

REGULAR MEETING

The Town Council of the Town of La Grange, North Carolina met in Regular Session at the Town Hall on May 7, 2007, at 7:00 p.m. with the following present:

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

Absent: None

Guest: 13

ITEMS 1, 2, 3: CALL TO ORDER, INVOCATION, WELCOME

Mayor Gurley called the meeting to order and welcome everyone. Council Member Ellis offered a prayer.

ITEM 4: PUBLIC HEARINGS

None

ITEM 5: PUBLIC COMMENT PERIOD

Ms. Carolyn Ellis, 102 Taylor Street, read a prepared statement concerning utility deposits, utility bills and inspection fees.

ITEM 6: AMENDMENTS TO AND APPROVAL OF AGENDA

Manager Craft requested that the following item be added to the agenda:

ITEM 8H: SUPER 70 HIGHWAY CORRIDOR

Motion was made by Council Member Sutton, seconded by Council Member Ellis to add the above item to the original agenda. Motion carried 6-0 in favor of motion.

ITEM 7: CONSENT AGENDA

- a. APPROVAL OF MINUTES
 - i. APPROVAL OF APRIL 2, 2007 REGULAR SESSION
- b. APPROVAL OF RESOLUTION FIXING A DATE FOR A PUBLIC HEARING ON THE QUESTION OF ANNEXATION OF THE EAST CAROLINA FARM CREDIT PROPERTY. Copy of Resolution No. 2007-05-190 hereto attached.
- c. APPROVAL OF RESOLUTION SUPPORTING THE CLEAN WATER ACT OF 2007. Copy of Resolution No. 2007-05-191 hereto attached.

Motion was made by Mayor Pro Tem Wooten, seconded by Council Member Sutton to approve the consent agenda. Motion carried 6-0 in favor of motion.

ITEM 8: NEW BUSINESS

ITEM 8A: UTILITY DEPOSIT REQUIREMENTS

Manager Craft stated that at the April 2, 2007, Council Meeting he was instructed by the Council to place utility deposit requirements back on the agenda for additional consideration and clarification. Manager Craft stated that in preparation for this discussion he contacted adjoining towns and other municipal providers concerning their utility deposit requirements to get some idea what La Grange's requirement is in c

ontrast with others. The Towns of Benson, Smithfield and Farmville, City of Kinston, Tri-County EMC and Progress Energy were contacted. Manager Craft reviewed this information with the Council.

Manager Craft stated that he had also contacted Online Utility Exchange and has received updated information as to the cost and process that is involved in utilizing their services. There are really two separate functions that they provide. First, they provide a means for determining how the potential customer has paid other utility providers in the areas. They perform a credit check on this individual to determine the likelihood of the customer leaving the Town without paying their past due bills.

Online Utility Exchange determines risk by determining a potential delinquency score for the applicant which is based on the following criteria: the number of late payments and the existence of unpaid bills with other utility providers. The good thing about Online Utility Exchange is that this is a verifiable rating which is based on the customer's actual history with other utility providers. It is accurate and up to date information. It also puts the burden of determining the risk on a non-biased, non-partial entity. The cost to utilize this service is \$30.00 per month plus \$2.70 per inquiry. In order for this to be effective, the Town would need to run the credit check on every customer who is new to the system, or is moving their services within our service area.

The second function of Online Utility Exchange is related to the collection of bad debt. Online charges 35% of the debt recovered.

All the entities listed in the utility deposit requirements information use Online Utility Exchange.

Manager Craft reviewed with the Council the debt that the Town had incurred since 2000 concerning lost revenues on utility bills. The trend of bad debtors is increasing and the average revenue lost from 2002-2006 is approximately \$11,960.14 per year.

Manager Craft stated that he would not recommend any reduction in the deposit schedule as it is in line with the entities surveyed.

If changes were to be made, Manager Craft stated that he would recommend the following:

- Deposits based on 2 months of the average utility bill at the residence or business to be served. If this were to be implemented, the Town would see higher deposits for some residences and a decrease for others.
- Consideration of adding a third tier to the deposit requirements if the Town utilizes Online Utility Exchange, which would categorize customers in three different delinquency risk categories.
- A clause that would require a customer who was initially classified as a low or moderate risk to increase their deposit to the next highest level if they are placed on the cut-off list more than 2 times in a 12 month period.

Manager Craft stated that additional changes he would recommend to the Council are the following:

- The Town contract with Online Utility Services to determine what the potential risk to the Town would be which would determine the amount of deposit that is required. Online provides a rating for the customer, indicating a low, moderate or high delinquency risk. If the Town chooses to utilize this service, the service/connection fee be increased to \$15.00 to cover additional cost associated with Online Utility Exchange.

- That the Town allow co-signers/guarantors to guarantee payment for new or transferring customers with the understanding in writing from the guarantor, that their service would be disconnected if the account that they co-signed for was not paid in full. The co-signer/guarantor remain on the system the entire time that they were guaranteeing someone else's account. Should the guarantor leave the system, the customer would then be subject to the deposit requirement in place at that time.
- The Town utilizes Online Utility Exchange to collect bad debt with their cost being a 35% collection fee of the debt collected whether the debt is collected by Online Utility Exchange or the debt paid directly to the Town.

The Council discussed at length the deposit requirements for customers and Manager Craft's recommendations.

Motion was made by Council Member Thomas, seconded by Mayor Pro Tem Wooten to approve the following guidelines concerning utility deposits:

- Leave the deposit at \$100 for potential customers that can provide a good letter of credit for a period of at least 18 months from another utility company.
- The deposit will be \$100 for customers who have a co-signer/guarantor so as long as the co-signer/guarantor signs a written agreement and understands their risk for signing for an individual.
- Leave the deposit at \$450 for persons who cannot provide a letter of credit and who are high risk.
- Any customer who is placed on the cut-off list more than two times in a 12 month period would have to increase their deposit to the maximum deposit.
- Utilize Online Utility Services to collect bad debts.

Motion carried 4-2. Council Members Gladney and Koonce opposed.

ITEM 8B: WASTEWATER TREATMENT PLANT & WATER SUPPLY SYSTEM IMPROVEMENTS

Manager Craft stated that the Council had discussed several times before, flows at the Wastewater Treatment Plant continue to be high especially following rainy days. On these days our plant will exceed permitted flows. The concern is that we will again be placed under moratorium, which would prevent the addition of additional sewer lines to our system. We are continuing our efforts to locate the sources of infiltration and inflow, which is the foundation of our problem.

The major concern is that, during a time that we are experiencing both residential and commercial growth, that we might be unable to serve additional customers at some point in the future. In an effort to eliminate the possibility of being placed under moratorium again, and as previously discussed, pursue fund sources to make improvements to the Wastewater Treatment Plant that would increase our permitted flow to a minimum of 1,000,000, and as much as 1,500,000 gallons per day and make improvements to existing infrastructure, much of which was installed when the plant was originally built in 1976.

Manager Craft added that the Town would like to make sure we position ourselves to be able to accept the flow from additional subdivisions and developers who wish to locate here in La Grange. The Town has previously approved submitting Request For Proposals (RFP's) for the engineering work that would be required to determine the actual cost of the improvements.

Manager Craft stated that he had been in contact with Senator Doyle, Senator Burr, and Representative Butterfield concerning grant funding and also seeking assistance at the Federal level. The Town would be fortunate to receive a \$500,000 stag grant as

requested. Also, Manager Craft has met with the USDA and has learned that they would be able to fund a portion through a grant/loan combination in which 75% of 40% may be grant funding and the balance would be available in a loan form. The current interest rate through USDA is approximately 5.9%. The estimated cost for improvements is approximately \$2,000,000 at the wastewater treatment plant.

Manager Craft asked the Council that if the Town was able to obtain grant funding, was the Town willing to borrow the balance to make the needed improvements. The Town does not need to find itself in a position where we are awarded a grant and are not willing to fund the balance for the improvements.

Manager Craft stated that the first consideration that the Council needs to do is make a decision on how hard we want to push for funding improvements.

After continued discussion among Manager Craft and Council Members, motion was made by Council Member Thomas, seconded by Council Member Sutton to direct Manager Craft to proceed with seeking grant funding from various sources and to investigate the borrowing of funds for the purpose of improvements at the wastewater treatment plant. Motion carried 6-0 in favor of motion.

Manager Craft also discussed with the Council that a replacement well is needed on the west side of Town to ensure a supply of water in the event that the 12" line that now carries our entire water supply into Town were to break. Emergency power is also needed on the well to ensure reliability. This project could be incorporated into the grant/loan package as well. The proposed well would replace the emergency well (Well #3). The estimated costs to acquire property, build a well, install water treatment system, and interconnect the communications between the wells is approximately \$400,000. Manager Craft stated that he was able to secure a grant for 50% of the estimated cost. The grant is tied to the creation of jobs and with the new Bojangles coming to our service area the Town would be able to qualify for this grant. Approximately 45 fulltime jobs and approximately 15 part time jobs will be created with the coming of Bojangles. The project must be in place before the jobs are actually created.

After further discussion, motion was made by Mayor Pro Tem Wooten, seconded by Council Member Ellis for the Town to pursue this grant option and allow Manager Craft to include funding in the FY 07-08 budget and a loan method to pay the Town's portion of the cost. Motion carried 6-0 in favor of motion.

ITEM 8G: DISCUSSION PERTAINING TO PROPOSED WHITTED ESTATES REQUEST FOR ASSISTANCE THROUGH THE SUBDIVISION PARTICIPATION POLICY

NOTE: Due to the property owner, Ray Whitted, being present, Manager Craft requested that the following item on the agenda be considered at this time.

Manager Craft stated that he had been in discussions with Ray Whitted, one of the owners of the property on the east side of Aldridge Store Road, regarding a potential subdivision on that property. The entire property consists of approximately 95 acres, on which Mr. Whitted proposes to develop a total of 144 lots, which would be done in phases.

Manager Craft stated that Mr. Whitted was present and wished to address the Council to request assistance through the Subdivision Participation Policy. The Town's policy would pay a total of 50% of the cost of the infrastructure and engineering. The Town's payments would be made in equal payments to the developer after the construction of homes on the first 51% of the lots. (For example: 30 lots; payments made in 16 equal installments).

A copy of the plat for the proposed subdivision was studied by the Council.

Mr. Whitted addressed the Council stating that he planned to develop about 31 lots in the first phase and the approximate cost would be about \$210 per linear foot and that would include the storm drains, septic lines, water lines and asphalt. Mr. Whitted stated that he hoped to keep the cost within \$400,000 and the NC Department of Transportation has already given approval for the entrances off Aldridge Store Road.

All homes would be stick built and the property would be annexed into the Town limits. The Town would not service the electrical service, but would serve water, sewer, garbage, landfill services and receive the tax revenue from the property.

Motion was made by Council Member Sutton, seconded by Council Member Thomas to approve the subdivision project – Phase I presented by Ray Whitted and to include it for funding in accordance with the Town's Subdivision Participation Policy. Motion carried 6-0 in favor of motion.

ITEM 8C: DISCUSSION PERTAINING TO THE JULY 2007 TOWN COUNCIL MEETING

Due to three Council meetings already scheduled for June and there is usually very little business on the July agenda, motion was made by Council Member Gladney, seconded by Council Member Thomas to cancel the July 2007 Town Council Meeting. Motion carried 6-0 in favor of motion.

ITEM 8D: INFORMATIONAL ITEM – TOWN HALL DAY

Town Hall Day will be held in Raleigh at the State Capitol on Wednesday, May 9, 2007. At this time Mayor Gurley, Council Members Gladney, Koonce and Sutton and Manager Craft are planning to attend to represent the Town. Manager Craft stated that he would be glad to register any additional interested Council members.

ITEM 8E: INFORMATIONAL ITEM – MEMORIAL DAY HOLIDAY

In accordance with the Town's Personnel Policy, the Town offices will be closed on Monday, May 28, 2007, in observance of Memorial Day.

ITEM 8F: INFORMATIONAL ITEM – SPECIAL MEETING REGARDING REZONING OF PROPERTY OFF OF ALDRIDGE STORE ROAD

The Town Council will hold a special meeting on Monday, May 21, 2007, at 7 pm to conduct a public hearing to consider rezoning property off of Aldridge Store Road to allow for construction of a contractor's office north of the church adjoining Frink Alumni & Friends Culture Center. It is the property owner's intent to request annexation and that sewer service will be provided by the Town.

ITEM 8H: SUPER 70 HIGHWAY CORRIDOR PLAN

Manager Craft displayed a detailed map of the NC Department of Transportation's Super 70 Highway Corridor Plan that showed the La Grange area. He discussed several changes that would affect our Town and the major concern is the east of Town on Washington Street Extension. The Department of Transportation is proposing to make a right-in/right-out condition which will eliminate our ability to travel east on Highway 70 from East Washington Street and crossover the intersection by the Ford Dealership and turn left onto Highway 70. Their proposal is for traffic to turn right onto Highway 70 and travel to the NC 903 overpass exit, turn left to cross the bridge and then turn left on the down ramp to travel east toward Kinston. For La Grange and businesses it would be detrimental, especially for new businesses that would be locating near the Little Baltimore intersection.

Manager Craft stated that the Town needs to be vocal in expressing our desires and strive for a crossover at the Ford Dealership intersection. There is also a possibility that the stop light at the Little Baltimore intersection will be removed and be replaced with a caution light. Also, the crossover by Ken's Grill is proposed to be reworked (similar to the one at Beston Road and Highway 70) and the crossing near Monk's Furniture would be eliminated. Sometime in July the NC Department of Transportation will have an informational session here in La Grange at La Grange/Frink Alumni and Friends Culture Center. Before that meeting, Manager Craft requested that the Council establish a formal position of the Town with a resolution at the June 2007 meeting. .

ITEM 9: OLD BUSINESS

ITEM 9A: UPDATE ON COUNCIL CHAMBER ADDITION

Manager Craft reported to the Council that the floor had been poured, we are waiting for the trusses to be delivered this week and the framer has tentatively scheduled his work the first of next week.

ITEM 9B: DISPOSITION OF 103 FLORIDA AVENUE

Manager Craft reported to the Council that the bid opening for the sale of 103 Florida Avenue was initially held on March 5, 2007. The high bidder at that time was Michael Hines and Samuel Batts. With the upset bid process, the disposition of the property was advertised again. Mr. Hines and Mr. Batts upset an additional bidder with an amount of \$2,835. Manager Craft stated that he was formally submitting Mr. Hines and Mr. Batts' bid for consideration.

Manager Craft reminded the Council that they have the right to reject any bid that they were not satisfied with. He further stated that he was hoping for at least \$4,000 for this property. The Town has about \$6,100 in expenditures in the property which includes the property taxes, cleaning of the lot and hauling off the debris.

Motion was made by Council Member Thomas, seconded by Council Member Gladney to reject the bid by Mr. Hines and Mr. Batts. Motion carried 6-0 in favor of motion.

After discussion, motion was made by Council Member Sutton, seconded by Council Member Ellis to set the price at \$4,000 for the 103 Florida Avenue property. Motion carried 6-0 in favor of motion.

ITEM 9C: INSTALLATION OF MONITORING WELL STATIONS ON WASTEWATER TREATMENT PLANT PROPERTY

Manager Craft reported that the State Division of Water Resources has begun the process of installing the monitoring well station on the Wastewater Treatment Plant property. The first well is in and it went down to 440 feet to reach bedrock and as they went down they hit 4 water bearing zones. The first zone being a superficial aquifer, which the Town had talked about tapping into, the second and third zones were located in the Black Creek and the fourth in the Cape Fear. At least three more wells will be installed on the location, one at each of the water bearing zones except for the superficial aquifer. The level of the water will be monitored in the coming years as the Town approached the 2008 deadline for the reduction in our water supply.

ITEM 9D: INMATE LABOR CONTRACT

Manager Craft reported to the Council that the Town began utilizing inmate labor today and Tyrone Morgan, Public Work Superintendent, had them picking up trash, debris, and cleaning off sidewalks.

ITEM 10: CLOSED SESSION

Motion was made by Council Member Thomas, seconded by Mayor Pro Tem Wooten to go into Closed Session pursuant to N.C.G.S. 143-318.11 (a)(4)(5) to discuss matter(s) related to contract negotiations, and approval of the Closed Session Minutes from April 2, 2007. Motion carried 6-0 in favor of motion.

Motion was made by Mayor Pro Tem Wooten, seconded by Council Member Thomas to return to regular session. Motion carried 6-0 in favor of motion.

OTHER BUSINESS

Council Member Gladney ask about the status of the walking tract project that was to be located at the Community Park that had been discussed last month.

Manager Craft stated that at last month's Council meeting it was discussed to wait and see the outcome of the purchase of new land. The design of this new land by The Wooten Company was amended to included 15 acres with a fixed irrigation system rather than diluted system so the Town would be able to utilize these acres for a park. Manager Craft stated that one of the reasons the walking tract was put on hold was because if the Town was going to put \$25,000 in the park, if we do it through a matching grant, then the funds to utilize would be \$50,000.

Manager Craft stated that a decision needed to be made if the Town wanted to put the walking tract at the Community Park or utilize \$25,000, and through grant funding, turn it into \$50,000 to help build recreational opportunities at a new location. Manager Craft stated that it was his recommendation to wait and utilize the \$50,000 for a larger park. The new property in question is not centrally located but the Town would get a lot more value for the money if you put it in a new facility.

Council Member Sutton stated that he felt that a walking tract would be utilized more at the Community Park especially for senior citizens.

Council Member Gladney inquired about the cost for just the walking tract and also expressed his opinion that a tract at the Community Park would be more user friendly for all citizens.

Manager Craft stated that the cost would be approximately \$12,500.

After further discussion the Council directed Manager Craft to pursue the walking tract project only (no picnic shelters or bathrooms) at the Community Park.

ITEM 11: ADJOURNMENT

Motion was made by Mayor Pro Tem Wooten, seconded by Council Member Sutton to adjourn. Motion carried 6-0 in favor of motion.

Nelda H. Johnson, Town Clerk, CMC

Woodard H. Gurley, Mayor