

CAPE FEAR PUBLIC UTILITY AUTHORITY

FINANCE COMMITTEE

MINUTES

MAY 2, 2018

IT Conference Room

Regular Meeting

9:00 AM

235 GOVERNMENT CENTER DRIVE
WILMINGTON, NC 28403

I. CALL TO ORDER

Attendee Name	Organization	Title	Status	Arrived
William Norris	Cape Fear Public Utility Authority	Chair	Present	
Patricia Kusek	Cape Fear Public Utility Authority	Committee Member	Present	
Skip Watkins	Cape Fear Public Utility Authority	Committee Member	Present	
Jennifer Adams	Cape Fear Public Utility Authority	Committee Member	Present	
Wesley Corder	Cape Fear Public Utility Authority	Committee Member	Present	
Donna Pope	Cape Fear Public Utility Authority	Clerk/Executive Secretary to the Board	Present	
Jim Flechtner	Cape Fear Public Utility Authority	Executive Director	Present	
Linda Miles	Miles Firm, PLLC	CFPUA Consulting Attorney	Present	
Frank Styers	Cape Fear Public Utility Authority	Chief Operations Officer	Present	
Carel Vandermeijden	Cape Fear Public Utility Authority	Director of Engineering	Present	
John McLean	Cape Fear Public Utility Authority	Chief Financial Officer	Present	
John Malone	Cape Fear Public Utility Authority	Water Resource Manager	Present	
Julia Vosnock Faircloth	Cape Fear Public Utility Authority	Procurement Manager	Present	
Lindsey Hallock	Cape Fear Public Utility Authority	Director of Public and Environmental Policy	Present	
Beth Eckert	Cape Fear Public Utility Authority	Director of EMD	Present	
Denise Matroni	Cape Fear Public Utility Authority	HR Director	Present	
Peg Hall-Williams	Cape Fear Public Utility Authority	Chief Communication Officer	Present	
Kristine Irick	Cape Fear Public Utility Authority	Customer Service Director	Present	
BillyJo Winslett	Cape Fear Public Utility Authority	Human Resources Assistant	Present	

II. MINUTES APPROVAL

1. Finance Committee - Regular Meeting - Apr 4, 2018 9:00 AM

RESULT:	ACCEPTED [UNANIMOUS]
MOVER:	Patricia Kusek, Committee Member
SECONDER:	Wesley Corder, Committee Member
AYES:	Norris, Kusek, Watkins, Adams, Corder

III. MONTHLY FINANCIALS AND CUSTOMER SERVICE REPORT

The April financial data was not yet available. The report will be included in the Board agenda packet.

Ms. Irick reported on Customer Service's role in CFPUA's response during the April fluoride incident. Staff was informed and quickly mobilized to address customer calls. Ms. Irick joined other key staff as part of the emergency command team.

IV. INFORMATION ITEMS

1. FY18-19 Recommended Budget Presentation

Mr. McLean presented the recommended budget for FY2019. The budget is \$2.2 million greater than the FY2018 budget. Water and sewer revenues make up 88 percent of the budget at \$71.9 million. SDCs are budgeted at \$4.2 million and represent 5 percent of the budget.

The recommended rates for FY2019 are:

Fixed water charge:	\$27.56
Volumetric water:	4.02/1,000 gallons
Fixed sewer charge:	29.10
Volumetric sewer:	4.63/1,000 gallons

The rates would result in a \$16.44 annual increase on the average customer bill with 4,200 gallons per month. The rates support the Board's financial goal of annual pay-go capital funding in the amount of \$18 million. CFPUA's rates compare favorably to other North Carolina public utilities.

The budget presentation will go to the full Board at the May meeting. The public hearing and budget adoption are scheduled for the June meeting.

RESULT:	REVIEWED	Next: 5/9/2018 9:00 AM
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V. ACTION ITEMS

1. Authorization for the Executive Director to Execute a \$160,495 Contract with Carollo Engineers Inc. for the Innovyze InfoMaster Implementation Project

Mr. Vandermeyden presented the item. The program will provided computer analysis of the system's 900 miles of gravity sewer. Ms. Adams moved to recommend approval, with placement on the Consent Agenda. Ms. Kusek seconded the motion, and it passed unanimously.

RESULT:	APPROVED AND RECOMMENDED [UNANIMOUS]	Next: 5/9/2018 9:00 AM
MOVER:	Jennifer Adams, Committee Member	
SECONDER:	Patricia Kusek, Committee Member	
AYES:	Norris, Kusek, Watkins, Adams, Corder	

2. Kings Bluff Pump Station Upgrades - Equipment Purchase

Mr. Vandermeyden presented the item. Mr. Corder moved to recommend approval, with placement on the Consent Agenda. Ms. Adams seconded the motion, and it passed unanimously.

RESULT:	APPROVED AND RECOMMENDED [UNANIMOUS]	Next: 5/9/2018 9:00 AM
MOVER:	Jennifer Adams, Committee Member	
SECONDER:	Wesley Corder, Committee Member	
AYES:	Norris, Kusek, Watkins, Adams, Corder	

3. Easement Termination - Lots 58 and 59 - Anchor's Bend Way

Mr. Vandermeyden presented the item. Ms. Kusek moved to recommend approval, with placement on the Consent Agenda. Ms. Adams seconded the motion, and it passed unanimously.

RESULT:	APPROVED AND RECOMMENDED [UNANIMOUS]	Next: 5/9/2018 9:00 AM
MOVER:	Patricia Kusek, Committee Member	
SECONDER:	Jennifer Adams, Committee Member	
AYES:	Norris, Kusek, Watkins, Adams, Corder	

4. Sale of Real Property - 105 Berry Street, Castle Hayne

Mr. Vandermeyden presented the item. Ms. Adams recommended approval, with placement on the Consent Agenda. Mr. Corder seconded the motion, and it passed unanimously.

RESULT:	APPROVED AND RECOMMENDED [UNANIMOUS]	Next: 5/9/2018 9:00 AM
MOVER:	Jennifer Adams, Committee Member	
SECONDER:	Wesley Corder, Committee Member	
AYES:	Norris, Kusek, Watkins, Adams, Corder	

5. Conveyance of 109 Little Creek Road to New Hanover County

Mr. Vandermeyden presented the item. Ms. Adams moved to recommend approval, with placement on the Consent Agenda. Mr. Corder seconded the motion, and it passed unanimously.

RESULT:	APPROVED AND RECOMMENDED [UNANIMOUS]	Next: 5/9/2018 9:00 AM
MOVER:	Jennifer Adams, Committee Member	
SECONDER:	Wesley Corder, Committee Member	
AYES:	Norris, Kusek, Watkins, Adams, Corder	

6. Return Three Parcels to New Hanover County Per Deed Book 5330 Page 1728

Mr. Vandermeijden presented the item. Ms. Kusek moved to recommend approval, with placement on the Consent Agenda. Ms. Adams seconded the motion, and it passed unanimously.

RESULT:	APPROVED AND RECOMMENDED [UNANIMOUS]	Next: 5/9/2018 9:00 AM
MOVER:	Patricia Kusek, Committee Member	
SECONDER:	Jennifer Adams, Committee Member	
AYES:	Norris, Kusek, Watkins, Adams, Corder	

7. Budget Amendment 18-007

Mr. McLean presented the budget ordinance that supported an interlocal agreement with the City. Mr. Watkins moved to recommend approval with placement on the Consent Agenda. Mr. Corder seconded the motion, and it passed unanimously.

RESULT:	APPROVED AND RECOMMENDED [UNANIMOUS]	Next: 5/9/2018 9:00 AM
MOVER:	Skip Watkins, Committee Member	
SECONDER:	Wesley Corder, Committee Member	
AYES:	Norris, Kusek, Watkins, Adams, Corder	

8. Authorization for the Executive Director to Enter into a \$269,982 Inter-Local Agreement (ILA) with the City of Wilmington for the Pump Station 12 Force Main Replacement Project.

Mr. Vandermeijden presented the item. CFPUA and the City will coordinate on construction projects in the Pump Station 12 area. Mr. Corder moved to recommend approval, with placement on the Consent Agenda. Ms. Adams seconded the motion, and it passed unanimously.

RESULT:	APPROVED AND RECOMMENDED [UNANIMOUS]	Next: 5/9/2018 9:00 AM
MOVER:	Wesley Corder, Committee Member	
SECONDER:	Jennifer Adams, Committee Member	
AYES:	Norris, Kusek, Watkins, Adams, Corder	

9. Authorization for the Executive Director to Execute a \$257,600 Contract Amendment with McKim and Creed for Construction Administration and Construction Observation for the Pump Station 12 Force Main.

Mr. Vandermeyden presented the item. Ms. Adams moved to recommend approval, with placement on the Consent Agenda. Mr. Corder seconded the motion, and it passed unanimously.

RESULT:	APPROVED AND RECOMMENDED [UNANIMOUS]	Next: 5/9/2018 9:00 AM
AYES:	Norris, Kusek, Watkins, Adams, Corder	

10. Authorization for the Executive Director to Execute a \$2,034,015.00 Construction Contract with Carolina Civilworks for the Pump Station 12 Force Main.

Mr. Vandermeyden presented the item. Mr. Corder moved to recommend approval, with placement on the Consent Agenda. Ms. Adams seconded the motion, and it passed unanimously.

RESULT:	APPROVED AND RECOMMENDED [UNANIMOUS]	Next: 5/9/2018 9:00 AM
MOVER:	Wesley Corder, Committee Member	
SECONDER:	Jennifer Adams, Committee Member	
AYES:	Norris, Kusek, Watkins, Adams, Corder	

11. Authorize the Executive Director to execute a \$9,500 contract amendment with Arcadis for the CFPUA Standards Update Project

Mr. Vandermeyden presented the item. Ms. Adams moved to recommend approval, with placement on the Consent Agenda. Mr. Corder seconded the motion, and it passed unanimously.

RESULT:	APPROVED AND RECOMMENDED [UNANIMOUS]	Next: 5/9/2018 9:00 AM
MOVER:	Jennifer Adams, Committee Member	
SECONDER:	Wesley Corder, Committee Member	
AYES:	Norris, Kusek, Watkins, Adams, Corder	

12. Sole Source Authorization - Calgon Carbon

Mr. Styers presented the item. The carbon media is used in existing filters at the Sweeney plant and is not part of the pilot program using GAC for the removal of perfluorinated compounds. Calgon is the sole source for the filters currently under use.

Calgon Carbon of Pittsburg is a wholly-owned subsidiary of Japanese Kuraray Company Ltd. Japanese Kiraray Company Ltd. owns the Kuraray America facility located on the Chemours site in Bladen County.

Following discussion and clarification questions, Mr. Watkins moved to recommend approval, with placement on the Consent Agenda. Mr. Corder seconded the motion, and it passed unanimously.

RESULT:	APPROVED AND RECOMMENDED [UNANIMOUS]	Next: 5/9/2018 9:00 AM
MOVER:	Skip Watkins, Committee Member	
SECONDER:	Wesley Corder, Committee Member	
AYES:	Norris, Kusek, Watkins, Adams, Corder	

13. Emergency Bypass Pumping Services

Mr. Styers presented the item. Ms. Adams moved to recommend approval, with placement on the Consent Agenda. Ms. Kusek seconded the motion, and it passed unanimously.

RESULT:	APPROVED AND RECOMMENDED [UNANIMOUS]	Next: 5/9/2018 9:00 AM
MOVER:	Jennifer Adams, Committee Member	
SECONDER:	Patricia Kusek, Committee Member	
AYES:	Norris, Kusek, Watkins, Adams, Corder	

14. Emergency Construction Contract Change Order

Mr. Styers presented the item. Following clarification questions, Ms. Adams moved to recommend approval, with placement on the Consent Agenda. Mr. Watkins seconded the motion, and it passed unanimously.

RESULT:	APPROVED AND RECOMMENDED [UNANIMOUS]	Next: 5/9/2018 9:00 AM
AYES:	Norris, Kusek, Watkins, Adams, Corder	

15. Resolution Authorizing Electronic Payments

Mr. McLean presented the item. He explained that governmental agencies in North Carolina have had the ability to use electronic payments for several years. In 2015, the Local Government Commission was tasked with developing rules for electronic payments that would fulfill the pre-audit requirement for local governments. The rules have been released, and staff has developed a procedure to support the encumbrance of monies for electronic payments. The rules require a resolution from the Board supporting electronic payments. Mr. Watkins moved to recommend approval, with placement on the Consent Agenda. Ms. Adams seconded the motion, and it passed unanimously.

RESULT:	APPROVED AND RECOMMENDED [UNANIMOUS]	Next: 5/9/2018 9:00 AM
MOVER:	Skip Watkins, Committee Member	
SECONDER:	Jennifer Adams, Committee Member	
AYES:	Norris, Kusek, Watkins, Adams, Corder	

16. Adoption of System Development Charges for Fiscal Year 2018-2019

Mr. McLean presented additional supporting data for the FY2019 SDC calculation. He has reviewed the information with Mr. O'Grady, who had questions at the April Board meeting regarding the differences between water and sewer funding sources. Ms.

Kusek moved to recommend approval, with placement on the Consent Agenda. Mr. Corder seconded the motion, and it passed unanimously.

RESULT:	APPROVED AND RECOMMENDED [UNANIMOUS]	Next: 5/9/2018 9:00 AM
MOVER:	Patricia Kusek, Committee Member	
SECONDER:	Wesley Corder, Committee Member	
AYES:	Norris, Kusek, Watkins, Adams, Corder	

17. Revisions to Meter Obstruction Ordinance and Calculated Charges

Ms. Irick presented the item and explained the process used for billing when meters are obstructed and cannot be read. Staff recommended a decrease from 18,000 gallons to 8,400 gallons for estimated usage billing. Once an obstruction is removed, the bill will be reconciled for exact usage. Following discussion, Ms. Adams moved that the item be amended to use 8,400 gallons or the customer's highest historic consumption for the estimated usage billing, whichever is higher. Mr. Watkins seconded the motion, and it passed unanimously.

RESULT:	APPROVED AND RECOMMENDED [UNANIMOUS]	Next: 5/9/2018 9:00 AM
MOVER:	Jennifer Adams, Wesley Corder	
SECONDER:	Skip Watkins, Committee Member	
AYES:	Norris, Kusek, Watkins, Adams, Corder	

18. Resolution to Credit Customers served by the Michael E. Richardson Nanofiltration Plant

Mr. Styers presented an overview of the April 25 fluoride release. Fluoride is a naturally-occurring mineral with an EPA advisory of 2 mg per liter in water. CFPUA's finished water has 0.7 mg per liter. A mechanical failure caused fluoride to go into the Richardson Nano plant system late in the night of April 24. Staff discovered the issue in the early morning hours and responded quickly. The plant stopped production and issued a do not drink advisory for the northern part of the county served by the Richardson plant. Areas near the plant with fluoride concentrations were identified, and strategic flushing was conducted to methodically clear the water mains. County and state officials were alerted. The do not drink advisory was lifted during the afternoon of April 25, and a boil water advisory was in effect until the morning of April 26.

Mr. Styers explained additional administrative and engineering controls staff is developing to safeguard the system from such incidents. Staff answered clarification questions from Committee members.

Mr. Flechtner stated that staff recognizes the inconvenience to customers as a result of the do not drink advisory. He presented a resolution and budget amendment to provide a one-time \$5.00 credit to customers in the Richardson plant service area. Ms. Kusek moved to approve both the resolution and the supporting budget amendment, with placement following Mr. Styers' Operations report. Ms. Adams seconded the motion, and it passed unanimously.

RESULT:	APPROVED AND RECOMMENDED [UNANIMOUS]	Next: 5/9/2018 9:00 AM
MOVER:	Patricia Kusek, Committee Member	
SECONDER:	Jennifer Adams, Committee Member	
AYES:	Norris, Kusek, Watkins, Adams, Corder	

VI. GENERAL COMMENTS / DISCUSSION

There was no additional business and no further discussion.

VII. ADJOURNMENT

Ms. Kusek moved to adjourn. Ms. Adams seconded the motion, and it passed unanimously. The Committee adjourned at 10:37 AM. The next regular Finance Committee meeting will be Wednesday, June 6, 2018. The Committee will meet at 9:00 AM in the IT Conference Room, second floor of the CFPUA building, 235 Government Center Drive, Wilmington, North Carolina.

Respectfully submitted,

Donna S. Pope
Clerk to the Board