

Pickens County Public Service Commission
Board Meeting April 28, 2021 at 4:00 PM
151 Clearwater Drive
Liberty, South Carolina 29657

MINUTES

PSC Board Members Present: Connie Bowers, Cameron Farrish, Eric Rodgers,
Jim Ratner

PSC Board Members Absent:

PSC Staff & Others Present: Clint Dickey, Mack Kelly, Les Hendricks, Wendy
Spann, Mathew Wallace

(The minutes have been condensed and paraphrased during times of discussion and presentations)

The meeting commenced at 4:00pm. April 28, 2021

Approval of the April 12, 2021 meeting minutes was the first order of business

DIRECTOR'S REPORT

The Director's report was given by Clint Dickey

Summary of Construction Activity: The Director talked about the town of Central's new sewer line from Southern Wesleyan University being completed. The Director explained what the flow inventory is and then summarized the fact that some of the inventory numbers were found to be wrong and that the director and the environmental analyst would be meeting with SCDHEC to correct the numbers.

Mr. Ratner asked is the only time you need extra flow when you have development or an additional home or an additional business. The Director answered yes or mainly for industrial development. The Director explained that historically County Council just wanted to offer sewer capacity to industries and not to individual residences in order to attract jobs and create tax revenue for the County. The Director explained that there has been an increase in interest for housing in Pickens County which has put pressure on the PSC to accept sewer from homes and neighborhoods.

The Director then summarized the Intergovernmental Agreement (IGA) between Pickens County, Liberty, and Central. The Director then explained the term I&I or inflow and infiltration. The Director then briefly spoke about the I&I problems with the City of Liberty's collection system. The Director explained that the County wants to help with repairs to the collection system but did not want to incur any extra costs to County tax payers. The Director gave a brief summary of the plan to drain the old lagoon system at the Liberty Denim sight. The Director explained how the Crayton Creek system was developed with Tobacco money and then was sold to Easley Combined Utilities.

Operations: The Director explained how the septage receiving station worked. The Director explained how the non-potable water pumps needed to be replaced at the Upper plant. The Director explained that Tank#1 needed to be painted this summer and he summarized how the tank must be cleaned out first.

Mr. Ratner asked who decides to buy a new pump, is it this Commission or is it County Council. The Director explained that the PSC was one of the few revenue generating County Departments and so Operations and Maintenance would be passed on to customers by way of the rate we charge for sewage treatment or if it is Capitol items over \$5,000 dollars then it would be paid by the members of the IGA. County Council ultimately decides whether to OK the budget or not as it is or whether to add or subtract items. The Director asked Mack Kelly when the Council would see the budget and he replied tomorrow night. Mr. Ratner said so if it's in the budget you can spend the money? The Director said yes.

The Director summarized the National Pollutant Discharge Elimination System Permit.

WWTP Performance:

Plant performance has been good with no NPDES violations. Warming temperatures should improve plant performance.

R/O/W Mowing

The Director explained that the tractor was still at Vehicle Maintenance for repairs. Most chainsaw work has been done by the Director and the Environmental Analyst.

BUDGETS: 2021-2022

The Director explained that the Operations Manager retired and that only one acceptable application had been submitted. The job was offered to this applicant but he turned it down so the Director has submitted a proposal to reorganize the PSC which was now under consideration by administration.

This concluded the Director's Report.

The Director explained that County Council was possibly interested in some changes in the County Sewer Use Ordinance (SUO) and that the next meeting would be the opportunity to discuss this and that there would be a presentation to ask for changes to the SUO. The Director said he would email portions of the SUO to Commissioners so they could see it before the next meeting.

River Stillwell introduced himself as a lawyer over in Greenville. He did not go to law school to become a sewer lawyer but danged if it didn't happen.

"About 75% of my job is that I am the outside council for REWA (Renewable Water Resources of Greenville) which is like the Public Service Commission in that we own all of the sewer plants in Greenville except for the one that the City of Greer has, and the trunk lines. But the whole time I have been working for REWA, the whole focus has been to get the sewer system consolidated back together because people come from out of state and say, we call it whole sale which is the treatment thing and retail the people who do the neighborhoods. They look at it from outside and they say how did you ever get those two things split in half? And it is split in half in Pickens County but kind of in a different way.

REWA just last year took over basically half of Anderson County. The just gave REWA the whole sewer system. REWA took it and treatment is like all on the Saluda River that where all of the treatment plants for that are. But we took over the whole retail too – the neighborhoods and everything. They are gonna buy out the Pelzer systems, which are disasters. They got renovated and are now in good shape, but they are dogs.

Mac Kelly, head of Public Works, enters the meeting room, is introduced, and takes a seat at the table

What I wanna talk about specifically today is when this came to me, Daniel and his father called me regarding the Grange, it's currently projected 300 homes but projected to 1500-2000 homes.

When this came to me they said we want a private provider to own and I said, 'stop, why?' I literally have two controversies on my desk right now that are two public providers fighting over who gets the service area. It's very unusual for me to see private collector systems because I see it like this: You've got the treatment plants and trunk lines, like the root ball and trunk, and the fruit of it is the neighborhood, and in this situation you've got an 18-inch line running right through the back of the development, a golf-ball shot away from the plant, but you would have a private provider just sitting in the middle of this, basically reaping everywhere you have already sewn. The trunk lines are already in, the plant is in, that's the hard stuff. The neighborhoods are the easy stuff.

If you just do the numbers - I had just filed an intervention with the PSC asking that a neighborhood not go private with Condor who had gotten in the middle of a public system. They

don't think the way a utility does, thinking 'what's going you happen 40 years from now.' It causes all kinds of complications to get them out when they own the system.

I looked at your ordinance and you have a few systems you've taken under consent order – this is nothing like that, it's new development. Take this one. This is the easy stuff. You don't have the staff for that right now, but just do the numbers:

200 homes for what, 20 dollars a month for retail, and you're already doing the treatment, you could hire a staff member off of the first phases of this development. If you hire a staff member you could serve multiple neighborhoods.

If you look at your own ordinance, in your ordinance, in 38-91 it mentions how you can take a private system

Clint instructs the table where 38-91 is within the prepared papers

It's got a section down there called "New facilities, which tells you how you can take new facilities from a developer". I see this in Greenville every day in Greenville – the developer builds them to your specs, and when you're done with it it's just like dedicating a public road, you dedicate it to the public road,

River Stillwell points out an additional passage – Section 38-53

It has a line in there with this phrase 'The commission will not serve 'individual residential customers' and I thought well of course not. An individual customer is what I call a direct connect, like when a person wants to connect their tap to something like an 18 inch trunk line, a no-no engineering wise. This does not apply to neighborhoods at all. I don't say this lightly.

Mac highlights that the passage is the last sentence.

Clint mentions that with a master-plan development you can put in a request for sewer service but never mentions anything about a collection system.

If a development has residential, commercial, and industrial, which is a special development, then it needs to have a Master-Plan Development. I don't think there are any developments like that in Pickens County.

Clint asks if the Grange Project qualifies as a 506-development. Clint mentions the criteria for approval are mentioned later in the engineering parameters.

I can't understand the rationale, of course some of you might have been here when the ordinance was written, but why Master Plan Developments...

Commission member Jim Ratner states that he interprets the passage to mean any development which is masterly planned, and can be any combination of industrial, commercial, or residential. The basis was passed to after-the-fact solve a zoning problem

The only thing we have right now is 200 houses. This one is not even mixed use yet. This is basically what my pitch to you was: cherry pick – take the good stuff.

Clint proposes that if we debate the language they can recommend a change to the ordinance by county council to make it less ambiguous. He states that the real question is whether the county will get into the collection business.

You know actually I would recommend as a second step is to go back and preserve line capacity for industrial, but it's been sitting there for 20 years and is now going another way. It was going to be an industrial park for three counties which was later sold as private property. I look back at the upstate round table from 20 years ago and none of the projections are right but you have to have a plan. I think the ordinance as written lets you take it as what it is now.

And there's a part in here that mentions public streets, which goes hand in hand with sewers. I know it may be something new for you but I do encourage you to get in that business. You could potentially set up another entity in county to do collection.

Clint mentions that the public service commission is currently doing small scale collection services with a private contractor in Cateechee and Whispering Pines

I'm glad you mentioned that – Metro in Greenville County has a contract with Condor to operate all their pump stations. They outsource all that stuff but still own the system under the ground. Right now there's a 600,000 dollar system that a private operator gets for free that he gets to put on his balance sheet, he has to maintain and pay taxes on it. When they give the operator the 600,000 dollars, the operator gets the developer to pay the tax dollars, which gets passed on to the homeowners. So it ends up being the people who pay the tax on the sewer system which goes to Washington. You're not reaping where you've sown. And they're charging you for it. And the HOA people can't get rid of it.

200 Homes on phase 1, 500 more acres across the street, turns into 3-4 million dollars worth of sewer infrastructure.

I'll tell you the retail rate that Rewa charges, 20 dollars a month.

Clint says we do charge a Collector System Fee, about a dollar and a half per month per account. That is based on what our rate is, we're not trying to push the cost of operating onto the tax payer, but that can be something that changes with this.

I'm talking about the neighborhood collection system industry. The charge for that is generally about 20 dollars a month. The homeowner comes in and he's like 'whoa what are these guys charging for sewer'? The government typically charges less.

That would be 48,000 dollars a year for the first 200 homes, which would not cover extra manpower, but the hope would be the actual processing, 6000 dollars per month, would cover the equipment too.

Clint states the PCPSC does not have any equipment for collection aside from a jetter. We would be starting from scratch. The equipment is specialty and hiring is difficult for everyone.

You can't do it with the guys you've got now. If you're in the sewer business this is the part you want to be with. You need to ask if you want to contract with someone so you can walk before you run. You know you've got 2,000 houses, and more is coming out of Clemson and Greenville.

Clint mentions he's got the 200, and anything beyond that he's not sure. Currently the plants are using 30% of capacity, 2 million gallons. Projections of future growth never came. If 2000 new homes did come Pickens may be able to hire a couple of guys who could work on the system. Money is currently made by treating the sewage. We do not have the liability of sewage backing up in someone's house.

You can charge the commercial rate. There is no shame in charging the market rate. You make money on treatment and collection. If you don't charge that then the private guys will, and I'm the biggest capitalist in the world but it is unusual to defer sewer assets in the private sector.

They hate it when I show up because I say when the public guys get there you agree to give your system over – there's a place for them when you don't want to run pump stations for single neighborhoods... but this is all gravity.

At 50% build up, that's 240,000 dollars at 100% build up that's 480,000 dollars, which would certainly pay for employees, but that would take some number of years.

Clint says the Sewer Use Ordinance is based on historical experiences. Taking over Whispering Pines costs the county about 20-25,000 dollars a year.

This is not a mill village. As a sewer authority you always have the ability to say yes or no, and this is a cherry on top. A private operator never has to mess with a mill village, they're radioactive and will never pay for themselves.

Clint states that what they do will set a precedence, which will bring pressure to accept more.

If it's the new stuff then it would help the calculus of how quickly the economy of scale and transition will occur. Rewa has more employees that live in Pickens than live in Greenville. There are people in their 50's in retirement age who can help you put this together.

Mac asks how much money just treating the waste would generate, assuming 2,000 homes are built: At about 6 dollars per gallons that would be about 3,600 a month just for treatment.

Clint states we do not sell water in Pickens County, just sewer. We have a basic rate the same for everybody, but places like Whispering Pines get a collection system fee. The city of Liberty does not do a Collection System Fee – they do their own collection system. There's also an administration fee which is around a dollar. All of that goes into considering what the rate is the next year. The goal is to not change the rate each year, which is why we are always on a shoestring budget. We would not be able to give them a special rate.

You can make a special retail rate. You don't have a retail charge listed.

You can calculate new account fees. Impact fees. Water and sewer fees are not subject to the impact fee act.

Clint mentions we have an availability fee, when we sell a gallon of treatment for this plant, a specific amount of money is put away to build opportunity to treat another gallon in the future. Liberty, central, other places spend all of their sewer revenue, but the county puts that into an account for upgrades or new treatment plants. We do not have a tap fee. We have an availability fee, which is how South Carolina reads that tells us what we can and can't charge. Certain

organizations look at that and will file lawsuits because they view it as unfair. A private operator cannot charge whatever they want – they, and the county, are regulated by the state.

The developers hate new account fees but that's where the money is made. You make sure you get capital upfront for treatment and the retail side. Metro charges a new account fee for a neighborhood even though they just got a free system. When a system is 40 years old you have to make sure there is money down. It cannot be maintained without it.

You can make money in the sewer business, you just have to be charging for it right. Compare it to the private providers.

Clint states that the situation is a little different as we are not selling sewer, we have it for development, but the demand is there. Industry is one pipe, one connection, with thousands of dollars, but dealing with the added collection of residential is what this whole conversation is about. We'd like to write down the additional information that we need. We'll then seriously talk about what to recommend to county council

This is a new step, but you can interpret the ordinance to where it doesn't have to go to council.

Clint states it would be up to administrator to decide something like that.

If this goes to Council I want everyone in this room to be in favor of it. I want to be a resource to you with other industry people, retired industry people who can help you.

Clint asks if theres anything else to ask specifically.

Really just timing. I'd like to focus on just the first 200 homes. Once they have their hands we'd be faced with a condemnation to get it back from them.

The state PSC has nothing to do with the public side at all. They do not understand the sewer business well at all, or the rates.

Clint states we can have local rules on things the state doesn't explicitly spell out.

These guys have been making big money and the state PSC doesn't look at the rates. They don't look at the details of who pays for the station or any of that stuff.

Daniel Youngblood says they've considered all the municipalities, and that Clemson charges an impact fee, and they'd rather not pay that, or have the contractors pay it, and they would avoid the tax liability if they gave it to Pickens. He views it as a win win for everybody.

A question is asked if Pickens would still have jurisdiction over the sewer if the area is annexed by Clemson

Even when they annex, you still have the right to the sewer unless an agreement is reached.

Clint mentions a similar controversy with Liberty annexing the new Waffle factory in Pickens County.

The city of Clemson didn't have any sewer for a couple of years. This flow would still probably go to you just due to gravity.

Daniel Youngblood states that he knew he could go to the city with sewer, and had to ask and find out if they could go to the county. The county's extra capacity makes him more confident in the decision.

I didn't mean to take the whole meeting, I appreciate coming in and...

Clint says the commission will discuss it, and gather some questions for information to send off, and meet again with new information, and in two meetings they can make a recommendation to County Council.

In Anderson County that was the deal we made, let us own it, and Condor can operate it, so they couldn't get into that blockable position.

Clint states they may make the recommendation to Council and they may say no. He thinks it would be good for the county to resolve this issue, and they want to do it as quickly as they can, but each meeting is a month apart and it will take three meetings.

Rivers leaves, the table thanks him, and Clint introduces Les Hendrix, the county attorney.

Jim Ratner asks if this idea is a slamdunk if they knew if there'd really be 2,000 houses there. Clint responds that that's the million dollar question, and in his mind, the money would be there for the county to do it. Jim Ratner thinks they do not want to give it to a private owner because private owners demand a certain amount. Clint says the county also demands a reimbursement fund. Atleast 25% of the cost of construction, and Condor is balking against that the most. There have been no estimates.

Mac says they'd give 150,000 dollars every year for 5 years for the first 200 houses.

Les Hendrix: They put this away in an escrow account over 5 years which grows to the 25% number -- the total cost. When they go to make a repair, they can take money out of the escrow account, forever, that escrow account is maintained at 25%. The reason that's there is because in the past, the county had to take over poorly maintained systems and there was no money to do it. This was designed to prevent that.

The county felt obligated to take over the systems regardless. I asked Mr. Stillwell whether we regulated by the state, because the owner operator has to get their rates approved through the state PSC, which has to be in the operation of the system, not in the construction.

Ratner: So you'd just say it's for another reason.

Clint: They don't want to pay that money. Quail Haven was built 40 years ago with substandard equipment and engineering. We have to pay 25,000 a year for backups or furniture replacements for sewer failures. Matthew and I are going over to the grange once a week and we're observing the construction of the sewer system, and at the end they're gonna do three different tests to give us confidence that we won't have to do anything to it for at least 20 years.

Ratner: Is there anything that prevents us from charging some percentage of the fee that they would otherwise have to pay to a private operator?

Clint: Well we've never charged that before. In our discussion with the county administrator, we want to be consistent with the way the ordinance is written, or we will change the ordinance. Now

we've decided "well maybe we need to change the ordinance" so the county can make some money. That would be a fundamental shift in the way the PCPSC has operated until this point. The way we have operated was to offer capacity to industry for economic development and to clean the creeks up. The cleans have been cleaned up, and in a way this is economic development.

Council may decide no for a separate reason, like to disincentive sprawl, but our job is to ignore that possibility. If we say yes to this because it's the right thing to do, then we'll probably have to say yes to others in the future.

Mac notes that the next will may not be as economical as this instance.

Ratner: Why do we have to do it for others? Life isn't fair sometimes.

Clint: Some people look at their bill, and if they see some inequity between their bill and their neighbor's bill, they'll sue. So the county wants continuity. Maybe county council knows others that want to expand. At middle we only have about 400,000 gallons of capacity. 2,000 new homes would really eat that up. We charge the availability fee and you have 5 years to build. We've had developers buy the capacity just to own it. I doubt they'll say okay we're guaranteed to have 2,000 homes in the next 5 years. They're just trying to buy the capacity that they're sure they've already sold.

Ratner: When a developer comes in and says this is a Win-Win proposition, it isn't. You need to get more than what they're offering

Mr. Bowers: I don't think we'll make a decision on this today. If anybody has any questions, call or email Clint.

Clint: We can make a list of the information we may want, and get it to those guys. Check the minutes and if you can accept em the way they are we can go ahead and get a vote on that.

The minutes are motioned to be accepted and passed unanimously.

Clint mentions that ground was broken on the Jericho Project, Mac designed the sewer lines. The permit applications are submitted. The project will have 17 full time employees who make plastic holding tanks and enclosures for telecommunications equipment. They will not be included in the Pretreatment Program.

Clint describes what the Pretreatment Program is and the specific criteria that must be met in order to qualify for monitoring.

Clint says he met with the Fire Chief's assistant to discuss coming out to knock the sludge off the tanks to help for painting the plants.

All operators have had their licenses renewed for another year.

Clint: On Monday, a call was received from the owner of the old Catteechee Textile Mill. A manhole near the Catteechee WWTP was overflowing. We got the jetter and unblock the line. It looked like a plastic toy had gotten hung up with the wet wipes. The average flow at the plant is 8,000 gallons per day. We estimated about 8,000 gallons were lost, and this was submitted to DHEC. It did not make it to 12-Mile River. Matthew and I spread lime all over it to lower the pH

and kill all of the bacteria. A Sewer Use Overflow log was submitted to Jessica Seels at DHEC in Greenville and Matthew sent a hard copy to Columbia.

On Friday we received a DHEC inspection report for 18-Mile Middle, we received a Satisfactory with Deficiencies. The deficiencies were that vegetation was floating in the aeration basin. The vegetation has since been removed. We also were not monitoring for duckweed, but the duckweed went away after we turned the air back on. We have 15 days to submit the written response.

We got the tractor back, mowed for about 20 minutes, and blew a hydraulic line. We were told by Vehicle Maintenance they'd get to it the next day about four days ago, and I did hear in report that Vehicle Maintenance was going to have guys out so it will be a while before they fix it. I don't think it will be a hard fix. Hopefully we'll have the tractor fixed soon so we can finish Right of Way mowing.

Today represents 87% of the year gone by with 84% of the budget consumed so we have caught up. The proposed budget was not included because I knew this would be a long session. We'll wait and do that next month. The new budget goes into effect July 1st. We will have a chance to look at it before they approve it.

That's all I've got for the directors meeting.

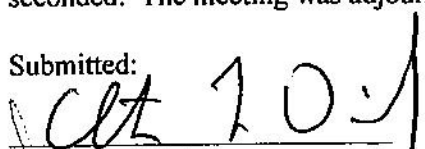
Next month we would meet on the 31st, but that's Memorial Day. Do you want to do it the week before, or skip it and do the regularly scheduled meeting in June? I can send a copy of the budget to your email, or we could pick a different day in May.

We could have a meeting for information with no votes. The prior Monday would be the 24th. We could do two meetings in June.

The table motions for the 14th of June. A consensus is made. The 24th and 28th are combined to one date.

Mr. Bowers asked for a motion to adjourn, Mr. Farrish motioned to adjourn, Mr. Rodgers seconded. The meeting was adjourned at 4:45pm.

Submitted:


Clinton L. Dickey


PSC Chair


Date


Date