

Onslow Water & Sewer Authority
Board of Directors' Regular Meeting Jacksonville City Hall
Thursday, May 20, 2021

APPROVED MINUTES

CALL TO ORDER: Having a quorum, Chairman Jerry Bittner called the meeting to order at 6:00 pm. Board members present included Chairman Jerry Bittner, Secretary/Treasurer Royce Bennett, Directors Timothy Foster, Pat Turner, and Robert Warden. Vice Chairman Paul Conner arrived at 6:05 PM and Director Joann McDermon arrived at 6:07 PM. Absent was Director Gregory Hines.

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.

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

1. APPROVAL OF AGENDA – Chairman Jerry Bittner informed the Board of a proposed amendment to the agenda to add Business Item C Water Purchase Authorization with Camp Lejeune. Secretary/Treasurer Royce Bennett made a motion to amend the agenda to add Business Item C Water Purchase Authorization with Camp Lejeune and approve the agenda as amended. Director Tim Foster seconded the motion. All were in favor. The agenda was approved as amended adding Business Item C.

2. APPROVAL OF ITEMS ON CONSENT AGENDA – A motion was made by Director Tim Foster to approve the consent agenda. A second was made by Director Pat Turner. The motion passed unanimously. Therefore, the March 2021 Financial Reports, and March 2021 OPS Reports were accepted, the April 15, 2021 Meeting Minutes were approved, Interlocal Agreement for Water Purchase with the Town of Surf City for the purchase of water on an as-needed basis, and the Audit Contract with PB Mares LLP for Fiscal Year 2020-2021 in the amount of \$51,500 was approved.

3. PUBLIC HEARING FOR FY21-22 ONWASA BUDGET

A. Chairman Jerry Bittner called on Chief Financial Officer, Tiffany Riggs, to provide an overview of changes in the Proposed FY21-22 ONWASA Budget since originally presented on April 15, 2021. Mrs. Riggs stated the six changes in the proposed budget were either mandated, requested by the Board, or a needed increase to purchase water from other utilities. Ms. Riggs listed the following as changes made in the proposed FY21-22 ONWASA Budget:

1. Moved \$55,000 Sewer project out of operations budget into capital budget
2. Added \$55,000 from fund balance into capital budget to cover sewer project
3. Increased water system development fees by \$142,416 based on updated actual revenues
4. Added \$39,757 to pay for mandated NC State retirement increase
5. Added \$78,830 to pay for a 1% COLA for all employees
6. Increased budget to purchase water from other governments to \$228,830.

B. Chairman Bittner opened the public hearing in accordance with North Carolina General Statutes 159-12 and 162-9. Chairman Bittner stated all required notices had been given and citizens would have the opportunity to address the Board for no more than three minutes per speaker on the topic of the Proposed FY21-22 ONWASA Budget.

C. No members of the public wished to make comment.

D. Chairman Bittner closed the public hearing.

4. BUSINESS

A. Discussion of the FY21-22 Proposed ONWASA Budget

Chairman Jerry Bittner called on Mr. Jeffrey Hudson, CEO, to present the item. Mr. Hudson said the Proposed FY21-22 ONWASA Budget was produced in accordance with all applicable laws and that there were no comments received from members of the public not only during the current meeting but also by emails, phone calls, or written form. Mr. Hudson informed the Board if they were satisfied with the amended budget proposal they may now legally consider adopting the budget at any time or give further directions to staff on other changes they would like to see made to the budget. He added in regard to the increase to purchase water from other governments in the amount of \$228,820 we do believe it will be necessary and in fact we are putting things into place to supplement our water production since D10 and D11 are not online right now so we do view that as a very important part of the budget.

Action: Secretary/Treasurer Royce Bennett made a motion to approve the ONWASA Budget Ordinance for fiscal year 2021-2022 along with the Proposed Rate and Fee schedule as presented. Director Tim Foster made a second. All were in favor, the motion passed unanimously.

B. Disaster Response Emergency Construction Services 2021 Contracts

Chairman Jerry Bittner asked Chief Operations Officer, Mr. David Mohr, PE, to present this item. Mr. Mohr stated the item consisted of two single prime construction contracts that would be used for the completion of emergency repairs to ONWASA's water and wastewater utility infrastructure in the aftermath of a natural disaster or other catastrophic event. Mr. Mohr said each contract establishes either unit or lump sum pricing for multiple items of work that are often necessary immediately following a major storm event, including a repair of water or sewer mains; placement of temporary fill at road washouts; installation of isolation valves, and operating bypass pumping equipment at manholes or sewage pumping stations. Work would be performed on an as-needed basis determined solely by ONWASA, with payments to each contractor based on the actual work assigned, and the pricing established by the contract. Mr. Mohr explained the reason for requesting two contracts, a primary and secondary, is to provide redundancy or in the event there is more work than one contractor can address. He stated each contract has a maximum value of 500,000 dollars however the actual amount to be spent during the two-year duration will be determined by the number of times the contract is activated and the amount of work that is assigned. He went on to say these proposed contracts would replace two existing contracts that were awarded in 2019 for this purpose and are now expiring with neither of the contracts activated. Mr. Mohr said while we prefer to not have the need to activate these contracts having two firms on call within 24 hours for a response and having costs pre-negotiated enhances our [ONWASA's] ability to restore service quickly if we really get hit. He also noted that each contract includes compliance with certain federal contracting requirements as the work completed will probably be considered eligible for FEMA reimbursement. Mr. Mohr said A C Shultes of Carolina Incorporated was the primary contractor and State Utility Contractors, Incorporated was the secondary providing the lowest responsive and responsible bids for the project at the March 10, 2021 bid opening. He stated he recommends acceptance of the low bids and award of contracts to these firms who were actually the firms who won the 2019 contracts.

Chairman Bittner said these contracts are not for a lump sum of \$500,000 per contract but for work up unto that limit, is that right? Mr. Mohr explained they bid on approximately 40 items so if we have a storm and need them to fix something, we will tell them to go out and do that particular item for that amount. He went on to say FEMA required a ceiling be put on the contract. Mr. Mohr

stated the two contracts we had [2019 Contracts] were not used so basically, we are closing them out and reimbursing the contractors the cost of their bonds and insurance which was less than \$20,000 a contract. Chairman Bittner asked if the individual work would be done under a work order authorized by the CEO. Mr. Mohr answered if needed he and the CEO would determine what items needed repair and activate the contract accordingly.

Action: A motion was made by Director Timothy Foster to proceed with two (2) Disaster Response Emergency Construction Services Contracts, in the amount of \$500,000 per contract, with A.C. Shultes of Carolina, Incorporated as Primary Contractor and State Utility Contractors, Incorporated 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. A second was made by Vice Chairman Paul Conner. All were in favor, the motion carried.

C. Water Purchase Agreement with Camp Lejeune

Chairman Bittner asked Mr. Hudson to present the item. Mr. Hudson began by drawing the Board's attention to the NC Drought Update Sheet for the period ending May 18, 2021. He pointed out Onslow County is mainly in a moderate drought condition with some portions of the county that are abnormally dry and stated the next seven-day forecast is fairly dry with higher temperatures. He said although we do not get our drinking water from rain, rainfall influences behavior dramatically as people try to save their plantings in their yards, so we do have higher rates of irrigation which increases water demand. Mr. Hudson said Mr. Seth Brown and his team have done good work on the research showing a great correlation between when rain clouds come into Onslow County and when water demand goes up and down. Mr. Hudson said we have a situation where we are facing a drought, have a holiday weekend coming up, and a situation where Dixon 10 and Dixon 11 are currently unable to pump and that is a loss of raw water in the amount of 1.9 million gallons per day. He added the Board has been briefed on all of that but for the benefit of the public Dixon 10 and Dixon 11 are two high production wells located in the Holly Ridge area and are currently offline out of an abundance of caution because of a PFAS release identified by the Department of the Navy aboard Marine Corps outlying landing field Camp Davis South. He went on to say good news for the Board is that this month the Navy is proceeding at their own expense to sink several sentinel or monitoring wells and we've been informed we will have water samples that have been tested for the PFAS compound or chemical by June so in June we will have sampling of the aquifer in that region kind of surrounding the area of PFAS release to give us some more reassurance that PFAS has not entered the aquifer from which we draw our drinking water in wells D10 and D11 so if those sentinel wells come back clean then we will be able to go to one of our consultants Dr. Richard Spruill and he is planning to give us a pumping plan that would prevent us from drawing any contaminants closer to D10 and D11 and we would need to follow the advice of those hydrogeologist in that regard so even at the end of this I can't tell you that we will go back to 1.9 million gallons per day because 1.9 million gallons is kind of dependent on how much you know the rate of pumping and the time you're pumping the gallons per minute and how many minutes you pump so I don't know where we'll end up but I do know that right now we don't have D10 & D11 accessible to us. Mr. Hudson said we have had an intergovernmental service agreement with the base to sell water to the base for many years and we actually have a connection point not at main side Camp Lejeune but at Marine Corps Air Station New River and that existing connection is viable and we would be able to buy water from the air station so there are no water quality concerns that we have

from buying water from the Air Station and the Public Works Department aboard the base indicates they could sell us up to 1 million gallons per day now that 1 million gallons per day is not only getting the water but it's also where you get the water so if we were getting 1 million gallons per day say in Swansboro where we don't necessarily need 1 million gallons per day extra it's not as helpful but this connection is in the Southwest Onslow area of the community which is pretty close to the Dixon area to Verona area in Southwest Onslow which is a high demand area and we have registered very high demand with falling tank levels there in past droughts and Summer seasons so we actually believe that being able to get up to 1 million gallons per day in that location would be beneficial to the system. He added he had hoped we would have the language of the IGSA for the Board by the meeting, but it has not come in yet and we have Memorial Day happening between tonight and the next meeting of the Board. Mr. Hudson said entering an Intergovernmental Service Agreement is not within my authority and this is a Board action that must take place. He requested the Board to consider although we don't have the exact language of the IGSA would be a motion to authorize me [Jeff Hudson] to sign an intergovernmental service agreement modification of the existing agreement for the purchase of water from the base connection at the New River Air Station and that would be up to one million gallons per day at a rate not to exceed ONWASA's own current rate so we know that the base has two rates they have an activity rate which is basically a military activity that is using water and they have a private rate and their fee schedule does not actually match up to what ours is because we have a retail rate and we have a bulk rate which is kind of like a wholesale rate. The Bases rate and fee schedule doesn't say bulk or wholesale it just says private but at this point in time their private rate is lower than our own bulk rate so we believe that is a reasonable cost for the purchase of water as a side note we will be capturing how much we spend on any purchase of water during the period of time that we do not have D10 & D11 operable.

Chairman Jerry Bittner asked Mr. Chuck Kitchen, Authority Attorney, if he was comfortable with the procedures. Mr. Kitchen replied this is not an additional delegation of authority to the CEO, it is really not a problem. Director Bob Warden said that is only 1 million gallons and doesn't replace the entire 1.9 and asked are you [Jeff Hudson] concerned about the shortfall? Mr. Hudson replied that is a good question. He went on to say on the consent agenda an agreement reached with the Town of Surf City and that could provide an additional 100-200,000 gallons per day depending on whether we need to open that connection. He stated there is a difference in the water that we would receive from the New River Air Station and Surf City. Mr. Hudson explained the method of decontamination for Surf City is different from our own water but the composition of the New River Air Station water is very similar to our own water so actually we do not believe if we open up the valve at the Air Station our own ONWASA customers would ever notice a difference. He went on to say there are other things we are looking at doing. He added we might change the pumping times and run rates but more than anything I am hoping the sentinel wells come back clean and that Dr Spruill is able to let us restart at least one of our two wells. He said if we are able to turn on at least one of our two wells at half million gallons a day and are able to pump some amount of water from the Air Station we will be in better shape than we were in last year.

Action: Vice Chairman Paul Conner made a motion to authorize the CEO to sign a modification of the Intergovernmental Service Agreement for the purchase of water from the base connection at the New River Air Station for up to one million

gallons per day at a rate not to exceed ONWASA's own current rate. A second was made by Director Tim Foster. All were in favor. The motion passed unanimously.

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

6. **CHIEF EXECUTIVE OFFICER'S COMMENTS** – Chairman Jerry Bittner called upon Mr. Hudson to provide any comments. Mr. Hudson thanked the Board for their diligence in looking at the budget and the proposal. He also thanked ONWASA staff members for all of their work on the budget. Mr. Hudson stated he talked with the ONWASA Treatment Facilities Administrator, Mr. Seth Brown, and he informed him [Mr. Hudson] we do have more than 50 percent of our groundwater sources pumping for more than 12 hours in a 24 hour period at this time and that is a threshold for stage one water shortage condition and would allow us to request voluntary water conservation measures such as limiting car washing to once per week, voluntarily limit lawn and garden watering, don't wash down outside areas such as sidewalks, patios, parking lot, service bays, aprons, don't leave faucets running, and other common sense ways to conserve water. He stated staff would continue to monitor this thru the weekend but if pumping continues next week, I might be requesting that the public voluntarily limit some of their less pressing water consumption; we want you to have water and to use it wisely.

7. **BOARD OF DIRECTOR'S COMMENTS**
Director Tim foster expressed appreciation for the work on the budget. Secretary/Treasurer Royce Bennett said thank you and good night. Vice Chairman Paul Conner did not have any comments. Director Joann McDermon thanked everyone for the work on the budget. Director Pat Turner thanked everyone for the work on the budget and stated it really takes a team to put this together. Director Bob Warden said he echoes the other comments and said you [staff] are to be commended for getting together and providing what is a fine budget so thank you. Chairman Jerry Bittner said I think we've got a good budget that stays within the realm of frugality and yet takes care of our needs for the future. He went on to say he would like to compliment Jeff and his staff on the handling of D10 & D11 and also for the cooperation received from the Base. He said the memos you [Jeff] have sent in terms of giving us a thorough understanding of the issues involved convey a tone of optimism and a lot of that is attributable to the efforts you've put forth in meeting with the base and also their ability to extend cooperation.

8. **ADJOURNMENT:** A motion was made by Vice Chairman Paul Conner to adjourn at 6:27PM. Secretary/Treasurer Royce Bennett seconded the motion. All were in favor, the motion passed.

The minutes were approved on June 17, 2021.

Onslow Water & Sewer Authority Board of Directors



Jerry Bittner, Chairman

ATTEST:



Heather Norris, Clerk

