

Zebulon Board of Commissioners
Work Session
Minutes
October 19, 2011

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

Others Present: Robert Massengill

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

APPROVAL OF AGENDA

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

OLD BUSINESS

Finance

Resolution 2012-10—Merger Proforma Agreement Amendment

Emily Lucas gave a PowerPoint presentation on the merger agreement and the proposed changes and why the changes were being proposed by staff. Emily explained that due to the drought, economy and other circumstances the net revenue received for the last five years had been affected and therefore, there needed to be a change in what was needed as far as projects and capacity.

Emily stated that town staff and the staff from the City of Raleigh had been working together for months to come up with amendments to the agreement for consideration. Some of the recommended changes were to section 3.4 (system upgrades) which stated, based on the new growth projections through 2031 the Town would not need as much capacity as originally projected in 2006. The projected growth annually would be three to seven percent. The actual growth since 2006 had been between two to six percent with six percent being in the earlier years and the current average was three percent.

Staff was proposing to return 300,000gpd of water capacity which would leave potable water capacity at 2.2 million gpd and then reclaimed water capacity at 500,000gpd. By returning the capacity it would reduce the proforma cost or cost on the CIP by \$1.332 million.

Next, would be to not expand the sewer plant beyond the 2.2mgd that it was currently being expanded to during the merger window. The expansion to 4mgd would be cost prohibitive and the Town did not need it during the rest of the merger window. The Town's cost went from \$5 million to \$20 million for the extra capacity.

The growth projections through 2031 were shown at four percent through 2021, and then grew at three percent per year through 2031. After that it would grow at whatever Raleigh's growth rate would be at that time.

Board of Commissioners
Minutes
September 19, 2011

Water use projections showed that there would be an additional 1.5mgd extra capacity over what was projected in growth for the next 20 years, which was equivalent to 6,000 additional homes above that project growth.

Some of the other proposed amendments would be extending the pay out three year to July 2024, clean up the property transfer issues with the register of deeds, two properties on the list were removed and would be retained by the Town, repainting of the reclaimed water tank by the stadium and some clarification in the documents.

The major proposed changes were to extend the payback period by three years, reduce capacity by 300,000gpd and to not expand the sewer plant past the 2.2mgd.

There was discussion about returning the 300,000gpd. It was explained that even with giving back the 300,000 capacity the Town would still have plenty of water available for growth and an additional 6,000 homes. Emily explained about rates having to increase to cover costs and if growth did not come in as projected then rates would have to increase even more to keep up or the Town would be subject to a surcharge to cover it.

Mayor Matheny stated that he was not comfortable giving up the 300,000gpd because it would cost the Town a great deal if it had to be bought back from the City of Raleigh. Currently, the Town was purchasing water at \$4.50/gal and would have to buy it back at \$7.50/gal and could go as high as \$19/gal. Currently, the cost to customers was \$0.33/1000 gallons. Reclaimed water may even cost more than potable water in the future.

There was discussion about getting the three year extension and not give back the 300,000. Commissioners said that it might be good to think about all the information presented and come back and make a final decision. Mayor Matheny said that he would like to wait to see what the numbers looked like at the end of the year before making a decision. Emily Lucas stated that the information provided was based on the pre-audited numbers which showed that originally the Town should have netted \$3.5 million and the Town netted \$800,000.

There was discussion that the Town should wait to make a decision on the amendments and returning the capacity at the same time. Robert Massengill with the City of Raleigh said that the Town could wait until January to make a decision but he thought that the Board should know that a decision would have to be made at that time. Robert Massengill stated that in January the Board would have to decide whether to return capacity, raise rates or have Zebulon customers be subject to a surcharge from the City of Raleigh.

The Board decided to table resolution 2012-10 until January 2012 or when audited numbers were available, whichever came first.

NEW BUSINESS

Public Works

Ordinance 2012-14—Window Repair at Town Hall

Chris Ray explained that the windows at Town Hall were leaking and were in need of repair. The ordinance would transfer funds from several projects that came in under budget and the rest out of the operating budget to repair the windows that were leaking. The cost of the project would be \$25,000 to repair 142 windows.

Commissioner Strickland made a motion, second by Commissioner Clark to approve Ordinance 2012-14. There was no discussion and the motion passed unanimously.

MANAGERS REPORT

Rick Hardin stated that there would be a candidate's forum on October 20 at 7:00pm. The Veteran's Day Breakfast at the Community Center would be Friday, November 4 at 9:00am.

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

Date

Robert S. Matheny—Mayor

SEAL

Lisa M. Markland, CMC—Town Clerk