

Lower Cape Fear Water & Sewer Authority
Regular Board Meeting Minutes

September 12, 2016

Chairman Saffo called to order the Authority Meeting scheduled on September 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 Leonard gave the invocation.

Present: Norwood Blanchard, Trent Burroughs, Larry Johnson, Demetrice Keith, Wayne Edge, Al Leonard, William Milliken, Charlie Rivenbark, Bill Saffo, Larry Sneeden, William Sue and Skip Watkins

Present Electronically by Telephone: Earl Andrews and Scott Phillips

Absent: None

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

Guest: Jerry Pierce, Brunswick County Public Utilities Director; 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: Chairman Saffo led the Pledge of Allegiance.

APPROVAL OF CONSENT AGENDA

C1 - Minutes of Regular Board Meeting August 8, 2016

C2 - Kings Bluff Monthly Operations and Maintenance Report

C3 - Bladen Bluffs Monthly Operations and Maintenance Report

C4 - Resolution Approving Internal Policy Setting Minimum Retention Periods for Records that Natural and Cultural Resources has Scheduled with the Disposition Instruction "Destroy When Reference Value Ends"

C5 - Resolution Approving Destruction of Public Records for Fiscal Years 2005-2006 Through 2012-2013 in Accordance with the Water & Sewer Authorities and Sanitary Districts Records Retention and Disposition Schedule

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

OLD BUSINESS

OB1 - Status Report on Sink Hole and Crack in Electrical Building Wall at Kings Bluff Raw Water Pump Station (Jerry Pierce, Brunswick County Public Utilities Director)

Executive Director Betz reported the repair work contract for the sink hole was awarded to State Utility Contractors and a preconstruction meeting was held. Mr. Pierce noted that Brunswick County, as the operations and maintenance contractor for the pump station, received three bids for performance of the repair work with State Utility being the lowest bidder in the amount of \$86,050. Neither the Authority nor Brunswick County budgeted funds for the repair cost; therefore, Brunswick County agreed to initially pay the cost to be reimbursed by the Authority. Mr. Pierce reported that on September 6, 2016 the County approved a budget amendment for \$86,050. The repair work will begin within the next two weeks and should be completed within thirty days. The repair site will need to settle for an additional thirty to sixty days in preparation for re-paving of the area. There are three areas identified for repair. The first is a sink hole created by a joint leak on a storm drainage pipe located in the center of the parking area. The second sink hole is developing near the old pump building where it appears an abandoned storm drain should have been removed or filled in but was not. The third sink hole is located in the back of the new section of the pump station. It will be excavated to determine any additional issues and if there are none it will be filled in. One additional issue which is being monitored is a cracked masonry wall in the building housing the variable frequency drives. With the recent tropical storm, there was slight widening of the crack; however, Mr. Pierce recommends continued monitoring to see if repair of the sink holes stabilizes this issue. In conclusion, Executive Director Betz stated that a budget amendment will be presented to the board for approval at the October 10, 2016 board meeting for reimbursement to Brunswick County for this repair cost and for an increase in insurance cost for the Bladen Bluffs Regional Surface Water System.

OB2 - Finance Committee's Report Regarding Next Steps and Timeline for the Parallel Raw Water Transmission Main (Chairman Milliken).

Chairman Milliken thanked the Finance Committee for meeting prior to the regular board meeting and asked Executive Director Betz to provide background from last month's board meeting. Executive Director Betz recapped that on August 4, 2016 the Utility Advisory Committee (UAC) met and discussed a potential design and construction schedule for the transmission main project and the question of Pender County's desired level of participation. At that meeting Michael Mack, Pender County Utilities Director, indicated Pender County was not going to participate. Because the official decision concerning Pender County's participation must come from its Commissioners, Executive Director Betz met with Mr. Randell Woodruff, Pender County Manager, on September 1, 2016 as directed by the Finance Committee. Pender County has submitted an Interbasin Transfer (IBT) request to the North Carolina Environmental Commission (EMC) for 15 million gallons per day (MGD) of surface water from the Cape Fear River over the next 30 years; however, the County only has 6 MGD secured by a contract with the Authority. If the County is granted the IBT, the source of the remaining 9 MGD would be from the Kings Bluff Raw Water Pump Station (KBRWPS). If the IBT is not granted, Pender County will not need additional water from the pump station. Until EMC delivers their decision on the IBT request, the County will be unable to determine their level of participation. Since this information has not been a focus for the Commissioners, Mr. Woodruff would like Executive Betz to speak with the Commissioners about participation in the pipeline. Executive Director Betz also spoke with Mr. Bob Walker, Executive Director for H2GO Brunswick Regional Water and Sewer (H2GO), who confirmed their awarding of a design contract to The Wooten Company for a 4 MGD reverse osmosis water treatment plant. The project's anticipated schedule is for design and permitting to be complete in April, 2017; bids received in May, 2017; financing in July, 2017; construction starts in August, 2017 and plant operational in January 2019. H2GO is engaged with the North Carolina Local Government Commission (LGC) regarding the project and will meet again with the LGC in November. The question also remains regarding what will be the Authority's level of participation in the project and that answer depends on Pender County's decision. Chairman Milliken stated that in considering this information, it is the Finance Committee's recommendation by unanimous vote that the Authority takes no further action on this project until the budget process begins in March, 2017 or until circumstances change such as a decision by EMC on the IBT request. Over the next six to eighteen months it appears there will be no budget decisions concerning this project which would impact the current year budget. Mr. Pierce agreed that H2GO's decision does impact the scheduling of the project because if the reverse osmosis plant is built then the transmission main start date is pushed out. However, if the plant isn't built then Brunswick County will need the transmission main and treatment capacity in fiscal year 2020-2021. Mr. Pierce noted that several Interlocal agreements must be in place prior to the design and construction schedule. He estimates it will take six months to a year negotiating these agreements; therefore, Brunswick County recommends starting the process because **complicated, long-term agreements need to be made on how future capacity should be sold such as if Brunswick County owns the pipeline and Cape Fear Public Utility (CFPUA) owns the pump station.** Mr. Pierce would like the partners to set a goal of having the agreements prepared by July, 2017 because even if H2GO builds their plant the effort won't be wasted. He recommends the partners continue work on identifying the areas of agreement and disagreement for negotiation and then the drafting of final agreements. Mr. Wessell commented it would be very difficult if not futile to seriously begin drafting these agreements without knowing Pender County's level of participation. On behalf of Pender County, Director Blanchard reiterated that Pender County needs the additional time.

Motion: Director Sue **MOVED**; seconded by Director Blanchard, that the Authority takes no further action on this project until the budget process begins in March, 2017 or unless circumstances change such as a decision by EMC on the IBT request. Upon vote, the **MOTION CARRIED UNANIMOUSLY**

EXECUTIVE DIRECTOR REPORT

EDR1- Water Use as of August 31, 2016 Compared to Last Year

Executive Director Betz showed graphs illustrating water use for July and August, 2016 as compared to the same time last year. Historically, water use during the fiscal year is at its highest volume during these two months; however, there is a slight decline in use for this year as compared to last. Revenue is ahead of budget.

DIRECTOR'S COMMENTS AND/OR FUTURE AGENDA ITEMS

Skip Watkins

Director Watkins reported that New Hanover County is working with U.S. Geological Survey in conducting studies concerning aquifers and development which he will share with the board. Also, the North Carolina Association of County Commissioners is compiling a list of state-wide issues for the state legislature and the Cary/Apex IBT issue in on the draft list.

Larry Sneed

Director Sneed recognized Mike Richardson who is retiring at the end of the month from CFPUA. Director Sneed expressed appreciation to Mr. Richardson for being a tremendous asset to the City of Wilmington, CFPUA, the Authority and to all those throughout the state to whom he has provided technical assistance.

PUBLIC COMMENT

None

ADJOURNMENT

There being no further business, Vice Chairman Blanchard adjourned the meeting at 9:46 a.m.

Respectfully Submitted:



Larry Sneed, Secretary