

Lower Cape Fear Water & Sewer Authority
Regular Board Meeting Minutes

July 11, 2016

In the absence of Chairman Saffo, Vice Chairman Blanchard called to order the Authority Meeting scheduled on July 11, 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 Leonard gave the invocation.

Present: Earl Andrews, Norwood Blanchard, Trent Burroughs, Larry Johnson, Demetrice Keith, Wayne Edge, Al Leonard, William Milliken, Larry Sneed, William Sue and Skip Watkins

Present Electronically by Telephone: Scott Phillips

Absent: Bill Saffo

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

Guest: Mike Richardson, Cape Fear Public Utility Authority, Sweeney Water Treatment Plant Drinking Water Superintendent and Heidi Cox, NC DENR Assistant Regional Engineering Supervisor, Public Water Supply Section Division of Water Resources

PLEDGE OF ALLEGIANCE: Director Sue led the Pledge of Allegiance.

PRESENTATION TO: Jim Quinn, City of Wilmington Representative, by Vice Chairman Blanchard

Vice Chairman Blanchard presented Mr. Jim Quinn a plaque in recognition and appreciation for his distinguished service to the Authority from January, 2004 to July, 2016.

Mr. Quinn expressed his pleasure to have served the Authority and his appreciation for the relationships developed during his tenure of many years. Having recently served simultaneously on both the Authority's and Cape Fear Public Utility Authority's boards Mr. Quinn emphasized the benefit this type of twofold representation provides the citizens of New Hanover County and the City of Wilmington.

ADMINISTER OATH OF OFFICE TO: Charles H. Rivenbark, Jr., City of Wilmington Representative (Vice Chairman Blanchard)

Mr. Rivenbark was unable to attend the meeting.

APPROVAL OF CONSENT AGENDA

C1 - Minutes of Regular Board Meeting June 13, 2016

C2 - Kings Bluff Monthly Operations and Maintenance Report

C3 - Bladen Bluffs Monthly Operations and Maintenance Report

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

OLD BUSINESS

OB1 - Status Report on Mediation Concerning Williams Mullen's Joint Representation of the Authority in the Interbasin Transfer (IBT) Administrative Appeal and the Authority's Associated Cost to Date

Executive Director Betz reported The IBT hearing began on June 13 and lasted six and one-half days. Both he and Chairman Saffo testified the afternoon of June 13th with Executive Director Betz completing his testimony the morning of June 14th. The Apex law firm focused on the point that Brunswick County's IBT did not require a return of water to the river so why would the Authority advocate for a return be required for the Cary and Apex IBT. The judge allowed Executive Betz to go on record in defense of Brunswick County's IBT explaining that below Lock and Dam #1 there is no dedicated municipality water system and there is salt water intrusion in the river. Mr. Wessell reported he did not participate in the hearing; however, on June 29th he spoke with Keith Kapp the lead representing attorney with Williams Mullen. Mr. Kapp indicated he felt it was a fair hearing. Regarding the anticipated timing of the judge's decision, Mr.

Wessell stated the lawyers from each side were requested to produce a legal memorandum and proposed order for the judge to sign. The lawyers don't have to do this until the written transcript of the proceedings is prepared which will take approximately one month. Then it will take approximately an additional month for preparation of the requested briefs and proposed orders. There will then be a fifteen day period for each side to respond to the briefs presented by the opposing side. Mr. Wessell anticipates a decision on this case will not be given until the later part of October. Mr. Wessell also presented two points suggested by Mr. Kapp for the board's consideration. First, Mr. Kapp is concerned the legislators simply are unaware of this issue; and therefore, the Authority's Board of Directors may wish to contact their local legislators to inform them of what the Environmental Management Commission (EMC) is doing in this arena. Local legislators may not have the knowledge about the fast track approval of Cary's and Apex's IBT modification request. Mr. Kapp, pointed out that legislation was changed in either 2013 or 2014 that permitted a modification of an existing permit. Almost immediately after the legislation was passed, this request for modification was made by Carey and Apex. Mr. Wessell noted the Authority is an unusual group in that it is composed of such a wide variety of representatives from Southeastern North Carolina and this provides an opportunity for the Authority to impact a number of local legislators. Secondly, Mr. Kapp suggests the Authority may want to meet with Ms. Julie Wilsey, as a member of the EMC and an area resident, in order to discuss this issue's ultimate impact on water availability in this region. If the Authority deems it appropriate, the lawyers are willing to assist with preparing talking points to give Ms. Wilsey. Vice Chairman Blanchard requested talking points be prepared for board members' use in meeting with legislators. Executive Director Betz recommended it would be best to know the result of the judge's decision before contacting legislators. In conclusion, Executive Director Betz reminded the Board that at the June 13th board meeting, Director Watkins raised a question regarding the Authority's total costs associated with the appeal process. He reported the total cost to date inclusive of the Authority's \$10,000.00 donation for attorney's fees, is \$17,980.60.

OB2 - Kings Bluff Raw Water Pump Station's Quarterly Inspection by Charles R. Underwood Inc. (Staff)

The inspection was completed on the pumps, motors and the general condition of the station. Executive Director Betz reported there was no mention of elevated temperature readings and the overall inspection was an extremely "healthy" report.

EXECUTIVE DIRECTOR REPORT

EDR1 - Parallel Raw Water Transmission Main - Next Steps and Timeline Meeting, July 21, 2016

Cape Fear Public Utility Authority requested a meeting of the Utility Advisory Committee to discuss next steps concerning the parallel raw water transmission line. The meeting is scheduled for July 21st at 2:00 p.m. at the Authority's office.

EDR2 - Status Report on Sink Hole and Crack in Electrical Building Wall at Kings Bluff Raw Water Pump Station

In review of the *Lower Cape Fear Water & Sewer Authority Kings Bluff Raw Water Pump Station Annual Inspection Report for FY 2015-2016* at last month's board meeting, Mr. Boahn reported on a crack in one of the electrical room walls and the development of some sink holes. Executive Director showed a PowerPoint presentation with pictures of the sink holes and video recorded inside the storm water drain pipe showing a joint leak where the grout is gone and ground water is flowing into the pipe. This drain pipe leak is located below the ground water. Mr. Boahn commented that the water flowing into the pipe is migrating sand and soil and allowing the sink holes to occur. Additionally Mr. Boahn showed slides of the wall separation in the electrical building and a joint separation on the exterior slab at the mechanical room. It is not definitively known but the migrating of the sand and soil may be an indirect cause for the wall separation and the settling of the exterior concrete slab and its separation. Based on the visual observation of McKim and Creed's structural engineer it was determined there is no imminent danger of structural failure. The floor slab appears to be in good shape as does the roof and the potential stress crack is due to sink hole/movement of groundwater/soils. McKim & Creed's recommendations is to repair the storm drain pipe joint to eliminate on-going leak; fill sink holes with flowable fill concrete or gravel/flowable fill combination; re-caulk and seal the wall joint and re-caulk and seal the concrete pad at mechanical room exterior. Once repaired this issue needs to be monitored. If it progresses, the Authority may want to have a geotechnical inspection to determine if there is some underlying foundational problem. Executive Director Betz stated the Authority is relying on Brunswick County to manage and conduct the repair work. He will be speaking with Mr. Pierce regarding the repair schedule. Director

Phillips commented he recently had experience with this type of repair work and will provide Mr. Pierce the contact information of someone who may be of service with the repair.

EDR3 – Duke Energy Event, Curtailment June 23, 2016

Since June 13th the Authority utilized generator power on five days for a combined total of approximately 41.5 hours. Approximately 7,900 gallons of diesel fuel was used. This is the Authority’s busiest month ever for operation of the Kings Bluff Raw Water Pump Station solely on generator power.

Executive Director reported the Authority recently had two peak usage days with 42.42 million gallons per day (MGD) pumped on July 7th and 38.42 MGD on July 8th.

DIRECTORS’ COMMENTS AND/OR FUTURE AGENDA ITEMS

Director Sue reported the H2GO Brunswick Regional Water and Sewer (H2GO) Commissioners voted three to two to move forward with plans to build a \$29 million reverse osmosis plant. He noted that in a recent local television interview the H2GO representative said building the plant will allow them to generate water for \$1.37/1000 gallons, as opposed to \$2.74/1000 gallons that H2GO currently pays to buy water from Brunswick County. Director Sue commented that what the H2GO representation failed to say is the quoted cost to generate water did not include the debt service to build the plant. Commissioner Jeff Gerken voted against the plant and according to Mr. Gerken the total cost of water, inclusive of the cost of paying off debt service to build the plant, will be \$3.56/1000 gallons which is well over the cost to obtain water from Brunswick County.

PUBLIC COMMENT

None

ADJOURNMENT

There being no further business, Vice Chairman Blanchard adjourned the meeting at 9:33 a.m.

Respectfully Submitted:



Larry Sneed, Secretary