

June 10, 2014

Minutes of the regular meeting of the Yadkin Valley Sewer Authority (YVSA) held Tuesday, June 10, 2014 at 9:00 a.m. at the YVSA Office.

## **PRESENT**

Board: Chairman Wayne Moore, Directors Tommy Casstevens and Harold Lee Wagoner. Vice-Chair J. L. Lowe, Jr. arrived at 9:05. Director Victor Varela was absent.

Also present: Executive Director Nicole Johnston; Secretary/Treasurer John Holcomb; Jerry Twiggs, Engineer with West Consultants PLLC; Attorney James Freeman; YVSA Operations Manager Brad Haynes, and YVSA Administrative Assistant Susan White.

Also present: Ronda Commissioner/YVSA Alternate Representative RheaJean Bengé.

## **I. WELCOME**

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

## **II. CONSENT AGENDA**

- *Tab A – Consent Agenda:*
  - *Minutes of the May 13, 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. Casstevens and seconded by Mr. Wagoner the minutes were approved by a vote of three - zero with no discussion.*

## **III. PUBLIC COMMENT PERIOD**

- Chairman Moore announced that a Public Notice for today's FY2014-2015 Budget Hearing had been published in the Elkin Tribune on Wednesday, May 28, 2014, as required by State Statute. He would now open the Public Hearing for questions and comments from the public regarding the proposed FY2014-2015 budget.
- After a period of time, Moore announced that hearing no questions or comments, the Public Hearing was now closed.

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

- *Tab B– Proposed FY 2014-2015 Budget - Nicole Johnston/John Holcomb*
  - Holcomb asked the Board to review the Budget Message included in their packets.
  - He stated our priorities are listed in the Budget format he created years ago.
  - Stated this is guidance for the upcoming year.
  - Includes a base compensation of 2% for all employees and an additional merit increase of up to 1% for qualified employees.
  - There will be two fee increases this year – the volumetric rate will increase from \$8.25 to \$8.75 per thousand gallons used over the first 2,000 gallons, and the minimum bill, which includes the first 2,000 gallons used, will increase from \$16 to \$19.
  - There are five debt service payments included in the budget –

- Regionalization Project.
- Wastewater Treatment Plant Upgrade Project.
- Memorial Park Pump Station loan.
- General Obligation of Jonesville's sewer Debt.
- YVSA Operations Center.
- Details of the Capital Items and new equipment needed are also listed.
- Rates are looking to increase \$3 on the base rate and fifty cents on the volumetric rate.
- We will talk more about the specifics during the actual presentation.
- YVSA has again been operating at a loss this past year.
- He has gone through a series of meetings with Nicole (Johnston), going through the line items one by one.
- We have five debt payments, some of which were refinanced this past year to save money.
- Largest cost built in to this budget is salaries and wages.
- Second largest cost is Hydro Management (United Water) for management of the WWTP at a cost of \$167,330.
- Also includes a provision of \$100,000 for Repairs and Maintenance-Pump Stations, which based on today's figures seems low. Pump Station Rehab Project should help with that cost after this year.
- Nicole and I bring this budget to you and I recommend you adopt it.
- Director Lowe stated the one-percent fund balance should actually be termed Capital Improvement Fund Balance. He feels that is misleading to the public. He does not want them thinking we are trying to build up reserves of money in a fund but rather this fund is just to try and stay ahead of the infrastructure as it deteriorates.
- Holcomb stated there are a lot of specific areas we can't cover in this budget, there's just no money to do it. But Lowe's point is well taken, this line item is not really much fund balance.
- This money should be to buy equipment and necessities.
- He also reminded the Board this Ordinance will be a legal document that tells how we will fund our operation for the next year – FY2015.
- Director Casstevens asked how much money we would gain by closing those Pump Stations and asked if any would be done this year.
- Johnston stated we are closing four stations but they are four small stations with mostly small power bills. Our greater savings should be seen in power bill and maintenance savings from buying new pumps for the other stations.
- Lowe stated the new pumps will be less maintenance and are also under warranty for up to five years.
- Holcomb shared he hoped at least part of this year will be good news. He has \$100,000 in the line item because of still having the old pumps and stations to deal with for half the year. Next year should be better.
- The budget shows Elkin will provide 66% of our total revenue, Jonesville will bring in 29.6%, and Ronda will contribute 4.4%
- Sewer tap revenue is conservatively estimated at \$5,000.
- Billable Lab Analysis is estimated at \$2,500.
- Total projected FY2015 Revenue is \$1,682,340.

➤ *Chairman Moore asked for a motion to approve the Budget Ordinance for FY 2015 in its entirety.*

✚ *A motion was made by Mr. Lowe and seconded by Mr. Casstevens.*

❖ *Discussion: Lowe stated he would like the wording changed in the Ordinance to reflect the previous discussion. Holcomb stated he had called it an enterprise fund but will change the terminology going forward.*

✚ *With no further discussion, the ordinance was approved by a vote of four - zero.*

– *Tab C– Executive Director’s Update - Nicole Johnston*

- Only one reportable spill this past month – 200 gallons at River Road Pump Station in Jonesville.
- This station is being completely reworked in the Pump Station Rehab Grant Project.
- Will be getting new pumps, new rails, and a SCADA system.
- Currently there is no way to know when we are at high water there unless someone sees the flashing light or hears the alarm and lets us know.
- The current pumps are 15-20 years old and have had hardly no maintenance done on them.
- With the new pumps we can now handle the Jonesville alum sludge better.
- She shared she had sent a letter to Town Managers Lloyd Payne and Scott Buffkin requesting help in dealing with the amount of alum sludge released at any one time. Mr. Payne responded he would meet with her after their Budget was completed.
- Did have to report this spill to NEDENR because it met water.
- Lowe asked Johnston if the Town Managers understand the issues caused by the rate their alum is released and that it is costing us money.
- Johnston replied she will explain that to them and have Benjie (Thomas) there with her to help.
- Spent \$7,540 on sludge hauling on May 28 and 29. Hauled away 188,500 gallons to empty the digester. The mixer fell loose from the digester and we had to haul quickly to get the digester remounted properly and securely to the side wall.
- This cost of \$7,540 has not hit the financials yet.
- This is an old digester, built in the fifties. We are looking for a sealant to paint the seams as it is leaking through the seams now.
- Watson Metals will then weld the mixer back to the digester wall after resetting it at a cost of approximately \$1,000.
- Sludge hauling was a direct expense of the mixer breaking. It broke loose from the top and bottom and had to be emptied in order to be sealed.
- We had a pump burn up at Colonial Village Pump Station in Elkin yesterday.
- Waiting on the State and IFS to approve the bid project.
- Benjie is making phone calls to them stressing how everything is falling apart and we need to move on this project quickly.
- There is an additional cost to the Pump Station Rehab Phase II project in the amount of \$5,400. Welborn Pump Station was slated for demolition by the

YVSA. After further review it was determined it was not safe for our staff to do this. Will have to have a contractor do it.

- *Tab D – Engineers Update – Jerry Twiggs, West Consultants, PLLC.*
  - A - SW Elkin Collection System Rehab (SRL and CWMTF): project paperwork is in Raleigh for review.
    - Received comments back from them and are preparing our response now.
    - Included in the response will be the addition of re-routing the sewers in the Circle Court area. The lines come from Market Street and are currently under three homes. Should hear their response anytime now.
    - Benjie called them after we found this last issue. Expect the funds to be released any day. We told them we are having issues and really need them to expedite the approval.
  - B – Pump Station Rehab/Upgrade Project (ARC and CWSRF):
    - Immediately after we receive approval, we will have a pre-construction conference and order the new pumps, which will take six to eight weeks to come in.
  - C – Sewer Improvements to Serve PGW:
    - Working now to get Hugh Chatham Memorial Hospital easements (2).
    - Have talked to Jeff Eidson. Meeting with him Monday. His main concern involves sewing his grass back.
    - We have a 10 foot ROW on existing sewer lines now. We are asking for an additional 15, giving us a total of 25 feet to be able to get equipment in. We will keep both lines in use. The one in there now is inadequate to hold anticipated flow. New line gives more capacity. Old line does not need to come out because in a heavy rain, both lines are needed. Both will be running gravity all the time. This additional capacity is needed to handle PGW. Project is completely funded by grant funds. This project will eliminate our issues with overflows at the Pump Stations on that line.
    - Three pumps are running at Little Dutchman for the first time since I have been here. This project also helps Little Dutchman Pump Station.
  - D – Sewer Extension for Weyerhaeuser:
    - Met with Weyerhaeuser to identify the proposed pump station site. They were okay with location.
    - Pump Station will be built in the flood plain but will be set on a platform similar to the Regional Pump Station.
    - They are supposed to be completing their Industrial Waste Survey today.
    - Lowe asked how long it had been since we started trying to get the SW Elkin Grant.
    - Twiggs stated it has taken a long time. We began in December of 2012, a year and a half ago. It took a year to get all the funding from all the different grant agencies. We were finally able to get all the funds needed after a year – March 2013 to March 2014. We did a lot of cleaning and cameraing sewer lines to identify where the issues were and what work was needed. All those findings were compiled

and given to the State so they could see what we have identified to be done. They still have a few questions about the project but nothing critical. Normally it takes about three years from start to finish to complete grant-funded projects. It is well worth it though when the project is completely funded. All environmental and funding issues have been resolved and signed off on. It is frustrating when you have pumps out there just holding on but you can't move the funding process any faster.

- Lowe stated all parties, including Surry County Commissioners, Weyerhaeuser people, our Board, etc., need to be keep up-to-date on Weyerhaeuser's progress, or lack thereof, especially with them not getting their information to us yet.
  - Johnston stated she met Ken at Weyerhaeuser last week and let him know we will not proceed until we get their pretreatment numbers and they show us they meet our discharge limits. If they can't meet them, we cannot take the discharge.
  - Lowe stated the (Surry) County people do not understand where the hold-up is.
  - Twiggs stated we will send out an update to all involved letting them know what is holding things up – they have not completed their pretreatment analysis. Weyerhaeuser stated they were waiting on their engineering firm to create their pretreatment plan, including the way they will pretreat their discharge.
  - Moore stated people need to know Weyerhaeuser is holding the project up.
  - Twiggs stated he will let all parties know.
  - Holcomb stated to include (Elkin Town Manager) Lloyd (Payne) on that email and asked how long after we receive their analysis would we have answers.
  - Johnston stated three months for us, six months for the State after that.
- *Tab E– Budget Amendments FY2014 – John Holcomb, Secretary/Treasurer.*
- Have the Budget Amendments worksheet for your review showing things that have overrun last year's projections.
    - \$138,664 – Budget Revenue items from CWMTF Elkin Rehab Project 2012-542.
    - \$7,000 over on Professional Services.
    - \$15,000 over on utilities at the WWTP.
    - \$8,200 over on utilities-Admin Facility.
    - Have a Loan Administration payment of \$21,000 coming up soon.
    - In the red over our original budget by \$94,656.
    - R&M - Building and Grounds is over \$21,500.
    - R&M Pump Stations was budgeted at \$67,491. Looks like that will be a good number.
    - Other projects we have put money into include
      - ◆ \$119,500 for SW Elkin Rehab
      - ◆ \$47,500 for Phase II Collection System
      - ◆ \$45,700 for PGW Improvements
      - ◆ \$10,700 for the Weyerhaeuser Collection System

- ◆ Additional \$21,305 in additional accumulated debt on the Jonesville debt payment,
      - Some costs may be grant reimbursable but not until next year.
      - These numbers just tell us we will be increasing our costs over the coming year.
      - Estimated the revenue balance for FY2014 – some late invoices are coming in now.
      - Bringing the Budget Amendment I have handed out to you for your adoption.
- *Chairman Moore asked for a motion to approve the Budget Amendment for FY 2014 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.*
- *Tab F– Financial Update – John Holcomb, Secretary/Treasurer.*
  - The Budget Amendment for this year will tie into next year.
  - Cash as of June 8<sup>th</sup> is \$20,728, up a little from last month. One reason the balance is down was the Jonesville refinancing debt payment of \$83,000.
  - Happy to report there are no other debt payments until September of next fiscal year.
  - Should be able to build up cash now, but if Pump Station R&M goes as it has been it will pull that cash down again.
  - Even though we still have a couple of months’ revenue coming in, I still project a \$35,898 loss for this year.
  - YTD revenue is \$1,584,049. This shows the loss of \$35,898 compared to what was budgeted for revenue.
  - We are tracking fairly well on sewer charges. We are moving more in to the “high flow” time of the year. Still have mid-month and end-of-month transfers and payments to come in.
  - Revenue seemed to be up some in May.
  - You have approved a Budget Amendment for \$4,000 for Professional Services, one for R&M Buildings and Grounds, R&M Pump Stations, and R&M Vehicles, as well as one for the accrued interest for Jonesville’s Debt.
  - Currently we are up to date on all revenue payments.
  - Ronda’s payments are not reflected on this sheet. He will contact Janice at the Ronda Town Hall to get totals for revenue from Ronda to complete the Actual Billed vs Actual Collected from all three towns next year.
  - Lowe asked if we were supplying an end-of-year budget to each Town.
  - Holcomb stated we actually provide them with Budget Statements each year. Our Audit will not be complete until September or October. So yea, they get the info.
  - Lowe stated it is not distributed to the Elkin Board.
  - Holcomb stated if it is not, Lowe may want to recommend to the Town Manager that they need this info distributed to them. They need to know what is happening with the reserve.
- *Item 6 – Legal Update – James Freeman, Legal Counsel*

- Freeman stated he had been working on easements for PGW.
  - Stated in reference to our normally not having a July Board meeting, he would remind the Board the deadline for PGW easements is August. He is hoping not to have to pay for any easements, hopefully only in kind reimbursements. But if money is asked for and an appraisal is necessary, the Board will need to authorize Nicole to pay for the appraisals if they are needed or call a Special Meeting.
  - Johnston stated yes, we were looking to not have a July meeting. The Town of Elkin has not had one for four years now. If something does come up we can always call a meeting.
  - Twiggs stated they have met with Brent Slate at Hugh Chatham Memorial hospital and all is fine there. Jeff Eidson is only concerned with getting his grass back like it is now. Foley Norman is executor over Graham Johnson's land. Those are the three largest areas and he feels good about them. The eight smaller ones will be contacted starting today. He has previously talked to these people to get permission to survey their land; now just needs to get back with them to sign the easement.
  - Moore stated he feels they should authorize Nicole to go ahead and make a settlement on these easements or call a Special Board Meeting if necessary.
  - Freeman stated it would not need to be an actual Board Meeting in July. It would be a cleaner way to do it to call a Special Meeting.
- *Chairman Moore asked for a motion to cancel the YVSA's July Regular Board Meeting and meet next in August.*
- ✚ *Following a motion made by Mr. Lowe and seconded by Mr. Casstevens the motion was approved by a vote of four - zero with no discussion. .*
- *Chairman Moore asked for a motion to authorize Executive Director Johnston to make the necessary settlements on easements or call a Special Meeting if needed.*
- ✚ *Following a motion made by Mr. Lowe and seconded by Mr. Casstevens the motion was approved by a vote of four - zero with no discussion.*

V. With no other business, Moore stated they would now go into Closed Session.

- *Chairman Moore asked for a Motion to go into closed session pursuant to N.C.G.S §143.318.11(a)(6) to discuss a personnel matter.*
- ✚ *Following a motion made by Mr. Lowe and seconded by Mr. Casstevens the Board approved going into Closed Session by a vote of four-zero.*

*Others in the room were excused and the Board was officially in Closed Session.*

- *Upon returning to Open Session, the Board took action on their Closed Session discussion. After a motion by Wagoner and a second by Casstevens the Board voted four-zero in favor of awarding the Executive Director a one-time bonus of \$2,500.*

**VII. -** *Being no further business or discussion, Chairman Moore asked for a motion to adjourn the meeting.*

✚ *Following a motion made by Mr. Lowe and seconded by Mr. Casstevens the meeting was adjourned by a vote of four-zero.*

Submitted by:

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Susan White  
YVSA Administrative Assistant

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Wayne Moore, Chair

Attest:

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John W. Holcomb, Secretary/Treasurer