

Lower Cape Fear Water & Sewer Authority
Regular Board Meeting Minutes

January 13, 2020

Chairman Milliken called to order the Authority meeting scheduled on January 13, 2020 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, Patricia Kusek, Al Leonard, William Milliken, Jackie Newton Phil Norris, Charlie Rivenbark, Bill Saffo, Larry Sneed and William Sue

Present Electronically by Telephone: None

Absent: Frank Williams

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

Guests: Rob Zapple, Former Board of Director Member; John Nichols, Brunswick County Public Utilities Director; Glenn Walker, Brunswick County Water Resources Manager; Frank Styers, Cape Fear Public Utility Authority Linear Assets PM Director; Matt Hourihan, Cape Fear Public Utility Authority Assistant Treatment Director; Chad McEwen, Pender County Manager; Anthony Colon, Pender County Public Utilities Assistant Director; Heidi Cox, NC DEQ Regional Engineering Supervisor, Division of Water Infrastructure; Jess Powell, McKim & Creed Staff Engineer; Johanna Ferebee, Journalist Port City Daily; Shirley Lawler and Mark Allison

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

PRESENTATION TO: Wayne Edge, Bladen County Representative, by Chairman Milliken

Chairman Milliken presented Director Edge a plaque in recognition and appreciation for his distinguished service to the Authority for serving as Chairman in 2019.

PRESENTATION TO: Rob Zapple, New Hanover County Representative, by Chairman Milliken

As a representative of New Hanover County, Mr. Zapple served on the Authority's Board of Directors from January, 2019 to December, 2019 and in recognition of and appreciation for his distinguished service, Chairman Milliken presented him a Service Award. Mr. Zapple thanked the Board for the tremendous education provided him regarding the huge importance of Lower Cape Fear Water & Sewer Authority. He commented that with entering into a new era and with the current projects, it is going to become a bigger and bigger responsibility for our entire region. He expressed appreciation to the Board for their hard work and for the award.

ADMINISTER OATH OF OFFICE TO: Patricia Kusek, New Hanover County Representative by Chairman Milliken

Chairman Milliken administered the Oath of Office to Ms. Patricia Kusek, New Hanover County Commissioner, who was newly appointed by the County as one of their two representatives on the Authority's Board of Directors. Ms. Kusek was welcomed by members and staff.

APPROVAL OF CONSENT AGENDA

C1 - Minutes of Regular Board Meeting December 9, 2019

C2 - Kings Bluff Monthly Operations and Maintenance Report

C3 - Bladen Bluffs Monthly Operations and Maintenance Report

C4 - Bladen Bluffs Weekly Report: January 2, 2020

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

OLD BUSINESS

OB1- Bladen Bluffs Regional Surface Water Plant Cape Fear River Bank Restoration Project: Resolution Authorizing Award of Contract to Wells Brothers Construction Co., Inc. In the Amount of \$221,780 for the Construction of the Cape Fear River Bank Repair Project at the Bladen Bluffs Regional Surface Water Treatment Plant

Mr. Boahn recalled that the original bid opening was held on November 21, 2019; however, only two bids were received; therefore, the project was re-advertised with a second bid opening on December 5, 2019. At that time, two bidders submitted with one being Wells Brothers Construction Co., Inc. (Wells Brothers) in the amount of \$221,780.00 and the second was Carmichael Construction Company, Inc. in the amount of \$384,300.00. McKim & Creed's opinion of construction cost is \$352,000.00. Mr. Boahn said it is McKim & Creed's recommendation that the project be awarded to Wells Brothers Construction Co., Inc. If the project is awarded today, it is anticipated the Notice to Proceed would occur in February with construction completion anticipated for the April or May time frame. A preconstruction meeting will be held later this month. Director Newton asked if McKim & Creed had concern regarding the discrepancy between their opinion of cost and Wells Brothers' bid amount. Mr. Boahn said when there are great discrepancies like this there is cause for concern; however, in this situation McKim & Creed included some contingency in their cost estimate due to having limited background knowledge of costs because of the uniqueness of the project. He added that Wells Brothers is located closer to the project which reduces the transportation cost. McKim & Creed has reviewed this and has spoken with Wells Brothers and everyone is comfortable with the bid amount. Mr. Boahn concluded that the project is pretty straightforward and he believes Wells Brothers' bid amount is a reasonable price for the work to be performed.

Motion: Director Sue **MOVED**; seconded by Director Blanchard, approval of the *Resolution Authorizing Award of Contract to Wells Brothers Construction Co., Inc. in the Amount of \$221,780.00 for the Construction of the Cape Fear River Bank Repair Project at the Bladen Bluffs Regional Surface Water Treatment Plant* as presented and approval authorizing the Chairman to execute the construction contract. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

Interim Executive Director Pierce noted that the project is moving forward not only with construction but also with FEMA. He reported that he has met with the FEMA and North Carolina State Representative for the project and the first reimbursement request was submitted. The reimbursement for engineering cost should be received in six to eight weeks. Additionally, staff is documenting administrative cost associated with the project because it will be reimbursed as well. Since the project had an original completion date of March 31, 2020, the Authority has applied for a time extension to match the contract documents.

OB2 - Status Report on Capital Project: Kings Bluff Raw Water Pump Station 48-Inch Raw Water Main Relocation, US HWY 421

Mr. Boahn reported that last week the wet taps and line stops were completed and the new main is in place, operational and flowing. The next step, which is the abandonment of the old main, starts on January 14th. It is anticipated the project will be complete by the end of January. The contract completion date was December 31st; however, it didn't make sense to do the taps on a major artery during the holidays due to contractors and suppliers being shut down. There is no associated, additional cost from the contractor or from McKim & Creed. To provide Director Kusek with background on the project, Mr. Boahn reviewed a schematic of the project and provided a brief overview of the construction.

OB3 - Heat Issue in Generator Building at Kings Bluff

McKim & Creed recently completed a study that focused on the ventilation system of the existing generator building. Mr. Boahn explained that over the years there have been some high heat issues in the building which can cause a shutdown of the generators. This happened in May, 2018. The study was to determine what can be done to improve the ventilation of the building. Mr. Boahn briefly explained the challenges and issues noting that generator high temperature shutdown conditions are the biggest issue. Another issue is the age of the generators which were mid 1960's locomotive engines refurbished to serve as generators. They were installed at the Kings Bluff Pump Station around 2002 and were refurbished again approximately seven or eight years late. In May, 2019 it was an extremely dry period with high water demand. Also during this time Duke Progress Energy called a curtailment event and Cape Fear Public Utility Authority's raw water pump station was out of service due to an upgrade to the station. This all created a lot of demand and use which created a high temperature condition of the generator resulting in a shutdown. The primary scope of the study in evaluating the ventilation for the existing facility included air flow test and balance evaluation, perform heat load calculations and recommendations for HVAC improvements. The study identified the

following potential contributing heat sources. (1) Generators were re-rated from 2.7 MW to 3.0 MW. This increase in power equates to more heat. With the increase in water demand this all equates to higher demand, higher load for a longer duration. (2) The existing radiators are undersized for current load. (3) The current exhaust fans are likely undersized for the current conditions and they are also operating at less than the original specification of 15,000 cubic feet per minute each. They are operating at 12,000 cubic feet now. (4) When the overhead doors are opened for ventilation it short-circuits the airflow. The airflow needs to go across the top of the generators to move the air flow out. By opening the doors it causes the flow to go around the generators rather than the desired path. (5) The recently installed oxidation catalyst adds increased backpressure and can increase air temperature; however, it seems to be a minor issue due to the size of the generators. Future potential solutions and approximate costs were identified as: relocate radiators (\$60,000); upgrade radiators (\$340,000); install exhaust booster fans (\$120,000) and increase ventilation capacity (\$120,000). Mr. Boahn stated that if McKim & Creed recommended one of these options it would be to increase the ventilation capacity by adding bigger or additional fans. In looking at all the data Mr. Boahn noted that the heat generated was higher than would be anticipated; therefore, McKim & Creed thought it best to not just look at the building ventilation but to also look at the internal coolant system on the generators. Mr. Boahn said that before spending any money on the identified ventilation solutions it makes sense to have the generators evaluated for possible internal problems. This step may eliminate the need for some of the ventilation solutions or lessen the cost. Therefore, McKim & Creed's recommendation is to have the generators coolant system evaluated. The challenge with this is that the evaluation needs to be done during the summer when it is 90 degrees or hotter.

Interim Executive Director Pierce commented that McKim & Creed's report is a very good report. He explained there are two different problems with one being the heat in the building and the second is engine coolant as it relates to the engine temperature when running for an extended period of time. Upon receiving the report, Interim Executive Director Pierce spoke with Kings Bluff Operation and Maintenance staff and they provided him some suggestions. In looking at the engine they found and replaced a coolant pump on engine #1 which wasn't properly working. They also looked for clogged, coolant lines and drained out some sediment. They then ran the engine for two hours in 70 degrees ambient temperature without any increase in the engine temperature. Secondly, they agree with the report that there is a deficit in the ventilation system and have looked at some simple fixes. One mentioned by Mr. Boahn is not to open the overhead doors all the way. The other is to add a third fan similar to the existing fans and Interim Executive Director Pierce has asked them to provide a cost for installation of a third fan prior to summer. There is an area in the building where it can be installed without major renovation. Another issue found was that some exhaust gaskets need replacing which would contribute to the heat in the building. They will inspect engine #2 for these same issues. Interim Executive Director Pierce concluded with a recommendation to run the system this summer and if the engines stay cool then he does not recommend the coolant study; however if the engines experience high heat, he is in agreement for the coolant study to be conducted. Interim Executive Director Pierce answered various questions by the Board and agreed with the suggestion made by Chairman Milliken that a sprinkler should be used on the engines the next time they run hot as is done with HVAC radiators in emergencies.

Motion: Director Sue **MOVED**; seconded by Director Blanchard, approval of the recommendation to run the system this summer and if the engines stay cool then the coolant study will not be conducted; however if the engines experience high heat, the coolant study will be conducted. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

OB4 – Executive Director Position Recruitment

The Personnel Committee met prior to the board meeting and Chairman Milliken asked Interim Executive Director Pierce to report on that meeting. Interim Executive Director Pierce said his recommendation to the Committee is that the Executive Director position is a full-time position. With the Authority having only two employees, the main reason is for continuity. The Committee also reviewed the existing job responsibilities as well as some potential, additional job responsibilities. Interim Executive Director Pierce met with Cape Fear Public Utility Authority (CFPUA) and Brunswick and Pender Counties for input on the performance of the current job responsibilities and how the Authority can better assist its members in additional ways. Both CPFUA and Brunswick County responded that they would like the Authority to provide leadership and to serve as the regional representative on water quality and water quantity issues in the Cape Fear River before local, state and federal agencies. Bladen and Columbus Counties are two member counties which the Authority does not provide water and Interim Executive Director Pierce spoke with Bladen County about the possibilities of the Authority assisting by: (1) working with economic development agencies in the five counties to assist recruitment of water using industries; (2) providing grant education and assistance to utilities within the five county area; and (3) providing operational technical assistance to

utilities in the five county area. Bladen County expressed interest in the first two options. A revised job description, which incorporates the additional responsibilities, along with a job search timeline and a broader range for advertisement distribution was provided to the Board for consideration of approval.

Motion: Director Sue **MOVED**; seconded by Director Blanchard, approval of the revised Executive Director Job Description, the job search timeline and the presented recommendation for a broader range of advertisement distribution. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

NEW BUSINESS

NB1 - Draft Purchasing Policy

Interim Executive Director Pierce explained that in order to be eligible for future federal funding, the Authority must have an adopted Purchasing Policy that meets the federal and state purchasing guidelines. The presented policy will not change how the Authority has been operating because it has been operating under these guidelines however; it did not have an approved policy.

Motion: Director Sue **MOVED**; seconded by Director Rivenbark, approval of the presented Purchasing Policy. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

NB2 - Appointment of FY 2020-2021 Finance Committee by Chairman Milliken

Chairman Milliken noted the members he appointed to the Finance Committee for fiscal year 2020-2021 including:

Al Milliken, Chairman
Wayne Edge
Norwood Blanchard
Trent Burroughs
Phil Norris
Charlie Rivenbark

Motion: Director Sue **MOVED**; seconded by Director Newton, approval of the Finance Committee as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

NB3 – Appointment of FY 2020-2021 Personnel Committee by Chairman Milliken

Chairman Milliken noted the members he appointed to the Personnel Committee for fiscal year 2020-2021 including:

Al Milliken, Chairman
Trent Burroughs
Wayne Edge
Jackie Newton
Bill Sue
Bill Saffo
Larry Sneed

Motion: Director Burroughs **MOVED**; seconded by Director Newton, approval of the Personnel Committee as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

EXECUTIVE DIRECTOR REPORT

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

Last month's water usage was not good with CFPUA usage being considerably less than projection and Brunswick County being slightly less. Pender County was slightly above projection. Interim Executive Director Pierce said the previous \$90,000.00 surplus of raw water revenue has been reduced.

EDR2 – Corps of Engineers Study of Lock and Dam System

Interim Executive Director Pierce reported that a meeting was held in December where the Corps provided their results of the Lock and Dam study. The report has not been finalized but it is anticipated to be by January 29th and at that point it will be sent out for public comment. The Corps recommends that they discontinue maintenance on the Locks and Dams by deeding them over to another entity. They determine the Locks are no longer needed for navigation. Based on that determination, the Corps recommends one of three options. (1) Leave the Locks and Dams but perform no operation or maintenance. (2) Remove the Locks and Dams which would take Congressional Action. (3) Turn the operation and maintenance over to a third party. The Locks and Dams are critical to

Fayetteville Public Works Commission (PWC), CFPUA and the Authority because the raw water intakes will not function as designed during low flow conditions if the Locks and Dams are removed. They provide a pool for the raw water intakes. The safe yield from the river would also be greatly reduced. The first two options are not in the best interest of the utilities that use the Cape Fear River as their source for potable water. Performing no maintenance on the Locks and Dams means the locks will fail at some point in the future and may result in a catastrophic loss of the pool behind the dam and removal of the dam would result in an immediate loss of the pool behind the dam. The Corps is aware of this concern but it is not being factored into their final decision. The Corps wants to deed all three Locks and Dams to one entity. The State of North Carolina is one entity that could assume ownership of the Locks and Dams. With the only viable option being for a third party to take over the Locks and Dams for maintenance responsibility, Interim Executive Director Pierce has had several conversations with PWC about the possibility of the Authority taking ownership of Lock and Dam No. 1 and PWC taking ownership of Locks and Dams No. 1 and 2. PWC originally recommended that the Authority, CFPUA and PWC create a new utility which would acquire the three Locks and Dams and then immediately transfer these assets to the appropriate parties and disband the new utility. PWC also suggested another option where PWC, as a single entity, would assume ownership of all three Locks and Dams as long as the Authority and PWC had an Interlocal Agreement specifying the Authority would take ownership of Lock and Dam No. 1. Lock and Dam No. 1 has a fish passages; however, the other two Locks and Dams do not. In 2008, Session Law 2008-136 was passed stating that the State may accept the Locks and Dams subject to all three being properly refurbished and with fish passages at all three. At this point the State's position is unclear in how they are going to move forward based on this law. The Corps would like to receive letters of intent from entities interest in acquiring the Locks and Dams by the end of February. Therefore, if the Authority doesn't want the State to take over the Lock and Dam No. 1, it must move very quickly in order to make a decision. The State indicated their focus areas in taking over and operating the Locks and Dams which include water supply, water quality, fish passage, aquatic habitat, and recreation. Interim Executive Director Pierce noted that the State's description of many of these focus areas actually conflict with the water supply requirements. So far the State has refused to meet with the regional partners of PWC, CFPUA and the Authority regarding this matter stating that all information has been made available. In response to a question regarding contacting the region's North Carolina General Assembly representatives, Interim Executive Director Pierce responded that if the partners can't move forward by the time a decision is required then that would be the appropriate thing to do. With the current presented timeline it would appear that this Board will need to make a decision on this matter at either the February or March Board meetings. The three options for Board consideration are: (1) take no action and allow the State of North Carolina to assume ownership and maintenance responsibilities for the Locks and Dams; (2) agree to our proportionate share of the engineering study (\$17,500) to determine the cost but make no decision on creation of the utility and ultimately assuming the cost of operating Lock and Dam No. 1 at this time; and (3) agree to our proportionate share of the engineering study (\$17,500) to determine the cost but indicate our interest in creating the new utility and assuming ownership and maintenance responsibility for Lock and Dam No. 1. For consideration of approval, Interim Executive Director Pierce provided the Board with a resolution exempting the Authority from the provisions of N.C.G.S. §143-64.31 and a resolution authorizing the Chairman to execute a contract in the amount of \$17,500.00 with Arcadis Consulting Engineers, Inc. for consulting engineering services for estimating the annual maintenance and lifecycle costs of Lock and Dam No. 1 along with an associated budget amendment. Interim Executive Director Pierce will be signing a non-disclosure agreement with the Corps in order to have access to their operation and maintenance data. He also hopes to meet with the State prior to the February Board meeting. Director Saffo commented that this was discussed in 2008 when the Corps initially said they were disposing of the Locks and Dams. He noted that this is an important decision not only for ecology but for funding issues that we are dealing with in southeastern North Carolina and now to be given such a short deadline for making a decision is ludicrous. This is a serious issue and a bigger discussion is needed. He suggested the Authority ought to contact the State representatives and he questioned how this ties in with Jordan Lake. In order to have information to make an informed decision, Interim Executive Director Pierce recommended approval of the two resolutions and budget amendment so Arcadis can conduct the study. Director Sneed believes there are a lot of environmental groups who would be willing partners in this matter.

Motion: Director Leonard **MOVED**; seconded by Director Newton, approval of the 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. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

Motion: Director Leonard **MOVED**; seconded by Director Sue approval of Budget Amendment #4. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

Motion: Director Norris **MOVED**; seconded by Director Leonard, approval of the A Resolution Authorizing the Chairman to Execute a Contract With Arcadis Consulting Engineers, Inc. for Consulting Engineering Services Associated with the Estimation of Annual Maintenance and Lifecycle Costs of Acquisition of Lock and Dam No. 1 In the Amount Not to Exceed \$17,500.00. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

EDR3 - Conference Registration

A) NC AWWA-WEA Spring Symposium, April 5- 7, 2020 Asheville, NC

B) American Water Works Association ACE20, June 14-17, 2020 Orlando, Florida

Interim Executive Director Pierce asked that anyone interested in attending either of these conferences to please notify staff so registration and reservations for accommodations can be made. Mr. John Nichols note that the American Water Works Association ACE20 has programs specifically designed for elected officials.

CLOSED SESSION

CS1 - Closed Session in Accordance with NCGS§143-318.11(5)(i) to Consider Acquisition of Real Property

Chairman Milliken requested a motion for the Board to enter closed session to discuss an easement and it relates to a parcel of property in Brunswick County that has a tax parcel number of 01400001.

Motion: Director Rivenbark **MOVED**; seconded by Director Sue, to go into closed session in accordance with North Carolina General Statute Section 143-318.11(5)(i) for the stated purposes of discussion. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

At 10:22 a.m. the Board went into closed session. At 10:57 a.m. the Board returned to open session. No action was taken.

DIRECTOR'S COMMENTS AND/OR FUTURE AGENDA ITEMS

None


PUBLIC COMMENT

None

ADJOURNMENT

There being no further business, Chairman Milliken adjourned the meeting at 11:03 a.m.

Respectfully Submitted:



Charlie Rivenbark, Secretary