

COMMISSIONERS OF PUBLIC WORKS
Minutes of April 26 2007

The regular meeting of the Board of Commissioners of Public Works was held on Thursday, April 26, 2007, at 10:00 a.m., in the boardroom at 121 West Court Avenue.

In attendance:

Gene P. Hancock	Steve D. Reeves, Jr.	Vickie Gorham	Jeff Chapman
Michael G. Monaghan	Denise Ogletree	Vicki Knott	Stacia May
Henry O. Watts	Jeff Meredith	Carlos Cometto	Lee Roper
	Jeff Chapman	Ron Lemon	Steve Brown
	Curtis Burnett	Jeff Auman	Billy Nicholson
	Ken Whittle	Richard Gentry	Mary Jo Cook
		Boykin Curry	Roger Stevenson
		Charles Drake	Welborn Adams
		Helen Spiller	Joseph Fennel, Jr.
		John Eichelberger	

- I. Chairman Hancock called the meeting to order. The invocation was given by Commissioner Watts.
- 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 of the March 8, 2007 regular meeting; and the March 22, 2007 regular meeting as submitted. The motion was unanimously approved.
- IV. Executive Session:

A motion was made by Commissioner Watts to go into *Executive Session* for a legal briefing regarding the Grace Street property; the motion was seconded by Commissioner Monaghan, and unanimously approved.

The meeting returned to open session. Commissioner Monaghan stated that after consulting with legal counsel, it was determined that the County Resolution failed to satisfy the regard for liability of the Grace Street property. He stated that a draft of an acceptable Resolution had been prepared to send back to the County for consideration. A motion was made by Commissioner Monaghan to send a draft resolution to Greenwood County for the transfer of the Grace Street property that would be acceptable to both

the Commissioners of Public Works and the City of Greenwood; the motion was seconded by Commissioner Watts. Chairman Hancock asked the City Manager if it would be necessary for the resolution to go back through the City before sending it to the County. Mr. Brown stated that in the essence of making it work, the City would like to have input on the draft resolution in order to satisfy any concerns up front, and in an effort to keep from having a second, third, and fourth resolution. Commissioner Monaghan amended the motion to say that the City and CPW would send a draft resolution back to the County; Commissioner Watts seconded, and the vote was unanimous. Manager Reeves noted that there was an amendment to the motion and they would have to approve the amendment and then the motion. Chairman Hancock stated that he had backed it out and re-approved it. Commissioner Watts stated that he seconded again. Mr. Roper asked if there was a new motion. Chairman Hancock responded that Commissioner Monaghan amended the motion and Commissioner Watts seconded, then took the second back and seconded again. The Commissioners then voted unanimously to approve the amendment to the motion. After approving the amendment, the Commissioners voted unanimously to approve the amended motion to send a revised resolution to the County. Mr. Roper explained that County Council recently approved a resolution to approve the terms under which the County would accept the Grace Street property. He noted a couple of issues still needing to be addressed with County Council through CPW and the City, primarily an issue with respect to the original resolution approved by County Council containing a provision that gave the County at any time the right to deed the property back to CPW. Mr. Roper continued that the CPW would be interested in making sure that first, obviously they are deeding the property to the County ultimately to be used as a park. He stated that what CPW and the City want to ensure and want the resolution to provide is that if within a certain time period, noting that five years was what had been discussed, but if within that time period the property is not established as a park, or if it ever discontinues to be used as a park, then it would revert back to the CPW if they request it back. He noted another issue with the liability for the property once the property is transferred over, and pointed out that the CPW would like to further address these issues with the County before anything is completed. Mr. Nicholson inquired about the procedure for the CPW and City attorneys to come up with a draft and whether the Commissioners would then need to approve that at another meeting. Commissioner Monaghan noted that could be done before the next meeting by consensus of vote by the three Commissioners. Mr. Roper noted that CPW had already drafted a resolution that would be shared with the City. Commissioner Monaghan added that the City had done a draft that had already been to the County. Both drafts would be melded together so that

both entities are comfortable, and that would be sent to the County. Mr. Nicholson noted that one of the big issues was with the indemnification. He referred to an Attorney General's Opinion that a public entity cannot agree to indemnification of another body. Mr. Nicholson referred to a provision on page 2, paragraph E. of the resolution stating that they would accept the residual liability. In the event that they are not able to pay the residual liability, then the property would have to go back to CPW. Commissioner Monaghan responded that does not protect CPW. With that, CPW would get the bill and the property. Mr. Nicholson responded that they were trying to address Bill Patrick's letter stating that the indemnification agreement was to be secured by a mortgage, meaning that if they do not pay the liability, then CPW takes the property back. He added that when you have a mortgage agreement that is secured as an obligation, that is generally what happens. He explained that this provision came up in an effort to comport with state law on indemnification agreements with public bodies. Commissioner Monaghan stated that they do not mind getting the property back, but they do not want the liability back. He added that if the property were sold straight out, we could get the buyer to buy it "as is" and they would indemnify us. When we go around the horn here, we do not have that protection and that is the concern. Mr. Nicholson responded that he was not sure that could be done. Commissioner Monaghan stated that they were not going to argue about that. They would have to make the draft so that all of the attorneys are happy on this side, then it would be sent back to the County. If they are happy, then we are in business. Mr. Nicholson asked that the draft resolution be shared with him once they are to that point so they could talk to the County. The Commissioners were in agreement with sharing the draft resolution with Mr. Nicholson. Mr. Brown stated that to make this work, Mr. Nicholson would need to implore the County attorney to sit down with the City and let them see what he will take back to the County Council. He noted that one of the problems was that the City did not know what was going back for consideration and some of the problems could have been avoided if everyone had sat down together to look at what was to be presented to the County, and pointed out some of the things were unacceptable before they ever took the vote. He added that if Mr. Nicholson could make that happen, things may move a little quicker. Mr. Drake suggested getting the three attorneys, managers, and chairmen together to hash this out. Mr. Brown noted that on behalf of the City, the City Manager and the City Attorney would both be at the table. Chairman Hancock noted that the City government and the utilities are the ones with the liability, and ratepayers would be liable too. He added that was who they were trying to protect; Commissioner Monaghan added they were also protecting the City and the City residents. Chairman Hancock added that was sent over in the original thing to the County; he did not know

who sat on it, but someone sat on it for a long time. Commissioner Monaghan requested the CPW Manager, City Manager, and the two attorneys get together. Manager Reeves responded that could be set up rather quickly. Chairman Hancock concluded by stating a desire for the County to maintain the park and have a revenue stream.

V. Financial Statement:

Commissioner Watts inquired about the credit card program. Ms. Ogletree responded that it was working well. Mr. Auman noted a few minor glitches, but nothing major. He added that they had been able to collect everything paid. Commissioner Monaghan noted sending an e-mail to his bank to the effect that CPW can now receive on-line payments. The bank basically replied to the e-mail saying that they would do it any way they want. Commissioner Watts inquired about unbilled revenues. Ms. Ogletree referred to the previous month when unbilled revenue would not have been accrued until the end of the year. She noted that now they take what would be accrued revenue for half of the prior month, for instance March, and because billing is on a daily cycle, half of the month's billings in April are for March use. In looking at recent sales closest to March, that would happen on April. She noted that April 15 would coincide with the March sales, and that half of that is accrued as revenue into March. Normally, that would be done at the end of the year, but would be done monthly now so they can get a better handle on actual sales for the month. Commissioner Watts referred to page 4, "Fiber Cable Rental Fee", noting a big discrepancy of \$49,000. Ms. Ogletree responded that was because more had been collected and would be due to the timing with picking up more customers toward the end of the year. When looking at the budget, they took a three-year average of sales. Basically, sales are higher at this time of year than they would have been last year. Commissioner Monaghan referred to the "Combined Departments Income Statement" showing a net income for the first quarter of \$2 million. He asked if that amount would be made every quarter for the rest of the year. Ms. Ogletree responded that she would not expect so because of the cyclical nature of sales where we sell a lot more gas in the winter than in the summer. Commissioner Monaghan asked about expected net income at year end. Ms. Ogletree responded that it should be on budget but would ultimately depend on the weather and some other things. Commissioner Monaghan noted that CPW is looking at an increase in rates and asked why there would be the need for an increase with showing a net income of \$2 million. He pointed out that if you add in the depreciation expense of \$1.2 million, that is really a number for refurbishing our capital, we are looking at over \$3 million net for one quarter. He added that they should look at coming up with some sort of

rational studied analysis of where they project to end up at year end. Ms. Ogletree stated that she would, and noted two things that were not reflected on the statement. She noted that capital expenses were not included, nor were the principal payments on bonds. Commissioner Monaghan referred to page 6 and asked if the bond principal and net income there was \$2 million. He commented on needing a rationale before voting for a gas increase. Ms. Ogletree stated that she would have to talk with each operating director as to whether they expect to spend their entire budget. If they expect to spend their budgets, then the increase would be necessary to cover those expenses. Commissioner Monaghan stated his disagreement with that rationale pointing out that we are already \$812,000 over budget. If you continue to be over budget and then spend what you have budgeted, then you will still be in the plus. Mr. Lemon noted a very unusual weather pattern in February and March that was much colder than normal causing the sale of a lot more gas than would normally be sold. He added that sales through the first half of the month were significantly higher than the average of what had been budgeted. He explained that he and Ms. Ogletree go through at the beginning of every month to forecast what will happen as far as the weather pattern. Commissioner Monaghan requested a study analysis of what is projected for net income at year end and depreciation so that there is a clear rationale for proceeding with a gas rate increase. He added that he did not want to increase gas rates if we do not have to. Ms. Ogletree responded that they would work on that. Chairman Hancock stated that most of the increase was due to the increased cost from Transco. Commissioner Monaghan pointed out that we are still \$2 million to the good, plus another \$1 million and it appears we would still be \$3 million to the good on December 31. Chairman Hancock noted that the Transco rate had just started on March 1, and pointed out that none of that had been taken into account right now. Commissioner Monaghan asked Ms. Ogletree when the information would be available. Ms. Ogletree stated that she would need a couple of days; Commissioner Monaghan stated that the next meeting would be satisfactory to allow plenty of time before the public hearing on May 24. Commissioner Monaghan referred to tapping fees on page 1 and pointed out a tremendous difference between last year at this time when there was almost \$100,000, and only \$39,000 right now. Ms. Ogletree responded that we had \$87,000 in water and this year there was \$30,000. She stated that Mr. Chapman may know how many customers there were this year as opposed to last year with tap fees. Manager Reeves noted that he did not know how Mr. Chapman could answer that since he was not even here last year. Mr. Chapman stated that he was not aware that he was to be tracking it, pointing out that he did not track customer requests for taps on a yearly basis. He noted that if that was something he needed to do, he certainly would start. He stated that he did

not understand how they could determine the number of taps from year to year. Commissioner Monaghan pointed out the reason he was curious was that it would indicate a lack of growth. Manager Reeves responded that it could have been for a major subdivision that would have paid fees up front, and we should be able to look back and see if that was the case. Commissioner Monaghan continued that the electric power purchased for resale appeared to be greater than what was paid last year, although revenues are lower than last year. Mr. Meredith noted some increases in power because of the fuel cost. He stated that they had also gone back and made an adjustment that may not be shown. Ms. Ogletree noted higher consumption in February and a fuel factor adjustment that was unexpectedly higher because of a major coal station that was down and some scheduled maintenance, all of which contributed to fuel cost being excessively higher. Commissioner Monaghan stated concern over the need for a tracking mechanism like with gas. He pointed out that if costs go up, we recoup those costs on a monthly basis by a factor. Mr. Meredith noted that we are recouping those costs, but it would not be seen in the first quarter. Some of that would show up in the second quarter. He explained how we essentially recoup any true up over the three-month period so that by the end of the second quarter, that should fall into line. Commissioner Monaghan asked if a three-month period was adequate rather than monthly. Mr. Meredith responded that he believed we do better with customers over a three-month period because any major fluctuations even out and you don't hit the customers quite as hard each month. Mr. Reeves added that we do not see the fluctuation with electrical costs like with gas. Mr. Meredith added that the fuel factor is fairly constant, especially averaged over a three-month period. He stated that during a conversation with other SCE&G customers about the fuel factor in February, he found that theirs was the same as ours. Commissioner Monaghan referred to page 14 where a difference between the debt set off of \$944,000 and the late payments over 61 days of \$600,000, of \$300,000 was shown. Ms. Ogletree responded that the debt set-off consisted of the accounts sent the first of December; those would have been the accounts that were over sixty days and written off at that point in time. She stated that they are not sent periodically anymore; it is just whatever it happens to be on a particular day. She noted that the top number did not include written-off accounts. Commissioner Monaghan stated his understanding that we are still trying to collect those, and asked when the 91+ would be written off. Ms. Ogletree responded that those showed up as accounts receivables and that Ms. Gorham does them quarterly. Ms. Ogletree reported that as of today, the receivables are down to \$4.6 million noting that over \$2 million had been collected. Commissioner Monaghan stated that the Commissioners get two meeting packages, one from Metro and one for CPW, and preferred receiving

the packages on Fridays to allow more time over the weekend to look them over.

VI. New Business:

- A. Chairman Hancock presented a request for consideration of the bond reimbursement. He referred to a resolution from Robert Galloway of the Sinkler, Boyd Law Firm identifying the various projects discussed for a potential bond issue. A motion was made by Commissioner Monaghan to approve the Resolution for the 2007 bond issue; the motion was seconded by Commissioner Watts, and unanimously approved.
- B. Chairman Hancock presented a recommendation from staff to approve a purchase order in the amount of \$25,759 for an ACS Support Agreement for the software which runs the SCADA system. A motion was made by Commissioner Monaghan to accept the proposed SCADA Support Agreement, seconded by Commissioner Watts, and unanimously approved.
- C. Chairman Hancock presented a recommendation from staff to institute a fee schedule for general construction permit review as part of the Delegated Review Program. He referred to a previous discussion when staff was directed to put together a fee schedule for consideration, and added that had been done by Mr. Cometto. A motion was made by Commissioner Monaghan to accept the fee schedule as recommended by staff; the motion was seconded by Commissioner Watts, and unanimously approved. Chairman Hancock noted a cost savings to developers and engineering firms while allowing CPW to recoup their costs.
- D. Chairman Hancock noted the opening of bids at the last meeting for two replacement gas pack units at the administration building. Manager Reeves noted that the recommendation was for the Carrier gas pack units from Cullum Electric at a total cost of \$11,475. A motion was made by Commissioner Monaghan and seconded by Commissioner Watts to accept the bid based on staff's recommendation from Cullum Electric. The motion was unanimously approved.
- E. Commissioner Monaghan made a motion to elect Commissioner Henry Watts as Chairman; the motion was seconded by Chairman Hancock, and unanimously approved.

A motion was made by Commissioner Watts to elect Commissioner Monaghan as Vice Chairman; the motion was seconded by Chairman Hancock, and unanimously approved.

A motion was made by Commissioner Monaghan to elect Chairman Hancock as Secretary; the motion was seconded by Commissioner Watts, and unanimously approved.

VII. Other Business:

1. Manager Reeves provided a brief update on annexation issues. He reported that Jim Timms had decided not to annex the building already under construction and had put that building on a septic system. He noted that Mr. Timms indicated plans to re-evaluate annexation of any future structures. Mr. Reeves stated that annexation of the Howard Corley property is moving along. Mr. Brown added that all of the documents had been signed on the Corley property and were being delivered to the law firm in Columbia. Mr. Brown noted delivery of petitions to Dr. Stevenson at the Genetic Center. Chairman Hancock asked about six houses under construction next to the CVS near Northside Baptist Church. Mr. Brown pointed out that this area was annexed prior to putting in Northside Church. Chairman Hancock pointed out that the lights installed on the left side going down South Main looked great, but noted more were needed on the end next to the Inn on the Square. Mr. Meredith noted that those were in the long-range plan. Chairman Hancock referred to an area in need of a little more sod near the parking lot at Rick's Café. Mr. Brown stated that he would take a look.
2. Manager Reeves distributed an update and progress report on gas incentives. Commissioner Monaghan requested that the memos about jobs that have been filled include information about whether it is a new employee or filled from within.
3. Manager Reeves asked for consideration of a support contract with Rockwell for software at the water treatment plant. He noted that this was for an annual support agreement and they are offering a three-year contract at a cost of \$24,829.20. It is a proprietary software package and would have to come through this company. Commissioner Monaghan requested this be included for consideration in the next meeting package.
4. Mr. Gentry shared information on a new ad to run in the next Sunday newspaper. He noted a press release on Employees of the Year for each department that had been placed in the past Sunday newspaper. Chairman Hancock commented on a previous request to include a grant for water and sewer upgrades for the Matthews area. Mr. Brown noted a

contingent of Greenwood folks going to Washington sometime in May with the Anderson Chamber of Commerce. He suggested that they get that request to them.

VIII. Executive Session

A motion was made by Commissioner Monaghan, seconded by Commissioner Watts, and unanimously approved to go into *Executive Session* to discuss contractual matters.

The meeting returned to open session. Commissioner Watts noted that discussion took place during *Executive Session* on the purchase of the Greenwood Metropolitan District portion of the administration building at 121 West Court Avenue. Commissioner Monaghan made a motion to approve an agreement to purchase the remainder of the administration building from Greenwood Metropolitan District; the motion was seconded by Commissioner Hancock, and unanimously approved.

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

Approved: _____, 2007

Secretary