

Lower Cape Fear Water & Sewer Authority
Regular Board Meeting Minutes

October 9, 2017

Chairman Blanchard called to order the Authority meeting scheduled on October 9, 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, Phil Norris, Charlie Rivenbark, Bill Saffo, Larry Sneed, William Sue and Skip Watkins

Present Electronically by Telephone: None

Absent: Jackie Newton and Frank Williams

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; Chad McEwen- Assistant Pender County Manager; Bryan McCabe - Pender County Interim Public Utilities Director; Heidi Cox, - NC DENR Assistant Regional Engineering Supervisor, Public Water Supply Section Division of Water Resources and Brayton Willis

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

APPROVAL OF CONSENT AGENDA

C1 - Minutes of Regular Board Meeting September 11, 2017

C2 - Kings Bluff Monthly Operations and Maintenance Report

C3 - Bladen Bluffs Monthly Operations and Maintenance Report

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

OLD BUSINESS

OB1 - Report on Kings Bluff Parallel Raw Water Transmission Main Project Meeting - September 30, 2017 (Tony Boahn, P.E., McKim & Creed)

Mr. Boahn recalled McKim & Creed was charged to meet the design criteria for 96 million gallons per day (MGD) by way of the most economical route; therefore based on this scope, the draft recommendation was to a bid 54-inch pipe with steel and DIP as material options. Conversely, based upon discussion at the September 29th project meeting regarding the merits of 60-inch pipe versus 54-inch pipe, a proposal was made to bid both the 54-inch and 60-inch pipe diameters. Paralleling the existing 48-inch pipe with either a 54-inch or 60-inch pipe will meet the 96 MGD goal; however, the 54-inch pipe provides for a maximum capacity of 107 MGD; whereas, the 60-inch pipe provides a maximum 124 MGD. The maximum safe withdrawal from the Cape Fear River is currently determined by the State to be 106 MGD (Maximum 20% 7Q10 Withdrawal = 106 MGD). If the new main is constructed with 54-inch pipe and if in the future additional capacity is needed above 106 MGD, a third 30-inch to 36-inch pipe will be required to provide capacity equal to that of 60-inch pipe; however, the existing right-of-way is insufficient for three pipes (48-inch, 54-inch and 30-inch to 36-inch). In order to install a third pipe, a combination of permanent and temporary easements would be required for the Authority's ninety-four easements. Executive Director Betz explained that the recommendation to bid a 54-inch pipe secures the State authorized 106 MGD withdrawal from the river and it secures the replacement capacity if Cape Fear Public Utility Authority (CFPUA) retires their line. However, it does not take full advantage of the Authority's capital improvement, expansion of the Kings Bluff Raw Water Pump Station (KBRWPS) which includes three vertical turbine raw water pumps with variable frequency drive electric motors and space for two additional pumps. KBRWPS has total intake capacity of 127.5 MGD. Therefore, the Board should determine if it is prudent to walk away from this investment. At the September 29th meeting Executive Director Betz raised the question of bidding two pipe diameters. This resulted in the proposal for a base bid of welded steel, as the best cost efficient material option as compared to DIP or PCCP, and with the pipe diameter of 60-inch pipe with 54-inch as the alternate bid. Mr. Boahn noted the advantages of bidding a larger pipe diameter against a smaller diameter: contractors tend to give a better price on the larger diameter pipe; it increases the competitive nature among those bidding; and it gives the partners an alternative for their budget considerations. Designing for the 60-

inch pipe fully utilizes the Authority's existing right-of-way and it provides for maximum water withdrawal from the river. McKim & Creed's contract is for project design and does not include project bidding. This allows for the project's partners to delay bidding until increased water demand indicates it is time to proceed. If at that point a larger diameter pipe is required, redesign of the project will be more costly than at this initial design phase. Mr. Boahn estimates \$100,000.00 could be saved by making the design change at this time. The differential between the design cost of 54-inch and 60-inch pipe diameter is estimated to be \$93,800.00. Director Norris asked Executive Director Betz, what is the partner's general consensus about this design change? Executive Director Betz responded that on behalf of the Chairman he presented the option that the Authority would pay the design cost differential to which the partners agreed. Mr. Nichols responded on behalf of Brunswick County as a partner. He said Brunswick County's design team certainly understands why the 60-inch pipe should be considered. This is probably the last opportunity for installation of pipe in the existing right-of-way; however, there must also be budget consideration for payment of the additional cost. Therefore, this juncture is a good point to determine the design cost and construction cost. Mr. Wessell surmised that if the Authority pays the additional cost for design and construction, the additional water capacity would be owned by the Authority which then could be sold to recoup the cost. The 54-inch pipe meets projected capacity needs for Brunswick County and CFPUA but does not provide additional capacity for Pender County beyond the 6 MGD in their current agreement. Water planning information indicates Pender County will seek additional water capacity in the future and the 60-inch pipe will secure future, available capacity. Mr. Boahn noted that in conclusion of the September 29th meeting, it was determined McKim & Creed will evaluate the additional design cost for welded steel 60-inch diameter pipe as a base bid with 54-inch as an alternate bid for consideration at the October project meeting. There was discussion about assuming the additional cost for the 60-inch pipe without having permission to withdraw additional capacity from the river and how the additional cost will be paid. Director Norris expressed his agreement with the 60-inch pipe option, noting his priority is to ensure a water supply for Brunswick, County, CFPUA and Pender County by working with the partners to answer the questions raised in the discussion. Executive Director Betz reported, the Pender County Manager's office contacted him and a meeting to answer their questions regarding the Parallel Transmission Main Project is scheduled for October 11th

OB2 - Closed Session in Accordance with N.C.G.S. Sec.143-318.11(a) (3) to Preserve Attorney-Client Privilege (John Wessell, General Counsel)

In consideration of attending guests, Chairman Blanchard moved Item OB2 to the end of the agenda.

OB3 - Appointment of Legal Advisory Committee by the Chairman

To eliminate a possible conflict of interest concerning legal counsel and representation in matters relating to GenX, Chairman Blanchard selected the following Directors to serve on the Legal Advisory Committee. Meetings of the Legal Advisory Committee may be conducted by conference call between board meetings.

- Director Jackie Newton
- Director Phil Norris
- Director Larry Johnson
- Director Trent Burroughs

NEW BUSINESS

NB1 - Resolution of Lower Cape Fear Water & Sewer Authority to Modify McKim & Creed's Scope of Work and Fee Schedule For a 60-inch Parallel Transmission Main Design and Permitting of the Kings Bluff Raw Water Pump Station 14-mile Parallel Raw Water Transmission Main to Design and Permit a 60-inch Main

Chairman Blanchard introduced the resolution. The Authority is a regional water provider and the presented resolution continues that mission to secure full capacity to meet the future needs of its customers.

Motion: Director Watkins **MOVED**; seconded by Director Sue, approval of the *Resolution of Lower Cape Fear Water & Sewer Authority to Modify McKim & Creed's Scope of Work and Fee Schedule For a 60-inch Parallel Transmission Main Design and Permitting of the Kings Bluff Raw Water Pump Station 14-mile Parallel Raw Water Transmission Main to Design and Permit a 60-inch Main* as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

NB2 - Appointment of Parallel Line Review Committee by the Chairman

In order to keep the Board abreast of project developments and to make recommendations as needed, Chairman Blanchard selected the following Directors to serve on the Parallel Line Review Committee. Meetings of the Parallel Line Review Committee may be conducted by conference call between board meetings.

- Director Larry Sneed
- Director Phil Norris
- Director Wayne Edge

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- Chairman Norwood Blanchard

EXECUTIVE DIRECTOR REPORT

EDR1 - Customers' Water Usage Report as of September 30, 2017

Executive Director Betz reported water use for the first fiscal year quarter is above projection due to CFPUA's pump station being out of service for electrical repair. Pender County had strong usage in the month of September using approximately 2 million gallons in one day.

OB2 - Closed Session in Accordance with N.C.G.S. Sec.143-318.11(a) (3) to Preserve Attorney-Client Privilege (John Wessell, General Counsel)

Due to a conflict of interest, Director Sneed recused himself from the closed session and any resultant action taken by the Board.

Motion: Director Rivenbark **MOVED**; seconded by Director Burroughs, acceptance of Director Sneed's recusal and that the Board go into closed session in accordance with North Carolina General Statute Section 143-318.11(a) (3). Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

At 9:27 a.m. the board went into closed session. At 9:47 a.m. the board returned to open session.

DIRECTOR'S COMMENTS AND/OR FUTURE AGENDA ITEMS

None

PUBLIC COMMENT

None

ADJOURNMENT

There being no further business, Chairman Blanchard adjourned the meeting at 9:48 a.m.

Respectfully Submitted:



Wayne Edge, Secretary