

COMMISSIONERS OF PUBLIC WORKS
Minutes of October 8, 2009

A regular meeting of the Board of Commissioners of Public Works was held on Thursday, October 8, 2009, at 10:00 a.m., in the Boardroom at 121 West Court Avenue.

In attendance:

	Steve Reeves	Denise Ogletree	Stacia May
Michael G. Monaghan	Ken Barnett	Carlos Cometto	George Petersen
Henry O. Watts	Vickie Gorham	Jeff Chapman	Bill Patrick
	Jeff Auman	Chris Lindley	Mark Warner
	Jeff Elliott	Jeff Meredith	Allison Holland
	Jerry Smith	Richard Gentry	David Tuck
		Vicki Knott	

Commissioner Hancock was absent due to open heart surgery.

- I. Vice Chairman Watts called the meeting to order. The invocation was given by Ken Barnett.
- II. Vice Chairman Watts gave the statement of compliance with the notification provision of the Freedom of Information Act.
- III. Business:
 - A. Manager Reeves referred to a recommendation from the meeting packages for elevated tank maintenance, adding that Mr. Chapman and Mr. Tuck were prepared to make a presentation to support the recommendation. Mr. Chapman commented on first obtaining cost estimates to do the work proposed themselves. He stated that a cost of \$3.6 million was projected for now versus ten years down the road; then the RFP was put out asking for the same scope of work. Mr. Chapman noted that the recommended bid (Utility Services, Inc.) was actually the second low bidder. Mr. Chapman began the presentation with a slide showing the criteria used to evaluate each bidder (Caldwell; Utility Service; Southern Corrosion; and Tank PRO) based on the following: years of experience; in-house capabilities; project methodology; expertise of personnel; quality assurance; references; and fee schedules. He then referred to a slide showing the bid tabulation form of bids for fourteen-year proposals for a renewable annual contract as follows: Caldwell - \$2,831,962; Southern Corrosion - \$2,368,439.92; Tank Pro - \$2,742,620; Utility Service - \$2,527,220; and the cost for individual contracts since that was how the work was done in the past - \$3,626,356.96. Mr. Chapman compared the

positives and negatives of the two lowest bidders, Southern Corrosion, Inc. and Utility Services, Inc. He began by pointing out the negatives with Southern Corrosion whereby they would be more expensive in years one to three; may use subcontractors on some work (less than 10% of the time); tanks would have to be drained for inspections; did not state coatings manufacturer; and stipulated a penalty in year three if cancelled. Mr. Chapman continued that another negative with Southern Corrosion's pricing was with being tied to the consumer price index (CPI). He noted that an average twenty-year CPI amount of 3.05% was used for comparison purposes. Commissioner Monaghan stated that it would seem that it would be a long-term contract with a renewal clause; Mr. Patrick commented that it could be considered a termination clause. Commissioner Monaghan commented that it would not be if every year you were to do a new contract. Mr. Chapman noted that the contract was sent over to Lee Roper for review and some modifications would be made before entering into the contract, but Southern Corrosion was the only one to stipulate a penalty. Mr. Patrick noted that it may not make much difference if it is an annual contract or a longer term contract provided you have the right without penalty to terminate at the end of any year. Commissioner Monaghan stated that it is a long-term agreement with a renewal clause which was different than a yearly contract, and Mr. Patrick agreed. Mr. Chapman pointed out that some modifications would be made to the contract. Mr. Chapman continued by noting the only negative with Utility Service, Inc. that was being the second lowest bidder overall. Mr. Chapman shared the positives of Utility Service, Inc.: the cheapest proposal in first three years; no subcontractors proposed; remote operation viewing (ROV) inspection at any tank level; no stipulated penalties; and set prices for fourteen years. Manager Reeves noted that Southern Corrosion in year one was \$241,000 and Utility Service was \$115,000 for the same scope of work. Commissioner Monaghan asked about the viability of the companies that had bid. Mr. Chapman responded that all four companies were strong, quality companies who had been in business long enough to feel comfortable. Commissioner Monaghan asked if the company could cancel every year; Mr. Patrick responded that it certainly should be that we have the option to cancel without cause, but they should not have the option to cancel unless we do not pay or otherwise do not live up to our requirements under the contract. Mr. Chapman noted that all of those details would be finalized in the contract. Mr. Chapman continued by pointing out that being the low bidder was the only positive with Southern Corrosion, Inc.; the positives with Utility Service are: the cheapest during the first three years; no subcontractors were proposed; use remote operation viewing for

inspection so that tanks would not have to be drained; no stipulated penalty; and their price is set for fourteen years and not tied to a CPI making it better for budgetary reasons. Mr. Chapman recommended entering into a contract with Utility Service, Inc. for a tank maintenance program eligible for annual renewal. He noted that the recommendation was based on a thorough evaluation of the RFP and a cost analysis indicating that Utility Services would be the cheapest for the first three years, and would only be 2.6% higher than Southern Corrosion over the life of the proposed work. He added that entering into a tank maintenance program would save about \$1 million over the fourteen-year period. Mr. Chapman credited Mr. Tuck with the large amount of time and effort that went into compiling the information for the recommendation.

A motion was made by Commissioner Monaghan to approve the bid from Utility Service, Inc. as recommended, pending recommendation of legal counsel; the motion was seconded by Vice Chairman Watts, and unanimously approved.

- B. Manager Reeves reminded the Commissioners of recent bids for renovations to office space in the Gene P. Hancock Administrative Building. Contractors were asked to include a quote for custom-built desks similar to those in the accounting department in that bid process. The total price for five desk sets came in at \$18,800. Manager Reeves continued that Ms. Ogletree then found a comparable retail product from National Business Furniture at a cost of \$13,549.58. He recommended purchasing the five retail units in order to have those in place when the construction is completed. He noted a cost savings in excess of \$5,000.

A motion was made by Commissioner Monaghan to approve the desk purchase as recommended; the motion was seconded by Vice Chairman Watts, and unanimously approved.

- C. Manager Reeves presented a request from the South Carolina Local Government Assurance Group based on losses in the Stop-Loss Risk Sharing Pool over the last four years. He explained that there was in excess of \$1.5 million net asset in that pool as of July 1, 2005, however, since that time claims had exceeded premiums and as of June of 2009, there is a deficit of \$666,289. Manager Reeves stated that the Board of Trustees of the South Carolina Local Government Assurance Group has suggested that deficit be wiped clean from the experience-rated members, noting that CPW is one of those members. He continued that they took half of the deficit and allocated that based on the total number of

employees in the pool. CPW's share of that deficit is \$45,974. The remaining half was pro-rated based on actual claims during the four-year period. CPW's share of that cost is \$241,196, for a total for our part of the deficit of \$287,170. He pointed out that this also included Greenwood Metropolitan District (Metro). He continued that a decision was made to allow for payments on a monthly or quarterly basis through December of 2010. Manager Reeves recommended paying over that fifteen-month period and provided a breakdown based on the number of employees. He stated that Metro's share came to \$80,407.60, and CPW's share was \$206,762.40. He noted that this had not been communicated to Metro at this time; Commissioner Monaghan pointed out that they would have a meeting later that day. Manager Reeves continued that they could not provide a breakdown of claims between the two agencies but suggested using the number of employees, and calculations were made based on the fact that Metro has 28% of the employees. Vice Chairman Watts asked about the monthly payment amount; Manager Reeves responded that it comes to roughly \$13,000 to \$14,000 per month.

A motion was made by Commissioner Monaghan to approve the monthly expenditure over fifteen months; the motion was seconded by Vice Chairman Watts, and unanimously approved.

- D. Manager Reeves presented a request for a change order for the CDBG Grant Project. He explained that it mainly pertained to the tie-ins of existing meters to relocate meter to fronts of houses, and extra tubing and labor to move those meters. After noting that it was included in the next project but not in the bidding for this project, Manager Reeves recommended change order # 2 at a cost of \$24,450.

A motion was made by Commissioner Monaghan and seconded by Vice Chairman Watts; the motion was unanimously approved.

IV. Other Business:

1. Manager Reeves reminded the Commissioners of the Safety Luncheon at the COC following the meeting.
2. Manager Reeves informed the Commissioners that they would soon have the ability to begin combining some bills. He explained that customers with sprinkler systems currently receive two bills; one for the utility account billing and a second bill for the sprinkler meter. Now those can be combined into one bill, and that process could begin in about a month.

Ms. Gorham noted that they were simply seeking approval to do so at this point. The Commissioners inquired about separate line items; Manager Reeves responded that there would be separate line items identifying it as a sprinkler. They would also allow customers that do not want to receive their bill in that way for whatever reason to continue getting two separate bills. Commissioner Monaghan commented that it would be surprising for someone to object, and suggested that they see how it goes. Ms. Gorham stated that they are recommending doing one of two things; either removing the water per gallon cost for irrigation code or combining the usage for the domestic and sprinkler together. Manager Reeves noted that the Commissioners had already said they wanted two separate line items. Ms. Gorham explained that it would be two separate line items, and was asking if it could be one line where cost per gallon is calculated. The separate usage would be there for each meter, but the cost per gallon would be one combined item. Manager Reeves stated that the calculation per gallon should be based on their regular usage account and not the sprinkler. He suggested that they could put a note something to the effect that it is based on domestic use only and non-sprinkler usage. The Commissioners were in agreement.

3. Manager Reeves requested a date for a pre-construction meeting for the CDBG Project and the Bond Project. Commissioner Monaghan noted that he would be out of town the following week. Vice Chairman Watts stated that October 14 at 3:00 p.m. would work.
4. Vice Chairman Watts inquired about bad debt collection. Ms. Gorham responded that Set-off Debt is at a halt until tax time rolls around again; however, they still see several thousand dollars trickling in per month from the online collection agency. Commissioner Monaghan noted receiving several calls at home from people looking to pay online. Mr. Auman responded that the website shows the 942-8100 phone number for customer service calls, adding that he would verify phone numbers on the website again.
5. Mr. Gentry noted that their Washington contact had provided a number to call, and expressed surprise that they did not call themselves. The Commissioners expressed their agreement. Mr. Gentry stated that he and Jeff would get together with a list of projects and give them a call.

V. Executive Session:

A motion was made by Commissioner Monaghan and seconded by Vice Chairman Watts to go into *Executive Session* to discuss a legal matter; the motion was unanimously approved.

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

Approved: _____, 2009

Secretary