

Lower Cape Fear Water & Sewer Authority
Regular Board Meeting Minutes

February 13, 2017

Chairman Blanchard called to order the Authority Meeting scheduled on February 13, 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: 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: Earl Andrews and 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 and Larry W. Mitchell, PE, Senior Associate Dewberry Engineers Inc.

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

APPROVAL OF CONSENT AGENDA

C1 - Minutes of Regular Board Meeting January 9, 2017

C2 - Kings Bluff Monthly Operations and Maintenance Report

C3 - Bladen Bluffs Monthly Operations and Maintenance Report

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

OLD BUSINESS

OB1 - Preliminary Meeting for the Kings Bluff Raw Water Transmission Main SmartBall Inspection Project (Tony Boahn, P.E.)

A preliminary meeting is scheduled at the Kings Bluff Raw Water Pump Station on February 23rd in preparation for the SmartBall inspection on the first 14 miles of the 48-inch raw water transmission main. Mr. Boahn reported that upon approval of the inspection project, McKim & Creed has been working with Pure Technologies by providing as-built data. Pure Technologies will use the Authority's existing infrastructure including the launcher retriever, air release valves and blow-offs. Executive Director Betz, Mr. Nichols and the Kings Bluff operation and maintenance staff will attend the preliminary meeting where Pure Technologies will explain the inspection process. This will be followed by a field site visit to verify locations of the valves and blow-offs. The next step is to put the system in place and conduct the inspection.

OB2 - Customers' Water Usage Report for Fiscal Year to Date Ending January 31, 2017

Executive Director Betz reviewed graphs of customers' water use for the first half of the fiscal year as compared to customers' projected water use. During October and November, water use sharply declined due to repair of the Authority's broken transmission main; however, as of December 31st the shortfall was decreasing. Executive Director Betz noted that in the current month the Authority experienced a decline in water use from Cape Fear Public Utility Authority due to their utilization of their ground water resource as adjustments were made at their meter vault connected to the Authority. Although the decline in water use has halted and made an upturn, the Authority still needs to work towards recovery from its loss in October and November.

OB3 - Operating Budget Status, Second Quarter Ending December 31, 2016

Executive Director Betz reported, the operating revenue as of December 31st compared to budgeted revenue is at 49% and expenditures are at 35% as compared to budget. He explained the major portion of expenditures is for debt service principal and interest payments scheduled for May 1st. Overall, the budget is tracking as expected.

OB4 - Pender County Parallel Line Discussion

Executive Director Betz reported that as follow-up to last month's board meeting, Director Newton arranged a meeting on January 17th for Executive Director Betz and Mr. Boahn to brief Pender County representatives on the significance of where their future water will come and at what cost. With the parallel transmission, main design contract moving forward and with the County's pending Interbasin Transfer Request for 14.5 million gallons per day, it is critical for the County to determine from whom they will purchase additional water from the Cape Fear River. Because of that meeting, Executive Director Betz and Mr. Boahn will make a presentation to the full Pender County Board of Commissioners at the Commissioners retreat on March 9th to explain the parallel line project; the cost of participating in the design of the line and possible future cost of participation. Both Brunswick County and Cape Fear Public Utility Authority are ready to move forward in obtaining a design contract for the parallel line and have recently approved an Interlocal Agreement which allows the design to proceed while giving additional decision time to other possible participants. Executive Director Betz expects to have some indication from Pender County regarding their desired level of participation for discussion at the March 13th board meeting. In conclusion, Director Newton expressed appreciation to Executive Director Betz and Mr. Boahn for their initial meeting with County representatives and for agreeing to meet with the full Pender County Board of Commissioners at their retreat.

NEW BUSINESS

NB1 - Appointment of 2017-2018 Finance Committee by Chairman

Chairman Blanchard noted the members he appointed to the Finance Committee for fiscal year 2017-2018 including:

Larry Sneed, Chairman
Norwood Blanchard
Trent Burroughs
Wayne Edge
Al Milliken
Skip Watkins

Motion: Director Williams **MOVED**; seconded by Director Milliken, approval of the Finance Committee as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

NB2 - Appointment of 2017-2018 Evaluation Committee by Chairman

Chairman Blanchard noted the members he appointed to the Evaluation Committee for fiscal year 2017-2018 including:

Skip Watkins, Chairman
Norwood Blanchard
Trent Burroughs
Wayne Edge
Al Milliken
Larry Sneed

Motion: Director Williams **MOVED**; seconded by Director Milliken, approval of the Evaluation Committee as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

EXECUTIVE DIRECTOR REPORT

EDR1 - Project Completion Report and FEMA Status for Kings Bluff Raw Water Pump Station Transmission

Main Repair Project

Executive Director Betz referenced an email from Wallace Ann Coverdale, International Paper Company Environmental Services Coordinator at the Riegelwood plant. With the section of broken transmission main right-of-way easement being located on International Paper (IP) property, Brunswick County, Cape Fear Public Utilities, McKim & Creed and State Utility Contractors worked closely with IP during the repair work to quickly address and resolve any concerns and upon completion of the work to restore the area to IP's specifications. In her email, Ms. Coverdale expressed appreciation for consideration of IP's interest and for the successful management of the repair project. Executive Director Betz would like to schedule a meeting with IP's executive management in order to personally thank them for their supportive involvement. Additionally, he would like to take the occasion to brief them on the Authority's parallel raw water transmission main as an available water resource for the plant. With the ongoing State level discussions regarding Interbasin Transfers there was reference to IP getting close to salt water intrusion; therefore, IP could easily resolve this issue by utilizing the Authority's transmission main.

Executive Director Betz said the Authority met the deadline in submitting a 284 page report to FEMA indicating a total cost of \$2,766,000.00 for the Kings Bluff Raw Water Pump Station Transmission Main Repair Project. Additionally, on

February 10th, the Authority responded to the State's Division of Emergency Management submittal deadline for unmet needs or gap for Public Assistance. The Authority submitted the same total cost of \$2,766,000.00 as a possible unmet needs or gap for Public Assistance since there has not yet been a response to the FEMA Public Assistance application. FEMA usually covers 75% of eligible disaster response and recovery costs and the remaining 25% is typically covered by the state. Executive Director suggested it would be beneficial for the Board's elected officials who have opportunity to meet with the region's local legislative delegation to share this information during the next several weeks. A brief or bulleted summary of the Authority's submittal to the State for unmet needs or gap for Public Assistance will be emailed to the Board for reference when meeting with legislators. Additionally, Executive Director Betz and Mr. Boahn are also preparing a submittal for a Hazardous Mitigation Grant Program to be submitted in March.

EDR2 - Status Report on the City of Fayetteville and PWC of the City of Fayetteville Interbasin Transfer Litigation

Executive Director Betz recalled, this litigation concerns a decision by the State to issue an Interbasin transfer (IBT) to Cary, Apex, Morrisville and a portion of Wake County for modification of their existing 2001 IBT to transfer water from the Cape Fear River Basin without any return of water back to the basin. The original 2001 IBT required a return to the Cape Fear River Basin upon construction of a waste water treatment plant which was built approximately ten years later. The final decision was recently issued and the judge ruled the 2015 IBT be re-issued with a condition requiring return to the Cape Fear River Basin in at least the quantities that were assumed in the Applicants' Environmental Assessment. Executive Director Betz referenced a letter distributed to each Director in which Evelyn O. Shaw, Fayetteville Public Works Commission Chairwoman, acknowledges the support of the regional participants. Executive Director Betz noted this is a big win for down river users and he is pleased the Authority decided to participate financially. Mr. Wessell remarked he does not believe there could have been a more favorable order on behalf of the down river users. He read the following portion of the Final Decision:

Respondents substantially prejudiced Petitioners and Petitioners-Intervenors' rights, and also exceeded their authority and jurisdiction, acted erroneously, failed to use proper procedure, acted arbitrarily and capriciously and failed to act as required by law or rule when Respondents issued the 2015 IBT Certificate to the Applicants.

This decision can be appealed to the Superior Court if filed within thirty days from the date of the order. The Superior Court does not hold a new hearing on the facts but they can hear fresh legal issues which can come up. Director Leonard expressed appreciation to Director Saffo, who was the Authority's Chairman during the litigation and to Executive Betz and Mr. Wessell for their hard work. He noted the Board had no choice but to take the stance that a precedent had already been established that if water is taken from the watershed it must be put back. In addition, Director Milliken stated he has served on the Authority's Board for nine years and very few of the votes passed during that time will have the long-range implication of the vote by the Board in November, 2015 to participate in the appeal of the State's approval of the 2015 IBT.

DIRECTOR'S COMMENTS AND/OR FUTURE AGENDA ITEMS

None

PUBLIC COMMENT

None

ADJOURNMENT

There being no further business, Chairman Blanchard adjourned the meeting at 9:34 a.m.

Respectfully Submitted:



Wayne Edge, Secretary