



**SOUTH GRANVILLE WATER AND
SEWER AUTHORITY**

MEETING AGENDA

June 9, 2020

MEETING START TIME IS

6:00 P.M.

South Granville Water and Sewer Authority Agenda

June 9, 2020 at 6:00 p.m.

This meeting will be made available to the public remotely by conference call

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South Granville Water and Sewer Authority
May 12, 2020
Regular Meeting Minutes

Board Members in Attendance (via Zoom)

Town of Butner-Jimmy Gooch, Bill Birdsong
Granville County- Tim Karan
City of Creedmoor- Ed Mims, Georgana Kicinski
Town of Stem – Kenneth McLamb

Board Members Absent

Vice Chairman, Edgar Smoak

Officials in Attendance (via Zoom)

Executive Director, Scott Schroyer
Finance Officer, Richard Balmer
Secretary, Uvonka Mercer
Present at the meeting Attorney Jim Wrenn

Media Representative (via Zoom)

Butner-Creedmoor News, Amanda Dixon

Roll Call

Uvonka Mercer, Board Secretary

Call to Order/Welcome

Chair Jimmy Gooch

Invocation/Pledge of Allegiance

Invocation by Jimmy Gooch
Pledge of Allegiance by Tim Karan

IV. Review and Approval of Minutes from the April 14, 2020 Regular Board Meeting

Chairman Gooch sought a motion to approve the minutes of the April 14, 2020 Regular Board meeting. The motion to approve was offered first by Ed Mims and seconded by Georgana Kicinski. The motion passed unanimously.

V. Acknowledgement of Receipt of Written Public Comments

- Ms. Joyce Johnson
- Mr. Frank McKay
- Ms. Lynette Bailey

To be entered into record and posted on the SGWASA website. Close out the public comments by Chair Jimmy Gooch.

VI. FY 19-20 Sanitary Sewer Cleaning and Televising – Award of Contract

The Executive Director recommends the SGWASA Board award the FY19-20 Sanitary Sewer Cleaning and Televising work to SR&R Environmental at the unit costs proposed, for the not-to exceed amount of \$66,000.00 and authorize the Executive Director, SGWASA Attorney, and SGWASA Finance Officer to execute said contract.

Mr. Kenneth McLamb posed a question to the Executive Director about the heavy cleaning costs difference between the three. What is the difference between \$704.00/hr. versus \$400.00/hr. cost? The Executive Director responded that Heavy Cleaning is in addition to the normal cleaning that is performed prior to televising. In some cases, the debris in the pipe is too extensive and the vendor needs to clean the pipe several times, sometimes up to an hour or more to clean the pipe prior to televising it.

Ideally, we hope not to have a lot of heavy cleaning and just maintenance cleaning.

The following three vendors provided proposals for the scheduled work:

Company	Cleaning & TV (15,400 LF)	Heavy Cleaning (15 Hours)	Total Estimated Cost
SR&R Environmental (Greensboro, NC)	\$2.40 LF	\$704 HR	\$47,520.00
Hydrostructures (Pittsboro, NC).	\$3.25 LF	\$400 HR	\$56,050.00
Bio-Nomic Services (Belmont, NC)	\$3.50 LF	\$310 HR	\$58,550.00

The motion to approve was offered first by Ed Mims and seconded by Tim Karan. The motion passed unanimously.

VII. FY 20-21 Budget Public Comments

Chairman Gooch informed the Board on Public Hearing comments must be opened for 24-hours before a decision could be made on the Budget. The SGWASA Board cannot have a vote on the Budget tonight, but must wait until Public Comments close on Wednesday, May 13, 2020.

VIII. Public Hearing

The Executive Director reads, in accordance with G.S. 159-12 (see below), the South Granville Water and Sewer Authority (SGWASA) must hold a Public Hearing on its proposed 2020-2021 Fiscal Year Budget to allow persons to be heard.

The Executive Director recommends the SGWASA Board adopt the 2020-2021 Fiscal Year Budget as presented, including the proposed schedule of rates, effective July 1, 2020.

The motion was not voted on and voted for continuance on Wednesday, May 13, 2020 at 7:00 pm.

Public comment was given by:

- Teresa Dean
- Kevin Brown

- Lynette Bailey
- Joyce Johnson
- Brenda Tuck
- Kechia Brown

Public Hearing closed by Chairman Gooch.

Comments from the Executive Director

- Updated Board on the USDA Capital Improvement Project Income Survey's mailed to customer on medium household. We received acknowledgement back that surveys are coming in.
- Updated to the Board on the SGWASA website and posting information for the public comments and news update.
- Updated to the Board on the WTP Construction Project tentative construction start date on May 18, 2020 and providing the Board with monthly updates beginning in June.
- Updated to the Board on Phase I of the business plan effective May 11th in coordination with Governor Cooper's E.O. 138. SGWASA has a three-phase transition plan that will be implemented over the next few weeks.

Ed Mims addressed the Executive Director in response to the surveys, I am glad to hear the responses you are receiving. It would be good to hear some numbers (statistics) to let us know the percentage of customers are responding.

The Executive Director will work with the agency on participation percentages.

Comments from the SGWASA Attorney

Mr. Wrenn addressed the Board concerning the vote on the Budget, new parameters on public hearing. When a public hearing is held remotely, no vote shall take place on the subject of the public hearing (i.e. Budget) until the public comment period is held open for written comments for 24-hours. Attorney noted that staff had discussed continuing the public hearing to Thursday, May 21, 2020.

Chairman Gooch addressed the Board to decide to meet sooner, before the June meeting. Kenneth McLamb expressed he is not in agreement with the budget and water rate increase. Ed Mims is willing to make a motion to reconvene on Wednesday, May 13, at 7:00p to vote on the Budget. Seconded by Tim Karan.

Reconvene on Budget Meeting 05/13/2020 at 7:00 pm

The Board Members recommends the SGWASA Board meeting be continued to allow the Finance Committee to take a second look at the Budget.

The motion to approve was offered first by Ed Mims and seconded by Georgana Kicinski. The motion passed unanimously.

Monthly Board Meeting Agendas

Board Member Georgana Kicinski sought a motion to have the monthly Board Meeting agenda and documents be issued to the Board Members electronically only instead of printing and hand-delivering. The motion to approve was offered first by Georgana Kicinski and seconded by Ed Mims. The motion passed unanimously.

Comments from Board Members:

Tim Karan – There is a motion on the floor but never taken up. I agree, I support Georgana to receive the agenda and all documents electronically instead of having someone to truck out and deliver it. Also, if Creedmoor would like to give us some money, we would be gladly to accept it.

Bill Birdsong – No comments

Jimmy Gooch- Thank you, we have discussed in the past the possibility seeking funds from the municipalities and the County in the past with the attorney. If there are no further discussions, we will reconvene tomorrow at 7:00pm

Ed Mims – Preboard Meeting a question was raised, what can municipalities do to support SGWASA? When asset purchase agreement made to purchase SGWASA Enterprise Fund and these funds were accumulated from the residents when paying their water bills. I am requesting the Executive Director or Board to ask all of the municipalities, particularly the City of Creedmoor about the disposition of Enterprise funds that was associated with the sale of the water system to SGWASA, because if those funds are supposed to be used for maintenance and those dollars would be able to be used to address those issues we have.

Georgana Kicinski- I would like to make a motion to have the monthly Board Meeting agenda and documentations to be issued to the Board Members electronically only instead of printing and hand-delivering.

Kenneth McLamb – No Comment

Adjournment

A motion was made to adjourn the May 12, 2020 regular meeting and reconvene on Wednesday, May 13, 2020 at 7:00p by Jimmy Gooch.

Respectfully Submitted by: Uvonka Mercer, Secretary

Chairman Jimmy Gooch

South Granville Water and Sewer Authority
May 13, 2020
**Continuation of May 12th Regular Board Meeting
Meeting Minutes**

CALL TO ORDER- Chairman Jimmy Gooch

Chairman Jimmy Gooch call the continuation meeting back in session at 7:00p.m.

Roll Call

Uvonka Mercer, Board Secretary

Board Members in Attendance (via Zoom)

Town of Butner-Jimmy Gooch, Bill Birdsong
Granville County- Tim Karan
City of Creedmoor- Ed Mims, Georgana Kicinski
Town of Stem – Kenneth McLamb

Board Members Absent

Vice Chairman, Edgar Smoak

Officials in Attendance (via Zoom)

Executive Director, Scott Schroyer
Finance Officer, Richard Balmer
Secretary, Uvonka Mercer
Present at the meeting Attorney Jim Wrenn

Media Representative (via Zoom)

Butner-Creedmoor News, Amanda Dixon

III. Consideration of Fiscal Year 20-21 Budget Ordinance

Chairman Gooch opened the meeting at 7:00 p.m. and addressed the Board asking if there are any questions or comments regarding the proposed Budget Ordinance. Chairman Gooch stated we've heard from the Executive Director and received his recommendation. What are the thoughts from the Board?

Kenneth McLamb- I think it's a bad time for a rate increase, I think it would be bad PR for the Board and SGWASA to do that. I spoke with Jimmy Gooch today and we think we should look at this in the next 3 months.

Georgana Kicinski- I understand that we want to reconsider the Budget and I just want to mention, last night it was stated the water population in Wake County and Durham water rates were much lower and ours were higher than theirs, I just want to remind everybody the

population of customers in Wake County are over 195,000 and the service customers in Durham County are 88,716 and OWASA 21,200 and Hillsborough 64,022, SGWASA service customers is 56,038. I just want to remind everybody that our customer-base is not a lot of people when spreading the costs of running this water company around.

If we are going to compare Raleigh and Durham to SGWASA, I wanted to point it out that our customer base is so small, the ratio of the expenses that we have to incur and the repair costs that we have to incur. You've asked for better water and in order to have better water, we have to fix the problems. I understand that this is not a good time for raising rates, I would like to ask the Chairman, to make motion for reconsideration of the FY20-21 Budget Ordinance.

Chairman Gooch sought Georgana Kicinski's motion on the floor for reconsideration the FY 20-21 Budget Ordinance. Motion offered first by Georgana Kicinski and seconded by Ed Mims.

Tim Karan- Is the motion on the table to reconsider or to adopt?

Attorney Jim Wrenn- I want to know what the motion means and what reconsideration means, are we considering another date? What are the instructions of the Board?

Georgana Kicinski- I made the motion, since last night one of our members changed their vote from a "Yes" to a "No" and he has explained that he doesn't want a rate increase. Isn't that right Mr. McLamb?

Kenneth McLamb- Yes, that is correct.

Georgana Kicinski- I wanted to find out if we could have another vote to possibly reconsider either approving the budget as is or going to a different budget with no rate increase.

Attorney Jim Wrenn- Yes, either you vote to approve the budget, or you make a motion to instruct the Executive Director to do a certain thing and bring back a consideration. You have to adopt a budget at some point.

Ed Mims- I seconded the motion and my interpretation of Commissioner Kicinski's motion to reconsider was based on what Mr. McLamb indicated. This budget should not include a rate increase and last night the Finance Committee briefly choose not to approve this budget, they would need time to go back and rework. So, to reconsider means, removing the rate increase after the Finance Committee reworks the budget and brings it back to the Board, that's my interpretation.

Tim Karan- The Finance Committee has made its recommendation and you have it before you. We are not going back to take up your ideas. The plea was made for other people to join the Finance Committee and Georgana took up the call. We've done our work. I'm not going to redo the work in a different way. Present your alternative or present your ideas, we've gone through 9 hours of meetings and gone through three different scenarios.

Ed Mims- There's a motion on the floor, I call for the question.

Tim Karan- Can the motion be restated and what are we voting on please?

Georgana Kicinski- To reconsider the original vote of the Board that was approving the budget because one of the members changed their vote.

Jimmy Gooch- My interpretation of what the members want is to pull out the rate increase and have it reconsidered by the budget committee on a quarterly basis, waiting to see what the outcome of the finances are and what the outcome of the money coming in from bills. What kind of interruptions are we going to have in cash flow, what kind of financial crunch are we going to be seeing? My interpretation of the general idea pull out the rate increase and go back to the fund balance.

Commissioner Kicinski withdrew her motion after discussion with Counsel.

Executive Director, Scott Schroyer- Please bring your attention to Item 7 on the agenda, FY20-21 Budget Public Hearing as presented, *“The Executive Director recommends the SGWASA Board adopt the 2020-2021 Fiscal Year Budget as presented, including the proposed schedule of rates, effective July 1, 2020.”* This was the recommendation that came from me and that has not been taken up or moved on in any direction by the Board at this point.

Executive Director, Scott Schroyer- Screenshare the Adopted Annual Budget Ordinance Projected Revenues and Expenditures for FY July 1, 2020 – June 30, 2021 with the Board. **Section 1:** the water sales and sewer use charges were estimated using a revenue increase of 0% of water 0% for sewer and \$173,525 for capital effective July 1, 2020. Transfer from Fund Balance Appropriate \$1,261,540.

Ed Mims sought a motion approve/adopt the Budget with zero rate increase with the caveat that the Finance Committee review the finances every 2-3 months to keep a watch on funds and if necessary, come back with a rate increase in the future and seconded by Kenneth McLamb. Georgana Kicinski made a recommendation to add another person to the Finance Committee and seconded my Kenneth McLamb.

- Executive Director reads the FY 20-21 Budget Ordinance July 1, 2020 – June 30, 2021 with zero % water rate into record.

Chairman sought motion to adopt the Budget Ordinance. Motion was voted on by the Board and motion passed unanimously.

IV. Comments from the Executive Director

Thank you, Mr. Chairman and Board Members, I look forward to meeting with the Finance Committee in the coming months and having further discussions with the Board.

V. Comments from the SGWASA Attorney

No Comments

VI. Comments from Board Members:

Tim Karan – Commissioner Kicinski made a recommendation to expand the Finance Committee, are we going to take this up and add a member, do we have a volunteer, or are we

going to put that on our next agenda? Finance Committee is the planning committee for the organization.

Bill Birdsong – No comments

Jimmy Gooch- Thank Goodness we finally came to a consensus, hopefully we will have a recovery and I am looking forward to having a meeting face-to-face. I want to thank everyone!

Ed Mims – Thank you, I appreciate the detail and the hard work that was done. I see where the Executive Director only \$2,500 authority have, for the size of this agency and the issues we have I was wondering if \$2,500 is sufficient. I'm willing to have the Board to weigh in on that at a later meeting.

Georgana Kicinski- Thank you Chairman and everybody for calling in today. We heard you all loud and clear. We may come out of this just fine without a rate increase.

Kenneth McLamb – Thank you Commissioner Karan and Kicinski for working on this, I had to vote the way my Town wants me to vote, who puts me in Office.

Adjournment

A motion was made to adjourn the May 13, 2020 continuance meeting, first by Kenneth McLamb and seconded by Commissioner Kicinski.

Respectfully Submitted by: Uvonka Mercer, Secretary

Chairman Jimmy Gooch

VI. Fiscal Year 2019-2020 Budget Amendment # 7

Background:

This Amendment adjusts non-billing revenue for decreased late fee and nonpayment fee revenue due to fees being suspended by Executive Order-124; however, the decrease in those line items is offset by increases in tap fee and interest revenue prior to the COVID Pandemic resulting in a net increase in the cumulative budget. The amendment also un-appropriates budget for a Monochlor Analyzer at the water facility and renovations of a wasting tank at the wastewater facility that have been deferred. Budget is being reallocated to reimburse selected out-of-state job applicant(s) for travel as well as unexpected repairs at the pump stations and facilities. Other appropriations involve interdepartmental budgetary line items which do not materially affect the original Ordinance.

Board Approved FY 2019-20 Budget Amendments to Date:

Item	Amount
Budget Amendment #1	\$131,561
Budget Amendment #2	\$67,002
Budget Amendment #3	\$76,500
Budget Amendment #4	\$33,000
Budget Amendment #5	\$14,630,940
Budget Amendment #6	\$5,900
Total	\$14,944,903

Budget Amendment #7

Be it ordained; the FY 2019-2020 Annual Budget Ordinance is hereby amended as follows:

Revenues: Increase / (Decrease)

Non-billing Revenue	\$134,087
Interest Income	\$50,000
Transfer to Fund Balance	\$151,000
<i>Total Revenues</i>	<i>\$335,087</i>

Expenditures: Increase / (Decrease)

Water Treatment Plant	(\$26,000)
Utilities: Waterline	
Maintenance	(\$5,000)
Wastewater Treatment	(\$125,000)
Utilities: Pump	
Stations/Towers	\$5,000
Transfer to Fund Balance	(\$184,087)
<i>Total Expenditures</i>	<i>(\$335,087)</i>

Recommendation:

The Executive Director recommends the approval of Budget Amendment #7.

Approved by Board _____

VII. FY20-21 Pay and Classification Plan Update

Background:

The South Granville Water and Sewer Authority (SGWASA) Personnel Policy was adopted by the Board of Directors via a Resolution on June 11, 2019. The Personnel Policy includes policies that apply to the appointment, classification, benefits, salary, promotion, demotion, dismissal, and conditions of employment of the employees of the SGWASA.

This legislative item involves an update to the Personnel Policy Article II - Position Classification Plan. The Position Classification Plan provides a complete inventory of all authorized and permanent positions in SGWASA, and an accurate description and specification for each class of employment. The plan standardizes job titles, each of which is indicative of a definite range of duties and responsibilities.

The Human Resources Officer and the Executive Director are responsible for the administration of the Position Classification Plan.

Analysis:

At the May 12, 2020 Board Meeting, the Board of Directors approved the FY20-21 Budget, effective July 1, 2020. The approved FY20-21 Budget included a 2% Cost of Living Adjustment (COLA) to the existing FY19-20 Classification Pay Scale, one Part-Time Equivalent (PTE)(30-hours/week) Customer Services Representative, and one Full-Time Equivalent (FTE) (40 hours/week) Engineer. According to Sections 3 & 4 of the Personnel Policy Article II - Position Classification Plan, the Authority Board must approve changes to the Position Classification Plan.

Based on the Board approved FY20-21 Budget, the Position Classification Plan has been updated. As such, the Executive Director is seeking the Board's approval on the updated Position Classification Plan (Exhibit A). Furthermore, for the Board's information, an updated SGWASA Organizational Chart for FY20-21 is included (Exhibit B).

Financial:

The Board approved FY20-21 Budget included:

- \$42,270 for the 2% COLA.
- \$30,000 for one PTE Customer Services Representative
- \$120,000 for one FTE Engineer

Attachments:

1. Exhibit A: FY20-21 Position Classification Plan.
2. Exhibit B: FY20-21 Organizational Chart.

Recommendation:

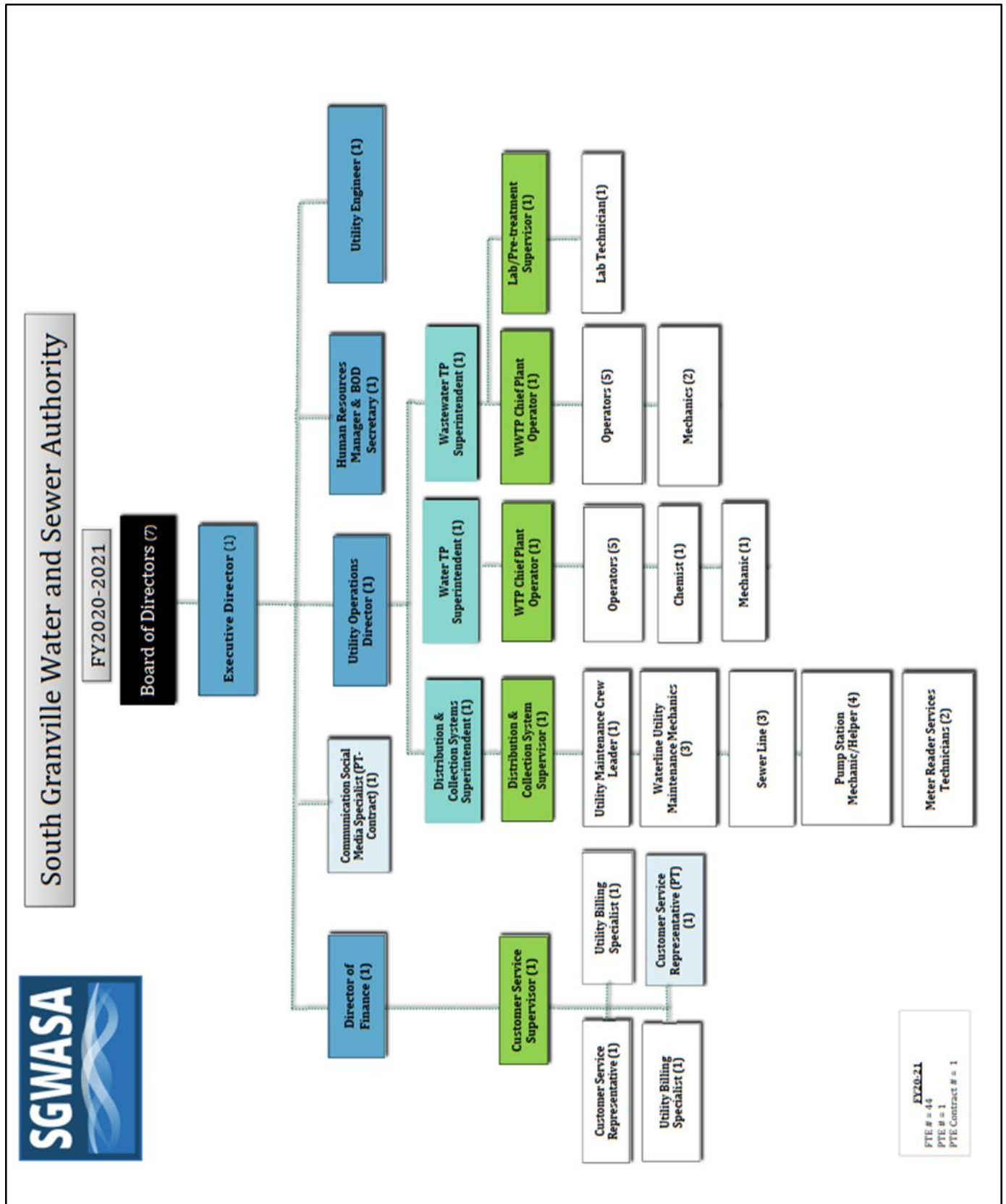
The Executive Director recommends the SGWASA Board approve the Updated Position Classification Plan, for FY20-21, effective July 1, 2020 (Exhibit A).



SGWASA CLASSIFICATION PLAN: FY20-21

Effective July 1, 2020

GRADE	CLASSIFICATION	Hiring Rate for Licensed New Hires during Prob.	MINIMUM	MID POINT	MAXIMUM
0	• Intern (unpaid/paid state minimum wage).	-	-	-	-
1-5	• Unused presently	-	-	-	-
6	• Meter Reader Services Technician	\$30,467	\$31,990	\$38,846	\$47,224
7	• Customer Services Representative	\$31,990	\$33,590	\$40,788	\$49,585
8	• Plant Pump Station Maintenance Mechanic Helper • Lead Meter Services Technician	\$33,590	\$35,270	\$42,828	\$52,065
9	• Utility Maintenance Mechanic	\$35,270	\$37,034	\$44,970	\$54,669
10	• Laboratory Technician • Treatment Plant Operator • Utility Billing Specialist	\$37,034	\$38,886	\$47,219	\$57,403
11	• Plant Pump Station Maintenance Mechanic • Social Media & Communication Specialist	\$38,886	\$40,830	\$49,580	\$60,273
12	• HR Manager/Secretary to Board • Utility Maintenance Crew Leader	\$40,830	\$42,872	\$52,059	\$63,287
13	• Chemist	-	\$45,016	\$54,662	\$66,452
14	• Chief Treatment Plant Operator • Laboratory Pre-Treatment Supervisor	-	\$47,267	\$57,396	\$69,775
15	• Distribution & Collection Systems Supervisor • Revenue Collections & Customer Services Supervisor	-	\$49,630	\$60,266	\$73,264
16-19	• Unused presently	-	-	-	-
20	• Distribution & Collection Systems Superintendent • Water Treatment Plant Superintendent • Wastewater Treatment Plant Superintendent	-	\$63,343	\$76,917	\$93,507
21-24	• Unused presently	-	-	-	-
25	• Finance Director • Utilities Director	-	\$80,844	\$98,168	\$119,341
26	• Utility Engineer/Manager	-	\$84,886	\$103,076	\$125,308



VIII. SGWASA Employee Benefits - Contract Renewals for FY20-21

Background:

The South Granville Water and Sewer Authority (SGWASA) FY2020-21 Approved Budget includes projected expenses of \$365,900 related to employee benefits. SGWASA provides the following benefits to its employees who desire to participate: medical insurance; dental insurance; short-term disability insurance; vision insurance; 401k contribution.

SGWASA has existing benefits contracts with the following providers:

- Cigna: Medical Insurance
- Lincoln Financial: Dental Insurance & Short-Term Disability Insurance
- VSP: Vision Insurance

Analysis:

Annually, SGWASA meets with its benefit strategy consultant to review its existing benefit plans and use history, discuss benefit strategies to create an environment of wellbeing and engagement, review marketplace perspectives, and determine a benefits package that is cost-effective for SGWASA.

Upon the conclusion of several meetings held earlier this year with SGWASA's benefit strategy consultant, Gallagher Insurance, the strategist reviewed SGWASA's current benefit plans, evaluated several benefit packages and their associated costs, and then negotiated upon SGWASA's behalf to obtain benefit packages at competitive costs.

Financial:

The following table summarizes the negotiated benefit rates for FY20-21, for each plan area:

Benefit Area	Plan Provider	Proposed Benefit Changes to Renewal?	FY19-20 Plan Cost	FY20-21 Proposed Plan Cost	Cost Diff. Year over Year
Medical	Cigna	None	\$270,043	\$293,767	\$23,043
Dental	Lincoln Financial	None	\$19,129	\$19,129	\$0
Short-Term Disability	Lincoln Financial	None	\$8,622	\$9,049	\$427
Vision	VSP	None	\$4,084	\$4,084	\$0
Total			\$301,878	\$326,029	\$23,470

Attachments:

1. None.

Recommendation:

The Executive Director recommends the SGWASA Board authorize the Executive Director, SGWASA Attorney, and SGWASA Finance Officer to execute said contract renewals FY20-21, with Cigna, Lincoln Financial, and VSP, with their respective costs, as shown in Exhibit A.

Exhibit A – FY20-21 Proposed Benefit Plan Costs

Benefit Area	Plan Provider	FY20-21 Proposed Plan Cost
Medical	Cigna	\$293,767
Dental	Lincoln Financial	\$19,129
Short-Term Disability	Lincoln Financial	\$9,049
Vision	VSP	\$4,084

IX. Water Treatment Plant High Service Pump Component Purchase

Background:

The South Granville Water and Sewer Authority (SGWASA) FY2019-20 Approved Budget includes \$190,000 for Water Treatment Plant Repairs and Maintenance. The Executive Director is seeking the Board's approval to spend \$38,874.00 for the purchase of two new Variable Frequency Drives (VFD's), thus replacing two units that failed recently. Of the \$190,000 Budget, \$89,000 remains, thus the proposed expenditure can occur with existing budget and thus no use of fund balance is required.

A VFD is a type of motor controller that drives an electric motor by varying the frequency and voltage supplied to the electric motor. In summary, a VFD matches the speed of the motor-driven equipment to the load requirement, versus operating the motor at full speed all the time. The benefits of using a VFD includes reduced energy costs, and extended service life for a motor.

Recently, over the course of 10 days, in two separate incidents, two Variable Frequency Drives (VFD's) failed at the water plant. One VFD is for a 300 hp motor, the other VFD is for a 200 hp motor. The VFD's that failed are components of the motors for the high service pumps. SGWASA has four high service pumps that pump water throughout SGWASA's distribution network. Of the two remaining VFD's that are not being replaced, one has been in service since 2011, the other since 2017.

One of the VFD's that failed was 7-years old, the second VFD was 10-years old. The expected service life for a VFD is 10 years. When the VFD problems were discovered, SGWASA crews immediately contacted a vendor to come on site to evaluate the cause of the failure to each VFD. During two separate site visits, the vendor removed the VFD's and provided loaner VFD's while the units were being evaluated.

Analysis:

Upon the vendor's completion of the inspection and testing of both failed VFD's, along with the repair versus replacement options, management staff determined it was more cost effective to replace the defective units with new ones, versus trying to rehabilitate the older units. The inspection and testing also revealed the non-climate-controlled environment (no air conditioning/no humidity control) is contributing greatly to the degradation of the electronic VFD controls. Thus, shortened service life of the units can be expected unless the conditions are changed.

In accordance with N.C. General Statute 143-131 and the SGWASA Policy pertaining to contracting and bidding, informal bidding procurement methods are permissible for purchases with estimated expenditures between \$30,000-\$90,000. When procuring items using the informal bidding procedures, SGWASA's Policy requires three competitive quotes on vendor letterhead or other acceptable written form.

With the estimated cost of \$45,000 for the two VFD's, recently, SGWASA staff solicited informal bids from several companies for the purchase of the units. With this specialty equipment, three vendors were contacted for proposals. However, one vendor could not respond

within the required timeframe for the proposals. Therefore, the following two companies provided written proposals on their company letterhead:

- Electric Motor Shop (Wake Forest, NC) - Proposed Cost = \$35,340.00
- Vance Industrial Electronics (Burlington, NC) – Proposed Cost = \$40,495.00

Recommendation:

Following the review of the proposals submitted to SGWASA, SGWASA staff recommends awarding the VFD purchase and installation to Electric Motor Shop.

Schedule:

The purchase and installation of the VFD's will be completed promptly.

Financial:

The Approved FY 2019-20 Budget includes \$190,000 for Water Treatment Plant Repairs and Maintenance. SGWASA staff is requesting authority to spend up to \$38,874.00 (base cost of \$35,340.00 + a 10% contingency of \$3,534.00) on this item without further board approval.

Attachments:

1. None.

Recommendation:

The Executive Director recommends the SGWASA Board award the purchase of two new Variable Frequency Drives to Electric Motor Shop, for the not-to exceed amount of \$35,340.00 and to be given authority to review and approve change orders relating to unexpected conditions in an amount not to exceed \$3,534.00 without further board approval.