

MINUTES

December 15, 2014

CASSATT WATER

Kershaw County and Lee County Regional Water Authority

AGENDA

Commission Meeting

2:00 PM

December 15, 2014

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| 1. Call to Order | Mr. Roosevelt Halley, Chairman |
| 2. Invocation | Rev. Kenneth Carter, Chaplain |
| 3. Statement of Public Notice Compliance with
The Freedom of Information Act and S. C. Law | Mr. Roosevelt Halley, Chairman |
| 4. Public Comment on Non-Agenda Items | Mr. Roosevelt Halley, Chairman |
| 5. Amendments to the Agenda | Mr. Roosevelt Halley, Chairman |
| 6. Approval of the Agenda | Mr. Roosevelt Halley, Chairman |
| 7. Presentation of the Auditor's Annual Report | Ms. Donna Tuttle, C.F.O. |
| 8. Secretary's Report | Mrs. Angela McCaskill, Secretary |
| 9. Approval of November 17, 2014 Minutes | Mr. Roosevelt Halley, Chairman |
| 10. Old Business | Mr. Roosevelt Halley, Chairman |
| 11. Financial Report | Ms. Donna Tuttle, C.F.O. |
| 12. C.E.O.'s Report | Mr. Charles Litchfield, C.E.O. |
| 13. Operations Report | Mr. Steve Hunter, C.O.O. |
| 14. Capital Improvements Report | Mr. John Watkins, PM&T Manager |

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| 15. Executive Session, Legal Matter | Mr. Roosevelt Halley, Chairman
Mr. William Cox, Attorney |
| 16. Reconvene from Executive session | Mr. Roosevelt Halley, Chairman |
| 17. Commission to Consider Action Regarding Executive Session Matters | Mr. Roosevelt Halley, Chairman |
| 18. Executive Session, Personnel Matter | Mr. Roosevelt Halley, Chairman |
| 19. Reconvene from Executive session | Mr. Roosevelt Halley, Chairman |
| 20. Commission to Consider Action Regarding Executive Session Matters | Mr. Roosevelt Halley, Chairman |
| 21. New Business | Mr. Roosevelt Halley, Chairman |
| 22. Next Meeting January 20, 2015
(Due to Martin Luther King, Jr. Holiday) | Mr. Roosevelt Halley, Chairman |
| 23. Adjourn | Mr. Roosevelt Halley, Chairman |

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Kershaw County and Lee County Regional Water Authority

Members Present:	Mr. Roosevelt Halley	Chairman
	Mr. Julius Gause	Vice Chairman
	Rev. Kenneth Carter	Chaplain
	Mr. Mike Davis	Commissioner
	Mr. Furman Fountain	Commissioner
	Mrs. Ollie Thompson	Commissioner
	Mrs. Bettie Toney	Commissioner
Members Absent:	Mrs. Johnette Caughman	Commissioner
Associates Present:	Mrs. Angela McCaskill	Secretary/Treasurer
	Mr. Charles Litchfield	Chief Executive Officer
	Mr. Steve Hunter	Chief Operations Officer
	Mr. John Watkins	PM&T Manager
	Ms. Donna Tuttle	Chief Financial Officer
	Mr. William Cox	Company Attorney

1. Call to Order

Action

- Meeting called to order by Mr. Halley.

2. The Invocation

Action

- Rev. Carter delivered the invocation.

3. Statement of Public Notice Compliance With the Freedom of Information Act and S.C. Law

Action

- Mr. Halley stated that the public has been notified of the meeting.

4. Public Comment on Non-Agenda Items

Action

- There was no public comment.

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5. Amendments to Agenda

Action

- There were no amendments to the Agenda.

6. Approval of Agenda

Action

- Mr. Davis made a motion to approve the Agenda. Rev. Carter seconded the motion. All voted in favor.

7. Presentation of the Auditor's Annual Report

Key Discussion Points

- Ms. Tuttle presented the Auditor's Report in Mr. Hancock's absence. Ms. Tuttle explained that the auditor had to conduct two audits and prepare two financial statements this year. One statement was for the period July 1, 2013 to March 5, 2014 for the old entity and the other was for the period March 6 to June 30, 2014 for the new entity. Ms. Tuttle stated that she had created a combined financial statement for commission use only in order to be able to view the entire year as a whole. Ms. Tuttle noted that we were \$39,000 under budget on Net Revenues and our Water Sales were down, as we expected. Our total Operating Expenses were under budget by \$77,461. Ms. Tuttle explained that our Net Deficit for the year was \$379,990 and was due to the bond cost. This was a one time cost and nothing to be concerned about.

8. Secretary's Report

Key Discussion Points

- Mrs. McCaskill presented the Secretary's Report.

9. Approval of November 17, 2014 Minutes

Action

- Mr. Davis made a motion to approve the Secretary's Report as presented. Mrs. Thompson seconded the motion. All voted in favor.

10. Old Business

Key Discussion Points

- Mr. Fountain asked if there have been any updates on the new Commissioner appointments. Mr. Halley and Mr. Litchfield both stated that they had not heard any news yet. Mr. Cox stated that Representative Laurie Slade Funderburk recently advised him that the appointment recommendations have been forwarded to the Governor. Mr. Cox stated that he will send a letter to Senator Malloy of Lee County and ask him to begin the process of candidate approval for the vacant Lee County seat at his earliest convenience.

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11. Financial Report

Key Items of Discussion

- Ms. Tuttle stated that our Operating Income and Expenses are both at 41%.
- Ms. Tuttle stated that Mr. Litchfield will discuss some items in further detail at the January meeting.
- Mr. Litchfield stated that the Water Sales is low, but is a seasonal fluctuation and is to be expected.

12. C.E.O.'s Report

Key Items of Discussion

- Mr. Litchfield stated that Blue Choice, the health insurance for S.C. Public Benefits Authority, is no longer available. As a result, the employees are now exposed to additional expenses, both in routine office visits and their deductible. Mr. Litchfield asked the Commission to consider a supplement of \$450 to employees with single coverage and \$675 to employees with family coverage per year. There will be an \$89,000 savings to Cassatt Water without the employee supplement or a savings of \$77,000 to the company with the employee supplement.
- Ms. Tuttle stated that they looked at 3 other private plans, but those plans annual premiums were more costly. Also, if Cassatt Water gets out of the State Plan, there would be a 4 year waiting period to get back in. Ms. Tuttle explained for those reasons, we opted to stay with the State Plan.
- Mr. Gause asked if the employees will pay taxes on the reimbursement amount if the Commission elects to award them. Ms. Tuttle stated that there was no way around that issue and the employees will be taxed.
- Mr. Litchfield stated that our sales are 5.1% greater than this time last year.
- Mr. Litchfield discussed the necessity of purchasing property across from the Jamestown Well. He stated that it is much more feasible to acquire the property, rather than abandon a well site. The owner is willing to sell the property to Cassatt Water for \$10,000.
- Mr. Litchfield stated that there will be a pre-bid meeting with contractors tomorrow regarding the new office construction. Billy Jackson Construction, JP Smith Builders, Lee McCaskill Construction and Harrington Construction will be present. Mr. Litchfield noted that the construction drawings are complete.
- Mr. Litchfield stated that we applied for a rural infrastructure grant and were denied. We will reapply in March and hope to be approved this time.
- Mr. Litchfield encouraged the Commissioners to attend the Decision Makers conference at Myrtle Beach. The expenses will be paid by Cassatt Water.
- Mr. Litchfield stated that job descriptions have been drafted for the new construction crew. Mr. Litchfield stated that we will begin advertising in a week or two to fill the positions. Some of the requirements will be a drug test, must live in service area, pass a physical, etc.
- Mr. Litchfield informed the Commission that Ms. Tuttle has ordered name tags for the field personnel to wear and the customer service personnel are wearing their tags as well.
- Mr. Litchfield stated that we are updating our engineering study. Phase I is under construction and Phase II will incorporate the Independence Project, as well

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as other water line replacements. Phase II will be approximately a \$10,000,000 project and Phase I was \$16,000,000.

Action

- Ms. Toney made a motion to purchase the property adjacent to the Jamestown Well, and to allow Mr. Litchfield to investigate any possible property that may be for sell near our other well sites. Rev. Carter seconded the motion. All voted in favor.

13. Operations Report

Key Items of Discussion

- Mr. Hunter stated that three new taps were installed in November.
- Mr. Hunter stated that Mr. Hatfield of SCDHEC was extremely impressed. Mr. Hatfield asked permission from Mr. Hunter to bring his consultants from Columbia and Florence.
- Mr. Hunter stated that we had a total of 17 water main breaks.
- Mr. Hunter stated that we spent a great deal of time working on asphalt on Mt. Zion, Winchester and Royer Roads and also had to do flowable fill. He will present a slide show in January so that the Commissioners can see the work.

14. Capital Improvements Report

Key Items of Discussion

- Mr. Watkins updated the Commission on the Providence Rd project. He stated that all the line has been laid, pressure has been tested and we are chlorinating and sampling now.
- Mr. Watkins commented that we have power at the Providence Rd booster pump, the building has been constructed, the booster pump skid is there, the generator has been delivered and the panels have been set.
- Mr. Watkins noted that Lynches River Electric should be running the lines for the Baron Dekalb booster pump this week. He stated that the building has been constructed, the booster pump skid is there, some wiring has been installed and the generator has been delivered.
- Mr. Watkins stated that 70% of the pipe has been installed at Running Fox Rd. We have acquired permission to cross the stream, which is fortunate because we attempted to bore at that site before, but hit rock.
- Mr. Watkins stated the plans have been finalized for the Springhill Booster pump.
- Mr. Watkins stated that the plans for Valley Park are finished.
- Mr. Watkins noted that the plans for Pickett Thomas Rd are nearly complete.
- Mr. Watkins informed the Commission that the site bore samples have been taken for the Hwy 97 tank replacement.
- Mr. Watkins stated that we are in the preliminary engineering process for our Independence and Sycamore projects.
- Mr. Watkins stated that we must replace the tank at Well #1 and expect to bid it soon.
- Mr. Watkins stated that our final generator on our Generator Project is scheduled for start up tomorrow.

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- Mr. Watkins informed the Commission that we have started our GIS work, which is basically programming every hydrant and valve in our system with GPS coordinates. This will help us locate them properly.
- Mr. Watkins noted that we are nearly finished with our automated meter reading installation.

15. Executive Session, Legal Matter

Action

- Mr. Davis made a motion to go into Executive Session. Mr. Gause seconded the motion. All voted in favor.

16. Reconvene From Executive Session

Action

- The Commission reconvened.

17. Commission to Consider Action Regarding Executive Session Matters

Key Items of Discussion

- Mr. Halley stated that the Commission would like to have a method of tracking the expenditures in regards to the employee medical insurance supplement. There was some discussion about providing employees with a Visa card to be used only for medical expenses.

Action

- Mr. Fountain made a motion to approve a one time supplement in the amount of \$450 for employees with single coverage and \$675 for employees with family coverage. Mr. Davis seconded the motion. All voted in favor.

18. Executive Session, Personnel Matter

Action

- Mr. Gause made a motion to go into Executive Session. Mr. Davis seconded the motion. All voted in favor.

19. Reconvene From Executive Session

Key Items of Discussion

- Mr. Litchfield stated that we need to do a comprehensive wage/salary survey in the near future.
- Mr. Halley stated that he and Mr. Litchfield had lunch with County Council candidate, Mr. Julian Burns today. He stated that Mr. Burns is very interested in Cassatt Water and was impressed with the company.

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20. Commission to Consider Action Regarding Executive Session Matters

Action

- There was no action taken.

21. New Business

Key Items of Discussion

- Mrs. Thompson asked if the former Commissioners are invited to the Cassatt Water Christmas luncheon. Mr. Halley stated that he and Mr. Litchfield discussed it and stated that the former Commissioners are welcome to attend as a guest.

22. Next Meeting January 20, 2015 (Due to Martin Luther King, Jr. Holiday)

Key Items of Discussion

- Mr. Halley reminded everyone that the next meeting will be held on Tuesday, January 20, 2015 due to the Martin Luther King, Jr. holiday.

23. Adjourn

Action

- Mr. Davis made a motion to adjourn. Rev. Carter seconded the motion. All voted in favor.
- Meeting adjourned.

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Cassatt Water

Kershaw County and Lee County Regional Water Authority

Chief Executive Officer's Monthly Report

December 15, 2014

1. **CHANGES IN SOUTH CAROLINA STATE HEALTH INSURANCE PLAN**

Due to recent changes in the insurance industry the Blue Choice plan that we currently participate in through the South Carolina Public Benefits Authority will no longer be available and we must change to the Benefits Authority's standard plan.

The standard plan requires greater out of pocket expenses for the employees while the cost of premiums to the Authority are reduced in the amount of \$89,166.00 per year. The employee without family coverage will see an increase of \$450.00 per year in deductibles and the employee with family coverage will see an increase of \$900.00 per year. The employees also have exposure to additional expense because they must now cover 20% of all routine doctor visits up to \$2600.00 whereas under the old plan they only had to pay the \$15.00 co-pay for each visit.

It is my recommendation that no employee in good standing should take home a lesser benefit or income than they did the previous year. I request that the Commission consider an option that will supplement some reduction in employees' disposable income while the Authority still sees significant savings resulting from the reduced premiums.

The recommended option would provide:

- A supplement to the employees with single coverage in the amount \$450.00 per year.
- A supplement to employees with family coverage in the amount \$675.00 per year. (the authority covers 50% of the family coverage premium)

The comparison below shows costs & savings for implementation of the supplement option.

REDUCED PREMIUM COST TO THE AUTHORITY	\$89,000.00 PER YEAR
COST TO SUPPLEMENT EMPLOYEES' DEDUCTIBLES	<u>\$12,000.00 PER YEAR</u>
NET SAVINGS TO THE AUTHORITY	\$77,000.00 PER YEAR

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We have considered other options to more equitably supplement the employee's out of pocket expenses but the bookkeeping becomes unreasonably complex and it introduces some concern regarding privacy issues in tracking of an employee's actual medical expenses.

2. SALES REPORT

Sales through November of the current fiscal year show an increase of 5.1 % for the same period last year. If this trend remains consistent our revenues could exceed projected revenues by approximately \$240,000.

3. COMMISSION TO CONSIDER ACQUISITION OF PROPERTY ADJACENT TO THE JAMESTOWN SITE

We recently had an issue with the Elliott-Kershaw well that could have resulted in requirement to construct a new well. Well failure is not an uncommon occurrence and has been experienced by Cassatt Water.

A replacement well must be at least 100 feet from the original well & have a 100 foot radius of controlled protection, and it would not be possible to put a new well on the existing site. This matter was brought to our attention and it is my opinion that we need a plan to address such possibilities.

In considering that the well sites have a building, yard piping, a standby generator & electrical equipment, treatment facility, the existing site property, engineering & construction cost, fencing, and in some locations a pneumatic tank & related piping, it is clear that abandonment of a well site would be a very costly option. The only items that could be cannibalized from the original site would be the generator, well pump, and chemical pumps.

The only alternative to abandonment of a well site would be to acquire property for another well as close to the site as possible and construct a raw water main to the existing treatment site. The cost of this option is apparent but the most significant concern is that it can be quite difficult to acquire property when & where you need it and permitting and construction can take an extended period time. Very costly construction of long raw water main along highway right of way would probably be required. Lost pumping capacity must be replaced as quickly as possible.

The Jamestown site, being our most expensive facility, is good example to consider. The value of this site is \$1.5 million with the cost of the well component being only about one quarter of the total.

I have found that the two one-acre lots adjacent to the Jamestown site are available and can be acquired for \$10,000.00. See attached plat. This amount represents about one half of one percent of

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the site value and is much less than it would cost to acquire another property elsewhere and construct a water main to the Jamestown site.

It is my recommendation that we acquire the adjacent property for a backup well site as insurance against the possibility of failure of the Jamestown well.

I would further recommend that we pursue this option for all of our well sites if a suitable piece of property can be acquired.

4. UPDATE ON OFFICE CONSTRUCTION

I will discuss at the meeting.

5. RURAL INFRASTRUCTURE AUTHORITY GRANT

An application for grant funds was submitted for the Highway 97 elevated tank.

Our project was not funded in this round of grants but it is my understanding that we may be funded in the second round in March of 2015.

6. UPDATE ON CONSTRUCTION CREW

Job descriptions for the construction crew are being finalized & should be available to hand out copies at the meeting so that Commissioners can give them to anyone they know who may meet qualifications and wish to apply. Advertising for the positions in public media will begin next week and availability of the positions will be posted on the January bills & web site.

The positions will include a foreman, equipment operator, several pipe layers, and a flagman. The foreman's key skills must include supervision, knowledge of water line construction, and DHEC water distribution certification or suitable direct experience & ability to acquire certification. The equipment operator must be experienced & skilled in the operation of a backhoe, front end loader, trencher, tapping, and boring equipment and must acquire DHEC water distribution certification to keep his position.

The pipe layers & flagmen are entry level positions, but must possess a willingness to learn new skills. The successful candidates must have a clean driving record & SLED report and pass a physical and drug test.