

COMMISSIONERS OF PUBLIC WORKS
Minutes of March 12, 2009

A regular meeting of the Board of Commissioners of Public Works was held on Thursday, March 12, 2009, at 10:00 a.m., in the Boardroom at 121 West Court Avenue.

In attendance:

Gene P. Hancock	Steve Reeves	Denise Ogletree	Bill Patrick
Michael G. Monaghan	Ken Barnett	Carlos Cometto	Chris Trainer
Henry O. Watts	Jeff Meredith	Vicki Knott	Stacia May
	Jeff Auman	Curtis Burnett	Mark Warner
	Jerry Smith	Jeff Chapman	Jeff Elliott
	Melinda Bishop	Vickie Gorham	David Tuck

- I. Chairman Monaghan called the meeting to order. The invocation was given by Commissioner Hancock.
- II. Chairman Monaghan gave the statement of compliance with the notification provision of the Freedom of Information Act.
- III. New Business:
 - A. Mr. Mark Warner representing the Partnership Alliance reported on the soft launch of a new website, and expressed appreciation for feedback on the site. He noted an increased capability to gather useful information regarding visitors to the website. Mr. Warner stated that an announcement would be made once the new website is out in the public domain. He reported on activities since the first of the 2009 calendar year with nine new projects or leads; eighteen requests for information completed; five prospect visits; and one marketing trip. He added that progress had been made toward adding some new properties in targeted areas.
 - B. Ms. Ogletree provided an explanation of internal audit reports put into place for internal control procedures and testing purposes. She stated that all directors and supervisors were interviewed to gain an understanding of the procedures already in place, areas at highest risk were determined, and audit plans developed to include the scope, objective, and method by which those items would be tested. Ms. Ogletree stated that sample sizes, timing, and manner of reporting were determined during the process, as well as the types of recommendations to be made on the reports. She referred to a list of items currently being tested, or planned for the near future, including includes plans to start PGC monthly reports in May. She

further explained that an external source for NYMEX prices would be used to verify that the information used to develop a PGC matches what is seen externally, and that calculations and formulas are accurate. Ms. Ogletree then explained monthly audit procedures for cash drawers; gas rebates; petty cash; and PPAC, which is purchased power adjustment. She explained procedures for quarterly audit items, including the sales tax report, noting a requirement to pay sales tax based on the county where the product is purchased and used; and samplings of daily deposits for agreement with the general ledger, and to be sure they are deposited in the bank. She commented on plans to review miscellaneous billing and to develop an audit plan for testing beginning in July. She noted that the Greenwood Metro report amount submitted monthly to them based on collections are reviewed to assure it is done in a timely manner, signed off on and matches the supporting documentation. Commissioner Watts asked about a specific date for that money to be sent. Ms. Ogletree responded that it was typically the third week of each month. She reported that travel reimbursements are being reviewed to assure they are within the proper limits, have proper authorization, receipts are attached, have all of the appropriate signatures, and are reported in the right department. She stated that bank reconciliations are done monthly; items such as outstanding checks and any adjusting information are reviewed to be sure it is not bogus information just to make the numbers work. Ms. Ogletree stated that wire payment transfers are made monthly for very large transactions, such as SCANA, Duke, SCE&G and bond debt service payments. She explained a dual process in place whereby a person is required to prepare the wire transfer and make the transfer, and a second person must approve and process the payment. That is audited to assure that the process was followed with the correct amounts transferred, and proper authorizations were obtained and reported to the correct departments. She stated that samples are taken of accounts payable checks to be sure payments to vendors have been properly signed, authorized, correctly coded, taxes paid, and applicable purchase orders are attached. She continued that they take a sample of payroll checks to assure that time sheets and pay rates match the checks issued. Ms. Ogletree stated that unannounced semi-annual inventories are done with samples of inventory pulled; they also note any improvements needed around the grounds, and if the inventory count is off. Chairman Monaghan inquired about controls in place for parts and inventory of work bins; Ms. Ogletree responded that had been proposed, and tools will be tagged. She stated that her idea was to develop a list of items that should be on the truck and then someone independent from that truck does an audit on what is on the truck periodically using barcodes and the list. Chairman Monaghan inquired

about material requisitions; Ms. Ogletree explained requisition forms used by crews to get inventory issued. She stated that the forms are completed and the items charged to an account, such as a project or department, after which the supervisors and directors should review the requisitions. She noted that requisitions are reviewed quarterly for proper authorization, to be sure they are going to the right departments, and that excessive amounts are not going to a particular area where they should not go. Chairman Monaghan asked how situations are handled when someone needs bolts or shovels while out in the field and might go to a local hardware store. Ms. Ogletree responded that they should not be going to a hardware store to buy shovels. Sometimes they are out and need a few specific small items that are not on the truck, and it would be less costly for them to stop at a nearby hardware store where we have an account than to return to the warehouse. She added that all hardware store invoices are reviewed for those types of items. Mr. Burnett added that most of the tickets being seen for shovels are bought by him for the warehouse, adding that sometimes they pick up a few shovels at a time for those types not used very often. Chairman Monaghan commented on the progress that had been made with internal audit measures. Ms. Ogletree added that additional programs are being developed as issues come up or when weaknesses are found.

IV. Other Business:

1. Manager Reeves presented a request from the gas department for work proposed by the SCDOT at the intersection of Highways 185 and 25 near Hodges. He further explained that equipment would be needed in order to potentially relocate a high pressure gas line. He explained that the equipment we have now would need to be refurbished. Based on the costs provided by Mr. Jeff Elliott, Manager Reeves recommended refurbishing the equipment at an estimated cost of \$15,550, versus \$30,000 to purchase new equipment. Commissioner Hancock noted equipment purchased back in 1960 for this type of work, adding that it was housed in a shed off of Oak Street at that time. He noted that equipment would be needed for 12-in. pipe as well. Mr. Elliott responded that this machine would accommodate everything. Mr. Burnett noted that the equipment is all stored in the warehouse now.

A motion was made by Commissioner Hancock to refurbish the equipment; the motion was seconded by Commissioner Watts, and unanimously approved.

2. Manager Reeves provided copies of the next ad for the newspaper.
3. Manager Reeves reminded the Commissioners of a request from Chairman Monaghan to change the March 26 meeting time to 4:00 p.m.
4. Chairman Monaghan inquired about the impact of unemployment on people paying their bills. Ms. Ogletree noted an increase in December when accounts receivable had increased by almost \$800,000 as compared to December 2007 that it is not bad debts "per se". She added that an increase in written-off bad debt had not been seen yet. Ms. Gorham noted an increase in the number of customers making payment arrangements because of inability to pay the entire bill at one time. Chairman Monaghan expressed appreciation to staff for working with customers. Commissioner Watts inquired about an increase in requests to participate in the equal payment plan. Ms. Gorham responded that was probably about the same; it is more the payment agreements with individuals who cannot pay the full amount right now.
5. Chairman Monaghan inquired about the status of the IS audit. Manager Reeves responded that it is well underway with an anticipated completion date around the end of March. They are still gathering information and taking data back to Columbia. Chairman Monaghan stated that the biggest question is with whether or not the mainframe is needed. Mr. Auman stated that was one of the main goals expressed to them initially.
6. Chairman Monaghan inquired about progress of checking into including administrative fees in grant requests. Mr. Barnett responded that there are a few things that can be put in, but not very many. Manager Reeves added that they did check on the guidelines and found that there are certain fees that can be added, but most cannot.
7. Commissioner Hancock requested that someone explore the possibility of bottling water for sale, and suggested someone with a water bottling operation might help with the sale of water. Commissioner Watts asked if other water systems were pursuing anything of this nature. Mr. Chapman responded that a couple of water systems do but it is on more of a marketing type basis rather than for a capital venture. Most of the in-state water companies are tied to systems like Coca-Cola. He stated that they usually take city water, run it through a reverse osmosis system to remove any chemicals that we use to treat for health purposes, such as chlorine or fluoride, and then they can say it is "99.9% pure water". At that point it has an expiration date with a shelf life and is deemed non-potable at some

point. He stated that in a study done on bottled water pulled off the shelves, it was found that the average EPA approved city tap water was actually cleaner than the average bottled water on the shelves, but people were willing to pay for a bottle of water off the shelf. He added that since the chlorine has been removed and if the water stayed on the shelf too long, there could be instances of a bio-film. Mr. Tuck further explained that ozone is added as a disinfectant to give a shelf life of up to a year; that ozone is produced by electricity and oxygen. He continued that reverse osmosis removes all of the minerals; therefore, a lot of bottled waters add back mineral packs to give it flavor. Water that has gone through a deionization process tastes flat so sodium and other minerals have to be added back. Chairman Monaghan commented that it sounded like a complicated process, and Mr. Tuck agreed. Commissioner Hancock noted research toward developing a biodegradable bottle. He added that his stance is to get \$5 for water where we are getting \$0.68 now, in an effort to cut out capital payments and to not raise rates. Chairman Monaghan recalled that an expert came from St. Louis a number of years ago; at that time the start-up cost was around \$250,000. Commissioner Hancock requested that they at least explore the possibility again.

8. Mr. Auman noted a target date of April 6 for programming and testing of the collection system. Chairman Monaghan commented on the need to be extra sensitive during tough economic times. Ms. Ogletree stated that only those customers who are no longer on the system would be sent to collections.
9. Commissioner Watts inquired about the number of customers paying by credit card. Ms. Gorham responded that there are a lot of customers paying by credit and debit cards. Commissioner Hancock requested a rundown of those costs to us.
10. At the direction of Commissioner Hancock, everyone sang happy birthday to Manager Reeves and Commissioner Watts.

V. Executive Session

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

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

Minutes of March 12, 2009

Page 6

Approved: _____, 2009

Secretary