

STATE OF NORTH CAROLINA

COUNTY OF VANCE

The Vance County Board of Commissioners met in special session on Tuesday, August 21, 2018 at 5:00 p.m. in the Commissioners' Conference Room, Vance County Administration Building, 122 Young Street, Henderson, NC. Those Commissioners present were as follows: Chairman Thomas S. Hester, Jr., Vice-Chairman Archie B. Taylor, Jr., Commissioners Dan Brummitt, Leo Kelly, Jr., and Gordon Wilder.

Absent: Commissioners Carolyn Faines and Yolanda J. Feimster.

Also present were County Manager Jordan McMillen, Finance Director David C. Beck, and County Attorney Jonathan S. Care. Clerk to the Board Kelly H. Grissom was absent.

The purpose of the special meeting was to:

1. Convene the Vance County Water District Board and hear a report from the Water Planning Committee concerning the following:
 - a. Awarding a contract for construction of Phase 3 of the County Water System.
 - b. Phase 1B update and authorization of next steps.
 - c. Establishing base rates for 3 inch, 4 inch and 6 inch water meters.
2. Convene the Board of Commissioners to enter closed session to discuss a legal matter.
3. Other items as necessary.

Chairman Thomas S. Hester, Jr. called the Water District Board to order.

Phase 3 Construction Bid Review. County Manager Jordan McMillen stated that the committee met (Wilder[C], Brummitt & Taylor) on Thursday, August 16th to review bids for constructing phase 3 of the county water system. The low bidder is H.G. Reynolds with a bid price of \$1,240,246. The committee was informed that this bid price causes a shortfall of \$244,646 in available funds and was informed that through negotiation with the low bidder H.G. Reynolds is willing to deduct \$70,689 from the price for removing Tristan Lane from construction. The committee agreed with the deduction and the engineer's recommendation to reduce the contingency to 5% or \$58,500 and recommended awarding the project to the low bidder. The committee was informed that the shortfall after these deductions will be \$151,057 which will be taken from existing customer signup deposits from previous construction phases plus the existing \$10,000 owner contribution. Recommendation: Award contract for construction of Phase 3 of the water system to H.G. Reynolds totaling \$1,169,557, subject to USDA and LGC approval and authorize execution of the Memorandum of Negotiation; adjust the project contingency to 5% (\$58,500) and approve increasing the owner contribution to \$161,057 from customer signup funds.

Motion was made by Commissioner Gordon Wilder to award the contract for construction of Phase 3 of the water system to H.G. Reynolds totaling \$1,169,557, subject to USDA and LGC approval and authorize execution of the Memorandum of Negotiation; adjust the project contingency to 5% (\$58,500) and approve increasing the owner contribution to \$161,057 from customer signup funds. This motion was seconded by Commissioner Dan Brummitt and unanimously approved.

Phase 1B Project Review. Mr. McMillen stated that the committee was presented with an overview of this phase which originally was to be constructed by the Kittrell Water Association. The committee was made aware the county is waiting for USDA action to transfer the funding and project to the Vance County Water District and anticipates this will be done by a new letter of conditions in the coming weeks. Phase 1B as previously approved and funded by USDA consists of 22.6 miles of waterline which includes various roads south of Bearpond Road, east of the Kittrell Town limits and southwest of NC 39 South. A total of 351 existing signups were obtained by the Kittrell Water Association and it appears approximately 209 are located along the proposed water lines. The project is currently funded by USDA with total project funds of \$3,196,201 made up of \$1,740,000 in loan funds, \$1,411,001 (44%) in grant funds and \$45,200 in owner contributed tap fees. The project engineer provided an updated project cost and estimates that existing USDA funding will be over \$2 million short based upon the existing project scope. The engineer recommended scaling back phase 1B to meet the available funding. The committee felt the county water system is in a better long term situation with Phase 1B included and requested that the engineer explore additional funding possibilities and whether existing funding from USDA could be added to or provided as a separate funding process. Recommendation: Authorize staff to coordinate with the project engineer to explore additional funding for the entire project scope and to create a reduced project scope to fit available funding and authorize staff to proceed with a signup campaign for this phase.

Motion was made by Commissioner Dan Brummitt to authorize staff to coordinate with the project engineer to explore additional funding for the entire project scope and to create a reduced project scope to fit available funding and authorize staff to proceed with a signup campaign for this phase. This motion was seconded by Commissioner Gordon Wilder and unanimously approved.

Base Rate – Meters over 2 inch. Mr. McMillen reported that the committee discussed the need to set base fees for meter sizes over 2 inches in order to plan for the future. Currently no existing customers on the Vance County Water System have meters sized over 2 inches and the typical residential meter size is ¾ inch. The committee reviewed base rates for surrounding systems for 3 inch, 4 inch and 6 inch meters and recommended setting a base fee of \$48 for 3 inch meters, \$80 for 4 inch meters, and \$100 for 6 inch meters.

Motion was made by Commissioner Dan Brummitt to approve the amendment to the Vance County Water District Rules and Regulations establishing a \$48 base fee for 3 inch meters, \$80 fee for 4 inch meters, and a \$100 base fee for 6 inch meters. This motion was seconded by Commissioner Gordon Wilder and unanimously approved.

At this time, Chairman Thomas S. Hester, Jr. adjourned the Water District Board.

Motion was made by Commissioner Dan Brummitt, seconded by Commissioner Archie B. Taylor, Jr., vote unanimous, to enter into closed session to discuss a legal matter.

Upon return to open session, and following a brief overview from the county attorney, motion was made by Commissioner Archie B. Taylor, Jr., seconded by Commissioner Dan Brummitt, vote unanimous, to amend the loan budget and distribution schedule as shown on the revised schedule which includes providing loan funds to Kittrell Water Association for the payment of \$50,000 to NC Water Systems Associates, LLC upon the condition that Blake Haley of NC Water will provide four hours of time to assist the Kittrell Water Association and Envirolink in locating assets and meters installed for the Kittrell Water Association system after Kittrell Water Association provides the \$50,000 payment, and NC Water Systems Associates, Vance County and Vance County Water District will agree to provide a full release and hold harmless agreement to each other as consideration for Vance County agreeing to release these loan funds.



**Kittrell Water Association
Revised Budget for Existing Debts and Disbursement of Operational Funds
(8/21/2018)**

	Initial Disbursements		Paid at Closing	Assumed at Closing
	Immediate Payments	2nd Priority***		
City of Henderson*	\$62,396.53			
Envirolink Billing/Software Estimate*	\$10,000.00			
Insurance	\$1,000.00			
Wyrick Robbins*		\$8,677.95		
Vaughan Grading & Utilities, Inc.*		\$11,153.28		
State Revolving Fund Debt		\$13,687.65		\$260,065.35
Lawn Care*		\$1,380.00		

	Immediate Payments	2nd Priority***	Paid at Closing	Assumed at Closing
NC Water Systems Assoc., Inc.		\$50,000.00	\$41,292.50	
Signup Deposits (USDA Project)				\$45,200.00
USDA Debt			\$38,432.28	
Deferred Board Member Fees			\$7,800.00	
Operational Contingency		\$4,179.81		
TOTAL		\$162,475.22	\$87,524.78	\$305,265.35

* These items have been paid partially or in full as of 8/21/2018

Monthly Budget for Disbursement of Operational Funds

Anticipated Monthly Payments	Estimated Monthly Amounts
City of Henderson	11,000
EnviroLink	5,000
Lawn Care - Woodlief's Lawn Care	250
Parts/Supplies	250
Contracted Repairs & Other	500
Utilities	100
Total	\$17,100.00

*Operational funds are those funds obtained from operation of the system (i.e. monthly customer revenue)

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As there was no further business, motion was made by Commissioner Gordon Wilder, seconded by Commissioner Dan Brummitt, vote unanimous, that the meeting be adjourned.

Approved and signed September 10, 2018.

Thomas S. Hester, Jr. (signed)
Thomas S. Hester, Jr., Chairman