

Lower Cape Fear Water & Sewer Authority
Regular Board Meeting Minutes
May 13, 2024

Chairman Knight called to order the Authority meeting scheduled on May 13th, 2024, 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.

Roll Call by Chairman Knight:

Present: Norwood Blanchard, Patrick DeVane, Harry Knight, Al Leonard, Jackie Newton, Scott Phillips, Charlie Rivenbark, Chris Smith, Bill Sue, Phil Tripp, Frank Williams, and Rob Zapple

Present by Virtual Attendance: Wayne Edge and Bill Saffo

Absent: None

Staff: Tim H. Holloman, Executive Director; Matthew Nichols, General Counsel; Sam Boswell, COG; Tony Boahn P.E., McKim & Creed; Jess Powell P.E., McKim & Creed; and Danielle Hertzog, Financial Administration Assistant

Guests Present: Jorgen Holmberg, Computer Warriors; Anthony Colon, Pender County Utilities Director; James Proctor, Pender County, Utilities, Deputy Director; Craig Wilson, Cape Fear Public Utility Authority Engineering Manager; and John Nichols, Brunswick County Public Utilities Director; and Krysden Burden, Brunswick County Public Utilities

Guests Virtual Attendance: Heidi Cox, NC DEQ Regional Engineering Supervisor, Division of Water Infrastructure; Ken Waldroup, Cape Fear Public Utility Authority Executive Director; Benjamin Kearns, Cape Fear Public Utility Authority, Water Resources Manager Water Treatment; and Larry Froelich, Stepan Company Plant Manager

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

APPROVAL OF CONSENT AGENDA

C1 – Minutes of May 13, 2024, Regular Board Meeting

C2 – Minutes of May 13, 2024, Finance Committee Meeting

C3 – Kings Bluff Monthly Operations and Maintenance Report

C4 – Bladen Bluffs Monthly Operations and Maintenance Reports for March and April

C5 – Retainer for General Counsel Services Agreement: Matthew Nichols, Attorney at Law in the amount of \$195 per hour for FY 2024-2025.

C6 – Line-Item Adjustment for March 31, 2024.

C7 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 for C7 B

C7 B – Retainer for Engineering Services Agreement: McKim & Creed in the amount of \$32,300 for Fiscal Year 2025-2026

Motion: Director Newton **MOVED**; seconded by Director Zapple, approval of the Consent Agenda Items C1-C7 B. Upon voting, the **MOTION CARRIED UNANIMOUSLY.**

PUBLIC HEARING: PRESENTED DRAFT BUDGET FOR THE FISCAL YEAR 2024-2025 BUDGET AND BUDGET ORDINANCE:

Motion to open Public Hearing per North Carolina General Statute Section 159-12

Motion: Director Rivenbark **MOVED**; seconded by Director Blanchard, to open Public Hearing. Upon voting, the **MOTION CARRIED UNANIMOUSLY.**

NB1- Finance Committee Comments and Review of Draft Recommended Budget for the Fiscal Year 2024-2025 (Finance Committee Chairman Harry Knight)

Executive Director Holloman reviewed essential cost items for the FY 2024-2025 draft budget. Our customers have projected to use 10,725,641 gallons of water for an estimated revenue of 4.7 million. Brunswick County's projected water usage increased by 10% as directed by the Finance Committee due to the usage of past years, which was significantly higher than the projection. Health insurance will be increasing by 6% to \$2,410.56. The property and

liability insurance will increase by 17.5%. The state retirement will increase from 12.85% to 13.6%. LCFWASA will purchase Anti-Vortex Equipment for \$50,000 for the Kings Bluff Plant. Additional engineering and permitting will increase engineering costs by \$5,300. We will have Pay-Go for the Air Backwash and Walkway for \$2,075,466. Wholesale customer rates will increase by 0.04 to 0.44 from the current .40, and industrial customer rates will increase by .48 from 0.40 to 0.88, as recommended by the rate forecast needed for the Master Plan. The fourth pump addition must be pushed back two fiscal years until funds have increased. The FY 2024-2025 budget is a 6% increase from the FY 2023-2024 budget due primarily to operating capital expenses, building the R & R Fund, and Bladen Bluffs' increase in operating cost. Director Williams wanted to confirm that all customers have been notified of the new rate increase and confirm receipt of the rate notice. Executive Director Holloman advised that all customers have confirmed receipt of the new rate notice by email or verbally. Chairman Knight advised the Finance Committee that the recommendation is to move forward with the draft budget. Public Hearing Comment: Larry Froelich with Stepan is concerned about the industrial customer rate of 0.88 per 1000 gallons.

Motion to close Public Hearing per North Carolina General Statute Section 159-12

Motion: Director Rivenbark **MOVED**; seconded by Director Blanchard, to close Public Hearing. Upon voting, the **MOTION CARRIED UNANIMOUSLY.**

OLD BUSINESS

OB1- Final Preliminary Engineering Report for the Walkway Replacement at Kings Bluff

Jess Powell updated the board on the final preliminary engineering report for the walkway replacement at Kings Bluff. Mr. Powell advised the existing walkway structure was initially constructed in 1982, and the decking and structure have deteriorated over time. The project aimed to evaluate various material options, terms of cost, and low maintenance. The deep foundations piles had two options: precast concrete piles and steel piles, with precast concrete piles being the best option. The walkway decking panels have four options: precast concrete slab, aluminum grating, steel grating (light duty), and steel grating (heavy duty), with precast concrete slab being the best option. We have three options for the walkway support framing: a precast concrete beam, a C.I.P. concrete beam, and a steel beam. The cost is slightly lower for steel beams; however, Mr. Powell advised that they would go with the precast concrete beam. The equipment building has three options: precast concrete building, prefabricated aluminum building, and timber building. After reviewing the structured access and the cost of the building, Jess Powell recommended going with the timber building. Currently, there are two buildings at the end of the walkway, and McKim & Creed would suggest one large building. Lastly, the hand/guard railing has two options: aluminum railing and stainless-steel railing, with aluminum railing being the best option. Director Zapple wants to ensure we are designing to what is needed in the design-build process, not a set amount. Director Smith would like the following report to have the cost for disposing of the existing walkway.

Motion: Director Williams **MOVED**; seconded by Director Newton, to approve the preliminary engineering report by adding options for final cost consideration, with lower options given a specific list of what was removed and any potential consequences of removing said item. Upon voting, the **MOTION CARRIED UNANIMOUSLY.**

OB2- Resolution Approving Work Order Number 1 to Financial Advisory Services Agreement with First Tryon Advisors, LLC for the Lower Cape Fear Water and Sewer Authority

Executive Director Holloman explained that the first work order, part of the Financial Advisory Services Agreement with First Tryon Advisors, LLC, is crucial for the Lower Cape Fear Water and Sewer Authority. It involves a comprehensive review of all our accounts and is aimed at preparing LCFWASA for potential debt issuance.

Motion: Director DeVane **MOVED**; seconded by Director Rivenbark, approval of the Resolution Approving Work Order Number 1 to Financial Advisory Services Agreement with First Tryon Advisors, LLC for the Lower Cape Fear Water and Sewer Authority. Upon voting, the **MOTION CARRIED UNANIMOUSLY.**

NEW BUSINESS

NB2- Final Master Planning Document (25 Year Planning Period FY 2024-2049)

Sean Kenyon presented the current draft Capital Improvement Plan (CIP) from 2024 through 2049, including Kings Bluff, Raw Water, and Bladen Bluffs water treatment facilities. The CIP had several factors, including category of need, capacity issue, whether it needs to be replaced or rehabilitated, and whether there is a maintenance efficiency or redundancy issue. They assigned each project a criticality score as to whether it was a high or low priority and looked at the consequences if no action was taken. There are three primary drivers: demand and capacity, life cycle,

redundancy, and resiliency. The criticality is scored one, two, or three. One being the lowest and three being the highest need. The preliminary design memorandum is based on a demand table for projected usage from the different entities, with a future demand of 96 million gallons per day in 2062.

Sean Kenyon listed twelve projects for Kings Bluff and seven cost-sharing projects. KB1 New 4th Pump at Kings Bluff has a criticality of three because current pumps will meet projected demands by 2037. The fourth pump will be standby/backup and add to pump rotation to reduce hours per pump. KB2 Rebuild/Refurbish the existing 1600 HP vertical turbine raw water pump. Rebuilding the pumps will extend their service life. KB3 New generators have a criticality of two due to the future increased load associated with auxiliary pump motor HP and larger quantities pump. The KB4 Pig 48" pipe from the Kings Bluff pump station to the 3 MG ground tank is critical because pigging will maintain a clean pipeline free of sediment, silt, and debris. It will also improve the efficiency of pumps by reducing the frictional characteristics of the pipeline. KB5 Pig future 54" pipe from 3MG ground tank to US 421 has a criticality of one sighting, the same reason as pigging the 48" pipeline. KB6 Walkway and air backwash building replacement have a criticality of two because the walkway is in serviceable condition and will need to be replaced by 2025 due to rotting wood and the overall weathering of the walkway. KB7 Replacing raw water pumps 1,4, and 5 has a criticality of three due to age and mechanical wear. This project is more of a placeholder so we can budget and plan for replacement. The pumps have been in operation since 2009. KB8 New surge tank at Kings Bluff has a criticality of two because as the demand increases, surges in the system will likely increase, and this needs to be installed before the fifth pump comes online. KB9 5 ROW acquisitions rated a criticality of two. The KB10 48-inch PCCP inspection and pig from the ground tank to US 421, with a criticality of one, is a matter of utmost importance due to the current loss of capacity and/or clogging caused by sediment buildup. Similarly, the KB11 48-inch PCCP repairs, also with a criticality of one, pose a significant risk of a pipeline break. The KB12 1.3 MW Solar Power Installation, a new project added this year, is a testament to our commitment to innovation and sustainability.

CS1 Intermediate booster pump station shelter and CS2 Intermediate booster pump station upgrade will drop off the CIP once CS5 and CS6 have been completed. They will be left on the report until projects CS5 and CS6 progress. CS3 The New fifth pump at Kings Bluff raw water pump station has a criticality of three because decreasing the load and run times of existing pumps will extend the life and improve all pumps' reliability. CS4 20 MGD ground tank has a criticality of two for increasing the available system storage and providing a more consistent supply for the safe and efficient operation of the adjacent interim booster pump station. CS5 7-mile Parallel raw water main from 3MGD ground tank to Pender vault has a criticality of one and is currently in process. CS6 3-Mile parallel raw water main from 3MG Pender Vault to Cape Fear Public Utilities vault has a criticality of one. CS7 100MGD Reservoir has a criticality of one due to the increasing availability of a system for water storage, allowing for temporary redundancy of supply in the case of an emergency (line break, power outage, hurricane).

Motion: Director DeVane **MOVED**; seconded by Director Zapple, approve of the Final Master Planning Document (25 Year Planning Period FY 2024-2049). Upon voting, the **MOTION CARRIED UNANIMOUSLY**.

NB3- Budget Amendment #3

Motion: Director Williams **MOVED**; seconded by Director Zapple, approve of Budget Amendment #3. Upon voting, the **MOTION CARRIED UNANIMOUSLY**.

ENGINEER'S COMMENTS

Jess Powell gave an update on the Kings Bluff parallel line project. For Phase 2A, permits were submitted on March 15, 2024. The design package has been submitted to DWI, and we are awaiting approval. Mr. Powell hopes to have the designed build contract approved by the board at the June or July board meeting. Director Zapple wanted to know if we have received any questions or comments from the state regarding the ARPA Funds. Executive Director Holloman advised that LCFWASA had an audit in May, and the state representative said everything was in order.

ATTORNEY COMMENTS

No comments

EXECUTIVE DIRECTOR REPORT

EDR1 – Comments on Customers' Water Usage and Raw Water Revenue for Fiscal Year to Date Ending March 31, 2024

Executive Director Holloman reported that during April, all customers were above projections. LCFWASA will be having a groundbreaking ceremony on October 25, 2024, at the Pender County Water Plant for the parallel line.

DIRECTOR'S COMMENTS AND/OR FUTURE AGENDA ITEMS

Director Phillips wanted an update on the house at Kings Bluff Water Plant. Executive Director Holloman advised that LCFWASA is waiting for asbestos inspections and Duke Energy to connect electricity to the barn.

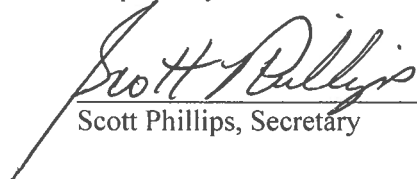
PUBLIC COMMENT

No comments

ADJOURNMENT

There being no further business, Chairman Knight adjourned the meeting at 10:09 a.m.

Respectfully Submitted:



Scott Phillips, Secretary