

Onslow Water & Sewer Authority
Board of Directors' Regular Meeting Jacksonville City Hall
Thursday, May 15, 2025
APPROVED MINUTES

CALL TO ORDER: Having a quorum, Chairman Michael Royce Bennett called the meeting to order at 6:00 pm. Board members present included Chairman Royce Bennett, Vice Chairman Paul Conner, Secretary/Treasurer Richard Grant, and Directors Jerry Bittner, Joe Brown , and Robert Warden. Absent was Directors Greg Hines and Tony Padgett.

PLEDGE OF ALLEGIANCE: Chairman Royce Bennett led the Board and audience in the Pledge of Allegiance.

INVOCATION: Pastor Brian Young, Senior Pastor of Love Grace & Mercy Church provided the invocation.

CHAIRMAN'S REMARKS –Chairman Royce Bennett provided general guidance to the audience regarding the meeting.

1. APPROVAL OF AGENDA – Director Robert Warden made a motion to approve the agenda and Vice Chairman Paul Conner made a second. All were in favor. The agenda was approved as presented.

2. APPROVAL OF CONSENT AGENDA

A motion was made by Vice Chairman Paul Conner to approve the Consent Agenda as presented. A second was made by Director Robert Warden. The motion passed unanimously. Therefore, the March & April 2025 Finance Reports and March 2025 Operations Reports were accepted, the March 20, 2025 Regular Meeting Minutes were approved as presented.

3. BUSINESS

Presentation of the Fiscal Year 2025-2026 Proposed Budget

[A COPY OF THE FISCAL YEAR 2025-2026 PROPOSED BUDGET PRESENTATION POWERPOINT SLIDES MAY BE FOUND AT EXHIBIT A, AND ARE FULLY INCORPORATED HEREIN BY REFERENCE]

Chairman Bennett called on CEO, Franky Howard to present the item. Mr. Howard began by thanking ONWASA's leadership team, supervisors, and staff for their work on the FY26 Proposed Budget. Mr. Howard shared the Fiscal Year 2025-2026 Proposed Budget Presentation PowerPoint slides [EXHIBIT A] He explained the Budget Drivers highlighting the increase in customer demand sharing that on average water production growth has been right at 5% even with this past year's slower increase. He explained the FY26 Proposed Budget totals 63.3 million with an unreserved fund balance of 33.4 million. He shared that the primary revenue is from water sales, but sewer is increasing due to the increased sewer customer base. Mr. Howard shared some highlights from the Capital Improvement Plan including the expansion of the Southeast Regional Wastewater Treatment Plant [formerly North Topsail], continued work on the improvements for Summerhouse adding phase 1 is finishing up and we will move right into phase 2, force main project to connect the Holly Ridge/Summerhouse collection system to the Southeast Regional Wastewater Plant, a second Southeast Regional force main that will be a redundant connection and will connect Camp Davis and Holly Ridge service areas to the Southeast WWTP via HWY 17 and 172, permitting and bidding for the HWY24 Regional Trunk Water Main replacement project, bidding and installation of raw water wells at the Dixon WTP and on ONWASA's Wachovia Tract property, completion of site evaluations and process design for a new water treatment

plant in the Southwest service area of Onslow County at the Burton Park property which will be ONWASA's third water treatment plant, and the preliminary design for a proposed project to increase the capacity of the Dixon WTP from 4.0 to 6.0 MGD.

Mr. Howard spoke about cost savings measures. He said the bulk chemical storage has proven to be a huge success at Dixon and Hubert Water Treatment Plants with the annual savings being at approximately \$277,000 total for both plants. Mr. Howard shared that the biggest saver for the year was the rebid of the Southeast Service Area Force Main Project adding that by splitting up that project over 5.67 million dollars was saved. He also shared by completing in-house training \$31,899 was saved, and by exercising a purchase contract ahead of a price increase an estimated \$464,000 was saved on Kubota membrane equipment.

A motion was made by Director Robert Warden to set the public hearing on the proposed FY26 Budget at the Board of Directors meeting in the Jacksonville City Hall Council Chambers on June 18, 2025 at 6pm or as soon thereafter as is practicable. A second was made by Vice Chairman Paul Conner.

Having the motion made, Chairman Bennett called for discussion. Secretary/Treasurer Richard Grant asked if the Town of North Topsail Beach tank was in the budget. Mr. Howard replied that it is still in the Capital Improvement Plan. He added that the hope is that State assistance will be received for that project.

Secretary/Treasurer Richard Grant initiated discussion regarding the Authority's current rate structure and inquired if during the rate studies were the percentage increases applied across the board. Mr. Howard confirmed that the percentage increases are applied across the board and explained that consultants conducting the rate study did use ONWASA's current billing practices to create the model. Mr. Howard stated he was generally satisfied with the current structure but noted one key change proposed in the rate and fee schedule this year is a shift to a cost plus model for tap fees noting that this proposed change would better reflect the actual cost of each individual installation.

Director Robert Warden expressed concern about whether the \$1M emergency fund would be sufficient to cover initial costs following a major event given the lag time before reimbursements are received from insurance, FEMA, or other sources. He suggested evaluating the value of formally designating a portion of the unreserved fund balance dedicated to emergencies. Mr. Howard acknowledged the concern and confirmed that he and other staff had been discussing the issue recently and went on to say the current contracts that are in place could not be used for the most recent Wallace Creek repairs.

Chairman Bennett said he understands the fund balance to equal 50% of operating and noted he doesn't believe that's unreasonable. Secretary/Treasurer Richard Grant asked Mr. DeSelms, Interim Legal Counsel, if there was a legal minimum. Mr. DeSelms replied the LGC has recommendations. Director Warden added that there is likely a requirement with the bond covenants.

All were in favor. The motion passed unanimously.

4. PUBLIC COMMENT

No members of the public wished to comment.

5. CHIEF EXECUTIVE OFFICER COMMENTS

Chairman Bennett called on CEO, Franky Howard, to provide comments. Mr. Howard introduced Mr. Brett DeSelms as Interim Legal Counsel. He concluded by inviting the Board members to follow up with him for individual meetings on proposed budget details should they have any further questions.

6 BOARD OF DIRECTOR'S COMMENTS

Vice Chairman Paul Conner welcomed Mr. DeSelms. He expressed appreciation to the staff.

Chairman Royce Bennett joined Vice Chairman Conner in expressing his appreciation to Staff in attendance and asked that they pass along his appreciation to those who were not able to attend.

No other Directors wished to make comments.

Vice Chairman Paul Conner made a motion to adjourn. Director Robert Warden made a second. All were in favor, the meeting adjourned.

The meeting was adjourned at 6:31 PM.

MINUTES APPROVED JUNE 18, 2025.

Onslow Water & Sewer Authority Board of Directors



Michael Royce Bennett, Chairman



ATTEST:

Wkathur Norris, Clerk



FY26 Proposed Budget

Franky Howard
Chief Executive Officer

The Process

1. Budget team reviews Board directives (CIP, financial plans, board goals) as well as environmental pressures and revenue projections
2. Budget team develops guidelines for departments
3. Departments research cost increases, equipment repairs/replacements and create budget requests
4. Budget Team and Departments work together to craft a proposed budget
5. Delivered to the Board for your consideration

ONWASA By-the-Numbers

◆ 3,774,578,571	Gallons of Water Pumped Annually
◆ 813,527,247	Gallons of Wastewater Treated Annually
◆ 16,050,000	Gallons of Stored Water
◆ 14,561,757	Gallons of Water Stored in Underground Pipes
◆ 1,055,736	Miles Driven Annually
◆ 711,259	Meter Readings Annually
◆ 269,147	Transactions Processed Annually
◆ 241,045	Main Office - Phone Calls Handled Annually
◆ 161,628	Estimated Number of Individual Customers
◆ 135,782	Lab Analysis' Processed Annually
◆ 75,348	Work and Service Orders Processed Annually
◆ 59,463	Number of Metered Accounts
◆ 1,249	Miles of Water Mains
◆ 445	Square Miles of Service Area
◆ 340	Miles of Wastewater Mains
◆ 255	Facilities to Maintain
◆ 183	Full Time Positions



Budget Details

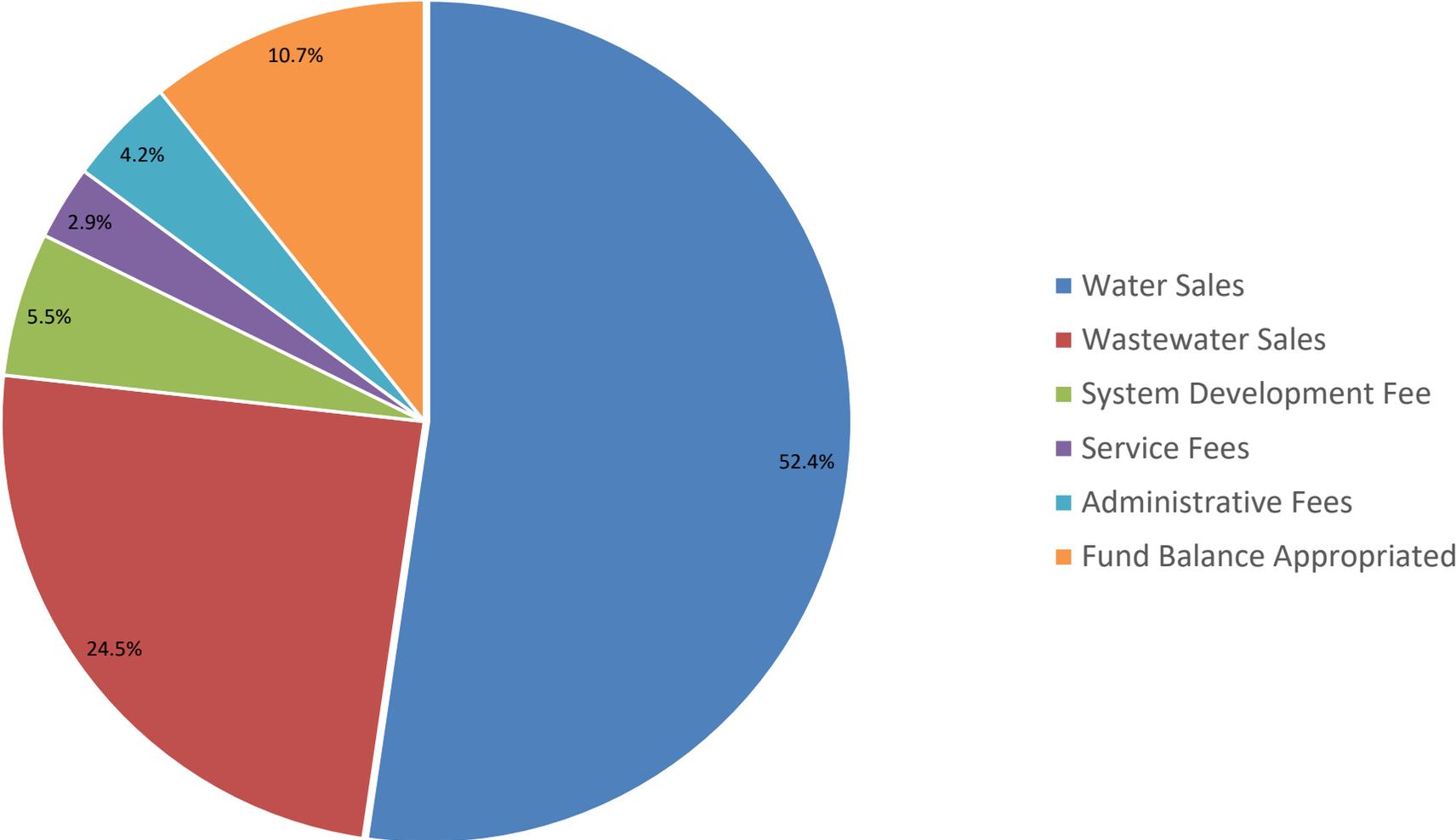
Budget Drivers

- Current revenues must equal current expenses (Balanced Budget)
- Increased Customer Demand and Growth
- Increased Operational Costs
- 2025 Capital Improvement Plan Update
- 2024 Raftelis Rate Study update requirements
- ONWASA Strategic Plan

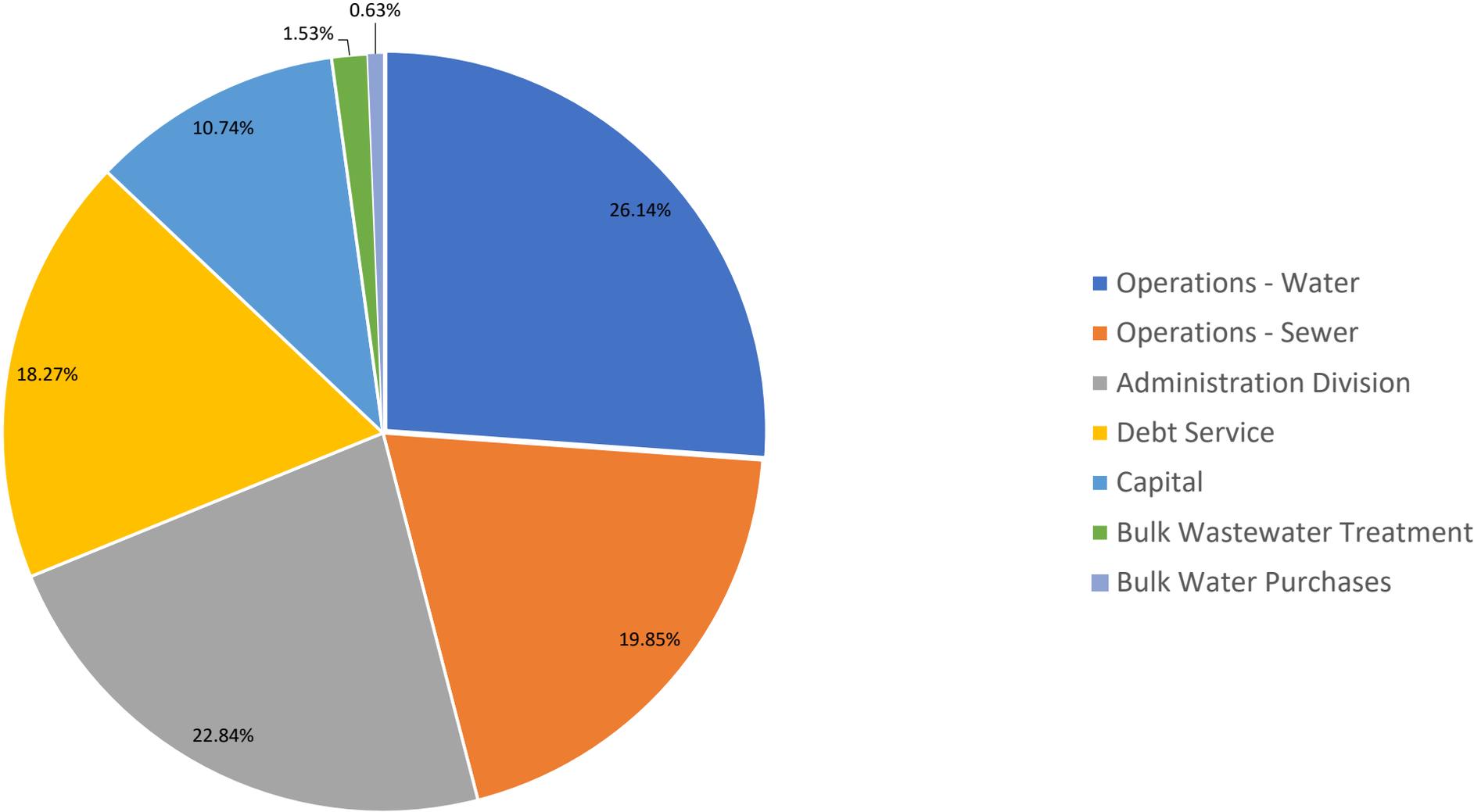
FY26 Budget – At a Glance

- Operational Budget balanced at \$63.3M
- Unreserved Fund balance less pay-go projects - \$33.4M (52.8% of operating budget)
- User Fees are the primary revenue at \$48.5M
- \$1M Disaster Contingency
- Fund balance of \$6.8M appropriated for 1-time capital requests.
- 2.0% COLA for all staff budgeted
- 2 new positions
- Continue Pay Plan Steps (2.5%) for Merit Program.

Sources of Revenue



Total Expenditures



Capital Improvement Plan Highlights

- ✓ Bidding and development of the progressive design build project to expand the treatment capacity at our Southeast WWTP (Formerly North Topsail/Pluris)
- ✓ Permitting and implementation of Interim Capacity Improvements at the Summerhouse Wastewater Treatment Plant.
- ✓ Permitting and construction of the Southeast Sewer Force Main project to connect the Holly Ridge/Summerhouse collections systems to the Southeast WWTP in Sneads Ferry. Along with a second Southeast Regional Force Main that will connect Holly Ridge and Camp Davis service areas to the Southeast WWTP via Hwy 17 and 172.
- ✓ Permitting and bidding for the Highway 24 Regional Trunk Water Main Replacement project.
- ✓ Bidding and installation of raw water wells at the Dixon WTP and on ONWASA's Wachovia Tract property.
- ✓ Completion of site evaluations and process design for a new water treatment plant in the Southwest service area of Onslow County.
- ✓ Preliminary design for a proposed project to increase the capacity of the Dixon WTP from 4.0 to 6.0 MGD.

Public Information & Feedback

- Proposed budget is online at www.onwasa.com
- Both written and emailed comments from the public are invited.

budgetcomment@onwasa.com

Budget Comment
c/o ONWASA Administration
228 Georgetown Road
Jacksonville, NC 28540



Board Action Requested

Franky Howard
Chief Executive Officer

Next steps.

Motion to set the public hearing on the proposed FY26 budget at the Board of Directors meeting in the Jacksonville City Hall Council Chambers on June 18, 2025 at 6pm or as soon thereafter as is practicable.