



998 Hunters Trail Anderson, SC 29625
Phone: 864-332-6534 Fax: 864-224-6116

BOARD AGENDA

Board of Commissioners' Meeting May 21, 2008

Call to Order

Pledge of Allegiance

Additions to the Agenda

Commissioners' Comments

Public Comment

Approval of Minutes of April 16, 2008

I. Information

1. Financial Report
2. Administration Report
3. Operations and Maintenance Report
4. Engineering Report

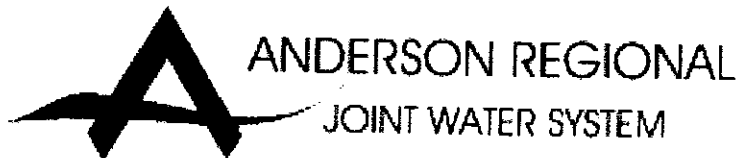
II. Report of the Nominating Committee

III. Discussion and Possible Action

1. FY 2008/09 O&M Annual Budget (*First Reading*)
2. Second Amendment to the Restated And Amended Water Sale and Purchase Agreement (*Peak day delivery guidelines*) (*First Reading*)

IV. Adjournment

The Board meeting will be held in the Anderson Regional Joint Water System Headquarters building located at the 998 Hunters Trail (WTP).



Your Community-Owned and Operated System
998 Hunters Trail
Anderson, SC 29625

**MINUTES OF THE
ANDERSON REGIONAL JOINT WATER SYSTEM
April 16, 2008**

LET THE MINUTES SHOW THAT THE MEDIA WERE NOTIFIED OF THIS MEETING IN ACCORDANCE WITH THE SOUTH CAROLINA FREEDOM OF INFORMATION ACT.

COMMISSIONERS PRESENT: Charlie Gibson, Sandy Springs; Rick Cotton, City of Clemson; Norb Steeber, Powdersville; Douglas Locke, Broadway; Steve Wilson, West Anderson; Frank Turner, Hammond; Tim Hood, Town of Williamson; Duane Rogers, Big Creek; David Davis, Belton-Honea Path; Phillip Mishoe, Jeff Caldwell, City of Anderson; Jerry Richey, Homeland Park; Richard Bork, Town of Pendleton

ABSENT: Starr-Iva

OTHERS PRESENT: Bud Whelchel, Sandy Springs; Eddie Makison, ARJWS; Chris Eleazer, City of Anderson; Benjie McGill, City of Clemson; Tommy Phillips, Broadway; Dyke Spencer, Powdersville; Jerry Cox, Broadway; Phil Parkins, CDM; Connie Finger, ARJWS; David Melton, ARJWS; Ann Gates, ARJWS; Scott Willett, ARJWS; Jennifer Barrington, ARJWS

Chairman Norb Steeber called the meeting of Anderson Regional Joint Water System to order at 10:00 a.m. on April 16, 2008.

Chairman Steeber opened the meeting with the Pledge of Allegiance.

Three additions, to be listed as items 4, 5 & 6 were added to the agenda by Chairman Steeber. The additions were: (4) to schedule a meeting after the transmission report, (5) hire an attorney to handle the real estate transactions for rights-of-way, and (6) decide on a nominating committee for FY 2008-2009.

Under Commissioners' Comments, Chairman Steeber noted that a discussion on the upcoming budget would be at the May Board Meeting.

There were no Public Comments.

Steve Wilson made a motion and Frank Turner seconded to approve the minutes of the February 20, 2008 meeting. Motion carried.

I. Information

1. Financial Report
2. Administration Report
3. Operations and Maintenance Report

The above reports are for information and for each member to review as written. A copy of each report is attached to the file copy of these minutes.

4. Engineering Report

Jennifer Barrington, System Engineer, updated the engineering report. The final certificate of occupancy for the Administration/Maintenance Building has been issued and should be received shortly.

Southeastern Underwater Services has offered to do a recheck of Reservoir No. 1 at no charge and this will be scheduled.

The rebuild work of clarifier #2 has begun.

A copy of this report is attached to the file copy of these minutes.

II. Discussion and Possible Action

1. Transmission System Improvements
 - a. Report of Cities' Third Party Engineer
 - b. Peak day delivery guidelines

A meeting of the Cities and the Third Party Engineer will be held April 28, 2008 to discuss results.

There were discussions on the peak day delivery guidelines.

No action was taken on the above items.

A copy of two letters, one from the system attorneys, Pope Zeigler, LLC, and one from the cities' attorneys, Gibbes Burton, LLC, addressing the transmission system issue is attached to the file copy of these minutes.

2. Reauthorize the Seasonal Surplus Water Program

After some discussion Rick Cotton made a motion and Richard Bork seconded to leave the seasonal surplus water program in place for the next FY. Motion carried. A copy of this report is attached to the file copy of these minutes.

3. Adopt an unaccounted water rate percentage for unmetered service to the City of Anderson

It was recommended to set the unaccounted water percentage rate at 11.75% for FY 2008-2009 unmetered water service in the City of Anderson.

Mr. Bork made a motion and Charlie Gibson seconded to accept the rate. Motion carried. A copy of this report is attached to the file copy of these minutes.

4. Set up a date to meet with the Third Party Engineer

Two dates were picked for a meeting with Senior Staff at ARJWS, Chairman of the Board and System Consulting Engineer (CMD) to discuss the results of the technical review and comparative evaluation from Third Party Engineer, Brown & Caldwell on the Transmission System project. The dates were April 30th and May 1st. A workshop was also scheduled for the Board on May 6th at ARJWS 10:00 a.m.

5. Permission to hire an attorney for real estate transactions

Scott Willett, Executive Director, stated that under company rights-of-way guidelines he was not authorized to hire attorneys without the approval of the Board. An attorney is needed to handle the real estate transactions for rights-of-way on Phase 1A of the transmission system improvements. David Davis made a motion and Mr. Bork seconded to allow the Executive Director to hire an attorney for real estate transactions. Motion carried.

6. Elect a Nominating Committee for FY 2008-2009

Chairman Steeber stated that in the past the Executive Committee had been the Nominating Committee and would the Board like to continue with this procedure or would they like to form a committee. It was decided to keep the Executive Committee as Nominating Committee for FY 2008-2009.

III. Adjournment

With no further business, Mr. Turner made a motion and Duane Rogers seconded to adjourn the meeting at 11:00 a.m. Motion carried.

Respectfully submitted,

Duane Rogers
Big Creek



ANDERSON REGIONAL

JOINT WATER SYSTEM

998 Hunters Trail Anderson, SC 29625
 Phone: 864-332-6534 Fax: 864-224-6116

BOARD MEMORANDUM

May 8, 2008

Subject

April Administration Report

Discussion

Billing

All payments for the month of March have been received. Meters were read on April 30th, with usage up almost 12% from last month (for the same number of days), and down 11.65% over the same period/same number of days last year. April bills were mailed on May 5.

AGENCY	PREV.YR SAME MONTH	LAST MONTH	CURRENT MONTH
# of Billing Days	31	32	30
Anderson	143,082,983	124,414,631	123,020,299
Big Creek	30,800,000	23,200,000	29,800,000
Broadway	22,829,700	19,820,000	20,074,000
Clemson	49,200,000	46,000,000	48,200,000
Clemson Univ	37,200,000	27,900,000	32,900,000
Hammond	67,200,000	42,000,000	47,700,000
Homeland Park	20,483,000	18,104,100	17,865,000
Pendleton	11,620,000	9,370,000	9,400,000
Powersville	26,010,000	18,230,000	18,180,000
Sandy Springs	59,218,000	50,315,000	50,673,000
Starr-Iva	38,200,000	31,600,000	31,100,000
West Anderson	46,941,000	37,039,000	42,152,000
Williamston	25,900,000	23,700,000	23,700,000
TOTALS:	578,684,683	471,692,731	494,764,299

There were no Seasonal Surplus Charges for the month of April. Gallons-to-date remain at 171,753,000 and total dollars \$197,883.88.

Prepared by: Connie Finger, Business Manager
 Approved by: Scott Willett, Executive Director



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BOARD MEMORANDUM

May 8, 2008

Subject

April 2007 Financial Report

Discussion

The attached tables identify April spending, encumbrances and deposits to the Pumped Repair and Replacement Account and the System Repair and Replacement Account. At the end of April, the Pumped R&R Account had an available balance of \$335,449.36 net of encumbrances. The System R&R Account had an available balance of \$552,581.34 net of encumbrances. Note that \$354,900 of the System R&R has been encumbered to advance the final design of the Phase 1A Transmission Improvements and will be reimbursed from loan proceeds. The Operating Fund had a balance of \$510,533.14. System reserves of \$200,000 are invested in secured notes. Total unrestricted cash available is \$1,490,635.85 corresponding to 79.37 days of cash based on the adopted Budget.

	Balance (3/31/2008)	Balance (4/30/2008)
Pumped R&R	\$328,313.16	\$335,449.36
System R&R	\$458,858.55	\$552,581.34
Operating Fund	\$510,533.14	\$297,955.26
Rate Stabilization fund	\$104,273.47	\$104,379.89
Reserves	\$200,000.00	\$200,000.00
TOTAL Cash	\$1,601,978.32	\$1,490,365.85
FY 2007 -08 Budget	\$6,854,183.00	\$6,854,183.00
Days of Cash	85.31	79.37

A review of the April Profit and Loss Statement shows that actual expenses were under budget projections for the month by \$2,075. Annual projections at this point are for a \$136,939 deficit due to higher variable pumping costs due to increased drought demands (Electricity \$89,062), conflict resolution (Professional Fees \$68,651) and lower interest earnings (Debt Service Payments \$56,970).

Approved by: Scott Willett, Executive Director

Attachments: Pumped Repair and Replacement Account Summary
System Repair and Replacement Account Summary
Profit and Loss Budget vs. Actual

PUMPED REPAIR & REPLACEMENT ACCOUNT

April 30, 2008

<u>DATE</u>	<u>PAYEE</u>	<u>DEPOSIT</u>	<u>AMOUNT</u>	<u>BALANCE</u>
4/1/08	BALANCE BROUGHT FORWARD			328,313.16
04/23/08	TRANSFER FROM O & M	6,799.33		335,112.49
04/30/08	DEPOSIT (INTEREST)	336.87		<u>335,449.36</u>
	LESS EMCUMBERED FUNDS			<u>-</u>
	BALANCE UNEMCUMBERED FUNDS			<u>335,449.36</u>

SYSTEMS REPAIR & REPLACEMENT ACCOUNT

April 30, 2008

<u>DATE</u>	<u>PAYEE</u>	<u>DEPOSIT</u>	<u>AMOUNT</u>	<u>BALANCE</u>
04/01/08	BALANCE BROUGHT FORWARD			1,058,718.15
03/31/08	NETWORK CONTROLS & ELECTRIC		3,432.00	1,055,286.15
04/07/08	NETWORK CONTROLS & ELECTRIC		245.00	1,055,041.15
04/07/08	HUNTINGTON & GUERRY ELECTRIC CO		24,796.80	1,030,244.35
04/14/08	CDM		2,522.80	1,027,721.55
04/14/08	CDM		16,120.00	1,011,601.55
04/14/08	CDM		10,647.00	1,000,954.55
04/28/08	LAZER CONSTRUCTION CO.		79,664.91	921,289.64
04/23/08	TRANSFER FROM O & M	100,303.81		1,021,593.45
04/30/08	DEPOSIT (INTEREST)	1,066.09		1,022,659.54
	LESS ENCUMBERED FUNDS			470,078.20
	BALANCE UNENCUMBERED FUNDS			552,581.34

<u>ENCUMBERENCES</u>	<u>BUDGET</u>	<u>BALANCE</u>
NEW OFFICE BUILDING	788,629.00	-
RAW WATER PUMP	124,350.00	80,958.68
CELLO METERS	83,500.00	1,791.52
HYDRAULIC MODELING PROJECT TASK #5	54,428.00	-
ELECTRICAL SERVICE TO RAW WATER PUMPS (DESIGN)	18,020.00	-
ELECTRICAL SERVICE TO RAW WATER PUMPS(CONSTRUCTION)	322,000.00	54,700.00
WTP ELECTRICAL SYS ENGINEERING REPORT	24,800.00	3,720.00
WTP TRACER STUDY	6,590.00	-
GIS STRATEGIC PLAN	12,000.00	2,400.00
FINAL DESIGN OF PHASE 1 TRANSMISSION IMPROVEMENTS	354,900.00	326,508.00
		470,078.20



Profit & Loss Budget vs. Actual
July 2007 through April 2008

	Month		Year to Date		Forecast	
	Apr 08	Budget	Jul '07 - Apr 08	Budget	10+2	Budget
Ordinary Income/Expense						
Income						
6000 - FEES O & M + CAP						
6001 - FEES O & M -TOTAL						
6001.1 - Base O & M Subtotal	0.00	229,924.25	0.00	2,299,242.50	0.00	2,759,091.00
6001.2 - Pumped O & M Subtotal	0.00	18,056.59	0.00	180,565.82	0.00	216,678.98
Total 6001 - FEES O & M -TOTAL	0.00	247,980.84	0.00	2,479,808.32	0.00	2,975,769.98
6002 - FEES CAP	0.00	318,531.91	0.00	3,185,319.18	0.00	3,822,383.02
6000 - FEES O & M + CAP - Other	568,785.49		5,743,978.70		6,877,004.20	0.00
Total 6000 - FEES O & M + CAP	568,785.49	566,512.75	5,743,978.70	5,665,127.50	6,877,004.20	6,798,153.00
6010 - FEES- MISC. INCOME	7,662.12	3,750.00	55,030.24	37,500.00	62,530.24	45,000.00
6015 - TRANSFERS FROM RSF	0.00	16,666.66	0.00	166,666.66	200,000.00	200,000.00
Total Income	576,447.61	586,929.41	5,799,008.94	5,569,294.16	7,139,534.44	7,043,153.00
Expense						
8010 - SALES TAX ACCRUAL	401.89	258.33	3,391.87	2,583.34	3,908.53	3,100.01
8050 - ADVERTISING -	0.00	208.33	632.22	2,083.34	1,048.88	2,500.01
Total 8060 - OFFICE SUPPLIES/EXPENSES	367.67	708.33	12,718.23	7,083.32	14,134.89	8,499.98
8065 - DUES/SUBSCRIPTIONS	546.22	616.67	5,557.08	6,166.66	6,790.42	7,399.99
8070 - BANK SERVICE CHARGES	0.00	50.00	-1,882.76	500.00	-1,782.76	600.00
8080 - DEBT SVC 2002 Bond Series	310,827.08	310,027.08	3,157,241.43	3,100,270.84	3,777,295.59	3,720,325.01
8081 - DEBT SVC 2005 Bond Series	27,105.88	27,105.83	271,058.80	271,058.34	325,270.46	325,270.01
Total 8090 - AUTO/TRUCK EXPENSE	2,007.36	2,166.67	23,171.96	21,666.66	27,505.30	25,999.99
8105 - RENT	0.00	333.33	2,162.87	3,333.34	2,829.53	4,000.01
Total 8110 - LICENSES/PERMITS	575.00	84.83	37,629.00	37,330.34	37,798.66	44,796.41
8120 - Lease/Purchase Mlox Gen. Equip	0.00	7,336.00	62,844.54	73,360.00	77,516.54	88,032.00
8130 - STATIONARY/PUBLICATIONS	0.00	25.00	184.52	250.00	234.52	300.00
8140 - SEMINARS & CONVENTIONS	45.00	450.00	3,341.00	4,500.00	4,241.00	5,400.00
8150 - POSTAGE/FREIGHT	365.48	200.00	2,370.40	2,000.00	2,770.40	2,400.00
8160 - FILM & PROCESSING	0.00	8.33	0.00	83.34	16.66	100.01
Total 8175 - METER REPAIR	127.00	1,008.33	497.20	10,083.32	2,513.86	12,099.98
8180 - SECURITY	126.97	483.33	547.15	4,833.34	1,513.81	5,800.01
Total 8200 - PUMP MAINT./REPAIR	7,859.16	3,224.98	39,196.79	32,250.04	45,646.75	38,700.05
Total 8220 - PROFESSIONAL FEES	14,250.04	5,791.68	126,567.95	57,916.64	138,151.31	69,499.97
Total 8300 - INSURANCE	4,003.04	7,562.09	78,311.32	75,620.82	93,435.50	90,744.98
Total 8400 - LABORATORY	6,548.86	4,341.66	42,213.34	43,416.68	50,896.66	52,100.02
Total 8500 - WATER TREATMENT	331.63	3,408.33	58,051.28	34,083.34	64,867.94	40,900.01
Total 8600 - PAYROLL EXPENSES	97,084.53	100,963.00	1,001,787.54	1,009,630.00	1,203,713.54	1,211,556.00
Total 8700 - TELEPHONE	1,847.27	3,466.67	28,931.13	34,666.66	35,864.47	41,599.99
Total 8800 - MISCELLANEOUS	838.23	1,333.34	21,035.73	13,333.32	23,702.41	15,999.98
Total 8820 - CUSTODIAL CARE	580.00	537.50	6,703.28	5,375.00	7,778.28	6,450.00
Total 8830 - REPAIRS/MAINTENANCE	1,767.65	3,400.00	36,607.41	34,000.00	43,407.41	40,800.00
Total 8840 - CHEMICAL SUPPLIES	30,319.13	26,500.01	252,456.86	264,999.98	305,456.88	317,999.98
Total 8850 - TANKS/STANDPIPES/RESEVOIRS	17,500.00	433.33	27,278.92	4,333.34	28,145.58	5,200.01
Total 8860 - UTILITIES	55,603.92	70,458.34	793,645.43	704,583.32	934,562.11	845,499.98
8870 - TRAVEL	713.04	300.00	5,700.90	3,000.00	6,300.90	3,600.00
8871 - MANAGER'S EXPENSE	0.00	100.00	714.79	1,000.00	914.79	1,200.00
8872 - BOARD EXPENSE	0.00	150.00	1,349.55	1,500.00	1,649.55	1,800.00
8873 - STAFF INCENTIVE PROGRAM	0.00	50.00	0.00	500.00	100.00	600.00
8874 - TRAINING & EDUCATION REIMBURSE	0.00	683.33	4,283.00	6,833.34	5,649.66	8,200.01
8875 - MEALS/ENTERTAINMENT	341.32	183.33	2,257.27	1,833.34	2,623.93	2,200.01
Total Expense	581,883.37	583,957.98	6,108,558.00	5,876,062.00	7,276,473.96	7,051,274.40

- 1 Decreased interest earnings to offset net debt service payments
- 2 Increased Legal expenses
- 3 Identification of leak in ground storage reservoir #1
- 4 Higher pumping demand, higher electricity costs



ANDERSON REGIONAL

JOINT WATER SYSTEM

998 Hunters Trail Anderson, SC 29625
 Phone: 864-332-6534 Fax: 864-224-6116

BOARD MEMORANDUM

May 8, 2008

Subject

April 2008 Operations and Maintenance Report

Discussion

Operations

As of May 1, 2008 Lake Hartwell was at 652.17 ft above mean sea level. This is 7.83 feet below full pool. Raw water is being taken from the second gate of the intake structure. There is 19.10 feet of water above the middle intake gate. Water temperature at the second gate is 69°. As water temperatures rise, settled water turbidity goals are easier to achieve. The Joint Water System reached 100% settled water turbidity goal for the month of April. Raw water quality remains generally good. Raw water turbidity is slightly higher than normal. Raw water, settled water, and finished water pH levels are normal. The maximum day for April was 44.0% of finished water capacity.

In addition to quality sampling for the Lake Hartwell Water Treatment Plant, Joint Water System staff processed 152 total coliform samples for local entities.

Water Production Data

	Average	Minimum	Maximum	Total
Raw Water (MG)	23,900,000	13,938,000	20,960,000	717,008,000
Finished Water (MG)	16,739,000	15,060,000	18,811,000	502,167,000
Finished Max Capacity	39.10%	35.20%	44.00%	40.48%

NOTE: Percentages are finished water capacities.

Water Quality Data

	Raw	Settled	Finished
pH	7.09	6.29	7.03
Turbidity (NTU) Range	3.06 to 4.9	0.51 to 0.98	0.05 to 0.08
Turbidity (NTU) Average	7.09	0.78	0.06
Turbidity (NTU) Exceedance	N/A	0.0%	0%
Residual Disinfectant (ppm)	N/A	0.78	1.16

NOTE: Area Wide Optimization Program Goal equals 1.0 NTU or less for settled water turbidity 95% of the time. Regulations require 1.0 NTU or less for finished water.

ARJWS has completed twenty months of Long Term 2 Enhanced Surface Water Treatment Rule testing. Results for the twentieth month are negative for Cryptosporidium and Giardia. The Long Term 2 testing period will encompass twenty four months.

Weather Data

	Minimum	Maximum	Total
Rainfall	0.00	1.10in.	3.38 in.
Temperature	36°F	85°F	N/A
Humidity	18%	100%	N/A

Power Consumption

Month	On Peak Kw	Off Peak Kw	Total Kw	Finished Water Mg	Kw Cost per Mg
April 2006	242,000	822,800	1,064,800	527,595,000	\$90.49
May 2006	309,600	988,400	1,298,000	594,180,000	\$115.99
June 2006	368,000	1,390,400	1,390,400	662,386,000	\$120.72
July 2006	331,600	1,100,400	1,432,000	715,772,000	\$112.95
Aug 2006	323,200	907,600	1,230,800	683,980,000	\$101.22
Sept 2006	282,400	866,400	1,148,800	545,552,000	\$95.92
Oct 2006	226,800	786,400	1,013,200	578,078,000	\$78.01
Nov 2006	242,400	744,400	986,800	498,257,000	\$92.09
Dec 2006	198,400	721,600	920,000	481,292,000	\$87.71
Jan 2007	223,600	858,000	1,091,600	493,178,000	\$101.97
Feb 2007	194,400	751,600	946,000	423,803,000	\$100.48
Mar 2007	210,800	890,800	1,101,600	530,280,000	\$75.15
April 2007	191,600	1,001,600	1,793,200	555,513,000	\$75.90
May 2007	238,400	1,138,000	1,376,400	682,561,000	\$82.78
June 2007	236,800	979,200	1,216,000	644,839,000	\$87.41
July 2007	224,000	1,187,200	1,411,200	777,256,000	\$91.16
Aug 2007	226,800	1,717,200	1,438,000	684,117,000	\$95.83
Sept 2007	223,200	1,040,800	1,264,000	639,852,000	\$82.42
Oct 2007	208,800	984,400	1,193,200	582,206,000	\$78.86
Nov 2007	204,400	820,400	1,024,800	467,322,000	\$86.63
Dec 2007	191,600	841,200	1,032,800	499,389,000	\$79.90
Jan 2008	215,600	834,200	1,050,400	453,926,000	\$113.98
Feb 2008	178,400	735,400	914,000	481,666,000	\$75.94
Mar 2008	176,400	803,400	979,600	502,167,000	\$76.95

Operations staff continues to optimize energy consumption at the Water Treatment Plant. Since April 2007, the percentage of energy consumed on-peak has dropped from a twelve month average of 23.14% to 17.12% of total energy consumed. The reduction in on-peak energy consumption, coupled with avoidance of peak demand related changes have allowed the Joint

Water System staff to reduce the average energy cost to produce 1 million gallons of water from \$97.73 to \$85.65, a 12.36% reduction in cost all while producing 3.5% more water, adding the additional energy load of the onsite disinfectant generation system and reflecting Duke Energy's fuel adjustment charge. Monthly energy consumption is detailed above.

Maintenance

- A new lay down storage area has been established and the area previously used has been cleaned up.
- All scrap wiring materials from the overhead lines has been sent to the salvage yard
- Work is ongoing at the lower lagoon where old materials have been stored. This area will be cleaned up and useable materials will be relocated to the new area.
- Rip rap has been installed along the fence line of the subdivision. Washing problems in our neighbors' yards has been a concern for some time. This appears to have relieved some of the problem.
- ARJWS crews made repairs on troughs on clarifier #2. The troughs had separated and had to be welded back.
- Work on yard lighting at the plant is in progress. Most of the lights have been restored around the plant with only two remaining to be wired.
- Raw Water Pump 4 has a sheared shaft. The pump will be removed immediately and sent back for inspection to find what caused the over torque situation.
- A permit has been applied for with SCDOT to cut the utility easement at I-85 and Scotts Bridge Rd. This area has not been cut in 5 years and access is very difficult. ARJWS crews will do the clearing.
- Some of the CELLO units are experiencing battery failure which has developed into a problem. These batteries are difficult to replace and special equipment will be needed to recalibrate the units when the batteries are installed. These batteries last approximately 2 ½ years.

Prepared by: Eddie Makison, Maintenance Manager
David Melton, WTP Superintendent

Approved by: Scott Willett, Executive Director



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BOARD MEMORANDUM

May 8, 2008

Subject

April Engineering Update

Discussion

Transmission System Improvements

ARJWS has defined the final routing of the transmission line and completed the survey. Contracts were awarded for services related to the right-of-way acquisition of the transmission line. A contract was awarded to Utility Land Service for negotiation assistance with the easements. A contract was awarded to Vantage Valuation Group to perform a land use study. A contract for legal services was awarded to Michael Burrell, Attorney at Law.

Lake Hartwell WTP Re-rating

ARJWS is still awaiting the final sanitary survey document from DHEC; however, no deficiencies were noted during their on-site visit. Staff will be forwarding settled water turbidity results to DHEC for 2007 and 2008 to demonstrate operational improvements. This will allow ARJWS to conduct a high-rate filter study in late 2008.

Underground Power to Raw Water Pump Station

Punchlist work is complete.

GIS Implementation

Trey has completed the meter pit data collection. He has also collected data for 69 sample site locations in the City of Belton, Town of Williamston, and Electric City Utilities service areas. Trey continues to work on building the geodatabase and incorporating the aerial photographs of the counties into the data he has collected. Trey also assisted the maintenance staff with an exterior lighting project.

Reservoir No. 1

Southeastern Underwater Services will conduct an additional dive in the reservoir free of charge to conduct an intense dye test and install pressurized plugs in the 4" and 6" pipes. This work will occur in the month of May.

Comprehensive Electrical Study

ARJWS staff completed a review of the Draft Comprehensive Electrical Study. Copies will be sent to the Emergency Generator Committee to discuss the findings and recommendations of the report in an upcoming meeting.

Clarifier No. 2

Work began on March 24. Blasting, priming, and painting are underway. The drives were shipped back to Walker Process. During inspection, Walker informed ARJWS that several components of the drives were beyond repair. New drives were quoted and a change order was issued for the purchase of a new flocculator drive and clarifier drive. Drives are scheduled to ship the second week of June.

Biosolids Program

ARJWS is researching methods to dispose of alum sludge produced onsite during filter backwashing. The solids are currently sent to the onsite lagoons for dewatering. Due to increased water production, solids production has continued to increase as well. Contact has been made with the Natural Resource Conservation Service and Clemson Extension regarding the agricultural use of this product.

Prepared by: Jennifer H. Barrington, P.E., System Engineer

Approved by: Scott Willett, Executive Director



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BOARD MEMORANDUM

May 8, 2008

Subject

First Reading of FY 2008-09 Annual Budget

Recommendation

Management recommends the adoption of the proposed FY 2008/09 Annual Budget.

Alternatives:

1. Seek amendment to the proposed annual budget.

Fiscal impact

The proposed annual budget is for \$9.15 million. The budget will fund \$4.29 million in annual operating expenses, \$4.08 million in annual debt service and \$1.29 million in system R&R offset by \$500,000 in interest earnings and rate stabilization revenues. The proposed budget represents an 8.14% annual increase over the approved FY 2007/08 budget. If discounted by the impact of potential litigation costs the annual increase is 3.25%.

Discussion

Under the terms of the 2002 Water Sale and Purchase Agreement, the Joint Water System must develop an annual budget for its anticipated costs for the upcoming year. The attached budget materials represent the Joint Water System's best estimate of costs anticipated for FY 2008/09. It includes a \$400,000 total allowance for legal and engineering fees for potential litigation, \$135,300 in reassigned costs related to the long-term storage tank agreement, and budgetary increases for electricity and chemicals needed for operations. Employee expenses increase by 5.59% to provide full year funding for the Co-Op position added at mid-year, raises for employees hired below the market rate and an approximate 2.1% general cost of living increase.

Approved by: Scott Willett, Executive Director

Attachments: **Fiscal Year 2008-09 Budget Statement**
 FY 2008-09 Annual Budget
 Capital Budget Justification FY08-09

Anderson Regional Joint Water System

Fiscal Year 2008-09 Budget Statement

The Anderson Regional Joint Water System

The Anderson Regional Joint Water System (“Joint Water System”) is an incorporated public body of the State of South Carolina organized under the provisions of Title 6, Chapter 25, Code of Laws of South Carolina 1976, as amended (“Joint System Act”). The Joint Water System was formed for the purpose of planning, financing, developing, constructing, maintaining, and operating water facilities to serve the areas of the respective members. The members of the Joint Water System are:

- City of Anderson
- Belton-Honea Path Water Authority
- Big Creek Water and Sewer District
- Broadway Water and Sewer District
- Town of Central
- City of Clemson
- Hammond Water District
- Homeland Park Water District
- Town of Pendleton
- Powdersville Water District
- Sandy Springs Water District
- Star-Iva Water and Sewer District
- West Anderson Water District
- Town of Williamston

The Joint Water System also delivers wholesale water to Clemson University.

Strategic Vision

The Anderson Regional Joint Water System will provide safe, high quality, treated water for the residents of Anderson and Pickens Counties. The Joint Water System seeks to become an active participant in the economic growth of the service area. Key objectives for the immediate future are to develop sufficient water treatment plant capacity to meet demands through 2025, develop the necessary transmission infrastructure to deliver those demands, coordinate with other regional agencies to promote economic development of the area, and establish a leadership position in educating the community on the critical issues surrounding water resources.

Governance

The Anderson Regional Joint Water System is governed by a Board of Commissioners consisting of one representative from each member utility. Presently the Board consists of 14 commissioners representing 13 member utilities that either take or have immediate plans to take delivery of water from the Joint Water System. Belton-Honea Path Water Authority, though not receiving treated water deliveries has participated in the development of the Joint Water System to preserve a future option to purchase wholesale treated water. In addition, the Joint Water System provides wholesale treated water to Clemson University.

The Board officers together with the immediate past chairman, and two members at large compose the Executive Committee. The board officers are elected each fiscal year. For FY 2007/08, the board officers were:

Chairman:	Norbert Steeber, Powdersville Water District
Vice-Chairman:	Jeffrey Caldwell, Electric City Utilities
Secretary:	Duane Rogers, Big Creek Water District.

The Executive Committee reviews issues and makes recommendations for full Board consideration. The Executive Committee is also charged with the selection and review of the Executive Director, who serves as the Chief Administrative and Operating Officer for the Joint Water System.

Financing

The Anderson Regional Joint Water System is financed under a cost allocation system identified in the 2002 Water Sale and Purchase Agreement. Under this Agreement, capital debt service costs are allocated to member agencies based on a 'beneficiary pays' principle based on allocated plant capacity. In addition, members are required to pay an additional 30% of allocated capital debt service costs to fund a repair and replacement program. Operating costs are allocated pro rata based on monthly water sales to each member agency.

Capital Improvement Program

Transmission System Improvements

As a result of a master planning effort to identify the water delivery system needs for the next 20 years, the Joint Water System has identified a suite of core system improvements. These projects provide an increased ability to get water out of the water treatment plant, increase capacity to customers north and east of Lake Hartwell, and provide additional capacity in the north Anderson service area for delivery through the City of Anderson system to other member agencies. Phase 1A of the planned improvements was approved by the Board in December 2007 and is in final design. The remaining options for the improvements are still being analyzed with a decision anticipated by early summer 2008.

Administration Headquarters Building

In April 2007, the Board authorized the construction of an 8,000 square foot multiple purpose administrative & maintenance facility on the water treatment plant property. The facility provides over 4,800 square-feet of offices for administration, training and the board and an additional 3,200 square-feet of space for maintenance shops. The facility was funded by cash and was completed and occupied in November 2007.

Repair and Replacement Program

The 2002 Water Sale and Purchase Agreement incorporated into all subsequent debt issuances specifically requires the establishment of repair and replacement accounts to fund major repairs and refurbishments. The replacement and repair accounts are funded by a 30% surcharge applied to the annual debt service payment. Adopted Joint Water System financial policies require a detailed budget of anticipated major repairs and refurbishments as a preliminary step in determining the potential for any surplus availability within these accounts. Identified surpluses are transferred to the Rate Stabilization Fund for use in pay-as-you-go debt service financing. During 2007/08, a new underground raw water power transmission line was approved and constructed. The following table depicts the planned expenditures from the System Repair and Replacement and the Pumped Repair and Replacement accounts over the immediate 3 year period.

Anderson Regional Joint Water System
Fiscal Year 2008/09 Budget

FY 2008-09	FY 2009-10	FY 2010-11
Rebuild Clarifier # 2 \$160K	Rebuild Clarifier # 1 \$284K	Replace SCADA Computer \$5.2K
Information Technology (Cello) \$17.5K	Vehicle Replacement \$22K	Vehicle Replacement \$49K
Ground Storage Reservoir #2 \$100K	Sludge Lagoon Clean-out \$64K	Filter 6 & 7 Backwash Retro \$100K
Raw Water Pump #5 \$175K	Info Tech Replacement \$7.2 K	Information Tech Replacement \$7.4K
SCADA Upgrade \$70K	HS Pump Replacement \$24K	Plant Electrical Upgrade \$135K
CBS #2 Impeller Replacement \$30K		Filter Media Replacement \$38.3K
CBS SCADA \$15K		
Highview Flowmeter \$25K		
Emergency Generator Upgrades \$125K		
Misc. / Contingency \$120K	Misc. / Contingency \$250K	Misc. / Contingency \$235K
TOTAL \$837.5K	TOTAL \$668.1K	TOTAL \$584.9K

Operating Budget

Professional Fees

Due to the potential for litigation, the FY 2008/09 annual budget has made a preliminary allowance for increased legal expenses (\$350,000) and increased engineering fees in support of the potential litigation (\$50,000). Unanticipated (and unbudgeted) increased legal fees for FY 2007/08 total nearly \$70,000.

Utility Expenses

Anticipated expenses for electricity for plant operations and system pumping are anticipated to increase by \$131,800 (15%) due to increased pumping volume and an announced 8%-12% increase in Duke Energy's electricity rates. The treatment plant has optimized its energy use during the past year, therefore smaller potential savings remain. Pumping energy costs continue to escalate as the daily system peaks that require more pumping correspond to peak energy prices. Continued emphasis on load management and member system storage could mitigate some future potential increases.

Storage Tank Maintenance Expenses

In 2007/08, the Joint Water System entered into a long-term contract for the annual maintenance for the elevated storage tanks. The agreement provides for levelized annual payments of \$135,300 to conduct whatever refurbishment, painting and maintenance is required. Management has been advised by the auditors, that the expense should be taken from the operating budget. Previously, this expense was paid from the R&R budget as it was seen as offsetting annual Joint Water System repair costs for the tanks.

Employee Expenses

A workforce analysis of present staffing indicates that the existing permanent staff positions are sufficient to meet operational needs. The Joint Water System began participation in Clemson University's Co-operative Education Program (Co-Op) in FY 2007/08 with a mid-year appointment. Full participation in the Co-op program will require an additional \$12,000 (\$24,000 per year per position) to fund the established position for the full year. In anticipation of upcoming retirements, it is anticipated that an additional maintenance position will be sought

for mid-year FY 2009/10. Benefit packages provided to all employees have continued to increase faster than the general rate of inflation. For FY 08/09, health and medical expenses are anticipated to increase by more than 10%. Management continues to seek lower cost alternatives that maintain the level of benefits.

<i>Position</i>	<i>Impact</i>
Co-Op (Engineering or Natural Resources)	\$12,000

Financial Plan

Comprehensive Financial Policy

The Board of Commissioners for the Anderson Regional Joint Water System has adopted the financial policy statements to promote the long-term financial health of the system, guide financing of future capital projects, serve as a guide in developing annual budgets, and managing future rate impacts.

- The Anderson Regional Joint Water System shall utilize a multi-year financial model of the system incorporating updated revenue and expenditure estimates for upcoming years.
- Anderson Regional Joint Water System shall employ conservative economic and financial assumptions for future years in developing annual budgets and the multi-year financial model.
- Anderson Regional Joint Water System shall utilize a zero-based budgeting approach that requires line item specific justification and rates of escalation.
- Anderson Regional Joint Water System shall optimize the number of permanent staff, with new permanent staff positions authorized only when new or expanded job duties requiring additional personnel are expected to last greater than 3 years.
- Anderson Regional Joint Water System shall maintain adequate fund balance reserves to meet unforeseen changes in circumstance. Reserve levels for each fund are to be individually determined and monitored. Funds in excess of identified needs are to be transferred to the Rate Stabilization Fund for use in managing annual fluctuations in the rates charged to member agencies.
 - Emergency reserve levels in the Repair and Replacement Funds shall be calculated as the cost of repairing or replacing the single most costly component in the system, plus a 33% emergency contingency; future years shall be escalated at 3.5%.
 - The Operating Fund shall maintain a balance capable of funding a minimum of 60 days of normal operation of the Joint Water System.
- Anderson Regional Joint Water System shall solve the multi-year financial model, structure future debt and manage reserve levels to minimize large infrequent rate increases. The preferred policy is to engage in a structured rate implementation with more frequent, but smaller annual increases in rates charged to member agencies.

Anderson Regional Joint Water System
Fiscal Year 2008/09 Budget

- Anderson Regional Joint Water System shall issue system debt to finance new capital facility construction. New system debt issues shall be correlated with the expected useful life of the project up to 30 years.
- Anderson Regional Joint Water System shall seek to enhance its underlying credit rating via the establishment and adherence to a sound comprehensive financial policy, elimination of unnecessary borrowing costs, prudent rate management, strict adherence to debt covenants and efficient operation of the water system. The Joint Water System shall seek insurance for debt issuances when the present value of the interest savings resulting from an increased credit rating are 1.3x or greater than the cost of the insurance or when required by the market.



FY 2008/09 Annual Budget

Income

	Approved Budget FY 07/08	Recommended FY 08/09 with Litigation		Recommended FY 08/09 w/o Litigation	
			Change		Change
6000 Rate Revenue					
Base O&M Subtotal	2,759,091	3,488,612	729,520	3,088,612	329,520
Pumped O&M Subtotal	216,679	250,388	33,709	250,388	33,709
6001 Fees - O&M Total	2,998,783	3,739,000	740,217	3,339,000	340,217
6002 Fees - Debt Service	3,845,595	3,817,307	(28,288)	3,817,307	(28,288)
6000 Rate Revenue Subtotal	6,844,379	7,556,307	711,928	7,156,307	311,928
8100 Transfers from R&R Account (RSF)	200,000	259,000	59,000	259,000	59,000
6010 Fees - Misc. Income	45,000	45,000	-	45,000	-
System R&R	1,194,477	1,204,875	10,398	1,204,875	10,398
Pumped R&R	80,916	81,683	767	81,683	767
TOTAL Income	8,364,771	9,146,864	782,094	8,746,864	382,094



FY 2008/09 Annual Budget

Expenses	Approved Budget FY 07/08	Recommended FY 08/09 with Litigation		Recommended FY 08/09 w/o Litigation	
			Change		Change
Administrative Expenses					
Office Expenses					
8050 Advertising	2,500	2,500	-	2,500	-
8061 Printing	500	1,000	500	1,000	500
8130 Stationary/Publications	300	300	-	300	-
8060 Office Supplies	7,500	9,000	1,500	9,000	1,500
8150 Postage/Freight	2,400	2,700	300	2,700	300
8160 Film & Processing	100	100	-	100	-
Office Expenses Subtotal	13,300	15,600	2,300	15,600	2,300
8105 Rent	4,000	-	(4,000)	-	(4,000)
Insurance/Licences/Permits					
8110 Licenses/Permits Other	37,500	1,000	(36,500)	1,000	(36,500)
8111 Lab Certification		700	700	700	700
8112 Hazmet		400	400	400	400
8113 Drinking Water Annual Fee		1,600	1,600	1,600	1,600
8114 Purchased Water		34,000	34,000	34,000	34,000
8301 Surety Bond	200	200	-	200	-
8302 General Liability	53,709	57,000	3,291	57,000	3,291
8303 Workman's Compensation	35,876	29,500	(6,376)	29,500	(6,376)
8300 Insurance - Other	960	-	(960)	-	(960)
8801 HAZMAT Fees	600	-	(600)	-	(600)
Insurance/Licences/Permits Subtotal	128,845	124,400	(4,445)	124,400	(4,445)
Banking Expense					
8070 Bank Service Charges	600	400	(200)	400	(200)
8062 Check Supplies	500	500	-	500	-
Banking Expense Subtotal	1,100	900	(200)	900	(200)
Telecommunications					
8701 Cell Phones/Radios	6,200	8,400	2,200	8,400	2,200
8702 Info Tech	21,000	20,000	(1,000)	20,000	(1,000)
8700 Telephone - Other	13,000	7,200	(5,800)	7,200	(5,800)
Telecommunications Subtotal	40,200	35,600	(4,600)	35,600	(4,600)
Vehicle Expenses					
8091 Gas Purchases	11,500	16,000	4,500	16,000	4,500
8092 Veh. Maint.	8,000	6,500	(1,500)	6,500	(1,500)
8090 Other Auto/Truck Expense	6,500	7,100	600	7,100	600
Vehicle Expenses Subtotal	26,000	29,600	3,600	29,600	3,600
Custodial Expense					
8821 Trash Pick-up	1,500	1,200	(300)	1,200	(300)
8822 Custodial Supplies	1,200	1,000	(200)	1,000	(200)
8820 Custodial Care	3,750	7,000	3,250	7,000	3,250
Custodial Expense Subtotal	6,450	9,200	2,750	9,200	2,750
Professional Fees					
8221 Consultants	12,500	17,000	4,500	17,000	4,500
8222 Legal	9,500	370,000	360,500	20,000	10,500
8223 Accounting	30,000	30,000	-	30,000	-
8225 Engineering	7,500	56,000	48,500	6,000	(1,500)
8226 Medical Expenses	2,000	1,000	(1,000)	1,000	(1,000)
8220 Other Professional Fees	8,000	6,000	(2,000)	6,000	(2,000)
Professional Fees Subtotal	69,500	480,000	410,500	80,000	10,500
8010 Sales Tax Accrual	3,100	4,400	1,300	4,400	1,300
TOTAL Administrative Expense	292,495	699,700	407,205	299,700	7,205
			139.22%		2.46%



FY 2008/09 Annual Budget

Operations Expenses	Approved Budget FY 07/08	Recommended FY 08/09 with Litigation		Recommended FY 08/09 w/o Litigation	
			Change		Change
8802 Safety Equipment	2,400	3,000	600	3,000	600
8803 Uniforms	5,100	7,000	1,900	7,000	1,900
8400 Laboratory					
8411 Control Maintenance	12,000	10,000	(2,000)	10,000	(2,000)
8412 Control Equipment	3,000	1,500	(1,500)	1,500	(1,500)
8413 Lab Supplies	25,000	28,000	3,000	28,000	3,000
8414 Lab Equipment	4,000	4,000	-	4,000	-
8415 Misc Lab / Control Room	1,200	500	(700)	500	(700)
8400 Lab - Other	900	400	(500)	400	(500)
8416 External Lab Testing Fees	6,000	12,000	6,000	12,000	6,000
8400 Laboratory Subtotal	52,100	56,400	4,300	56,400	4,300
8840 Chemical Supplies					
8841 Floride (HFS)	26,000	26,000	-	26,000	-
8842 Phosphate	80,000	82,000	2,000	82,000	2,000
8843 Chlorine (CL2)			-		-
8844 Alum	81,000	76,000	(5,000)	76,000	(5,000)
8845 Caustic	93,000	102,000	9,000	102,000	9,000
8846 Other			-		-
8847 Salt	38,000	41,300	3,300	41,300	3,300
8840 Chemical Supplies Subtotal	318,000	327,300	9,300	327,300	9,300
8120 Lease/Purchase MIOX	88,032	88,000	(32)	88,000	(32)
8860 Utilities					
8861 CBS - Electricity	155,000	204,000	49,000	204,000	49,000
8862 WTP - Electricity	626,000	668,000	42,000	668,000	42,000
8863 HV - Electricity	63,000	88,900	25,900	88,900	25,900
8864 Offsite Water Tanks - Electricity	500	800	300	800	300
8865 Generator Fuel	1,000	1,000	-	1,000	-
8866 WTP - Natural Gas		1,000	1,000	1,000	1,000
8867 Admin Building - Electricity		8,000	8,000	8,000	8,000
8703 Pump Station Telephone Lines	1,400	7,000	5,600	7,000	5,600
8860 Utilities Subtotal	846,900	978,700	131,800	978,700	131,800
8180 Security Monitoring Systems	5,800	800	(5,000)	800	(5,000)
TOTAL Operations Expense	1,318,332	1,461,200	142,868	1,461,200	142,868
			10.84%		10.84%



FY 2008/09 Annual Budget

Maintenance Expense	Approved Budget FY 07/08	Recommended FY 08/09 with Litigation		Recommended FY 08/09 w/o Litigation	
			Change		Change
8175 Meter Repair					
8176 Meter Parts	2,600	2,600	-	2,600	-
8177 Meter Maint / Testing	1,500	1,500	-	1,500	-
8178 Meter Purchase	8,000	5,000	(3,000)	5,000	(3,000)
8175 Meter Repair Subtotal	12,100	9,100	(3,000)	9,100	(3,000)
8200 Pump & Motor Maint/Repair					
8208 CBS Pumps		1,500	1,500	1,500	1,500
8209 HV Pumps		1,500	1,500	1,500	1,500
8210 Transfer Pumps	6,000	5,000	(1,000)	5,000	(1,000)
8211 Raw Water Pumps	7,000	10,000	3,000	10,000	3,000
8212 High Service Pumps	7,000	7,000	-	7,000	-
8213 Lagoon Pumps	4,000	1,000	(3,000)	1,000	(3,000)
8214 Filter Wash Pumps	-	-	-	-	-
8215 Chemical Feed Pumps	4,000	2,500	(1,500)	2,500	(1,500)
8216 Sample Pumps	2,100	1,200	(900)	1,200	(900)
8217 Electrical Pumping Equipment	2,800	800	(2,000)	800	(2,000)
8201 Pump Maint./Repair - Other	5,800	5,500	(300)	5,500	(300)
8200 Pump & Motor Maint/Repair Subtotal	38,700	36,000	(2,700)	36,000	(2,700)
8830 Transmission Repairs & Maintenance					
8830.1 Generators	1,800	1,800	-	1,800	-
8832 Raw Water Intake	4,500	3,000	(1,500)	3,000	(1,500)
8834 Misc Repairs	24,000	20,000	(4,000)	20,000	(4,000)
8836 Transmission Mains	1,800	1,500	(300)	1,500	(300)
8837 CBS	3,000	2,000	(1,000)	2,000	(1,000)
8838 High View PS	1,800	1,200	(600)	1,200	(600)
8839 Homeland Park PS	100		(100)		(100)
8828 Repairs & maintenance - Other	1,800	1,200	(600)	1,200	(600)
8830 Transmission Repairs & Maintenance St.	38,800	30,700	(8,100)	30,700	(8,100)
8500 Water Treatment Repairs					
8506 Filters	8,400	8,600	200	8,600	200
8507 Misc Equipment	15,000	11,000	(4,000)	11,000	(4,000)
8508 Clarifiers	7,500	5,000	(2,500)	5,000	(2,500)
8509 Misc Repairs	7,000	6,000	(1,000)	6,000	(1,000)
8510 SCADA and Controls	3,000	4,000	1,000	4,000	1,000
8511 MIOX		6,500	6,500	6,500	6,500
8833 Filter Plant	2,000	4,000	2,000	4,000	2,000
8500 Water Treatment Repairs Subtotal	42,900	45,100	2,200	45,100	2,200
8850 Tanks/Standpipes/Reservoirs					
8851 5MG CBS Reservoir	1,000	1,000	-	1,000	-
8852 Tanks/Standpipes/Reservoirs - C	4,000	135,300	131,300	135,300	131,300
8850 Tanks/Standpipes/Reservoirs Subtotal	5,000	136,300	131,300	136,300	131,300
8804 Tools and Equipment	5,000	6,000	1,000	6,000	1,000
8805 Equipment Rental	3,500	3,500	-	3,500	-
TOTAL Maintenance Expense	146,000	266,700	120,700	266,700	120,700

82.67%

82.67%



FY 2008/09 Annual Budget

Employee Expense	Approved Budget FY 07/08	Recommended FY 08/09 with Litigation		Recommended FY 08/09 w/o Litigation	
			Change		Change
8620 Wages					
8621 Pumped Wages	5,932	5,000	(932)	5,000	(932)
8622 Pumped OT Wages	1,780	1,500	(280)	1,500	(280)
8623 Overtime Wages	49,513	50,000	487	50,000	487
8620 Wages - Other	865,068	916,000	50,932	916,000	50,932
8620 Wages Subtotal	922,293	972,500	50,207	972,500	50,207
8630 Payroll Tax Expense	77,480	82,000	4,520	82,000	4,520
Benefits					
8640 Insurance - Health & Life	112,737	120,000	7,263	120,000	7,263
8648 MoneyPlus	240	100	(140)	100	(140)
8650 401K/457	83,006	3,200	(79,806)	3,200	(79,806)
8655 401A SCRS Company Match		84,500	84,500	84,500	84,500
8600 Payroll Expenses - Other	15,800	17,000	1,200	17,000	1,200
Benefits Subtotal	211,783	224,800	13,017	224,800	13,017
TOTAL Employee Expense	1,211,556	1,279,300	67,744	1,279,300	67,744
			5.59%		5.59%
MISC EXPENSES					
8870 Travel	3,600	4,200	600	4,200	600
8871 Manager's Expense	1,200	1,200	-	1,200	-
8872 Board Expense	1,800	1,800	-	1,800	-
8873 Staff Incentive Program	600	600	-	600	-
8874 Training and Education Reimbursement	8,200	8,200	-	8,200	-
8875 Meals/Entertainment	2,200	2,400	200	2,400	200
8065 Dues/Subscriptions	7,400	7,900	500	7,900	500
8140 Seminars & Conventions	5,400	5,800	400	5,800	400
TOTAL Misc Expense	30,400	32,100	1,700	32,100	1,700
			5.59%		5.59%
Debt Expense					
8082 Increase in Operating Fund Balance					
8080 CIP Debt Service Expense					
UnRefunded 2002 Debt	3,926,038	3,963,255	37,217	3,963,255	37,217
SRF Expansion	325,270	325,270	-	325,270	-
DSR Earnings	(205,713)	(212,218)	(6,505)	(212,218)	(6,505)
SRF 20 - Phase 1A	-	-	-	-	-
*	-	-	-	-	-
TOTAL Debt Expense	4,045,595	4,076,307	30,712	4,076,307	30,712
			0.76%		0.76%
TOTAL Budget	7,044,379	7,815,307	770,928	7,415,307	370,928

Capital Budget Justification FY08-09

System R&R

Clarifier #2 Rebuild

Budget request – \$160,000

Justification – Clarifier #2 is part of the original plant infrastructure constructed in 1968. The clarifier has experienced numerous problems within the past year and was approved for refurbishment by the Board in February 2006. This budget amount is a carryover for a project that will span two budget cycles (FY07-08 and FY08-09).

Information Technology (Admin)

Budget Request – \$17,500

Justification – Host Cello server at the ARJWS facility in lieu of using an outside company. Install software and hardware needed to allow the Administration Building to view operating data from the filter plant.

Miscellaneous R&R Expenses

Budget Request – \$120,000

Justification – This request is for any unexpected maintenance requirements throughout the year. The past couple years ARJWS has experienced over \$100,000 of unaccounted for maintenance issues that occur annually.

Ground Storage Reservoir #1 Repair

Budget Request – \$100,000

Justification – This finished water storage reservoir has leaked for nearly twelve (12) years and has been listed as a corrective action on our annual DHEC sanitary survey report. ARJWS has performed rehabilitative work to the tank including pouring a new floor, replacing the floor wall joint, and inspecting the tank and pipe penetrations via video camera. The leak has not been corrected but must be in order to ensure water quality and meet regulatory obligation.

Raw Water Pump #5/Transfer Pump

Budget Request – \$175,000

Justification – Raw water pump #2 is original equipment to the plant, circa 1967. In order to rebuild this pump, an additional pump (#5) must be purchased and installed. Consideration also must be given to the addition of another transfer pump. Based on summer demands through the plant in 2007, the six transfer pumps installed had a difficult time keeping up with the flow through the basin. These transfer pumps are used to transfer finished chlorinated water from the clearwell to the storage reservoirs onsite.

SCADA Upgrade

Budget Request – \$70,000

Justification – ARJWS needs to make the following improvements to its SCADA system: debug the current SCADA system, trend pump operation for High Service Pump Station, Raw Water Pumps, Clemson Booster Station, and Highview Booster Station pump #3, create historical data trends/spreadsheets, monitor Highview Booster Station inlet pressure and flow, and upgrade hubs to switches (hardware replacement). This budget also includes modifications/improvements to the ARJWS SCADA communication technology at remote sites including tanks and booster stations throughout the system.

Emergency Generator Upgrades

Budget Request – \$125,000

Justification – A comprehensive electrical study will be completed by the end of March 2008 highlighting electrical system deficiencies throughout the plant including switchgear, generators, and utility power connections. A multi-year phased improvement program will be developed from this study. This budget also includes a new motor control center for transfer pumps #3 and #4 to replace original plant MCCs, circa 1967. Both have experienced multiple problems and are in need of replacement.

Pumped R&R

SCADA changeout at Clemson Booster Station

Budget Request – \$15,000

Justification – The hardware onsite is obsolete and parts are unattainable. Also, ARJWS has no programming records for pump operation at Clemson Booster Station. This makes changes to the program nearly impossible. A new program will be developed to control pump operation including new hardware onsite.

Clemson Booster Station Pump #2 Impellor

Budget Request – \$30,000

Justification – Pump #2 at Clemson Booster Station exhibits a cavitation sound. After investigating, it was discovered that the impellor has experienced corrosion/erosion issues related to the material of the impellor (bronze with zinc) reacting with chlorine in the water. This is very common with impellors from the early 1990's when lead was removed from the impellor casting and replaced with zinc. This problem was also experienced in Pump #1 at Clemson Booster and corrected by replacing the existing impellor with a stainless steel impellor. This impellor will continue to deteriorate and operate inefficiently if not replaced.

Highview Booster Station flowmeter installation

Budget Request – \$25,000

Justification – Lightning hit the existing insertion meter several years ago and it has never been replaced. A new transit time flowmeter would be beneficial at this location to accurately measure outgoing flow. Currently, only pressure is measured at this location.

SECOND AMENDMENT

TO THE

RESTATED AND AMENDED

WATER SALE AND PURCHASE AGREEMENT

among the

ANDERSON REGIONAL JOINT WATER SYSTEM

and

The Municipalities of Anderson, Clemson, Pendleton and Williamston

and the Special Purpose Districts of

The Big Creek Water and Sewerage District of Anderson County,
The Broadway Water and Sewerage District of Anderson County,
Hammond Water District, Powdersville Water District,
Sandy Springs Water District, Starr-Iva Water and Sewer District, and
West Anderson Water District

Dated as of _____

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This **SECOND AMENDMENT TO THE RESTATED AND AMENDED WATER SALE AND PURCHASE AGREEMENT** (hereinafter referred to as the “Second Amendment to the Agreement”) made as of this ____ day of _____, 2008, by and among the Anderson Regional Joint Water System, South Carolina, a joint municipal water system (hereinafter referred to as the “Agency”), and the municipalities of Anderson, Clemson, Pendleton and Williamston and the special purpose districts of The Big Creek Water and Sewerage District of Anderson County, The Broadway Water and Sewerage District of Anderson County, Hammond Water District, Homeland Park Water District, Powdersville Water District, Sandy Springs Water District, Starr-Iva Water and Sewer District, and West Anderson Water District (hereinafter referred to as the “Members”).

FINDINGS OF FACTS

The Agency and the Members entered into the Water Sale and Purchase Agreement on March 21, 1992 for the purpose of providing (a) for the operation, maintenance and expansion of the Agency’s waterworks system; and (b) for all related activities required in connection with the Agency’s provision of potable water to each of the Members through the waterworks system of the Agency (the “System”). The Water Sale and Purchase Agreement was subsequently restated and amended on October 12, 2004 and has been amended and supplemented thereafter (as restated, supplemented and amended, the “Agreement”).

The Members have determined that to meet the needs of their present and future customers for potable water more economically and efficiently, it would be in the interest of all Members to adopt maximum flow rate limitations to govern the delivery of water supplies to their systems. Under the Agreement, each Member is provided with a maximum daily quantity of water which the System must be prepared to deliver to that Member. The Agreement refers to

each Member's maximum daily quantity as the Member's "Allocated Capacity." The Agreement does not, however, provide for any limitations on the hourly demands that Members may place on the System while withdrawing their Allocated Capacity on any given day. The System Engineer and System Consulting Engineer have determined that substantial savings could result to all Members if all Members adopt the maximum flow rate limitations contained in this Second Amendment to the Agreement. Incorporating such limitations into the Agreement would allow the Agency to configure, design and construct its lines, pump stations and other transmission facilities to meet lower hourly flow rates and would allow the Agency to operate its System more efficiently and at less cost.

For these reasons, the Agency and Members have found this Second Amendment to the Agreement to be in the best interest of the Members, the public and the consumers to be served; and it has been duly authorized by the respective governing boards of the Agency and the Members who have authorized the undersigned officers to sign on behalf of each.

NOW, THEREFORE, in consideration of the premises hereinabove set forth and the mutual covenants and promises of the Parties hereunder, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Agency and the Members agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. General. All defined terms used in this Second Amendment to the Agreement if not provided a specific definition in Section 1.02 shall have the meanings given to such terms in the Agreement.

Section 1.02. Additional Definitions. In addition to the words and terms defined in the Agreement, the following words and terms as used in this Second Amendment to the Agreement shall have the following meanings unless some other meaning is plainly intended:

“Capacity Flow Rate” means a Member’s Allocated Capacity as established in the Agreement expressed as constant hourly flow in gallons per hour (gph) over a twenty-four (24) hour period, unless increased pursuant to the Section 3.05 hereof.

“Flow Restriction Notice” means a notice provided by the Agency to a Member or Members that a Restricted Flow Period is in force.

“Flow Restriction Period” means any period when the Agency determines that the transmission facilities serving any Member or Members, or its transmission systems in total, may be at risk of reaching full capacity utilization.

“Maximum Flow Rate” means the Member’s Capacity Flow Rate expressed in gallons per hour plus fifteen percent (15%).

(END OF ARTICLE I)

ARTICLE II

TERM

Section 2.01. Term of First Amendment to the Agreement. This Second Amendment to the Agreement shall be effective on the date of the execution of this Second Amendment to the Agreement by duly authorized agents of the Agency and each Member and shall terminate upon the termination of the Agreement.

(END OF ARTICLE II)

ARTICLE III

MAXIMUM FLOW RATE PROVISIONS

Section 3.01. The Agency's Delivery Commitment Limited to Members' Maximum Flow Rates. The Agency shall have no obligation to provide water to any Member at an hourly rate of flow in excess of that Member's Maximum Flow Rate which shall be computed as provided in this Second Amendment to the Agreement.

Section 3.02. Members' Withdrawal of Water from the System. During any Flow Restriction Period, the Agency may restrict all Members, or those Members served by the assets the Agency determines to be constrained, to their Maximum Flow Rates by providing a Flow Restriction Notice as provided for in Section 3.03. During any such Flow Restriction Period, the Agency may physically limit the flow of water from the Agency into a Member's system to that Member's Maximum Flow Rate. The Agency may install and/or operate valves, baffles, and related equipment to accomplish such a limitation.

Section 3.03. Flow Restriction Notices. To initiate a Flow Restriction Period, the Agency shall provide the Member or Members affected with a Flow Restriction Notice. The Agency shall provide the Flow Restriction Notice to the Member by facsimile, email or by telephone call confirmed by facsimile or email. Such notice shall be effective upon transmittal and shall remain in effect until withdrawn by the Agency using similar means. During the time that the Flow Restriction Notice is in effect, any Member subject to such notice shall limit its total withdrawal of water from all points of interconnection with the System to its Maximum Flow Rate. Each Member acknowledges its responsibility to design, configure and operate its system and storage assets to meet its obligations under this Article.

Section 3.04. Regulations and Financial Penalties. The Agency may adopt regulations providing for penalties for Members who violate the requirements of this Article, provided however, that such regulations may be adopted only upon majority vote of the Board and shall not take effect until six (6) months after adoption. Such regulations may include reasonable provisions for waiver of penalties for events outside Member's reasonable control.

Section 3.05. Adjustments to Maximum Flow Rates. The Agency shall not be obligated to design its transmission facilities larger than necessary to meet the Maximum Design Flow of the Members served from such facilities. Members may increase their Maximum Flow Rate by funding the reasonable cost of increasing the transmission capacity of any constrained transmission facilities that serve them, but a Member's Allocated Capacity can only be increased pursuant to the applicable terms of the Agreement.

Section 3.06. Lease, Sale or Transfer of Allocated Capacity. Nothing herein shall prohibit a Member from leasing, selling or transferring Allocated Capacity to another Member as may otherwise be permitted under the terms of the Agreement, provided however, that the lease, sale or transfer shall not increase the recipient's Maximum Flow Rate except to the extent that the recipient's Allocated Capacity is adjusted pursuant to Section 3.10 or other provisions of the Agreement.

(END OF ARTICLE III)

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to the Agreement to be signed in their names by their duly authorized officers as of the date first hereinabove written.

**ANDERSON REGIONAL JOINT
WATER SYSTEM, SOUTH CAROLINA
as Seller**

Chairman

Manager

CITY OF ANDERSON, as Purchaser

Mayor

City Manager

**THE BIG CREEK WATER AND SEWERAGE
DISTRICT OF ANDERSON COUNTY,
as Purchaser**

Chairman

Manager

THE BROADWAY WATER AND
SEWERAGE DISTRICT OF
ANDERSON COUNTY, as Purchaser

Chairman

Manager

CITY OF CLEMSON, as Purchaser

Mayor

City Administrator

HAMMOND WATER DISTRICT, as
Purchaser

Chairman

Manager

HOMELAND PARK WATER
DISTRICT, as Purchaser

Chairman

Manager

TOWN OF PENDLETON, as Purchaser

Mayor

Town Administrator

POWDERSVILLE WATER DISTRICT,
as Purchaser

Chairman

Manager

SANDY SPRINGS WATER DISTRICT,
as Purchaser

Chairman

Manager

STARR-IVA WATER AND SEWER
DISTRICT, as Purchaser

Chairman

Manager

WEST ANDERSON WATER DISTRICT,
As Purchaser

Chairman

Manager

TOWN OF WILLIAMSTON, as Purchaser

Mayor