

**MINUTES OF THE BOARD OF DIRECTORS REGULAR MEETING OF THE
BEAUFORT-JASPER WATER AND SEWER AUTHORITY HELD ON
SEPTEMBER 23, 2010.**

Be it remembered that the Board of Directors of the Beaufort-Jasper Water and Sewer Authority held its Regular Meeting Thursday, September 23, 2010 at the Beaufort-Jasper Water & Sewer Authority Administration Building. This meeting met the notice requirements of, and was properly constituted pursuant to, Chapter 4, Title 30 of the Code of Laws for South Carolina, 1976, as amended, commonly known as the "Freedom of Information Act".

ATTENDANCE

Members of the Authority:

Present: Chair Brandy Gray; Michael Bell, Vice-Chair; Lorraine Bond, Secretary/Treasurer; Donna Altman; Jim Carlen; B.G. "Pat" O'Neal; John Rogers; Bill Singleton; and Charlie White.

Absent: Mark Snyder.

Guests: Paul Sommerville, Vice-Chairman, Beaufort County Council (District 7-Ladys Island/Beaufort); Brian Flewelling, Beaufort County Council (District 9-Burton), Gerald Dawson (District 6-Sheldon/Dale/Lobeco) and Skeet Von Harten.

BJWSA Members of Staff: Dean Moss, General Manager; Ed Saxon, Deputy GM, O&M; Dottie Hofmann, CFO; John Wells, Director of Administrative Services/HR Manager; Charles Sexton, Director of Engineering; Chris Petry, Director of Treatment; Sarah Linkimer, Controller; Mandy Abbott, Communications Administrative Assistant, and Libby Breland, Administrative Assistant.

Legal Counsel: Raymond H. Williams, General Counsel.

CALL TO ORDER

Chair, Brandy Gray, called the meeting to order at 9:00am and announced that a quorum was present. Charlie White gave the invocation and the Pledge of Allegiance followed.

APPROVAL OF MINUTES

Chair, Brandy Gray, requested a motion to approve the July 22, 2010 Minutes.

Motion: Lorraine Bond, made a motion, seconded by Gen. Pat O'Neal, to approve the Minutes of the annual meeting of July 22, 2010. A vote was held and the motion passed unanimously.

PUBLIC COMMENT

Chair Brandy Gray, welcomed and recognized the attending guests.

GENERAL MANAGERS REPORT

Dean Moss, General Manager, reported on the following issues:

- August Safety Report. 6 calendar days since the last preventable lost time case as of August 30. An employee jumped off of a platform and twisted his knee. He continued to work, but it was later determined that the injury required surgery. So this incident had to be recorded as a lost work day case. *Safety Report for the month of August 2010 is attached to these minutes and made a part hereof.*
- Water Sales. Month of August was a very good month.
- BJWSA Facilities Awards. Chris Petry reported that BJWSA received the National Association Clean Water Agencies (NACWA) Peak Performance Award for all six (6) wastewater facilities. NACWA Peak Performance Awards, recognize facilities for outstanding compliance with their National Pollutant Discharge Elimination System (NPDES) permits. (Palmetto Bluff, Palm Key, Point South and St. Helena) are not NPDES Plants and are therefore not eligible for NACWA Peak Performance Awards. The Chelsea WTP and Purrysburg WTP both received the Area Wide Optimization Program (AWOP) which recognizes maximizing public health protection through increasing water quality at surface water treatment plants.
- Military Wastewater Facilities. The MCAS and Parris Island pump stations have started up. The waste water treatment plants are off-line and preparing for demolition. Punch list items are being completed.
- Port Royal Railroad Corridor. The removal of the rails has begun. The contractor removes the rails first, and then the railroad ties and finally the rock will be removed. Payment has been received.
- SC/GA Groundwater Management and TMDL. A groundwater model showed that pumping will need to be reduced significantly by (90%) under Hilton Head and Savannah to stop salt water intrusion into the aquifer. Charles Sexton attended a second meeting of the SC/GA Groundwater Management Group which discussed the next steps needed to stop the salt water intrusion. BJWSA is providing leadership. (TMDL) Ed Saxon is leading the effort to bring all the dischargers in the Savannah River Basin together to start working out an allocation of the allowable load. An 80% reduction is needed in the waste loads that can be discharged into the Basin below Thurmond Dam. These are two of the three major issues that the Bi-State Savannah Basin group has been addressing.
- Hardeeville Sewer Line Issue. A Hardeeville homeowner (Lillie Young) thinks her walls and floors are cracking because of a sewer line that runs under her house. Ms. Young's home was built before BJWSA acquired the Hardeeville Water System, and has been settling. BJWSA televised the line, and confirmed that there was no problem with the sewer line. However, the Authority will work with the City of Hardeeville and the homeowner to see if this issue can be resolved.

- High Level Strategic Initiatives Workshop. November 18, following the Board meeting, is the scheduled date for the workshop.
- Flu Shots Offered to Board Members. Dean Moss announced that employees of the Authority were receiving flu shots this morning and he extended this offer to the Board Members and County Council members.
- BJWSA Company Logo Shirt Offer. Dean Moss extended the offer of a free shirt for the Board Members.

Public Affairs Report

Dean Moss reported on the following issues:

Community Projects Update.

- ***Beaufort County, Dale Area (CDBG) - Waterline Extension, Phase III*** – Majority of the construction is complete. Staff is working with LCOG and reaching out to residents to ensure that they are connected, by hand-delivering many of the application packets.
- ***Town of Bluffton, Simmonsville/Buck Island Rd. (CDBG) – Waterline Extension*** - Construction should be in progress by the end of the year. The Town of Bluffton was recently awarded some additional funds that will serve about 10 additional lots in the area of Village Renaissance. Michael Bell asked Dean Moss if he had been contacted by the Town of Bluffton regarding fee reductions for an affordable housing project. Dean Moss stated that there had been discussion, but that BJWSA did not have a Thad Colman type process in place for affordable housing projects. Chair Brandy Gray, asked if the Authority had received the County's share of the Thad Coleman Fund. Dottie Hofmann stated that a reminder notice had been sent.
- ***Town of Port Royal, (CDBG) – Sewer Line Extension-*** This CDBG project has been approved and is located on Shell Rd. near Fort Frederick circle. A Memorandum of Understanding is being developed to establish an agreed process where by the Town receives capacity credits for the value of the assets constructed with the grant.
- ***Jasper County, Purrysburg Area (CDBG) – Sewer Line Extension*** - BJWSA has committed capacity fee credits to the project located in the vicinity of old Charleston Rd.

BJWSA Website. 6700 hits. An average of 295 hits per day and 63% were new hits. Michael Bell asked how many customers had signed up on automatic bank draft. Dottie Hofmann reported that 100 customer had signed up for automatic bank draft last month and that Customer Service was at the end of the process of testing the program for the automatic bank draft on recurring credit cards and will be able to provide this service soon. Michael Bell stated that he would like to see press announcing the launch.

COMMITTEE REPORTS

Executive

Chair Brandy Gray stated that the Executive Committee had met and reviewed the General Counsel proposals, which will be discussed in Executive Session.

Capital Projects

Charlie White reported that the Capital Projects Committee met on September 15 and that three action items will be presented under new business. *The Memorandum from Charles Sexton dated September 12, 2010 CIP & Developer Update is attached to these minutes and made a part hereof.*

Finance

Committee Chair, Lorraine Bond, reported that the Committee met on September 16, and she reported on the following issues:

- **Financial Report.** Total revenues are \$75K above budget through August compared to (\$289K) under budget thru August 2009. Total Operating expenses (including depreciation) are (\$63K) over budget. Operating Cash of \$12.2M remains well above the 3 month minimum of \$8.9M. Capacity fees are \$184K above budget through August; however, we expect this to slow down considerably as very few projects have been coming in. Debt service coverage is healthy at 2.25 with capacity fees and 2.00 without.
- **Audit Process.** The audit fieldwork is complete with no known audit adjustments. The audit results will be presented to the Committee in October and the CAFR presentation and overview to the full Board in November.
- **Capital Improvement Program.** The Committee approved the addition of the Source Water Protection project to the CIP and actions related to the ISM CIP projects.
- **Call Center Metrics.** The Committee reviewed the July and August call center metrics which have leveled out after phone/queue problems in June. Working on getting the wait times and abandonment rate down closer to the BJWSA benchmarks.

The financial report dated August 31, 2010 is attached to these minutes and made a part hereof.

Personnel

Dr. Singleton reported that the Committee met on September 14, 2010 and received an update on the following:

- **Safety Report & Training.** Received a safety update including a detailed explanation of the Safety report; on-going training activities such as Defensive Driving, Confined Space and Electrical Safety; and future efforts to update the Authority's Integrated Contingency Plan.
- **Recruiting and Hiring Actions.** Three vacancies had been filled: GIS Coordinator, Accounting Specialist, and Field Operations Supervisor. There were

five (5) other vacancies in various stages of the recruitment process and that the staff had expected to fill most of them within the next few months.

- Employee Performance Evaluations. The policy and many of the detailed steps taken by the Authority were explained with regards to those employees who had received an unsatisfactory rating.
- EEO-1 and VETS-100 Reports. Received an update on the EEO-1 and VETS-100 Reports which are submitted during the month of September and the procedures utilized by the Authority if an applicant or an employee requests a disability accommodation was also discussed.
- Professional Development Training. An update was received on the professional development training activities: an 8-week, supervisor training course conducted by Georgia Southern and a 3-week Excel computer class conducted by Technical College of the Lowcountry. John Wells stated the training room was being used for some of the training and testing and other utilities had been invited.
- General Counsel Selection Process. An update was received on the General Counsel Selection process and committee members were invited to attend the interviews. Dr. Singleton noted that he did attend one of the interviews yesterday.
- Railroad Right-of-Way and Military Consolidation. Dean Moss provided the committee an update on these projects.

OLD BUSINESS

No old business to discuss.

NEW BUSINESS

A. FY 09-11 Capital Improvement Program.

Contract Awards.

1. CIP #21262, 21478, 21618, 21619 – Gravity System Rehab Contract Award for Engineering Services to BP Barber in the Amount of \$127,750. This project consists of rehabilitating the gravity sewer in the Duke Street, Laurens Street, Charles Street and Cherry Hill basins. The project includes lining the sewer pipes, manhole rehabilitation, and point repairs, and will be funded by a SRF loan. The budget for engineering is \$200,000 (\$50,000 per basin). The staff is requesting that the contract for engineering services be awarded to BP Barber for \$127,750.

Motion: Michael Bell moved, seconded by John Rogers, to approve CIPs 21262, 21478, 21618, 21619 as presented and referenced in the Memorandum to Ed Saxon and Charles Sexton, from Tricia Kilgore dated September 10, 2010. A vote was held and the motion passed unanimously.

Michael Bell recommended that the press be notified when the contract award comes to the Board regarding the red water issue in the City of Beaufort area.

2. CIP # 22026 & 22025 – Beaufort Naval Hospital Valve Replacement Contract Award to Potter Construction in the amount of \$163,382. This project will consist of replacing all of the valves and hydrants located on the hospital side of the Naval Hospital site. The engineer, Atlantic South Consulting Services, has certified the bids and recommends award to Potter Construction.

Motion: Committee Chair John Rogers moved, on behalf of the Capital Projects Committee, to approve CIPs 22026, & 22025 as presented and referenced in the Memorandum to Ed Saxon and Charles Sexton, from Brian Chemsak dated September 07, 2010. A vote was held and the motion passed unanimously.

Change Orders.

1. Parris Island ISM Group I Phase I Division I CIP #22048, 22049, 22052 Change Order to Anson Construction in the Amount of \$125,379. This project included retro fitting new pumps into existing building on Parris Island. During the course of construction the contractor found that many of the site conditions did not match the record drawings. The differences that were noted affected the design causing modifications to the design resulting in multiply change orders over the course of the project.

Motion: Lorraine Bond moved, seconded by Dr. Singleton, to approve CIPs 22048, 22049, 22052 as presented and referenced in the Memorandum to Ed Saxon and Charles Sexton, from Brian Chemsak dated September 08, 2010. A vote was held and the motion passed unanimously.

2. ISM Group I Phase I Division II CIP #22040, 22044, 22055 Change Order to DuPriest Construction in the Amount of \$193,450. The staff is requesting 5 change orders totaling \$193,450 for Dupriest Construction associated with the Parris Island ISMs.

Motion: John Rogers moved, seconded by Lorraine Bond, to approve CIPs 22040, 22044, 22055 as presented and referenced in the Memorandum to Ed Saxon and Charles Sexton, from Brian Chemsak dated September 08, 2010. A vote was held and the motion passed unanimously.

CIP Project Additions

1. CIP #21624 Source Water Protection – Recess Plantation CIP Project Addition in the Amount of \$200,000. The property identified as “Recess Plantation” is located directly upstream of BJWSA’s intake on the Savannah River and contains 7 miles of river frontage. This property was originally Westvaco Property that was recently sold for development. The Nature Conservancy has worked with the new property owner to place the property in a Conservation Easement for \$200/acre which is substantially less than market value for the property. Private funds have been raised to fund \$800,000 of the \$1,000,000 purchase. The Nature Conservancy is asking BJWSA for the remaining \$200,000 since the State Conservation Bank was not funded by the Legislature.

Motion: Michael Bell moved, seconded by Gen. Pat O’Neal, to approve CIP 21624 only as an addition to the CIP program and not a contribution amount at this

time. This project is referenced in the Memorandum to Ed Saxon from Charles Sexton dated September 14, 2010.

Discussion: General O’Neal shared two concerns; 1. Establishing precedence; and 2. How long will BJWSA continue to contribute to a conservation easement in order to protect land development along its water source? General O’Neal felt strongly that South Carolina Electric & Gas (SCEG) should share in the \$200,000 cost. Dean Moss stated that he has been in conversation with SCEG and that they would contribute to the next effort. General O’Neal recommended that SCEG partner with BJWSA and contributes at least \$50,000 towards the \$200,000 cost. Consensus of the Board agreed.

Vote: **A vote was held and the motion passed unanimously.**

PUBLIC COMMENT

Councilman Gerald Dawson, noted that he and Michelle Knight, LCOC, were going door to door in the dale area to encourage residents to connect to the new water line extension. He thanked the Board for bringing water to that area.

EXECUTIVE SESSION

Chair Brandy Gray, asked for a motion to go into Executive Session.

Motion: **Gen Pat O’Neal moved, seconded by Dr. Bill Singleton, to move into Executive Session to discuss the General Counsel’s selection results. A vote was held and the motion passed unanimously.**

RECONVENE

The meeting reconvened into regular session and the following action was taken:

Motion: **Donna Altman made a motion to engage Erin Dean of TG&D as General Counsel and directed the General Manager to develop an engagement Agreement for the Board’s approval. Lorraine Bond seconded the motion. A vote was held and the motion passed unanimously.**

ADJOURNMENT

The meeting adjourned at 10:20am.

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Attachments: Safety Report dated August 2010, CIP and Developer Update Memo dated September 12, 2010, Financial Report dated August 31, 2010.