



GreenvilleWater

**MINUTES OF REGULAR MEETING
COMMISSIONERS OF PUBLIC WORKS
407 West Broad Street
Commission Room, Level Two
Greenville, South Carolina
June 1, 2021
8:15 a.m.**

Commissioners of Public Works in attendance:

Chairman Phillip A. Kilgore, Vice-Chairman James W. Bannister, and Debra M. Sofield.

Absent: Mayor Knox H. White and Wil Brasington. A quorum was present.

Greenville Water Senior Staff in attendance:

Chief Executive Officer David H. Bereskin, Chief Financial Officer Phil Robey, Chief Operations Officer Jeff Boss, Director of Water Resources Jeff Phillips, Director of Strategic Initiatives Dr. Jane Arrington, Director of Engineering Mark Hattendorf, Director of Administration, Sustainability and Compliance Dr. Bob Schmidt, Director of Human Resources Richard Posey, Manager of Field Operations Wayne Benson, Public Relations Manager Emerald Clark, Controller Brian Bearfield, and Attorney Adam Bach.

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

No comments were presented.

3. CONSENT AGENDA

Chairman Kilgore asked for questions pertaining to the consent agenda items. There being none, he called for approval of the items of the Consent Agenda which were the meeting minutes of the Regular Commission Meeting May 4, 2021, the Water Resources Report, the Finance Update, New Development, and New Annexations. Vice-Chairman Bannister moved, seconded by Commissioner Sofield, to approve the items of the consent agenda. The motion passed unanimously.

4. LEGISLATIVE UPDATE

Chairman Kilgore welcomed Legislative Liaison Bob Knight to provide a legislative update. Mr. Knight mentioned there was a lot of activity in Columbia, SC at the time. Greenville Water's proviso for the retirement package did not clear the Senate as previously thought. Now it will go to conference committee. The House of Representatives Ways and Means committee is going to create a new budget, go into a conference committee, then pass the budget in the last week of June. The budget will then go to the Governor and then come back to deal with the Governor's vetoes.

Chairman Kilgore, Mr. Bereskin and Mr. Knight met with Mr. Van Cato from Senator Graham's office to discuss potential earmarks in Federal money being spent, particularly in

the infrastructure bill that is being discussed by Congress. Mr. Cato encouraged Greenville Water to go after American Rescue Plan Act (ARPA) money that is momentarily expected to arrive in South Carolina. The ARPA has four parameters for guidance, one of which is water and sewer. There will be a large amount of water and sewer funding in the State money. The distribution is entirely up to the General Assembly. The Federal Government named four areas the money could be distributed: Broadband, Water, Sewer, and Replacing of Revenue. Cities and Counties are talking about having to replace some of the lost revenue. For instance, the City of Greenville lost hospitality revenue and will need to replace some of that money. The funds have not arrived yet, so there is no rush to spend it at this time.

5. CYBER SECURITY UPDATE

Chairman Kilgore welcomed Information Technology Director Billy Cooper to provide a Cyber Risk Update. Mr. Cooper said cyberattacks are fresh on everyone's mind with the recent pipeline incident and even meat processing cyberattacks.

The last cyber security update to the Commission was given in August of 2020 detailing several accomplishments achieved in 2020. At the end of that update promises were made for future improvements as well. Goals for a future sustainable state included:

- Full disaster recovery plan with test before end of year
- More virtualization / cloud utilization where it makes sense
- Microsoft Teams Telephony Project in process
- IT Security awareness training, security metrics, security audit
- Standard policies and procedures for IT operations

Mr. Cooper stated Greenville Water was successful in moving forward with all the goals and provided details on each.

6. THE NATURE CONSERVANCY EASEMENT POLICY

Chairman Kilgore introduced Chief Administrative Officer Dr. Bob Schmidt to present the conservation easement third-party violation enforcement policy. Dr. Schmidt explained the policy is to allow Greenville Water and The Nature Conservancy (TNC) to resolve all minor and most moderate third-party violations without the City of Greenville Attorney's consent.

There have been some encroachments in the North Saluda Watershed which date back to January. The agreements have been formed but have yet to come back from the City Attorney. This policy will also clarify enforcement authority and to ensure compliance with Current Land Trust Alliance, which is the group TNC currently belongs to which provides the by-laws used to enforce the conservation easement, and South Carolina Statutes.

The policy is a very small document. The total language about third party violation is in one paragraph consisting of the following:

"If a breach of these restrictions by the grantor or a third-party comes to the attention of the Grantee, the Grantee shall notify Grantor in writing of the breach. The Grantor shall have thirty (30) days after receipt of such

notice to take actions that are reasonably calculated to correct the conditions constituting such a breach. If the Grantor fails to take such corrective action, the Grantee may undertake such actions in its discretion, including appropriate legal or equitable proceedings, as are reasonably necessary to require and compel Grantor to correct such conditions.”

The Conservation Easement already has a monitoring policy which provides for annual boundary inspections, location specific boundary inspections for North Saluda in particular, due to state roads going through it, and a cooperative agreement with TNC for boundary inspections completed once a year.

The policy will be used to define levels of violations, segment them and be able to manage violations in house. The first set of violations includes technical or minor violations which are trash on the side of the road, driving inadvertently onto property, abutments from other property owners, et cetera. Staff will be able to address these violations. Two recent violations were between minor and moderate, for example someone built a fence on Greenville Water property. Language has been put together to remediate the issue.

Dr. Schmidt explained another objective of the policy is to layout Greenville Water’s philosophy, so people understand what Greenville Water is trying to accomplish and why. Dr. Schmidt reviewed the principles and considerations of third-party enforcement, Watershed management procedures and next steps. Commissioners were asked to consider approving the Third-Party Violations Management Easement Policy, allowing Greenville Water/TNC to resolve all minor and most moderate third-party violations and advance any larger violations to involve the City of Greenville Attorney in the process. Vice-Chairman Bannister moved, seconded by Chairman Kilgore, to approve the policy. The motion passed unanimously.

7. PIPELINE INSTALLATION PROJECT

Chairman Kilgore called on Chief Operations Officer Jeff Boss to provide an update on Field Operations (FO) construction installation projects. Mr. Boss reviewed the mission, vision, and values leading Greenville Water’s strategic initiatives, then presented his 2021 Leader Goals which were:

- Build and maintain a Greenville Water bid tab spreadsheet with a 2-year rolling average of unit costs for all contracted construction projects. Use costs to evaluate contractor pricing and estimating for FO pipe crews.
- Develop bidding, tracking, cost, and controls for current and pending in-house FO construction projects. Evaluate FO bidding using Greenville Water bid tab spreadsheet.
- Institute total cost tracking per work order, project, and asset in EAM. Important for the long term to analyze asset Lifecycle Costs and to compare crew efficiencies.
- Supervise and enforce directors and managers to utilize information in EAM.

Mr. Boss reviewed the project score calculation process for evaluating the FO in-house projects, providing an example of the construction estimated project schedule and the construction cost estimates and final cost comparison worksheets. Each FO construction crew has a construction work completed schedule assigned for each project. The

spreadsheet is updated regularly to track where the crews have been, what they are doing and how many hours are spent on the tasks. Chairman Kilgore asked who develops the schedule. Mr. Boss stated he and Mr. Benson work with Engineering to develop the schedule.

Mr. Boss introduced Director of Engineering Mark Hattendorf to review the normal system improvements. Mr. Hattendorf began by explaining how Greenville Water budgets for the projects completed by FO. The Commission has approved for some years now a \$6 million budget under normal system improvements which allows flexibility to plan projects. Projects included under this budget are the City CIP, main replacement projects, highway projects, main extensions, and service line replacement. Field Operations assists by being able to fast track and deploy resources quickly when needed.

Greenville Water staff maintains asset records to make replacement project decisions using a Pipe Score (condition assessment). Pipe score metrics are used to determine which pipes need replacement. Staff is in the process of updating these metrics. Mr. Hattendorf reviewed the current process and then explained the updates being made in moving from a condition assessment to more of a risk and consequence matrix. The update is now in the execution phase and is being programmed in GIS. Mr. Bereskin explained this is the next evolution of pipe scoring. The previous method was more basic, and the workforce has taken it up a notch, putting the likelihood of failure (LoF) and risk of failure (RoF) into the equation.

8. FIXED INCOME LADDER

Chairman Kilgore invited Chief Financial Officer Phil Robey to present on the Fixed Income Ladder. Mr. Robey explained one of Greenville Water's financial objectives is to maximize the return received on excess funds. Mr. Robey presented the interest rate trends since 1962 for perspective on the trend over time. In the last ten years particularly, interest rates have been bumping along the bottom of historic lows. The Federal Reserve continues to project near-zero interest rates at least through 2023.

In anticipation of rising interest rates Greenville Water has avoided longer maturities to avoid holding low-rate securities in a rising interest rate environment. The cost of waiting is the extra yield with longer term investments even in a low-rate environment. Mr. Robey explained Greenville Water is going to try to capture some of those yields by going a little further out with a bond ladder or portfolio of fixed income securities, with each security having a different maturity date. Mr. Robey reviewed Greenville Water's first try at a bond ladder 2014-2019 and the new bond ladder building plan beginning with the top rung (3 yrs. 6 mos.). The remaining rugs will be filled in over the next several months. Mr. Bereskin added the first bond ladder lasted for 18 months to two years.

9. NORTH SALUDA RESTORATION PROJECT

Chairman Kilgore called on Mr. Bereskin to present on the North Saluda Restoration Project. Mr. Bereskin announced Greenville Water would be hosting members of Greenville County Council and the Greenville County Historic and Natural Resource Trust (GCHNRT) at the North Saluda pump station to tour the area. Greenville County formed the conservation bank agency in December of 2020. The GCHNRT is charged with preserving historical sites,

buildings, and natural resources. The purpose of the meeting is to demonstrate an example of a stream restoration project, what it could entail, and look like. The tour will start at the Boy Scouts property moving down to where the Callahan branch meets the discharge from the North Saluda and on to Dividing Waters to discuss the Naturaland Trust property. The tour will include discussion of possibilities of positive programs for the GCHNRT.

10. APPROVAL TO PARTICIPATE IN SCRS 21-22 FISCAL YEAR AMENDMENT

Chairman Kilgore asked Mr. Bereskin to present the item for consideration. Mr. Bereskin explained Mr. Knight had mentioned in his legislative update Greenville Water has been working hard over the last four to five years to have legislation passed in South Carolina to allow employers to pick-up/pay a portion of the employee's pension obligation. Presently the employee pays 9% of their salary. The proposed legislation has two benefits for the employees and Greenville Water. One benefit is employees will have more take home pay or choose to put the money in a 401(k) plan for retirement. Greenville Water will be able to compete effectively for top talent during recruitment without grossing up on the loss of wages the person is considering in employment at Greenville Water.

Mr. Knight and Greenville Water have been working hard at it. An attempt was made to pass stand alone legislation which got tied up in the House of Representatives. Mr. Knight had it attached as a proviso to the two budgets. The proviso passed the House of Representatives but not the Senate and went through reconciliation of budgets. There is an estimated 40 percent chance of it passing.

Mr. Bereskin asked the Commission to give Greenville Water authority to allow for a three percent pay of the employee's pension in the State's July 2021/2022 fiscal year budget if the proviso passes. This legislation in the proviso and the standalone bill allows for a contribution of 0 to 9 percent by an employer on behalf of the employee. This would be an annual election, so if financial or performance metrics fall, the contribution could be changed. It would be for all employees or none. The three percent would go to the State bank and not the employee's bank which is a fine point of the legislation which allows the State to re-coop more money if the employee moves on before retirement.

Commissioner Sofield moved, seconded by Vice-Chairman Bannister, to give Greenville Water authority to allow for three percent payment of the employee's pension in the State's July 2021/2022 fiscal year budget if the proviso is approved and legislation allows. The motion passed unanimously.

Vice-Chairman Bannister thanked Mr. Bereskin and his team for introducing the idea into Columbia. No one had come up with this idea before. Unfortunately, the legislation was hijacked for other purposes.

11. CHIEF EXECUTIVE REPORT

Roper Mountain Science Center's Environmental Science & Sustainability Center grand opening was a success. Mr. Bereskin and Commissioners thanked Dr. Arrington and Ms. Clark for all the hard work they put into making the Water Story exhibit a success.

Commissioner Sofield moved, seconded by Vice-Chairman Bannister, to enter Executive Session for the purpose of considering contractual and litigation matters. The motion passed unanimously.

(Executive Session)

Vice-Chairman Bannister moved, seconded by Commissioner Sofield, to go out of Executive Session. The motion carried unanimously. No action was taken.

12. COMMISSION COMMENTS

No comments presented at this time.

13. ADJOURNMENT

There being no further business, the meeting was adjourned 9:40 a.m.



Phillip A. Kilgore, Chairman



Kimberly Hauler, Executive Assistant