

Minutes
MCRWASA Board of Directors Regular Meeting
March 25, 2021

The Martin County Regional Water and Sewer Authority (MCRWASA) Board of Directors met in a Regular Meeting on Thursday, March 25th, 2021 at 3:00 p.m. in the in the MCRWASA Water Treatment Plant Building, 1001 Park Street, Williamston, NC.

ASSEMBLY

Directors present: Vice Chairman Al Chesson, Board Director Dempsey Bond, Jr., and Board Director Stacy Stalls. Board Director Julius Patrick was virtually present via a conference call.

Others present: Martin County: County Manager James Bennett, MCRWASA Secretary Jessica Godard, Finance Officer Cindy Ange. Veolia: J.R. Parrish and Project Manager David Bollinger.

Absent: Alternate Board Director William Coffield.

County Manager Bennett called the meeting to order at 3:00 p.m.

AGENDA APPROVAL

Vice Chairman Chesson made a MOTION to approve the agenda as revised (adding James Bennett as a Board Director of MCRWASA and to name Dempsey Bond, Jr. as the Martin County Alternate) with a SECOND by Director Stalls. The Board APPROVED the motion unanimously.

Secretary Godard administered the oath of office for County Manager James Bennett.

APPROVAL OF MINUTES – January 28, 2021.

Director Patrick made a MOTION to approve the minutes, with a SECOND by Vice Chairman Chesson. The Board APPROVED the motion unanimously.

PUBLIC COMMENTS – None

BUSINESS ITEMS

Public Hearing – 2021-22 Budget

Chairman Bennett the draft 2021-22 budget had been distributed prior to the meeting for review by each Board Director. Chairman Bennett thanked staff for putting together the draft budget. Each Board Director had reviewed and were okay with the presented draft budget. Vice Chairman Chesson stated staff had done well with the budget. The rates had gone down some because it was not prudent to keep the rates the same. Chairman Bennet stated the rate would go from \$5.80/1,000 gallons to \$5.65/1,000 gallons.

Board Director Stalls made a MOTION to open the public hearing for the 2021-22 budget, with a SECOND from Vice Chairman Chesson. The motion was approved unanimously.

No comments were made during the public hearing.

Vice Chairman Chesson made a MOTION to close the public hearing, with a SECOND from Board Director Patrick. The motion was approved unanimously.

Board Director Patrick made a motion to approve the FY 2021-22 Budget as presented, with a SECOND from Board Director Stalls. The motion was approved unanimously.

FY 20-21 Audit Contract

Chairman Bennett stated the audit contract was submitted for review by the Board. Vice Chairman Chesson stated there was standard language from the previous year.

Vice Chairman Chesson made a MOTION to accept the FY 20-21 Audit Contract, with a SECOND from Board Director Stalls. The Board APPROVED the motion unanimously.

Monthly Report from SUEZ

The last monthly report from SUEZ was presented in the agenda packet for review by the MCRWASA Board. No input from Veolia staff. No questions from any MCRWASA Board Directors.

Information from Veolia

Mr. JR Parrish from Veolia regarding some “housekeeping issues”. There was a form that needed to be signed by the Chairman to allow Veolia to submit required reports on behalf of MCRWASA. There was also a letter to keep on file noting Mr. Eddie Bristow was the ORC, and the State had to be notified of that, as well.

Chairman Bennett asked if there had been any issues during the process of transferring from SUEZ to Veolia. Mr. Parrish stated in the contract, there was a 90-day timeframe for Veolia to submit any capital requests. Mr. Parrish distributed a list to the Board, stating it was not a capital request, but a list of things that would need attention in the near future. The items on the list were broken down by risk factor/level. High risk items meant something that could stop the production of water. Medium risk meant there was a back-up in place, but it still needed to be considered, and low risk meant a low-risk item or a nuisance.

Veolia was not allowed to go in and do an in-depth assessment until after SUEZ left the facility. Mr. Parrish stated the SCADA screen showed many items in green (available or running), but after further review, that was not necessarily accurate for many items in the plant. For example, the chlorine feed system downstairs at the Water Treatment Plant has five pumps (fed in two different locations). The pump is actually off, even though the SCADA screen is green. Mr. Parrish stated Veolia staff looked at all equipment and compiled a list for the Board to review. Mr. Parrish stated there was some equipment that had not been run since September of 2016, some since 2017.

The information provided to the Board came directly from the SCADA system, which recorded every click and by whom. Veolia staff went and reviewed timelines in the SCADA system for

equipment. This information was being provided for informational purposes as a conditional assessment only. Vice Chairman confirmed that the SCADA system showing green does not mean a piece of equipment is operational, it only shows that it was available. If the equipment was shut off, it would still show green on SCADA. Veolia was required to document then condition of the equipment when they came in (to take over after the exit of SUEZ).

Mr. Parrish stated the list was not a scary list, and the only item of concern was the District 1 well chlorine supply. This system failed over the previous weekend. In this system, there were two pumps. Both of the pumps showed green on the SCADA screen. At the site, one of the pumps was physically taken apart and laying on the floor. The second pump had a lot of run time and a lot of use. A quote for a new system was needed, as it would be cheaper to replace the system. On Sunday of the previous weekend, when the system failed, Project Manager David Bollinger had been at the site for approximately 13 hours working on the system. Staff was not able to produce water out of the well because a pump failed and the backup was not ready to go.

Mr. Parrish stated many items and equipment that were out of service had been deferred. Veolia did not know the status of why the equipment was not running and there was no reason why the equipment should not have been running.

Chairman Bennett asked if the replacement of the pump at District 1 well would be an incurred cost. Chairman Bennett also asked if Veolia was not allowed to enter the plant prior to taking over due to trade secrets. Project Manager Bollinger stated no, and stated the previous Project Manager for SUEZ did not allow guests to walk around the plant, and Veolia was considered a guest at that time. Chairman Bennett asked if Veolia would allow MCRWASA Board Directors to bring in guests at any time, and Mr. Parrish stated “absolutely, it’s your facility”. Staff simply requested a heads up if there would be guests brought in.

Board Director Patrick asked about the SCADA, stating if the pump was torn apart, shouldn’t it have showed up yellow or red on the SCADA screen? Also, shouldn’t staff get a program looked at to make sure failed equipment shows a different color. Mr. Parrish stated it was not a failure, SCADA thought it was available. The pump was in the off position, which allows SCADA to assume the equipment is available. When pump 2 failed, that did show red on the SCADA system. When the equipment is turned off, it is a manipulation of the SCADA system. There were about 16 pumps on the list that was provided to the MCRWASA. Board Director Stalls reiterated that pumps could be turned off at the site and the SCADA would still show the pump available.

Mr. Parrish then discussed the R&M (repair and maintenance) account, which had an amount of \$90,000. He stated 1/3 of the expenditures on the R&M account were for subcontracted services, which became due in March 2021. Those services had been re-negotiated (HACH, generator service, fire sprinkler system, security, etc.), and that should be considered to be charged as subcontractor services, as opposed to R&M. If the equipment on the list was all okay after further investigations, the R&M account would be ok.

Per the contract, Veolia was allowed to spend up to \$5,000 without approval, but anything over \$5,000 would need approval from the Board. If the Project Manager received a quote or information, Chairman Bennett would be the day-to-day contact for Veolia staff. The District Well #1 system replacement would be approximately \$11,500. The Board could decide to charge that

cost to the R&M account, or the Board could decide to charge to capital funds (an invoice would be submitted after the job was completed with a mark-up). He stated it was recommended to have a capital fund for projects over \$5-10 thousand dollars. If a project was over \$5,000, Veolia had the option to add a percentage for markup. The percentage would be negotiated. Veolia would handle all aspects of a project and MCRWASA would only take care of the invoice afterwards.

Mr. Parrish provided an example and spoke about the high service pump downstairs that would cost \$100,000 to replace. He talked about the process of repairing that motor if needed, and what options MCRWASA would have. Veolia staff would offer recommendations on how to proceed. Either MCRWASA would take care of the repairs, or Veolia could handle the process. If any costs exceeded the set \$90,000, the Board would have to approve all expenditures at that point.

Chairman Bennett stated the Board needed to discuss and decide on a parameter for spending, asking if the Board desired to keep the limit at \$5,000 or increase the spending limit to \$10,000. Mr. Parrish stated if there was an issue that would impede on the production of water, it would be fixed and worry later about the account. Vice Chairman Chesson felt there should be parameters set for just mundane things to be taken care of. Mr. Parrish stated that amount did not have to be decided today. He stated as the plant aged, there would be things to think about. If not all of the R&M was spent, the leftover amount could be rolled over to the next year, or returned. Conversations were had about what was and was not considered depreciable. Mr. Parrish stated there were some accounting rules and Finance Officer Ange stated the current threshold was \$5,000 but if the Board chose to, the threshold could be increased to \$10,000. Finance Officer Ange stated the \$5,000 limit was set across the board (County, TDA, Jail, MCRWASA) 10-15 years ago. Mr. Parrish stated that most clients had a threshold of \$10,000 currently, requiring approval from the Board if any purchases went over the \$10,000 threshold.

Chairman Bennett asked Mr. Parrish and Mr. Bollinger how the plant was, overall. Mr. Parrish stated the plant was in good shape, overall. Some areas of paint would need attention soon, and the metal covering over the clarifiers was beginning to rust. Mr. Parrish stated staff was working on the 90-day capital assessment request, and that list would include things that would need attention over the next five years. Mr. Parrish stated there had been no security assessment done of the SCADA system, and he spoke about a recent incident where a water system was hacked. Veolia was required to have a different standard of security, and staff was in the process of getting a quote from a third-party to see what the security assessment would cost. If the SCADA system was hacked, it could potentially cause some public harm.

The lagoon would need to be cleaned out within the next five years, and that needed to be budgeted. Mr. Parrish stated that was also something that Veolia could do. A 5-year capital spend list would be presented to MCRWASA at its next Board Meeting. The Board would need to decide if the threshold would remain at \$5,000 or not. A proposed percentage of markup would be discussed prior to the next meeting, as well. A current out of service list would also be provided prior to the next meeting. Board Director Stalls asked if the contract would include tank maintenance. Mr. Parrish stated tank maintenance was due every five years, and Veolia could hire a contractor to get that done, or MCRWASA could bid out the contract for those services. Veolia would add on a markup if they performed the job. Mr. Bollinger stated it may be cheaper for the same company (Southern Corrosion) to add on another tank when the County tank maintenance is performed.

Chairman Bennett asked if the County IT Director would be able to participate in the security assessment, as he may be able to help reduce some of the cost of those services. Veolia did not object to that. The concerns were brought up when Veolia was installing their equipment, and a security assessment was required. Mr. Parrish stated the security assessment was supposed to be done by a third party. Board Director Patrick stated the security assessment for SCADA was very important. Board Director Patrick asked that a copy of the list distributed today be sent to him via email.

Finance Officer stated in years past, MCRWASA would always ask SUEZ for a list of capital projects for the year, but of course that was not done this year since they were on the way out. She stated she was expecting a list from Veolia, but not to the extent of the list distributed today. The budget that was just passed had no capital outlay in the budget. There had been some money in the past budgets for capital outlay, approximately \$10,000, but budget amendments would be done throughout the year when needed.

Vice Chairman Chesson asked if there was anything that was an immediate hazard that would affect water quality or public safety. The district 1 well was brought up but there was an alternate, even though the alternative was the County system. Mr. Parrish stated there was a weak link at the district 1 well. There are 2 pumps because there should have never been a situation where there was a failure of the last pump in a well. There should always be two pumps available and there was not. The replacement of the entire system at district well #1 would be around \$11,000. Mr. Parrish stated Veolia would always make recommendations to the Board with what staff felt was the best option, Veolia was recommending replacing the entire system at district well #1. Veolia may not always recommend the cheapest option, they would recommend what they felt was best.

Board Director Patrick asked about the incident and whether the MCRWASA was running off of the Martin County system. Chairman Bennett confirmed yes, until Wednesday of the current week (3/24/2021). Mr. Parrish stated staff was looking to replace the entire skid (all internal parts of the pump system).

Mr. Parrish showed some pictures of some of the equipment that staff had been investigating and working on within the water treatment plant. Vice Chairman Chesson asked about caustic chemical feed pumps on the distributed list, listed as high risk. Mr. Parrish stated it could potentially cause the plant to shut down with that particular malfunction. Board Director Patrick stated there were specific pH rules for water treatment plants and verified the caustic chemical feed pumps were crucial in the treatment process. Vice Chairman Chesson asked about possible redundancy in pumps on the list provided by Veolia, and Mr. Parrish stated it was a possibility. He stated some skids had up to five pumps, some with multiple issues. Board Director Stalls asked if the pumps could be alternated. Mr. Parrish stated there were other equipment discrepancies that simply could not be explained.

Vice Chairman Chesson stated the approach to addressing the issues presented by Veolia would be a systematic approach. Next, Mr. Parrish showed pictures of some of the equipment within the plant. He highlighted one piece of equipment that shows available on SCADA, but the equipment was shut off and valve closed. Veolia staff would further investigate equipment issues to determine

why certain equipment was turned off and not operating. Mr. Parrish further discussed the chlorine analyzer and described issues with it, and other equipment that needed to be addressed.

Board Director Patrick verified with Mr. Parrish that a complete, prioritized list would be compiled prior to the next meeting for the MCRWASA Board to vote on. Board Director Patrick asked that the list be sent out prior to the agenda packet, in order for the Board Members to have time to thoroughly review the list. After some discussion, the MCRWASA Board decided to meet in April 2021, instead of waiting until the May 2021 meeting, to address any pressing equipment and repair concerns that may be needed. Mr. Parrish stated a list with quotes would be available the following week for the Board to review, along with recommendations based on the condition of equipment (Veolia's recommendation may not always be the cheapest recommendation, but what is felt to be the best recommendation from Veolia staff).

It was noted that MCRWASA used to meet monthly, but it got to the point where every 2 months was adequate. The Board questioned if they should meet in April. Mr. Parrish stated the clarifiers would need to be cleaned in April 2021, and there would be a couple of days where Veolia staff would be "all hands-on deck". The Board tentatively scheduled a meeting for April 22, 2021 at 3:00 p.m.

ADJOURNMENT

With no further business to discuss, Chairman Bennett adjourned the meeting around 4:05 p.m. The next special called meeting would be held on April 22, 2021, and the next regular MCRWASA Board of Directors meeting is scheduled for Thursday, May 27, 2021 at 3:00 pm.

U. James Bennett, MCRWASA Chairman

Jessica Godard, NCCCC
MCRWASA Secretary