

**MNUTES OF THE BOARD OF DIRECTORS REGULAR MEETING OF THE
BEAUFORT-JASPER WATER AND SEWER AUTHORITY HELD ON APRIL
28, 2011.**

Be it remembered that the Board of Directors of the Beaufort-Jasper Water and Sewer Authority held its Regular Meeting Thursday, April 28, 2011 at the Beaufort-Jasper Water & Sewer Authority Administration Building. This meeting met the notice requirements of, and was properly constituted pursuant to, Chapter 4, Title 30 of the Code of Laws for South Carolina, 1976, as amended, commonly known as the "Freedom of Information Act".

ATTENDANCE

Members of the Authority:

Present: Brandy Gray, Chairman; Michael Bell, Vice-Chairman; Donna Altman; David Lott (telephonically); B.G. "Pat" O'Neal; John Rogers; Skeet Von Harten and Charlie White.

Absent: Lorraine Bond, Secretary/Treasurer; Bill Singleton; Mark Snyder

Guests:

Gary Kubic, Administrator, Beaufort County; Residents of Stuart Point, Phil Watson, Bucky Simmons, and Gene Gooding.

BJWSA Members of Staff: Dean Moss, General Manager; Ed Saxon, Deputy GM, Operations; Dottie Hofmann, CFO; John Wells, Director of Administrative Services; Matthew Brady, Communications Manager; Charles Sexton, Director of Engineering; Tammy Isham, Buyer; Libby Breland, Administrative Assistant.

Legal Counsel: Erin Dean, Esq., Tupper, Grimsley and Dean, P.A.

CALL TO ORDER

Chairman Brandy Gray called the meeting to order at 9:00 a.m. and announced that a quorum was present. Skeet Von Harten gave the invocation and the Pledge of Allegiance followed.

TELEPHONIC STATEMENT

Chair, Brandy Gray, gave the following statement: *"I Brandy Gray, Chair, announce that a quorum for this Meeting is physically present and that David Lott is attending this meeting telephonically".*

APPROVAL OF MINUTES

Chairman Brandy Gray requested a motion to approve the minutes of the regular Board of Directors meeting of March 24, 2011.

Motion: Charlie White moved, seconded by John Rogers, to approve the Minutes of the regular Board of Directors meeting of March 24, 2011. There was no discussion and the motion passed unanimously.

PUBLIC COMMENT

Chairman Brandy Gray welcomed and recognized the attending guests: Gary Kubic, Beaufort County Administrator and residents of Stuart Point, Phil Watson, Bucky Simmons, and Gene Gooding. Mr. Watson addressed the Board with a request for public water in Stuart Point due to poor water quality in the area. Also a recent house fire, in which the house was destroyed, brought awareness for the need to have fire protection. Because of the lack of fire hydrants in the area, Burton fire officials who responded to the house fire were forced to call several local fire districts, including the Marine Corps Air Station Beaufort. Dean Moss outlined a couple of programs that the community may be eligible for, a Front Foot Assessment, and a Community Development Block Grant through Beaufort County. Michael Bell recommended along with consensus of the Board that staff proceed with the process.

GENERAL MANAGERS REPORT

Dean Moss, General Manager, reported on the following issues:

- **March 2011 Safety Report.** There were 84 calendar days since the last preventable lost time case as of March 1 with 3 Near Miss reports and 97 Take Twos completed. The *Safety Stand-down* task force groups are continuing with a series of meetings. Each task group will provide recommendations for approval and then implementation will occur the beginning of July. *The Safety Report for the month of March 2011 is attached to these minutes and is made a part hereof.*
- **Certificate of Achievement.** Dottie Hofmann announced that BJWSA has received for the 7th consecutive year, a Certificate of Achievement for Excellence in Financial Reporting. This is the highest form of recognition in governmental accounting and financial reporting. The Board congratulated Dottie Hofmann and staff on this great achievement.
- **Directors and Officers Insurance.** John Wells received several bids in the range of 15 thousand dollars for additional D&O insurance. He is still receiving proposals and will come back to the Board with a recommendation.
- **“The State” Columbia News Article, Dated April 27, 2011.** The City of Columbia is under a threat of federal takeover and rate increases. The article stated that Columbia has had 157 reported sewage spills in the past six months as a result of putting off regular maintenance work for the past 15 years or more.

Public Affairs Report

Matthew Brady reported on the following issues:

- **Community CDBG Projects Update.**
Town of Bluffton, Buck Island Road, Sewer Project – The staff is still working with the Town to get only a few LMI residents left to connect.

Burton, Water Line Project – Beaufort County has officially applied for a grant to the Department of Commerce. Lowcountry Council of Governments is assisting with the process.

- Earth Day. – Attended several events in Habersham, Town of Port Royal and Parris Island representing BJWSA and discussed any initiatives we are undertaking.
- AWWA Drinking Water Week, May 1-7th. Light refreshments will be provided, along with small gifts and a raffle. Staff will be available to answer any customer questions. Students from area schools have submitted posters for this year's theme "Water, celebrate the essential". The Board members were invited to visit the lobby and view all of the posters that will be displayed along the hallway. There were over 300 posters submitted last year.

COMMITTEE REPORTS

Executive

Chairman Brandy Gray reported that the Executive Committee had met and discussed the General Manager transition process.

Capital Projects

Committee Chairman John Rogers reported that the Capital Projects Committee met with staff on April 20 and reviewed the status of the CIP and developer projects. The Capital Improvements Plan for FY12-FY14 will be brought before the Board in May or June for approval. He highlighted the Military projects. Group I ISMs have been completed, and construction on Group II ISMs will begin shortly and most importantly, the projects were \$2M under budget. The Military Consolidation project will be complete after the remaining demolition of the Air Station WW Plant. A contract award and change order will be presented as an Agenda item under New Business. *The Memorandum from Charles Sexton dated April 18, 2011 CIP & Developer Update is attached to these minutes and is made a part hereof.*

Skeet Von Harten thanked the staff, Ed Saxon, Dottie Hofmann, Charles Sexton and Sarah Linkimer for meeting with him to explain the CIP process in detail. With being a new Board member he said it was extremely helpful.

Finance

Committee Member Donna Altman reported that the Finance Committee met with staff on April 21 and received the following updates:

- Financial Report. Revenues fell below budget 1.3% or \$417 thousand through March. Anticipate revenue catching back up and finishing the year over budget. Revenue is \$1.3 million above prior year. Total operating expenses (including depreciation) are \$552 thousand under budget. *A copy of the Financial Report dated March 31, 2011 is attached to these minutes and is made a part hereof.*
- Call Center. The committee reviewed the March call center metrics, and the average call wait time in March was 1.42 minutes compared to 2.25 minutes last year and the abandonment rate was 9% compared to 12% in prior year.

- External Audit Services RFP. The Audit Committee conducted interviews of the 3 top candidate firms and a unanimous decision was made to continue with Cherry, Bekaert & Holland. While the firm's Augusta, GA office will remain the same, the audit team members will be changed around to ensure no complacency and a "fresh set of eyes" on the upcoming audits. The Finance Committee, acting as the Audit Committee, recommends continuing for another 3-year term with Cherry, Bekaert & Holland as the Audit Firm.

Motion: Donna Altman, on behalf of the Finance Committee, moved to approve retaining the audit firm of Cherry, Bekaert & Holland for another 3-year term. A vote was held and the motion passed unanimously.

- FY12 Budget and Rate Recommendations. Operating revenue is budgeted to increase 5.7% based on 325 projected new customers, retail rate increases of 5% to 6% and wholesale rate increases of 0% to 14%. The retail water rate increase proposed is 3-4% in the volumetric rate while the retail wastewater rate increase is 6-8% also in the volumetric rate. Operating expenses are budgeted to increase 5.7% as a result of an increase in fuel costs, power, chemicals, health insurance and recommended changes in payroll. A 1% COLA and 2% merit increase are proposed along with a funded full time equivalent (FTE) increase of 2. The Debt Service target for FY2012 is 1.55. The FY2012 proposed budget will be presented at the May Board meeting and there will be a public hearing on June 16th, with Board adoption at the June meeting. Skeet Von Harten asked that the Board be aware that, the proposed water and sewer rate increase of \$3.68 per month for the average user, on top of the other cost of living expenses, such as exorbitant gas prices, will impact the average resident of Beaufort County.

Personnel

Committee Chairman Michael Bell reported that the Personnel Committee met with staff on April 19 and that he was not in attendance at the meeting and asked John Wells to give the report. John Wells reported on the following:

- Capital Improvement Plan for FY12-14. Would be presented to the Board for approval at the May or June board meeting.
- Rate Recommendation for FY12-14. Preliminary rate recommendations and general information about the budget process was received.
- Hiring and Recruiting Status. Four Field Operator I positions have been filled and the Water Operator Trainee was filled by an internal selection. A Customer Service Representative position has received over 360 applications. Twelve interviews were scheduled and should be completed by the first of May. One remaining Field Operator I position is being recruited for and should be filled by the middle of May. Over 70 applications were being evaluated for the General Manager position.
- FY2012 HR Budget Request. A recommendation that two Field Operator positions be unfrozen and filled, approval of two new positions without funding, and that one wastewater operator be deleted that was filled in support of the

Military Consolidation project, that has since been completed. Recommended that the current training budget remain the same.

OLD BUSINESS

There was no old business to discuss.

NEW BUSINESS

A. Capital Improvement Program.

1. Contract Awards Presented. (John Rogers)

CIP #22008, ISM, Parris Island, Water Valve Replacements. This project replaces the old valves on Parris Island. To reduce cost Beaufort-Jasper is proposing to buy the material and supply the contractor with valves and hydrants. An anticipated number of valves and hydrants were created and quotes received from several supply houses. Beaufort-Jasper limited the manufacturers to American, Clow and Mueller. Bids were received by staff and recommend the award to Mainline Supply Company to provide Mueller valves and hydrants in the amount of \$195,971.57.

Motion: **On behalf of the Capital Projects committee, John Rogers moved the adoption of the contract award for the ISM, Parris Island, Water Valve Replacements to Mainline Supply Company in the amount of \$195,971.57 as presented and referenced in the Memorandum to Charles Sexton from Brian Chemsak dated April 15, 2011. Motion made from committee, no second is required. A vote was held and the motion passed unanimously. A copy of the referenced Contract Award dated April 15, 2011 is attached to these minutes and is made a part hereof.**

CIP #22117, ISM, Air Station, Group II Pump Stations. This project will rehab four pump stations located on the Air Station (AS02, AS03, AS04 and AS05). Work will include demolition of existing structures and rehabilitation of the existing wet wells. New Gorman Rupp pumps will be installed and housed in new buildings. Jacobs engineers have certified the bids and recommend award to BRW Construction Group in the amount of \$1,238,422.00.

Motion: **On behalf of the Capital Projects committee, Chairman John Rogers moved adoption of the contract award for the ISM AS Group II Pump Stations to BRW Construction Group in the amount of \$1,238,422.00 as presented and referenced in the Memorandum to Charles Sexton from Brian Chemsak dated April 15, 2011. Motion made from committee, no second is required. A vote was held and the motion passed unanimously. A copy of the referenced Contract Award dated April 15, 2011 is attached to these minutes and is made a part hereof.**

2. Contract Change Order. (John Rogers)

CIP #22116 ISM Group II Pump Station. The original scope of this project included installing a new gravity main to eliminate 8 pump stations on Parris Island. At the request of the Military, additional gravity lines were added to eliminate two additional

pump stations, P140 and P130. In addition to the scope change, the Military also requested a route change to eliminate gravity being placed in the road wherever possible. The attached change order covers all additional cost to reach P140 and P130 as well as all deducts to remove paving and associated work from the contract. The additional work for P140 will be included into Dupriest Construction Company's contract with a change order. The change order will include all the original unit prices from the original contract. Staff is requesting a change order in the amount of \$462,715.35.

Motion: On behalf of the Capital Projects committee, Chairman John Rogers moved adoption of the change order to Dupriest Construction in the amount of \$462,715.35 as presented and referenced in the Memorandum to Charles Sexton from Brian Chemsak dated April 15, 2011. Motion made from committee, no second is required. A vote was held and the motion passed unanimously. A copy of the referenced Contract Award dated April 15, 2011 is attached to these minutes and is made a part hereof.

3. FY 2009-2011 CIP Project Modification. (John Rogers)

CIP #21643 Colleton River Forcemain Project in the amount of \$100,000. This project consists of building a pipeline to connect the Colleton River master pump station to the Bluffton regional collection system. Presently wastewater from Colleton River is pumped to Moss Creek where it is treated by Water Oak Utility. Water Oak Utility charges BJWSA for this service. In FY10, BJWSA paid \$151,000 for Water Oak to treat wastewater from Colleton River. By building a forcemain that connects Colleton River to the BJWSA sewer system, we will no longer need this arrangement and will not have to pay Water Oak Utility to treat the wastewater from Colleton River.

Motion: On behalf of the Capital Projects committee, John Rogers moved that CIP #21643 Colleton River Forcemain project be added to the FY 2009-2011 CIP Budget in the amount of \$100,000, as presented and referenced in the Memorandum to Ed Saxon, Charles Sexton, from Tricia Kilgore dated April 7, 2011. Motion made from committee, no second is required. A vote was held and the motion passed unanimously. A copy of the referenced Memorandum dated April 7, 2011 is attached to these minutes and is made a part hereof.

PUBLIC COMMENT

No comments were noted.

EXECUTIVE SESSION (9:50)

Motion: Donna Altman moved, seconded by Michael Bell, to move into Executive Session for the purpose of discussing personnel matters related to the transition process of the General Manager. A vote was held and the motion passed unanimously.

RECONVENE

Motion: A motion was made by Charlie White, seconded by Donna Altman, to return to regular session. A vote was held and the motion passed unanimously.

ACTION TAKEN

No action was taken.

TELEPHONIC STATEMENT

Chair Brandy Gray, made the following statement: *“I, Brandy Gray, the Presiding Officer of this Meeting have previously stated that **David Lott was attending this meeting telephonically.** This Meeting is in full compliance with the criteria for the attendance of this Meeting telephonically as set forth in Article II Section II of the Bylaws.”*

ADJOURNMENT

Chairman Brandy Gray asked for a motion to adjourn.

Motion: Charlie White moved, seconded by Michael Bell, to adjourn the meeting at 10:45am. Non-Debatable, the motion passed unanimously.

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Attachments: Safety Report dated March 2011, CIP and Developer Update Memo dated April 18, 2011, Financial Report dated March 31, 2011, Contract Award Memorandum dated April 15, 2011, Change Order Memorandum dated April 15, 2011 and CIP Modification dated April 7, 2011.