

Lower Cape Fear Water & Sewer Authority

Long-Range Committee Meeting Minutes

May 10th, 2021

Chairman Leonard called to order the Long Range Planning Committee Meeting on March 8, 2021, at 10:15 a.m. The meeting was held at the Authority's office located at 1107 New Pointe Boulevard, Suite 17, Leland, North Carolina.

Present: Al Leonard, Charlie Rivenbark, Frank Williams, Al Milliken, Harry Knight, Patrick DeVane, Norwood Blanchard, and John Nichols

Present by Internet/Telephone: Kenny Keel

Absent: Carel Vandermeiden

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

Guest: Matt Hourihan

CAPITAL IMPROVEMENT PLAN REVIEW OF DRIVERS AND DISCUSSION

Tony Boahn presented the current Capital Improvement Plan (CIP) from 2020 thru 2045 including Kings Bluff, Raw Water facilities, and Bladen Bluff water treatment facility. However, he mainly forced on Kings Bluff. The CIP had several factors including the category of need, capacity issue, does it need to be replaced or rehabilitated, and is there a maintenance efficiency or redundancy issue. They assigned each CIP a criticality score as far as whether it's a high priority, low priority, also looked at no consequence if no action. There are three primary drivers first is demand and capacity, the second being life cycle, and the third redundancy and resiliency.

When the raw water main is complete it will be able to handle sixty-two million gallons per day. Executive Director Holloman recommended the board revisit this topic in May of 2023, which would be five years from the original survey. Tony Boahn that we should do a review each year with our customers to see where they think they will be in ten years. Tony Boahn list of projects to come up are; adding a fourth pump at KB, adding a fifth pump at KC, new generators (58-year-old), pig the 48" water main., pig the 54" water main, walkway, and air backwash building replacement (built in the '80s), meter and value upgraded, 20million ground tank, booster pump shelter, booster pump station upgraded, replace raw water pumps 1,4, and 5, SCADA improvements, new surge tank at KB, 48" parallel raw water main US 421.

He would like to remove replace generator radiators and generator building ventilations upgraded due to maintenance completed and they are working correctly now. Executive Director Holloman advised the board to comment next month about what needs to be removed or added to the CIP.

Executive Director Holloman suggests that LCFWASA needs three to five right-of-way access points that connect to the main right away because you are having to access the LCFWASA through private property land. This would be an item for the long-term CIP. Director Rivenbark and Blanchard agreed with Executive Director Holloman. John Nichols is concerned about the maintenance costs for the fourth and fifth pumps. Mr. Nichols is in favor of a fourth but thinks pump five should be moved out on the timeline. Director Rivenbark questioned the life cycle of the pumps and wanted to know about new technology coming along that could make pumps obsolete or less provision. John Nichols advised that could happen, but you hope it is better technology. We try to rebuild and repair pumps to extend their lives. Director Blanchard wanted to how long a pump would take to repair. John Nichols advised it could take months, but the state-mandated requirements we have one redundant pump.

TAKE OR PAY INITIAL PRESENTATION AND DISCUSSION

Matthew Nichols presented the take or pay presentation; he assembled some of this information from the School of Government crafting Interlocal water and wastewater agreements. These agreements are being used in North Carolina however there is not standard form. They are agreements that have been negotiated between the customer and the Authority. These agreements can get complicated. He had a hand out from North Texas Municipal Water District Q&A so that the board could see how another district was managing Take or Pay.

Matt Nichols suggested the board to consider the following on the subject of take or pay; what is the term of the agreement, when is the take or pay identified or nominated, what are the justification for deficiency and/or breach of agreement, and would you have fixed or adjusted quantity.

Related to the considerations you will want to look ahead and be thinking about what a potential dispute would be, damages, relationship to fee increase, and negotiations with different customers. Director Williams he is still unsure as to whether or not we need to do this. His main concern is to make sure that down the road if something changes with any one of our customers that the other customers aren't penalized and it still stays a truly regional system. Director Williams suggested that we identify a threshold that would meet our needs and that the threshold is not a number the customer has dropped below previously.

Director Blanchard thought of the Take or Pay is an overreaction, due to water is a commodity that all of us need. Director Rivenbark states if we do not have a plan B or guarantees he is concerned for the future. Chairman Leonard advised we could see the Take or Pay is a way to avoid debt and assist with the CIP. If we are going to complete the projects on the CIP we need some commitment to have a revenue stream to pay for those millions of dollars.

Kenny Keel questioned can that be a reconciled on an annual basis? Pender County has a contract with Wallace that is Take or Pay, and it is based on an annual minimum, where we may use less in one month but more in another, and ultimately pay on an annual basis Director DeVane knows this a big picture topic and it should be undertaken over the next twelve months. All the directors agree with Director DeVane. .

DIRECTOR'S COMMENTS AND/OR FUTURE AGENDA ITEMS

No comments.

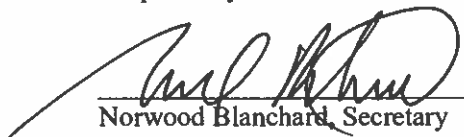
FUTURE MEETINGS

June 7th and August 9th. The July 12th will be skipped due to Director Williams not being able to attend.

ADJOURNMENT

There being no further business, Chairman Leonard adjourned the meeting at 11:32 a.m.

Respectfully Submitted:



Norwood Blanchard, Secretary