THE FOUR HUNDRED AND FOURTEENTH SESSION OF THE BOARD OF ALDERMAN
VILLAGE OF ALAMANCE
DECEMBER 17, 2012 – 7:00 PM

Present: Mayor Bundren, Mayor Pro Tem Sharpe, Alderman Tichy, Alderman Crouse, Alderman Slaughter, Alderman Clemmons and Clerk York.

Absent: Alderman Gregory

Alderman Crouse gave the invocation.

Mayor Pro Tem Sharpe moved to approve the November 26, 2012 meeting minutes. Alderman Slaughter seconded the motion. The motion passed unanimously.

OLD BUSINESS

Plaid Day

Mayor Bundren noted that this item has been tabled until the January meeting.

Report on Cabin Pump Station Project

Mark Reich distributed an executive summary of the project for the Board. They have revisited the Preliminary Report and have incorporated the items that Allan Hart, of Rural Development, requested. Mr. Reich reviewed the options. Option #1 was to upgrade the existing pump stations at NC 62 and Cabin Road, keeping the existing force mains. The revised cost estimate on that option is $955,000.00. Option #2 would eliminate the NC 62 and Cabin Road pump stations, by installing new gravity siphons. The cost for this option would be $754,000.00. Option #3 would be to refurbish the NC 62 pump station, and eliminate the Cabin Road pump station, by putting in the gravity sewer. The cost for Option #3 is $453,000.00. Mr. Reich also did the total present worth analysis and the matrix, with everything pointing to Option #3. If the Village wishes to pursue Rural Development funding, Option #3 will be the choice. This means the elimination of the Cabin Road pump station, putting in the siphon, and then refurbishing the NC 62 pump station. Mayor Bundren clarified that the flow would be no different in another twenty years, than it is today. Mr. Reich said that was correct. Even if the Village picks up new industrial growth, the flow that would be taken off (currently going through the Cabin Road pump station) would now be going through the siphon. They have looked at funding options as well. The four funding options are: apply for Rural Development funds at 2.75% for 40 years; finance through a private bank loan at 3% for 20 years; use some of the Village's fund balance to pay for a portion or all of the project, with the remainder being funded by either the first or second option; or borrow the entire amount from the fund balance and establish a payback schedule for the Water and Sewer Fund. Mr. Reich asked Attorney Bateman about other cities that have chosen the latter option. Mr. Bateman replied that Mebane has done this, adding that there has been a better return on the money. Mr. Reich observed that this has been a concern expressed; the Village has not been receiving interest on earnings. If the Village opts for a Rural Development loan, with full funding, it would require an 18% increase in water and sewer rates. Mr. Reich pointed out a table in the printed document that summarized interest rates, terms, and the total interest paid. Though an interest rate of 2.75% seems good, the cost over a 40 year period means paying almost $300,000.00 in interest. If the Village opted for a 20 year loan, the interest would be just over half of that: $156,000.00. Mayor Bundren asked Clerk York about the surplus amount that Becky

Loy quoted during her report at the last meeting. Clerk York observed that the Village has generated $200,000.00 more this year than last year. Mayor Bundren commented that the Village could pay the project off in 2 or 3 years, with that one figure. Then they wouldn't have to go through Rural Water or raise the water and sewer rates. Alderman Tichy explained that if this was funded directly, out of the general fund, it could be done without affecting the rates. If the Village loans itself the money, and pays it back, it would result in some increase in the rates. We would have to generate the funds to pay back the water fund. Mayor Bundren responded that the Village is generating the funds already. Alderman Tichy replied they are generating the money, if this was funded out of surplus. Attorney Bateman said that Alderman Tichy was talking about loan the water and sewer fund money from the general fund. This would be done to avoid or limit the rate increase. Mayor Bundren suggested they take what is available on hand, pay that against the cost, and only finance the difference. Alderman Tichy said the fund balance would allow them to pay any amount of the project that they want. The Village has $1.3-$1.4 million in the fund balance. The State does approve to use fund balance funds for capital water projects. Funding is approved for a one-time exemption to be used on the sewer side. Mayor Bundren said, in lieu of the Village loaning funds to itself, they could take the surplus money on hand and pay it toward the outstanding cost of the project. Then, whatever the difference is, the Village could loan that to itself. This way, the rates would not have to be raised as tremendously. Alderman Tichy said they may be able to reach a point where they don't have to raise the rates at all. Mr. Reich said this is why he hasn't done anything more, with submission back to Allan Hart; the Village may wish to pursue other options. Mayor Bundren commented the Village shouldn't have to pay $299,000.00 back to Rural Water, when it can fund this on its own. Alderman Tichy said the Village shouldn't increase rates by 18% for the community now. The consensus of the Board of Alderman was not to opt for the Rural Water funding. Mr. Reich noted that he will meet with Clerk York and come up with possible options—either a portion of funding and how this will impact the rates. Mayor Bundren referred to the earlier discussion of refurbishing the NC 62 Pump Station. There is $100,000.00 built in, for that. Currently, everything is working very well there. There is not any need to refurbish anything except the generator. Alderman Tichy asked if this included the generator. Mr. Reich replied that this does include the generator. Mayor Bundren said if the generator cost $25,000.00, the Village could back about $75,000.00 from the $473,000.00. This would put the cost in the $300,000.00 range, somewhere along the way. Mayor Bundren stated that Option #3 is the only way to go, right now. With the consensus of the Board, she asked Mr. Reich to move forward with Option #3, taking out the $75,000.00 for refurbishing and just buying a generator. The Mayor asked Arnold Allred about the pumps. Mr. Allred replied everything is working fine, but they do need the generator. He asked Mr. Reich about re-doing the panel. Mr. Reich concurred that the panel needed to be upgraded. Mr. Allred stated that if the panel was updated, it would save money in power costs. Mayor Bundren summarized that they needed to get the generator and the pumps working together in concert with each other. Mayor Bundren thanked Mr. Reich for all of the work on this and for looking out for the best interest of the Village. Alderman Tichy asked about the timeframe if the Village itself provided the funding. Mr. Reich indicated the project could begin at the first of the year. Alderman Tichy asked how long it would take to complete the project. Mr. Reich reported that it could be functional by the end of next year. It could likely not be completed before the end of the fiscal year, but could be done during the summer months. Alderman Tichy noted there is more balance at the end of the fiscal year, anyway. Mr. Reich responded that the design could be done, pay for that; then pay for the contract out of the next year's budget. Mayor Bundren stated that this is an excellent idea.

ORC Report

Mr. Allred reported that everything is working fine related to the collection system. This time of the year is when he normally checks all of the manholes and the creek crossings. In the summer, the individual who does the mowing repeats these checks, so that they are done twice each year. Regarding the distribution system, there was a BAC-T test in November. Mr. Allred spoke about the valve program. He has talked with Clerk York. They will try to exercise some of the valves during the Christmas holiday. Mayor Bundren asked if this needed to be done by January 1st. Mr. Allred said they needed to do as many as they could by then. They will put a push on this. Clerk York will obtain some help to do this. Mr. Allred said he would request to do this differently next year. He would like to start next year, around March or April, when the weather breaks, and get them done before the end of the summer. For now, they will focus on the main valves at street crossings. Mayor Bundren asked if the Village could be fined. Mr. Allred replied that he didn't think so; as long as they were putting forth a good faith effort.

There was no additional Old Business.

NEW BUSINESS

Tap and Meter Set Fees

Clerk York introduced this item at the last meeting. He had been charging a meter set fee and a regular tap fee for someone that needed a new tap. It was discussed whether to just do the tap fee, since it is not common to charge two different fees, and just have one set fee. Clerk York obtained quotes from two different companies for both a long side and a short side for a ¾ inch water tap, a 1 inch water tap, and a 4 inch sewer tap. This information will help determine what type of tap fees to set. For the short side, ¾ inch, C & J quoted $900 and McPherson quoted $1700. In each case, the quote from C & J was lower. Clerk York said he would likely use C & J in most cases. For the short side, $900, long side $1500. On the 1 inch, the short side was $1300 and long side was $1900. On the sewer tap, it was $800 on the short side and $2000 for the long side. Short side refers to when the water and/or sewer line is on the same side of the street as the house. Long side refers to going under the street, to run a line across the street to reach the home in order to do a tap. Generally, the idea is that there is one set fee that would apply to both the short side and the long side. It would be in-between the cost for a long side tap and a short side tap. Based on the numbers, the fee could be $1200 on the ¾ inch; $1600 on the 1 inch; and $1500 on the 4 inch sewer tap. Mayor Bundren asked which ones were typically used. Clerk York answered that typically a ¾ inch water tap was used for residential use and the sewer is generally 4 inches. Commercial or business would use sewer taps larger than 4 inches. Currently, the Village charges cost plus 3% for anything larger than 4 inches. In fees, anything above 1 inch is cost plus 3%. The only situation where the Village could be losing money would be the three items quoted. Alderman Tichy asked if the prices included the cost of the meter box and meter. Clerk York replied that the cost does not include the meter itself. It does include everything else. Mayor Bundren said that the cost of the meter is charged, as an additional fee. Clerk York said a meter generally costs about $60.00. He does not have a separate fee for the meter. He suggested that $75.00-$100.00 be added for the meter cost. Mr. Reich stated that he thought there already was a meter fee. Mayor Bundren agreed. Clerk York said there was not a separate fee, rather a meter set fee for putting the meter in. He could add the cost of the meter to the fees the Board is considering tonight. Mayor Bundren asked about the difference between the meter set fee and the meter. She asked if the Village would be doing away with the meter set fee. Clerk York explained that they would look at the quotes from the contractors. The contractors

gave would give a short side quote and a long side quote. The "middle" amount is determined; then the cost of the meter is added to this. This would be the overall fee. He will add $100.00 to the fee that the Board determines. This way, one fee will be charged that will cover everything. Alderman Tichy explained that the meter set fee currently applies to places like Heritage Glen, where the boxes were installed by the developer. Mayor Bundren observed that they would still use the meter set fee, but only for a developer. Alderman Tichy said this would avoid nickel and diming people with multiple fees. If they want to connect water, it would be $1300. Clerk York added $100.00 to the figures as presented. Alderman Tichy made the motion to change the fees to $1300 for a ¾ water tap, $1700 for a 1 inch water tap, and $1400 for a 4 inch sewer tap. Alderman Crouse seconded the motion. The motion passed unanimously.

Website

Clerk York reported that he is researching different options. There is a company called GovOffice that has been recommended as having done many websites for municipalities. They have varying options and would likely do a very good job for the Village. Clerk York is in the process of contacting this company.

Board Meeting Dates 2013

Mayor Bundren asked Board members, and Attorney Bateman, if they had looked at the schedule of meeting dates. She asked if there were any conflicts with the schedule. Mayor Pro Tem Sharpe made the motion to adopt the 2013 meeting schedule as presented. Alderman Slaughter seconded. The motion passed unanimously.

Finance Report

Clerk York observed there was not a Finance Report to be presented, since the next CD won't mature until Wednesday. There will be two CDs on the next Finance Report. Clerk York presented a budget amendment. The tap done on Dr. Patterson's property cost $1700. There is only $1000.00 in the Taps & Meters line item, currently. He accounted for the extra $700.00 and took $3500.00 to add for another possible tap. This still leaves a good amount in the Capital Expense account. The budget amendment moves $4200.00 out of the Capital Expense account into the line item for Taps & Meters. This amendment involves the Water and Sewer Fund, not the General Fund. Mayor Pro Tem Sharpe made the motion to approve the budget amendment. Alderman Tichy seconded. The motion passed unanimously.

OTHER BUSINESS

There was no other business.

PUBLIC COMMENT

There was no public comment.

Alderman Crouse moved to adjourn and Alderman Gregory seconded. The motion passed unanimously and the meeting was adjourned for the annual Christmas party.

_____Cathera R. Bundren, Mayor

_____Ben York, Village Clerk