



GreenvilleWater

**MINUTES OF REGULAR MEETING
COMMISSIONERS OF PUBLIC WORKS
407 West Broad Street
Commission Room, Level Two
Greenville, South Carolina
May 6, 2014
8:15 a.m.**

Commissioners of Public Works in attendance:

Chairman Phillip A. Kilgore, Vice-Chairman James W. Bannister, Debra M. Sofield, and J. David Sudduth Absent: Mayor Knox H. White. A quorum was present.

Greenville Water Staff in attendance:

Chief Executive Officer David H. Bereskin, Chief Financial Officer Phil Robey, Chief Administrative Officer Dennis Porter, Director of Engineering Mike Sharpless, Director of Business Services David Hughey, Controller Jondia Berry, Information Technology Director Joe Beineke and Commission Attorney David Ward.

The Regular Meeting of the Commissioners of Public Works was called to order at 8:16 a.m. by the Chairman, Commissioner Kilgore.

1. APPROVAL OF MINUTES

Commissioner Sudduth moved, seconded by Commissioner Bannister, to approve the regular meeting minutes of April 1, 2014. The motion carried unanimously.

2. PUBLIC COMMENT

No comments were presented.

3. WATER RESOURCES UPDATE

Chief Executive Officer David Bereskin presented the Water Resources Update. Murray Dodd and K.C. Price were attending a joint workshop in Columbia between the Department of Health and Environmental Control and Epidemiologists for the State of South Carolina. The workshop was to develop ideas for better communications through the hospital system and water utilities in there maybe an epidemic waterborne outbreak.

Mr. Bereskin reported reservoirs are at full pond. Production is at 51 million gallons a day. Rainfall is above average but not at historic highs. Dry weather over the last week has been good for water sales.

4. FINANCIAL UPDATE

Chief Financial Officer Phil Robey presented highlights from the March Financial Report. Mr. Robey pointed out the change in revenue with increased water sales. A three percent rate adjustment went into effect March 1, 2014 and will be applied to all consumption after March 1st. The implementation and effect of the rate adjustment combined with higher demand season should bring revenue inline. Operations and Maintenance costs were around fifty-five percent. Revenue is \$1.1 million ahead of expenses through the end of March. Commissioner Kilgore asked if Greenville Water was on track for what was budgeted or are there any meaningful variances. Mr. Robey answered at this point we are assuming we are going to be on track with the budget. The next few months will determine, on the revenue side, how we end up. Mr. Bereskin added the net total is better because we have kept the expenses down. There is a direct

correlation between revenue and expenses. Commissioner Kilgore referred to a question in the April 2014 meeting regarding salaries, benefits and the fact the headcount was twenty-two down. He asked for an update. Mr. Robey replied there are nineteen vacancies with eight of them actively being recruited for or in process. Commissioner Sudduth added one thing that helps is when there is a vacancy it is not built into the budget, so there is a little bit of a cushion in the budget, as long as we have a normal vacancy rate. Mr. Bereskin commented vacancies are managed as prudently as possible. If revenues are down, we try to pick up performance issues and manage better without filling the vacancies until revenues improve.

Mr. Robey presented an update to the 2014 CIP as provided in the Commissioner's Agenda package. The 72" main is moving along and progress payments will begin to show. The Financial Information System project is picking up and you will see more financial progress in terms of this budget being spent. The Master Plan proposals are being submitted by May 9th. The Central Campus Improvements is an ongoing project. Commissioner Kilgore noted 67% of the fiscal year has lapsed and only 6% of what was anticipated has been expended. He asked what would happen in the following year, would there be a lot of 2014 projects crammed into the 2015 year. Mr. Bereskin responded over 50% of the unspent dollars are slated for the campus improvements and then proceeded to provide an update on other projects in the 2014 CIP. Commissioner Sudduth added the reason this is noticed a lot more now is because it is tied into the operating budget, where before it was out of sight out of mind. Mr. Robey further explained what happens with a project where money has been approved but not spent. When the CIP budget is approved the first year, the money is transferred into a capital reserve fund. Accounting recognizes that the life of a project, for example the Central Campus Improvements, spans several fiscal years. Instead of asking Commissioners to reapprove it every year the money is set aside, so when the project is ready the money is there.

5. REVIEW OF PROPOSED CIP BUDGET

Mr. Robey presented the proposed 2015-19 Capital Improvement Program as provided in the Commissioners Agenda packet. Staff met with the Finance Committee to review the program, as well as the financing plan for it. A CIP notebook was also provided to the Commissioners to offer more detail. In 2013 the CIP changed to isolate major non-recurring projects. Normal system improvements, while they are capital, given the fact that we pay for those in rates, are now shown in the Operating Budget. A five-year forecast was used to develop a financing strategy. One of the critical assumptions is assuming 3% annual rate adjustments 2015-17, which is key to maintaining all financial ratios. This year's CIP reflects a view toward the accomplishment of some of the elements of our strategic plan that has been adopted, particularly in the area of operational excellence. This CIP recognizes the Commission approval to convert from a fiscal year ending July 31st to the alignment of a calendar year. The funding for new projects and additional funding for continuation projects, like the Central Campus Project, will not become effective until January 1, 2015. The 2015 Capital Budget is the only year the Commission is being asked to approve or appropriate dollars for. The balances for the years beyond 2015 are for planning purposes only.

Mr. Robey shared the Finance Committee discussed The Alkalinity Improvements at the treatment plants and the need to re-evaluate the project and push it out into the later years of the CIP. Mr. Bereskin added there will be a presentation brought to the full Commission, to discuss the pros and cons of the project.

6. COMMUNITY RELATIONS UPDATE

Chief Administrative Officer Dennis Porter presented a Community Relations update including Governmental Relations, Community Giving, Community Outreach, Employee Relations and Outreach.

Mr. Porter shared Greenville Water's Community Giving Guidelines and Request Form have been completed. Commissioner Bannister added he and Commissioner Sofield had discussed involvement in Community Giving needs to be in the context of Greenville Water in some way, shape or form. There needs to be a connection for sponsorship to be approved. This requirement will be phased into Community Giving in this next year. Commissioner Sudduth stated the organizations that do the best job are the ones who are accountable, following up after the event to share how the money was spent. This kind of accountability is very helpful. Commissioner Sofield requested accountability be added to Greenville Water's Community Giving Guidelines.

Mr. Porter acknowledged Greenville Water's *Working on Wellness* program got off to a terrific start with huge employee participation in the health fair on April 3, 2014. Commissioner Sofield thanked Susan Rector and her team for successful planning of the event.

7. AUTOMATED METER READING UPDATE

Mr. Porter began the Automated Meter Reading Update by acknowledging the early technology has had high failure rates. Greenville Water is not the only utility in the industry that has been affected by AMR high failure rates and the fact still remains that AMR is less expensive because employees are not going around and physically touching every meter. The issues with early technology were the battery life and the design of the units themselves. The good news is the technology is getting better. Mr. Porter showed an example of a newer device, the I-8. This device has no wire connection and the battery life is better. Commissioner Kilgore asked what other South Carolina Utilities are in the same situation. Commissioner Sofield stated Greenville Water was the first to move forward with AMR. Dyke Spencer, Executive Director of Powdersville Water District, assured there is not a system out there of all the different brands that is not having some type of issues. Badger customers have one type of issue. Sensus customers had another type of issue. Some issues are larger than others. Battery life and transmitters appeared to be the most common issue.

Mr. Porter outlined the history of the AMR project for Greenville Water especially noting in 2011, as the higher failure rates were realized management explored different manufactures and then switched to Metron-Farnier, a Boulder, Colorado company that was established in 1990. The reasons for switching to Metron were the high Itron failure rates of 2.4% per month, better pricing and Metron had features that Itron did not have. The extra features included leak detection, cellular options, data logging and hydraulic modeling. Mr. Porter added there are 138,000 accounts with Itron Units. 25,000 accounts have Metron units. Metron failure rate is significantly less at 0.52%. Metron has a 20 year warranty. The first ten years are full replacement and the next ten years are prorated. Mr. Bereskin concluded there is an ongoing maintenance effort with AMR. It is not a panacea where the meter is popped in the ground and 20 years from now it is replaced. AMR has allowed Greenville Water to change work habits by allowing us to read more meters faster with less people. The hope is to build the contract in the best manor possible so when the meters fail a replacement product can be obtained. Commissioner Kilgore clarified the net is money is being saved. Mr. Bereskin followed, saying money is being saved, response time is better and there are customer service improvements. Commissioner Sofield added another

benefit of improved safety for employees as a result of not having to manually read meters in troublesome locations.

8. GREENVILLE WATER CAMPUS PARK DESIGN PRESENTATION

Mr. Bereskin informed the Commission that this presentation had been viewed by the Greenville Water Campus Design Committee prior to this meeting. Directions given by Commissioners in the March 2014 Commission Meeting were to create a modest event space with walkability and a natural park area. Eliminate the Washington Street entrance and the interactive water features and maintain the rain harvesting area at the building. Mr. Bereskin reviewed the presentation as included in the Commissioners Agenda packet. Commissioner Sofield asked if there would be any water feature at the Greenville Water sign. Mr. Bereskin answered not at this time, but it could come at a later date. The sign could be built for future adaptation. Commissioner Sofield asked this consideration be taken in designing the facility, so future adaptations are more economical because of planning.

Commissioner Bannister made a motion to move forward with the campus design as presented, seconded by Commissioner Sudduth. After discussion, the motion carried unanimously.

Commissioner Sofield made a motion directing the Architects to come forward with a proposal for a water feature in the vicinity of the Greenville Water sign, seconded by Commissioner Sudduth. The motion carried unanimously.

9. CHIEF EXECUTIVE REPORT

Mr. Bereskin announced former New York Mayor, Rudy Giuliani will present the Opening General Session at AWWA ACE14. He will share his insights about HomeServe USA. Greenville Water has been looking at HomeServe at the staff level, but there is not a recommendation to date. Mr. Bereskin asked Commissioners attending ACE14, to please make this a priority to attend. HomeServe USA is an insurance program to sell to homeowners that insures water and sewer line outlet services. Several water utilities around this area are signing up.

Government Liaison Bob Knight provided an update on events in Columbia. The Finance Committee did pass the budget. The only notable item is there was a small non-recurring \$100,000 put into the water study and outreach which Mr. Spencer and others have been working on to involve Clemson in the process. The \$100,000 is only a fraction of what was asked for. Money will have to be banked over years to try to move the ball forward in this regard. It has not passed the full budget. The House of Representatives will have to pass it before it becomes official.

Ten at the Top is having a big one day seminar/conference in October where one of the items/workgroups will be sustainable future. Sponsorship for this workgroup would really lend itself to Greenville Water.

10. COMMISSION COMMENTS


No comments were presented.

11. ADJOURNMENT

There being no further business, the meeting was adjourned at 10:13 a.m.



Phillip A. Kilgore, Chairman



Kimberly J. Hauber, Executive Assistant