

CITY OF EDEN, N. C.

The regular meeting of the City Council, City of Eden, was held on Tuesday, April 16 at 7:30 p.m. in the Council Chambers, 308 E. Stadium Drive. Those present for the meeting were as follows:

Mayor:		John E. Grogan
Mayor Pro Tem:		Wayne Tuggle, Sr.
Council Members:		Donna Turner
	(absent)	Darryl Carter
		Jerry Epps
		Gene Hagood
	(absent)	Jim Burnette
		Jerry Ellis
City Manager:		Brad Corcoran
City Clerk:		Sheralene Thompson
City Attorney:		Erin Gilley
Representatives from Departments:		
News Media:		Roy Sawyers, RCENO, Steve Lawson, Eden News, and Brian East, Star News

MEETING CONVENED:

Mayor Grogan called the regular meeting of the Eden City Council to order and welcomed those in attendance. He explained that the Council meets the third Tuesday of each month at 7:30 p.m. and works from a prepared agenda; however, time would be set aside for business not on the printed agenda.

INVOCATION:

Pastor Wayne Parleir, Pastor of Meadowview Methodist Church, gave the invocation followed by the Pledge of Allegiance.

RECOGNITION OF EDEN YOUTH COUNCIL:

Mayor Grogan recognized the members of the Eden Youth Council and welcomed them to the meeting. Those present representing the Eden Youth Council are as follows: Jesse Barnes, Chairman; Isaac Hopkins, Chancey Odonits, Laura Shumate and Jacob Scales.

PROCLAMATIONS AND PRESENTATIONS:

(a) Arbor Day Proclamation

Mayor Grogan read the following proclamation:

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### **2013 ARBOR DAY PROCLAMATION**

**WHEREAS**, in 1872, J. Sterling Morton proposed to the Nebraska Board of Agriculture that a special day be set aside for the planting of trees, and

**WHEREAS**, this holiday, called Arbor Day, was first observed with the planting of more than a million trees in Nebraska, and

**WHEREAS**, Arbor Day is now observed throughout the nation and the world, and

**WHEREAS**, trees can reduce the erosion of our precious topsoil by wind and water, cut heating and cooling costs, moderate temperature, clean the air, produce life-giving oxygen, and provide habitat for wildlife, and

**WHEREAS**, trees are a renewable resource giving us paper, wood for our homes, fuel for our fires and countless other wood products, and

**WHEREAS**, trees in our city increase property values, enhance the economic vitality of business areas, and beautify our community, and

**WHEREAS**, the City of Eden has been named a Tree City USA community by the National Arbor Day Foundation for the 18th year, and

**NOW, THEREFORE, I**, John Grogan, Mayor of the City of Eden, do hereby proclaim Friday, **April 19, 2013 as Arbor Day in the City of Eden**, and I urge all citizens to celebrate Arbor Day and to support efforts to protect our trees and woodlands, and to plant trees to promote the well-being of this and future generations.

Dated this 16<sup>th</sup> day of April, 2013.

John E. Grogan  
Mayor

(b) Spring Litter Sweep Proclamation:

### **SPRING LITTER SWEEP PROCLAMATION**

**WHEREAS**, the North Carolina Department of Transportation organizes an annual spring statewide roadside cleanup to ensure clean and beautiful roads in North Carolina; and

**WHEREAS**, the spring **2013 LITTER SWEEP** roadside cleanup will take place April 22 - April 26, 2013, and encourages local governments and communities, civic and professional groups, businesses, churches, schools, families and individual citizens to participate in the Department of Transportation cleanup by sponsoring and organizing local roadside cleanups; and

**WHEREAS**, Adopt-A-Highway volunteers, Department of Transportation employees, Department of Correction inmates and community service workers, local government agencies, community leaders, civic and community organizations, businesses, churches, schools, and environmentally concerned citizens conduct annual local cleanups during **LITTER SWEEP** and may receive certificates of appreciation for their participation; and

**WHEREAS**, the great natural beauty of our state and a clean environment are sources of great pride for all North Carolinians, attracting tourists and aiding in recruiting new industries; and

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**WHEREAS**, the cleanup will increase awareness of the need for cleaner roadsides, emphasize the importance of not littering, and encourage recycling of solid wastes; and

**WHEREAS**, the spring **2013 LITTER SWEEP** cleanup will celebrate the 25<sup>th</sup> anniversary of the North Carolina Adopt-A-Highway program and its 4,400 volunteer groups that donate their labor and time year round to keep our roadsides clean; and

**WHEREAS**, the **LITTER SWEEP** cleanup will be a part of educating the children of this great state regarding the importance of a clean environment to the quality of life in North Carolina;

**NOW, THEREFORE, I, JOHN E. GROGAN**, Mayor of the City of Eden, do hereby proclaim April 22 - April 26, 2013, as "**SPRING LITTER SWEEP**" time in the City of Eden and encourage citizens to take an active role in making our community cleaner.

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the Seal of the City of Eden, North Carolina April 16, 2013.

John E. Grogan  
Mayor

(c) Presentation by Ed Holbrook

Mayor Grogan introduced Mr. Ed Holbrook

Mr. Holbrook explained that he was present representing the Eden Rotary Club. The Eden Rotary Club recently celebrated its 90<sup>th</sup> anniversary and wanted to recognize Mayor Grogan as a Paul Harris Fellow. He noted that the City Manager, Brad Corcoran, a current member of the club, was his sponsor. He explained that this award was given to members recognizing them for the contributions that they have made in their community. He then presented Mayor Grogan with the award and a pin.

SET MEETING AGENDA:

Mayor Grogan stated that they had an item that needed to be added to the Consent Agenda as item 12(i) Consideration of Proposed Agreement N.C. Economic Development Center, Inc., Contract #2013-034-40101-102.

A motion was made by Council Member Tuggle seconded by Council Member Burnette to add to Consent Agenda item 12(i) Consideration of Proposed Agreement N.C. Economic Development Center, Inc., Contract #2013-034-40101-102 and also to set the agenda. All Council Members present voted in favor of this motion.

PUBLIC HEARINGS:

(a) Public comments concerning the closeout of the Community Development Block Grant 2009 Holland Street Revitalization Project (09-C-2064) to the North Carolina Division of Community Assistance.

In October, 2010, a grant agreement was executed with the North Carolina Department of Commerce so that the City of Eden could receive Community Development Block Grant assistance for the improvement of the

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Holland Street Area in the amount of \$850,000. The Grant funds were to be used for water, street, and drainage improvements, as well as clearance of vacant dilapidated structures, housing rehabilitation, and relocation activities. All activities served low and/or moderate income persons.

The North Carolina Department of Commerce, Division of Community Assistance, (DCA), requires grantees to hold a public hearing to gather public comment prior to the submission of closeout documentation.

Mayor Grogan called for a public hearing and asked if anyone was in favor or in opposition of this request. As no one came forward he then declared the public hearing closed and asked for discussion or a motion.

A motion was made by Council Member Epps seconded by Council Member Turner to approve the request to have public comments concerning the closeout of the Community Development Block Grant 2009 Holland Street Revitalization Project (09-C-2064) to the North Carolina Division of Community Assistance. All Council Members present voted in favor of this motion.

#### REQUESTS AND PETITIONS OF CITIZENS:

*No one came forward to speak at this time.*

#### UNFINISHED BUSINESS:

- (a) 2013 Board and Commission Appointments.

The following seats need to be filled on the City boards and commissions.

Ward 4 – Planning Board

ETJ – Board of Adjustment

Council Member Epps nominated Mr. Fred Ramsey for Board of Adjustment.

A motion was made by Council Member Burnette seconded by Council Member Tuggle to appoint Mr. Fred Ramsey to Board of Adjustment. All Council Members present voted in favor of this motion.

#### NEW BUSINESS:

*No New Business was scheduled.*

#### REPORTS FROM STAFF:

*There were no reports scheduled.*

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CONSENT AGENDA:

- (a) Approval and adoption of minutes: March 19, 2013.
- (b) Consideration and approval of refurbishing 1996 KME Fire Truck (Engine 4) – Financing for 5 years.

In the 2012-2013 Budget, City Council approved to refurbish the Fire Department’s 1996 KME Fire Truck (Engine 4) and it has been set up in the budget to be financed. On March 27, 2013, I requested bids from our local banks for the financing and received the following quotes:

BB&T	1.59%
Home Savings	1.89%
NewBridge Bank	2.64%

The lowest quote is from BB&T at 1.59%. The annual payments will be \$33,299.18 which falls within the amount budgeted for principal and interest payments for this fiscal year. I respectfully ask that Council approve BB&T as the successful bid and adopt the attached Resolution Approving Financing Terms.

- (c) Request for a temporary sign from the Eden Cruise for their monthly event in May, June, July, August, September and October 2013.

The Planning Department has received a request for temporary signs to be located in the public right-of-way at NC 14 and Arbor Lane (at BB&T). The request was submitted by Tim Lancaster on behalf of the Three Rivers Car Club for the monthly Eden Cruise events to be held on May 11, June 8, July 13, August 10, September 14, and October 12. The banners will be displayed from Wednesday through Monday the week of the scheduled event.

- (d) Request for a temporary sign from the Piedmont Pottery Festival Committee for the Annual Pottery Festival on June 1, 2013.

The Planning Department has received a request for temporary signs to be located in the public right-of-way at NC 14 and Arbor Lane (at BB&T) and in front of Kingsway Plaza shopping center. The request was submitted by Cindy Adams, Coordinator of Tourism and Special Events, for the Annual Pottery Festival to be held on June 1, 2013.

- (e) Consideration of Uncollectible Code Enforcement Fees.

After review of the following accounts, it is evident that these are legally uncollectible. Based upon this and upon recommendation of our accountant Judy Rouse, we request that the following amounts be written off so they will no longer show as delinquent accounts receivable. Continuing to include such amounts in the financial records of the City could result in a distorted age trial balance:

1. Sufficient evidence for filing a legal claim does not exist:

Account Number	Name	Amount	Date Billed
20248	James Albert Jones	170.00	09/06/2002
20101	John A. Vernon	200.00	11/19/2002
20110	Rosabelle Wilkerson Heirs	80.00	10/15/2002

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20098	Nancy H. London	729.62	08/27/2002
20134	Brittini Jill Evetts	2,137.78	02/12/2003
TOTAL		3,317.40	

Amounts due on properties which are now owned by the City of Eden through foreclosure of these liens. Once the properties have been foreclosed on, the property satisfies the debts and the debts can no longer be owed by the previous owners:

Account Number	Name	Amount	Date Billed
10918	Carlene G. Connolly	3,750.00	07/22/2009
21226	Christopher Cochran	3,750.00	10/01/2008
20116	Juanita Hairston	1,406.51	Various
20440	Lennie F. Phillips	2,700.00	06/10/2003
TOTALS		11,606.51	

(f) Consideration and approval of installation of crosswalks in Draper Village and street trees along Kings Highway.

In the current budget there is funding for several pedestrian and greenway type small projects. These funds were budgeted through special appropriations.

We are working on several of the projects that were in the original proposal. However, due to circumstances beyond our control one of the projects will not be completed.

As a part of a grant from the NCDOT we installed decorative crosswalks on Washington Street and completed landscaping and installed planters in the Draper Village area. The materials for the planned crosswalks were purchased and are in our warehouse on Klyce Street. I would like to ask your permission to spend \$4,495.00 from the above mentioned special appropriations account to have the crosswalks installed.

Additionally, at the City Council Budget Retreat, there was a discussion concerning installing street trees on King's Highway. We estimate the cost to install these trees will be \$16,170.00. I am also asking your permission to spend part of the special appropriations funding on this project.

Kings Highway Street Trees

175 Trees @ \$80.00 = \$14,000.00  
Mulch = \$250  
40 Tree Gator Bags @ \$19.00 = \$760.00  
Auger Rental for 2 weeks = \$1000.00  
= \$16,010.00  
+ 10% contingency = \$160.00  
\$16,170.00

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**Landsaver Environmental**  
*Geosynthetic Installation Professionals*

**PROPOSAL**

Town of Eden  
Josh Woodall  
[jwoodall@edennc.us](mailto:jwoodall@edennc.us)

Proposal Number: 130231  
Date: April 4, 2013  
Job Name: Crosswalks  
Job Location: Eden, NC

Quantity/Unit	Material	Price	Extension
<b><u>Install Only</u></b>			
200 SF	Duratherm - Herringbone pattern, Colonial Brick color	\$8.85 /SF	\$1,770.00
190 LF	8" White 125 mil edge Thermoplastic	\$2.50 /LF	\$475.00
1 EA	Mobilization	\$2,250.00 /EA	\$2,250.00

**Comments/Conditions**

- 1 Traffic control provided and maintained by others.
- 2 Material supplied by Town of Eden
- 3 This proposal is based on open-shop, non-prevailing wage labor.
- 4 This is a unit price contract. Invoice quantity will be based on actual installed product measurements.  
Contractor must have someone on site daily to confirm measurements.
- 5 Temperature for installation must be forty-five degrees and rising.
- 6 If quantities decrease by more than 20%, unit price is subject to increase proportionally.
- 7 One (1) mobilization is included with this proposal. Additional mobilizations beyond the control of Landsaver Environmental will be invoiced a ##### each.
- 8 Material installed on degraded or cracked asphalt is not recommended.
- 9 New asphalt must have a minimum of one week to cure before product can be placed.
- 10 Bonds or permits not included in price.
- 11 These conditions must be included in any agreement signed by Landsaver. If a subcontract is necessary, this proposal and all information contained in it shall be made part of such subcontract.
- 12 Removal of any existing striping is not included in this proposal.

TERMS: THIS QUOTATION SUPERSEDES ANY SUBCONTRACT AGREEMENT. ABOVE PRICES ARE GOOD FOR 30 DAYS. TERMS FOR PAYMENT ARE NET 30 DAYS FOR MATERIALS DELIVERED AND FOR LABOR CONSTRUCTION COMPLETED. A 1½% MONTHLY LATE CHARGE WILL BE CHARGED ON OVERDUE ACCOUNTS.

\_\_\_\_\_  
**Doug Evans**  
Sales Representative

ACCEPTED BY: \_\_\_\_\_

DATE: \_\_\_\_\_

TITLE: \_\_\_\_\_

PO# \_\_\_\_\_

2831 Cardwell Road Richmond, VA 23234  
1-800-588-9223 804-399-8369 Fax 804-271-8044  
A Division of ACF Environmental

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- (g) Approval to call a public hearing to consider the FY 2013-2014 Budget on May 21, 2013.
- (h) Consideration and adoption of Resolution to support the 2013-2015 Budget Funding for Clean Water Management Trust.

The Eden City Council is requested to consider a resolution to support funding for the Clean Water Management Trust Fund in the State's 2013-2015 Budget Cycle. The Clean Water Management Trust Fund has given the City of Eden two principal forgiveness grants of \$742,183 for the Northern Smith River Sewer Rehab and \$500,000 for the Tanyard Branch Sewer Improvement Projects in the last three years. The Governor's new proposed budget cut funding for the Clean Water Management Trust from \$10,750,000 to \$6,750,000. This large cut in funding will severely reduce the Clean Water Management Trust Fund's ability to fund projects for Cities across the State such as ours who have water/sewer infrastructure needs that are great.

We request that the City Council consider adopting this resolution in support of increasing the funding for the Clean Water Management Trust Fund to assist communities such as ours with the massive rehabilitation projects that are needed. If Council adopts this resolution, it will be forwarded to our legislative leader to ask their support of the increased funding for the Clean Water Management Trust Fund.

**Resolution to Support the 2013-2015 Funding for  
Clean Water Management Trust Fund**

**Whereas** the 1996 General Assembly established the Clean Water Management Trust Fund to provide an innovative and non-regulatory approach to the protection and restoration of the surface waters all across the state; and

**Whereas** the Clean Water Management Trust Fund is a non-regulatory program established to help meet infrastructure needs of municipalities and counties, restore degraded surface water, protect watersheds, increase recreational opportunities, and enhance quality of life in this state, all critical components for communities to obtain a competitive edge in their economic development; and

**Whereas** the Clean Water Management Trust Fund has funded 452 infrastructure projects to assist North Carolina Communities balance infrastructure needs with environmental protection and to help struggling communities become self reliant with future infrastructure needs; and

**Whereas** infrastructure needs across the state addressing drinking water, wastewater, and stormwater are estimated at \$16.6 billion between 2005 and 2030; and

**Whereas** the Clean Water Management Trust Fund has leveraged more than \$1billion of private, local and federal funds to support projects; and

**Whereas** the General Assembly has reduced funding for the Clean Water Management Trust Fund by 78% since 2010; and

**Whereas** limited funding for the Clean Water Management Trust Fund left 88% of 2012 critical local needs unmet; and

**Whereas** our economic vitality, health and ability to sustain ourselves and the natural environment all rely on clean water; and



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**Whereas** surface water must be protected to ensure sufficient drinking water supply for the state's growing industrial base and population; and

**Whereas**, Clean Water Management Trust Fund has provided grant(s) to the City of Eden to do one or more of the following; to protect, restore or enhance surface water quality for the benefit of the state's agriculture, military, recreation and tourism economies and to protect our natural heritage for the benefit of all North Carolinians; and

**NOW, THEREFORE, BE IT RESOLVED BY THE EDEN CITY COUNCIL AT ITS MEETING ON APRIL 16, 2013, THAT WE SUPPORT CLEAN WATER MANAGEMENT TRUST FUND AND THAT THE FUND RECEIVE AN INCREASE IN RECURRING FUNDING FROM THE GOVERNOR AND THE NORTH CAROLINA GENERAL ASSEMBLY FOR THE 2013-2015 BIENNIAL BUDGET:**

John E. Grogan  
Mayor

- (i) Consideration of Proposed Agreement N.C. Economic Development Center, Inc., Contract #2013-034-40101-102 and also to set the agenda.

Attached is the agreement prepared by the N.C. Economic Development Center, Inc. (The Rural Center) as part of the ongoing Eden Water System Model Calibration Project. The City of Eden was notified of the \$40,000 planning grant award on November 20, 2012. This agreement was expected to be received in late February or early March, following submission of a revised schedule for the project that is to be completed in October of this year. Partial funding for this project was included in the FY 12-13 budget. Additional funds for the completion of the project have been requested for FY 13-14, when the actual reimbursements would be received from The Rural Center.

The agreement document, dated April 10, 2013, contains a clause in item 21 on page 6 that the "grant may be withdrawn if your acceptance has not been received by the Rural Center within one month from the date the contract" (i.e. this agreement) was received. Therefore, this request for consideration is being added to the consent agenda for the City Council meeting to be held tonight.

I request that you approve the Rural Center agreement for the water modeling project, which includes the payment schedule (Exhibit B) and reporting schedule (Exhibit C).

*A copy of this agreement is on file in the City Clerk's Office.*

A motion was made by Council Member Tuggle seconded by Council Member Burnette to approve all Consent Agenda items. All Council Members present voted in favor of this motion.

#### Budget Work Session

*A copy of all budget documents is located in the Office of the City Manager and Finance Department. There is also a complete copy located on the city's website.*

At this time Mayor Grogan recognized the City Manager, Brad Corcoran.

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Mr. Corcoran explained the following information by providing the City Council with a Summary of Proposed Budget for FY 2013-14.

The combined budgets for FY 2013-14 equal \$27,700,000 which is a reduction of \$52,400 or approximately 0.19% when compared to the combined budgets for FY 2012-2013 which equals \$27,752,400. The combined budgets for the last thirteen years have averaged \$28,010,362.

Summary (Funds)	FY 2013-14 Budget	FY 2013-13 Budget	Difference	Percentage Change
General	\$13,298,700	\$13,976,100	(\$677,400)	-4.85%
Water & Sewer	\$11,699,500	\$11,099,000	\$600,500	+5.41%
Self Insurance	\$ 2,387,000	\$ 2,309,400	\$ 77,600	+3.36%
Police Pension	\$ 130,000	\$ 159,500	\$ 29,500	-18.50%
Emergency Communications	\$ 159,200	\$ 181,200	\$ 22,000	-12.14%
Runabout Travel	\$ 17,000	\$ 18,600	\$ 1,600	-8.60%
Municipal Service Tax District	\$ 8,600	\$ 8,600	\$ 0	0.00%
	\$27,700,000	\$27,752,400	(\$52,400)	-0.19%

The proposed budget does not increase the current tax rate of \$0.609 per \$100 assessed property valuation. A comparison of the existing tax rates currently being charged by surrounding governmental entities is as follows:

Eden	\$0.609
Madison	\$0.73
Mayodan	\$0.58
Reidsville	\$0.71
Rockingham County	\$0.696
Stoneville	\$0.67
Wentworth	NA

The proposed budget does not include any funds for a cost of living pay increase or a performance based merit pay increase.

The proposed budget reduces the number of full-time positions by one from 180 to 179 due to attrition. In FY 1995-96 the City had 203 full-time employees and in FY 2000-01 the City had 189 full-time employees.

The proposed budget reduces the amount of appropriated fund balances from \$3,373,900 in the current FY 2012-13 budget to just \$137,100 in the proposed budget. This is a reduction of \$3,236,800 or 95.94%. The General Fund and Water & Sewer Fund budgets

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as submitted do not include the use of any fund balance proceeds. The \$137,100 being utilized is reserve funds from the Self Insurance Fund.

The proposed budget includes \$2,082,600 in grants/principal forgiveness loans for four different water/sewer projects. None of this money will have to be repaid.

The budget includes a \$1,694,100 loan from the NC Clean Water Revolving Fund at an interest rate of 0% that will be received for the Kuder Street Phase 3 Sewer Project.

Due to budgetary constraints a total of \$5,346,600 (\$1,097,200 General Fund and \$4,249,400 Water & Sewer Fund) was cut from the requests that were submitted by the various Department and Division Heads.

Unfunded mandates and regulations continue to place severe hardships on the City's budget. The Disinfection/Disinfection Byproducts Regulations and the EPA Administrative Order on Sanitary Sewer Overflows will cost the City millions and millions of dollars over the course of the next few years in order to achieve compliance.

The City's Five Year Capital Outlay Program assembled by the various Department and Division heads has identified a startling \$49,374,222 for a multitude of needs (\$9,345,422 General Fund and \$40,028,800 Water & Sewer Fund) that will be facing the City.

The economy has had a crippling impact. Consider just two examples:

<b>Category</b>	<b>FY 2007-08</b>	<b>FY 2013-14</b>
Interest Earned on Investments	\$744,987	\$ 2,100
Expense Related to Gasoline	\$369,761	\$528,300

Prior to FY 2010-11 the State Retirement System required a contribution of 4.80% (of wages earned) for all employees except sworn law enforcement officers who had a rate of 4.86%. During FY 2012-13 the contribution rates were set at 6.74% and 6.77% but will be increasing again to 7.07% and 7.28% respectively for FY 2013-14.

Unfortunately, during the past six plus years Eden has lost nearly 1,000 jobs and approximately \$3,993,691 in net water/sewer revenue per year as a result of three industry closings: Parkdale Mills (11-10-06), Liberty Textiles (07-31-07), and HanesBrand International (02-05-09). Despite this loss our water and sewer rates remain much lower than the statewide averages for North Carolina as well as Virginia.

In FY 2005-06 total water usage billed was 3,150,306,200 gallons. Last year, (FY 2011-12) that usage had dropped to just 1,770,174,700 gallons for a reduction of 1,380,131,500 gallons or approximately 43.81%. This trend is continuing to get worse. In the period of 07/2011 through 12/2011 total water usage billed was 955,343,100. For the same period in

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2012 total water usage billed was only 827,556,600 for a reduction of an additional 127,786,500 gallons or a 13.38% drop from just one year to the next.

The recent renegotiation of the annexation-in-lieu agreements with MillerCoors and Duke Energy were critical to the stability of revenues within the General Fund. Total revenue from all of the annexation-in-lieu agreements is expected to equal \$713,000 next year.

Due to limited resources and the desire to avoid the use of additional reserves from the General Fund as well as the Water and Sewer Fund the proposed budget has been cut drastically. There is a multitude of capital outlay infrastructure needs facing the city which had to be sacrificed in order to balance the budget. These needs will not disappear.

Mr. Corcoran then asked if there were any questions.

Council Member Tuggle stated that he wanted to make a couple of points. They talked about of course the water usage and in 2005-2006 that went from 3.1 billion down to 1.7 and obviously that was revenue that they have lost over that period of time. He asked how this would affect their formula, as far as grants.

Mr. Corcoran replied that the first thing to remember was that the HUC formula typically was a threshold that you have to meet in order to be eligible for low interest loans in certain state-wide funding organizations. He explained that the reality of their situation right now indicates that they were about \$2.00 higher than the HUC. He noted that just over the last three years the average residential use per month has dropped which again ties into usage figures that he was talking about, roughly 600 gallons a month. When you think about it, at first it does not sound like a whole lot but when you do the multiplication and take 600 gallons a month and you multiply it by roughly 6500 customers and then multiply that by 12, also factoring in water and sewer, that was roughly 86 million gallons that they lost. But, whether you meet the HUC or not was not the issue. They could be \$10 higher today and still be in the same situation financially in the sense that the amount of revenue that was being generated on the Water and Sewer Fund side was just barely sufficient enough to cover the existing debt service and operational expenses and just a very small amount of the capital outlay. Over the years as each of them are aware, he thought last year in the budget message he had identified about 8 million dollars that the city has received, much of which was because they did meet that HUC figure. There was 2 million dollars on the current budget and at least 1 million of that for the East Kuder Street but that was not the driving factor of what their rates should be. It was just a threshold of what you have to meet which was 1.5% of the median household income if you want to be eligible for that money.

Council Member Tuggle stated that he also wanted to ask about the EPA Administrative Orders that have cost \$20 million. He pointed out that it was an unfunded mandate. He also pointed out that the disinfection/disinfection bi-products regulations could cost anywhere from \$800,000 to \$24 million so they could possibly be looking at 30 or 40 million dollars in the future just on two unfunded mandates. He asked if that was correct.

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Mr. Corcoran replied that if they recalled, during the Budget Retreat Mr. Terry Shelton their Director of Environmental Services did an excellent PowerPoint outlining a variety of needs facing the city and he presented to them at that time where the work was at in reference to both the disinfection/disinfection bi-products regulations which have a compliance deadline of October 2013 as well as the EPA Administrative Order. During that he indicated that W.K. Dickson, the city's engineers for the Administrative Order had roughly estimated that they could be facing additional costs as high as \$20,667,500. That was just one of the unfunded mandates. The other one was more commonly referred to as the Bromide THM issue. He shared a variety of different strategies that their engineering firm, Hazen & Sawyer was looking at and the capital costs ranged anywhere from \$800,000 to over \$24,000,000. So again depending upon what decision was finally made by the City Council and what was recommended by the two engineering firms there was a substantial sum of money facing the city in relation to those 2 unfunded mandates.

Council Member Tuggle stated that the next thing and it bothered him the most, was that from 2004 to 2009 they were under a consent order (SOC) and they spent about \$15 million on that over that 5-year period of time and now they are talking about \$20 million for one thing and \$800,000 to \$24 million on something else. Their whole budget was a little less than \$28 million. He asked how they would come up with that much money and there was no choice other than to borrow the money long term to try to do what they are required to do by the EPA.

Mr. Corcoran replied that was what they are going to ultimately have to do. He explained that in meeting with his staff, that was one of the reasons he told them that they just have to draw a line in the sand and say they could not continue to use fund balance. He noted that if they look at what they used last year in terms of the Water & Sewer side and then look at what was in the current budget that was over \$4 million so moving forward they are not going to be able to fund these huge projects on a pay as you go basis. They are going to have to identify what the technology is that was needed, what was the solution, and then they are going to probably have to borrow sufficient funds and just make sure their rates are sufficient enough to meet the debt service obligation.

Council Member Hagood stated that in looking at the EPA documentation it had some verbiage in there that refers back to the consent order, like there was duplication, same line, same....

Mr. Corcoran explained that the initial consent order was Meadow Greens and Covenant Branch in that area. One of the things because again from a staff's perspective it was very aggravating, he had included in the budget message the charge, which basically shows where their sanitary sewer overflows were in 2000 and where they were basically last year. He pointed out that it was amazing that their sanitary overflows were so high and so excessive back in 2000 and yet they did not hear a single word from the EPA and then all of a sudden last year they did. He explained that what they have done as far as Meadow Greens and Covenant Branch was, there was still some sanitary sewer overflows occurring in those two basins but the frequency and the amount was drastically reduced. However, the EPA was now taking a position of basically a zero tolerance. He explained that the

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reason why they have included Meadow Green and Covenant Branch in addition to these other areas that were not addressed previously was because that during heavy rainfalls or heavy wet events there were still some sanitary sewer overflows in those areas and they want them to get it down to nothing. He explained that when you look at the cost estimate that was formulated by WK Dickson the cost associated with Meadow Greens and Covenant Branch was very small in comparison to these other areas like Northern Smith River, Kuder Street, Junction Pump Station, things like that.

Council Member Hagood questioned that in that regard were they going to attempt to put in enough capacity for a severe rain fall in that kind of a study. He stated that they see the violations occur when they have an event like that and it keeps on happening and then the second part of that and it was an observation of a question also, he asked was the capacity that they have today for water and the capacity that they are trying to maintain also for sewer when he had duly noted there that they do not have the demand. He added that he knew in his notes below that he had mentioned he had taken all the chemicals and all the things that he would call variable costs and he was not adding the fixed costs associated with that huge capacity that they have in both those areas. He stated that he questioned that. For them to maintain \$12 million or \$13 million per day capacity and the only note that he saw was that well they are going to maintain the sewer capacity for maybe the Mega Park. He did not think that was viable to think that they would be doing that. It would be more viable to cut back on this capacity.

Mr. Corcoran replied that he was not an engineer but he could tell him that the plants are what the plants are and whether you are at full capacity or at 50% you still have to man those areas 24 hours, 7 days a week. He explained that as he had put in the budget if you look back in 1996 they had 32 employees who worked at their Water and Sewer Treatment Plants, Water Resources and Collections & Distribution. Today they have 24 employees. He stated that he could do the math. By law you have to man two different plants 24 hours a day, 7 days a week, for 365 days a year and you have to maintain 150 miles of waterline, 150 miles of sewer line, and umpteen dozen pumps stations. It takes 24 people. He added that in fact as they were all aware, the Collection & Distribution Division has asked for more people for the last 8 years because they feel like they are overtaxed now. So honestly, with all due respect he did not think there was a significant amount of fixed costs that you can reduce in the budget but they would be happy to look at it if he knew where it was.

Council Member Hagood noted that one of the items mentioned in the budget was maintaining the sewer capacity for the Mega Park.

Mr. Corcoran replied that was not in this budget message.

Council Member Hagood pointed out that it was certainly in the documentation that was handed to the Council.

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Mr. Corcoran explained that it was not in this budget message. He stated that he had it right there and if he would turn to the page they would read it. The Mega Park was not anywhere in this budget message.

Council Member Hagood stated that the proposed upgrade or the replacement in the sewer project, the 5-year project, one reason for doing that was to maintain capacity in case it was needed for the Mega Park.

Mr. Corcoran explained that he was talking about the 5-year CIP which had nothing to do with the current budget. That was money that a division head thinks that they may need in the future, but there was nothing in this budget related to the Mega Park.

Council Member Hagood stated that he was glad of that.

Council Member Turner stated that a citizen had questioned her about the refurbished fire truck.

Mr. Corcoran explained that it was in last year's budget. They had looked at the fact that the cost to replace that fire truck was going to be approaching a million dollars plus. Mr. Tommy Carter who does an excellent job with fleet maintenance had shared with them, as well as their fire chief, that basically if they did the refurbishing of the truck it would bring it back almost brand new. The life expectancy after that refurbishing would be quite an extended period of time so at that time the Council thought a quarter of a million dollars to refurbish a truck was better than a million dollars on a new truck.

Council Member Hagood commented that regarding the Mega Park, Ms. Judy Rouse (auditor) mentioned that they had a \$1.8 million commitment of which \$1.3 million has been spent so that project was closed out. He asked if that was correct.

Mr. Corcoran replied that it would be done by July 30 but he did not know if it was done today, April 16 and if they have received everything that they were supposed to receive. He added that they were waiting to get \$120,000 back.

Council Member Hagood asked so they were not doing anything with the water to which Mr. Corcoran replied no.

Council Member Burnette commented that in looking at the budget he thought they were concerned about what was not being done and being pushed out from year to year. He pointed out that if you look at almost \$28 million that was in this budget and about a 20% request of that amount was denied, he thought they all had their concerns about what the future looks like so he guessed, to make sure that they were taking all things into consideration, what concerned him (the City Manager) most about this year's budget as well as next year's budget.

Mr. Corcoran replied that the revenue that they were receiving, that was on both sides, whether it was General Fund or Water & Sewer Fund, but especially Water & Sewer Fund,

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given what they are facing, the existing rate structure when coupled with the existing usage was not generating funds sufficient enough to meet the ongoing needs of the city. That was very concerning. It was very alarming and he was more aggravated than just about anybody with all the unfunded mandates. They just talked about potentially \$40 million that could be put on their city because of other governments telling them what to do. Another one that just hit in February was when the governor, he believed it was on February 19, signed into law House Bill No. 4. That was going to impact every municipality across the State. He explained that it basically says that every municipality had to develop a reserve of 1% of its salary and wages for unemployment insurance. Although the hit to Eden was only \$40,000 it was still \$40,000.

He noted that they had all read now where DMV is collecting property taxes. That used to be done by Rockingham County and they used to get a fee for collecting that. That is now going to go to the State. The State has now said that they are going to bill the County for doing that for the County. He explained that the State Statute provides for the counties to pass that on to the municipalities. They have asked Karen Carter at Rockingham County to tell them what the impact will be on Eden and that is yet to be determined. They were sort of at the bottom of the pot so to speak. The Federal government acts, then the State government acts and then it comes to them.

He explained that it was hard to take a step forward when as result of unfunded mandates and regulations they were constantly being forced to take two steps back. He noted that Mr. Shelton and Ms. Ward made a presentation during the budget retreat about the fact that their digester at the Wastewater Treatment Plant was beginning to show wear and tear. You know they had discussed during the retreat that they wanted to build a new digester and re-habilitate the existing digester going forward. Then someone said well that was only \$240,000 that was requested this year, why did you not include that. He explained that next year it was going to cost \$5 million to do the project and the reality is they do not have the money and would not have the money to do that project.

He pointed out that everyone loves the work that the Engineering Department has done for years in terms of water construction projects. He explained that was where they go out and replace 2" water lines with 6" water lines. As all of them know for years and years they have allocated about \$300,000 plus or minus a year to do it. This year all they could afford was \$50,000 for what may pop up. They have heard from Tammy Amos before about their roads and the need to stay on a 15-year resurfacing plan so that every road was resurfaced every 15 years. As they all know last year they had allocated an additional half million dollars to do additional resurfacing. That half million dollars was just not there this year. This year there was a request for over \$300,000 for paving. So with the economy the way it is and the costs continuing to go up, gasoline or supplies go up and interest earned going down and with all the needs out there it was a very difficult situation and it was not just unique to Eden.

Council Member Burnette agreed that when you just look and see what the needs are and what they are being pushed out year to year, and doubling next year, tripling the following year, that did not give them a very bright future especially with the possibility of losing



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some of the grant money and funding that was being talked about being taken away by the State legislature.

Mr. Corcoran agreed and pointed out that one of the items they had adopted tonight was a resolution of support for some of the funding at the state level. Again if the rural center has \$100 million and next year only have \$50 million then half of the projects they would have been able to fund this year they would not be able to fund next year. It was a very problematic situation. He explained that 25 to 30 heads was a whole lot better than one, two or ten. That was why they have a program for their employees if they identify savings. He added that if there was something out there that they all see that they have not thought of his door was open and he would love to talk to them because they would love to look at additional ways to reduce cost.

As there was no further discussion Mayor Grogan called for a motion to adjourn.

ADJOURNMENT:

A motion was made by Council Member Tuggle seconded by Council Member Hagood to adjourn. All Council Members present voted in favor of this motion.

Respectfully submitted

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Sheralene S. Thompson, CMC  
City Clerk

ATTEST:

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John E. Grogan, Mayor