

Lower Cape Fear Water & Sewer Authority
Regular Board Meeting Minutes

March 9, 2020

Chairman Milliken called to order the Authority meeting scheduled on March 9, 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 Leonard gave the invocation.

Present: Norwood Blanchard, Trent Burroughs, Wayne Edge, Larry Johnson, Jackie Newton, Al Leonard, William Milliken, Phil Norris, Charlie Rivenbark, Larry Sneed, William Sue and Frank Williams

Present Electronically by Telephone: None

Absent: Patricia Kusek and Bill Saffo,

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

Guests: John Nichols, Brunswick County Public Utilities Director; John Malone, Cape Fear Public Utility Authority Water Resources Manager; Anthony Colon, Pender County Public Utilities Assistant Director; Josh Pack, NC DEQ Water Resources Public Water Supply Section Engineer; and Johanna Ferebee Still, Journalist Port City Daily

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

APPROVAL OF CONSENT AGENDA

C1 - Minutes of Regular Board Meeting February 10, 2020

C2 - Kings Bluff Monthly Operations and Maintenance Report

C3 - Bladen Bluffs Monthly Operations and Maintenance Reports

C4 - Bladen Bluffs Weekly Report: March 2, 2020

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

OLD BUSINESS

OB1 - To Remove from the Table: Resolution Adopting the Amended and Restated Agreement for Operation and Maintenance of the Kings Bluff Raw Water Pump Station Between Lower Cape Fear Water & Sewer Authority and the County of Brunswick (John Wessell, General Counsel)

In 1983 The Authority and Brunswick County (County) entered into an operation and maintenance (O&M) agreement for the Kings Bluff Raw Water Pump Station and in 2019 both parties began work on an updated O&M agreement to include updated infrastructure improvements and future capital project improvements. Mr. Wessell reported that both the Authority's and the County's staff have approved the form of the presented agreement subject to approval by the Authority's Board and the Brunswick County Commissioners. The agreement incorporates all aspects of the Kings Bluffs facility to include the existing 48-inch main and the new 54-inch main. Mr. Wessell provided a review of the agreement which addresses: the operation and maintenance of the system; the associated compensation to Brunswick County as the operator; budgeting requirements; the Authority's responsibility for acquiring necessary permits and approvals; procedure for terminating the agreement and the purchasing of specialized tools and equipment. The County is required to maintain the ability to provide emergency repairs to the system resulting from main breaks or other damage that impairs the Authority's ability to deliver water to the customers and the Authority will reimburse the County for expenses incurred in providing such emergency repairs. Emergency repair costs are not costs that are included in the annual budget. Mr. Wessell noted there is no requirement for the County to have a contract in place with an emergency contractor for the handling of emergency repairs. The Authority and the County discussed the provision that the County secure an emergency contractor for such emergency repairs; however, for a variety of reasons expressed by the County's attorney it was decided not to include this in the O&M agreement. Since the County does not currently have such a contract with a contractor; the attorney was reluctant to include this provision in the presented agreement. Director Newton questioned that without the provision of an emergency contractor and if the other regional utilities concurrently experience emergencies, how

will their assets be prioritized and will there be backup available to assist the Authority? Mr. Nichols responded that the County has issued an invitation to bid for Disaster Response Emergency/On-Call Construction and/or Repair Services and he expects a contractor to be in place very soon. Mr. Wessell commented that when the contractor is in place there can be discussion about amending the agreement. It is his preference for this provision to be a part of the agreement but for the short-term he is satisfied with the requirement that the County is obligated, under the agreement, to maintain the capacity to make emergency repairs. Director Leonard added that Brunswick County has worked with the Authority for many years without issue and he recalled the Authority has gone through two major, natural disasters and at no time did Brunswick County fail to meet the need of the Authority. Director Sneed noted that the Authority does have backup with Brunswick County, Cape Fear Public Utility Authority (CFPUA) and as a member of NC Water Warn, which is a mutual aid response network of water utilities that assist each other in responding to emergencies.

As a Brunswick County Commissioner, Director Williams inquired as to whether he should be recused from voting on the presented agreement. Mr. Wessell responded that a person should be recused if the person or group they represent may have some kind of financial interest as to the outcome; therefore, it may be the better practice that he be recused.

Motion: Director Rivenbark **MOVED**; seconded by Director Sue, approval for Director Williams to be recused from voting on the Resolution Adopting the Amended and Restated Agreement for Operation and Maintenance of the Kings Bluff Raw Water Pump Station Between Lower Cape Fear Water & Sewer Authority and the County of Brunswick. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

Motion: Director Sue **MOVED**; seconded by Director Blanchard, approval of the Resolution Adopting the Amended and Restated Agreement for Operation and Maintenance of the Kings Bluff Raw Water Pump Station Between Lower Cape Fear Water & Sewer Authority and the County of Brunswick as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

Interim Executive Director Pierce expressed his appreciation for the efforts of John Nichols and Glenn Walker in working with the Authority to produce this mutually beneficial O&M agreement.

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

Interim Executive Director Pierce reported, the contractor has requested payment for project delays caused by the NC DOT bridge project and they have submitted associated documents which McKim and Creed is evaluating. It is anticipated that a final adjusting change order will be presented to the Board at its April meeting. With Board approval of the change order, the project will be officially closed. The project is in service with no major issues.

OB3 - Status Report on 54-inch Kings Bluff Raw Water Parallel Transmission Main Project

The contractor has begun and is making good progress in laying the 54-inch steel main. Additionally, the contractor has made the first bore at the International Paper site. The contractor indicates the project is on schedule. It is scheduled to be complete prior to the 2021 peak, summer season demand.

OB4 - Status Report on the Bladen Bluffs Regional Surface Water Plant Cape Fear River Bank Restoration Project

Interim Executive Director Pierce reported that due to the high level of the river, no work has been performed. The river must drop approximately eight feet before the project can commence.

OB5 - Kings Bluff Raw Water System Raw Water Supply Emergency Management Plan (Tony Boahn, P.E., McKim & Creed)

Mr. Boahn recalled that this project was originally presented to the Board in June, 2019. The plan's concept started as a notification process which developed, as a collaborative effort with the Authority's customers, into a definable plan which establishes protocol for water shortage response with stages, action items and measures to be implemented. Mr. Boahn provided a summary of the operating stages. The Authority is directly responsible for notification of the water conservation stage as appropriate to its customers. In turn, those customers are responsible for notifying their customer base. Director Williams noted that the public utility customers had multiple contacts listed for notification purposes whereas each private industry had only one contact listed. Mr. Boahn will follow up with the industries to obtain a secondary backup contact to their primary contact.

Motion: Director Burroughs **MOVED**; seconded by Director Williams, approval of the Kings Bluff Raw Water System Raw Water Supply Emergency Management Plan as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

OB6 - Personnel Committee Report: Executive Director Recruitment

Chairman Milliken reported the Authority received 29 applications for the position of Executive Director. All applicants were screened and 11 applicants met the minimum job requirements. The Personnel Committee ranked the 11 applicants based on skills and experience that most closely match the advertised job description requirements. From this ranking, the top 5 candidates were identified for interview and last week the Personnel Committee interviewed 4 of the 5 candidates. Chairman Milliken reported, the Personnel Committee has narrowed down the selection to two candidates.

NEW BUSINESS

NB1 - Amendment to the Personnel and Travel Policies

Interim Executive Director Pierce noted that the existing Personnel Policy allocates the entire annual leave amount at the beginning of each fiscal year beginning on July 1st rather than on a monthly accrual basis as is the standard for most Personnel Policies. With this type of annual leave allocation, if an employee is hired July 1st and receives 15 days of annual leave, the Authority must compensate that employee for 15 days of annual leave if that employee terminates their employment during the month of July. Therefore, the presented amendment amends the existing policy to have annual leave accrue on a monthly basis as is consistent with the sick leave accrual methodology contained in the existing policy. Interim Executive Director Pierce commented that the Board may approve an advance of annual leave which can be deducted from an employee's annual leave amount once accrued. Interim Executive Director Pierce explained that with hiring a new Executive Director it is important to update the policy because in hiring employees the personnel policies in effect when hired is what is applicable to that employee. Therefore, approval of this amendment would not be applicable to the Authority's existing employee but will be applicable to the new Executive Director.

Motion: Director Newton **MOVED**; seconded by Director Williams, approval of the Amendment to the Personnel and Travel Policies as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

NB2 - Finance Committee Report:

Interim Executive Director Pierce reported on the following two items reviewed by the Finance Committee at its February 10th meeting.

A) Cash Management Policy

He explained, the Cash Management Policy is another tool used to maximize the Authority's investments of funds. It establishes minimum and maximum balances for each of the Authority's checking accounts designating when excess funds over operating expense should be transferred to the appropriate interest bearing account.

Motion: Director Sue **MOVED**; seconded by Director Williams, approval of the Cash Management Plan as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

B) Five Year Capital Improvement Program

This plan was developed from information prepared in McKim and Creed's 25 Year Capital Improvements Plan and from meetings held with the Brunswick County staff. The plan identifies capital improvement projects needed in the next five years along with its supporting justification; the year the project should begin and the associated funding source. The Five Year Capital Improvement Plan (CIP) will be included as an attachment to the annual budget. Interim Executive Director Pierce reported that after making the last loan payment to New Hanover County in May, 2023 the Authority will be debt free. He noted that in the five year CIP there are no major expenditures for which borrowing funds is required. He recommends the Authority starts funding the Renewal and Replacement which will provide water rate stability.

NB3 - Amended Kings Bluff Raw Water Pump Station Permit

The Kings Bluff Pump Station is currently permitted for a peak capacity of 45 mgd and with construction of the new 54-inch parallel raw water main the estimated peak pumping capacity will increase to a range of 64 to 66 mgd without any improvements to the Kings Bluff Pump Station. In order to facilitate the construction for expansion of capacity at the Brunswick County Northwest Water Treatment Plant, the Authority must move forward with re-permitting its pump station. McKim and Creed is currently investigating what is needed to acquire the increase in capacity permit and will present this information to the Board at the April 13th meeting. Upon completion of construction of the 54-inch main, the permit may need to be amended to reflect the actual pump capacity of the station. Interim Executive Director Pierce highly recommends the main be tested upon construction completion so that the station is rated for its actual pumping capacity rather than being rated at a permitted rated model capacity.

NB4 - Resolution Awarding Annual Audit Contract for Fiscal Year Ending June 30, 2019 to Thompson • Price • Scott • Adams & Co. P.A. in the Amount of \$8,000.00

Interim Executive Director Pierce noted that this firm performed the Authority's previous, fiscal year audit and with hiring a new Executive Director, who will have no history of the Authority, the firm will provide continuity in providing audit services for this current, fiscal year.

Motion: Director Blanchard **MOVED**; seconded by Director Williams, approval of the Resolution Awarding Annual Audit Contract for Fiscal Year Ending June 30, 2019 to Thompson • Price • Scott • Adams & Co. P.A. in the Amount of \$8,000.00 as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

EXECUTIVE DIRECTOR REPORT

EDR1 - Customers' Water Usage Report for Fiscal Year to Date Ending February 29, 2020

For the previous two months water usage was below projections; however, in February total water usage exceeded projection. CFPUA and Pender County both exceeded their projections and Brunswick County was very close to meeting its projection.

EDR2 - Refurbishment of Pump #5

Pump #5 was leaking oil and there was concern the pump motor would not last through the summer. The motor was sent for repair to GE who is the manufacturer and is located in Charlotte. In refurbishing the motor, additional damage was discovered. With sufficient funds being available in the Brunswick County's, Kings Bluff Operation and Maintenance Budget, Interim Executive Director Pierce authorized the work. The refurbished motor is guaranteed to be returned by March 31st.

EDR3 - Update on the Disposition of the Cape Fear River Locks and Dams

Interim Executive Director Pierce reported that the N. C. Department of Environmental Quality (DEQ) submitted a letter of intent. Fayetteville Public Works Commission (PWC) has not yet done so but it is understood they will submit a letter of intent by the March 28th deadline. Work on this matter continues to progress and Interim Executive Director Pierce will meet with PWC this week and with CFPUA next week.

EDR4 – Update of Office Voicemail

McKim and Creed is working at installing posts on the Authority's right of way and these post will include the Authority's phone number. In order to handle after hours calls, voicemail has been set up with a voice message instructing callers that in an event of an emergency, such as a main break, they should hang up and call the provided number which is the Brunswick County emergency number for water and sewer. The Authority will handle such calls during regular business hours.

CLOSED SESSION

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CS1 - Closed Session in Accordance with NCGS§143-318.11(a)(1) to Prevent the Unlawful Disclosure of a Confidential Report

CS2 - Closed Session in Accordance with NCGS§143-318.11(a)(5)(i) to Consider Acquisition of Real Property Pertaining to an Easement Related to Property Located in Brunswick County with the Tax Parcel Number of 01400001

CS3 - Closed Session in Accordance with NCGS§143-318.11(6) to Consider Qualifications of Candidates in Hiring an Executive Director

Chairman Milliken requested a motion for the Board to enter closed session:

- in accordance with NCGS § 143-318.11(a)(1) to Prevent the Unlawful Disclosure of a Confidential Report
- in accordance with NCGS § 143-318.11(a)(5)(i) to Consider Acquisition of Real Property Pertaining to an easement Related to Property Located in Brunswick County with the Tax Parcel Number of 01400001 ; and
- in accordance with NCGS § 143-318.11(6) to Consider Qualifications of Candidates in Hiring an Executive Director.

Motion: Director Leonard **MOVED**; seconded by Director Rivenbark, to enter closed session for the three reasons stated by the Chairman. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

At 10:11 a.m. the Board went into closed session. At 10:55 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 10:56 a.m.

Respectfully Submitted:



Charlie Rivenbark, Secretary