



GreenvilleWater

**MINUTES OF REGULAR MEETING
COMMISSIONERS OF PUBLIC WORKS
407 West Broad Street
Commission Room, Level Two
Greenville, South Carolina
September 1, 2015
8:15 a.m.**

Commissioners of Public Works in attendance:

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

Greenville Water Staff in attendance:

Chief Executive Officer David H. Bereskin, Chief Financial Officer Phil Robey, Chief Operations Officer Dennis Porter, Director of Engineering Mike Sharpless, Director of Water Resources K.C. Price, Director of Business Services David Hughey, Controller Jondia Berry, Director of Information Technology Joe Beineke, Director of Human Resources Richard Posey, Communications Specialist Olivia Vassey, Business Analyst Jane Arrington, Facilities Maintenance Manager Allen White and Commission Attorney David Ward.

Other Guests Present:

Palmetto Conservation Foundation: Natalie Britt and Jim Kelly, Upstate Forever: Brad Wyche and Heather Nix, Cherry Bekaert: Alan Robinson, Mercer: Craig Baum

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 August 11, 2015, the Water Resources Report and the Financial Update Report. There being no questions or comments, the items were deemed approved.

4. PALMETTO TRAIL PRESENTATION

Chairman Kilgore welcomed Executive Director of the Palmetto Conservation Foundation Natalie Britt. Ms. Britt introduced her colleague, Jim Kelly, Trail Coordinator and explained the Foundation is a State wide non-profit organization that has been around for twenty-six years. The mission is improving the quality of life in South Carolina by promoting the amazing, historical recreational and cultural resources. Ms. Britt shared the Palmetto Trail is 368 miles long and projected to reach over 500 miles. Maps for these trails are downloadable for free online. Ms. Britt reviewed the Upstate Passage development and provided the Commission with an update on usage of the passage and future plans for the trail. The trail tells the story of South Carolina, going through battlefields, small communities, etc. The Palmetto Conservation Foundation has a brand new website sponsored by Santee Cooper that provides a wealth of helpful information.

5. UPSTATE FOREVER PARTNERSHIP UPDATE

Chairman Kilgore welcomed Executive Director for Upstate Forever Brad Wyche and Heather Nix to the meeting. Mr. Wyche thanked the Commission for supporting the Reconnecting People to Rivers project and announced Upstate Forever recently signed its 100th Conservation Easement. Mr. Wyche identified Andrea Cooper as the incoming Executive Director of the organization beginning October 5, 2015. Ms. Cooper was unable to attend the meeting and sent her regrets.

Mr. Wyche turned the presentation over to Heather Nix, Director of Upstate Forever's Clean Air & Water Program. Ms. Nix provided an update on a joint project with Greenville Water, the Reconnecting People to Upstate Rivers. Area residents disconnection from local rivers was an issue identified several years ago. People are not familiar with rivers they live near, what the water quality issues might be with that river and what they might be able to do to help. Upstate Forever and Greenville Water have partnered to better connect people to local upstate rivers. The project involves getting area residents involved in monitoring upstate streams through an Adopt-A-Stream program. Volunteers attend a one day free training session to understand basic water quality issues and learn how to collect water quality samples. After the training, volunteers are certified, they select a stream and monitor the water quality on a monthly basis. The participants are taught who to call when they identify a water quality concern so problems are resolved quickly.

Upstate Forever is promoting South Carolina's Blueways, water paths that are developed with launch points, camping locations and points of interest for canoeists, paddle boarders and kayakers, and partnering to map the Upper Saluda River and the Enoree River which will prominently feature Greenville Water's logo as one of the sponsors. The maps will be waterproof to be helpful on and off the river.

In addition to the Blueway Maps and the Adopt-A-Stream program, work is also being done to promote joint topics such as Greenville Water's Irrigation Metering program, an op-ed coauthored with help from Communication Specialist Olivia Vassey appeared in the Greenville Journal, and Chief Executive Officer David Bereskin participated on a panel following a documentary screening of Who Owns the Water. Ms. Nix thanked Greenville Water for the support provided on behalf of Mr. Wyche and Upstate Forever.

Chairman Kilgore questioned if the funding provided by Greenville Water for water monitoring is generalized funding or is there a particular focus of Greenville Water's funding for either the North Saluda or South Saluda rivers. Ms. Nix stated the funding is being used for mapping for the Upper Saluda, to generally provide training for volunteers and supplies.

6. AUDIT REPORT FOR SHORT YEAR 2014

Chairman Kilgore introduced Alan Robinson of Cherry Bekaert LLP, to provide an overview of Greenville Water's Audited Financial Statements for the short period ended December 31, 2014, as provided in the Commissioner's Agenda package. Greenville Water changed its fiscal year end from July 31 to December 31 so the report was for a five month transition period. Mr. Robinson reported the opinion being delivered with the financial statements was a clean opinion with no findings or citations or otherwise reportable information. Two things mentioned about the audit were the change of fiscal year end and the implementation of the new accounting principle dealing with the pension liability at the State level.

The change of fiscal year end is not that unusual. It happens from time to time. It is called a stub period. It does make comparisons difficult but over time the stub period will fade and there will be a normal twelve months and rolling comparisons.

The new accounting principle dealing with pension liability is detailed in footnotes one and seven in the Financial Report provided in the Commissioner's Agenda package. There is extensive discussion as this is implemented nationwide at all levels and in South Carolina it is being implemented in every Special District, School District, City, County, and State agency. It is a big number, several million dollars reported as a non-cash change in accounting principle item in the financial statement.

Mr. Robinson thanked Greenville Water Accounting Staff for providing the information on time and on schedule and thanked the Commission for the opportunity to be of service to Greenville Water.

7. FIVE YEAR FINANCIAL FORECAST

Chief Financial Officer Phil Robey presented the five year forecast to give Commissioners context for decisions that will be made during the Capital Improvement Program and Budget deliberations in future meetings. The forecast provided a picture of Greenville Water's current financial condition and five year projections. The key assumptions were:

- Forecast period is 2015-2019
- Includes 3% annual rate adjustments for 2015 through 2017, this will be evaluated on an annual basis.
- Assumes 1,400 new connections annually
- Demand increases by average of .9% annually
- .5% yield on investments
- FY 2014 actual Operating & Maintenance (O & M) expenses serve as the baseline
 - Most O & M expenses grow at annual inflation rate of 2%
 - Salaries and benefits grow at annual rate of 3%
 - Chemical costs grow at annual rate of 3%
 - Power costs grow at average annual rate of 5%
- Includes \$3.4 million in Operating Capital each year
- Includes \$5.4 million in Normal System Improvements each year
- Uses current approved Capital Improvement Program and financing assumptions included in it.

Commissioner Sudduth noted it was important to point out that even including the rate adjustments Greenville Water's rates are in the lowest top five water utilities in the State. Chief Executive Officer David Bereskin expanded the area to include water utilities of the Southeast.

8. HEALTH INSURANCE PRESENTATION

Craig Baum, Principal and H & B Consultant for Mercer, reviewed benchmarking data provided in the Commissioner's Agenda package reporting Greenville Water's basic health insurance plan design was in line with benchmarks. The Buy-up plan design was a significantly generous plan and the High Deductible Health Plan design was slightly more generous compared to benchmarks. Employee contributions for all plans was significantly less than contributions by

employees of other organizations represented in the benchmarks, especially for employee only coverage.

Mr. Baum presented renewal projections for 2016 stressing the numbers were projections only. The final numbers would not be available until later in September. With the most recent 12 months of claims experience, Mercer anticipates the initial renewal increase to be around 30%. The average four year trend increase was 8.4%, the average three year trend was 7.4% which is pretty much in line with the insurance market. The trend increase is actually better than market when considering Greenville Water's rich plans. Mr. Baum explained the hope is to keep the increase for 2016 in single digits but it will be a tougher battle. The primary cost drivers were high cost claimants, rich plan designs, above average number of dependents covered and above average employee age. Alternatives to mitigate costs presented were plan design changes, employee contribution changes, moving Medicare Retirees to individual policies and market medical coverage. Once final numbers are in, staff will come back to the Commission to present the new information and discuss options.

9. BEREAVEMENT POLICY PRESENTATION

Director of Human Resources Richard Posey presented the proposed Bereavement Leave Policy as provided in the Commissioner's Agenda package. The key points were:

- Three days of paid time off, without using general leave
- Death in immediate family, only
- Immediate family:
 - Spouse
 - Child
 - Father or Mother
 - Brother or Sister

Paid general leave is available when additional time off is needed or there is a death in the extended family. Also included in the policy is an area for extenuating circumstances to be reviewed by Management on a case-by-case basis.

Mr. Posey explained the implementation plan is to distribute the policy through notification through the employee portal, the policy will be uploaded onto Waterweb and a company-wide e-mail message will be sent. Supervisors will post the new policy on bulletin boards and will review the policy during the next staff meeting.

10. CHIEF EXECUTIVE REPORT

Mr. Bereskin notified the Commissioners a request for two workshops will be coming out in the coming week to discuss Automated Meter Reading, Employee Survey Comments and Healthcare.

Greenville Water will be having an Employee Outing at the Greenville Drive September 5, 2015. Mr. Bereskin instructed everyone to see Communications Specialist Olivia Vassey for tickets.

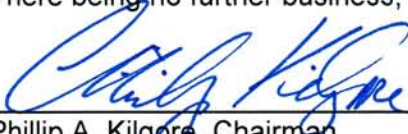
Euphoria Greenville will take place September 17-20, 2015. Greenville Water will have 23 people volunteering in the sponsored tent on Saturday, September 19th. There will be three tables. A Water taste testing table, an e-bill sign-ups table and a general information table.

11. COMMISSION COMMENTS

No comments presented.

12. ADJOURNMENT

There being no further business, the meeting was adjourned at 10:05 a.m.



Phillip A. Kilgore, Chairman



Kimberly J. Haulter, Executive Assistant