



AGENDA

Board of Directors' Meeting - Jacksonville City Hall
Thursday, September 15, 2022 - 6:00 PM

- CALL TO ORDER -** Chairman Jerry Bittner will call the meeting to order.
- PLEDGE OF ALLEGIANCE -** Chairman Bittner will lead the board and audience in the Pledge of Allegiance.
- INVOCATION -** Mr. Josh McCord, Senior Pastor, of Blue Creek Baptist Church will provide the invocation.

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. This meeting is being recorded.

1. APPROVAL OF AGENDA

Action Requested: Consider a "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 ONWASA Director may remove items from the consent agenda for separate discussion and consideration during the business portion of the meeting.

Action Requested: Consider a "Motion to approve the consent agenda."

CONSENT AGENDA ITEMS

Any Director may request that any Consent Agenda item(s) be moved to the Business portion of the agenda. An item moved to Business will be considered separately. Items remaining on the Consent Agenda may then be considered as a whole.

A. Acceptance of Monthly Departmental Reports

June, July & August 2022 Financial Reports
May, June, July 2022 Operations Reports

Action Requested: Consider a "Motion to accept the monthly departmental reports."

B. Approval of Minutes

June 16, 2022 Proposed Regular Meeting Minutes

Action Requested: Consider a "Motion to approve the minutes as presented."

C. 2023 Proposed Schedule of Board of Directors Meetings

Each year Onslow Water and Sewer Authority Board of Directors approves and publishes a set schedule of meetings. All Board of Directors regular meetings shall be held at Jacksonville City Hall, 815 New Bridge St. Jacksonville, NC at 6:00 PM unless otherwise advertised.

[Action Requested:](#) Consider a “Motion to approve the 2023 Proposed Schedule of Regular Meetings of the ONWASA Board of Directors.”

D. Setting and Approval of Bond for Finance Officer

The General Assembly passed Session Law 2022-53 effective July 1, 2022. The session law amended N.C. Gen. Stat. 159-29. (See attached). The new statute requires the governing board to set the amount of the Finance Officer's bond at not less than \$ 50,000 or 10% of the budget, not to exceed \$ 1,000,000, whichever is greater. For ONWASA the amount would be \$ 1,000,000 for the bond. ONWASA pays the premium on the bond as also required by statute.

In reviewing the current bond, it was discovered that the Obligee on the bond was not correct. This has now been corrected, and the new bond is attached.

[Action Requested:](#) Consider a “Motion to set the bond amount for the Finance Officer’s bond at \$1,000,000 and approve the form of the bond.”

E. Chemical Products Bid

On July 15, 2022 an invitation for bids was posted on the ONWASA website for Various Chemicals or Materials RFB 2022-23C. On July 29, 2022 bids were opened. Vendors that submitted were Amerochem, Evoqua, Shannon Chemical, Water Guard, Brenntag Mid-South, Environmental Operating Solutions, Carus and Univar. All bids were rejected except for the Calcium Nitrate Solution bid.

On August 5, 2022 an invitation for bids was posted on the ONWASA website for Various Chemicals or Materials RFB 2022-23C Six Months. On August 22, 2022 bids were opened. Vendors that submitted were Amerochem, Shannon Chemical, Brenntag Mid-South, Water Guard and Carus.

Chemical contracts with a term of 6 months will be awarded to the following vendors.

Water Guard - Liquid Sodium Hypochlorite 12.5% Mini Bulk \$2.85 per gallon, Liquefied Hydrofluorosilic Acid \$4.20 per gallon, Orthophosphate \$11.00 per gallon

Carus - Potassium Permanganate \$2.43 per pound

[Action Requested:](#) Consider a “Motion to award RFP 2022-23C Six Months to the lowest responsible bidders, Water Guard and Carus, for a period of six months beginning September 16, 2022 and authorize the CEO to execute purchase contracts plus any other documents as may be required in connection with these purchase contracts.”

F. Salt Chemical RFP 2022-23 Salt

On July 14, 2022 an invitation for bids was posted on the ONWASA website for Various Chemicals or Materials RFB 2022-23 Salt. On July 28, 2022 bids were received and opened. Vendors that submitted were Cargill and Morton Salt.

Cargill submitted a bid of \$168.00 per ton and Morton Salt submitted a letter declining to bid. Morton Salt's letter stated they did not have the capacity to take on ONWASA's business.

This contract includes an allowance for yearly renewals, upon mutual agreement, for up to four consecutive years. The lowest bid for Salt was received from Cargill Salt, \$168.00 per ton. This price is 17.5% higher than ONWASA's previous contracted price.

Action Requested: Consider a “Motion to award RFP 2022-23 Salt to Cargill Salt for the period of one year beginning September 16, 2022 and authorize the CEO to execute the purchase contracts plus any other documents as may be required in connection with these contracts.”

G. 2022 90HP Backhoe

On August 19, 2022 an invitation for bids was posted on the ONWASA website for a 90 horsepower backhoe. On August 30, 2022 bids were received and opened. Vendors that submitted were Premier Equipment, James River Equipment and Hills Machinery Company, LLC.

The lowest responsive, responsible bidder was Premier Equipment - \$110,108.90.

Action Requested: Consider a “Motion to award RFB 2022 90HP Backhoe to Premier Equipment and authorize the CEO to execute the purchase contracts plus any other documents as may be required in connection with these contracts.”

H. Industrial Electrical Maintenance and Repair Services

On August 18, 2022 a request for proposals was posted on the ONWASA website for Industrial Electrical Maintenance and Repair Services. On August 30, 2022, one proposal was submitted by Coastline Controls and Electrical Inc. The proposal was rejected.

On August 30, 2022 a request for proposals was posted on the ONWASA website for Industrial Electrical Maintenance and Repair Services. On September 6, 2022, one proposal was submitted and opened from Coastline Controls and Electrical Inc. This contract includes an allowance for yearly renewals, upon mutual agreement, for up to four consecutive years.

Hourly Rate (normal business hours) - \$125.00

After Hours Rate (outside normal business hours) - \$250.00

Emergency Service Calls Hourly Rate and Charge Per Response - \$250.00/\$250.00

Parts and Materials Mark Up - 15% over Cost

Estimated Emergency Response Time - 2 Hours

Action Requested: Consider a “Motion to award RFP 2022 Industrial Electrical Maintenance and Repair Services to the lowest responsible bidders, Coastline Controls and Electrical Inc., for the period of one year beginning September 16, 2022 and authorize the CEO to execute purchase contracts plus any other documents as may be required in connection with these purchase contracts.”

I. Uncollectable Water and Sewer Account Write-Offs

Each year inactive water and sewer accounts that are deemed uncollectable must be written off of the accounts receivable against the allowance for doubtful accounts. The amount of this year's uncollectible water and sewer accounts is \$34,257.69. This amount is less than 1/4 of one percent (0.0025) of the total water and sewer fees billed in the last twelve months. Prior to deeming an inactive account uncollectable, we attempt to collect the outstanding account balances through Online Utility Exchange and the North Carolina Debt Setoff Program.

Action Requested: Consider a "Motion write-off uncollectable accounts in the amount of \$34,257.69."

J. Purchase Order Rollover FY22 to FY23

Each year the Finance Department tracks purchases or projects that were ordered or procured in one fiscal year, but which will not be received or completed until the following fiscal year. Generally accepted accounting principles state that expenses must be booked in the fiscal year in which they are received or completed. For the fiscal year just begun on July 1, 2022 there are 29 purchase orders which are carried over from the prior fiscal year. The total is \$675,604.75. These funds were budgeted in FY 22 but not spent. Fund balance to match the expenditure would be budgeted in the current year, FY23 to cover all expenses.

Action Requested: Consider a "Motion to approve the purchase order rollovers and associated budget amendment to fully cover the rollover purchases."

K. Heather Loop Road Gravity Sewer Improvements (CIP-007) Amended

This request is for approval of an Amended Project Ordinance necessary to establish funding for a construction contract to replace approximately 373 linear feet of 8-inch gravity sewer main and three (3) existing manholes along Heather Loop Road in the Glen of Hunters Creek development. This portion of the collection system, originally installed in 1983, was identified within the 2018 Capital Improvement Plan as a priority for replacement due to a history of repeated failures and associated groundwater infiltration issues.

The construction contract documents (plans and specifications) for this project were advertised for formal bid beginning August 1, 2022 and a total of five (5) bids were received by the September 1, 2022 due date. The apparent low bidder for the contract was 274 Construction Group, Incorporated of Wilmington, NC in the amount of \$217,615. The design engineer for the project, Highfill Infrastructure Engineering, P.C., has reviewed the bids submitted and recommended both acceptance of the low bid and execution of a construction contract with this firm.

In addition to providing funding for the construction contract, the revised project budget also includes a total of \$21,000 to be held as a contingency reserve in the event modifications are necessary during the construction period. Upon approval of this Amended Project Ordinance, and in accordance with ONWASA Construction Services guidelines, the Chief Executive Officer can execute the construction contract. All work is to be completed within 180 days from the issuance of the Notice to Proceed.

Funds for this project will be appropriated from fund balance.

Action Requested: Consider a “Motion to adopt the Amended Heather Loop Road Gravity Sewer Improvements Project Ordinance and corresponding budget amendment.”

L. Construction Contract Time Extension Requests

Construction is currently at or nearing completion for two separate capital improvement projects at the ONWASA Main Office complex:

- A new 4,800 SF parts and equipment warehouse facility. The contractor is IMEC Group LLC of Goldsboro, NC. Notice to Proceed was issued March 31, 2021 with a contract final completion date of April 12, 2022. ONWASA has taken occupancy and relocated warehouse operations to the new structure, with an actual final completion date of August 21, 2022.
- A new 4,000 SF water chemistry laboratory building addition. The contractor is Primus Structures Incorporated of Newport, NC. Notice to Proceed was issued December 14, 2020 and the contract final completion date was April 20, 2022. Work on this project is nearing 90% complete and a target date has been set in late September to relocate lab operations to the new building, with a proposed final completion date of December 19, 2022.

As noted in previous requests for time extensions, both projects have been adversely impacted by industry-wide shortages of certain construction materials, extremely long lead times for ordered items and limited availability of manpower for both their firms and any subcontractors they employ. This request includes a contract change order for each project that only extends the contract completion date and does not change the contract price. We believe these contractors have acted in good faith in progressing the work on their respective contracts and recommend approval of these time extensions.

Action Requested: Consider a “Motion to proceed with amending the construction contracts for the two listed firms, and to authorize the CEO to execute appropriate Change Orders and any additional documents as required in connection with this action.”

M. Swamp Bound Hunting Club Lease Renewal

ONWASA has a lease agreement with Swamp Bound Hunting Club for approximately 450 acres of land associated with the Northwest Regional Waste Water Reclamation and Swansboro Waste Water Infiltration Pond sites for the purpose of hunting this land. The current lease expires on September 30, 2022. Swamp Bound Hunting Club has expressed interest in renewing the lease. ONWASA has had no problem with the hunting club who regularly inspects the property and advises ONWASA of any problems or trespass.

Action Requested: Consider a “Motion to approve the renewal of the lease between ONWASA and Swamp Bound Hunting Club and authorize the CEO to renew the lease for up to four (4) additional terms and authorize the CEO to sign any documents as may be required by this action.”

3. BUSINESS



A. Policies Required by Federal Funding

Presenting: Mr. Chuck Kitchen, General Counsel

When an entity, such as ONWASA, receives Federal funding, it is required as a matter of Federal law to adopt certain policies. The School of Government has produced form policies, which have been amended for ONWASA by counsel. Two of the policies are required for all Federal funding and are:

Conflicts of Interest and Gifts Policy -- As is shown by the title, this is a policy which combines Federal and State laws governing conflicts of interest in awarding contracts and gifts given to officers, employees, and agents of ONWASA. The main difference in the conflicts of interest policy, as opposed to State law requirements, is that family members of officers, employees, and agents can not benefit from the award or administration of a contract.

Procurement Policy -- This policy covers the purchase of services, goods, and construction services. The policy is essentially what ONWASA has been doing. One main difference is that for all procurements of \$ 250,000 or more, there is required to be a cost estimate obtained prior to bidding the project.

In addition to these two policies, there are additional policies which are more specific to American Rescue Plan Funds.

Allowable Costs Policy -- Simply put, the policy requires that all costs be necessary and reasonable for a project funding using Federal funds. The policy goes into great detail as to how that determination is made.

Nondiscrimination Policy -- The policy provides that no one can be discriminated against in the provision of the services related to a project which is Federally funded. This is no change for ONWASA, except that for purposes of construction funding for the Southwest sewer plant, David Mohr is named as the discrimination officer.

Program Income Policy -- All income generated from the Southeast Wastewater plant prior to December 31, 2026, which is proportionally based on the amount of Federal funds compared to other funding sources, must be used for the project or the sewer system leading to the plant. In other words, any income, with certain exceptions, which is generated from the Federal part of the funding for the plant cannot be used for general purposes, but only used for that part of the sewer system.

All of these policies will require much more documentation than what is required by State law. This additional documentation will generally be the responsibility of the Engineering and Finance Departments.

A copy of all policies are attached. Additional changes are likely to these policies as the Federal requirements change frequently.

Action Requested: Consider a “Motion to approve the Conflicts of Interest Policy, the Procurement Policy, the Allowable Costs Policy, the Nondiscrimination Policy, and the Program Income Policy.”



B. Construction Contract Change Order – Northwest Recovery Project

Presenting: Mr. Franky J. Howard, CEO & Mr. David Mohr, PE – Chief Operations Officer

Construction is currently underway on a project to complete electrical / control system replacements and flood hazard reduction improvements at ONWASA's Northwest Regional Water Reclamation Facility. This is the second of two projects to be completed at this site to repair damage caused by flooding during Hurricane Florence in 2018, as well as to better protect critical systems in future flood events. All work is being performed under a single-prime contract with Muter Construction, LLC of Zebulon, North Carolina that was approved by the Board of Directors on January 21, 2021. The original Notice to Proceed was issued March 8, 2021 with a final completion date of December 4, 2021 and a total contract amount of \$4,801,000. Based on a previously granted time extension request and change orders issued to date, the current final completion date was July 22, 2022 and the total contract amount is \$5,216,820.

Since the Notice to Proceed was issued, the Contractor has made significant progress on certain aspects of the project: installation of new electrical conduit and duct bank, elevated electrical panels and conductors (wire); elevating the existing emergency generator; automated control system programming; and, completing the elevated electrical building and installing equipment therein. Work on two of the most significant features of this project, flood-resistant buildings to protect process equipment serving the SBR tanks and sludge digesters, came to a halt in February 2022 due to the discovery of multiple underground obstacles found during foundation excavations. To address this issue, the engineering firm overseeing the project (W.K. Dickson & Company, Inc.) recommended and initiated a major re-design of the foundations for both buildings that incorporates the installation of multiple micro-piles to support foundation loads over the underground obstructions. The revised designs for both buildings were then submitted to the Contractor for review and preparation of a cost proposal, and after suggesting a couple of modifications to address constructability and reduce cost a Contract Change Order was developed and submitted for consideration.

Based on an evaluation of the Contract Change Order and supporting documentation, the Engineer has recommended that the Contractor receive a 399 day time extension and an increase in contract cost of \$1,356,684.58 in order to complete the revised project. If approved, the resulting final completion date for the project will be August 24, 2023 and the total contract amount will be \$6,573,504.03. Attached to this request are the Contract Change Order Form signed by the Contractor and the Engineer's Letter of Recommendation for this action.

Approval of the attached Amended Project Ordinance and Budget Amendment are also requested, in order to provide sufficient funding in the overall project budget for the proposed Change Order, additional professional services fees for the revised foundation design and extended construction administration/observation services (\$249,560), third party special inspection services (\$36,200) and a construction contingency reserve (\$60,000).

While other actions were considered to address this issue, including attempting to construct the buildings under a separate contract in the future or eliminating the buildings from the project entirely, these alternatives appeared unlikely to reduce costs or would impact current project funding sources, so we therefore recommend approval of this request.

Actions Requested: Consider a " Motion to proceed with amending the construction contract with Muter Construction, LLC, approval of the Amended Project Ordinance, and to authorize the Chief Executive Officer to execute the appropriate Change Order and any additional documents as required in connection with this action."

4. PUBLIC COMMENT



Citizens are invited to address any comments or concerns to the Board of Directors. Each speaker is granted three (3) minutes during this period of public comment.

5. CHIEF EXECUTIVE OFFICER'S COMMENTS

6. BOARD OF DIRECTOR'S COMMENTS

7. ADJOURN

For Reference: ONWASA Strategic Plan Goals

Business Items and Major Budget Initiatives are all tied to the goals that are part of ONWASA's adopted strategic plan. Icons indicate which goals the item(s) support.



Communication and Partnerships

Fostering an environment that encourages open communication and supports partnerships



Enhanced Customer Experience

Creating a culture that delivers an enhanced customer experience



Financial Stewardship

Generating revenues sufficient to support operations and growth, while maintaining reasonable rates



Reliable and Sufficient Infrastructure

Planning, delivering, and maintaining dependable infrastructure necessary to address the changing needs of the service area



Workforce Development

Attracting, developing, and retaining a professional highly skilled, engaged, and versatile team