

WATER AND SEWER AUTHORITY OF CABARRUS COUNTY
JUNE 15, 2023
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, June 15, 2023 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. Jonathan Marshall
Mr. Rob Donham (virtual attendance)	Mr. Robert Ritchie
Mr. Darrell Hinnant	Mr. Jim Sells
Ms. Jennifer Parsley-Hubbard	Mr. Lynn Shue
Mr. Mike Legg	

Also present were Mr. Michael Wilson, Executive Director; Ms. Tammy Garifo, Executive Secretary/Secretary to the Board; Ms. Robin Moore, Deputy Executive Director/Administration; Ms. Wendi Heglar, Finance Director; Mr. Thomas Jakubisin, IT Manager; Mr. Mark Fowler, Facilities Director; Mr. Thomas Hahn, Assistant Engineering Director; Mr. William Isenhour, Johnston, Allison & Hord, P.A. (“JAH”); Mr. Randy Holloway; Town of Mt. Pleasant; and Ms. Mallory Hodgson, Town of Harrisburg.

At 5:00 P.M., Chairman Legg called the meeting to order.

UNFINISHED BUSINESS

Request for Approval of the Minutes of May 18, 2023

Ms. Hubbard made a motion to approve the minutes of May 18, 2023. Mr. Hinnant seconded the motion and the Board approved by unanimous vote.

Request for Approval of the Adoption of the System Development Fee Ordinance and Set New Fee Effective July 1, 2023

Mr. Shue made a motion to approve the adoption of the System Development Fee Ordinance. Mr. Marshall seconded the motion and the Board approved by unanimous vote.

The System Development Fee Ordinance was approved as follows:

BE IT ORDAINED by the Board of Directors of the Water and Sewer Authority of Cabarrus County (WSACC), North Carolina, meeting in open session this 15th day of June, 2023, that the following fund revenues and departmental expenses, together with certain restrictions and authorizations, are adopted.

SECTION I – GENERAL OPERATING FUND

A. Revenues totaling \$21,668,220 are hereby approved, comprised of the following components:

Flow Operation and Maintenance	\$12,441,470
Fixed Shares – Treatment	4,859,342
Fixed Shares – Interceptor	1,857,100
Surcharges	550,000
Program, Sample & Lab Fees	277,068
Raw Water Charges – Lake Howell	306,029
Biosolids Disposal Tipping Charges	400,000
Septage Haulers' Fees	450,000
Investment Earnings	500,000
Other	27,211
Total Revenues	<u><u>\$21,668,220</u></u>

B. The following rates and fixed charges have been established:

Wastewater Combined Operation and Maintenance:	
Treatment Rate/1,000 gallons	\$1.766
Treatment Fixed Share	\$4,859,342
Interceptor Fixed Share	\$1,857,100
Septage Hauler Rate/ gallon	\$0.06
Lake Howell Reservoir:	
Annual Charge for Permitted Capacity	\$306,029
City of Concord	\$251,525
City of Kannapolis	\$54,504

Other user fees are shown in detail on the attached Exhibit A.

C. Expenses totaling \$21,668,220 are hereby approved, comprised of the following program budgets:

Administration	\$1,754,069
Engineering	823,116
Rocky River Regional Wastewater Treatment Plant	7,240,339
Biosolids Incineration	2,130,513
Laboratory	620,810
Pretreatment	237,181
Muddy Creek Wastewater Treatment Plant	279,202
Interceptors	1,913,358
Lake Howell Reservoir	306,029
Debt Service/Capital Outlay – Treatment	4,454,542
Debt Service/Capital Outlay – Interceptor	1,322,099
Non-departmental	586,962
Total Expenses	<u><u>\$21,668,220</u></u>

D. Compensation adjustments have not been incorporated in the budget ordinance at this time:

Pay Scale Adjustment	3.0%
Performance Increases	Up to 4%
Board Members	
Compensation as allowed by State Statute.	

SECTION II – SYSTEM DEVELOPMENT FEE FUND

A. Revenues totaling \$3,200,000 are hereby approved, comprised of the following components:

System Development Fees	<u>\$ 3,200,000</u>
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Total Revenues

\$ 3,200,000

The System Development Fees (SDF) are authorized by ordinance and collected by Cabarrus County on WSACC's behalf.

B. The following fees have been established:

Meter Size <u>in Inches</u>	System Development <u>Fee</u>
5/8 & 3/4"	\$ 2,968
1"	\$ 4,947
1.5"	\$ 9,893
2"	\$ 15,829
3"	\$ 31,659
4"	\$ 49,467
6"	\$ 98,933
8"	\$ 158,293
10"	\$ 415,520
12"	\$ 524,347
Multi-Family*	
1 or 2 Bedrooms	\$ 1,696
Greater Than 2 Bedrooms	\$ 2,968

*Multi-Family is apartments, townhomes, condos, duplexes etc.

C. Expenses totaling \$3,200,000 are hereby approved, comprised of the following components:

Contribution to SDF Reserve	<u>\$3,200,000</u>
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The Board of Directors will authorize all SDF transfers to a Capital Project Fund for each specific capital project.

SECTION III – ENCUMBRANCES AS OF JUNE 30, 2023

Funds appropriated in the FY 2022-2023 Budget and encumbered on June 30, 2023, shall be authorized as part of the Budget Appropriation by adoption of this Budget Ordinance.

SECTION IV – SPECIAL AUTHORIZATIONS

- A. The Finance Director shall be authorized to transfer monies within program budgets to conduct the objectives of each program, without limitation.
- B. The Finance Director shall be authorized to transfer monies between program budgets as necessary for the efficient operation of WSACC without action by the Board of Directors.
- C. The Finance Director shall be authorized to transfer monies from the Nondepartmental program budget to other program budgets, to reflect:
 1. The difference in the actual percentage increase authorized by the Board of Directors for merit increases, and the amount budgeted within the programs.
 2. To conduct the results of any personnel action taken by the Board of Directors.
 3. The difference in actual insurance premiums and the amount budgeted within the programs.
 4. Unplanned and unanticipated maintenance of equipment of a critical nature.

- D. The Finance Director shall be authorized to reallocate monies among the various objects of expenditures for Capital Project Ordinances and between Capital Project Ordinances as needed.
- E. The Executive Director is hereby authorized to transfer monies from the contingency designation into program budgets as necessary for the efficient operation of the WSACC organization. The transfer is to be reported to the Board of Directors at the next scheduled meeting.
- F. The Finance Director is authorized to establish the capitalization threshold of \$10,000 for capital assets and \$250,000 for infrastructure.
- G. The Executive Director and the Engineering Director are authorized to establish rates for biosolids cake and liquid taking into consideration the percent solids, volatiles content, difficulty of processing and the impact on the plant.

SECTION V – INSTRUCTIONS – EXECUTIVE DIRECTOR

The Board of Directors authorizes adoption of the General Operating Fund budget on the program budget level.

SECTION VI – BUDGETARY ACCOUNTING FOR APPROPRIATIONS

Any and all salaries, benefits and expenses paid under this budget ordinance have been preaudited under the requirements of GS 159-28(a) and the finance officer has determined that an unencumbered balance remains in the appropriation sufficient to pay in the July 1, 2023 through June 30, 2024 fiscal year the sums obligated by the transaction. The following certification shall apply to payments during the fiscal year:

This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act.

Wendi Heglar, Finance Officer

SECTION VII - UTILIZATION OF BUDGET AND BUDGET ORDINANCE

This Budget Ordinance and the Operating Budget document, which is on file with the Executive Director and incorporated fully as part of this Budget Ordinance, shall be the basis of the financial operations of WSACC during the Fiscal Year. The Executive Director shall administer the Budget and shall ensure that the Board of Directors is provided sufficient financial information to allow the setting of appropriate financial policies. The Executive Director shall establish and maintain records which agree with the Budget, the Budget Ordinance, and the appropriate statutes of the State of North Carolina.

THIS ORDINANCE IS HEREBY approved and adopted this 15th day of June, 2023.

BOARD OF DIRECTORS
Water and Sewer Authority of
Cabarrus County, North Carolina

Michael B. Legg, Chairman

ATTEST:

Tammy M. Garifo, Secretary to the Board

Mr. Marshall then made a motion to adopt the new System Development Fee schedule effective July 1, 2023. Mr. Ritchie seconded the motion and the Board approved by unanimous vote.

PUBLIC HEARING

Public Hearing for the Proposed Annual Operating Budget for Fiscal Year 2023-2024

Chairman Legg opened the Public Hearing for the Proposed Annual Operating Budget for the fiscal year 2023-2024.

Having no public comments, Chairman Legg closed the Public Hearing.

WORK SESSION

Discussion as Necessary on the Proposed Annual Budget for Fiscal Year 2023-2024

At WSACC’s March 16, 2023 Board meeting, Mr. Wilson presented the Proposed Annual Operating Budget for the fiscal year 2023-2024. The Board adopted a seven-point nine percent (7.9%) increase in the variable sewer rate from \$1.636 to \$1.766 per 1,000 gallons and set the fixed charges to the jurisdictions for the fiscal year 2023-2024 budget at WSACC’s April 20, 2023 meeting.

The Board had no additional questions or comments on the proposed annual budget for the upcoming fiscal year.

Request for Approval of the Adoption of the Fiscal Year 2023-2024 Budget Ordinance

Mr. Hinnant made a motion to approve the adoption of the fiscal year 2023-2024 Budget Ordinance. Mr. Ritchie seconded the motion and the Board approved by unanimous vote.

The Budget Ordinance was approved as follows:

**Water and Sewer Authority of Cabarrus County
BUDGET ORDINANCE
For the Fiscal Year July 1, 2023 through June 30, 2024**

BE IT ORDAINED by the Board of Directors of the Water and Sewer Authority of Cabarrus County (WSACC), North Carolina, meeting in open session this 15th day of June, 2023, that the following fund revenues and departmental expenses, together with certain restrictions and authorizations, are adopted.

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Septage Hauler Rate/ gallon	
	\$0.06
Lake Howell Reservoir:	

Annual Charge for Permitted Capacity \$306,029

City of Concord	\$251,525
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Board Members
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 - 2.** The difference in the actual percentage increase authorized by the Board of Directors for merit increases, and the amount budgeted within the programs.
 - 2.** To conduct the results of any personnel action taken by the Board of Directors.
 - 3.** The difference in actual insurance premiums and the amount budgeted within the programs.
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- K.** The Finance Director shall be authorized to reallocate monies among the various objects of expenditures for Capital Project Ordinances and between Capital Project Ordinances as needed.
- L.** The Executive Director is hereby authorized to transfer monies from the contingency designation into program budgets as necessary for the efficient operation of the WSACC organization. The transfer is to be reported to the Board of Directors at the next scheduled meeting.
- M.** The Finance Director is authorized to establish the capitalization threshold of \$10,000 for capital assets and \$250,000 for infrastructure.
- N.** The Executive Director and the Engineering Director are authorized to establish rates for biosolids cake and liquid taking into consideration the percent solids, volatiles content, difficulty of processing and the impact on the plant.

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Wendi Heglar, Finance Officer

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THIS ORDINANCE IS HEREBY approved and adopted this 15th day of June, 2023.

BOARD OF DIRECTORS
Water and Sewer Authority of
Cabarrus County, North Carolina

Michael B. Legg, Chairman

ATTEST:

Tammy M. Garifo, Secretary to the Board

NEW BUSINESS

Request for Approval of the Capital Improvement Program Expansion Projects Only Fiscal Year 2023-2024 and Nine Planning Years

Mr. Wilson said the Capital Improvement Program (CIP) only includes a 10-year CIP of expansion projects since the Master Plan would not be completed until the summer of 2023 and due to the updates to the System Development Fees (SDF). He added that future capital projects associated with repair, refurbishment, and replacement would be incorporated in the final Master Plan which would be included in next year's CIP when WSACC presents the fiscal year 2024-2025 budget.

Mr. Wilson stated that the CIP is for planning purposes and each project is subject to the Board's approval based on timing and funding sources that are available.

Mr. Corley made a motion to approve the Capital Improvement Program-Expansion Projects Only, for Fiscal Year 2023-2024 and Nine Planning Years. Mr. Marshall seconded the motion and the Board approved by unanimous vote.

Request for Approval of the Annual Audit Contract

Ms. Heglar presented the annual audit contract from Potter and Company, CPA's. The audit contract was for the fiscal year ending June 30, 2023 in the amount of \$18,750. She stated that the North Carolina Local Government Commission requires WSACC to submit annual audits by October 31 each year.

Mr. Ritchie made a motion to approve the annual audit contract with Potter and Company CPA's for the amount of \$18,750. Ms. Hubbard seconded the motion and the Board approved by unanimous vote.

Election of Officers for the Fiscal Year 2023-2024

Chairman Legg opened the floor for nominations of officers for the fiscal year 2023-2024.

Mr. Hinnant made a motion to re-elect Mr. Mike Legg as Chairman, Mr. Jeff Corley as Vice Chairman, Ms. Wendi Heglar as Treasurer and Ms. Tammy Garifo as Secretary to the Board. Ms. Hubbard seconded the motion and the Board approved by unanimous vote.

GENERAL DISCUSSION

Allocation of Wastewater Capacity from RRRWWTP Expansion

Mr. Wilson said as Senate Bill 673 (Wastewater Regulatory Relief Act) was recently passed, WSACC is closer to having an additional 2.1 MGD capacity to allocate to member jurisdictions. He reminded the Board that the term of the current Interlocal Wastewater Capacity Allocation Agreement (Agreement) ends in January 2025, or when the RRRWWTP expansion to 30 MGD comes online. Mr. Wilson added that it would be advantageous to complete an amendment to the Agreement since the 2.1 MGD capacity would soon be available.

Mr. Isenhour said the Agreement would be prepared as a first amendment to the Interlocal Wastewater Capacity Allocation Agreement that was approved by each member jurisdiction on December 21, 2021. Mr. Isenhour said the first amendment to the Agreement would need approval from the governing boards from each member jurisdiction which would be the City of Concord, City of Kannapolis, Town of Mt. Pleasant, Town of Harrisburg and Cabarrus County.

As discussed in previous Board meetings, the Board continued to discuss several scenarios for allocating capacity to the member jurisdictions along with allocating additional capacity to the Town of Mt. Pleasant (Mt. Pleasant).

Mr. Randy Holloway spoke to the Board about Mt. Pleasant's sewer capacity needs. He gave a presentation showing the allocation proposals that Mt. Pleasant presented at WSACC's May 18, 2023 meeting.

Mr. Sells and Mr. Holloway talked about the history of WSACC's pump station #3 and the 2009 Interlocal Agreement with WSACC, Mt. Pleasant and two property owners. There was also discussion regarding the capacity allocation needs for two subdivisions (Brighton Park and Green Acres), which was 51,600 GPD. Mr. Holloway said at Mt. Pleasant's June 12, 2023 Board of Commissioners meeting, the Board approved the allocation request for 19,400 GPD for the new Virginia Foil Park/Library/Senior Center.

Mr. Holloway said for Mt. Pleasant to commit to the 51,600 GPD capacity allocation needs for the two subdivisions and based on the WSACC pump station #3 Interlocal Agreement, Mt. Pleasant would recommend that the City of Concord consider allocating 30,666 GPD, City of Kannapolis allocate 14,979 GPD, and the Town of Harrisburg allocate 5,217 GPD. Mr. Holloway said Mt. Pleasant would then have 81,000 gallons of capacity to work with and still have capacity left for growth.

After a lengthy discussion on the base flow of 50,000 GPD, and capacity allocations, the Board agreed to allocate capacity to Mt. Pleasant.

Mr. Marshall made a motion to allocate 19,400 GPD capacity among the member jurisdictions to the Town of Mt. Pleasant based on the five-year average wastewater flow. Mr. Shue seconded the motion.

Mr. Marshall then amended the motion to allocate 20,000 GPD capacity instead of 19,400 GPD capacity among the member jurisdictions to the Town of Mt. Pleasant based on the five-year average wastewater flow. Mr. Shue seconded the motion and the Board approved by unanimous vote.

REPORTS

RRRWWTP Expansion Update

Mr. Hahn gave a power point presentation with pictures of the construction progress for the RRRWWTP expansion project. Mr. Hahn said Crowder Construction continues to work to mitigate potential issues with sourcing equipment for Phase 3 and the electrical upgrades effort. Mr. Hahn said the expansion project was on track for completion in the summer of 2024.

PUBLIC COMMENTS

There were no public comments.

CLOSED SESSION

At 6:28 P.M., Mr. Sells made a motion to go in to closed session - 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; and G.S.143-318.11(a)(6) – to consider the qualifications, competence, performance, character, fitness, conditions or appointment, or conditions of initial employment of an individual public officer or employee or prospective public officer or employee. Mr. Hinnant seconded the motion and the Board approved by unanimous vote.

At 6:55 P.M., Mr. Hinnant made a motion to come out of closed session. Ms. Hubbard seconded the motion and the Board approved by unanimous vote.

Mr. Ritchie then made a motion to adjourn. Ms. Hubbard seconded the motion and the Board approved by unanimous vote.