SPECIAL MEETING/WORKSHOP OF CITY COUNCIL
AUGUST 25, 2016 – 3:00 PM
MUNICIPAL COURT COURTROOM
GEORGETOWN, SOUTH CAROLINA

1. CALL TO ORDER

Notice of this meeting has been made in accordance with the 1976 Code of Laws of South Carolina Freedom of Information Act.

MEMBERS PRESENT
Mayor Jack M. Scoville, Jr.
Mayor Pro Tempore Brendon M. Barber, Sr.
Council Member Sheldon A. Butts
Council Member Carol R. Jayroe
Council Member Edward S. Kimbrough, Jr.
Council Member Clarence C. Smalls

MEMBERS ABSENT
Council Member Al Joseph

ALSO PRESENT
Mr. Paul A. Gardner, City Administrator
Mrs. Elise Crosby, City Attorney
Ms. Ann U. Mercer, City Clerk
Mr. Orlando Arteaga, Engineer
Mrs. Debra Bivens, Director of Finance
Mr. Tim Chatman, Streets and Sanitation Manager
Mr. Will Cook, Water Utilities Director
Chief Charlie Cribb, Georgetown Fire Department
Mr. Glen Dixon, Fleet Superintendent
Mr. Tee Miller, Assistant to the City Administrator for Economic Development
Chief Kelvin Waites, Georgetown Police Department

ABSENT
Miss Suzanne Abed-El-Latif, HR Manager
Mr. Alan Loveless, Director of Electric Utilities
Mr. Rick Martin, Building Official/Zoning Administrator

MEDIA
Georgetown Times - Mr. Max Hrenda

2. ANNOUNCEMENT CONCERNING ELECTRONIC DEVICES

Mayor Jack M. Scoville, Jr. called the Special Meeting/Workshop of City Council to order at 3:00 PM and requested all cell phones or electronic devices be turned off or

placed on mute so as to not interrupt the meeting.

3. ADMINISTRATION

A. Update on Fire Station 2 Design Build

Mr. Michael Walker of Tych and Walker presented two schemes for Fire Station 2; the larger building that was submitted to USDA and the smaller building which was in the original budget. The smaller is a 6,000 square foot building with a $1.5 million budget. A list of items are not included in that cost which would be included in the larger building. He referred to a map on display indicating the site design of Fire Station 2 and parking. An abandoned sewer line along the road was identified during meetings with City staff. This line will have to be connected. Soil borings were previously performed at the site of the new water tower. Soil borings need to be performed at the location of the building. If the larger option receives USDA funding, it would include the public meeting room for the community in the area, an exercise room and an elevation that provides more of a gateway into the community. It includes a combination of brick, hardi plank siding, a metal roof and windows. Either option has room for bunks, a kitchen, day room, dining area, and the shop. The 6,000 square foot building does not include a lot of the equipment or the security system. The cost of the larger 8,100 square foot building is $1,850,000 and has the card access, the equipment, appliances, the generator for the entire facility, wiring for data and all things to make the building complete. The USDA loan application was for $2 million with a 10% contingency. Mr. Walker said USDA requires that a 10% contingency be included. Mr. Gardner said we received tentative approval today. He said the millage was raised to finance the building, $180,000 annually. Council Member Smalls asked how this would affect our borrowing. Mrs. Debra Bivens said the City's borrowing capacity is $3.2 million. This 20-year, $2 million loan would reduce our borrowing capacity to $1.2 million. As the loan is paid down each year, we will gain back the borrowing capacity. She said the City has applied for $150,000 in grants for equipment. If we are awarded the grants, the cost would be backed out of the original amount of the project. When asked, Mrs. Bivens stated the City would front all monies; once the project is complete, the loan will reimburse the City. The grants we have applied for have some match. She will provide this information to Mayor and Council next week. Mr. Walker stated the need for a traffic signal was also discussed in the staff meetings. Once Council makes a decision on the option, plans will move forward.

B. Motion to approve change to General Leave Policy #28 to include section regarding beginning balances of Department Head level new hires.

Over the last year the City has hired three department heads from outside our organization. This does not happen often but when it does, the individual is coming from a position where they may have hundreds of hours of accumulated leave they either abandon or potentially receive partial compensation. He asked Council to consider amending the General Leave Policy to give any department head hired from outside our organization a bank of 80 hours (2 weeks) of general leave. This will give us a competitive edge when hiring. It was suggested to include language that if the department head leaves employment within a year of the date of hire,

he/she would not receive pay out. **Mayor Scoville directed Mr. Gardner to tweak the language and present to Council at the next meeting.**

C. Motion to Approve Proposal And Payment For GS2 To Perform A Geotechnical Assessment And Grouting Of Any Voids At City Hall And Fire Station 1 For An Amount Not To Exceed $50,000.00.

Mayor Scoville moved, seconded by Council Member Kimbrough. Mr. Gardner said GS2 will perform a total of 17 soil borings, 60 feet deep; 8 sites around the perimeter of City Hall, 4 sites in the rotunda area, and 5 sites around the perimeter of Fire Station 1. They will grout each borehole with expanding polyurethane grout once each boring is complete to a depth of 10 feet below existing ground surface. Then they will grout the remaining upper 10 feet of each borehole with a neat cement grout. Discussions followed. Mr. Gardner said there is no question that the slab is bowing or bending and that would be indicative of the support…the base of the pilings has given way.

Mayor Scoville called for the question.

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Jack M. Scoville Jr., Mayor
SECONDER:	Edward S Kimbrough, Council Member
AYES:	Scoville Jr., Barber Sr., Butts, Jayroe, Kimbrough, Smalls
ABSENT:	Joseph

4. ELECTRIC UTILITIES

A. Update on Peak Shaving Generation Project

Alan Loveless could not attend the workshop; therefore, he was included in the presentation by phone. He said the project is at a point where a decision needs to be made whether to use natural gas or diesel as the generation fuel. Mr. Loveless introduced Ted Orrell and Scott Fleming from Utility Technology Engineers and Consultants. Mr. Orrell stated Georgetown has embarked on a load side generation project to save cost. Currently there are two temporary generators installed and have saved a significant amount of money since installation. This project is a permanent installation that will be installed at the Wastewater Treatment Plant on the south side of the lagoon and will have the same capacity as the existing rental units. Mr. Orrell stated the primary purpose of this presentation is to discuss the difference between the equipment that would use natural gas versus diesel. The perception is natural gas is a cleaner fuel than diesel. Today's technology and requirements of the State are to clean up gases that are produced whenever fuel is burned, particularly diesel, so the effluent that goes in the air is fairly clean. He updated Council on some milestone dates and the schedule for the project. Today was identified as the date to review the analysis with Council. They expect to receive quotes on the engine generator switch gear by the end of September, hold the construction pre-bid meeting the week of November 4th, and receive quotes the end of November. UTEC will evaluate the quotes and make a recommendation to

Council. A preconstruction meeting will be held the week ending January 10, 2017. The contractor will mobilize and the building erection should be complete by the end of April. The engine generators should be delivered May 10th and commissioning by June 30th. Mr. Orrell said this is a very aggressive schedule and may find deliveries could alter some dates. Their objective is to have the project operational by July 1st.

Mr. Scott Fleming provided Council with evaluation criteria for choosing low sulfur diesel or natural gas fueled engines. UTEC is considering two generators, each operating at 1800 kW to be installed near the Wastewater Treatment Plant on Ridge Street. Evaluation criteria included the installation cost, maintenance and overhaul cost, operating cost, fuel considerations and cost forecast and emissions. UTEC examined the installation cost for the diesel which included fuel tanks, leak detection, and diesel exhaust treatment. Installation cost for the natural gas would include gas line extension, gas leak detection, exhaust silencer and building/site expansion. The installation cost for two (2) diesel engine 1825 kW generators is $1,783,700. The installation cost for two (2) 1964 kW generators is $2,098,975. When the natural gas engine runs a cooling fan is used to keep the engine cool and the fan is electric motor powered. This is a reason for the difference in cost. With diesel engines the fan is coupled directly to the engine. Mr. Orrell stated these numbers are not the entire project cost. They are comparative costs. Mr. Fleming reviewed the maintenance and overhaul cost per engine. Diesel and natural gas engine maintenance requires quarterly fluid samples; $2,900 for diesel and $2,700 for natural gas. The first overhaul (7,500 hours) cost for the diesel engine is $116,000, the second overhaul (22,000 hours) cost is $217,000. The first overhaul (20,000 hours) cost for the natural gas engine is $83,000, the second overhaul (80,000 hours) cost is $202,000. The goal is to run the generators as seldom as possible, only during peak energy consumption. Mr. Fleming explained the operating cost analysis, comparing current fuel cost with 2016 and 2017 projected fuel cost. The payback years ranged from 18.2 years, 6.1 years and 4.9 years. Future fuel prices are difficult to predict. The ratio between diesel and natural gas fuel cost will remain uncertain. With more and more people using natural gas, especially generation plants, the cost may not remain the same. Council Member Kimbrough asked if one is safer than the one. Mr. Orrell answered no. He said with natural gas there will be leak detection to alleviate any explosion. Diesel fuel is nasty and the floors will have to be clean, it will not explode. Currently we are running diesel. Mr. Fleming reviewed a list of fuel considerations and cost forecast. For diesel: fuel will be stored on site, lower risk of fuel supply interruption; low sulfur diesel odor, non-explosive nature of fuel; SCR/DPF emission treatment required, diesel exhaust fluid required; engines offer higher torque, and long term durability; fuel prices subject to oil price fluctuations - historically higher price; lower initial cost, smaller footprint/building; emits less NOX, CO and hydrocarbons emissions, however more CO2. For natural gas: fuel piped to site, service could be subject to interruption; cleaner fuel, high explosive nature of fuel; no emission treatment required only exhaust silencer; engines offer less torque and shorter engine life; more stable price, domestic supply - historically lower price; higher

initial cost, larger footprint/building; emits more NOX, CO and hydrocarbons, however less CO2; natural gas prices may rise as use increases in the future. He noted the emissions per engine as published by Caterpillar Emission Data. In conclusion the generator engines are not expected to run for long periods of time; off-setting the advantage of lower natural gas fuel cost and causing maintenance/overhaul cost to not be a significant factor. If diesel fuel prices were to rise to historical high levels, investment payback for natural gas engines becomes more attractive. However, future prices are not certain; as natural gas consumption becomes more prevalent in the U. S., it is expected its' price will rise. Diesel fuel engines require lowest initial cost, smaller building, and provide more robust engine and are normally considered more reliable. With diesel emission SCR/DPF treatment system diesel emissions are cleaner than natural gas with the exception of CO2.

Council Member Jayroe asked for their recommendation. Mr. Fleming said they think diesel is the way to go for this project. Mr. Orrell made it clear Georgetown could go either way. He said there are a lot of assumptions that have to be made to show that the payback could be five years versus the other. The bottom line is they feel it is not worth the extra $315,000 to go with natural gas, particularly with the design of the facility, it's going to be cleaner anyway. The temporary generators were previously installed in order to give Alan (Loveless), Georgetown and UTEC the experience of operating them against the Santee Cooper contract. Mr. Orrell said he and Alan communicate every day about the forecasted daily profile loads. Updated load data is received every five minutes and a determination must be made whether to run the generators. He said they now have that experience. Because of the time to design, buy and install, they wanted Georgetown to save money and gain the experience. Currently Georgetown is saving $658,000 to $700,000 a year off of the power cost. With the lease cost, the net is about half that amount. Alan said the lease cost is about $23,000 monthly and assuming we are successful in operating the generators at the correct time, we are saving $54,000 a month off of the wholesale power bill. Since we began the peak shaving, our Purchase Power Cost Adjustment has been a credit back to the customer on virtually every month, before this, it would fluctuate. This is not a separate line item on the customer's monthly bill but is calculated in the rate. Council Member Kimbrough asked the size of the building to house the generators. Mr. Orrell said the building would be 50x70 feet. The temporary and permanent units can be run remotely. Currently one unit is located at the Water Treatment Plant and one at the Wastewater Treatment Plant. Several potential locations were analyzed for the permanent facility and the best economic decision was to place both units in one building at the Wastewater Treatment Plant. Discussions continued. The primary purpose of the generators is for peak shaving and to provide backup power for the Wastewater Treatment Plant. Solar power is not for the purpose of reducing the peak demand. In order to stay on the tight schedule, UTEC needs City Council's decision as soon as possible. Mayor Scoville noted this is not an action item on the agenda. Mr. Orrell said they will continue the design activities and proceed along the lines of diesel being the choice. If Council decides to go with natural gas, changes and adjustments can be made.

When asked, Mr. Loveless said his recommendation is the same as the engineers. After learning the State and EPA regulations require diesel emissions to be clean to the point it is cleaner than natural gas emissions, he does not see the justification for an extra $315,000 to go with natural gas. Mayor Scoville said this can be on the September 15th meeting agenda.

5. WATER UTILITIES

A. Update on Cherry Street Water Rehabilitation Project

Mr. Will Cook reported the sewer rehabilitation on Cherry Street is complete. The cost was $100,000. Once permits are received the water rehabilitation project will go out for bids. Last year the CIP was budgeted at $350,000. The project was not started and $150,000 was budgeted this year. The updated estimate was received yesterday for $438,000 which includes a 15% contingency. Last year's funds were not encumbered; therefore, a budget amendment will be requested at next month's meeting for $425,000. The $350,000 from last year is still available, it is just not included in this year's budget. This amount needs to be reallocated plus $75,000. Mr. Cook said $438,000 is high and thinks the project can be completed for $425,000. This project will replace the water lines on Cherry Street and a section on Wilkinson Street.

Mr. Gardner announced the swearing in ceremony for Chief Kelvin Waites will be held on September 7, 2016 at 11:30 AM at the Police Department followed by a lunch. He asked for direction from Council on the R5 committee. Mayor Pro Tempore Barber said there should be a facilitator to facilitate the committee. He said recommendations are included in the West End Redevelopment Plan. Waccamaw Regional Council of Governments prepared the Plan and he thinks they would make a great facilitator. After some discussion, Mayor Scoville directed Mr. Gardner to receive recommendations from Mr. Barber and Mr. Butts on citizens to appoint. ULI will be in town September 18-23, more information will be provided. Moving continues and City Hall will open for business at 1134 North Fraser Street on Monday. Council was informed the five points white topping will be a major disruption to the community. The project will begin after Labor Day and end March 31, 2017. DOT has indicated they will have a personal face-to-face encounter with every business owner that will be affected. Broad Street milling has been delayed a week.

6. ADJOURNMENT

The Special Meeting/Workshop adjourned at 4:38 PM.

Ann U. Mercer
City Clerk

Date Approved: 10/20/16