

**Special Meeting
City Council
March 4, 1996**

A special meeting was held at City Hall, and was called to order by Mayor Frank McLean at 7:00 P. M. Those present were Councilwoman Phyllis Harris, Mayor Pro-Tem Michael Helms, Councilmen R. L. Duke, Andy Stewart, and David Hostetler Jr., as well as City Manager Phil Ponder, City Attorney Kemp Michael, and Public Works Director Eddie Nichols.

The invocation was led by .

The Council discussed the proposal for a contract with Stanley for a sewer interconnect. City Manager Ponder reported that the Stanley City Manager, Gary Parker, indicated there would be no problem with its adoption at the Stanley regular council meeting the same evening. Stanley Mayor Brotherton is ill and may have surgery, so Mayor Pro-Tem Thompson will be attending for Stanley.

Mayor McLean appointed Michael Helms and Phyllis Harris to represent Mount Holly in this matter at the County Commission workshop and regular meetings to be held March 12th and 14th. The Council authorized City Manager Ponder to send a letter to each commissioner he had prepared which they reviewed and will sign.

Upon learning that Commissioner Kimbro had faxed two pages of questions to Stanley's city manager, Councilman Helms requested he receive a copy of the answers.

Councilman Stewart asked why the County is asked to pay 100% of the project. City Manager Ponder said it would be paying 100% of the sewer interconnect line itself. Councilman Hostetler wondered if incoming industries will participate in the cost; Mr. Ponder did not think so because industrial recruitment is very competitive in favor of the industry. In response to Councilman Helms, City Attorney Michael said the line will belong to Stanley from the meter to Stanley, and to Mount Holly from the meter to Mount Holly. Stanley will be able to allow tie-ins only if the customer is inside the Town, its ETJ, is a current customer, or Mount Holly grants a specific permit for it so we control the type and quantity sewage. Mr. Michael said the County and Stanley will have a two-party agreement related to the construction of the line.

Referring to paragraph six, City Manager Ponder stated that the County and the State must approve this agreement, but the State is pushing it to happen, and the County encourages interconnections.

Councilman Hostetler asked how current the estimates of cost are. City Manager Ponder said the figures are about two months old,

and there is a 5-8% contingency built-in. Mr. Hostetler inquired about what would happen if the bids are over budget; Mr. Ponder replied the bids cannot be let out over budget unless Stanley obtains financing for it.

Referring to paragraph 9(b), City Attorney Michael said that it may be required by others that Stanley own part of the system that this agreement gives ownership of to Mount Holly; in that case, Mount Holly would have a lease.

City Attorney Michael stated that paragraph 9(c) refers to a circumstance where Stanley annexes a customer that is not now in the city or ETJ or a current customer, then that city must provide its own water/sewer service within one year without use of this interconnect line.

Public Works Director Eddie Nichols reviewed paragraph 13. In a future upgrade of Mount Holly's sewer plant, at least 1/2 million gallons would be reserved for Stanley. Stanley will be notified when designed and they pay for whatever portion they finally choose to reserve. Stanley would pay a pro-rata share of the debt over a 25-year period. Its share of the debt will affect the sewer charge rates to Stanley, which is lowered while it is contributing to the debt.

Councilman Hostetler asked if this is a standard agreement. Mr. Michael said there is no standard for this, that the only thing close was the agreement with Catawba Heights Sanitary District that was tied into a debt to Farmers Home Administration.

Stanley has no large tributary in which to release affluent, so it needs a relationship with Mount Holly due to our permit to discharge into the Catawba River.

As to paragraph 13(e), City Attorney Michael explained this was included on good recommendation by Mr. Ponder for the benefit of the governing bodies in power 10-20 years from now to know why this agreement was done and to show clearly the intent.

Councilman Hostetler was concerned as to what might happen if Stanley is dependent on us, but sometime in years to come, we cannot handle the extra load. Mr. Michael said the State may take over if the City does not act at appropriate times to keep the plant in proper management. He also referred to the last paragraph which names a 90% threshold and the action to be taken. Councilman Stewart pointed out that Mount Holly will likely be handling the northeast region of the County. Mr. Michael added that Mount Holly is well-equipped for water and sewer services, being far ahead of other places.

Stanley is required to upgrade its system by a certain deadline, and out of the alternatives presented to its Board, this interconnect was the one preferred.

City Manager Ponder stated that the agreement tries to address matters for at least 20 years, but we cannot really know what it will be like in 20 years due to technology advances and recycling. Councilman Hostetler added that regulations may change as well.

Public Works Director Eddie Nichols said that paragraph 15 took them the longest time to negotiate. Mount Holly has the right to review the sewer permits so we control what is put in our system. The last sentence was City Manager Ponder's attempt to alleviate fear of our taking industry away from them.

Councilman Helms **MOVED** to approve the proposed agreement between Stanley and Mount Holly for a sewer interconnect as presented, contingent upon approval by Stanley. Councilman Duke seconded this motion and it carried with five ayes and zero nays.

Councilman Stewart inquired about our next step is the County rejects the agreement. Mr. Michael said it would depend on what part of the agreement to which they objected. Mr. Stewart asked if this will be done without County money. Mr. Ponder said it would not because Stanley would not have enough funds.

Councilman Stewart wondered if Mount Holly would ever be in a predicament like Stanley. City Manager Ponder stated that, with the flow of the Catawba River, if Mount Holly got in trouble everyone would be. Mr. Nichols said there is no doubt the governmental regulations will get stricter. Mr. Stewart asked if Mount Holly has any input into the Catawba Basin study. Mr. Ponder said we really do not, but the result is that the cities are being held accountable for high levels of nitrogen and phosphorus which they admit is 85% produced by farms (fertilizers). This is adding \$4-5 million cost to our sewer plant upgrade.

There being no further business on the agenda, the meeting was adjourned, upon motion by Councilman Duke, seconded by Councilwoman Harris, with all present in favor.

Phillip Ponder, Jr.
City Clerk

Frank E. McLean
Mayor
