

Lower Cape Fear Water & Sewer Authority
 Regular Board Meeting Minutes
 January 10th, 2022

Chairman Rivenbark called to order the Authority meeting scheduled on January 10th, 2022, 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 Rivenbark:

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

Present by Virtual Attendance: Bill Saffo

Absent: None

Staff: Tim H. Holloman, Executive Director; Matthew Nichols, General Counsel; Tony Boahn P.E., McKim & Creed, Patrick Flanagan, COG; Joshua Trouton, Computer Warriors; Jordan Clark, Computer Warriors, and Danielle Hertzog, Financial Administration Assistant

Guests Present: Heidi Cox, NC DEQ Regional Engineering Supervisor, Division of Water Infrastructure; Ken Waldroup Cape Fear Public Utility Authority Executive Director and Austin Eubanks, Thompson, Price, Scott, Adams & Co., P.A.

Guests Virtual Attendance: Kenny Keel Pender County Public Utilities Director; Matt Hourihan, Cape Fear Public Utility Authority Assistant Operations Director; Tim Hendrick, Pender County Utilities; Glenn Walker, Brunswick County Water Resources Manager; John Nichols, Brunswick County Public Utilities Director; John Malone, Cape Fear Public Utility Authority Water Resources Manager and Johanna Ferebee Still, Wilmington Business Journal

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

APPROVAL OF CONSENT AGENDA

C1 - Minutes of December 13, 2021, Regular Board Meeting

C4 - Bladen Bluffs Monthly Operations and Maintenance Reports

C5 - Line-Item Adjustment

Motion: Director Leonard **MOVED**; seconded by Director Zapple, approval of the Consent Agenda Items C1, C4, and C5 as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

	<u>For</u>	<u>Against</u>	<u>Abstained</u>	<u>Absent</u>
Norwood Blanchard	X			
Wayne Edge	X			
Patrick DeVane	X			
Harry Knight	X			
Al Leonard	X			
Jackie Newton	X			
Phil Norris	X			
Scott Phillips	X			
Charlie Rivenbark	X			
Bill Saffo			X	
Chris Smith	X			
Bill Sue	X			
Frank Williams	X			
Rob Zapple	X			
	13	0	1	0

C2 - Minutes of December 13th, 2021, Long Range Planning Committee Meeting

Director Zapple requested Consent Agenda item C2 with three updates. KB8 states it will need to be installed before the fifth tank comes online. Director Zapple wanted to confirm it is for a fifth tank or pump, and Executive Director Holloman advised it should be installed before the fifth pump comes online. Under item KB13, the wrong word

states run times of exiting pumps, and Director Zapple wanted to confirm it should be exiting or existing pump. Executive Director Holloman, it should be existing. Last for item KB15 does not have a critically score is listed. Per Tony, the critically score should be a one.

C3 - Kings Bluff Monthly Operations and Maintenance Reports

Director Zapple requested additional information on Consent Agenda item C3 Kings Bluff monthly maintenance report for the last statement of KB personnel alerted management about possible mining activities on the ROW between Pender WTP and Hwy 421. Tony Boahn advised the operation staff noticed some movement on the Sand Mine site on Hwy 421 hear the fishing creek. Mr. Boahn contacted the Sand Mine owner, and the owner advised it would be six to eight months before they do any mining activity. Tony’s concern is that they are installing access across the pipeline. Sand Mine owner understands that and will work with McKim & Creed to establish a proper road over the pipeline to avoid any damage to the pipeline.

Motion: Director Zapple **MOVED**; seconded by Director Williams, approval of the Consent Agenda Items C2 and C3 as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

	For	Against	Abstained	Absent
Norwood Blanchard	X			
Wayne Edge	X			
Patrick DeVane	X			
Harry Knight	X			
Al Leonard	X			
Jackie Newton	X			
Phil Norris	X			
Scott Phillips	X			
Charlie Rivenbark	X			
Bill Saffo	X			
Chris Smith	X			
Bill Sue	X			
Frank Williams	X			
Rob Zapple	X			
	14	0	0	0

PRESENTATION TO: Al Leonard, Columbus County Representative, by Chairman Rivenbark

Chairman Rivenbark presented Director Leonard with a plaque in recognition and appreciation for his distinguished service to the Authority for serving as Chairman in 2021.

NEW BUSINESS

NB1 – Presentation of Annual Audit Report for Fiscal Year Ending June 30, 2021 (Thompson, Price, Scott, Adams & Co., P.A.)

Mr. Austin Eubanks reviewed a PowerPoint summarization of the audit report, a copy of which is hereby incorporated as part of these minutes. He explained the primary task of the audit firm is to reach an opinion on the financial statements as a whole. The audit findings resulted in an unmodified opinion of a clean report with no material misstatements with a net position of increase in assets by over one million dollars. He reported the records are in good order, and all required audit procedures were performed with complete access to management and information without any limitations. There were no instances of material errors, misrepresentation, or non-compliance. He reviewed a summary of essential audit items, including cash/cash equivalents, total revenue, and total expenses. Mr. Eubanks did advise we have one item that does require additional communications. That item is operating net income (loss) excluding depreciation plus debt service principal. This is a new audit process that LGC added this year. Mr. Eubanks advised we can request LGC to include Smithfield’s agreement in the operational revenues, which will remove the deficit. The statement for LGC announced a negative balance indicates that your rates are not covering your operating expenditures.

Executive Director Holloman wanted it noted a hard copy or PDF file of the *Annual Financial Report for the Year Ended June 30, 2021*, is available upon request.

Motion: Director Zapple **MOVED**; seconded by Director Williams, approval of the Annual Audit Report for Fiscal Year Ending June 30, 2021. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

	For	Against	Abstained	Absent
Norwood Blanchard	X			
Wayne Edge	X			
Patrick DeVane	X			
Harry Knight	X			
Al Leonard	X			
Jackie Newton	X			
Phil Norris	X			
Scott Phillips	X			
Charlie Rivenbark	X			
Bill Saffo	X			
Chris Smith	X			
Bill Sue	X			
Frank Williams	X			
Rob Zapple	X			
	14	0	0	0

In cooperation with our auditors, Director Leonard motioned to have Executive Director Holloman write to the local government commission and ask for Smithfield revenues to be included in the LGC operating revenue.

Motion: Director Leonard **MOVED**; seconded by Director Newton, approval Executive Director cooperation with auditors and LGC. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

	For	Against	Abstained	Absent
Norwood Blanchard	X			
Wayne Edge	X			
Patrick DeVane	X			
Harry Knight	X			
Al Leonard	X			
Jackie Newton	X			
Phil Norris	X			
Scott Phillips	X			
Charlie Rivenbark	X			
Bill Saffo	X			
Chris Smith	X			
Bill Sue	X			
Frank Williams	X			
Rob Zapple	X			
	14	0	0	0

NB2 - Appointment of FY 2022-2023 Finance Committee by Chairman Rivenbark

Chairman Rivenbark noted the members he appointed to the Finance Committee for the fiscal year 2022-2023, including:

- Charlie Rivenbark, Chairman
- Patrick DeVane
- Norwood Blanchard
- Chris Smith
- Phil Norris
- Al Leonard

NB3 - Appointment of FY 2022-2023 Personnel Committee by Chairman Rivenbark

Chairman Rivenbark noted the members he appointed to the Personnel Committee for the fiscal year 2022-2023, including:

Charlie Rivenbark, Chairman
 Wayne Edge
 Jackie Newton
 William Sue
 Mayor Bill Saffo
 Al Leonard
 Harry Knight
 Matt Nichols

NB4 - Appointment of FY 2022-2023 Long Range Planning Committee by Chairman Rivenbark

Chairman Rivenbark noted the members he appointed to the Long-Range Planning Committee for the fiscal year 2022-2023, including:

Charlie Rivenbark, Chairman
 Patrick DeVane
 Norwood Blanchard
 Rob Zapple
 Frank Williams
 Al Leonard
 Harry Knight
 John Nichols
 Ken Waldroup
 Kenny Keel

Motion: Director Williams **MOVED**; seconded by Director Blanchard, approval of NB2, NB3, and NB4. Upon vote, the **MOTION CARRIED UNANIMOUSLY.**

	For	Against	Abstained	Absent
Norwood Blanchard	X			
Wayne Edge	X			
Patrick DeVane	X			
Harry Knight	X			
Al Leonard	X			
Jackie Newton	X			
Phil Norris	X			
Scott Phillips	X			
Charlie Rivenbark	X			
Bill Saffo	X			
Chris Smith	X			
Bill Sue	X			
Frank Williams	X			
Rob Zapple	X			
	14	0	0	0

NB5 – Resolution of Proposal for Professional Consulting Engineering Services for the NC Division of Water Infrastructure State Revolving Fund Application Preparation

Tony Boahn advised he and Executive Director Holloman have recognized the stimulus funding available for the current and upcoming cycles. They both agreed it made sense to submit to see what funding we could get to complete items on the capital project list. The proposal is through the Division of Water Infrastructure State Revolving Fund Loans, and they have two cycles per year. This proposal is for three applications for the May 2, 2022, deadline. It will include Kings Bluff Pump Station Air Backwash Buildings & Walkway Replacement, Kings Bluff Pump Station 4th Pump Addition, and Kings Bluff Pump Station Standby Generator Replacement. After the applications have been submitted, we could resubmit with a simple letter if LCFWASA does not get the funding. Director Knight wanted to know the total cost of all three projects. Mr. Boahn confirmed the amount is around twelve million. Director DeVane questioned if these were cost estimates or engineering projects. Tony Boahn stated the application would have the financial background, justification, and a cost estimate that an engineer must seal to go in each of those three separate

applications. General Counsel Matthew Nichols advised he looked over the eight deletions in the General Conditions, and he does not have any concerns with them.

Motion: Director Blanchard **MOVED**; seconded by Director Williams, approval of NBD 5 Resolution of Proposal for Professional Consulting Engineering Services for the NC Division of Water Infrastructure State Revolving Fund Application Preparation. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

	<u>For</u>	<u>Against</u>	<u>Abstained</u>	<u>Absent</u>
Norwood Blanchard	X			
Wayne Edge	X			
Patrick DeVane	X			
Harry Knight	X			
Al Leonard	X			
Jackie Newton	X			
Phil Norris	X			
Scott Phillips	X			
Charlie Rivenbark	X			
Bill Saffo	X			
Chris Smith	X			
Bill Sue	X			
Frank Williams	X			
Rob Zapple	X			
	14	0	0	0

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

Under North Carolina law, when a public entity such as the Authority solicits bids from engineers, surveyors, and architects, they must go through a request for proposal process where the applicants' qualifications are considered without consideration of price. However, if the projected cost of the service is less than \$50,000.00, the entity has the right to exempt itself from that process. Approval of the presented resolution waives this requirement for a proposal submitted by McKim & Creed per proposal 214402 in the fixed fee amount of \$8,250.00 for the above funding applications process through the N.C.D.E.Q. Division of Water Infrastructure (D.W.I.) Clean Water State Revolving Fund (C.W.S.R.F.)

Motion: Director Leonard **MOVED**; seconded by Director Knight, approval Exempting LCFWASA from the Provisions of N.C.G.S. § 143-64.31. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

	<u>For</u>	<u>Against</u>	<u>Abstained</u>	<u>Absent</u>
Norwood Blanchard	X			
Wayne Edge	X			
Patrick DeVane	X			
Harry Knight	X			
Al Leonard	X			
Jackie Newton	X			
Phil Norris	X			
Scott Phillips	X			
Charlie Rivenbark	X			
Bill Saffo	X			
Chris Smith	X			
Bill Sue	X			
Frank Williams	X			
Rob Zapple	X			
	14	0	0	0

ENGINEER'S COMMENTS

Tony Boahn detailed a pending change order number two; however, this will be a zero-budget change. A few items in the contract have not been used, resulting in a zero-budget change. Historically you spend 2 to 3% on a change order, and this project is at 0.18%. Mr. Boahn advised this speaks volumes to Cape Fear Public Utilities Authority management working continuously with Brunswick County, Pender County, and McKim & Creed. The current schedule has been adjusted slightly since the leak. The first phase was completed on October 29, 2021, with the 54-inch main. Phase two is the interconnections and pressure reducing valves by April 26, 2022, with the original schedule being May 2022; therefore, the contractor is still one month ahead of schedule. Completion will be May or June 2022, with the original plan being August 2022.

Tony Boahn advised the leak in the 48" pipeline is located at the southwest side of the Cape Fear River just behind the former DAK site built back in the early nineties. Mr. Boahn advised two hundred feet needed to be replaced as of the meeting; one hundred and sixty feet has been replaced. The proposal was to have all two hundred feet replaced; however, the king tides have occurred, and we had rain. This caused this area to flood, and we had to wait for the water to subside. After five days of operational testing, the bypass will be removed, and cleanup will begin, which could take two to three weeks. Director Knight questioned if the pipeline around the break is still a concern. Tony Boahn advised they locate record drawings that indicated that the pipeline is a restrained joint pipe in his area. The broken pipe was not a restrained joint, so those record drawings are very positive. Director Zapple asked if there was any thought of leaving the bypass in place rather than taking it out. Mr. Boahn advised they had thought about this in the past and currently, but the cost is extremely expensive. Director Zapple questioned how you get the water out of the pipe to complete the repair and wanted to confirm the location of most concern with this current pipeline. Tony advised you pump the water out, and the site of reference is behind DAK where the pipeline turns and drops off immediately into a low wet area. Director Sue questioned who is paying for the repair and cost to date. Executive Director Tim Holloman advised between 2.2 and 2.4 million. Currently, Brunswick County is footing the bill; however, an upcoming meeting with the county directors is planned for suggestions on how to repay Brunswick County. Director Sue questioned if the remaining line could be inspected. Mr. Boahn advised we cannot inspect the line because we must take the line down to inspect it. Chairman Rivenbark wanted to know the estimated cost if we had a break under the river. Tony Boahn advised it would be double or triple the current repair cost. Also, if the leak occurred during a peak summer season, we would not serve customers to meet their demands.

Director Smith questioned if LCFWASA could get funding would the new pipeline be paralleled as discussed in December 2021. Tony Boahn stated yes, he would like to have the pipeline parallel for the additional eleven miles.

ATTORNEY COMMENTS

No comments

EXECUTIVE DIRECTOR REPORT

EDR1 – Comments on Customers' Water Usage and Raw Water Revenue for Fiscal Year to Date Ending December 31, 2021

Executive Director Holloman reported that during the month of December 2021, Brunswick County and Pender County were above projections. CFPUA were below projections due to the leak. Monthly revenue was slightly up last month.

DIRECTOR'S COMMENTS AND/OR FUTURE AGENDA ITEMS

Chairman Rivenbark would like an aerial photo of Kings Bluff and Bladen Bluff.

PUBLIC COMMENT

Ken Waldroup advised CFPUA is working closely with Executive Holloman to find ways to support the grant application and each director has written a letter of support.

ADJOURNMENT

There being no further business, Chairman Leonard adjourned the meeting at 10:07 a.m.

Respectfully Submitted:



Harry Knight, Secretary