

MINUTES

**Town of Weaverville
State of North Carolina**

**Town Council Workshop
Thursday, October 12, 2017**

The Town Council for the Town of Weaverville met for a Town Council Workshop on Thursday, October 12, 2017, at 5:30 p.m. in Council Chambers within Weaverville Town Hall at 30 South Main Street, Weaverville, North Carolina.

Council Members present were: Mayor Dottie Sherrill, Vice Mayor/Councilman John Penley, Councilman Doug Jackson, Councilman Doug Dearth, Councilman Andrew Nagle and Councilman Patrick Fitzsimmons.

Staff present was: Town Attorney Jennifer Jackson, Town Manager Selena Coffey, Town Clerk Derek Huninghake, Town Planner James Eller, Finance Officer Tonya Dozier, Public Works Director Tony Laughter and Water Treatment Plant Supervisor Trent Duncan.

1. Call to Order

Mayor Dottie Sherrill called the workshop to order at 5:30pm.

2. Overview of Final McGill Associates Study

Public Works Director Tony Laughter started the meeting off by recognizing Water Resources Superintendent Trent Duncan for his continued hard work on increasing the water efficiency at the Water Treatment Plant. Mr. Duncan has been able to save an additional 10 gallons per minute of water previously wasted in process. This change was to the waste basin de-chlorination system. Ten gallons per minute will serve approximately 58 homes a day. With the water recovery system conceptually designed by Public Works Director Tony Laughter, NCDEQ approved and installed during 2016 plant upgrade, the total of these two measures will provide water continuously for 260 more homes per day. Mr. Laughter also mentioned that even with the additional information, he was disappointed in McGill Associates final study report because it didn't meet the Town's actual needs. He informed Town Council that the main two items he thought the engineer should have made them fully aware of was that the State will require them to look at other alternative measures and show them the results, instead of just requesting to double the Water Treatment Plant; and the discharge graph that was handed out at the last meeting, showing water flow results from the Ivy River was misrepresented. It doesn't show validation that the Water Treatment Plant operation was the reason for the significant drop in water flow. Mr. Laughter passed out a discharge study conducted for a week on the Ivy River and at full throttle the Water Treatment Plants withdrawals were 2.32 cubic feet per second (cfs), so the withdrawals that McGill Associates pointed to as over 5 cfs weren't caused by the WTP. The discharge study results are attached.

3. Financial Aspects of Water Plant Expansion

Dennie Martin, WR-Martin, has worked with the Town of Weaverville for a long time. He has helped the Town complete water rate studies in the past, including the one that was used for the budget this year, and helped with the financing process for the current water plant. He mentioned that the financial environment has changed drastically and little grant sources are available, so most of the funding would more than likely be borrowed. USDA would be the best option for financing because they offer a 40 year term on capital loans and their interest rates are competitive with conventional rates. Mr. Martin ran the cost estimate numbers from the study through the USDA amortization schedule and the results showed a 1st year debt payment of \$426,000. This represents about 20% of gross revenue from water sales so there would be a big impact on water rates. Two regulatory requirements that need to be completed on the project are that DEQ permits for the increased withdrawal from the Ivy River and changes in treatment plant, and completing the form from the Local Government Commission showing they can support the finance payments. Unfortunately, still having 13 years of debt from the previous project is a problem.

Mr. Martin discussed three different ways that the Town would do financing: 1.) General Obligation Bonds, which require referendums and issued bonds; 2.) Revenue bonds, or privately placed bonds, which is borrowed construction phase funds that USDA buys back after the project is completed; and 3.) installment credit financing, which USDA might not do on a project of this size in the water and sewer fund. The USDA also has a grant program that is a

component of the lending program, which does a regional survey of similar sized government and water systems to calculate an average water rate, and then gives grant money to offset the water rate differentials.

Randy Hintz, WR-Martin, mentioned that it is important to realize that the information given in the report presents an option. However, before any funding documents could be filled out, an alternative analysis would need to be completed showing whether there are other alternatives to providing water that may be more cost efficient. Plus an In Stream Study would need to be conducted over a few months or even up to a year before a conclusion could be reached by the State to decide if withdrawal over 20% over 7Q10 is allowed.

Dennie Martin recommends that Town Council and staff look over the project and write down all other alternatives, the cost of the other alternatives and financial consequences of each alternative. He believes that the Town of Weaverville has some options like phasing the expansion, doing the expansion all at once, or buying water from the City of Asheville. He mentioned that Town Council should look to see how long they would be able to delay the financial expenses or phases, so they are allowed more time to pay off other debts and not have to pay the whole expense at once.

4. Questions/ Discussion

Councilman Nagle asked about the remaining debt from the previous water treatment plant. Finance Director Tonya Dozier mentioned that there is a prepayment restriction on the loan so it can't be paid off until 2026.

Councilman Jackson asked about the development fees that could still be applied. Town Attorney Jennifer Jackson mentioned that there are no longer impact fees, but system development fees which give the Town the ability to put the fees in place. The procedure is quite extensive, but they already have a quote from WR-Martin on the agenda for October 16, 2017 Town Council meeting. WR-Martins work would take 3 to 4 months of supporting analysis and then it would have to be put through the comment and public hearing period. The potential adoption would be running close to the deadline of July 1, 2018.

5. Review and Next Steps

Town Council recommended that the next steps were for staff to develop other alternative options, so that they can give the data to WR-Martin so that the options could be run through a financial model. Town Council authorization at October 16, 2017 Town Council meeting to approve the proposal for WR-Martin to proceed with the water system development fee analysis was also recommended.

6. Adjournment.

Councilman Dearth made the motion to adjourn; Councilman Penley seconded and all voted to adjourn the Council's meeting at 6:50 p.m.



Derek K. Huninghake, Town Clerk