

**CITY OF MOUNT HOLLY****MOUNT HOLLY CITY COUNCIL**  
**WORK SESSION****NOVEMBER 06, 2006**  
**CITY HALL**

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The Work Session of the City Council of Mount Holly was called to order at 6:30 p.m. by Mayor Robert Whitt. The following were present:

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| Mayor Robert Whitt           | Assistant City Manager Danny Jackson          |
| Mayor Pro-Tem Phyllis Harris | Assistant City Manager Jamie Guffey           |
| Councilman Jerry Bishop      | Police Chief David Belk                       |
| Councilman Jim Hope          | Street and Solid Waste Director Mike Santmire |
| Councilwoman Pat Hubbard     | Fire Chief Dale Oplinger                      |
| Councilman Frank McLean      | Community Development Planner Greg Beal       |
| Councilman David Moore       |                                               |
| City Manager David Kraus     |                                               |

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The invocation was led by Councilman Jim Hope.

Change in Agenda Order: Move Item #14 up to Item #2 – requested by Mayor Whitt.

**#1 – Housing Management Group Presentation.** Mr. Jackson stated there has been some changes in our housing management. We have asked the city to work with a mgt company. The complicated mgt of rural development has brought the need to bring in a management company. Community Mgt Corp is here to discuss the benefits their company can offer our city regarding the mgt of our housing developments. Mr. Kraus stated the USDA has recommended this firm for our city.

John Nichols, Community Mgt Corp – VP with property mgt division – He provided a handout to council with basic information about the company and what services they can offer. Community Mgt Corp was founded in 1972. We have 173 properties under our mgt. 8780 units included. Half of those are elderly and half are family. Everything we manage is government housing. This is a full service mgt firm. We do all reports for you including accounting, paying bills, budgeting, rent increases, utility allowance information, staff expertise with bulk purchasing items, etc. We have a blanket insurance co that we can offer participation to the city as well. Because of the number of properties we have, we can get more coverage for you for less expense. If we are selected to do this, we will present tenant selection plan, recertification forms, etc. Debbie Prawley would be your regional property manager. We have a licensed contractor on staff if we need this type of consultation. David Eagin is our attorney, who is our assistant VP as well. Debbie will visit the property no less than twice per month. An occupancy specialist will work with you to keep files up to date, etc. Mr. Kraus stated there was a chain of events leading up to the need for this coverage. We have self administered for two to three years and due to personnel changes, urban development stated we don't have the expertise level required in the federal regulations to self administer this program any more. We were given a 11/15/06 deadline to get coverage. This group has a large enough corporation, expertise among employees to ensure coverage

needed by our city to ensure regulations are met. The fees that pay for the mgt services come from the property itself not from the city budget. Mr. Whitt asked is this under a contract basis? Mr. Kraus stated we need direction from Council to allow them to propose a contract for city attorney approval. Mr. McLean asked about previous year's audit. Mr. Kraus stated in previous years, we have been audited by management firms. Mr. Whitt asked is this the only company that we negotiated with or considered? Mr. Kraus stated we looked at three companies and this is the best choice for the city.

Motion: Mr. McLean moves that we hire Community Mgt Corp. and seek to enter into a contract per city attorney's approval to handle the HUD and rural development properties for the city of MH.  
Seconded by Ms. Harris.

Vote: All in favor. CARRIED.

**#2. Bank Issue For Citizen Center.** Mr. Guffey stated we in the past had topic of awarding finance. The latest proposals are here from BB&T, Wachovia and Citizen's South. Next week resolution for LGC necessity will be passed during the council meeting. Mr. Kraus stated we are not asking Council to make a decision tonight, but this is your chance to direct questions to bank representatives who are present tonight. Mr. Guffey stated Since we have started this process, rates have gone down a little bit. I have spoken with Bob Chandler from USDA and it looks promising that they may be able to kick in a little more than 1 million toward this process. This will be in the form of a loan from the USDA. USDA rates are in the low to mid 3 % range - 40 year term on this. This will help with our cash flow. Mr. Guffey stated they do have a program with USDA that would actually be beneficial but we are slightly too large for that program at this time. Mr. Whitt asked about a spread sheet comparing the programs. It is important that we understand this. MR. Guffey stated BB&T is for the 20 year at a lower rate. They do have a provision in there with a repricing in 12 years. Wachovia is the 2<sup>nd</sup> lowest and their rate is fixed for the full 20 years. Citizen's South is a full 20 year as well but with a slightly higher rate. BB%T is 3.99, Citizens is 4.69, Wachovia is 4.16. The loans are structured with a declining payment every year based on paying off principal each year and lower payments occur as a result of the change in principal. Mr. Guffey explained how this occurs with principal reduction on existing loans. Mr. Guffey stated there is no prepayment penalty.

Mark Carswell, Citizen's South Bank, 20 year fixed at 4.69 through renovation period of three years. The only difference is that there is a prepayment penalty for the first three years and after that it is removed. IT is annual interest payment during renovations and after that we offered to do monthly, quarterly or annual payment. Whichever is better for the city. We have done multiple small loans for the city. We hold these loans in house and keep them in house.

Janet Sarn, Wachovia, with Peter Skilton, Gov Spec for the bank. Anytime you change the length of the loan, the rate will change, the longer the loan the higher the rate. One thing I would encourage you to do is compare apples to apples. Both in the amortization term and fixed rate term. From what I understand is that we are not in that situation at that time. Peter stated there is a big pricing difference in the different terms you all have been offered. Wachovia custom prices all of our homes. We spec these out very specifically. The proposal you have from us will allow prepayment logically to accommodate your needs. We have provided for a 1 million prepayment lending 7 million up front. It will add to the rate. It is very important to keep the flexibility in payment in mind when comparing rates. The LGC will want you to have the 20 year payment in place I am sure.

Lewis Lloyd, BB&T - you can. part is true that we have a reprice on the loan at the 12 year point. The LGC will require a ceiling index on it because of the control act that is in place. We will be happy to respond to different parameters. The LGC only has a problem when a ceiling index is not going to be placed on the loan. One of the things you are looking at is ejecting the principal amount. Mr. Hope asked how would it affect if there is a 20 year fixed rate in place? Mr. Whitt asked what a SWAP is? It is

a guaranteed income stream for the bank, investment projection, tax hedge so to speak. It guarantees a certain return for the bank. He spoke about the LIBOR index and how the rate could be effected in the 12 year range.

**#3. Low Impact Development by Rusty Rozelle.** Ray Clemmer, Stormwater Mgt – introduced Rusty Rozelle. A PowerPoint presentation was given by Mr. Rozelle covering the topic of low impact development. Mr. Rozelle stated the purpose of this is to prevent water from being polluted and the use of this process in local jurisdictions. The pros and cons of low impact development will be covered as well. Sources of water pollution including point sources, non-point sources, channel degradation. In Charlotte, we found a point source with a body shop dumping antifreeze directly into a storm drain causing pollution. Typical nonsource solutions are bacteria from animal waste, pesticides, etc. Channel breakdown can occur with as little as one inch of rainfall. The velocity of water in the creek moves faster and tries to reach equilibrium to make more space to accommodate the additional water level. Localized flooding can occur with urbanization as well. LID – is control of nonpoint source pollution and channel degradation. Some of the key principles are preserving trees, maintaining natural drainage patterns, locating best management practices for removing pollutants and using permeable soils. Most development companies do mass grading and clear cutting to lower cost. Low impact development seeks to minimize this. From a topographic standpoint, the trees make the largest difference. He presented demonstrations of high impact developing versus low impact developing. The down side for developers is losing lot numbers as a whole, but the gain is the stormwater advantage. He presented high impact slides of Birkdale Development in Cornelius. He showed the low impact alternative to that same development. He showed demonstrations of a “rain garden” alternative. He explained to council how this approach moves to protect against stormwater pollution. He stated this is one of the better techniques. He used NorthLake Mall as an examples of this rain garden technique. They are used in the parking lot at this location. Discharging stormwater into the rain garden or tree area is a huge benefit and is being used by many municipalities. Green roofs are another example of this. Covered parking is another idea that is becoming popular. Huntersville is using a lot of low impact development. The Huntersville Performance Criteria was reviewed on the PowerPoint presentation. Zoning classifications were discussed / reviewed through the presentation regarding low impact development. To comply with ordinances, the model automatically tells you if you are achieving compliance. Pros and Cons of LID were reviewed. Possible applications in the City of Mount Holly were reviewed in the form of the slide presentation. . Mr. Kraus asked about sidewalk issue – how do you accommodate grass swells with a sidewalk as well? Mr. Rozelle stated it takes more space and can be done on opposite sides of the road, but it can be done and has been done in Huntersville. Cary has adopted this as well. Neotraditional ways incorporate alleys, etc. Mr. Kraus stated our strategic plan incorporates many neotraditional ideas.

**#4. Storm Water Fees by Wendy Foster** – Ms. Foster stated what interests me in the presentation by Mr. Rozelle is the fact that I had no idea that one acre of impervious surface times 1 inch of rain makes a difference of 27000 gallons of water. In your packet, we have worked for six months on what we need to do as an advisory committee with stormwater as a utility. What we propose is several things – we would like to pull stormwater as a new utility at time of the budget approval. Based on the figures we came up with, with help of the city mgr, we found that right now you collect approximately 150k per year. In order to do this as a utility, it would take approximately 300k which means there would be a 150k increase in fees. We have studied the best way to find this money. We need to implement a higher charge. There is a flat fee way to do this, which is what we are doing now. This is not equitable for the city. ERU (equivalent residential unit) is how Gastonia measures this, each unit based on 2500 square feet of impervious surface. The storm water fee consideration letter has one error. On the third paragraph, we need to remove the last sentence. We have decided we will not give a credit for multifamily buildings. To make this cost effective, equitable to the city, and fair for everyone, we recommend the tier program for businesses and industries, by 5000 square foot ERU. We propose each ERU at 5.25 per unit for business and industries. By this, we can reduce flat fee to residential is 4.75 per

household. We felt like that is equitable, keeps us under the other local areas, This will allow you to collect 15000 to 16000 more than the budget. Mr. Whitt asked about what happens to funds collected right now. Mr. Kraus stated it goes into the general fund and expenditures come out of the same account. The city of Gastonia is utilizing stormwater committee to decide where that money is spent. Mr. Kraus stated you could have a citizen with a project that is bumped with reprioritizing other projects. Mr. Kraus stated equipment usage and maintenance is included in this new budget breakdown. Mr. Whitt and Mr. Kraus discussed the personnel coverage etc for this. Mr. Whitt asked about Gaston county and what they are doing? Mr. Kraus stated Ray and I discussed this. Gaston County is trying to develop a program that can be applied across the county. They have not presented their proposal yet to the county commissioners. Ms. Foster stated we did speak with Gaston County and we have worked for over four months on post construction ordinance. They will not be ready until June. We will be ready on January 1<sup>st</sup>. We will recommend that ordinance to you and we would like for you to accept it. In June, you will have the ability to review it and decide if we are ready to move it to the county at that time. Mr. Kraus stated there are those who do not feel the county is doing a good job with soil erosion and sediment control specifically in Stonewater. Council would have every right to make decision in June with keeping it in the city or joining forces with the council. Mr. Kraus stated this is informational only. We would like for Council to adopt new stormwater fees next Monday if that is your pleasure. Mr. Kraus stated we do not feel flat fee for commercial / residential structure was fair. This increase will help pay for current expenditures or put it in a reserve for future expenses. Credits would be allowed for a industry based on impervious structure. For comparison sake, right now Freightliner is paying 20 dollars per month, and with the change, it would be 9700 per year. Mr. Moore asked if we adopted this, when would it take effect? Mr. Kraus stated it is up to Council.

5 minute break called by Mayor Whitt.

**#5. Potential Lease Of Mount Holly Furniture Parking Lot and Awning Issue** – The Fullers have requested that we take the money that we would have used on their awnings, they would like us to pay that toward revamping the façade of their building. Mr. Michael stated we could compensate for removal and repairing are of the awning. I don't think we can compensate them for the façade. We could word it by allowing the amount equating to the awning. The parking lot issue with the lease including an easement that is no longer needed so new contract will have to renegotiated. Mr. Michael stated we would have to make sure this was a worthwhile expense for the city to incur. Mr. Kraus stated the first time around, Danny felt comfortable with the zoning ordinance as long as municipal lot was large enough. Ms. Harris stated if something big went in there and took up all the places, what benefit is that to the city? Mr. Whitt asked do we still want off-street parking for the city citizens? Mr. Hope stated he has an issue with the city being responsible for maintenance and repairs. Mr. Moore asked if we have police cars that are parked in that parking lot? Mr. Kraus stated yes occasionally and we have bricks there as storage right now as well. Mr. Kraus stated they were advised by their attorney to fence it in due to liability issues. Mr. Michael stated the lease that was drafted, there was a contingency related to the power line easement, etc. We then we redirected and did not need an easement for that property. Mr. Moore stated we don't need the entire lot, can we lease just a portion to cover places for our cars? Mr. Bishop stated he is concerned about cost of repairs as well. Mr. Whitt stated we can lease it for 1 dollar a year if we maintain it. Mr. Kraus stated it needs repairing by patchwork and removal of barrel in the middle of the lot. Mr. Whitt stated this issue needs to be put to rest one way or the other in my opinion. Mr. Kraus stated the issue may be an off street parking requirement for downtown businesses.

Motion: Ms. Harris makes motion to not enter into agreement for lease of parking lot, seconded by Mr. Hope.

Vote: All in favor. CARRIED.

In the awning situation, we agreed to settle with other businesses for the cost of the awning if they used

one approved by city council. Consensus by council to leave existing agreement of awning in place for all property owners.

**#6. Leaf Pick Up Proposal** – Six year summary of collection / growth presented to Council by Mr. Kraus. This year we are proposing a call up system. We would staff it with a retired part time person and then a full time person from storm water assignment. There would be the addition of a part time driver. Mr. Kraus stated this will cost about 1500 to 2000 dollars and cost of employee, which would be approximately 5000 dollars. How much will this save in comparison to picking up bag leaves? Mr. Kraus stated he does not have the dollar amount for this estimation. Next year this will fall under the stormwater and their budget.

Mr. Moore moves to approve call-in basis for loose leaf pick-up for two days per week, seconded by Ms. Harris. All in favor.

**#7. Request by Greg Dimmer for water and sewer outside the city.** Mr. Kraus stated last month Mr. Dimmer requested to be allowed to tap into water and sewer for city. We have met and talked about water and sewer running from EG line to alleviate pressure difficulty. We are giving him the option to tie into Faison if he desires. The big issue is he wants to build a subdivision and he wants water and sewer, something we have not done in the past. Mr. Kraus stated the discussion was leaning toward allowing him to do this but Council never took action. The impression staff had was Council talked about it and was favorable but did not take action. Mr. McLean stated from what I understand, he is willing to come into city limits as soon as the moratorium is lifted. Mr. Beal stated I have researched this and we can contract with him for water and sewer and then have future date of annexation agreement and allow him to proceed. If he then decided not to apply for annexation, then he would be denied water and sewer at that point. Mr. McLean asked about water tank issue. Mr. Whitt asked if we want to go forward with this. Ms. Harris stated we gave clear direction at last meeting in my opinion. Mr. Hope stated I thought staff was going to draft an agreement. Mr. Moore stated I don't think annexation was mentioned we did talk about water and sewer and the moratorium. To me, if it will help him out, I don't have a problem with water and sewer with agreement to annex at a later date. Mr. Bishop stated he needs some kind of contract with the city. Mr. Dimmer stated I need something in writing stating that you will allow me water and sewer and then annex at a later date. I have been approved by the county and this is all I am waiting on. Mr. Michael stated this could be done at next meeting with contract stating he is meeting all requirements and he is subject to annexation at end of moratorium. If the moratorium is extended, it has to be done before he sells the first lot because then we are dealing with multiple owners. We need to make sure vested rights are waived under county requirements, etc. I could have this ready at next meeting with council consent. Mr. Whitt stated let's say you adopt new regulation for annexed property at end of moratorium, does this apply to his development or not? Mr. Bishop stated these stipulations could be made in the contract. Mr. Michael. Mr. Dimmer stated I can assure you my subdivision will far exceed your subdivisions. I am just asking for a water and sewer letter and that you rely on your staff to do their job to make sure that stipulations are met. Mr. Dimmer stated that houses will be equivalent or above to Rhyne's Estates. Ms. Harris stated we know him and the type of work he does. Mr. Dimmer stated he is bound by watershed area requirements as well. Mr. Kraus asked if council wants attorney to draw contract between city and Mr. Dimmer. Mr. Hope stated a lot of this should be on an individual basis. Mr. Whitt asked how is the attorney to draw this contract.

**Motion:** Motion by Ms. Harris that city attorney enter into negotiations with contract to present as it relates to Mr. Dimmer to be granted water and sewer under condition to be annexed under rules that exist right now. Seconded by Mr. Hope.

**Vote:** All in favor. CARRIES.

**#8. Utility Reorganization.** Utility Director, James – stated there is a position at the wastewater plant

that I would lie to reclassify to a superintendent level position. You all passed two ordinances, one on a cross connection control and backflow prevention and also a fog ordinance. We sent out 300 letters to survey what system would look like now with backflow prevention. It is going to require a lot of inspection. Both programs are very complicated and I feel we need someone to take care of this. We will not increase headcount, just reclassify a position and salary upgraded. The responsibility would require a 16,000 increase in salary. Mr. Kraus stated in these type of programs, we can charge fees for the inspection, as well as application fees that would contribute to offsetting this cost as well. There is sufficient funds to cover this account. The old title was lab tech, and it will now be a operations position.

Mr. Hope asked staff to prepare a written recommendation and present it to council on Monday night at our regular meeting. Consensus by Council to add this to agenda for Monday night's meeting.

**#9. Updates by city manager.** Update on planner. We are re-advertising in American planning association journal and contacting planners we know in the region that are qualified. The original budget did not include salaries to cover this level of expertise. Ms. Harris asked about our salary? Currently our Sr Planner is paying 35 to 40k per year and we need to increase to 50s. This can be handled internally. Trash collection – Trent, our old auditor, is preparing a analysis of our cost versus contracting it out to prepare for budget. Mr. Whitt stated I thought this would be prepared way before this. Mr. Kraus stated we did not feel we could present a number that was trusted. You need an impartial, outside number. Economic Development Conference – very interesting. Sidewalks – the contractor requires contract and payment bond. Lee Skidmore will not provide payment bond that is acceptable. He is providing copies, etc. Mr. Michael stated I feel the issue is with the bonding company, not the contractor himself. Mr. Michael stated it will be forthcoming and we would let him have a little more time. MR. Kraus stated he is still guaranteeing last year's prices. CSX – we are still working on this. The crossing on Wester – I get verbal promises but nothing in writing. They have a complaint about trains stopping on Westland Farm Road and asked for assistance. I am not sure how we can help them. Ms. Harris stated we gave them 45,000 to scheduled flag man. Mr. Michael stated on CSX – as you recall, the last meeting Crescent had sent an amendment to extend that to the end of January. After speaking to their attorney and realizing Crescent is no closing to ever in agreement, if we have railroad work out easement today, we can not close by end of January. There is no reason to extend it when date cannot be met. I suggested going to the end of March and would like consensus of Council to go with this. Consensus of Council to extend per Mr. Michael's request. Mr. Whitt stated Council needs to decide whether we need to continue pursuing this with existing allowances of no easement over railroad track. That seems to be where we have been from day one and we are still there. I am not casting dispersions, we have tried. Mr. Moore stated we need to acquire that property. Web Page – David Jordan has the contracts so he can change the format. He will hire someone that will make them dynamic so you can type in a word document and update them. We have a huge problem with spam. Ms. Harris stated I had 500 pieces of SPAM including a nasty letter from a man that my email box had rejected his mail. We have asked him to put a spam filter on and now we get more.

**#10. Request for review of city sewer rates by A &E and Freightliner.** Mike McCurry, PM of Mt. Holly, Harvey Elmore, Facility Mgr – They would like to meter their sewer based on how much they discharge. Much of their water is used in the process and it is unfair to change their sewer based on water. They want a justification as to how we came up with the rates – Consensus by council to research and get this information back to them.

**#11. Greenway Update.** A&E will be meeting Wednesday to walk through with their engineer and okay the easement. Mr. Michael stated the easement has been drafted. At one point they wanted it contingent upon water rates, that was denied. We need three easement contracts to dedicate our first area of greenway. Clariant is being difficult about area of easement being too close to the water. We do have an alternate idea. Ms. Harris stated at the last FROG meeting we found out about the Clariant issue. Mr.

Whitt asked for update on this at next week's meeting.

**#12. Petitions for Minimum Housing.** Mr. Kraus stated we have called James Luster, Centralina Council of Government to handle this. The state law at his harshest which is reflected in our ordinance, for you to be able to condemn under minimal housing, the repair cost has to equal 50% of the value of the house itself. You just can't file a minimal housing petition and condemn a property. Mr. Luster is now scheduling a meeting with each of the property owners, to inspect and notate deficiencies and come up with an idea of what the cost of repair would be and if they meet requirements. Mr. Whitt stated there is a process and we are following that process. Ms. Harris stated the duplex is pretty bad and there is a drop cord that runs from one to another. Mr. Whitt stated that should be stopped immediately.

**#13. Multifamily system development fees.** Council needs to make decision -- committee feels it should be charged at time the meter is set. Mr. Kraus stated recommendation would be for multifamily to require one master meter for whole development and for system development fee to be paid at one time. Consensus by Council to add this to next Monday's agenda.

**#14. National Gypsum Raw Water.** Mr. Kraus stated draft agreement will be there on Monday for Council to approve. Information provided to staff by National Gypsum was presented to Council members in paper format. 2400.00 will be paid per month regardless of whether we brake peak or not. They will pay a maintenance fee, monitoring fee, etc. They are paying more than the cost to produce the raw water.

**#15. Delinquent Taxes.** Mr. Michael stated I met with the tax collector. There is approximately 8 properties that are in the process of foreclosure for taxes. Also, we will send a 30 day last opportunity to pay letter. Mr. Barker, a Catawba Heights citizen, has several properties that are going into foreclosure due to past due taxes.

**#16. Cemetery Maintenance** A citizen asked us to put a memorial back up that had been knocked over. The staff feels this is private property and we do not feel comfortable spending tax dollars to fix a tombstone.

**#17. To Declare Christmas Decorations as Surplus.**

Motion: Mr. Moore moves to declare Christmas decorations as surplus and dispose of them via electronic auction unless a municipality steps forward. Seconded by Ms. Harris.

Vote: Passes unanimously. CARRIED.

Motion: Mr. Bishop moves to sell surplus city vehicles on electronic auction. Seconded by Ms. Harris.

Vote: Passes unanimously. CARRIED.

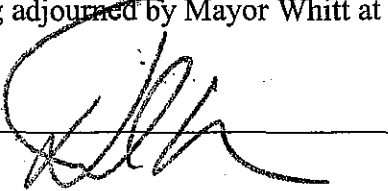
**#18. Bank Discussion.** Mr. Guffey stated Wachovia has complained about comparing apples to apples and brought in oranges. Originally this started when BB&T would not go 20 years. They really are proposing a 20 year amortization but with a 12 year rate adjustment. Citizens South was the only one who came in with the exact product we asked for but the rate was higher. Mr. Guffey stated First Gaston had a proposal in the beginning but the terms of theirs will be tied to us moving our deposits to their bank. Mr. Kraus stated we are not comfortable with BB&T. Mr. Guffey stated Wachovia should have presented what we asked for with no prepayment penalty. Bob Chandler from USDA stated a bill right now would give an extra 100 million to these type of projects. He estimates the NC state could get 50 million. If we get that 50 million, then he could do the whole project at 40 years 3 % with no prepayment penalty. Mr. Guffey stated that is why with Wachovia we do not want to go with a limit on the prepayment. The Council has to decide by Monday night. Mr. Guffey stated he can call the banks and state that we need no prepayment penalty. Mr. Michael stated with the time frame we don't have a

lot of time for negotiations. Mr. Whitt asked about amount being lesser of appraised value or 6 million. We need this to be rephrased as the greater of the two to cover us up to 7 million. Mr. Guffey stated we did not have the proposals until around 4:30 pm. Today.

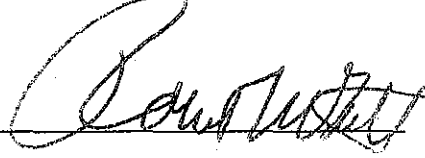
**#19. Agenda Items.** Mr. Moore stated ms. Chambers has asked to be removed as she has hired an attorney. She claims that our police dept was "rough " with her. There is a video to prove this wrong. Mr. Bishop asked that they send a letter to the Kendrick Farms ladies that want daycares from their homes and keep a copy for our files.

Mr. McLean **MOVES** to adjourn. **SECONDED** by Mr. Hope. Motion carries.  
Meeting adjourned by Mayor Whitt at 10:10 pm.

Clerk



Mayor



jmb