

Onslow Water & Sewer Authority
Board of Directors' Special Meeting 228 Georgetown Road Jacksonville
Thursday, October 7, 2021
APPROVED MINUTES

CALL TO ORDER: Having a quorum, Chairman Jerry Bittner called the meeting to order at 4:00 pm. Board members present included Chairman Jerry Bittner, Vice Chairman Paul Conner, Directors Timothy Foster, Gregory Hines, Joann McDermon, Pat Turner, and Robert Warden. Absent was Secretary/Treasurer Royce Bennett.

Staff members present included CEO Jeffrey Hudson, Authority Attorney Chuck Kitchen, COO Mr. David Mohr, PIO and Clerk to the Board Heather Norris, Treatment Facilities Administrator Seth Brown, CFO Tiffany Riggs, and CHRO Joetta Guist. CIO David Bergman provided staff support during the meeting.

INVOCATION: Chairman Jerry Bittner requested 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.

- 1. APPROVAL OF AGENDA –** Vice Chairman Paul Conner made a motion to approve the agenda as submitted. Director Pat Turner seconded the motion. All were in favor. The agenda was approved as submitted.

2. BUSINESS

A. Wastewater Update

[A COPY OF THE HOLLY RIDGE/SUMMERHOUSE UPDATED ALTERNATIVE SUMMARY TABLE (WATERDROP TABLE) MAY BE FOUND AT EXHIBIT A AND IS FULLY INCORPORATED HEREIN BY REFERENCE]

Chairman Jerry Bittner called on Mr. Jeffrey Hudson, CEO, and Mr. David Mohr, COO to present the item. Mr. Hudson began by stating that Engineers Charles Davis and Carl Sharfe with Wooten were present and available to answer questions. He added they [Wooten Engineers] concluded their evaluation of the Base collection system which was option number 4 on the Water Drop Table [EXHIBIT A]. Mr. Hudson provided an overview from the last meeting that was held between the Base, Wooten Engineers, and ONWASA staff. He explained that up until the last meeting everything had gone well adding that Wooten Engineers had figured out a way to send wastewater from the Southeast service area to the Base and at the conclusion of the meeting Base personnel attending stated it would be their recommendation that ONWASA be allowed to connect to the Base. Mr. Hudson went on to say an email was later received from Base personnel stating that due to a number of concerns which they outlined at this time the ONWASA capacity to the Base would be capped at two million gallons per day. He added two million gallons a day is not enough for both the Swansboro and Southeast areas. Mr. Hudson noted that the Swansboro project is further along, and it goes from an ONWASA plant to an ONWASA asset, the Piney Green Pumping Station, with some part of it off base and is along Highway 24 making it is more accessible. Mr. Hudson added that previously Chairman Bittner asked if it were possible for ONWASA to enter into an agreement with the Base to go into Phase 3 now at Five million gallons a day if ONWASA agreed to participate in the cost of their expansion at a later time. He shared the email he received back from the Base was no and that two million gallons per day is all they could agree to now. Mr. Hudson said at this point the Board is left with three options, options 1, 2, and 3 with option 4 the Base effectively taken off the table.

Mr. Hudson asked Mr. Mohr and Wooten Engineers to refresh the Board on options 1, 2, and 3. Mr. Mohr said before we discuss the Southeast Alternatives, he would like to have an update on the Swansboro Project. He added the project is moving forward and he requested Carl Sharfe to provide an update. Mr. Sharfe began by saying the Swansboro Project is a one and a half million gallon a day flow to the Base making it within the two million gallon limit set by the Base so the issues with the Southeast area do not affect the Swansboro Project. Mr. Sharfe stated the design phase of the project is 60 to 65% done. He explained within the project there are four pump stations including two new and two existing ones. He added the surveys are all complete and the next phase is the part of the project that will require Base access and they are working on arranging that. Mr. Sharfe added there are also some environmental reviews that will need to be done. Chairman Bittner asked if there would be property acquisition involved. Mr. Sharfe replied there are no property acquisitions involved. He added there are some NCDOT encroachment agreements to complete and that with the current Base agreement we have the ability to put pipeline on Base in the right of way and in this case some of the right of way is on Base. Chairman Bittner asked if there was enough room for a Pump Station in the right of way too. Mr. Sharfe replied the Pump Stations would be on ONWASA property. Chairman Bittner asked for the target date for bidding to begin. Mr. Sharfe said depending on the Base it would be mid January to mid February. Director Greg Hines asked Mr. Hudson if there were any issues with this project or was it smooth sailing. Mr. Hudson replied he had received no information that would impede the Swansboro Project. Director Robert Warden asked what they be doing on Base since the pump stations would be on ONWASA property. Mr. Mohr explained a good portion of HWY 24 between Swansboro and the Piney Green intersection including the lanes that go towards Swansboro are federal property to the middle of the divided HWY. He added it is called NCDOT right of way but it is owned by the federal government and that would be the part where we would be on Base.

Mr. Mohr began providing an overview of the Southeast Service Area Alternatives 1, 2, and 3 from the Water Drop Table [EXHIBIT A]. Director Warden inquired why that option [Alternative 3 Pluris] finished so much ahead of the others. Mr. Mohr replied because with that one all we would do is construct a force main to whatever facility they [Pluris] built and the rest of the timeline would be theirs. Authority Attorney Chuck Kitchen added what it comes down to is Pluris can move forward quicker because they are not redesigning a plant. They are using the same design in a different spot and the State would have already permitted the plant in a different spot. Mr. Kitchen added they don't have to bid or design rather they go right into construction phase. Vice Chairman Paul Conner asked what happens if they can't finish in the timeframe stated in the agreement. Mr. Kitchen added they [Pluris] has a caveat in the agreement stating completion date depends on the State approving the particular plant as they have in the past. Mr. Hudson emphasized the date is based on ONWASA constructing the transmission only. He said the Board should not interpret September 2023 as the date by which a Pluris Plant would be operational and asked Charles Sharfe if that was correct. Mr. Sharfe replied I agree with that. Mr. Hudson went on to explain we do not know when the Pluris Plant would be operational. Director Hines added Pluris would have to find land which could be a problem. Mr. Kitchen replied that is correct. Vice Chairman Paul Conner expressed concerns over ONWASA being responsible for the actions of a third party. Director Joann McDermon added it was her recollection that as a Board there was concern over the lack of pricing control in the future as well. Mr. Hudson replied any pricing model would have to be negotiated in the contract and that Pluris would have to make a profit and ONWASA does not have to make a profit but rather cover expenses, plan for the

future with capital replacement but we do not have to earn money for shareholders. Director McDermon said she thinks previously the Board eliminated Pluris because of the issues stated so in her opinion the choices are Alternative 1 and Alternative 2 and added she would like to know what they recommend as the best option. Mr. Mohr said from his standpoint as Chief Operations Officer Alternative 1 is cheaper upfront in terms of capital but when you are done you end up with two separate smaller facilities you have to operate, and they are full treatment plants that have to be staffed and supplied with neither having the capacity to take everything. Mr. Mohr went on to explain with Alternative 2 you build a single facility with sufficient capacity to get you 20 years out and only have to staff that one plant. He explained the operating cost on Alternative 1 is roughly double. He added he also has concerns over Summer House as far as what it would take financially to finish it out. Director Greg Hines asked Mr. Mohr if the ponds would have to be upgraded as well. Mr. Mohr replied that is correct and pond number one in the middle of the development would have to be dried out and repaired. Director Robert Warden asked if ONWASA owns a piece of property to put a new facility on. Mr. Mohr replied the proposal is to use the spray fields that are used now with the entire treatment facility in one spot. Director Gregory Hines asked if ONWASA had enough land or if land acquisitions would be necessary. Mr. Sharfe replied based on the preliminary work completed there is enough land but there would be more intensive work done for determination. Mr. Mohr added the intent would be to design a plant that would be a one million gallon per day with the capacity to increase for the future. Director Hines stated the property is surrounded by wildlife land and inquired if it would be possible to work with them to use it for spray fields. Mr. Sharfe replied they could inquire but his estimation would be no as it is a wildlife refuge. Director Warden asked if we do build a new facility would we not have another million expansion capability there. Mr. Sharfe said not for the effluent disposal but for the wastewater plant it can be designed to build that expansion on that site. Director Warden inquired about how far could the treated effluent be moved should expansion be needed in the future. Mr. Sharfe replied one option would be an effluent pump station. Mr. Charles Davis added like with the treatment plant in Swansboro where you have the treatment plant in Swansboro and the disposal fields are several miles away the Wachovia tract ONWASA owns could be an option for development. Mr. Hudson stated one thing that we could certainly do is site investigations concurrently at both the Holly Ridge spray fields and the Wachovia tract to see what we could do with expansion with property already owned by ONWASA. Chairman Bittner asked Mr. Hudson if the motion requested would be to select an Option for the Southeast Sewer area. Mr. Hudson replied that it would be and also to director staff to move forward with the option. Director Hines added the site investigations including Wachovia tract for future expansion should be included.

Action: Director Gregory Hines made a motion to select Option 2 for the Southeast Sewer option and to direct staff to move forward with the selected option along with site investigations for future expansion. The motion was seconded by Director Robert Warden. All were in favor, the motion passed unanimously.

B. Closed Session

Chairman Jerry Bittner asked for a motion to enter into closed session. Director Joann McDermon made a motion to enter into closed session pursuant to NCGS 143-318.11(a)(6) to discuss the performance of a public officer or employee. A

second was made by Director Gregory Hines. All were in favor. The Board entered closed session at 4:38 PM.

The Board resumed open session at 5:18 PM. Chairman Jerry Bittner stated the Board completed the review of the Executive Directors performance of the last year and all were in agreement that the performance was beyond reproach and an excellent job.

Action: Director Gregory Hines made a motion to amend the employment agreement ONWASA has with Mr. Jeffrey Hudson in Section 14 to change the Notice of Termination required by Mr. Hudson to a two week notice. Director Robert Warden seconded the motion. All were in favor. The motion passed unanimously.

Vice Chairman Paul Conner made a motion to approve a one time \$1,200 bonus to Mr. Hudson's seven member Leadership Team as well as a one time \$2,000 bonus to Mr. Hudson. Director Gregory Hines seconded the motion. All were in favor. The motion passed unanimously.

6. **CHIEF EXECUTIVE OFFICER'S COMMENTS** – Mr. Hudson thanked the Board and had no further comments.

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

Director Gregory Hines expressed his appreciation to Mr. Hudson for the work he has done. He added Mr. Hudson has done an outstanding job. Director Pat Turner said Mr. Hudson has done a wonderful job. Director Joann McDermon said she echoes the comments from the other Board members.

8. **ADJOURNMENT:** A motion was made by Director Gregory Hines to adjourn at 5:26 PM. Director Pat Turner seconded the motion. All were in favor, the motion passed.

The minutes were approved on December 16, 2021.

Onslow Water & Sewer Authority Board of Directors



Jerry A Bittner

Jerry Bittner, Chairman

Paul Conner

Paul Conner, Vice Chairman

ATTEST:

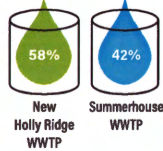
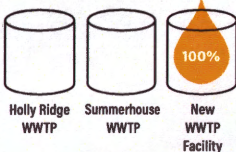
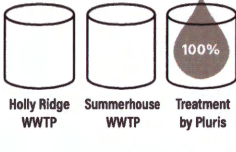
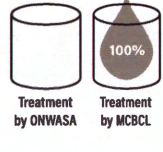
Heather Norris

Heather Norris, Clerk

EXHIBIT A

Holly Ridge/Summerhouse: Updated Alternative Summary Table – October 2021

ONWASA Board of Directors Meeting | Oct. 7, 2021

Alternative	Flow Routing	Description	Refined Alternative Changes & Timelines	Estimated Capital Cost	Estimated Annual O&M Cost	Pros	Cons
1 Construct New Holly Ridge WWTP and Expand Summerhouse WWTP		- Upgrade and operate existing Summerhouse WWTP - Rehabilitate Infiltration Basin #1 at Summerhouse - New Holly Ridge WWTP at existing Holly Ridge Site (non-lagoon WWTP) - Convert spray fields to infiltration basins - Decommission Holly Ridge WWTP lagoon	- Replace existing 6" discharge force main from Holly Ridge WWTP to irrigation site facility with new 10" - Relocation of four (4) infiltration basins to northeast corner of irrigation site - Developed infiltration basin construction sequencing plan - Use common drain piping between infiltration basins Design Start: Nov 1, 2021 Design and Regulatory Approval: 18 months Construction and Start-Up: 26 months Operational: Nov 2024 (0.65 MGD) April 2025 (1.0 MGD)	\$30.9M	Start: \$1.1M per year Year 20: \$3M per year	- New WWTP does not require land acquisition or significant modifications to the Holly Ridge collection system. - Opportunity to utilize modern treatment technologies and produce higher quality effluent at Holly Ridge WWTP. - ONWASA retains total control over treatment process and rate charges to customers.	- The existing spray fields need to be kept operational (for effluent disposal) during construction increasing costs and duration of the project. - Conversion of spray fields to infiltration basins is dependent on suitable soil conditions at the spray field site. - Requires extensive excavation and repair work at Summerhouse Infiltration Basin #1, located within the development. This may be very difficult from a regulatory perspective.
2 ONWASA Constructs and Operates New WWTP to Replace Existing Facilities		- Construct new WWTP on spray field site - New Holly Ridge Pump Station and existing force main to new Summerhouse Pump Station - New Summerhouse Pump Station and force main to new WWTP - Convert spray fields to infiltration basins - Decommission existing WWTPs	- Need to operate Summerhouse WWTP until new WWTP at full capacity (4 years) - Need to operate Holly Ridge WWTP until new WWTP is constructed (3 years) - Move Summerhouse PS inside WWTP property - Developed infiltration basin construction sequencing plan - Use common drain piping between infiltration basins Design Start: Nov 1, 2021 Fieldwork, Design & Submit to DEQ: June 2022 Regulatory Review & Approval: June 2023 Construct WWTP and Initial Basins: July 2024 Construct Subsequent Basins: July 2025 Operational: Aug 2024 (0.5 MGD) Aug 2025 (1.0 MGD)	\$34.7M	Start: \$0.92M per year Year 20: \$1.5M per year	- Replaces two existing plants with a single new facility that has a potential for future expansion as demand warrants - Eliminates need for further renovations to the Summerhouse WWTP and Infiltration Basin #1 - ONWASA retains total control over treatment process and rate charges to customers	- The existing spray fields need to be kept operational (for effluent disposal) during construction increasing costs and duration of the project - Conversion of spray fields to infiltration basins is dependent on suitable soil conditions at the spray field site - Will require land acquisition to construct additional infiltration basins if flow exceeds 1 MGD in the future
3 Pluris Constructs and Operates New WWTP to Replace Existing Facilities		- Pluris construct new WWTP - New Holly Ridge Pump Station and existing force main to new Summerhouse Pump Station - New Summerhouse Pump Station and forcemain to new WWTP - Decommission existing WWTPs	- Pluris constructs new WWTP - New Holly Ridge Pump Station and existing force main to new Summerhouse Pump Station - New Summerhouse Pump Station and forcemain to new WWTP - Decommission existing WWTPs TRANSMISSION SYSTEM ONLY Design Start: Nov 1, 2021 Design and Regulatory Approval: 12 months Construction and Start-Up: 10 months Operational: Sept. 2023	TRANSMISSION ONLY \$6.0M	TRANSMISSION ONLY Start: \$0.08M per year Year 20: \$0.21M per year	- ONWASA only operates the collection system and pump stations, eliminating two WWTPs - Existing WWTPs remain in operation and are not affected by new plant construction (at a Pluris site only, not existing spray fields) - Pluris is responsible for creating plant capacity to treat present and projected flow volumes	- Must obtain approval of NC Utilities Commission to provide dedicated service or pay substantial connection charges - Future sewer rates would be directly affected by Pluris service agreement and treatment charges - ONWASA pays for treatment of every gallon of wastewater sent to Pluris, including storm water due to I/I
4 (SE) Send All Flow to MCBCL		- New Wastewater Pump Station (PS) at Summerhouse WWTP and Force Mains - New Wastewater PS at Holly Ridge WWTP and 16-in FM to new PS at ONWASA Dixon WTP - New 16-inch force main to MCBCL PS VL 342 - Upgrade Existing MCBCL PS VL342 to greater capacity - Install new 16-inch force main extension to MCBCL 30-inch gravity sewer - Decommission Summerhouse and Holly Ridge WWTPs	- ONWASA send flow to VL 342 and by-pass MCBCL PS SR-61 - Increased the MCBCL VL342 Pump Station capacity for future flow increase - Extend MCBCL 16-inch force main to MCBCL 30-inch gravity sewer - Phase II would be a second increase to the capacity of VL342 Design Start: Nov. 1, 2021 Design and Regulatory Approval: 29 months Construction and Start-Up: 18 months Operational: Dec. 2024	PHASE I \$35.4M PHASE II \$1.5M	Start: \$0.51M per year Year 20: \$2.2M per year	- ONWASA operates only the collection system and pump stations, not WWTPs - MCBCL French Creek WWTP currently has the capacity to treat present and future flow volumes - Hwy 17 force main creates the potential for expanding sewer service along that corridor	- Design and construction times are reliant on MCBCL approvals - Future sewer rates would be directly affected by MCBCL treatment charges - ONWASA will pay for treatment of every gallon of wastewater sent to MCBCL, including stormwater due to I/I - Option determined not feasible as of September 2021. MCBCL will not accept over 2 MGD of wastewater from ONWASA