

MINUTES
SPECIAL WORKSHOP MEETING
CITY COUNCIL

October 5, 2015

Mel L. Cohen, Mayor

Sally W. Sandy, City Manager
Louis E. Vinay, Jr., City Attorney

John H. Cantrell)
Forrest A. Fleming) Councilmen
Sidney Simmons)
Ronnie Thompson - absent)

Others in attendance include: from Freese & Nichols – Brian Jann, Robert Vinay, and Charles Archer; Assistant City Manager Sonja Marston, Water Resources Director Brad Boris; Finance Director Karen Duncan; Joshua Harris, PIO, and Glen Flanagan, News Herald reporter.

The meeting was called to order in Conference Room 4 of City Hall at 4:00 p.m. by Mayor Cohen. This special meeting was duly called and notice duly posted.

The Mayor announced there would be a presentation by Freese & Nichols on the Wastewater Aeration Process Conversion Study recommendations and the proposed project design.

Brian Jann gave an overview of the past 6 months observations regarding the Wastewater Treatment plant. He spoke about the interim solutions and the fact that it is a temporary fix. The solution does not get rid of liquid oxygen but works in conjunction with it.

Jann stated the long term conversion study has been completed. The study looked at how to convert the secondary process and get rid of chlorine gas. He stated the major components that came out of the study include 2 new aeration basins, 2 new flow splitter structures, 1 new secondary clarifier, and a new building to house aeration blowers etc.

Jann stated that if everything proposed was done now, the cost of the project would be approximately \$11,000,000. However Freese & Nichols suggest a phased approach. This way the City could defer construction of a new secondary clarifier and chlorine conversion which could be done later. If going with this phased approach, the immediate cost would be approximately \$9.5 million.

Councilman Cantrell asked about delaying and the cost of interest on loans since rates are so low. The City Manager stated we would be pursuing alternative bids.

Jann gave an overview of the time frame, stating that at the upcoming Council meeting later in the evening they expect the design contract to be approved, it will take 9-10 months for permitting, about 3 months to get a DNR permit to construct, so that the bidding process would begin about this time next year, approximately November 2016. He stated the SRF process would add 9-12 months to the timeline.

The City Manager stated the City does have some time to decide if the extra \$1.5 million is worth doing earlier or later in the process. There was some master-planning done in the Capital Improvement Program during 2004. The City Manager stated that understanding what we are facing, it might make this a good time to do a rate study and talk about increasing rates.

Councilman Fleming asked if we are looking at over a year from now before we even start to break ground. The City Manager stated it would probably be even longer because we will be taking bids, awarding bids, and because it is an LGC bid process the state will have to approve. She stated that it has been eleven years since we looked at our rate structure and now is the time to look at what will serve us during the next 15-20 years.

Councilman Fleming asked if the completion would be September 2018. The City Manager stated that was correct. Councilman Fleming asked if the second phase, the \$1.5 million project, would not be looked at until after Sept 2018. The City Manager stated currently that is correct, but there might be an opportunity during this current process to combine and do all of it at one time. It will depend on various factors and we won't know the answer until spring.

Councilman Fleming asked why not do the whole project at once. The City Manager stated it may be the case to do it all at once, but the debt ratio needs to work and the rates are how the money to pay the debt is generated.

The Mayor asked where our rates are in comparison to local municipalities. Brad Boris, Water Resources Director, stated that Morganton has the lowest rates in the state in water and 5th lowest in sewer. Just because we are the cheapest in the state does not mean that Ms. Citizen wants to pay an extra \$10 on her water bill. Citizens need to pay enough to cover the service, but also enough for depreciation and repairs.

Jann stated the City will never get away from having to do improvements. Robert Vinay stated that this plant was built in 1972 and the City has gotten very good value out of it. Jann stated that plants in the 1970s were funded with 95% Federal money. Now these plants are funded with 90-95% local monies. The unmet water/wastewater needs are about \$25 billion in North Carolina alone.

Councilman Cantrell asked if it was realistic to have the rate study and master plan done by next spring. The City Manager stated that a rate study takes a lot of work by staff, consultants and Council.

The City Manager stated that tonight we are looking at \$621,000 for the design work. She stated that back in June a reimbursement resolution was adopted so we could spread the cost over the life of the project, but that doesn't mean we will do so. Councilman Cantrell confirmed with the City Manager that there were some funds available in the sewer fund.

Councilman Fleming stated he knows staff understands how much money we have, how we can we pay it back, etc.; however, he feels the longer this is put off the more it will cost eventually. He stated that sometimes it's easier to just "do it" and figure out how to pay for it and save money in the long run.

Adjournment –The Mayor adjourned the meeting at 4:35 p.m.

Preparation of Minutes. These minutes were prepared by Mikela D. Russell, Assistant City Clerk. Copies of all resolutions, ordinances and orders referenced in these minutes are intended to be incorporated into these minutes as if fully set forth herein. Prior to including them into the official minute book, the minutes have been read and approved by the City Manager and the City Attorney, then distributed to each member of the City Council for further review and final approval, at a subsequent Council Meeting.



Mayor

Assistant City Clerk