THE THREE HUNDRED- NINTIETH SESSION OF THE BOARD OF ALDERMAN
VILLAGE OF ALAMANCE
November 22, 2010 – 7:00 PM

Present: Mayor Bundren, Mayor Pro-Tem Sharpe, Alderman Jones, Alderman Crouse, Alderman Clemmons, Alderman Tichy, Clerk York.

Absent: Alderman Slaughter

Alderman Clemmons gave the invocation.

Mayor Pro-Tem Sharpe moved to approve the October 1st meeting minutes and Alderman Crouse seconded. The Motion carried unanimously. Alderman Clemmons moved to approve the October 25th meeting minutes and Alderman Tichy seconded. The motion carried unanimously.

OLD BUSINESS

CDBG Project

Marc Reich approached the Board and explained that the sewer line had been installed from the existing outfall up to the road down at the low end of Alamance Baptist Church Road. They have begun putting in erosion control measures. He believes that they have gotten through most of the rock at this point.

Second Connection Project

Mr. Reich said that he has the record drawings at his office and will forward them to Clerk York. Mayor Bundren asked how much money had been saved on the contract. Mr. Reich said that he did not have the final change order with him, but he thought it was around $37,000.

Report on Cabin Pump Station Access Project

Clerk York said that he and Mr. Reich met with Allen Hart from the USDA. The terms of a loan would be 40 years at 3.77%. The Village would apply for a loan from the USDA. Once approved, the Village would obtain financing from another bank and the USDA would pay off that loan once construction was completed. The first step in the process is to submit a preliminary engineering report and environmental review.

Mayor Bundren asked if USDA would fund a portion of the project with grant money. Clerk York said that there are two requirements to qualify for grant money. First, the Village's median income must fall below the state average. The Village meets this requirement. Second, the average sewer bill would have to rise above 1.5% of an individual's annual income. The grant money would be used to lower the average sewer bill to 1.5% of average income.

Mayor Bundren asked how much a PER and Environmental Report would cost. Mr. Reich estimated $7,000 for the PER and $3,000 for the Environmental Review. The Village would be reimbursed for these expenses if they were to receive a loan. Alderman Jones asked if the Village would be subject to the Jordan Lake Rules. Mr. Reich said that there are some rules that we would be exempt from. If the Village ran their sewer line perpendicular to the stream crossing, they would be exempt from having to obtain certain permits. If the lines ran parallel to the stream, the Village would not be allowed to disturb the 30 foot buffer.

Mayor Bundren asked how much the original quotes had been. Mr. Reich said that it was $316,000 for the cabin road project and $235,000 for the NC 62 project. Mayor Bundren asked if the project could be done in two phases. Mr. Reich explained that the projects were discussed as one project with Mr. Hart. If the projects were split, the PER would have to be updated. The Village would also have to repeat some of the same paperwork. Mayor Bundren asked the Board what they would like to do. She said that she is not sure when the state will require us to do something about access. The Board does not have to make a decision tonight. It is something to consider. Alderman Clemmons said that the Board should look into how much it would cost to take a loan of that size. Mayor Bundren asked if Alderman Clemmons would look into that. He said that he would.

ORC Report

Mr. Allred said that one of the pumps at the Birch station is running a lot longer than the other pump. This means that the other pump is pumping slowly. Mayor Bundren asked if the electrical components of the control panel had been checked to make sure that they were not causing the pump to run slowly. Mr. Allred said that the electrical controls had been checked, and they are not to blame for this. He will continue to monitor that pump to see if it needs to be pulled. It may just have some trash in it and will eventually start pumping correctly.

He has spoken with Charles Underwood Inc. and the attachment for the check valve located at the NC 62 pump station should be delivered next week. This will allow for bypass pumping. Alderman Jones asked if we had similar pieces at the other pump stations. Mr. Allred said that we did not. Alderman Jones asked if it would cost more to get attachments made for the other two pump stations. Mr. Allred said that each piece would likely cost the same. He said that it may not be feasible to create an attachment for the check valve at the Birch pump station.

As for the distribution system, there was a leak on Cedar Lane last week. So far, he has noticed a decrease of about one million gallons between this month and last month's water usage. The fire department began hydrant testing last week. Everything seems to be working fine.

Mr. Allred said that he will number the valves on the new water map. Alderman Crouse mentioned that there was not sufficient access to the new meter box for the second connection. Mr. Allred said that he purchased a ladder to use when getting in and out of the box. Mr. Reich said that he was surprised that it had passed inspection. He will speak to the contractor about fixing this issue.

NEW BUSINESS

Audit and Financial Statements

Mrs. Becky Loy, of Cobb, Ezekiel, and Loy presented the financial statements to the Board. The Village had an unqualified opinion. This means that the information they received from the Clerk, fairly presented the financial information of the Village. Overall, the Village is in good financial shape. The Village added to its fund balance. The results of the revaluation are reflected in this statement. One cent of property tax generates close to $9,000 in revenue. The collection percentage is 97.28. It has steadily increased over the last few years. While the Village does not have control over the collection process, it is good to see it increase. Total revenue declined by $11,000. Taxes went up by $18,000 and sales and use tax declined by $13,000. This is to be expected in a recession. Investment earnings declined by $9,000. These amounts do not make up the entire $11,000, but they are the largest individual reductions.

Expenditures were $41,000 less last year. This amount is attributable to paying off the mortgage and a reduction in engineering expenses from the previous year. Total revenue exceeded expenses by $125,000. This is back up from the previous year where the excess declined due to paying off the mortgage. The Village is one of the strongest municipalities financially for its size in the state.

The water and sewer fund revenue increased by $26,000. This is due to an increase in water and sewer rates. The statement shows an increase in net assets by $400,000. This is mainly due to grant money received from the state. The revenue shows up as revenue, but the expenditures are capitalized. Therefore the expenditures do not show up in the expenditure column. Under the modified accrual system, expenses exceeded revenue by $6,500. The Village is making progress towards breaking even. The amount of deficit has declined steadily over the last four years. The Village should continue to look at adjusting rates to bring revenue up to meet expenses. The Water/Sewer fund balance is not sufficient enough to allow the Village to get behind.

On the whole, the numbers look good. The Village still has $148,500 saved for water/sewer projects. It just needs to be designated for something. $108,500 belongs to the General Fund. $40,000 belongs to the water fund. The Board should go ahead and decide what it wants to do with that money. Again, the numbers look good.

She will meet with Clerk York to go over the sewer assessments. Mayor Bundren asked if it would work better for Mrs. Loy if the Board held a separate meeting to go over the assessments. Mrs. Loy said that anytime is fine. She and Clerk York should meet to compare their files and then they can meet with the Board.

Clerk York asked if it was correct that the water and sewer fund balance would only be $26,000 if the money that was set aside was taken out. Mrs. Loy said that that was correct. The fund balance has been declining steadily for years. Alderman Jones asked if we could get a credit for our sewer bill because of our water loss. Clerk York said that our sewer is unmetered and so we will not be able to obtain a credit for that. However, we may be able to obtain a credit for our water loss. After the meter is read in November, Clerk York will be able to compare usage to the same month the previous year and ask for a credit.

Mrs. Loy said that they audited at a higher level this year. This was because the Village received federal money. She did not find any issues concerning accumulation of the data. They also review internal controls. This brings up the issue of segregation of duties. There is only one person handling the finances. This could make it easy for someone to be dishonest. She does commend the Board for asking questions and staying aware of the Village's finances.

Part Time Clerical Position

Clerk York has received about 25 resumes for the position. He has selected two individuals to interview. He would like to have two Board members present for the interview. Mayor Pro-Tem Sharpe and Alderman Tichy both volunteered to conduct interviews. Clerk York would like to conduct interviews next week and hire the individual soon after.

Tap Fees and Potential Taps

There are two potential customers who have requested to tap onto Village water. The first are the Meadowland Estates located off Pond Road. They would like to connect to water in order to relieve themselves from their water monitoring requirements. Our fee is cost plus three percent. There is still a question as to whether they will still have to do some monitoring. Clerk York will get in touch with Shashi Bhatta of Public Water Supply to determine if that is the case. He has sent a spec sheet to five contractors to get bids.

The other customer who would like to connect is Roy Glasgow of 4803 S NC 62 in Burlington. He would like to connect to water and sewer. Currently, he has a sewer tap. His total fees would be $1,675. He is hoping the bids will come in at just above or below the amount of the fees. He was in attendance at the meeting. Mayor Bundren asked Mr. Glasgow if he lived inside the Village limits. Mr. Glasgow said that he does. He said that he came tonight to make the Board aware of the cost he incurred in 2002 when he paid for a sewer line to run to his property. He paid $5,993 dollars for a sewer line and

manholes that ran across a lot in Heritage Glen to the back of his property. Mrs. Mary Glasgow said that when they first inquired about the cost for connecting to sewer back then, the cost kept going up and this was after they were well into the process. They were told that that would be their only chance to connect to sewer.

Alderman Crouse asked if it had been set as a utility easement or just a utility they could tap water to. We will have to get a permit from DOT if we were to run a utility across NC 62. It is unlikely they will allow us to open cut the road. Mr. Glasgow said that there is a 20 foot easement across the back of his father's property. There is also a 20 foot easement from behind his father's house going to the road. Mr. Reich asked Mr. Glasgow to identify his house on the map. Mr. Reich said that if Mr. Glasgow wanted to connect both his house and his father's house, he would have to get two separate meters.

Following discussions of fees, Mayor Bundren said that she asked Haywood King who would be required to pay an impact fee. She said that she was told that she would not have to pay the impact fee if she already had a sewer tap. The issue needs to be clarified. Denise Funderburke had the same issue at her property. Mayor Pro-Tem Sharpe asked if it constituted being grandfathered in. Mayor Bundren said that she wants this to be perfectly clear and legal. She does not want to appear to be asking for herself. She has read the minutes several times and they are not clear.

Alderman Clemmons asked why Mr. Glasgow was required to put in a manhole. Mr. Glasgow said that Haywood King told him that he had to put in a manhole. Mr. Reich said that the sewer line runs across a private easement/property. The city is required to install a 6 inch minimum sized line. If that line runs across more than one property, it is considered a utility. Utilities are required to put in a manhole. This may be why Mr. Glasgow was required to put in a manhole. By running the line across another property in order to serve his property, Mr. Glasgow could be looked at the same as a developer. Typically, a developer will put in all of the improvements. There should not be any assessments, but there could be impact fees if Heritage Glen was charged impact fees. The Village should be consistent about this. Mayor Bundren said that the developers of Heritage Glen paid for the utility lines and then turned them over to the Village. Impact fees were charged separately to the homeowners at the time they were built. In this situation Mr. Glasgow put in the sewer line for himself. She does not believe Mr. Glasgow should be looked at as a developer.

Mr. Reich reviewed the property on the map with Mr. Glasgow. He said that it might be possible to extend the sewer line to the residents on the other side of NC 62. Alderman Jones asked Mr. Glasgow if he would have rather put in three lines to feed each house rather than one big line. Mr. Reich said that three lines would have required three separate permits. They were better off putting one public line as opposed to three private lines.

Alderman Jones said that an impact fee should apply at the time of connection. Mrs. Glasgow said that they were not given the option of waiting. This was their only chance to connect to sewer. She said that they do not expect an answer tonight. They just wanted

the Board to be aware of the cost they incurred tapping onto the sewer and to take that into consideration when deciding whether or not to charge an impact fee. They just do not want to get into the middle of this and then get hit with more costs.

Alderman Clemmons asked if they could connect to water through the entrance to Heritage Glen. Mr. Reich said that the Village would have to obtain an easement from the property owners whose property the water line would cross. Mayor Bundren asked if it would cost the same amount to run the line across NC 62 instead. Mr. Reich said that it would likely cost the same.

Alderman Clemmons said that the Board needs to decide what it will do in regards to impact fees. Mr. Reich said that in essence, the Glasgow's were the developer. Some towns, in a similar situation, would have an agreement with the developer to return a portion of impact fees or assessments to the developer if they were to extend a line the developer has already put in.

Alderman Clemmons said that he understood impact fees to be for any improvements the Village might need to do. Mayor Bundren said that they were for infrastructure only. Mr. Reich said that Impact fees are used for infrastructure. Alderman Clemmons asked if a resident across the street from Mr. Glasgow could connect to sewer by extending the sewer line behind Mr. Glasgow's house. Mayor Bundren asked if the Glasgow's approached the town, or if the town approached them. Mr. Glasgow said that he was on the Planning Board at the time and asked to be connected to sewer.

Alderman Jones asked if Mr. Glasgow could be required to pay his impact fee when he connects, but then be reimbursed by his neighbors if they connect to the sewer. Alderman Crouse said that if Mr. Glasgow were to decide not to connect to the sewer, then the Village would have to condemn the land in order to extend the line to his neighbors in the future. Alderman Clemmons said that this scenario is unlikely to come about in the future. The amount Mr. Glasgow has already paid for his sewer is already a large amount for running a sewer line to his property. Mayor Bundren said that the extra cost he incurred was due to the manholes. That is a cost the Village probably should have incurred. That amount is $1575. If Mr. Glasgow were to receive impact fees for the other two properties, it would at least be a $1,000 that he would get back. She does believe though, that Mr. Glasgow should have to pay his impact fees.

Alderman Jones said that Mr. Glasgow was given the option of putting the manholes in. He was told what he would have to do to have sewer connected to his property and he agreed to it. He was not required to do it. He was told that he had to do it if he wanted a sewer connection. Alderman Tichy said that returning the impact fee would not be unreasonable in this situation. Mr. Glasgow paid to out in a sewer line that now gives the Village the opportunity to connect two other people in the future. Alderman Clemmons asked if Mr. Allred had seen this in other municipalities. Mr. Allred said that they were

better off with a manhole. If they did not have a manhole, then they would have been responsible for maintenance.

Mayor Bundren asked if anyone was ready to make the motion to require Mr. Glasgow to pay the current tap and impact fees for water and the impact fee for sewer and then pay him the impact fees we collect if the other properties connect on. Clerk York said that it seemed odd that the Village would pay someone an impact fee. Mr. Reich said that it would be similar to agreements that exist in other communities. Mayor Bundren said that she does not want to set a precedent that might make us have to pay Heritage Glen back their impact fees. Mr. Reich said that the Board should check with the Village's attorney.

Finance Report

Clerk York told the Board that the 90 day Certificate of Deposit purchased from Carter Bank for $314,406.47 matured on November 18, 2010. It had earned $387.84 in interest. The total value with interest is now $314,794.31. A new Certificate of Deposit was purchased from Carter Bank at a rate of .4%. Alderman Clemmons said the lower rates reflect actual public funds rates. Previously, the bank had been giving the Village non public funds rates, even though the signature card from the bank listed the funds as public.

Other Business

Mayor Bundren asked if there was any other business. Clerk York informed the Board that the Village was slated to host the City/County dinner in March. He suggested using the Civitan Clubhouse. Alderman Clemmons suggested that we could contact the school to see if we could use their cafeteria.

Alderman Jones moved to adjourn the meeting and Alderman Crouse seconded the Motion. The Motion passed unanimously.

Respectfully submitted,

_____Cathera R. Bundren, Mayor

_____Ben York, Village Clerk