

## MINUTES

The Commissioners of Public Works of the City of Spartanburg, SC, Regular Meeting, held at 200 Commerce Street, Spartanburg, SC, March 31, 2015, at 3:00 p.m.

Copies of the agenda were forwarded to the following news media: 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.

Commissioners present were Ms. Bilanchone, Mr. Littlejohn, and Mr. Montgomery. No one was absent.

The meeting was opened with the following statement:

This is a regular meeting of The Commissioners of Public Works of the City of Spartanburg, SC. Written notice of the date, time, and place for this meeting, along with the agenda, has been posted on the bulletin board, and copies forwarded to local and nearby news media, at least 24 hours prior to this meeting.

All motions were unanimously approved unless otherwise indicated.

### **1. APPROVAL OF MINUTES OF REGULAR MEETING OF FEBRUARY 24, 2015**

Mr. Montgomery moved and Mr. Littlejohn seconded the motion to approve the minutes as written.

### **2. MONTHLY FINANCIAL REPORT**

Newt Pressley presented a financial summary of SWS expenditures and revenues for the eight-month period ending February 28, 2015. An explanation was provided for the favorable and unfavorable budget variances.

Mr. Pressley also reported that Stephens, Inc., bond financial advisor, determined that a refunding of the 2007 B and 2010 bonds would result in savings to the Water System. A resolution authorizing this transaction will be presented at the next Commission meeting.

The above was provided as information to the Commission.

### **3. WORKERS' COMPENSATION INSURANCE**

Workers' compensation insurance renews on April 1, 2015. The current carrier, Amerisure has submitted a renewal quote of \$117,440. The cost for Workers' Compensation Insurance last year was \$114,678.

The Commissioners of Public Works of the City of Spartanburg, SC – Regular Meeting, held at 200 Commerce Street, March 31, 2015

Staff requested quotes from other insurance carriers and received the following quotes:

<u>Insurance Carrier</u>	<u>Quote</u>
Keyrisk Insurance	\$246,560
Berkshire Hathaway	\$323,400
5 Star	\$346,000
Eastern Alliance	\$423,000

Management recommended continuing with Amerisure as the carrier for a total cost of \$117,440.

The allocation between companies is \$86,905.60 for SWS and \$30,534.40 for SSSD.

Mr. Montgomery moved and Mr. Littlejohn seconded the motion to ratify the action taken in the SSSD meeting to approve management's recommendation.

#### **4. HEALTH AND DENTAL INSURANCE RENEWAL**

As a follow-up to the Commission Work Session conducted February 24, 2015, management proposed the following design plan recommendations for the upcoming health insurance plan year that is effective May 1, 2015.

These recommendations include the following:

- Increasing the tobacco surcharge to \$20 per pay period for employees and/or spouses that are tobacco users.
- Increase the Maximum Out Of Pocket (MOOP) Deductible for each insurance category by \$500.
- Excluding Working Spouses with access to insurance from the Health Plan or having the Spartanburg Water Health Plan listed as secondary coverage for a Working Spouse with access to insurance.
- Continuing the Supplemental Insurance Plan for Retirees.
- Adding the following employee contribution structure:

The Commissioners of Public Works of the City of Spartanburg, SC – Regular Meeting, held at 200 Commerce Street, March 31, 2015

<b>2015 - 2016 Per Pay Period Contribution</b>	<b>Consumer Choice Plus Medical Plan</b>	<b>Consumer Choice Medical Plan</b>	<b>Basic Medical Plan</b>	<b>Dental Plan</b>
Employee Only	\$ 47	\$ 36	\$ 15	\$ 7
Employee plus child	\$ 60	\$ 49	\$ 27	\$ 10
Employee plus children (2 or more)	\$ 89	\$ 68	\$ 31	\$ 12
Family	\$ 114	\$ 89	\$ 44	\$ 14

Management recommended that the Commission approve the aforementioned design changes to the Spartanburg Water Health Insurance Plan that will become effective May 1, 2015.

Mr. Montgomery moved and Mr. Littlejohn seconded the motion to ratify the action taken in the SSSD meeting to approve management’s recommendation.

**5. PREVENTATIVE MAINTENANCE AGREEMENTS FOR LABORATORY SERVICES**

Laboratory Services maintains Preventative Maintenance Agreements (PMA’s) for select laboratory instruments and software programs. The proposed contracts are annual agreements and include service for routine preventative maintenance, troubleshooting, repairs (parts and labor), software support, certain upgrades, and priority emergency repair service. The PMA is provided by the manufacturer, who is the sole source of the laboratory service.

**A. Perkin Elmer ICPMS System**

This system is used to analyze water samples for the Safe Drinking Water Act (SDWA) and the Clean Water Act (CWA) programs and support of plant operations. Perkin Elmer has quoted an annual PMA for services as described above for a total cost of \$20,016.

The total cost for the renewal for the ICPMS is \$20,016. Funding will be provided through the Laboratory Services operating budget, with costs equally shared

The Commissioners of Public Works of the City of Spartanburg, SC – Regular Meeting, held at 200 Commerce Street, March 31, 2015

between SWS and SSSD. Management recommended the approval of the renewal of the Perkin Elmer Preventive Maintenance Agreements for an amount not to exceed \$10,008.

Mr. Littlejohn moved and Mr. Montgomery seconded the motion to ratify the action taken in the SSSD meeting to approve management's recommendation.

**6. FERC LICENSING PROCESS AND PROFESSIONAL SERVICES FOR LAKE BLALOCK, LAKE BOWEN, AND FINGERVILLE HYDROELECTRIC PROJECTS**

On June 29, 2010, The Commission of Public Works of the City of Spartanburg, SC (Commission) authorized the General Manager (now CEO) to:

- Explore the feasibility of sustainable renewable energy including but not limited to solar, hydroelectric, biomass applications; and
- Explore the feasibility of developing hydroelectric generation as a renewable resource at water system facilities; and
- Explore the feasibility of hydroelectric generation on conduits and blow down valves at water system facilities; and
- Develop an appropriate strategy and type of hydroelectric development and make recommendations regarding the same; and
- Undertake any and all filings with federal and state regulatory authorities to file permits and applications necessary to explore development of renewable resources.

On March 27, 2012, the Commission approved funding in the amount of \$594,500 for Professional Services support during the Preliminary Permit Phase of the FERC licensing process. The sole purpose of the Preliminary Permit is to grant the permit holder priority to file a formal license application during the permit term. The permit term for Preliminary Permits is three years.

During the past three years since the March 2012 Commission meeting, Spartanburg Water System, in consultation with its renewable energy consultant, Kleinschmidt Associates, has conducted various assessments and met and/or been in contact with FERC, US Fish and Wildlife Service, NOAA Fisheries, SCDHEC, SCDNR, the State Historic Preservation Office, Indian Tribes, and other interested stakeholders to offer appropriate opportunities for comment on the various documents that have been filed during this licensing process.

The Commissioners of Public Works of the City of Spartanburg, SC – Regular Meeting, held at 200 Commerce Street, March 31, 2015

Required progress reports were filed with FERC every six months during this Preliminary Permit Process.

On May 27, 2014, Spartanburg Water System filed a Notice of Intent and Preliminary Application Document (PAD) with FERC in addition to a request to utilize the Traditional Licensing Process for the Blalock, Bowen, and Fingerville Hydroelectric Projects. The PAD included proposed study plans that would be used for developing a complete draft application to FERC. Following the filing of the PAD's, a Joint Agency Meeting (JAM) was held and a site visit was conducted at each proposed hydroelectric project area with project stakeholders. As part of the process, comments were subsequently received from regulatory stakeholders and non-governmental organizations (NGO's) related to study requests that each respective agency or organization deemed to have a specific nexus to the overall effects of the proposed project(s). Since that time, Spartanburg Water System has hosted several study plan scoping meetings in an effort to identify the appropriate studies that will be required to support a license application for the projects and have determined that the following types of standard licensing studies would have to be implemented:

- Cultural and Historic Resources Studies
- Fisheries Studies
- Macroinvertebrate Studies
- Rare, Threatened, and Endangered Species Studies
- Water Quality Studies
- Recreation Studies
- Shoreline Inventory and Habitat studies

On February 28, 2015, Spartanburg Water System applied for a successive Preliminary Permit Application for the Fingerville hydroelectric project and intends to file subsequent Preliminary Permit extension requests for the Blalock and Bowen projects prior to their 3-year expiration date. To support the required studies and level of effort required to complete the licensing process, a schedule and cost projection has been developed to ensure that studies can be completed within the required regulatory timeframe – before Spartanburg Water System loses its priority to file for original license(s) under the active Preliminary Permit.

Management recommended that the Commission authorize funding in the amount of \$1,974,700 in order to complete the required studies as well as provide for necessary engineering and administrative support to complete the

The Commissioners of Public Works of the City of Spartanburg, SC – Regular Meeting, held at 200 Commerce Street, March 31, 2015

FERC licensing process. Funding of this licensing process will be from SWS bond funds.

Ms. Schneider said that management has been working on this project for the last few years. The Commission approved funding for professional services support on the preliminary permit phase of the FERC licensing process in 2012. Since that time, management has participated in a number of meetings with key agencies and doing various assessments, while filing the required progress reports. The notice of intent and preliminary action documents were filed in May 2014. Management has continued to work through this process, met with stakeholders and identified the types of licensing studies that will need to be done.

Mr. Montgomery asked if the ultimate goal is to receive permits so that hydroelectric generation facilities can be placed at all SWS dams.

Ms. Schneider confirmed that and said it would be for Lake Blalock, Lake Bowen, and Fingerville, because Reservoir No. 1 already has a hydroelectric generation facility.

Mr. Montgomery asked how long of a process this will be. Ken Tuck stated that the licensing process can be as long as 8 years. SWS has been in the preliminary planning period and the licensing process for about three years and it could take as long as 8 years for this portion of the licensing process. If SWS chooses to move forward based on the studies, evaluations, and feasibility, along with the construction phase it could take approximately 12 years.

Ms. Schneider said decisions could be made to only do certain projects and this could change the amount of time it takes.

Mr. Montgomery stated that each project has to have its own study, meaning that it is multiple projects. Ms. Schneider confirmed that stating SWS was fortunate to have some studies already completed for Lake Blalock due to the project where the reservoir was raised.

Mr. Littlejohn asked if there have been any challenges when these studies like the Cultural and Historic Resources Studies or Fisheries Studies have been done. Ms. Schneider stated that these studies have not been done at this time, so there have been no challenges.

The Commissioners of Public Works of the City of Spartanburg, SC – Regular Meeting, held at 200 Commerce Street, March 31, 2015

Mr. Montgomery stated the Commission is potentially going to authorize \$1,974,700 to complete several more years of work and then a decision will be made on whether to undertake a capital project. Ken Tuck said there are off-ramps along the way to make decisions regarding the studies and that this may result in not spending some of the money, but there is a timeline for the regulatory process.

Ms. Bilanchone stated that while it is a lot of money, it seems to be a worthwhile goal.

Ms. Schneider stated that the studies will show the strength of the value of the project on each site. Certainly one of the strongest projects among these is Lake Blalock because of the way it was planned and constructed. Ken Tuck stated that the other value of the studies is not just related to the hydro licensing process. The value of the studies can be used for water quality, fisheries, etc., that relate to SWS as a water provider and its water supply.

Ms. Schneider noted that when you look at how power costs have changed over time, during the 1926-2014 timeframe there was about \$12 Million dollars worth of savings. When looking at some the decision to sell back power to Duke Energy the revenue within the last two years has been approximately \$400,000. The studies will help management determine the benefit of each project.

Mr. Montgomery asked how the funds are managed with the various studies. Ken Tuck confirmed the use of Kleinsmidt to support the management of the studies, but noted that subcontracts as needed could be used through the Kleinsmidt contract.

Mr. Littlejohn asked what would be the impact of not doing the studies.

Ms. Schneider stated the studies are part of the licensing permit process and without them you are not pursuing a permit, which leaves the dams open for anyone else to apply for a permit for the dams. Despite the fact that SWS owns the dam, it doesn't keep another party that might want to develop a hydroelectric project from doing so.

Mr. Littlejohn moved and Mr. Montgomery seconded the motion to approve management's recommendation.

**7. RECEIPT OF BIDS – MATHIS DAIRY ROAD WATERLINE EXTENSION PROJECT**

The Commissioners of Public Works of the City of Spartanburg, SC – Regular Meeting, held at 200 Commerce Street, March 31, 2015

Bids were received for the Mathis Dairy Road Waterline Extension Project on March 17, 2015. The project consists of the installation of approximately 970 linear feet of 6-inch ductile iron pipe, 980 linear feet of 4-inch ductile iron pipe and related appurtenances. The South Carolina Department of Health and Environmental Control (DHEC) determined that several wells supplying water to properties on Mathis Dairy Road showed low levels of contamination. As a result, DHEC is providing the necessary funds for the construction of a water line along Mathis Dairy Road in order to provide a public water supply.

Six contractors obtained bid documents for the project. Three contractors submitted bids. The bids were as follows:

<b><u>Bidder</u></b>	<b><u>Amount of Bid</u></b>
Davis Grading, Inc. Shelby, NC	\$93,347.00
L-J, Inc. Columbia, SC	\$120,423.30
Construction Resource Group Union, SC	\$122,871.00
Harrison and Sons Contractors, Inc. Woodruff, SC	No Bid
DS Utilities, Inc. Little Mountain, SC	No Bid
Whitesides Construction Inc. Duncan, SC	No Bid

Pending review and approval of bids by DHEC, management recommended awarding the contract to the lowest responsive bidder, Davis Grading, Inc., of Shelby, NC, based on their bid of \$93,347. The engineering estimate for this project was \$99,300. This project is being funded by a Principal Forgiveness Loan from the SC State Revolving Fund.

Mr. Montgomery moved and Mr. Littlejohn seconded the motion to approve management's recommendation.

The Commissioners of Public Works of the City of Spartanburg, SC – Regular Meeting, held at 200 Commerce Street, March 31, 2015

**8. 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. Inside City Private Fire Service Agreements - Highland Crossing Apartments**

Highland Crossing Apartments, located at 201 Highland Avenue in Spartanburg, SC, wishes to connect a 6-inch water line to the Commission's 6-inch water line along Highland Avenue to serve a private fire protection system for the above-mentioned residential complex. Highland Avenue, LLC wishes to enter into an agreement for this service.

Annual Stand-by Revenue \$127.80

**B. Outside the City Private Fire Service Agreements - White Oak Manor, North Grove Nursing Facility**

North Grove Nursing Facility located at 290 North Grove Medical Park Drive in Spartanburg, SC, wishes to connect an 8-inch water line to the Commission's 8-inch water line at the end of the cul-de-sac of North Grove Medical Park Drive to serve a private fire protection system, including 4 private hydrants, for the above-mentioned nursing facility. White Oak Management, Inc., wishes to enter into an agreement for this service.

Annual Stand-by Revenue \$1,175.36

**C. Outside City Water Main Extension Agreements**

**(1) River Run Phase II Apartments**

AVR River Run II, LLC proposes to construct 20 LF of 6-inch diameter water main in order to serve the new 56-unit River Run Phase II Apartments located between Old River Road and Reidville Road in Spartanburg. The developer will bear all costs.

The Commissioners of Public Works of the City of Spartanburg, SC – Regular Meeting, held at 200 Commerce Street, March 31, 2015

**(2) Kensington Creek Subdivision**

Mark III Properties, Inc., proposes to construct 2,941 LF of 6-inch diameter water main and 2,270 LF of 4-inch diameter water main in order to serve the new 104-lot subdivision located on Willis Road in Spartanburg. The developer will bear all costs.

**(3) White Oak Manor North Grove Nursing Facility**

White Oak Management, Inc. proposes to construct 30 LF of 6-inch diameter water main in order to serve the new North Grove Nursing Facility located at 290 North Grove Medical Park Drive in Spartanburg. The developer will bear all costs.

**D. Lake Agreements**

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

- (1) John A. Webb** desires to replace a dock on Lake Bowen.
- (2) Johnny Shytle** desires to replace a dock and stabilize the shoreline on Lake Bowen.
- (3) Donald and Ann Gasper** desire to stabilize the shoreline on Lake Bowen.
- (4) Johnathan M. Walker** desires to stabilize the shoreline on Lake Bowen.
- (5) Thomas M. Faulkenberry** desires to replace a dock and boat lift on Lake Bowen.
- (6) Paul M. Barker** desires to stabilize the shoreline on Lake Bowen.
- (7) A. Timothy Cash** desires to stabilize the shoreline on Lake Bowen.
- (8) Frank G. Wilson and Beth A. Wilson** desire to replace a dock on Lake Bowen.
- (9) Kelsea L. Mathis** desires to stabilize the shoreline on Lake Bowen.

The Commissioners of Public Works of the City of Spartanburg, SC – Regular Meeting,  
held at 200 Commerce Street, March 31, 2015

(10) **Joy A. Holden** desires to stabilize the shoreline on Lake Bowen.

**9. NEGOTIATIONS AND MISCELLANEOUS ADMINISTRATIVE MATTERS**

- A.** Ms. Schneider asked the Commission to sign a copy of the Way to Wellville Resolution adopted by the Commission at the February 24, 2015 meeting.

Meeting adjourned at 3:11 p.m.

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G. Newton Pressley  
Secretary-Treasurer

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