

**ZEBULON  
BOARD OF COMMISSIONERS  
WORK SESSION  
AGENDA  
December 19, 2018  
7:00pm**

**I. APPROVAL OF AGENDA**

**II. NEW BUSINESS**

*A. Administration*

1. Water Rates

**III. MANAGER'S REPORT**



WORKSESSION STAFF REPORT  
December 19, 2018

**Topic: Water Rates**

Speaker(s): Joe Moore, Town Manager introducing  
Robert Massengill, City of Raleigh Public Utilities (CORPUD), Director  
Kenny Waldroup, CORPUD Assistant Director

Prepared by: Joe Moore

Approved by: Joseph M. Moore II, PE, Town Manager

**Executive Summary:**

The Zebulon Board of Commissioners will discuss options to change the water and sewer rates paid by customers located in Zebulon's corporate limits.

**Background:**

In 2007, the Town of Zebulon and the City of Raleigh merged water and wastewater systems through a Utility Merger Agreement ("Agreement"). The Agreement described the rate structure customers located in Zebulon's corporate limits would pay to retire the debt associated with this merger. Generally, the debt would be retired by 2024 through a combination of new customer growth and an increase in rates paid by existing customers.

In 2009, new customer growth came to a stop as the nation experienced the Great Recession. This growth was effectively dormant until 2016, and then only began to reemerge slowly. Additionally, droughts and more efficient plumbing fixtures reduced the amount of water consumption. Finally, the General Assembly passed legislation prohibiting the Town of Zebulon from collecting utility impact fees from new development. The culmination of these events placed the debt retirement exclusively on existing customers within Zebulon's corporate limits through annually increasing rates.

These increasing rates are surpassing affordability criteria for some of Zebulon's customers. The number of service disconnects for non-payment increased this past year.

Staff from the Town of Zebulon and the City of Raleigh have worked for the past year discussing methods to accelerate the merger debt payoff. Retiring the debt will bring rates in-line with those paid by customers in Raleigh and other merger communities who have completed the merger process (Garner, Rolesville, Wake Forest, and Knightdale).

**Discussion:**

The Zebulon Board of Commissioners will discuss options to accelerate the merger debt payoff. Most specifically, selling back water capacity and, to a lesser extent, selling potential stream restoration and wetland credits from a Little River Stream Restoration project. The most relevant point of the Board's discussion will center on how much water capacity can be sold back to Raleigh while retaining sufficient capacity to maintain Zebulon's growth goals and affordability.



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**Policy Analysis:**

In the absence of an updated Land Use Plan projecting Zebulon's growth and affordability goals, the Board's decision on this topic may define Zebulon's growth rate and affordability. An update to the Land Use Plan is budgeted in the current fiscal year, but has not been initiated with the transitions currently experienced within the Planning Department. A more refined policy analysis will be available as the Board formally considers the specificity of available options.

**Fiscal Analysis:**

The Board's decision on this topic may have an affect on the growth rate of tax base value. A more refined fiscal analysis will be available as the Board formally considers more refined options.

**Staff Recommendation: N/A**

Worksessions are an opportunity for the Board to understand and provide feedback. There are no actions required.

**Attachment(s):**

*Zebulon Water and Sewer Proforma (Slide show delivered at meeting)*