

May 13, 2014

Minutes of the regular meeting of the Yadkin Valley Sewer Authority (YVSA) held Tuesday, May 13, 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. and Director Victor Varela were absent.

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

Also present: Ronda Alternate Representative Commissioner Raejean Combs.

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 April 8, 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. ACTION ITEMS/UPDATES FROM STAFF

- *Tab B– Executive Director’s Update – Nicole Johnston*
 - Ms. Johnston informed the Board the Authority had one non-reportable spill in April – 700 gallons on a vacant lot behind the Elkin Town Hall which did not reach surface water.
 - One blockage at 203 Swan Creek Bypass in Jonesville on the afternoon of April 29th, resulted in an insurance claim. Roots were clogging a manhole near the house. Staff jetted what they could that evening and returned the following morning to saw roots from the manhole.
 - 385,500 gallons of sludge were hauled from the Treatment Plant at a cost of \$17,600. Annual testing fees of \$2,260 were also performed as required by our Land Application permit.
 - Bids for the Pump Station Rehab Phase II Project were opened on May 6th. Five contractors bid on the job. Benjie (Thomas) will give a more detailed report of the bid opening later during his Engineer’s Report.
 - First Budget Workshop will be held next Tuesday, May 20th, at 9am at the Operations Center.
 - She and Mr. Holcomb have worked very hard on the budget and it is almost complete.
 - She then directed the Board to the YVSA Executive Director’s Performance Evaluation in their packets. This is the second evaluation this year, per the Board’s instructions in December 2013. She asked the Board to complete the Evaluation

and return it to Chairman Moore at the next regularly scheduled YVSA Board Meeting on June 10th.

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- *Tab C – Engineer’s Update – Benjie Thomas, West Consultants, PLLC.*
 - Mr. Thomas discussed the high points of his updated timeline included in the Agenda packet.
 - Project A - Southwest Elkin Collection System Rehab (SRL and CWMTF) – Completed engineering plans and specs have been submitted to NCDENR. The project is ready to be bid out as no easements are required for this project.
 - Project B - Pump Station Rehab/Upgrade Project (ARC and CWSRF) – Bids were received and opened on May 6th. The lowest responsible bidder was Locke-Lane Construction. Thomas has reviewed his bid packet and is satisfied with the bid documents. You will consider awarding the bid to them later in today’s meeting. ARC and CWSRF must also approve documentation in their bid packet prior to executing the contract. When they execute the contract and site certificates we submit, we can begin submitting invoices for reimbursement.
 - Project C - Sewer Improvements to Serve PGW – EDA and ARC funds are secure and documents have been executed. EDA will control ARC funding. Staff had a “kick-off” teleconference with Mr. Asa Williams of EDA on April 30th to discuss all the details of complying with their requirements. We already have the Dutchman Creek Outfall line replacement laid out on paper. Hopefully all necessary survey information can be sent to James (Freeman) next week to have the easements drawn up. EDA wants the easements done sooner than later, but they must be completed no later than August 12th. If we had a 25-foot easement along this line we could do the project without anything. We need a 25-foot easement to get equipment in there. A lot of the project will be on (Hugh Chatham Memorial) Hospital Property. Some easements are up against creeks which have probably moved over the years. We will try to get further away from the creeks and raise the manholes up. If we anticipate compensating property owners for their easements we may want to look at starting appraisals now. Property we are most concerned about is Jeff Eidson. He just wants his improvements to his property put back as they were before we began the construction. We have good news on the Rural Center funding - \$830,000 of Rural Center money has been transferred over to the Department of Commerce. We have been working with George Collier at the Department of Commerce. As soon as we get the approved Capital Project Ordinance to him he will approve the project. Thomas stated that although the money is there, the DOC’s approval process for paying the money out is slow.
 - Project D - Sewer Extension for Weyerhaeuser – ARC funding was the last of the three pieces of funding that has to be awarded. All funding is now in place. He has included an Engineering Contract for the Board’s consideration. As stated at the last meeting, Weyerhaeuser still has a lot of work to do to get the pretreatment process ready for us to take. We still have not received any information from them on their progress. Director Wagoner asked if Weyerhaeuser was going to give us their property. Thomas stated yes, they would give the property over to the Sewer Authority. The pumps will have a five-year warranty; most everything else will have a one-year warranty. Wagoner expressed his concern about our costs if the pump station goes bad and we have to pay for it since they are only responsible for cleaning up their wastewater. Holcomb stated we put in provisions for maintenance and up-keep for that station. It has been a while but we think we covered ourselves

if things happen. Wagoner was worried since the Authority does not get any tax money off of Weyerhaeuser.

- Timeline – As usual the timeline is included for your review/information. It basically shows us tracking each project. Southwest Elkin project is a little behind schedule. I called DENR about if the funding is still there and they said yes. They are just a little slow also. We are close to bidding the SW Elkin line also. We will be getting real busy real fast.
 - Moore asked if we cannot meet the August 16th deadline can we get an extension to get the easements completed or is that a firm date. Thomas stated he had spoken to David Todd who made it clear that is the realistic deadline and we should make every effort to meet it. He also stated if we were down to one, he would work with us. Attorney (James) Freeman stated he felt we would be ok with that timeline. Freeman also provided that we could get an appraiser and have the appraisals done on short notice, if needed.

- *Tab D–Resolution for Jonesville TAG Grant – Benjie Thomas, West Consultants, PLLC.*
 - Need to reapply for the Technical Assistance Grant (TAG) for Historic Jonesville. This should have been done last month. The grant was presented to you at the March meeting and you approved it then. At that time we had not had time to study the regulations and thought the Application was due April 1st and the Resolution on May 1st which meant we were supposed to pass the Resolution in April and mail it in by May 1st. This Resolution was not included in the April Agenda – simply an oversight. We are doing it now on the off chance the State will accept it now. They probably will not but we will be ready for the next funding cycle in August (if there is one). This grant is to study the defects on the Jonesville side. Thomas apologized for not getting this on the April Agenda and asked that the Board pass it so he can send it in now.

- *Chairman Moore asked for a motion to approve the Resolution to Apply for a TAG Grant for the Historic Jonesville Collection System Evaluation Project.*
 - ✚ *Following a motion made by Mr. Casstevens and seconded by Mr. Wagoner the motion was approved by a vote of three - zero with no discussion.*

- *Tab E–Engineer’s Contract for West Consultants, PLLC, for Weyerhaeuser – Benjie Thomas, West Consultants, PLLC.*
 - Thomas stated that as the Weyerhaeuser project was now fully funded he was bringing the Board a proposed contract for the Weyerhaeuser design work. There is already a contract in place for administration work; this contract is for the exact amount in the budget. They will design the pump station and oversee the project. This being a small project we may have to look at the admin (inspection) fees if there are budget problems. Stated West would have at least a minimal level observation on the project. He stated he hoped to use Brad (Haynes) to help oversee some of the project. If we get a bad contractor or there are problems with the project, West will have to come more and coming back and forth more may necessitate asking for more money for admin. The money we are getting from the County and the grants will cover all this. The project is fully funded – the Authority will have no money in it. We made sure the County knew that the Sewer

Authority would not be able to put any money into the project. Surry County is putting in approximately \$80,000. Golden Leaf, IDF, and ARC are making up the difference. This is a force main/pump station project only – no houses can hook on. Attorney Freeman has reviewed the contract and approved it. It is just a standard contract.

➤ *Chairman Moore asked for a motion to approve the Contract between YVSA and West Consultants, PLLC, for the Sewer System Extension to Serve Weyerhaeuser Mill.*

✚ *Following a motion made by Mr. Casstevens and seconded by Mr. Wagoner the motion was approved by a vote of three - zero with no discussion.*

– *Tab F–Resolution to Conditionally Award Bid Subject to Approval by NCDENR – Benjie Thomas, West Consultants, PLLC.*

- Included is a Resolution and supporting documentation from the May 6th bid opening for the Phase II Collection System Rehab Project which will rehab thirteen pump stations and eliminate four others.
- Documentation contains a summary of all five bids.
- These improvements will go a long way to improve the reliability of all your pump stations.
- All easements have been recorded except for the one that is now in the Attorney's office, which is ready to record.
- Second page of tabulation shows the total of the lowest base bid – Locke-Lane Construction, Inc. of Stoney Point, NC.
- Lowest bid came in at \$1,179,122.10 which is slightly over our original budget projection of \$1.35 Million, which included Engineering Fees, Administration costs, and miscellaneous fees.
- SCADA improvements are also not included in this budget. We will consider Dorsett's bid later today.
- Knew going in we would probably not get enough money to cover everything.
- Alternates are for things that we would like to have but know we will probably not be able to do in the budget.
- Extra portable generators would have let the Authority have their own to use in emergencies. Currently, they have to ask to borrow from the Towns but when the Towns of Elkin, Jonesville, and Ronda are using theirs and they have to rent one.
- We will now get one new generator for Ebenezer Pump Station because that station is getting bigger pumps. Their old generator will go to the Dutchman Creek Station
- Project was reviewed and some items were cut, took some items off of the bid sheet and will have Sewer Authority staff do that work, and got the bid down to the budgeted amount.
- Also Park Street Aerial Line, Item 20 on the bid sheet, will be moved into the Southwest Elkin Rehab Project. Item has to be done as it has leaked in the past.
- Casstevens asked what would happen if we needed a generator. Thomas stated we will be slightly better off with one new generator than we are now but the money is simply not there for more. The State does not require you put them at the old stations but does require them at new stations being built. Johnston stated the new pumps are more important than the generators.
- The pumps are costing a lot but they are replacing pumps in really bad shape.

- Will be getting seventeen new pumps that will greatly reduce our Pump Station R&M costs each month. New pumps will save us more in the long run.
 - Moore stated it looks like the items removed from the bid will save close to \$40,000.
 - Thomas said we will be getting Flygt Pumps which increased the original estimate \$11,700. Contractor had bid on other pumps but Johnston did not want them. Flygt dropped their original price on the pumps to only cost us an additional \$11,700. Flygt pumps have a better warranty, five-year non-prorated, and Johnston believes potentially better service. Saving the documented \$40,000 plus another \$289,000 from dropping the generators brought us to today's contract award amount.
 - There is a letter in your packet that spells all these things out.
 - It is his recommendation to award the Phase II Collection System Rehab Project contract to Locke-Lane with the condition they sign a change order to drop the original pumps and add in the Flygt pumps.
 - These changes will make the total contract amount less than \$1,179,122.10.
 - Thomas stated West has done several projects with Locke-Lane. They have a new superintendent with about thirty years of experience on the ground and their resume sounds good. He personally asked Locke-Lane Construction President Andrew Sherrill if the superintendent, Tommy Groce, would be on-site every day and was assured he would be.
 - Holcomb stated it looks like the Sewer Authority will contribute \$32,709 which includes closing costs. \$21,000 will be due between the first and second reimbursements. When the pumps are delivered, we will be billed for them and will then turn around and submit a reimbursement request for that amount.
 - Thomas stated if the Board agrees with his recommendation, they will need to pass a Resolution of Intent to send to the State with all the required paper work for them to send back to us approved.
- *Chairman Moore asked for a motion to approve a Resolution to Conditionally Award the Collection System Rehabilitation Project Phase II (Pump Stations) CWSRF Project #CS370541-04 in the Amount of \$1,179,122.10 to Locke-Lane Construction, Inc.*
- Casstevens asked if this resolution does not give them the contract. Thomas stated no, it expresses the Boards intent to give them the contract after the State approves all the paperwork we submit. It does mean that we will not have to come back for another vote after the State approves the Bid Award Packet unless the Board requests it.
 - Freeman questioned shouldn't we have the language in there stipulation that this is subject to simultaneously accepting change orders being put in to effect and the reduced pricing being put in to effect.
- ✚ *Following the change in wording, a motion was made by Mr. Casstevens and seconded by Mr. Wagoner. The Resolution was approved by a vote of three - zero with no discussion.*
- *Tab G–Revision of Capital Budget Ordinance for Pump Stations Rehab Phase II – Benjie Thomas, West Consultants, PLLC.*

- Revised Capital Project Budget Ordinance containing items we have discussed today is included in your packet. It will need your approval.
- *Chairman Moore asked for a motion to approve the revised Capital Project Budget Ordinance for Pump Station Rehab Project Phase II.*
- ✚ *Following a motion made by Mr. Casstevens and seconded by Mr. Wagoner the Ordinance was approved by a vote of three - zero with no discussion.*
- *Tab H – Dorsett Technologies, Inc., Proposal for SCADA for Pump Station Rehab Phase II – Benjie Thomas, West Consultants, PLLC.*
- This is Dorsett Technologies’ proposal for SCADA on the Phase II Rehab Project.
 - Since all the other Pump Stations are mostly using Dorsett products it obviously makes sense to use Dorsett items for the new Pump Stations rather than have two different systems in our system.
 - Proposal includes putting a new unit at each of the stations and upgrading radios to SCADA.
 - Other than the four stations in Ronda that are on Auto-Dialers, the entire system will be on the same SCADA system.
 - This means no more reading pump stations on the weekends, which means no more automatic comp time earned every weekend. System will be checked twice a week but no more checking every day and no checking on weekends.
 - Thomas stated this was something the Board already voted on and agreed to before we ever sent anything to DENR. A motion is needed to accept the contract contingent on State approval.
 - Holcomb stated this money is not in our budget for next year.
 - Thomas stated it is in the materials for SCADA in the project in Section 3. The Board voted to go this way back in the fall to keep things cohesive. Over half of the system is already on it so we are just finishing it with the same system. He has checked out the figures and feels they are reasonable prices. SCADA will go on eight stations with five of them getting cellular modems.
- *Chairman Moore asked for a motion to approve Dorsett Technologies, Inc.’s Proposal for SCADA on the Collection System Rehabilitation Project Phase II, conditional on final approval of the State.*
- ✚ *Following a motion made by Mr. Wagoner and seconded by Mr. Casstevens the motion was approved by a vote of three - zero with no discussion.*
- *Tab I – Capital Budget Ordinance for PGW – Benjie Thomas, West Consultants, PLLC.*
- This is a revised Capital Budget Ordinance for PGW.
 - Needed a new Ordinance because the budget increased by \$300,000 due to delays with EDA and ARC being slow to approve funding and construction costs rising significantly during the delay, and to include a debris removal device at the Candlewyck station.
 - Updated Ordinance reflects the current budget including funding available.
 - Need to send approved Budget Ordinance to George Collier,
 - Project will increase capacity and certainly the reliability of the system.

- Will still need to take new lines in the ground to sewer those sites but this project will not address that.
 - Town of Elkin and Surry County will absorb \$30-\$50,000 to sewer other properties on PGW Drive.
 - Condo units will not be able to put in sewer lines but rather have gravity sewer for their complex.
- *Chairman Moore asked for a motion to approve the Changes in the Capital Budget Ordinance for PGW due to Receiving Additional Grant Money.*
- ✚ *Following a motion made by Mr. Wagoner and seconded by Mr. Casstevens the motion was approved by a vote of three - zero with no discussion.*

Tab J – Financial Update – John W. Holcomb, Secretary/Treasurer

- Financials:
 - Cash: as of May 12 – \$8,019.20.
 - YTD shows a loss of \$51,917.48.
 - Revenues are pretty much on target.
 - Happy to report everyone is caught up on transfers and revenue collection checks to the Authority.
 - Problems are several line items over budget:
 - ◆ Repairs and Maintenance Buildings and Grounds - \$21,000 over budget.
 - ◆ Big culprit is R&M-Pump Stations. Approvals made this morning will hopefully help this line item going forward.
 - ◆ R&M-PS was budgeted at \$67,491 – have spent \$144,000 so far. This included \$37,000+ for a new Flygt pump at the Regional Pump Station. Have had terrible luck with pumps, especially this year. Last Fiscal Year we spent \$116,000. FY2014 we spent \$81,928. FY2011 we spent \$59,406.
 - ◆ Adding the \$144,699 from this year and we have spent over \$499,000 on R&M-PS over the last four years. I had no idea we would need that kind of money for the system. Am looking at things differently this year.
 - ◆ Will not spend any more money this year on Sludge Hauling and are currently under budget.
 - ◆ Last debt service payment of the year is due June 1st and is \$82,000 for the Jonesville debt service. Refinancing saved us about a half million dollars in interest on this loan.
 - ◆ Salaries and Wages are under budget due to one position not being filled. We will talk about this more next week at the Budget Workshop.
 - ◆ PGW revenue update: May was billed at 47 gallons per minute. They had a huge usage month for March 15-April 15. Discharged about 3 million gallons. Think it is an anomaly. Do not think it will happen again. Ab Brown with PGW suggested using 35-45 gallons per minute (gpm) for budget purposes. They have used an average of 35.3 gpm for the prior three months. He based the budget on 35 gpm. He will take a conservative approach next year also.
- There were no questions for Holcomb.

Legal Update – Legal Counsel James Freeman

- Worked mainly on the easements for the Gant and Welborn Pump Stations to be taken down.
- All have been recorded except for the one easement that just came in from Arkansas. It will be recorded soon.
- Thomas stated he needed Freeman and Holcomb to sign a Certification that all easements are in hand.
- Wagoner asked if we would have to get any Right of Way easements for the Weyerhaeuser project. Thomas stated for the Pump Station itself we may have to. Trying to stay inside the DOT Right of Way.

V. *Being no further business or discussion, Chairman Moore asked for a motion to recess the meeting until May 20, 2014, at 9am at the YVSA Operations Center for the purpose of Budget Workshop #1.*

 *Upon a motion to recess by Mr. Casstevens and seconded by Mr. Wagoner, the motion was approved by a vote of three-zero in favor and the meeting was recessed.*

Submitted by:

Susan White
YVSA Administrative Assistant

Wayne Moore, Chair

Attest:

John W. Holcomb, Secretary/Treasurer