

Lower Cape Fear Water & Sewer Authority
Regular Board Meeting Minutes

July 8, 2019

Chairman Edge called to order the Authority meeting scheduled on July 8, 2019 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, Al Leonard, William Milliken, Jackie Newton, Phil Norris, Charlie Rivenbark, Bill Saffo, Larry Sneed, William Sue and Frank Williams

Present Electronically by Telephone: Rob Zapple

Absent: Larry Johnson

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; Glenn Walker, Brunswick County Water Resources Manager; John Malone, Cape Fear Public Utility Authority Water Resources Manager; Matt Hourihan, Cape Fear Public Utility Authority Assistant Operations Director; Kenny Keel, Pender County Public Utilities Director; Anthony Colon, Pender County Public Utilities Assistant Director and Robert "Buddy" Harris, Environmental Manager Smithfield Farmland Company

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

APPROVAL OF CONSENT AGENDA

- C1 - Minutes of Special Board Meeting June 3, 2019
- C2 - Minutes of Regular Board Meeting June 10, 2019
- C3 - Kings Bluff Monthly Operations and Maintenance Report
- C4 - Bladen Bluffs Monthly Operations and Maintenance Report
- C5 - Bladen Bluffs Weekly Report: July 1, 2019

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

OLD BUSINESS

OB1 - Status Report on Capital Project: Kings Bluff Raw Water Pump Station 48-Inch Raw Water Main Relocation, US HWY 421 (Tony Boahn, P.E., McKim & Creed)

Mr. Boahn recalled, NCDOT is building two bridges on US HWY 421 at Fishing Creek and the Authority's project is to remove its water main from the bridge approach area. He showed a schematic of the project indicating where the existing 48-inch prestressed concrete cylinder pipe (PCCP) will be abandoned in place and where the new 48-inch ductile iron pipe (DIP) will be installed under US HWY 421, beyond the bridge approach area. According to NCDOT, no encasement of the new pipe is required. The project is designed so that water service will not be interrupted. All permits are obtained and the construction contractor is moving forward. Currently McKim & Creed is preparing a final map for recording an easement deed for a needed easement. Delivery of the pipe and material is expected this week as is the contractor's completed sheeting/shoring design. Project construction should start next week. The Authority was to complete part one of the project by August 1st, in concert with ST Wooten as NCDOT bridge construction contractor; however, the contractor is slightly behind schedule and the deadline is extended to the end of August. Final completion of all work is anticipated October 1, 2019. In response to a question concerning how the project could be impacted by a large rain event, Mr. Boahn responded that with a contractor already working onsite, it is likely the contractor could be engaged for the repair work plus plenty of material would be on hand.

OB2 - Status Report on Capital Project: Bladen Bluffs Regional Surface Water System Cape Fear River Bank Erosion (Tony Boahn, P.E., McKim & Creed)

Mr. Boahn said the project will restore the eroded river bank to pre-hurricane conditions by what FEMA recommends as the bio-engineered method. This method is basically natural restoration. With a more permanent

restoration such as large stone or concrete, the Authority would be required to conduct a federal environment process due to the use of federal funds. In response to a question concerning the durability of bio-engineered restoration, Mr. Boahn stated that McKim & Creed has done similar bank restoration projects which are in good condition and have been in place for twenty years. Director Newton noted the bank on either side of the project area has also eroded and it is probable the bank will continue to erode around the Authority's repaired bank. Mr. Boahn said this is a key element in designing the project and it has not yet been solved. All survey work, including environmental surveys, is complete. Two separate wetlands permits are required and McKim & Creeds anticipates all permit submittals to be made in August. Advertisement for bids will be issued in October and February, 2020 is the project's anticipated completion date.

OB3 - Resolution Authorizing Chairman to Enter an Interlocal Agreement Between Lower Cape Fear Water & Sewer Authority, Cape Fear Public Utility Authority and Brunswick County Regarding Capacity Allocation and Ownership of The Kings Bluff Raw Water Pump Station 14-mile Parallel Raw Water Transmission Main

The presented resolution authorizes the Chairman to enter an interlocal agreement between the Authority, Cape Fear Public Utility Authority (CFPUA) and Brunswick County concerning capacity allocation and ownership of the Kings Bluff Raw Water Pump Station 14-mile parallel raw water transmission main. The agreement was adopted by CFPUA on June 12th and by Brunswick County on July 1st. Executive Director Betz said the agreement is of great interest to the Authority in that customers' water usage, both daily and peak, has progressively increased. Completion of the parallel main is scheduled for 2022 and until then the Authority and its customers will go through three summer periods of strong water demand. Executive Betz commented it will be necessary to have a high level of cooperation from all the public utilities in this region during these peak periods. He noted this is a great opportunity for all the utilities to come together in this regional project that ensures future availability and sustainable water supply for all customers. He concluded that for all practical purposes, this agreement finalizes the availability of raw water at Lock and Dam #1. Mr. Wessell summarized the following highlights of the agreement. (1) Construction of the parallel main will be paid by CFPUA and Brunswick County. (2) Upon completion of construction, the main will be owned by CFPUA and Brunswick County based on the percentage of project cost that each paid until such time the construction financing debt is paid in full; at which time ownership transfers to the Authority. Construction financing debt to be paid in full is inclusive of the original term of financing bonds as well as any refinancing of those bonds. (3) Operation and maintenance (O&M) of the main will be the responsibility of the Authority, who has an O&M contract with Brunswick County. (4) The main will be constructed within the Authority's 75 foot easement.

Motion: Director Burroughs **MOVED**; seconded by Director Norris, 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 Capacity Allocation and Ownership of The Kings Bluff Raw Water Pump Station 14-mile Parallel Raw Water Transmission Main* as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

NEW BUSINESS

NB1 - Resolution Accepting the Lower Cape Fear Water & Sewer Authority Bladen Bluffs Regional Surface Water Treatment Facilities Fiscal Year 2018-2019 Annual Inspection Report (Robert "Buddy" Harris, Environmental Manager, Smithfield Farmland Company)

The Authority's Special Facility Revenue Bond Series 2010 requires an annual inspection of the Bladen Bluffs Regional Surface Water Treatment facilities by a qualified engineer to report on readiness, identify any deficiencies and make recommendations on needed repairs and capital improvements. McKim & Creed conducted the inspection and submitted the report dated June 24, 2019. Mr. Boahn presented a PowerPoint presentation of the results and findings of the inspection which included the intake and raw water pump station, treatment processes, residuals basins, chemical systems and administrative facilities. Mr. Boahn concluded by saying the items identified in the report are very minor, maintenance items and the facility is well maintained. There is no cause for concern on an operational standpoint. Mr. Harris reported that most of the findings have been addressed or are in process of repair. Additionally he reported on proactive maintenance and improvement projects and the uses of the facility for continuing education for water and wastewater training and for local community needs. A copy of the report is hereby incorporated as part of these minutes

Motion: Director Blanchard **MOVED**; seconded by Director Burroughs, approval of the Resolution Accepting the Lower Cape Fear Water & Sewer Authority Bladen Bluffs Regional Surface Water Treatment Facilities Fiscal Year 2018-2019 Annual Inspection Report as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

NB2 - Resolution Accepting the Lower Cape Fear Water & Sewer Authority Kings Bluff Regional Raw Water Supply Facilities FY 2018-2019 Annual Inspection Report (Tony Boahn, P.E., McKim & Creed)

As required by the Authority's authorizing bond order and water supply agreements with its customers, McKim & Creed conducted the annual inspection of the King Bluff Raw Water Pump Station (KGRWPB) and submitted the Lower Cape Fear Water & Sewer Authority Kings Bluff Regional Raw Water Supply Facilities FY 2018-2019 Annual Inspection Report. Mr. Boahn presented a PowerPoint summary of the annual report with an overview of the intake and pier, pump station, electrical building, generator facilities, the three million gallon ground tank, the booster pump station and the 24 miles of raw water main right-of-way. Concerning the condition of the right-of-way, Mr. Wessell commented that during the process of acquiring easements for the parallel transmission main he looked at some of the right-of-way and suggests keeping it clear would significantly reduce the likelihood of people building within the right-of-way. Mr. Boahn responded that in building the parallel transmission main, the entire right-of-way will be cleared and will be easily seen. Mr. Boahn concluded that upon inspection of the facility nothing major was found and the identified items are typical, minor maintenance needs. The pump station is in very good condition and has been well maintained. A copy of the report is hereby incorporated as part of these minutes.

Motion: Director Sue **MOVED**; seconded by Director Burroughs, approval of the Resolution Accepting the Lower Cape Fear Water & Sewer Authority Kings Bluff Regional Raw Water Supply Facilities FY 2018-2019 Annual Inspection Report as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

Executive Betz said copies of the two inspection reports will be provided to the bond holders as required by the bond orders and a hardcopy or a PDF file will be made available to Directors upon request.

NB3 - Resolution to Change Lower Cape Fear Water & Sewer Authority Regular Schedule Meeting Date From Monday, November 11, 2019 to Tuesday, November 12, 2019 in Honor of Veterans Day

The Authority's Board of Directors regular schedule meeting for Monday, November 11, 2019 coincides with Veterans Day; therefore, in honor of Veterans Day the presented resolution approves changing that meeting date to Tuesday, November 12, 2019. Mr. Edge entertained a motion on the presented resolution.

Motion: Director Sneed **MOVED**; seconded by Director Williams, approval of the Resolution to Change Lower Cape Fear Water & Sewer Authority Regular Schedule Meeting Date From Monday, November 11, 2019 to Tuesday, November 12, 2019 in Honor of Veterans Day as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

EXECUTIVE DIRECTOR REPORT

EDR1 - Customers' Water Usage Report for Fiscal Year Ending June 30, 2019

Actual water usage for CFPWA, Brunswick County and Pender County exceeded projected water use for the month of June. The customers' combined, annual water usage exceeded their annual projected usage, except for the month of November. This resulted in an increase in water revenue over budgeted revenue at year's end on June 30, 2019.

EDR2 - Annually Budgeted Water Use Versus Actual Water Use for Fiscal Years 10/11 Through 18/19

Executive Director Betz review a graph depicting budgeted water use compared to actual water use for the past nine years. For the four years prior to Fiscal Year 16/17 (FY 16/17), stability in water use was maintained at approximately 24 MGD. In FY 16/17 water began increasing with Fiscal Year 18/19 ending at 29.15 MGD. Executive Director Betz explained that with daily use being at 29.15 MGD, peak use is in the 40 MGD range. He noted that until the new pipeline is in service, water use will be pushing the current maximum capacity of the system.

EDR3 - Duke Energy Progress Demand Response Automation Curtailment Event, July 2, 2019

EDR Additional Item

As reported at the June 10th meeting, with NCDEQ's approval of the Authority's emissions test results for both generators, Duke Energy reinstated the Authority in the Demand Response Automation Rider (DRAR). In December 2019, the Authority temporarily suspended its participation in DRAR in order to become emissions compliant and on July 2nd the Authority participated in its first curtailment event since initiation of the suspension. The Authority

successfully completed the event which began at 1:00 p.m. and ended at 7:00 p.m. Two more contractual DRAR curtailment events are required during the summer; however, depending on the weather additional event can occur.

DIRECTOR’S COMMENTS AND/OR FUTURE AGENDA ITEMS

Director Zapple questioned if the Brunswick County sewer moratorium will impact the Authority in anyway concerning the coming year and with water usage. Mr. Nichols responded that the only way the Authority would be impacted is if the County maintains the water conservation measures in an active status in order to reduce the sewer flow. He does not believe this will occur; however, the County is currently engaged with the state regarding this matter. The moratorium only affects line extension permits and it does not affect building permits.

PUBLIC COMMENT

Mr. Nichols commented on the parallel raw water transmission main project stating that McKim & Creed has done an excellent job in bringing the project to the point of bidding the project. Additionally he recognized CFPUA’s staff as taking the lead on the project and commended the staff for doing a very good job in managing it.

ADJOURNMENT

There being no further business, Chairman Edge adjourned the meeting at 9:50 a.m.

Respectfully Submitted:



Trent Burroughs, Secretary