



## GreenvilleWater

**MINUTES OF REGULAR MEETING  
COMMISSIONERS OF PUBLIC WORKS  
407 West Broad Street  
Commission Room, Level Two  
Greenville, South Carolina  
December 2, 2014  
8:15 a.m.**

Commissioners of Public Works in attendance:

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

Greenville Water Staff in attendance:

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

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The Regular Meeting of the Commissioners of Public Works was called to order at 8:15 a.m. by the Chairman, Commissioner Kilgore.

### **1. WELCOME**

### **2. PUBLIC COMMENT**

No comments were presented.

### **3. CONSENT AGENDA**

Chairman Kilgore listed the items of the Consent Agenda which were the meeting minutes of November 4, 2014, the Water Resources Report and the Financial Report. There being no questions or comments, the items were approved.

### **4. FRIENDS OF PARIS MOUNTAIN**

Chairman Kilgore introduced Mr. Rob Howell, President of Friends of Paris Mountain State Park. Friends of Paris Mountain State Park (FPMSP) is a volunteer organization that has been around since the late 1990s. Mr. Howell recognized part of the reason the park exists is due to Greenville Water. In 1998 Greenville Water gave the park a 256 acre gift of land which now comprises the North Lake area. It has really expanded the boundaries and trail system. The relationship between the park and Greenville Water is long standing. The mountain was originally the water supply for Greenville back in 1928. The water supply came from three lakes on the property. Mr. Howell shared the reason FPMSP appeared before the Commission was, again thanks in part to the past relationship, Paris Mountain State Park has gone from being one of the parks in the system which is not widely known to now having over 400,000 visitors a year, which is huge. As Greenville continues to grow the demands of the park are going to continue to grow. People are going to want to continue to visit because it is only four miles from downtown, 1500 acres of wilderness, a wonderful place for solitude, see animals, camp, fish and spend time with family. In looking toward the future in terms of how to make the park more capable to continue to offer what it offers now to a growing city and upstate region, FPMSP wanted to reach out to all the entities who have been partners in the past to share the vision.

Director of Parks for South Carolina Mr. Phil Gaines called attention to the importance of preserving and protecting the park for Greenville and the Upstate, and added the property is a State treasure as well. South Carolina State Parks and Greenville Water have been partners

since the existence of the parks division. Paris Mountain State Park exists because of the visionary people of Greenville. Not only is this great recreational resource protected but Greenville's first water, a really unique watershed, has been protected for over a hundred years. The State has committed \$750,000 towards the purchase of a particular piece of adjacent property. It is not imperative to own all the property around the park but it is important it is protected. Mr. Howell then shared the long term vision for the park, including expanding the trail system by fifty percent or more.

Mr. Howell was asked to complete the community support application and submit it to Greenville Water's Community Support Committee.

#### **5. AWARD OF CONTRACT FOR CAMPUS IMPROVEMENTS**

Chief Executive Officer David Bereskin explained that Management Staff was seeking approval to negotiate and execute a Contract between the Commission of Public Works of the City of Greenville, SC (Greenville Water) and Triangle Construction Company, Inc. where the basis of payment is the Cost of the Work plus a fee with a Guaranteed Maximum Price (GMP). There are "allowances" that were part of the original bid and not included in the GMP. These allowances consist of contingency items as well as new construction. Management will require the contractor to solicit bids for new work before approval by staff.

Staff will be working with our consultant to redesign the open space. Upon Commission approval of the redesign, the contractor will be required to solicit bids for said work prior to staff seeking Commission approval.

Chairman Kilgore questioned given the competitive construction environment in our community is the price a good contract price to be at. Mr. Bereskin responded three Contractors provided presentations and were selected to move forward with a price. Two of the three Contractors were a million dollars higher than Triangle Construction Company, Inc.

Commissioner Sofield moved, seconded by Commissioner Sudduth, to approve the Chief Executive Officer to negotiate and execute a Contract for the campus improvements. The motion carried unanimously.

#### **6. 2015 CAPITAL IMPROVEMENT PROGRAM BUDGET**

Chief Financial Officer Phil Robey reviewed the proposed 2015-2019 Capital Improvement Program (CIP) budget as provided in the Commissioner's Agenda package. This CIP includes one Debt Issuance which is a \$5.5 million revenue bond to finance a portion of the cost of the Central Campus project. The financing plan for the proposed CIP relies heavily on capacity fees in 2015 for normal system improvements, and returns to a more normal financing plan in the following years.

Mr. Robey asked Commissioners to consider approving the 2015 CIP as proposed. Chairman Kilgore noted the budget was reviewed by the Finance Committee and a budget workshop was held. The budget was thoroughly vetted. Commissioner Sudduth moved, seconded by Commissioner Sofield, to approve the 2015 Capital Improvement Program budget. The motion carried unanimously.

#### **7. 2015 OPERATIONS AND MAINTENANCE BUDGET**

Mr. Robey presented the proposed 2015 Operating Budget as provided in the Commissioner's Agenda package. Provided was a total balanced budget, total sources and uses where not only

the operating budget, the revenues, normal system improvements, and capital outlay are presented but also the fact the budget assumes reserves and capacity fees will be used.

This will be the first budget to use the newly adopted Strategic Plan as a guide. Historically the budgets have always implicitly addressed these issues, but now staff will be linking the objectives and features of the budget to the principles in the Strategic Plan.

Mr. Robey directed attention to expense highlights, mentioning the new High Deductible Health Plan option which gives Greenville Water and its employees a new way to manage health care costs and take advantage of premium savings. Ten employees took advantage of this new option.

Commissioner Sofield moved, seconded by Commissioner Sudduth, to approve the 2015 Operations and Maintenance Budget. The motion carried unanimously.

#### **8. BOND RESOLUTION NOT TO EXCEED \$5.9 MILLION**

Mr. Bereskin outlined the process of having City of Greenville approve Greenville Water bonding \$95 million in 2011. Since 2011 Greenville Water has not had any new bond resolutions, but have refunded close to \$89 million, saving in excess of \$5 million in interest payments because of the interest climate at the time. \$5,930,000 million remains on the initial resolution by the City of Greenville and with the funding plans reviewed in the budget presentations, Greenville Water asked for approval to bond up to \$5.9 million.

Chairman Kilgore clarified the recommendation from Management Staff is to approve a bond resolution not to exceed \$5.93 million. Commissioner Sudduth moved, seconded by Commissioner Bannister, to approve the bond resolution. The motion carried unanimously.

Commissioner Sudduth thanked Mr. Robey and Controller, Mrs. Jondia Berry for a job well done on the CIP and O & M Budget preparation.

#### **9. GASB 68 STATE RETIREMENT**

Mr. Robey announced Greenville Water is on the cutting edge of this new accounting standard by virtue of having a short year in 2014. The new standard is effective for all fiscal years beginning after June 15, 2014. It will change the way Greenville Water recognizes its share of the unfunded liability of the State Retirement Fund.

In the past Greenville Water made payments to the retirement system throughout the year on behalf of employees and employee contributions, and recognized it as an expense. Now the State determines how much they will need from themselves, employees and employers to put in and invest at an assumed rate of return to pay the benefits for the current retirees and future retirees. The Accounting Standards Board now says current year commitments and future commitments must be recognized.

Commissioner Sofield asked how the future commitment number is determined. Mr. Robey responded it is an actuarially determined number. It is a number that will have the effect of reducing the Net Position on the balance sheet and will require recurring, non-cash annual adjustment to the liability as it increases. Greenville Water's only obligation is to continue to make employee and employer retirement contributions to the South Carolina Retirement System (SCRS). Greenville Water's liquidity will not be affected.

Mr. Robey confirmed GASB 68 will not have an adverse effect on Greenville Water's AAA bond rating. In working with Greenville Water's financial advisor and talking with Moody's, Standard & Poors and Fitch, the rating agencies are aware of this standard and have included it in their analysis historically. This will not change their analytics and they do not anticipate this having much of an impact on ratings.

Mr. Robey informed the Commission Greenville Water's Auditor will rely on SCRS' external auditor to provide a separate opinion on schedules containing GASB 68 information. SCRS may not have this opinion until May 2015. Greenville Water's auditor will not issue a "clean" audit opinion without the SCRS auditor's opinion to rely on; therefore the audit for SY 2014 may be delayed.

#### **10. OTHER POSTEMPLOYMENT BENEFITS**

Chairman Kilgore announced the item was removed from the Agenda.

#### **11. COMPENSATION CLASSIFICATION STUDY**

Chairman Kilgore introduced Dr. Jeff Ling, Executive Vice President of Evergreen Solutions, LLC, the consulting firm hired to complete a comprehensive classification and compensation study for Greenville Water. Dr. Ling presented results as provided in the Commissioners Agenda package.

Dr. Ling shared the study process, reviewed the outreach summary, presented the classification and compensation findings and shared Evergreen Solutions recommendations. In Total Compensation, overall Greenville Water places in the middle of its peers when considering the total cost of fully loaded benefits, offering comprehensive benefits at a reasonable cost. Classification findings were actual job duties had changed since the last study. Market changes had altered typical division of labor. Managers did a great job helping Evergreen realign duties in descriptions to better match actual assignments.

In conclusion, Dr. Ling stated Greenville Water provides a high quality product with a capable workforce. The current compensation and classification structure has been "outgrown" as the market and the organization changed. The recommended changes will help prepare Greenville Water for the next five years.

Mayor White left the meeting.

#### **12. CHIEF EXECUTIVE REPORT**

Mr. Bereskin acknowledged another year is through. Staff is looking forward to Master Planning, both Facilities and Water Resources and developing more information for the Capital Improvement Plan for 2017-2018. The Water Resources Master Plan is still being developed and Staff hopes to bring a contract before the Commission for approval in early 2015.

Government Liaison Bob Knight queried Commissioners for a preference of February to mid-March for an even in Columbia with the Legislators. Recommendation was made for some time in the first two weeks of March.

#### **13. COMMISSION COMMENTS**

No comments were presented.

**14. ADJOURNMENT**

There being no further business, the meeting was adjourned at 10:30 a.m.

  
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Phillip A. Kilgore, Chairman

  
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Kimberly J. Haulter, Executive Assistant