

Lower Cape Fear Water & Sewer Authority
Regular Board Meeting Minutes

June 10, 2019

Due to a commuting delay for Chairman Edge, Vice Chairman Milliken called to order the Authority meeting scheduled on June 10, 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 Norris gave the invocation.

Present: Norwood Blanchard, Trent Burroughs, Wayne Edge, Larry Johnson, Al Leonard, William Milliken, Phil Norris, Bill Saffo, Larry Sneed, William Sue, Frank Williams and Rob Zapple

Present Electronically by Telephone: Jackie Newton and Charlie Rivenbark,

Absent: None

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

Guest: Frank Styers, Cape Fear Public Utility Authority Chief Operations Officer; John Malone, Cape Fear Public Utility Authority Water Resources Manager; Chad McEwen, Pender County Assistant County Manager; Anthony Colon, Pender County Public Utilities Assistant Director; Glenn Walker, Brunswick County Water Resources Manager; Heidi Cox, NC DEQ Regional Engineering Supervisor, Division of Water Infrastructure and Adrienne Cox, SEPI Engineering and Construction

PLEDGE OF ALLEGIANCE: Vice Chairman Milliken led the Pledge of Allegiance.

APPROVAL OF CONSENT AGENDA

C1 - Minutes of Regular Board Meeting May 13, 2019

C2 - Kings Bluff Monthly Operations and Maintenance Report

C3 - Bladen Bluffs Monthly Operations and Maintenance Report

C4 - Bladen Bluffs Weekly Report: June 6, 2019

C5 - Budget Amendment #9

Director Zapple requested additional information for Item C2 concerning a main break reported off of Narrow Gap Road which was determined to be Cape Fear Public Utility Authority's (CFPUA) 30-inch main. In response Mr. Styers, commented that CFPUA repaired the main break which was located at a joint. With the main being at a creek crossing, an inspection was also performed at the joint on the opposite side of the creek verifying it was operable. When asked how much water was lost, Mr. Styers explained, the main was shut down at the time due to CFPUA's electrical pump station being down. Therefore, the repair was made before CFPUA's main was put back in service. He did not know how long the main was leaking but remarked there was a sink hole approximately five feet wide and ten feet by the creek area.

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

OLD BUSINESS

OB1 - Public Hearing

As advertised on May 15, 2019, Vice Chairman Milliken called for a motion to open a public hearing for public comment on the presented Fiscal Year 2019-2020 Budget.

Motion: Director Leonard **MOVED**; seconded by Director Burroughs to open a public hearing in accordance with North Carolina General Statute Section 159-12 (b) for public comment on the Fiscal Year 2019-2020 Budget. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

Approval of Fiscal Year 2019-2020 Budget and Budget Ordinance for Funds Approval of Fiscal Year 2019-2020 Budget and Budget Ordinance

A. Operating Fund Appropriations for Fiscal Year 2019-2020 in the Amount of \$4,508,165

B. Enterprise Fund/Capital Project Fund Appropriations for Fiscal Year 2019-2020 in the Amount of \$3,372,396

Executive Director Betz noted the current financial status associated with Hurricane Florence expenses. He reported FEMA has obligated \$71,000.00 for reimbursement of emergency services at the Kings Bluff pump station and the Authority has received all insurance and FEMA proceeds associated with damages at the Bladen Bluffs facility except for restoration of the eroded riverbank. With the recommended budget being thoroughly reviewed at the May board meeting, Executive Director Betz provided a brief review. He explained the budget message was slightly edited due to NC DEQ's recent emissions test approval which, as of today, permits the Authority to once again participate in the Duke Energy Demand Response Automation Rider (DRAR). An additional edit is due to FEMA's confirmation of 100% reimbursement of the cost to restore the Bladen Bluffs facility's riverbank. He reviewed the water rate calculation, the Operating Fund's revenue and appropriations and the Budget Ordinance inclusive of all funds. The Fiscal Year 2019-2020 (FY 19/20) water revenue is based upon customers' total, forecasted demand of 26.25 million gallons per day (MGD), whereas water revenue for the current fiscal year is based upon 24.93 MGD. This equates to an increase in water demand of 1.32 MGD. For FY 19/20 the raw water rate remains at \$0.2717 per 1,000 gallons resulting in budgeted water revenue of \$2,606,681.00. The increase in revenue will offset the increased energy expense due to the past few months of non-participation in the DRAR program and by customers' increased water demand. After debt service the largest budgeted expense is the cost of energy. Combined total revenue for both the Kings Bluff and Bladen Bluffs facilities is \$5,043,145.00. Expenditures remain fairly consistent with the current expenditures. Executive Director Betz explained that through the expenditures associated with the operation and maintenance (O&M) agreements with Brunswick County at the Kings Bluff Raw Water Pump Station and with Smithfield Farmland at the Bladen Bluffs Regional Surface Water System; the Authority maintains good oversight of both facilities. Monthly, Brunswick County sends the Authority an invoice with copies of supporting expense documentation approved and signed off by Brunswick County staff resultant to the O&M activities and services during the month. With Bladen Bluffs, vendor invoices are processed daily by the Authority to be paid directly to the vendors upon approval by Robert Harris (Buddy) of Smithfield Farmland. The Authority then invoices Smithfield on a monthly basis, or more if needed, for reimbursement of the cost expended for O&M during the month. Also on each month's invoice, Smithfield is invoiced a monthly amount for the annual insurance cost and for the banking of funds for future expenditures such as replenishing the granulated activated carbon filters or the purchase of a new work truck. Through this process the Authority has very good communications with both Kings Bluff and Bladen Bluffs regarding the budgeting of O&M expenditures for both facilities. In response to a question concerning the capital project for relocation of the main on HWY 421, Executive Director Betz explained that even though the awarded cost for construction of the project came in below the estimated cost of construction, the difference in the amounts will not directly impact the Authority's budget numbers. He noted the capital project's budget ordinance includes a contingency amount; however, unanticipated costs can still develop during the course of construction necessitating having cash on hand. Additionally, any amount over the designated loan amount with New Hanover County is the Authority's obligation. He noted the remaining debt service for the 2010 expansion of the Kings Bluff pump station will be paid off on May 1, 2020.

Vice Chairman Milliken asked for comment concerning the presented budget. Hearing no response Director Burroughs **MOVED**; seconded by Director Rivenbark, to close the public hearing. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

Vice Chairman Milliken called for a motion on the presented Fiscal Year 2019-2020 Budget and Budget Ordinance.

Motion: Director Norris **MOVED**; seconded by Director Leonard approval of: Fiscal Year 2019-2020 Budget and Budget Ordinance for Operating Fund appropriations for Fiscal Year 2019-2020 in the amount of \$4,508,165.00 and for Enterprise Fund/Capital Project Fund appropriations for Fiscal Year 2019-2020 in the amount of \$3,372,396.00. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

A copy of the approved budget is hereby incorporated as a part of these minutes.

OB2 - Status Report on Hurricane Florence FEMA Public Assistance Concerning Repair of the Bladen Bluffs Facility's Riverbank

Executive Director Betz reported that with the Authority receiving written confirmation of 100% reimbursement by FEMA Public Assistance funds for the cost to restore the riverbank; the project can now move forward. FEMA prepared the project's cost at \$281,070.00; however, the final eligible amount is based on reimbursement of the actual cost as substantiated by paid invoices. FEMA will fund the difference at project closeout. Awarding of the contract requires formal bidding. With McKim & Creed submitting a proposal for engineering services for this project, Item A is presented for consideration of approval.

A) A Resolution of Lower Cape Fear Water & Sewer Authority Exempting Lower Cape Fear Water & Sewer Authority From The Provisions of N.C.G.S. §143-64.31

The present resolution permits the Authority to exempt the project from the provisions of N.C.G.S. §143-64.31 if the estimated professional engineering service is less than \$50,000.00.

Motion: Director Norris **MOVED**; seconded by Director Blanchard, approval of *A Resolution of Lower Cape Fear Water & Sewer Authority Exempting Lower Cape Fear Water & Sewer Authority From The Provisions of N.C.G.S. §143-64.31* as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

B) Proposal for Professional Consulting Engineering Services Bladen Bluffs Regional Surface Water Treatment Facility Cape Fear River Bank Erosion – Raw Water Intake Design, Permit, Bid, Construction Phase Services

Mr. Boahn said the scope of work is for stabilizing and covering the riverbank and does not include relocating the airburst pipes. The original thought with pipe relocation is if this type of flooding event reoccurred the pipes would continue to be undermined; therefore, it would be better to push the pipes back into the slope for better protection. The pipes are not damaged; therefore, FEMA will not cover the cost of relocation. Mr. Boahn explained the pipes are welded pipes and all evidence indicates the pipes are in good condition. He remarked, the restoration cost prepared by FEMA is low. The scope of work detailed in McKim & Creed's proposal includes design, bid, permitting and construction phase services for restoration of approximately 150 feet of the riverbank. A challenge in determining the exact scope of work is that surveying will require use of a boat. Executive Director Betz explained that as was mentioned with the capital project for relocating the water main on HWY 421 unanticipated costs can also develop with this project hence another reason to maintain cash on hand.

Motion: Director Leonard **MOVED**; seconded by Director Zapple, approval of McKim & Creed's Proposal for Professional Consulting Engineering Services Bladen Bluffs Regional Surface Water Treatment Facility Cape Fear River Bank Erosion – Raw Water Intake Design, Permit, Bid, and Construction Phase Services as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

C) Presented for Approval: Capital Project Ordinance, Bladen Bluffs Regional Surface Water System Cape Fear River Bank Erosion

Motion: Director Norris **MOVED**; seconded by Director Leonard, approval of *Capital Project Ordinance, Bladen Bluffs Regional Surface Water System Cape Fear River Bank Erosion* as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

In conclusion Executive Director Betz reported that modifications to raise the in-line isolation valve located in the vicinity of the meter connection for the Pender County Water Treatment Plant are complete and are being tested. During Hurricane Florence this area was flooded, prohibiting accessibility to operate the valve and according to Mr. Boahn, the valve was raised approximately eight to ten feet which places it above the Hurricane Florence flood level.

OB3 – Requested Action Required Regarding Easements for Construction of the Kings Bluff Raw Water Parallel Transmission Main Project (John Wessell, General Counsel)

A) A Resolution of Lower Cape Fear Water & Sewer Authority Authorizing an Agreement with Herman Simpson and Wife Mary F. Simpson

The Authority's easement for its existing 48-inch transmission main runs across the property of Mr. and Mrs. Simpson in the City of Northwest, NC. According to the existing easement, if in the process of the Authority

doing future work the Simpson's irrigation system is damaged, the Authority must replace it. In working with the Simpsons, Mr. Wessell prepared the presented resolution and agreement which essentially states the Authority will immediately pay the Simpsons \$800.00 for the cost to relocate their irrigation well system at some point in the future. Additionally the contractor may remove any of the existing irrigation well system necessary for installation of the new 54-inch water main and the Simpsons must remove their other encroaching structures from the easement. Further, due to the installation of the main, if the Simpsons loose water and sewer service for more than twenty-four continuous hours, the contractor shall reimburse their daily cost of a hotel room and food as specified in the agreement.

Motion: Director Blanchard **MOVED**; seconded by Director Sue, approval of *A Resolution of Lower Cape Fear Water & Sewer Authority Authorizing an Agreement with Herman Simpson and Wife Mary F. Simpson* as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

B) A Resolution of Lower Cape Fear Water & Sewer Authority Authorizing the Transfer of Surplus Property to R. Glen Peterson and H.O. Peterson in Connection with Construction of the New 54-Inch Water Line

Mr. Wessell explained that for construction of the new 54-inch main, the Authority needs to acquire additional easements off of Mt. Misery Road from Glen and H.O. Peterson³. The existing main was installed at the southern boundary of the existing easement and there is not sufficient room to install the new main. The Authority agreed to pay Glen Peterson \$185.00 for the additional easement from him and will also convey to him a portion of the easement previously acquired from him that is no longer needed by the Authority. Likewise, the Authority will pay H.O. Peterson \$135.00 for additional easement from him and will convey to him a portion of the easement acquired from his father that is no longer needed by the Authority.

Motion: Director Sue **MOVED**; seconded by Director Zapple, approval of *A Resolution of Lower Cape Fear Water & Sewer Authority Authorizing the Transfer of Surplus Property to R. Glen Peterson and H.O. Peterson in Connection with Construction of the New 54-Inch Water Line* as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

OB4 - 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 reported the project received good bid results with Ruby-Collins, Inc. as the low bidder at \$1,542,275.00. McKim & Creed's construction estimate was approximately \$1,790,000.00. He said Ruby-Collins is a reputable contractor and noted that in the past McKim & Creed has worked with Ruby-Collins plus Ruby-Collin built the Authority's Bladen Bluffs Regional Surface Water System facility and they built this original section of this main in 1993. The contract is signed and the notice to proceed was issued. The project is still on schedule to have the first section of main installed under the southbound lane of the highway by July 31st. In response to a question by Director Blanchard, Mr. Boahn responded that contingency funds are about 15% of the project. Executive Director Betz explained that during the course of the project, if contingency funds are not utilized, it will result in the Authority not requiring the full loan amount from New Hanover County.

OB5 - A Resolution of the Lower Cape Fear Water & Sewer Authority Authorizing the Purchase of an Easement from Bruce B. Cameron Trust in Connection with Relocation of a Water Line on Highway 421 (John Wessell, General Counsel)

Mr. Wessell recalled that at the June 3rd meeting he reported on his conversation with a representative of the Cameron Trust concerning acquisition of an easement needed for relocation of the Authority's main on HWY 421. The Authority commissioned an appraisal of the property which values the easement at \$29,050.00. On behalf of the Authority Mr. Wessell made an offer of \$29,050.00 to purchase the property from the Cameron Trust and last week the offer was accepted. Executive Director Betz noted that only \$2,000.00 was budgeted for legal expenses and with this payment being unanticipated, the \$29, 050.00 will be paid by the capital's project's contingency funds.

Motion: Director Blanchard **MOVED**; seconded by Director Norris, approval of *A Resolution of the Lower Cape Fear Water & Sewer Authority Authorizing the Purchase of an Easement from Bruce B. Cameron Trust in Connection with Relocation of a Water Line on Highway 421* as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

NEW BUSINESS

NB1 - Proposal for Professional Consulting Engineering Services Kings Bluff Raw Water System - Water Emergency Management Plan (Tony Boahn, P.E., McKim & Creed)

Executive Director Betz reported that with the region experiencing drought conditions and with the unusually high water demand by the Authority's customers, at the suggestion of Mr. Styers, a regional meeting was held on May 22nd consisting of staff members from the Authority CFPUA, Brunswick County, Pender County and McKim & Creed. The group discussed conservation measures, regional coordination in addressing water emergencies and the development of a Water Emergency Management Plan by the Authority. Executive Director Betz commented that it is well warranted for McKim and Creed to assist the Authority in developing this plan in concert with its customers because in all conditions the Authority needs to keep the water flowing to its customers. Executive Director Betz commented that in order to move forward with consideration of McKim & Creed's proposal the resolution in Item A is being presented for consideration of approval.

A) Lower Cape Fear Water & Sewer Authority Exempting Lower Cape Fear Water & Sewer Authority From the Provisions of N.C.G.S. §143-64.31

The present resolution permits the Authority to exempt the project from the provisions of N.C.G.S. §143-64.31 if the estimated professional engineering service is less than \$50,000.00.

Motion: Director Leonard **MOVED**; seconded by Director Norris, approval of *A Resolution of Lower Cape Fear Water & Sewer Authority Exempting Lower Cape Fear Water & Sewer Authority From The Provisions of N.C.G.S. §143-64.31* as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

B) Consideration for Approval - Proposal for Professional Consulting Engineering Services Kings Bluff Raw Water System - Water Emergency Management Plan

Mr. Boahn said the presented proposal includes things the Authority can't control such as release of water from Jordan Lake and dry weather. All the customers have their own conservation plans in addressing various stages of water emergencies and developing a plan for the Authority sets guidelines at the point of supply. There was discussion regarding the systems total pumping capacity, delivery limitations due to main size and the performance and benefit of the variable speed drives. In response to a question concerning adequate river flow and the Authority's ability to provide what is obligated, Mr. Boahn stated the Authority's allocated amount from the river is 106 MGD and the river flow is typically 500 MGD which is now regulated by the Jordan Lake Dam release. Mr. Boahn said he has no immediate concern because even with customers' projections extending forward 70 years, the demand will only be at 70 to 75 MGD. Mr. Boahn noted the pump station's intakes are designed for low levels so even with a considerable drop in the river, water could still be provided. Mr. Wessell recalled the litigation in which the Authority participated with Fayetteville concerning upstream water users and he stressed the importance for the Board to stay abreast of what is going on with Jordan Lake due to the growing demand in that area. In monitoring the daily water usage, Executive Director Betz has requested that wet well levels be included in the daily reports.

Motion: Director Leonard **MOVED**; seconded by Director Norris, approval of McKim & Creed's Proposal for Professional Consulting Engineering Services Kings Bluff Raw Water System - Water Emergency Management Plan as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

NB2 - Resolution of Lower Cape Fear Water & Sewer Authority Directing the Executive Director and General Counsel to Revise and Amend The Existing Agreement with the County of Brunswick for Operation and Maintenance of the Kings Bluff Raw Water Pump Station

Executive Director Betz explained the presented resolution directs staff to work with Brunswick County in revising the existing operation and maintenance agreement to include the extension of the 48-inch main located from the ground reservoir tank to HWY 421, the interim booster pump station and the forthcoming 54-inch parallel transmission main. An Interlocal Agreement (ILA) between CFPUA, Brunswick County and the Authority concerning design, construction and ownership of the 54-inch parallel transmission main will be presented at next month's meeting and once constructed the Authority will be responsible for operation and maintenance of the main. Accordingly, the current operation and maintenance agreement must be updated to coincide with the ILA.

Motion: Director Norris **MOVED**; seconded by Director Zapple, approval of *Resolution of Lower Cape Fear Water & Sewer Authority Directing the Executive Director and General Counsel to Revise and Amend The Existing Agreement with the County of Brunswick for Operation and Maintenance of the Kings Bluff Raw Water Pump Station* as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

EXECUTIVE DIRECTOR REPORT

EDR1 - Customers' Water Usage Report for Fiscal Year to Date Ending May 31, 2019

May was a huge month; with water the demands of CFPWA, Brunswick County and Pender County significantly exceeding their projected water usage.

EDR2 - Presented for Information - Authorization to Construct Kings Bluff Raw Water Pump Station 54-inch, Parallel Raw Water Transmission Main

Executive Director Betz reported, the Authority received the North Carolina Department of Environmental Quality (NCDEQ) Authorization to Construct the Kings Bluff Raw Water 54-inch transmission with an issue date of May 11, 2019. The authorization is valid for 24 months.

EDR Additional Item

Executive Director provided the Directors a copy of a NCDEQ letter approving the Authority's emissions test results for both generators. He reported that a copy of the letter was forwarded to Duke Energy who reinstated the Authority in the Demand Response Automation Rider.

DIRECTOR'S COMMENTS AND/OR FUTURE AGENDA ITEMS

None

PUBLIC COMMENT

None

ADJOURNMENT

There being no further business, Vice Chairman Milliken adjourned the meeting at 10:02 a.m.

Respectfully Submitted:


Trent Burroughs, Secretary