



Laurens County Water and Sewer Commission

Board of Commissioners Meeting

June 27, 2017

8:15am

Minutes

COMMISSIONERS PRESENT: Ted Davenport, Chairman (Municipal), Wofford Woods (I), Philip O'Dell (II), Jurell Byrd (III), Bill Teague, Treasurer (IV), Susan Curry (V), John McMurray (VI) and E.L. Mason, Secretary (VII)

STAFF: Jeff Field, Executive Director
Kevin Anderson, Director of Operations and Engineering
Debbie Price, Executive Administrative Assistant
Angie Nelson, Director of Administration and Customer Service
Wendy Medlock, Director of Finance

ATTORNEY: Allen M. Wham

PRESS: Clinton Chronicle

Call to Order

Invocation

Approval of May 23, 2017 Minutes

Chairman Remarks

Executive Director Remarks

LCWSC Monthly Financial Summary

LCWSC Monthly Operations Summary

New Business

1. Public Hearing for Proposed FY 2018 Budget
2. Approval of Proposed FY 2018 Budget
3. Approval of Amended Sewer Treatment Rate Plan
4. Approval of Proposed Water Distribution Rate Increase
5. Resolution Honoring Commissioner E.L. Mason and His Years of Service to Laurens County and the LCWSC.

Old Business

1. Update on Engineering Agreement with Goodwyn Mills Cawood
2. Lake Greenwood WTP Project Update – Pilot Study

Executive Session

Other Business

Adjourn

CALL TO ORDER

Chairman Davenport called the meeting to order at 8:15am in the Board Room of the Laurens County Water and Sewer Commission.

Invocation was given by Commissioner McMurray.

APPROVAL OF MINUTES

Chairman Davenport asked if there were any additions or corrections to the May 23, 2017 minutes, as submitted to the Commissioners.

Commissioner O'Dell MOVED *that the minutes be accepted as submitted.*

MOTION SECONDED by Commissioner Byrd. MOTION CARRIED. AYES, 7; NAYS, 0

CHAIRMAN REMARKS

Chairman Davenport welcomed the press to the meeting and expressed appreciation to Mr. Field, the LCWSC staff, and the Budget Committee for their hard work preparing the FY18 budget. He also recognized Commissioner Mason for his years of service and his upcoming retirement.

EXECUTIVE REMARKS

Mr. Field stated that this a very historical day in the life of our organization. We are recognizing the last remaining board member to serve on either the Rabon Creek Water District or the Laurens County Water Resources Commission. Commissioner Mason has served continuously since the merger of those two organizations in 1993 and he has always been a strong advocate for the Joanna Community. His presence will be missed.

LCWSC MONTHLY FINANCIAL SUMMARY

The monthly financial summary was presented to the Commissioners. A copy of the summary can be found in the Commissioner Board Packet.

As of May 31, 2017, LCWSC currently had a total of \$4,631,111 in cash for operating and reserve funds as compared to \$4,463,888 this time in FY16.

LCWSC MONTHLY OPERATIONS SUMMARY

The monthly operations summary was presented to the Commissioners. A copy of this summary can be found in the Commissioner Board packet.

Mr. Anderson reported that water purchased is similar to this time last year and rolling annual percent loss is trending down. Open leak work orders for the month of May are three active service line leaks and four active main line leaks. Mr. Field stated this is a very encouraging trend and is getting us closer to our goal of 18%.

NEW BUSINESS

1. Public Hearing for Proposed FY 2018 Budget

The public hearing for the adoption of the FY 2018 budget was opened for comment. Hearing no one, the public hearing was closed.

2. Approval of Proposed FY 2018 Budget

Mr. Field discussed highlights of the following budgets: Admin, Operating, Collection, Lake Rabon, and Water Distribution.

The FY18 budget was approved by the Budget Committee, comprised of Ted Davenport, Susan Curry, and John McMurray, on May 24, 2017.

Budget Summary:

Total Budget is \$11,695,242

- Operating Income Increased \$477,782 or 4.55%
- Operating Expenses Increased \$506,694 or 7.42%
- Capital Income and Expenses Decreased \$117,622 or 2.63%

Administration Fee Allocation Changes

- Decreased Clinton / Joanna Administration Fee from 27% to 20%
- Increased Water Distribution Administration Fee from 53% to 60%

Overall, O&M Expenses decreased 2.71% due to general decreases in several line items in the Sewer Treatment and Sewer Collection budgets.

Payroll and Benefits increased 4.96% due to a 1% increase in the Employer's SC Retirement contribution, one (1) additional employee in Water Distribution, and various merit increases for some employees.

Water Purchased increased 17.38% mainly due to the 48.8% rate increase from City of Clinton.

Overall, Debt Service decreased 13.22% due to the refunding of 2007 and 2012 Bonds.

Water Plant Reserve Fund

- Increased \$136,448 as a result of the approved 5-year Capital Rate Plan
- Represents 24.22% of the Capital Expense budget

Fourth year of approved 5-year Capital Rate Plan

- Approved 3% volume rate increase
- Generates \$136,448 this fiscal year, to be reserved for future water treatment facility expenses; a four-year cumulative increase of \$1,056,260

Water Distribution Rate Increase

- Proposed additional 7% volume rate increase
- Necessary to cover the 48.8% rate increase from the City of Clinton Water Purchase
- Combined with the above Capital Rate Plan increase, represents a \$2.07 increase to the average monthly water bill

Second year of approved 4-year Sewer Treatment rate plan

- Approved 3% volume rate
- Proposed additional 22% volume rate increase to offset significant decreases in flow
- Represents a \$3.73 increase to the average monthly sewer bill

Second year of approved 4-year Sewer Collection rate plan

- Approved 3% volume rate increase
- Approved \$0.50 increase in Base Fee
- Represents a \$0.90 increase to the average monthly sewer bill

Sewer increases are required for routine rehabilitation projects needed to maintain compliance with State and Federal Regulations.

Commissioner Woods MOVED ***that the Proposed FY 2018 Budget is approved.***

MOTION SECONDED by Commissioner O'Dell. MOTION CARRIED. AYES, 7; NAYS, 0

3. Approval of Amended Sewer Treatment Rate Plan

Mr. Field reported that Laurens County Water & Sewer Commission (LCWSC) adopted a 4-year Sewer Capital Rehabilitation Rate Plan last year. To ensure that a sustainable sewer system is available for future generations, this plan was designed to eliminate the need to use limited reserve funds for capital rehabilitation projects as required to maintain compliance with state and federal regulations.

A substantial decline in sewer flow over the past year, particularly in the southern part of the County where little growth is predicted in the foreseeable future, has and will continue to reduce revenue beyond what this rate plan can accommodate. Even after reducing our sewer budget \$226,900 or 9.5% for FY 2018, additional rate increases are necessary to overcome these future deficits.

As provided in previous public notices, our Sewer Capital Rehabilitation Rate Plan calls for scheduled increases in our sewer collection rates of 3%, and in our sewer treatment rates of 3%, both effective July 1, 2017. Because of significantly reduced flow at the Clinton-Joanna wastewater treatment facility, the Budget Committee agreed to increase sewer treatment rates an additional 22% effective July 1, 2017.

Customers with a bill based on 4,050 gallons per month, a typical monthly usage for our customers, can expect to see an average increase in the monthly sewer bill of \$4.63 for the coming year.

Commissioner Byrd MOVED *that the Amended Sewer Treatment Rate Plan is approved.* MOTION SECONDED by Commissioner Curry. MOTION CARRIED. AYES, 7; NAYS, 0

4. Approval of Proposed Water Distribution Rate Increase

Mr. Field reported that, as provided in previous public notices, Phase IV of the Water Treatment Facility Capital Rate Plan calls for a scheduled increase in water rates of 3% beginning July 1, 2017.

However, LCWSC has been notified by the City of Clinton that they will increase their water rate for water sold to the LCWSC by 48.8% effective July 1, 2017 and another 16.4% over the next two years. We are being told these rate increases are needed to offset deficits in their water division and to allow Clinton to stop subsidizing their water division with revenue from the electric division. The water LCWSC receives from Clinton supplies 1/3 of our customer base; therefore, these successive increases over the next three years will increase our expenses approximately \$450,000.

The scheduled rate increase of 3% for next fiscal year is not enough to cover such a large increase in the operating budget. The Budget Committee agreed to increase our water rates an additional 7% effective July 1, 2017.

Customers with an average usage of 4,050 gallons per month, a typical monthly usage for our customers, can expect to see an average increase in their monthly water bill of \$2.07 for the coming year.

LCWSC's decision to build a new water treatment facility on Lake Greenwood was made to ensure a high quality, sustainable source of drinking water in Laurens County. Another benefit and a significant reason the Board decided to build this new facility was the ability to better manage our cost. It will allow the LCWSC to better predict our expenses and minimize future rate increases because of third party decisions.

Commissioner Curry MOVED *that the Proposed Water Distribution Rate Increase is approved.* MOTION SECONDED by Commissioner O'Dell. MOTION CARRIED. AYES, 7; NAYS, 0

5. Resolution Honoring Commissioner E.L. Mason and His Years of Service to Laurens County and the LCWSC

Commissioner Mason was presented with a resolution honoring his years of service to LCWSC. He is the last remaining board member to serve on either the Rabon Creek Water District or the Laurens County Water Resources Commission.

Commissioner Mason's term will end on June 30th of this year. Chairman Davenport has been appointed to replace Commissioner Mason for District VII and Doug Hendrick has been appointed to take Chairman Davenport's Municipal seat.

Commissioner O'Dell MOVED that the *Board of Commissioners approve the Resolution Honoring Commissioner Mason.* MOTION SECONDED by Commissioner McMurray. MOTION CARRIED. AYES, 6; NAYS, 0

OLD BUSINESS

1. Update on the Engineering Agreement with Goodwyn Mills Cawood

Mr. Field stated that we had hoped to have an executed copy of the agreement today but we have not quite reached the agreement yet; the Engineering Agreement with Goodwyn Mills Cawood and will be discussed at a later date.

2. Lake Greenwood WTP Project Update – Pilot Study

Mr. Anderson provided a Lake Greenwood WTP project update, which included pictures of the pilot equipment being used and the pilot study samples. The samples are being tested and results will be forthcoming.

The Board of Commissioners is invited to attend a DHEC public hearing for the water withdrawal application, on Thursday, June 27, 2017 at Cedar Wood Church in Waterloo.

EXECUTIVE SESSION

ADJOURN

Commissioner Byrd MOVED that the *Board of Commissioners meeting be adjourned.* MOTION SECONDED by Commissioner Mason. MOTION CARRIED. AYES, 7; NAYS, 0

There being no further business the Commission adjourned at 10:35am.

I certify that the above Minutes accurately reflect the business conducted at the Commission meeting on June 27, 2017 and that the minutes were approved at the meeting held July 25, 2017.


