

COMMISSIONERS OF PUBLIC WORKS
Minutes of June 23, 2011

The regular meeting of the Board of Commissioners of Public Works was held on Thursday, June 23, 2011 at 10:00 a.m., in the Boardroom at 121 West Court Avenue.

In attendance:

Gene P. Hancock	Steve Reeves	Vicki Knott	Mark Warner
Michael G. Monaghan	Jeff Meredith	Jeff Auman	Melinda Miller
Henry O. Watts	Richard Gentry	Russell Holley	Stacia May
	George Petersen	Vickie Gorham	Jerry Smith
	Eduardo Noriega	Jeff Chapman	

- I. Chairman Watts called the meeting to order. The invocation was given by Commissioner Hancock.
- II. Chairman Watts gave the statement of compliance with the notification provision of the Freedom of Information Act.
- III. Approval of Minutes:

A motion was made by Commissioner Hancock to approve the minutes as received for the May 10, 2011 joint meeting with the City, and the regular meetings of May 12, 2011 and May 26, 2011; the motion was seconded by Commissioner Monaghan, and unanimously approved.

- IV. Financial Statement:

Commissioner Monaghan stated that he would schedule a meeting with Ms. Ogletree to go over the variance report and reserve funds in more detail since she was not at the meeting. Commissioner Monaghan then inquired about the amount of bond money that had not been spent; Manager Reeves responded that there is some bond money and also the restricted accounts were added with the Rate Stabilization Fund. Commissioner Monaghan pointed out that only gas was mentioned; Manager Reeves stated that electric is being funded as we go along. Manager Reeves agreed there should be a breakdown on the financial statement with where those funds are; Commissioner Monaghan requested a breakdown of restricted accounts be e-mailed by someone in the finance department. Ms. Miller responded that should be possible by the first of the next week. Chairman Watts asked about the gas regulator station that showed 131% of the budgeted amount had been spent. Commissioner Hancock noted a regulator station was rebuilt at the FPS and that was unexpected. Manager Reeves commented that it

may have just been a cost overrun on materials; it is 131% with only \$7,000 budgeted and only \$9,000 spent. Commissioner Monaghan requested an e-mail explanation; Mr. Noriega offered to provide an explanation. Chairman Watts pointed out that the amount budgeted was already gone after only six months. Commissioner Hancock stated that should some industry come in, you probably would not need anything in the budget. Chairman Watts shared concern with almost \$1 million spent over five years for gas rebates and incentives. Commissioner Monaghan noted that comes out to about \$150,000 per year; Commissioner Hancock added that a lot of base load was also built. Chairman Watts stated that the biggest concern is that most of them are for people who are buying new efficient units using less gas. Commissioner Monaghan stated that it stopped the big push in the community to buy heat pumps; Commissioner Hancock added that if they would start building houses again, the incentive is needed. Chairman Watts stated that the problem is not with new construction or conversion. Commissioner Hancock agreed that they may need to tweak the policy. Chairman Watts asked for a breakdown noting that all of this comes out of the gas department budget, and most city residents are not conversions from electric to gas. Mr. Auman clarified that Chairman Watts was requesting a comparison between those gas customers who get new appliances versus new customers and they should be able to provide that information. Chairman Watts then commented that Stay Fit showed \$8,000 owed and asked about the location; Mr. Meredith responded that they were located on Emerald Road behind Hardee's. Ms. Gorham noted that they recently went out of business and a check had bounced. Chairman Watts pointed out that you can take them to court with a bounced check.

V. Business:

1. Mr. Gentry reported on two \$50,000 grant applications and that notification was just received that we were turned down for one. Mr. Chapman added that he had written a letter asking them to reconsider. Mr. Gentry continued that the other was a tag grant for blow down valves on gas lines and a marketing program for 811. He continued that a letter was received stating that the blow down valves did not qualify, but they are interested in the marketing program portion. Commissioner Monaghan asked about low income grant money in the county; Mr. Gentry responded that there is grant money available, but the County has to apply, but we can and do work with them. Mr. Chapman added that certain areas have been identified; the problem is that outside the City the mean household income is greater than inside the City. The pockets in the County are even more spread out than in the City. When they have gone to the County in the past, they had other areas of interest when it came to applying for CDBG. Mr. Gentry added that LMI

requirements had been changed which knocked a couple of streets out; not only do the number of people on the street have to be more than 51%, but the number of houses also have to be more than 51%. Commissioner Monaghan noted a constituency at Lake Greenwood with people living in the more upscale houses who are concerned with sewer and water in the low to moderate income areas; that constituency would put pressure on the County. He stated that people who live on Lake Greenwood have concerns and we need to put water and sewer all around the lake. Mr. Chapman recalled a water line to Troy identified by Edith Childs. They went out and identified the houses and then told Ms. Childs and Vic Carpenter that they could apply to CDBG. At the time, Vic indicated they had another project they were pursuing. Mr. Chapman stated that there can only be one ongoing project and application for another at a time with CDBG. Commissioner Monaghan suggested partnering with the Commissioners to put some political pressure on the County, adding that they should not give up. Manager Reeves suggested looking back at projects that were submitted and rejected because of other requests and projects the County had going on over the past few years. It would be interesting to see where those projects were now; then e-mail the Commissioners so when they run into County Council members, they can tell them that we tried and they did not help.

2. Commissioner Hancock asked about progress at Augusta Fields. Mr. Chapman responded that they are about 13% online and 27% of customers have come in to make application and pay capacity fees. He noted that some are waiting until construction is in front of their houses to come in to either pay the capacity fee or apply to spread it out over the ten months as approved. Once a work order is issued, then they coordinate to make the actual tap. Once construction is complete, the old water system will cease to exist so they will have to do something to have water in the house.
3. Commissioner Hancock asked about the number of miles between blow down valves on gas lines; Mr. Noriega responded that in the transmission line, depending on the section, they are somewhere between seven to ten miles apart as per code. In the high pressure distribution lines, probably about ten to twelve miles apart; that is not a requirement, but you still need to blow them down somehow. He continued that there will be about seventeen blow down stations across our system. Commissioner Hancock asked about using regulator stations they already have; Mr. Noriega responded that only the Belton station and the one on Coolidge Bridge Road would be used; most of the stations are located near power lines and you have to stay away from power lines. Commissioner Hancock noted a check valve at Shoals Junction; Mr. Noriega responded there would not be one there. The only stations they

would bleed down the line from are in Belton, and the one on Coolidge Bridge Road; the others have power lines. Commissioner Hancock asked about a creek crossing coming out from Transco with a valve on each side of the creek; Mr. Noriega responded that there are not a lot of valves along 178 and that is why they are putting them so far apart. He concluded that they hope to start construction as soon as everything is bid out.

4. Commissioner Monaghan asked about puts and calls. Mr. Smith responded that there are puts remaining for the month of July and they are currently in the money about \$0.10. They made a little on the puts for June. Commissioner Monaghan noted that it was unclear in the variance report why it showed a negative variance for buying a put. He suggested that Mr. Smith look at that with Denise. Manager Reeves stated that it was because the net may be positive, but at that point in time it was not. Mr. Smith continued that initially the puts they purchased did not work out, but the last couple had worked. They have been executing their strategy of buying puts into rallies and that has worked pretty well. If they get another rally in the summer, they might buy more. The strategy is sound; it did not work at first and they lost money on the first couple, but it is starting to work now.
5. Mr. Warner reported that Lander, the Partnership, and Upstate Alliance held a networking session. Lander and a University in Korea signed a Memorandum of Agreement to further the International Exchange Program with Asian communities. This was the ninth University in China or Korea to sign an agreement. Mr. Warner stated that he met with the President of the University, their Dean of Business, another staff person, and Dr. Ball; they will probably make a trip to Korea to visit Pusan, which is a very high growth area in Korea.

VI. Executive Session:

A motion was made by Commissioner Hancock and seconded by Commissioner Monaghan to go into *Executive Session* for a contractual matter; the motion was unanimously approved.

The meeting returned to open session.

A motion was made by Commissioner Hancock to approve a new contract with AT&T; the motion was seconded by Commissioner Monaghan, and unanimously approved.

Manager Reeves stated that also during *Executive Session*, discussion took place on an Amendment to the SCANA Gas Supply Contract which is set to expire on June 30, 2011. He noted that discussions are underway with them for a new contract which will take effect once the legal work has been agreed to, but in the interim, approval of an Amendment to our Gas Supply Contract is recommended to extend the Agreement until the execution of the new contract.

A motion was made by Commissioner Monaghan to approve the Amendment; the motion was seconded by Commissioner Hancock, and unanimously approved.

VII. With no further business, the meeting was adjourned.

Approved: _____, 2011

Secretary