

Town of Spring Lake Special Meeting of the Board of Alderman

MEETING MINUTES

Call to order: A Special Meeting of the Board of Alderman was held in the Grady Howard Room of the town hall on April 28, 2014. The meeting was called to order at 6:00 p.m. by Mayor Chris Rey.

Approval of the Agenda: Since there was not a quorum present at the time Mayor Rey asked for a motion to approve the agenda, and there was only one item on the agenda, the Board members present gave approval by consensus.

Board Members in Attendance:

Alderwoman Fredericka Sutherland (arrived at 6:07 p.m.)

Alderman Richard Higgins

Mayor Pro Tem James O'Garra

Mayor Chris Rey

Alderman James Christian (arrived at 6:12 p.m.)

Alderwoman Densie Lucas (arrived at 6:13 p.m.)

Department Heads in Attendance:

Ken Metcalf, Town Manager

Rhonda Webb, Town Clerk

Paul Hoover

Byron Blumefield

Allen Coats

Detective Lt. Shakir

Asst. Fire Chief Jason Williams

Police Chief Troy McDuffie

Gail Elder-White

Rosa Henegan

Water & Sewer Rates – Allen Coats

Allen presented an update on the water & sewer fund budget and the impact that it may or may not have going into next year.

The upcoming debt schedule was shared. (See attachment)

This coming fiscal year we are seeing a rate increase from our two water suppliers, PWC & Harnett County. With PWC we are looking at an 8.05 cent increase per thousand gallons which will cost us roughly \$20,000 - \$21,000 depending on the usage, weather, etc. With Harnett County it will cost us one cent per thousand gallon rate increase which will cost us a little over \$7,000 next year.

Mayor Pro- Tem O'Garra asked, what is the difference in the Harnett county price per thousand gallons versus PWC?

Bryon stated that it is 2.45 for PWC and 2.28 for Harnett County. With Harnett County we are attached to the end of their lines so they can only pump us a certain amount without causing issues for their entire system. PWC is attached to Ft. Bragg lines and we just piggy back off of that and can pump water all day long. Harnett County can't keep up with our needs. Mayor Pro-Tem O'Garra asked is there any way we can consider getting a little bit more from Harnett County?

Allen said yes. We have two contracts with a minimum buy amount. PWC will bill us every month for a certain amount of gallons whether we buy or not. Bryon's goal is to purchase as close to that number as possible.

Mayor Pro-Tem O'Garra asked when does it all change? When do we get the option to buy less from PWC? Allen said that he would have to look into that and find out. I think it was renegotiated 6 or 7 years ago but I think it is in five year increments.

Alderwoman Sutherland asked, what portion and amount of citizen does Harnett County serve? Is it tying in? Allen said, they feed our water tanks and that is distributed out across the whole system. PWC & Harnett County both pump to our water tanks and from there it flows out to the system.

These are the numbers for the water and sewer budget.

Budgeted Revenues were discussed. We have budgeted revenues, anticipated revenues of 3.5 million, a little over and departmental request of about 4.5 million with a projected shortfall of a little over 1 million. Keep in mind that

included in that 4.5 million number is just a little bit over 1 million in capital needs. The town will have to address the screw pumps. Most notable is the ½ million dollars for screw pumps. I would envision that the ½ million dollars needed will have to be borrowed and spread out over a 5 – 7 year period of time in order to lessen the blow. These numbers also includes a little increase in health insurance which is capital driven.

Screw Pumps – ½ million

Water lines Extensions – 350,000

Larger capital items may not be purchased this year, may get adjusted, have to take a look at the need.

Water Rates

At this point and time I don't see an overwhelming ability to cut water and sewer rate going into next year said Allen. There is the possibility of adjusting the rate structure if the board wants to do that.

You are going to be looking at lowering about 7 ½ % of your customer base and then you will have to offset that revenue with a rate increase somewhere else and that would be on the lower tier. You are looking at 92% of your customer base and then you will have to increase the rates on 90% of your customer base. This is the option for the per thousand dollar rate. The other option is to reduce everybody's per thousand gallon rate or just the upper tiers and then increase the flat rate portion.

Alderman Christian asked how much would that be? Allen says it would depend. To see a significant increase in revenues you would have to see a significant increase in the flat rate.

The town will need to spend some money on its water and sewer system over the next few years in order to keep it viable, operational and fully functioning.

Reducing the rates below revenue neutral, I don't see it being a viable option. If we want to adjust the rate structure it is doable but we would need to keep it as close to revenue neutral as possible.

I am open to any ideas or suggestions. I can run some numbers and come back to you in a week or so said Allen.

Alderman Higgins – I would like to see you come back with some different formulas. We have all the pressing capital improvements that are needed. At some point we have to start. Where are we going to get the million dollars to do the entire CPI that we need to do? It is not going to be an easy task.

Mayor Rey stated that the numbers are very clear. We have about 200 citizens that based off the numbers that if there are a lot of complaints coming, the majority of the complaints will have to come out of that pool of 200 plus individuals. If you have 2,578 folk in the 0 – 3000 range, any slight increase will increase the complaints. We have to be mindful of where the complaints are coming from. Complaints seem to come from the individuals in the six – nine thousand range. It is very heavy there. The board just needs to be mindful that when we get complaints, which pool they are coming out of. There are two things that can help to adjust this.

1. We will need to identify any potential grants available or other dollars to help with some of the projects
2. Or come from the users/system

We have an aging system that will need to be addressed and continue to be maintained. We can't go down on the rates. Allen stated that a rate reduction would not be prudent to consider given needs that have been identified. Allen said that staff is pretty adamant that the screw pumps have to be dealt with between now and July 1.

Alderman Sutherland – When we raised the deposits, it's extremely high. Individuals can't afford to live in Spring Lake because of our high deposits. Regardless if our rates are adjusted, the Capital Improvement is a must. Seeking grants as well is an option. We have to go forward as a board.

Allen said that right now I've been looking at our 2-tier deposit system. I would like to go to a 3-tier system, lower the entry tier and then plug a second tier in the middle. Ms. Ballard, the revenue supervisor will be working on this in the near future. We want to be sure that we are protecting the assets of the town without creating bad debt. We want to create a middle ground.

Alderman Sutherland stated that we want to be town friendly. Allen said that we want to be fair as possible to individuals but at the same time protect our

customers that are paying on time and paying before they leave us. Our goal would be to come in with a 3-tier deposit structure as opposed to the 2-tier. Alderwoman Sutherland – Asked about the robo calling other companies are using. I have requested a second notice be sent out so customers are not charged the late fee.

Allen –If we upgrade the software it will have the capability of sending out an email reminder. It would be very low to no cost to send a reminder out. We are hoping to use this type of technology with some software upgrades in the near future.

Ken – Concur with Allen's idea about the 3 tier. I think it is up to the board and what they feel like will be acceptable levels of deposits.

Sutherland – We had 50 before we changed it. Allen said yes, the minimum deposit. I would suggest that the minimum would be 75. Second tier would be 150 and a third tier would be 225 for real high risk folk.

Mayor Rey – What is the average length of time that a residence has service with us. If you have a high risk individual that will come in let's look at 75 across the board and if you fall in the 2 or 3 tier then for the first 6 months we can add 10. to the bill until the deposit is paid in full and that way we won't hit them so hard. This is something we might want to consider.

Mayor Pro-Tem O'Garra – Can you give us an idea of what a 15.00 flat rate across the board would look like? That might help balance things. Allen said that if we increase the flat rate, we can offset and reduce the per gallon rate amount.

Alderman Higgins – If a person comes in with a clean record, what is the deposit? Allen said that for homeowners' it is 50 and for renters it is 100.00. Allen said renters seem to be more transient than homeowner.

Alderwoman Sutherland asked do we report to the credit union. We are pursuing collections.

Higgins asked who determines how bad there credit it is. Allen said we use an outside agency. We are trying to balance what is fair to the individual as well as what is fair to the system.

Ken – On the deposits, we have the opportunity to change or adjust.

Alderwoman Sutherland – At least we are trying to do something about it this budget year.

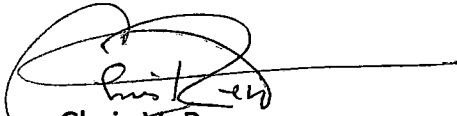
A motion was made to adjourn by Alderman Christian; it was moved and properly seconded by Mayor Pro-Tem O'Garra. Motion was carried.

Meeting adjourned at 6:45 p.m.



Debera J. Hudson
Debra J. Hudson
Deputy Town Clerk

ATTEST:


Chris V. Rey
Mayor

