

MINUTES

Regular Meeting
Cleveland County Water Board Room

May 9, 2017
Tuesday, 7: 00 P.M.

Present: Chairman Donald O. Melton, presiding; Vice Chairman Dewey Cook, Treasurer Pete Pedersen, Secretary Bill Cameron, Commissioners Amy Bridges and Tony Brooks, General Manager Brad Cornwell and Attorney Tim Moore. Commissioner John Taylor was absent.

Chairman Melton called the meeting to order at 7:00 PM, welcomed all who were in attendance and recognized Dewey Cook who gave the invocation and 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. With no questions, he requested a motion to approve the agenda.

1) Motion to adopt the proposed agenda

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

B. Public Comment

Chairman Melton requested the time for Public Comment and Mr. Cornwell noted that no one had signed up for Public Comment.

C. Consent Agenda:

Action Taken: Chairman Melton presented the Consent Agenda Items. Upon a motion by Mr. Pedersen 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 April 11, 2017
- 2) Consideration of Resolution Number 15-2017 A Resolution Authorizing Execution of a Contract of Audit Accounts with Johnson, Price, Sprinkle, PA for the Cleveland County Water FY 2016-2017 Annual Audit

- 3) Consideration of Ordinance Number 2-2017 An Ordinance Amendment for A Capital Project Budget Ordinance and Budgets for Cleveland County Water Lattimore Tank Project.
- 4) Consideration of Resolution Number 17-2017 A Resolution Authorizing Execution of An Agreement with McGill Associates for Professional Services Related to the Design and Construction of the Lattimore Area Water System Improvements Project.

D. Unfinished Business:

No unfinished business was presented.

E. New Business:

- 1) Consideration of Resolution Number 16-2017 A Resolution for the Establishment and Maintenance of a Water Capital Reserve Fund for Cleveland County Water

Mr. Cornwell reminded that at the retreat capital planning was discussed. Some of the capital planning projects in the future include the clear well and the new water plant on Big Broad River. The goal for these projects is to have \$10,000,000.00 in a capital reserve fund available in the year 2026. This capital reserve fund will be assisted by rate changes and financing options. The operating budgets over the last ten years have been consistently the same with little change. This resolution calls for the establishment of a capital reserve fund to be used for water business. With the time frame for the capital reserve fund being ten years, this resolution calls for a five year term beginning July 1, 2017 and ending July 1, 2022. Every year when the budget is adopted the capital reserve fund amount will be included in budget numbers. These funds cannot be spent without the Board approval and authorization. This resolution calls for a \$5,000,000.00 balance at the end of the five-year term. Mr. Brooks asked if the funds would be appropriated monthly. Mr. Cornwell explained that quarterly payments would be more appropriate. Mr. Brooks questioned the interest rates and the financial institution. Mr. Cornwell explained that the funds would be housed with the NC Capital Management Trust. In order to participate in the NC Debt set-off program a bank account would need to be established with NC Capital Management Trust. The capital reserve fund would establish

this bank account. Mr. Cameron asked about the rules and regulations with Local Government Commission concerning capital reserve fund. Mr. Cornwell clarified that the LGC requires that an eight percent fund balance or thirty-day operating cash be held in the general fund bank account. Local Government Commission would like to have 22-30% in the general fund account. Cleveland County Water currently has more than this amount in the general fund.

Action Taken: Upon a motion by Mrs. Bridges, second by Mr. Brooks, the Board of Commissioners voted unanimously to adopt Resolution Number 16-2017 *A Resolution for the Establishment and Maintenance of a Water Capital Reserve Fund for Cleveland County Water*

- 2) Consideration of Ordinance Number 3-2017 An Ordinance Establishing a Capital Project Budget Ordinance and Budgets for Cleveland County Water's Water Treatment Plant Electrical Improvements.

Mr. Cornwell reminded about the prior year retreat presentation from Willis Engineers concerning the water line replacement at the water plant. This project was established through a budget ordinance and has now been completed. The filter rehabilitation has been completed through the operating budget. This ordinance calls for design and installation on the electrical improvements at the water plant. The engineering design for the improvements will be \$25,000.00 and contract installation will be approximately \$175,000.00. This project will not be completed in one fiscal year and will extend across multiple fiscal years. To better track the finances involved and keep the project accounting correct for auditing this project needs to be in a separate ordinance. Mr. Cornwell called for Jeff Earl, Utility Director to speak about these improvements. Mr. Earl spoke about the upgrades that have been completed and shared before and after pictures of the completed work. Mr. Earl also shared pictures of the current electrical conduit system and the state of corrosion. Mr. Earl explained the equipment that needed to be removed and demolished. Mr. Earl also shared the equipment that needed to be relocated and the necessity of cut-off switches for different operations. Mr. Cameron asked about the costs involved. Mr. Earl explained that the proposal had the electrical in two parts but consolidating that two into one job would be completing both items. Mr. Cornwell reported that this work would

call for a special electrician because of the high voltage at 480 volts. Mr. Pedersen asked about back up if lightning damage were to occur. Mr. Earl explained about the triangulation in grounding and the hope that lightning would not get the transformer. Mr. Cornwell explained that even with the generator, if there were to be lightning damage, an electrician would be required for repair and restoration of power. Mr. Cook asked if it would be wise to have a manual transfer switch installed at the transformer to plug in a rental generator if the transformer were to be damaged. Mr. Cornwell appreciated the consideration and noted that the engineer would be consulted on that. Mr. Brooks questioned if the conduit was labeled. Mr. Earl responded that the panels were labeled. Mr. Brooks noted that it might be a good time to label the conduit. Mr. Cameron asked if there were future projects for the water plant after the electrical was completed. Mr. Earl replied that there were future projects concerning a new clear well and new distribution pumps. Mr. Cornwell noted that this was the last short-term project. The long-term projects are still waiting to be done.

Action Taken: Upon a motion by Mr. Cook, second by Mr. Pedersen, the Board of Commissioners voted unanimously to adopt Ordinance Number 3-2017 *An Ordinance Establishing a Capital Project Budget Ordinance and Budgets for Cleveland County Water's Water Treatment Plant Electrical Improvements.*

G. General Manager's Report:

Mr. Cornwell began with the financial statements. The month of April water sales were down because the month only had nineteen business days. The installment financing has been completed and the revenue has been deposited into the bank account. The capital outlay account for line extensions is up because the payment for North Lafayette and Edgewater has been made. A debt payment was made in the amount of \$98,243.00. The maintenance report is included in the packet for this month. The maintenance department has completed the School House Road project. This project called for 5,545 feet of six-inch water line to be installed. This was all completed by CCW maintenance staff. The contractor has completed the North Lafayette and Edgewater project. This project called for 4,041 feet of pipe to be installed. The billing report reflects a 13.7% increase in usage

from the previous month. Mr. Cornwell reported that Leadership Cleveland County visited CCW this month. Garrett Gilbert and Jeff Earl did a presentation and provided water plant tours to the guests. Mr. Cornwell received several compliments about the visit and the hospitality of CCW. Mr. Cornwell reported that several State of the Community Breakfasts would be taking place soon. He would be sharing updates on dates and locations soon. The budget meeting will be May 23, 2017 at 6:00 p.m. Mr. Cornwell shared the employee compliments. Patricia "Sissy" Black assisted a customer with the process of changing the name on his recently deceased mother's water account. Dawn Cape received a letter from a customer who had met her in the community and wrote her a note to tell her "Hello" when she received her payment in the mail for processing.

I. Board Members Announcement and Remarks

Mr. Cook noted that he came for a tour of the upgrades at the water plant. He was proud of the work and progress that had been made. Mr. Cornwell asked the Board about summer meetings and the necessity of these meetings. It was decided that the July meeting would be scheduled as planned. The August meeting would be cancelled due to the American Legion World Series games.

K. Adjournment

Action Taken: Chairman Melton called for a motion to adjourn. Upon a motion by Mr. Brooks, second by Mr. Pedersen, the Board of Commissions voted unanimously to adjourn at 7:35 PM.

Respectfully submitted,
Bill Cameron
Bill Cameron
Secretary

