

MINUTES OF THE MEMBERS OF THE BEAUFORT-JASPER WATER AND SEWER AUTHORITY HELD ON JULY 25, 2013

Be it remembered that the Members of the Beaufort-Jasper Water and Sewer Authority held its annual meeting Thursday, July 25, 2013, 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: David Lott, Chair; Donna Altman, Vice-Chair; James N. Scott, Secretary/Treasurer; Lorraine Bond; Brandy Gray; General Pat O'Neal; Dr. Bill Singleton and Skeet Von Harten.

Members of the Authority absent: Michael Bell and John Rogers.

Staff present: Ed Saxon, General Manager; Dottie Hofmann, Chief Financial Officer; Ken Jordan, Chief Administrative Officer; Chris Petry, Chief Operating Officer; Charles Sexton, Chief Technical Services Officer; Will Bettis, Purchasing Manager; Matthew Brady, Communications Manager; Brian Chemsak, Capital Projects Manager; Sarah Linkimer, Controller and Libby Breland, Executive Assistant/Clerk to Board.

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

Public present: Jack E. Burke, resident of the Town of Hilton Head, (*prospective Member of the Authority-Beaufort County Legislative Delegation appointee by the Town of Hilton Head*); Donald A. Manson, resident of Sun City (*prospective Member of the Authority-Beaufort County Council appointee*); Jimmy Baker, resident of Jasper County, (*prospective Member of the Authority-Town of Ridgeland*) Brian Flewelling, member, Beaufort County Council (District 5) and Frank Turano, Regional Manager, Alliance Consulting Engineers, Inc., Bluffton.

CALL TO ORDER

Chair, David Lott, called the meeting to order at 8:00 a.m., and announced that a quorum was present. Brandy Gray gave the invocation and the Pledge of Allegiance followed.

(Telephonic Statement)

No members attended telephonically.

APPROVAL OF MINUTES

Motion: Moved by Skeet Von Harten, seconded by Vice-Chair Donna Altman, to approve the minutes of the June 27, 2013 board meeting as written and distributed to the Members of the Authority,

All voted in favor of approval, none opposed.

Motion Passed Unanimously.

PUBLIC COMMENT

The public was recognized. Mr. Burke expressed his concern to the Board regarding the time it has taken to get appointed to the Board. He was endorsed by the Town of Hilton Head almost one year ago, ratified by the Legislative Delegation and has still not received his appointment letter from the Governor. He asked the Board to evaluate the appointment process and make recommendations for improvement.

GENERAL MANAGERS REPORT

Ed Saxon, General Manager, reported on the following issues:

- Safety Report – Finished FY13 with zero lost workday cases, this has not happened since 2009. All safety trends are going in the right direction. BJWSA sent 7 employees to a 4-day long class on OSHA's General Industrial Regulations. The training took place at USCB's Bluffton campus, it was extremely affordable (\$150 each person). USCB plans to hold a second class this fall on OSHA's Construction Regulations and we will send another group.
- Beaufort & Jasper Legislative Delegation Meetings –The letters appointing Mr. Manson, Mr. Burke, and Mr. Baker and reappointing Mr. Lott are still on the Governor's desk awaiting her signature.
- Admin Building Reception/Customer Service Area Security Upgrades – This project is going well and should be completed by the end of August.
- Savannah River – Record rains in the Savannah Basin have pushed the levels in lakes Hartwell, Russell & Thurmond above full pool. Since 6/1 we have 30 days of measurable rainfall and since 7/1 twice the normal rainfall. In Augusta/Aiken, they have experienced 6 times the normal July rainfall. As a result, releases from Thurmond have exceeded 35,000 cfs (~23 billion gal/day) which has caused localized flooding in the lower Savannah Basin and pushed river levels at our intake to historic highs above 16 ft (normally 3'). These high flows flush out the swamps adjacent to the river and the resulting high color water requires significantly more treatment which impacts our O&M budget and finished product quality.
- May River Water System – A meeting with the May River community will occur on August 28 at Bluffton Town Hall and a draft agreement will be ready for Erin's review in early August.
- Strategic Focus Plan (SFP) – Subsequent to the comments received at the Board Retreat, staff reexamined the proposed Mission Statement ("Inspire Trust and Enhance Public Health") and continues to think this statement clearly describes our mission and will be easily understood and embraced by our employees. We have shared our revised Mission Statement with fellow utilities, our regulators and a group of HH Realtors and everyone strongly prefers it to our current one. Unless the Board strongly objects, we propose to adopt it as part of our SFP. Regarding the SFP, we are establishing goals and objectives for our 4 focus areas: Workforce Development, Product, Stewardship and Community. On track for a late Fall 2013 completion.

- CDBG Projects – The Beaufort County Stuart Pt. waterline CDBG project was not selected for funding but the Jasper County Old Bailey’s Rd sewer project was funded for ~\$390k. Matthew did a joint Press Release with Jasper County and the County Administrator, Andy Fulghum, was very appreciative of our efforts in obtaining the grant.
- Business Processes/SOP Review - Each department has been tasked with reviewing their business processes to ensure that SOPs exist for each process. Their initial focus is on inter-departmental process/SOPs. This is a very thorough, deliberate effort and will take at least 6 months.
- Surface Water Withdrawal Permit (SWWP) – BJWSA received the SWWP which is effective 7/9/2013 and expires 7/8/2053. The maximum permit withdrawal is based upon our projected demands listed in our Integrated Water Resources Plan and the capacity of our Savannah River intake and is set at ~160 MGD. Our legislative charter gave us withdrawal rights of 100 MGD.
- Moss Creek – The Consultant has obtained all needed info from Moss Creek and BJWSA needed to evaluate the tax consequences of BJWSA purchasing the Moss Creek utility. The draft report should be available by mid-August.
- Employee Handbook – Distribution to the employees is 90+% complete and been well received. Great work by the HR Dept.
- Hurricane Preparation – Ken will review our preparations and the hurricane handouts. Ken Jordan reviewed BJWSA’s hurricane response and recovery plan and distributed information to the Board which included the Beaufort county re-entry number and BJWSA employee/board of director’s hurricane information line and instructions. BJWSA is a member of SCWARN (SC Water Agencies Response Network), a group of utilities in the state that have agreed to provide assistance in emergencies. The WARN system has been established nationwide and interstate assistance is available as well. Chair, David Lott expressed that the Board needs to have a clear understanding of how the Board communicates with staff during emergency events.

Public Affairs Report

Matthew Brady highlighted community events and provided a summary memo dated July 12, 2013, identifying several projects taking place throughout the service area:

- Burton CDBG - We met with LCOG and the County to find places to spend “extra” money due to the low bid; we are working with Commerce for approval to add in Lamon Drive in the area.
- Purrysburg CDBG - Three new LMI applicants in this area came forward near the end of the project; Jasper County is exploring options to get these customers connected.

- Bluffton CDBG – Gravity sewer extensions throughout the Buck Island Rd. – Simmonsville Rd. corridor. Phase III, including areas at the intersection of Buck Island and Simmonsville Roads, is currently being designed by the Town’s consulting engineer, HGBD. Staff is also working with the Town on sewer service for side roads off Buck Island Road near Wellstone subdivision.
- Sewer Rehabilitation Project - Gravity sewer lining work is complete in downtown Beaufort; Manhole ring and cover work has been added back into the project scope of work; Installation of remaining sewer laterals in the City of Beaufort is planned.
- Stuart Point Waterline CDBG (potential) - This grant was not funded which would have provided water to over 80 LMI residents.
- Old Baileys Loop Sewerline CDBG (funded) - This project is a sewerline extension on Old Baileys Loop in Jasper County, serving around 40 customers; the project was award CDBG funds. BJWSA is doing the design in house. Construction should start before the close of 2013.

A copy of the Community Projects Update memo dated July 12, 2013, is attached to these minutes and is made a part hereof.

COMMITTEE REPORTS

Executive Meeting

Chair David Lott stated that the Executive Committee did not meet therefore had no report.

Capital Projects

Committee Chair Dr. Singleton stated that the Capital Projects Committee did not meet. We will be seeking full Board approval for a capital equipment purchase of a sewer vac truck under New Business.

Finance

Committee Chair Donna Altman, reported on the financial position:

- June Financials We finished up the year with Operating cash of \$15.1M which is right in line with where we projected to end the year. Capacity fees finished the year at \$1M compared to a budget of \$2M.
- Call Center Metrics. June call center metrics have remained pretty stable over the last few months. We didn’t see the typical increase in calls in June that we normally see since customer consumption is down. For the 4th month in a row call wait times have fallen under the benchmark of 1 minute and 40 seconds. Customers continue to sign up for bank draft and recurring credit cards.
- FY2013 Audit Plan. Bonnie Cox, Audit Partner and Jennifer Heath, Audit Senior Manager, from Cherry Bekaert, LLP presented the FY2013 audit plan. The schedule for the annual audit is the same and final results will be presented to the Finance Committee in October and

to the full Board in November. Dottie Hofmann will discuss next the new GASB's that will affect BJWSA during this year's audit.

- Early Implementation of GASB 65. Dottie Hofmann explained the recently issued Statement No. 65 with an effective date of fiscal year 2014 and its significant impact to the Authority. Since the Authority will be restating prior periods in the fiscal year 2013 financial statements as result of unrecorded contributed assets, the staff recommends that we early adopt GASB No. 65 in order to eliminate restating again in fiscal year 2014.
- Purchase of a Sewer Vac Truck for \$334,269.00. The committee discussed the request from staff to purchase a Sewer Vac Truck for \$334 thousand. This is a FY2014 budgeted purchase and the price is under budget. The Board will discuss this in further detail under New Business.

Personnel

Committee Chair Brandy Gray stated that the committee did not meet, but gave a brief update on the compensation study.

OLD BUSINESS

There was no old business to discuss.

NEW BUSINESS

Capital Equipment Budget

1. Approval of Purchase for a 2014 Vac Con Sewer Vac Truck for \$334,269.00.

Motion: Dr. Bill Singleton moved, seconded by Donna Altman, to approve the purchase for a 2014 Vac Con Sewer Vac Truck for \$334,269.00, as presented and referenced in the memorandum from Will Bettis, dated June 18, 2013,

All voted in favor, none opposed.

Motion passed unanimously.

PUBLIC COMMENT

There were no additional public comments.

Lorraine Bond asked the staff to brief her on the CDBG process and help identify projects in Levy that could get CDBG funds.

(8:59 a.m.)

EXECUTIVE SESSION

Motion: Lorraine Bond moved, seconded by Dr. Singleton, to move into executive session to receive a legal briefing,

All voted in favor, none opposed.

Motion passed unanimously.

All persons were excused from the meeting. Legal counsel, the general manager and chief officers remained for executive session.

(9:45 a.m.)

RECONVENE

Motion: Vice-Chair Donna Altman moved, seconded by Skeet Von Harten, to reconvene regular session,

All voted in favor, none opposed.

Motion passed unanimously.

ACTION

No action was taken.

(Telephonic Statement)

No members attended telephonically.

ADJOURNMENT

With no further business, Vice-Chair Donna Altman moved, seconded by Lorraine Bond, to adjourn at 9:50 a.m.

All voted in favor, none opposed.

Motion passed unanimously.

APPROVED: _____

Respectfully submitted,

Libby Breland, Clerk to Board

Signatures and Attachments on file.