

Lower Cape Fear Water & Sewer Authority  
Regular Board Meeting Minutes

September 9, 2019

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Chairman Edge called to order the Authority meeting scheduled on September 9, 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, Larry Johnson, Al Leonard, William Milliken, Jackie Newton, Bill Saffo, Larry Sneed, William Sue, Frank Williams and Rob Zapple

**Present Electronically by Telephone:** Charlie Rivenbark

**Absent:** Phil Norris

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

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

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

**APPROVAL OF CONSENT AGENDA**

**C1 - Minutes of Regular Board Meeting August 12, 2019**

**C2 - Kings Bluff Monthly Operations and Maintenance Report**

**C3 - Bladen Bluffs Monthly Operations and Maintenance Report**

**C4 - Bladen Bluffs Weekly Report: September 2, 2019**

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

**OLD BUSINESS**

**OB1 - Requested Action Required Regarding Temporary Construction Easement and Agreement for Construction of the Kings Bluff Raw Water Parallel Transmission Main Project**

Executive Director Betz reported that construction of the transmission main will cause damage to an existing tennis court located on property owned by Elsie Peterson. Rather than having the anticipated damages repaired, Ms. Peterson requested that during construction the tennis court be removed in totality, including fencing around the court and light fixtures. The presented agreement, prepared by Mr. Wessell, provides that in conjunction with installation of the transmission main, the contractor will remove the tennis court and grade and seed the area. Additionally it provides for a temporary construction easement for the sole purpose of removing the tennis court.

**Motion:** Director Sue **MOVED**; seconded by Director Zapple, approval of *Temporary Construction Easement And Agreement* presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

**OB2 - Opening of Construction Bids from Pre-Qualified Bidders for Construction of the Kings Bluff Raw Water Parallel Transmission Main Project (Tony Boahn, P.E., McKim & Creed)**

Mr. Boahn reported that sealed bids for the project were received and opened on August 27<sup>th</sup>. McKim & Creed's estimate of construction cost was \$54,500,000.00. Prior to advertising for bids, McKim & Creed conducted a prequalification process and out of ten contractors who made submittals, seven were prequalified. Five of the prequalified contractors submitted bids ranging from \$67,793,123.00 to \$37,203,838.00 with Garney Construction being the lowest bidder. Mr. Boahn explained that North Carolina General Statutes provides 72 hours after the opening of bids for contractors to withdraw their bid if the bid price was based upon an error. Upon a 24 hour review, Garney confirmed their bid amount is accurate. Mr. Boahn noted that Garney is a large, reputable contractor that only constructs pipelines. Executive Director Betz added that Garney easily met the prequalification financial criterion with having a billion dollar bond capacity. With Cape Fear Public Utility Authority (CFPUA) managing

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this regional project, on August 28<sup>th</sup> McKim & Creed recommended CFPUA award the construction contract of the Kings Bluff Raw Water Parallel Transmission Main Project to Garney Construction. It is anticipated this recommendation will be presented for CFPUA Board approval at the October 9<sup>th</sup> meeting. Accordingly, construction should begin in December with substantial completion being in May, 2022 and final completion in August, 2022. Director Zapple noted it has been eleven years of work in advancing the project to this point and he complimented the Authority's leadership and the Board for this milestone.

**OB3 - 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 that out of the 700 feet of 48-inch main being relocated, approximately 500 feet is complete. The remaining work includes completion of main installation, connection of the relocated main to the existing main and abandonment of the old main. This work cannot commence until NCDOT completes bridge construction on the southbound lane of US HWY 421. The project's final completion was originally scheduled for October, 2019. Mr. Boahn estimates that if NCDOT completes its construction and opens the southbound lane by November 1<sup>st</sup>, then Ruby-Collins, as the project contractor, may complete the work by mid-December. At last month's meeting Mr. Boahn mentioned Ruby-Collins may incur demobilization costs, due to the suspension of work, which could create a change order to the original contract. In response to a question as to how this cost could be diverted; Mr. Boahn answered that in speaking with Ruby-Collins it seems likely a change order will not be issued, depending on the extent of the time delay,

**OB4 - Status Report on Capital Project: Bladen Bluffs Regional Surface Water System Cape Fear River Bank Erosion (Tony Boahn, P.E., McKim & Creed)**

Mr. Boahn reported that McKim & Creed, FEMA and Executive Director Betz have been communicating regarding the details of the restoration process and a method for restoration has been developed. The restoration method is a combination of natural vegetation plantings including shrubs, grasses and trees along with the use of rip-rap for stabilization of the bank. The environmental permitting is anticipated in September or October allowing for the advertisement of bids in late October to early November. The Board can then award the construction contract at the December 9<sup>th</sup> meeting. Based on this schedule, the project should be completed in February, 2020.

**EXECUTIVE DIRECTOR REPORT**

**EDR1 - Duke Energy Progress Demand Response Automation Program, Increase in Monthly Availability Credit from \$2,925.00 to \$4,062.50 and Event Performance Credit**

Executive Director Betz recalled that at last month's meeting Director Norris inquired if the cost of updating the Kings Bluff Raw Water Pump Station for emission compliance would sufficiently offset the benefits of continued participation in the Duke Energy DRA program. Executive Director Betz noted that prior to installation of the emissions equipment; the Authority received a monthly credit of \$2,925.00 on its bills from Duke Energy. Since then, Duke Energy reviewed the Kings Bluff Pump Station's energy use data and consequently the basis of the Authority's participation in the Demand Response Automation Program was adjusted resulting in a monthly credit going forward in the amount of \$4,062.50. This increase will aid in absorbing the cost of the emissions equipment. The Authority has successfully participated in its three, contractual curtailment events for this calendar year.

**EDR2 - Customers' Water Usage Report as of August 31, 2019**

Executive Director Betz reported that Brunswick County, Pender County and CFPUA all exceeded their projected water usage versus budgeted water use for the month of August. With rain from Hurricane Dorian, water usage at the start of September is indicating a decline. In response to questions regarding actual water usage exceeding projection, Executive Director Betz responded that these conservative projections are used to create the Authority's budget. Customers' increase or decrease in monthly water use as compared to their projected water use correlates directly with an increase or decrease in the Authority's budgeted, operating revenue. As part of the budget process, water use projections are prepared by the Authority's customers based on historical data and current usage demands. It was noted how future weather events such as extreme rain or drought can impact projections. Executive Director Betz commented that construction of the 54-parallel transmission main is a much needed, timely project due to the growth in this region and due to the fact that it adds redundancy to the system.

**EDR3 - Emergency Preparedness**

A) **Brief:** Executive Director Betz stated that Brunswick County has been very adaptive with the existing Operation and Maintenance Agreement (O&M) as system components have been added over time. He recalled that Mr. Wessell has been directed by the Board to update the Kings Bluff O&M to cover system improvements and

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expansion such as the extension to HWY 421, the booster pump station, the 54-inch parallel main and other changes. Executive Director Betz recommended that the updated O&M should address that upon Declaration of a State of Emergency by the Governor, the O&M operator will immediately proceed to secure generator fuel for full storage capacity and that the operator shall staff the pump station 24/7 throughout the emergency event. Director Sue suggested that with the proximity of the Piedmont Natural Gas line, it may be feasible for the generators to be operated by Natural Gas which is less expensive than diesel fuel. Mr. Boahn noted there are generators that offer the flexibility of running off of Natural Gas and diesel. It was noted that in declaring an emergency, State and regional emergencies may not coincide and additionally there is a cost associated with staffing the station 24 hours a day; therefore, it would be good to have specific language within the agreement stipulating when 24/7 emergency staffing starts and ends.

#### **EDR4 - Retirement, December 1, 2019**

Executive Director Betz referenced his letter to the Board announcing his retirement date of December 1, 2019 and stated that with the soon to be awarded contract for construction of the 54-inch parallel main and with the Authority's total water capacity obligated to its customers it seems like a good time to submit his retirement notice. He commended the teamwork within the operations of the Authority including the Kings Bluff and Bladen Bluffs facilities and the Authority's partnership with its customers. Chairman Edge entertained a motion for the Board to enter closed session to discuss matters relating to the Executive Director's retirement.

**Motion:** Director Blanchard **MOVED**; seconded by Director Williams, to go into closed session in accordance with North Carolina General Statute Section 143-318.11(a) (6) for the stated purposes of discussion. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

At 9:44 a.m. the Board went into closed session. At 9:59 a.m. the Board returned to open session.

**Motion:** Director Zapple **MOVED**; seconded by Director Williams, that a Search Committee be created comprised of one Director from each member county to include:

- Chairman Edge - Bladen County
- Director Sue - Brunswick County
- Director Burroughs - Columbus County
- Director Newton - Pender County
- Director Zapple - New Hanover County

and that this committee will meet as soon as possible to initiate the hiring process to fill the position of Executive Director. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

#### **DIRECTOR'S COMMENTS AND/OR FUTURE AGENDA ITEMS**

Director Sneed recalled a past discussion about future capital projects and the question as to whether a raw water rate increase is needed to build capital reserve. He recommended it is a good idea to have this discussion early during this fiscal year to make the determination in advance of customers' budget preparation. Executive Director Betz said a copy of the Authority's *CAPITAL IMPROVEMENTS PLAN* can be provided to the Directors for review of future projects. He noted that an increase in the raw water rate of \$0.01 equates to an approximate annual increase of \$100,000.00. In response to a question by Director Zapple, Executive Director Betz replied the last raw water rate increase was July, 2010 when it was increase to the current rate of \$0.2717 per 1,000 gallons. With debt service payments being approximately \$1,000,000.00 per year, that equates to \$0.10 of the \$0.2717 water rate allocated to payment of debt service. Bond Debt service will be paid in full on May 1, 2022 and upon payment of the New Hanover County loan on May 1, 2023 in the amount of \$787,298.10, the Authority will be debt free.

**Motion:** Director Zapple **MOVED**; seconded by Director Newton, that the Finance Committee conducts a study of the raw water rate structure in correlation with the Authority's *CAPITAL IMPROVEMENTS PLAN* in order to report its findings to the full Board for consideration of a possible raw water rate adjustment to ensure financial capacities to meet the stated capital improvements goals. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

#### **PUBLIC COMMENT**


None

#### **ADJOURNMENT**

There being no further business, Chairman Edge adjourned the meeting at 10:00 a.m.

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Respectfully Submitted:

  
Trent Burroughs, Secretary