



GreenvilleWater

**MINUTES OF REGULAR MEETING
COMMISSIONERS OF PUBLIC WORKS
407 West Broad Street
Commission Room, Level Two
Greenville, South Carolina
November 7, 2017
8:15 a.m.**

Commissioners of Public Works in attendance:

Chairman Phillip A. Kilgore, Debra M. Sofield and J. David Sudduth. Absent: Vice-Chairman James W. Bannister and 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 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, 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

2. PUBLIC COMMENT

3. CONSENT AGENDA

Chairman Kilgore listed the items of the Consent Agenda which were the meeting minutes of the Regular Commission Meeting October 3, 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. 2018 COMMISSION MEETING AND HOLIDAY SCHEDULE

Chief Executive Officer David Bereskin presented the calendar of Commission Meetings and the holiday schedule for 2018. All Commission meetings will be on the first Tuesday, except the January meeting. After review, the schedule was deemed approved.

5. INCENTIVE PROGRAM

Chairman Kilgore welcomed Human Resources Director Richard Posey to present the proposed Employee Incentive Program. Mr. Posey pointed out the incentive program has five goals with a potential of \$500 per employee. The cost of the program has been included in the 2018 budget. The goals for employees were explained as follows:

Goal #1 No vehicle incidents per Calendar Quarter

- 1st Quarter: \$25 - all employees
- 2nd Quarter: \$25 - all employees
- 3rd Quarter: \$25 - all employees
- 4th Quarter: \$25 - all employees

Goal #2 No vehicle incidents for entire Year

- \$100 - all employees

Goal #3 90% Participation Level BCG Engagement Survey

- Successful departments: \$50 per dept. employee
- GW is successful: \$50 - all employees

Goal #4 Collect & input training into new SkillPort database

- Average 12+ hours of training per employee / year
- Successful departments: \$100 per employee

Goal #5 Strategic Plan

- Department completes 80% of Strategic Plan Goals
- Successful departments: \$100 per employee

The program philosophy is for the goals to be stretch goals and they will change annually to align with the Strategic Plan. The goals will be selected during the annual Budget process. Mr. Posey explained the incentive is being offered to encourage employees to meet key strategic initiatives, to improve communication, to address concerns from the Best Companies Group Survey and Town Hall Meetings, and to continually help improve morale. There is potential cost savings when employees improve productivity, attendance, safety, et cetera.

Commissioner Sofield asked what the anticipated length of the program would be, whether 1 year, 3 year, 5 year, et cetera. Mr. Posey stated the policy is temporary and will be revisited during the budget process. This proposal is for the 2018-2019 biennial budget. Commissioner Sofield moved, seconded by Commissioner Sudduth to approve the Incentive Program as presented. The motion passed unanimously. In his absence, Mr. Bereskin conveyed Vice-Chairman Bannister was also in favor of the program.

6. HEALTH CARE PREMIUM STABILIZATION FUND

Chairman Kilgore invited Mr. Posey to present the Health Care Premium Stabilization Fund. Mr. Posey began by providing details of the 2018 insurance renewal where United Healthcare (UHC) began by proposing a 17% rate increase, after negotiating, the rock bottom increase proposed by UHC was 12%. Greenville Water's insurance broker, Mercer, was instructed to get a quote from Blue Cross Blue Shield (BCBS). BCBS agreed to essentially match the same medical benefits provided by UHC with just a few tweaks and no rate increase. Mr. Posey reviewed the tweaks.

Management proposes using the savings resulting from switching to BCBS to set up a Health Care Premium Stabilization Fund. The goal is to cap family insurance rate increases for a

given year, at 10%. Family coverage includes employee + spouse, employee + children or full family. Mr. Posey explained the Health Care Stabilization Fund addresses a concern that comes up frequently. The fund will help stabilize future rate increases for dependent health insurance which affects 52% of Greenville Water employees and will help minimize rate shock. If a proposed rate increase is higher than 10%, the Health Care Premium Stabilization Fund will be used to cap the employees' rate increase at 10%. Future years where the increase is less than 10% the employees will be charged up to 10% to retain the Greenville Water 75/25 health care rate philosophy. When future rate increases deplete the fund, rate increases will no longer be reduced and the policy will be terminated. Mr. Posey reviewed a possible scenario for use of the fund.

Mr. Bereskin explained the impetus for the Health Care Premium Stabilization Fund was when changing health care providers (due to a large proposed premium increase) pain and confusion is felt across the work force. Greenville Water pays the entire burden for employee only and applies the same amount to the employee plus dependent coverage, subtracting 75% from the remaining amount and only asks the employee to carry 25% of the burden. Even with this cost sharing some of the family rates are very high per month. Staff is asking that the stabilization fund be approved to help prevent a rate shock for employees in any given year. Again once the funds are depleted the policy is no longer in affect.

Commissioner Sudduth moved, seconded by Commissioner Sofield, to approve the Health Care Premium Stabilization Fund as presented. The motion passed unanimously.

Mr. Bereskin thanked the Commission on behalf of the Greenville Water employees.

7. CONSIDERATION TO APPROVE 2018 O & M BUDGET

Chairman Kilgore welcomed Chief Financial Officer Phil Robey to present the 2018 Operations and Maintenance Budget. Mr. Robey explained the budget is the second biennium process which allows staff to present the 2018 and 2019 budget for consideration to approve. The proposed budgets were reviewed by the Finance Committee before being brought to the Commission.

Mr. Robey reviewed the summary page for a high level look and then reviewed the emphasis for the 2018 and 2019 budgets. 2018 has a two percent revenue growth, largely driven by development related revenues such as capacity fees, tapping fees, and meter connection fees. A three percent growth in expenses is budgeted which is largely driven by employee benefits due to health care costs and retirement system contributions going up. Capital Outlay is increased in 2018 but over the two years 2018-2019 it reaches the average of \$3.5 million typically spent each year.

When developing budgets Staff uses the guiding principles provided by the Strategic Plan. Mr. Robey pointed out the 2018-2019 budget shows an emphasis on protecting water resources, reinvestment in the water system, focus on safety, training, employee retention and recruitment. The financial policies the Commission has approved and adopted provide the framework as far as the rules of the road for the budgeting process. Mr. Robey reviewed revenue highlights, expense highlights, capital outlay, normal system improvements, the 2018 debt service and annual debt service requirements.

Commissioner Sudduth moved, seconded by Commissioner Sofield, to approve the 2018 and 2019 Operating Budgets as presented. The motion passed unanimously. Commissioner Sudduth commended Mr. Robey and his team on a job well done

8. CONSIDERATION TO APPROVE 2018 CIP BUDGET

Mr. Robey presented the proposed 2018-2022 Capital Improvement Program (CIP) budget, seeking approval only for the spending plan for 2018. In presenting the CIP budget snapshot, Staff also included the Normal System Improvements (included in the Operating Budget) because the combination of the two are what makes up the total capital commitment. Mr. Robey reviewed how the money will be spent, the listing of the capital budget projects, the financing plan for the proposed CIP, forecasted days cash on hand and the forecasted debt service coverage. An important note in the Financing plan for the proposed CIP is the plan assumes a three percent rate increase in 2020. This need will be reevaluated every year.

Commissioner Sudduth moved, seconded by Commissioner Sofield, to approve the 2018 CIP Budget as presented. The motion passed unanimously.

9. ADVERTISING PRESENTATION

Chairman Kilgore welcomed Communications Manager Olivia Sloan to present an advertising opportunity for Greenville Water with Fox Carolina. Greenville Water has been looking for a title sponsorship opportunity and Ms. Sloan approached local news stations for options. Fox Carolina offered the best opportunity. Ms. Sloan provided details of the opportunity, providing samples of visuals, posts and advertising. Mr. Bereskin added this is the first step in searching for advertising opportunities and was provided for informational purposes only.

10. CHIEF EXECUTIVE REPORT

Palmetto Conservation Foundation has requested a walk through to explore the potential routing change to the Saluda Mountain Passage of the Palmetto Trail that would include a Trammell Gap rerouting. A map of the area was provided to the Commissioners. Chairman Kilgore and Commissioner Sofield expressed concerns regarding the location of the potential routing and requested to participate in the walk through and discussions that take place. Mr. Bereskin added Commissioner Bannister would like to be involved in the discussions as well.

The Greenville Water Holiday Luncheon will be held November 16th in the Field Operations Facility. The luncheon will kick off with a celebration of Greenville Water receiving the Association of Metropolitan Water Agencies' Platinum Award for Utility Excellence.

Greenville Water will be winterizing the drip portion of the Prospect Green Fountain beginning December 11th through February to prevent freezing.

Duke Energy will be hosting a Transforming Our Power Grid summit in the Field Operations Community Room on November 28, 2017. This will be an all-day event involving community and business leaders from North Carolina and South Carolina. Chairman Kilgore will offer the opening speech.

Commissioners and Staff presented Commissioner Sudduth with a commemorative water drop and celebrated his ten years of service with a time of fellowship and cake. Mr. Bereskin expressed appreciation for Commissioner Sudduth's help and guidance during his time at Greenville Water.

11. COMMISSION COMMENTS

Chairman Kilgore and Commissioner Sofield thanked Commissioner Sudduth for his years of service to Greenville Water, expressing gratitude for the wisdom and guidance imparted during these years.

12. ADJOURNMENT

There being no further business, the meeting was adjourned at 9:41 a.m.



Phillip A. Kilgore, Chairman



Kimberly J. Haulter, Executive Assistant