

March 11, 2014

Minutes of the regular meeting of the Yadkin Valley Sewer Authority (YVSA) held Tuesday, March 11, 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 Harold Lee Wagoner. Director Victor Varela arrived at 9:05 am.

Also present: Executive Director Nicole Johnston; Secretary/Treasurer John Holcomb; Benjie Thomas, Engineer with West Consultants PLLC; 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 February 18, 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. Lowe 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*
  - Operated fairly well during February.
  - No reportable SSOs; only three non-reportable spills which we have to keep a record of in house.
  - Must document all SSOs in-house whether reportable or non-reportable.
  - Non-reportable spills for February were:
    - Clog and small spill on Main Street in Elkin at Rhythm on Main – February 6<sup>th</sup>.
    - Small spill reported by Town of Elkin personnel at our Park Street Aerial Line in Elkin on February 18<sup>th</sup>. This line has numerous repair bands on it now.
    - Clog and small spill at Apartment B at Wilkes Street Apartments on February 28<sup>th</sup>.
  - No sludge hauling during February – too cold and wet.
  - Weather should start warming up now and we will probably haul within the next week or two.
  - Dennis (Key with Southern Soil Builders) has us penciled in for two weeks from now to haul.
  - Have interviewed four applicants for the Operations Manager position and made an offer to an outstanding candidate yesterday. Waiting to hear if he will join us.
- *Tab C – Engineer's Update – Benjie Thomas, West Consultants, and PLLC.*
  - Project #1 - SW Elkin Collections System Rehab Project (SRL and CWMTF) -
    - Plans are ready for internal review at his office. He and Ron Lynn will double check each other's work.

- As soon as that is finished the plans will come to Nicole for her and her staff to review.
  - He will carve out a list of things for YVSA staff to do so as to not waste grant money on small tasks.
  - Then the plans will go to Raleigh for review.
  - Because SRL is funding the project, they have to review it.
  - Mr. Lowe asked how long did he anticipate for the project to be completed.
  - Thomas stated he will allow about six months for the project:
    - 30 to 60 days for Raleigh's review.
    - Should be able to go out for bids sometime in May.
    - Finished by the end of the year.
  - Lowe stated we should go the press with this when Raleigh approves the plans for the project. If we have to answer for it when we have spills, lets at least get some good press out of this project.
  - Project #2 – Pump Station Rehab/Upgrade Project (ARC and CWSRF) –
    - Ready to go to bid when the last easements are signed.
    - Waiting on a few easements that have proved to be a difficult task.
    - Even if we have one or two left to get signed we need to go ahead and advertise for bids to stay on schedule.
    - Most of Gant Street easements are complete.
    - Welborn Street has two left to get. Talked to one property owner two or three times. Will enlist help from an YVSA employee that is a friend of his.
    - Lowe asked Attorney Freeman if there was any problem with advertising for bids before we get all the easements signed. Freeman said he wouldn't advise it.
    - We will have the easements all signed before the next Board meeting.
- *Chairman Moore asked for a Motion to allow Thomas to advertise the Project for bids once the easements are complete.*
- ✚ *Upon a motion by Mr. Lowe and seconded by Mr. Casstevens, the motion was approved with a vote of five to zero with no discussion.*
  - After a short discussion on the easements left to sign, Thomas stated he felt sure they would be signed in the next two-three weeks and we could get the advertising going.
  - His plan is to advertise for bids early in April.
  - Bids will be opened the end of April.
  - Will bring the results to the May Board meeting for Board approval of bidder.
  - Project #3 - PGW Downstream Improvement Project –
    - Good news on the ARC grant. We heard from Brad Langston in Congressman Coble's office that our ARC grant has been approved.
    - EDA was just waiting for the ARC money to be approved and transferred over to them before committing their funds.
    - Can now send that confirmation email to the Rural Center and expect within another month they will approve the matching money.
    - Goal is to go to bid as soon as the money is there.
    - Will bid out the two pump stations first. Then bid out the line separately.
    - The two pump stations are the main things we need so badly right now.
    - Eddie Harris (Chairman of the Surry County Board of Commissioners) mentioned to us last month that Brad Langston, a representative of Howard Coble's office, was in

the Surry County offices twice per month. Thomas met with Langston and Langston took the ball and ran with it. He really moved it ahead quickly. Thankful for his help.

- Project #4 – Sewer Extension for Weyerhaeuser –
  - Same as last month – waiting on ARC funding for this project.
  - Langston is also helping with this one.
  - Has been told the money has been approved but no formal announcement like ARC yet.
  - Moore asked if there were any questions for Mr. Thomas and there were none.

– *Presentation of Audit Results - J W Holcomb, Secretary/Treasurer*

- As Holcomb passed out an Audit Booklet handout to each Board Member, he told them he would be giving the Audit Review for Mark Preston of Preston, Sims, and Darden. He reminded the Board they had taken over our Audit for the remaining money due to Jack Wilson Inc. when Mr. Wilson was forced to sell his practice due to health reasons.
- Stated FY 2013 was not a great year financially for the Yadkin Valley Sewer Authority.
- He stated the expenditures were \$72,738 in excess of revenues.
- They also performed an analysis including depreciation called change in net position or net assets. This number was a negative change of \$191,890.
- Looking back at the budgetary loss, we had budgeted a deficit of \$161,574 so we did do better than projected.
- Have paid some expenses for the grant projects up-front until they can get under construction and the expenses can be reimbursed.
  - FOG program has been fronted \$43,990.
  - SW Elkin Rehab Project has been fronted \$41,689.
  - Phase II Rehab Project-Pump Stations has been fronted \$57,967.
  - PGW Downstream Improvements Project has been fronted \$29,206.
  - Total of \$298,151.2
  - Grant funds have only paid \$99,432 so far.
  - \$198,000 has come out of cash flow.
  - Budget was \$1,404,631.
  - Slightly over \$20,000 under budget.
  - Pleased we actually got that close.
- Saved money in Accounting and Audit Services.
- Insurance was \$7,700 under budget.
- Pretreatment and Fog accounts also under budget.
- Street paving under by \$4,400.
- In almost \$71,000 under budget.
- Refinanced most all debts last year which put us under budget about \$74,000.
- An unfilled budgeted position kept Salaries & Wages under budget.
- Cash as of June 30, 2014 was \$25,525.
- Preston, Sims, and Darden gave a clean opinion to the operations of the YVSA.
- 2013 was a tough year for us. Pump Station expenses were difficult for us. Spent \$102,000 for Pump Station repair, which is about what we will spend again this year.
- Not a year I would have wished for. With all that happened, we did pretty well.
- Refinancing the debts will help us going forward.
- Grants are moving forward and we can start getting reimbursed for some things that we paid for out of pocket.
- FY2014 will still be hard. PGW is still ramping up but Grants are starting to come up.

- Actual loss for 2013 was about half of what we budgeted.
  - We received an email last week from Eddie Harris, Chairman of the Surry County Board of Commissioners, who relayed to Nicole: “You have done so much for so long with so little, I believe you can do anything with nothing”.
- *Tab D - Financial Update –Secretary/Treasurer John Holcomb*
- Cash as of March 7, 2014 was \$99,000.
  - So far revenues have exceeded expenses by \$36,845.
  - Have received some grant funding this year but have spent out a lot until grant funding really kicks in:
    - SW Elkin Project has been fronted \$112,587 so far this year.
    - Phase II Collection System Rehab has been fronted \$34,083.
    - PGW Downstream Improvements has been fronted \$24, 615.
    - Weyerhaeuser Collections Project has been fronted \$1,000.
    - To date we have fronted grant projects a total of \$138,663.
  - Repairs & Maintenance-Buildings and Grounds are over budget \$21,000.
  - Repairs & Maintenance-Pump Stations are \$36,000 over budget.
  - We have \$54,000 left to spend in Sludge Hauling – will probably haul \$30,000 in March.
  - Next debt payment is due in April - \$82, 795 Waste Treatment Improvements Loan #1.
  - Refinanced debt payment for Jonesville’s GO Bonds is due in June - \$62,000.
  - Actually under budget on Salaries & Wages due to our new position not being filled yet. Nicole will give an update on that during closed session.
  - Revenue billed by Towns – Elkin jumped up a little due to PGW’s flow.
  - Stated Elkin has begun tracking PGW’s flow to compare against our projections. January’s water usage 1,137,540 gallons; February was 1,919,340 gallons.
  - Holcomb said Ab Brown with PGW stated they planned to start doing reclamation to try and conserve water.
  - Brown also informed him PGW has reached its consumption point for this year. Will be late 2014-early 2015 before they ramp up any more.
  - Also in your packets is a schedule of revenue from the Towns.
  - We are very much aware of what is taking place now in Ronda. We know it will take time to get things back on schedule there.
  - Varela stated it would take a little while to sort it all out. He may be looking at All-American Cities to help out.
  - The Board held a general conversation of the work being done in Ronda.
  - Moore asked if there were any questions for Holcomb and there were none.

*Item #5 – Budget Workshop – Set up starting date(s) – Nicole Johnston/John Holcomb*

- Holcomb stated information was now in place on the NC Finance Center’s website.
- Has sent our information to Shadi Eskaf.
- Hope to get his results back this week.
- Don’t know if we need to have a budget workshop before our next Board meeting.
- Waiting a month will give us a chance to get preliminary things done.
- Have had no retreat this year.
- Suggest having a Board retreat and Budget Retreat combined, lasting maybe three hours.

- Moore stated he thought it was a good idea to get away and have someone to come in and give some words of wisdom to the Board. Good to get away from our normal setting; have a different thought process.
- Holcomb suggested the Board give staff some ideas of what they would like staff or guests to talk about.
- Holcomb noted health insurance is going up 13.1%.
- We have a lot of projects going on that Benjie updates us on every month.
- A retreat is for what you want us to look at and build on.
- Nicole will be looking at problems on Cherry Street in Jonesville. Hope to get a CDBG grant to do that work.
- Topics for the Retreat could include the process of a CDBG grant for Cherry Street.
- Stated CDBG is now under NCDENR.
- They have two rounds to apply – April 1<sup>st</sup> and May 1<sup>st</sup>.
- CDBG only has \$20 Million dollars statewide this year.
- Only general local governments can apply.
- Being an Authority, we cannot apply on our own – would have to partner with a Town or County.
- Would have to partner with Jonesville for Cherry Street. Cherry Street is a good project because it will benefit low to moderate income families.
- The reason Jonesville will not partner with us is because they are already going after one on their own.
- You can apply for more than one per year but can only get one per year.
- They have already got their \$3 million max with other projects.
- If they are successful that would max them out.
- We cannot wait three years to see if they are successful.
- We will need to do on our own to find money to fix Cherry Street.
- Cherry Street sewer only part will be less than \$1 million.
- We can apply for a TAG grant of \$50,000. It is pure grant.
- Applications are due April 1<sup>st</sup>.
- It was announced last week and applications were put on their website yesterday.
- They did say applications are due April 1<sup>st</sup> but the Resolution can be passed after April 1<sup>st</sup>.
- Thomas also reminded the Board that the I&I is bad in Jonesville and a serious problem on that street.
- Lowe stated we have to get it done.

➤ *Chairman Moore asked for a Motion to allow Thomas to apply for a TAG grant on behalf of the Authority and bring information and a Resolution to the April meeting for that grant.*

 *Upon a motion by Mr. Varela and seconded by Mr. Lowe, the motion was approved with a vote of five to zero with no discussion.*

- Holcomb stated getting back to the Board Retreat, what does the Board want to do.
- Asked for the Board members to send Nicole possible topics for the Retreat.
- Stated we would then set a date at the April Board meeting.
- Said he should have the Budget already built by then.
- Johnston stated we might get Fred Sommers from NC Rural Water to speak. Reminded the Board he was the one that came to help camera the lines last summer.

- Moore asked to have someone come speak about health care options.
- Johnston stated they had built in about \$10,000 per employee for the health piece next year.
- Reminded the Board we now enjoy a discount with the League (of Municipalities) for having all three pieces of insurance with them.
- Johnston also reported the Authority held a flagger school here last week for free because we have all three pieces with the League. Because it was free we were able to invite Dobson, Boonville, and Yadkinville Public Works Departments to attend and be recertified and it was all covered by the League.
- She stated we would be taking advantage of the free trainings offered by the League this year as we plan on doing a lot more with Safety this year.
- Moore said he encouraged all members to think about topics they want information on and relay to Nicole.

– *Tab E – Legal Update – Attorney James Freeman*

- Freeman stated he had been working with Nicole and Jerry (Twiggs with West Consultants) on easements for the Gant and Welborn Pump Station projects.

**IV. BOARD OF DIRECTORS' COMMENTS:**

- *Chairman Moore asked for a Motion to go into closed session pursuant to G.S143.318 sec (3) (6) to discuss a personnel matter.*
  - ✚ *Upon a motion by Mr. Varela and seconded by Mr. Lowe, the motion was approved with a vote of five to zero with no discussion.*

After their closed session discussion, the Board returned to their regular meeting with no action taken.

**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 five-zero in favor.*

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