CITY OF MOUNT HOLLY

MOUNT HOLLY CITY COUNCIL
WORK SESSION

SEPTEMBER 05, 2006
CITY HALL

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:

Mayor Robert Whitt
Mayor Pro-Tem Phyllis Harris
Councilman Jerry Bishop
Councilman Jim Hope
Councilwoman Pat Hubbard
Councilman Frank McLean
Councilman David Moore
City Manager David Kraus
Assistant City Manager Jamie Guffey
Community Development Planner Greg Beal
Fire Chief Dale Oplinger

The invocation was led by Mayor Robert Whitt.

1. **Presentation and Discussion of Study for Regional Wastewater Treatment Plant**.

The following guest speakers were in attendance and participated during the discussion related to this topic.

- Barry M. Gullet, P.E. – Charlotte Mecklenburg Utility Department (CMUD).
- Brent Reuss, P.E. – Black & Veatch International
- David M. Parker, P.E. – Black & Veatch International
- Mary P. Knosby, P.E. – Black & Veatch International

Mr. Kraus stated we have been in discussion with CMUD for 12 months or so and we started with six different options including possibilities of both cities going their own way versus the two cities working together to build regional plants. We have examined every option. The study does not cover how the plant will be run, who will run it, or what the rates will be. What the study covers is the cost of treating wastewater. The issues of rates and who does what will all be decided in future studies. This is looking primarily at cost of wastewater and what will make sense.

Brent Reuss led the presentation and started by stating that this study is a feasibility study at a high level to determine if it is cost effective for both entities to consider a regional alternative partnership with demands that both will be facing in the upcoming years. Before I start, I would like to thank the Mt. Holly staff for participation. The input from staff has been very helpful in conducting the study. The study was at a high level and we want to determine the best solution for Mt. Holly and CMUD. We looked at six different alternatives with all staying separate with expansions independent from one another. The next option was for Mt. Holly to expand their plant, stay separate, and CMUD build a new plant just on the other side of the river, south of the Clariant facility. The third option would be to expand the plant at your current facility, and all CMUD flow from Long Creek and west side service will be treated at an expanded plant on Mt. Holly side. The next option would be CMUD constructing new plant adjacent to Mt. Holly's. The fifth would be that Mt .Holly flow would be pumped across river to new plant where both would be treated. The sixth would be keeping Mt. Holly at current capacities, pumping above 4 mgd to Mecklenburg at new plant who would process all CMUD flow in addition to this. To size facilities and project population and get understanding of cost, we looked at population projections for Mt. Holly as well as CMUD and convert to wastewater flow as well as strength of waste and NPDES permit limits. This permit stipulates level of treatment to be achieved. We looked at environmental studies, treatment plant expansion requires many environmental studies and permits finding no significant impact. Environmental impact statement needs to be prepared for large projects. We did develop conceptual plant sizes based on earlier projections, developed capital cost as well as operation and maintenance cost including staffing. The staffing situation at your current plant will change as permit changes.

Mr. Reuss presented population projection slides showing:

	Year 2000	Year 2010	Year 2020	Year 2030
CMUD	23297	43371	74098	115580
MT. HOLLY	9000	14515	24382	39322
TOTAL	32297	57886	98480	154902

Packets detailing this information was provided to council members. Again, he emphasized flow demands and treatment requirement growth, similar to population projections.

Flow projections graph was presented (slide changed too quickly to record in minutes).

With growth that is presented, expansion by Mt. Holly will be necessary in the very near future. Critical issues were described as NPDES permit, Cost and Schedule. The permit that Mt. Holly has right now does not include any nutrient removal. You have an oxygen limit and solids limit, but no limits on nitrogen or phosphorus that other plants all have. Don Price (Former Mt. Holly Dept. Manager) had contacted the state well before this study started and inquired about what permit limits might be if plant is expanded to 6 mgd. Above 5 mgd, several things happen, you end up with nutrient limits. Wastewater has to be treated to a higher level, including a more permanent / maximum staffed plant, capital cost increase and you experience an increased labor cost. Again, that impacts the cost as well as the schedule just because the facility becomes more complex, takes longer to build and put in service.

Current NPDES Permit for Mt. Holly is for 4.0 mgd with no nutrient limits. Mr. Reuss continued to say that the anticipated NPDES would require more stringent nutrient limits, and 24/7 staffing. The time to permit a new or expanded plant could be lengthy and will increase O&M costs significantly. From an environmental permitting standpoint, one plant would be easier than multiple, allowing a shorter schedule than having it permitted on both sides.

Cost analysis slide reflecting the following was presented:

- Two phases through 2030
- Evaluation of six alternatives, ranging:
- First phase, 160 to 190 million (to 6 mgd)
- Second phase, 80 to 130 million (to 8 mgd)
- Any new or expanded plant will be expensive to meet more stringent limits.
- Regionalization, working together reduces capital and O&M costs.

Operating one facility in partnership with each other lowers capital cost as well as O& M cost. There is a lot of duplication in effort and services that would happen in two plants. Working in a partnership makes cost saving available to both entities. Schedule was presented by slide to estimate range of permitting design, construction and completion dates. Permitting and design activities could be going on concurrently. Two to four year range shows range in series, extending schedule out. For a project this size, we are looking in a two to three year range. Somewhere between 2010 at the earliest and 2013 on a more relaxed scheduled for completion.

Recommendation slide was presented reflecting the following:

- The combined treatment is more cost effective than operating separately resulting in reduced capital and O& M cost.
- Permitting process should begin immediately.
- Schedule to get expanded plant in operation likely to take five to seven years.

A slide describing the next steps in this process read as follows:

- Negotiate a formal agreement with CMUD including financing and cost structure, focus on options and cost to each Utility.
- Continue to develop more detail on selected alternative.
- Begin environmental studies and permitting process.

Options we looked at are two phases, alternatives can be refined to be more optimal. Again, beginning environmental and permitting process needs to begin fairly quickly regardless of whether the two entities remain separate or join together.

As the PowerPoint presentation by Mr. Reuss ended, Mayor Robert Whitt opened the meeting for a question and answer session.

Councilman Moore asked if we have acreage to do this on our side with CMUD. Mr. Kraus stated we would have to acquire it from A&E. CMUD representative, David Parker, recommended working together on the Mecklenburg side as more space is available there. Slides were shown of existing Mt. Holly plant, A&E land as well as ball fields, to show options for further expansion. Layout of treatment plant was shown on CMUD side of the river and in that alternative; the existing Mt. Holly treatment plant would be converted to pump station with pipeline over the river to the Mecklenburg side where flow would be treated. In the option with all flow treated on the Mt. Holly side, it would be on A&E property, trying to preserve the ball field areas.

Mayor Whitt asked about pungent odor on Tyvola Road at CMUD's Sugar Creek wastewater plant. Mr. Parker stated that this problem has been taken care of. He stated the pump station at Long Creek takes wastewater from all the way at NorthLake Mall, south of Pineville to McAlpine Wastewater treatment plant. Mr. Parker stated the town of Mt. Holly is facing growth needs as well as our Long Creek area. The Sugar Creek Plant was built in 1922, and wins national awards. It was a bad source of odor for a long time, but that has been fixed.

Mayor Whitt asked Mr. Reuss to talk about his recommendation. Mr. Reuss stated his recommendation to be alternative 5. Facility would be built on Mecklenburg side with some facilities on Mt. Holly side. We would use tankage already there to size facilities and save cost. There is better buffer on the Mecklenburg side from residences and businesses, and opens more land on Mt. Holly side. The parcel on the Mecklenburg side allows a better layout of the plant. That option resulted in the best layout and solution and most efficient long-term. Mr. Parker stated it has merged in the past with other entities. He stated they also have agreements with the city of Concord, and Cabarrus County. We partnered on a pipeline that runs up The Rocky River to the Huntersville / Davidson area. Union County utilizes

CMUD for wastewater treatment in our McAlpine facility. Mayor Whitt asked if CMUD controls all plants in Charlotte / Mecklenburg now and Mr. Parker stated yes. He described how costs are dealt with in the billing aspect, and stated that the individual entity bills their own customers to cover this at their own determined rate. Mr. Parker stated CMUD wants to work with Mt. Holly as a partner. He stated they are very open and flexible as to what that might look like. We want to do what is best for the customers and environment. Mayor Whitt and Mr. Parker discussed rates with this alternative. Mr. Kraus stated CMUD does not do rates per 1000 gallons. It is not directly comparable to our rates. Mr. John Eapen, Vice President of Environmental, Health and Safety for A & E, questioned Mr. Parker as to whether Clariant land had been considered / evaluated. Mr. Parker stated there is ongoing discussions with them. He stated Crosland also owns a parcel that would be effected. Mr. Eapen also questioned towns over-planning for future growth causing expenses that are not necessary for the city and asked Mr. Parker where did you base your numbers? Mr. Reuss stated we used information given by planning dept in Mt. Holly and historical numbers with growth over recent years. With this, projections seem very reasonable. We feel comfortable with that based on subdivisions and growth. Mr. Eapen asked if you expand on the A&E side, how many acres would that be. Mr. Reuss stated he could look that number up and get back to him. Mr. Whitt asked Mr. Reuss what his second recommendation would be. He stated either option with both cities using the same facility, either on Mt. Holly side or Mecklenburg side seemed the most feasible for all involved. Mr. Kraus stated we also looked at leaving existing plant and taking Dutchman's Creek flow and routing to CMUD facility. Mr. Reuss stated the challenge with that would be dual NPDES permits needed and less likely achieved. It is typical at renewal for them to increase the level of treatment provided requirement. When you need to increase the capacity that is the mechanism they use to measure requirements. Mr. Kraus stated environmentally they are looking at Catawba River and Lake Wylie, reducing nutrients, and at some point, that is going to happen either way. At some point, we will get nutrient level requirements, even if we stop growing (Mt.Holly). Mr. Kraus stated piping into the main channel is a benefit. Mr. Eapen asked about regulators approving multiple permits if Clariant does not agree to sell their pump station. Mr. Reuss stated this was something taken into consideration. Mr. Parker stated we believe this facility does have obstacles and we want to take this in incremental steps. There could still be obstacles that keep this from going, but from our perspective, there will be substantial growth on both sides funneling into this location. We can deal with this separately, or together. He additionally stated we would like to pursue this further. Mayor Whitt asked if he was asking Council to give a sign one way or the other. Mr. Kraus stated he did not feel Council was ready to make decisions tonight but in the very near future, we will need a go or no-go direction from Council. Mr. Parker stated option no. 5 is the preference at this point for CMUD, but we should leave other options on the table. Mr. Kraus stated if Council is interested in looking into other options, Council could authorize Kemp to evaluate and study options. Mayor Whitt asked about cost of evaluation. Mr. Kraus stated that was not determined at this point. Mr. Kraus stated we just need to know if Council is interested in continuing discussion. Mr. Michael asked if CMUD has power of condemnation? Mr. Parker stated yes we have used it but not to acquire a plant. We do have the authority. Mr. Michael then asked are you in the process of negotiating with Clariant? Mr. Parker stated yes. Mr. Michael asked would we buy a portion of capacity or effect our rate if we weren't partnered. Mr. Kraus stated it becomes a question of do you want to commit resources, buy or sell to CMUD. Mr. Parker described different scenarios with partnerships they are involved with at the present time. Mr. Michael asked if it was not built in Mt. Holly, or on the Mecklenburg side of the river, do we have a fall-back location. Mr. Parker stated it would either continue to go to McAlpine or to three other plants, requiring more pipelines being built. At this point, our thinking is that this is a very attractive alternative. We want to pursue this location, but do have a fall-back.

At this time during the meeting, all speakers and guests exited, and Council opened discussion regarding presentation.

Mr. Kraus stated A&E is 1/3 of our capacity; we don't want to lose them. We want to keep them involved in process and keep them functioning as easily as possible. Mayor Whitt stated they have not asked for a cash commitment at this point. Mr. McLean stated I do not want theirs pumped here, we can pump ours over there. Mr. Kraus stated A&E is not going to be willing, more than likely, to sell that much land to us anyway. Mr. Hope stated it looked cleaner on the Mecklenburg side. We can eliminate recurring cost on our side by moving it to their side. Mrs. Hubbard stated I like the sound of sending it over there. Mr. Bishop stated utility committee sees it as well worth looking into. We will eliminate our sludge problem, land acquisition and a host of other things such as chemicals. We have been assured our employees will have jobs with CMUD as a result of this. They need us as bad as we need them. We would not have to look at making profit here, all we would have is a basin here. Mr. Kraus stated we want to compare our capital cost of expansion, continued maintenance versus our cost of partnering with them. Mr. Bishop stated to him, it is a no brainer. We should look into it deeper. Mr. Kraus stated A&E would like to share their point of view with us. Their concern is if their costs get too high, they will build their own pump station or move their facility. We could offer them a special rate, it is all negotiable. Mayor Whitt stated it sounds like Council is interested in staying in the boat for now. Does council want this on the agenda for next week for a motion or consensus? Consensus to add to agenda for next week and allow A&E to attend and make a presentation if they would like.

2. **Update by City Manager / Round Table Discussion**

Mr. Kraus asked Mr. Michael to speak about issues regarding letters of credit that had previously come before Council. Mr. Michael stated a month ago, David and I mentioned to the Council that one of the developers wanted to propose a letter of credit by Regions Bank, Letter of Credit Dept in FL. We have cashed a few before, once in Concord, once at First Charter in Charlotte and had some difficulty but did get it. It raised questions though whether to accept this letter of credit and issue was presented to Council. We agreed only to accept in Gaston and surrounding counties. Most banks, large and well-known, don't have letter of credit depts. Here, for example, Wachovia has their letter of credit dept in Winston Salem. We have had two developers back to back that use Regions Bank with the letter of credit dept in Florida. We are at a cross-roads with developers / banks and we may need to revisit this and alleviate the strictness of this and allow staff to accept letters of credit from large banks that may not have local LC depts. We need to reconsider this. Mr. Kraus stated the vast majority of times, we have not had to cash a letter of credit, and both previous times were with Riverfront. Mayor Whitt asked Mr. Kraus to add this to the Council meeting for a motion next week.

Mayor Whitt stated every Thursday morning at 9 o'clock here at City Hall there is a meeting with architect and construction manager at risk – you are all invited to attend. If more than four show up, someone has to leave, as no quorum is allowed. Mayor Whitt stated if more than three of you come, I will leave to allow council members to stay. Mr. Hope stated they are very informative. Mr. Hope stated one thing we are trying to push is that anything behind public doors should be a standard office layout. They had some upscale type designs but I don't think we need that. If Council can be here, be here. Input is needed. Mr. Kraus stated we hopefully will be able to come up with proposed guaranteed maximum price in a few weeks and will ask Council to call a meeting in that particular building where architect and construction manager at risk can propose price and changes, etc. This is an essential step to get to the final guaranteed maximum price. Ms. Harris asked were their major changes? Mr. Hope stated not major – just the pricey, upper class office designs, were moved more down to a standard office design. Mr. Kraus stated we eliminated the auxiliary building. Mr. Hope stated it is over 1 million dollars just for the electrical. Mr. Kraus stated they have changed the type of PVC piping on the plumbing side to save money but not to cut corners. Mr. Hope stated we have a budget to stick to, and the bells and whistles put us over that budget. The construction committee has a meeting onsite every week and Council is welcome to attend this as well.

Mr. Kraus stated as many of you know, the city has a "green machine" – the big machine that jet-vacs out the sewer lines. We have two of them. The older one is not working. We don't see advantages of fixing it. We would like to replace it and auction off the old one. We would like to add this to our agenda. We would need to reallocate money for new machine that would be smaller, so that you would not have to have a dump truck to pull it. We do need two, to keep one available in case one is not working. We do use these for storm water as well. Mr. Kraus stated we use these at least once per week. The new machine is 34,000.00 This money can come from saved money in the water fund on the generator side to be moved to the sewer fund from current year budget. We have the money, just needs to be reallocated. This information will be in the Council packet. Consensus by Council to add this item of reallocation to the consent agenda for next week's meeting.

Mr. Kraus stated as in the weekly memo, sidewalk maintenance issues can be discussed or we can just continue with Monday / Tuesday crew doing maintenance. Mr. Moore stated at Woodlawn and Leo Drive – that area is being taken over by kudzu. Mr. Kraus noted this and will have it handled.

Mayor Whitt asked Mr. Kraus to put presentations before manager's report on agenda and committee reports can be deleted for this meeting.

Ms. Harris asked about ETJ and if Mr. Kraus had talked to county. Mr. Kraus stated the county is more than happy to help but they want us to hold off until more stringent ordinances are in place. Greg Beal has been working with county office on this.

Mr. Kraus stated a while back we had applied for a grant for two to three police traffic officers, and we have had one approved and a car. Mayor Whitt stated at some point we will have to absorb the cost. Mr. Bishop stated there is usually a three year turn on this. Mr. Oplinger stated I think this was done when they anticipated increased traffic flow due to 485 loop. Originally the grant was denied and now it is approved.

Ms. Hubbard asked if overlay information will be in our packets this week. Mr. Kraus stated you will have some, maybe not all of it. He stated he did talk with Deb Ryan today and she is working closely with Greg on it. Until today, she did not realize that someone might be planning to do a dredging / mining operation in that area and she did not think that was a good idea. Mayor Whitt stated staff will come up with recommendation for public hearing.

Mr. Kraus stated we are presenting a new ordinance for use of ATV use in the city limits for council discussion at the next meeting.

Mayor Whitt stated he wants construction information under manager's report for A&E. Moment of silence should be observed as 5 year anniversary of Sept 11th. Mayor Whitt asked that on the agenda, in the place noting name of ministers giving invocation, that Mr. Kraus please put the church or affiliation they represent.

Mr. Moore stated Christmas lights are being planned. $10,000 budget is allowed and we have three companies bidding. We really want to make Christmas look real nice downtown. We want to incorporate banners, lighted bow wreaths, etc. Mr. Kraus stated we can relocate our banners that are existing in another part of town. Normally we decorate a week or so before Thanksgiving to accommodate Christmas parade through town. Mr. Kraus stated Council can let us know about moving old brackets / banners to another location. Maybe we should put this on E-bay as a public auction.

Ms. Harris asked how long until everything is finished downtown. Mayor Whitt requested that Mr. Kraus put this in the report for meeting next week.

Mr. Kraus stated public safety dept needs to speak with a citizen that sent email requesting curfew on teenagers. She did not cite an existing problem. She listed all cities that have existing policies on this. Mayor Whitt stated we should take the suggestion and let them review it. Mayor Whitt inquired about the number of police cars on the road during overnight hours as he had been informed that there was only three, while Belmont had five. Mr. Bishop stated to his knowledge there were four in Mt. Holly during overnight hours.

Ms. Harris stated WSOC called her at 12:30 in the morning asking about Freightliner's strike. She stated she knew nothing about what they were talking about. Ms. Hubbard stated it came in our packet after the fact.

Mr. McLean asked about Robert Saunders and his animals. He is a Vietnam vet and feels we have discriminated against him. He complained about his neighbor's trash, and then they complained in retaliation. Ms. Harris stated we did not even know he had a horse. Mr. Kraus stated he usually has cows and chickens. Mr. McLean asked can we come up with some permit to allow him to keep at least one animal out there on this five acres. Mr. Kraus stated Council could grant an exemption for agricultural purposes. Mr. Michael stated if we had 200 ft from the property line, we could revert back to old rule as we had no problems until that an issue last year. Ms. Harris stated this would not be fair to the citizens effected during last year's issue as they will state we were unfair and did it to get rid of them. Mr. McLean stated he lives here, has served our country and I hate to see him go down because his neighbor complained. Ms. Harris stated well then the neighbor is going to say they have issues with the animal. Mr. Kraus stated we can exempt an RA zone. Mr. Michael stated under the grandfather allowance, we could allow him to have his animal. Consensus to allow that property (Saunders) to be grandfathered if zoning ordinance allows.

Mr. Hope stated Little Caesar's has requested to put a sign off the premises. We made him take off his costume with signs on the side of 273, and then other businesses posted signs off the premise. The sign in the median on 273 for Java Jitterz is the biggest issue and we get a lot of calls on this. Mr. Kraus stated he will get on it and assign this to a certain employee.

Mr. Michael stated there is a request by a local attorney to close streets behind Creative Dying. I called and talked to him. He represents a sand company. This attorney stated his firm filed lawsuit against the city stating the city stole dirt that was contractually for adjacent site. He asked that the city close a portion of Hill St, Herms, and Elm because they want to have a possible mine of sand out of the creek to pile up and transmit off the site either via Hwy 27 or through residential street. If he comes before you at a meeting and asks city to close that, there is a statute that says the city can call for a hearing themselves. But, there is nothing that makes you have to have a public hearing or close any street. This is purely legislative. The property owner can petition the city to close the street, but you are still under no obligation to close this. Mr. Kraus stated Deb Ryan is skeptical about this. Part of this is B3 commercial, but rear part is zoned light industrial and this would allow a mining operation. Mr. Michael stated unless streets were closed, there would be no place to pile the dirt. There are concerns with them crossing the sewer lines with their heavy equipment.

Mr. Kraus stated the whole issue of Landcraft's request for water and sewer service on the area they originally wanted to develop is still around. It is not on the agenda currently. Mr. Bishop stated we are under a moratorium. Mayor Whitt stated this is your trump card. If you play it now, you start this all over. Ms. Harris said to leave it off the agenda. Mr. Hope asked if they will build with or without city water. Mr. Kraus stated they could build something. They could put in a community well system. Also, Greg Dimmer is looking into purchasing the portion in between Hickory Ridge and Deerfield and he may ask for water and sewer as well. Mr. Kraus stated sewer is driving this Landcraft development .

Ms. Hubbard asked if the moratorium was justification to hold it. Mr. Michael stated yes. Our policy has been if you want water and or sewer, you have to submit for annexation and we are in a moratorium currently. Consensus by Council to keep this off agenda.

Mr. Moore asked about Tuck Center paving. It has not been patched. Mr. Hope asked about Terry Street. Mr. Guffey stated they are supposed to mobilize the second week in September.

Mr. McLean **MOVES** to adjourn. **SECONDED** by Mr. Moore. Motion carries.
Meeting adjourned by Mayor Whitt at 9:05 p.m.

Clerk ____________________ Mayor ____________________

jmb