

Zebulon Board of Commissioners
Work Session
Minutes
December 19, 2018

Present: Robert S. Matheny-Mayor, Curtis Strickland, Beverly Clark, Annie Moore, Joe Moore-Town Manager, Lisa Markland-Town Clerk, Teresa Piner-Planning, Bobby Fitts-Finance, Chris Perry-Fire, Chris Ray-Public Works, Dennis Brannan-Police, Eric Vernon-Attorney
Absent: Don Bumgarner

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

APPROVAL OF AGENDA

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

NEW BUSINESS

A. General

1. Water Rates

Joe Moore explained staff worked with the City of Raleigh on ways to accelerate the merger debt pay-off. The rates would be in line with other surrounding communities such as Garner, Wake Forest, Rolesville, and Knightdale, that completed the merger process. Joe Moore introduced Robert Massengill, the City of Raleigh Public Utilities Director (CORPUD).

Robert Massengill explained Zebulon and Wendell were the last two towns to switch to system-wide rates, due to the new legislation that did not allow collection fees from new developments. The goal of the plan was to get Zebulon citizens on system-wide rates by June 30.

Kenny Waldroup, Assistant director of CORPUD, explained the Utility Merger would provide 1) long-term reliable water and sewer services to support continued growth in the area, 2) provide Eastern Wake County Towns an opportunity to purchase capacity, continue growth, and stabilize rates, and 3) the regional system would gain benefits of economy of scale. The structure of the Utility Merger Agreement was explained to the Board.

On the current status of the merger agreement, Zebulon is predicted to close late FY 2023. The current pro forma showed residential average use was 3,100 gallons. An example for FY 2019 showed Zebulon rate charge was \$102 whereas other communities' water bill, excluding Wendell, was \$43.

There are currently 178,000 active accounts in the Town of Zebulon. The City of Raleigh did a study to assess economic stress that included 1) unemployment 2) age dependency 3) low educational attainment 4) housing vacancy, and 5) below poverty level. A water and sewer bill greater than 4.5% of household income was considered a measure of economic stress.

The City of Raleigh and Town of Zebulon staff looked into possibilities of changing the merger window and paying off the merger agreement early. That would include updating growth

assumptions and per capita demands with the Town of Zebulon, return 200,000 gallons of portable water capacity, valued at \$4.44 per gallon, return 695,000 gallons of wastewater capacity valued at \$8.62 per gallon. The City of Raleigh would agree to sell to Zebulon the returned capacity if a new major development occurred between FY 2019 and FY 2023. It was assumed 300 homes per year would be added to the system and would use 115 gallons per day in FY19-23. The City of Raleigh would also give stream credits that could be applied against the merger pro forma.

Robert Massengill explained the goal was to have affordable utility rates for the Town of Zebulon residents. The average customer's bill would drop to approximately \$44/per month. It was explained the water supply the City of Raleigh secured from Falls Lake would extend to 2045.

There was discussion about various aspects of the proposal.

Mayor Matheny asked if the Board had any questions. There were none.

Joe Moore explained a resolution would come before the Board to request authority to begin negotiations with the City of Raleigh staff to modify the merger agreement.

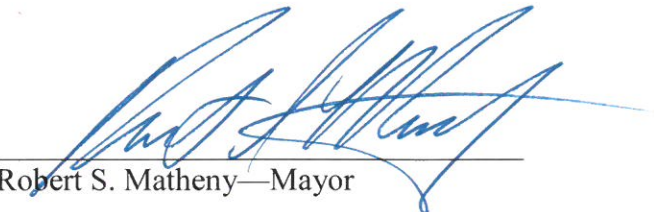
MANAGERS REPORT

Joe Moore wished the Board a Merry Christmas.

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

Adopted this the 7th day of January, 2019.




Robert S. Matheny—Mayor


Lisa M. Markland, CMC—Town Clerk