

## MINUTES OF THE MEMBERS OF THE BEAUFORT-JASPER WATER AND SEWER AUTHORITY MEETING HELD ON THURSDAY 1/28/2016

Be it remembered that the Members of the Beaufort-Jasper Water and Sewer Authority held its regular meeting Thursday, 1/28/2016, 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: David Lott, Chair; Donna Altman, Vice-Chair; James N. Scott, Secretary/Treasurer; Jimmy Baker; Michael Bell; Lorraine Bond; Brandy Gray; Donald Manson; Dr. Bill Singleton and Skeet Von Harten.

Members of the Authority not in attendance: Jack Burke.

Staff in attendance: Ed Saxon, General Manager; Dottie Hofmann, DGM F&A; Frank Eskridge, DGM O&TS; Brian Chemsak, Director of Engineering; Allena Lee-Brown, HR Manager; Joe DeVito, Director Field Operations; Pamela Flasch, Communications Manager; Sarah Linkimer, Controller; Will Bettis, Purchasing & Risk Manager; Lou Brown, Communications Specialist; Libby Breland, Executive Assistant/Clerk to the Board; Debbie Hodge, Administrative Coordinator/Capital Projects and Jimmy Xayadeth, Field Operator.

Legal Counsel in attendance: Erin D. Dean, Esq., and James A. Grimsley, III Esq., Tupper, Grimsley and Dean, P.A.; Jamie Hood, Esq., Hood Law Firm attended telephonically during executive session.

Beaufort County Liaison to BJWSA: Council Member Brian E. Flewelling, District 5 (Okatie/Burton/Shell Pt.).

Public in attendance: Frank Turano, Regional Manager, Alliance Consulting Engineers.

### CALL TO ORDER

The meeting convened at 8:00 a.m., Chair David Lott presiding.

### INVOCATION AND PLEDGE OF ALLEGIANCE

Chair David Lott gave the invocation and all joined in the Pledge of Allegiance to the flag of the United States.

### APPROVAL OF MINUTES

**Motion:** Moved by Skeet Von Harten, seconded by Dr. Bill Singleton, to approve the minutes of the 12/17/2015 regular board meeting as written and distributed in advance to the Members of the Authority. No corrections were noted,

*All voted in favor, none opposed,*

**Motion passed unanimously.**

## **PUBLIC COMMENT**

The public was introduced and welcomed.

*Brian Flewelling. Glad to be back and he has been following the Board's activity through the minutes.*

## **GENERAL MANAGERS REPORT**

*Ed Saxon submitted the following report:*

1. Safety Report – We had 3 minor incidents in December, 2 break-ins at our Hardeeville WWTP and a minor vehicle collision with a low flying buzzard. We have worked >220,000 hours without a lost workday case and have completed the 1<sup>st</sup> half of FY16 without a recordable injury.
2. Savannah River Basin – The basin experienced over 10 inches of rain in December and finished the year with a total rainfall of 63.5 inches, one of the wettest years ever. As a result, lake levels started the year ~ 5' above flood stage and Thurmond releases were increased to over 35,000 cfs (22.6 BGD) in January. River levels at our intake reached 16 feet and we've seen an increase in color & organics in the raw water, similar to what we experienced in 2014. Staff has made the appropriate treatment adjustments and we'll closely monitor the raw water for the next several months to avoid any future taste & odor problem from this event.
3. Mrs. Bond's & Dr. Singleton's Terms – We finally received the paperwork from the Governor's office that corrected the existing term for Mrs. Bond & Dr. Singleton. Their current term expires in 2021.
4. Flint Michigan Water Crisis – During the committee meetings, we discussed the events surrounding the Flint water crisis. To summarize, Flint ceased buying municipal water from Detroit in April 2014 and started treating water from the Flint River. They failed to make the appropriate treatment adjustments (addition of corrosion inhibitor) to accommodate the significantly more corrosive Flint River water and as a result lead from the system & home pipes leached into the water supply. The Flint utility along with the EPA and State regulators were slow to respond to customer complaints until a local medical center reported that many children had high levels of lead in their blood. The Governor declared an emergency in the Fall and Flint started receiving significant resources & monetary assistance for the State & EPA. In October, they switched back to the Detroit water supply. In January, the Governor activated the National Guard to assist with the ongoing crisis.
5. Employee of the 4<sup>th</sup> Quarter & Employee of the Year – I am pleased to announce that Jimmy Xayadeth, a south of the Broad Field Operations employee, was selected Employee of the 4<sup>th</sup> Quarter. Also, Debbie Hodge, our Engineering Admin Coordinator, was named Employee of the Year.
6. Daufuskie Island – In August, at the request of the Haig Point, Melrose and Bloody Pt. POAs, we met with their representatives to discuss the possibility of acquiring the Daufuskie Island Utility Company (DIUC). Since that time, we've had preliminary discussions with one of the owners of DIUC and decided to delay any further investigation until their rate case was settled with the PSC. Recently, the PSC denied the 100%+ rate increase the DIUC proposed and approved a ~40% increase. We have restarted our discussions with DIUC and BJWSA staff will be spending time on the due diligence effort over the next several months. We will keep the Board updated on our progress.

7. GM FY16 Goals & Strategic Focus Plan Status Update – I distributed our progress to date on my FY16 goals at the committee meetings. For the most part, we are on track in all areas. The same can be said for our progress on the goals/objectives of the FY15-17 SFP. I've distributed the spreadsheet showing our progress.

➤ **Public Affairs Report.** Pamela Flasch highlighted community events and identified several projects taking place throughout the service area:

- 2016 Events. The Communications Department has developed a 360-degree view of 2016. You have a 'rack card' which highlights key dates; put it on your refrigerator.
- Lowcountry PAOs. We are coordinating with other Lowcountry PAOs to have a regional group that can work together during crises or on other projects. Our first meeting will be here in April, in advance of Hurricane Season.
- Water and Wastewater PAOs. We are also working with Water and Wastewater PAOs from across the state on a similar alliance. That group will meet here February 26.
- Boundary Street Project. Several BJWSA staff members are attending the weekly Boundary Street Project meetings. The communications department is involved in order to engage our customers as they are affected by shut downs.
- Customer Focus Group(s). We are planning our Customer Focus Group(s) to meet here Saturday, May 14. Coastal Focus from Charleston is going to facilitate the group(s).
- Annual Safety & Wellness Festival. Don't forget -- the Annual Safety & Wellness Festival is re-scheduled for Friday, March 11.
- Employee Fun Day. Planning is underway for our Fun Day April 23 – location TBD.

*A summary memo dated 1/13/2016, was included in the Board packet and is attached to these minutes and is made a part hereof.*

Attorney Jim Grimsley joined the meeting.

## COMMITTEE REPORTS

**Report of the Executive Committee.** Committee Chair David Lott stated that the Executive Committee did meet on 1/14/2016 for the purpose of discussing Members compensation.

- Members Compensation. Staff updated the spreadsheet of *Board Pay Information* (ref. 11.4.15) of various water and sewer entities, municipalities, elected and appointed. Chair David Lott proposed an increase of 20% to the current compensation with future increases being tied to inflation. The Executive Committee did not make a recommendation. The Personnel Committee also reviewed the comparison of compensation and there was not an overwhelming endorsement of an increase. He then asked the Members for their position. Several expressed that it was an honor and privilege to serve on the Water Authority Board and most were not aware of the compensation before joining the Board saying that that had no bearing on their willingness to serve. Members felt that their compensation is in line with other member-appointed utilities. However, it was suggested that members could support the addition of other benefits offered by other entities and asked Staff to check into the possibility of members participating in the State Health Plan medical insurance. Dottie Hofmann stated that she understood that you have to be an employee to be

enrolled in the State Health Plan, and that she would confirm this. After hearing from the majority of members, Chair David Lott said that he wants to support cohesiveness across the Board and would not recommend increasing board compensation.

***Report of the Finance Committee.*** Committee Chair Donna Altman reported that the Finance Committee met on 1/21/2016 and submitted the following report:

- 12/31/2015 Interims. Total operating revenues were \$817 thousand under budget year-to-date. Operating expenses are being managed and were under budget year-to-date, \$502 thousand without depreciation, and \$468 thousand with depreciation. Staff pointed out the low Kgoals consumption for December, which has not been this low since 2002, and the challenges that this presents for projecting revenues in FY17. Capacity fee revenues for 12/31/2015 were \$69 thousand, \$734 thousand over the annual budget. Developer contributions were \$394 thousand, with the bulk coming from Hampton Lake. Cash is healthy, ratios are within our limits and policies; liquidity has increased from 2.69 to 4.95 for this fiscal year-to-date. The Authority's target liquidity is 2.2.
- FY2017 Budget Schedule. FY2017 budget is underway and the schedule is the same as in previous years.
- Call Center Report. 12,750 calls were received for the month of December; over 120,000 calls in calendar year 2015, which was almost a 15% increase from the previous year. This will likely result in a FY17 budget request for a full time employee.
- 2016 Bond Refunding. The total bond savings is ~\$5M, equating to approximately 10.5%. The closing is February 10<sup>th</sup>, accolades to staff and professional services for bringing this to the Board and to the amount of time that they have put in. Ed echoed Donna's praises to staff, particularly for Dottie and Sarah's efforts on this transaction.
- Capital Projects Activity. Brian Chemsak reviewed the items that will be brought before the Board in New Business. The Committee spent a lot of time reviewing the change order for the Hardeeville WWTP Expansion and will be comfortable voting for its approval.
- Audit Services RFP. 10 proposals were received from accounting firms and are in the process of being analyzed.

*A copy of the financial report dated 12/31/2015, was included in the Board packet and is attached to these minutes and is made a part hereof.*

## **SUSPEND ORDER OF BUSINESS**

***Motion:*** Moved by Vice-Chair Donna Altman, seconded by Skeet Von Harten, to suspend order of business to allow Attorney Jamie Hood to participate via telephonically in executive session regarding legal matters,

*All voted in favor, none opposed,*

**Motion passed unanimously.**

(8:45 a.m.)

### **EXECUTIVE SESSION I**

**Motion:** Brandy Gray moved, seconded by Michael Bell, to go into executive session for the purpose of discussing litigation matters regarding: 2. 10 Frontage Road, and 3. Smith/Van Zyle, All voted in favor, none opposed.

**Motion passed unanimously.**

*Chair David Lott, excused all persons from the meeting. Legal counsels; GM; DGM F&A; DGM O&TS and the HR Manager remained for the first executive session for the legal briefing.*

(8:55 a.m.)

### **RECONVENE**

**Motion:** Brandy Gray moved, seconded by Jimmy Baker, to reconvene regular session, All voted in favor, none opposed.

**Motion passed unanimously.**

**Report of the Personnel Committee.** Committee Chair Lorraine Bond reported that the Personnel Committee met on 1/19/2016 and submitted the following report:

1. Safety. Steve Lee reviewed the December 2015 Safety Report. Although there has been 283 days since the last lost work day and more than 221,000 safe work hours, there were 3 incidents last month. Since most incidents were driving related, defensive driving refresher training has been conducted.
2. GM FY16 Goals Update. Ed distributed a progress report on his FY16 Goals.
3. Board Compensation. David shared the Executive Committee's response and his position. The Board will discuss this further at today's Board meeting.
4. Compensation Update. Given the amount of change that occurred during FY14, HR will take the next year to seek input, design, plan and communicate any changes. The objective is to increase the Authority's ability to attract and retain a high performance workforce.
5. BJWSA University. Having completed the Skills Survey, the next step is to schedule OSHA required and priority training. The Quick Guide, our safety reference tool, is being updated to enhance the user's ability to locate information easily.
6. Personnel Matters. We received a litigation update.
7. GM Compensation. David shared the Executive Committee recommendation. The matter will be discussed at today's Board meeting.

**Report of the Capital Projects Committee.** Committee Chair Donald Manson reported that the Capital Projects Committee met on 1/20/2016 and reviewed the status of the Capital Program and Development Activity. A summary of noteworthy projects was included in the Board Packet. Some projects of note:

- Metal Building Garage Addition. Work on the additional building for fleet maintenance is 95% complete.

- Old Bailey Rd. Sewer Line Extension CDBG Project. We have been working with LCOG to revise the contract documents and drawings to reflect current requirements of the CDBG program. The project should be out for bids soon.
- Toy Fields Sewer System. The gravity system has been installed and the pump station is nearing completion. After the startup is complete, the contractor will begin connecting homes and abandoning septic tanks.
- Hardeeville WWTP Expansion. HDR is working on the 100% design drawings so they can be sent out for bids at the end of April.
- Agenda Items for Approval. Brought under New Business.
- Military Project Activity. 13 projects totaling \$1.3M; 7 new projects; 6 pre-construction conferences; capacity fees are up \$2.8M for the year; water taps for December were 111.

*A copy of the CIP Update memorandum from Brian Chemsak dated 1/20/2016 was included in the Board Packet and is attached to these minutes and is made a part hereof.*

## **OLD BUSINESS**

### HomeServe USA

Lorraine Bond reported that she spoke with an insurance company in Hardeeville and they expressed how much they liked the HomeServe program being offered to homeowners. Ms. Bond asked for clarification on the mailers being sent out by HomeServe. She received two separate mailings with different cost; \$4.95 and \$12.95. Dottie Hofmann stated that the cost of \$4.95 per month is for water service line protection and the \$12.95 cost is other services, which is explained on the mailer.

Jimmy Baker asked if BJWSA was providing marketing. Ed Saxon and Dottie Hofmann stated that BJWSA is not providing marketing and that Home Serve is only using BJWSA's logo on certain specified materials and mailing them to all persons in the zip codes of our service area. We did not provide nor do they have our customer addresses.

## **NEW BUSINESS**

### Recommendation to Appoint Andy Kinghorn to the Savannah River Clean Water Fund Board.

BJWSA has an opening for a Beaufort County representative on the Savannah River Clean Water Fund Board. Andy Kinghorn is a native of Beaufort and obtained a BS & MS in Civil/Environment Engineering from Clemson and a MBA from the University of Utah. Andy worked for BJWSA from November 2004 through December 2009 as the Capital Projects Manager. During his time at BJWSA, Andy oversaw the design and construction of the Port Royal Water Reclamation Facility and the associated pipeline and pump station project along with the expansion of Cherry Point WRF to 7.5 mgd.

**Motion:** Moved by Vice-Chair Donna Altman, seconded by Skeet Von Harten, to approve the appointment of Andy Kinghorn, Beaufort County Representative, to the Savannah River Clean Water Fund Board, as presented and reference in the memo from Ed Saxon, dated 1/21/2016,

*All voted in favor, none opposed,*

**Motion passed unanimously.**

## South Carolina Forests and Drinking Water Forum.

Ed attended the SC Forests and Drinking Water Forum, on Wednesday, January 27, 2016 in Columbia that discussed the relationship between forestry and drinking water. This is a collaborative effort of the SC Forestry Commission, SC Forestry Association, The US Endowment for Forests and Communities, the NRCS, and the South Carolina Rural Water Association.

## Capital Improvement Program

### *CIP Budget Adjustments*

- #1740 – Steel Transmission Main Valves - \$225,000 move project funding from FY17 to FY16. This project was created to install additional valves on various steel transmission lines within the existing BJWSA water network. Some of the valves were intended to be installed on the transmission main located with the Boundary Street projects footprint. Since the Boundary Street project has started, the need to install these valves will occur in the fiscal year (FY16) instead of FY17 as originally predicted.

**Motion:** Recommendation for approval of project funding budget adjustment for project #1740 – Steel Transmission Main Valves in the amount of \$225,000 from FY17 to FY16 as presented and referenced in the memorandum from Brian Chemsak, dated 2/18/2016 came from the Capital Projects Committee, *requiring no second,*

*All voted in favor, none opposed,*

**Motion passed unanimously.**

### *Change Orders*

- #1670 – Hardeeville WWTP Expansion – HDR - \$460,668 Increase to Contract. BJWSA & Haskell were unable to agree on a Guaranteed Maximum Price (GMP) for the Hardeeville expansion and BJWSA elected to end the CMAR contract with Haskell and competitively bid the project. As a result, HDR needs to complete a 100% design package to include the contract language needed for bidding and provide assistance outside their current scope to support the bidding process. BJWSA also directed HDR to make some significant changes to the plant process design to reduce the overall cost of the project and to incorporate several value engineering ideas Haskell provided during the GMP negotiations. HDR's contract needs to be increased by \$460,668 to cover their cost for this additional work. HDR's total contract with this increased cost represents ~10% of the project cost which is typical for the industry.

**Motion:** Recommendation for approval of change order for project #1670 – Hardeeville WWTP Expansion – HDR in the amount of \$460,668 as presented and referenced in the memorandum from Brian Chemsak, dated 1/18/2016 came from the Capital Projects Committee, *requiring no second,*

*All voted in favor, none opposed,*

**Motion passed unanimously.**

*CIP Additions*

- #1566 - Sams Point Distribution Lines - \$600,000 move project funding from FY19 to FY16. This project has become necessary to add to the current CIP because the existing waterline along this section of Sam's Point Road has required numerous expensive repairs in the last 12 months. Ten (10) services located in the road travel lanes have failed and the SCDOT is requiring BJWSA to overlay two lanes of traffic in this section of road. To eliminate the potential for future failures, we will decommission the remaining service lines and replace them with new services connected to a new distribution line and repave the road. This project will be funded from C&D in FY16 for \$600,000.
- #2170 - MICON – PI Fire Suppression/Sanitary Sewer Bldg. 400 for \$35,000. This project will install a fire protection waterline to the existing building 400 and install an additional sewer service to serve new bathrooms. Funds for this project will be added to the Military UP Contract using a contract MOD.

**Motion:** Recommendation for approval of adding CIP Projects #1566 Sams Point Distribution Lines in the amount of \$600,000 from FY2019 to FY2016 and #2170 MICON PI Fire Suppression/Sanitary Sewer Bldg. 400 for \$35,000 as presented and referenced in the memorandum from Brian Chemsak, dated 2/18/2016 came from the Capital Projects Committee, *requiring no second,*

*All voted in favor, none opposed,*

**Motion passed unanimously.**

**PUBLIC COMMENT**

There were no public comments.

(9:25 a.m.)

**EXECUTIVE SESSION II**

**Motion:** Vice-Chair Donna Altman moved, seconded by Lorraine Bond, to go into a second executive session period for the purpose of discussing the remaining litigation matters regarding: 1. Jarman, 4.Sadowsky, 5. Adkins, and 6. Sauls Funeral Home, and to discuss personnel matters regarding the general manager's compensation.

*All voted in favor, none opposed.*

**Motion passed unanimously.**

*Chair David Lott, excused all persons from the meeting. Legal counsel, and the HR Manager remained for the second executive session for the legal briefing and personnel matters.*

(10:02 a.m.)

**RECONVENE**

**Motion:** Lorraine Bond moved, seconded by Secretary/Treasurer James Scott, to reconvene regular session,

*All voted in favor, none opposed.*

**Motion passed unanimously.**

## **ACTION**

**Motion:** Lorraine Bond , moved, seconded by Brandy Gray, to give the General Manager, a retroactive (effective July 1, 2015) raise in the amount of 3.5% for FY 2016,

*All voted in favor, none opposed.*

**Motion passed unanimously.**

## **ADJOURNMENT**

With no further business to come before the Board, Brandy Gray moved, seconded by Vice-Chair Donna Altman, to adjourn the meeting at 10:05 a.m.,

*All voted in favor, none opposed.*

**Motion passed unanimously.**

APPROVED: 2/25/2016

*Respectfully submitted,*

*Libby Breland, Clerk to Board*

Signatures and Attachments on file.