

**BRUNSWICK REGIONAL WATER AND SEWER H2GO
BUDGET WORKSHOP
MONDAY MAY 22, 2017**

OFFICIAL MINUTES

The Brunswick Regional Water & Sewer H2GO board of commissioners called this special meeting to discuss the 2017-2018 FY Budget.

Present from the Board of Commissioners were members Bill Browning, Chairman, Ron Jenkins, Vice Chairman, Carl Antos, Secretary, Trudy Trombley and Jeff Gerken. Present from H2GO was Bob Walker, Executive Director, Scott Hook Finance Officer, Tyler Wittkofsky, Public Information Officer, and Deana Greiner, Deputy Clerk to the Board.

Chairman Browning opened the Budget Workshop Meeting and gave the floor to Mr. Scott Hook. Mr. Hook presented to the board the proposed budget for Fiscal Year 2017-2018. Mr. Hook stated that we were estimating there being 650 million gallons of water used; 475 new water connections, 290 new sewer connections plus an additional 120 connections in Compass Pointe, 80 new grinder pumps, and 200 new irrigation connections. Commissioner Gerken asked why there was nearly a \$3 million drop in revenue. Mr. Hook explained that there will not be any money transferred to the reserves this year because the \$3.4 million that would normally be transferred went to the RO Plant. There was a brief discussion of comparison between the past 4 years. Mr. Hook explained that the revenues could be higher or lower depending on the number of new connections; he said he does not base impact fees off of retail rather he based them off the number of houses. It was said that Mr. Hook takes a conservative approach when it comes to impact fees.

Mr. Hook explained the Administration Budget was higher in some areas because more positions were added to this budget; the current inspector and an additional inspector, the locators, and one customer service representative. Mr. Hook said the inspector and locators were transferred from the Water Distribution Budget. Commissioner Trombley stated that she thought the Public Information Officer was hired to handle the public; she felt the new position open for customer service was unnecessary. Mr. Hook explained that the two positions were not the same; he explained that a customer came in today complaining that they had to drive to the office because when they called no one was available to answer the phone. Mr. Hook explained that there was over 10,000 customers and that there was a steady increase in new connections which leads to more phone calls, more work orders, more applications to process, etc. Commissioner Trombley questioned the nearly \$4 million decrease in the transfer to capital reserve line item. Mr. Hook explained that \$3.4 million was taken out of the operating reserve in this year's budget and a transfer will not be needed in next year's budget. Mr. Hook explained there is \$17 million in capital reserve; he explained that all but \$4.2 million has been allocated to our current projects. Mr. Hook mentioned that the budget included a 3% COLA and 3% merit raise. It was said that we were tapped out on the 401K. It was said that H2GO contributed 5% to each employee's 401K whether or not they contribute. Mr. Hook said the insurance premiums went down 1.4% this year. It was said that money was contributed to State Retirement as well. Mr. Hook said the State Retirement was State mandated. It was said that the bank service charges went up because more people were paying using credit/debit cards. Mr. Hook said that every so often he tries to renegotiate the fees.

Commissioner Trombley went back to the employee benefits. Chairman Browning explained that when he was on the board previously, a wage study was conducted; he explained that it was at that time they realized we were paying to train employees and then losing them to other places because other places had better pay and better benefits. Mr. Walker explained that when he was hired in 2011 that he compared wages with what Brunswick County, Town of Leland, and Cape Fear Public Utilities were paying. Chairman Browning said the reality of this is that we do not have a high turnover of employees. Commissioner Trombley suggested doing a wage study. Mr. Hook explained that he could have a wage study done, he said that the cost for one runs around \$50000 to \$60000. Chairman Browning expressed that he didn't see a need for one unless we started losing our employees.

The conversation moved to the Water Distribution Budget; it was said the difference in salaries was from the transfer of employees to the Administration Budget. The water rate was brought up. Mr. Hook said the current rate is \$2.74 and we received notice that the rate could be increased somewhere between \$2.78 and \$2.83. Mr. Hook said he budgeted the rate in the middle at \$2.80. It was mentioned that the uniforms were going up \$18 a month. Mr. Hook explained that Mr. Lane was going to get an updated part listing from Ferguson so that the Rate and Fee schedule could be updated. Commissioner Gerken asked about the Capital Outlay. Mr. Hook said this line item was for the purchase of two new trucks and for a new meter reading package. Mr. Lane explained that Census was phasing out the MXUs that we are currently using; he explained that the equipment we use to read meters will not read the new MXUs and that we will have to purchase a new VXU. Mr. Lane explained that with the new MXUs and the new VXU that everything was working towards a flex net system. There was a brief discussion of the flex net system and how it works.

It was said that money was put into the Wastewater Collections Budget for a new Vac truck; it was said that staff was going to look for a bigger truck that could handle a higher volume of work.

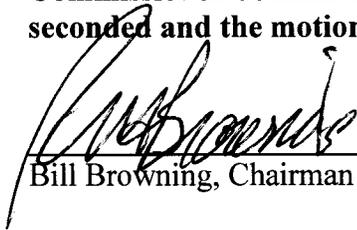
It was said that the Wastewater Treatment Plant was almost identical to the previous year. Electricity was mentioned. Mr. Walker explained that Brian works hard to keep everything running as smooth as possible and tries to conserve as much power as possible.

Commissioner Jenkins asked about grinder pumps. Mr. Hook said the grinder pumps are ordered through Shallotte Electric; he said we had a buyer's agreement with them. Mr. Lane explained that grinder pumps are essentially a maintenance nightmare. It was said the life expectancy for a grinder pump is 15 years. Mr. Walker explained that where we have an environmental responsibility to assess any pump failure, the homeowner is financially responsible for fixing any issues; he said customers are given the option to either hire our staff or find their own service technician. Mr. Walker explained that it was much easier to maintain one lift station than to service several grinder pumps.

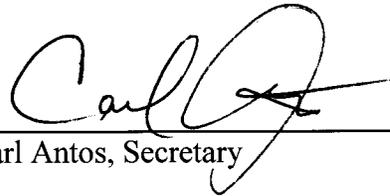
Several key things were pointed out. The insurance premiums for the employees were decreasing this year. Our employees will continue to receive 5% in their 401K. A 3% COLA and 3% merit has been added to the salaries. Chairman Browning explained that all the employees will receive a 3% COLA raise; he explained the merit raise was based on performance. Mr. Lane explained that he has seen the merit raise work; he said he has seen employees who did not receive as much as could of been step up and work harder the next year. It was said the merit raises give the

employees an incentive. Mr. Hook finished the meeting with informing the board that on the agenda for the regular board meeting was a resolution to set the public hearing for the FY 2017-2018 Operating Budget.

Commissioner Jenkins motioned to adjourn the meeting at 6:41pm, Commissioner Antos seconded and the motion carried unanimously.



Bill Browning, Chairman



Carl Antos, Secretary



Deana Greiner, CMC
Deputy Clerk to the Board