

## MINUTES

Regular Meeting  
Cleveland County Water Board Room

September 12, 2017  
Tuesday, 7: 00 P.M.

Present: Chairman Donald O. Melton, presiding; Vice Chairman Dewey Cook, Treasurer Pete Pedersen, Secretary Bill Cameron, Commissioners Amy Bridges, John Taylor and Tony Brooks, General Manager Brad Cornwell and Attorney Tim Moore.

Chairman Melton called the meeting to order at 7:00 PM, welcomed all who were in attendance and recognized Bill Cameron who gave the invocation and Pete Pedersen led the *Pledge of Allegiance*.

### A. Approval of agenda:

Chairman Melton asked Commissioners if anyone had any questions related to the adoption of the agenda. With no questions, he requested a motion to approve the agenda.

#### 1) Motion to adopt the proposed agenda

ACTION TAKEN: Upon a motion by Mr. Pedersen and second by Mrs. Bridges, the Board of Commissioners voted unanimously to approve the agenda as presented.

### B. Public Comment:

Chairman Melton requested the time for Public Comment and Mr. Cornwell noted that no one had signed up for Public Comment.

### C. Special Presentations:

#### 1) Presentation and Recognition by Chairman Donald O. Melton

Vice Chairman Dewey Cook was recognized by Chairman Melton. Mr. Melton gave some history on the accomplishments of Mr. Cook. He has served on the board since 1999 and is the longest active serving member. Mr. Cook is the retired Fire Marshall of Cleveland County and is the former Fire Chief of Casar Volunteer Fire Department. Mr. Cook was presented with the Long Leaf Pine Award on July 15, 2017. This award is presented from the Governor of the State of North Carolina for his service and contributions to the community for the betterment of North Carolina.

Mr. Cook was presented a framed copy of the Shelby Star article and a printed picture from the article as it was published on July 25<sup>th</sup> of this year.

2) Discussion of Cleveland County Water Hopewell Road Project from 2007 and Tap Fee Schedule

Mr. Cornwell reminded the Board about an agreement from 2007 between Cleveland County Water and Rutherford County. This agreement is often referred to as the 50/50 project or the Hopewell Community Project. The agreement required water lines to be installed in an area of Rutherford County that is outside the District boundaries. Rutherford County would receive a portion of future water tap revenue from installations on these water lines. The tap fee to be reimbursed to Rutherford County was the amount of \$750.00 over the span of a twenty-year period. When the project was initially completed in February of 2008, Rutherford County was reimbursed for fifty-two water taps. In December of 2008 an additional twenty-four meters were paid back to Rutherford County. The last payment made was April of 2011 for an additional four water taps. After the last payment was made, the payments had stopped being made to Rutherford County. Operations Director, Jeff Earl recalled that there was an agreement when a request for seven new meters was placed. Upon researching the taps that were set in this area since December of 2008, it was found that eighteen new taps were owed to Rutherford County. These funds were not budgeted in this fiscal year but in keeping with the agreement, a check was issued to Rutherford County in the amount of \$13,500.00 for the new taps and the existing taps that had not been reimbursed. The current tap fee for a new water meter is \$725.00 when reimbursing Rutherford County for the new meters, the tap fee is intended to cover the cost of labor and materials for the installation. However, the reimbursement to Rutherford County is larger than the current tap fee. It is not uncommon for utilities to charge different fees for in-district and out-of-district tap fees. Mr. Cornwell called for opinions on tap fees for the Hopewell Community. Mr. Melton and Mr. Cook recalled discussing charging more for tap fees. Mr. Cornwell explained that the tap fee changes needed to come from the governing board in order to change the rate in the fee schedule. Discussion continued concerning the rate for the Hopewell Community based on other water utilities. Mr. Brooks asked about the water rates for the Hopewell Community and Mr. Cornwell explained that the water rates are higher for the Hopewell

Community. Mr. Cornwell explained that the out of district tap fee needed to be distinguished to all out of district water customers outside of the county or just the Hopewell Community. Mr. Cornwell volunteered to research the surrounding water utilities for their tap fees. Mr. Pedersen questioned if there would be further development in the Rutherford County area or if the Hopewell Community was complete. Mr. Cornwell explained that there are more customers outside the Hopewell Community in Rutherford County that inquire about water installation and recommendations are made to the caller to contact Rutherford County. Mr. Cameron suggested that there not be too many different fee expenses to eliminate the confusion. Mr. Cook suggested that there be an in-district rate and an out-of-district rate. Mr. Cornwell explained that he would research the options and make a future recommendation.

C. Consent Agenda:

Action Taken: Chairman Melton presented the Consent Agenda Items. Upon a motion by Mr. Brooks second by Mr. Cook, the Board of Commissioners voted unanimously to approve the Consent Agenda. The Consent Agenda consisted of the following items:

- 1) Approval of the Minutes of the Regular Meeting of July 11, 2017
- 2) Consideration of Ordinance Number 7-2017 An Ordinance Amendment for a Capital Project Budget Ordinance and Budgets for Cleveland County Water USDA Fallston Water Line Project

D. Unfinished Business:

No unfinished business was presented.

E. New Business:

- 1) Consideration of Resolution Number 21-2017 A Resolution Authorizing the Execution of an Interlocal Agreement for Construction, Maintenance and Ownership ow Water Utility Facilities

Mr. Cornwell explained the process of the final agreement for the Fallston project. The previous agreements adopted were to operate and maintain that system and to lease it from Fallston under the guidelines of the

USDA. The guidelines were clear not to reference any transfer of ownership as this would call for a secondary agreement at a later date. This secondary agreement states that once the lease is completed or paid off to the Town of Fallston, they will transfer the ownership of their water system to become part of Cleveland County Water. This contract has a breach of agreement clause the agrees to reimburse CCW if the Town of Fallston decides not to complete the agreement. The Town of Fallston has already adopted this agreement at their August meeting. Mr. Cook asked if the breach of contract called for a lump sum payout or terms of payment reimbursements. Mr. Cornwell explained that the breach of contract did not contain terms and that the terms would be negotiated if needed.

Action Taken: Upon a motion by Mr. Pedersen, second by Mr. Taylor, the Board of Commissioners voted unanimously to adopt Resolution Number 21-2017 *A Resolution Authorizing the Execution of an Interlocal Agreement for Construction, Maintenance and Ownership ow Water Utility Facilities*

#### F. New Business

- 1) Consideration of Ordinance Number 6-2017 An Ordinance Establishing a Capital Project Ordinance and Budgets for Cleveland County Water's Marion Street Pump Station

Mr. Cornwell and Mr. Earl presented major problems concerning the Highway 74 pump station and the Borders Road pump station. Both pump stations are located in the area of Cleveland Community College. These pump stations service the same purpose of pumping water to the Patterson Springs area and south. When there are problems the water interconnection with the City of Shelby is turned on to keep the water flowing. The Highway 74 pump station was flooded about two years ago. All the equipment was shorted out and needed to be replaced. The Borders Road caught fire about two months ago. Last week both the pumps in the Highway 74 pump station were down. The pump stations are dangerous and cumbersome to work on due to their confined space. Mr. Cornwell and Mr. Earl started planning for one centrally located pump station. One pump station would eliminate the two power bills for both locations and combine the power into one location. This would keep employees safe and out of confined spaces and provide a better work

environment. The rain prohibits work from being done because of the rain falling into the hatch. The Highway 74 pump station is in a vault in the ground with very little room to move. The Borders Road pump station is located on Borders Road behind the mall. This is the same vault set up. There are no hoists at these locations. The pumps are installed and removed using the tractors and booms. A budget ordinance is being presented for the amount of \$12,000.00 to be used from the fund balance. This would invite Willis Engineers to do pressure analysis to establish how hard the pumps are working and what kinds of pressure is being maintained. Research would be conducted to establish a good central location. This would involve purchasing a small piece of land. Mr. Cornwell presented an example of a pump station from Broad River Water Authority. This pump station had ventilation and a door. A safe environment to work in for pump installation and removal. The total cost of the upgrade could be \$500,000.00. This ordinance calls for the preliminary design phase. Mr. Cook asked if both these locations had flooded in the past. Mr. Earl responded that only the Highway 74 location had flooded. Mr. Cornwell clarified that the flooding was caused by a line break inside the vault and a malfunction where the sump pump failed and caused the water to rise because it was not being pumped out of the vault. Mr. Pedersen asked if one of the pump stations was down was one sufficient to work the area. Mr. Earl replied that during the high demand time it was hard for one pump station to do the job of two pump stations. Mr. Pedersen questioned if combining the pump stations may pose a problem if something should happen. Mr. Earl explained that each of the current pump stations had two pumps for a total of four pumps. The new pump station would have three pumps, each capable of pumping what two old pumps are currently pumping. Two of the new pumps would be for demand and the third pump would be for back up to the other two pumps. Mr. Brooks asked if we needed to pump in the opposite direction could we switch directions. Mr. Cornwell explained that the gravity of the height of the water plant location feeds the water and the pumps are boosters to help the gravity feed. The requirements to pump in the opposite direction would require pumps the size of those at a water plant or a series of pumps that would need to be much stronger. Mr. Brooks asked for the life of this new pump station. Mr. Cornwell and Mr. Earl agreed that between twenty to thirty-year life for this new pump station.

Action Taken: Upon a motion by Mr. Cameron, second by Mr. Pedersen, the Board of Commissioners voted unanimously to adopt Ordinance Number 6-2017 *An Ordinance Establishing a Capital Project Ordinance and Budgets for Cleveland County Water's Marion Street Pump Station*

2) Consideration of Ordinance Number 8-2017 Cleveland County Water FY 2017-2018 Supplemental Budget Ordinance – Amendment No. 1

The Town of Fallston has stopped using their well system and switched to CCW for their water source. This change was made due to the amount of customer complaints being received about the water from their current well system. Their first bill was billed at a bulk rate and the amount of the bill was \$3,000.00. In the past, the Town of Fallston has used a small amount of water and the usage was not as much because they would only use the water temporarily as needed. It is the desire of the Town of Fallston to use CCW water until the USDA project is completed. Mr. Cornwell researched the rates of a couple other local governmental entities to try to propose a competitive rate to the Town of Fallston. The high usage for a days worth of water would be approximately fifty thousand gallons. The average for a calendar year would be between thirty to forty thousand gallons per day. In calculating the cost to treat the water a fair rate for the new governmental rate would be \$1.93 per thousand gallons. This rate would only be given to governmental entities such as the Town of Fallston, the Town of Lawndale and the Town of Grover. This new rate has not been shared with the Town of Fallston. Mr. Cook asked if the Town of Fallston had to fight a fire inside the city limits and the water was billed on the Town of Fallston water meter how would that situation be accounted and billed for. Mr. Cornwell explained that if the Fallston Volunteer Fire Department would share their usage amounts consideration would be given for these situations and the amounts could be adjusted off. Mr. Cornwell also mentioned that the average daily usage could be calculated and the overage adjusted if needed. Mr. Earl added that he had spoken with Gene Stinchcomb with Fallston Fire Department about fire flows and suggested that the usage be monitored so adjustments could be subtracted from the water bill. Mr. Cameron asked if the Town of Fallston was still billing their customers. Mr. Cornwell responded that the Town of Fallston will continue to bill their customers until the USDA project is complete. Mr. Cameron questioned about the process once the USDA project was complete. Mr.



Cornwell clarified that the Town of Fallston customers would be billed based on the Town of Fallston water rates. Mr. Cameron asked about the difference between the rates from CCW and the rates for the Town of Fallston. Mr. Cornwell explained that the customers would be billed based on the Town of Fallston rates until the USDA loan is paid off. Mr. Melton asked how long that would be. Mr. Cornwell responded that the loan would take seven to eight years but could take as long as forty years, which is the term of the note. Mr. Brooks asked if the Town of Fallston is inside of the District boundaries. Mr. Cornwell replied that the Town of Fallston is separate. Mr. Cornwell also noted that the Town of Fallston water rates are more expensive than the CCW out-of-district rate. Mr. Cornwell explained that the Town of Fallston would be billed the new governmental rate for the water used to supply to their customers. The Town of Fallston customers will remain on the current rate until the terms of the USDA note are met. Mr. Pederson asked about the new tap fee for the Town of Fallston customers. Mr. Cornwell answered according to the operation and maintenance agreement that the tap fees would be the same as the CCW rates.

Action Taken: Upon a motion by Mrs. Bridges, second by Mr. Brooks, the Board of Commissioners voted unanimously to adopt Ordinance Number 8-2017 *Cleveland County Water FY 2017-2018 Supplemental Budget Ordinance – Amendment No. 1*

- 3) Consideration of Resolution Number 22-2017 A Resolution Authorizing Execution of An Agreement With OSG/South Data for Print and Mail Fulfillment Services

Mr. Cornwell started the presentation for the new full-page bill. The company selected to print and mail the new bill is OSG/South Data. The billing file would be uploaded to their facility and a full-page bill would be generated. The cost for the service would be ten cents per bill. The company will be providing their ink, paper, envelopes and a return customer envelope. The billing card currently in use is the cheapest way when considering postage. The cost for mailing a bill card is \$0.253. The bulk postage for the full-page bill will be \$0.376. The agreement calls for a three-year term with a renewal for another year if elected. Mr. Brooks asked if the sample provided came from the company. Mr. Cornwell replied that the sample is not the same company. The samples that were

compared came from Broad River Water Authority and the City of Rocky Mount. Mr. Pedersen noted that the change is good for us and for the customer, returned envelopes will get the payments here quicker because the customer won't be required to address their own envelopes. Mr. Brooks asked if the draft customers would receive the same bill without a return envelope. Mr. Cornwell noted that draft customers would still receive an envelope. Mr. Cornwell also explained that OSG/South Data offered a householding service and allow all bills to the same address to be mailed in one envelope. This service is provided for an additional penny per bill. Mr. Cornwell mentioned that the new software will be in use next year and that even more options would be available with the new software installed.

Action Taken: Upon a motion by Mr. Pedersen, second by Mr. Brooks, the Board of Commissioners voted unanimously to adopt Resolution Number 22-2017 *A Resolution Authorizing Execution of An Agreement With OSG/South Data for Print and Mail Fulfillment Services*

F. General Manager's Report:

Mr. Cornwell began with the financial statements. The annual insurance and worker's compensation premiums were paid in July for \$91,903.00. The water wales were up in August due to the amount of business days in August. The tap fees for the year are already collected at twenty-six percent. This number for the two months recorded should be around sixteen. This indicates that water meter sales are up so far for the fiscal year. There were five full payrolls in August. The line item for materials in the maintenance department is increased due to water line extension projects. Most of this expense will be reallocated to capital when the projects are completed. The tap fees to Rutherford County were expensed in the administrative department under the line item for interconnection expense. This item was not budgeted but will be considered in that line item for future years. Mr. Cornwell expressed appreciation to the members that came to the Upper Cleveland County Chamber Breakfast. The Boiling Springs State of the Community breakfast will be October 5, 2017, Mr. Cornwell asked for the members that would be attending. Mr. Cornwell discussed with the Board the concerns about the safety of the front lobby. Mr. Cornwell shared the architectural design renovations. Mr. Cornwell wanted to also discuss the handicap accessibility of the lobby. The doors and



the counter are difficult to maneuver around. The wall for the payment window is going to be moved back into the office area to allow for more room in the lobby. During the time of the office renovation the payment window will be relocated to the conference room for customer accessibility. The renovations will last a couple weeks. An off-duty police officer will be hired during this time to stay for safety. The customers have expressed concern about the lack of privacy. The renovation calls for a partition to be built in between the customer windows to allow a more privacy. The door will be a handicap accessible door. A drop box will be installed in the current window looking out to the porch. This drop box will be more secure and comparable to a built in safe at a banking facility. The counter will be shortened closer to the floor to allow for handicap access. The floor in the customer service area on the office side of the window will be taken back to the floor so there will no longer be a higher floor. A wall will be placed between the customer service representatives to allow for more privacy. Mr. Cornwell will contact three reputable contractors. The work would call for one to two weeks of renovations. The contractors would not be allowed to begin the project until all materials were on hand. Mr. Cornwell noted that lead time is six to eight weeks. The window will be bullet proof glass and the door will have handicap accessible buttons. This takes time to order and obtain. Mr. Pedersen clarified that the glass would be bullet-proof. Mr. Cornwell verified that the glass will be bullet proof. Mr. Brooks was concerned that the wall between the two customer service representatives would prohibit communication if a problem should arise. Mr. Cornwell and Mrs. Alexander explained that the senior customer service representative can see both of the customer service representatives from their desk and Mrs. Alexander's office is very close also. Mr. Brooks asked if there would be a place to do paperwork and write checks on the counter. Mrs. Alexander clarified that the tap customers were brought into the office now for the tap application process. Mr. Melton mentioned the use of a buzzer to open the door on the lobby. Mr. Cornwell verified that there would be a door opener for the lobby door to be buzzed for customers and visitors entering the building from the lobby. Mr. Cook questioned the opportunity to allow for camera recording devices to be installed for the drop box and the two customer service windows. Mr. Cornwell explained that this would be a good time but the expense of the existing plan needed to be considered first. Mr. Cameron asked if there would be chairs. Mrs. Alexander expressed concerns about the chairs and furniture in the lobby and shared some stories. Cyndi Hannon received a thank you card from a customer after her assistance with a leak adjustment. Josh Millwood and

John Lattimore received employee compliments from a customer who had a flat tire in the parking lot and assisted her in changing her tire and a couple days later she sent a card in thanking them. Donald Newton went to check a main line break in the early hours of the morning when a young lady approached his vehicle and banged on the window and reported that people were trying to kill her. At the back of the employee's vehicle were some residents that were chasing and threatening her. The employee transported the lady in his truck. The sheriff's department was contacted and Donald told the authorities where the residents were that were making the threats. Jamie Byers, Tony Holt and Alan Willis responded to a main line break last night and Mr. Cornwell noted appreciation for their work. The Burns High School cheerleaders sent a letter of appreciation for mini football sponsorship. The cheerleaders approached Mr. Cornwell at the end of the season last year and expressed interest in the sponsorship of the mini footballs thrown to the crowd at the football games. Mr. Cornwell discussed the idea with Mr. Melton and it was agreed that both the high schools of Burns Crest would receive the sponsorship. White footballs were purchased for distribution during the regular season games. Pink footballs were ordered for pink night. Mr. Melton expressed appreciation of our sponsorship and supporting the high schools.

#### G. Board Members Announcement and Remarks

Mr. Taylor expressed appreciation to the office staff for the work they do. Mr. Cook conveyed to Jeff Earl and the maintenance department the appreciation for what they do. Mr. Cook mentioned that it was discussed at one time the changing of the logo. Mr. Cook asked if the logo was still going to be changed. Mr. Cornwell updating the website has been discussed and normally that change would be made when a market change is made. Mr. Cornwell will be working on this in the future.

#### H. Closed Session

- 1) To establish, or to instruct the public body's staff or negotiating agents concerning the position to be taken by or on behalf of the public body in negotiating the price and other material terms of a contract or proposed contract for the acquisition of real property by purchase, option exchange or lease in accordance with North Carolina General Statute 143-318.11 (a)(5)

and to discuss a personnel matter in accordance with North Carolina General Statute 143-318.11(a)(6).

Action Taken: Upon a motion by Mr. Pedersen, second by Mr. Cook, the Board of Commissioners voted unanimously to go into Closed Session pursuant to North Carolina General Statute 143-318.11 (a)(5) at 8:12 PM.

Action Taken: Upon a motion by Mr. Pedersen, second by Mr. Taylor, the Board of Commissioners returned to Open Session at 8:29 PM. Mr. Cornwell checked to see if any public remained outside to invite them back into the meeting and there were none.

#### I. Adjournment

Action Taken: Chairman Melton called for a motion to adjourn. Upon a motion by Mr. Cameron, second by Mr. Pedersen, the Board of Commissions voted unanimously to adjourn at 8:30 PM.

Respectfully submitted,  
*Bill Cameron*  
Bill Cameron  
Secretary

