

Lower Cape Fear Water & Sewer Authority
Regular Board Meeting Minutes

March 13, 2017

Chairman Blanchard called to order the Authority Meeting scheduled on March 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: Earl Andrews, Norwood Blanchard, Trent Burroughs, Wayne Edge, Larry Johnson, Al Leonard, William Milliken, Charlie Rivenbark, Larry Sneed, William Sue, Skip Watkins and Frank Williams

Present Electronically by Telephone: Bill Saffo

Absent: Jackie Newton,

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

Guest: Glenn Walker, Brunswick County Water Resources Superintendent and Heidi Cox, NC DENR Assistant Regional Engineering Supervisor, Public Water Supply Section Division of Water Resources

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

APPROVAL OF CONSENT AGENDA

C1 - Minutes of Regular Board Meeting February 13, 2017

C2 - Kings Bluff Monthly Operations and Maintenance Report

C3 - Bladen Bluffs Monthly Operations and Maintenance Report

Motion: Director Burroughs **MOVED**; seconded by Director Sneed, 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.)

Mr. Boahn reported, a preliminary meeting and field site visit was held at the Kings Bluff Raw Water Pump Station (KBRWPS) on February 23rd in preparation for Pure Technologies' SmartBall inspection. In working with Mr. Walker of Brunswick County, Pure Technologies developed a comprehensive, 40 page inspection plan. Mr. Boahn provided a PowerPoint presentation with an overview of the inspection process, a copy of which is hereby incorporated as a part of these minutes. The inspection of the Authority's first 14 miles of the KBRWPS begins with insertion of the SmartBall at Lock & Dam No. 1 by way of the Authority's existing pig launcher and ends with its retrieval at the Authority's 3 million gallons ground storage tank. This 14 mile segment includes the location of the pipe failure which occurred in October, 2016. The SmartBall is an acoustic, aluminum ball which flows with the water through the main detecting sounds indicating leaks as small as 2 gallons per minute and within 5 feet of a leak's location. Receivers attached to 14 air release valves along the main are used for SmartBall calibration and retrieval of data. Pure Technology utilizes 3 teams during the inspection process and Mr. Walker reported that Jack Hogan and Darnel Brooks will assist the Pure Technology teams as will a representative from McKim & Creed. The SmartBall inspection, which is estimated to take 8.5 hours, is scheduled for April 5, 2017. Preparation of the inspection report takes approximately 6 to 8 weeks and upon receipt of the report, McKim & Creed will make a recommendation regarding if any action is needed.

OB2 - Resolution Authorizing Chairman to Enter an Interlocal Agreement Between Lower Cape Fear Water & Sewer Authority, Cape Fear Public Utility Authority and Brunswick County Regarding A Design Contract for Construction of The Kings Bluff Raw Water Pump Station 14-mile Parallel Raw Water Transmission Main

Executed Director Betz recalled, the presented Interlocal Agreement is approved by both Brunswick County and Cape Fear Public Utility Authority (CFPUA) and approval by the Authority initiates issuance of the Request for Qualifications (RFQ) which was prepared with input from all three parties. The Interlocal Agreement allows the design to move forward while giving additional decision time to Pender County as a possible participant. For Pender County to make an informed decision, Executive Director Betz was scheduled to make a PowerPoint presentation regarding the parallel transmission

main project to the Pender County Board of Commissioners at their March 9th retreat. The retreat was rescheduled so he will now make the presentation on March 31st. Executive Director Betz reviewed the presentation which defines projected allocations; capacity vs allocations; design cost, construction estimate and the design schedule. A copy of the presentation is hereby incorporated as a part of these minutes. Executive Director Betz noted that with issuance of the RFQ to take place this month and in planning the new fiscal year budget, it is valuable for Pender County to have this information. Regarding Pender County's consideration of participation, Chairman Blanchard commented that Pender County certainly is interested in being at the table. Upon approval of the agreement by the Authority, the RFQ process begins resulting in the execution of the design contract on July 1, 2017. In response to a question by Director Rivenbark, Executive Director Betz commented that without Pender County taking action now, there may not be an opportunity in the future. Once CFPUA and Brunswick County issue revenue bonds for the construction contract they will own the available water and may not wish to sell any. Mr. Wessell added that if Pender County participates now, it guarantees them to have access to the water; however if they wait, circumstances may change and the opportunity lost. Chairman Blanchard said this needs to be stressed when Executive Director meets with the Pender County Board of Commissioners.

Motion: Director Williams **MOVED**; seconded by Director Sneed, approval of the *Resolution Authorizing Chairman to Enter an Interlocal Agreement Between Lower Cape Fear Water & Sewer Authority, Cape Fear Public Utility Authority and Brunswick County Regarding A Design Contract for Construction of The Kings Bluff Raw Water Pump Station 14-mile Parallel Raw Water Transmission Main* as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

OB3 - Pender County Parallel Transmission Main Discussion (Staff)

Executive Director Betz explained that in 2012, Pender County completed construction of its water treatment facility which is permitted at 2 million gallons per day (MGD) but is readily expandable to 6 MGD. Pender County made an Interbasin Transfer Request (IBT) with the State for 14.5 MGD which is currently on hold by the Environmental Management Commission due to the appeal of the judge's decision concerning modification of the Cary, Apex, Morrisville and a portion of Wake 2001 IBT. The total of committed allocations for the parallel transmission main is 89 MGD with Pender County's allocation being 6 MGD. Maximum withdrawal from the Cape Fear River is 106 MGD with 10 MGD accommodated via the CFPUA pump station resulting in 96 MGD withdrawal capacity for the Authority. With approval of Pender County's IBT, this indicates a shortage for Pender County's needs. Additionally, depending on the diameter of pipe chosen for design, withdrawal capacity could be reduced to 94 MGD.

NEW BUSINESS

NB1 - Resolution Awarding Annual Audit Contract for Fiscal Year Ending June 30, 2017 to Thompson•Price•Scott•Adams & Co. P.A. In the Not to Exceed Amount of \$7,500.00

Executive Director Betz noted that completion of the Authority's June 30, 2016 audit was delayed and a draft was never provided prior to its submittal for approval by the Local Government Commission (LGC.) The auditor, who services several counties, was impacted heavily in working with these counties due to Hurricane Matthew. He expressed his apology for the delay and has committed to expedite the Authority's audit for this fiscal year ending June 30, 2017. There is no increase in cost for audit services over last year.

Motion: Director Watkins **MOVED**; seconded by Director Edge, approval of the *Resolution Awarding Annual Audit Contract for Fiscal Year Ending June 30, 2017 to Thompson•Price•Scott•Adams & Co. P.A. In the Not to Exceed Amount of \$7,500.00* as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

NB2 - Finance Committee Comments (Chairman Larry Sneed)

(a) Audit Letter and Unit Fiscal Summary

(b) Finance Committee Review

Committee Chairman Sneed reported the Authority received a letter from the LGC concerning cash flow from operating activities. Upon review of the budget, it appears some operating revenue was misclassified as nonoperating revenue and this indicated the rate structure was not generating adequate cash flow. The misclassification is being corrected and a letter of response will be sent to the LGC confirming the correction.

NB3 - Evaluation Committee Comments (Chairman Skip Watkins)

Committee Chairman Watkins reported the Evaluation Committee also met prior to the regular board meeting. He explained distribution of evaluation materials and instructions for the Executive Director's annual evaluation will occur during the week. He stressed the need that all evaluations be returned by the designated deadline and be marked "Confidential."

EXECUTIVE DIRECTOR REPORT**EDR1 - Monthly Water Chart**

Executive Director Betz reported that during the month of February, CFPUA had a system process underway which caused a decline in its water use from the Authority. This resulted in a year-to-date decline in CFPUA's budgeted revenue of approximately \$130,000.00.

EDR2 – Insurance Risk Assessment Report

A risk control visit was made to the Bladen Bluffs Regional Surface Water System (BBRSWS) on February 1, 2017. Based on observations during the visit, the insurance company recommended three risk reductions recommendations which are being addressed by BBRSWS staff.

DIRECTOR'S COMMENTS AND/OR FUTURE AGENDA ITEMS

Director Watkins reported that in the past week the Environmental Management Commission (EMC) filed an appeal to the judge's ruling on the Cary, Apex, Morrisville and a portion of Wake County Interbasin Basin Transfer (IBT) modification court case. The Administrative judge ruled that the 2015 IBT be re-issued with a condition requiring return of water to the Cape Fear River Basin (CFRB) which was the source from which water was withdrawn. The EMC's stance, based on their studies was the increased withdrawal without return back to the source basin would not harm downstream communities. The downstream user's objections and original lawsuit against the approved 2015 IBT was that the IBT received rushed through approval and was not properly evaluated by the law thus setting a precedent for future IBT approval for upstream users to withdraw from the CFRB without return of water back to the Basin. In a response to a question by Director Watkins, Mr. Wessell explained that since the original lawsuit was filed against the EMC they have the right to appeal to Superior Court who does not hold a new hearing on the facts but can hear fresh legal issues and review whether the Administrative judge acted correctly or incorrectly. The order entered by the Administrative judge says the EMC failed to act as required by law or rule when Respondents issued the 2015 IBT Certificate to the Applicants. EMC believes that ruling is incorrect and they are appealing in hopes the Superior Court judge will overrule the Administrative judge's ruling.

PUBLIC COMMENT

None

ADJOURNMENT

There being no further business, Chairman Blanchard adjourned the meeting at 9:51 a.m.

Respectfully Submitted:



Wayne Edge, Secretary