

AGENDA

THE COMMISSIONERS OF PUBLIC WORKS OF THE CITY OF SPARTANBURG, S.C. Meeting Place: 200 Commerce Street

REGULAR MEETING

Tuesday, January 26, 2016, 3:00 p.m.
(or immediately following SSSD meeting)

This is a regular meeting of The Commissioners of Public Works of the City of Spartanburg, S.C. Written notice of the date, time, and place for this meeting, along with the agenda, has been posted on the bulletin board, and copies have been forwarded to local and nearby news media (including Spartanburg Herald-Journal, The Spartan Weekly, Greenville News, The Greer Citizen, Hometown News, WSPA-TV 7, WYFF-TV 4, WLOS-TV 13, WHNS Fox Carolina, WORD News Radio, WOLT-FM Radio, Tribune Times, and the Times Examiner) at least 24 hours prior to this meeting.

- 1. APPROVAL OF MINUTES OF REGULAR MEETING OF DECEMBER 1, 2015**
- 2. WATER FLUORIDATION QUALITY AWARD**

The South Carolina Department of Health & Environmental Control announced that the R.B. Simms Water Treatment Facility has been awarded a 2014 Water Fluoridation Quality Award from the U.S. Centers for Disease Control and Prevention (CDC). The award recognizes those communities that maintained a consistent level of optimally fluoridated water throughout 2014.

SC DHEC has commended Spartanburg Water for their outstanding performance in achieving a monthly average fluoride level that is in the optimal range for 12 consecutive months during 2014.

Spartanburg Water has been committed to fluoridation for 47 years. The latest studies from the CDC show that fluoridation prevents tooth decay in all age groups, not just children. CDC recommends water fluoridation as a safe, effective, and inexpensive method of preventing tooth decay. Every \$1 invested in fluoridation saves approximately \$38 in costs for dental treatment.

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3. MONTHLY FINANCIAL REPORT

Newt Pressley will present a financial summary of SWS expenditures and revenues for the five-month period ending November 30, 2015, and the six-month period ending December 31, 2015.

4. PROPOSED 2016 COMMISSION MEETING SCHEDULE

January 26	February 23
March 29	April 26
May 24	June 28
July – No meeting	August 23
September 27	October 25
November – No meeting	December 6

5. SPARTANBURG WATER RENEWABLE ENERGY INITIATIVE – WHITLOCK SOLAR PROJECT

In October 2015, Duke Energy launched a solar rebate program designed to help SC customers with the upfront capital cost of installing solar on their property. This initiative was a direct result of years of productive collaboration with the state’s environmental leaders, businesses and community voices, and the creation of historic legislation passed by the SC General Assembly.

To qualify, a customer must be receiving electric service from Duke Energy in SC and must own property where the solar is installed. Because the rebate was established based on solar limits set in legislation, Duke Energy will enable a certain amount of solar at a rebate price and then may adjust the rebate in the future.

Due to the limited time window available to ensure rebate dollars could be secured, Spartanburg Water enlisted the support of Crowder Energy Services, a Division of Crowder Construction Company (with proven success in large scale solar installations), to provide assistance in identifying potential solar sites and developing interconnection and rebate applications for submittal to Duke Energy. This work was performed through an existing Master Services Agreement approved by the Commission.

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Through this initial process, Spartanburg Water identified several properties that are of the right size and configuration for 1 MW solar farms. In order to get in queue for further evaluation by Duke Energy, Spartanburg Water filed interconnection applications with Duke Energy's Distributed Energy Resource (DER) Program. The rebate program provides for \$1/watt for qualified business customers who install systems up to 1 megawatt AC (nominal capacity 1.3 megawatt DC) on their property. An approved 1.3 megawatt DC solar installation would therefore equate to a \$1.3 million rebate upon completion of the project, as long as the project was completed and fully operational by the end of 2016.

Based on the initial evaluation of the applications by Duke Energy, property surrounding the Myles W. Whitlock Treatment Facility appears to have the best opportunity for a viable interconnection with the Duke Energy grid. As such, Spartanburg Water requested that Duke Energy complete the required System Impact Study (SIS) to further assess the potential impact it would have on the Duke Energy grid and any physical or financial requirements for a direct interconnection with the proposed solar project. This process required Spartanburg Water to identify specific system components such as solar panels, inverters, transformers and potential solar project layout to move forward. Duke Energy engineers are evaluating the submittals currently.

On December 30, 2015, Duke Energy provided Spartanburg Water official notification that they have reserved 1,336 kilowatt DC capacity at \$1 per watt DC in the rebate program (i.e. \$1,336,000 rebate pending final inspection at project completion). In order to stay eligible and receive the solar rebate payment, Spartanburg Water must:

- Successfully complete all interconnection requirements and reviews as required by Duke Energy.
- Complete the installation of the solar PV system within 180 days from the receipt of a fully executed Interconnection Agreement that has been signed by both Duke Energy and Spartanburg Water.
- The installation must be inspected by the local electrical inspection authority with documentation sent to Duke Energy Carolinas.

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Once Duke Energy receives confirmation that the inspection documentation has been accepted and meter(s) have been installed, a rebate payment will then be issued (approximately 4-5 weeks after Spartanburg Water is given the approval to energize the solar generating system by Duke Energy).

From a financial perspective, the turnkey cost of the project, including contingency funding, is estimated at \$2,500,000. A rebate of up to \$1.3 million would basically cut the cost of the project by more than half. The simple payback of the project is currently estimated at 7.5 years. The estimated 20-year internal rate of return is 12.71% with the 20-year net present value estimated at over \$350,000.

Due to looming time constraints for the available rebate, in addition to potential market conditions and equipment lead time based on available solar system component supply, management recommends that the Commission authorize the CEO to utilize the existing Master Services Agreement with Crowder Construction Company to provide the design, permitting, construction and installation services to build the project including providing all labor, materials, components, equipment, tools, transportation, trade equipment, and other facilities and services that are necessary for the proper execution, construction, testing and completion of this project within the timeframe required by Duke Energy for full solar rebate eligibility. The project will be funded through bond funds.

6. WATER TREATMENT CHEMICAL BID

An online reverse auction event was held on January 7, 2016, in order to obtain pricing for water treatment chemicals for the SWS water treatment facilities. Seventeen vendors participated in the event. The pricing submitted is for the contract term February 1, 2016 through January 31, 2017.

Management recommends awards to the responsive bidders for those products indicated on the bid tabulation summary below. Funding will be from the operating budget.

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2016 SWS WATER TREATMENT CHEMICAL BID TABULATION							
	#1	#2	#3	#4	#5	#6	#7
Vendor	Aluminum Sulfate/ Ton	Fluosilicic Acid/ Ton	Hexameta Phosphate/ Ton	Sodium Thiosulfate/ Gallon	Powdered Activated Carbon/ LB	Purate/ Liquid LB	Sulfuric Acid/ Liquid LB
2016 Qtys	2000	120	55	3300	50000	172000	180000
Univar		313.7000					
Usalco							
Polydyne							
Affinity Chemicals	180.7800						
Brentag				2.5300	0.8300		
C S Chemicals	232.7000						
CFS Interprizes					0.8210		
Chem Trade	180.7700						
Chemrite							
Dycho					0.8734		
FZ industries							
Mosaic Global Sales		316.0000					
Penco Inc		365.0000					
Shannon Chemicals			1,883.8700	2.5390			
Southern States							0.1051
Thatcher					0.8174		
Water Solutions						0.5350	

7. AGREEMENTS EXECUTED BY THE CHIEF EXECUTIVE OFFICER ON BEHALF OF THE COMMISSION

The following agreements have been executed on behalf of the Commission by the Chief Executive Officer in accordance with the resolution adopted by the Commission on July 11, 1989.

A. Lake Agreements

All fees have been paid on the following lake agreements, and there are no encroachments to sign.

- (1) **Thomas W. Weber and Susan R. Weber** desire to stabilize the shoreline on Lake Bowen.

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- (2) **Thomas G. and S. Dawn Tolbert** desire to stabilize the shoreline on Lake Bowen.
- (3) **Robert W. Griffin** desires to construct a dock and soft pathway on Lake Blalock.
- (4) **James W. and Heidi P. Bolton** desire to construct a dock, boat lift, and stabilize the shoreline on Lake Bowen.

8. NEGOTIATIONS AND MISCELLANEOUS ADMINISTRATIVE MATTERS