

MINUTES

September 15, 2014

CASSATT WATER

Kershaw County and Lee County Regional Water Authority

AGENDA

Commission Meeting

2:00 PM

September 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 Revised Draft Bylaws for the
Kershaw County and Lee County Regional
Water Authority | Mr. William Cox, Attorney |
| 8. Commission to Consider a Resolution to Adopt
Bylaws of the Kershaw County and Lee County
Regional Water Authority | Mr. Roosevelt Halley, Chairman |
| 9. Secretary's Report | Mrs. Angela McCaskill, Secretary |
| 10. Approval of August 18, 2014 Minutes | Mr. Roosevelt Halley, Chairman |
| 11. Old Business | Mr. Roosevelt Halley, Chairman |
| 12. Financial Report | Ms. Donna Tuttle, C.F.O. |

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| 13. Management Report | Mr. Charles Litchfield, C.E.O. |
| 14. Commission to Consider Action to Adopt a Policy Addressing Intentional Damage to Infrastructure, Tampering, and Theft of Water | Mr. Roosevelt Halley, Chairman |
| 15. Commission to Consider Adopting a Policy Addressing Unintentional Damage to Infrastructure | Mr. Roosevelt Halley, Chairman |
| 16. Commission to Vote on Roofing & Exterior Color | Mr. Furman Fountain, Bld. Comm. Chairman |
| 17. Operations Report | Mr. Steve Hunter, C.O.O. |
| 18. Capital Improvements Report | Mr. John Watkins, PM&T Manager |
| 19. Executive Session Open Commission Seats | Mr. Roosevelt Halley, Chairman |
| 20. Reconvene from Executive session | Mr. Roosevelt Halley, Chairman |
| 21. Commission to Consider Action Regarding Executive Session Matters | Mr. Roosevelt Halley, Chairman |
| 22. New Business | Mr. Roosevelt Halley, Chairman |
| 23. Next Meeting October 20, 2014 | Mr. Roosevelt Halley, Chairman |
| 24. Adjourn | Mr. Roosevelt Halley, Chairman |

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CASSATT WATER

Kershaw County and Lee County Regional Water Authority

Members Present:	Mr. Roosevelt Halley	Chairman
	Mr. Julius Gause	Vice Chairman
	Rev. Kenneth Carter	Chaplain
	Mrs. Johnette Caughman	Commissioner
	Mr. Mike Davis	Commissioner
	Mr. Furman Fountain	Commissioner
	Mrs. Ollie Thompson	Commissioner
	Mrs. Bettie Toney	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 in attendance, therefore, no public comment.

5. Amendments to Agenda

Action

- There were no amendments to the Agenda.

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6. Approval of Agenda

Action

- Mr. Gause made a motion to approve the Agenda as printed. Mrs. Toney seconded the motion. All voted in favor.

7. Presentation of the Revised Draft of the Bylaws for the Kershaw County and Lee County Regional Water Authority

Key Discussion Points

- Mr. Cox stated that Article VII on page 6 needs to be clear in regards to who shall be in control of appointing members to the Commission. He stated that he believes that Article VII should state that the Lee County delegation will appoint Lee County members and the Kershaw County delegation will appoint Kershaw County members. Mr. Cox stated that he inserted the statute into the Bylaws for the Commissioner's review. He asked that everyone examine his revisions and consider voting on the bylaws at the next meeting.

8. Commission to Consider a Resolution to Adopt Bylaws of Kershaw County and Lee County Regional Water Authority

Action

- The Commission agreed to table the adoption of the Bylaws until the next meeting.

9. Secretary's Report

Action

- Mrs. McCaskill presented the minutes.

10. Approval of Minutes

Action

- Mrs. Toney made a motion to approve the minutes for the regular Commission meeting, dated August 18, 2014. Mr. Fountain seconded the motion. All voted in favor.

11. Old Business

Action

- There was no old business to discuss.

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12. Financial Report

Key Discussion Points

- Ms. Tuttle stated that because we are now a government agency, there is a governmental accounting pronouncement that states that we have to expense our bond cost in the year that they occur. This will make our net assets appear as a net loss. She added that Mr. Hancock, the company accountant, will discuss this further in a few months when he presents the Auditor's Report.
- Ms. Tuttle noted that we sold a trailer and subsequently now reflect a gain on Income.
- Ms. Tuttle stated that we have spent \$3.2 million of our bond proceeds.

13. Management Report

Key Items of Discussion

- Mr. Litchfield stated that we made 9 taps in August.
- Mr. Litchfield submitted for the Commission's consideration a policy that is intended to address meter tampering and willful damage to metering equipment. He pointed out that the policy is based on South Carolina state law. He stated that we have a significant amount of damage to our meter equipment resulting from tampering or intentional damage and we do not currently have a written policy in place regarding willful damage to the metering equipment. Mr. Litchfield stressed that this is an important issue that needs to be considered and the policy needs to be enforced. Mr. Watkins commented that lawnmower damage alone through last month is \$21,000. That figure does not cover the willful damage. Mr. Watkins stated that this equipment is costly to repair or replace. Mr. Litchfield recommended a fee of \$100 to the customer and also stated that we should place the account holder on the cut off list if it is not paid in the specified amount of time.
- Mr. Litchfield presented a policy to address unintentional meter damage to metering infrastructure. He stated that a customer should be held accountable for all future damage after they have been warned the first time. Mr. Watkins stated that the majority of this problem is due to repeat offenders. Mr. Cox stated that the wording of the policies needs to be clear regarding the customer's possible financial responsibility and consistent.
- Mr. Litchfield explained the benefits of adding our own construction crew because the CIP projects were focused on major infrastructure replacement and the smaller projects such as replacing deteriorated service lines still needs to be ongoing. It would create jobs, and save our company time and money in the long run because we could better supervise the work and make sure that the work is done correctly; thus cutting down on future repairs. It will also eliminate the need to hire contractors since we can do the work ourselves.
- Mr. Litchfield stated that we used to present quarterly budget amendments before we became a special purpose district. He asked that the Commission give the CEO the authority to adjust line item by line item throughout the year without changing the bottom line of the budget. Otherwise, a new budget must be created each time a change is made and a public hearing must be held. Mr. Litchfield stated that we should check with Mr. Lawrence Flynn to be certain that this will be appropriate. Mr. Halley instructed Mr. Litchfield to proceed with getting a legal

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opinion on the ability for the CEO to make line item changes within the budget as long as the bottom line is not changed.

- Mr. Litchfield informed the Commission that the Hwy 97 tank is in much worse condition than we originally thought. It is an old tank that has a hole in the top of it and is also painted with lead paint. The cost to rehab the tank is nearly \$500,000. It is only a 65,000 gallon tank and is not worth the cost to restore. Mr. Litchfield stated that we are in need of an upgrade for that tank as well as more storage capacity. The cost to replace that tank with a new 200,000 gallon capacity elevated tank is approximately \$1.1 million. He stated that the project may qualify for rural infrastructure grant money because of the urgency of the replacement, and the project is in a low to moderate income area. Mr. Litchfield stated that he has applied for a \$350,000 RIA grant.

Mr. Litchfield stated that he talked to our financial advisor, Mr. Goldsmith regarding the budget overrun for the office building. Mr. Goldsmith recommends that we use bond funds to go over budget on the office building and move lesser important projects out of Phase I and into Phase II. Mr. Goldsmith further recommended that we consider seeking funds for the Hwy 97 project by a state revolving loan or private bank financing. A state revolving loan has a low interest rate, but it is a slow process. Private bank financing is used primarily through electric co-ops and other utilities and is a quick and reasonably affordable way to acquire capital to fund projects.

- Mr. Litchfield stated that he has researched warranty information regarding metal roofing for the new office building. He stated that color fading should be expected and presented warranty information.
- Mr. Fountain asked the Commission to look over the color choices and make a final selection.

Action

- Mr. Gause made a motion to establish our own construction crew. Mrs. Thompson seconded the motion. All voted in favor.

14. Commission to Consider Action to Adopt a Policy Addressing Intentional Damage to Infrastructure, Tampering and Theft of Water

Action

- Mr. Fountain made a motion to adopt the intentional meter tampering policy. Mr. Davis seconded the motion. All voted in favor, except Mrs. Toney, whom abstained from the vote.

15. Commission to Consider Adopting a Policy Addressing Unintentional Damage to Infrastructure

Action

- Mrs. Thompson made a motion to approve the unintentional damage to infrastructure policy with the changes suggested by Mr. Cox regarding the customer's financial responsibility. Mr. Carter seconded the motion. All voted in favor.

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16. Commission to Vote on Roofing and Exterior Color

Action

- The Commission made a unanimous decision for the royal blue color for the new roof.
- The Commission made a unanimous decision to keep the exterior as is.

17. Operations Report

Key Items of Discussion

- Mr. Hunter stated that we had 8 water main breaks and 10 service leaks in Kershaw County. We also had 6 water main breaks and 11 service leaks in Lee County.
- Mr. Hunter commented that we have finished the catwalk at Shepard and have moved down to Hyco. We have finished 4 out of 20 of the catwalks.
- Mr. Hunter noted that our new trailer came in last week.

18. Capital Improvements Report

Key Items of Discussions

- Mr. Watkins stated that we have laid approximately 55,000 feet of water main on Providence Rd. We started at Porter Rd and have laid pipe all the way down to Payne Pond Rd.
- The contractor has begun work on the Running Fox water main project.
- Mr. Watkins noted that the pipe for the Clearwater project has been delivered.
- Mr. Watkins commented that the sites have been rough graded for the Baron Dekalb booster pump station. The tanks have been installed, the generator pad is complete and we have begun laying pipe.
- Mr. Watkins stated that the site has been rough graded at the Providence Booster pump station. The tanks have been installed as well as the generator pad. The fence has been installed and we are currently working on the booster pump house.
- Mr. Watkins informed the Commission that the Hwy 97 and Sailing Club projects are set to bid. All permits have been submitted. We have received the DHEC storm water permit and the construction permit.
- Mr. Watkins stated that we have done some preliminary work on the Valley Park project.
- Mr. Watkins noted that the Phase II generators have been set. All of them are online and operational except Cedar Creek. We are upgrading the electrical boxes there to meet Black River Electric inspections.
- Mr. Watkins delivered a Power Point presentation which highlighted the B Projects and tanks.

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19. Executive Session Open Commission Seat

Action

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

20. Reconvene From Executive Session

Action

- The Commission reconvened.

21. Commission to Consider Action Regarding Executive Session Matters

Action

- Mrs. Toney made a motion to accept the Committee's recommendation to fill the vacant Commission seats. Mr. Davis seconded. All voted in favor.

22. New Business

Key Items of Discussion

- Mr. Litchfield stated that he, Mr. Hunter, and Mr. Watkins met with the City of Camden representatives last week at their request. They wanted to know if we could provide them with back up water supply. Mr. Litchfield informed them that we are totally dependent on them for the Hwy 97 service area. The City of Camden representatives indicated that they are concerned about their ability to supply water service under drought, algae bloom, or other emergency conditions.
Mr. Litchfield reminded the Commission that The City of Camden's contract clearly establishes no obligation to supply CW with water under such conditions.
Mr. Litchfield discussed the need to establish a four year plan to eliminate dependence on the City of Camden supply before the end of the current contract. The plan will require increased capacity in the Hwy. 97 tank and construction of a reservoir and booster pump station on Sycamore Rd. The plan may also require another well.
Mr. Litchfield commented that he expects this to be an approximate \$1 million dollar project. Mr. Davis stated his total agreement with Mr. Litchfield that we need to address this issue as soon as possible.
- Mr. Litchfield informed the Commission that Mr. Cox discovered that we relinquished the service area south of Bishopville several years ago to the City of Bishopville after researching past records.

23. Next Meeting October 20, 2014

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24. Adjourn

Action

- Mr. Davis made a motion to adjourn. Mrs. Toney 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

September, 2014

1. TAPS

There were 9 taps added in the month of August.

2. DRAFT BYLAWS

Enclosed you will find for your review Mr. Cox's amended bylaws that addresses issues discussed in the August meeting.

3. COMMISSION TO CONSIDER A POLICY ADDRESSING WILLFUL DAMAGE TO INFRASTRUCTURE

As is the case with most utilities purveyors, we have ongoing issues with theft of water either by active account holders or those who reconnect themselves after disconnect for nonpayment. We presently have a tampering fee of \$70.00 BUT we need a clear & comprehensive written policy to authorize enforcement and to insure careful and consistent application of the policy.

Title 6 of the South Carolina Code of Laws specifies responsibilities, authority, and other matters related to operation of a special purpose district. It includes the section below:

SECTION 6-13-90. Willful damage to system, pollution of water or unlawfully obtaining water;

It shall be unlawful for any person to willfully injure or destroy, or in any manner hurt, damage, tamper with, or impair the system of the district, or any part thereof, or any machinery, apparatus or equipment of the district, or to pollute the water in any part of its system, or to obtain water therefrom except in accordance with the regulations promulgated by the district. Any person violating the provisions of this section shall be deemed guilty of a misdemeanor and, upon conviction, shall be fined not less than ten dollars nor more than one hundred dollars, or be imprisoned for not more than thirty days, in the discretion of the court, and shall be further liable to pay all damages suffered by the district.

I recommend that the Commission consider adopting a tampering, theft, and intentional damage policy as per the attached policy statement – Page 4.

4. COMMISSION TO CONSIDER A POLICY ADDRESSING UNINTENTIONAL DAMAGE TO INFRASTRUCTURE We are

expending thousands of dollars in damage repair to metering infrastructure, most of which is caused by lawn mowers. We have other incidents in which damage is caused by vehicles, burning yard debris over the meter box, etc.

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Field personnel are in the process of installing AMR (automated meter reading) equipment to finalize the project and are remedying many of the installation problems as they work.

For the last two months we have included a message to our customers on the bill:

“We need your help! The cost to repair damaged meter boxes and equipment often exceeds \$250.00. Now that it is grass mowing season we request that you locate your water meter box and avoid damaging it when mowing.”

Due to the significant cost of damage remediation, it is my recommendation that the account holder assume some responsibility for damage to Cassatt Water infrastructure on their property. As I have mentioned on previous occasions, modern utilities rate design dictates that one rate payer or class of ratepayers do not bear any cost incurred by another ratepayer or class of ratepayers.

This policy should apply to fees as well as rates.

Some of the damage results from improper installation of meter boxes above grade under the direction of previous management and for this reason a damage policy must be carefully administered with some degree of prudence. Field personnel are in the process of installing AMR (automated meter reading) equipment to finalize the project and are remedying many of the installation problems with improved equipment and correcting related issues as they work.

I recommend the Commission consider adopting a metering infrastructure damage policy as per the attached policy statement – Page 5.

5. **COMMISSION TO CONSIDER ESTABLISHMENT OF A CONSTRUCTION CREW**

At the August Commission meeting we discussed the need for ongoing replacement & improvements work that is needed to maintain the infrastructure. This ongoing train of small construction projects is not suitable to be included in CIP plans and bond funding. It was recommended that a construction crew staff and equipment be budgeted to address needed projects that are too small to include in a bond-funded CIP.

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6. **LINE ITEM AMENDMENTS:**

As a Special Purpose District we are required to give public notice and address adoption of a budget in a public hearing.

Previously it has been my practice to do quarterly budget adjustments to line items only, but I always kept the same total budget balance. We called a budget amendment, which may be considered a new budget, and the Board took action to adopt it.

In order to avoid a quarterly public meeting and simplify the process I would ask the Commission to consider changes of individual line item totals, while the balance of the budget remains the same, to be routine business within the authority of the Chief Executive Officer.

7. **UPDATE ON FUNDING FOR THE HIGHWAY 97 PROJECT & OFFICE BUILDING**

I have been in communication with our Financial Advisor, Mr. Walter Goldsmith, of First Tryon Advisors in Charlotte to discuss financing the Highway 97 elevated tank project and the office building.

It has been determined that our best first option is to seek low interest funding through the South Carolina State Revolving Loan fund in the amount of \$350,000 for the Hwy. 97 project and to pay for the office building with current bond funds & shift some of the Phase 1 CIP work to the Phase 2 plan.

If State Revolving Loan funds are not forthcoming, we will seek funding through a bank such as CoBank, which specializes in lending to electric cooperatives and other utilities.

I recommend that the Commission authorize Mr. Goldsmith to proceed with seeking funding for these projects.

8. **OFFICE BUILDING ROOF WARRANTY & COLOR**

To be discussed at the meeting.

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POLICY STATEMENT

Meter Tampering, Theft of Water, and Damage to Infrastructure

Adopted by the Kershaw County and Lee County Regional Water Authority _____2014

In accordance with South Carolina State Law, any person who willfully injures or destroys, or in any manner hurts, damages, tampers with, or impairs any infrastructure of the Authority, or any part thereof, or any machinery, apparatus or equipment of the district, or to pollute the water in any part of its system, or to obtain water therefrom except in accordance with the policies under which the Authority supplies service may be prosecuted.

The account holder or the person for whose benefit the service is provided is responsible for service equipment on their property. In order to continue water service, the account holder or the individual for whose benefit the service is provided, shall pay one hundred dollars tampering fee, estimate unmetered water usage, and all cost to remediate damages suffered by the Authority.

The fee for tampering with Cassatt Water infrastructure shall be \$100.00. Failure to pay the tampering fee and/or reimburse the Authority for damages will subject the account holder to enforcement under the Authority's Disconnect for Nonpayment policy.

NOTE:

Title 6, SECTION 6-13-90 of the South Carolina Code of Laws specifies responsibilities, authority, and other matters related to operation of a special purpose district. It includes the section below

SECTION 6-13-90. Willful damage to system, pollution of water or unlawfully obtaining water;

It shall be unlawful for any person to willfully injure or destroy, or in any manner hurt, damage, tamper with, or impair the system of the district, or any part thereof, or any machinery, apparatus or equipment of the district, or to pollute the water in any part of its system, or to obtain water therefrom except in accordance with the regulations promulgated by the district. Any person violating the provisions of this section shall be deemed guilty of a misdemeanor and, upon conviction, shall be fined not less than ten dollars nor more than one hundred dollars, or be imprisoned for not more than thirty days, in the discretion of the court, and shall be further liable to pay all damages suffered by the district.

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POLICY STATEMENT

Unintentional Damage to Metering Infrastructure

Adopted by the Kershaw County and Lee County Regional Water Authority _____ 2014

MOWER DAMAGE:

Cassatt water will bear the cost of first time mower damage to metering infrastructure. Upon finding damaged metering infrastructure the account holder shall be notified by means of a form letter from the Project, Metering, and Telemetry Manager stating Cassatt Water policy and the account holder's responsibility for future damage.

The account holder shall be responsible for all future damages incurred to infrastructure on that property and must reimburse the Authority for full cost of repairs and estimated unmetered water usage.

OTHER DAMAGES:

The Tampering policy shall be applied when evidence indicates intentional damage.

Responsibility for metering Infrastructure damaged by vehicles or other incidents will be assessed individually by the Project, Metering, and Telemetry Manager.

Administration of this policy is the responsibility of the Project, Metering, and Telemetry Manager in consultation with the Chief Executive Officer.

Failure to reimburse the Authority will subject the account holder to enforcement under the Authority's Disconnect for Nonpayment policy.