



GreenvilleWater

**MINUTES OF REGULAR MEETING
COMMISSIONERS OF PUBLIC WORKS
407 West Broad Street
Commission Room, Level Two
Greenville, South Carolina
October 3, 2017
8:15 a.m.**

Commissioners of Public Works in attendance:

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

Greenville Water Staff in attendance:

Chief Executive Officer David H. Bereskin, Chief Financial Officer Phil Robey, Chief Operations Officer Rebecca West, Controller Jondia Berry, Director of Engineering Michael Sharpless, Human Resources Director Richard Posey, Water Resources Director Rick Pfeleiderer, Business Process Analyst Jane Arrington, Manager of Field Operations Wayne Benson, Communications Manager Olivia Vassey, Facilities Maintenance Fleet Manager Allen White, I.T. Supervisor Ken McClaren, Operations Crew Leader Rick Covington, Operations Team Leader Allan Vindas, Operations Technicians II Ben Shivers and Jesse Poplin, and Commission Attorney David Ward.

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

1. WELCOME

Chairman Kilgore welcomed Mr. Bereskin to begin the meeting by introducing Greenville Water First Responders that went down to the Florida Keys in the aftermath of Hurricane Irma. Greenville Water received a letter of appreciation from the Florida Keys Aqueduct Authority expressing gratitude for the assistance rendered during the recovery efforts. The team included Operations Crew Leader Rick Covington, Operations Team Leader Allan Vindas and Operations Technicians II Ben Shivers and Jesse Poplin. The team drove straight through 20 hours to arrive in Florida where they set up camp in a Winn Dixie parking lot and proceeded to start work that day. Mr. Covington shared a little of what the team accomplished and experienced while in Florida. The Commission thanked the team for their work.

2. PUBLIC COMMENT

Chairman Kilgore welcomed The Nature Conservancy's Upstate Conservation Director Kristen Austin for public comment. Ms. Austin introduced herself and explained the 20+ year partnership between Greenville Water and The Nature Conservancy is a very important valued partnership. Oktoberforest is an exciting campaign going on during the month of October sponsored by Greenville Water. Ms. Austin attended the meeting to express The Nature Conservancy's appreciation for the sponsorship. The campaign is called Oktoberforest in honor of celebrating the Upstate forests, specifically the forests in the Southern Blue Ridge. Conserved forests and managing forests for their health and resiliency actually has an impact on our daily lives. These forests are important to filter water that is depended upon every day. Greenville Water's sponsorship has helped to get the word out during the month of October and The Nature Conservancy expressed their thanks.

3. CONSENT AGENDA

Chairman Kilgore listed the items of the Consent Agenda which were the meeting minutes of the Regular Commission Meeting August 1, 2017 and the Informational Commission Meeting on September 5, 2017, the Water Resources Report, the Financial Update, New Development and New Annexation Covenants. There being no questions or comments regarding the consent agenda, the items were deemed approved.

4. FINANCIAL FORECASTING

Chairman Kilgore invited Chief Financial Officer Phil Robey to present the annual discussion of Greenville Water's financial forecast. This year takes on more relevance as the biennium budget and the Capital Improvement Program budget will be discussed in the next month or two. This forecast gives a picture of finances as these processes begin.

Mr. Robey reviewed the key assumptions which included a three percent rate adjustment for 2020. The need for this adjustment will be re-evaluated annually as part of the update of the five-year financial forecasts. The forecast assumes an average of 1,640 new connections annually with demand increasing by an average of one percent annually. Using fiscal year 2016 actual Operations and Maintenance expenses as the baseline, most O&M expenses grow at an annual inflation rate of two percent, salaries and benefits grow at an annual rate of three percent, chemical costs grow at an annual rate of three percent and power costs grow at an average annual rate of five percent. The forecast includes \$3.5 million in Operating Capital each year and an average of \$5.3 million in Normal System Improvements each year. The forecast uses the current approved CIP and financing assumptions included in it. There are no new debt issues assumed in the five year forecast.

Mr. Robey presented the Operating Financing Plan, reviewed the Debt Service Coverage, Days Cash on Hand, Capital Spending and presented the Financing Plan for Capital Spending. The Capital program is a substantial program with a particular emphasis on renewal and replacement. The Normal System improvements are paid for by revenue generated by rates each year. Greenville Water maintains an ample operating reserve with strong coverage and rate revenue to fund the Capital Program. The ongoing commitment to renewal and replacement levels the capital over the planning horizon. The value of this exercise is financial forecasting, rate planning and capital planning which allows Greenville Water to moderate rate adjustments to keep targets in line and maintenance levels where they need to be.

5. EARTH EX 2017

Chairman Kilgore welcomed Business Process Analyst Dr. Jane Arrington to present on Earth EX 2017. Earth EX is an emergency preparedness exercise focused on a long-duration power outage scenario. It is led by the Electric Infrastructure Security (EIS) Council and is part of the National Exercise Program sponsored by the U.S. Department of Energy. The Greenville Water tabletop exercise began with day three of the power outage. The background for day three included: the workforce being at 80% due to staff not being able to arrive to work, 85% of operating capacity and 40% reservoir storage. The Council then provided questions for the team to work through and submit the responses. There were successive phases to work through from the perspective of the water/wastewater section, where the scenario worsens through each phase: Phase 1 – Day 3: Widespread Power Outage/No Solution; Phase 2 – Days 4-6: Critical

Decisions, Assessments and Actions; Phase 3 – Day 15: Outage Ongoing/Black Start, Communications, Cross Sector Coordination.

Dr. Arrington described the personnel of the Greenville Water Team and provided a diagram of how the team was apportioned. In reviewing the advancing stages from the water/wastewater perspective, the team assessed Greenville Water's resources and developed follow-up action items.

Mr. Bereskin explained the EIS Council reached out to him inquiring if Greenville Water wanted to be a part of this worldwide exercise, with over 40 countries participating. One of the biggest takeaways was communication needs to be resolved within Greenville County. In that regard, Greenville County Council recently approved the \$14.95 fee on each parcel of property to raise money for a new telecommunications system for emergency personnel. Staff has had various meetings with the Emergency Communication Coordinator endeavoring to be involved in the County program. This was a good preparedness exercise and there will be more in the future.

6. NORTH SALUDA INTAKE PROJECT UPDATE

Chairman Kilgore invited CIP Engineer Mark Hattendorf to present on the North Saluda Intake Rehabilitation Project. Before Mr. Hattendorf began, Mr. Bereskin explained the presentation would show Greenville Water's alternative approach to rehabilitating North Saluda. The approach is one of the reasons Greenville Water is in a good financial position because recommendations from consultants are thought through before moving ahead.

Mr. Hattendorf reviewed the background of the North Saluda intake and the project. The intake was constructed in the late 50s and has been in service since the early 60s. The intake and pipeline were inspected and assessed by CH2M Engineers in 2016. The concrete inspected was deemed structurally sound. The pipeline feeding the treating station was in excellent condition. The Mechanical and Electrical components on the intake were showing age and needed refurbishment or replacement. Staff recommended fixing the critical components which should extend the life of the intake 20+ years, rather than fully replacing the structure.

The project was broken into three phases. Phase I was to control the leaks coming into the structure by cleaning and adjusting the sluice gates and sealing the construction joints. Phase II was to replace the corroded traveling screen components and Phase III is to upgrade the electrical component. Mr. Hattendorf presented before and after pictures of the gate adjustments and sealing of the leaks. Phase III is estimated to be completed in the first quarter of 2018.

Mr. Bereskin shared the project was well managed by Mr. Hattendorf, Water Resources Director Rick Pfeleiderer and Facilities Maintenance Fleet Manager Allen White. A lot was learned during this project about the drain line and the flows from the reservoir. Efforts will now be focused on long-term planning.

Mayor White left the meeting at 8:50 a.m.

7. MERCHANT FEES

Chairman Kilgore invited Controller Jondia Berry to present Discussion and Direction on Credit Card Fees. Ms. Berry recapped the August Commission meeting where customer payment

options, billing rate charges, increasing credit card fees and cost share options with billing partners were discussed.

Cost Share Option 1 is to charge each entity based on historical usage. Cost Share Option 2 is to calculate the rate and charge each entity based on actual monthly usage. Cost Share Option 3 presented in this meeting was to charge customers paying by card a convenience fee.

Greenville Water currently has about 9,000 customers signed up for pre-authorized credit card draft. Credit Card payments account for 30 percent of payments. Staff polled four other South Carolina water utilities regarding convenience fees, all four do not charge a convenience fee. Ms. Berry added a convenience fee is more common among cities and counties, but not the utilities polled.

Staff's recommendation is Cost Share Option 2 where each entity Greenville Water collects for monthly will have a separate line item calculated only on the payments collected on behalf of the entity. Mr. Bereskin added Staff would be directed to start negotiating and communicating with the wastewater entities Greenville Water bills for that credit card charges will be passing through to them. Mr. Robey pointed out the last time the billing rate charge was increased the entities were alerted sharing credit card costs was being considered. Chairman Kilgore posed a question possibly coming from the entities being why change now. Mr. Bereskin answered the credit card costs have doubled.

Commissioner Sofield moved, seconded by Commissioner Bannister, to approve Cost Share Option 2 to share credit card costs with all entities Greenville Water bills for including the City of Greenville. The motion passed unanimously.

8. LEASE AGREEMENT WITH METHODIST CHURCH

Chairman Kilgore welcomed Mr. Bereskin to present information regarding a possible lease agreement with Piedmont United Methodist Church pertaining to adjacent property where a water tank previously stood. Staff asked if the Commission would like to entertain a lease agreement similar to the lease agreement with Resurrection Power Ministries in Travelers Rest for property presented in the presentation. Mr. Bereskin also provided maps indicating where Greenville Water has water lines and a pressure reducing valve on the property. Piedmont United Methodist Church would like to be able to use the grounds as a playground for the kids. The church is proposing to install a fence around the concrete structure for safety. Commissioners approved proceeding with the agreement.

9. CHIEF EXECUTIVE REPORT

New Irrigation meter accounts established as "set and leave off" have been reclassified to "final bill" status until irrigation systems can be installed. This change has been made to eliminate confusion regarding whether the irrigation accounts should be activated and billed. Customers will now need to call to activate accounts.

Chief Operations Officer Rebecca West was recognized at Ogletree Deakins Leadership Soiree as being a new up and coming executive in Greenville. The Commission congratulated Ms. West.

10. COMMISSION COMMENTS

Commissioner Sofield asked Government Liaison Bob Knight for a legislative update. Mr. Knight explained hearings were taking place and the SC Conservation Bank meeting would be on Wednesday's agenda. The SC State Pension reform is a complicated hot topic of discussion.

11. ADJOURNMENT

There being no further business, the meeting was adjourned at 9:37 a.m.



Phillip A. Kilgore, Chairman



Kimberly J. Hauker, Executive Assistant