

WATER AND SEWER AUTHORITY OF CABARRUS COUNTY
DECEMBER 15, 2022
5:00 P.M.

The Board of Directors (the “Board”) of the Water and Sewer Authority of Cabarrus County (“WSACC”) met in regular session on Thursday, December 15, 2022 at the Administrative Offices. The meeting was also set up for virtual attendance administered by Zoom and streamed on YouTube.

Public access to the meeting could be obtained by calling into the conference bridge at 1-(267) 930-4000 and using the participant access code.

The following Board Members were present:

Mr. Jeff Corley	Mr. Robert Ritchie
Ms. Jennifer Parsley-Hubbard	Mr. Jim Sells
Mr. Jonathan Marshall	Mr. Lynn Shue

Mr. Hinnant, Mr. Legg, and Mr. Donham were unable to attend due to a prior commitment.

Also present were Mr. Michael Wilson, Executive Director; Ms. Tammy Garifo, Executive Secretary/Secretary to the Board; Ms. Robin Moore, Deputy Executive Director/Administration; Mr. Mark Fowler, Facilities Director; Ms. Wendi Heglar, Finance Director; Mr. Thomas Hahn, Assistant Engineering Director; Mr. Thomas Jakubisin, IT Manager; Mr. William Isenhour, Johnston, Allison & Hord, P.A. (“JAH”); and Mr. John Kapelar, Potter & Company, CPA’s P.A.

At 5:00 P.M., Vice-Chairman Corley called the meeting to order.

UNFINISHED BUSINESS

Request for Approval of the Minutes of October 20, 2022

Mr. Marshall made a motion to approve the minutes of October 20, 2022. Mr. Ritchie seconded the motion and the Board approved by unanimous vote.

NEW BUSINESS

Request for Approval of the Receipt of the Fiscal Year 2021-2022 Independent Auditor’s Report and Annual Comprehensive Financial Report (ACFR) by Potter & Company, CPAs

Ms. Heglar presented WSACC’s Fiscal Year (FY) 2021-2022 audit report and Annual Comprehensive Financial Report (ACFR). A copy of the report was provided in the agenda packet. This is the 24th consecutive year that WSACC has received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.

Ms. Heglar thanked WSACC's accounting staff, Ms. Shelley Farris and Ms. Sandy Cain, for their assistance in preparing the audit report. She also thanked the accounting staff from Cabarrus County for their assistance in providing portions of the statistical and economic data.

Next, Mr. John Kapelar, Potter & Company, CPA's P.A. reviewed WSACC's financial statements. He said Potter & Company issued an unmodified (clean) opinion on the financial statements of WSACC for the fiscal year ended June 30, 2022.

Mr. Kapelar reviewed the following financial statements: the Statement of Net Position (balance sheet) unrestricted cash and cash equivalents were \$42,957,991. Total net position increased \$13,399,137 for the fiscal year ended 2022 compared to the increase amount of \$5,967,870 in the fiscal year 2021. The increase was due to revenue bond proceeds to fund the Rocky River Regional Wastewater Treatment Plant and due to the legal settlement for the Biosolids Heat to Energy Project that WSACC received. The legal settlement was considered an extraordinary item. The total cash and cash equivalents for the fiscal year 2022 were \$107,497,472. WSACC's net investment in capital assets for the fiscal year ended June 30, 2022 were \$129,942,283, \$5,741,049 restricted for system development fees and \$36,790,766 unrestricted.

Next, Mr. Kapelar reviewed the Statement of Revenue and Expenses and change in Net Position (income statement). The operating revenues, charges for services were \$17,456,338 and total operating expenses \$19,515,389. Mr. Kapelar noted that the depreciation amount was \$7,197,452 which was a significant expense that takes the operating income down each year. WSACC's operating loss for the fiscal year ended 2022 was \$(2,059,051). The income (loss) before capital contributions and before the extraordinary item was \$(2,315,225). WSACC's change in net position for the fiscal year ended 2022 was \$13,399,137 due to the legal settlement for the Biosolids Heat to Energy Project and capital contributions.

Next, Mr. Kapelar went over the Statement of Cash Flows. The net cash provided by operating activities was \$4,294,373 and net cash provided by capital and related financing activities were \$68,486,251. Included in the cash flow statement was capital outlay items such as acquisition and construction of capital assets in the amount of \$10,445,938 and payment of principal on long term debt.

WSACC's budget to actual statement was a positive variance in revenues from the fiscal year ended 2022 compared to the last fiscal year.

A copy of WSACC's audit report and CAFR is filed in the Secretary to the Board's office and can be found on WSACC's website.

Mr. Ritchie made a motion to approve the Receipt of the Fiscal Year 2021-2022 Independent Auditor's Report and Annual Comprehensive Financial Report by Potter & Company, CPAs. Mr. Shue seconded the motion and the Board approved by unanimous vote.

Request for Approval to Write-Off Uncollectable Receivable of \$7,828.15 Billed to Clearwater Septic and Dumping

Ms. Heglar requested to write off an uncollectable receivable in the amount of \$7,828.15 billed to Clearwater Septic and Dumping. She explained that the amount from Clearwater Septic and Dumping was not collectable because the business had closed. Clearwater Septic and Dumping owes WSACC for the months of June, July, August, and September 2021. Ms. Heglar said WSACC has made several attempts to collect payment from the business but had no success. WSACC will require full payment of the balance if Clearwater Septic and Dumping attempts to open another account in the future.

Mr. Shue made a motion to approve the write-off of the uncollectable receivable of \$7,828.15 billed to Clearwater Septic and Dumping. Ms. Hubbard seconded the motion and the Board approved by unanimous vote.

Request to Approve the Executive Director to Execute Subgrantee Agreement with Prime Beverage

Vice Chairman Corley said a request was made to move this agenda item for discussion and consideration after the Board comes out of closed session.

With no discussion, **the Board gave their consent to move the agenda item “Request to Approve the Executive Director to Execute Subgrantee Agreement with Prime Beverage” for discussion after closed session.**

Request for Approval of the Resolutions Authorizing Condemnation to Acquire Property for the Lower Coddle Creek Parallel Interceptor Project

Mr. Wilson said WSACC has been unable to acquire property needed for the Lower Coddle Creek Parallel Interceptor Project from four property owners. He then requested approval of four resolutions entitled “Resolution Authorizing Condemnation to Acquire Property” for the Lower Coddle Creek Parallel Interceptor Project.

Mr. Marshall made a motion to approve the four Resolutions Authorizing Condemnation to Acquire Property for the Lower Coddle Creek Parallel Interceptor Project. Mr. Ritchie seconded the motion and the Board approved by unanimous vote.

The Resolutions were approved as follows:

**RESOLUTION AUTHORIZING
CONDEMNATION TO ACQUIRE PROPERTY**

WHEREAS, the Board of Directors of the Water and Sewer Authority of Cabarrus County (“WSACC”), hereby determines that it is necessary and in the public interest to acquire certain property owned by those persons, firms or corporations identified in Schedule 1 for the following public use or benefit:

To protect the public health, to provide the public with adequate and sound water and sewer facilities, and to improve such systems to meet the needs for expanded or upgraded services, WSACC is condemning the herein described interest for public utility purposes, specifically, for the purpose of constructing and extending

the Lower Coddle Creek Parallel Interceptor Project in accordance with the plat(s) thereof attached hereto as Schedule 2.

WHEREAS, to date, representatives of WSACC have been unable to acquire the needed interest in the described property by negotiated conveyance.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF WSACC, THAT:

1. WSACC shall acquire by condemnation, for the purposes stated above, the property and interest therein described in Schedule 1 attached hereto and incorporated herein by reference.

2. Attorneys representing WSACC are directed to institute the necessary proceedings under Chapter 40A of the North Carolina General Statutes to acquire the property herein described.

Adopted the ____ day of _____, 2022.

Water and Sewer Authority of Cabarrus County

By: _____
Jeff Corley, Vice Chairman

ATTEST:

Tammy Garifo, Secretary to the Board

Schedule 1	
<u>Property Owner</u>	<u>Interest</u>
James Burke PIN: 5518-39-0859	Right-of-Way
Jenoal G. Blackwelder Robin Ann Blackwelder PIN: 5518-44-8790	Right-of-Way
Marion W. Thompson Guardian Ad Litem for Marian W. Thompson PIN: 5527-47-1529	Right-of-Way
James Arthur Murray Ellen June Forbes Murray	
Quicken Loans, Inc. Michael Lyon, Trustee PIN: 5579-00-6246	Right-of-Way

Request for Approval to Award a Contract for Dredging at Lake Don T. Howell

Mr. Hahn said in April 2022, the Board approved an engineering study from WithersRavenel for dredging at Lake Don T. Howell (Coddle Creek Reservoir). He explained that Lake Howell includes two raw water intakes, one near the dam along Highway 73 and another near Highway 3. The City of Concord owns and operates the raw water intake near Highway 73 and the City of Kannapolis owns and operates the raw water intake near Highway 3.

Mr. Hahn said recently the City of Kannapolis asked WSACC to contact prospective bidders for dredging in the area surrounding the City of Kannapolis intake at Lake Don T. Howell because the City of Kannapolis desires to resume use of their intake soon.

Mr. Hahn said WSACC reached out to prospective bidders and received a low bid in the amount of \$210,000 for the dredging contract. Mr. Hahn said a Budget Amendment will be presented in the amount \$300,000 to cover the cost of grading the area for placement of the geotextile tubes. Mr. Hahn said the scope of service for the project will include removal and dewatering of +/- 4,000 cubic yards of sediment from the area surrounding the intake. He said based on conversations with the City of Kannapolis and the prospective contractors, the initial removal of +/- 4,000 cubic yards of sediment would be sufficient for the City of Kannapolis to resume use of their intake.

Mr. Ritchie made a motion to approve the Award of Contract for dredging at Lake Don T. Howell. Mr. Shue seconded the motion and the Board approved by unanimous vote.

Request for Approval of the Budget Amendment for the Dredging Contract at Lake Don T. Howell

Ms. Heglar presented a budget amendment for the dredging contract at Lake Don T. Howell. She said WSACC would like to appropriate retained earnings in the amount of \$300,000 for the contract.

Mr. Shue made a motion to approve the Budget Amendment for the Dredging Contract at Lake Don T. Howell. Mr. Ritchie seconded the motion and the Board approved by unanimous vote.

The Budget Amendment was approved as follows:

AN ORDINANCE TO AMEND FY 2022-2023 BUDGET ORDINANCE

WHEREAS, the Board of Directors of the Water and Sewer Authority of Cabarrus County, North Carolina did on the 21st day of April, 2022, adopt the Water and Sewer Authority Budget for the fiscal year beginning July 1, 2022, and ending on June 30, 2023; and

WHEREAS, it is appropriate to amend the accounts in the fund listed for the reason stated;

NOW, THEREFORE, BE IT ORDAINED by the Board of Directors of the Water and Sewer Authority of Cabarrus County, that in accordance with the authority contained in G.S. 159-15, the following accounts are hereby amended as shown and that the total amounts are herewith appropriated for the purposes shown.

Operating Fund

Account No.	Account Title	Amount	From	To
1031010-4990	Retained Earnings Approp.	\$300,000	\$1,286,912	\$1,586,912
1047120-5350	Maintenance	\$300,000	\$20,000	\$320,000

REASON:

To appropriate Retained Earnings for Lake Howell dredging.

Adopted this 15th day of December, 2022.

WATER AND SEWER AUTHORITY OF
CABARRUS COUNTY, NORTH CAROLINA

Jeff Corley, Vice Chairman

ATTEST:

Tammy M. Garifo, Secretary
(Seal)

Request for Approval of the Updates to WSACC’s Safety and Health Incentive Program

Ms. Moore stated that WSACC’s Safety and Health Incentive Program (Program) began in 2007. She requested two changes to the Program. The first change was that WSACC would give employees a one-time \$50 incentive if they complete their annual wellness health screening. The second change to the Program was to put a limit of \$300.00 on the gift card incentive for employees that complete 20 consecutive years of safe employment.

A copy of the changes to WSACC’s Safety and Health Incentive Program was provided in the agenda packet.

Mr. Ritche made a motion to approve the updates to WSACC’s Safety and Health Incentive Program. Ms. Hubbard seconded the motion and the Board approved by unanimous vote.

Request for Approval to Update the 8.12 Retirement and 401(k) Retirement Program

Ms. Moore said WSACC’s retirement and 401(k) retirement program has been updated to comply with the North Carolina 401(k) plan document. WSACC was previously contributing four percent (4%) of the employee’s base salary into the 401(k) program, but WSACC will now contribute four percent (4%) of the employee’s gross salary into the 401(k) program.

Ms. Moore then requested Board approval to the changes to WSACC’s retirement program.

Mr. Shue made a motion to approve the updates to WSACC’s 8.12 Retirement and 401(k) Retirement Program. Mr. Marshall seconded the motion and the Board approved by unanimous vote.

REPORTS

RRRWWTP Expansion Update

Mr. Hahn gave a PowerPoint presentation that included pictures of the construction progress for the Rocky River Regional Wastewater Treatment Plant (RRRWWTP) expansion. Listed below are the updates and expectations for the next month.

- Crowder Construction team continues with multiple crews on site working on both the electrical replacement project and the Phase 3 plant expansion.
- Crowder Construction has completed many of the wall pours for Aeration Basin 6.
- Crowder Construction has completed excavation for the NEF Junction Box, and has backfilled around the EQ Basin Influent Vault and EQ Basin Effluent Vault.
- Crowder Construction has completed some blasting work for rock removal near the EQ Basin.
- The existing Maintenance Canopy and pad have been demolished, and Crowder Construction has continued work on the new Maintenance Canopy pad.
- Crowder Construction has received shipments of some early electrical equipment and large-diameter piping.
- The team has continued to work to mitigate potential issues with sourcing equipment for Phase 3 and the electrical upgrades effort.

The work planned for the next month:

- Continue remaining duct bank installation.
- Form and pour slab for NEF Junction Box.
- Continue excavation for EQ Basin/NEF Facility following blasting.
- Continue excavation and shoring for Junction Box 101.
- Continue wall section placements at Aeration Basin 6.
- Continue work at Chlorine Contact Basin/Effluent Flume 103.
- Continue work at new Maintenance Canopy.

Ms. Hubbard thanked WSACC staff for providing the updates on the RRRWWTP expansion and including the pictures of the construction progress. She said the updates and pictures are shared with the City of Concord Council and will be shared at the City of Concord's allocation meetings to keep developers informed of the construction progress. Mr. Shue said the RRRWWTP expansion updates are also shared with the Cabarrus County Board of Commissioners.

PUBLIC COMMENTS

Mr. Wilson said he attended a meeting on December 14, 2022 with NC DEQ Secretary Elizabeth Biser. A representative from each local jurisdiction was there, and Senator Newton and Representatives Crutchfield and Baker along with their staff was there. The purpose of the meeting was to discuss the critical water and sewer needs facing Cabarrus County. Mr. Wilson said some topics of discussion were changing the flow factor reduction, allocating capacity sooner while constructing the RRRWWTP expansion, and the Interbasin Transfer. Mr. Wilson said NC DEQ was very receptive to the concerns. Mr. Wilson said the meeting showed that

WSACC and the local jurisdictions and legislative personnel support each other with the issues that Cabarrus County faces.

Vice Chairman Corley asked for a motion to go in to closed session.

At 5:40 P.M., Mr. Ritchie made a motion to go into closed session - G.S.143-318.11(a)(1) - to prevent the disclosure of information that is privileged or confidential pursuant to the law of this State or of the United States, or not considered a public record within the meaning of Chapter 132 of the General Statutes and G.S.143-318.11 (a)(3) - to consult with WSACC's attorney in order to preserve the attorney-client privilege for consideration of and to give instructions to WSACC's attorney concerning the handling or settlement of a claim, judicial action or administrative procedure. Mr. Shue seconded the motion and the Board approved by unanimous vote.

At 6:10 P.M., Mr. Marshall made a motion to come out of closed session. Mr. Shue seconded the motion and the Board approved by unanimous vote.

Request to Approve the Executive Director to Execute Subgrantee Agreement with Prime Beverage

Mr. Marshall made a motion to table the request to approve the Executive Director executing the subgrantee agreement with Prime Beverage. Mr. Shue seconded the motion and the Board approved by unanimous vote.

At 6:11 P.M., Mr. Shue made a motion to adjourn the meeting. Ms. Hubbard seconded the motion and the Board approved by unanimous vote.

The meeting was adjourned until the next meeting scheduled for January 19, 2023.