

ORANGEBURG CITY COUNCIL AND DPU
BUDGET WORKSHOP MEETING MINUTES – JUNE 29, 2023

Orangeburg City Council and the Department of Public Utilities held a Budget Workshop Meeting on Thursday, June 29, 2023 at 9:00 a.m. at the DPU Operations Center with Mayor Michael C. Butler presiding.

PRESENT: Michael C. Butler, Mayor
Dr. Kalu Kalu, Mayor Pro Tem
Councilmember Bernard Haire
Councilmember Jerry Hannah
Councilmember L. Zimmerman Keitt
Councilmember Sandra P. Knotts
Councilmember Richard F. Stroman

Manager Harley thanked Mayor Butler and the other members of City Council ("Council") for joining us today and we hope that the information we will share today will help you get a better understanding of what we have been doing and what we try to do to continue to serve the citizens of Orangeburg; the City of Orangeburg most particular. As usual we will have each division come up and present their particular projects. Manager Harley gave Council an update regarding the power purchase agreement. He also informed Council that the DPU would like to do the ribbon cutting for the Operations Center on August 24th. This is the day that the Chamber of Commerce will have their Business Expo here so we will do this in conjunction with that event. Manager Harley informed Council that after the staff presentation Mr. Will Kerr from Raftelis will do a presentation regarding our financial forecast and rates. Also, Mayor Butler has something he would like to discuss with Council after that presentation which Manager Harley has some information to share as a part of that discussion. Manager Harley informed Council of our goals, objectives, and guiding principles.

Director Nexsen informed Council that we will go over the capital improvement program first which makes up the lion's share of the expenditures over the next few years.

Administrative Division – Director Josh Nexsen

Director Nexsen informed Council that the Administrative Division has four previously approved projects and one new project for the upcoming fiscal year.

Administrative Division Project – DPU Operations Center Crew Quarters and Assembly Building (Previously Approved Project) – Cont'd.

Director Nexsen said the Operations Center was a multi-year project and it took longer than we had anticipated and we hope to be under budget around \$50,000. We should wrap this project up in the next few months.

Administrative Division Project – Enterprise Software Upgrade (Previously Approved Project) – Cont'd.

Director Nexsen informed Council that the Enterprise Software Upgrade project is taking a little longer than we anticipated and the cost is higher than we anticipated but we also believe this project should be done by the end of September.

Administrative Division Project – Sprinkle Avenue – Land Improvement Project (Previously Approved Project) – Cont'd.

Director Nexsen informed Council that the land clearing that we had scheduled behind this property on the 20 or 30 acres on the other side of the railroad tracks has been postponed indefinitely. The cost estimates we have received have gone up three to four times what it cost to do the land clearing on this side of the railroad tracks when we started the Operations Center project. This was a nice to have project and not a critical to have project so we have reprioritized some things. Councilmember Haire asked what is the

rationale for the hold up on this project? Director Nexsen said this project was originally to take this property that the City owns which is between Joe Jeffords and Sprinkle, which is just a wooded area that has about a tenth of an acre of wetlands, to clear it and tie the drainage from this property into it to improve drainage in this area and then possibly market it as a light industrial site. It has rail access, transmission lines, and basically all the infrastructure you need but at this time the cost is very high. The cost to clear and grade property has gone up a lot. Manager Harley said we won't lose anything to leave the land as it is. The plan was to clear the property and get it prepped for a potential economic development prospect.

Administrative Division Project – Cyber Security Assessment (Previously Approved Project) – Cont'd.

Director Nexsen said that for the Cyber Security Assessment project we have issued the RFP and have received one or two bids back; he believes the end date for this response is this Friday. This is in conjunction with another project that Director Holmes will cover in his presentation to assess where we are on our cyber security and address any deficiencies we find.

Administrative Division Project – Main Office HVAC Replacement (Previously Approved Project) – Cont'd.

Director Nexsen said the Main Office HVAC Replacement project was budgeted at \$800,000 and will probably come a little bit under that amount. This project has gone on longer than expected because it took a lot longer to get the needed equipment. It was a more involved project than anticipated because you are working in the space you are remodeling.

Administrative Division Project – Main Office Roof Replacement (Proposed Project) – New

Director Nexsen said that the Main Office Roof Replacement project was originally bid with the HVAC Replacement Project but it was delayed due to the cost overruns on the quotes we received in the current fiscal year. We thought we would be able to get both projects done for \$700,000 or \$800,000 and the roofing quotes alone came back at \$400,000. We have therefore budgeted this project to happen in the upcoming fiscal year. The roof on the Main Office was repaired in 1987 because the original roof had some deficiencies. The roof is approaching 40 years old which is about the useful life of a roof. We don't have leaks yet, but it is a flat roof and we want to be proactive before the roof develops any issues. Manager Harley said we do not want to be in a situation where the roof starts to fail and we don't have a choice but to get it replaced.

Electric Division – Director Wade Holmes

Director Holmes informed Council that the Electric Division has seven previously approved projects and one new project for the upcoming fiscal year. The Electric Division over the last six to seven years have upgraded or rebuilt ten of our twenty-one substations that we have on our system. These upgrades have greatly improved our system reliability and resiliency.

Electric Division Project – Substation 4 (Previously Approved Project) – Cont'd.

Director Holmes said that the Substation 4 project which is located on Cannon Bridge Road was approved in 2018 and the original budget was \$6.2 million and we estimate the final budget will be more around \$9.2 million. We are looking to spend \$0 (zero) in the next fiscal year but in FY2025 and FY2026 we plan to spend approximately \$1.5 million each year. This project is part of the upgrade of that substation to put it on the 115kV transmission loop so it will have bi-directional feed. This substation provides power to the largest industrial customer we have on our system. The improvements that we are making will also allow it to handle the 2 megawatts forecasted additional load that we will see from that industrial customer as well as provide backup to the Water Plant and Substation 9 circuits which feeds within the City's limits which include our Main Office.

Electric Division Project – Substation 16 (Previously Approved Project) – Cont'd.

Director Holmes said that Substation 16 which is located on the North Road is a unique substation much like most of our 115kV substations. It has both 115kV voltage and a sub-transmission voltage of 46kV. Part of this project was upgrading the 46kV system as well as the infrastructure at this substation. The 46kV part of that substation feeds Substations 1, 12, 9, 18 and also feeds into a 46kV system from our Substation 10 that also feeds Substations 6 and 17. Our overall complete goal is to have a 46kV Loop much like our 115kV Loop so that an issue on a particular circuit or a particular part of that circuit will not cause a widespread outage. When we finished upgrading the tower and the conductors coming out of there we did notice that a lot of the older equipment and older controls was not compatible to what we are upgrading to. Councilmember Kalu said the upgrade is like a guardrail for any potential issues. Manager Harley said that the one word you will hear from all the directors is resilience; this is something that we push and it is a part of our Strategic Plan. When we can withstand more, we can get back up a lot quicker. We are not there yet but this is what we are working towards in all of our divisions.

Electric Division Project – Substation 19 (Previously Approved Project) – Cont'd.

Director Holmes said that Substation 19 is located on Old Ellore Road and this substation is a hub connection between Dominion Energy and DPU so all the power that we buy from Dominion Energy comes through this substation. At this substation we are adding an additional 50 megawatt transformer and some protection relay schemes.

Electric Division Project – Substation 20 (Previously Approved Project) – Cont'd.

Director Holmes said that Substation 20 is located on Rowesville Road. The upgrade at this substation started out with an additional Bay that ended up turning into an addition of two Bays because of this substation being near the Orangeburg "Power Site." Every potential industrial customer that looks at Orangeburg wants at least 100 megawatts of power. One of the selling points for the Orangeburg area is that we have the capacity that no one else in this area can provide so during the process we upgraded this substation from a 50 megawatt substation to a 150 megawatt substation.

Electric Division Project – Substation 25 – (Previously Approved Project) – Cont'd.

Director Holmes said that Substation 25 is our new substation that we plan to build on Sprinkle Avenue. The purpose of this substation is to get rid of three of our oldest substations on our system; Substation 2, Substation 7, and Substation 17. This substation will be on our 115kV once again adding to our resiliency and reliability in that area.

Electric Division Project – Mobile Radio Upgrade (Previously Approved Project) – Cont'd.

Director Holmes said the Mobile Radio Upgrade is a project that is basically completed except that we are waiting for a couple of new radios to come in. We have moved from our old 400 MHz to our new system which is 800 MHz. The greatest feature is the coverage area; we can travel anywhere in the state of South Carolina and our trucks can communicate back to our main dispatch as well as communicate between each other. It also allows us to communicate with the Department of Public Safety and the County Emergency Management System.

Electric Division Project – 115 kV Loop to Substation 24 (Previously Approved Project) – Cont'd.

Director Holmes said this project is located off of Galaxy Road near the City/County Industrial Park. We have shrunk the budget on this project because this is not a critical need for us right now; it is more of what we would like to see in the future and we can do this project in phases. The first phase of the project will be to make some minor upgrades on the two connecting points at Substation 15 and Substation 24. Substation 24 is our

substation for the City/County Industrial Park and this is our only 115kV substation that is not within that loop but is actually fed off of a Dominion Energy transmission feed that runs from Orangeburg to Cope so the reliability for that power is there but eventually we would like to have that substation inside of our system loop so it will allow us to give more flexibility when it comes to directing power to it. This will be important in the future as the OCCIP will start picking up more and more load.

Electric Division Project – Substation 26 (Previously Approved Project) – Cont'd.

Director Holmes said that Substation 26 was supposed to be another substation we talked about maybe putting on the Rowesville Road but after doing an engineering assessment we feel that this project probably won't be needed because of the capacity we have at Substation 20 and the industrial customer that we expected to have some growth in that area maybe downsizing. We have put this project on hold and any equipment or material that we have for this project can divert to other substations as spare maintenance equipment. The transformer that we were going to use for this substation is a transformer we had in our yard as a spare so that transformer will stay on our yard as a spare.

Electric Division Project – SCADA System Replacement – (Proposed Project) – New

Director Holmes said that the SCADA System Replacement is a new project. SCADA is an acronym for Supervisory Control And Data Acquisition which is the brain trust between all of our electronic field devices and how it comes back into our dispatch control center. The existing SCADA system is over 20 plus years old and is almost at its end of life cycle so we are in the process of doing some evaluations and beginning an engineering study and getting with all the other divisions to figure out what their needs and requirements of a SCADA system are. The new system will give us more capabilities for our field devices and facilities much like our Electric Substations, the Water Treatment Plant, Gas Border Stations, the Wastewater Treatment Plant, Weather Station Units, and other devices that we have out in the field.

Gas Division – Director Dave Durgin

Director Durgin informed Council that he would like to give a brief update on the current approved projects of the Gas Division and introduce one new project for their consideration.

Gas Division Project – US Hwy 301 Bridge Replacement (Previously Approved Project) – Cont'd.

Director Durgin said a previously approved project is the replacement of the Hwy 301 Bridge over the North Fork of the Edisto River. This project is starting; SCDOT is beginning their construction. Our work should begin on July 10th.

Gas Division Project – McCord's Ferry (Previously Approved Project) – Cont'd.

Director Durgin said that McCord's Ferry is a project where we extended gas service at the request of a subdivision that was being developed just past Ellore. The infrastructure to that subdivision is complete. In that same project area, Orangeburg County redesignated a zoning for D.R. Horton at their request to build a 350 home subdivision so we would be able to serve this subdivision off of this same project.

Gas Division Project – Improvements to Riverside Drive Area (Previously Approved Project) – Cont'd.

Director Durgin said this project is the replacement of the 8-inch high pressure gas main over the Sunnyside Canal. We actually delayed doing this project this year. We sent it out for bid and the prices came back three times what we budgeted so we reevaluated the project and we think that we will be able to wrap it in with the Hwy 301 Bridge project at those rates which will bring it back in under its previously approved budget number. We are taking every effort to control costs but it has been a challenge.

Gas Division Project – Russell Street Rehabilitation (Previously Approved Project) – Cont'd.

Director Durgin said that this project is a part of our Russell Street rehabilitation. We are going to continue to update and replace the 1954 system; coming up on 2024, the system will be 70 years old. As Manager Harley has said, if we can stay ahead of the project we can control the project and the costs.

Gas Division Project – Project Road (Previously Approved Project) – Cont'd.

Director Durgin said that Project Road was the extension of our gas infrastructure down Kennerly Road to the Blythe Asphalt Plant. This project is currently under construction and is currently within budget and we expect it to be finished in this fiscal year. We applied a special construction rate which will allow us to recoup our capital expenditures in a much quicker time frame.

Gas Division Project – Cannon Bridge Road Replacement (Proposed Project) – New

Director Durgin said the new project that the Gas Division is asking for permission this year to begin is replacing the original 1954 system on Cannon Bridge Road. We have identified this particular section near the intersection of Riley Road as being the one most at risk. We plan to replace as much pipe as we can for \$750,000.

Water Division – Director Eric Odom

Director Odom informed Council that the Water Division has five previously approved projects and three new projects for their consideration for the upcoming fiscal year.

Water Division Project – Hwy 301 Bridge Replacement (Previously Approved Project) – Cont'd.

Director Odom said the Hwy 301 Bridge Replacement project is just like the Gas Division's project, which is the relocation of the 12-inch Water Main that is down on the river due to the new bridge being built. This project is planning to break ground in the next two – three weeks and we expect it to be completed by the end of the calendar year; probably around December or January.

Water Division Project – Water Main Replacement Project (Previously Approved Project) – Cont'd.

Director Odom said that the Water Main Replacement project has been dragging out for good reasons. We have applied for some grant money which we were just recently awarded in the amount of around \$2 million to help offset some of the costs. The downfall of waiting on grants is that we have seen a significant escalation in costs from when we originally planned this project but fortunately the grant will help to offset a lot of those costs. We hope to get the vast majority of this project completed in the upcoming fiscal year.

Water Division Project – Water Meter Advanced Metering Infrastructure (AMI) Deployment (Previously Approved Project) – Cont'd.

Director Odom said that our Water AMI Deployment project is another project that has been dragging out primarily due to material deliveries and manufacturing issues. He is happy to say that we plan to start changing out meters starting August 1st. We plan to complete this project by June 2024. We were able to get a large shipment of our radios that report back the meter readings but it is not enough to do the entire project so we have partnered with another AMI vendor to use the new First Net Emergency Responders Cellular service so fortunately when we grow out of our territory we won't have to put up any additional infrastructure to read those meters; they will talk through cellular towers to report back. We do expect this project to be on budget and spend the remaining \$4 million out of the \$7.6 million to get this project completed.

Water Division Project – Washwater Tank Rehabilitation (Previously Approved Project) – Cont'd.

Director Odom said the Washwater Tank Rehabilitation project is a project we had originally budgeted for the Dantzler Street Water Tank. The Dantzler Street Water Tank has a T-Mobile cellular antenna on top of it and the contract with the City of Orangeburg and T-Mobile is expiring in around two years so we are negotiating now whether they are going to stay on or come off so we decided to postpone painting that tank because we didn't want anyone going up and down a brand new painted tank dragging equipment all over it and scratching it up. We decided to move that money and paint the tank that is in the Edisto Gardens at the Water Plant which is our Washwater Tank. It will not cost \$500,000 and we are planning to bid that tank out in the next week or two and are hoping that the bid will come in closer to around \$350,000 because it is a smaller tank.

Water Division Project – Alum Sludge Lagoon Cleanout (Previously Approved Project) – Cont'd.

Director Odom said that for our Alum Sludge Lagoon Cleanout project we had originally budgeted \$4 million and we are asking for an increase of \$8 million for a total of \$12 million. The primary reason for this is that we did a study about a year ago to determine long-term plans on how to handle the Water Treatment Plant residuals (the sludge, the color, and all the other stuff) we pull out of the river when we treat the water; we have to send it somewhere. Currently we send it to the Wastewater Treatment Plant and the line that we currently dump it into in front of the Plant has some capacity issues. There were several things that came out of the study and the Alum Lagoon was the primary thing we wanted to do to clean that out which will give us an alternate way of disposing solids and water. In that process we found out the cost to clean out the lagoon is slightly higher than \$4 million but in doing it we also noticed that the liner that was underneath it would not withstand the equipment going in and out and would have to be replaced as well which added an additional \$1 million to the cleanout. Some other things that came out of the study that we were planning to do down the road we decided with costs going up we would make it a bigger project which includes splitting our waste stream through the Plant. This would require a pump station, a forced main, some re-piping within the Plant, and we would also be upgrading some of our chemical storage while we are doing this project. The plan is to borrow the money through the State Revolving Fund (SRF) low interest and we plan to finance it over twenty to thirty years. We will get more than twenty to thirty years of life out of this project. This project will give us the flexibility to either go to the Wastewater Treatment Plant or to the Lagoon in the future and it also reduces the volume of what we send to the Wastewater Treatment Plant by two-thirds.

Water Division Project – Dantzler Street Water Tank Refurbishment (Proposed Project) – New

Director Odom said we are back to the Dantzler Street Water Tank. He said we migrated the money from the Dantzler Street Water Tank that was previously approved to our Washwater Tank. The Dantzler Street Water Tank does need significant work. It will cost \$500,000 to redo this Tank and hopefully we will have all the issues with T-Mobile worked out by then.

Water Division Project – North Road BPS Project (Proposed Project) – New

Director Odom said the North Road Booster Pump Station project is a part of the ARPA funding that we received. The total cost of the project is around \$4 million and of that amount the DPU will only be responsible for about \$600,000. We will basically be doubling the capacity of this pump station; it will provide a new 16-inch water main up North Road to be able to serve it. We have a low pressure area that is on top of the hill on North Road and we get a lot of complaints about low water pressure but it is just because it sits on the hill. Our plans are to put in a pressure reducing valve and back feed that area by the existing 12-inch main that is up there now.

Water Division Project – Bull Swamp Rural Water Acquisition (Proposed Project) – New

Director Odom said that this project is the acquisition of the Bull Swamp Rural Water Company. We have been allocated about \$10.5 million to take over this system to do improvements. We will be acquiring about 100 miles of pipe and will be replacing around 15 miles of that pipe through the funding we are getting along with the services that we will be paralleling. Also, it will be rehabilitating both of their elevated storage tanks. They also have three wells and we will determine what to do them. He said he does know that one of the wells we will keep active for an emergency supply. They have around 1,300 services and it will generate around \$400,000 to \$500,000 in revenue for the City of Orangeburg.

Water Division Project – Bamberg BPW Connection (Proposed Project) – New

Director Odom said that when the ARPA Funding came out he met with the Bamberg Board of Public Works. In the past, we have had a lot of conversations with BPW about wholesale water to Bamberg and it has never come to fruition. Since this Funding became available he told BPW this is the perfect opportunity to get the connection made for free. We paid for some of the engineering on our side because we had already been working on the master plan for our system. The BPW applied for the grant and were granted \$4 million and the agreement we had was for the infrastructure that DPU was going to gain out of this project we would cover the impact fee that would be responsible for paying once that comes up. Fortunately we will get about 8,000 to 10,000 feet of additional piping in our system; basically up to the South Fork Edisto River. BPW will oversee this project and we will be a part of it. We will have an interconnection for emergency use to begin with; the likelihood that they will become a full blown wholesale customer is very high.

Manager Harley said one of the things he does want Council to keep in mind is that we have been approached on a regular basis by not just state agencies but also some of our local delegation in trying to address some regional water issues. There is some ability for us to provide some regional solutions. Manager Harley said he will keep Council abreast of those conversations as they continue.

Wastewater Division – Director Richard Labrador

Director Labrador said that the Wastewater Division has one ongoing project and one new project for the upcoming fiscal year.

Wastewater Division Project – Biosolids Dryer (Previously Approved Project) – Completed

Director Labrador said the Biosolids Dryer project was completed during this past fiscal year and we came in at or below the anticipated costs.

Wastewater Division Project – Hampton Drive Area Rehabilitation (Previously Approved Project) – Completed

Director Labrador said the Hampton Drive Area Rehabilitation project was completed during this past fiscal year and we came in at or below the anticipated costs.

Wastewater Division Project – Northwood Estates Rehabilitation (Previously Approved Project) – Cont'd.

Director Labrador said the Northwood Estates project was approved last year. \$700,000 will be provided in County funding and this will replace the deteriorated pipes and manholes and the associated inflow infiltration in costs.

Manager Harley said the County gave us \$700,000 for the initial work. We did not acquire the system soon enough to pursue additional funding but we will plan to apply for funding when those opportunities come around again.

Wastewater Division Project – Hodges Drive Area (Proposed Project) – New

Director Labrador said the Hodges Drive Area is a new project that kind of expands on the same drainage system that Hampton Drive started on. This project is to eliminate some of the infiltration and inflow. We are applying for an RIA Grant which we received \$500,000 last year from them and hopefully we will see what we can get this year. We will be using the grant funding to offset the construction cost; depending on how much we get will depend on how much we will do.

Capital Budget / Operating Budget Summary

Director Nexsen informed Council that in the Capital Improvement Plan all of the projects discussed are aimed at addressing aging infrastructure and maintaining safe and reliable utilities and hopefully returning some investment to the City of Orangeburg. The current capital project ordinance says that if it costs over \$250,000 we name the project and the project gets specific approval. Our routine items such as having a main break in a street and we have to go in and replace 100 feet of pipe which might cost \$15,000 does get capitalized and turn into an asset that we own but things like this doesn't raise to the level of \$250,000 or more. The routine items are projected to increase. Manager Harley said one of the things that has never been an issue because the DPU has always had long term employees in the Maintenance Shop is tools. The DPU does not provide tools for the employees who work in the Maintenance Shop; they actually bring or buy their own tools. This has always been the practice but Manager Harley said he does not like that practice. It hasn't been an issue because we have had people that have been here for twenty or thirty years and they had their tools but as these people transition out, we see challenges with hiring new people and they are faced with buying tools to be able to do their job. He has had the Maintenance Shop Superintendent do an estimate on what it would cost for the DPU to provide tools for those employees which is a part of the routine items. The DPU has always provided tools for all the other divisions except the Maintenance Shop. Director Nexsen said there are two parts to the budget; the capital budget and the operating budget. We have already spoken about the capital budget and now he will talk about the operating budget. The operating budget is the ongoing activities that get counted for on the income statement. This is the sales of utilities, miscellaneous sales and services, purchases of power and natural gas and ongoing costs. Sales are actually projected to decrease \$9,000,000 over the next year and purchase power and gas are projected to increase slightly. These two things coming together are going to limit the amount of funds the DPU has left over. We are also seeing operational expenses increase at a higher rate. Ongoing labor has gone up, gasoline, equipment, etc. One big area that has affected the company and the rate payers over that last year has been the costs of purchasing natural gas and electricity.

Raftelis Presentation

Mr. Will Kerr presented the DPU financial forecast and rate discussion. No vote was taken at the meeting.

Manager / Council

Manager Harley informed staff that they could leave the workshop if they wanted to but there is one more item that Mayor Butler would like to discuss with Council. Mayor Butler said that during election time is the time to ask for an increase for Council. He informed Council that he asked Manager Harley to run the numbers and see when was the last time Council had a raise. Mayor Butler said that the Council's responsibilities have increased and he asked Manager Harley and the DPU Human Resources Director Cheryl Lynch to address his requests. Council was given information with three comparisons to look at. Director Lynch said she was able to find information going back to 1988 and at that time Council was being paid \$3,000 and there was an increase in 1993 to \$4,200. In 1995 it shows a difference in the Mayor and Council pay. Council's salary was \$4,500 and the Mayor's salary was \$5,700. In 2015 was the last increase which the Council is currently at \$13,000 and the Mayor is at \$20,000 annually. There has been no increase in the last seven years. The Mayor and Council discussed the potential of an increase of \$5,000 each which would move the Mayor to \$25,000 and Council to \$18,000 and would

have a cost impact on the DPU financial budget of \$35,000. Manager Harley said because Council does not automatically get a raise when we do cost of living adjustments for City employees it may make sense for Council to suggest/make an adjustment now so you do not have to come back and revisit this for a while which would make it a little easier for you. This would not be a hindrance for the DPU and Council should look at the commitment that you have across the board managing the total operations for the City of Orangeburg inclusive of all the outside areas that you serve. Our area is larger outside than it is inside and Manager Harley said he sees Council dealing with customers outside the City of Orangeburg as well as inside the City. The City also serves outside with fire and police and Council has to be responsible to those needs as well.

The meeting was adjourned.

Respectfully submitted,

Carol E. Franklin

Carol E. Franklin
Executive Administrative Assistant to the Manager
Department of Public Utilities