

MINUTES

Regular Meeting
Cleveland County Water Board Room

November 14, 2023
Tuesday, 7:00 P.M.

Present: Chairman Donald Melton; presiding, Vice Chairman Dewey Cook, Secretary Bill Cameron, Commissioners Tony Brooks, Amy Elliott Bridges, Bruce Martin, Pete Pedersen, and General Manager Brad Cornwell. Attorney Tim Moore attended via video conference.

Chairman Donald Melton called the meeting to order at 7:00 PM, welcomed all who were in attendance and recognized Commissioner Dewey Cook who gave the invocation and Commissioner Pete Pedersen led the *Pledge of Allegiance*.

A. Approval of agenda:

Chairman Melton asked Commissioners if anyone had any questions related to the adoption of the agenda. Chairman Melton requested a motion to adopt the agenda.

ACTION TAKEN: Upon a motion by Mr. Pedersen and second by Mr. Cameron, the Board of Commissioners voted unanimously to approve the agenda.

B. Special Presentation:

- 1) Presentation of the Annual Audit for Fiscal Year ended June 30, 2023
Mr. Matt Braswell, CPA and Ms. Morgan Coley with Martin Starnes

Ginger Fern, Finance Director, introduced Matt Braswell with Martin Starnes to begin the audit presentation. Mr. Braswell shared the steps included in the audit process from start to conclusion. The District financial audit was an unmodified opinion that means a clean opinion and an unmodified opinion is the best opinion that you can receive. There are no grant findings or questioned costs concerning the two major federal grant programs and the clean water grant. The Finance Director, Mrs. Fern, and the District staff were very cooperative and polite, and the process was very seamless. The audit firm noted appreciation for making this an easy process especially in the first year of auditing with their firm. The audit was submitted to the Local Government Commission and approved well before the required deadlines. Mr. Braswell continued with some specific audit numbers. The assets increased by \$8,200,000.00 and was driven by the

capital projects. The liabilities increased by \$5,000,000.00 and this included the new debts that were added in this fiscal year. The important note is that the assets grew more than the liabilities. The net position or fund balance grew this year by \$3,263,198 mainly due to added capital assets and projects. The quick ratio was calculated as 4.70% reduced from 8.12% in 2022. The quick ratio uses the water, sewer, and enterprise fund to calculate the current and liquidated assets in comparison to the liabilities. The Local Government Commission is concerned with quick ratio numbers that are less than 1.00. Mr. Braswell reported a healthy quick ratio. The reason the amount for 2023 is lower is due to the influx of cash due to grant and debt proceeds and current payables. The Local Government Commission provides standards to auditing firms to test while the audit is being conducted. The spreadsheet contains several required testing features. There were no ratio performance indicators, everything was very healthy. The reserve on hand was calculated at 98% availability, the Local Government Commission is concerned with anything less than 16%. Mr. Braswell reported to put this in perspective one month of operating costs is 8%, the Local Government Commission would like two months of operating costs to be on hand. A material weakness was noted in the audit due to some misinformation and guidance received from the prior auditor. Mr. Braswell noted that this is not a breakdown of the internal controls, this won't be a reoccurring problem and will be corrected for future audits. The audit was submitted to the Local Government Commission with a performance indicator, but this will be corrected for future audits. Cleveland County Water is very healthy and in very good shape. The members were referred to the management discussions and analysis for an oversight and summary of the audit. Mr. Braswell called for questions and comments.

2) Presentation of Pay and Class Study

Mr. David Hill, Management Analyst with Piedmont Triad Council of Government

Mr. Cornwell introduced Mr. David Hill, employed with Piedmont Triad Council of Government. Mr. Hill is a retired former government employee; he was the Assistant Manager at Caldwell County. The last pay and class study was conducted in 2016 through a company called Springstead. When Springstead was contacted to conduct further pay and class study testing the company had made some changes and it was decided to pursue a different contractor. Mr. Hill was recommended by several entities. The members

were presented with a copy of the presentation for reference. Mr. Hill began his presentation by sharing the demographics of the company in standard deviation or "bell curve" with two thirds of the workforce typically located in the middle third of the metric. The initial reports that were received from Mr. Cornwell and Mrs. Fern represented a snapshot of what the company looks like at the beginning of the study. Mr. Hill then provides another snapshot at the end of the study that shows the company with the recommendations for the pay and class study. Mr. Hill shared the years of employment for the staff currently employed, with the average years of service at 10.79 years. Mr. Hill continued with a slide of the salary percentages for the employees included in the chart with the average percentage above the minimum at 20.99%. Mr. Hill disclosed the current pay plan for the pay grades currently in place in comparison to the proposed pay grade plan. The recommended changes provide greater opportunity for administration of career ladder development, promotional opportunities, addition of future positions, and more flexibility, etc. Mr. Hill clarified that part of his job is to collect as much information about the positions as possible from the management team and from the employees. The employees completed a twelve-page questionnaire about every element of their duties and responsibilities pertaining to their job. The questionnaire is ADA compliant and asks questions to establish exemptions or non-exemptions concerning the physical conditions and demands of the job. Mr. Hill established preliminary findings and recommendations and met with Mr. Cornwell to present those preliminary recommendations. Mr. Hill shared the list of comparison market municipalities. The comparison municipalities were used to compare salaries from their workforce to the salaries paid to the CCW workforce. Mr. Hill shared an example of how the comparison is performed for the pay and class study. The example that was shared with the members was one of the several positions available inside the company. Each position was assigned a recommended pay grade and a recommended pay adjustment based on the market comparison using the position information. The pay grades were also tested based on the future years of service as an employee grows in that position. Mr. Hill recommends that each position be assigned to a supported pay grade, each employee's salary with the years worked in that position be established in the position model, and salaries be adjusted accordingly. Mr. Hill shared the funding budget for the salaries, taxes and retirement for the recommendations that were made. Mr. Hill asked for questions and comments. Mr. Hill answered the questions presented.

C. Public Comment

No public comments were presented.

D. Consent Agenda:

Action Taken: Chairman Melton presented the Consent Agenda Items. Upon a motion by Mr. Brooks, second by Mrs. Bridges, the Board of Commissioners voted unanimously to approve the Consent Agenda. The Consent Agenda consisted of the following items:

- 1) Approval of the Minutes of the Regular Meeting of October 10, 2023
- 2) Consideration of Resolution Number 39-2023 A Resolution by The Cleveland County Water Board of Commissioners Establishing the Times, Date and Location of the Regular Meeting Schedule in Accordance with North Carolina Statute 143-318.12
- 3) Consideration of Ordinance Number 15-2023 An Ordinance Amendment for a Capital Project Ordinance and Budgets for Cleveland County Water's ARP Funded Casar Lawndale, Sand Hills, and Will Dixon Road Water Main Project

E. Unfinished Business:

- 1) Consideration of Resolution Number 40-2023 A Resolution Accepting The Cleveland County Water Classification and Compensation Study Dated November 2023 and Directing the General Manager to Implement Certain Recommendations of the Study

Mr. Cornwell explained that this resolution accepts the pay and class study that Mr. Hill just presented. Mr. Cornwell discussed how the pay and class study would affect the most difficult jobs to retain employees. The pay and class study will improve the base pay for these positions and add more room for promotions with the amended pay scales and distribution between the employee classifications. Mr. Cornwell recommended that the members adopt the pay and class study and to authorize the General Manager to implement the study with an effective date of January 7, 2024.

ACTION TAKEN: Upon a motion by Mr. Pedersen, second by Mrs. Bridges, the Board of Commissioners voted unanimously to adopt Resolution Number 40-2023 A *Resolution Accepting The Cleveland County Water Classification and Compensation Study Dated November 2023 and Directing the General Manager to Implement Certain Recommendations of the Study*

F. New Business:

No new business was presented.

G. General Manager's Report:

Mr. Cornwell introduced Ginger Fern, Finance Director, to begin with the finance portion of the General Manager's report. Mrs. Fern presented the letter for the Local Government Commission for the member's signatures. Mr. Cornwell clarified that the signature verified that the members were informed of the material weakness and that the situation has been rectified. The October financials show that the local options sales tax remains above budget. The materials are overbudget but as projects are completed the capital project adjustments will be completed. The interest has been paid for the Lattimore Tank and the Clearwell in October. Michelle Alexander, Customer Service Director, continued with the Utility Billing and Disconnection report. The billing reports were included in the packet for reference. Disconnections did not take place in the month of October due to the transition to the New Operations Center in Shelby. The data conversion from the current billing system to the new billing system also prohibited the disconnections in October. There will be another data collection scheduled in December. The leak adjustments have reduced to 39 for \$10,383.20. Mr. Cornwell updated the members on the status of the KIOSK at the administration building in Lawndale. There were sixteen payments collected at the KIOSK machine, that is the biggest day to date. There were thirty-nine customers that paid through the drive thru at the New Operations Center in Shelby, that is the biggest day to date in Shelby. Mr. Cornwell reminded the members that the December board meeting would be at the Lawndale Administrative building, beginning in January, the meetings will be held at the New Operations Center in Shelby. District Court Judge Justin Brackett will attend the December meeting to present the Oath of Office for the newly elected members. District Attorney Tim Moore will be out of the country at the December meeting. The USDA loan closing process will begin on November 15, 2023. The official final closing will be December 12, 2023. Mr. Cornwell, General Manager, Mrs. Fern, Finance Director, and Mr. Cameron, Secretary to the Board, will be meeting with USDA to sign the final closing papers for the loan. Mr. Cornwell noted that construction was under budget because the allowances line item was not needed. The Cleveland County Chamber will have a celebrating sponsor day, any members that are interested can drop in. Mr. Cornwell referred the members

to the updated project list available at their seats. Mr. Cornwell reported that the access points on Delight Road and Casar Road (Highway 10) are not completed. The handrails have not been installed. The sites included paved entrances from the main road that have also not been completed. The second pay application has been received for the Lawndale Park project. The curb and gutters and sidewalks have been placed for the main parking lot. There will be some big valve replacements at the water plant tomorrow. This process is scheduled to take place without a big interruption. Mr. Cameron questioned if the Town of Fallston citizens would ever be able to vote for the CCW board members. Mr. Cornwell reminded the members that the Town of Fallston was still the rightful owner of the water system and therefore not inside the District boundaries for voting rights. The Town of Fallston citizens also do not pay the \$.02 cent tax. The USDA agreement with the Town of Fallston stipulates that once the loan is paid in full the Town of Fallston will relinquish their rights to the water system and CCW will take possession of the water system. There are then two methods for the Town of Fallston to become part of the District, a citizen petition, where all the citizens sign a petition to become part of the District or a bill is sent to the General Assembly for approval to become part of the District. Mr. Cameron asked if the members should consider doing even year elections along with the presidential elections. The members discussed the options for when to place the members on the ballot.

H. Board Members Announcement and Remarks

The members noted their appreciation for the hard work and the fantastic audit results.

I. Closed Session

1) To consider the qualifications, competence, performance, character, fitness, and to complete the annual performance evaluation of the General Manager in accordance with NCGS 143-318.11(a)(6).

Action Taken: Upon a motion by Mr. Pedersen, second by Mr. Brooks, the Board of Commissioners voted unanimously to go into Closed Session at 8:06 PM.

Action Taken: Upon a motion by Mr. Brooks, second by Mr. Cameron, the Board of Commissioners voted unanimously to return to Open Session at 8:22 PM.

Action Taken: Upon a motion by Mr. Martin, second by Mrs. Bridges, the Board of Commissioners voted unanimously to ratify the discussion held in Closed Session regarding the General Manager's performance review and to provide the General Manager with a 4% salary increase.

I. Adjournment

Action Taken: Chairman Melton called for a motion to adjourn. Upon a motion by Mr. Brooks, second by Mr. Martin, the Board of Commissioners voted unanimously to adjourn at 8:25 PM.

Respectfully submitted,

Bill Cameron

Bill Cameron, Secretary

