

REGULAR MEETING

The Town Council of the Town of La Grange, North Carolina met in Regular Session at the Town Hall on December 3, 2007, at 7 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; Council Members Elect Clifton Harrison and Gregory Rouse; Town Manager, John P. Craft; Town Clerk, Nelda H. Johnson, CMC; Town Attorney, George Jenkins, Jr.

Absent: None

Guest: 20

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

Mayor Gurley called the meeting to order and asked Reverend Gerald K. Stacy, pastor of the La Grange Christian Church, to give the invocation. Mayor Gurley gave a warm welcome to everyone as this meeting was a special occasion and invited their attendance to all Council meetings.

ITEM 4: APPROVAL OF MINUTES

- a. November 5, 2007 Regular Session
- b. November 5, 2007 Closed Session
- c. November 13, 2007 Special Session
- d. November 19, 2007 Emergency Meeting
- e. November 19, 2007 Closed Session

Motion was made by Council Member Gladney, seconded by Council Member Sutton to approve the above listed Council minutes. Motion carried 6-0 in favor of motion.

ITEM 5: ADMINISTRATION OF OATH OF OFFICE FOR NEWLY ELECTED TOWN COUNCIL MEMBERS

Manager Craft announced that tonight was special as the newly elected Council Members would be administered their Oath of Office as required by the Town Code of Ordinances. Manager Craft stated the Town was very fortunate to be honored that Judge Joseph E. Setzer had graciously accepted the invitation to administer the Oaths of Office. Judge Setzer has served our area over twenty-five years.

Judge Setzer administered Oaths of Office to the following elected Town Council Members:

- a. Mayor Woodard H. Gurley
- b. Council Member Larry Gladney
- c. Council Member Clifton Harrison
- d. Council Member Gregory Rouse

Copies of oaths hereto attached.

ITEM 6: ELECTION OF MAYOR PRO TEMPORE

As required by the Town Code of Ordinances, the Council should elect a Mayor Pro Tempore to perform the duties of the Mayor in his absence.

Mayor Gurley called for nominations for Mayor Pro Tempore.

Motion was made by Council Member Sutton, seconded by Council Member Harrison to nominate Council Member Wooten as Mayor Pro Tempore.

Motion was then made by Council Member Koonce, seconded by Council Member Rouse to nominate Council Member Gladney as Mayor Pro Tempore.

Council Members Sutton, Harrison and Wooten voted in favor of Council Member Wooten. Council Members Koonce and Rouse voted in favor of Council Member Gladney. Motion carried 3-2 in favor of Bobby Wooten as Mayor Pro Tempore.

Council Member Gladney did not vote.

ITEM 7: PRESENTATION OF PROCLAMATIONS TO FORMER COUNCIL MEMBERS

Manager Craft presented a proclamation of thanks to Walter Ellis, Jr. for his services and leadership to the Town of La Grange.

Manager Craft presented a proclamation of thanks to Jeff Thomas for his services and leadership to the Town of La Grange.

At this time, Manager Craft asked Police Chief, John L. Sullivan, Jr., to introduce our Police Department personnel to the newly elected Council Members.

Chief Sullivan introduced the officers that were present: Assistant Chief Jerry Davis, Officer Daryl Cato who has recently started working investigations, Officer Kenneth Black who also recently started working investigations, Officer Rodney Lovic, Officer Cleveland Lovick, Officer Jaime Clayborne, and Officer James White.

ITEM 8: RECESS AND RECEPTION

Motion was made by Council Member Gladney, seconded by Council Member Koonce to recess the meeting for a short reception. Motion carried 6-0 in favor motion.

ITEM 9: PUBLIC HEARINGS

None.

ITEM 10: PUBLIC COMMENT PERIOD

None.

ITEM 11: AMENDMENTS TO AND APPROVAL OF THE AGENDA

Manager Craft requested the following amendment to the original agenda:

- Move Agenda Item 12B to 14C due to recent developments.
- Deletion of Agenda Item 13B: APPROVAL OF CAPITAL IMPROVEMENT PLAN

Motion was made by Council Member Sutton, Seconded by Council Member Gladney to approve the above listed amendments to the original agenda. Motion carried 6-0 in favor of motion.

ITEM 12: APPROVAL OF CONSENT AGENDA

- 12 A: Approval of Resolution adopting the 2008 REGULAR MEETING SCHEDULE. Copy of Resolution No. 2007-12-203 hereto attached and filed in Resolution Book III.
12B: Moved to ITEM 14C by approval in ITEM 11: AMENDMENTS TO AND APPROVAL OF THE AGENDA
- 12C: Approval of Ordinance Amending the 2007-2008 Budget. Copy hereto attached.

Motion was made by Council Member Koonce, seconded by Council Member Gladney to approve the Consent Agenda. Motion carried 6-0 in favor of motion.

ITEM 13A: HOLIDAY WORK SCHEDULE

In accordance with the Town's Personnel Policy, the Town offices will be closed:

- December 24 – December 26, 2007, in observance of the Christmas holidays
- January 1, 2008 in observance of the New Year's holiday.

ITEM 13B: APPROVAL OF CAPITAL IMPROVEMENTS PLAN

This item was deleted from the agenda by Town Council action in ITEM 11: AMENDMENTS TO AND APPROVAL OF THE AGENDA.

ITEM 13C: PRESENTATION OF MUNICIPAL ELECTRIC SYSTEM PERFORMANCE INDICATORS

Manager Craft informed the Council that he attended the North Carolina Eastern Municipal Power Agency (NCEMPA) Board of Directors meeting on Wednesday, November 28, 2007. At that meeting, each municipality was provided a copy of performance indicators that help each Town track how well their individual system performed in comparison to other systems during Fiscal Year ending June 30, 2006. Manager Craft provided each Council Member with a detailed report for their review.

Manager Craft stated that he would like to point out the following items concerning the report:

- General Fund Transfer Percentage: General Fund Transfer Percentage is derived by dividing the General Fund Transfers by Prior Year Gross Fixed Assets. The Town of La Grange slightly increased its transfer from the Electric Fund to the General Fund by 3.0% during FY 05-06. Our General Fund transfer Percentages had been 0% since 2002. This is not an alarming problem, as the General Fund Transfer Percentage for all 32 cities within the Eastern Power Agency ranged from 0.0% - 13.9% with a median of 1.9%.
- Power Cost Percentage: Power Cost Percentage is determined by dividing Power Cost by Total Operating Revenues. The Town's Power Cost Percentage for 2006 was 78.7%, which has increased steadily since 2004 from 77.0%. This is a positive sign in that the cost of power is representing a larger percentage of the expenditures within the electric department which means that we are operating more efficiently now than we were in 2004. This is a positive indicator for our system when you compare it to the other 32 cities within the Eastern Power Agency which ranged from 72.8% - 88.7% with a median of 81.6%. Manager Craft stated that he would like to see this improve, but felt it unlikely to improve much beyond its current percentage as the expenditures within the department are as conservative as possible. The only major thing that would help this would be to increase our sales of electricity.
- System Loss Percentage: System Loss Percentage is calculated by dividing the number of MWh purchased but not sold by the number of MWh purchased. Obviously, the higher the system losses, the less efficient our system is operating. The Town's system loss percentage decreased to 5.9% which is significantly less than it was in 2005 (11.4%); which represents a remarkable improvement. This is attributed to the fact that we were able to find some errors in the billing system, primarily retaliated to La Grange Elementary School. This is a very positive indicator for our system when you compare it to the other 32 cities within the Eastern Power Agency which ranged from 1.3% - 15.2% with a median of 6.0%. Manager Craft stated the he would certainly like to see this improve and will continue to work with the Town's Electrical Superintendent, Keith Thornton, to get it as low as possible. As a note, the cities with lower percentage operate substantially larger systems than that of our system, which by sheer volume will yield lower system losses.
- Days Sales in Receivables: Days Sales in Receivable is calculated by dividing Net Account Receivable by Charge for Electric Service and multiplying that by 365 days. The higher the number of days in receivable, the lower our cash flow. In other words, it represents the amount the Town has in unpaid/outstanding bills. It is important to remember that we have to pay our bill basically every thirty days so if our days in receivables are higher than thirty days, the Town is in essence "floating" loans to customers to pay their bills. Manager Craft stated that he was pleased to say that our Days in Receivable is 32.7 days, which is nearly as good as he could hope for with our current billing cycles and due dates. This is a very positive indicator for our system when you compare it to the other 32

cities within the Eastern Power Agency which ranged from 15.6 days – 90.0 days with a median of 40.8 days.

- Distribution Related Expenses: Distribution Related Expenses is calculated by subtracting power cost from total operating revenues and dividing that by MWh sold. This represents the cost to operate our distribution system. The Town's Distribution Related Expenses was \$0.0253 per kWh, which is down from \$0.0260 in 2005. This is a positive indicator for our system when you compare it to the other 32 cities within the Eastern Power Agency which ranged from \$0.0106 per kWh - \$0.0403 per kWh with a median of \$0.0211 per kWh.

Manager Craft stated that the Town of La Grange was not the most efficient system compared to the other 32 cities in the Eastern Municipal Power Agency, but our system operations are improving. Manager Craft stated that no action is required related to this information as he was keeping the Council informed that the Town was improving and our electrical system was more efficient than many of the other municipal systems.

ITEM 13D: DISCUSSION RELATED TO THE TOWN MANAGER'S RECENT ELECTION TO THE ELECTRICITIES BOARD OF DIRECTORS

Manager Craft updated the Council on his recent election to the ElectriCities Board of Directors stating that he was elected on November 28, 2007, for a three-year term. Manager Craft will be sworn in January 2008 and his term would end December 2011.

Manager Craft stated that there are benefits to the Town as he would be able to keep the Town well informed and he would have a vote at every level of the ElectriCities organization.

ITEM 14: OLD BUSINESS

ITEM 14A: DISCUSSION RELATED TO THE PROPOSED RECREATION COMPLEX AND ESTABLISHING DATE FOR SPECIAL MEETING

Manager Craft stated that our recreation project was a major project that the Town is continuing to work toward. Surveys were mailed to customers November 29, 2007 or November 30, 2007 and customers were asked to return their survey by December 10, 2007. A Public Hearing for the purpose of public comment on the recreation project is scheduled on December 10, 2007 at 7 p.m. Survey and infrastructure information has been provided to Rivers and Associates to allow them to begin to prepare a base map to help expedite the completion of the conceptual design.

Manager Craft stated that once the conceptual design is approved he would be personally making appearances before the Town's various clubs and lodges to introduce to them our recreation project. Endorsement and support from local civic organizations is a qualification for the PARTF Grant.

ITEM 14B: UPDATE OF STATUS OF CONDEMNATION PROCEEDINGS FOR NON RESPONSIVE OWNERS OF DILAPIDATED PROPERTIES

Manager Craft asked Town Attorney, George Jenkins, Jr., to inform the Council on the formal process that the Town needed to follow that would comply with NC General Statutes and the Town Code of Ordinances to condemn and/or demolish properties.

Attorney Jenkins discussed with the Council concerning the condemnation and demolition of property.

After discussion the following motion was made by Council Member Gladney, seconded by Mayor Pro Tem Wooten that:

- The Code Enforcement Officer inspect the address to determine if that property is especially dangerous to life because of its liability to fire or because of bad condition of walls, overloaded floors, defective construction, decay, unsafe wiring or heating system, inadequate means of egress, or other cause, shall be held to be unsafe, and unfit for human habitation pursuant to the Minimum Housing Code.

- If the Code Enforcement Officer so finds, he shall affix a notice to the dangerous character of the structure to a conspicuous place on the exterior wall of the building and will notify owner of dwelling to make repairs necessary to bring house up to requirements of Minimum Housing Code or that the house will be subject to being demolished under the North Carolina General Statutes and the Town's Code of Ordinances.
- Owner will be given notice as required by law and will be given a reasonable opportunity to repair and improve the structure to comply with Minimum Housing Code.
- If owner fails to take corrective action, Code Enforcement Officer will give notice required by law and a hearing shall be held by the Code Enforcement Officer at a designated time and place, but not later than 10 days after notice.
- Following the hearing, the inspector may issue such order to repair, close, vacate, or demolish the building or structure as appears appropriate.
- At close of hearing, any order shall be in writing, directed to the owner of such building or structure, requiring the owner to remedy the defective conditions by repairing, closing, vacating, or demolishing the building or structure or taking other necessary steps, within such period, not less than 60 days, as the inspector may prescribe; provided, that where the inspector finds that there is imminent danger to life or other property, he may order that corrective action be taken in such lesser period as may be feasible.
- If owner does not comply within the time required by the Code Enforcement Officer, The Town Council shall consider an ordinance ordering the demolition of the building as provided by law.

Motion carried 6-0 in favor of motion.

Attorney Jenkins stated he and the Code Enforcement Officer, Heith Harrison, had discussed the property at 307 East Boundary Street and the property at 209 West King Street. The proceedings are ready to begin on these properties.

ITEM 14C: APPROVAL OF RURAL CENTER GRANT APPLICATION DOCUMENTS

- i. Authorizing Resolution
- ii. Budget and Local Commitment Resolution

Manager Craft stated that from the Council meeting last month, November 2007, we talked about some potential grant funding for upgrading our Wastewater Treatment Plant to expand our capacity. Based on earlier conversations with The Wooten Company, cost estimates were presented for approximately 1.5 million dollars. In preparation for multiple grant submissions, the Council authorized to seek grant funding from the Clean Water Management Trust Fund, NC Rural Center, Federal and State earmarks, and any other agency with possible grant funding. To make this possible, a preliminary engineering report had to be prepared. Also, Manager Craft stated that he met with the NC Rural Development to arrange for grant loan funding to supplement the cost of the project that was not obtained from grants or Federal or State earmarks. The actual cost estimated to make the improvements at the Wastewater Treatment Plant was in excess of Six Million Dollars which was well above the estimated 1.5 Million Dollars that was originally discussed. Manager Craft stated that the budget he proposed which reflected the copy he provided to the Council represented an amended project. Manager Craft explained to the Council the steps he had to take without their approval. First, a submission of intent to apply for grant funds to the Rural Center was due no later than Friday, November 30, 2007, and in order to make that happen the Town had to have a budget established and a project to reference when the application was made. The original expansion proposal would have carried our daily treatment capacity at the Wastewater Treatment Plant from 750,000 gallons per day to 1,025,000 gallons per day. The original project was intended to increase the Wastewater Treatment Plant capacity to 1.25 million of gallons per day. In doing the preliminary engineering report, it was learned that with the nitrogen allocation that the Town currently has, the Town would only be capable of flowing .925 million gallons per day through the plant assuming that the Town would put an additional 100,000 gallons per day minimum on the reuse site. This would increase our flow to 1.025 million gallons per day. Any additional flow, the Town would have to purchase additional nitrogen pounds and that would cost approximately 2.6 million dollars in addition to the

approximately 6 million dollars required to increase the WWTP capacity. Manager Craft stated that he had talked with the Council several times earlier about the cost of purchasing nitrogen pounds and why it was very beneficial to the Town to have a reuse project. The Town can take the water that is a reuse standard and apply that water somewhere other than dumping it into an unnamed tributary of Moseley Creek. The benefits are environmentally friendly and also save the Town an enormous amount of money in the future.

Manager Craft stated to the Council that he was fully aware that the Town could not afford almost a Nine Million Dollar project at the Wastewater Treatment Plant. Manager Craft stated that the project that was sent to The Rural Center had been down sized and it was not too late for the Town to withdraw. In order to even be considered for the Half Million Dollar grant opportunity the Town had to submit the notice of intent to apply by Friday, November 30, 2007.

Manager Craft stated that he would like to propose the following: The Town install one additional clarifier at the Wastewater Treatment Plant and two generators at two key lift stations in this project. This will not give the Town any additional flow, but the Town cannot afford a several million dollar project at this time.

Manager Craft recommended that the following resolutions be approved for an amended project:

- (1) 2007 SUPPLEMENTAL GRANT APPLICATION AUTHORIZING RESOLUTION BY TOWN COUNCIL OF THE TOWN OF LA GRANGE. Resolution No. 2007-12-204.
- (2) 2007 SUPPLEMENTAL GRANTS PROGRAM ADOPTION OF PROJECT BUDGET AND COMMITMENT TO LOCAL MATCH BY THE TOWN COUNCIL OF THE TOWN OF LA GRANGE. Resolution No. 2007-12-205.

Motion was made by Mayor Pro Tem Wooten, seconded by Council Member Gladney to approve the above two resolutions. Motion carried 6-0 in favor of motion. Copy of resolutions hereto attached and filed in Resolution Book III.

ITEM 15: CLOSED SESSION

Motion was made by Mayor Pro Tem Wooten, seconded by Council Member Sutton to go into Closed Session pursuant to N.C.G.S. 143-318.11 (a) (4) (5) (6) (7). Motion carried 6-0 in favor of motion.

After returning to Regular Session from the Closed Session, motion was made by Council Member Gladney, seconded by Council Member Rouse to allow the Town Manager, John P. Craft, to receive a monthly stipend in the amount of \$1,000 for his service on the ElectriCities Board of Directors. Motion carried 6-0 in favor of motion.

The Clerk read a note of thanks from Police Officer, Thomas Stanley, for flowers received for the recent loss of his mother.

Motion was made by Mayor Pro Tem Wooten, seconded by Council Member Rouse to recess the meeting until December 10, 2007, at 7 p.m. Motion Carried 6-0 in favor of motion.

Nelda H. Johnson, CMC, Town Clerk

Woodard H. Gurley, Mayor