

**Water and Sewer Committee Meeting**  
**March 12, 2013**  
**1:00 p.m.**

The following were in attendance:

Ray Johnson, David Lybrand, Bill Houston, Charlie Kerekes; Bob Doub and Iris Hill, ex-officio. Ray Archibald was excused.

Ray Johnson called the meeting to order and agendas were distributed.

**Presentation Progressive Design Build**

On behalf of Town Council and the Water and Sewer Committee, Tommy Mann introduced Dr. Linda Bonner, Operations Manager for The Water Design-Build Council. Ray Johnson gave a context of the reason for Dr. Bonner's presentation. The Committee has gone through the feasibility study, the concept development, and a cost estimate. There has been a good deal of discussion surrounding the cost of the system, and is it the right system. The presentation on Design-Build will hopefully help the Committee decide whether to pursue that avenue next. A copy of the PowerPoint presentation is attached. After her presentation, Dr. Bonner answered questions from the Committee and those in attendance. Chairman Johnson asked if a best value price would be included in a design/build proposal and Dr. Bonner stated that it would be included early on in the lump sum proposal, and further along in a design/build. There is a price included in the early stages of a design/build, but that price is for the consultant's fee, not the project cost. Mr. David Cannon brought up the referendum date of June 25, 2013 and asked Dr. Bonner if she thought we had time to get things in line. She said she thought it would be challenging, but doable. Dr. Bonner suggested a summer-surcharge scenario, in which the town would increase rates during the summertime. She stated other municipalities employ this scenario to encourage conservation as well. Mr. Bob Sandifer asked if the progressive design/build proposal was the preferred method by municipalities. Dr. Bonner said that progressive design/build was preferred approximately 60% to 40% for lump sum. Mr. Johnston clarified that if you use the progressive design/build or the lump sum, you end up with a not-to-exceed price at some point, and the real differentiator was getting someone involved upfront with progressive design/build. Councilman Mann relayed to those in attendance that a design/build had saved a municipality almost two million on their reverse osmosis project. Mr. Jimmy King from the Edisto News asked if it would be to the Town's advantage to delay the referendum date.

**Request for Qualifications**

Mr. Johnson summarized that the Committee now needed to decide whether to pursue a lump sum proposal or a design/build proposal. Although the desired situation would have hard and fast numbers provided to the voters prior to the referendum, that is not a possibility. He also speculated that the Town will not receive many bids for the project unless there is an approved referendum. Administrator Hill explained that the first step in financing the project would be to get a Notice of Intent to sell the bond, which acts as a guarantee that funding will be available. The rates have been predicted using the feasibility study. The Committee discussed the

possibility of going to quarterly or monthly billing. Dr. Bonner told Administrator Hill that whether you do design/build or lump sum, someone will need to act as a project manager for the Town. Administrator Hill expressed concern over whether we have enough manpower to allocate someone for that responsibility. Mr. Bob Doub, Utilities Director, said that the lead engineer from the firm that the Town hired would act as project manager or overseer and interact with the Town on a regular basis. The Town would have a hand in the overseeing of the project, but it would be the main responsibility of the engineer to be the liason between the Town and the Firm and drive the scenario as to what takes place in the field. He will do all the oversight of construction and specifications. Dr. Bonner told Mr. Doub he was correct, and the good part about the process is the communication between the Town and the firm is ongoing, so the Town knows what is happening and has a better understanding of what is being done. Mr. Johnson recommended submitting the URS study to perspective firms and let them use that to see where they think cost savings would be possible. Mr. Sandifer asked about how the operating and maintenance costs could be reduced since that was such a big driver. Administrator Hill said she had talked to some design/build firms and they suggested that when the Town goes out for some type of design/build that the Town asks for specific information regarding maintenance to find out what they would recommend. Administrator Hill said she felt sure the Town could save some money there. Councilman Mann suggested supplying firms with parameters such as water quality, number of gallons available per day and the general overview of the building to house the facility, etc. and give the firms latitude in proposals and design in achieving those objectives. Dr. Bonner said the template that would be supplied to the Town would outline those parameters.

#### **Update on Funding/Funding scenarios**

Administrator Hill brought everyone up-to-date on what she has done. Councilman Mann has sent Administrator Hill a lot of information on grants and loans. We have applied to the State Revolving Fund, which has a 1.9% interest rate for a twenty year loan. The bond, with our rating, would be at 3.5% on a thirty-year loan. Administrator Hill has completed a grant application to the Rural Water Association. Since the Town has no commitment for funds and it's a competitive grant, the Town would probably not be eligible at this time. This is a \$350,000 grant at maximum. The Town is also in contact with the EPA and the USDA, which has a forty-year loan. Administrator Hill is leery of such a long-term loan since some of the equipment may not be still operational in forty years. Council has tentatively looked at ATAX funding, which are currently being used to pay interest on Bay Creek Park. The Town could pay interest only, or a portion of the interest, on the R/O bond with ATAX funds also. Using \$150,000 of ATAX funds to pay the interest on a thirty-year bond would reduce costs by approximately \$4.00 per month.

#### **Referendum**

The Town submitted our request for a special election to the Department of Justice in mid-February. There are still questions of whether or not we will have enough time once the clearance from the DOJ comes to do the public information prior to having the referendum on June 25.

**Public Information**

Administrator Hill updated the Committee on her meetings with firms to conduct public information meetings. The budget of \$10,000 has limited the number of firms the Town can employ. The Foster Group was within the specified price range, as was the Denarius Group, Inc. Denarius has a lot of experience in public information concerning reverse osmosis. They developed the referendum campaign for Water/Sewage treatment transition in the City of Beaufort, SC. Mr. King asked if the Town planned on informing property owners who were not Edisto Beach voters of the cost increase. Administrator Hill said the public information campaign would be available to both groups through group meetings, a survey on the website and mailings. The Denarius Group has suggested that instead of formal large group presentations that they present at small club meetings (Women's Club, Lions Club, etc.). Mr. Johnson moved to engage the Demarius group as the Town's public information firm. Bill Houston seconded the motion, which passed unanimously.

David Lybrand moved to adjourn. The motion was seconded by Ray Johnson and approved unanimously.