

Zebulon Board of Commissioners
Minutes
April 4, 2011

Present: Robert S. Matheny-Mayor, Curtis Strickland, Beverly Clark, Roy Collins, Dale Beck, Don Bumgarner, Rick Hardin-Town Manager, Lisa Markland-Town Clerk, Mark Hetrick-Planning, Emily Lucas-Finance, Tim Hayworth-Police, Chris Ray-Public Works, Sidney Perry-Fire, Eric Vernon-Attorney

Mayor Matheny called the meeting to order at 7:00pm.

APPROVAL OF AGENDA

Mayor Matheny stated that the first item of business was to approve the agenda.

Commissioner Strickland stated that he would like to amend the agenda to add non-profit funding back on for discussion.

Mayor Matheny stated that it would be item C under Old Business.

Commissioner Strickland made a motion, second by Commissioner Clark to approve the agenda as amended. There was no discussion and the motion passed unanimously.

PUBLIC COMMENT PERIOD

There was no one who wished to speak.

CONSENT

Commissioner Beck made a motion, second by Commissioner Bumgarner to approve the minutes of March 7, 2011. There was no discussion and the motion passed unanimously.

Commissioner Beck made a motion, second by Commissioner Bumgarner to approve the minutes of the February 23, 2011 work session. There was no discussion and the motion passed unanimously.

Commissioner Beck made a motion, second by Commissioner Bumgarner to approve the minutes of the March 23, 2011 work session. There was no discussion and the motion passed unanimously.

Commissioner Beck made a motion, second by Commissioner Bumgarner to approve the minutes of the March 14, 2011 joint public hearing. There was no discussion and the motion passed unanimously.

Commissioner Beck made a motion, second by Commissioner Bumgarner to approve the tax report for January 2011. There was no discussion and the motion passed unanimously.

Commissioner Beck made a motion, second by Commissioner Bumgarner to approve ordinance 2011-31. There was no discussion and the motion passed unanimously.

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Commissioner Beck made a motion, second by Commissioner Bumgarner to approve ordinance 2011-32. There was no discussion and the motion passed unanimously.

OLD BUSINESS

Planning

RZ 2011-02—ETJ Expansion Rezoning

Mark Hetrick reviewed the PowerPoint presentation that was given at the joint public hearing. The Town of Zebulon zoning proposed matched the current use as close as possible. All but two properties were zoned R-20 and the other two were zoned heavy business.

Staff and the Planning Board were recommending approval of the proposed zoning.

Commissioner Beck made a motion, second by Commissioner Bumgarner to approve RZ 2011-02. There was no discussion and the motion passed unanimously.

AN 2011-01

Mark Hetrick stated that the clerk had certified sufficiency and they were able to move forward with their annexation request. Mark asked that the public hearing for annexation be set for May 2, 2011.

Commissioner Bumgarner made a motion, second by Commissioner Clark to set the date for public hearing on annexation of the Zebulon Boys and Girls Club for May 2, 2011. There was no discussion and the motion passed unanimously.

Finance

Utility Merger/Proforma Update

Emily Lucas gave a PowerPoint presentation on the Merger/Proforma and some staff recommendations to meet the merger requirements.

The water/sewer system was merged with the City of Raleigh in 2006 and the list of projects that needed to be completed as part of the merger process were to be paid for by June 30, 2021. Currently, payoff would be anticipated after 2026 with the three percent rate increases that were proposed.

Not meeting projections in the merger document can be attributed to several things the drought and the conservation measures that were put in place in the last several years, consumption did not increase as anticipated, rate increases by the City of Raleigh were higher than they projected in the proforma and finally, lack of growth had been a major factor as well.

Per the original merger agreement by 2010 the Town was to have made \$10 million. Staff met with the Raleigh staff to try to figure out what the Town needed to do to go forward to avoid the City of Raleigh assessing the Town a surcharge. Some of the recommendations that staff came up with to avoid the surcharge would be the following.

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1. Reduce the water allocation from 1.5mgd to 1.2mgd with the total water capacity at 2.2mgd. By reducing the capacity by 300,000 gallons that would save the Town \$1.3 million.
2. No expansion of the sewer plant past the 2.2mgd. Some upgrades would be needed to do the 2.2mgd and the cost has decreased to \$4.9 million.
3. Request a two year extension on the pay back window to 2023 to pay for the cost of the merger. With growth and an increase in consumption that would hopefully cover the improvements to the system.
4. Making a \$250,000 lump sum payment in 2016 and would hopefully come from developers via developer agreements. Projects that would benefit directly would bear the cost.
5. Rate increases would also be needed. It would begin with 7.5 percent and work its way down to 6 percent.

Emily stated that all of the items projected were estimates and Zebulon would have to adjust as needed. Zebulon water bills would continue to be roughly double what a Raleigh water bill was.

Emily stated that staff needed the Boards feedback prior to amending the actual merger agreement and getting Board approval.

Commissioner Beck asked about Raleigh rate increases and how it affected the Zebulon residents. He thought that the difference between the Raleigh rates and Zebulon rates were not so substantial. Emily explained that the difference between what the Zebulon customers paid and what the Raleigh customers paid was what went toward the proforma. However, if Raleigh raised their rates higher than what they proposed then the gap was smaller and less was paid toward the proforma.

Mayor Matheny said that he was concerned that if Zebulon gave up the water capacity and needed to purchase it back it would cost the Town a great deal. He also stated that they may never get it back until after the Little River Reservoir was built and that could be 2025-2040 or it would cost the Town twice what they originally paid for it. He understood the Town might not be able to pay for it, but it was a concern.

Mayor Matheny continued by saying that he would be much more comfortable going to 2.2 if the Town had a buyback arrangement with Raleigh if the Town wanted it. Want to stay at 2.5 if the Town could afford it and explore the buyback agreement. He stated he was already working on the buyback agreement. Emily explained that it would directly affect the rate structure if the Town stayed at 2.5mgd.

Non-Profit Funding

Commissioner Strickland stated that he would like to reevaluate what was proposed at the last meeting.

Mayor Matheny said the he wanted to make sure the Commissioner Strickland understood that nothing was locked in at the current time. He stated he knew that.

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Commissioner Strickland said that with all the good that Shepherd's Care was doing for the community he thought that they should be given \$1000 instead of the \$500 that was discussed at the last meeting.

Commissioner Beck said that he thought that they were definitely deserving of \$1000 and the service they were providing.

The rest of the Board agreed with that change.

BOARD COMMENTS

There were no comments.

MANAGERS REPORT

Emily reported the following transfers.

\$250 from administration equipment maintenance and \$250 from administration materials and supplies to administration training.

Rick Hardin stated that there would not be a joint public hearing on April 11; April 8 was pictures with the Easter Bunny and April 9 was the Easter Egg Hunt at Community Park. Opening day for Five County Stadium was April 7 and Festival on the Lawn would be April 30.

Commissioner Clark made a motion, second by Commissioner Collins to go into Closed Session for the purpose of personnel discussion. There was no discussion and the motion passed unanimously.

NOTE: In closed session Commissioner Beck made a motion, second by Commissioner Collins to come out of closed session. There was no discussion and the motion passed unanimously.

Commissioner Strickland made a motion, second by Commissioner Beck to adjourn. There was no discussion and the motion passed unanimously.

Date

Robert S. Matheny—Mayor

SEAL

Lisa M. Markland, CMC—Town Clerk