot. Mr. Bereskin stated Greenville Water provides design, permitting, bidding and inspection of the project which is usually covered by developer's cost and commented he believes developers appreciate Greenville Water providing those services. Mr. Dodd referred to the refunding process that can occur when revenue generation is triggered. Commissioner Sudduth asked how many projects hit the 15 percent trigger. Mr. Dodd referred to reimbursement agreements in place prior to implementing the 10 year policy on extensions and stated for that reason, he does not have an accurate figure. Mr. Dodd advised there are some agreements that pay off in a year and some that never pay off.

Commissioner Kilgore asked if the policy includes a provision regarding a preliminary question about economic feasibility. Mr. Dodd responded there is a statement in the policy; however, it has not been administered that way. Mr. Dodd advised he cannot remember requiring a developer or single residential property owner to pay above or beyond the stated price in the policy or denying a water main extension due to economics.

Mr. Dodd presented a chart providing a comparison between the applicant costs versus Greenville Water costs for reimbursement agreements. Mr. Dodd recommended increasing the cost per linear foot from \$20 to \$30. Mr. Dodd recommended staff explore future considerations including establishing a standing meeting with the Homeowners Association and requiring full cost extensions with developers being allowed to receive reimbursement for third party connections to those lines. Mr. Bereskin stated Greenville Water wants to work with developers in a team approach to determine how to move forward. Mr. Dey referred to prior conversations with Greenville Water staff and stated the Association is agreeable to meeting with the Commission on a regular basis.

Commissioner Kilgore shared his concern with legacy rate payers underwriting the costs for individuals to join the system. Commissioner Kilgore stated he is in favor of doing things to incentivize people to join the system, however, he would anticipate existing rate payers expect Greenville Water to put into place measures to make sure they are not paying the bill and newcomers are paying their fair share. Mr. Bereskin responded staff is looking at crediting single family homes at rate base towards the cost, which is roughly around \$1,500, on top of the capacity fee. Mr. Bereskin advised the discussion is a lengthy one and needs the Commission's input regarding the matter.

Commissioner Sudduth stated he would like to know what the full cost is and he would like to see some flexibility in a project in case it runs into additional costs. Mr. Bereskin commented on line extension requests received by Greenville Water with prices ranging from \$30 to \$75 per foot, with the lower range coming from developers and the higher range coming from homeowners. Commissioner Sofield requested a workshop be scheduled to discuss the matter further.

Commissioner Sudduth left the meeting.

After discussion, Commissioner White moved, seconded by Commissioner Kilgore to increase the cost per linear foot for extension lines from \$20 to \$30 with the understanding the decision is an interim one and additional discussions will be held in a workshop. The motion carried unanimously.

6. CONSIDERATION TO MOVE INTO EXECUTIVE SESSION

Commissioner White moved, seconded by Commissioner Kilgore, to go into executive session for the purpose of receiving legal advice. The motion carried unanimously.

(Executive Session) Mayor White left the meeting during executive session.

There being no further discussions, Commissioner Kilgore moved, seconded by Commissioner Bannister, to go out of Executive Session. The motion carried unanimously. No action was taken.

7. CHIEF EXECUTIVE REPORT

Mr. Bereskin advised Greenville Water will be participating in Artisphere this weekend and staff will be traveling to New York to meet with rating agencies next week.


8. COMMISSION COMMENTS

Commissioner Kilgore requested Greenville Water stationary be made available to the Commissioners.

9. ADJOURNMENT

There being no further business, the meeting was adjourned at 10:02 a.m.



Debra M. Sofield, Chairman

Camilla G. Pitman, CMC, Certified PLS
City Clerk