

MINUTES OF THE BOARD OF DIRECTORS ANNUAL MEETING OF THE BEAUFORT-JASPER WATER AND SEWER AUTHORITY HELD ON JULY 28, 2011.

Be it remembered that the Board of Directors of the Beaufort-Jasper Water and Sewer Authority held its Annual Meeting Thursday, July 28, 2011 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 in attendance: Brandy Gray, Chairman; Michael Bell, Vice-Chairman; Lorraine Bond, Secretary/Treasurer; Donna Altman; David Lott (telephonically); B.G. "Pat" O'Neal, (telephonically); Dr. Bill Singleton and Skeet Von Harten (telephonically).

Members of the Authority not in attendance: Mark Snyder and Charlie White.

Staff in attendance: Dean Moss, General Manager; Ed Saxon, Deputy General Manager; Dottie Hofmann, CFO; Matthew Brady, Communications Manager; Tricia Kilgore, Capital Projects Manager; Sarah Linkimer, Controller; Will Bettis, Purchasing Manager; and Libby Breland, Executive Assistant/Clerk to Board.

Legal Counsel in attendance: Erin Dean, Esq., Tupper, Grimsley and Dean, P.A.

Guests in attendance: Brian Flewelling, Beaufort County Council, (District 9-Burton).

CALL TO ORDER

Chairman Brandy Gray called the meeting to order at 9:00 a.m. and announced that a quorum was not present at this time. Michael Bell gave the invocation and the Pledge of Allegiance followed.

PUBLIC COMMENT

Chairman Brandy Gray welcomed and recognized the attending guests. Brian Flewelling provided comments. He thanked the board for closing out the Dale water line project and stated that this project is a great benefit to the area residents.

GENERAL MANAGERS REPORT

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

- June 2011 Safety Report. There were 59 calendar days since the last preventable lost time case as of July 1, 2011 with 0 recordable injuries, 3 Near Miss reports and 115 Take Twos completed. *The Safety Report for the month of June 1, 2011 is attached to these minutes and is made a part hereof.*
- Vacation. He will be on vacation starting August 16th and will return on August 29th.

- August Board Meeting. He reported that the staff does not have any projects or activity requiring Board action and recommended not meeting in August.

Note: (9:10) John Rogers joined the meeting.

- Analysis of Residential Water Usage. He shared the results of an analysis of customer usage during the peak month of June compared to a trailing 3 month average. The areas with the highest average daily use were Cat Island and Dataw Island.
- Drought Update. The state Drought Response Committee has designated Beaufort and Jasper counties as being in a “moderate drought”. Moderate drought means stream flows are low and conditions could threaten agriculture and increase the risk of forest fires. The U.S. Drought Monitor classifies the area as being in “extreme drought”, because of major crop and pasture losses and widespread water shortages or restrictions.
- Contractor Performance Assessment Report (CPAR). Received a second report card from the Military. The overall rating was “Very Good” in all areas for the Group II Initial System Modification (ISMs).
- Savannah River Governor’s Committee met on Tuesday and discussed groundwater issues and the Savannah River TMDL.
- U.S. House Redistricting Plan. If Gov. Haley signs the proposed redistricting plan, it would put BJWSA in the 1st congressional district with the new U. S. Rep. Tim Scott. Sheldon Township and all of Jasper County would be in the 6th congressional district represented by Congressman. James Clyburn. This relationship will be very valuable to the Authority.
- Hurricane Planning. The staff is reviewing drills and working with the Counties on readiness.

Public Affairs Report

Matthew Brady reported on the following issues:

- Community Projects Update.
 1. *Downtown Waterline Replacement* - Construction is scheduled to start in August. The affected residents have been notified, and a community meeting will be held on August 4th.
 2. *Bluffton Phase II (Simmons Rd.)* - After a few design changes, a pre-con will be scheduled and thereafter construction should start in the next month. Staff is working with the Town of Bluffton, who is helping with the community outreach, connections and ensuring proper 911 addressing.
 3. *Purrysburg (CDBG)* - Progress on this project is slow. Waiting on an environmental review and a letter from the Corps of Engineers (COE) regarding wetlands location and the pump station. Once the letter is received, the County and LCOG believe that the project will continue as planned.
 4. *Stuart Point*- Contacted several members of the community that had contacted BJWSA before, and informed them that we are still pursuing this project, but most likely, it would have to wait until the next funding cycle. As before, the

residents understand, and are willing to participate in anyway they can. He also communicated with LCOG, and they believe Council could support this project, and that they may begin “door knocking” soon. Depending on the progress, the application process could occur during spring 2012.

5. *Burton Waterline (CDBG)* - This project has been funded by the Department of Commerce. The funding amount is \$422,000, with BJWSA contributing \$37,500 in capacity fees as part of the grant match. This project can serve 91 people, of which 69 are LMI. BJWSA is a sub-recipient on this project. LCOG is working on getting a sub-recipient agreement approved so that we can sign it. They believe the environmental review is probably “clear” at this point, so an Request for Proposal (RFP) for engineering should be drawn up and released soon.
 6. *Port Royal (CDBG)* - This project is also moving forward. LCOG has some administrative work to take care of, and ATM (Town’s engineer) has a few design corrections to make, but anticipate construction to begin in August.
 7. *Dale (CDBG)* – A public hearing for this project was held on July 25 for the final close-out. This was a successful project and many staff members went above and beyond helping to reach out to the community.
- Consumer Confidence Report (CCR). BJWSA has been awarded the CCR Excellence Award for the Large Surface Water System Water Supply Category. This is for water delivered in 2009 (last years water quality report).
 - Camp Treasure Chest. He and Mandy Abbott, Communications Administrative Assistant, enjoyed spending time with Camp Treasure Chest students, who are developmentally disabled. He gave them a brief on how we treat water and did an experiment on keeping our waterbodies clean.
 - Water Festival. The staff participated again in activities of the Beaufort Water Festival. They competed in the raft race, and handed out water at the Children’s Day event.
 - Focus Group. A focus group is being scheduled for November. A group of customers will be randomly selected to participate. An incentive will be provided of a credit applied towards their water and sewer bill.

With John Rogers joining the meeting, Chairman Brandy Gray announced that a quorum was physically present and read the following statement:

TELEPHONIC STATEMENT

Chair, Brandy Gray, gave the following statement: *“I Brandy Gray, Chair, announce that a quorum for this Meeting is physically present and that **Gen. Pat O’Neal, David Lott and Skeet Von Harten** are attending this meeting telephonically”.*

APPROVAL OF MINUTES

Motion: Moved by Donna Altman and seconded by Lorraine Bond, to approve the Minutes of the Regular Board of Directors meeting of June 23, 2011.

Motion passed unanimously.

Motion: Moved by Donna Altman and seconded by John Rogers to approve the Minutes of the Special Meeting of July 8, 2011.

A correction to the minutes was noted by Dr. Bill Singleton. The minutes reflected that he made a motion, but was not in attendance. Dean Moss indicated that he would confirm the maker of the motion and make the noted corrections.

Motion passed unanimously with the noted changes to the Special Meeting of July 8, 2011, minutes.

COMMITTEE REPORTS

Capital Projects

Committee Chair, John Rogers asked Tricia Kilgore to give the committee report. The Committee met with staff on July 20 and reviewed the status of the CIP and developer projects. They discussed projects closed in FY11 and future projects including two big projects on the sewer rehabilitation and the Purrysburg Rd. waterline.

Finance

Committee Chair, Lorraine Bond, reported that the Committee met on Thursday, July 21 and received the following updates:

- **Interim Financial Report.** The financial statements were not presented due to the closing of the year in preparation of the upcoming Audit. However, it was reported that June was a great revenue month and made up the May budget shortfall. The year end revenue should exceed projections. Operating cash finished the year at \$10.891M well above the policy minimum of \$8.88M. The capacity fees ended the year with a small upturn. Year to date receipts were \$1.23 million, which is \$764 thousand under budget, but double what was received in FY2010.
- **FY 2011 Audit.** Bonnie Cox and Bobby Smith from Cherry, Bekaert & Holland presented the firm's plan for conducting this year's audit. Bonnie Cox discussed the new GASB requirements and as usual, encouraged any Board member with questions, concerns, or areas of focus to give them a call.
- **Call Center Metrics.** Total calls received dropped considerably compared to previous year. There were IVR and phone problems last year which drove up the numbers. The call wait time and abandonment rate went up slightly with the increase in calls but continues to remain in a level pattern.
- **GM Evaluation and Salary Recommendation.** Was discussed with the committee after staff left the meeting.

Personnel

Committee Chairman Michael Bell reported that the Personnel Committee met with staff on July 19 and received the following updates:

- Recruiting and Hiring Actions. Mr. Ken Griffin will begin on August 29, 2011 for the General Manager position. The Billing/Revenue Manager and the Senior Meter Reader position are scheduled to be completed this week and should be filled by the middle of August. The Field Operations Coordinator position has been filled by an internal candidate, Natalia Laney, from the Customer Service Department. She is scheduled to transfer in August. The Planning Analyst job description has been revised, graded and put on hold until the new General Manager can make the selection. The recruitment for one (1) Field Operator I position is underway and is expected to be filled in August.
- General Manager Performance Measures for FY12. A final version of the GM Performance Measures was provided in the Board packets for review and will be presented as an agenda item under New Business for approval. The current General Manager Evaluation & Salary Recommendation will be discussed in Executive Session.
- CDBG Projects. Dean Moss provided an update on the CDBG Projects also as presented by Matthew Brady in his report and discussed the Recess Plantation CIP recommendation and some legislative updates.
- Employee Issues and General Policies. The committee is reviewing some employee issues and general policies and will determine if these should be addressed with the full Board.
- General Manager Discussion of Contribution for FY11. Agenda item under Executive Session.

OLD BUSINESS

There was no Old Business discussed.

NEW BUSINESS

Capital Improvement Program.

1. Contract Award Approval.

- CIP #21359 Pump Station RH07 Rehabilitation to BRW Construction in the amount of \$175,471.85. This project consists of the rehabilitation of pump station RH07 in Belfair. The project will be funded from sewer capital. Engineers, Weston & Sampson, have certified the bids and along with staff, recommends award to BRW in the amount of \$175,471.85.

Motion: Moved by Committee Chair, John Rogers, (no second required) that CIP #21359, Contract Award for Pump Station RH07 Rehabilitation to BRW Construction in the amount of \$175,471.85 be approved as presented and referenced in the Memorandum to Ed Saxon, and Charles Sexton and from Tricia Kilgore dated July 19, 2011.

Motion passed unanimously. *A copy of the referenced Memorandum dated July 19, 2011 is attached to these minutes and is made a part hereof.*

- CIP #21534 Miscellaneous Control Panel Replacements to Pete Duty & Associates in the amount of \$122,375. This project consists of replacing four control panels at sewer pump stations. These stations were identified as having aged or problematic components. All of them are part of systems that were acquired by BJWSA and not originally built to our specifications. The project will be funded from sewer capital. The control panels will be

supplied by Pete Duty and Associates and will be installed by Apex Electric, the low bidder for the installation.

Motion: Moved by Committee Chair, John Rogers, (no second required) that CIP #21534, Contract Award for Miscellaneous Control Panel Replacements to Pete Duty & Associates in the amount of \$122,375.00 be approved as presented and referenced in the Memorandum to Ed Saxon, and Charles Sexton and from Tricia Kilgore dated July 15, 2011.

Motion passed unanimously. *A copy of the referenced Memorandum dated July 15, 2011 is attached to these minutes and is made a part hereof.*

- CIP #22008 Parris Island ISM Water Valve & Hydrant Replacement to Potter Construction in the amount of \$588,452. This project includes replacing 130 valves and 100 fire hydrants on Parris Island. Work on Phase I was started by Potter Construction to ensure the scope of the project would closely match the scope at the previously bid Naval Hospital Valve & Hydrant Replacement job. The remaining work includes replacing 100 valves and 85 fire hydrants. Staff recommends awarding the remaining work to Potter Construction in the amount of \$588,452.

Motion: Moved by Committee Chair, John Rogers, (no second required) that CIP #22008, Contract Award for ISM Parris Island Valve and Hydrant Replacement to Potter Construction in the amount of \$588,452.00 be approved as presented and referenced in the Memorandum to Charles Sexton and from Brian Chemsak dated July 15, 2011.

Motion passed unanimously. *A copy of the referenced Memorandum dated July 15, 2011 is attached to these minutes and is made a part hereof.*

2. Contract Award & Budget Adjustment

- CIP #21474 NOB Operations Center Approval to Purchase Building for \$974,500 and increase budget by \$170,000 (\$1,570,000 New Budget). Comparing the cost to build the NOB Operation Center on the Southside site versus purchasing the site and building located at 112 Bay Pines Road, staff recommended purchasing the Bay Pines site in the amount of 974,500, and increasing the budget by \$170,000.00 (from \$1,400,000 to \$1,570,000).

Motion: Moved by Committee Chair, John Rogers (no second required) that CIP #21474, NOB Operations Center budget be increased by \$170,000.00 and to purchase the site and building located a 112 Bay Pines Road in the amount of \$974,500.00 as presented and referenced in the Memorandum to Ed Saxon and from Joe Devito dated July 15, 2011.

Motion passed unanimously. *A copy of the referenced Memorandum dated July 15, 2011 is attached to these minutes and is made a part hereof.*

- CIP #21621 Downtown Beaufort Water Line Replacement to DuPriest Construction in the amount of \$992,925 and increase budget by \$300,197 (\$1,250,197 New Budget). This project consists of replacing waterlines on portions of Washington Street, North Street, Church Street, and Craven Street in downtown Beaufort and Fort Marion road in the City of Beaufort. These waterlines are aged (some as old as 100 years) and corroded and cause water quality problems and customer complaints. The project will be funded from water capital. Staff and engineer, Weston & Sampson, has certified the bids and recommends award to DuPriest Construction in the amount of \$992,925.00 and to increase the budget of \$300,197 for the underestimated large amount of paving that is required by SC DOT.

Motion: Moved by Michael Bell, and seconded by Lorraine Bond that CIP #21621, Downtown Waterline Replacement contract award to DuPriest Construction in the amount of \$992,925.00 and to increase the budget by \$300,197 (1,250,197.00 new budget) as presented and referenced in the Memorandum to Ed Saxon and Charles Sexton and from Tricia Kilgore dated July 15, 2011.

Motion passed unanimously. *A copy of the referenced Memorandum dated July 15, 2011 is attached to these minutes and is made a part hereof.*

- CIP #21662, 21663 Sewer Line Rehabilitation to Reynolds Construction in the amount of \$6,119,049.84 and Deductive Change Order in the amount of \$2,096,692 and increase budget by \$358,485 (\$4,707,108 New Budget). This project consists of two divisions. CIP 21662 includes rehabilitating the gravity sewer in the Duke Street, Laurens Street, Charles Street and Cherry Hill Basins and the Prince Street gravity replacement. CIP 21663 is the takeover and rehabilitation of the Tansi Village collection system and is funded by a special SRF low interest loan. The sewer rehabilitation includes lining the sewer pipes, manhole repairs and point repairs. The project will be funded with two SRF loans and from sewer capital. URS|BPBarber, Engineers and BJWSA staff recommends award to Reynolds Inliner in the amount of \$6,119,049.84 and staff recommends a budget increase of \$358,623.00

Motion: Moved by Committee Chair, John Rogers (no second required) that CIP #21662, 21663 Sewer Line Rehabilitation contract be awarded to Reynolds Construction in the amount of \$6,119,049.84 and Deductive Change Order in the amount of \$2,096,692 and increase budget by \$358,485 (\$4,707,108 New Budget) as presented and referenced in the Memorandum to Ed Saxon and Charles Sexton and from Tricia Kilgore dated July 15, 2011.

Motion passed unanimously. *A copy of the referenced Memorandum dated July 15, 2011 is attached to these minutes and is made a part hereof.*

3. *Approval of FY 2012-2014 CIP Modifications – MILCON Projects.*

- CIP 22132 MCAS P444 JSF Training Facility Water and Wastewater Extensions in the amount of \$250,000.
- CIP 22133 MCAS P454 JSF Hanger W/WW Extensions in the amount of \$750,000.
- CIP 22134 MCRD Page Field Female Shower Facility W/WW Extensions in the amount of \$40,000.
- CIP 22135 MCRD Weapons Battalion MTU Range School W/WW Extensions in the amount of \$40,000.
- CIP 22136 MCRD Weapons Battalion Range Ops Facility W/WW Extensions in the amount of \$40,000.

Motion: Moved by Michael Bell, and seconded by Bill Singleton, that CIP's #22132, 22133, 22134, 22135, 22136 be added to the FY12-14 CIP as presented and referenced in the Memorandum to Ed Saxon and Charles Sexton and from Tricia Kilgore dated July 13, 2011.

Motion passed unanimously. *A copy of the referenced Memorandum dated July 13, 2011 is attached to these minutes and is made a part hereof.*

B. *Approval of the Chairman and Members of each Standing Committee for FY 2012.*

Motion: Moved by Michael Bell, and seconded by John Rogers that the Committee assignments for FY 2012 be accepted as presented and referenced in the Memorandum to the Members of the Authority and from Chair Brandy Gray dated July 28, 2011.

Motion passed unanimously. *A copy of the referenced Memorandum dated July 28, 2011 is attached to these minutes and is made a part hereof.*

C. Approval of the General Managers Performance Measures for FY 2012.

Motion: Moved by John Rogers, and seconded by Donna Altman that General Manager Performance Measures for FY 2012 be approved as presented and referenced in the Memorandum dated July 13, 2011.

Motion passed unanimously. *A copy of the referenced Memorandum dated July 13, 2011 is attached to these minutes and is made a part hereof.*

D. CIP #21624 Recess Plantation Conservation Easement Contribution of \$200,000.

Motion: Moved by John Rogers, and seconded by Donna Altman, to approve the contribution of \$200,000 to The Nature Conservancy (TNC) as presented and referenced in Dean Moss' Memorandum to the Board dated July 7, 2011.

Discussion: Gen. Pat O'Neal, in his opinion felt that it was not advisable for the Board to donate \$200,000 giving the fact of the rate increase, and deferred employment positions on hold. He recommended, that he would rather see \$200,000 be placed in the "Thad Coleman" Fund to assist the customers or similar benefit for its customers or refer it to the new General Manager for a second opinion.

David Lott commented that he could see the interest in water shed protection and that it may protect water quality and protect the upstream.

Dean Moss indicated that with the current salt water intrusion issues, the Authority would have an additional 7 miles up river for an intake. The easement however, does not clarify access to the upper river.

Dean Moss indicated that he could negotiate to possibly secure a specific easement or contract with the landowner that would survive a transition of ownership.

Skeet Von Harten, stated that he had voted in favor based on the long term affect for the conservation in committee meetings.

David Lott stated that he would agree to a contribution of \$150,000 delayed until a secure contract is reached that would allow the Authority to construct an intake up river to protect the Authorities future rights.

Michael Bell commented that the new General Manager may want to weigh-in on the project.

Pat O'Neal specified that any money moving between BJWSA and TNC must represent real and meaningful value for our customers. Simple 'good will' with TNC is not sufficient value to our customers.

Conclusion:

Dean Moss will work with the Authority's attorney, Erin Dean to draft a contract to develop a deal with the landowners that would allow BJWSA to construct an intake.

General O'Neal asked that Mr. Rogers' Motion be amended to state that Dean Moss would go back to The Nature Conservancy and the landowner and obtain the right for a future intake pipeline right-of-way, and further, that the new General Manager concur with this transaction.

Original Motion: John Rogers withdrew his original Motion. Donna Altman agreed to the withdrawal of motion.

Motion: Gen. Pat O'Neal moved that Dean Moss was to go back to The Nature Conservancy and the landowner and obtain the right for a future intake pipeline right- of-way, and further, that the new General Manager concur with this transaction. David Lott seconded the motion.

Motion passed unanimously. A copy of the referenced Memorandum to Chairman and Members, BJWSA Board and from Dean Moss, General Manager dated July 27, 2011(Revised) is attached to these minutes and is made a part hereof.

PUBLIC COMMENT

There were no public comments noted.

Note: (10:30 a.m.) Michael Bell had to leave the meeting. He made a suggestion that the Board considers moving the meetings back to beginning at 8:00 am.

Chair, Brandy Gray, announced that a quorum was not present at this time and no further action could be taken.

Before the meeting was adjourned, it was decided that an August Board meeting was necessary to discuss the final acceptance package of the new General Manager and the transition. Dean Moss will contact the Members with a couple of proposed dates.

TELEPHONIC STATEMENT

Chair Brandy Gray, made the following statement: "I, Brandy Gray, the Presiding Officer of this Meeting have previously stated that **Gen. Pat O'Neal, David Lott and Skeet Von Harten** was attending this meeting telephonically. This Meeting is in full compliance with the criteria for the attendance of this Meeting telephonically as set forth in Article II Section II of the Bylaws."

ADJOURNMENT

Chair, Brandy Gray adjourned the meeting at (10:40).

Approved on September 22, 2011

*Respectfully Submitted by Libby Breland, Clerk to Board
Attachments on file.*