

**CITY COUNCIL
REGULAR MEETING
February 7, 2005**

CALL TO ORDER BY THE MAYOR

The regular meeting of the City Council of Mount Holly was called to order at 7:00 P.M. by Mayor Hough. The following were present:

Mayor Bryan Hough	Jamie Guffey, Assistant to City Manager for Finance/Administration
Mayor Pro-Tem Michael Helms	Danny Jackson, Assistant to City Mgr for Community Development
Councilman Jim Hope	Benson Hoyle, Police Chief
Councilwoman Phyllis Harris	Dale Oplinger, Fire Chief
Councilman Frank McLean	Don Price, Utilities Director
Councilwoman Pat Hubbard	Mike Santmire, Street & Solid Waste Director
Councilman David Moore	Greg Beal, Community Dev. Officer
City Manager David Kraus	Ryan Baker, Fire Inspector
City Attorney Kemp Michael	Megan Hanks, Communication Director

INVOCATION

The invocation was led by Rev. Jeff Bost, Westview ARP Church.

PLEDGE OF ALLEGIANCE

Councilman Hope led the Council and audience in the ceremony of the Pledge of Allegiance.

APPROVAL OF THE AGENDA

The agenda was approved with the following changes: to move CA#4 to UFB #3, and to add CA # 5 to reschedule the March 14 meeting to March 7, upon motion by Councilman Helms, seconded by Councilman McLean, with all in favor.

CONSENT AGENDA

Councilman Helms **MOVED** to approve the Consent Agenda with four (4) items, seconded by Councilwoman Harris, with all in favor. The items approved were:

CA#1. To Call for Public Hearing to Rezone 110 Tuckaseege Road from R-8MP to B-3. Request by Scott Farmer, hearing to be held on March 7, 2005.

CA#2. To Call for Public Hearing to Adopt the Gaston County Hazard Mitigation Plan. Hearing to be held on March 7, 2005.

CA#3. To Call for a Public Hearing on Financing the Purchase of the ABC Property. Hearing to be held on March 7, 2005.

CA#4. Moved to UFB#3.

CA#5. Reschedule Regular Council Meeting from March 14 to March 7, 2005.

PRESENTATIONS

PR#1 Proclamation for David Peeler upon his Retirement The Council and Mayor presented a plaque and read a proclamation to honor David Peeler upon his retirement.

PR#2 Request for Utility Financing

Aldovicus Brooks, 1122 Sandy Ford Road. He was appearing before Council for himself and several of the residents on Sandy Ford road north of Mount Holly, off Hwy. 273. Several weeks ago he saw an article in The Gaston Gazette, and Mountain Island Monitor, talking about the annexations and extension of water lines. He was interested because they approached someone here at the City when the water line went down Hwy. 273, but the fee was exorbitant. We were wondering if we can have the same consideration that the people going up to East Gaston High School have gotten. We are interested in finding out if we were annexed what the benefits would be, and the property tax amount. Mayor Hough said he would have someone on staff get that information for him.

UNSCHEDULED PUBLIC COMMENT

None.

PUBLIC HEARINGS

PH#1 To Consider Amendment to Zoning Ordinance Concerning Watershed Regulations –(Joint session with the Planning Commission)

Councilman Helms moved to go into public hearing, seconded by Councilwoman Harris, and unanimously carried. Mayor Hough recessed the regular meeting and opened the public hearing to consider amending the zoning ordinance.

Greg Beal stated that Item 4A in the proposed ordinance has been changed from the last version you saw. The Planning Commission was in attendance as well. Mr. Beal showed the area on a map that shows the land that would be affected by this amendment. In developing the Gateway area, it came to his attention that in the Critical IV area of the watershed regulations you can use a high density option up to 50%. Our ordinance currently has 24%. The amendment under consideration tonight will have to have state approval. There are a lot of technical issues that will be addressed when it goes to the state level. The Gateway park already has paving to the river so that would be grandfathered. We do not need a decision tonight. At the next work session, we will have the disadvantages and advantages and the information I will get from meeting with Mr. Carpenter.

Councilman Hope, when do you anticipate a final ordinance? Mr. Beal expects to have it ready next month.

Mike Johnson, 521 Woodlawn Road. I am aware that the buffer is 50% and was changed to 24% and what you are talking about is putting it back to what it was. The 50% is a deterrent to new business.

Councilman McLean moved to go out of public hearing, seconded by Councilman Moore, and unanimously carried. Mayor Hough adjourned the public hearing and resumed the regular meeting.

No action.

The Planning Commission members left to return to their meeting back in the Archives Room.

PH#2 To Consider Annexation of Mountain Island Village

Councilman McLean moved to go into public hearing, seconded by Councilman Moore, and unanimously carried. Mayor Hough recessed the regular meeting and opened the public hearing to consider a voluntary annexation petition.

City Manager David Kraus stated that this is a townhome development approved two years ago. Ownership has changed hands a couple of times since then. They have the zoning already established from previous action. They have already started building. Only the first 200 feet on Highway 273 is in the city limits, and they have filed a voluntary annexation petition for the remainder of the property.

There were no comments for or against.

Councilman Helms moved to go out of public hearing, seconded by Councilwoman Harris, and unanimously carried. Mayor Hough adjourned the public hearing and resumed the regular meeting.

David Kraus showed the map of the property being annexed.

Councilwoman Harris asked, what was there about a road at the back to another parcel? Mr. Kraus replied that the adjoining parcel is owned by Bill Stewart and maybe Cal Farrar, and they were going to put a road through the back of this property to their property, and there was discussion about whether it would connect with Morningside Drive. This developer did not purchase that adjoining tract. There was an issue of a pump station, they were going to put in single family residential on the rear adjoining property. But now they only put in a private pump station for the back side of the town houses in this tract. Councilman Hope asked, do we have to add any services to accommodate this request? Mr. Kraus stated that this annexation will not cause any additions to our employees or vehicles.

Council will hold off on voting until the resolution is presented.

NEW BUSINESS**NB#1 To Consider Options for Lease of Legion Road Property**

City Manager Kraus said the City has leased out a part of its property on Legion Road. This is part of the site Council wants to use for the new City garage. City Attorney Michael said the City has to give at least six months written notice to terminate the lease; and you may re-negotiate a new lease or share the land or offer another tract, all while the six months time period is running. Staff needs to know if Council wants to authorize a contact with Mr. Pace and notice to end the lease or renegotiate. Councilman McLean asked, what is the cost to run those lines? Mr. Kraus said the engineer is working on that now, and he hopes to have that at the next meeting. Councilman Moore wanted to know if the 3 acres we lease him is being used for storage and a turn around for trucks. Mr. Kraus said that is right. Mayor Hough asked, what is the lease amount? Mr. Kraus said, \$1200 per year. Mayor Hough wanted to know if we should discuss that? Councilwoman Harris wanted to know how long he has been there? Mr. Guffey replied, since 1995. Councilwoman Harris thought we should look at that amount of rental if we re-negotiate the lease. Kemp Michael said the Council could give notice to terminate, and then could speak with him about other terms or negotiation. Mr. Michael said you could give longer than six months, that is the minimum. Mr. Kraus said if we work out a joint usage we would need a way to get across there to the site for working on the new facility.

Motion: Councilman Hope **MOVED** to terminate the lease agreement with Pate and his company, and approach him with a month to month, seconded by Councilman Helms. The motion was tabled until the attorney could go to get a copy of the lease agreement.

NB#2 To Consider No Left Turn from Hawthorne Street During School Hours

City Manager Kraus said we tried an experiment at the beginning of the school year to help traffic congestion before and after school. We posted a no left turn on Hawthorne at the West Catawba corner. It was not really a legal sign. We got feedback from some parents that it was working. If Council wants it to be permanent, we have to pass an ordinance. Councilwoman Hubbard wanted to know if it would be no left turn during certain times, or all day. Mr. Kraus said it can be either way the Council wants.

Motion: Councilwoman Hubbard **MOVED** to approve a "no left turn" onto West Catawba Avenue from Hawthorne Road at the Middle School during the same hours we have the "one way" on West Central Avenue at Rankin Elementary School, seconded by Councilman McLean.

Vote: Unanimous. CARRIED.

NB#3 To accept Phase I and II of Kendrick Farms

City Manager Kraus reported that the developer has completed the streets and installation of utilities, and the City may accept them pending getting the financial guarantee for the letter of credit and the warranty.

Motion: Councilwoman Hubbard **MOVED** to accept the infrastructure in Phase I and II of Kendrick Farms contingent upon receiving the financial guarantee and warranty with staff's approval, seconded by Councilman McLean.

Vote: Unanimous. CARRIED.

Council took a five minute recess.

UNFINISHED BUSINESS

UFB#1 To Consider Amending Water Rates

James Guffey said that in October we increased water rates. Now we have worked out an agreement with Stanley to sell water to them. They did a test this weekend, and are prepared to buy water from us. We recommend a 6.92% decrease down to \$2.42 for the inside rate. The minimum bill would be decreased down to \$9.62. Councilman Helms wanted to know if he had ironed out the figures so that this new rate will do what we need to do. He was insistent that the Council not have to move it back up. Mr. Guffey said this figure is based on what Stanley claims their water plant has been making and selling, and assuming there are no further loss of industrial users or loss in gallons used, then we will be in the black. Mr. Helms felt that too many assumptions were being made. He wants to have the lowest rate possible and operate in the black, but if they are not sure yet, then we should look at it for a couple months. How much in the black would it be? Mr. Guffey said about \$78,000 overage in water rate, and \$30,000 overage in sewer. Mr. Helms asked if would this be good for two years? Mr. Guffey did not know. Councilman Helms recalled we already talked about a need for more chemicals from Don Price's advice. He was not sure he is comfortable with this number. Councilman Hope said we have a lot of renters who leave without paying. We should not operate in the red anymore so taxpayers don't have to make up the difference. Mr. Kraus suggested we verify the Stanley usage by letting them go a couple months and see what the usage actually is. Mr. Guffey reported that Stanley stored 150,000 gallons and then shut their plant off. As of today, they are pulling from us. Councilman Helms said he wants to wait on this rate change a couple months and see what the real figures turn out to be. Mr. Price said if you go a month or two you will have the meter readings. Councilman Hope wondered if this time of year is a good time of year to use for this calculation. Mr. Price said the best gauge is the months of May and August, typically when the usage is the most. Councilman Hope asked, how much difference? Mr. Price said, about seven percent difference. Mayor Hough wanted to know if we can get long term records. Mr. Kraus said we have the documents they have filed with the State. Mr. Price said we should use the last two years, because 2002 was a drought and is not typical. Councilman Helms asked, have you factored in the greater use of the equipment and chemicals, and maintenance? Mr. Price replied, yes, as well as personnel, sludge applications, and so on. Mr. Guffey said we had a fairly accurate cost of extra gallons of water, including debt service. Councilman Hope clarified, you are saying there is maintenance and replacement included in your calculation for

this. Mr. Guffey said yes, and the accountant did not include capital reserve, but we did. Mayor Hough said, Trent Wilson did the analysis for us as an outside consultant last September or October, right? Yes. Councilman Hope said he agrees with Mr. Helms, he wants the figures right because we do not want to supplement other bills for a product we are selling. Mayor Hough asked, do you need to compile this information further? Mr. Kraus said, we can do more research if you wish. Councilman Helms said to let Stanley come on board and see how it goes the first couple months before we make a change. Mr. Price said, the chlorine booster may need to be moved, and we won't know until time passes. Mr. Kraus said their water pressure is also being watched to see how it will work without their plant. Mr. Guffey said they were supposed to phase in buying from us but decided to shut their plant down all at once. Council agreed to wait for real figures for a couple of months before making a rate change.

UFB#2 To Consider Amending System Development Fees

Don Price brought before the Council the system development fees as set in 2002, per Council's request. It is \$540 for water and \$540 for sewer, based on estimate of \$1.50/gallon to build a new plant. Now, we believe the water treatment plant will need to meet nutrient limits, so it will probably cost \$2.50/gallon. That translates into \$10 million. So the fee to cover that would be \$900 water for a 3 bedroom house, and \$900 sewer. Mr. Price had a list of the developments and how many houses have been built and how many are left to be built. The calculations he presented did not take into consideration Dutchmans Creek. If it is developed on our system, that would add to it. He also showed the numbers if the fees are left at \$540 compared to if it is increased to \$900. The grandfathering clause in the currently adopted fees expires January 1, 2011. James Guffey, the amount collected column is if you stop grandfathering the houses to be built. Mr. Guffey said the subdivisions not grandfathered are Rhyne Trace, Stone Water, and the new section of Kendrick bought from Gastonia. Councilman Hope said this estimate is if we are in construction now, but we are not. This looks like we will have a shortfall. Mayor Hough said the estimate is over \$6 million, and Dutchman Creek would be over \$2 million. So it is short the \$10 million needed in today's dollars, and will definitely be short years from now as costs always go up. Plus this is if we stop grandfathering which it has not been decided to do. Councilman Hope pointed out this is with a 100% build-out which will not happen in the stated time frame. Councilman Hope said, it comes down to either developers paying for it or our citizens pay for it. Mr. Price said the \$900 is based on today's dollars, so really it is still short. Councilman Hope said staff brought back to us what we asked for, but we need more information. Staff is to bring back figures with cost inflation, and also with and without grandfathering. Mr. Price said it is common to use 5% per year for cost inflation.

UFB#3 To Call for a Public Hearing on Reconsideration of the Annexation of Dutchmans Creek Subdivision

City Manager Kraus said that City Attorney Michael and he met to discuss the proper procedure for reconsideration of a voluntary annexation petition. The best approach if Council wishes to reconsider it is that we should hold another public hearing prior to reconsideration. Councilman Hope said that is the reason he wanted this off the consent agenda. He said we already listened to outside people, but I want to limit the persons heard at this public hearing to those in the area to be annexed and our own citizens. Mr. Michael said that he talked with the Institute of Government, and reviewed the statute that governs voluntary annexation. It requires a public notice for ten days prior to the public hearing, and it says all property owners in the area to be annexed and any citizens in the municipality that is annexing may address the council and be heard. The council heard most of those persons who spoke at the last hearing as an accommodation to those that by law would not be allowed to speak, but you are not required to hear from them.

Motion: Councilwoman Hubbard **MOVED** to call for a public hearing at the March 7 meeting, with the restriction that those heard be limited to Mount Holly citizens and property owners in the voluntary annexation area, per the statute. This motion was seconded by Councilman McLean.

Vote: four ayes, and two nays (Harris & Hope). CARRIED.

Return to Resolution for Annexation of Mountain Island Village

City Attorney Michael read a resolution to adopt an ordinance of annexation for an 11 plus acre tract, contiguous, known as Mountain Island Village.

Motion: Councilwoman Hubbard **MOVED** to approve Res. 02-07-05A to annex Mountain Island Village, effective 6-30-05, seconded by Councilman Moore.

Vote: Unanimous. CARRIED.

Return to Legion Road Lease

Kemp Michael had a copy of the lease now, and said it has a provision for six months written notice to terminate, meaning six months prior to the end of the lease term. Mayor Hough asked, does the lease provide for storage or do we just allow it? Mr. Michael said it provides for it. Mayor Hough, is there any way we can start sooner? Mr. Michael said you can do survey work and do planning. David Kraus said we can work on the other property outside of this tract. Councilman Hope asked, is that the soonest we can terminate it? It is.

Councilman Hope moved to withdraw his motion, the second was withdrawn.

Motion: Councilman Hope **MOVED** to give notice of termination of the lease now to Pate and his company that the city is terminating the lease on November 2nd, seconded by Councilman Helms.

Vote: Unanimous. CARRIED.

ROUND TABLE

Councilman McLean asked if it isn't true that we own about 20 acres out there, between Legion Road and cemetery? Mr. Kraus said, yes. Mr. McLean said maybe they can move to another site on the property we own. Also, he thought the City had already gone up on his rent \$400.

Councilman McLean reported that the wall on Tuckaseege looks good.

Councilman Moore asked what the status is of the sign at the city entrance that includes our school championship for wrestling. Mike Santmire said we have the signs, but there has been talk about the sign structures being changed for the gateways. Mayor Hough said to put them up now, and if the City decides to update, then we'll deal with that then.

Councilman Moore asked about the time frame to expect the street lights for Beatty Road and the park. David Kraus said it should be in the next six weeks on the park, but I did not have a clear decision from the Council on the Beatty Road; Councilwoman Hubbard said that was because of the extra cost. Councilman Hope asked if there is a suggested type of light to get for that. Councilman Moore said on the Beatty Road we wanted a change of fixtures and were adding a couple more. Councilman McLean asked, is there a sidewalk? No, there is not.

Motion: Councilman Hope **MOVED** to add two light fixtures and change the type of fixtures on Beatty Road and in the park due to the park. Seconded by Councilman Moore.

Vote: unanimous. CARRIED

Councilman Moore asked if we have dates for the mid-year retreat. Several dates were suggested to be considered, and will be decided later.

Mayor Hough asked, did we check the outside lights on the old gym? Mr. Kraus said, it is on our schedule to be done. Mayor Hough said, it is really dark there.

Mayor Hough reported three street lights out at I-85 and 273, but he doesn't have the address to report it to Duke Power. Megan Hanks will do it.

David Kraus said he met with Dave Hart today about street lights, and we can communicate with him by fax or over the web. Tomorrow we will meet about subdivisions, and we got a new catalogue also. Steve Whaley will come to help us select fixtures for our streetscapes.

David Kraus said we met with the CSX representative and it went well; he has no problem with what we have planned. He has a project planned, and if we coordinate ours with his, that's okay; otherwise we have to pay someone \$22 per hour to supervise our work, for safety. Mayor Hough said he did not have a problem with the sidewalk idea. Mr. Kraus said no, but they want fenced sides.

CLOSED SESSION

Councilman Helms moved to go into closed session for the purpose of discussing personnel matters, seconded by Councilman Moore, with all in favor.

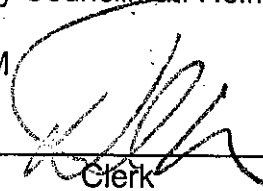
Councilman McLean moved to return to open session, seconded by Councilwoman Harris, with all in favor.

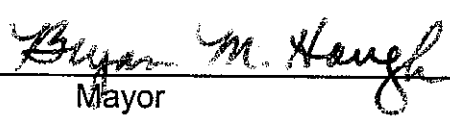
Councilwoman Harris asked if Council could also move the worksession for March and April; Council agreed on February 28, and April 4.

ADJOURN

There being no further business, the meeting was adjourned, upon motion duly made by Councilman Helms, seconded by Councilman McLean and carried.

9:10 PM



Clerk

Mayor

cpm