

Aiken City Council MinutesWORK SESSION

April 17, 2014

Present: Mayor Cavanaugh, Councilmembers Dewar, Ebner, Homoki, and Merry.

Absent: Councilmembers Diggs and Price.

Others Present: Richard Pearce, Stuart Bedenbaugh, Kim Abney, George Grinton, Mike Goss, James Bryant, Sara Ridout, Tom Dean, and Maayan Schechter of the Aiken Standard.

BUDGETEngineering and Utilities Department

Mayor Cavanaugh called the workshop to order at 4 p.m. and stated the purpose of the meeting was to discuss the proposed budget for the Engineering and Utilities Department.

Mr. Pearce stated Mr. Grinton has a brief power point to present on the Engineering and Utilities Department. He said copies of the Capital Projects Sales Tax spend out for CPST II and CPST III have been provided for Council's information. He said Mr. Grinton will review the divisions of his department, including Streets & Parks and Street Lighting in the General Fund and then Administration, Engineering, Shiloh Springs, Shaws Creek, Water Plant, Wells, Water & Sewer Distribution, and Wastewater Pump Stations in the Utilities Fund. He will also review Stormwater, the Airport, and the Community Development Block Grant budgets.

Mr. Grinton introduced two key personnel in the Engineering and Utilities Department. He introduced James Bryant, the Water Treatment Plant Supervisor, who oversees all the water production, and Mike Goss, who oversees the Water and Sewer Division, and all the supervisors in the water and sewer report to Mike Goss. He said they were the two key guys he goes to when people have questions. He said they do a great job for us.

Mr. Grinton then reviewed his power point presentation. He pointed out the divisions that the Engineering and Utilities Department is responsible for. In the General Fund they oversee the Streets and Parks and the Street Lighting Divisions. In Fund 002 Water and Sewer Fund the divisions include Administration, Engineering, Shiloh Springs, Shaws Creek, Wells, Water & Sewer Distribution, and Wastewater Pump Stations. The E & U Department has responsibility for the 006 Storm Water Fund, 029 the Municipal Airport, and 035 Community Development Grant Fund. He pointed out that they also are responsible for the Industrial and Business Parks which include Aviation Business Park, Summit Business Park, Ventures Industrial Park, Verenes Industrial Park, and Willow Run Business Park.

Mr. Grinton showed several charts with statistics on various items in the Engineering and Utilities Department. The first was Water Production. He pointed out the chart included figures for July 2012 through March, 2014. He said the chart shows a seasonal effect with the summers having more production and consumption of water than in the winter period. He said the chart shows that the water production has leveled off and been much lower. He said we have never approached the 350 million gallons in a month for almost two years. In response to a question as to why, Mr. Grinton felt it was due to the wetness, the lack of irrigation, and people not using as much water. He pointed out that with new buildings there are federal regulations for low use shower heads, reduced use flush toilets, washing machines that use less water. As people continue to upgrade their facilities water is being conserved. It is at a federal level where they are working on items to conserve water, energy, etc.

Mr. Grinton presented a chart showing the Shiloh Springs Water Production which showed the water production below last year's level. He said Shiloh Springs is where we are putting the radium reduction filtration system. The next slide was Shaws Creek Water Production Plant which showed the production being higher in the summer months and then dropping below last year's production since December, 2013. He said Shaws Creek is the most expensive water source. He said we need to run it at a minimum level to keep it running, certified, etc. He said we let it be the swing plant and try to keep the other facilities running at their capacity and make up the difference with Shaws Creek. He pointed out for the Pine Log Well Water Production the winter-summer effect with all production being below last year's levels. The chart for Town Creek Well Water Production also showed the water production higher for the summer months and lower for the winter, with all production being below last year's production.

Mr. Grinton pointed out the next graph which shows surface versus well water. He pointed out well water is the least expensive and best quality water. He said you have more production issues and process steps when you take in the surface water. The next slide showed the percentage of well water versus production or surface water we are using. He said we are in the 90% range for well water. He said that points out the importance of well water and the aquifer waters to the City of Aiken. It is a very good quality water and low cost, but we need to make sure it is sustainable. There has been a lot of discussion about the Edisto River controversies and their solution is to dig some more wells. He pointed out we don't have ice melt, but do have rain. A lot of rivers and streams come up from the ground. They are basically ground water showing up on the surface. The two are interconnected. He said people like to think that surface water is separate from aquifer water, but they are really interrelated. Sustainability comes down to how much rainfall you have. Some of it replenishes streams directly and some of it goes down into the aquifer. He said he wanted to make sure everyone understands the importance of that point.

Councilman Ebner stated one thing he had mentioned at Horizons when you put the interconnecting line between the Silver Bluff Plant and the Town Creek Plant would that also let you have enough water on back to Pine Log, the Vale, etc. He asked if there would have to be a larger line for the balance of it. Councilman Ebner asked if the line from Silver Bluff to Town Creek was finished water or raw water. Mr. Grinton responded that line he is talking about is a raw water line to get the water from the well at Public Safety Station No. 4 to the Silver Bluff Water Treatment Plant. He said the line does not interconnect back to Town Creek. He said it cannot. He said raw water is considered not potable water until it is treated. He said we are bringing supply water to the plant. Councilman Ebner asked if there is a connection of treated water between Town Creek and Silver Bluff. Mr. Bryant responded there is a 12 inch main which runs down Silver Bluff Road and another 12 inch main which runs through the back side of Woodside. That should eliminate the pressure problem. Councilman Ebner asked once the Silver Bluff Plant is completed would it relieve any issues with the Pine Log Plant. He pointed out there is Deodar Plantation and that area. He asked if that water is coming from Montmorenci. Mr. Bryant pointed out that Deodar gets water from Montmorenci-Couchton. Mr. Bryant stated Aiken water lines run all the way down Banks Mill to Citadel Drive. Councilman Ebner asked if Aiken had a future water issue out that way. Mr. Grinton stated there are areas that could have problems. He pointed out that Montmorenci-Couchton does not have a lot of supply right up to our district. He said Aiken has much more bumping up to their district. He said it would be easier for Aiken to expand there, but we would get into territories. Unless they would agree to give up some territory, we would not supply the area. He said the potential would be there.

Mr. Grinton stated 2002 was the last time a water distribution study was done. That is where the idea for a lot of the Capital Projects Sales Tax projects came from. Mr. Grinton stated he had read the report. It expected a certain amount of growth and other things. He said we have done a lot of projects, but some of the predictions have not come to fruition and some of the issues they thought would occur have not come to fruition. He said it is like any strategic plan, it needs to be updated periodically. He said that is one of the budget issues that he is interested in funding, such as water studies to understand sustainability of wells as that is where we are going. He felt we should be looking at the next 20 to 30 years.

Councilman Dewar pointed out the interesting point is that we are producing half the water we used to produce and that has to have an effect on future demand. Mr. Grinton stated we are in good shape from a capacity perspective based on the demand. There are some trend factors that reduce demand just naturally because that is kind of a federal standard and people try to save. He said that is a dilemma when it comes to revenue and revenue rates so you can balance your budget. He pointed out you still have to maintain the structures. He said we have approximately 370 miles of water lines to maintain. He pointed out the depreciation that we put aside is so we can replace the asset at the end of the life of depreciation. He said even if you are talking about 50 years for a water line, at some point you still have to replace the line. He pointed out you could be talking about \$3 million per year just to keep up with the infrastructure. He pointed out you would only replace what you need to and find ways to improve, but you have to have plans for your asset management and infrastructure renewal. He said we have 250 miles of sanitary sewer. He pointed out that sanitary sewer fails at a different rate than water. He pointed out that water is under pressure so the failure is directly related to the type of pipe. He said if you identify what type of pipe it is, there are models that can predict the rate at which the water line may break based on age. He said then you can take an inventory of your system and predict the needs for replacement. He said it is better to budget for replacement routinely rather than waiting for it to break and then fixing it. He pointed out that sanitary lines are even more important from the perspective that you are doing environmental harm if the line is overflowing.

Councilman Dewar pointed out his point was that if we are producing half of what we were producing that means we are only selling half of what we used to sell. He said that puts stress on the rates that we are charging. He said we had just gone through a rate increase. He pointed out it seems it will get worse before it gets better.

Mr. Grinton said it is a real dilemma because the revenues are going down, but your infrastructure is getting older. Councilman Dewar stated that is the point we need to make and not the fact that we have to increase the rates because it rained too much. He said that was a minor factor. He said that is a challenge that the city has with the infrastructure costs increasing as the system is getting older.

Mr. Grinton said as Council expressed in a few meetings ago having a strategic plan that visions out far enough would be beneficial to budgeting and projecting what needs to be done.

Councilman Dewar asked Mr. Grinton if he sensed that you are able to control the work load with regard to the water and sewer programs or is it controlling you. Mr. Grinton said we are getting better at controlling it, but if you look at maintenance in general we are still on the reactive end of the maintenance scale. He said you want to go towards preventive, and then get to predictive. He said that would be the goal. He felt we could get there, but it would take some organization and also take some resources to focus on it. He said one of the problems with the reactive situation is you are always putting out fires so the resources you have are busy putting out the fires and don't ever get to work on the important work of getting ahead of the fires. He said it is a little Catch 22 in that regards.

Councilman Merry stated if our revenues are going down and our expenses are going up it is unlikely in the foreseeable future we are going to be able to convert from reactive to proactive. He pointed out we still have the rest of the Silver Bluff Plant to pay for and then maintenance for that. We are adding to our expenses at a time revenues are going down and not reducing our expenses.

Mr. Grinton stated one of the things we are trying to do is assess the resources we have and become more efficient.

Mayor Cavanaugh pointed out we are growing every year some. He said for the last 10 years we grew 16.5%. He pointed out since the first census Aiken has grown. Councilman Merry pointed out that we are growing less than 1/2% per year. He said 1/2% per year in population growth won't keep up with the costs.

Mr. Pearce stated the discussions that he and Mr. Grinton had had is that you have to update the infrastructure which is what he was talking about. As you update the infrastructure you can build in efficiencies with your newer plants with newer technology such that you may not have to staff and have someone sitting at a desk at the plant 24/7. You can have monitoring opportunities.

Councilman Merry pointed out there are two ways to fund the ever increasing monster of expenses. One is by raising the rates you charge the people you already have and two is adding new people. He said one is a tax increase and one is growth. He said as a Council if we don't encourage growth, then we are encouraging tax increases. He pointed out that in Aiken growth has been a controversial thing for a decade or more, but if we aren't pursuing growth, then we are pursuing tax increases.

Mayor Cavanaugh stated as mentioned when we talked about raising water rates, for years we held off increasing the rates. He said perhaps we should have been increasing the rates all along. He pointed out Aiken was second lowest in water rates out of 30 cities that we compare with for years. He felt it was important to understand this. He pointed out with the recent increase Aiken still is the fifth lowest rate compared with the 30 cities.

Councilman Dewar pointed out we did have some significant increases over the past five years.

Councilman Homoki pointed out Mr. Grinton stated you can predict failures in water and sewer lines. He asked if they were keeping data on the failures we have had and are they the older systems or are some of the new systems failing at the same rate as the old service. Mr. Grinton stated that is one of the things that they are starting to gather. He said they don't have a lot of that information. He said we are working with our GIS system. He said they had acquired some tablets from SRS surplus, and plan to use them to track the data, to put in the work orders, and get a disciplined approach to identifying where they are so you can data mine the GIS information. He said we have that, but it is not consistent enough that you could do a lot of analysis. He said when he was talking about being predictive, it would be using national models for types of pipes, breakages, rates, etc. He said they would assume we would fit the national model for predicting those things when you do a preliminary study. As time goes by we would look at this and ask why is this new pipe breaking.

Councilman Merry stated the point about visioning is right, and we need to do that and do it in a lot of facets of the city. He said part of that visioning needs to be visioning related to growth. He said he was not aware of what our long term vision is for that growth which would allow us the opportunity to move from reactive to preventive to predictive. It would allow us to continue to keep the tax rates low as the Mayor has been successful in doing for 25 years. He said the visioning process needs to be visioning both for how we are going to deal with a corroding concrete pipe, but also how we are going to pay for it through vision for growth. He said he did not think we had such a plan. He knew we did not have that part of the Comprehensive Plan.

Councilman Ebner pointed out that up until 2008 our average General Fund growth was 3% to 8%. Since 2008 it just barely increases, and the world keeps marching on. He said the growth base to support this has gotten very small. He said our growth to replace the infrastructure is not there anymore. He said in his opinion, we are not getting enough to keep up with what we are repairing. He felt Mr. Grinton's plan to look at the next 5 to 10 years is very important as there is nothing on the horizon that says we are going to get to even 1% per year of population growth. He said population growth is new houses and new businesses that come to town.

Mr. Pearce stated there is a growth plan element to the Strategic Plan and the Comprehensive Plan.

Mr. Grinton stated he has some statistics. He said they started keeping track of some of the statistics that drive their performance. He pointed out the water leaks per month graph with the city and customer side water leaks per month. He said they have to respond to all leaks because they don't know what is customer or city until they get there. He pointed out the summer and winter effect with the leaks down in the winter and up in the summer. The next slide showed time to complete work orders. He felt the time to complete work orders is significantly improving. He pointed out the chart showing the 1 week, 2 weeks and over 3 weeks to complete. He said their effort is to drive down the age of the work orders. He said when people call in, they would like it fixed that day. He said that is not always possible because there are encroachment permits that have to be obtained and location for utilities before starting digging. It was pointed out that the chart shows that one-half of work orders are completed within one week.

Councilman Homoki pointed out the first time a lot of people spot a leak they assume it is the most important leak in the city. He said there should be a PR campaign explaining that there are some very serious leaks. He said when a leak is not taken care of in two days, they think the city does not care. Mr. Pearce pointed out the good news is that the department has about 7 leaks now. He pointed out that number goes up in the summer. He said they can't remember when we just had 7 leaks pending. He said they are doing a far better job and are much more up to date in addressing these problems than in the past.

Mr. Grinton stated one of the things they implemented to try to address the expectations is a call back program. He said when people call in, we call them back to let them know roughly when we think we will be able to be there to repair the leak. If the leak gets worse we ask them to call us back. He pointed out that sometimes a leak starts off small and then becomes a big leak with a higher priority. He said they are tracking the number of calls they are making to see if the activity level is staying where we are and we are not pushing it aside to do something else. He felt it was important for people to know approximately when the problems will be repaired.

Councilman Homoki suggested it might be good to have the Aiken Standard have an article in the paper explaining the procedure Mr. Grinton had just reviewed for customer service for repairs. Mr. Pearce stated we could do that and put it in the water bill newsletter as well.

Mr. Grinton stated another statistic they have started keeping is Yard Repairs. He said every time they fix a leak they have the potential for either a yard and/or a street repair. He said there is a crew that has to follow up after a leak is repaired to fix any yard or street repairs. He said staff also calls to let residents know when the yard or street will be repaired. He pointed out it is harder to get streets repaired in the winter time because the hot asphalt plants do not operate. He said they can either do a cold mix or something temporary and go back and do a hot mix repair. He said the graph shows the number of yard repairs they are doing.

Mr. Grinton stated when they started doing service replacements they were having to cut all the roads because that was the only way to repair them. He said Mr. Goss was adamant about getting some additional equipment, and Mr. Pearce helped them get the equipment. He said they can now bore under the roads so we don't have to cut the roads. He said that saves a lot of money and time by using the boring machines. He said we had to get the boring equipment, an air compressor, and we had to get one for every crew or they had down time waiting for the equipment. He said the crews now have the resources they need to do the job. He said some of the numbers are going down because we are smarter in doing the repairs.

Mr. Grinton stated they track water service replacements and who is doing the replacements. He said when we can we have dedicated service line replacement crews. They will go to a specific area and work. For example, we have issues at Ascot and Springstone so we dedicated their time to those two areas. He pointed out that we are coordinating with the plans for repaving of streets and have a list of streets to be paved next year. He said that is where we have crews replacing service lines so we replace them before the streets are paved.

Mr. Grinton stated another issue of concern has been water meter replacement. He pointed out the graph shows the number has increased. He pointed out that July through November was the Finance Department Meter Division replacing meters when there was a service order because of a broken meter or issue with the meter so we were replacing them. He said there was an issue of selecting the right meter, and we worked through some model issues with Badger. He said in January we got organized and started ramping up. He said they need to achieve 400 meter replacements a month for the rest of the year so he spends the \$600,000 in the budget for meters. He said next year the target is 4,000 meter replacements which will cost about \$1 million. It was pointed out that the battery life of the present meters is critical and that is what is pushing the replacement of the meters. Mr. Grinton stated when the batteries start failing, we will know as the number of meters stopped reading will start going up. He pointed out when they replace a service line, they replace the meter. He said they try to do all the work at the same time rather than have a crew come back to change out the meter.

Mr. Grinton pointed out the graph for sewer jet truck work orders. He said there is the customer side and city side. He said customer side is little more significant work for the crews than for water. He said at the water side the customer needs to call a plumber and they take of their line. He pointed out with the sewer the city crews may assist the customer with clearing their line if they have a clean out, but many times the customer has to get a plumber to clear the line. He pointed out the sewer trend is to have more sewer problems in the winter and less in the summer which is opposite with the water leaks. He said some of that may be grease and temperature related items clogging the lines.

Mr. Grinton pointed out the graph for sewer repair work orders. He said there are taps, repairs, and camera items. He pointed out a crew goes out to do a repair, but they may not be able to identify the problem so another crew will come with a camera and look at the problem and then they will fix it. He said sometimes jetting it will not fix the problem so there has to be more investigation. He pointed out the taps are requests for new service taps. It was pointed out the taps show the growth for the last year which was not much. It was stated that literally water meters and sewer taps tell you how many houses are being built.

Councilman Ebner asked what the insurance claims had been in relation to sewage claims for the last couple of years. He pointed out that it had been \$200,000 to \$400,000 a year about 4 or 5 years ago. He pointed out we had bought the jet truck and cameras so some of the claims had gone away. Mr. Pearce stated he thought the claims were less, but staff would get that information. He also pointed out that another thing which had cut down on the claims is that Council had advanced money from CPST for problems that had been identified, for example Crosland Park, and we have been replacing those sections. He said that is another great way that we do preventative maintenance because we know where the problem areas are and we put in new infrastructure. Mr. Grinton stated Mr. Goss had done some creative things with the scheduling of the jet truck so we get better coverage over time. Councilman Ebner stated the city had probably already paid for all the trucks and cameras we bought through savings in claims. He said he would like to know the number for the last two years.

Mr. Grinton then reviewed the Engineering and Utilities Goals and Priorities. He said there are three with those being: comply with SCDHEC regulations, secure long term systems sustainability, and optimize the operation. He said those are three driving guidelines.

Mr. Grinton stated he had tried to summarize events in each division and what is new for the division. He reviewed the Streets and Parks Division. He said the winter storm showed us that we would like to have more equipment to help with future winter storms. He said some of the things recommended by the employees are sand spreading and plowing attachments on the crew trucks. He said this would be used to keep the main roads open in a storm. He said they basically try to do the main arteries which are Whiskey Road, Pine Log, the downtown to Richland, from Richland out towards the

hospital, and the SC 118 bypass. He said the city did that circle during the night when the ice was coming down. He said we do preventive maintenance for bridges by putting sand on the bridges. He said the material is a salt/sand combination. He said it is supplied to the city from SCDOT. It was pointed out the only use for the equipment would be snow and ice. Mr. Pearce stated we would look for FEMA funds to help fund the purchase.

Mr. Grinton stated another request is for an asphalt spreader to improve the quality of large road patches. He said it would be an attachment on one of the Bob Cats, and would not be a full fledged asphalt spreader. It would improve the quality of the larger patches that we have to do. He said presently we shovel on asphalt and have a roller come; it is a manual spread of the asphalt. This would allow for a more consistent quality patching job. Mr. Pearce pointed out the recommendation from the consulting engineer was not to just dig a hole to fix the leak, but do a bigger cut and prod the sides so you make sure the break is not a spreading problem. He pointed out they will see wider patches for a reason. Mr. Grinton stated you start out trying to minimize the amount of materials you apply, but we end up going back and having to make a larger area so it is really counterproductive. Councilman Homoki asked if you would reduce the stress point. Mr. Grinton responded you are looking for the original compacted conditions so you can build that back up. He pointed out water leaks go all directions so you are hunting for where the water has created a soft spot. He said it depends on how long the water has been running and whether it is a fill road. He pointed out what may be a small leak actually could have been leaking for a long time before it is recognized as a leak and then we have a lot of wet soil. He said we need to remove the contaminant, and the leak could have created voids or changed the compaction. He said we are trying to be more aware of that in making repairs. He pointed out a challenge is that a lot of the roads are SCDOT roads. The question is how much city money we should use to repair SCDOT roads. They do not have the responsiveness that the city has as they have a very large territory. They have had cuts in their staffing. He said a pothole that is important to us is farther down on their list as they have many other potholes.

Mr. Grinton stated a retiree in the Streets and Parks Division is the main person who does the grading of the dirt roads. He said one of the challenges is getting the resources to take care of the dirt roads at the time they need maintenance, such as after rains, during the horse season, etc. He said the request is that we retain this retiree part time, and he would focus on maintaining the dirt roads. He would work when the dirt roads need maintenance. Councilman Ebner asked if the state would reimburse the city for maintaining those dirt roads as they are state roads. It was pointed out they are on the historic register. Councilman Ebner pointed out the roads are state highways. He asked if they help buy the motor grader and equipment needed. It was pointed out that the city has historically maintained the roads. Councilman Ebner asked if he would take care of Jake Place. Mr. Grinton stated the employee would maintain all city and state dirt roads. He said one of the challenges is that the city looks at the road and has to make a decision as to whether the city will take care of it or if SCDOT should. He said what generally happens is that we get a call from a citizen. We refer the complaint to the state. Nothing is done, and the citizen calls back, and then the city fixes it.

Councilman Homoki asked if that data could be entered into the GIS for tracking purposes. Mr. Grinton stated we could enter the data and try to use the data in talking to SCDOT to try to get some funding for maintenance of state roads in the city. Mr. Pearce pointed out that is what is done for maintenance of traffic signals. SCDOT provides an annual amount for maintenance of traffic signals in the city. He said we could talk to SCDOT about funding for maintenance of roads in the city.

Mr. Grinton stated some of the issues for Water and Sewer next year, include operating the Shiloh Springs Radium Reduction system. There are some additional consulting fees to pay to maintain the radium reduction license and required testing for DHEC. He said we will be starting up the Silver Bluff Water Treatment Plan in the winter-spring of next year. He said there will be certification issues with DHEC.

Mr. Grinton said one of the requests in the budget is to acquire some pump-around redundancy for the sanitary sewer lift stations. He said during the ice storm when we had power outages that was our biggest challenge. He said we rented pump-arounds, generators, moved our generators around, rented some tankers to empty the clear wells at the lift stations. He said we have 39 sanitary lift stations and 5 have pump-around emergency redundancy systems. He said there is an opportunity with the FEMA 404 grant to apply for these systems. He said the cost would be about \$1.8 million. He said he had requested in the budget that we try to accelerate implementation of the system. He said pump-arounds are better for lift stations than generators from the standpoint that you put the pump-around in and it has a turn on point just above the upper limit of the normal lift station. He said when the normal lift station goes out because of power or failure of a motor or pump, then the pump-around automatically comes on. He said we have some systems that tell us when the pump is not running any more so we know to check on the station.

Councilman Dewar said to review, we need the lift stations to pump the sewage where it does not flow by gravity. He said the redundancy is something that takes over if the lift station does not work.

Mr. Pearce pointed out that this is part of the mitigation of situations under FEMA funds that are made available in the state. It is a competitive process. We have received word this week that the preapplication forms which would include this equipment would be posted sometime within the next couple of weeks. He said this is the 404 and 406 programs. It is grant money that is set aside for mitigation projects. It is a competitive application process. The preliminary word that we have received is the focus will be on generators. He said there were system failures and people did not have generators. He said we will make the application to see if we get anything. He said it is a budget item, but it is a mitigation item. He said it would be a grant. If we are approved for a grant, we would bring that to Council for acceptance of the grant. He said the city would apply for a grant for Council to approve. If approved, we would accept the grant money and make the purchase. If we don't get the grant, we will not get the equipment. He pointed out there are some funds budgeted for the equipment, but that would be contingent on receiving the mitigation grant. Councilman Dewar pointed out that if we don't get the grant, at some point in the future we will have to get some generators. Mr. Pearce pointed out we have talked about this for over a decade, but the problem is money. He said next time a weather event is on the way, having been through it, we know what we need and where we need it. There is a program where we can request equipment which is available on first-come first-serve. He said we would rather have something in place. He said there is a backup plan if the grant money is forthcoming.

Mr. Grinton continued with the other proposed programs for the Water and Sewer Division. He said the Lloydtown water tank needs to be painted and the GEM Lakes gravity line needs to be repaired and money is in the CPST3 for those projects. He said they also want funds for the valve maintenance program and water line flushing program which are DHEC required issues that we need to address.

Councilman Merry stated in light of the discussion at the Council meeting on April 14 about the shortfall that we might have in our CPST3 money, he asked when and how will Council look at some of these CPST3 items as far as what can and cannot be done. Mr. Pearce pointed out that staff had prepared a spend out sheet for the projects. He pointed out presently we have only had two payments for CPST3. He said as payments are received staff will update the expected revenue. It is hoped that we will get more revenue than \$30 million. He said that is something we will have to consistently discuss as it is subject to change.

Mr. Grinton stated additional items that are in the Water and Sewer fund projection for next year are funds to replace 4,000 water meters, the Crosland Park sanitary sewer replacement using CPST 3 funds, the camera inspection of sewer lines to identify problems and design corrective action, a water sustainability study about the 85% to 90% well water supply, and the sanitary sewer infrastructure assessment. He pointed out other projects are right of way maintenance program which is something DHEC wants us to do,

but it is also something that makes us more efficient. If you have maintained the right of way, when you have a sewer line backup you can get to it and not have to cut down trees to get to it. He said a water leak study is proposed. He said this gets into where we can apply our resources to reduce the lost water for which we receive no revenue, but is costing us through electricity, chemicals, etc. He said we need a study on water storage evaluation to see if there is potential for optimization and whether we need to spend money on additional water tank storage. He said the well and pump rehabilitation is important. The wells should be able to produce about 1,000 gallons per minute, but when they start going down to 750,000 gpm we are using a lot of electricity and not getting as much water so it is time to refurbish the equipment. Councilman Ebner pointed out that would be a cost savings and would pay for itself in three years. Mr. Grinton stated it should be a matter of regular scheduled maintenance which needs to be done. He pointed out that Mr. Pearce had always told him to make sure the equipment is being maintained. Mr. Pearce pointed out that is an investment, not an expenditure. It was pointed out that the impellers on the pumps wear out.

Councilman Homoki asked if there was a way to measure the aquifers to see if they are getting depleted. Mr. Pearce pointed out that we had a senior worker who had helped us a lot using public information from the U.S. Geological Survey. He said that is what is in the budget as a follow-up to take the next phase. He said the senior's research showed that we had aquifer supplies for the next 30 or 40 years with no problem. He said the worry was that we have the drought years and the people upstream getting water from the aquifers also. Councilman Homoki pointed out the discussion that was held regarding another water source. Mr. Pearce pointed out price was a reason not to buy into that source, but another reason was that the source of that water was through granite rock. He pointed out water that goes through granite rock has the potential to be a Shiloh Springs situation where we are having to put in the filtration system because of radium.

Mr. Grinton stated we are partnering with USGS in Columbia to do some further evaluation and with the other water utilities in the area. He said the common need is to understand what is the long term sustainability of the well. It may look very good and the balance may be right, but what happens as more agriculture comes in, and other users come in, how do you prioritize. He said DHEC does not worry about who uses it as they don't allocate how it gets to be used. He said we do need to understand more about how sustainable is our well water. He said well water is our future. He said you can't separate surface water from wells as they are intermingled.

Mr. Grinton stated he had requested resources to design and manage the projects to meet SCDHEC maintenance program requirements. He said when you start thinking about the cameras, the studies, and the valve turning, all of those identify issues. He said then you need to figure out how to fix the issues.

Mr. Grinton then reviewed the Storm Water division. He said SCDHEC had implemented a new stormwater general permit requirement effective January 1. With it comes some additional requirements. We have to do TMDL monitoring which is total maximum daily loads for any identified deficiency in the quality of storm water. He said Horse Creek has a total coliform TMDL. He said the city's storm water goes into the Sand River and ultimately Sand River goes into the Horse Creek Basin. He said what DHEC and the storm water regulations are doing is saying that we have to start monitoring. Then if we have something way down there, you have to keep going back upstream until you find out where the problem is. He said it is written into the regulations that you need to start testing, and you will be required to do certain quarterly reports. He said we have this year to come up with a plan and start the testing.

Mr. Grinton stated we want to increase the storm water preventive maintenance. He said we need to look at the root balls and things that get in the lines. He pointed out he did not think the downtown area had been done for quite a while. He pointed out that Mr. Goss has a storm water crew starting to do that work which has to be scheduled at night because that is the only time we won't inconvenience people. He said we have many storm water projects identified. He pointed out that George's Pond is one that gets a lot of discussion. He said there is money in CPST 2 for the Whiskey Road improvements

and the first thing we have to do to solve it and do some of the Whiskey Road work is have a place for the water to go. That is why it is being charged to that project. Mr. Grinton said staff is in the process of working with our consultant to identify approaches to solving the problem on Chesterfield and Newberry Street at the railroad cut regarding a storm water line. He said the consultants are coming up with some good ideas and will be discussing this with us soon. He said we will be evaluating it and looking for the most cost effective options. Then we will be able to say what the funding is.

Mr. Grinton pointed out he had listed the industrial park storm water outfall as part of the project. He said in doing the Shiloh project we identified where storm water is starting to cut a ditch into the outfall. He said that is really our responsibility. He said that is another project that is unfunded.

Mr. Pearce stated regarding the Chesterfield/Newberry issue, depending on what the findings are and recommendations are, potentially there may be some mitigation money which is an application process, or there may be CPST funds to the extent that the work could reduce the storm water flow in to Hitchcock Woods. Councilman Ebner stated you are talking about hundreds of thousands and millions to fix that problem. He pointed out that line runs almost 3/4 of a mile.

Mr. Grinton stated we need to have resources to design and manage the projects to make sure we are spending the money as wisely as we can. He said we have obligations, and we will try to do the projects as good stewards of the city's money and the environment.

Mr. Grinton stated basically the money we get from fuel and rental of any hangars at the airport is spent on the airport. He said the airport does not make enough money to do all the things that need to be done. The FAA provides an entitlement grant every year of \$150,000. We can accumulate that to do a big project if we like. He said the FAA asks for a five year capital improvement plan for strategic planning. He said there are some projects that we want to look at. He said there are aspects of the airport for which the sponsor of the airport, which is the City of Aiken, is responsible. If the terminal roof leaks, the FAA expects the city to fix it. They expect the city to cut the grass. He said the FAA maintains the main runway and the glide slope. The small runway is the city's to maintain. He pointed out there was a lot of activity at the airport last week for Masters Week. He circulated a picture showing 92 airplanes parked at the airport. He said the size of some of the airplanes is significant. He pointed out there is a lot of activity at the airport. He said we see the airport as being a great economic development opportunity for the city. He said if people who come to that airport see a first-class place and come into the city and see a first-class city, they may start thinking about opportunities. He said that economic development can be helped by doing a good job at the airport. He said there are some things we need to do at the airport, such as crack seal of runway 1/19 and improve parking area for Master's traffic. He said we have the opportunity to partner with the SC Aeronautics Commission so we have funds. He said he was working with the FBO to identify priorities for maintenance of the airport. He said crack sealing and some other things came up when the S.C. Aeronautics group made an annual safety inspection. There was a question as to whether that many planes come to the Aiken Airport every year for the Masters. Mr. Pearce stated he had met with Mr. Laver on Sunday and he was just positioning a plane that left the airport for Switzerland. He said the good news was that they bought 3,300 gallons jet fuel before they left. He said Mr. Laver did not have a sense of that. He pointed out that Mr. Laver will be at the April 28, 2014, meeting to give Council a full report. Councilman Merry stated he was not aware of there being that many there before. He said he was curious if the number has been growing. Councilman Homoki stated it is the function of the ILS. He said a lot of insurance companies will not allow a jet of a certain size to go into a runway that is not serviced by an Instrument Landing System. He said now that we have an ILS he felt we will see a corresponding increase in the number of planes at the airport. Mr. Pearce stated it is the ILS and Mr. Laver meeting cooperatively with the folks at the Thompson Airport, Daniel Field, and Bush Field. They have a cooperative agreement and can send a plane to an airfield that has space.

Councilman Dewar asked if there is a way for the city to increase revenue from the airport. He said we have an opportunity to increase the fuel fee that the city gets as it has not been increased. Mr. Pearce stated we do have that opportunity. He said that is for the lease renewal for the FBO operation agreement. The FBO is looking for opportunities to expand the operation. He said there may not be budgeted money, but there is economic development funds that are made available every year. Depending on what kind of package we put together, it does create an opportunity for us to sit down with the FBO. He said we were not able to do that this past budget year, but in the coming budget year we are encouraged that we can have a productive discussion to talk about improvements at the airport.

Councilman Dewar stated he had two areas of concern. He asked if we are limited as to when we can talk about an increase in the fuel fee. He said the other question is whether we can impose a landing fee on aircraft that arrive at the airport. He said the problem we run into from the viewpoint of Council is that it is the city's airport. He asked why the agreement is structured so all of the cost of maintenance is the city's and all the profit goes to the FBO. He felt that was not a smart thing for the City of Aiken to do. He said we are talking about the effects of economic development with people landing at a nice airport and getting a good first impression of Aiken. He said he would challenge us to find a way to get more money for the city from the airport. He said if the revenue and costs were neutral, he felt Council would be happy.

Mr. Pearce stated he did not know if we could be neutral. He pointed out that a lot of FBOs in this bad economy would just leave. Councilman Homoki stated as a user of airports, that most FBOs will charge between a \$5 and \$12 landing fee if they keep the airplane overnight. If you get at least 20 or 30 gallons of fuel, then they wave the landing fee. He pointed out Councilman Dewar had expressed concern about the 5 cents per gallon for the fuel flow fee. He pointed out for the 3,300 gallons of fuel that the plane from Switzerland purchased, the city will get a net of \$150 out of that. Mr. Pearce stated there is an opportunity in this coming budget year to have that discussion with the FBO.

Councilman Merry stated he agrees with Councilmember Dewar on this matter, but in this case he sees the airport as more of an investment. He sees the airport more as an investment than an expense. He said if we never get it neutral where the revenue and expenses balance, the airport is still an investment and a worthwhile thing. The more we can enhance the airport and make it more attractive and make it a viable option, the more likely people will use it and find Aiken. He said when someone starts marketing Aiken County to a prospective business, they will look at the Aiken Airport. Mr. Pearce stated it is used very frequently for that purpose. He said the pilots that came to the Aiken Airport for the Masters were highly complimentary of the airport. Councilman Merry asked if the County contributed any revenue to the airport. He said the County gets the benefit without any expense. Mr. Pearce stated we can have those conversations with the County.

Councilman Dewar pointed out that Council had a meeting at the airport and it was good for information purposes. He said there must be a way for us to net out even. Mr. Pearce stated making the airport revenue neutral would be very challenging, but we have opportunities for a path forward to have some negotiations to get some buy-in by the FBO and get some outside sources who would be willing to step up from an economic development standpoint and fund some improvements for the airport. He said we will have those conversations. Mayor Cavanaugh stated part of the key is getting more aircraft at the airport. He wondered how many more hangars we could get at the airport. Councilman Ebner stated he felt we need to have a reality check on the economics of hangars. He said as an economic development tool, it costs us from \$300,000 to \$600,000 a year to do it. He said he had talked to Mr. Laver and had him give him some numbers on rentals. He said even if you build a building and charge zero interest rate on it, it almost never pays for itself as the rent is so low. He said if you charge too much, people leave their plane outside.

Mr. Grinton stated for the strategic plan for the airport, staff plans to work on Exhibit A for the FAA requirements and the design and permitting a terminal apron expansion. He

L said this would help with the Masters traffic. He said they want to remove the old paint shed maintenance hangar and then expand the apron so the big planes have more room to navigate and Mr. Laver has more room to stage the airplanes during the Masters and do it safely so there is no damage. He said he had a preconference grant call with the FAA, and they are looking favorably at this. They are requesting some changes, and we will negotiate through that. He said if the FAA gets behind a project that is where the \$150,000 becomes \$2 or \$3 million. He said they will find some of the discretionary money they have, but there is competition for the money. He said the purpose of the picture of the airport with the Masters planes was so it could be connected to the grant request as that is very impressive.

Mr. Grinton stated Engineering and Utilities is responsible for the Community Development Block Grant fund. He pointed out there was a budget increase of about \$8,000 from last year. He pointed out the amount has been going down for the last several years.

L Mr. Grinton stated he wanted to give an update on the EPA grant for Crosland Park. He said we are at the point where we have spent the grant. He pointed out that we started out weatherizing homes in Crosland Park and renovating the homes. That was what we were programmed to do. He said we did 11 homes, and then had a lull in the action because we were not selling the homes. We recognized that we were not going to be able to continue and spend the money. We had only spent about \$100,000 so we contacted our program manager of EPA and proposed an alternative which was to start doing energy renovations for homeowners that owned their own homes. He said that was what they gave permission to do. They also gave us permission to extend the timeframe. It would have been finished in February, 2014, but they granted us a year's extension to keep doing the work as they thought the revision was worthwhile. He said about that time was when SCE&G began offering energy wise rebates for certain things. He said they contacted SCE&G and worked out a deal that they will rebate to our program the energy efficiency of the various homes that we have renovated. He said we have generated an additional estimated \$25,000 which we can put into the additional homes in Crosland Park. We will be able to get three or four more homes renovated for energy efficiency as a result. He said the homes are owner occupied homes.

Councilman Dewar asked about the Emergency Repair Program. He asked how many people we are able to help with \$83,805. Mr. Grinton responded there is a limit of \$5,000 per person in the regulations. It was pointed out that not all of the repairs cost \$5,000, and the more of those the more people we are able to help. It was pointed out that program will increase to \$90,000 next year. It was felt this was a good program for the extra money received.

Councilman Homoki asked when we get a rebate from SCE&G for the \$25,000, how do we account for that. Mr. Grinton stated we are putting it back into the EPA grant revenue account, and it will balance out to zero with expenditures for the program. He pointed out that the EPA grant required the money to be used in Crosland Park as that is the way the request was written.

L Mr. Grinton then reviewed the division budgets with the first one being 3130 Streets and Parks. He said he had already reviewed the priorities of the division. He asked if there were any questions on the Streets and Parks Division. Councilman Ebner stated he had sent an email regarding the number of new employees. He said he had counted 13 new people. He pointed out there is one in the Streets and Parks Division. Mr. Grinton responded there is a half position in Streets and Parks. He said the half position will be the Heavy Equipment Operator which is the position talked about earlier for doing the dirt roads.

Mr. Grinton moved to 002-3110 of the Utilities Division. He said there were not many changes in the Administration Division. Councilman Dewar pointed out that in some places we have depreciation down and others we don't. He pointed out that some of the equipment that is proposed to be bought has no depreciation as it is new equipment. He said he wanted to understand the philosophy of depreciation in this budget. He said if

there is an item for depreciation should it be there, and if it is, what does it mean. He asked if it was a commitment to set that money aside.

Mr. Pearce stated if we buy something new for the very first time, what we would do is, based on the time of the purchase, take the 125% of the purchase price and begin depreciating it based on our expected useful life of the equipment. Councilman Dewar pointed out for the new equipment we are buying in the proposed budget, which is a lot, we would figure depreciation amounts for the equipment based on the number of years for the particular equipment. He asked if the depreciation was a commitment to do that when we buy an asset. Mr. Pearce responded it is a commitment for the depreciation as there is a line item for depreciation in the budget for that division. Councilman Dewar pointed out that last year we show a budget amount of \$42,534 for Building Depreciation, and this year we show nothing. He also pointed out last year for Vehicle and Equipment Depreciation we show \$18,846 and for the proposed budget we only show \$5,819.

Ms. Abney stated when you look at the column for Actual last year, we do depreciation for all the buildings, all the equipment, and anything we own, but we don't necessarily fund with money for all of that. She said we do that with area 13 which is after we close the 12th period. We make those adjustments before the auditors come. She said we have to be prepared to have our books audited and be on the accrual basis. She said for the Actual we did not have any money set aside for building, therefore we don't have to budget for that when we are budgeting for the year. She said that is an accrual entry they make in the 13th period.

Councilman Dewar stated then we put whatever money is available into that particular account. Ms. Abney stated not really and perhaps she was not explaining it right. Councilman Dewar said take for example a pickup truck and assume that it should depreciate \$2,000 a month. Ms. Abney pointed out that we depreciate a pickup truck every month, and we do set money aside. She said that can be tracked, and we do that every month through our fixed assets system. We make an entry every month based on the cost explained by Mr. Pearce. She said they take the cost and add 25% so we have 125% of the cost of the asset and divide that by the life of the asset which depends on the item. She said if the life is 5 years, then for the next 5 years we will take 20% and show it as an expense in the line item and put cash aside. She said that is done every month. She pointed out that buildings are different. We do not put cash aside for building improvements. She said only certain budgets have cash set aside, and it is usually numbers like \$20,000 or \$50,000. She said that is something for which they put cash aside because we know we are going to have building maintenance, but it is not based on the cost of the building times 125% over the life of the building. There are other unusual items that are really equipment. In this budget the biggest one is our water and sewer systems. We do not do water and sewer system cost plus 25% divided by the life. We have done that and looked at that, but we use that \$1.2 million. She said eventually that \$1.2 million will have to go up because we are building a new water plant. She said we will need to adjust that. She said it used to be \$900,000. It has grown. She said that is where you might say we will put what we have. She said that was talked about when we talked about the rate increase. She said if we don't have enough revenue to support our expenses, we can't fund the full amount for the depreciation.

Councilman Dewar stated that was the main reason he asked the question. He said he understands what Ms. Abney is saying, but essentially what that means is we are not able to monitor depreciation on the infrastructure until the end of the year, and then you take how much you think you are going to have and allocate as best you can to the various accounts in all of the departments in the city for depreciation.

Mr. Pearce stated in the August budget reconciliation that we bring to Council we have that discussion. He pointed out that through the year in the quarterly report we show all the expenditures and revenues, it does show the depreciation as being set aside throughout the year for the items such as vehicles and equipment. Ms. Abney pointed out that the Water and Sewer System for the \$1.2 million is the only one that really waits until the end of the year to see how much we can fund.

Councilman Dewar stated that is a critical one. He said that is getting us into a lot of trouble over the years because we don't have the \$1.2 million and last year only had \$560,000. Mr. Pearce stated it is a valid point. He said there were a couple of years that the prior City Manager came to Council and said we could not fund the depreciation at all for the water and sewer. He said the concern that Councilman Dewar raises is a very valid concern. He said the first year he came to Council in August for the reconciliation we set aside \$1,068,000. Then the next year it was about \$568,000. He said this year with the rate increase, we won't make the \$1.2 million. We will know what the number will be in August. He said that was a reason for the rate increase because of the preliminary discussion we had that we need to maintain our system.

Councilman Dewar stated the frustration is that we all took a lot of heat for the rate increase. He said one of the things he said was that we did not depreciate as much as we should have and had we depreciated as much as we should have maybe we would not have needed a 10% increase, but possibly an 8% increase. He said it seems that we are going to be in the same position every year, essentially until August after the year is over then we will know what position we are in.

Councilman Ebner stated he disagreed. He said we can do a better job of planning that. He said by November we pretty well know what we are going to have. He said we have not been doing that in his short term of five years. He said we wait until Horizons. He said we need to look at it in November. He pointed out when Mr. Grinton issues his amount of water pumped in November, we can figure it out. He pointed out the billing is about 30 days behind the actual end of the month. Ms. Abney said what is pumped in October, we read November 1, and bill December 1. Councilman Ebner stated if we can get those two months from Mr. Grinton as to what has been pumped, Finance will bill later. He pointed out the water has been pumped so they will be billed for it. He said there are two months that we can take Mr. Grinton's numbers of water pumped and be within 1% or 2% of what the revenue will be at that time.

Mr. Pearce stated we feel comfortable once we bill through October that we can prognosticate what the sales will be for the rest of the fiscal year. He said we can look the revenue and see what is necessary. He thought the discussions we have had about the inflationary pressures and the years that we did not at least adjust the rates to account for inflationary pressures, were very valid comments. He said we do have an opportunity at the end of November. He said we would have reconciled this year's budget in August. Then we would have billed through October and know by the end of November what we need to look at and what we need to do. Then you are not waiting until the end of January.

Councilman Ebner stated you raise the rate in December because in December Ms. Abney had come up within 2% or 3% of what extra money she is going to get with the rate increase. He said if you look at December through March, even Mr. Grinton's charts showed they are pretty consistent over the years. He said we could come very close at that time. He said come December we are going to be pounding on the table to see what we need to do. He said we can't sit there like we have in the past and say we will wait and see what happens. He said we have done that three years in a row, and we can't do that again.

Councilman Dewar stated he understands that. He said if it is November when we do it, the sooner the better. He pointed out we take flak whenever we raise anything. He said if we can identify it in the November timeframe that would be better. He said if we put an increase in effect in November, that should take care of us until June 30. Councilman Ebner stated it should take care of it until November if the work is done right.

Mr. Pearce stated the goal would be to not have to look at it in the summer, but each November that would be part of the cycle where you know what your projected revenues are and make the adjustments accordingly.

Councilman Dewar asked how much change we get between November and June. Mr. Pearce stated that is what we were saying. Once we know what the October billing will be, whether it is the production or billing, we feel very comfortable we will know what the revenue would be through the end of that fiscal year which would be June 30. If we could make that projection, then the following November would be the opportunity to visit it again. He said it is a valid point that there is no need to wait until the end of January and try to play catch up. He said we know we have the inflationary pressures, and then whatever adjustment is appropriate, we could have that discussion.

Councilman Dewar stated the other unknown in utilities is the work load because you can't predict how many pipes are going to break or how many leaks we are going to have. He said he can see we are trying to get proactive and trying to get it under control, but it is probably a couple to three years away from getting it where you want it to be. Mr. Pearce stated it is better already. Councilman Dewar agreed that it is much improved. Mr. Pearce stated he was very encouraged by what Mr. Grinton and his group have been able to do.

Councilman Ebner pointed out what we would be doing is moving the increase from April-May back to November. He said those numbers change very little on the average between November and March or April. He pointed out in the charts which Mr. Grinton had just showed the winter time usage hardly changes.

Councilman Dewar stated that was the time to do it because it would keep us out of the 10% range. Mr. Pearce stated he agreed that we want to be very reasonable and very fact based on any adjustment we make. Councilman Ebner said we would let him explain two raises in the same year when we raise the rate in November.

Councilman Merry left the work session at 6 p.m.

Mr. Grinton moved to 3111 Engineering Division. He pointed out that the drafts person is retiring, and we would be hiring a new person. Councilman Dewar asked what \$45,000 was for under Professional Services. Mr. Pearce pointed out that the expenses were itemized in Form 5. The expenses are for surveying services, Northside renewal streetscape/sidewalks, Sanitary Sewer Evaluation Survey, etc. He said it was all broken out on that form. Mr. Grinton said what we have is more projects, and we start with a survey to understand what the elevations are so we can do a design.

Councilman Dewar asked if Mr. Grinton was projecting any wage increases for people in the department. Mr. Grinton stated he had only made limited increases. He said he was trying to actively identify who he considers to be key people and then provide some reward. He said overall the majority of any increases would be a cost of living increase that would be decided for the entire city. Mr. Pearce stated we will do a final revenue estimate at the end of this month so by the time we have first reading of the budget ordinance we will have what we feel comfortable recommending to Council as far as a cost of living adjustment and whether or not funds are available for any type of merit bonus.

Councilman Dewar asked about the turnover in the Engineering and Utilities Department. Mr. Grinton stated the turnover has been for cause, which is part of the process of becoming more efficient. He said we do have a challenge. When Bridgestone started hiring, we lost some people. People go to places they have a greater opportunity and Bridgestone pays more.

Mr. Pearce pointed out that as discussed with Council staff is working on a total list of benefits, not just compensation but also a value for the benefits that employees receive. Councilman Ebner pointed out that Bridgestone is just like Dupont and URS. Every time one comes to town and they start a construction project, you will lose people as they will go for the \$18 to \$20 per hour versus \$10 an hour.

Mr. Grinton stated in general we are working into our efforts more inmate labor where we can. It is an opportunity for them. He said it does not always work out, but

sometimes you find someone good, and we hire them for the city. He pointed out we are leveraging resources. We have people who understand how to repair things. Then you have people who can help with yard work. Instead of having an employee who knows how to fix a sewer doing yard work, we can have someone who can oversee the operation and use some of that labor.

Councilman Dewar stated if we are basing our expenses on expected revenue, we will never ever get enough money for anything more than a 1% increase for our employees. He said we could selectively pick a few and give a 4% or 5% and some won't get any. He pointed out the city has not given a significant increase since he has been on Council. He said he thought the best had been was 3%. Mr. Pearce stated the city had paid one week's additional salary. He said that percentage was between 2% and 3%. He said that was very well received.

Councilman Dewar stated he felt that was a discussion he felt Council needs to have whether it is in closed session or not. He felt it was a discussion that Council needs to have. He said when you give a 1% increase and you have 2% inflation, the employees are losing 1%. He said the city cannot pay enough to compete with Bridgestone. He pointed out the competition for Public Safety from Wackenhut and North Augusta.

Mr. Pearce pointed out that some of the people who had gone to Wackenhut had come back to Public Safety. He said that is a discussion we are going to have. He said we have to identify the funds.

Councilman Dewar stated that is the question that Council needs to discuss. He pointed out that the city has lived off of growth for many years, but growth had died. He said it is projected to get worse. He pointed out what might happen at SRS. He said we need to have a positive discussion on salaries for employees.

Mr. Grinton moved to 3160 Shiloh Springs. He pointed out the biggest thing there is the radium filter, safety and licensing consulting. He said there is about a \$20,000 cost to do the testing and report writing, and safety training, etc. associated with the new filtration system.

Mayor Cavanaugh asked how much water we get from Shiloh Springs percentage-wise. Mr. Bryant responded that we get 1.3 million per day at Shiloh out of a total average of about 10 million. Mr. Grinton stated a ballpark percentage would be about 10%. He pointed out that Shiloh is some of the lowest cost water, at least prior to the radium reduction equipment. He said the cost has now gone up. He said it was the cheapest because it just flowed, but the cost is still equivalent to the cost for a well.

Mr. Grinton moved to 3161 – Shaws Creek. Councilman Dewar stated he had a question regarding Vehicle and Equipment Depreciation. He pointed out last year it was \$20,483 and this year \$6,631. He asked why the reduction. Mr. Pearce stated as we collect the money on some equipment, the equipment becomes fully depreciated, and we would not continue to collect money for the equipment, so there would be a reduction in the depreciation until new equipment is purchased and depreciation is figured for the new equipment. Ms. Abney pointed out that for most of those numbers the Finance Department calculates the monthly depreciation for all the active equipment and rolls it forward for six months. If it is still going to be active the Finance Department provides the numbers to the department directors. They add to it if they know they are buying any new equipment. Councilman Dewar pointed out then because of the numbers shown, it reflects that we have some assets in this division that are fully depreciated.

Councilman Ebner pointed out that the labor cost went up \$89,000. He asked if that was operating costs. Mr. Grinton responded that two employees that were in the 3181 division were transferred to the 3161 division.

Councilman Ebner asked if the Lloydtown tank and the Vale water line were the same project or two projects as the detailed sheet just had one cost amount. Mr. Grinton stated they were separate projects. It was pointed out that \$680,000 was for the Vale water line

and \$225,000 was for painting of the Lloydtown water tank. He said the Vale water line would be under CPST III whenever the money comes in. Mr. Pearce stated the Vale water line was shown for the 2015-16 budget year. It was pointed out that when the water line is run for the Vale, the water tank will not be needed.

Mr. Grinton moved to 3163 – Wells. Councilman Dewar stated he heard earlier that the water line that goes from Silver Bluff to Town Creek will fix the pressure problem. He said he thought one of the reasons we needed a new well was to fix the pressure problem. Mr. Bryant responded that we do need water storage as we have not built a new tank since the 80's.

Councilman Dewar asked if we pay \$687,000 to SCE&G for power. The answer was we do. Mr. Pearce pointed out that in the Street Lighting budget we are talking to some vendors about coming in and placing energy efficient bulbs. What you do is pay the vendor back with the reduction in the power billing from what it was before installing the energy efficient bulbs as repayment to them for a two to three year period. Then in the future the city would have that savings. Mr. Pearce stated what we are looking at is a pilot project in the downtown to see what the bulbs would look like. Mr. Grinton said the challenge with that is to negotiate with SCE&G because they don't want to let go of the fees they have. Mr. Grinton stated with the wells we would be completing the Silver Bluff Water Treatment Plant and well pump rehabilitation.

Mr. Grinton moved to 3181 – Water and Sewer Division. Mr. Pearce stated this division includes the major request from Mr. Grinton for new employees. Mr. Grinton said one of the things that DHEC wants us to do, and we are obligated to do and want to do a better job, is valve maintenance. He said we would have one person teamed up with an inmate where the two of them would be going out and identifying where the valves are and GPS them so we know where they are and make sure they are in our system. Then we would exercise them. He said DHEC ideally would want us to do 20% of the valves every year so in a five year cycle you are actively checking the valves. He said when you do that you will find out which ones are not turning and then there would be a project to fix it. He said if you have a problem with a break in a line and the valve won't turn you can't turn off the water. You may have to go somewhere else looking for other valves to turn off which extends the number of people who will not have water while the line is being repaired. If the valve had been working, the area could have been isolated to just that street to repair the line. He pointed out you might have a main that is broken, and you are trying to turn a valve which won't work. He said a project that should take 30 minutes to an hour will now take 6 hours leaking while you are trying to turn a valve. He said there is good reason to check the valves.

Councilman Dewar asked if every house has a valve. Mr. Grinton responded we are talking more about streets. He said these are the main valves that he is talking about. He said picture the grid that the city controls, and we want to turn off mains. He said every house does have a curb stop. There is a stop on the main, and there is a stop at the meter so you can turn off water to the house. He said to fix the problem you can turn off at the meter, but if there is a problem between the meter and the main, then you have to dig down to the main and turn off the curb stop.

Mr. Pearce pointed out that Mr. Grinton is proposing nine new positions in this division. He said we will have to look at revenue and timing of the hiring. He pointed out once we hire people that is a salary so that is fixed overhead. He said we have to look at this long term to make sure we will be able to fund the positions in the future.

Mr. Grinton stated he was looking at a camera crew, right of way maintenance, and an additional sewer crew. Mr. Pearce stated if we phase this in and do something mid-year once we have the revenue projection for the following year, that is a discussion that he and Mr. Grinton have had and something they will look at. He said we know what the immediate needs are versus what would be helpful versus a need.

Councilman Ebner stated he would assume that the attrition rate is pretty high in the division. He said technically in three to four years, the people replacing the meters won't

be needed any more. He said that is a cycle kind of like when we eliminated the commercial waste pick up. The agreement was that we would not lay the six people off, but would let attrition take care of it, and it was taken care of in a year.

Councilman Ebner asked if we will have changed out about 2,000 to 2,400 meters by June 30. Mr. Grinton said we should be in that range. Councilman Ebner stated if we use the cost as \$250 per meter and we have 18,000 meters, Ms. Abney is going to need to check her math based on that in our spend out. He felt we were short some money. He said we had \$3.6 million, and he thought it was going to be \$800,000 to \$1,000,000 more than that if we average \$250 per meter. He said it would take the fourth year to complete the meters. He said when we come to the spread sheet on water meter replacements, now that Mr. Grinton and Ms. Abney have about 3,000 meters done, you know more what it is costing. He felt it would take a fourth year and another \$800,000 to \$1,000,000 cost for replacement. He said we need to go ahead and show that when we do the end of the year reconciliation in August. He pointed out you have inflation for three years too.

Mr. Grinton moved to 3182 – Wastewater Pump Stations. He said we have a supervisor retiring, and in the budget he requested part time for the individual. He said one thing he hoped he could do is help oversee a 404 grant and put in pump-arounds and generators. He said this person is a very experienced individual and, in this area having the cross-training opportunity where he will be able to help the new supervisor that comes in learn the ropes, will be very advantageous to the city. He said his capital spending goals were for lift station pump-arounds. He said the total he would like to have is \$1.8 million to install pump-arounds at all 39 lift stations. Mr. Pearce stated we have to keep in mind that the grants are a competitive application process.

Councilman Dewar asked if there will be a 3% rate increase for the Public Service Authority for treating the city's sewage. Mr. Grinton said they have not raised their rates in the last couple of years so they are bound to increase the rates. Ms. Abney stated they are in budget process now also, but will not tell us until late May or mid-June if there will be an increase.

Mr. Grinton moved to 006-3170 Stormwater Division. Mr. Grinton stated the division is asking for a larger backhoe for this group so they can do more projects. He said this is one of the areas where we have gotten a lot more productive. He said the request is to try to give them the equipment they need. The other major pressure on the Stormwater Fund is the storm water projects which have been identified. He said we need the funds to do the projects. He said we can identify projects faster than we can come up with money.

Councilman Dewar asked if the Foxchase Gabion was the Bellreive one. Mr. Grinton stated it was the one that for Foxchase and Houndslake North and comes up by the lift station on Bellreive.

Councilman Ebner pointed out the department request for line item 3170-467-75-05 was \$1,862,631 but the Manager had recommended \$151,395. Mr. Grinton stated that was his request. He said one number that reduced the amount substantially was the integration of Lowe's Pond and George's Pond for that project. He said that was just for the storm water portion, not for the entire project. It was for expanding the project. He said Mr. Hilderbrand had given an estimate in the \$600,000 to \$700,000 range depending on what happens. Mr. Pearce stated the Stormwater Fund does not have the funds so we are looking at other funding sources. Mr. Grinton stated it could be CPST II Whiskey Road Improvements. Mr. Grinton stated the issue is how fast you will identify projects and how fast you will be able to implement corrective action for those projects.

Mr. Grinton stated we had already talked about the Airport Fund and Community Development Block Grant Fund.

CAPITAL PROJECTS SALES TAX

Mr. Pearce stated with the Capital Projects Sales for CPST II that Mr. Grinton, Ms. Abney and he had had several meetings and gone through this. He said they know that

we have on hand \$10,602,574. He said in several discussions we have had about Capital Projects Sales Tax, the consensus that he was hearing from Council is to put a stake in the ground and call that the \$10,602,574 stake. Then what Mr. Grinton has presented today is a way that amount of money can be spent out this budget year, next budget year, budget year 15-16, and there should still be some money available for 16-17. He said that is a spend out by fiscal year 2016-17 from the second round of One Cent Sales Tax money.

Councilman Ebner stated he felt that was the way to do it because if you go back and look at CPST II which was the good and bad as the Mayor had mentioned about housing. He said that went up over seven years less than 1% a year on the average. When we got to the end, it was actually \$28.2 million requested, and we got \$30 million in. Mr. Pearce stated it was \$28.2 million, but there was a separate \$2 million item which put us to the \$30 million. Councilman Ebner stated it put us to the \$30 million, but the \$2 million was our gravy in that because if we didn't get the extra \$2 million we would not have done that part of the job. He said technically we only got \$2 million more in seven years of what was projected, which is about .8% a year. He said if you use 1% for the next four or five years, the best we are going to get is another \$1 million in the other seven years that we have left. He felt it was very wise that we be conservative probably until we get to 2017-18 budget. He said he hoped the numbers are better than they are, but there is nothing in the picture that says the next five years are going to be better than the first year and a half.

Mr. Peace pointed out that Councilman Ebner is talking about CPST III, but he was talking about CPST II. Mr. Pearce pointed out that for CPST III we have had two payments so projecting forward that is something we are going to look at. He said as long as we are talking about CPST III the only other thing he wanted to toss in was that it still looks like we are on track, even with the approval for the Crosland Park work, to pay off all the debt by the end of this calendar year.

Councilman Ebner stated we could pay off everything but the \$1.5 million. He pointed out we have \$1.5 million already committed in December to pay off the Crosland Park loan. Mr. Pearce stated that is assuming that the \$1.5 million gets paid. Councilman Ebner stated that will be in the first part of the year to do that, but everything else will be paid. Then the \$1.5 million will take one or two months into 2015.

Councilman Dewar stated regarding CPST II, he knows it is only a plan, but he was not sure we had decided to build the Northside Recreational Park on the landfill. Mr. Pearce pointed out that is what the voters approved. He said the description from the ballot said "Construct Northside Recreational Park on the City's former Landfill." Mr. Pearce pointed out there is nothing in the ballot that describes what a recreational park is. He pointed out there had been several discussions. Staff came to Council a couple of Horizons ago and there was a concept plan for a meadow, and we were talking about mining the thinner areas and putting in practice fields. He said that is something that can be done, but probably not for \$2 million. He said we have had some follow up conversations. He said we are in very much preliminary discussion so he does not want to create expectations and doesn't want to get too much in the weeds on this. There is potentially a possibility that this could become more of a STEM science, technology, engineering and math educational type facility where you cap. You don't mine the thinner areas; you cap the landfill, and it can be a good laboratory for monitoring what is there and what is there is not migrating. This has been done in other parts of the country. There is a potential opportunity to have this as a model for the rest of the country with what you do with a brown fill area. He said this is very preliminary. Councilman Dewar stated the last we heard it was not safe to do much on the landfill. Mr. Pearce stated that is why we had the discussion with that particular consultant about mining the thinner areas. He said all you do is dig up trash and move it somewhere else and it is somebody else's trash. He said that is not really a solution. He said we are very encouraged with some recent discussions that there might be a way to cap this. He said obviously there is a legal consideration and an environmental consideration, but the end product would be something that could be a model.

Mayor Cavanaugh asked what would be the price of capping. Mr. Pearce stated that is what we have to look into. He said it would be significantly less than going in and mining. Mayor Cavanaugh stated the Aiken Standard had asked some questions about recreation--what we are going to do and where we are going to do it. Mr. Pearce stated that is what we are going to look at this coming budget year. He said it is a fair question. He said if there is an opportunity to take this money and find matching money maybe that would get us to the finishing line. He said it is very preliminary.

Mayor Cavanaugh stated we had talked about three places, including Eustis Park. Mr. Pearce stated there is a commitment for Eustis Park in CPST II and III for design and development and land acquisition. Mayor Cavanaugh pointed out there were some problems too. Mr. Pearce stated we are working through those problems. He said in existing Eustis Park there was some USDA money that was used to put the playground equipment in. The question is if you take out a facility like the basketball court, then you have to go through an application process to show how the basketball court you took out is then replaced there or at some other recreational facility so that amenity is still available. He said we are getting some preliminary reports that that requirement is being relaxed to a certain extent so we could do something there if we need to and not necessarily have a cumbersome application. Mayor Cavanaugh asked if the facility at Eustis Park was to be the Senior/Youth Center. Mr. Pearce stated that is the way it was on the ballot. Mayor Cavanaugh asked if that might come to pass. Mr. Pearce stated it should. Mayor Cavanaugh pointed out that Second Baptist Church had suggested that a recreation facility might be at their place off of Dupont Drive. Mr. Pearce said that offer was brought to Council for the potential land donation, but Council had some questions and did not go forward on that. Second Baptist was going to come back with some other proposal, but has not come back. He said that was actually a separate issue and was kind of tied to CPST III. He pointed out Item 21 on CPST III which is "Purchase Land for Future Northside Park." He said there is \$500,000 for that. He said the problem is because of the revenue forecast we may not get there. He said we don't know right now as we have only had two payments. Mayor Cavanaugh stated the hope is that we will be able to do the project at Eustis Park. Mr. Pearce pointed out those are two separate projects. Councilman Dewar stated one project is to buy the land and one is to put the building on it.

Councilman Ebner stated he felt the Mayor was trying to tie too many of the projects together.

Mr. Pearce stated the Second Baptist Church project was a separate issue and was not the Senior/Youth Center. He said it would be a potential future recreation project, but the question is funding.

Councilman Ebner stated we would talk about that next week. He said there are three or four jobs that we might be mixing together.

Mr. Pearce stated with Eustis Park we have money in CPST II to do the design and see if any additional land acquisition is necessary. We were looking at the School District property, but that did not work out because the bond referendum failed. He pointed out we did buy a strip of land to consolidate what was inside the curve. He said there was a strip of land that the School District had and Council approved the purchase of that land. He said that land will help with parking and stormwater run off issues. Then we got encouraging word from the state that the federal folks with the USDA grant requirements are relaxing that cumbersome application process if you took a basketball court out what are you putting there to replace it. He said we are following up on that.

Councilman Dewar asked that we go back to CPST II. He pointed out Item 10 regarding "Erosion control and drainage projects in Hitchcock Woods." He said that has \$1.6 million in FY 16-17 for Hitchcock Woods. He said that is premature because we don't know what we are going to be able to do there. He said he was hoping that the study by Clemson would help. Councilman Ebner stated that would not give you the time of day for what we are looking for. Councilman Dewar stated he thought it would so that is why he voted for it.

Councilman Dewar pointed out Item 15 regarding "Open Space." He pointed out we are not spending that. He said we have \$759,000 to spend, and we show spending \$225,000. Mr. Pearce stated we have not identified a tract. Councilman Dewar stated then in 15-16 we show \$158,000. Then we would still have \$400,000 left. Mr. Grinton pointed out the right hand column is the total spending of the projected remaining spending. In effect the \$383,000 is the sum of the \$225,000 and the \$158,867. He said we are projecting to under spend that project in order to balance out to the \$10,602,000. He said there has to be a project that you don't spend all the money on. He said that item is the least defined project at this point so that is where he removed funds in order to balance the \$10,602,000. Councilman Dewar stated in a perfect world we would spend a little bit more than we were supposed to, but not that much. He pointed out with the Splash Park that we spent \$65,000 more than was approved to spend. Mr. Pearce stated it was about \$32,000. He pointed out the number showing under Item 34 is \$147,155, but you have to go above. He pointed out we did the restrooms and the parking lot, combining the three projects into one construction project. Mr. Grinton said those items are 11 and 12. He said we under spent items 11 and 12 by \$5,000 so if you look at all of the projects, it is somewhere in the \$60,000 range. Mr. Pearce pointed out it was mainly due to the water tap fees that were connected to the project. Mr. Grinton stated the tap fees were an unidentified expense connected with the project. We spend \$28,000 on the sewer.

Councilman Dewar asked if we would be talking about the CPST II and CPST III sheets at the next Council meeting.

Councilman Ebner stated he felt it would be better if we had Ms. Abney, Mr. Grinton, Mr. Pearce, and whoever wants to attend a separate meeting as there are some math issues that he needs to clarify. He said the yellow sheets and the sheets that Mr. Grinton produces usually don't have the same numbers.

Mr. Pearce stated we have tried to link those. He said we gave Council the yellow sheets and the spend out sheets. He pointed out on the yellow sheets there is \$10,602,574 to spend. That is the money on hand and the money in the bank.

Councilman Dewar asked if this was the utility money out of CPST III that Council approved that includes the Crosland Park upgrade. Mr. Grinton pointed out items 9a and 9b is for water and sewer infrastructure upgrades in Crosland Park. Councilman Dewar stated he needed to study the spend out sheets more.

Mr. Pearce stated what he wanted Council to discuss at this meeting was the fact that we have taken the money on hand, and we have a proposed spend out. He said that is not in concrete hard and fast. He said that is something we can have a continuing conversation about. He felt the point was well made about green space acquisition. He said money is in both funds. He said possibly there is an opportunity or maybe there isn't. He said the three acres purchased from the Green Boundary which was approved by Council was a lightning bolt from the sky. He said the property became available, and it worked out. Mr. Pearce stated the spend out sheets at least give us a conversation starting point. He said we have money on hand, and we have the anticipated money coming in. He said for Round III we have tried to work off the most current figure of \$30 million plus. He said what Mr. Grinton has put together and that he, Mr. Grinton and Ms. Abney had talked about is how would staff see that being spent. He pointed out that Council reserved the right in the ballot to determine the order of the projects. He said that is why we come to Council with the projects.

Councilman Ebner asked who did the different sheets. It was pointed out that Ms. Abney did one sheet and Mr. Grinton did the other sheet. Mr. Grinton pointed out that they talk to each other in preparing the sheets. Councilman Ebner pointed out there is a difference between the two sheets of several million dollars. He said when it gets down to the end that is a lot of money.

Mr. Pearce stated we tried to work from two figures. The CPST II is the money we have in the bank. For CPST III it is the current estimated revenue for the life of CPST III.

Councilman Ebner pointed out the two sheets have different balances. He said he wanted someone to show him the difference in the two. He said he thought he knew where it is. It said it is almost \$3 million difference.

Mr. Pearce pointed out that at the top of the yellow sheet, it says cash on hand \$10,602,572. Councilman Ebner stated they reimposed some of the jobs to the tune of about \$1.5 million. He said some of them had been reimposed and he wanted to go back over the numbers. He said he hoped the numbers were right.

Mr. Pearce stated what we tried to do in the spending sheet was to show a way to spend out the \$10,602,572. He pointed out the numbers can move based on what Council determines to be the priority. He said that is what the expenditures add up to.

Councilman Ebner stated he would like to sit down with Mr. Grinton, Ms. Abney and Mr. Pearce and go through the sheets. He said the numbers we had in December show a little different number. Ms. Abney pointed out the yellow sheets given out at this meeting are current through February 28, 2014. Councilman Ebner pointed out the sheet changed \$3 million from December to February. He said somebody needs to sit down with him and show him.

Councilman Dewar stated he was going to ask that at the next Council meeting that we ask Council to consider submitting a letter to the ARTS Commission eliminating the sidewalks on the bypass and narrowing the median. He said DOT has the median at 12 feet which makes the road 80 feet which to him is pretty significant. He said Mr. Gantt, of DOT, insisted he has to have 12 feet. Councilman Dewar stated he knew there would be a crowd at the meeting. He said that way the matter would be done before the ARTS meeting which is May 1.

Mr. Pearce stated the ARTS Commission appreciates Council's input. Councilman Dewar stated Mr. Gantt is giving a briefing at that time so he would have Council's input at that time if it is on the agenda for April 28.

Mayor Cavanaugh stated there is another question about phasing or not phasing. Councilman Dewar stated his understanding is that phase 1 is Silver Bluff to Huntsman and phase 2 is the other part. Mayor Cavanaugh stated Mr. Gantt wants that confirmed from Council. He is planning to discuss that at the next ARTS meeting. Mayor Cavanaugh stated if we don't phase it, it knocks out another project, the SC 126 Belvedere-Clearwater widening project.

Councilman Dewar stated maybe that should be added to the agenda for the April 28 meeting as well. Councilman Dewar stated he told Mr. Gantt what he was going to do. He pointed out there is no need for sidewalks on the bypass. Mayor Cavanaugh stated deleting the sidewalks would take off \$1 million from the project.

Councilman Dewar pointed out the 80 foot width would come very close to some houses on the bypass. He said he was hearing that they were going to move it off because maybe the Woods is not going to cooperate.

Mr. Pearce stated DOT was actually looking at right of way acquisition, and Mr. Gantt has been quoted in the paper as saying they did move away from Hitchcock Woods and the design they are working on we have not seen.

Councilman Dewar stated Mr. Grinton had done a great job with his budget, and it is probably the best budget we have seen from Utilities in a long time. He was not sure we would be able to give him all the money or people that he wants, but felt he had done a great job with the budget.

Mayor Cavanaugh stated since we are adding things to the agenda, he asked to make sure each item is clear as to what the item is. He said the question is not whether or not we are

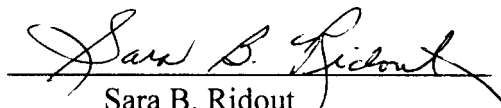
going to do the widening. He said that may come up at the meeting and Council has to decide whether we are going to take issues that are not on the agenda and if we are going to discuss them. He said for a year or so we have said we will not discuss items not on the agenda.

Councilman Homoki asked if Council would vote on the letter that Councilman Dewar is asking Council to consider. Councilman Dewar stated that Council would vote on the matter. He said what the Mayor was saying is that Council will not decide whether or not we are going to widen Hitchcock bypass, that decision has been made.

Mr. Pearce stated the question is whether or not Council will recommend to ARTS the deletion of the sidewalks, the narrowing of the median, and whether or not the project should be phased. He said that was the three things he had heard that should be on the agenda.

ADJOURNMENT

There being no further business, the meeting adjourned at 6:40 P.M.


Sara B. Ridout
City Clerk