

## **MINUTES OF THE MEMBERS OF THE BEAUFORT-JASPER WATER AND SEWER AUTHORITY MEETING HELD ON NOVEMBER 21, 2013**

Be it remembered that the Members of the Beaufort-Jasper Water and Sewer Authority held its regular meeting Thursday, November 21, 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; Jimmy Baker; Lorraine Bond; Jack Burke; Donald Manson; Dr. Bill Singleton and Skeet Von Harten.

Member of the Authority absent: Michael Bell and Brandy Gray.

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; Tricia Kilgore, Director of Treatment; Will Bettis, Purchasing & Risk Manager; Matthew Brady, Communications Manager; Brian Chemsak, Capital Projects Manager; Sarah Linkimer, Controller; Cindi Burke, Benefits Administrator; Tammy Isham, Buyer; Patrice Whitmore, Senior Accountant; Leslie Bright, Accounting Specialist; Angie Murdaugh, Accounting Assistant; Jeanie Phillips, Accounting Assistant and Libby Breland, Executive Assistant/Clerk to Board.

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

Auditors: Bonnie L. Cox, CPA, Partner, and Rachel Neely, Audit Senior of Cherry, Bekaert, LLP.

Public present: Councilman Brian Flewelling, Beaufort County, District 5 (Okatie/Burton/Shell Point) 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.

### **INVOCATION AND PLEDGE OF ALLEGIANCE**

Skeet Von Harten gave the invocation and all joined in the Pledge of Allegiance.

### **APPROVAL OF MINUTES**

**Motion:** Moved by Lorraine Bond, seconded by Donna Altman, to approve the minutes of the October 24, 2013 regular board meeting as written and distributed in advance to the Members of the Authority.

*A vote was held, Skeet Von Harten abstained, he was not present during the October Board meeting.*

**Motion carried.**

## **PUBLIC COMMENT**

The public was recognized. There were no public comments at this time.

## **PRESENTATION OF THE FY 2013 AUDIT RESULTS AND COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)**

Bonnie Cox, CPA, Partner, of Cherry Bekaert, LLP, Certified Public Accountants, gave an overview of the Audit results for the FY2013 Fiscal Year. She reported that there were no significant difficulties, no disagreements with management during the audit process, no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. Significant estimates included in the financial statement include the estimate of the allowance for doubtful customer accounts and assumptions made by actuary in other post-retirement benefits (OPEB) liability calculation. New accounting pronouncements were the implementation of GASB Statement No. 63 (new headings) - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Positions* and the early implementation of GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities*. Bonnie Cox alluded that the Authority were “pioneers” in the industry by implementing GASB 65 early and by looking into the future rather than just what is in the here and now. The overall result was an: “unmodified” opinion, or “clean” audit opinion.

*Chair David Lott commended the entire finance staff on their efforts.*

Sarah Linkimer gave a power point presentation on the FY 2013 Comprehensive Annual Financial Report (CAFR) highlights. Though FY2013 saw challenges of increased rainfall and higher OPEB expense, BJWSA was able to control expenses and end the year with positive net position and healthy debt service coverage. Hard copies of the 2013 CAFR are in production and will be distributed when completed. A copy of the CAFR will also be made available on BJWSA’s website at [www.bjwsa.org](http://www.bjwsa.org) and available upon request.

*Donna Altman also commended the entire finance staff on their efforts and recognized just how much hard work goes into this process and for their forward action of early implementation of the new GASB standards.*

## **GENERAL MANAGERS REPORT**

Ed Saxon submitted the following report:

1. Safety/Wellness Report-There were no lost workday cases, recordable injuries or incidents in October. Held a very successful Safety/Wellness festival for all employees on Friday, 11/8. Thanks to Mrs. Bond for attending. At the festival, we announced that BJWSA will become a tobacco free campus in 12 months and the Wellness Team has prepared a solid plan to achieve this with help from the SC Hospital Association's Working Well Program. Education and tobacco cessation aids are a large part of the program. In cooperation with the State Health Plans, we held a Health Screening for eligible employees and spouses on Nov 7. This \$350 value preventative health screening was made available to the employees for a \$15 co-pay (paid by BJWSA) and 91 employees and 19 spouses participated.

2. May River Water System -The transfer agreement has been executed and MRWC is seeking DHEC and PSC approval for our takeover. Construction of our waterline connection will begin in early December and be completed by year end.
3. Savannah River Basin -The COE has started their winter drawdown of Lake Hartwell & Thurmond and will reduce lake levels by 4 foot in accordance with their normal Basin Management plan. October rains were below normal in the basin.
4. Board Member Liability Proposed Statute - Erin and I met with Rep. Newton to review our proposed legislation and while he indicated his willingness to help us, he had some "probing questions "and concerns. While not being obstructive, he questioned the need for the legislation and warned that the plaintiffs' bar will most likely oppose it. It is an election year for the House so they will most likely avoid controversial bills this term.
5. United Way Campaign - The 2014 BJWSA United Way campaign is complete and I am proud to announce that \$15,207 was pledged (goal was \$15,200) and 83 employees contributed (53% participation rate). Thanks to all who contributed, including several Board members. Also, thanks to Cindi Burke in HR for leading our campaign efforts.
6. Veterans Day Event – On 11/11 BJWSA hosted a Veteran's Day breakfast for all employees, retirees, and Board who are veterans. 31 veterans attended and thanks to Skeet for attending. 20% of the BJWSA workforces are veterans. Kudos went to Matthew Brady and Mandy Abbott for their efforts coordinating this honorable annual event.
7. League of Women Voters Water/Sewer Panel - On 11/13 Participated in a Water/Sewer Panel discussion for the LOW of HH/Bluffton with the 3 HH PSD's GMs, Towns of HH & Bluffton and Beaufort County. ~ 50 people were in attendance and the panel discussion went well. I provided a regional perspective of the important water and sewer issues the area faces in the future.
8. December Meeting Dates - Please remember that the committee and Board meetings are shifted up a week in December due to the holidays. The Board meeting date will be 12/19 with the committees meeting the week prior. In addition, BJWSA's annual holiday sharing will be held on Friday, December 13 from noon to 3PM at the Admin offices. Potluck food will be provided and the Board is welcome to attend.
9. Jasper County Delegation Meeting – The JC Delegation met Wednesday 11/20 and our two Jasper County Appointments were listed on the agenda. However, the public comment section of the meeting took longer than scheduled and the appointments were not addressed. A 1st draft of a SOP for the Board Member Appointment Process was distributed to the members for review and asked for comments by the end of November.
10. Flushing Cleaning Wipes Education Campaign - You probably noticed the front page article in the Island Packet/Beaufort Gazette concerning the problem BJWSA (and all utilities nationwide) is having with cleaning wipes labeled as flushable being flushed and causing

significant problems in our system. Thanks to Matthew for getting the press interested in this problem and to Joe DeVito and several members of the SOB Collections crew for participating in a great video that clearly explains the issue. There is a nationwide effort underway to educate the public about this and to get legislation passed which will require manufacturers to remove the "Flushable" label from these types of products. Chris Petry distributed a door hanger mock up that can be used to educate the public and showed a video produced by WTOC who interviewed several of BJWSA's staff while performing repairs to a wastewater pump damaged by various rags and wipes being flushed in BJWSA's sewer system.

### **Public Affairs Report**

Matthew Brady was not present; he was acting "Principle for the Day" at the Hardeeville Middle School. This is the school district's initiative to get the community more informed about what they do. On behalf of Matthew, Ken Jordan reported the following:

- Seabrook Point Potential CDBG. A community meeting was held in the area this month, with around 30 attendees. BJWSA, LCOG and Beaufort County are working to garner community interest via survey. The grant application will take place in the spring, and application results will be known by July.
- Lady's Island Middle School. We hosted around 200 kids from Lady's Island Middle School. They watched videos, and went on a tour of the Chelsea Water Treatment Plant.
- Sun City Community Meeting. A follow up meeting will be held on January 27.
- Central Savannah River Area Radiological Environmental Monitoring Program (CSRA REMP) Meeting. BJWSA partners with the CSRA REMP group that helps monitor tritium in the Savannah River. Matthew attended the meeting, which meets twice a year, and also toured the Savannah River Site facility.

*A summary memo dated November 13, 2013, was included in the Board packet and 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 reported that the Capital Projects Committee met on Wednesday, November 13, 2013 and received an update of the Capital Program and Development Activity. One contract award and three CIP additions will be presented under New Business. Also the Drought Plan Regulation has been updated to comply with our new Surface Water Withdrawal Permit which was issued in July. A draft copy was provided in the Board Packets and also the Dropbox and will be brought before the Board in December for approval. *A copy of the CIP Update memorandum dated November 12, 2013 is attached to these minutes and is made a part hereof.*

## **Finance**

Committee Chair Donna Altman reported that the Committee met on November 14 and reported the following:

- October 2013 Interims. Total operating revenues are \$1.1 million under budget, and \$600 thousand behind last year. Total operating expenses are \$716 thousand under budget. Even with the revenue shortfall all of the ratios, targets and cash are healthy and within our limits and policies.
- Updated General Financial Policies. A draft copy of the updated General Financial Policies was included in the Board Packets and also the Dropbox. The majority of the changes are clerical in nature and the main change is an added paragraph to the Budgetary Controls section of the Operating Budget Policy: *Management will notify the Finance Committee and the Board of Directors of any unbudgeted expenditure that exceeds \$100,000 before it is incurred.* The policy will be presented at the December board meeting for approval.

## **Personnel**

Chair David Lott reported on behalf of Committee Chair Brandy Gray that the Personnel Committee did not meet and had no report at this time.

## **OLD BUSINESS**

There was no old business to discuss.

## **NEW BUSINESS**

### **Capital Improvement Program.**

#### *Contract Awards/CIP Modifications*

- CIP #21641 Cherry Point WRF Headworks Coating – EcoVerde for \$173,800 and Increase Budget from \$400,000 to \$485,000. This project includes recoating the headworks, adding a hydrogen sulfide (H<sub>2</sub>S) control device and rehabilitating the bar screen. The contractor for the relining has already been selected and approved. The second part of the project is the addition of an odor control device that will significantly reduce the H<sub>2</sub>S levels in the headworks. Even though The EcoVerde system has a higher capital cost than the other 2 systems that were evaluated, the Eco Verde unit is recommended due to its lower operating and resulting life cycle costs.

**Motion:** Recommendation of approval of CIP #21641 purchase award to EcoVerde for the scrubber in the amount of \$173,800 and an increase in the total budget of \$85,000 from \$400,000 to \$485,000, which is funded from C&D as presented and referenced in the memorandum from Tricia Kilgore, dated November 7, 2012, came out of the Capital Projects Committee, *requiring no second,*

*All voted in favor, none opposed.*

**Motion passed unanimously.**

- CIP #21692 – Hardeeville Wastewater Treatment Plant Aerator Gear Box Replacement in the Amount of \$155,000. The aerator gear box is close to failure and is in need of

immediate replacement. This proposed project will replace the existing aerator gear box as well as provide a backup unit for this critical part of the treatment process. Once the new unit is in service, the existing aerator gear box will be refurbished or replaced. This project is funded from Sewer C&D.

**Motion:** Recommendation of approval, for the CIP Modification #21692 as presented and referenced in the memorandum from Tricia Kilgore, dated, November 11, 2013, came out of the Capital Projects Committee, *requiring no second*,  
*All voted in favor, none opposed.*

**Motion passed unanimously.**

#### *CIP Project Budget Additions for FY13-15*

- CIP #22151 – MCAS P427 GSE Shop for \$119,067.00. This project includes rerouting existing water lines for the proposed ground support equipment shop and installing new sewer services. This project will be funded by a contract MOD to the military privatization contract. The funds for this project will be provided in FY14.
- CIP #22153 – MCAS P472 Airfield Security Upgrades - \$75,000.00. This project includes adding additional hydrants and other waterline modification to accommodate a proposed fence along the airfield on MCAS. The project will be funded by a contract MOD to the military privatization contract. The funds for this project will be provided in FY14.

**Motion:** Recommendation of approval, for the CIP Project Budget Additions for FY13-15 as presented and referenced collectively in the memorandum from Brian Chemsak, dated, November 11, 2013, came out of the Capital Projects Committee, *requiring no second*,  
*All voted in favor, none opposed.*

**Motion passed unanimously.**

#### **PUBLIC COMMENT**

There were no additional public comments.

(9:15 a.m.)

#### **EXECUTIVE SESSION**

**Motion:** Donna Altman moved, seconded by Skeet Von Harten to go into executive session for the purpose of discussing legal matters,

*All voted in favor, none opposed.*

**Motion passed unanimously.**

*All persons were excused from the meeting. Legal counsel, the general manager, and staff of the leadership team remained for executive session.*

(9:46a.m.)

#### **RECONVENE**

**Motion:** Lorraine Bond moved, seconded by Donna Altman, to reconvene regular session,

*All voted in favor, none opposed.*

**Motion passed unanimously.**

**ACTION**

No action was taken.

**ADJOURNMENT**

With no further business Chairman Lott declared the meeting adjourned at 9:46 a.m.

*All voted in favor, none opposed.*

**Motion passed unanimously.**

APPROVED: 12-19-2013

*Respectfully submitted,*

*Libby Breland, Clerk to Board*

Signatures and Attachments on file.