

Lower Cape Fear Water & Sewer Authority
Regular Board Meeting Minutes

April 10, 2017

Chairman Blanchard called to order the Authority Meeting scheduled on April 10, 2017, 2017 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, Wayne Edge, Larry Johnson, Al Leonard, William Milliken, Jackie Newton, Charlie Rivenbark, Bill Saffo, Larry Sneed, William Sue and Frank Williams

Present Electronically by Telephone: Skip Watkins

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 Director

PLEDGE OF ALLEGIANCE: Chairman Blanchard led the Pledge of Allegiance.

APPROVAL OF CONSENT AGENDA

C1 - Minutes of Regular Board Meeting March 13, 2017

C2 - Kings Bluff Monthly Operations and Maintenance Report

C3 - Bladen Bluffs Monthly Operations and Maintenance Report

C4 - Resolution Adopting the Lower Cape Fear Water & Sewer Authority's Local Water Supply Plan For Kings Bluff Raw Water Pump Station, PWSID 50-09-013, for Calendar Year 2016

C5 - Resolution Adopting the Lower Cape Fear Water & Sewer Authority's Local Water Supply Plan For Bladen Bluffs Regional Surface Water System, PWSID 50-09-012 for Calendar Year 2016

C6 - Budget Amendment #3

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

OLD BUSINESS

OB1- Status Report on the Kings Bluff Raw Water Transmission Main SmartBall Inspection Project (Tony Boahn, P.E.)

Executive Director Betz reported that during the first week of April, Pure Technologies began the inspection process by mobilization, preparation of equipment and attaching receivers to air release valves along the main for SmartBall data retrieval. Brunswick County and McKim & Creed were heavily involved with this process. The actual inspection began on Wednesday, April 5th. Mr. Boahn reported that during the inspection process, Pure Technologies was never able to track the ball or receive any data and the ball still has not been found. In the event the ball made it through the valve leading to Brunswick County's water treatment plant or passed the net at the inspection endpoint, Brunswick and Pender Counties along with Cape Fear Public Utility Authority (CFPUA) have been notified to be on the lookout for ball. Mr. Boahn commented that if the ball is found, it still should have collected data. Since the SmartBall inspection has been unproductive, Pure Technologies will present the Authority with other inspection options. McKim & Creed will review the options with Executive Director Betz in order to make a recommendation.

OB2 - Pender County Parallel Transmission Main Discussion (Staff)

Executive Director Betz reported that he and Director Blanchard met with the Pender County Board of Commissioners on March 31st and presented a PowerPoint presentation explaining how the parallel transmission main project is moving forward and the value offered to the County for future water needs by its participation in the initial phase of the project. It was stressed that for fiscal year 2017-2018 budgeting purposes, it is important for Pender County to be engaged during the design phase. On April 6th, three responses were received from engineering firms in response to the Request for Qualifications of the design contract including HDR, Black & Veatch and McKim & Creed. The selection committee will meet on April 17th to review the submittals. It is anticipated the design firm will be selected this month for the contract to

be awarded at the start of the new fiscal year. Pender County has a pending Interbasin Transfer Request (IBT) for 14 million gallons per day (MGD) and due to the appeal of the judge's decision concerning modification of the Cary, Apex, Morrisville and portion of Wake 2001 IBT; it is not known when the County will receive a response. Executive Betz explained to the Commissioners, there is only 7 MGD available in the parallel transmission main equation; however, the Authority's allocation of 2 MGD could possibly be reduced. As a Pender County Commissioner, Director Newton expressed appreciation to Executive Director Betz and Chairman Blanchard for the productive presentation. She said the Commissioners understand the immediacy and importance of this type of long range planning; however, they first need resolution of a few items including the IBT for an increase in water allocation and some budget related issues. It is expected these should be resolved in a month or two. Director Newton will continue working to keep this issue in the forefront.

OB3 - Finance Committee Comments (Chairman Larry Sneed)

The Finance Committee met prior to the board meeting to review the draft budget for fiscal year 2017-2018 and to review the status of three Certificate of Deposits (CDs). One of these CDs recently matured with the balance returned to fund balance. In light of the Authority's commitments associated with the failure of the transmission main, Executive Director Betz's recommends the other two CDs also be returned to fund balance upon maturity. The draft budget shows an increase in water revenue from both Brunswick County and CFPWA resulting in a total increase of \$60,000.00 above this current fiscal year budget. Additionally, revenue from the Bladen Bluffs Regional Surface Water System (BBSWS) is being reclassified as operating revenue. In this draft budget and for the following two years, the Authority will pay one million dollars in annual debt service. Then going forward, the annual debt service starts to decline. This decline, which coincides with the Authority's customers taking on new debt for construction of the parallel transmission main, may present an opportunity for the Authority to assist these customers by reducing the water rate. Executive Director Betz noted that Mr. Nichols met with him to present and review the 2017-2018 Kings Bluff Operation and Maintenance Budget. The administrative cost presented no concern; however, two capital projects required some discussion. One capital project is the installation of a well, if it proves to be a positive source of water for the cooling of pumps, at a cost of \$36,000.00. Executive Director Betz agreed for this cost to be budgeted in fiscal year 2017-2018. The second capital project is the purchase of approximately \$34,000.00 in spare parts for the transmission main. Executive Director Betz asked Mr. Nichols to pursue the availability and cost of these spare parts in order to issue a purchase order for approval at the May 8th board meeting for purchase in this fiscal year. It will be three years before the parallel transmission main is operating; therefore, it is prudent to have these parts on hand if needed. The draft budget continues to hold the water rate at \$0.2717 per 1,000 gallons. Additionally, Executive Director Betz met with Mr. Harris concerning the BBSWS budget which is mostly complete except for a few additional numbers. Director Milliken expressed appreciation to Mr. Nichols for personally meeting with Executive Director Betz to review the new fiscal year O&M budget. Mr. Nichols thanked Director Milliken and expressed the meeting was beneficial for both parties. He provided the board with some background rationale for budgeting the cost of the well in the 2017-2018; however, he noted that other options, which could be effective and less costly, are also being considered. Regarding spare parts, conversation is in process with a parts manufacturer to create a specialized clamp which could be installed on the transmission main in the event of a break such as was experienced last October. The cost of this new part is not yet been determined. Mr. Nichols also reported that Brunswick County was notified they will receive a 1.2 million dollar Golden Leaf grant for its portion of the repair of the Kings Bluff raw water transmission main. In preparing the grant application, Brunswick County calculated its share of the total repair cost based on its percentage of water allocation in the transmission main. Both the Authority and Brunswick County submitted FEMA applications for the repair cost of the transmission main. If Brunswick County also receives FEMA money, the FEMA money takes precedence; therefore, excess grant funds may need to be returned or Brunswick County could seek permission to apply the excess to another grant program. In response to a question by Director Sue, Executive Director Betz commented that regarding the Authority's budgeting for payment of the transmission main's repair cost, the customers have discussed that if necessary the Authority would add a surcharge to the water rate to collect the necessary funds to stabilize the Authority. Brunswick County's proactiveness in applying for the Golden Leaf grant represents Brunswick County's possible payment portion in this event.

OB4 - Evaluation Committee Comments (Chairman Skip Watkins)

Chairman Watkins reported the vast majority of evaluation forms have been received. Those who have not yet submitted their form will be contacted in the next couple of days.

NEW BUSINESS

NB1 - FEMA Subgrant Application – FEMA Form 90-91

Executive Director Betz reported he was contacted by the FEMA Project Specialist to review the four page FEMA Subgrant Application prepared by FEMA based on the 324 page report and documentation submitted by the Authority.

Even though Brunswick County's associated, information was provided in the Authority's report it inadvertently left out of the FEMA subgrant application. Once corrected, the final cost totaled \$2,571,934.95. Due to the amount of the reported cost, the application requires a congressional review. The FEMA Project Specialist confirmed the cost of the SmartBall inspection should not be included in this application but is appropriate for submittal under the FEMA Hazard Mitigation Grant.

NB2 - FEMA Hazard Mitigation Grant DR-4285 Letter of Interest

The Authority submitted its Letter of Interest for the FEMA Hazard Mitigation Grant on February 23rd and received confirmation of receipt on March 2nd. This grant provides grants to States and local governments to implement long-term mitigation measures after a major disaster declaration to fund projects that will reduce or eliminate the losses from future disasters.

EXECUTIVE DIRECTOR REPORT

EDR1 - Monthly Water Chart

Executive Director Betz pointed out last month's decline in revenue has rebounded with a good month of water use in March and with a good start in April; however, it remains important for CFPUA to meet its projected budget for this year. Brunswick County is performing above their projected budget for the year.

DIRECTOR'S COMMENTS AND/OR FUTURE AGENDA ITEMS

None

PUBLIC COMMENT

Mr. Nichols expressed appreciation for Executive Director Betz's efforts over the last several months in bringing him up to speed on some issues.

ADJOURNMENT

There being no further business, Chairman Blanchard adjourned the meeting at 9:53 a.m.

Respectfully Submitted:



Wayne Edge, Secretary