

MINUTES

**Town of Weaverville
State of North Carolina**

**Town Council Workshop
Tuesday, January 16, 2024**

The Town Council for the Town of Weaverville held its regular workshop meeting on January 16, 2024, at 6:00 p.m. in Council Chambers within Town Hall at 30 South Main Street, Weaverville, NC, with remote access via Zoom.

Councilmembers present: Mayor Patrick Fitzsimmons, Vice Mayor Catherine Cordell, and Councilmembers John Chase, Michele Wood, Peter McGuire and Dee Lawrence.

Excused absence: Councilmember Doug Jackson.

Staff members present: Town Manager Selena Coffey, Town Attorney Jennifer Jackson, Finance Director Tonya Dozier, Public Works Director Dale Pennell, Water Treatment Plant Supervisor Randall Wilson, and Zoom Room Coordinator Lauren Ward. Town Clerk Tamara Mercer attended remotely.

1. Call to Order

Mayor Fitzsimmons called the meeting to order at 6:00 p.m.

2. Updates on Water Projects

A. Water Rate Study Update

Finance Director Dozier provided an update on the Water Rate Study currently being conducted by the engineering firm Withers Ravenel. The water rate study includes a draft 10-year Capital Improvement Plan (CIP) detailed in Table 1, with estimated costs totaling just under \$28M budgeted over the next 10 years. She explained that the Town has secured \$16M through grant funds and discussed the need for additional revenue sources to make up the difference. This water rate study is critical at this time due to the significant additional revenues needed. Director Dozier reviewed the operational expenses and debt service projections.

Director Dozier noted that the report included comparison research on nine other local jurisdictions and their water rates. The comparison charts included usages for these nine jurisdictions at both 3,000 and 4,000 gallons per month. It also included averages within 50 miles of the Town, 100 miles, and across the entire state of North Carolina, as reported by the NC Water and Wastewater Rate Dashboard. Director Dozier reviewed the five goals established at the beginning of the study and presented them in the Town Manager's report at the November 20, 2023 meeting. The final water rate study report is expected to be presented to Town Council in the next few months.

Mayor Fitzsimmons reiterated that while all the goals satisfies Council's objectives, the simpler rate structure goal and implementing the Town's water conservation methods are a priority.

B. Woodfin Emergency Water Interlocal Agreement Update

Public Works Director Pennell provided an update regarding efforts to establish an interconnection with the Woodfin Water and Sewer Sanitary District for emergency water. He

indicated that the replacement of the Director and newly elected Board members have the discussions on hold at this time, but Town staff will continuing pursuing this.

C. Waterline Replacement Program Update

Mr. Pennell provided an overview of the waterline replacement program, and he reviewed the engineering design, survey, permitting and bidding schedule, which is expected to go out for bidding July of 2024. He reviewed the areas to be worked on and explained the size of the lines to be replaced. Manager Coffey noted that waterline replacement will be an ongoing and recurring project with funding requested annually for future phases.

D. Resiliency Project Update

Water Treatment Plant Supervisor Wilson explained the plan for the water resiliency project that involves the chlorine gas conversion and generator procurement and installation. The bidding is expected to advertise in March and structure construction in June, with an expected completion date of September or October of 2024. Mr. Wilson explained the increased capacity in the tanks, valve replacements, and reconfiguration of the drain lines. Phase II of the resiliency project consists of generator installation at the raw water intake and at the Water Treatment Plant and the related automatic transfer switches.

E. Water Treatment Plant Expansion Update

Mr. Wilson continued and said the full Water Treatment Plant (WTP) Expansion Project will double the Town's water capacity. Mr. Wilson said the Town currently has a 1.5 million gallon per day capacity which is planned to double to up to 3 million gallons per day. The Town is working with the State agencies on permitting and Mr. Wilson reviewed the timeline for engineering, design, and the bidding process and indicated a projected completion date of around June of 2026.

Mr. Wilson explained the handling of the river sediment and debris (sludge) resulting from the water treatment processes, and its storage and disposal that involves permits and changing regulations with MSD. Mr. Wilson noted the increasing costs of pressing and drying the sediment, hauling the sediment and landfill fees. He compared past expenses for sludge treatment from 2019 costs at approximately \$30,000, to 2023 cost of \$69,000. So the costs are increasing each year and are expected to continue to increase. Staff is requesting that a sludge drying process be added to the scope of the WTP Expansion Project so that the handling of the sludge can be done in-house with the result being beneficial soil that will be easier to dispose of at the end of the process.

Based on this information, Manager Coffey noted that Staff recommended that Council consider the addition of sludge treatment to the WTP Expansion scope, with action to be taken under Item 9 of this agenda.

3. Phase II Settling Basin Rehabilitation

Mr. Wilson discussed the existing settling basins and the need for maintenance, repairs, sealing, and resurfacing. He said extending the life of the basins require draining all the water,

which will take about 45-55 days, which can only be effectively accomplished after the WTP Expansion is brought online.

4. Future Water Projects and Capital Improvements Program

Director Pennell provided the draft Capital Improvement Plan (CIP) for future water capital improvements and highlighted the Town's water projects for the 10-year plan. Vehicle and equipment replacement and maintenance, the Public Works pump station upgrades, emergency generators, control valves and reservoirs upgrades were reviewed. Manager Coffey explained that the CIP is included in the water rate study, so the capital improvements and equipment replacements are included and projected into the budget.

In response to Vice Mayor Cordell's inquiry, Manager Coffey reviewed the enterprise fund for water and utilities which pays for itself and clarified that the CIP program is presented as separate in the budget.

5. Water Capacity Update

Director Pennell provided the details of the water capacity report and pointed out the increases in capacity usage rates since 2022. Mr. Pennell reviewed the approved commitments from current development projects, pending construction, on-going projects, and a summary of projected water demands. Included in the assessments were the recent annexations such as the November annexation of Northridge Farms. Northridge Farms will construct 578 dwelling units and he further reviewed the eleven projects allocated for future development and their completion timelines. He reiterated that the expected completion of Northridge Farms is 2030 so this may take four to five years to come on-line. By the time the projects are operational and require domestic water, the expansion at the Water Treatment Plant will be completed.

There are new impacts to the town from the NCDOT highway upgrades such as located at New Stock Road. The roadway improvements impact Woodfin Water District's water lines as well as Weaverville's, so improvements in this area, including the hoped for interconnection with Woodfin Water District. Mr. Pennell reiterated that although it is more complicated now, Town staff is currently working towards the emergency water.

Attorney Jackson said staff analysis is on-going for the water capacity limits and the annexation requests.

6. Future Mars Hill & Marshall Supplemental Water Allocations

Manager Coffey forecasted to Town Council that discussions will need to be held in the future with Mars Hill and Marshall over their supplemental water needs. Currently the Town just has an emergency water agreement with Mars Hill, but it is reasonable for those regional jurisdictions to request supplemental water from Weaverville as the expanded WTP comes online since they did support the legislative funding that was approved for the project. Intergovernmental agreements will need to be negotiated for this.

7. Council Discussion and Direction regarding Desired Procedure /Order for Water Allocations and Annexation Requests

Attorney Jackson was seeking some guidance on the timing of when Town Council would like water requests and annexation requests presented. She noted that typically developers are first asking for the water. Town Council has previously expressed a desire to receive both the water and annexation requests together or the annexation petition first.

Attorney Jackson recommends the Town assess the water requests as they are received by the Town, and provide that analysis to Council even if it is not accompanied by an annexation request. Town Council can condition the water allocation on annexation, as they have done on several recent occasions. Mayor Fitzsimmons agreed that we can continue to require the annexation condition on a case-by-case basis. There was general consensus to not delay the presentation of a water request based on a lack of an accompanying annexation petition.

8. Overview of Tentative Funding Plan for Water Treatment Plant Expansion

Director Dozier reviewed anticipated costs of the Resiliency Projects and the Water Treatment Plant Expansion Project which totals \$21.4M, as provided in the report overview. She listed the known funding sources totaling \$16.8M, the potential funding sources that can be used to make up the difference, and the required matched funding for anticipated grant funds.

Staff requests the Town Council to set a target balance for the water fund's Unrestricted Net Position. General Fund Balance is set at a 40% target balance but the water fund does not have a target balance. She explained that excess fund balance could be used on the water projects, with the option of the General Fund loaning money to the Water Fund.

The Town applied for another federal grant of \$4 million, which has a 25% match requirement. Director Dozier reviewed the water revenues sources including system development fees. There was a question-and-answer period on the match requirements, percentages, and allocations, contingencies and any possible interim financing options that may be needed.

9. Action Items:

A. Addition of sludge treatment and disposal to WTP scope

Upon agreement, Mayor Fitzsimmons stated there was general consensus to include the sedimentation sludge treatment and disposal to the scope of the Water Treatment Plant Expansion Project.

B. Direction on use of ARPA funds and Funding Plan

Manager Coffey stated that Town Council has previously designated the American Rescue Plan Act (ARPA) funds as revenue replacement which opens up the ultimate use of those funds for general fund or water fund projects. There was a consensus of Town Council that the freed-up ARPA funds be put towards the water projects.

Upon agreement, Mayor Fitzsimmons stated there was general consensus for using the ARPA labeled funds for the funding plan as presented.

C. Target percentage goal for Water Fund unrestricted net position

Manager Coffey noted the general fund balance has a target goal of 40% which is low.

Upon agreement, Mayor Fitzsimmons stated there was general consensus to set the Water Fund unrestricted net position target goal at 50% of total water fund expenditures.

10. Adjournment

There being no further business and without objection, Mayor Fitzsimmons declared the meeting adjourned at 7:07 p.m.

Attest:

A handwritten signature in cursive script, appearing to read "Tamara Mercer".

Tamara Mercer, Town Clerk