



**AGENDA**  
**Regular Meeting**  
**Thursday, January 18, 2018**  
**6:00 PM**

**CALL TO ORDER** - Chairman Gregory Hines

**INVOCATION** - Representative Phillip R. Sheppard, Pastor of Lighthouse Baptist Church

**PLEDGE OF ALLEGIANCE** – Chairman Gregory Hines will lead the Board and the audience in the Pledge of Allegiance.

**CHAIRMAN’S REMARKS**

Please turn cell phones to “off” or “vibrate”. Individuals making presentations or public comments are asked to adjust the microphones as necessary and to speak directly into the microphone.

**1. APPROVAL OF AGENDA**

**Action Requested:** Motion to approve agenda as amended/submitted.

**2. APPROVAL OF ITEMS ON CONSENT AGENDA**

The Consent Agenda includes items that may be acted upon in a single vote with the minutes reflecting the motion and vote on each item. Any Board Member may remove items from the Consent Agenda for separate discussion and consideration later in the Agenda.

**Action Requested:** Motion to approve Consent Agenda.

**CONSENT AGENDA**

- A. Facilities Maintenance Crane Truck** – ONWASA advertised on November 8 for the purchase of one (1) crane truck. Bids were received on November 30 from Capital Ford of Raleigh and Piedmont Truck Center. Capital Ford of Raleigh submitted the lowest bid, \$91,350.

The budget includes \$98,000 for the purchase of this crane truck which will replace a 2003 F450 with over 225,000 miles.

**Action Requested:** Consider a “Motion to approve the purchase of the crane truck from Capital Ford of Raleigh in the amount of \$91,350.”

**B. Approval of Minutes**

November 17, 2017 Regular Meeting Minutes

**Action Requested:** Consider a “Motion to approve the November 17, 2017 Regular Meeting Minutes.”

**C. Acceptance of Departmental Reports**

November 2017 & December 2017 Financial Reports

November 2017 OPS Report & December 2017 Ops Report

**Action Requested:** Consider a “Motion to accept the Monthly Departmental Reports.”

**3. BUSINESS**

**A. Annual Election of ONWASA Officers**

Attorney Chuck Kitchen will conduct the election of the Chairman, Vice Chairman, and Secretary/Treasurer for the 2018 term.

**Action Requested:** Elect officers for the 2018 year.

**B. Comprehensive Annual Financial Report Fiscal Year 2016-2017**

The annual audit for the fiscal year ended June 30, 2017 has been completed. A representative of the independent accounting firm of RSM McGladrey will be in attendance to make a presentation to the Board of Directors.

**Action Requested:** Consider a “Motion to accept the Comprehensive Annual Financial Report as submitted.”

**C. Settlement Agreement and Release**

On May 30, 2017 ONWASA's Black Creek Well #7 was struck by lightning and made inoperable. During work to replace the well's damaged pump and motor, it was discovered by the contractor (A.C. Schultes of Carolina) that the 18-inch diameter black steel casing originally installed 36 years ago was significantly corroded and leaking. After review of this situation, staff decided the well should be relined prior to setting the new pump. A scope of work was prepared by the

contractor and quotes were solicited from three firms for this project; the Magette Well & Pump Company submitted the lowest cost proposal (\$64,540.00) to clean the existing well casing, install a new 12-inch diameter stainless steel liner and fill the space between the old and new liner with cement grout.

During the grouting process, the new casing suddenly collapsed and allowed cement grout to fill the lowest section of the well. The contractor immediately took corrective action to try to remove the grout before it hardened, however all attempts failed and a subsequent video inspection determined the well to be permanently unusable.

In early October ONWASA entered discussions with the contractor in an effort to resolve the loss of this production well, and withheld all payment for work and materials on the relining project. The terms included in the attached settlement agreement were reached after a series of meetings between ONWASA CEO and staff and the contractor. Under this agreement, the contractor will fully abandon the existing Well #7 and drill a replacement well adjacent to the Union Chapel UC-1 well site, which is currently under construction.

Benefits to ONWASA will include a new stainless steel replacement well in the Black Creek aquifer, anticipated greater pumping capacity than the existing well, and a significant reduction in construction cost on the upcoming Union Chapel Phase 2 through the elimination of an estimated 2,000 LF of raw water piping due to co-location of the new well at the UC-1 site.

In short, our staff have negotiated a settlement with the contractor that provides a better, larger well, in a better production location, engineered to our specifications, for substantially less money than if we had to build the new well under a new contract.

Presenter: Seth A. Brown, Utilities Superintendent - Water

**Action Requested:** Approve the Settlement Agreement and authorize the Chief Executive Officer to execute this Agreement plus other documents as may be required in connection with this action.

#### **D. Waiver of Service Fees for Turn-ons and Turn-offs**

The recent winter storm has resulted in an unprecedented number of water leaks on developed properties in ONWASA's service area. Anticipating the customer need, Jeffrey Hudson is requesting that a waiver be granted for the \$50 turn-off and \$50 turn-on fee for purposes of this single storm only, due to the severity of the winter storm event.

**Action Requested:** Consider a motion to approve the waiver of service fees for turn-ons and turn-offs for the January 2018 Winter Storm Event only.

Presenter: Jeffrey Hudson, CEO

**E. Union Chapel Utility Easement Request**

Construction work is currently underway for the completion of three new raw water supply wells adjacent to the Martin Marietta Aggregates quarry located along Richlands Highway. In order to extend service to the UC-1 well site, the electrical utility serving this area (Duke Energy) has requested the creation of an easement for the new underground power lines and a transformer they will install at this location. The proposed easement will run parallel to the access road leading to the well site, be of the minimum size necessary for equipment installation and not interfere with access to or operation of the wells at this location. Duke Energy has provided a standard easement document for this purpose and it has been reviewed by ONWASA legal counsel.

**Action Requested:** Approve the proposed easement agreement and authorize the Chairman of the Board of Directors to sign it.

Presenter: David Mohr, P.E., Engineering Director

**F. Union Chapel Well Sites UC-1 and UC-2 Project Construction Contract Modification**

In June 2015 a Notice to Proceed was issued to A.C. Schultes of Carolina, Inc. for the construction of a total of four (4) raw water supply wells adjacent to the Martin Marietta Aggregates quarry located along Richlands Highway. After substantial delays in securing State approval for the proposed well design, a decision to not proceed with construction of one well (due to insufficient production capacity), and changes requested by ONWASA to the motor control systems for the remaining three wells, the Board of Directors approved execution of two (2) contract change orders in March 2017 that formally revised the project's scope of work and extended the contract completion date to December 24, 2017.

As of the end of December 2017 the contractor has made significant progress at both the UC-1 and UC-2 sites, including placement of structural concrete and equipment slabs, setting of well pumps and motors, installation of above and below grade piping, and setting of emergency generators. Work involving on-site electrical systems and controls, however, as well as coordination with local utilities to provide power to both well sites has not progressed as scheduled and the project will exceed the existing contract completion date. While this delay is due in part to the pace of work set by the contractor, additional time has also

been necessary to resolve design changes requested by ONWASA, particularly in switching to Variable Frequency Drive (VFD) motor controllers for the well pumps. After discussions with the contractor and the design engineer about this situation, I am recommending execution of a proposed Change Order to extend the contract completion date to April 15, 2018 (112 days) at no change in contract cost.

**Action Requested:** Approve the proposed contract time extension and authorize the Chief Executive Officer to execute this change order and any other documents as may be required in connection with this action.

Presenter: David Mohr, P.E., Engineering Director

#### **G. Notice of Intent to Change the Date for Flushing Fire Hydrants**

In our current ONWASA Utility Ordinance, Article VII Sec 7.10-C, it states that the Fire Departments shall only perform hydrant flushing between the dates of October 15th- April 30th. The Fire Departments have expressed that this time frame is not adequate enough and would like the dates changed from Labor Day through Memorial Day. In our evaluations, we feel that changing the dates would be beneficial to the Fire Departments and should not cause any added stress to the system.

**Action Requested:** Motion to Adopt the Declaration of Intent to Amend the Utility Ordinance.

Presenter: Matthew Padgett, Distribution Superintendent

#### **H. Notice of Intent to Change the Payment Plan Offered to Applicants Age 65 or Over**

Our current ONWASA Utility Ordinance provides the option for applicants age 65 and older to sign a payment plan to make semiannually payments of the System Development Fee. In an effort not to create an undue financial hardship, ONWASA provides this payment plan option. To further reduce the burden to customers we recommend changing the payment option to monthly.

**Action Requested:** Motion to Adopt the Declaration of Intent to Amend the Utility Ordinance.

#### **I. Notice of Intent to Change the Backflow Prevention Assembly Requirements**

Article VI of the current Utility Ordinance establishes requirements for certain residential and commercial consumers connected to the ONWASA water distribution system to furnish, install, maintain and annually test a back flow

prevention assembly on the consumer's service line. We believe it is in the public interest to amend the ordinance to clarify the situations under which installation of the backflow prevention assembly is required, modify the physical requirements for such installations and revise assembly testing requirements.

**Action Requested:** Motion to Adopt the Declaration of Intent to Amend the Utility Ordinance.

Presenter: David Mohr, P.E., Engineering Director

**4. PUBLIC COMMENT**

Citizens have the opportunity to address the Board for no more than three (3) minutes per speaker.

**5. CHIEF EXECUTIVE OFFICER'S COMMENTS**

**6. BOARD OF DIRECTOR'S COMMENTS**

**7. ADJOURN**