

STATE OF NORTH CAROLINA

COUNTY OF VANCE

The Vance County Board of Commissioners, sitting as the Vance County Water District Board, met in special session on Thursday, September 26, 2013 at 3:00 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., Commissioners Deborah F. Brown, Dan Brummitt, Terry E. Garrison, Archie B. Taylor, Jr., Gordon Wilder, and Eddie L. Wright.

Absent: None.

Also present were County Manager Jerry L. Ayscue, Finance Director David C. Beck, County Attorney Jonathan S. Care, and Clerk to the Board Kelly H. Grissom.

The purpose of the special meeting was to approve construction of water lines on additional roads in Phase 1A, approve water rates for Phases 1A, 2A and 2B, approve water policies and procedures, award construction bids for Phases 2A and 2B, and select an engineering firm for Phases 2A and 2B.

Additional Roads for Phase 1A. Over the last few months, County staff has been working with the Local Government Commission to sell bonds in order to access the additional \$1.7 million remaining loan money for Phase 1A. A significant portion of these funds will be used to allow the addition of roads within Phase 1A. In order to proceed with construction of the first seven road additions, it is necessary to approve the following change orders to the existing contracts with H.G. Reynolds: Contract 1 Change Order #4 for \$75,151.76; and Contract 2 Change Order #3 for \$454,196.20. A second group of eight roads will need to be considered in the future, once they have been permitted.

Mr. David Townsend, Hobbs Upchurch & Associates, stated that the first seven roads are Allison Cooper Road under Contract 1 in the amount of \$75,151.76; and Cokesbury Court, Southerland Mill Road, Stewart Farm Road, Patterson Lane, Brookhaven Court, and Brookhaven Place under Contract 2 in the amount of \$454,196.20.

Commissioner Dan Brummitt asked if additional engineering and inspection fees needed to be allocated at this time. Mr. Townsend stated that this could be done when the second group of eight roads is added.

Motion was made by Commissioner Gordon Wilder to approve Change Order #4 for Contract 1 with H.G. Reynolds, Inc. for work on Allison Cooper Road in the amount of \$75,151.76 and approve Change Order #3 for Contract 2 with H.G. Reynolds, Inc. in the amount of \$454,196.20 for work on Cokesbury Court, Southerland Mill Road, Stewart Farm Road, Patterson Lane, Brookhaven Court, and Brookhaven Place for a total cost of \$529,347.96. This motion was seconded by Commissioner Terry E. Garrison and unanimously approved.

Water Rates. County Manager Jerry L. Ayscue stated that when developing a new water system, estimates and projections need to be made on the customer base over time. Three scenarios have been developed for consideration and were distributed to the Board previously for review. Mr. Mike Myers, Envirolink, Inc., was present and went over the information based on a projection of 1,750 customers. Based on this projection, the average monthly water rate would be \$62.83. This is based on 4,000 gallons of water use per month. Commissioner Dan Brummitt asked what the amount would be based on 5,000 gallons. Mr. Myers stated the monthly rate would not change. Commissioner Brummitt asked what the monthly rate would be based on a customer base of 1,030 and was told it would be \$90.49. Commissioner Brummitt expressed his concerns with the system cash flowing and stated that Phase 2 may need to be re-evaluated.

Commissioner Deborah F. Brown expressed her concerns with the lack of planning for this project and asked if there is a plan in place if the project does not cash flow. Mr. Ayscue stated that most water systems will not cash flow in the first few years. In that case, the County may need to subsidize from the General Fund as a loan and pay it back over time. If the Board did not wish to use General Funds, the water rates may need to be raised, or possibly raise taxes. Commissioner Brown also asked what is planned to market the sale of water in order to get more signups, and what is being done to find grant monies to help residents with the water hookups. Mr. Ayscue responded that there may be grants available through USDA based on income eligibility. As far as marketing, every means possible will be made in order to encourage signups including mass mailings, door to door campaigning, community meetings, etc. He stated that he would provide a plan to the Board during its next meeting.

Commissioner Terry E. Garrison stated that past history has shown that the failure of the Vance County Board of Commissioners to act on opportunities to join the regional water system years ago is the reason we are where we are today. The County should have also engaged the

help of Congresswoman Eva Clayton when she was involved with helping Warren County with its water system.

After more discussion and various comments, motion was made by Commissioner Archie B. Taylor, Jr. to set the minimum base rate for the sale of water at \$30 per customer with the usage rate based on a cost of \$7.19 per 1,000 gallons, effectively immediately. This motion was seconded by Commissioner Gordon Wilder and vote was ayes - five (5); noes - two (2), with the dissenting votes being cast by Commissioner Deborah F. Brown and Commissioner Dan Brummitt.

Motion was made by Commissioner Terry E. Garrison to direct the County Manager to provide the Water Board with a comprehensive plan to promote more signups throughout the county, and to provide a plan to aggressively seek alternative sources of funds (grants) that will help citizens in connecting to the water system. These plans are to be provided by the November meeting. This motion was seconded by Commissioner Deborah F. Brown and unanimously approved.

Water Policies and Procedures. County Manager Jerry L. Ayscue stated that the water policies and procedures are very extensive and cover as many situations and circumstances as foreseeable. The policies and procedures are based on the industry norm, yet are tailored to Vance County's water system. Mr. Mike Myers, Envirolink, Inc., stated that the policies and procedures are to be used as a guide for the water system.

Commissioner Terry E. Garrison questioned the appeals process which states that the decisions of the water district manager or the designee shall be final. He asked that all appeals go before the Water Board Planning Committee with a recommendation going before the full Water District Board. The Board agreed with this recommendation.

Commissioner Dan Brummitt suggested that the hookup requirement for new construction be reduced from 1,000 feet to 300 feet. The Board discussed this matter at length and motion was made by Commissioner Terry E. Garrison to change the hookup requirement for new construction to 300 feet for minor subdivisions and 1,000 feet for major subdivisions. This motion was seconded by Commissioner Archie B. Taylor, Jr. and unanimously approved.

Commissioner Dan Brummitt asked several questions regarding owner liability and tenant situations, the actual cost of water, development projects liability, etc. Attorney Care and Mr. Mike Myers both stated that the County is in no way liable to provide water.

Commissioner Deborah F. Brown asked if the policies and procedures could be adopted subject to Commissioner Brummitt's questions being answered by the October monthly meeting. Attorney Care suggested that Commissioner Brummitt, as well as any other commissioner, email a list of questions to Mike Myers, Jordan McMillen, Jerry Ayscue, and himself. All questions will be answered and replied to all commissioners.

Motion was made by Commissioner Deborah F. Brown to approve the Water Policies and Procedures subject to any questions raised by commissioners being answered prior to or at the October Board meeting. This includes the prior amendments discussed earlier. This motion was seconded by Commissioner Archie B. Taylor, Jr. and vote was ayes - six (6); noes - one (1), with the dissenting vote being cast by Commissioner Dan Brummitt.

Award of Construction Bids for Phases 2A and 2B. Mr. David Townsend, Hobbs Upchurch & Associates, presented the following bid tabulations for water line construction and water tank construction for Phases 2A and 2B of the water project:

Phase 2A Contract 1 (13.5 miles) Bid Opening - September 18, 2013	
Contractor	Bid Amount
Tony E. Hawley Construction Co., Inc.	\$2,017,475.00
Gaines Construction	\$2,190,445.00
H.G. Reynolds Company, Inc.	\$2,287,082.00
Centurion Construction Company, Inc.	\$2,787,221.42
Phase 2A Contract 2 (8.1 miles) Bid Opening - September 18, 2013	
Contractor	Bid Amount
Tony E. Hawley Construction Co., Inc.	\$1,069,014.30
Gaines Construction	\$1,200,470.00
H.G. Reynolds Company, Inc.	\$1,267,253.80
Centurion Construction Company, Inc.	\$1,631,159.47

Phase 2B Contract 3 (Elevated Water Tank) Bid Opening - September 18, 2013	
Contractor	Bid Amount
Phoenix Fabricators & Erectors, Inc.	\$874,250.00
Caldwell Tanks, Inc.	\$898,000.00

Phase 2B Contract 1 (13 miles) Bid Opening - September 4, 2013	
Contractor	Bid Amount
Tony E. Hawley Construction Co., Inc.	\$2,825,600.00
Gaines & Company, Inc.	\$2,590,301.59
H.G. Reynolds Company, Inc.	\$2,816,938.00
Buckeye Construction Company, Inc.	\$2,934,081.00

Mr. Townsend recommended that the Board award the bids to the low bidders, Tony E. Hawley Construction Company, Inc. for Phase 2A Contract 1 in the amount of \$2,017,475 and Phase 2A Contract 2 in the amount of \$1,069,014.30; to Pheonix Fabricator and Erectors, Inc. as the low bidder for Phase 2B Contract 3 in the amount of \$874,250; and to Gaines & Company, Inc. as the low bidder for Phase 2B Contract 1 in the amount of \$2,590,301.59.

Commissioner Dan Brummitt stated that this does not cash flow and he cannot support this not knowing where growth will occur.

Motion was made by Commissioner Deborah F. Brown to award bids to the low bidder, Tony E. Hawley Construction Company, Inc. for Phase 2A Contract 1 in the amount of \$2,017,475 and Phase 2A Contract 2 in the amount of \$1,069,014.30; to Phoenix Fabricators and Erectors, Inc. as the low bidder for Phase 2B Contract 3 in the amount of \$874,250; and to Gaines & Company, Inc. as low bidder for Phase 2B Contract 1 in the amount of \$2,590,301.59. This motion was seconded by Commissioner Terry E. Garrison.

Commissioner Deborah F. Brown noted that she is supporting this motion with the understanding that the County Manager and staff will work aggressively to market the sale of water and increase signups in Phases 2A and 2B, and the staff will continue to work diligently to enhance the quality of life for all Vance County citizens, those who can afford it, and those who cannot.

Vote on the motion was ayes - six (6); noes - one (1), with the dissenting vote being cast by Commissioner Dan Brummitt.

Selection of Engineering Firm for Phases 2A and 2B. County Attorney Jonathan S. Care advised the Board that the selection of a new engineering firm for Phases 2A and 2B should be based on demonstrated competence, previous personal experience, and related qualifications.

County Manager Jerry L. Ayscue explained that Mr. Tim Carpenter was employed with Hobbs Upchurch & Associates and left about a year ago to open his own engineering firm, LKC Engineering. Mr. Carpenter is very familiar with the water project and is being recommended to provide services for Phases 2A and 2B of the water project. Mr. Ayscue stated that this is a logical break point with Hobbs Upchurch & Associates and he has spoken with Mr. Fred Hobbs regarding this matter. Hobbs Upchurch will continue to provide the services for the remainder of Phase 1A.

Motion was made by Commissioner Gordon Wilder to approve the engagement of LKC Engineering, PLLC, as the engineering firm for Phases 2A and 2B of the Vance County Water Project. This is based on the demonstrated competence, previous personal experience and work on this project, and their related qualifications. This motion was seconded by Commissioner Archie B. Taylor, Jr. and unanimously approved.

As there was no further business, at 6:00 p.m., motion was made by Commissioner Deborah F. Brown, seconded by Commissioner Eddie L. Wright, vote unanimous, that the meeting be adjourned.

Approved and signed December 2, 2013.

Chairperson