

## **RECESSED SESSION**

The Town Council of the Town of La Grange, North Carolina met in Regular Session at the Town Hall on January 13, 2006, at 9:00 a.m. with the following present:

Mayor Woodard H. Gurley; Mayor Pro Tem Bobby Wooten; Council Members Larry Gladney, Walter Ellis, Jr., George Koonce, Richard Elliott Sutton, Jeff Thomas; Town Manager, John P. Craft; Deputy Town Clerk, Nelda H. Johnson, CMC; Town Attorney, George Jenkins, Jr.

Absent: Phyllis T. Harrison, Town Clerk

Guest: None

### **ITEMS 1,2,3: CALL TO ORDER, WELCOME**

Mayor Gurley called the meeting to order.

### **Approval of 4<sup>th</sup> Amendment to Neuse Regional Water and Sewer Authority**

Town Manager Craft explained that the bids had been received for both the distribution system and water treatment plant for the Neuse Regional Water and Sewer Authority. Based on bids received and tentatively accepted by the Authority, the cost for the project was now in excess of \$142,000,000 which was significantly higher than the \$109,000,000 initially projected. Based on the revised project cost the cost of water per thousand gallons for the participants in the Authority had been increased to \$3.34. Craft stated that the purpose of the 4<sup>th</sup> Amendment was to revise the project cost of \$109,000,000 to the actual cost of \$142,708,466 and to increase the cost per thousand listed within from \$2.61 to \$3.34 to close a loophole that made it possible for member entities to withdraw from the Authority. Craft stated that if the 4<sup>th</sup> Amendment were approved that the Town would be committed to the Neuse Regional Water and Sewer Authority. Craft stated that the Neuse Regional Water and Sewer Authority would be able to supply a greater quantity of water to La Grange than any other option that would be presented to the Council and is a good solution to the ground water withdrawal reductions imposed on the Town in relation to the Central Coastal Plain Capacity Use Area rules. Craft stated that the downside to NRWASA was the cost of the water plus the added cost of the debt service required by NRWASA when the Town rejoined. Craft estimated that the cost per thousand gallons of water with NRWASA after the additional debt service would be approximately \$3.65 per thousand based on a thirty year payback of the debt service. Craft further added that he had received a copy of a draft Capital Contribution Agreement with NRWASA that would mirror an agreement proposed with NRWASA and Eastern Pines Water Corporation that would pay approximately the final seven years of their \$6 million debt service for their interconnection with NRWASA, making their agreement in the same manner as originally promised to both Eastern Pines Water Corporation and the Town of La Grange which was originally based on the

assumption, and promise, or the availability of State Revolving Funds to finance both entities initial contribution to join or rejoin the WASA. Craft stated that this was one of the things that he and Councilman Ellis had been fighting for. This agreement had not been agreed to by the Board of NRWASA, but it was at least on the table for consideration.

Manager Craft continued by stating that in response to the Council's request to explore all possible alternatives to ensure that the right decision was made in regards to the Town's future water supply that he had explored several different options and is prepared to present them to the Council for consideration.

Manager Craft began by explaining in detail an option to interconnect with Greene County Regional Water System to purchase water from them that would ultimately originate from Greenville Utilities Commission which draws water primarily from the Tar River. Craft stated that he had contracted with McDavid and Associates, who is the engineering firm that represents Greene County, to perform a detailed study to determine what infrastructure would be required to receive the necessary volume of water that will be required to meet the proposed 75% reduction of withdrawals from the aquifer in response to the Central Coastal Plain Capacity Use Area Rules for \$5,000. The Council was provided with a Preliminary Engineering Report completed by McDavid and Associates in which McDavid detailed the required upgrades and completed a cost comparison of the option in comparison to NRWASA. Craft summarized the report in brief, that to transfer the required volumes of water from Greene County Regional Water Systems to La Grange that \$3,800,000 would be expended in required infrastructure. The infrastructure required included 3.8 miles of water main that would have to be installed from "Crow's foot", which is west of Jason, to connect the Town's existing 8" line north of Huntington Park to Greene County's system; in addition to this infrastructure solely for La Grange, several internal upgrades to Greene County's system would have to be made, including a booster pump station and the increase in some line sizes in the Snow Hill Area. Craft stated that a major concern relating to the Greene County option was that the maximum capacity that could be supplied would be 75% of our need, which would limit our potential for growth. McDavid recommended that the Town choose NRWASA over the Greene County option.

Manager Craft spoke next about an option to interconnect with Wayne County. Craft stated that he had spoken with the engineering firm for Wayne County who had indicated a willingness to provide up to 25% of the Town's water needs but could not commit to Wayne County's ability to meet the needs beyond the original 25%, nor could he get a commitment as to the cost of the water. The long range water plan for Wayne County had not yet been completed, as they had an adequate supply to carry them 10-15 years so no formal plan had been approved. Craft stated that he felt that Wayne County was a good supplemental option, but certainly could not be considered as a complete solution at this time with their own plans still incomplete.

Craft briefly mentioned a prior study that was completed by the Wooten Company that had studied the possibility of connecting with the City of Wilson at a cost in excess of

\$6,000,000 which made an interconnection with Wilson unfeasible, although Wilson had a substantial supply of water.

Craft also discussed an option that included the construction of a Pee Dee Well System which would likely include an iron removal plant to treat the water withdrawn from the Pee Dee to drinking quality standards. The Wooten Company had also prepared an estimate for this solution with an estimated cost of \$4,580,000 which Craft felt had been oversized. Craft stated that based on the information supplied by the Wooten Company, the plant was sized at 750,000 gallons per day which is over 200% more than our actual demand at the current time, without taking into consideration the amount of water that we will still be able to withdraw from the Black Creek aquifer system. This estimate included 11 wells with standby power and controls at a cost of \$100,000 each. Craft stated that he felt that this could be reduced to a smaller number of wells, thereby decreasing the cost by \$100,000 per well that was eliminated. Craft stated that he could not guarantee the actual number of wells required due to variances in the flow rates of individual wells, but felt sure that it would be significantly less than eleven. The cost of the iron removal plant would also be less due to the decreased capacity. To obtain a more accurate cost would require an updated Engineers estimate. Craft indicated that the debt service required to build this system would be approximately the same as the cost per month to remain in the NRWASA. The concern that exists is the fact that additional personnel would be required to operate the plant, and that, coupled with the debt service would probably cost more than NRWASA for the period of time the debt service was in place.

Craft also stated that he had made contact with Chris Brown, the administrator of Monrovia Growers and had discussed the possibility of the Town putting in wells that would withdraw from the Pee Dee aquifer to supplement the re-use water that would be provided to them from the Wastewater Treatment Plant in exchange for a portion of their water rights to the Black Creek aquifer. Craft stated that this would have been the best option for La Grange due to the fact that the iron removal plant would not have been required saving significant amounts of money; probably reducing the Town's cost to an estimated \$600,000. Unfortunately, Monrovia is not willing to make this arrangement at this time, which eliminated this possibility from consideration. Craft stated that he would continue to pursue this option in hopes of reaching an agreement in the future, but the Town could not rely on this option and must assume that an agreement with Monrovia could not be made.

Craft then informed the Council that he had opened negotiations initially with the Town Manager of Farmville to temporarily purchase 182,500,000 gallons per year, which equates to 500,000 gallons per day, of the Town of Farmville's Black Creek withdrawal rights for a period of ten years. Through this arrangement, the Town of La Grange would be able to "bank" water rights in what is referred to as the cretaceous aquifer bank to be withdrawn over what is estimated to be the thirteen years after the purchase of water rights from Farmville ended. Craft stated that this plan allowed the town to save nearly enough capital to build the Pee Dee Well system with little or no debt service after exhausting the rights banked from Farmville. The initial proposal was to

purchase the water rights at a rate of \$1.89 per thousand. This cost was derived from the fact that Farmville would have to pay Greenville Utilities Commission \$1.29 per thousand for the water that they would have to purchase to replace the water that they would normally withdraw from the Black Creek aquifer that would be transferred to La Grange; in payment for their agreement to do this, an additional \$0.60 was proposed to be added to the \$1.29 per thousand for a total of \$1.89 per thousand, with the \$1.29 being linked to either positive or negative changes the Consumer Price Index (CPI) annually. Craft stated that he had presented this proposal to the Farmville Board of Commissioners who had countered with an offer of \$2.00 per thousand, with all but \$0.11 of the \$2.00 per thousand being linked to the CPI. Craft provided each member with a spreadsheet illustrating the cost and the fact that the Town would have to charge a total of \$2.80 per thousand on top of existing rates to pay for the quantity of water that would be purchased from Farmville monthly to produce the \$30,000 per month that would be billed to the Town. Craft stated that if the \$2.80 per thousand was charged through the 23 year period that the banked water rights are anticipated to last, that the Town would be able to save approximately \$5,971,340; which included no interest, to build its own iron removal plant and Pee Dee Well System. Craft stated that this option was within \$800 per month of the cost that would be incurred if the Town remained a member in NRWASA if you take into account the additional debt service required to pay to rejoin WASA to fund the water main that was required to receive water from NRWASA. The advantages to this option was that the Town would have time to save needed funds to put in place a permanent solution to the water supply problem that could be built on the final requirements of the CCPCUA rules which would then be known, rather than build one on speculation of what reductions will actually be required. The problem with this solution is that it is not a permanent fix itself, and that if the entire plan is not followed allowing the Town to save enough money for the iron removal plant and Pee Dee well system which is ultimately the permanent solution, that the Town will find itself in the same situation that it is in now in 23 years. Craft ended the discussion by saying that this plan had been presented to the NC Division of Water Resources and he had hoped to have received formal approval from the State regarding this option, but he had not. Nat Wilson, who is the NC Division of Water Resources Ground Water Section Chief, had indicated that the Town would have an answer no later than January 17, 2006. Craft stated that this option was not a viable option until the State formally approved the plan.

Upon conclusion, Craft stated that the Council had a few options. If the Council felt that NRWASA was the best option, that the Council could approve the 4<sup>th</sup> Amendment to the Interlocal Agreement and the water supply issue would be finished. If they felt that any of the other options required additional consideration that the meeting could be recessed again and reconvene on Tuesday, January 17, 2006 which was the deadline imposed by NRWASA at which time a final decision on the 4<sup>th</sup> Amendment could be made.

After a lengthy discussion regarding the options between Manager Craft and the Council the item was tabled with no action taken.

## **Town Hall Renovation**

Craft stated that the unfinished business included the consideration of the revised bid from Daniels and Daniels Construction in the amount of \$362,000, which had been reduced to \$350,000. After a lengthy discussion, Councilman Ellis made the motion to inform Daniels and Daniels Construction that their bid was rejected; which died for the lack of a second and this item was also tabled for further discussion upon reconvening the meeting on Tuesday January 17, 2006.

Being no further business, motion was made by Mayor Pro Tem Bobby Wooten and seconded by Councilmember Gladney to recess the meeting until 5:30 p.m. Tuesday January 17, 2006 at which time a decision would be made on these items. Motion carried 6-0 in favor of motion.

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Phyllis T. Harrison,CMC, Town Clerk

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Woodard H. Gurley, Mayor