

**ONWASA BOD REGULAR MEETING
MAY 16, 2019
JACKSONVILLE CITY HALL**

CALL TO ORDER - Chairman Gregory Hines called the meeting to order at 6:00 PM.

Present: Director Gregory Hines, Director Jerry Bittner, Director Paul Conner, Director Royce Bennett, Director Pat Turner, Director Dan Tuman, and Director Tim Foster. Absent: Director Michael Lazzara.

INVOCATION – Pastor Terry F. Hinson with Blue Creek Baptist Church provided the invocation.

PLEDGE OF ALLEGIANCE – Director Gregory Hines lead the Board and Audience in the Pledge of Allegiance.

APPROVAL OF AGENDA

Secretary/Treasurer Paul Conner made a motion to approve the agenda as presented. Director Royce Bennett made a second. All were in favor. The motion carried.

APPROVAL OF CONSENT AGENDA

A motion was made by Vice Chairman Jerry Bittner to accept the consent agenda as presented. Secretary/Treasurer Paul Conner made a second. All were in favor. The motion carried.

CONSENT AGENDA ITEMS

A. Acceptance of Monthly Departmental Reports

March & April 2019 Financial Reports
March 2019 OPS Report

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

B. Approval of Minutes

October 18, 2018 & April 23, 2019 Special Meeting Minutes
March 21, 2019 Regular Meeting Minutes

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

C. Administrative Service Agreement (3) – For the convenience of Authority customers located in or near the general vicinity of the Towns it was provided in the Water and Sewer Agreement with the Towns that the Authority shall maintain facilities in the Towns for the purpose of bill payment and telephone communication from customers. ONWASA currently has agreements with the Towns of Holly Ridge, Richlands, and Swansboro.

Action Requested: Consider a “Motion to approve the Administrative Service Agreement and authorize the Chairman of the Board to execute the agreement and any other document as may be required by this action.”

D. Audit Contract Fiscal Year 2018-2019

RSM US LLP has submitted a contract and arrangement letter in the amount of \$52,000 for the annual audit for Fiscal Year 2018-2019.

Action Requested: Consider a "Motion to proceed with a contract for the Fiscal Year 2018-2019 audit in the amount of \$52,000, and authorize the chairman to execute this contract plus other documents as may be required in connection with this action."

E. Uncollectable Water and Sewer Accounts Write-Off

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 uncollectable water and sewer accounts is \$29,478.12. This is less than 0.5% 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 to write-off uncollectable accounts in the amount of \$29,478.12."

Intergovernmental Service Agreement for the Supply of Potable Water During Water Emergencies

The item is an agreement that would allow ONWASA to sell potable water to Camp Lejeune should they have a major system breach. He explained that the water would be paid for by Camp Lejeune at the bulk rate at that time.

Vice Chairman Jerry Bittner asked if the agreement was reciprocal. He further clarified asking can we take water from Camp Lejeune if necessary. Mr. Hudson responded during communication with Camp Lejeune we (ONWASA) communicated to Camp Lejeune that ONWASA did not have the same need but we could supply water to them.

Director Royce Bennett asked if we (ONWASA) did not have the same situation as Camp Lejeune. He asked if there were ONWASA locations that would be without water without Camp Lejeune's supply. Mr. Hudson replied ONWASA has a fairly spread out system and we do have areas that have a single line that would go to that area. Mr. Hudson further explained that Camp Lejeune having supplies that could service those areas where ONWASA might have a single line of transmittal was pretty doubtful. Director Bennett added anytime we can cooperate with other agencies and serve the public better it is certainly in our best interest.

Director Royce Bennett made a motion to proceed with the Intergovernmental Service Agreement between Marine Corps Base Camp Lejeune and ONWASA for the Supply of Potable Water During Water Emergencies, and to authorize the Chief Executive Officer to execute this

contract and any additional documents as required in connection with this action. A second was made by Director Tim Foster. All were in favor. The motion carried.

Intergovernmental Service Agreement for Wastewater Force Main

Mr. Hudson stated this item consists of a new Intergovernmental Service Agreement (IGSA) between ONWASA and Marine Corps Base Camp LeJeune (CAMLEJ) to construct a new connection between a portion of their wastewater collection system and ONWASA's Piney Green Road force main, which already crosses CAMLEJ and connects to their French Creek treatment facility. When completed, the connection would allow CAMLEJ to divert discharge from one of its primary waste water pumping stations into the Piney Green force main in the event of a catastrophic failure or other emergency within their own force main system. Such a diversion would provide a redundant method to ensure wastewater service is maintained on CAMLEJ while repairs are made to their own main. Under the proposed IGSA, CAMLEJ will be responsible for funding and overseeing all engineering, permitting and construction of the new section of force main, as well as ownership, maintenance and repair when necessary. The Piney Green force main has sufficient capacity to support an emergency connection of this type, and there will be no additional operating cost to ONWASA from entering into this agreement. The IGSA has been reviewed and approved by administrative, technical and legal staff from both signing parties.

Mr. Hudson explained that ONWASA doesn't have any money in this other than the ONWASA Piney Green pump station would be pushing the flow to their plant.

Secretary/Treasurer Paul Conner made a motion to proceed with the Intergovernmental Service Agreement between Marine Corps Base Camp Lejeune and ONWASA for the Interconnect ability of Wastewater Force Mains, and to authorize the Chief Executive Officer to execute this contract and any additional documents as required in connection with this action. Vice Chairman Jerry Bittner made a second. All were in favor. The motion carried.

Disaster Response Emergency Construction Services Contracts

Ms. Julie A. Hellmann, Regional Manager for the Wilmington Office of WK Dickson, noted that while it is typical for utilities to have an on call as needed contract for emergency service this request is unique and likely one of the first of its kind in North Carolina. She shared that what is unique of these contracts is that the bid documents were prepared in a manner that meets the most stringent state and federal procurement requirements which will then streamline ONWASA's staff time spent contracting, managing, and documenting construction activities during the midst of an emergency. The process will also streamline FEMA reimbursements efforts. The second unique aspect of these contracts is that ONWASA will have both a primary and secondary contractor available to assist as needed which offers greater flexibility and reliability to ONWASA during a disaster. UNC SOG has reviewed the bid documents and has concurred that ONWASA has done a great job in proactively procuring emergency services contractors in accordance with the state and federal procurement requirements.

Director Dan Tuman asked what the downside of a contractual arrangement such as this. If there is a need after an emergency and one or two contractors are identified and they aren't available what then? Ms. Hellmann responded that is why we went with two contracts one being a primary and one a secondary.

The thought process was the likelihood of neither of them being able to respond within those 24 hours being minimized. Director Tuman then asked if there was protection in the contract to give ONWASA priority. Ms. Hellmann responded that the primary and secondary contractors would be entering into a legal contract to respond within 24 hours for a period of two years.

Vice Chairman Jerry Bittner asked why not a contract longer than two years with an escalator clause for the cost of services. We talked about duration of contract and the reason we settled on two years is it was thought it would be fair and would still attract a good pool of bidders.

Vice Chairman Bittner then asked if they fail to respond within 24 hours both primary and secondary and they are in default what is the recourse. Ms. Hellmann responded that she didn't know that there would be much resource that you could sue them for. ONWASA Attorney Church Kitchen replied I believe you can sue them. He further stated that if you (ONWASA) did have to go out for bid at the time of a disaster it would likely be higher cost and would prove damages.

Director Foster added that by putting contracts in place and meeting the purchasing statues. He said he thinks it is a great situation we would be putting ONWASA in.

Mr. Hudson shared that the idea came from the pre-bid debris contracts that the County and City of Jacksonville have done in the past.

Director Pat Turner stated that we know what a natural disaster is but a catastrophic event is that something that the contractors could say isn't a catastrophic event. Ms. Hellmann responded that ONWASA could choose to use them for anything you deem an emergency so there is flexibility in this.

A motion was made by Director Tim Foster to proceed with Disaster Response Emergency Construction Services Contracts, in the amount of \$500,000 per contract maximum, with A.C. Schultes of Carolina, Inc. as primary Contractor and State Utility Contractors, Inc. as Secondary Contractor, and to authorize the Chief Executive Officer to execute these contracts and any additional documents as required in connection with this action. The motion was seconded by Director Royce Bennett. All were in favor. The motion carried unanimously.

Presentation of the 2019-2020 Proposed Budget

A motion was made by Vice Chairman Jerry Bittner to set the public hearing for the 2019-2020 budget at a special meeting of the board to be held on Thursday, May 30, 2019 at 6pm or as soon thereafter as may be reasonably possible in the Jacksonville City Hall Council Chambers. A second was made by Secretary/Treasurer Paul Conner. All were in favor. The motion carried.

PUBLIC COMMENT

There were no members of the public who wished to make comments.

CHIEF EXECUTIVE OFFICER'S COMMENTS

Mr. Hudson provided a presentation highlighting the improvements made for the ONWASA customer experience. He thanked members of customer service and particularly the finance team and also field personnel for their contribution. Mr. Hudson shared information on ONWASA's recent hurricane preparedness drill. A copy of the presentation presented is included into record as Exhibit A.

BOARD OF DIRECTOR'S COMMENTS

Director Royce Bennett had no comment.

Secretary/Treasurer Paul Conner had no comment.

Vice Chairman Jerry Bittner congratulated Mr. Hudson and his staff on the presentation on emergencies. Vice Chairman Bittner described it as very forward thinking. He then stated in looking at the Budget the thought came to him meets the demand and will pay for itself thru various fees and revenues. ONWASA spent millions of dollars putting in a sewer line from The Burton Industrial Park to the North West Regional Reclamation Plant on the bases that line would generate revenue to pay for itself. I had doubts it would at that time. He asked if the staff could look at that investment to see if there has been a positive rate of return on that investment. Mr. Hudson replied that we will look at it and write a report to the Board.

Director Pat Turner stated this is the second year that she has sat here. She is extremely impressed by Mr. Hudson's work and his staffs work. These budgets are so well put together and so self-explanatory that even if you didn't get up there and talk to us we could probably read through it really easy. Director Turner said she commends Mr. Hudson for that and for having such a good staff.

Director Dan Tuman stated he commends CEO Hudson and his staff for a very professional budget presentation. Director Tuman expressed thanks and appreciation for a very understandable and helpful presentation.

Director Tim Foster stated customer service and professionalism goes from the top down to those working out in the field. He said it was commendable on Mr. Hudson's part. Director Foster added that people do not just check satisfied they believe it. He said when surveys come back it is important to see those numbers coming in. He stated he agrees with Vice Chairman Bitter in that the budget and items were forward thinking. He said a vision is intact and goals are set.

Chairman Gregory Hines informed the Board of his recent visit at the Holly Ridge Plant while a new aeration system was installed. Chairman Hines encouraged other board members to take tours of the plants. He added that the ONWASA staff are knowledgeable and always willing to answer questions. Chairman Hines then thanked Mr. Hudson and the staff for their work on the budget. He further stated that the budget message was outstanding and one of the better budget messages he has ever seen.

Adjourn

A motion was made to adjourn by Vice Chairman Jerry Bittner. A second was made by Secretary/Treasurer Paul Conner.

The meeting was adjourned at 7:09 PM.

The minutes were approved on September 19, 2019.

Onslow Water & Sewer Authority Board of Directors



Gregory Hines, Chairman

ATTEST:



Heather Norris, Clerk

