

Onslow Water & Sewer Authority
Board of Directors' Special Meeting Jacksonville City Hall
Thursday, January 21, 2021

APPROVED MINUTES

CALL TO ORDER: Having a quorum, Chairman Jerry Bittner called the meeting to order at 6:00pm. Board members present included Chairman Jerry Bittner, Vice Chairman Royce Bennett, Secretary/Treasurer Paul Conner and Directors Timothy Foster, Gregory Hines, Joann McDermon, Pat Turner, and Robert Warden.

INVOCATION: Chairman Jerry Bittner requested that Jeff Hudson, CEO, provide the invocation. Mr. Hudson led the Board and audience in prayer.

PLEDGE OF ALLEGIANCE: Director Pat Turner led the Board and audience in the Pledge of Allegiance.

ELECTION OF OFFICERS: Authority Attorney Chuck Kitchen provided the Board with a brief overview of how nominations and the election of officers would be conducted. He indicated no second was necessary for the nomination of officers and that the Board would vote on each officer following the close of nominations. Mr. Kitchen conducted the election of the Chairman, Vice Chairman, and Secretary Treasurer for the 2021 term.

Upon opening the floor for nominations for Chairman, Director Hines nominated Director Bittner. The Board of Directors unanimously approved Director Bittner as Chairman for the 2021 term. Mr. Kitchen opened the floor for the position of Vice Chairman. Director Bennett nominated Director Conner for the position of Vice Chairman. Chairman Bittner made a motion that the nominations be closed. All were in favor, the nominations were closed. The Board of Directors unanimously approved Director Conner as Vice Chairman. Mr. Kitchen opened the nominations for Secretary/Treasurer. Vice Chairman Conner nominated Director Bennett as Secretary/Treasurer. Chairman Bittner made a motion to close the nominations and the candidate be elected by acclamation. All were in favor, Director Bennett was elected as Secretary/Treasurer. Mr. Kitchen turned the meeting over to Chairman Bittner.

CHAIRMAN'S REMARKS – Chairman Bittner provided general guidance to the audience regarding the meeting.

1. APPROVAL OF AGENDA – Vice Chairman Paul Conner made a motion to approve the agenda as presented. Director Timothy Foster seconded the motion. All were in favor. The agenda was approved with unanimous consent.

2. APPROVAL OF ITEMS ON CONSENT AGENDA – A motion was made by Secretary/Treasurer Royce Bennett to approve the consent agenda. A second was made by Vice Chairman Paul Conner. The motion passed unanimously. Therefore, the November 2020 and December

2020 Financial Reports, October 2020 and November 2020 OPS Reports were accepted, and the September 17, 2020 and November 19, 2020 Meeting Minutes were approved.

3. BUSINESS

A. Financial Update

Chairman Jerry Bittner called on Ms. Tiffany Riggs, Chief Financial Officer, to provide a financial update to the Board. Ms. Riggs shared that the financial outlook for FY21 is positive based on the last six months of operating revenue and expenses. She explained at six months into the fiscal year the goal is for revenue to be higher than 50 percent and expenses to be lower than 50 percent. She added that ONWASA's two major water and sewer revenue resources are user fees and system development fees which make up 92 percent of the operating budget. Ms. Riggs stated the good news is as of December 31st (2020) the actual revenue billed for those major sources was at 57 percent of the total budgeted which is seven percent higher than the targeted goal of 50. Ms. Riggs added based on those figures and projections for the next six months revenue should meet all budgetary goals. She explained ONWASA had been cautious with spending and would continue to do so and expenses remain steady as of December 31st (2020) which are only at 44 percent of the total amount budgeted and based off of those figures and projections for the next six months expenses should remain within our budget. Ms. Riggs stated that over the last 12 months water and sewer accounts have increased with water accounts increasing by 2.3 percent and sewer accounts increasing by 5.8 percent. She further explained that means based off of the average water and sewer user those increases in accounts on an annual basis represent \$425,000 in new water revenue and \$245,000 in new sewer revenue. Ms. Riggs shared based on the last six months what ONWASA has billed versus what they have collected is at 99 percent. She added what that means at ONWASA is active customers are doing an outstanding job meeting their obligations to ONWASA. Ms. Riggs said barring any unforeseen circumstances the remainder of the fiscal year should remain financially stable for ONWASA.

Director Pat Turner asked if ONWASA received any COVID funds. Ms. Riggs responded ONWASA has not received any COVID funds to date but there is a possibility that we could. She stated they have filed an application with FEMA to see what ONWASA might qualify for but have not had a response.

Vice Chairman Conner asked Ms. Riggs if she said there was an increase in water of 2.3 percent and an increase in sewer of 5.8 percent. She replied yes. He said he would have thought that would have been reversed. Ms. Riggs stated that typically the growth expectations are lower for both with water being around 2.5 percent and sewer 1.5 percent so sewer is making a come back as far as the number of accounts. Vice Chairman

Conner asked if at the next meeting data could be provided to show the locations of the growth. Ms. Riggs stated she would provide the information.

Chairman Bittner asked if COVID 19 was still affecting delinquency rates. Ms. Riggs stated it was improving. She added we started out with 3,000 arrangements with our COVID customers and we are down to a little over a 1,000 with the dollar amount initially being almost \$550,000 and it is now under \$100,000. She stated customers are paying and ONWASA has not discontinued anyone's service because they haven't been able to pay the COVID balance during the time period established by EO 124 and 142.

Action: Chairman Bittner stated for the record we accept the verbal financial update. The Board unanimously agreed. The report was accepted.

B. ONWASA Storage Building (CIP-002B) Construction Contract

Chairman Bittner called on Mr. Jeffrey Hudson, CEO, to present the item. Mr. Hudson explained the request is for approval of a construction contract to build a parts and supplies warehouse in the field operations yard which is the gravel lot just behind the main building and is part of the board approved CIP in conjunction with the laboratory building which has already been started. He shared the project consists of a 4,900 square foot pre-engineered metal building on a concrete slab floor with an unconditioned main storage area, two conditioned small offices, a restroom, and a mechanical electrical room, an exterior covered area for outside storage, and code in City of Jacksonville required fire apparatus access road bed. He explained anytime you have a building like this an access road bed so that even a heavy fire truck full of water could access the building. Mr. Hudson stated the construction contract documents for the project were advertised for formal bid and a total of 5 bids were received by the November 2020 due date. He added the apparent low bidder for the contract is IMEC Group LLC of New Bern, North Carolina with a base bid of \$966,700. Mr. Hudson said the design architect for the project reviewed the bids received and recommends acceptance of the low bid and execution of the construction contract with the firm. He added the low bid is slightly more than the original project budgeted amount of \$915,000 and Ms. Riggs has prepared two project budget ordinance amendments which transfers \$90,000 from the current roofing project. The roofing project which was awarded at the last meeting of the Board was over two hundred thousand dollars under budget because we received very competitive prices. The \$90,000 transfer brings the total project budget to \$1,005,000. ONWASA is not borrowing money for this project and any leftover funds will be returned to fund balance.

Action: Vice Chairman Paul Conner made a motion to proceed with a construction contract with IMEC Group LLC in the amount of \$966,700, approve the amended project ordinances to decrease the roofing project and increase the warehouse project and

authorize staff to sign necessary documents. A second was made by Director Tim Foster. All were in favor. The motion passed unanimously.

C. PHASE 2 Northwest Regional Water Reclamation Facility, Hurricane Florence Response Flood Mitigation Measures Construction Contract

Chairman Bittner asked Mr. David M. Mohr, PE, Chief Operating Officer to present the item. Mr. Mohr stated this agenda item is the second competitive bid construction contract to address recovery of the Northwest Facility from flood damage caused by Hurricane Florence in 2018. He explained the project combines both the restoration of the planned electrical and control systems with multiple hazard mitigation improvements designed to protect critical process equipment up to more than the 500 year recurrence flood event. He added major items of work include a new elevated electrical distribution and control center, two new flood resistant buildings to protect selected process equipment elevated platforms to support additional outdoor process equipment raising the plants emergency generator and replacement of electrical wiring throughout the facility that was flood damaged along with the recently completed uv filter building renovation project this project will bring the Northwest Plant back to full operation as well as provide a much greater capacity to withstand future flood events. Mr. Mohr said based on a 270 day construction period all work should be completed by the end of this calendar year (2021). He added Meter Construction LLC of Zebulon North Carolina provided the lowest responsive and responsible bid for the project at a January 12th (2021) bid opening and the design engineer has verified the bid and I (Mr. Mohr) am recommending acceptance of the low bid and awarding the contract to this firm.

Chairman Bittner said you noted anticipation of reimbursement in a significant portion of the projects cost through insurance, FEMA, and Golden Leaf Grant Funds. He went on to ask if he knew how much reimbursement would eventually be received. Mr. Mohr responded not exactly but they have asked the contractor to break down the bid into the items that FEMA would reimburse us for and on the bid schedule we listed the FEMA items of work and he put a price to them. He added they are verifying them and also going to pass it by insurance. Mr. Mohr said the Golden Leaf Grant is \$1,050,000 and we have that available for the electrical building raising. Mr. Mohr asked Ms. Riggs, CFO, if she had anything to add to the question. She said no, we would just have to wait and see what they would pay.

Director Joann McDermon asked as we work through the reimbursement process will there be any type of financial hardship that we need to be worried about while waiting for anticipated funds to come back. Mr. Mohr asked Ms. Riggs, CFO, to answer Director

McDermon's question. [Ms. Riggs came forward.] Ms. Riggs stated No, based off of existing unreserved fund balance we should be more than capable of covering the funds. Director McDermon replied she understood it could sometimes be 18 to 24 months before a response is received from FEMA. Ms. Riggs responded that they had it all planned into the cash flow for the next few years along with all of the other projects.

Director Hines commented the unfortunate side is there will be another hurricane season before we get it done. Mr. Mohr responded they had originally tried to complete this before the next hurricane season but ran into delays with the design. He added the mitigation part of it had to be approved by FEMA in order to be eligible for reimbursement so we had to step very carefully as we didn't want to bid something out and then have FEMA not agree to do it so it took longer. Mr. Mohr added instead of doing the mitigation and electrical project separately they were combined to speed things up.

Chairman Bittner inquired about the placement of the electrical box being above flood level. He asked if the flood level referenced was the Hurricane Florence flood level. Mr. Mohr said a minimum across the facility of two feet above the 500 year flood level with the new elevated electrical building being a story in the air so almost 10 feet off grade. Mr. Mohr went on to say with Hurricane Florence they had roughly 3 to 4 feet so they have allowed plenty of free board.

Action: A motion was made by Director Gregory Hines to proceed with a contract with Muter Construction LLC in the amount of \$4,801,000 for the Northwest Regional Water Reclamation Facility, Hurricane Response Flood Mitigation Measures Project, and to authorize the Chief Executive Officer to execute this contract and any additional documents as required in connection with this action. Vice Chairman Paul Conner made a second. All were in favor, the motion passed unanimously.

D. 2021 Combined WTP Lagoon Cleaning Project Construction Contract

Mr. David Mohr, PE, COO, presented the item. Mr. Mohr stated this item is a competitive bid contract for removal of accumulated waste solids from settling lagoons at both the Dixon and Hubert Water Treatment Plants. He added the work is performed on three year cycle and is necessary to maintain sufficient storage volume in order to ensure water discharged from the final base and meets permit requirements. Mr. Mohr added root material will be disposed of at the county landfill and work is to be completed within 45 days of issuance of notice of proceed so the project does not interfere with tourist season and high demand time of year. Mr. Mohr said Synagro Central, LLC of Baltimore Maryland provided the lowest responsive and responsible bid for the project at the January 8th (2021) bid opening. He added the bid amount is slightly more than the funds allotted he

believes the pricing to be accurate and recommends acceptance of the low bid and awarding the contract.

Director Warden said he noticed Bionomics saw the dredging and disposal of Dixon quite a bit different from Synagro and asked if Mr. Mohr had an explanation. Mr. Mohr explained the bid was done as a lump sum as opposed to measuring the amount that comes out. He stated his feeling is that they felt there was more risk involved if they guessed the volume wrong.

Director Gregory Hines asked if this would be done every three years. Mr. Mohr replied one basin at each water plant is picked each three year cycle based on the need not every basin is done each three year cycle.

Action: Vice Chairman Paul Conner made a motion to proceed with a construction contract with Synagro Central, LLC in the amount of \$430,000 for the 2021 Combined Water Treatment Plant Lagoon Cleaning Project, and to authorize the Chief Executive Officer to execute the contract and any additional documents as required in connection to this action. A second was made by Director Joann McDermon. All were in favor. The motion passed unanimously.

4. PUBLIC COMMENT – There were no members of the public who wished to comment.

5. CHIEF EXECUTIVE OFFICER'S COMMENTS – Chairman Jerry Bittner called upon Mr. Hudson to provide any comments. Mr. Hudson expressed his gratitude to Onslow County Health Department for being helpful. He stated ONWASA employees are - as critical infrastructure employees obviously because we are supplying about 3 billion gallons of water a year to 146,000 people. He added employees over 50 years of age were able to be classified to receive the vaccination if they so desired and the Onslow County Health Department has really been working with people in general and also with critical infrastructure employees who that would like to be vaccinated done so very quickly. He added staff are all fatigued and still doing lots of things like remote work and shift scheduling so we minimize contact between employees especially at water production plants and facilities. Mr. Hudson said ONWASA like every other employer has had problems with dealing with COVID and are looking forward to getting it in the past. Chairman Bittner asked if there was an update on the Southeast Sewer Project. Mr. Hudson said Mr. Mohr has been engaging with the consultant engineers to go ahead and start work on engineering the line between the Summerhouse Plant and the Holly Ridge Plant and we have also engaged with the base working to make sure that our connection point is the correct point. He added they thought it was the SR 61 pump station location they previously identified and it may still be but we are also hearing from the base they

may need to reevaluate the area and that another connection point for ONWASA might be preferable depending on any bottlenecks in their own sewage system that they would like to fix.

6. BOARD OF DIRECTOR'S COMMENTS

Director Pat Turner congratulated the three who were elected as Chairman, Vice Chairman, and Secretary/Treasurer. She expressed thanks to the ONWASA staff for doing exactly what Mr. Hudson stated in his comments. She said everybody is doing something different with people out all the time. She added they have experienced that on base as well and some days are more difficult than others but everybody pitches in and helps and that is what a team is all about.

Director Joann McDermon said Happy New Year to everyone. She stated her workplace has experienced challenges dealing with COVID as well so she understands what ONWASA staff have been dealing with. She said she was thankful for everything everyone was doing. She added the high collection rate can be attributed to customer satisfaction and the great job the ONWASA staff is doing.

Director Gregory Hines welcomed Robert Warden to the Board. He congratulated those who were elected to offices. Director Hines thanked those who watched the meetings from home. He also expressed his thanks to the ONWASA staff for all they are doing.

Secretary/Treasurer Royce Bennett provided the contact information for those who were eligible to receive a vaccine and wished to do so. He shared that Onslow County has done recent evaluations should they end up going to a \$15 an hour minimum wage and it was very telling to see what it would cost. He also stated he heard in order to help those in rural areas with broadband some broadband companies are leasing spaces on water towers and he would like to see ONWASA look into it.

Chairman Jerry Bittner gave his compliments to the Onslow County Commissioners and their staff for the way the vaccination clinic is operated. He stated it was organized and added those running it were very friendly and helpful.

Vice Chairman Paul Conner welcomed Director Warden to the Board. He expressed his thanks to staff for the work they do.

Director Robert Warden said he looks forward to working with everyone and continuing to learn.

Director Timothy Foster said he would like to remind everyone in addition to dealing with COVID 19 related issues that arise the day to day operations continue. He said the feedback he has received is that those answering customer calls are doing a great job and they should be commended for that.

7. **ADJOURNMENT:** A motion was made by Director Gregory Hines to adjourn at 6:36 PM. Secretary/Treasurer Royce Bennett seconded the motion. All in favor, the motion passed

The minutes were approved on April 15, 2021.

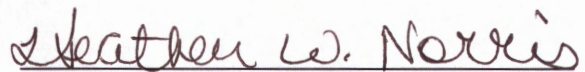
Onslow Water & Sewer Authority Board of Directors



Jerry Bittner, Chairman



ATTEST:



Heather Norris, Clerk