

CUMBERLAND COUNTY BOARD OF COMMISSIONERS
TUESDAY, JULY 19, 2016 – 4:00 PM
117 DICK STREET, 5TH FLOOR, ROOM 564
SPECIAL MEETING
MINUTES

PRESENT: Commissioner Marshall Faircloth, Chairman
Commissioner Glenn Adams, Vice Chairman
Commissioner Kenneth Edge (attended by conference call)
Commissioner Jimmy Keefe
Amy Cannon, County Manager
James Lawson, Deputy County Manager
Melissa Cardinali, Assistant County Manager
Tracy Jackson, Assistant County Manager
Rob Hasty, Assistant County Attorney
Sally Shutt, Governmental Affairs Officer
Deborah Shaw, Budget Analyst
Kim Cribb, Budget Analyst
Jeffery Brown, Engineering and Infrastructure Director
Amy Hall, Public Utilities
Judy E. Hunt, USDA Rural Development Area Specialist
Steve Smith, USDA Rural Development
Mike Apke, P.E., Principal with McGill Associates
Candice H. White, Clerk to the Board
Kellie Beam, Deputy Clerk to the Board

ABSENT: Commissioner Jeannette Council
Commissioner Charles Evans
Commissioner Larry Lancaster

Chairman Faircloth called the special meeting of the Board of Commissioners to order.

Chairman Faircloth recessed the Cumberland County Board of Commissioners' meeting and convened the meeting of the Overhills Park Water and Sewer District Governing Board.

Chairman Faircloth called the meeting of the Overhills Park Water and Sewer District Governing Board to order.

Amy Cannon, County Manager, apprised the Board that Jeffery Brown, Engineering and Infrastructure Director, and the project engineer Mike Apke, Principal with McGill Associates, continued to work with the contractor and the contractor reduced his bid which changed the project significantly in the County's favor. Ms. Cannon stated as a result, the presentation and amended letter of conditions for this meeting had to be significantly revised.

Ms. Cannon called on Mr. Brown who provided the following background information to explain how the project arrived at where it is today.

- Overhills Park was developed mid to late '60s
- Septic tank issues began appearing in the '90s
- Five properties have septic systems deemed non-repairable
- 324 total parcels (35 are vacant)
- Public Utilities Division made aware of issues in 2007
- Overhills Park Water & Sewer District created in 2009
- Applied for and denied funding twice
- Applied for and received funding from Clean Water State Revolving Fund in 2013, which the County denied

Mr. Brown stated the 2013 Clean Water State Revolving Fund funding was rejected because it was a 100% loan at 2% interest which was to be paid back in 20 years. Mr. Brown stated the rates were not feasible for citizens. Mr. Brown continued.

- Applied for and received funding from USDA in 2013
- On April 14, 2014 County accepted letter of conditions from USDA (\$3,372,700)
 - \$819,000 – Loan
 - \$2,503,000 – Grant (75%)
 - \$50,700 – County contribution
- Service Agreement executed with Town of Spring Lake in September 2014

Mr. Brown stated the County will own the system once installed and contract with the Town of Spring Lake for operation and maintenance under the Service Agreement. Mr. Brown stated the County will take care of the billing and collecting. Mr. Brown continued.

- Project was advertised and bid opening was set for June 7, 2016
- Received only two bids; project was re-bid
- Bids opened on June 17, 2016
 - Park Construction of NC, Inc. \$4,308,506
 - State Utility Contractors, Inc. \$5,761,558
- Met with Park Construction

Mr. Brown stated the contract amount was much more than the County anticipated and no cost savings were identified during a meeting with Park Construction because the company felt its' numbers were solid. Mr. Brown stated Park Construction did however commit to drilling excavation holes at two different locations on the site at the depth at which the sewer would be installed. Mr. Brown stated the company's concern with the project was ground water and soil conditions; however, following excavation, the company was able to determine soil conditions were better than anticipated and little ground water would be encountered. Mr. Brown stated Park Construction reduced its' contract amount by \$710,000 and the reduced amount became available just before the meeting.

Mr. Brown reviewed the loan and grants amounts outlined below stating the County is receiving an additional loan amount of \$560,000, an additional grant amount of \$458,000 and the County's contribution remains the same at \$50,700 for a total project cost of \$4.3 million.

Original RUS Loan	\$819,000
Subsequent RUS Loan	\$560,000
RUS Farm Bill Grant	\$2,503,000
RUS Grant	\$458,000
County Contribution	\$50,700
Total Project Cost	\$4,390,700

Commissioner Adams inquired regarding the interest rate. Mr. Brown stated the interest rate on the initial loan is based on the rate at closing with the maximum set at 2.5% and the subsequent loan amount is locked in at 1.625%. Commissioner Keefe inquired regarding debt service. Mr. Brown stated the monthly availability fee will be put towards the debt service which should cover the original and subsequent loans. In response to a question posed by Chairman Faircloth, Ms. Cannon stated there has to be a County contribution to the project.

Mr. Brown reviewed the following rate comparisons:

Sewer District	Availability & Basic Facility Charges	Flat Rate	Total Charges
NORCRESS	\$14.98	\$31.42	\$46.40
Kelly Hills	\$12.00	\$39.74	\$51.74
<i>Overhills Proposed</i>	\$25.72	\$24.53	\$50.25

Mr. Brown stated at this time there are three options:

- Option: Reject bids and don't move forward with project

Mr. Brown stated citizens are expecting the County to provide a sewer system connection to eliminate their failing septic tanks because it has been publicized for numerous years and the County will be criticized if it does not move forward with the project.

- Option: Reject bids, rebid the project and request amended conditions from USDA at a later date

Mr. Brown if the project is rebid it will go into the next fiscal year because the federal government budget ends September 30, the County's audit will not be completed until the beginning of 2017, there is no guarantee the contract bid amount will be the same and there is no guarantee the loan and grant amounts will be the same.

Questions followed. Mr. Brown stated some of the septic systems have been deemed unrepairable so the structures are uninhabitable and cannot be lived in without connection to a sewer system. Mr. Brown stated the belief is that there are many more issues in the Overhills Park area other than those that have been brought to the County's attention because residents are aware they run the risk of possibly having to vacate their homes. Mr. Brown stated more failures will occur over time.

Ms. Cannon stated Environmental Health has also been involved and there are more septic tanks not working properly than the five that have been documented. Ms. Cannon also stated Environmental Health has held off on taking action because they knew the County was working with the USDA to fund this project. Mr. Brown stated there is no mandatory connection so residents will only be responsible for the \$25.72 availability fee. Mr. Brown explained how the wastewater will be routed and treated. Mr. Brown stated elder valves will be installed for each connection as part of the construction cost and if residents who are connected do not pay for their sewer, their connection will be turned off.

- Option: Accept amended letter of conditions from USDA and move project forward

Mr. Brown stated staffs' recommendation is to accept amended letter of conditions from the USDA and move the project forward.

Ms. Cannon introduced Judy E. Hunt, USDA Rural Development Area Specialist, and Steve Smith, USDA Rural Development, and stated the project would not have come in at an affordable rate without their efforts. Ms. Hunt highlighted the amended letter of conditions as follows and stated once it is approved, she will obligate the subsequent loan and grant amounts for the project.

- \$560,000 subsequent loan amount
- \$485,000 additional grant amount
- 40-years for original and subsequent loan
- 1.625% fixed rate on subsequent loan amount
- rate on original loan amount to be determined at closing; 2.5% maximum rate
- total project cost \$4,390,700 with 67.4% in grants
- project contingency money increased slightly to 12%

Ms. Cannon stated if the Board approves the amended letter of conditions at this meeting, staff anticipate bringing the bids to August 1 meeting contingent upon the LGC meeting on August 2.

MOTION: Commissioner Keefe moved to approve the amended letter of conditions.

SECOND: Commissioner Adams

VOTE: UNANIMOUS (4-0)

There being no further matters of business,

Chairman Faircloth adjourned the meeting of the Overhills Park Water and Sewer District Governing Board and reconvened the meeting of the Cumberland County Board of Commissioners.

Chairman Faircloth called the meeting of the Board of Commissioners to order.

MOTION: Commissioner Adams moved to adjourn.
SECOND: Chairman Faircloth
VOTE: UNANIMOUS (4-0)

There being no further business, the meeting adjourned at 4:40 p.m.

Approved with/without revision:

Respectfully submitted,

Candice H. White
Clerk to the Board