

**COMMISSIONERS OF PUBLIC WORKS**  
**Minutes of January 14, 2010**

The regular meeting of the Board of Commissioners of Public Works was held on Thursday, January 14, 2010 at 10:00 a.m., in the Boardroom at 121 West Court Avenue.

**In attendance:**

Gene P. Hancock	Steve D. Reeves, Jr.	Vickie Gorham	Bill Patrick
Michael G. Monaghan	Ken Barnett	Jeff Meredith	Mark Warner
Henry O. Watts	Jeff Auman	Jeff Chapman	Chris Trainer
	Carlos Cometto	Stacia May	Chris Lindley
	Denise Ogletree	Richard Gentry	Jeff Elliott
	Jerry Smith	George Petersen	

- I. Chairman Hancock called the meeting to order.
- II. Chairman Hancock gave the statement of compliance with the notification provision of the Freedom of Information Act.
- III. A motion was made by Commissioner Monaghan and seconded by Commissioner Watts to approve the minutes as received for the November 12, 2009 regular meeting; the November 16, 2009 special called meeting; the November 19, 2009 regular meeting; the December 10, 2009 regular meeting; and the December 18, 2009 budget work session; the motion was unanimously approved.
- IV. Business:
  - A. Chairman Hancock presented the proposed 2010 budget for consideration after noting an all-day budget work session back in December of 2009. He stated that rather than cutting the budget down at that time, they ended up adding some back. He commended staff for a good job with cutting back and expressed appreciation for their hard work with preparing the budget. Chairman Hancock noted projected budget revenues of \$68,804,130 and projected expenses of \$69,998,220, leaving a deficit of \$1,194,090. He stated that the recommendation is to not further deplete the reserve account, adding that sometime during the year, some kind of adjustments would be necessary. He continued that exactly what that would be is unknown; it could be to cut back or something else.

A motion was made by Commissioner Watts to approve the 2010 budget as proposed; the motion was seconded by Commissioner Monaghan, and unanimously approved.

- B. Chairman Hancock presented two agreements with *The Index Journal* for consideration of advertising in 2010. Commissioner Watts requested that each agreement be considered separately.

A motion was made by Commissioner Watts to approve an advertisement contract in the amount of \$12,000; the motion was seconded by Commissioner Monaghan, and unanimously approved.

Chairman Hancock noted that the second agreement to be considered was for color advertisements in the amount of \$225 per week. He added that the agreement for 52 color ads over the next twelve months would begin on January 1. Commissioner Watts pointed out that the total cost for color ads would be \$11,700.

A motion was made by Commissioner Watts and seconded by Commissioner Monaghan to disallow the color ads. Discussion ensued with Chairman Hancock clarifying whether the intent was to completely cut out the ads; Commissioner Watts responded that the intent was to cut out color ads, adding that black and white ads would be fine. With no further discussion, the motion was unanimously approved.

- C. Chairman Hancock presented a recommendation to accept the bid from Line Equipment Sales in the amount of \$12,252 based on lowest cost of ownership for transformers meeting the specifications, for twelve (12) 25-KVA aerial transformers.

A motion was made by Commissioner Watts, seconded by Commissioner Monaghan, and unanimously approved.

- D. Commissioner Hancock presented a request to include line extensions on Mathis Road and Mason Street in the 2007 Bond Fund project listing. Commissioner Monaghan asked if these jobs would be done in-house since they appear to be small jobs; Mr. Chapman responded that CPW would do the jobs themselves. He clarified that a bond code had already been approved for this type of work; the request is actually asking for permission to bid out the materials. Commissioner Watts asked about the type of lines being replaced; Mr. Chapman responded that it would be galvanized line in some areas, adding that some areas have no line and they are trying to close the

loop to provide additional feed and to increase pressures and flows. Chairman Hancock noted a cost at Mathis Road of \$33,282 and Mason Street of \$11,305 from the 2007 Bond Funds.

A motion to proceed with bidding for project materials was made by Commissioner Watts and seconded by Commissioner Monaghan; the motion was unanimously approved.

Mr. Patrick asked if a labor component is charged to the bond fund with in-house projects and reimbursed from the bond fund. Ms. Ogletree responded that it is and it is capitalized.

- E. Chairman Hancock presented a recommendation to renew the ESRI GIS Software Support Agreement. He reported a cost for the renewal agreement of \$21,079, adding that it is the South Carolina state government contract price only available through ESRI. Mr. Auman noted that this company makes the software that is the basis of the GIS system used for mapping and tablet applications; this is for maintenance and any upgrades during the year.

A motion to approve the renewal agreement was made by Commissioner Monaghan, seconded by Commissioner Watts, and unanimously approved.

- F. Chairman Hancock presented a recommendation to accept the low bid from Allied Waste Service for all line items for sludge disposal and trash hauling at the water treatment plant.

A motion was made by Commissioner Watts, seconded by Commissioner Monaghan, and unanimously approved.

- G. Chairman Hancock presented a recommendation from staff for Social Security number scrubbing services with Online Information Services at a cost of \$17,250, and ongoing Social Security number services at an annual estimated cost of \$5,220. Commissioner Watts inquired about the nature of the company and if that company would know everyone's Social Security numbers. Mr. Auman responded that the company has been approved by the Social Security Administration and is tied in to their database. Initially, we send all Social Security numbers we have on file, they make sure the numbers are valid and send back any that are invalid. Commissioner Monaghan asked whose Social Security numbers. Mr. Auman responded that it was the customer numbers. Ms. Ogletree explained that it is necessary for collections and tracking on Set-off Debt Collection. Mr. Auman added that we are one of the legal exceptions to be able to do that. Ms. Gorham noted that with the Red

Flag rules, only the last four digits of the Social Security number are shown and not the entire number. Only a few people in the company are allowed to see the rest of the number. Mr. Auman explained that when numbers are sent to them, those that are valid come back with only the last four digits. The only ones returned to us with full numbers are those that are invalid or where they have found the correct number. Mr. Auman continued that the first amount would initially clean our database; the second charge would be a monthly service for any future new customers. Ms. Ogletree noted that should someone try to use a deceased person's number, this service would bounce it back and let us know. Chairman Hancock noted that Online Information Services is the company currently doing collections, and had provided the lowest cost for the combined effort. Commissioner Monaghan asked about Red Flag rules. Mr. Auman explained that the federal government came out with Red Flag requirements to help with identity theft and a number of programming and regulation changes were needed to comply. This is one of the other required pieces; checking Social Security numbers to be sure they are valid and that someone is not using a stolen number. Ms. Ogletree explained that it had initially come down through regulations for credit card companies and banks, but because utilities provide a service that requires information to be retained in our system, the utility companies were brought in as well.

A motion to approve the services as recommended was made by Commissioner Watts, seconded by Commissioner Monaghan, and unanimously approved.

V. Other Business:

1. Manager Reeves reminded the Commissioners of the annual employee awards banquet on February 11 at the COC, starting at 6:00 p.m. with a benefits fair, followed by dinner at 7:00 p.m.
2. Manager Reeves congratulated David Tuck and staff at the water treatment plant for efforts in obtaining a grant in the amount of \$11,870 from SCDHEC for fluoride upgrades. He noted that participation would be required from CPW in the amount of \$6,630.
3. Commissioner Watts referred to departmental reports had mentioned a visit to Spartanburg to tour a facility that is the first in the state to venture into bottling water. Mr. Chapman responded that they had visited the facility and planned to go again sometime in January or February; all of the Commissioners indicated an interest in going along on the next visit.

4. Commissioner Watts inquired about the status of the CDBG grant reported on back in November. Mr. Gentry responded that work was being done on site searches and obtaining correct addresses and it should be ready to mail by the first of the next week.
5. Commissioner Watts inquired about electronic check testing; Mr. Auman responded that there was a holdup with SC.Gov over the holidays; programming is now in process and testing should begin the next week. Letters would be mailed out after that takes place. Ms. Ogletree added that since they are all online customers, rather than sending a letter through the mail, they might e-mail them to get back a confirmation that they actually got the information. Commissioner Monaghan suggested a certified letter be sent if there are only a small amount of customers. Mr. Patrick stated that if they are doing payments online and have provided their e-mail addresses, it might make more sense to inform them by e-mail, and if they have a problem, then work with them. Ms. Gorham noted around thirty customers would be affected, mostly commercial customers.
6. Commissioner Monaghan asked about meetings with the task force to connect uptown to Self Regional Healthcare. Mr. Warner responded that they had a proposal for a starting point for that project, and would be getting the task force back together to look at that proposal.
7. Commissioner Monaghan inquired about progress on a ten-year plan for the IT department, and requested a specific timeframe within which the Commissioners might expect that to be provided. He noted the mention of hiring additional help in that area. Mr. Auman responded that work had commenced on a plan outline layout; they started to pull together documentation that was already available, much of which is not in the right format. He continued that ten years out is a long time for IT; however, some things can be anticipated, such as when servers and PC's would expect to be replaced. Mr. Auman referred to a schedule provided showing the current level of PC's and ages. He noted that in comparison with the audit recommendation, they are a little behind because of a one-year delay for budgetary reasons. He continued that job descriptions were under review to determine areas most in need of help and to use to create the new job description. Mr. Auman stated that the ten-year plan should be ready around April; Commissioner Monaghan stated that it would be fine if more time is needed, adding that a target date is necessary to have some type of goal. Manager Reeves suggested a target date of April with the understanding that it could slide into May.

8. Commissioner Monaghan asked about the status with the propane plant property. Mr. Barnett responded that Lee Roper was trying to contact G. P. Callison, who was in court this week. He continued that if nothing has been done there, he and Mr. Roper would try to determine the next step. As far as the property itself, it is ready to go; it is a matter of establishing the title to the railroad. Commissioner Monaghan noted that the sale of the property would help the budget given that they are looking for every way to minimize. Mr. Barnett stated that they could do a Quit Claim Deed through the railroad. Mr. Patrick stated that once you get into the railroad beaurocracy, it takes forever; in addition, they think of all kinds of fees to charge. It could take months and months to get something back from them, which is why they are trying to go the other route, that would be certainly more expeditious and probably not much more costly. Chairman Hancock asked about contacting the adjoining property owners who might want to adjoin with other property across the railroad track. Mr. Barnett stated that the first priority had been to get clear title and then they could proceed with looking at that, adding that there is question with the railroad as to how to get clear title. Mr. Patrick suggested that they look at those adjoining properties. Manager Reeves noted the adjoining property owner on the other side of the railroad had already contacted CPW expressing an interest as a residential development, but that was some time back when the market was doing better.
9. Commissioner Monaghan asked about the situation with Eaton as a transport customer. Manager Reeves responded that they became one, did not like it, and got out. They tried it and it did not work out too well for them; they asked us to let them out of it and so we did. Mr. Patrick stated that it is good to cooperate with them and let them have that experience. Mr. Smith added that we are better off now since the contracts have been developed; it could work, so next time someone wants to do it, we are in better shape. Commissioner Monaghan asked about the effect of the cold weather on gas supply. Mr. Smith responded that close to peak day conditions were experienced during the entire month. That had required our gas control people to exercise a number of the tools at their disposal, including recalling transportation capacity, withdrawing gas from storage, and they were also able to use the peaking service. Things are looking very good right now; also, they are about to return the contract for CDT to have another 500 per day at the south end of the system. Everything worked the way it was supposed to work. Commissioner Monaghan expressed appreciation for setting up the peaking and extra storage. Commissioner Watts asked if they had any insight into the coming winter months and cold weather; Mr. Smith responded that they knew cold weather was coming, but did not know how cold it would be.

It happened to occur over a weekend and that makes it difficult because they have schedule for the whole weekend on Thursday. It becomes a bit of a guessing game. Commissioner Monaghan asked about weather forecasts for the next few weeks; Mr. Smith responded that the outlook is for moderating weather over the next ten days. Apparently, there will be a couple more cold spells before winter is over. Chairman Hancock asked about loads for area gas companies such as Clinton/Newberry on peaking supplies. Mr. Smith responded that they had not checked with others, but did check our system usage overall and found it was 66% higher than last year. The residential and commercial is 95% higher than last year and is weather driven. Chairman Hancock stated that we should be in good shape, so with approval, they could go off the system and make a few bucks with neighbors by selling peaking gas. Mr. Smith expressed interest adding that could be the kind of thing where if they had an emergency, they would call us.

10. Commissioner Monaghan noted several questions coming from the departmental reports. He asked about a grant for work on Mathis and Mason Streets. Mr. Chapman responded that the majority would be looping line, adding that CDBG does not do new lines. There are small areas that could be eligible; however, that would have to wait until they applied at that time and may or may not make it. They did consider it, but since they are applying to do that line loop that would not be CDBG portion, they felt it was in the best interest of customer service while that work was done, customers are already out of service and had been disturbed, to go ahead and take care of areas where there were already problems. Mr. Chapman stated that since they were doing the other work, they lumped it in with that. There are less than a dozen houses that will be affected. Mr. Chapman stated there are lines in the mill village to be done that apply, but one or two streets were taken out of the CDBG application and are being done with this work. Commissioner Monaghan asked what was meant by "retire" under "gas projects approved". Mr. Elliott responded that it meant that it had been moved to an "inactive" status. There were a couple of mains in conflict with the proposed sports complex and some mains had to be retired, meaning move it to inactive, cut and cap. Commissioner Monaghan pointed out that "network projected completed" listed projects but indicated "work still to be done". Mr. Auman responded that those were minor things still needing adjustments; it would be misleading to state that the projects were complete; these are low priority items that were put behind some other projects. Commissioner Monaghan referred to "finished water" showing a difference of 830 million gallons between the total pumped in 2005 and 2009 and inquired about the difference of the value, and what that represents with billing dollars and margin value. Mr. Chapman responded that the gross amount would be roughly \$945,000;

subtract operational costs and that would leave a net of \$694,362.57 based on 2009 rates and dollars. The assumption was made that most of that loss would be commercial with the scale back of large industrial users. Commissioner Monaghan asked if the net margin value is almost \$700,000; Mr. Chapman responded that would be correct. Manager Reeves responded that Commissioner Monaghan was looking at the first million dollars; you are adding this volume to a much larger volume. All of the fixed charges have already been paid for and covered by other sales; this is just extra water you would have sold. The only additional cost of producing is additional chemicals. Commissioner Monaghan indicated his understanding. He restated that what was lost in volume was a lost opportunity of \$700,000 per year. Mr. Barnett added that the amount would have been applied back against helping with all other fixed costs. Commissioner Monaghan continued that had there been the same volume of sales for water as in 2005, we would have been \$700,000 better in the budget projection, noting that as a big chunk of the budget deficit. Manager Reeves stated that the typical revenue for water is around \$10 million, so you are looking at a significant percentage of the budget. Commissioner Monaghan asked when the group planned a visit to Washington, D. C. Mr. Chapman responded that they would leave on January 26 and return on January 27. Manager Reeves added that Mr. Gentry, Mr. Chapman, and Mr. Barnett planned to go on the trip. Commissioner Watts inquired about dates for bills to go out reflecting the cold spell; Ms. Gorham responded that there would be various dates since bills are mailed out almost daily. Manager Reeves noted that because of the cold weather and the state law restricting disconnecting service during cold days, that had not been done for quite some time so the list is pretty extensive. Now that the temperatures are warming, they would begin to aggressively cut off the "non-pays".

VI. Executive Session:

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

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

Approved: \_\_\_\_\_, 2010

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Secretary