

Lower Cape Fear Water & Sewer Authority  
Regular Board Meeting Minutes

December 12, 2016

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Chairman Saffo called to order the Authority Meeting scheduled on December 12, 2016 at 9:00 a.m. and welcomed everyone present. The meeting was held at the Authority's office located at 1107 New Pointe Boulevard, Suite 17, Leland, North Carolina. Director Edge gave the invocation.

**Present:** Earl Andrews, Norwood Blanchard, Trent Burroughs, Wayne Edge, Larry Johnson, Al Leonard, William Milliken, Jackie Newton, Charlie Rivenbark, Bill Saffo, Larry Sneed, Skip Watkins, William Sue, Frank Williams

**Present Electronically by Telephone:** None

**Absent:** None

**Staff:** Don Betz, Executive Director; John Wessell, General Counsel; Tony Boahn P. E., McKim & Creed and Amy Scruggs, Administrative Assistant

**Guest:** John Nichols, Brunswick County Public Utilities Interim Director and Heidi Cox, NC DENR Assistant Regional Engineering Supervisor, Public Water Supply Section Division of Water Resources

**PLEDGE OF ALLEGIANCE:** Chairman Saffo led the Pledge of Allegiance.

**PRESENTATION TO: Scott Phillips, Brunswick County Representative, by Chairman Saffo**

Chairman Saffo presented Mr. Phillips a plaque in recognition and appreciation for his distinguished service to the Authority from January, 2015 to November, 2016.

Mr. Phillips expressed appreciation for the opportunity to serve with fellow directors who have this region's best interest at heart and for the support of the Authority's staff. He affirmed confidence in Mr. Williams as not only filling his vacated seat on the Authority's Board but also as Chairman for the Brunswick County Board of Commissioners. He also expressed confidence that the good work Jerry Pierce provided until his retirement will continue with John Nichols as the Brunswick County Public Utilities Interim Director.

**ADMINISTER OATH OF TO: Frank Williams, Brunswick County Representative and Jackie Newton, Pender County Representative (Chairman Saffo)**

Chairman Saffo administered the Oath of Office to Mr. Williams and Ms. Newton as newly appointed representatives to the Authority's Board of Directors. Mr. Williams was sworn in as a representative for Brunswick County and Ms. Newton was sworn in as a representative for Pender County. Mr. Williams and Ms. Newton were welcomed by members and staff.

**APPROVAL OF CONSENT AGENDA**

**C1 - Minutes of Regular Board Meeting November 14, 2016**

**C2 - Kings Bluff Monthly Operations and Maintenance Report**

**C3 - Bladen Bluffs Monthly Operations and Maintenance Report**

**C4 - Budget Amendment #2**

**C5 - Purchase Order #2016-1013(A)**

**Motion:** Director Milliken **MOVED**; seconded by Director Rivenbark, approval of the Consent Agenda Items as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

**OLD BUSINESS**

**OB1 - Kings Bluff Raw Water Pump Station Transmission Main Inspection and Condition Assessment Presentation (Tony Boahn)**

Mr. Boahn provided a PowerPoint presentation summarizing the repair of a section of the Kings Bluff 48-inch raw water transmission main located in Columbus County on International Paper's (IP) property. The presentation included: the project's general timeline from leak detection to repair completion; location of the damaged section; access and dewatering of flooded work area; failed pipeline joint, temporary repair band; removal of failed pipe; bypass pipe installation; new pipe installation inclusive of gate valve and a tee for future parallel water main interconnection; cleanup and restoration of the area and alternatives for pipeline inspection. Mr. Boahn explained that a pipe joint failed creating a

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leak and a hole about the size of a basketball broke open towards the bottom of the pipe close to the joint. The subgrade below the pipe was washed out around the time of the cresting of the river and flooding conditions from hurricane Matthew. With the diminished subgrade, the pipe curved downward pulling the pipe joint apart. The joint leak would have greatly increased in velocity burning a hole in the pipe's concrete. In reviewing daily flow data from the pump, flows went from being accurate to a huge 50% disparity within a 24 hours span indicating the break occurred very quickly. In removing the failed pipe, four joints were identified with separation requiring installation of four new sections of pipe totaling 80 feet. The line was tested and put back in operation on November 28<sup>th</sup>. Cleanup and restoration of the area is currently underway and being coordinated with IP. Mr. Boahn said the next step moving forward is a condition assessment of the pipeline in order to be proactive in addressing pipe failure prior to an occurrence. There are two basic pipe inspection technologies available with one using internal tools and the other external tools. The external tools are largely permanent monitoring systems with acoustic listening devices. Because the Authority needs to determine if there are any imminent issues inside the pipeline, Mr. Boahn believes internal inspection is best. Pure Technologies not only specializes in internal inspection but also in prestressed concrete cylinder pipe (PCCP) used by the Authority. Pure Technologies offers two technologies. One, the SmartBall, is inserted into the pipeline and propelled by the hydraulic flow until captured at a point downstream. The device records acoustic activity and positional data which is evaluated to report the presences, size and location of leaks and gas spots. The second is the PipeDiver which is a free-swimming tool that provides higher resolution data by identifying distressed pipe sections and specifying the number of broken wires within a PCCP segment. The Authority's entire 24 mile pipeline needs inspection; however, because the first 14 miles is the oldest section and has operated at a higher pressure and cyclical pressure variant, Mr. Boahn believes SmartBall leak detection in this section is the best first step. The SmartBall inspection costs \$203,000.00 for the first 14 miles and \$323,000.00 for the total 24 mile pipeline. The Authority could also consider a three year inspection option providing an economy of scale in reducing the risk of leaks until the parallel pipeline is constructed. The inspection will require additional fees for engineering evaluation of findings and field assistance. Mr. Boahn noted the cost for both the external and PipeDriver inspections are in the seven figure range. Mr. Boahn answered questions from several Directors regarding initial construction and repair of the pipeline, current monitoring of water flow for leak detection, visual inspection of the pipeline and lessons learned from this incident for future efficiency and reactivity. Executive Director Betz said if the board is interested in moving forward a contract proposal can be obtained from Pure Technologies for consideration along with an associated resolution at the January 9, 2017 board meeting. It was suggested a proposal be obtained for both a single inspection and for a three year inspection for the first 14 miles of pipeline.

**Motion:** Director Sue **MOVED**; seconded by Director Williams that a contract be obtained from Pure Technologies for SmartBall leak detection services on the first 14 miles of the pipeline listing service for both a one-time inspection option and a three year inspection option for consideration by the board at its January 9, 2017 meeting. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

#### **OB2 - Finance Committee Chairman Report (Al Milliken)**

Chairman Milliken recalled that at the November 14<sup>th</sup> board meeting it was reported that due to the damaged transmission main and associated repair work during October and November, the Authority could not supply water to its customers resulting in a loss of income of approximately \$154,500.00. Brunswick and Pender Counties are returning to their budgeted revenue levels; however, at the end of November CFPUA was behind its budgeted revenue purchase level by \$97,900.00. CFPUA can balance out this deficit by June 30, 2017 by drawing more raw water from the Authority's Kings Bluff Raw Water Pump Station rather than utilizing their pump station. The Finance Committee will review the progress and projections during the 2017-2018 budget preparation meetings; however, with CFPUA's adjustment the Authority should be able to avoid an interim rate increase in this current fiscal year. The Authority is seeking reimbursement from FEMA; however, if it becomes necessary to borrow funds to reimburse CFPUA and Brunswick County for their costs incurred for repair of the Authority's 48-inch transmission main, the Authority needs to consider its options. Therefore, Chairman Milliken received loan information from BB&T indicating a 2.40% interest rate on \$2,000,000.00 for a 20 year loan. The associated annual debt service on the loan would be \$226,151.00 necessitating a raw water rate increase of 3 cents per 1,000 gallons on the Authority's current rate of 27 cents per 1,000 gallons. Executive Director Betz pointed out that normally when entering the fall months the Authority is carrying a revenue surplus from the summer months. This surplus is beneficial in maintaining the budget during the low water usage in the winter months. Usually CFPUA shuts down their pump station for maintenance this time of year and obtains their river water solely from the Authority; however as noted with the damaged transmission main issue, the Authority has been unable to sell the water to its customers. Executive Director Betz spoke with Executive Director Flechtner of CFPUA who has agreed, in lieu of a rate increase, to increase CFPUA's water usage from the Authority over the next six months enabling the Authority to balance its revenue shortage. Director Sneed added that CFPUA board discussed the possible rate increase and would support such if the situation warrants it.

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**NEW BUSINESS**

**NB1 - Resolution Authorizing Chairman to Enter an Interlocal Agreement Between Brunswick County and Lower Cape Fear Water & Sewer Authority Regarding Repair of a Rupture in the Kings Bluff Raw Water Pump Station's Transmission Main Located in Columbus County, North Carolina**

Executive Director Betz recalled that at the November 14, 2016 board meeting the Authority approved a resolution authorizing the Chairman to enter into an Interlocal Agreement with Cape Fear Water & Sewer Authority (CFPUA) for reimbursement to CFPUA for costs incurred for repair of the Authority's 48-inch transmission main. He explained the presented resolution authorizes the Chairman to enter into a similar Interlocal Agreement with Brunswick County for reimbursement of the County's costs associated with the repair. The Brunswick County Board of Commissioners approved the presented Interlocal Agreement on December 5, 2016. As with the CFPUA Interlocal Agreement, Mr. Wessell pointed out the agreement is essentially a blank check until the final cost of the repair is known.

**Motion:** Director Sue **MOVED**; seconded by Director Williams approval of the Interlocal Agreement between the Authority and Cape Fear Water & Sewer Authority and the *Resolution Authorizing Chairman to Enter an Interlocal Agreement Between Brunswick County and Lower Cape Fear Water & Sewer Authority Regarding Repair of a Rupture in the Kings Bluff Raw Water Pump Station's Transmission Main Located in Columbus County, North Carolina*. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

**NB2 - Election of Authority's Board of Directors Officers for the Term of January 1, 2017 until December 31, 2017**

Chairman Saffo presented the following slate of officers for Board consideration for the term of January 1, 2017 to December 31, 2017. Per Bylaws of the Authority (Article III. - Officers 1.) the chairmanship shall rotate among the political subdivisions with Pender County being next in the rotation schedule.

Chairman: Norwood Blanchard (Pender County)  
Vice-Chairman: Larry Sneed (New Hanover County)  
Secretary: Wayne Edge (Bladen County)  
Treasurer: Al Milliken (Brunswick County)  
Assistant Treasurer: Trent Burroughs (Assistant Treasurer)

**Motion:** Director Rivenbark **MOVED**; **SECONDED** by Director Watkins to approve the slate of officers for the term of January 1, 2017 to December 31, 2017 as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

**DIRECTOR'S COMMENTS AND/OR FUTURE AGENDA ITEMS**

In response to a question by Director Watkins, Mr. Wessell responded that he does not have expertise in the FEMA application process and to his knowledge neither does his partner, Mr. Rainey.

**PUBLIC COMMENT**

None

**ADJOURNMENT**

There being no further business, Chairman Saffo adjourned the meeting at 10:04 a.m.

Respectfully Submitted:

  
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Larry Sneed, Secretary