



**Brunswick-Glynn County Joint Water & Sewer Commission
1703 Gloucester Street, Brunswick, GA 31520
Commission Meeting Room
Tuesday, August 16, 2016, 2016 at 2:00 PM**

FINANCE COMMITTEE MINUTES

PRESENT: Donald M. Elliott, Chairman
Ronald Perry, Commissioner
John A. Cason, III, City Commissioner
Jimmy Junkin, Executive Director
John Donaghy, Chief Financial Officer
Thomas Boland, Commissioner *(late arrival)*

ALSO PRESENT: Pam Crosby, Director of Procurement
Frances Wilson, Senior Accountant

Chairman Elliott called the meeting to order at 2:00 PM.

PUBLIC COMMENT PERIOD

There being no citizens that wished to address the Committee, Chairman Elliott closed the Public Comment Period.

ADOPT:

1. Minutes from June 14, 2016 Finance Committee Meeting

Commissioner Perry made a motion seconded by Commissioner Cason to adopt the minutes of the June 14, 2016 Finance Committee Meeting. Motion approved 3-0-0.

2. Bank Resolution Revision – F. Wilson

Frances Wilson presented the Bank Resolution Amendment to the committee. It was noted that the signature cards for the banking accounts need to be updated, which is required by Section 10.A of the JWSC Financial Policy. The staff recommends the Commission Chairman, the Vice-Chairman, the Finance Committee Chairman of the JWSC be the authorized signatories on the bank accounts of the JWSC and that the Chairman, Vice-Chairman, Finance Committee Chairman, Executive Director and Chief Financial Officer be authorized to execute the necessary banking resolutions and signature cards with BB&T bank. Anytime there is a change it is necessary to update the signature cards.

Commissioner Cason made seconded by Commissioner Perry to approve that the Chairman, the Vice-Chairman, Finance Committee Chairman of the JWSC be the authorized signatories on the bank accounts of the JWSC and that the Chairman, Vice-Chairman, Finance Committee Chairman, Executive Director and Chief Financial Officer be authorized to execute the necessary banking resolutions and signature cards with BB&T bank. Motion approved 3-0-0.

3. PS 2032 Pipe Pre-Purchase – P. Crosby / T. Kline

Pam Crosby discussed the 16" HDPE pipe pre-purchase for PS 2032. This is based on the compressed time line by the design engineer. It was stated that this project is in the engineering phase and won't go out for bid for the construction portion until mid-October which means, at best, the contract will be awarded in possibly December. While checking into the suppliers for the material needed there could be lead times of 6 – 8 weeks. Due to the holidays it could delay construction time. The staff would like to propose pre-purchase on the pipe for this project. The contract documents would include language for delivery of the product and installation. The only reason why staff would suggest this pre-purchase is to help accelerate the time-line and to be able to stay on schedule. Legal Counsel has been informed and does not believe there should be a problem incorporating into the contract documents. It would be part of the actual construction RFP and anyone that is interested would know this is part of the terms and conditions of the project. It is estimated that the cost would be \$325,000 in materials being purchased a head of time. The material from the previous project was discussed as not being able to use due to the size difference. It is being recommended to the Finance and the Facilities Committee and then on to the full Commission. It was questioned as to who are the companies that could provide this pipe product. Consolidated, Ferguson and HD Supply are considered. Commissioner Cason asked staff to consider pipe companies in Waycross and Jacksonville. It was questioned where the pipe was produced at and it was stated USA made.

Commissioner Boland made a motion seconded by Commissioner Perry to forward to the full Commission for staff to initiate JWSC seeking quotes for the purchase of the 16" HDPE pipe for further review and approval. Additionally, JWSC staff will work with legal counsel to craft contract language to support contractor installation of the 16" HDPE pipe that would maintain all warranties and claims on the work performed. Motion approved 3-0-0.

4. Lift Station Bypass Pumps – T. Kline / P. Crosby / K. Young

Kirk Young presented the Bypass Pump approval item to the committee. He stated the staff has discussed what relatively quick fixes can be applied to get JWSC in a better place in the ability to sell taps in a variety of lift stations areas that have been identified. The two-step approach to the presentation today is an option to rent and/or purchase bypass pumps. The bypass pump document was discussed and the budgetary needs based on the Duty Points. This was outlined on the 2015 Master Plan needs. It is required to go above the Master Plan needs to provide additional capacity. Part of the mentality has always been the bigger wet well requires more pumps in the hole which is the long term solutions. In cases where a quick fix is needed it's very common when doing work on wet wells you place bypass pumps on the ground. This was done on PS2030 with capacity to pump early on. This request for approval is to acquire permanent mount diesel fire pumps that we can incorporate as part of a long term plan. The other packet is how to quickly solve some of the problems JWSC is facing mainly renting pumps short term until the pumps are ordered and installed to get capacity soon which could be a number of weeks to a month. Kirk met with Godwin on Friday and the conditions of 2032 were reviewed for comparison and discussed the options to open up capacity. This review was based on 1,400 gpm which is simply looking at the pipe formula. The Master Plan identified that just under 1,100 gpm is required for today. This same approach will be utilized at each of the stations that have been identified as being in critical condition so JWSC can get postured better to move forward and to provide additional service to our customers. The request today is asking for authorization for rental for short term and best price to purchase for long term. This pump was also used at LS2030. In the Godwin document they offer a percentage of the rental monies go towards the purchase price of a new pump. It was stated that it is within the Executive Directors authority to sign off on the rental of a pump. The standard delivery time for a purchase would be 8 weeks but not to exceed 12 weeks.

Commissioner Cason made a motion second by Commissioner Perry to send to the full Commission authority to rent two (2) bypass pumps not to exceed 12 weeks and not to exceed \$100,000 for LS2032 while waiting for the purchased pumps to arrive. Motion approved 3-0-0.

The next portion is to purchase permanent mount diesel fire pump. These pumps will be installed at the lift stations identified as having issues and will take the place of a generator. It was stated that purchasing the necessary pumps for LS2032 and wait for Hussey Gay Bell evaluation before might be considered. It was the consensus of the Commissioners present to go ahead and prepare for all needed areas. It was stated that these pumps will gain capacity. It was asked of the Finance Director if there is \$900k Capital Tap Fee money available to expand capacity. The Chief Financial Officer stated there is available cash for the St Simons district as well as the Brunswick district. The N. Mainland and S. Mainland do not have that amount of cash available. It was asked to cash flow is available to move in these areas and it was stated there is sufficient funds to do so. It was asked if the vendor will work with us to reduce the cost and offer discounts and payment terms available to save money. Commissioner Cason asked for staff to review with GMA for financing options. Pam stated final numbers may not be available for Thursday but can request the do not exceed limits. Mr. Junkin inquired about installation and parts and asked if some installation could some be done internally. Kirk explained staff could perform some of the installation and the all in costs would be approx. 1M. Commissioner Elliott stated we will wait until HGB provides their evaluation/analysis. Commissioner Cason inquired about the manufacturing locations and it was noted that are located in New Jersey. The areas covered and the lift stations these would affect were discussed. The Lift Stations 4107 and 4105 have the need for major rehabilitation and it was stated that 4107 may be worked in-house. It was requested to address these two (2) pumps to be discussed in the full Commission. Lift Station 4105 is a little more challenging. The intent for these two additional pumps is provide a temporary fix and should be included to this list of pump requests.

Commissioner Elliott made a motion seconded by Commissioner Boland to forward to the full Commission the request to approve to purchase 10 pumps, including installation, which will increase capacity in N. Mainland for LS 4005, 4039, 4048, 4110, and to increase capacity for St Simons Island for LS 2001, 2002, 2003, and 2032 and to increase capacity for the additional LS 4107 and 4105 for a total not more than 125M and the supporting funds will be taken from Capital Tap Fees due to their increase of capacity of these lift stations. Motion approved 4-0-0 (Commissioner Boland arrived during this vote).

5. Amendment of CIF Language – Comm. Elliott

Commissioner Elliott updated the Committee on the changes made to the Rate Resolution Capital Improvement Fees. The BGJWSC adopted the Rate Resolution for the fiscal year ending June 30, 2017 at its meeting on June 16, 2016. Amendments to Section IV, (e) and (f) were made on July 7, 2016. A further amendment is required to Sections IV (e). Section IV (e) is currently written as: Capital improvement fees must be paid prior to, or concurrent with, the JWSC's approval of construction plans for the capacity required. The required capacity will be reserved for that property.

Staff proposes that Section IV (e) be written as: Capital improvement fees shall be paid concurrent with, the JWSC's approval of construction plans for the capacity required. The required capacity will be reserved for that property.

Commissioner Cason made a motion seconded by Commissioner Perry to move to the full Commission that the JWSC accept the second amendment to Section IV of the Rate Resolution for the fiscal year ending June 30, 2017. Motion approved 4-0-0.

DISCUSSION:

1. June End of Month Financial Comparative – F. Wilson

Balance Sheet
Income Statement

Frances updated the Commission on the Financial Comparative report for year ending June 2016. She led the review through the Balance Sheet and stated that Accounts Receivables are up from last year and is a general level increase in all categories. Inventory is up as we are carrying more inventory in both water and sewer. It was stated that restrictive cash is down but capital assets are up. There is no change in deferred pension and the auditors are working on general entries. The long term debt is 37,515,000 with an additional 2,000,000 debt for short term debt. A principal payment will be in June 2017.

Commissioner Cason inquired about overtime and Frances discussed the divisions: Sewer is under budget; Administration as it includes a round-up of four (4) department, is over and is to be expected considering the program implementation; water is over as they have been short on employees. Various line items were discussed which included: line item 252-meters; 282-pump and pump parts. Part of the over budget was the flow meters on the pumping stations. It was inquired as an operational expense and not a capital. It was explained as they do not meet the definition of a capital expenditure for accounting purposes because they don't increase the capacity or the life of the facility. They measure how much is coming out but it doesn't actually affect the performance of the lift station. It can be rolled into the cost of the capitalization or rehabilitation if installed during construction. Increased staff have affected the budget as empty positions have recently been filled. Commissioner Elliott asked that encumbrance, that will include capital equipment, be listed for the full Commission report.

2. Impact Bond Defeasance – Comm. Elliott

Commissioner Elliott discussed the Bond Defeasance options. People have suggested that JWSC could do a bond defeasance believing it would provide a lower interest rate. It was stated that JWSC would not benefit from a bond defeasance now because of the way debt is managed at this time. The statements currently have a debt service charge and it would be best to do a defeasance during the rate increase period to offset the rate payers charge. This may need to be reviewed next year when the increase rate will occur next year. A decision should be made in January or February and the Financial Advisor could help in that assessment.

3. Processing CIF Requests in No Capacity Basin – Comm. Elliott

Will be discussed during the Facility Committee.

4. Public Information Officer – Comm. Elliott

Commissioner Elliott discussed the need for a Public Information Officer. JWSC needs someone that can interface with the local news media and also keep the website updated with information important to about the organizations. This individual will also provide public education and stay updated with legislation. Funds will be identified by the Chief Finance Director. This will be presented at the next Human Resources Committee September 1st.

Commissioner Cason recommended the JWSC consider using GMA Lease Pool for additional funds. It was requested for John and Pam to research and provide an update at the next Finance Committee Meeting.

5. RFP Financial Services – P. Crosby

Pam Crosby updated the committee on the pre-proposal conference held yesterday and had good participation. There were 23 participants registered from 16 different firms represented. The deadline is September 8th. Pam stated this topic will come back to the Finance Committee in September with a recommendation and will have the approval presented in first meeting in October. There was good feedback from one of the advisors present.

Meeting was adjourned at 3:23 pm.

Attest: Sandra Egan
Sandra Egan, Clerk

Donald M. Elliott
Donald M. Elliott, Chairman