

February 18, 2014

Minutes of the regular meeting of the Yadkin Valley Sewer Authority (YVSA) held Tuesday, February 18, 2014 at 9:00 a.m. at the YVSA Office.

## **PRESENT**

Directors: Chairman Wayne Moore, Vice-Chair J. L. Lowe, Jr., Directors Tommy Casstevens, and Victor Varela. Director Harold Lee Wagoner was absent.

Also present: Executive Director Nicole Johnston; Secretary/Treasurer John Holcomb; Benjie Thomas, Engineer with West Associates; Attorney James Freeman; YVSA Administrative Assistant Susan White.

## **I. WELCOME**

- With a quorum of four present, Chairman Moore welcomed everyone and called the meeting to order.

## **II. CONSENT AGENDA**

- *Tab A – Consent Agenda:*
  - *Minutes of the January 14, 2014 Board Meeting (Regular Meeting).*
- *Chairman Moore asked for a motion to approve the Consent Agenda in its entirety.*
  - ✚ *Following a motion made by Mr. Lowe and seconded by Mr. Casstevens, the minutes were approved by a vote of four - zero with no discussion.*

## **III. ACTION ITEMS/UPDATES FROM STAFF**

- *Tab B - Executive Director's Update – Executive Director Nicole Johnston*
  - Three reportable SSO's in January.
  - SSO at Regional Pump Station on January 11<sup>th</sup> due to excessive rainfall.
  - SSO at River Road Pump Station on January 13<sup>th</sup> due to excessive discharge from Jonesville Water Plant. Their discharge exceeded our pump capacity.
  - Mr. Lowe stated the Town Managers need to know the problem excessive discharge of their alum sludge creates for our Stations and we need their help to get control of the alum discharge. Need to send them a letter stating we would appreciate their help with regulating their flows from their water plants in both Towns.
  - Received \$14,000 invoice from KRG for pipe bursting on line at the Claremont Road SSO in December. Pleased KRG's invoice was no more than that. You will remember this SSO was due primarily to the accumulation of grease in that line.
  - We will not be hauling sludge in January due to the ground being frozen. Will haul in March.
  - Update on Pretreatment Program
  - PGW Project-per Brad Langston, District Representative in the Office of Congressman Howard Coble, ARC is waiting on EDA to move on this project first.
  - EDA is waiting on Congressional appropriations funding which all passed general requirements in January.

- Lowe asked if any information had been received from Weyerhaeuser. Johnston stated no information received from them yet.
  - Lowe recommended she email LeeAnn (Stokes with Surry EDP) explaining that we cannot move any farther without them doing their piece,
  - Mr. Langston reported to Mr. Thomas the ARC grant was moving along well in Washington.
  - (Surry County Commissioners Chairman) Eddie Harris called to report he has spoken to Senator Burr's office and others, reminding them that especially for the PGW Project we will look really bad if their money does not come through.
  - Operations Manager Update:
    - Three or four good candidates to interview.
    - Lowe wants to be in on the interviews.
    - Johnston will discuss the candidates with Moore and Lowe.
- *Tab C –Engineer's Update – Benjie Thomas, West Consultants, PLLC.*
- Project #1 - SW Elkin Collections System Rehab Project (SRL and CWMTF) -
    - Just about ready to submit to Raleigh to review.
    - Some issues in the project will be completed by Staff. It is hard to get people to fix things on their own property.
    - The part that needs to be bid out will be sent to Raleigh for review.
  - Project #2 – Pump Station Rehab/Upgrade Project (ARC and CWSRF) –
    - Nicole and (Attorney) James (Freeman) are working diligently on getting easements signed.
    - Johnston stated if we can't get some of these signed we may have to get Eminent Domain for their easements.
    - Freeman asked what easements were lacking.
    - Johnston stated still looking for three property owners. Has met three times with another property owner. They are not going well.
    - Freeman explained Eminent Domain is going to be extremely expensive. He recommended offering the owner a little money to sign. Will cost a lot more to go through the Eminent Domain process rather than give a little money upfront.
    - Lowe asked if the new lines are going where pipes are already and we are going right by the old pipes with new pipe.
    - Thomas stated no we will be running new lines along a different route so as to close the existing pump stations.
    - Casstevens stated someone was telling one owner not to sign.
    - Lowe asked could we start digging on the line while waiting on the others to sign.
    - Moore stated we are not required to give anyone any money but he would be open to paying him a little to get on with the project.
    - Johnston stated we had to scrape the road in Jonesville during last week's snow storm as we could not even get down to Welborn Pump Station to read and check it. As a courtesy we also scraped Mr. Welborn's driveway.
    - Casstevens asked didn't Mr. Welborn say he wanted that Pump Station moved out from there four or five years ago.

- Mr. Varela stated if we are going on someone's property and don't have an easement signed upfront, we are going to spend a lot of money on the back end.
- Thomas stated if you can't get the easements signed, come back to him for direction.
- Varela stated he would be glad to help with the easements if we need him.
- Once we get the easements all signed, we are ready to go to bid.
- Project #3 - PGW Downstream Improvement Project –
  - Waiting on ARC and EDA funds to be approved.
  - Mr. Langston is being helpful with that.
  - Received a call from Hillary Sherman, our EDA Representative, wanting a few more explanations and confirmations.
  - She seems to be expecting approval any time now.
  - Ms. Sherman seems to be pushing hard for us.
  - Told her there had already been failures at these pump stations twice – we need the help now.
- Weyerhaeuser Update:
  - Nicole has already updated you some on Weyerhaeuser.
  - Still waiting on information from them.
  - Also waiting on ARC's grant approval.
  - Weyerhaeuser still has a lot of work to do on their end.
  - Met with them a couple of weeks ago.
  - They have been trying to get their pH down. Their color and dissolved solids must be right for us to accept it.
  - Met with a major manufacturer of UV light to make sure we are preparing correctly for UV light at the WWTP going forward.
  - We need to make sure the Treatment Plant is protected (i.e. make sure color will not interfere with the use of UV in the future).
- *Tab D - Audit Proposal Review and Approval by Two (2) Separate Firms – John Holcomb*
  - Proposals by two firms – Preston, Sims, & Darden and Gibson & Company.
  - Background information – We have been using the audit firm of Jack Wilson, CPA, from Mt. Airy.
  - The firm was sold this past fall due to Mr. Wilson's health and at that time, our audit had not been completed.
  - Preston, Sims, and Darden from Winston-Salem bought the firm.
  - They agreed to complete our audit for what was owed to Jack Wilson Company.
  - We did solicit a proposal from another firm in Winston-Salem.
  - Both proposals are for \$5,000.
  - Spoke with Nicole, Susan, and Kim Walker and they are all comfortable with Preston, Sims, and Darden.
  - They did us a big favor when they came in and finished that last audit for the payment owed.
  - My recommendation would be to go with Preston, Sims, and Darden on a year by year basis.
- *Chairman Moore asked for a Motion to approve the FY 2015 Audit Contract with Preston, Sims, and Darden in the amount of \$5,000.00.*

✚ Upon a motion by Mr. Lowe and seconded by Mr. Casstevens, the motion was approved with a vote of four to zero with no discussion. .

- *Tab F - Financial Update –Secretary/Treasurer John Holcomb*
  - Cash as of February 14, 2014 is \$96,999.
  - Currently revenue has exceeded expenses by approximately \$36,000.
  - Same as in past months, caustic has not been spent yet. Budgeted at \$12,000.
  - DENR Loan Administration Fee is a timing thing and might possibly not be spent this year.
    - When we make the first drawdown from that grant money, the Loan Admin Fee will have to be paid.
  - Have spent \$101,000 on R&M Pump Stations. This is \$33,000 over budget already.
  - Have budgeted \$70,000 for sludge hauling but only spent \$54,400.
  - Will probably spend the balance of that account in March.
    - We have a \$34,225 debt payment on the Memorial Park Pump Station due the end of February.
  - A debt service payment of \$83,000 is due April 12<sup>th</sup>.
  - A balance of \$60,000 on Jonesville’s GO Bond we refinanced is due in June.
  - Salaries and Wages are tracking well.
  - Schedule of billings from Towns are included for you.
  - Billed PGW for 24 million gallons in January. Soon as I have the amount billed in February, I will share it with Nicole and she can pass along to you.
  - Elkin’s payment for revenue collected until mid-February has been transferred.
  - Jonesville’s mid-February revenue collections is due now.
  - That will put our cash over \$100,000 but there are plenty of expenses to go with that.
  - Lowe asked what the estimated high PGW gave us was.
    - Holcomb stated PGW said 60-70 gallons per minute (gpm).
    - The estimation he gave is about 39 gpm.
    - CIP is based on 40 gpm.
    - Hope we are in the 65/70 gpm range.
    - Thomas shared eventually 3.7 million gallons per month is anticipated.
  - A lot of consumption has come in the last 3-4 months while they are ramping up.
  - We (Elkin) are tracking PGW flows each month so we will better know how to react to that.
- *Tab F – Water Usage by Breweries Discussion –Nicole Johnston/ John Holcomb*
  - Received a call from Ken Gulaian regarding sewer policy on breweries.
  - Currently we have no policy on Breweries.
    - Their point of view is they are using water in the brewing process but not all that water is coming down to the sewer due to bottling the product.
    - We have a couple of other breweries also looking to come in.
    - Holcomb stated he has done some research on how other towns handle this situation.
    - Lots of places have let them have a subtraction factor.

- Looking through the responses he has received, the best solution seems to be a separate meter going to that building.
- Don't know yet if that building will have restrooms but if so, will send them a minimum bill for sewer each month.
- This particular brewery will go into the old Basin Creek Store building on North Bridge Street.
- Let staff see if they are going to have a restroom in there and if so, they will have a minimum monthly bill on that building. There is also supposed to be a brewery going into the Liberty in Downtown Elkin which will have significant water usage.
- Johnston stated she had mixed feelings about allowing a no sewer or minimum usage sewer bill for breweries. There will be significant cleaning in the processing building and we need that sewer revenue.
- Varela stated he will talk to a friend at a brewery in Winston-Salem to see how they pay bills for their processes.
- Both Lowe and Holcomb felt they needed to be charged something.
- Lowe stated there is one (brewery) in Wilkes; we should find out what they do.
- These guys are going to have a restaurant in the old Basin Creek Store building so that will be a regular sewer bill.
- Lowe asked if you can run one meter for both buildings.
- Ken Nolan (Wilkesboro Town Manager) said they (the Breweries) give him an amount each month of water used.
- Lowe stated the biggest thing is when they have to clean their tanks, we need that money. We want to be accommodated.
- The discussion was tabled until the March meeting.
- Holcomb stated he and Johnston have done a lot of work on the 5-year CIP process.
  - He would also like to get information from the NC Finance Center.
  - He looks at their figures every year to see that our rates stay in line with the rest of the State.
  - He feels like we will be able to set dates for the Budget Workshops at our March meeting.
  - That will give us time to look at our operating costs before that.
  - We will meet at the Operations Center one morning.
  - Freeman stated in an unrelated matter, he has been looking at the by-laws and when they were originally approved, they said the Chair and Vice-Chair would only serve five consecutive terms.
  - He would like the Board to change that.
  - He stated that even though the Directors were appointed by the Towns to three year terms, the Chair and Vice-Chair positions were supposed to be appointed each year by the Board.
  - Lowe stated he was not sure he wanted to change it. May be in favor of a term longer than five years but does not want it to be a life-time type of thing.
  - Freeman said he just wanted to bring it up because we are already in non-compliance.
  - First of each fiscal year we are supposed to elect officers.
  - Varela stated he understood and was also against a life-time term.

- Lowe stated at the Town of Elkin they have some Boards that are life-time and seem like they always will be.
- Johnston announced to the Board she has a meeting at 1:30 today regarding the Cooper Terrace Project at the Elkin Corporate Park with Benjie, John, and Leslie Schlender and Robert Fuller with the Town of Elkin.
  - This project will involve residential sewer lines.
  - The builder has to run the line to tie in to the PGW line.
  - Questions is does the Town or someone want to help pay for a larger line to be put in for growth.
  - Thomas stated the line is already going to be 14 feet deep.
  - These tracts fall down toward the interstate.
  - If they are trying to put some type of large building in then that sewer line would have to be maybe 25 feet in the ground.
  - We will also be talking about a 6 inch line – 8 inch is fine.
  - PGW to Candlewyck is an 8 inch line.
- Holcomb stated Elkin is also getting a Zaxby’s restaurant in the same area. He will speak to Leslie and Robert about the Sewer Authority know knowing about this restaurant coming in before now.

**IV. STAFF COMMENTS**

- Chairman Moore asked if there were any further Staff comments. There were none.
- Chairman Moore asked if there were any further comments from the Directors. There were none.

**V. *Being no further business or discussion, Chairman Moore asked for a motion to recess the meeting.***

- ✚ *Upon a motion to recess by Mr. Lowe and seconded by Mr. Casstevens, the meeting was recessed by a vote of four in favor; none against.*

Submitted by:

---

Susan White  
YVSA Administrative Assistant

---

Wayne Moore, Chair

Attest:

---

John W. Holcomb, Secretary/Treasurer