

CITY OF EDEN, N. C.

A special (retreat) meeting of the City Council, City of Eden was held on Saturday, February 22, 2014 at 8:30 a.m., in the Conference Room, 308 East Stadium Drive. Those present for the meeting were as follows:

Mayor:	Wayne R. Tuggle, Sr.
Mayor Pro Tem:	James Burnette
Council Members:	Donna Turner
	Angela Hampton
	Darryl Carter
	Jerry Epps
	Neville Hall
	Jerry Ellis
City Manager:	Brad Corcoran
City Clerk:	Sheralene Thompson
Deputy City Clerk:	Deanna Hunt
City Attorney:	Erin Gilley
Department, Division Heads and Staff:	
News Media:	

MEETING CONVENED:

Mayor Tuggle called the special meeting of the City Council to order and welcomed those in attendance. He also recognized members of the Eden Youth Council: Laura Shumate (Chair), Sierra Jones, Jacob Scales and Chancey Odonits.

Complete copies of all information the City Manager presented is located in the office of the City Clerk, City Manager and also on the city's website.

Mayor Tuggle then introduced City Manager, Brad Corcoran.

Mr. Corcoran noted that each of them had submitted a list of priorities, goals and objectives that were important to them for the upcoming year. He explained that a lot of times that feedback was used to dictate the themes in the upcoming budget as well as the themes for the retreat. There were four (4) general topics that were listed by at least five members of Council. Those topics included (1) economic and tourism development, (2) construction of an aquatic facility and other recreational needs, (3) connectivity and expansion of sidewalks and the greenway and then finally (4) water and sewer infrastructure and funding.

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He explained that in their notebooks under tab (1) was a synopsis of all the priorities that were submitted by Council. They would see the general theme in bold and then under it was the actual comment they submitted.

He noted that behind tab (2) were the priorities of the department and division heads, broken down by. It also included an update on the priorities that they listed for last year that basically addressed the things that each of them said they were going to focus on in the past year and how they did in terms of achieving them.

He then turned the floor over to Mayor Tuggle.

Consideration of Recommendation Concerning Employee Compensation for Full-Time Employees.

Mayor Tuggle explained that he had spent some time talking to the City Manager as far as trying to raise employee compensation. He explained that he had gone back and looked at 2008-2009 and that was the last year there was a cost of living increase. He noted that there were no increases in 2009-2010, 2010-2011 or 2011-2012. They did do a 3% increase in January of 2012 but they did not do one the next year (2013). He recommended that they do a 3% or \$1200 increase, whichever was higher. He explained that he thought that with \$1200 everybody under \$40,000 would get at least a \$1200 increase in pay and he also pointed out that there was a 10.28 rate of inflation since 2009 to 2013.

Council Member Carter commented that he would rather see a flat amount across the board instead of percentages. He explained that way everyone would be on an even keel as far as the money and the low man and the top man both get the same amount of money.

Council Member Ellis asked Mayor Tuggle if he did not just now say that they would all get \$1200.

Mayor Tuggle replied that he recommended 3% or \$1200 at a minimum for everybody. Any employee that did not make \$1200 according to their salary would get at least \$1200. He added that really anything below \$40,000 would get at least \$1200 so that pretty much covers everybody with a pretty decent raise.

Council Member Turner asked if they had calculated what that would be.

Mayor Tuggle replied that at just a straight 3% it would be \$254,000 but making sure that everyone gets at least \$1200 it was at least \$281,000. He added that he did know that if you did not maintain salary levels you just take a chance of losing good employees. It just costs too much money to try to find new people and train them and get them in place. He added that they really have some good people and he would stick with 3% and \$1200.

Council Member Burnette added that he understood Council Member Carter's point and he thought it was very valid, but he also thought they need to consider the level of the jobs

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themselves and he thought he would to stick with the percentage, because you want to make the pay increase equal but not every job really was equal.

Council Member Carter pointed out that if you are in a higher pay range you are already drawing a higher salary. If you talk about cost of living increases or whatever, that should be an equal portion across the board because they were already drawing a higher salary because of their expertise in that field.

Council Member Burnette also pointed out that to keep you competitive across the board he thought you would need to maintain that increase.

Council Member Carter stated that even giving an even amount they were still maintaining that separation.

Council Member Burnette explained that they were maintaining a separation but he did not think they were maintaining a separation to keep them competitive in that particular job category.

Council Member Hall commented that there were other options including longevity pay or the Christmas plan and he thought that may be the area where they could make a difference on an even money across the board, once a year. He stated that he tended to agree that when you are setting a salary, it was not really fair if you were doing a higher level job. He added that he did agree with the point that the man making less money needed the \$1200 worse than the man taking the top value but as far as a permanent salary increase he was okay with the percentage raise as that was the way you calculate salaries. Then, if they ever look at doing something else that was when it was fair to give to everybody because that was not job performance based that was thank you for doing what you do based.

Council Member Carter asked if they were talking about a job performance raise to which Mayor Tuggle replied a cost of living raise.

Council Member Burnette added that it was a cost of living but it has to be in accordance with your job to consider it because if you just say straight cost of living then your point was even more valid about a flat amount. You have to consider it has to be an increase but it was based upon not your job performance but your job category.

Council Member Ellis asked if they could see an example of the lower paid people compared to the higher paid people and look at it like that.

Mayor Tuggle explained that the \$1200 would simply make sure that anybody below \$40,000 would get at least a \$1200 increase because some of the ones on the lower end may not get but \$500 or \$600 so that takes care of the people on the lower end to make sure they get a decent pay increase. He pointed out that if you look at inflation they were still 4% behind in the last five years.

Council Member Carter stressed that he was 100% for the raise but he would like to see it at an even flow.

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A motion was made by Council Member Burnette seconded by Council Member Ellis to increase employee pay by 3% with a minimum increase of \$1200. All Council Members voted in favor of this motion.

Consideration of Recommendations Concerning Audit Services Contract for the FY 2013-14 Audit

A memorandum explained that the Finance Director was seeking approval for the FY 13-14 Audit Contract.

Ms. Tammie McMichael, Finance Director, explained that she was seeking approval for the FY 13-14 Audit Contract. She noted that they had before them an audit contract submitted by Rouse, Rouse, Penn & Rouse, LLP for year ending June 30, 2014.

The Rouse's and their staff have been doing the city's audit for 33 years. Their love and compassion for the City of Eden shows in their willingness to assist in any way that they can to make sure the city's finance department operates in the most efficient and effective way to provide accurate financial information. They have always been very faithful and dedicated to the city. We call on them an average of 40-50 hours a year sometimes more for assistance with day to day questions that come up or for special projects. They never bill us for anything extra. It is very nice to know that we have someone we can call anytime, and they always have time for us. If they do not have the answer immediately, they never refer us to someone else. They always take the time to make telephone calls on the city's behalf. They look after the city's best interest in making sure that we get the answers that we need. They keep us updated on Governmental Accounting Standards Board and Internal Revenue updates. They also keep us updated on any classes/seminars that they feel would be beneficial to the finance staff. Based on their experience and dedication along with the city's long time desire to do business locally; I cannot make a better recommendation than to award the 13-14 audit contract to Rouse, Rouse, Penn & Rouse.

She noted that they had proposed a 5% increase however they have given them a couple of things that they can do to decrease the cost, so there was a chance they could get a \$2,000 discount which would actually decrease the cost that they paid last year for the audit. She also assured them that would be their goal as a staff to do as much or even more of the audit so that they could learn to write that and then of course at some point in time have Rouse, Rouse, Penn & Rouse come in and review what they have done.

Council Member Burnette asked what they had actually paid last year.

Ms. McMichael replied that they paid \$36,560 and what they have proposed is \$38,390 but if they get that additional \$2,000 discount it would be reduced to \$36,390.

Council Member Burnette mentioned there was discussion last year about them as far as being competitive in their fee and also the fact of additional services that they supplied with this

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contract. He asked if all of that was still applicable with this contract to which Ms. McMichael replied in the affirmative.

A motion was made by Council Member Epps and seconded by Council Member Hall to award the contract to Rouse, Rouse, Penn & Rouse. Action on the motion was as follows: All Council Members voted in favor of this motion. This motion carried.

Mayor Tuggle then asked Mr. Johnny Farmer, Director of Parks & Recreation to come forward for his presentation.

Discussion & Consideration of Recommendations Concerning Freedom Park Basketball Courts, Recreation Complex and Aquatic Complex

Mr. Farmer turned the presentation over to Ms. Sierra Jones of the Eden Youth Council.

Freedom Park Basketball Courts Eden Youth Council Project Sierra Jones – January 21, 2014

Ms. Jones explained that she had done the following survey back in September.

Survey for Basketball Courts at Freedom Park

- 238 Survey Collected
- 198 – Yes
- 19 – No
- 21 – No opinion

She explained that if you take out the “no opinion” and add the “yes” and “no” that was 91% of people who had actually said yes.

They also had a box for comments and there were over 50 positive comments made about the basketball courts at Freedom Park.

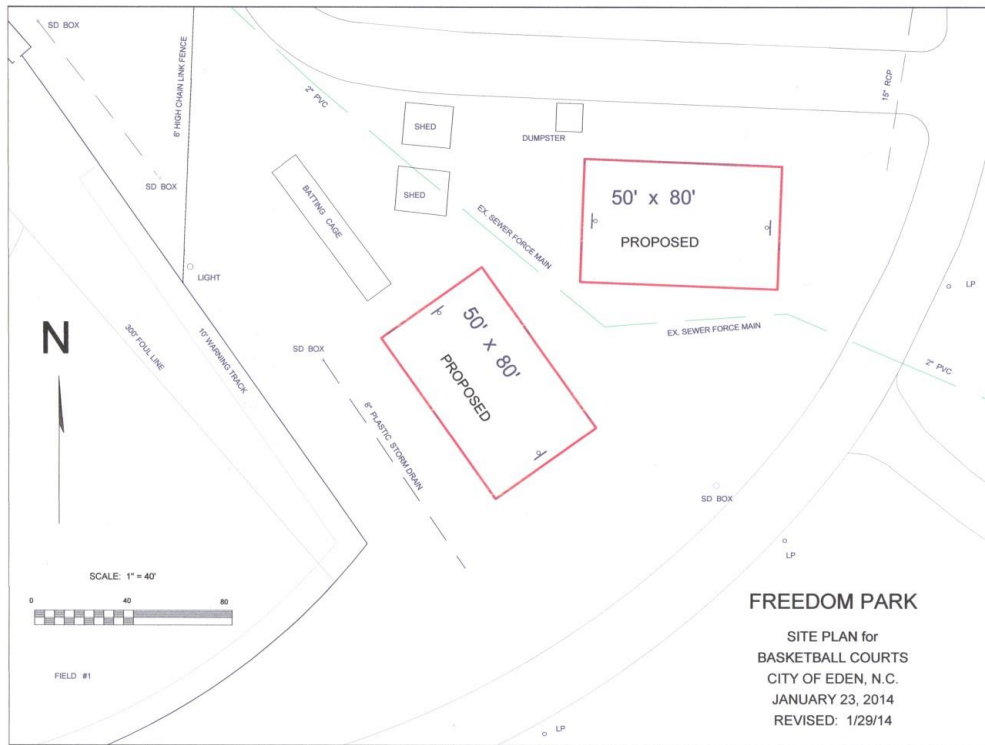
Some of the comments mentioned that it was a great idea and some kids have a hard time finding rides to the YMCA and would be able to walk from the school to Freedom Park to play basketball.

She then presented a slide of the location of the basketball courts.

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Freedom Park Basketball Courts Location



Freedom Park Basketball Courts – Goals

Freedom Park Basketball Courts – Cost Estimates

- Concrete Pad 8000 square feet \$28,000
- Fencing – 8’ high \$ 9,000
- 4 Gorilla Goals @ \$1000 \$ 4,000
- Total Cost \$41,000

Both courts will be striped.

Mr. Farmer added that this did not include lighting. He explained that at night there would be enough overspill light from ballgames.

Council Member Ellis questioned what the lighting cost would be.

Mr. Farmer replied that it would probably increase it another \$25,000 per court, unless they got something where Duke Energy could place some power poles there.

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Council Member Turner pointed out that there was a dawn to dusk policy anyway so you would not want lights out there where people could turn them on if the park was really closed. She asked if the Youth Council had raised any money.

Council Member Burnette replied that they were not actually directed to bring that to the budget. He explained that this concept came out of a planning meeting that the Youth Council had last May.

Mr. Farmer commended the Youth Council for taking the initiative.

Mayor Tuggle agreed and reiterated that was the reason for having a Youth Council. He stated that they have a good recommendation and he thought they should follow that recommendation.

Council Member Turner asked how many other basketball courts they had to which Mr. Farmer replied there was Bridge Street and Morgan Road and they were really old. There were none in the Draper area with the exception of the indoor facility. He did not know how many the schools had to which someone stated there was one located at Holmes Middle School.

Council Member Hall stated that he understood there was a waterline between the 2 courts but was there any way to turn them and put them together.

Mr. Farmer replied that the City Engineer had looked at it and there was no way to get them together there.

It was the consensus of Council to add this to the budget.

Mr. Farmer then continued with a presentation of the Freedom Park Recreation Complex. He explained that in the past for at least eight years, they had talked about an aquatic complex at the park. He stated that he and the City Manager had a discussion and since they were considering a new pool or indoor pool (aquatic complex) that maybe they should just build a recreation complex. He stated that he had done some research and he wanted to give a brief presentation on doing an entire recreation complex.

City of Eden Freedom Park Recreation Complex

- Construction of Recreation Complex
- Gymnasium, meeting rooms, racquet ball courts, commercial kitchen area, banquet area, locker rooms and showers, 25 yard swimming pool, splash pad, indoor walking track above gymnasium game room, senior citizens space, staff offices, and storage

He mentioned that the City of Eden had just become certified as a Retirement Community. He felt that there needed to be a modern type of Parks & Recreation Facility. All of the facilities were serving their public well but eventually they were going to have to spend a lot of money on

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renovation. He noted that the pool was over 55 years old and most of the buildings were close to that age so it was just a matter of time and they would have to start replacing those. For example he pointed out that he had two CIP's (Capital Improvement Project) in this year's budget for repairing/replacing the roofs at \$35,000 and \$20,000, so that was just one little item that was over \$50,000. He added that they also had to change out the lighting in most of these older buildings and there were constant problems with plumbing, AC, and heating.

Mr. Farmer stated that one thing they would do to cut down on cost, they would not have to add new employees. Their idea would be to centralize the recreation programs and move the Mill Avenue and Bridge Street employees to the new complex but still use those centers as satellite facilities.

City of Eden Freedom Park Recreation Complex

- Would move senior citizens program and staff to this site
- Move employees from Bridge Street and Mill Avenue to staff and program complex
- This would centralize all the Parks & Recreation activities to one location
- Staff would continue to operate Mill Avenue & Bridge Street as we do the facility rentals now/ we would continue the after school program at Mill Avenue
- Staff would like to partner with someone like ADTS who is planning on doing adult day care in Reidsville or Morehead Hospital to provide aquatic therapy for those needing that type of service

Mr. Farmer explained that they did not give them a cost but they would like for the Council to provide input as far as what they wanted to do. He stated that they felt they would need the facility to be anywhere from between 30,000 to 40,000 square foot.

City of Eden Freedom Park Recreation Complex

- Attached are handouts of existing facilities/site plans in other areas to open up discussions concerning this potential idea
- Construction costs are approximately \$200 per square foot at the present time
- Possible funding sources – Fund Balance, loans, USDA, local banks
- Grants - USDA, Reidsville Area Foundation, KB Reynolds Charitable Trust, PARTF-Pool

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Freedom Park Recreation Complex

- Parks & Recreation staff and Engineering staff believe that the two areas we are looking to locate the facility would be suitable – there is rock at Freedom Park but this may not be an issue, but if it is, the amenities of the facility can always be built up and back filled if necessary.

Complex Location

Mr. Farmer noted that they could place the complex right in the middle of the walking track. Another location would be next to the skate park.

Council Member Carter questioned the type of roof that would go over the pool.

Mr. Farmer explained that if they build a recreational facility it will be a regular roof and the indoor pool would have a sliding glass roof where it would open up. It would have panels on the side of the pool and be fenced in and the splash pad area would be in the outside area where people could sunbathe.

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Council Member Burnette asked if those sliding glass roofs had improved.

Mr. Farmer replied that one of the problems with those windows was the expense because to use them you actually had to have aircraft cables to open them up. He explained that with the development of new materials they now have had less problems. He added that one problem he had experienced in the past was a cable breaking and just getting someone to come in and replace it but a lot of it was preventative maintenance.

Mayor Tuggle asked if the recreational center and the pool were all one complex to which Mr. Farmer replied in the affirmative.

Freedom Park Recreation Complex

- Put together a design committee and hire a facility design consultant
- Bring design back to City Council for approval
- Have building plans prepared
- Put out bid/award bid
- Begin construction

Mr. Farmer pointed out that in 48 months they would have something ready to go to which Mayor Tuggle questioned the price. Mr. Farmer explained that it was \$200 a square foot so it could be whatever they want it to be. He pointed out that a 36,000 square foot facility was about \$7.4 million but if they want to go bigger they would multiply the square footage by \$200.

Mayor Tuggle asked if they had some reserve money to go toward this. Council Member Burnette also asked what they would do from a budget standpoint. Would they go ahead and budget X amount of reserve and then get a 20 or 30 year loan.

Mr. Corcoran explained that the City of Reidsville got a USDA loan for 40 years and their council just felt that the interest rate was attractive and 40 years made sense and they were going to use a lot of their fees to cover it. He added that the other thing was that they have now partnered with an adult daycare and were going to actually lease a section of it for an adult daycare center and that was going to help bring in some revenue as well.

Council Member Burnette asked if he would budget everything, yet everything else that comes in, whether it was a grant or anything else, would come off that bottom line.

Mr. Corcoran replied yes, as far as next year's budget, all they would probably have was some money to begin the design and hire someone to help design it as there really would not be a serious budgetary impact next year.

Council Member Turner commented that he had mentioned in his report the other night the fact that they did not charge any fees for youth and were probably one of the only places in the state that did not charge a fee. She asked if he thought they would still be able to keep doing that.

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Mr. Farmer replied that he thought they would have to because most of the people that they serve right now would have nowhere else to go if a fee was charged.

Council Member Turner stated that she just wanted to be sure as they talked about this that they were not thinking they were going to be bringing in revenue from a student or user fees.

Mr. Farmer explained that they have always charged a fee for the pool and he thought that they would increase the revenues for the use of their pool just because of the weekends. Also, if they add a splash pad, that could probably open anytime they have the ball fields open and he thought that out of town residents would use it when they were not playing on the ball field.

Mayor Tuggle added that he thought something like this was also good for economic development and they could work with the industries so they can do workshops there at the facility.

Mr. Farmer stated that the recreational facilities that he had been involved with before tried to do linear type rooms that were real wide. They could have one big room seating 100 to 150 people or put up partitions where you could have 3 rooms that could seat 50 people and then you could have 3 workshops going on at one time. He explained that the partitions were supposed to be sound proof and they do cut down on sound enough to where you can have 3 meetings.

Mayor Tuggle pointed out that they would have the facilities there if they wanted to do workshops and Mr. Farmer added that he thought it would be a big economic development attraction.

Mr. Farmer also pointed out that people look at the investment that you are putting back into your community and it really made a difference. He knew they spend a lot of money on water and sewer but people do not see what you put under ground.

Council Member Turner questioned the possibility of selling other properties they were currently using.

Mr. Corcoran replied that they could. If it got to a point that Bridge Street Recreation Center or Mill Avenue were cost prohibitive to keep up then they could move their daycare center to the new complex plus it was big enough where they could have all of their activities there so eventually they could probably get rid of those buildings if that was something they wanted to do.

Council Member Burnette commented that it sounded like with the continuing increasing cost of maintaining those satellite areas, ultimately there would be a goal of probably not having those areas.

Mr. Farmer stated that he thought with the athletic fields and things that they have they would still need them just because of practices and the locations, but he thought that they would like to try to centralize their main activities to one place just due to the cost of staff and having to have different locations to operate.

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Council Member Burnette asked if they would try to provide transportation to which Mr. Farmer replied that they would do that and they did that now. Council Member Burnette pointed out that there would be more.

Mr. Farmer replied that they might have the staffing to do that but they may have to purchase more vans. He explained that if they had all their staff in one location then they would have the ability to do that and he thought that if they offered more transportation now they would have more kids going to the centers because currently they could only pick up 14 at each place (Central and Douglass). He also noted that there were a lot of the kids at Holmes and Morehead that would be able to walk to Freedom Park and utilize the facility. He thought that their goal was to give everybody an opportunity to participate in an activity and he thought when you have something in a single location then it was easier for everybody to get to one centralized location.

Council Member Turner stated that she just saw that distance to the area around Bridge Street and that was a pretty busy center as younger kids who might not be at Holmes or Morehead still needed some recreation, they were not going to have that opportunity to get on the SKAT bus or any other transportation if the Parks & Recreation Department were not picking them up.

Mr. Farmer replied that they would continue to do that and even now in the summertime, they pick up the kids and take them to baseball practice and games and he was just so proud of the City Manager, Mayor and Council. They have been doing this since 1967 and not a lot of folks could say that their community did that and it really made a difference.

Council Member Carter asked if this would not affect the money that he was getting ready to spend on the roof as that still had to be done regardless to which Mr. Farmer replied that they may be able to wait four years and Mr. Paul Dishmon, Facilities & Grounds, added that they may get a couple more years out of it.

Council Member Ellis commented that he thought it was really a selling point for them to have something here in their community and he thought this was a positive for their city to have this.

Council Member Hampton commented that she agreed that this would be a wonderful idea and one of the things, with wellness and insurance costs; this could tie in with that, and cut insurance costs and be a selling point with the businesses.

Council Member Turner pointed out that on a conservative side, there was a lot of discussion about cities providing things that private businesses should be providing. As they proceed with this, they really needed to be careful that they were not impacting somebody's individual business. For example, a golf course could be a private industry but sometimes cities take on golf courses or swimming pools. She stressed that they needed to be careful that they were not impacting the YMCA or the Boys & Girls Club or a private business.

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Mr. Farmer explained that they had no intention of doing that because they would want to continue to do what they were doing today. He added that they collaborated with the YMCA and the Boys & Girls Club now and they would continue to do that. He stated that he thought it would be something that would enhance what they were already doing.

Council Member Burnette stated that he liked the concept. He knew they had talked about this for years and they kept saying they did not have the money. He agreed that they did not have the money but he looked back to what was done with Freedom Park. They did not have the money then either but they proceeded and borrowed the money so he thought they were not necessarily going to make a decision today to do this but he thought they needed to go ahead and get enough information so that they could make a decision. He added that he knew it would be difficult in some people's eyes with what they were going to have to do with water and sewer, but it was their responsibility to help people understand that those two have to be totally separate. They have an enterprise fund that has to be addressed and can only address the water and sewer and they are trying to do something on the other side to enhance their (recreation) facilities for the people of this city. With all that in mind they have a large job ahead of them if they did proceed with this but it was something that he thought was really going to make a difference and he thought that the other thing they want to make sure was that when they do get to that point of making the decision, if they did go forward, look at all options and do everything they could to make sure that they did not raise taxes to implement it.

Council Member Epps pointed out that when they did Freedom Park they had a lot of opposition, but they did make the decision and look what they had today. A lot of those folks who opposed Freedom Park have apologized. He asked if they could get sponsors or support from different organizations through the state.

Mr. Farmer replied that they could apply for all types of grants but grant dollars were not what they used to be as everybody was applying for them but they would try to get any additional resources. He thought that this would be a step in the right direction for them to really let folks know that they were a progressive city.

Council Member Epps asked what kind of figure they were looking at on what they had to do to which Mr. Farmer explained that it depended upon what they want. He explained that was the reason they needed to form a committee.

Mayor Tuggle added that this committee would put all this together and bring it back to the Council with a plan and the Council could then decide what they want to do.

Council Member Burnette stated that Mr. Farmer had mentioned a facility that he had help build that was 36,000 square feet and he then questioned the population of the community.

Mr. Farmer replied that there were about 14,000 people at that time in Scottsboro, Alabama.

It was the consensus of the City Council to move forward and have the City Manager and Mr. Farmer put together a committee.

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Mr. Farmer explained that all they would need to do this year was put money in it for a consultant and some plans.

Council Member Burnette asked if he had an idea of what a consultant would cost to put this together to which Mr. Farmer replied that he would say roughly around \$200,000.

Council Member Hall commented that he would say that the committee comes back to the Council before a consultant was hired. He then asked if they would need the fee for the consultant in the budget.

Mr. Corcoran explained that they would get prices for a consultant however the City Engineer felt that it was going to be a lot cheaper.

Council Member Burnette stated that Councilman Turner had an excellent point and he thought that keeping that committee somewhat small was important but they did need someone from the Youth Council on that committee.

Mr. Farmer noted that since they have decided this, he did not think they needed to discuss the aquatic complex presentation because that would be part of the recreational complex.

Council Member Burnette asked if there was anything in there that they needed to know to which Mr. Corcoran explained that basically if there was no desire to look at a recreational complex there was still a very real need for the pool.

Council Member Hall asked if they got the \$500,000 grant to which Mr. Farmer explained that they award the grants in May.

Council Member Burnette asked if that grant was specifically for an aquatic center or could it be transferred to which Mr. Farmer replied that he had spoken with their regional representative who indicated that they did not see a problem with that because they would still be doing an aquatic type facility.

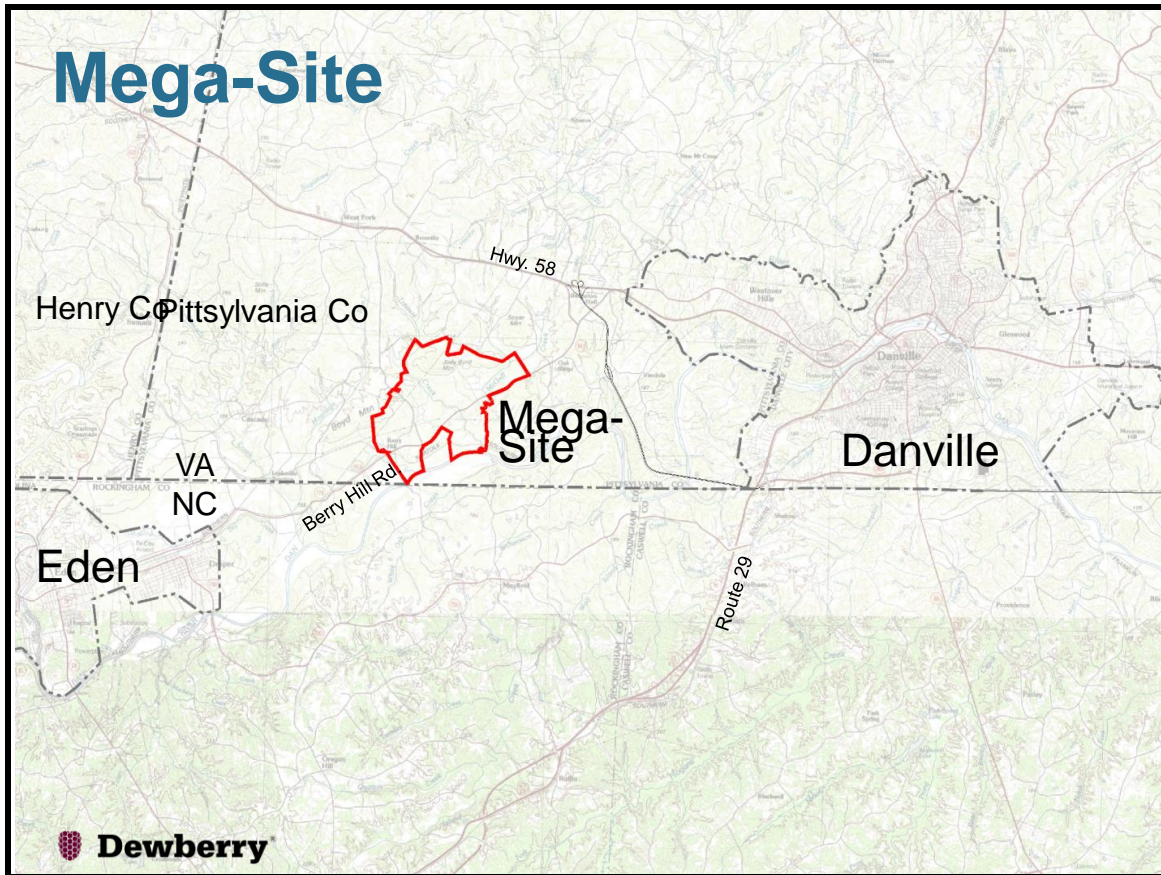
Discussion & Consideration of Current & Future Economic Development & Tourism Initiatives

Mayor Tuggle asked Mr. Mike Dougherty, Director of Business & Economic Development to come forward for his presentation.

Berry Hill Regional Mega-Park

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Mega Park

- VA Congressional leaders have passed legislation including language to discourage Army Corp of Engineers and EPA from holding up economic development projects.
- Eden has offered to solicit help from NC Congressional leaders to aid in this effort, but thus far, VA has only sought assistance from its leaders
- Seeking grant funding to run water lines from Eden to the VA state line
 - Top priority for 2014-2015
- NC Secretary of Commerce Sharon Decker applauded this innovative partnership.
- She has encouraged other parts of the state to consider partnering with neighboring states as we have with Virginia, specifically to sell water and sewer utilities

Water & Sewer User Marketing

- Current projects:
 - Project C— Potentially 2-3 MGD
 - Project W—Over 4.9 and 4.6 million gallons per month of water and sewer respectively

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on it. They even discussed the possibility of wanting the occupancy tax and funding to give to the PDA. He stated that if that comes to fruition the he would come back to the Council and they could decide whether they would just partner with them and not fund any of it. He pointed out that right now the city has its own economic development person and tourism.

Website

- Buildings and properties are on county web site
- Partnership is ensuring site is accurate and current
- User friendly

Bottled Water Company Recruitment

- Eden has municipal water to offer
 - Top sellers are purified, mineral, spring or artesian
 - Municipal water can be processed as purified drinking water
- NC Private label water companies
 - Misty Mountain—Spring water
 - Old Saratoga—draws from a large aquifer
- Pepsi and Coca-Cola
 - Use municipal water
 - Most common to process water alongside soft drink lines
 - Being contacted to determine source needs

Bottled Water Company Eden-Owned

- Retail distribution costs are very expensive
 - Major NC retailer could require \$50,000 slotting allowance to cover its 1,200 stores
 - Free cases, as in two free cases per store, can also be required
 - Beverage category is extremely competitive
 - Major companies pay for their space
- Product must have a point of difference to be successful, and an extensive marketing campaign
 - Even with this, 70-80% of new grocery products fail

Business and Industry Recruitment

- International Shopping Center Idea Exchange
 - March of 2014, Charlotte, NC
- Shopping Center Representatives

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- Mc Donald's new store
- Brewing operation
- Assist with recruitment efforts
- Targeted retailers and restaurants
- Commercial retail is recovering, but some segments remain in trouble—Sears, J.C. Penney's, K-Mart, Radio Shack

Partnership Opportunities

- City of Danville
 - Asian marketing efforts
- Project R
 - Potential foreign marketing campaign
- Rockingham Community College
 - Seek other opportunities beyond Center for Brewing Sciences
- NC Department of Commerce
 - Co-op marketing opportunities for Certified Retirement Community
 - International industrial outreach campaign

Downtown Business Assistance

- Marketing assistance is on-going with three business newspaper columns, Explore Eden/Explore Eden Business Facebook pages and Chamber of Commerce blasts.
- Seminars to help businesses
 - Bob Sharpe retail merchandising
- E-Gov program to afford businesses a web presence
 - Too many do not have web sites
- Web Kite
- Main Street Annual Conference
- Seminars via the Chamber of Commerce

Council Member Carter asked if the Chamber of Commerce and the Partnership worked together.

Mr. Dougherty explained that they had little to do with the Partnership for Economic Development as they were basically a member driven organization.

Council Member Carter noted that sometimes businesses called the Chamber of Commerce in different areas to which Mr. Dougherty agreed and stated that he received a lot of references from the Chamber. He added that it was all according to how it was set up. In Alamance County their economic development team was centered out of the Chamber of Commerce office because everything in Alamance County was along I-40 and it was a little easier to do that. He stated that

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he received calls almost weekly (from the Chamber) and they work very closely with them. He stated that there was going to be a permanent seat on their board for the City Economic Development Director as well so they would not miss any opportunities.

Eden Special Events

Ms. Cindy Adams, Coordinator of Tourism Development gave the following presentation:

New Tourism Initiatives

- Enhanced web site
- Head Cam on river trip to be placed on You Tube and web site
- New ad placement in Our State Magazine
- Farmer's Market at Tuttle's Farm on Hwy 135
- New Eden ad being developed
- Working with Eden Drive-In on Triad promotional campaign
- More use of billboards to promote rivers in the summer and fall
- Updated promotional piece
- Improved photographic images
- Trac Sessions with the NC Division of Tourism

Mr. Dougherty then took over the floor and presented information about the SKAT bus.

SKAT Bus

- 1,200 average monthly passengers in 2013
 - Far above projected ridership
- No changes to current system anticipated now
- ADTS to seek city support at \$20,000-\$30,000 in 2014-15*
- Canopies and benches were to be funded by sponsorships
 - ADTS is seeking dedicated marketing person to facilitate this process
- Reidsville is next target of expansion with Western Rockingham to follow
- Interconnecting bus routes between cities in RCATS buses is a goal once ADTS is able to consistently cover its costs.

**could be less based on grant potential*

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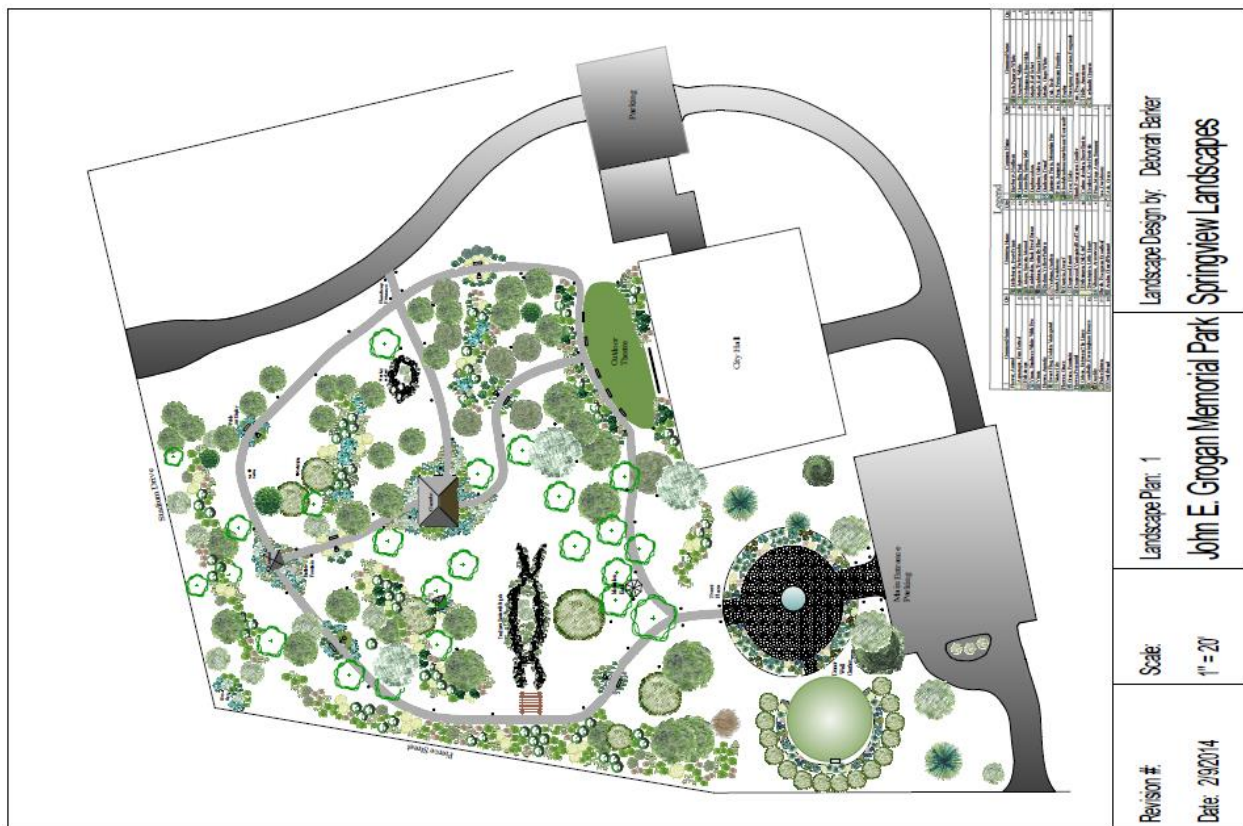
BREAK

At this time Mayor Tuggle called for a 15 minute break. The Eden Youth Council members left at this point.

Update & Discussion of Grogan Park

Mr. Corcoran explained that he would have Ms. Adams go over the drawings by Ms. Baker but he explained that they have a new brochure and she would be discussing some photos and other things in this new brochure to give people an idea.

He stated that they have now collected \$125,361.46 from the first wave and the preliminary estimate early on was about \$250,000 so they were about halfway there. He stated that earlier this week Will Flynt and Ms. Adams had made a presentation to the Board of Directors at Home Savings Bank. The Reidsville Area Foundation had also taken up an application that Mr. Dougherty filed with them and there were several possible big contributors that they have yet to hear from. He then asked Ms. Adams to go through the drawings and point out some of the highlights.



Park Entrance

- Garden visitors will enter from Pierce Street.
- Parking is provided at the Pierce Street entrance.
- Visitors will enter the garden via stone steps that will be flanked by an existing pair of Hollies.
- The hollies will be accented with flood lights for night visitors.
- The stairway will be flared at the base providing a wide welcoming entrance.
- The stairway will be bordered by a low stone wall providing architectural interest.
- Upon reaching the top of the stairway, visitors will be greeted with a view of the Events Plaza and the garden beyond.

Event Plaza/Donor Garden

- The Event Plaza provides 3,000 square feet which may be used for a wide range of public and rental events.
- This inviting space is hard surfaced for all-season use.
- Surfacing the Plaza with natural stone material is in harmony with the reflective nature of the Memorial Park.
- A space is reserved in the center of the Plaza for a water feature.
- A recommended water feature is a geyser/jet display. This type of feature emits the water display through a metal grid. When desired, the water can be turned off and the metal grid blends with the stone walking surface. The geyser/jet display has the additional advantage of being inconspicuous in the landscape when winterized.
- The water feature could also be developed as a fountain.
- The Plaza is bordered by a 5' deep raised display bed. The wide ledge of the raised display bed provides extensive casual seating. The display bed will include a mix of annuals and perennials for an extended season of color. The plant materials will also provide a subtle sense of enclosure for the Plaza.
- There are two exits from the Plaza. The one directly across from the entrance steps leads to the garden. The exit to the left leads to the Donor Garden.
- The Donor Garden will have as the focal point the Donor Wall recognizing contributors to the Grogan Memorial Park.
- The Donor Garden is turf space enclosed with an evergreen hedge to screen out Pierce Street traffic. The hedge is based with a ground display bed of annual and perennial materials which mirror those used in the Plaza's display beds, providing connection between the spaces. The Donor Garden provides an additional 2,000 square feet for larger functions being held in the Event Plaza.

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Garden Pathway

- The garden pathways will be hard-surfaced. This will provide easy year-round access for visitors. It will also make the garden handicap-friendly.
- Potential surfacing materials could be asphalt or concrete. Concrete materials should be rough finished for pedestrian safety. Concrete materials have potential to be textured and colored for ascetic considerations.
- The pathway leads the garden visitor to all garden attractions following a circuitous route.
- An additional handicap entrance is provided from the City Hall access road.
- Pathway lighting leads evening visitors safely through the garden.
- Mature trees along the pathway are flood lit for evening accents.

Outdoor Theatre

- The Outdoor Theatre space is equipped with a concrete pad for the mounting of an exterior movie screen.
- The 2,000 square foot turf area will allow for casual seating during the viewing of “Movies On The Lawn”.
- Benches are sited on the rear edge of the Lawn.
- Three exits/entrances to the Lawn allow for movement of a large number of visitors.
- The lawn is encircled with a mixed shrub/perennial border to create an outdoor room.

Waterfall and Pond

- A Waterfall and Pond are sited facing the handicap entrance on the access road to City Hall.
- This feature provides a welcoming focal point to visitors entering on the east side of the garden.
- The Waterfall and Pond are placed to take advantage of an opening in the tree canopy.
- Incorporating a Waterfall/Pond feature allows for the use of extensive water plantings and fish that are not possible in any of the garden’s other water features.

Gazebo

- The Gazebo is sited in the middle of the garden to provide the greatest level of privacy for gatherings.
- The Gazebo is anchored to the surrounding landscape with an asymmetrical planting of fragrant/flowerings shrubs and perennials.
- Recommended construction materials include wood and natural stone to blend with other Garden features.
- Views out of the Gazebo include the Waterfall/Pond, Wind Chimes, Retreat/Bubbling Fountain and the Two River Gardens/Pergola.

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Retreat/Bubble Fountain

- The Retreat fills the function of small group seating in the garden. Benches and/or tables can be placed in the retreat for outdoor dining.
- A mixed fragrant/flowering shrub and perennial border surrounds the Retreat.
- The Bubble Fountain is a collection of ceramic jars from which jets of water “bubble” out and over the container surfaces. The jars are placed on a grid covered with small stones that camouflage the water reservoir below.
- This water feature has been placed in the mixed border surrounding the Retreat to mute the sounds of traffic in this section of the garden.
- Construction materials for this structure will blend with the wood and natural stone materials used throughout the garden.

Public Art Display

- One mission of the Grogan Memorial Park is to provide a public space for the display of community generated art.
- Six Public Art Display areas are arrayed along the pathways throughout the garden.
- Each Art Display area includes a concrete pad for the safe mounting of art displays. These pads are backed with mixed shrub borders to provide a “green” backdrop for the art. Each display pad will be uplit.
- Across the walkway from each display pad is a bench for visitors to pause and reflect on the works of art. These seating areas are also enclosed with a mixed shrub border providing a private, contemplative space in the public garden.
- The six mixed shrub borders surrounding the Public Art Display areas are all unique to provide garden interest.

Two Rivers Garden/Pergola

- Inclusion of a disappearing river water features allows for the incorporation of Eden’s Two Rivers logo in the garden.
- This water feature can be developed “wet” with actual streams or “dry” with rock stream beds.
- A disappearing stream feature allows for the motion and sound of water with a much lower maintenance quotient than a full pond ecosystem requires.
- The feature is placed in an area of open sunlight which would be required for a “wet” stream.
- A pergola is placed off the pathway at the head of the stream for visitors to rest and enjoy the garden feature.
- The island, created by the intersection of the two streams, features weeping conifers taking advantage of one of the few full sun locations in the garden.
- The stream bed edges are softened with grasses and groundcovers.

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Mixed Shrub/Perennial Borders

- Borders of mixed shrubs and perennials are placed throughout the garden in the garden “islands” created by the pathway systems.
- The border is placed to provide screening between sections of the garden and garden attractions.
- Borders allow garden visitors to be surprised by what awaits them around the next bend.
- The plant materials chosen for the borders serve a mix of purposes:
 - Seasonal color – flowers/fall color/fruit
 - Levels – shrubs range from 2’ to 10’, perennials range from 1’ to 4’
 - Multi-sensory – scented plants
 - Screening – evergreens block views
 - Visual Interest – foliage textures/color
 - Maintenance – selections based on minimal maintenance requirements
 - Existing Tree Canopy – shade tolerant species dominate selections

Council Member Burnette questioned the overall acreage to which Ms. Adams replied 5. He then questioned the next step now that they have a conceptual design and now do they go and get a price.

Mr. Corcoran explained that they had discussed taking a 2 pronged approach. The first thing they would want to do and most importantly was get back to the fundraising. He stated that a lot of people said they were very interested but they needed the drawing. They have new brochures that came in this week so they have a list of everyone initially contacted but who has not responded. They are going to go out to all of those people. They also have a list of some potential heavy hitters. The other thing they would do is get some of the staff together and basically have a discussion about this and they should go. He explained that Ms. Baker said she would be willing to submit a price to do everything and then she would sort of be the general contractor so they had asked her to go ahead and give them a price just so they would know if the \$250,000 was in the ballpark. They intend to sit down with staff and discuss this to determine what needed to be done to make this a reality. Should this be something that Ms. Baker can oversee and make happen or was it something staff could oversee and make happen or should they go out and hire a professional because again if you go out and start getting those professional services you start eating up the money that you have raised.

Council Member Burnette asked if it would not be beneficial to have some ideas for some of the prices for a gazebo or this outdoor theater when you go to talk to the large donors.

Mr. Corcoran replied that they have some people who have been asking about naming rights and the possibility of donating the funds for a specific item with their name put on that item.

Council Member Turner asked if they did not have any plans for any sort of phases or groundbreaking.

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Mr. Corcoran replied that there would be a groundbreaking. They had also planned to meet with Sylvia Grogan to see to what extent she wanted to be involved in this second wave of fundraising. He explained that Sylvia really did not want to be involved with the first wave and so it was pretty much in-house. Will Flynt assisted them a lot as well but now they were at a point that some of the people that are on the fundraising list are unique to Sylvia and John. He explained that he felt they would probably get a better response if she was involved as opposed to him or Ms. Adams or even Will Flynt calling on them.

He explained that contributions already received included individual donations of \$28,000, \$25,000 and \$10,000 with \$10,000 from an industry. They have also received several \$2500 checks and then a generous contribution from all the employees. So it was really not that big of a list and there were a lot of folks on that list who could easily produce another hundred. If they could go out and get to that very short list and get some fairly swift responses then they may be up to where they need to be.

He added that one of the thing with permits, they want to disturb as little as possible because there was a threshold once you disturb too much ground and then you have to go get permits so again these were things they were going to talk about that may have to be done in phases but they did want to do a groundbreaking. He explained that they also wanted to find out when Michael Grogan was coming home and plan the groundbreaking around when he would be home. They also wanted to include the individual who had given the most so far as that person lived in Williamsburg.

He also added that knowing John, he really would want this done if at all possible without taxpayer dollars and that was what he had tried to stay focused on.

Discussion & Consideration of Recommendations Concerning Raftelis Financial Rate Model, EPA Administrative Order and Future Water/Sewer Rates

Mayor Tuggle asked Mr. Corcoran to proceed with the presentation.

- Review of Historical Data & Trends
- Background of EPA Administrative Order
- Summary of Identified Deficiencies
- Current Recommendations – W.K. Dickson Engineers
- Raftelis Rate Study
- Projected Capital Improvement Program Costs
- Follow-Up – Special City Council Meeting 02-04-14
- Affordability
- Forecasted Rate Adjustments – 07-01-14 & Beyond
- Current Assumptions & Recommendations – City Manager
- Financial Impact on Various Groups of Users
- What Happens if We Do Nothing?

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Historical Data

From our beginning in 1967 through the early part of the 2000s, Eden was blessed with an abundance of water and sewer using industries that provided thousands of jobs and helped to generate significant revenue which in turn was used to subsidize rates for our residential and commercial customers. Some of these industries included:

Fieldcrest – Fieldcrest Cannon – Pillowtex

Miller Brewing – MillerCoors

Santee – Liberty Textiles

Spray Cotton Mills & Spray Textured Yarns

Anaconda – Pannill Knitting – Sara Lee – National Textiles – HanesBrands

Pluma

Karastan

Dan River Water

Parkdale

Historical Data – Did You Know?

May 4, 2000 Memo – David Cain

- From 1991 through 1999, the Water and Sewer Fund subsidized the General Fund to the tune of \$5,372,923. This is money that could have been used to replace and/or rehabilitate water and sewer infrastructure but was not.
- From 1992 through 1999, undercharges to existing contract customers resulted in the loss of an additional \$2,153,215.
- Instead of using all of the approved 1990 bond proceeds on improvements to the Water and Sewer plants, the decision was made to use \$3,000,000 in reserve funds.
- This is a total of \$10,526,138 that was lost instead of being used to address the numerous needs facing the City's water and sewer system during the 1990s. No provisions were ever made in the rate structure to recover these funds.
- During this same time period (1989 through 1999), the City of Eden was experiencing a monumental problem in reference to ongoing sanitary sewer overflows (SSOs) that averaged an astounding 1,978,853 gallons per year.
- Based on written archive documents, it appears that water and sewer rates were only raised on three occasions from 1967 through 2000. There was an increase in the volumetric rate in 1980, 1990 and 2000 and there was only one increase during this period of time to the fixed rate and that was in 1980. In reality, it was the continued existence of industries using large quantities of water and sewer and the clear decision to avoid addressing the vast majority of ongoing and escalating water and sewer infrastructure needs that allowed the City to get by.

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Historical Data

- In hindsight:
 - Lack of attention paid to our water and sewer infrastructure from 1967 through 2000.
 - Continued aging and deterioration of our system.
 - Only three rate increases in a 33-year period.
 - Loss of \$10,526,138 in water/sewer revenues in the 1990s.
 - Loss of water and sewer intensive industries and related jobs.
- Consistent problems connected with on-going large volume sanitary sewer overflows (SSOs).

= A very problematic situation that will cost our rate payers millions and millions of dollars to resolve.

Historical Trends Sanitary Sewer Overflows (SSOS)

- From 1987 until 2003, Eden averaged an astounding 2,028,819 gallons in SSOs on an annual basis.
- After implementing an aggressive plan to reduce SSOs in the latter part of 2001, the annual volumes attached to our SSOs dropped considerably. During the past seven years, the City has been averaging approximately 178,090 gallons in SSOs on an annual basis. This is an improvement of 91.2%.
- During the first eight months of FY 2013-14, the City has experienced 12 SSOs with a total volume of 55,677 gallons.

Mr. Corcoran explained that if they look at where they have come and the progress they have made, it is quite impressive.

Council Member Burnette agreed and also pointed out that a tremendous amount of work has been done and the volume has decreased but looking at it with those 12 overflows in the eight months, they are still out of compliance.

Background EPA Administrative Order

- Sanitary sewer overflows (SSOs) are a violation of federal law under the 1972 Clean Water Act's (CWA) prohibition on unpermitted discharges.
- SSOs also constitute a failure to comply with the requirements of the National Pollutant Discharge Elimination System (NPDES) permit which is regulated by the State of North
-

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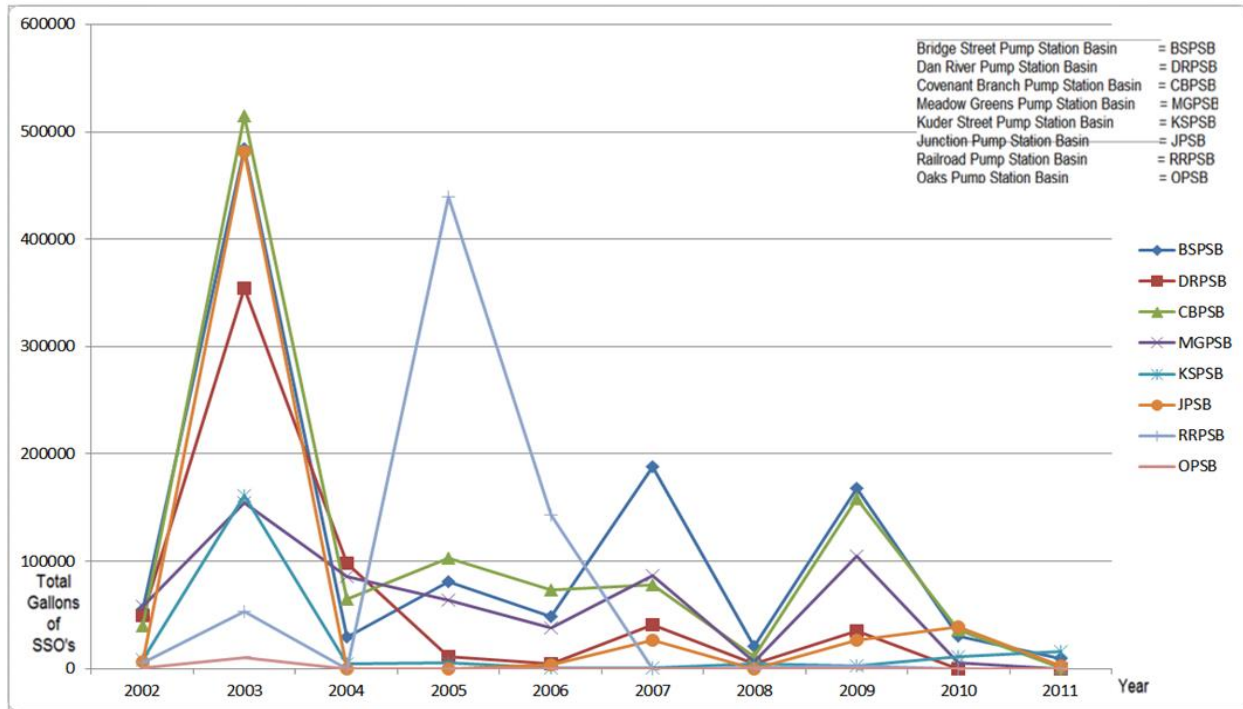
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- Carolina, Department of Environment and Natural Resources (NC-DENR), Division of Water Quality (DWQ).
- The elimination of SSOs was one of the U.S. Environmental Protection Agencies (EPA) national enforcement initiatives for 2011 to 2013 – Eden was placed under an Administrative Order from the EPA on January 3, 2012.
 - Clearly, the recent increase in EPA SSOs enforcement actions against cities like Eden pose significant challenges for municipal wastewater systems and results in significantly increased costs to our municipal rate payers.
 - Regardless of affordability, the EPA judges full compliance as having **NO** discharges once you are placed into an enforcement action.
 - In 2008, City staff completed a required survey sent to us by the Region 4 office of the EPA regarding sewer overflows. The threshold for enforcement action by the EPA is 8 SSOs per 100 miles of pipe.
 - Eden has approximately 161 miles of pipe and in the 3 year time period of 2006 – 2008, we experienced a total of 83 SSOs or an average of 27.66 SSOs per year which equates to 17.18 SSOs per 100 miles of pipe.
 - The EPA reviewed this survey in the spring of 2011 (**3 YEARS LATER**) and Eden was placed on a list of 140 cities that would be required to participate in a *Show Cause Hearing* for why we were still having overflows and why we shouldn't be penalized for them.
 - Although we had made tremendous strides in reducing both the frequency and volume of our sewer overflows, our average of 17.18 SSOs per 100 miles of pipe was not low enough to avoid enforcement action by the EPA.
 - Typical causes of sewer overflows include:
 - Significant Rainfall
 - Blockages
 - Inflow and Infiltration
 - Mechanical Failures of Equipment
 - Vandalism & Illegal Private Connections
 - Since my arrival in February 2001, the City has spent approximately \$16,997,654 on improvements to our sewer collection system related to battling inflow/infiltration and reducing our SSOs.
 - The graph on the next slide illustrates the dramatic decline in the City's SSOs from 2002 through 2011.
 - You will note that there has been a significant reduction in the gallon volume of the discharges annually over this entire period of time.

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Graph of SSOs History 2002 to 2011 - Trend of Improvement Total Gallons Overflowed per Pump Station Basin



Background EPA Administrative Order

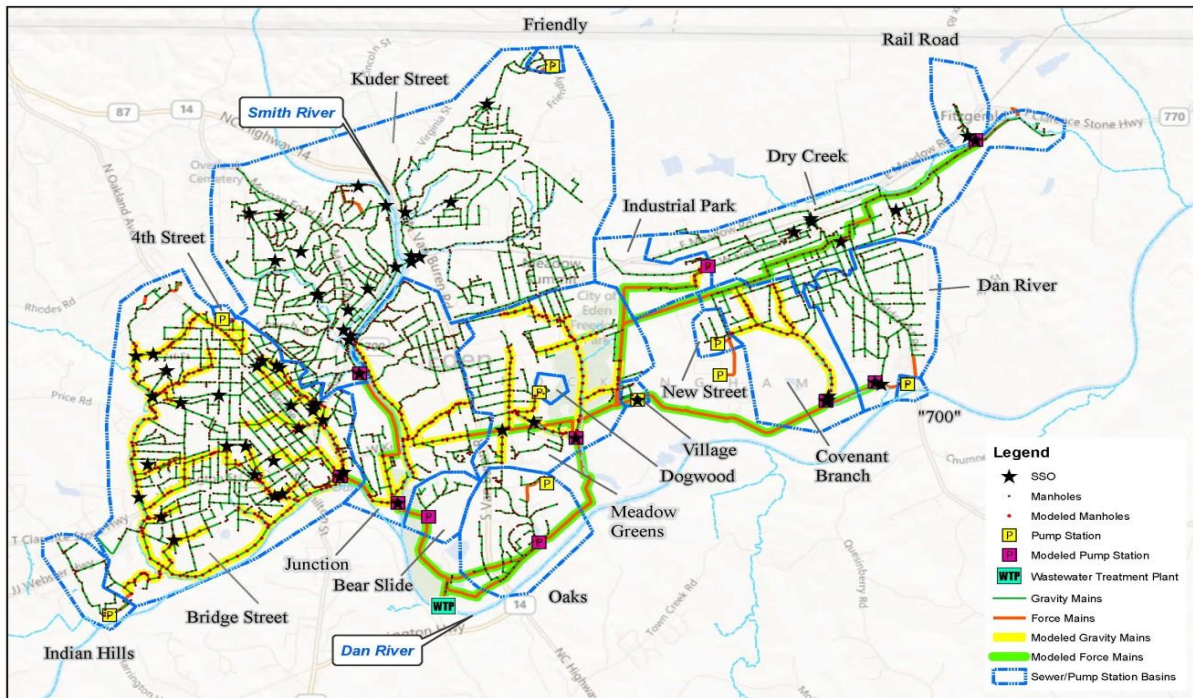
- On August 4, 2011 a *Show Cause Hearing* was held during which we presented evidence outlining our diligent efforts to control and stop additional SSOs.
- After several months of reviewing and analyzing the evidence we presented, the EPA sent a draft Administrative Order (AO) for our review that surprisingly enough covered our entire City Collection System.
- Through numerous discussions and negotiations we continued to argue that our extensive rehabilitation efforts over the course of the previous nine years had already reduced our SSOs considerably.
- The EPA listened to our argument and the Administrative Order was actually reduced from covering the entire City Collection System to initially just three critical basins with recurring SSOs.
- The Administrative Order as issued applied to the critical basins of the following pump stations:
 - Covenant Branch
 - Meadow Greens
 - Bridge Street
- After a brief period of initial field work, the Junction basin was added due to significant deficiencies both in terms of capacity and reliability.

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- The next slide is a map which shows the location of these four critical basins and the identified overflow locations within each of those critical basins.

Sanitary Sewer Overflows – Critical Basins of Covenant Branch, Meadow Greens, Junction and Bridge Street



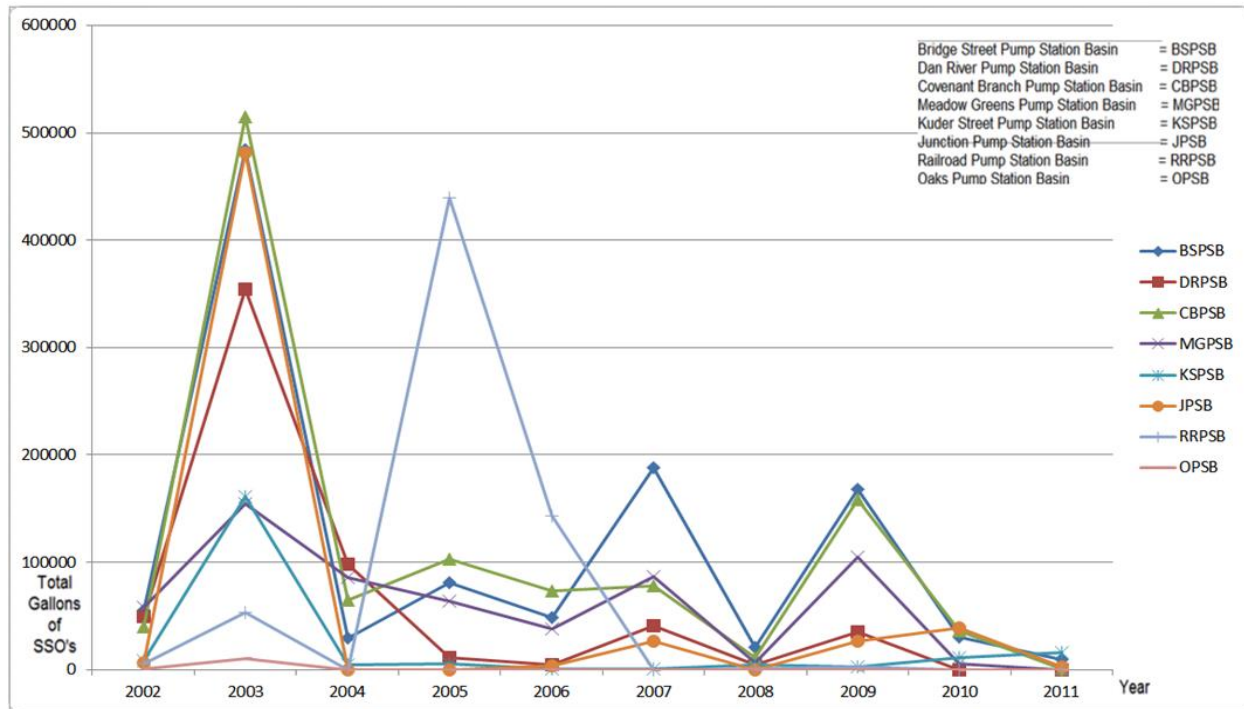
Background EPA Administrative Order

- Let's pause for a minute and take a second look at the historical graph of SSOs for that nine-year period.
- You will note that these same four critical basins (Covenant Branch, Meadow Greens, Junction and Bridge Street) have had the largest volume of SSOs in the last several years but each of these areas has continued to see improvement as well.

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Graph of SSOs History 2002 to 2011 – Trend of Improvement Total Gallons Overflowed per Pump Station



Background EPA Administrative Order

- The effective date for the Administrative Order was January 3, 2012.
- We immediately initiated our work to comply with each of the programs and requirements outlined in the Administrative Order.
- We have completed the Pump Station Operations Program (PSOP) and the Sewer Overflow Response Plan (SORP) requirements. In January 2014, the EPA provided feedback to the City which will be addressed in an updated submittal.
- Also, the EPA's reviewing agent just went on maternity leave and it's possible that the formal acceptance of these items may be delayed.
- The programs listed in the Administrative Order (AO) are very comprehensive and have required significant staff and engineering consultant time to complete.
- Most of our initial efforts are winding down and are anticipated to be completed within the next 90 days. During this time period we plan to perform the required condition assessment on the Junction siphon and the main outfall downstream and upstream of the siphon.
- All segments of the AO the City staff was working on in-house were actually completed over twelve months ago and we have been waiting on the review and/or approvals for those segments.

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- The feedback we received in January 2014 is the first time any of the work submitted by City staff has been reviewed by the EPA.
- I am pleased to report that we have met all of the order deadlines for all submittals to this point and until the EPA completes the review of submittals from the in-house work by City staff, no further work can proceed in terms of the in-house work.
- The next eight slides show due dates, updates and names of the programs and plans we have and will be required to produce for submittal that are a part of the AO.

Background EPA Administrative Order

- Time Line & Critical Dates (Dates posted are due dates for programs or plans).
- **January 3, 2012 – Administrative Order received by certified mail and the official compliance clock start date.**
- **April 1, 2012 – Pump Station Operations Program (PSOP)**
** This was completed and submitted on or before April 1, 2012, as required by City staff. The City's response is still under review by the EPA.*
- **April 1, 2012 – Sewer Overflow Response Plan (SORP)**
** This was completed and submitted on or before April 1, 2012, as required by City staff. The City's response is still under review by the EPA.*
- **July 3, 2012 – Capacity Assessment Plan (CAP) must be submitted to the EPA for review and EPA approval. If the CAP is approved by the EPA within two months (9/3/2012) the Capacity Assessment Report (CAR) is due by 12/03/2013.**
** The CAP was submitted on or before July 3, 2012, as required. The CAP Work Plan was approved by the EPA on January 27, 2014. The implementation plan for the CAR is slated for a start date of February 1, 2014 and a due date of January 31, 2015. The CAR is expected to be completed and submitted within the next 90 days or about eight months early.*
- **July 3, 2012 – Sewer System Evaluation Survey (SSES) Work Plan must be submitted to the EPA for review and approval. The SSESs must be completed within twelve months after EPA approval of the SSES Work Plan.**
** The SSES Work Plan was submitted on or before July 3, 2012, as required. The SSES Work Plan was approved by the EPA on January 27, 2014. The implementation plan for the SSES Report is slated for a start date of February 1, 2014 and a due date of August 1, 2014. The SSES Report is expected to be completed and submitted within the next 90 days or about three months early.*
- **August 1, 2012 – Within 30 days of the Capacity Assessment Plan (CAP) submittal the City will submit additional information that substantiates the selection of the basins it considers critical.**

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- * This additional information was submitted on or before August 1, 2013, as required. The CAP that was submitted and approved by the EPA on January 27, 2014 determined Junction Basin was an additional critical basin that would have to be addressed along with Covenant Branch, Meadow Greens and Bridge Street. This additional basin has been factored into all of the completed work and evaluations to date and those recommendations are under review by the EPA.*
- **September 3, 2012** – Pump Station Preventative Maintenance Program (PSPMP) is due. The PSPMP must include a schedule for full implementation within twelve months.
** The PSPMP was submitted on or before September 3, 2012, as required by City staff. The City's response is still under review by the EPA.*
 - **January 3, 2013** – (within 12 months) Short-Term Pump Station Repair Program (must certify all pump stations are in “working order” and are in state of “good repair”). This program is composed of an electrical, mechanical and physical maintenance program.
** This program was submitted on or before January 3, 2013, as required by City staff. The City's response is still under review by the EPA.*
 - **July 31, 2014 – March 31, 2015** – Wastewater Collection & Transmission System (WCTS) Remediation Plan must be submitted for EPA review and approval two months after submission of the Capacity Assessment Report (CAR).
** Work on the Remediation Plan is underway and will contain three basic elements: a rate analysis, financial analysis and the actual remediation plan (specific strategies and schedules). The current objective is to complete this document concurrent with the CAR (approximately May 31, 2014) and to utilize the early completion date for additional remediation time.*
 - **May 31, 2016 – March 31, 2017** – Construction of the remediation measures as outlined in the approved WCTS Remediation Plan must be initiated no later than two years after the submission of the WCTS Remediation Plan.
** Although still in progress, it appears like the elements that are most critical to addressing SSOs that are in sensitive areas and adjacent to impaired waters will be completed within a three year time frame. The more long-term and programmatic functions are being supported with financial and socio-economical metrics that we hope will validate heavy financial burden, which in turn should help cultivate a 10-year to 20-year time frame for full compliance.*

Summary of Identified Deficiencies

- Sanitary Sewer Evaluation Survey (SSES)
- Pump Station Evaluation
- CCTV Inspections
- Wastewater Collection/Transmission System (WCTS)

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Sanitary Sewer Evaluation Study

- 4 critical basins selected for inventory:
 - Bridge Street
 - Junction
 - Meadow Greens
 - Covenant Branch
- 860 manholes inventoried.
- 422 manholes surveyed to obtain true elevations.
- All captured data input into GIS database.

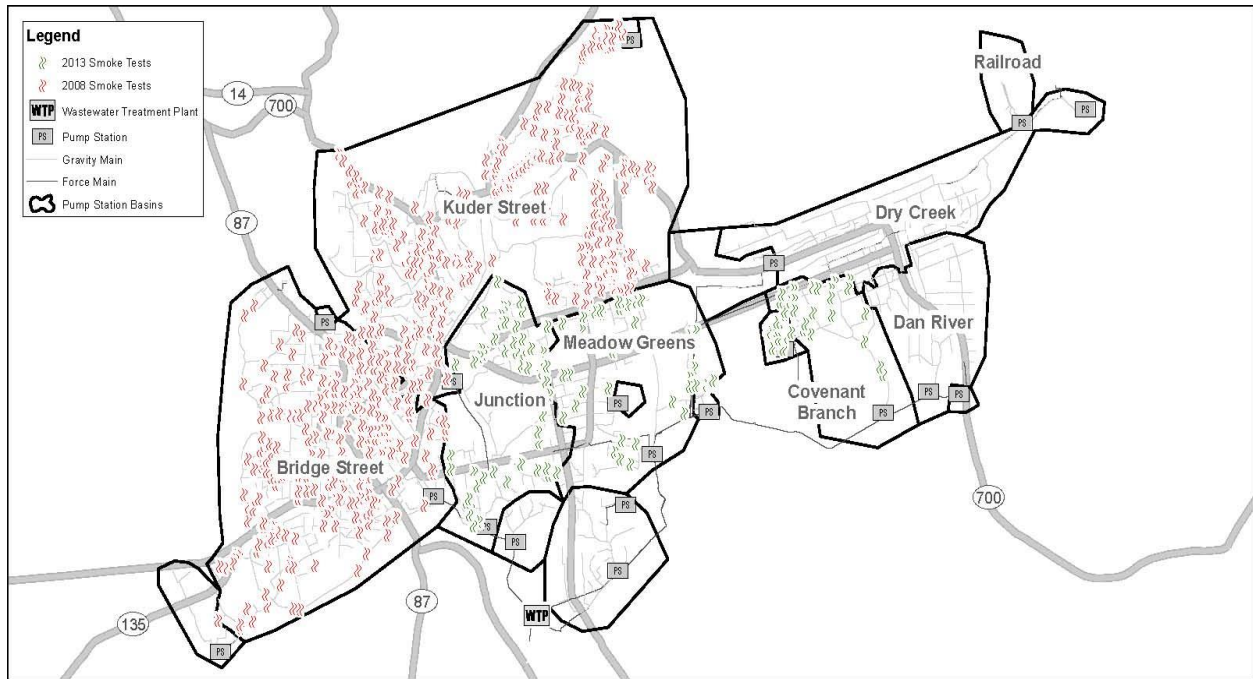
Manhole Defects Identified During SSES



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Defects Identified During Smoke Testing – Public & Private

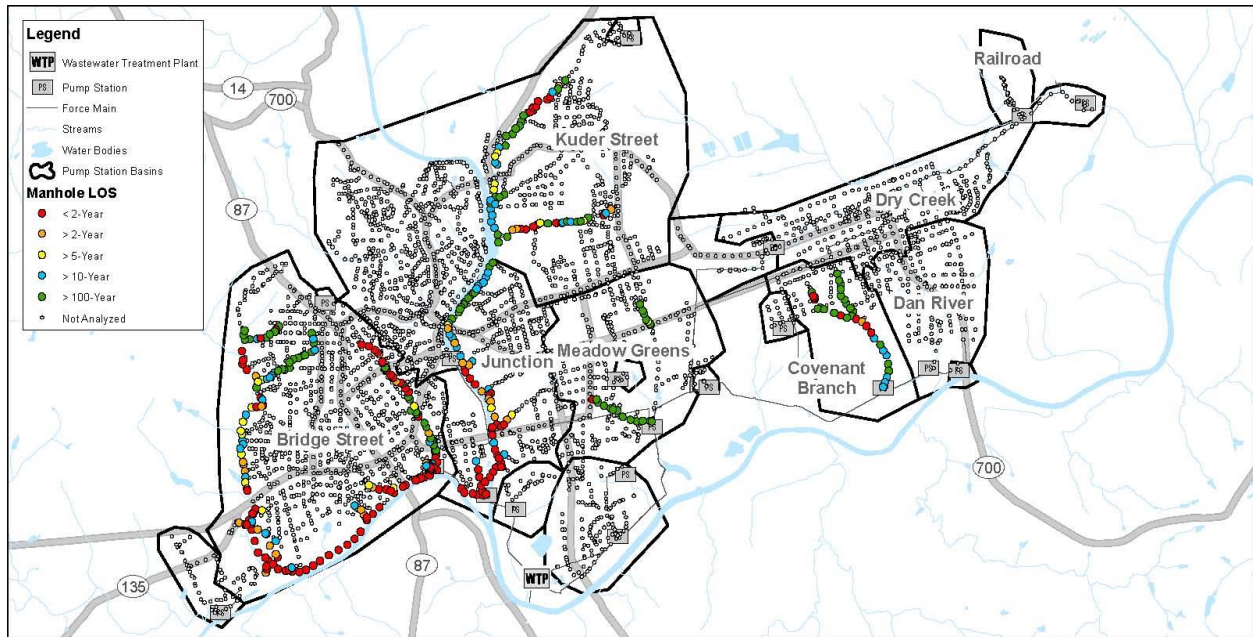


Manholes in Floodplain Analysis

Basin	Total Manholes	Below 100-Year Floodplain	Below 10-Year Floodplain	Below 5-Year Floodplain	Below 2-Year Floodplain
Bridge Street	174	141	119	107	87
Junction	81	69	49	46	36
Meadow Greens	23	2	2	1	1
Covenant Branch	35	16	9	9	8
Kuder Street	62	38	24	17	13
Total	375	266	203	180	145

Ideally, we would like all of our manholes to be above the 100 – Year Floodplain. The number of manholes below the 2 – Year Floodplain is very alarming since this theoretically recurs every 2 years.

Manholes in Floodplain Analysis



Pump Station Evaluation

- 5 pump stations selected for detailed inspection:
 - Bridge Street
 - Junction
 - Industrial
 - Railroad
 - Bear Slide
- Minor Rehabilitation – Industrial and Railroad.
- Replacement – Bear Slide, 4th Street and Dogwood.
- Major Rehabilitation – Junction and Bridge Street.

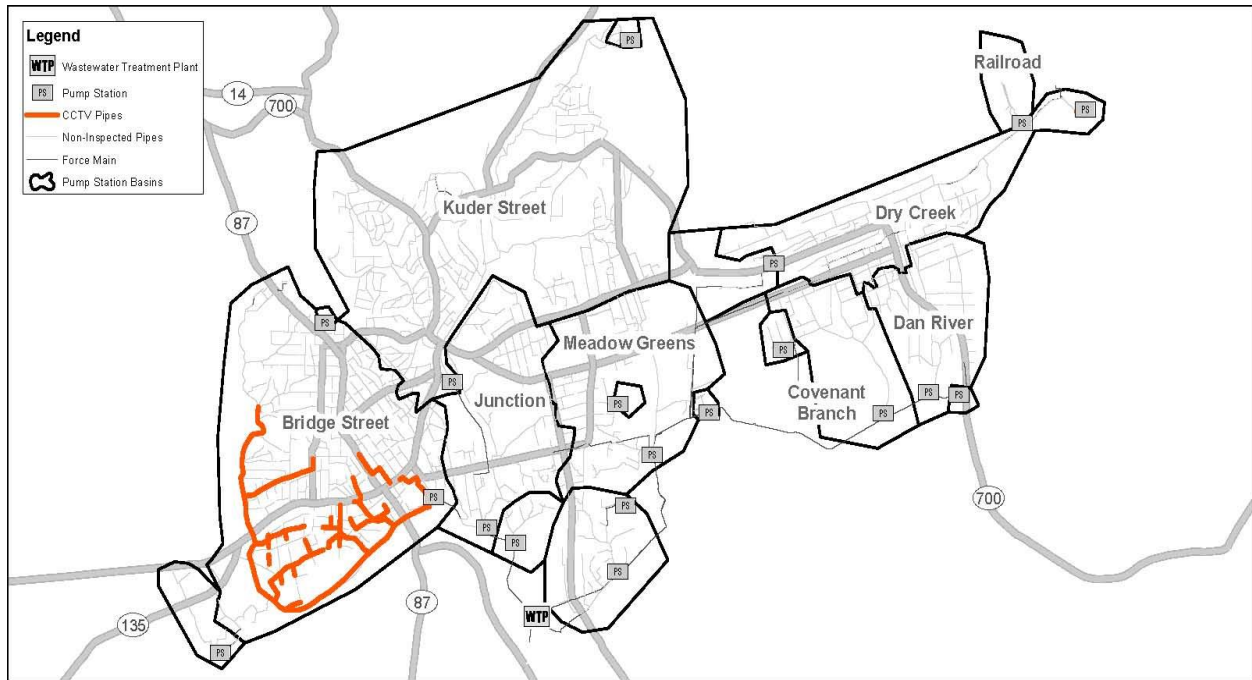
CCTV Inspections

- 43,700 linear feet or nearly 5 miles of sewer line inspected in Bridge Street basin.
- 7,390 linear feet required heavy cleaning.
- 3,571 defects found.
- CCTV results were imported to GIS using InfoMaster.

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CCTV Inspection – Pipes Inspected/Defects Found



CCTV Recommendations – Prioritization By W.K. Dickson

Project Area	Prioritization Ranking	Project Budget	No. of SSOs for Each Project Area	No Problems Identified in the 2008 SSES Report that will be corrected with the Rehab for each Project Area	RDII Reduction/In-Mile Pipe (Gal) - Based on 10-Year Storm	Total RDII Reduction (Gal) - Based on 10-Year Storm
Lower Matrimony Creek Outfall (Lining Option)	1	\$1,147,353.65	1	8	8,301	180,556
Trogdon Outfall	2	\$1,189,459.36	2	2	23,482	181,518
Lower Matrimony Creek Outfall (Replacement Option)	3	\$1,764,256.03	1	8	8,301	180,556
Elm Street	4	\$877,409.29	2	7	9,276	38,851

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Easement Outfall						
Henry Street Relocation	5	\$420,463.42	0	0	7,669	54,145
Robin Road Easement Outfall	6	\$745,537.55	1	1	8,245	44,686
Hamilton-Patrick Rehabilitation	7	\$846,867.75	0	0	7,669	54,145
Klyce Street Outfall	8	\$159,935.17	0	0	8,301	6,641
Mill Branch Outfall (Option 1)	9	\$1,982,713.41	8	6	7,669	54,145
Mill Branch Outfall (Option 2)	9	\$1,980,823.64	8	6	7,669	54,145
Dan River Outfall (Lining Option)	10	\$2,240,126.70	0	3	7,601	187,356
Dan River Outfall (Replacement Option)	11	\$3,369,274.49	0	3	7,601	187,356
Hampton Street Outfall	12	\$202,342.55	0	0	8,301	4,483
West Street Outfall	13	\$1,276,140.80	3	2	5,649	46,380

Wastewater Collection/Transmission System

Basin	Level of Service	Recommended Alternative Level of Service
Bridge Street	< 2 Year	10 Year
Junction	< 2 Year	10 Year
Meadow Greens	< 2 Year	10 Year
Covenant Branch	< 2 Year	10 Year

Ideally our critical basins should meet a 100 year 24-hour storm event. However, minimum design performance standards indicate that each basin can function effectively if improved enough to meet a 10 year 24-hour storm event.

Council Member Hall commented that all 266 that are below the 100 year flood plain are also in other flood plains so he was talking about a difference of 63 manholes.

Mr. Corcoran replied that they were going to have 63 left when all this work was done that would still be below the 100 year flood plain, but they were going to take care of 203 today and according to Mr. Fisher that was acceptable and he did not have any fear that it will not be approved.

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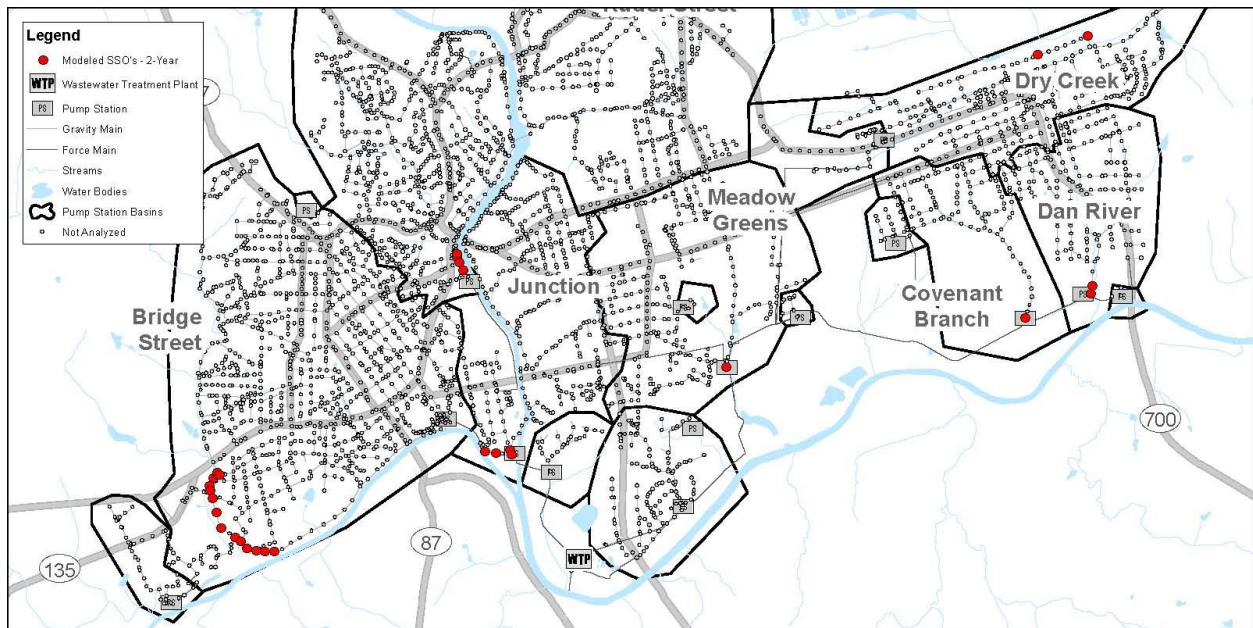
Minutes of the February 22, 2014 meeting of the Eden City Council, Continued:

Council Member Hall then referred to the project prioritization slide and stated that if the key thing they are measuring this on was the number of SSO's he questioned how could those 2 that were down there with 8 be anywhere except 1 and 2 to which Council Member Burnette agreed.

Mr. Corcoran replied that was one of the things that he had said when he met with them. He explained that Mr. Fisher's explanation was that they should focus on the 19 right there and from there to there they have only got 7.

Council Member Hall asked if that was all they were measuring, they were not measuring gallons to which Mr. Corcoran replied that was right and one of the things was this whole issue of capacity improvements versus programmatic improvements.

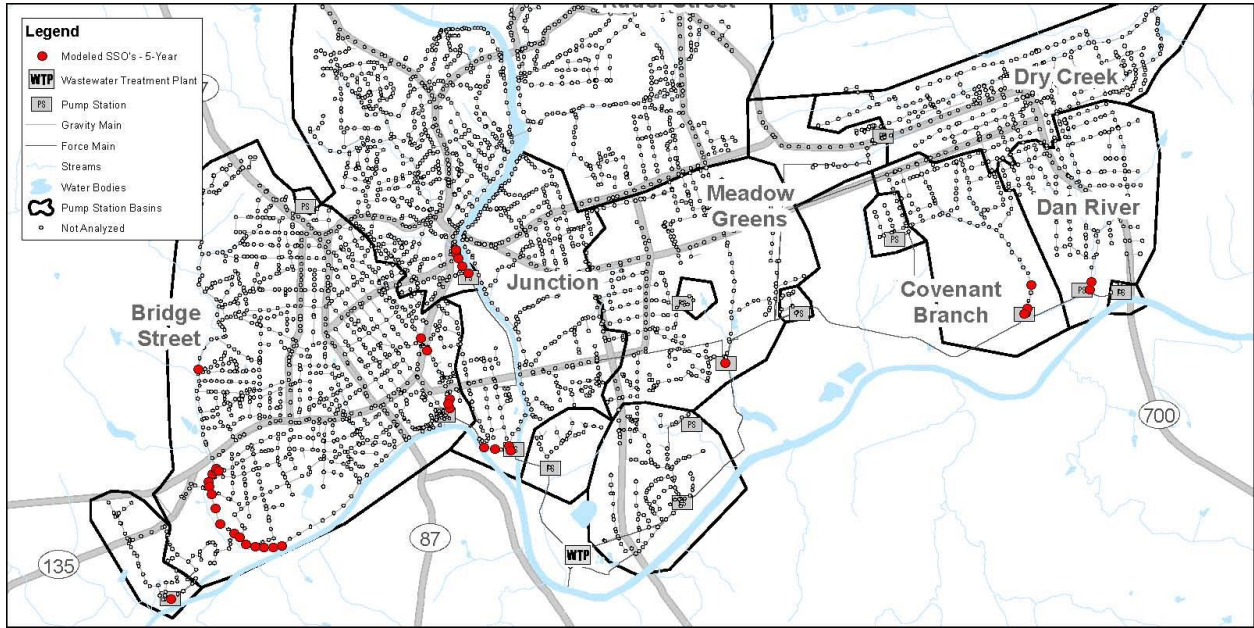
2-Year 24-Hour Design Storm – Predicted SSOs



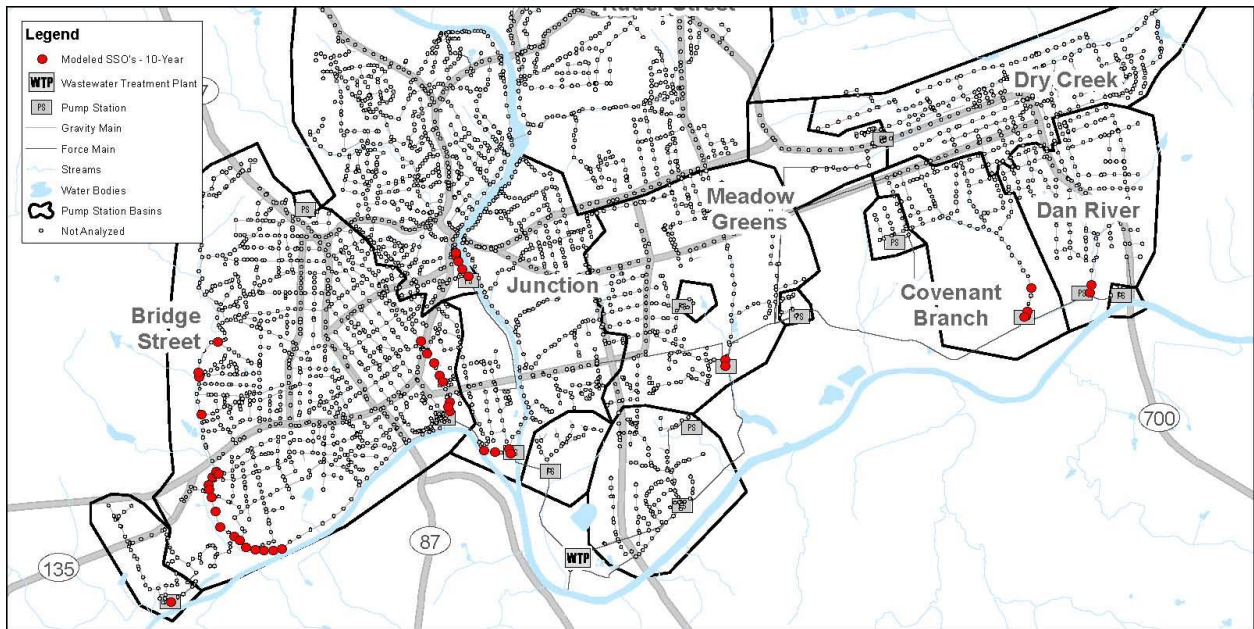
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Year 24-Hour Design Storm – Predicted SSOs



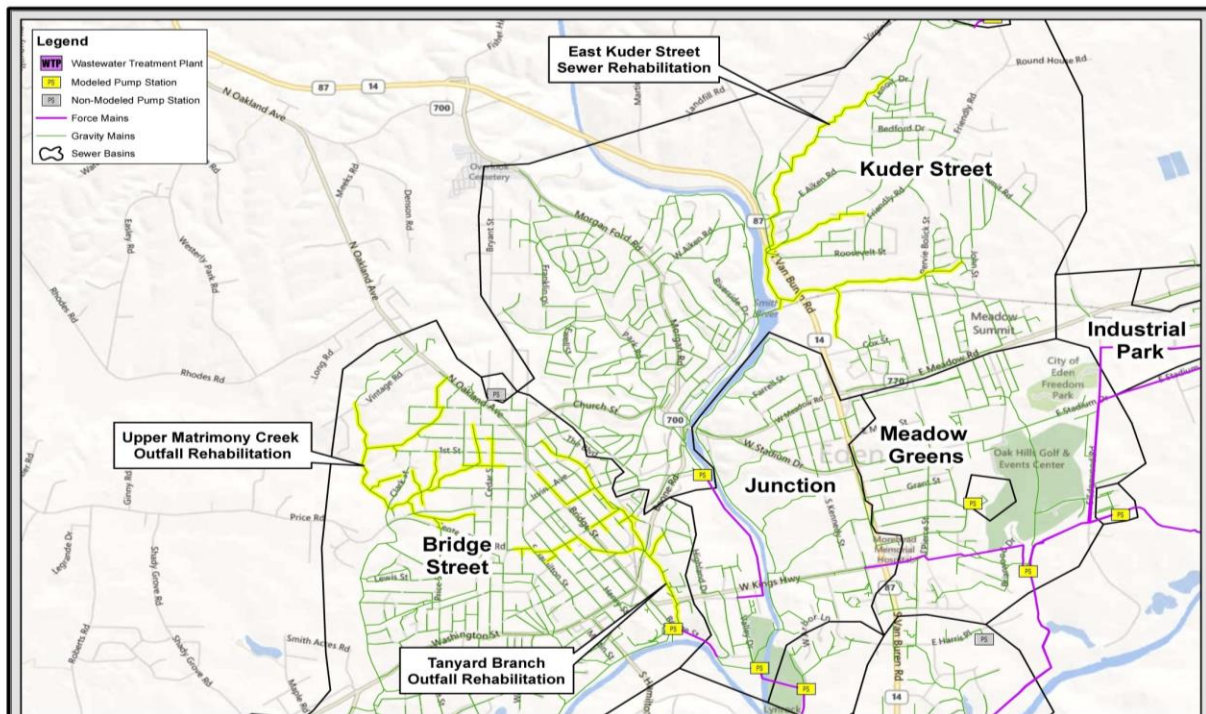
10-Year 24-Hour Design Storm – Predicted SSOs



Current Recommendations from W.K. Dickson Engineers

- Complete the siphon (under Smith River) and main outfall condition assessment in the Junction basin.
- Finalize and submit the Capacity Assessment and Remediation Plan.
- Proceed with 3 phased implementation plan of action for Remediation Plan.
- Complete the following active projects:
 - Kuder Street East Sanitary Sewer Improvements
 - Tanyard Branch Sanitary Sewer Improvements
 - Upper Matrimony Creek Sanitary Sewer Improvements

Location of Current Projects



Implement Remediation Plan Phase 1

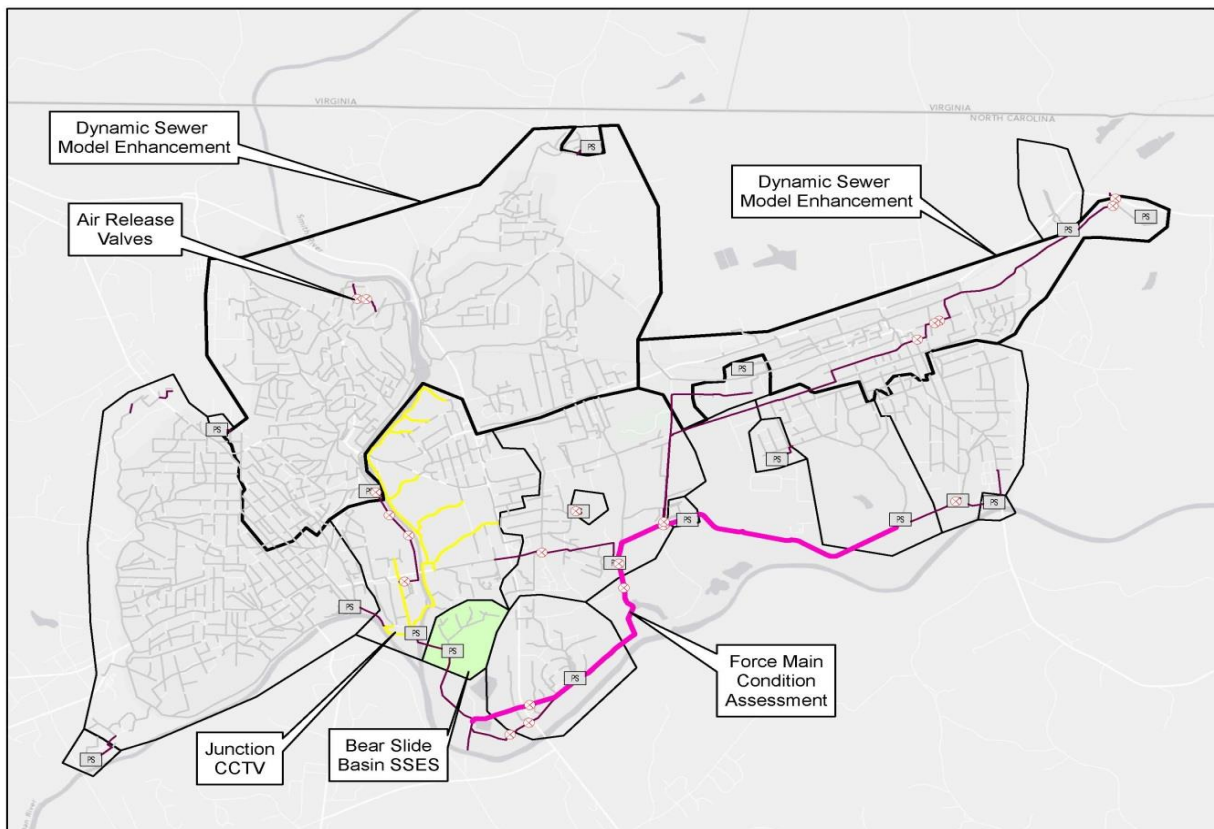
- **Complete Evaluation of Critical Assets:**
 - Remaining Condition Assessment of Primary Outfalls in Junction.
 - Covenant Branch Force Main Condition Assessment.
 - Dynamic Sewer Model Enhancement for Dry Creek and Kuder Street Basins.

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- Force Main Air Release Valve Inspections.
- Bear Slide SSES.
- Results of additional evaluation are likely to add additional cost.

Complete Evaluation of Critical Assets



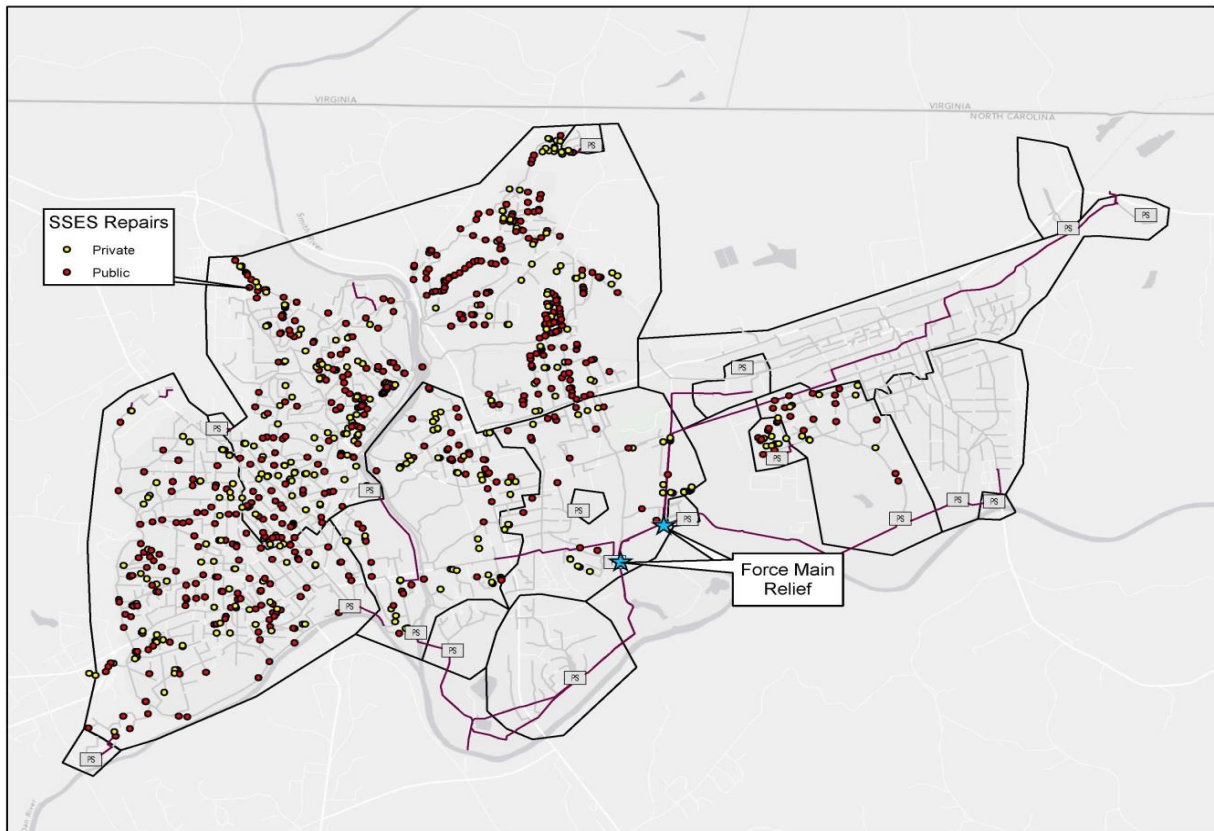
Implement Remediation Plan Phase 1 – Within 5 Year Period

- Force Main Relief for Meadow Greens and Covenant Branch.
- Validate the more than 2,000 Bridge Street and Kuder Street SSES Defects.
- SSES Repairs (Public Sources).
- SSES Repairs (Private Sources) via Sewer Code Enforcement.

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Remediation Plan – Phase 1



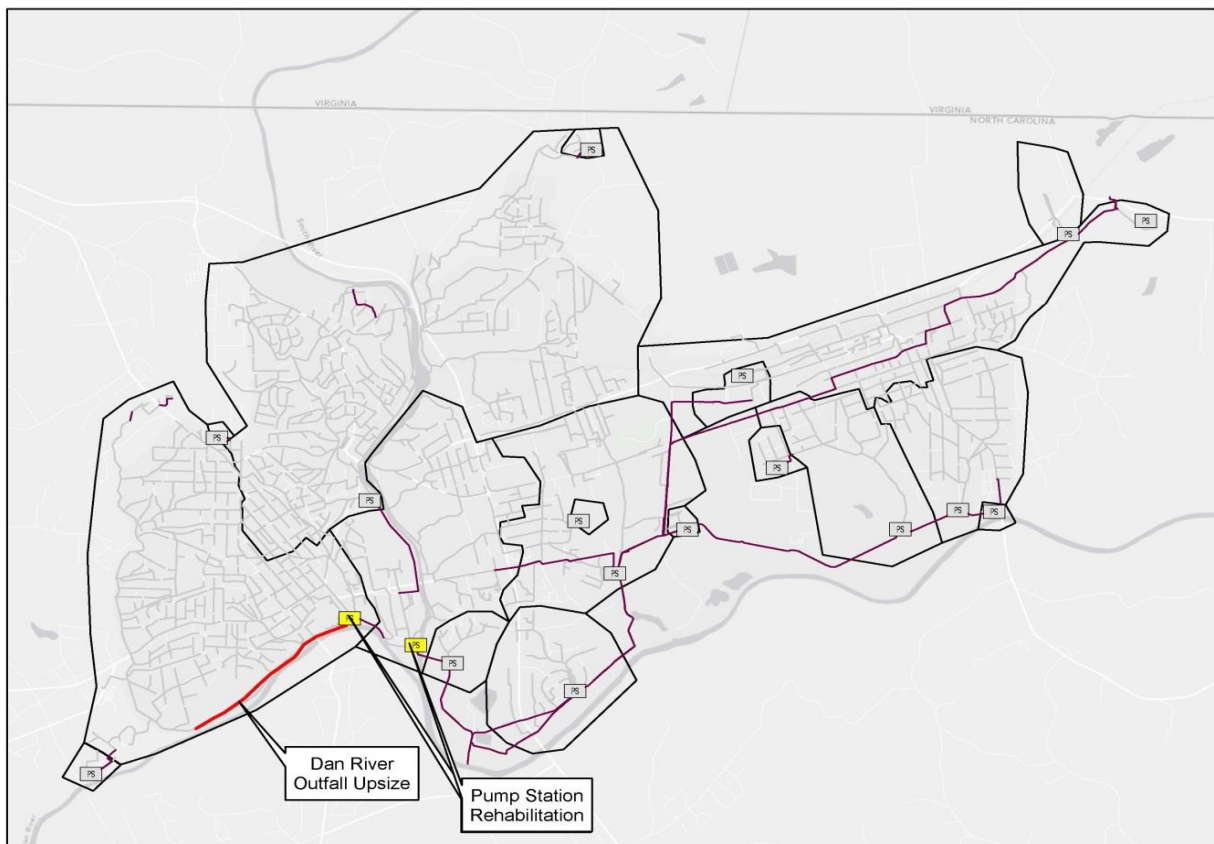
Implement Remediation Plan Phase 2 – Within 5 Year Period

- Bridge Street and Junction Pump Station Rehabilitation – These pump stations are not pumping what they should be pumping.
- Repair/Replace Faulty Force Main Air Release Valves.
- Covenant Branch Force Main Repairs.

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Remediation Plan Phase 2



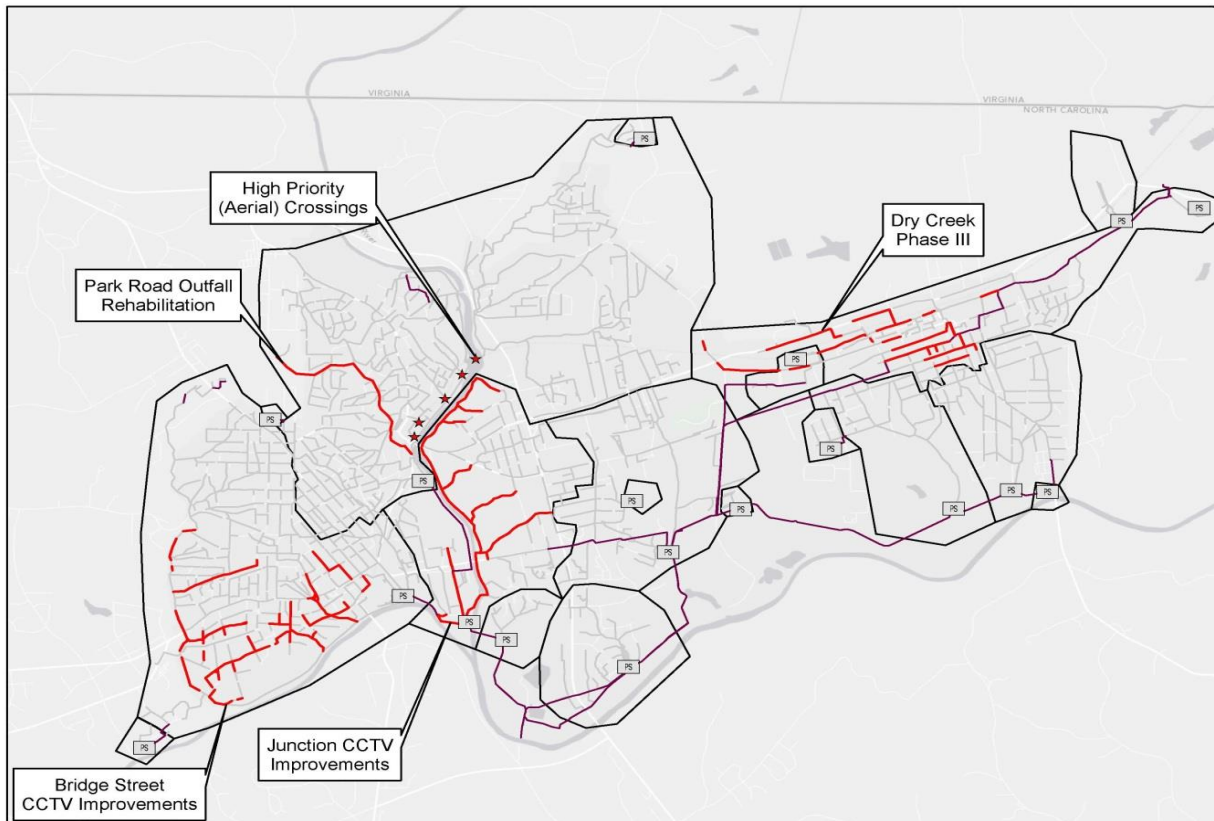
Implement Remediation Plan Phase 3

- Programmatic Elements – Try to negotiate a longer timeframe for implementation – possible judiciary process.
- Routine Evaluation and Condition Assessment:
 - Gravity Sewer
 - Force Main
- Flow Monitoring.
- Access and Easement Improvements.
- Prioritized Sewer Replacement/Rehabilitation:
 - Park Road Outfall (Kuder Street)
 - Dry Creek Phase 3
 - Bridge Street Basin
 - Junction Basin
 - High Priority (Aerial) Crossings

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Remediation Plan Phase 3



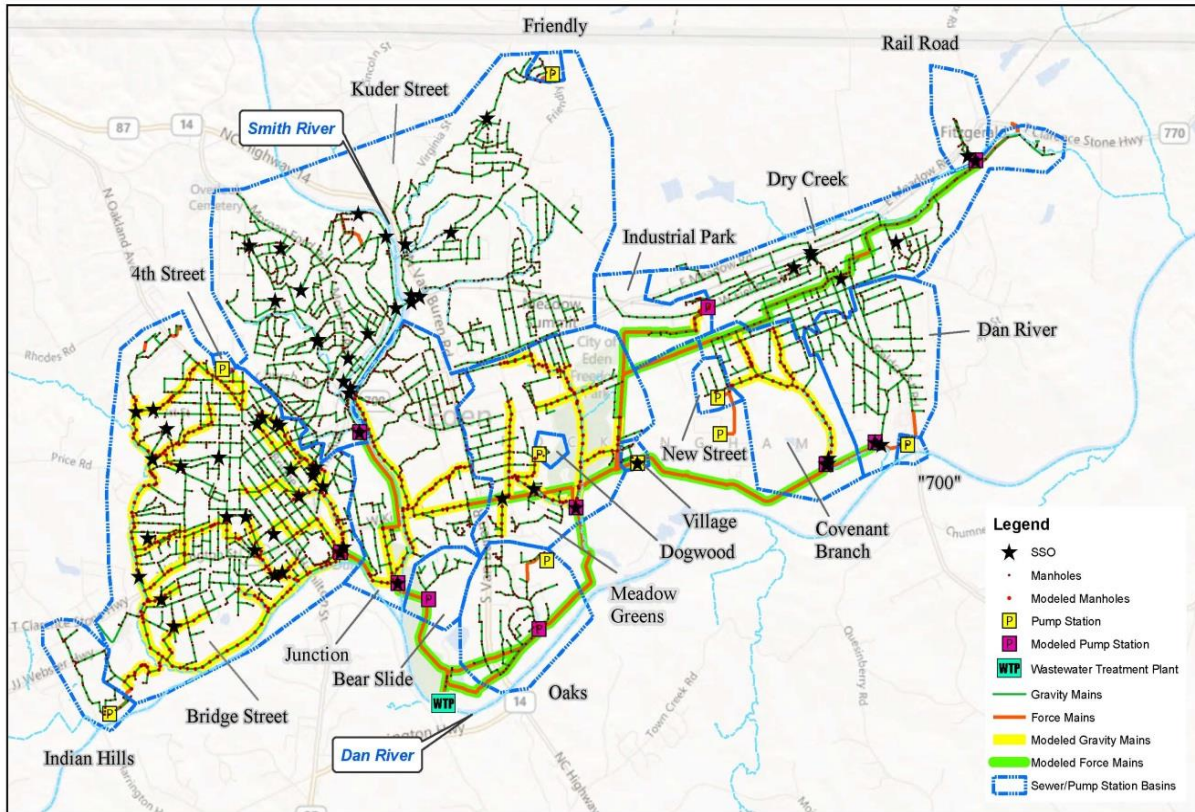
Implement Remediation Plan Phase 3

- **Pump Station Rehabilitation/Replacements:**
 - Regional (Large Stations) – Railroad and Industrial
 - Intermediate – Bear Slide
 - Small – 4th Street and Dogwood
 - Permanent Standby Power

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Pump Station Locations



Raftelis Financial Consultants, Inc. Rate Study

- Due to the magnitude of the projected costs, Raftelis Financial Consultants, Inc. was asked to address the following objectives:
 - Assess capital planning options
 - Develop rate and financial planning model to provide a forecast of financial results
 - Projected rate increases
 - Debt levels and debt service coverage needs
 - Ability to maintain reserves and liquidity
 - Assess affordability impacts of capital plans
 - Rate model is a key deliverable for the project for future use

Key Assumptions and Cost Drivers Used in the Model

- Capital improvement plans (CIP):
 - Bracketed between a Maximum and Minimum level of necessary capital investment
 - Driven by the EPA Administrative Order
 - Converted to debt service payments to support the ongoing CIP needs
 - Initial Question: Will the current and proposed rate adjustment be sufficient to address the CIP?

Unfortunately – NO!

- Growth/Decline in Customers Usage Patterns???
- Review recent trends in water & sewer usage:

<u>Fiscal Year</u>	<u>Billable Water</u>	<u>Billable Sewer</u>
2005-2006	3,150,306,200 Gallons	1,769,763,100 Gallons
2011-2012	1,770,174,700 Gallons	512,557,100 Gallons
2012-2013	1,555,782,500 Gallons	470,638,200 Gallons

- * *The average water/sewer usage per residential customer is down to just 4,016 gallons per month.*

REDUCED USAGE = LESS \$\$\$

- Used conservative assumptions:
 - Minimal growth in customers
 - No growth over the short-term in total demand
 - Model will be updated each year based on actual results
- Projections of revenue requirements:
 - Looks at total cash needs for the operation of the water and sewer utilities
 - Initially, O&M Expenses escalated by 2-5% per year
 - Debt service and capital investments – driven by CIP
 - Rebuilding reserves is critical for debt coverage needs

Forecast – Additional Considerations

- Model calculates rates needed to meet total revenue requirements in each year:
 - Independently calculates water and sewer rates
 - Separately addresses base charges and volumetric rates
- Provides flexibility to address other pricing objectives.

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**Projected Costs = Escalating Price Estimates
From W.K. Dickson Engineers**

• October 2011 – January 2013	\$ 16,274,500
• February 23, 2013	\$ 20,667,570
• September 5, 2013	\$ 28,330,080
• November 7, 2013	\$ 38,400,483
• December 20, 2013	\$ 48,367,880
• January 29, 2014	\$ 48,717,570
• Future Price Estimates	????????????

Note:

All of these price estimates include a 10% contingency and are based on present-day dollars only.

Projected Costs

- December 20, 2013 – Terry Shelton, Director of Environmental Services, submitted a ten year CIP for water and sewer projects that was assembled by W.K. Dickson Engineers that equaled \$62,800,600 for the financial rate study being performed by Raftelis.
- This was referred to by representatives from W.K. Dickson and Raftelis on February 4, 2014 as the “Maximum CIP Scenario”.
- December 29, 2013 – I contacted Mr. Terry Shelton, Director of Environmental Services and informed him a more realistic and minimalistic CIP focusing on absolute needs was needed.
- This was completed by Mr. Shelton on January 9, 2014 and was referred to by representatives from W.K. Dickson and Raftelis on February 4, 2014 as the “Minimum CIP Scenario”.
- The ten-year CIP for water and sewer projects dropped from \$62,800,600 to \$37,197,120.

**Forecasted Debt
FY 2014-15 – FY 2022-23
As of February 4, 2014**

<u>Fiscal Year</u>	<u>Maximum CIP</u>	<u>Minimum CIP</u>
FY 2014-15	\$ 9,900,250	\$ 8,027,250
FY 2016-17	\$ 14,247,050	-----
FY 2017-18	-----	\$ 4,643,350
FY 2019-20	\$ 13,597,200	-----
FY 2020-21	-----	\$ 3,577,900
FY 2022-23	<u>\$ 5,245,000</u>	-----
Totals	\$ 42,989,500	\$ 16,248,500

- Forecasted debt is a moving target since it's driven by the CIP but under either approach there is an immediate need for assuming additional debt.

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Council Member Burnette commented that as he mentioned, this target was continuously moving. He asked where they were with completing their assessment to which Mr. Corcoran replied that they were going to get that done in the next 90 days but he had more slides here that gives a warning about the future too.

Follow-up From Special City Council Meeting on February 4, 2014

- On February 5, 2014 I contacted Mr. Mark Fisher, P.E. of W.K. Dickson Engineering, seeking additional explanations and clarifications in reference to the escalating cost estimates. In addition, I asked about the likelihood of the cost estimates escalating further as additional infrastructure assessments are completed.
- On February 6, 2014 I received a response from Mr. Mark Fisher, P.E. of W.K. Dickson Engineers attempting to explain the escalation of budget estimates that have been provided to the City as the Capacity, Operation, Maintenance and Management (CMOM) Program Development has progressed. It's noted that the primary driver of the cost escalation is the impact of programmatic elements and that these elements are still a work in progress – in other words the budgetary impact associated with the assessments currently underway and still to be completed is difficult to fully assess at this time.
- A greater amount of evaluation yields more data and uncovers more problems which translates into higher costs.
- The capacity driven components of our CIP are mandated by the AO. These are not negotiable and must be completed to be in compliance with the AO and EPA.
- The programmatic elements or enhancements are not necessarily mandated by the AO but programmatic elements necessary to eliminate all SSOs caused by physical degradation of sewers, inadequate system capacity, including pump station capacities, or poor pump station reliability are mandated by the AO.

What is Affordable?

- On February 5th I informed Mr. Mark Fisher, P.E. of W.K. Dickson and others there is a method for analyzing the affordability of federal mandates from the U.S. Environmental Protection Agency (EPA) stemming from the Clean Water Act (CWA).
- EPA has developed a formal "affordability" criteria matrix to indicate when they believe such mandates would cause substantial and widespread economic distress in a community.
- We believe this criteria has many flaws but it's all we have. In the case of undue economic stress caused by wastewater requirements, the EPA may be willing to exercise some requested flexibility in the mandate by allowing a longer time frame to achieve compliance or by relaxing compliance standards.
- Eden has limited resources, so the investments we make need to address the most important needs and deliver maximum benefits at a cost that is affordable.
- The problem?
What we feel is affordable does not match what the EPA feels is affordable.

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- Bottom Line:
The investment to meet federal wastewater requirements will impose significant financial hardships on households, businesses, and industries.
- The cumulative suite of required investments not only strains our financial capacity but may also displace other important investments, including critical but non-mandated capital improvement and infrastructure renewal projects. For the greater community, mandatory investments may also squeeze out other important priorities.
- For our residents, businesses and industries, the capital expenses associated with this AO will be reflected in water and wastewater bills that must grow faster than household incomes and the general rate of inflation. Very real and significant affordability challenges will be created, particularly for lower-income households.
- If the EPA affordability criteria functioned properly, the economic hardship imposed on lower-income households would actually be alleviated.
- Unfortunately, there are several critical limitations as to how the EPA defines affordability and applies its assessment criteria. This is due in part to the EPA's reliance on metrics such as median household income (MHI), which is highly misleading as an indicator of a community's ability to pay. As a result, regulatory relief is not provided in many communities where substantial and widespread economic hardships are indeed being created.
- The EPA based decisions on affordability are the result of two benchmarks: a residential indicator (RI) and a financial capability indicator (FCI).
- The RI weighs the average per household cost of wastewater bills relative to median household income in the service area. Ultimately, an RI of 2% or greater is deemed to signal a "large economic impact" on residents, meaning the community is likely to experience economic hardship in complying with federal water quality standards.

Council Member Burnette asked if they had a medium household income for the Eden area to which Mr. Corcoran replied that they did have a source where they have gotten that just for Eden.

- The Financial Capability Indicator (FCI) reflects the average of six economic indicators. Those indicators include the community's bond rating, its net debt, the MHI, the local unemployment rate, the service area's property tax burden, and its property tax collection rate. Each indicator is assigned a score of 1 to 3 based on EPA-established benchmarks. Lower FCI scores imply weaker economic conditions and thus an increased likelihood the mandate would cause substantial and widespread economic impact on the community or service area.
- The results of the RI and FCI are ultimately combined into an overall rating based on the EPA's Financial Capability Matrix. This rating is intended to demonstrate the overall level of financial burden imposed on a community by full compliance.
- The EPA affordability criteria breaks down the final score into one of three general scheduling boundaries:

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Financial Capability Matrix Category

Low Burden
Medium Burden
High Burden

Implementation Period

Normal Engineering & Construction
Up to 10 Years
Up to 15 Years*
** (Schedule up to 20 years based on negotiation with EPA and state NPDES authorities)*

- Based on a very preliminary assessment completed on February 19, 2014 it appears that based on current data and the proposed rate increase for July 1, 2014 that Eden would fall somewhere between the medium burden and high burden range of the EPA established benchmarks but a more detailed assessment will need to be completed.

Council Member Burnette stated that they were on the low side of the medium burden and now they have shifted to the high side of the medium burden. He questioned what had actually changed.

Mr. Corcoran explained that he thought that he was very conservative at first when he asked him to look into it he and Mr. Shelton looked it up and he was in the process then of getting a lot of the data from the Finance Department and different places. He thought that in his initial email he was probably covering himself and so he was saying the low to medium and then he actually got the numbers, then the second wave was it looked like they were in the high burden but he was fearful that if they were successful in getting any of these grants it was going to kick them out of the high burden. So yesterday they contacted Mr. Warmath and asked him to assume that they got every one of those grants and to re-run the entire financial model to see where they would be if they applied all of these to that and this was what they received last night from Mr. Fisher that says the indication was right now even if they got those grants they would still be somewhere hopefully in the high to medium burden.

Council Member Burnette stated so; it looks like going forward that would allow them to be able to ask for an extension.

Mr. Corcoran replied that was correct and he asked them to remember the residential indicator was based on what the cost was per household income and the numbers they used were the July 1, 2014 rates that Raftelis recommended. He added that if they did not do that they would then fall out of that...to which Council Member Burnette asked so, that incorporates it to which Mr. Corcoran replied, correct.

Council Member Hall asked where the grants factored in and why would receiving the grants have any impact.

Mr. Corocran explained it was because it was the net debt. He asked him to assume that they got \$3 million in grants. That was \$3 million in debt they did not have to take out.

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Council Member Hall stated that when he calculated that FCI, then he figured in the...to which Mr. Corcoran explained that he assumed about \$3 million total, a Community Development Block Grant or a Clean Water State Revolving Fund Grants...

Council Member Hall clarified that he was asking about when he was figuring FCI there were 6 parts of that and there was one part that says its net debt. He asked if that included the improvements that are proposed and if so did he include the maximum or the minimum or what did he do.

Mr. Corcoran replied that he used the minimum plan to which Council Member Hall asked if they could go back and use the maximum and get an even higher burden.

Mr. Corcoran replied that they could but then you would have to commit to the maximum and they did not want to commit to that so that was why they told him to do the minimum because they did not want to commit to the max.

Council Member Burnette agreed that anything you put in the plan, they were going to hold you to.

Council Member Hall stated that was why he was asking. They were trying to decide which plan to give them and why were they using the plan to figure out what the city could afford if they were already adding in the debt that they were going to use for the repairs, and they were trying to decide how long they had to do it. He did not understand how they...

Mr. Corcoran replied that they were using the debt for the minimum plan which was \$16 million versus the \$42 million, so if they were doing the maximum plan their rating would be even much worse.

Council Member Hall stated that he would have thought they would just not use the proposed plan to decide their current economic condition without any of the repairs because they did not know what they were going to have to do yet because they have not told them, but, he asked, not factoring those in how much could they afford.

Mr. Corcoran explained that the thing Mr. Fisher would tell them was that he did know what they were going to have to do. He did know that they were going to have to do \$25 million worth of work easily.

Council Member Burnette added that they were trying to get to that minimum plan which was the minimum that they have to commit to.

Mr. Corcoran added that again that was them talking, what they think was the minimum plan. He stated that the EPA may come in and say absolutely not, you have to go back towards the maximum plan. But their approach was going to be to submit the bare minimum, not to say they were going to ignore the work if it needs to be done, they just did not want to be legally obligated for the next number of years to complete this stuff. He could tell them that the very first thing they look at was what you have done yourself, and if you have rates that are below the

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people next door and below the state averages, along with a low debt right now, they do not owe a whole lot of money and they have pretty decent reserves. Those things are not good in the eyes of the EPA when asking for help.

**Forecasted Rate Adjustments
As of February 4, 2014**

Inside-City Residential	Current	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Water: Base Charge (3/4" meter)	\$8.99	\$9.85	\$9.85	\$9.85	\$9.85	\$9.85
% Change		9.6%	0.0%	0.0%	0.0%	0.0%
Volumetric Rate	\$3.73	\$4.25	\$4.25	\$4.25	\$4.25	\$4.25
% Change		13.9%	0.0%	0.0%	0.0%	0.0%
Sewer: Base Charge (3/4" meter)	\$7.68	\$9.22	\$9.22	\$9.22	\$9.22/\$9.97	\$9.22/\$9.97
% Change		20.0%	0.0%	0.0%	0.0%/8.1%	0.0%/0.0%
Volumetric Rate	\$4.29	\$6.01	\$6.01	\$7.05/\$8.13	\$7.77/\$9.94	\$9.04/\$10.19
% Change		40.0%	0.0%	17.3%/35.3%	10.2%/22.3%	16.3%/2.5%

Current Assumptions & Recommendations

Mr. Corcoran explained that:

- (1) Final costs will likely increase as additional assessments and field work is completed.
- (2) The EPA will not be swayed by any type of an affordability argument while our utility rates are lower than surrounding communities and statewide averages. In addition, our low level of existing debt and our low tax burden are also detrimental to our arguments.
- (3) Whether we end up implementing the maximum CIP, minimum CIP or something in between, the immediate need for additional debt to finance the initial capacity components of the AO is a definitive need.
- (4) The rate increases previously approved by City Council for implementation on July 1, 2014 should be replaced as outlined by the financial rate model from Raftelis to provide sufficient funds for the initial work related to the AO. The water increase is almost identical to what the City Council has previously approved but the sewer increase reflects the consequences of the AO.
- (5) We recommend that the new rates for July 1, 2014 be adopted today so we have sufficient time to inform the community. This will allow us to roll out our press release and Frequently Asked Questions brochure to the news media during our Press Appreciation Luncheon on Wednesday, February 26, 2014.

So the next recommendation for a customer using a 3/4" meter living inside the corporate limits the Raftelis rate model recommended the current water base fixed rate be increased from \$8.99 to \$9.85 which is 2 cents higher than what Council had already approved and the current sewer

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base fixed rate increased from \$7.68 to \$9.22. In addition, they recommended the current water volume rate be increased from \$3.73 to \$4.25 per 1,000 gallons so they have already taken that action and they were already going to do that and the current sewer volume rate be increased from \$4.29 to \$6.01.

He explained that it was important for them to be committed to whatever they decide to do with rates and that would be very important because again as they submit stuff to the EPA and financial capability matrix in the next 90 days if they submit all of this stuff and then the rates go in effect July 1 and 200 people show up like they did in 2001 and the rates are reduced then they would be up a creek so it was important to be committed to whatever they end up deciding.

He continued in that they should pursue State Revolving Fund (SRF) funds that currently offer 0% interest since they did not know how much longer such an attractive rate will exist. In addition, they will seek any eligible grants although funds for grants seem to be drying up and are now much more competitive. Examples include the Community Development Block Grant (CDBG) and Clean Water State Revolving Fund (CWSRF).

Attracting large water and sewer users must remain a top priority and a main focus of their ongoing economic development efforts. A new industry (even if offered significantly reduced contract rates) still results in a huge plus to their other customers and would help to alleviate some of their burden.

Mr. Corcoran noted that each of them have a copy of the draft press release and the brochure that was done. They have also set up the press appreciation luncheon for this week in anticipation of today's meeting. Their strategy was that while they have all of the news media there, this would be a tremendous opportunity to talk to them and get them this press release information about the Administrative Order and what the city was required to do. The brochure was something that they could mail to every customer, it was something that they could give to the Council so they would have it with them if asked and it was something that can be put in the brochure rack here or at the Chamber. He pointed out that as they all know no matter how much you get the word out it does not mean it will be accepted but they felt it was a point to get the word out.

He explained that depending upon what they all do today, that they look at this press release and brochure and if they have suggestions or ideas or changes to please get back to him so they could consider those changes. He noted that they would also see on the brochure that they went ahead and on the very back and put the rates. That included the average household, what they are paying today, what they will be paying in the future and what they would be paying in any of these other places using 4,000 gallons.

- During FY 2021-22 we will be making our final payment on a \$7,500,000 sewer improvements loan that was taken out in May 2007. This will eliminate a \$663,778 annual debt service payment. If we can delay a portion of the required AO improvements until that same period of time it will reduce the amount of new revenue we will have to raise.
- Update financial model in-house on an annual basis to determine future rate needs but don't vote in a series of future increases yet due to all of the unknowns.

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- Be transparent about what the future holds as a result of this unfunded mandate from the federal government that's also being supported by the state government.

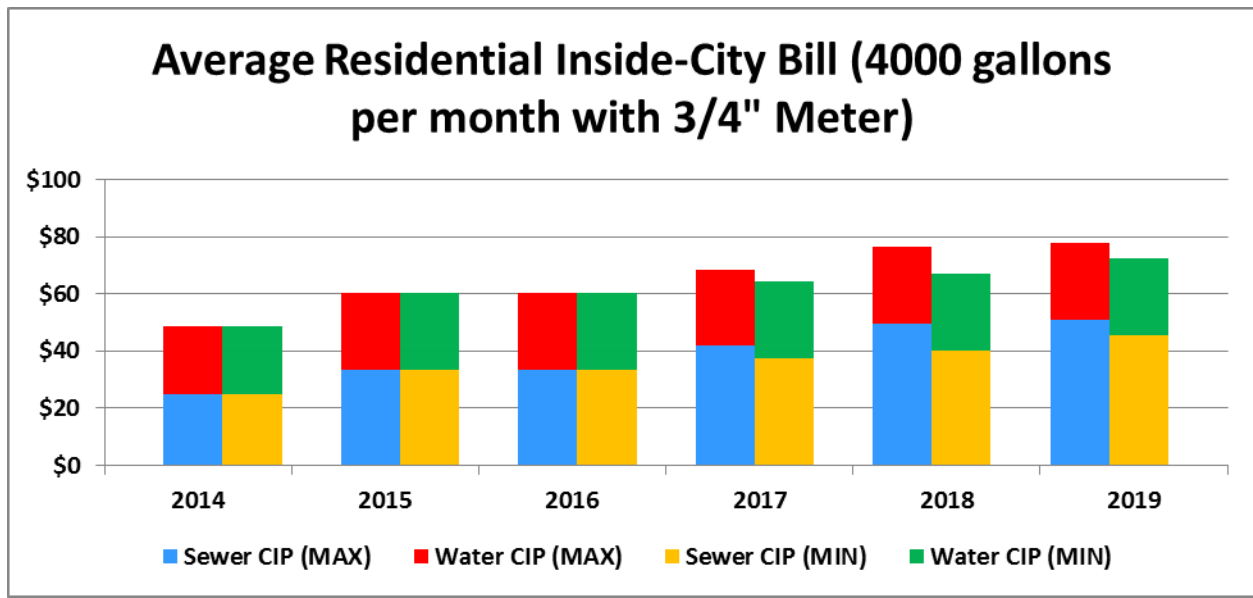
Council Member Turner stated that in the brochure is there any mention of the base cost of running water and sewer

Mr. Corcoran replied no because it differs on meter size. So, like if you are McDonalds or Weil McLain or a commercial business, they could only fit so much in there, so it shows the average residential person.

Council Member Turner stated that she did not think the average resident knows that there was an associated base cost regardless of how many gallons were going out of there every day. She stated that they have talked about that a couple of times but three fourths of their expense was going to be there regardless of whether you have a large customer or not.

Mr. Corcoran agreed and noted that currently they are paying \$9.85 whether they use a gallon or not on a 3/4 inch meter and then for every 1,000 gallons they will pay \$4.25 so if you use a 1,000 gallons the bulk of your bill was coming from your fixed cost, but of course the more you use the less percentage your fixed cost is and the more your volume cost is.

Monthly Bill for Typical Residential Customer



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Minutes of the February 22, 2014 meeting of the Eden City Council, Continued:

**Residential Customer
Inside Corporate Limits – ¾” Meter Usage Equals 1,000 Gallons Per Month**

Water	Current	Increase July 1, 2014
Basic charge \$/Month	\$8.99	\$9.85
Consumption Charge \$/1,000 Gallons	$\$3.73 \times 1 = \3.73	$\$4.25 \times 1 = \4.25
Average Water Bill/1,000 Gallons	\$12.72	\$14.10
Sewer		
Basic charge \$/Month	\$7.68	\$9.22
Consumption Charge \$/1,000 Gallons	$\$4.29 \times 1 = \4.29	$\$6.01 \times 1 = \6.01
Average Sewer Bill/1,000 Gallons	\$11.97	\$15.23
Combined Total For Two Utilities		
Average Monthly Water & Sewer Bill	\$24.69	\$29.33
Average Annual Water & Sewer Bill	\$296.28	\$351.96
\$ Change/Month & Year		\$4.64/\$55.68
% Change		18.8%

**Residential Customer
Inside Corporate Limits – ¾” Meter Usage Equals 2,500 Gallons Per Month**

Water	Current	Increase July 1, 2014
Basic charge \$/Month	\$8.99	\$9.85
Consumption Charge \$/1,000 Gallons	$\$3.73 \times 2.5 = \9.33	$\$4.25 \times 2.5 = \10.63
Average Water Bill/2,500 Gallons	\$18.32	\$20.48
Sewer		
Basic charge \$/Month	\$7.68	\$9.22
Consumption Charge \$/1,000 Gallons	$\$4.29 \times 2.5 = \10.73	$\$6.01 \times 2.5 = \15.03
Average Sewer Bill/2,500 Gallons	\$18.41	\$24.25
Combined Total For Two Utilities		
Average Monthly Water & Sewer Bill	\$36.73	\$44.73
Average Annual Water & Sewer Bill	\$440.76	\$536.76
\$ Change/Month & Year		\$8.00/\$96.00
% Change		21.8%

February 22, 2014

Minutes of the February 22, 2014 meeting of the Eden City Council, Continued:

**Residential Customer
Inside Corporate Limits – ¾” Meter Usage Equals 4,000 Gallons Per Month**

Water	Current	Increase July 1, 2014
Basic charge \$/Month	\$8.99	\$9.85
Consumption Charge \$/1,000 Gallons	\$3.73 x 4 = \$14.92	\$4.25 x 4 = \$17.00
Average Water Bill/4,000 Gallons	\$23.91	\$26.85
Sewer		
Basic charge \$/Month	\$7.68	\$9.22
Consumption Charge \$/1,000 Gallons	\$4.29 x 4 = \$17.16	\$6.01 x 4 = \$24.04
Average Sewer Bill/4,000 Gallons	\$24.84	\$33.26
Combined Total For Two Utilities		
Average Monthly Water & Sewer Bill	\$48.75	\$60.11
Average Annual Water & Sewer Bill	\$585.00	\$721.32
\$ Change/Month & Year		\$11.36/\$136.32
% Change		23.3%

**Residential Customer
Outside Corporate Limits – ¾” Meter Usage Equals 4,000 Gallons Per Month**

Water	Current	Increase July 1, 2014
Basic charge \$/Month	\$17.98	\$19.70
Consumption Charge \$/1,000 Gallons	\$7.46 x 4 = \$29.84	\$8.50 x 4 = \$34.00
Average Water Bill/4,000 Gallons	\$47.82	\$53.70
Sewer		
Basic charge \$/Month	\$15.36	\$18.44
Consumption Charge \$/1,000 Gallons	\$8.58 x 4 = \$34.32	\$12.02 x 4 = \$48.08
Average Sewer Bill/4,000 Gallons	\$49.68	\$66.52
Combined Total For Two Utilities		
Average Monthly Water & Sewer Bill	\$97.50	\$120.22
Average Annual Water & Sewer Bill	\$1,170.00	\$1,442.64
\$ Change/Month & Year		\$22.72/\$272.64
% Change		23.3%

February 22, 2014

Minutes of the February 22, 2014 meeting of the Eden City Council, Continued:

**Residential Customer
Inside Corporate Limits – ¾” Meter Usage Equals 7,000 Gallons Per Month**

Water	Current	Increase July 1, 2014
Basic charge \$/Month	\$8.99	\$9.85
Consumption Charge \$/1,000 Gallons	\$3.73 x 7 = \$26.11	\$4.25 x 7 = \$29.75
Average Water Bill/7,000 Gallons	\$35.10	\$39.60
Sewer		
Basic charge \$/Month	\$7.68	\$9.22
Consumption Charge \$/1,000 Gallons	\$4.29 x 7 = \$30.03	\$6.01 x 7 = \$42.07
Average Sewer Bill/7,000 Gallons	\$37.71	\$51.29
Combined Total For Two Utilities		
Average Monthly Water & Sewer Bill	\$72.81	\$90.89
Average Annual Water & Sewer Bill	\$873.72	\$1,090.68
\$ Change/Month & Year		\$18.07/\$216.84
% Change		24.8%

**Residential Customer
Inside Corporate Limits – ¾” Meter Usage Equals 10,000 Gallons Per Month**

Water	Current	Increase July 1, 2014
Basic charge \$/Month	\$8.99	\$9.85
Consumption Charge \$/1,000 Gallons	\$3.73 x 10 = \$37.30	\$4.25 x 10 = \$42.50
Average Water Bill/10,000 Gallons	\$46.29	\$52.35
Sewer		
Basic charge \$/Month	\$7.68	\$9.22
Consumption Charge \$/1,000 Gallons	\$4.29 x 10 = \$42.90	\$6.01 x 10 = \$60.10
Average Sewer Bill/10,000 Gallons	\$50.58	\$69.32
Combined Total For Two Utilities		
Average Monthly Water & Sewer Bill	\$96.87	\$121.67
Average Annual Water & Sewer Bill	\$1,162.44	\$1,460.04
\$ Change/Month & Year		\$24.80/\$297.60
% Change		25.6%

February 22, 2014

Minutes of the February 22, 2014 meeting of the Eden City Council, Continued:

**Commercial Customer
Inside Corporate Limits – 1” Meter Usage Equals 76,400 Gallons Per Month**

Water	Current	Increase July 1, 2014
Basic charge \$/Month	\$25.57	\$28.00
Consumption Charge \$/1,000 Gallons	\$3.73 x 76.4 = \$284.97	\$4.25 x 76.4 = \$324.70
Average Water Bill/76,400 Gallons	\$310.54	\$352.70
Sewer		
Basic charge \$/Month	\$21.86	\$26.24
Consumption Charge \$/1,000 Gallons	\$6.93 x 76.4 = \$529.45	\$9.91 x 76.4 = \$757.12
Average Sewer Bill/76,400 Gallons	\$551.31	\$783.36
Combined Total For Two Utilities		
Average Monthly Water & Sewer Bill	\$861.85	\$1,136.06
Average Annual Water & Sewer Bill	\$10,342.20	\$13,632.72
\$ Change/Month & Year		\$274.21/\$3,290.52
% Change		31.8%

**Industrial Customer
Inside Corporate Limits – 3” Meter Usage
Equals 284,400 Gallons Per Month**

Water	Current	Increase July 1, 2014
Basic charge \$/Month	\$204.24	\$223.65
Consumption Charge \$/1,000 Gallons	\$3.73 x 284.4 = \$1060.81	\$4.25 x 284.4 = \$1,208.70
Average Water Bill/7,000 Gallons	\$1,265.05	\$1,432.35
Sewer		
Basic charge \$/Month	\$174.60	\$209.52
Consumption Charge \$/1,000 Gallons	\$6.93 x 284.4 = \$1,970.89	\$9.91 x 284.4 = \$2,818.40
Average Sewer Bill/284,000 Gallons	\$2,145.49	\$3,027.92
Combined Total For Two Utilities		
Average Monthly Water & Sewer Bill	\$3,410.54	\$4,460.27
Average Annual Water & Sewer Bill	\$40,926.48	\$53,523.24
\$ Change/Month & Year		\$1,049.73/\$12,596.76
% Change		30.7%

February 22, 2014

Minutes of the February 22, 2014 meeting of the Eden City Council, Continued:

**Commercial Customer
Inside Corporate Limits – 3” Meter Usage Equals 1,396,600 Gallons Per Month**

Water	Current	Increase July 1, 2014
Basic charge \$/Month	\$408.48	\$447.30
Consumption Charge \$/1,000 Gallons	\$3.73 x 1,396.6 = \$5,209.32	\$4.25 x 1,396.6 = \$5,935.55
Average Water Bill/1,396,600 Gallons	\$5,617.80	\$6,382.85
Sewer		
Basic charge \$/Month	\$349.20	\$419.04
Consumption Charge \$/1,000 Gallons	\$6.93 x 1,396.6 = \$9,678.44	\$9.91 x 1,396.6 = \$13,840.31
Average Sewer Bill/1,396,600 Gallons	\$10,027.64	\$14,259.35
Combined Total For Two Utilities		
Average Monthly Water & Sewer Bill	\$15,645.44	\$20,642.20
Average Annual Water & Sewer Bill	\$187,745.28	\$247,706.40
\$ Change/Month & Year		\$4,996.76/\$59,961.12
% Change		31.9%

Financial Impact of Rate Increases on Various Groups of Users – Monthly

<u>Description</u>	<u>Current Bill</u>	<u>Proposed Bill</u>	<u>Change</u>
¾” Residential Inside – 1,000 Gallons	\$24.69	\$29.33	\$4.64/18.8%
¾” Residential Inside – 2,500 Gallons	\$36.73	\$44.73	\$8.00/21.8%
¾” Residential Inside – 4,000 Gallons	\$48.75	\$60.11	\$11.36/23.3%
¾” Residential Outside – 4,000 Gallons	\$97.50	\$120.22	\$22.72/23.3%
¾” Residential Inside – 7,000 Gallons	\$72.81	\$90.89	\$18.07/24.8%
¾” Residential Inside – 10,000 Gallons	\$96.87	\$121.67	\$24.80/25.6%
1” Commercial Inside – 76,400 Gallons	\$861.85	\$1,136.06	\$274.21/31.8%
3” Industrial Inside – 284,400 Gallons	\$3,410.54	\$4,460.27	\$1,049.73/30.7%
3” Commercial Inside – 1,396,000 Gallons	\$15,645.44	\$20,642.20	\$ 4,996.76/31.9%

February 22, 2014

Minutes of the February 22, 2014 meeting of the Eden City Council, Continued:

**Comparison to Other Communities
Average Residential Customer @ 4,000 Gallons Per Month**

Community	Water	Sewer	Total
Eden – Current	\$23.91	\$24.84	\$48.75
Eden – Proposed	\$26.85	\$33.26	\$60.11
Madison	\$28.24	\$29.57	\$57.81
Mayodan	\$14.48	\$14.48	\$28.96
Reidsville	\$14.38	\$35.45	\$49.83
Rock. County	\$40.30	\$33.80	\$74.10
Stoneville	\$25.56	\$25.56	\$51.12
Dan River Water	\$37.74	-----	\$37.74
N.C. State Average	\$28.88	\$34.95	\$63.83
VA. State Average	\$27.25	\$35.34	\$62.59

- State averages are from February 2013 and data collected from other communities is based on current February 2014 rates.

Some May Say - Let's Do Nothing!

- The U.S. Environmental Protection Agency (EPA) is authorized through the U.S. Department of Justice to file actions in federal district court to obtain civil penalties and/or appropriate injunctive relief against violators. Criminal penalties are also authorized. The civil penalty alone can be as high as \$37,500 per day for each violation in addition to possible criminal penalties.
- Between the communities of DeKalb County, Georgia; Lexington/Fayette, Kentucky; Winchester, Kentucky; Knoxville, Tennessee; and Mobile, Alabama, a total of \$2 billion in injunctive relief and \$1.5 million in civil penalties were levied by the EPA for non-compliance issues.
- In a July 11, 2013 EPA press release, it was announced that the City of Wilmington, New Hanover County, and the Cape Fear Public Utility Authority were hit with a civil penalty of \$300,000 AND placed under a consent decree.
- In March 2007, the Charlotte-Mecklenburg Utility Department had to pay a \$125,000 civil penalty and was the first major city in the Carolinas to face EPA enforcement related to SSOs.

Comparatively Speaking

- Compared to other utilities/services such as Cable TV, Electricity, Natural Gas, Telephone, Internet, and Cell Phones, an average of cost of \$60.11 for two utilities (\$26.85 water and \$33.26 sewer) is still very competitive.

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Minutes of the February 22, 2014 meeting of the Eden City Council, Continued:

Mayor Tuggle asked if there was a motion to follow the City Manager's recommendation for a rate increase effective July 1, 2014.

Council Member Hall questioned the possibility of a company locating in the Mega Park to being able to reduce the rates back. He added that also, just from listening to the City Manager, the EPA moves at a very slow pace and another year may be dragged out before they have to do anything. He asked if they would benefit by waiting to keep them from having to scare everybody to death with a rate increase and then drop it back, if a (potential) customer was close to making a decision that would affect their ability to not have to do anything.

Mayor Tuggle commented that he did not think they could get around it.

Council Member Epps pointed out that even if they have someone (potential customer) on the hook it will take a long time to put in the infrastructure, build the building and get the employees in place so you are probably talking about a couple of years.

Mayor Tuggle added that even if they do put this in place there was absolutely no question, even if this does come through, Councilman Epps was exactly right, it will take a while before that would even be a possibility of reducing rates again. He also noted that this was the minimum of what they were doing right now not to be fined.

Mr. Corcoran explained that the biggest thing that was driving this was that the remediation plan had to be submitted and it would have 3 components. One (1) was going to be a financial analysis that Raftelis has done, two (2) was the actual remediation plan but the third (3) was the financial capability metrics that they are submitting with it and those metrics are contingent upon what their data was as of that day so when they submit the remediation plan and Mr. Fisher will submit that whole 14 page analysis that he has done on the affordability issue and in the remediation plan that was when they make their argument for high burden. If their rates have not been increased and they were still way down here then he could not put that in the remediation. That was fine if that was what they wanted to do but then they risk being in the high burden category and getting extended time and labeling in the minimum. He stressed that the remediation plan was going to be submitted within 90 days with all indications from Mr. Fisher.

Council Member Burnette asked that if they submit that plan and were accepted immediately, what was the start for construction or what was the start payout time for design and everything else that goes in that.

Mr. Corcoran replied that probably once you get approval, immediately if not sooner. In theory someone could say that they did not have to start East Kuder, Tanyard Branch or Matrimony Creek yet because there was no remediation plan, but their philosophy was if you have free money that is offered to you through a grant and you know it is going to be in the remediation plan then do it. So the point was, they are planning to apply for some more grants and loans and then there was a very real possibility that additional projects were going to be started before the remediation plan was approved.

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Minutes of the February 22, 2014 meeting of the Eden City Council, Continued:

Council Member Burnette asked that if they delayed the increase then they could not start some of these other projects.

Mr. Corcoran replied that was correct and the other thing was, and this was the other formula, he had said he would like to avoid the others. He explained that the key to avoiding the others was raising them right now to that extent and if the EPA slows its feet then using the additional money that was created could pay for things as they go which eliminates debt on the back end.

Council Member Burnette asked if that also includes some use of their reserve funds or not.

Mr. Corcoran replied yes Mr. Warmath had said that they would have to use some water reserve funds and he was showing them a loss for next year even if they did this but again his thought was that they generate all this revenue and he hoped the EPA did drag their feet because what would happen in theory was that they have this extra revenue that was collected from the rate increase that they have not had to spend yet and they could then direct it to some items without borrowing money which would then eliminate on the back end and they also discussed it this week and they could either take the real slow approach and not do anything and just keep putting it off or they could do this approach but to delay this was counterproductive.

Mayor Tuggle pointed out that this was going to happen no matter and they were going to have to pay for it no matter what. It did not make any difference whether they raise their rates \$1 or \$10 people would still raise cain about it anyway.

Council Member Turner asked if there was any possibility to delay the July to September and if that would make a huge impact.

Mr. Corcoran replied that they could do it however, they could do half way in July and half way in January if they wanted to or do nothing in July and all in January. They could do whatever they want but the only thing that they lose was the time and additional revenue that would have been generated in either that 3 month or 6 month or a year period.

Council Member Turner explained that it would just give people a little more time to adjust to this. She stated that July to September was not that much different but it might sound like a bigger difference between January to July because really 6 months seemed really short and January to September just seemed like they had a little more time to make that adjustment.

Mr. Corcoran explained that the worst thing about a July 1 increase and he thought that was why when they did National Textiles/Hanes Brand to make up that money, they did January 1. That was because typically a person was using his lowest in the winter so to ease them into that increase whereas typically they are using just highest in the summer so those first bills in the summer that you get are not indicative of what it will be all 12 months, which was like the worst case scenario.

Mayor Tuggle asked him what affect it would have if they did not do it until January 1 since they just had one. He questioned how much it would upset things.

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Minutes of the February 22, 2014 meeting of the Eden City Council, Continued:

Mr. Corcoran replied that if they recalled, they already have rate increases on the book so this was probably an attorney question and they would have to make a motion to repeal those rate increases. They already have rate increases that are set to go into effect July 1 so they would have to do something about that. He added that he ran an analysis the other day and this was based on Mr. Warmath's revenue projections. This rate increase July 1 to July 1 would generate \$2.6 million of additional revenue. So if that was true, if they delayed it 6 months then it would be \$1.3 million. The reality was that they are not going to have a debt payment due on July 1 or September 1 or honestly for years, but the sooner they get there then the more money they were raising and the more they are raising the less rate increases they will need on the back end, if that made sense.

He also explained that they could say, look you put us under an EPA Administrative Order on January 3, 2012 and since then we raised rates a first time on January 1, 2013. And then we have already adopted a rate increase January 1, 2014. And we have already adopted another one that goes into effect January 1, 2015 or whenever. He stated that he would think the remediation plan would probably undergo more scrutiny and review than just about anything they have submitted because that was the final plan. They were probably not going to be ready to sign off and especially if they submit a very conservative approach. From what Mr. Fisher was telling them they were not going to like a conservative approach so they were going to come back and that may be when they may even end up in some type of judicial process. They were going to have to eventually go to \$6.01 and the longer they wait they may end up having to go to \$10.19. But they (City Council) were the ones they (citizens) will come and scream at and they all have to answer to them so they have to figure out what they think they should do.

Council Member Epps commented that he liked the idea that they were going to send out information to the public because most people will accept it better if you explain it to them. He added that down the road they may have some Council Members who would want to completely reverse everything so he suggested that they go ahead.

Council Member Burnette agreed, whether it is July or September but he did not think they should wait until January.

Council Member Ellis stated that since HanesBrand was gone there were less overflows so he questioned why such a big change.

Mr. Corcoran explained it was because they did \$16 million worth of work. It was not the total flow going into the system it was the condition of the system. They had \$16 million worth of improvements to lines and pump systems.

Council Member Ellis asked why in the past up to this year to which Mr. Corcoran replied that they were lucky this year. Last year there were a couple hundred thousand gallons. Council Member Ellis stated that he agreed with Council Member Epps about the fact that they could teach the people about how to be smarter, you look at a lot of these things right here about how to prevent it and he also agreed they wait until September.

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Minutes of the February 22, 2014 meeting of the Eden City Council, Continued:

Mayor Tuggle suggested getting out in the community to clubs and organizations to communicate the information as soon as possible.

Council Member Ellis referred to iPads and cell phones and a minimum of \$60 month or \$2.00 a day and if you break that down it was about 10 cents an hour to make sure their water was clean for the future of their citizens and they have really been blessed but he thought also to where they need to make it simple for these citizens because they were the ones they keep going back to and telling them what was going to happen instead of them being hit with a ton of bricks. They could also use PowerPoints and the media.

Mr. Corcoran stated that the important thing was to ask if they needed \$2.6 million today to pay for debt service today with the Administrative Order and the answer was no. Did they need \$2.6 million next year to pay for debt services associated with the Administrative Order and the answer was no. But they have \$25 million plus and his guess was in the end the price was going to go up and the truth was probably somewhere in the middle. The middle right now was \$29 million. So the question becomes why would you if you do not need it for debt service today and you do not need it next year then why would you do it. The answer to that question was because the sooner you do it the more you can pay as you go which then decreases the amount you have to borrow and the stronger your argument is for a longer implementation schedule. He also added that he did not want anyone to be under the misconception that they were saying they need \$2.6 million in 2014/2015 to meet Administrative Orders in 2014/2015. The volume of work was not going to go away so staff was saying that the sooner you get there the more you can pay as you go and the more you pay as you go the less you ultimately borrow and the stronger your argument was when you submit your remedial plan.

Council Member Epps pointed out that with everything they have to do that price was going to go up to which Mr. Corcoran agreed as everything they have talked about was in today's dollars.

Council Member Hampton commented that she thought explaining things to people, letting them know what was happening, a lot of people knew about the EPA situation, but just explaining it to them and letting them know that this has nothing to do with the ash (ash spill at Duke Energy), there were a lot of people that are saying that. They would combine all of this with the city's increase and say they paying for getting it straightened out and if Mayor Tuggle going to the media to explain what was going on, she thought it would be easier for people to digest.

Mayor Tuggle called for lunch break before coming back to vote on this.

LUNCH BREAK

Mayor Tuggle called the meeting back to order.

Council Member Hall commented that he would prefer that in advance of voting on this that they do the media luncheon and the PowerPoint presentation and be aggressive in explaining how they got in this situation and what it is going to cost to fix it and the options they have and if anybody has a better option but apparently it appears it was going to require a rate increase and then come back and vote on it at the next meeting or at a special meeting and that would allow

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Minutes of the February 22, 2014 meeting of the Eden City Council, Continued:

the City Manager to proceed but at the same time it would be giving the public why they were going to do it and what they have to do as opposed to what they did and he would like to see it tabled.

Council Member Epps commented that after 16 years on Council if people were given the opportunity to wait until that time they would have to have a policeman out there to direct traffic. He suggested that they do it immediately because the price for the materials every day was going up. He also pointed out that you have people who feed off of causing trouble and they will be at those meetings and will infuriate good citizens.

A motion was made by Council Member Epps seconded by Council Member Carter to follow the City Manager's recommendation. Action on the motion was as follows: Council Member Carter, Epps and Burnette voted in favor of this motion. Council Members Hall, Turner, Ellis and Hampton voted in opposition. This motion failed.

Mayor Tuggle asked if they were going to table to next meeting as they needed a consensus from all Council that the City Manager proceed.

Mr. Corcoran agreed that they (staff) just need guidance because they really cannot write it until they know what the Council wanted to do and he was going to submit it in the next 90 days, but it has to be written.

It was the consensus of the City Council that they would support it but they wanted to table the matter until the next meeting in order to educate the public.

Discussion of Current Water/Sewer Infrastructure Projects

Mr. Terry Shelton presented the following information:

The Update Topics to Cover

- The Sewer Improvement Projects
 - Kuder Street, Tanyard Branch, & Upper Matrimony Creek
- Sewer Odor Control Measurements
- 2 inch Water Line Replacements
- Update on the Chloramine and Disinfection/ Disinfection Byproducts Project
 - PAX-TRS
- Backflow Prevention Program

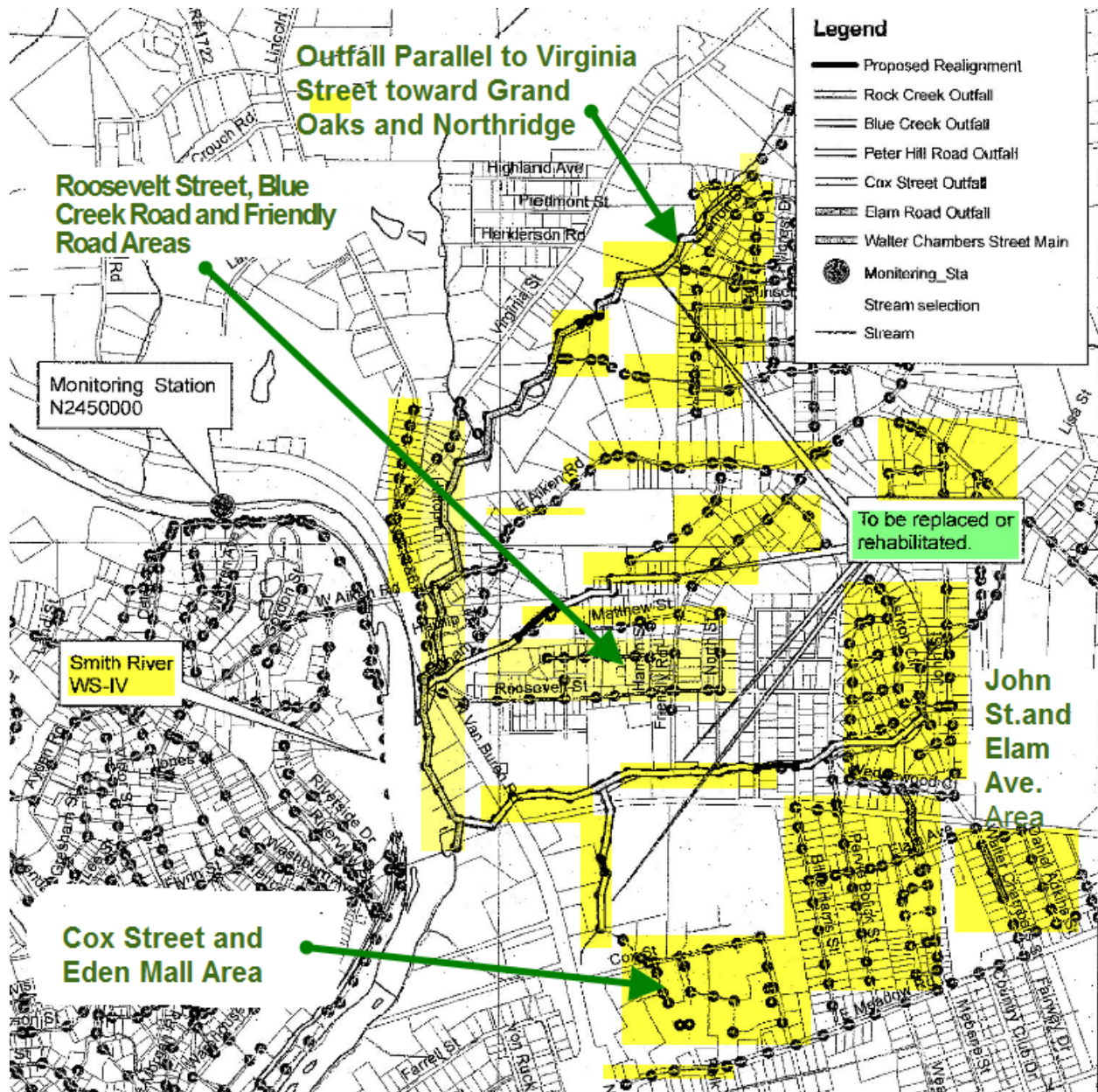
Sewer Improvement Projects

East Kuder Street Sewer Rehabilitation
Tanyard Branch Sewer Improvements
Upper Matrimony Creek Sewer Improvements
Next Projects in the Planning Stages

East Kuder Street Sewer Rehabilitation

- The project was delayed significantly by strict buffering requirements imposed by the Land Quality Section of DENR. This project is currently about four months into the construction and will likely be complete by September 2014.
- We received a zero interest loan for this project estimated at \$2,694,021 with \$1,000,000 of principle forgiveness. Final Loan repayment will be \$1,694,021 spread over 20 years.

East Kuder Street Subsystem Sewer Rehabilitation



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Minutes of the February 22, 2014 meeting of the Eden City Council, Continued:

Tanyard Branch Sewer Improvements

- We received a low interest loan for this project estimated at \$2,519,449 with \$1,000,000 of principle forgiveness from CWSRF and \$500,000 in principle forgiveness from CWMTF.

Tanyard Branch Sewer Improvements

- The cost estimate of this project has increased significantly since the first estimate was done in August of 2011. Based on stricter stream buffering requirements, rerouting of the sewer around some structure and the latest construction bids the project cost estimate is now \$4,598,489.00. The estimate includes the \$630,000 to upsize a 12 to a 15 inch line and the loan closing cost of \$74,040.66, the City pays not included in our loan.

Tanyard Branch Sewer Improvements

Project Schedule

- Plans, Specs and Permit Approvals Currently in review
- Bidding Project – May 2014
- Award Bids – June 2014
- Construction – August to April 2015
- Project Completed by August 2015

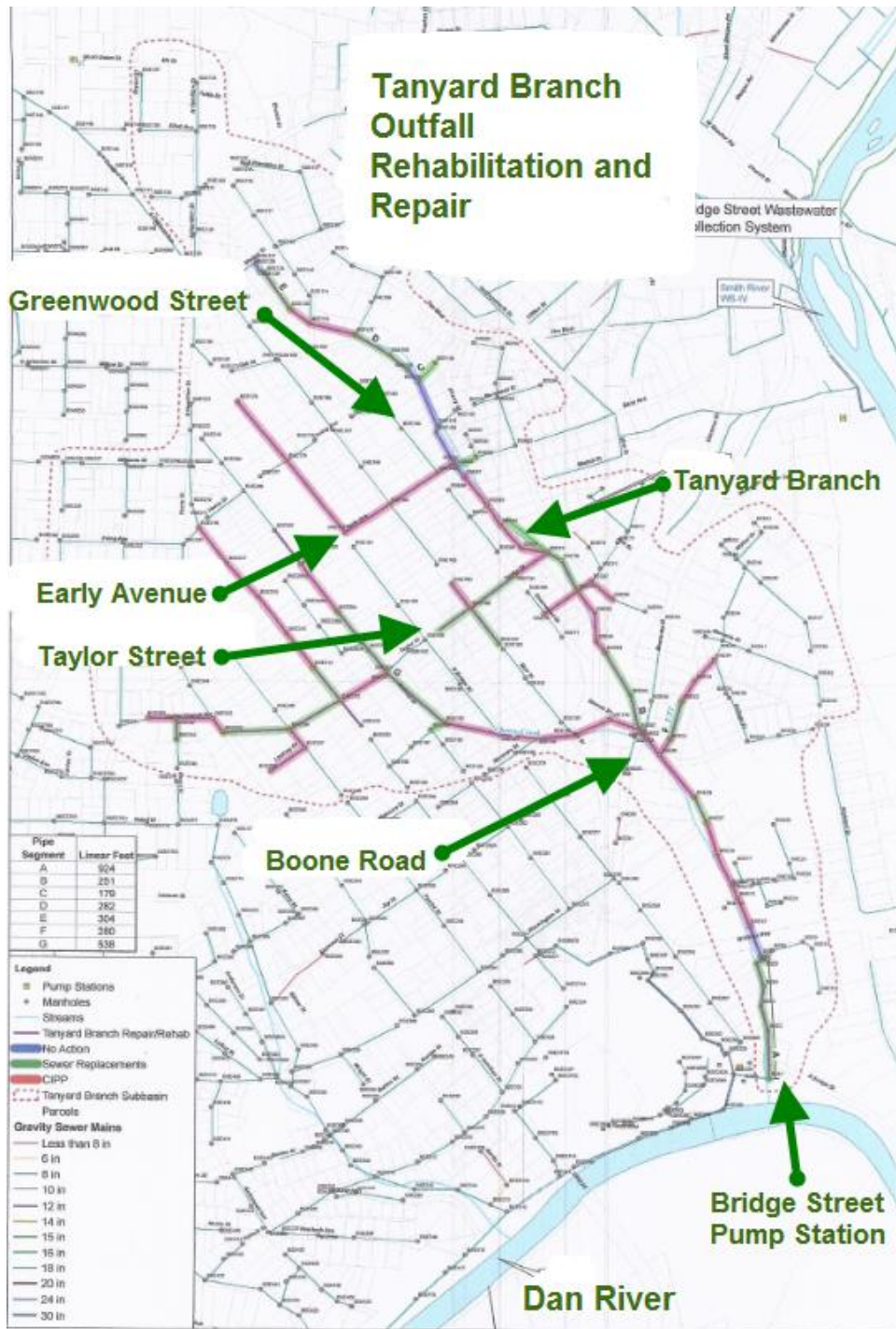
Water & Sewer Project Updates

Upper Matrimony Creek Outfall Rehabilitation

- This project is nearly ready to submit the Plans and Specifications to the DENR for approval by March 4, 2014.
- Bids are scheduled to be received by July, 2014 and construction should begin by September of 2014.
- We received a zero interest loan for this project estimated at \$2,718,636 with \$1,000,000 of principle forgiveness from CWSRF.
- Loan repayment will be \$1,718,636 plus interest spread over 20 years.

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Minutes of the February 22, 2014 meeting of the Eden City Council, Continued:



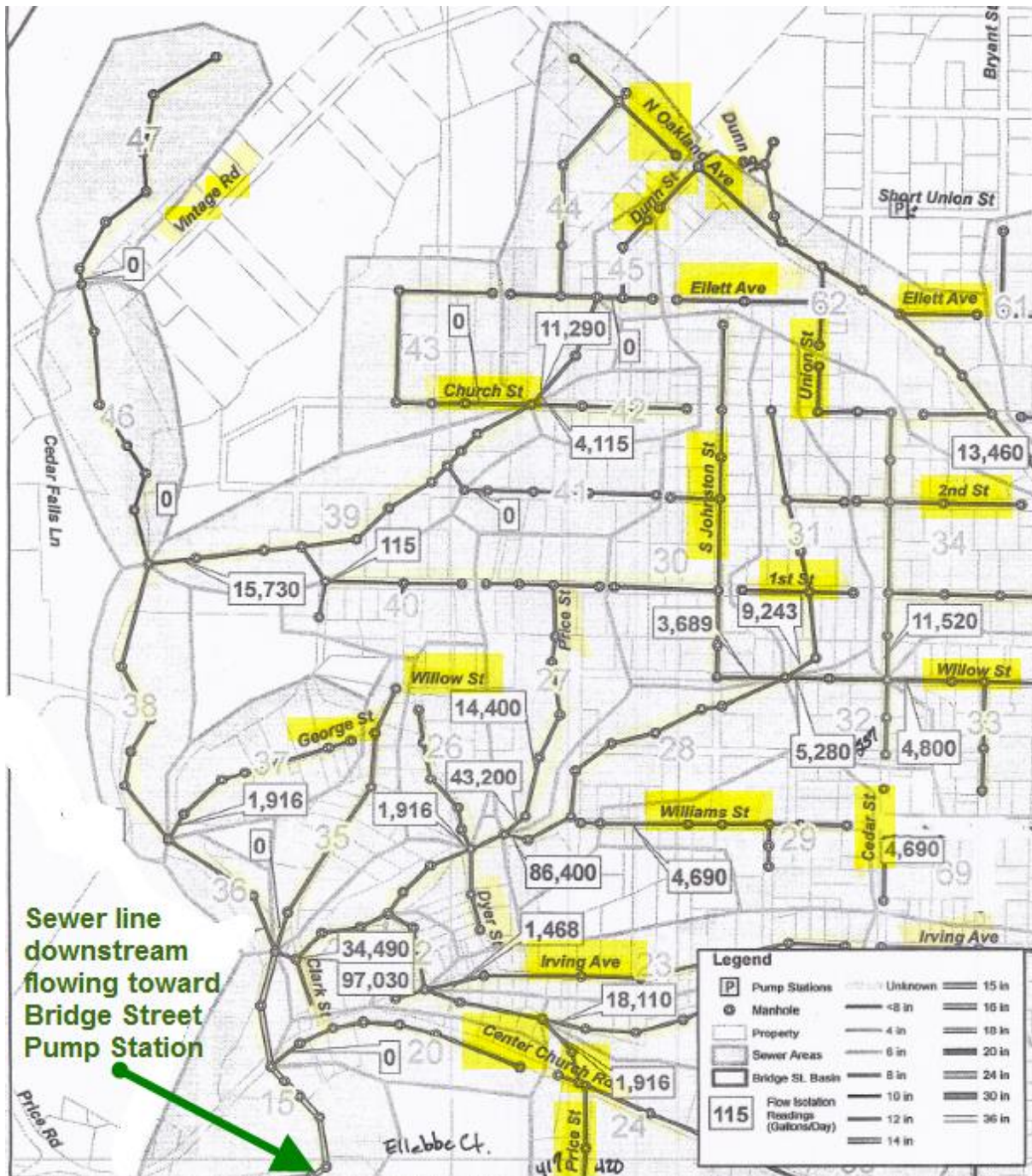
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Minutes of the February 22, 2014 meeting of the Eden City Council, Continued:

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Minutes of the February 22, 2014 meeting of the Eden City Council, Continued:

Sewer Odor Control
Stadium Drive and Edgewood Road at Freedom Park

- **What is the odor?**
- Mostly hydrogen sulfide gas
- Gases from the decay of sewage
- **Where is it coming from?**
- An air relief valve attached to the force main coming from Railroad Pump Station designed to relieve excessive pressure on the force main. Located in front of 702 E. Stadium Drive.
- **What causes the odor?**
- The sewage is spending excessive time in the force main causing bacteria to use up available oxygen. In acidic conditions without oxygen in the sewer lines; the bacteria then use sulfates present in the sewage as a source of oxygen in the decay process.
- The above reaction releases Hydrogen Sulfide which produces a foul rotten egg odor that we smell at various times.
- **What can be done about it?**
- We have found during the past year that ammonium nitrate (a fertilizer) added to the wastewater at Railroad Pump Station will control the hydrogen sulfide and thus control the rotten egg type odor.
- We are investing in a liquid feed system that is being installed at Railroad Pump Station that uses liquid calcium nitrate. A liquid can be fed continuously to avoid intermittent odor problems.
- **What are we doing about it?**
- By treating the source of the odor with a calcium nitrate product, we can sequester the free sulfur in the wastewater and binds it up in a harmless byproduct that doesn't smell.
- This will also protect the inside of our force mains from the corrosive effects of hydrogen sulfide gas that is formed from the sulfates.

2-inch Water Line Replacement Program and Eliminating Discolored Water Complaints

- The city has had an ongoing program of replacing 2-inch galvanized water lines for many years. These have been upgraded or replaced on a priority basis as customers let us know where the trouble spots are located.
- Engineering keeps a list of streets where there are known or suspected issues. Input from C&D is used to prioritize and select projects to do.
- We continue to work on replacing these problematic lines as they become an issue.
- We will continue to budget for some of these projects each year until all of the 2 inch lines are replaced.

Control THMs – Our Chloramine Project

- Dilution in the Dan River was high this year because there was no drought condition and bromide numbers were lower than the previous year. We were able to meet our limits

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Month	Year	Engineering and Construction Expenses									Total Monthly
		Corrosion	Prelim. Design	Final Design	Bid/Permit	Public Info.	Flush/Nitr.	CA	CO	Construction	
October	2013	---	\$2,280	---	---	---	---	---	---	---	\$2,280
November	2013	\$3,500	\$4,845	---	---	---	---	---	---	---	\$8,345
December	2013	\$4,500	\$14,250	---	---	---	---	---	---	---	\$18,750
January	2014	\$10,000	\$7,125	\$10,900	---	---	\$20,000	---	---	---	\$48,025
February	2014	\$7,000	---	\$16,350	---	---	\$16,000	---	---	---	\$39,350
March	2014	\$7,000	---	\$21,800	---	---	\$4,000	---	---	---	\$32,800
April	2014	\$7,000	---	\$5,450	\$5,400	---	---	---	---	---	\$17,850
May	2014	\$7,000	---	---	\$5,400	---	---	---	---	---	\$12,400
June	2014	\$7,000	---	---	\$1,200	---	---	---	---	---	\$8,200
July	2014	\$7,000	---	---	---	\$3,500	---	\$3,765	---	\$63,300	\$77,565
August	2014	\$10,000	---	---	---	\$3,500	---	\$5,020	\$2,280	\$63,300	\$84,100
September	2014	---	---	---	---	\$3,500	---	\$1,255	\$4,560	\$126,600	\$135,915
October	2014	---	---	---	---	\$10,500	---	\$1,255	\$4,560	\$126,600	\$142,915
November	2014	---	---	---	---	---	---	\$1,255	\$4,560	\$126,600	\$132,415
December	2014	---	---	---	---	\$3,500	---	\$1,255	\$4,560	\$126,600	\$135,915
January	2015	---	---	---	---	---	---	\$1,255	\$4,560	\$126,600	\$132,415
February	2015	---	---	---	---	---	---	\$1,255	\$4,560	\$126,600	\$132,415
March	2015	---	---	---	---	\$10,500	---	\$1,255	\$4,560	\$63,300	\$79,615
April	2015	---	---	---	---	---	---	\$5,020	\$2,280	\$63,300	\$70,600
May	2015	---	---	---	---	---	---	\$2,510	\$1,520	\$42,200	\$46,230
Totals		\$70,000	\$28,500	\$54,500	\$12,000	\$35,000	\$40,000	\$25,100	\$38,000	\$1,055,000	\$1,358,100

Engineer's cost estimate by the month throughout the project.

Water and Sewer Project Updates (THMs)

PAX – TRS

We have installed one of these systems in the Dunn Street Water Tank. It has performed very well. Although this system is not a complete fix for THMs, it does work very well as a supplement when using free chlorine as the residual disinfectant.

Water and Sewer Project Updates

Backflow Prevention Program

- The City needs to develop a backflow prevention program. This is necessary to protect public health.
- We plan to bring an amendment to our water and sewer ordinance that will include this program in the April Council Meeting for approval. This program would be phased in during the 14-15 Budget Year.
- We will need to develop inspection and enforcement through the Planning and Inspections Department and the Collection & Distribution Division.
- We have found an on-line service vendor that assists with record keeping and will assist in the device inspection and maintenance.
- Cost for the Management and Record Keeping functions of the on-line services would be \$3,980 per year for the devices we currently have.

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- Testing the devices will be an additional cost to be borne by individual water customers with the backflow devices. Local certified testers can be used or our on-line service vendor can supply the testers if needed, at additional cost.

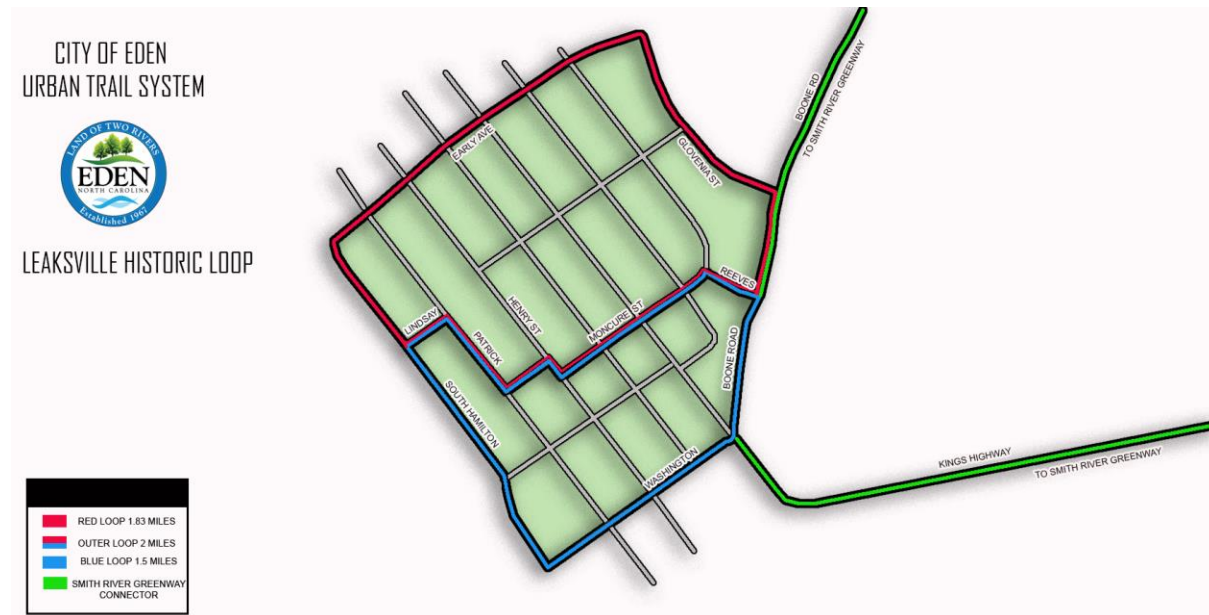
Discussion & Consideration of Sidewalks, Pedestrian Plan and Connectivity

Ms. Kelly Stultz, Director of Planning & Inspections gave the following presentation:

Sidewalk Repairs

- ❖ The Street Division was able to repair 1,100 feet of sidewalks to date
- ❖ Completed several projects for other departments
- ❖ Chandler Concrete (Draper) was shut down so all deliveries came from Reidsville plant
- ❖ High impact of concrete work on Freeway Drive (Reidsville) slowed and/or delayed some of our projects

Leaksville Historic Loop



Next Steps/Recommendation

- ❖ Schools to Freedom Park
- ❖ Draper Loop (complete)
- ❖ Leaksville-Spray Elementary to Kings Highway

Schools to Freedom Park

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- ❖ Install crosswalk across Country Club Drive from Central Elementary to City property
- ❖ Repair/widen nature trail to Freedom Park
- ❖ Can be done with City staff
- ❖ Estimated cost: \$1,000 (crosswalk)
\$4,000 (trail repair)
\$5,000 total
- ❖ Potential sidewalk funding from NCDOT (Stadium Dr. to Country Club Dr.)

Council Member Burnette expressed concern about the openness of the trail. He asked if it was open enough.

Ms. Stultz replied that was one of the things they were going to deal with when they get out there to make that happen.

Draper Loop

- ❖ Section of sidewalk on Hundley Drive (Ridge Avenue to Fieldcrest Road) to be installed by Street Division
- ❖ Estimated cost: \$11,000
- ❖ Connector to Freedom Park will need to be re-evaluated due to issues with crossing railroad track

Leaksville Spray Elementary to Kings Highway Connector



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- ❖ Section of sidewalk on Highland Drive from Leaksville-Spray Elementary School to bridge at Kings Highway
- ❖ Connects school to Kings Highway/Smith River Greenway loop
- ❖ Estimated cost: \$12,000 (sidewalk)
 \$15,000 (steps)
 \$27,000 total



Council Member Burnette referring to Glovenia Street stated that he did not understand because she said proposed and there was a sidewalk up Glovenia and down Highland as well.

Ms. Stultz replied that was the proposed loop.

Council Member Burnette asked about the small section that was not with a sidewalk from Dumaine to the school to which Ms. Stultz replied it was on the other side. Council Member Burnette stated that they would have to cross the street. He asked if they would have to put in sidewalk there as well.

Ms. Stultz replied that they had not planned to but obviously they would do what the Council wanted them to do.

Council Member Turner asked if there was any possibility that the Kings Highway crossing there, because the sidewalk comes down that side and if you want to go down towards Lynrock into that neighborhood there was not any kind of pedestrian safe crossing there and then coming back up that hill to Highland there was no sidewalk. She stated that was just a route she had used a lot and she had seen others doing that

Ms. Stultz explained that the more of that kind of thing they could do the better if it was possible to do it and they would be glad to take a look at that and bring a cost back.

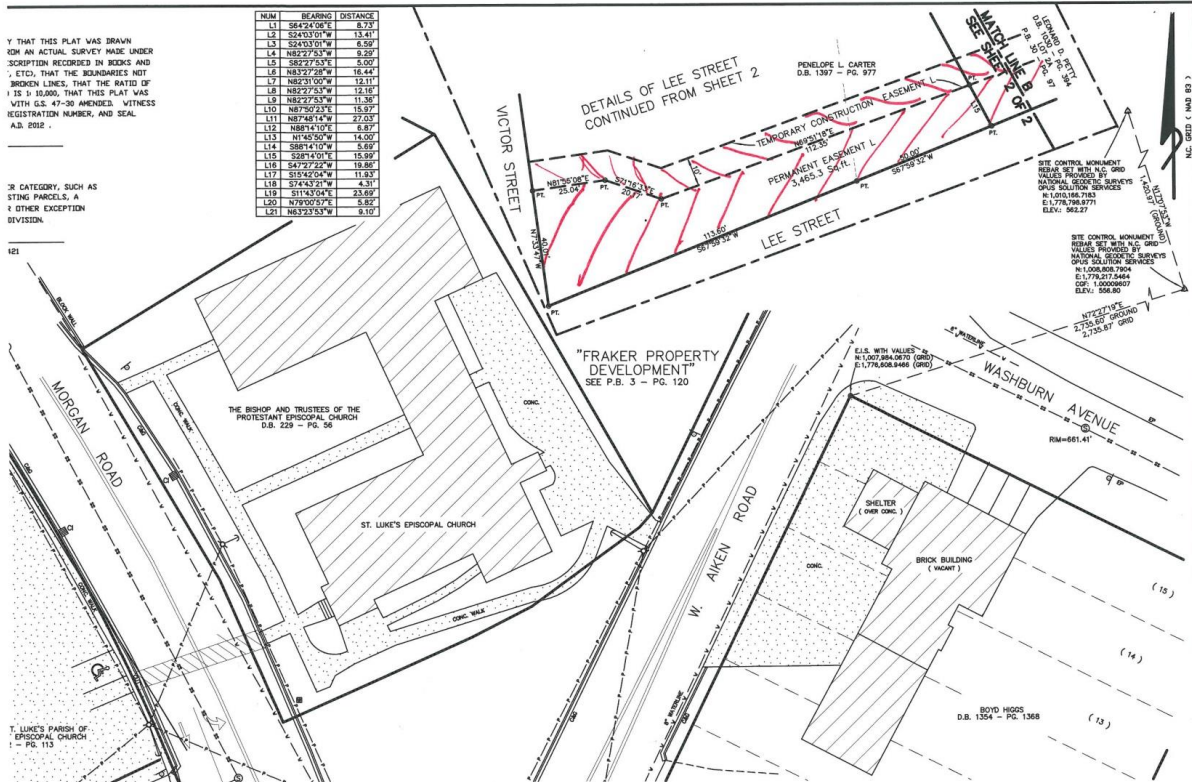
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Update on Cook Block Improvements Project

Cook Block Street Scope

Building and Construction by NCDOT – Spring 2014



Ms. Stultz explained that it had taken a really long time to get from A to B on this project. These were just the plans and they at long last sent the documents to NCDOT to their right of way experts for their review. They have all the easements signed the legal work was done and plats and easements were recorded. She added that NCDOT tends to bid that out in spring cycle so they hoped that late spring early summer construction would start. She then noted that they were scheduled to do all of the rest of the work on Morgan Road at that same time.

Ms. Debra Madison, Planning Coordinator added that one of the reasons it has taken so long was that some of the property owners did not want to participate and some of them did not really like the original plans so they had to change them about 3 times before they would sign. So, they have been working with all those people and they had 2 people who flatly refused so they had to take out part of it.

Council Member Burnette asked if this would include the lighting up through the Cook Block area.

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Ms. Stultz replied they could but they could not get many decorative lights up there because the merchants would not agree to take their awnings down.

Council Member Burnette stated that at one time they had talked about lighting down around the canal area.

Ms. Stultz replied that there was money to take it that far at this point and the sidewalks there except for small sections were owned by private folks so they did not own the sidewalk to do that with. She added that the Price's own a lot of that and they were not interested in easements and then the Spray Cotton Mill folks owned the lights there at their property.

Council Member asked if they were on the city's sidewalks to which Ms. Stultz replied that one of them was.

Discussion & Consideration of Recommendation Concerning the Removal of the Southwood Drive Traffic Control Device

Mayor Tuggle stated that before they begin the discussion he wanted to mention that this was something that had come up several times in the past. He did want Ms. Stultz to make this presentation so that the City Council would have a bit of background on it but he did not want them to vote on this today as he felt it should be done at a regular Council Meeting.

Ms. Stultz added that if there was not enough of the Council who thought they would vote to remove the traffic control device no matter what was said and how many closed meetings they have then they (staff) would prefer to know that now and move on and it would not be placed on the March agenda if they did not think it was going to pass.

She began with the history in that about the time that the roundabout in front of the library (Pierce Street) was being discussed there had begun to be more and more development that was pushed into what was originally an extension of the neighborhood when Fieldcrest developed it. She explained that about the same time the Presbyterian Church was under construction, part of the deal between the church and Osborne Construction was that they were going to do the street work for Southwood. Interestingly enough Southwood, just like it lies, was planned when the development was done so it was not new. Osborne did not do anything that had not already been planned to happen. Several of the residents were really unhappy thinking that the church members and the rest of the community were going to cut in to the neighborhood and go up and down all those hills to get out to Walmart. The first discussions they had on a Council level was they had talked about it when the roundabout was completed and traffic was moving correctly that nobody would ever want to go through there as a cut through except in the case of an emergency.

She explained that from a planning standpoint it was just not good when you have a situation where you have this many people and they know that up in there the land that was on the golf course that Mr. Homer Wright bought, that Mr. Wright generally did not buy things to hold so they were looking at more people to be back in there with one way out. They know there have been circumstances at the church where there was some sort of threat, there was a bomb threat at

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Walmart and their emergency services people rightly so, blocked the street and there were preschoolers there that could not be taken out of the church and there were anxious parents. She added that ice storms or any of these things could cause problems and they did know that there was now Harris Pointe Apartments and Stone Creek Apartments there and there were approved plans for Solstice Apartments and Winnfield Apartments was in the process of being approved with 60 more units.

Mayor Tuggle asked if Solstice would be the same type as Harris Pointe.

Ms. Stultz replied that some of it would be family and some of it elderly. She presented a letter that was a rehash of ones that she had presented twice before as to why as a Planning Director she believed that the lack of connectivity was a great risk. She pointed out that the Fire Chief and the Police Chief agreed and the Police Chief had also spoke with Ronnie Stewart who was with EMS and they too were uncomfortable.

She used as an example, there was a tree across the road on Southwood and someone down in there needed to be taken out by ambulance. She asked how long it would take for the Street Department to get over there and move those concrete barriers. She stated that she had believed for years, particularly once the roundabout was put in place, that it was time to remove that traffic control device and not only that it sets a since of a precedent as there were other neighborhoods that have issues with being a cut through.

Ms. Tammy Amos, Engineering, commented that another thing they needed to think about was that Mr. Pete Osborne was the developer in this and after Council voted to barricade that connection he was very upset and was still very upset. Since that time he has never finished the south end of Southwood which connects to East Harris Place. Now they have two more planned apartments going in behind Walmart and that section of road between Arbor and East Harris has never been finished.

Ms. Stultz stated that as they apply for grants there will be some infrastructure grants applied for, at least one if not both of these projects. They would try to get some money to finish that section of street.

Council Member Turner stated that if she not mistaken, the last time this came up, the roundabout was not finished and there was a lot of discussion about what was going to happen there and the concern was that it was going to be a cut through. She felt differently now that the roundabout was done but she guessed the original intent of that being a neighborhood and it ended up being commercial development was what has affected that whole situation of not wanting to have a connection there.

Ms. Stultz pointed out that there was really no difference there than at Bearslide and there were a lot of other neighborhoods that because of where they are, they were inside the city so they could not completely keep them away from commercial development.

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Council Member Turner agreed and stated that her thought on that was that they were going to have to spend some money on some very good traffic calming devices and they have avoided that in the past.

Ms. Stultz explained that they did have a traffic calming policy already in place. Anybody who feels their neighborhood needs some sort of traffic calming commitment can fill out a form and then a traffic calming committee would meet and start making recommendations to come to the City Council. Their Boards and Commissions were already working on their part of her budget proposal and there were some neighborhoods where they were going to recommend that the city plant some street trees. She explained that street trees slow everybody down. She also added that a center line painted in the center on a public street that slowed people down as they have an area that they have to drive through. Some communities use bike lanes and some use something called a chicane. As a staff, so far they have tried to recommend things that are not as expensive first and their policy says that before you can put a speed hump in everybody that was going to have to drive over it on a regular basis has to sign a petition and at least 50% of them.

She added that they were also probably going to be recommending in some areas where the pavement was excruciatingly wide and not necessary, Front Street for example, the pavement ribbon on that street was as wide as Meadow Road and everybody that goes down it drives right in the middle as fast as they can. It was the same with Glovenia and Highland. They were too wide for the neighborhood so there were lots of places that they do need to look to and if the Council would like, staff could start coming up with something.

Council Member Burnette stated that the situation was different now and his opinion had changed. He did think that it should be opened now but when you are at that barricade and walk down Southwood, at those first 3 houses, you are in a blind spot coming out of that road. He did not know what it needed but there needed to be something about that to go along with the recommendation of opening up the street. He also did not think they should wait on the neighbors to implement a traffic calming policy. He thought they needed to make that a part of the recommendation.

In questions regarding the condition of Southwood at the barricades, Council Member Burnette asked if it was up to the standards that it needed to be.

Ms. Amos replied no, the subgrade and base material was up to spec so all she needed was about two inches of topping which she calculated would cost about \$2200.

Ms. Stultz asked if there were enough opinions changed so that they could put this on the March meeting agenda.

Council Member Burnette stated that he would support it with the proper safety implementation in place at the same time of the opening of the road and Council Member Turner agreed.

It was the consensus of Council to address the blind spot and make traffic calming a part of the recommendation to open up the barricaded section of Southwood.

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Discussion & Consideration of Code Enforcement & Collection Efforts

Ms. Stultz continued on with the next presentation.

Collections Analysis					
	2013	2012	2011	2010	2009
Demolitions	8,400.00	9,945.57	7,100.00	18,282.00	11,300.00
Junk removal	401.50	2,041.84	633.20	2,646.94	1,318.00
Drain pools	155.00		108.76		
Remove trash	617.03	2,268.29	1,193.86	2,837.50	267.00
Clean streets/drains	2,325.69				1,950.00
Mowing	2,656.41	3,056.76	3,463.51	3,595.63	7,890.00
Terminix/brush removal - rats			1,900.00	625.00	
Administration	3,750.00	4,800.00	4,350.00	4,550.00	3,700.00
Total charges	18,305.63	22,112.46	18,749.33	32,537.07	26,425.00
Uncollectible	4,723.91		1,778.50		
Acquired through legal action	10,200.00			11,825.62	17,180.00
Adjustments	1,925.69	108.00	64.50	580.00	100.00
Payments	9,895.69	15,574.17	14,298.55	13,051.97	29,621.79
	26,745.29	15,682.17	16,141.55	25,457.59	46,901.79
Current year charges	18,305.63	22,112.46	18,749.33	32,537.07	26,425.00
Current year collections	5,045.41	2,574.80	1,973.15	3,180.51	5,210.94
Percentage collected during current year	28%	12%	11%	10%	20%
Total collected in payments and legal action as of 1/31/2014 for each year	5,972.53	4,570.98	5,393.64	9,600.06	20,797.94
Percentage collected	33%	21%	29%	30%	79%

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Local Ordinance Collections

- * Nuisance, Minimum Housing, Non-Residential Maintenance, Junk Car and Condemnation costs are designed to be collected in the same manner as property taxes or special assessments
- * The process for these kinds of collections are set out in the North Carolina General Statutes.

Methods of Collection

- * Monthly billing
- * Debt Setoff – We are working on a group of these to go to the State this month.
- * In Rem legal action This is a style of foreclosure that can be done more quickly than mortgage style foreclosures
- * Mortgage Style Foreclosures
- * Traditional unsafe buildings action
- * Wage garnishment
- * Levy on personal property such as automobiles

Quick View of Current Amount Due

1/31/2014 Balance \$97,017.32

Uncollectible to be written off in 2014 \$18,217.00

120 Properties

19 owners live outside North Carolina

21 have unknown heirs and addresses

45 properties have been abandoned

3 making payments

Breakdown of Property Owners and Amount Due

<u>Amount</u>	<u>Number</u>	<u>Total Amount</u>
Over \$5,000	1	\$ 5,350.00
Over \$2,500	13	\$ 47,621.20
Over \$1,000	15	\$ 24,751.07
Over \$500	7	\$ 4,803.98
Over \$250	27	\$ 9,506.26
Over \$100	29	\$ 4,438.18
Less than \$100	19	\$ 1,421.63

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Prior Code Enforcement Actions where the Property is now Owned by the City

Address	Tax Value	Real Property Taxes Due	City's Expenses
416 Decatur St.	\$16,720		
131 Greenwood St.	\$ 7,782	\$2,038.82	\$5,266.76
631 Grove St.	\$ 2,468	\$ 187.77	\$3,750.00
951 Harris St.	\$ 5,380	\$1,663.61	\$6,220.00
1209 Irving Ave.	\$12,492	\$4,923.13	\$1,406.51
429 Monroe St.	\$ 4,851	\$1,201.82	\$6,981.84
886 Morgan Rd.	\$ 6,293	\$1,424.21	\$4,265.25
1422 Ridge Ave.	\$ 6,818	\$1,370.58	\$5,253.00
1001 Sharpe Ave.	\$ 4,224	\$1,107.85	\$1,282.28

Worst Case Type Collection Issues

- * Owner died in 1986 survived by 7 children
- * 4 children are deceased with children surviving
- * 1 deceased child has 7 children – some of them deceased
- * 2 other children have 2 children each surviving
- * We have been able to identify 14 heirs
- * Of these 14, 5 live in Rockingham County and the others live in Virginia, Illinois, and Georgia. We have the addresses for several of the out of state heirs
- * The City had the property mowed in 2008, 2009, 2010 and 2011. In 2012, only 1 Notice of Violation was mailed to the owners. Apparently, our efforts to find family members has encouraged them to keep the yard mowed but they will not pay the past due amount of \$574.31
- * Should we sue for the amount due hoping that someone else will purchase the property at auction and the City will not become the owner or hope that the heirs will eventually sell the property and we will collect our fees at closing?

Improving Our Process

Members of the Planning and Inspections staff have had training and experience working in a “legal assistant” capacity and have done collections work. We can do more of this type work

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under the auspices of the City Attorney. It will require re-allocation of staff resources.

We can take on more of the responsibility for document preparation, property research and other collection measures.

- * Change the style of code enforcement by amending ordinances to be more preventive rather than reactive.
- * With a more proactive style, maintenance issues would be caught sooner and there would be more property value available for collections.
- * Increase administrative fees charged for abatement actions.
- * Increase fees for repeat offenders.

Mayor Tuggle suggested that Ms. Stultz make a list of the increases for fees and bring that to Council for consideration.

Spectrum of Statutory Tools for Code Enforcement

Dwelling Condition	Statute	Applicable when a dwelling's condition is...	Comments
Green	General police power to regulate conditions detrimental to the health, safety or welfare of citizens & the peace & dignity of the city GS160A-174(a) and GS153A-121(a)	"Detrimental to the health, safety or welfare of the citizens and the peace and dignity of the city"	These dwellings are in good repair. Any monitoring of such green condition dwellings must be done under a local government's general police power.
Yellow	General police power (same as above)	"Detrimental to the health, safety or welfare of the citizens and the peace and dignity of the city"	These dwellings exhibit visible signs of disrepair that pose risks justifying regulation to halt the decline and restore the dwelling to green condition
Red	Minimum housing standards GS160A-426 through 160A-450	"Unfit for human habitation"	Local governments in NC may utilize procedures established under the minimum housing statutes to regulate these dwellings.

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Black & Blue (Condemnation)	Condemnation GS160A-441 through GS160A-434	“Especially dangerous to life because of its liability to fire or because of bad conditions of the walls, overloaded floors, defective construction, decay, unsafe wiring or heating system, inadequate means of egress”	This statutory authority permits a local government official to condemn property in this condition and order its repair, closing or demolition as appropriate
Black & Blue (Imminent danger)	Abatement of public health nuisances GS160A-193	“Dangerous or prejudicial to the public health or public safety”	Cities are authorized to “summarily remove, abate or remedy” public health nuisances and may summarily demolish dwellings if they pose an “imminent danger”

Local Code Enforcement

Every community is different, especially concerning the appropriate level of code enforcement intensity. The need, the political will and the local culture are different.

Which of Our Codes are Local

What we usually think of as local codes are:

Nuisances

Junk Cars

Minimum Housing

Non-residential Maintenance

Condemnation

However, zoning, subdivision, water supply watershed are also local.

Need, Political Will and Local Culture

Local codes and the intensity of enforcement are based upon community standard.

Questions for the City Council:

Are our codes being enforced too strictly?

Are our codes being enforced too loosely?

Are our codes being enforced just about right?

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Why Don't Property Owners Comply with the Various Local Codes

- * They don't know the codes
- * They don't understand what the codes mean
- * They don't think anyone enforces the code
- * They don't have the skills to do the necessary work
- * They don't have the money to abate the violation
- * They are not physically capable
- * They are too wealthy to be motivated by small penalties
- * They are **Freedom Fighters**

High Grass

This is an issue that City Council has continued to discuss. However, a decision must be made as to the height at which the Council wants a notice sent and what length of time do we give for the owner to mow.

Lowering heights and length of time can certainly be effective. However, it will not be without costs. More notices will be sent and more mowing will likely take place.

Mayor Tuggle suggested that Ms. Stultz make a recommendation as to the height of the grass and bring it before the City Council.

Porch Furniture

Is this a public nuisance?

We can already abate issues such as this with current ordinances in place. Soon after I became director, our then City Attorney agreed with my interpretation that if it would be a violation sitting in the yard it would be a violation on an unenclosed porch. We have removed such items before.

The appeal procedure would be available for property owners.

Code Enforcement Priority List

The following properties have been identified by the Planning and Inspections Department as being in violation of the Minimum Housing Code, Non-Residential Maintenance Code or Nuisance Ordinance. We have ranked them in order for abatement.

622 Washington Street - \$34,900
377 Martinwood Road - \$2,200
216 The Boulevard - \$73,000
233 The Boulevard - \$69,000

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719 Kendall Street - \$13,300
104 Morgan Road - \$25,000
206 Warehouse Street - \$45,000
121 Boone Road - \$1,000 (City)
420 Patterson Street - \$3,900
631 North Street - \$2,900
733 Taylor Street - \$1,600
100 S. High Street - \$3,900
416 Henry Street - \$4,400
420 Henry Street - \$4,400
534 Friendly Road - \$2,900
416 Washburn Avenue - \$3,000
155 Roberts Road - \$4,800
1003 Willow Street - \$4,100
413 Dameron Street - \$4,800
1231 Ridge Avenue - \$4,800
113 N. Rickman Street - \$3,400

Recommendations

- ❖ Agree on an amount that the City can afford each year and allow staff to remove as many of these violations as possible. I do not believe that we can tackle all of them in the same year without a new revenue stream being identified. Collections activities would then be pursued.
- ❖ For larger or more expensive violations, when possible, we should go through the traditional unsafe building process or zoning violation process so that we take no action until a court order is entered. Judges have more flexibility than the statutes provide the city.
- ❖ Recognize that sometimes code enforcement is about protecting property values, crime prevention, livability, safety and protecting property tax revenues.

How Do We Move Forward?

- Focus more staff attention on collections.
- Decide what our standards are for maintenance related ordinances.
- Increase administrative fees and fees for repeat violations.
- Be resolute with enforcement

What the Past Tells Us

- ❖ Code Enforcement historically has had a problem. It is a public service that is not readily seen by most citizens. We are not perceived like other members of city staff that often provide a service in a time of need.
- ❖ Due process slows the process down but it cannot be eliminated.
- ❖ Using common sense with actions taken and giving property owners every opportunity to abate their own violations decreases costs to the citizens and the city.

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- ❖ Selective enforcement undermines programs and this means from the violation notice to the final process used to collect funds due to the City.

Mayor Tuggle called for a 15 minute break.

BREAK

Mayor Tuggle called on Mr. Todd Harden, Deputy Fire Chief, to give the following presentation:

Update & Discussion of Eden Fire Department Fleet Analysis Report & November 19, 2012

Eden Fire Department Fleet Inventory

- 5 Engines
- 2 Aerial Trucks
- 2 Command Vehicles
- 1 Confined Rescue/ Air Support Trailer
- 1 Fire Investigative Unit/ Brush Truck
- 1 Staff Car
- 1 Fire and Life Safety Trailer

Engine 1

- 2003 Freightliner
 - 1250 gpm pump
 - 750 gallon booster tank
 - Purchase Price : **\$ 149,854.00**
 - Mileage: 35,700
 - Fuel Cost: **\$ 17, 500.59**
 - Labor: **\$ 13, 034. 90**
 - Parts: **\$9,360.00**
 - Total Cost:
- \$28, 196.42**

Ladder 1

- 1991 Aerial Cat
- 102 Aerial Platform Truck
- 180 gallon booster tank
- 1500 gpm pump
- Purchase Price: **\$150,000.00**
- Mileage: 38,523
- Fuel Price: **\$13,096.25**
- Labor : **\$2,617.80**
- Parts: **\$34,873.12**
- Total: **\$50,587.17**

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- Refurbish Price: **\$ 258,000.00**
- Total : **\$458,587.17**

Engine 6

- 1996 Freightliner
- 1250 gpm pump
- 1000 gal. tank
- Purchased Price: **\$55,000.00**
- Purchased Used October 2010
- Fuel: **\$3,194.12**
- Mileage: 39,501
- Labor: **\$693.00**
- Parts: **\$11,384.84**
- Total: **\$15,271.96**

Reserve Engine

Fire and Life Safety Trailer

- 2006 Trailer
- Cost: **\$84,000.00**
- City's Cost: **\$4,000.00**

Awarded from Grant

Engine 2

- 1999 Freightliner
- 1000 gpm pump
- 500 gallon booster tank
- Purchase Price: **\$45,000.00**
- Purchased Used: June 2010
- Mileage: 53,887
- Fuel: **\$6,724.95**
- Labor: **\$1,185.50**
- Parts: **\$4,595.82**
- Total: **\$12,506.27**

Engine 3

- 2007 International
- 1250 gpm pump
- 1000 gallon booster tank
- Purchase Price: **\$189,752.00**
- Mileage: 29,865
- Fuel: **\$17,883.59**
- Labor: **\$1015.20**
- Parts: **\$12,774.71**
- Total: **\$31,673.50**

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Council Member Hall asked if the parts included lifesaving equipment to which Deputy Chief Harden replied only the parts.

Engine 4

- 1996 KME
- 1000 gallon booster tank
- 1250 gpm pump
- Purchase Price: **\$295,000.00**
- Mileage: 60,978
- Fuel: **\$32,070.35**
- Labor: **\$5350.70**
- Parts: **\$41,462.13**
- Total: **\$78,883.18**
- Refurbish Price: **\$160,909.00**

Confined Space Air/Support Trailer

- Purchase Price: **\$9,026.00**
- Purchased: 2008

Hauls Confined Space Equipment and has Cascade Air System

Squad 4

- 2012 Ford 550
- Purchase Price: **\$56,911.00**
- Skid Unit Price: **\$12,380.00**
- Mileage: 3627
- Fuel: **\$1,416.97**
- Labor: **\$25.00**
- Parts: **\$161.92**
- Total: **\$1603.89**

Ladder 4

- 1987 Ford 50' Ladder
- Purchase Price: **\$209,901.00**
- Fuel: **\$19,018.15**
- Labor: **\$3,882.75**
- Parts: **\$18,981.90**
- Total: **\$41,882.80**

Ladder4 – Out of Service

Sent apparatus to be evaluated at KME in Roanoke, VA last year. Apparatus came back with a repair cost of over \$60,000.

Tommy Carter does not recommend any more money to be put into this apparatus.

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He explained that if they put \$60,000 into this the motor in it was obsolete and they would still have a 1987 engine in that truck. If they had to replace the engine they would have to start configuring because they do not even make that engine anymore.

Mr. Carter added that it was a Ford chassis but they do not make it anymore so they would have to go after market.

Car 4

- 1995 Chevy Caprice
- Purchase Price: **\$15,932.55**
- Mileage: 132,233
- Fuel: **\$19,482.26**
- Labor: **\$4,496.55**
- Parts: **\$16,046.83**
- Total: **\$40,025.64**

Life expectancy is ten years from date of purchase

Command Vehicles

FDC-1

- 2009 Chevy Tahoe
- Purchase Price: **\$26,989.00**
- Purchased: November 2008
- Mileage: 41,560
- Fuel: **\$9,018.80**
- Labor: **\$328.50**
- Parts: **\$2,459.37**
- Total: **\$11,806.67**

FDC-2

- 2009 Chevy Tahoe
- Purchase Price: **\$26,989**
- Purchased: November 2008
- Mileage: 42,056
- Fuel: **\$10,500.00**
- Labor: **\$620.00**
- Parts: **\$2,222.71**
- Total: **\$13,343.00**

Refurbishing Vehicles

In our fleet we have two vehicles that have been worth refurbishing; Ladder 1 and Engine 4. "These vehicles have been refurbished"

- Refurbishing instead of replacing Ladder 1 saved the City over \$ 600,000
- Refurbishing instead of replacing Engine 4 saved the City over \$ 200,000
- Refurbishing these two apparatus has drastically reduced the maintenance cost

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Replacement of Ladder 4

Since 1987 purchase of Ladder 4

Reasons for replacing apparatus:

Replacement vs Refurbishing

- Ladder 1 is good for Commercial buildings, Hospital, and Large buildings
- Ladder 4 had a much better capability in getting into a large portion of the City's Streets that Ladder 1 cannot due to the fact of shorter mobile unit with a single axle
- The City would have ladder coverage throughout the whole city
- A new ladder would be more reliable than Ladder 1 which is a 1992 platform
- Mutual Aid request would have significant response time
- The safety features of today's standards for new apparatus has greatly improved since the time of Ladder 4 being built
- These smaller aerial apparatus allows for quick attack operations even when faced with reduced manpower on scene.
- A smaller ladder would have the ability to help in situations where structures become unsafe for offensive fire attack and when conditions prevent firefighters from being able to get close enough for a defensive attack due to the collapse zone area and this has been done for numerous times over the years. Safety of our firefighters and community property conservation are of utmost importance.
- Estimated Cost For Aerial
- KME Ladder \$649,150
- HME Ladder \$530,000
- HME Ladder and Engine- \$695,000
- KME Engine - \$315,000
- Preferred to deal with KME due to the location of repair facility, close proximity of technicians, prior dealings with KME and the service we have received from KME.

Council Member Burnette asked that other than the obvious for him to explain to me the difference.

Deputy Chief Harden explained that the ladder truck will give you more capability. That and price basically was the only difference. The engine was going to be a lot cheaper.

Council Member Burnette stated that was a lot to pay for a ladder it seemed.

Deputy Chief Harden added that it did have some extras that you could deduct and you could get it on down to about \$620,000 but when you start getting it down that lower you are really cutting it down.

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Purchasing an Engine

- Cost of an engine is less than a ladder
- Cheaper operating cost
- Down side we would lose the elevated master stream.
- If Ladder 1 goes down nothing to replace it with.
- Cost of equipment to make an engine into a service truck is significant.

Council Member Burnette asked where Ladder 1 and Ladder 4 were based.

Deputy Chief Harden replied that Ladder 1 was based out of Henry Street and Ladder 4 was out of service at this time. They took it out of service and put it into a reserve status and it was at Station 4.

Council Member Carter asked where the new ladder would go to which Deputy Chief Harden replied that he would recommend Station 4

Council Member Ellis asked why that was to which Deputy Chief Harden explained that was because they would get 78% more ISO coverage if it goes to Station 4. Council Member Ellis pointed out that they have one at Station 1.

Deputy Chief Harden agreed and explained that it did not go out at first response. It only carries 180 gallons of water so it really does not need to go out first.

Mr. Corcoran explained that the staff needed some guidance on this.

Council Member Burnette asked what their options were to which Mr. Corcoran replied that they buy a new ladder, try and look for an existing ladder (used ladder), or buy a pumper. He explained that the Fire Chief's recommendation was to replace the ladder.

Council Member Ellis stated that the last time they bought a used ladder like that it cost them \$250,000 to do it and then they turned around and spent \$150,000 so now they have \$500,000 in it.

Council Member Carter commented that the 2 trucks from Summerfield, they were still using one as a first out truck now and the other was in reserve and when they bought those the Fire Chief came and said he was out of trucks at the time so they needed a truck now, and Summerfield had those trucks available and they served the purpose well for what they purchased them for.

Council Member Burnette stated that would be his question, if they buy something where would that put them.

Council Member Ellis mentioned that they needed to put the new ladder truck in Draper if they got one.

Mr. Corcoran explained that they needed to put it where they could get the most ISO points.

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Council Member Carter stated that he also understood that they had one at Station 2, one on both sides.

Deputy Chief Harden explained that he thought there was some misinformation on that because they were not going to run Ladder 1 as a first out truck for the simple fact, take the Indian Hills area, if it goes out there, that was one of the farthest points west in the city and with only 180 gallons of water it will take a tremendous amount of time for the next truck to come in

Council Member Carter asked what the next oldest truck was to which Deputy Chief Harden replied it was the one from Summerfield.

Council Member Epps asked if they went with the new truck would be a lease to which Mr. Corcoran explained that it would be a like a lease purchase where they would pay all the money up front just like when they purchase police cars where they would go through a bank and borrow the money and then they would make payments to the bank. When they bought the last command trucks for the Fire Department and when they bought the last vehicles for the Police Department they did it over a period of five years.

Council Member Carter questioned the price of the demo truck to which Deputy Chief Harden replied that the demo truck that they brought was over \$700,000.

Council Member Ellis pointed out that they have \$649,000 on this one to which Deputy Chief Harden replied they did and that was taking some stuff off of it because the one they brought here had everything you could possibly want.

Council Member Hall stated if he was correct in that the ladder truck did not go to every fire by any means to which Deputy Chief Harden replied, not in the first out response. Council Member Hall asked how often there was a call for the ladder truck, was it 20% of the time or 90% of the time to which Deputy Chief Harden replied that he would say 30%.

Mr. Corcoran added that the honest truth was with fire apparatus, they were very expensive and when you roll back, especially on a big ladder like that, if they had a graph showing them the number of actual times that ladder was needed and used it would be very small for the cost but it only takes that one incident at a hospital or an apartment complex so it was one of those things for all municipalities where it was just an exorbitant amount of money but you have to have it.

Mayor Tuggle asked how long a new one would last to which Mr. Corcoran replied that they still have 1996's. Mayor Tuggle and Council Member Turner both agreed that was about 20-25 years which was a pretty good deal.

Council Member Carter suggested that if they were going to spend that kind of money he would like to get Mr. Carter or Deputy Chief Harden to revisit those two trucks for the price of one.

Deputy Chief Harden noted that the quality really was not there as it was really a cheaper made truck.

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Mr. Tommy Carter, Superintendent of Fleet Maintenance, in response to a question by Council Member Burnette explained that he would not recommend that.

Council Member Turner asked what helped them most for their ISO rating.

Mr. Corcoran explained that depended upon where they put them and how they were used and the application then points-wise, they could be kind of close. The biggest thing with the ladder was it gives them the additional capability and the biggest concern was if something happens to their 1991. Once that goes out then they have nothing.

Mayor Tuggle asked Mr. Corcoran what he would suggest.

Mr. Corcoran replied that he thought that it was all about the same amount of money. They would put it in the budget then go to the bank and see who could provide the cheapest interest rate and then they would probably finance it and the banks may be willing to give them seven or eight years since it was a little more expensive, whatever term the bank would give them at an attractive interest rate.

Council Member Burnette asked how long once he put it in the budget or when he could actually place the order.

Mr. Corcoran replied it would be how long it would take for delivery because that drives the first question. For example, if he says he can have it in two weeks then he could order it the morning after the budget was adopted by Council but if it was going to be delivered in two weeks that would go on this current fiscal year so they would need to make sure that it came in some time after July.

Council Member Burnette stated that he would imagine it would be several months once he placed the order

Deputy Chief Harden stated that it would be about a year out.

Council Member Burnette stressed that was the other critical aspect of it as well.

It was the consensus of the City Council to have the City Manager place this in the budget.

Summary of Fire Department Recommendations

Mr. Corcoran stated that he wanted to mention that there was a committee last year that included he and Council Member Carter, Council Member Ellis, and Council Member Burnette. They met with all sorts of volunteers, part-time and fulltime firefighters and came up with recommendations. Chief Underwood was not present due to surgery but he has addressed each of the recommendations in there and Deputy Chief Harden would be happy to answer any questions.

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Council Member Burnette stated that these were presented November 19, 2012. He asked when these responses were written out to which Deputy Chief Harden replied last month. Council Member Burnette stated that there was one that he did not understand under #8 talking about recertification requirements for fulltime firefighters be 48 hours annually but 24 must be completed in-house. It says this was in place and he saw them raising their minimum amount of hours to 36 so if it was 48 why would they quote raising it to 36.

Deputy Chief Harden explained that they require training to be 24 hours inside the city and he wanted to raise it to 36 inside the city.

Council Member Burnette stated that he thought they needed some follow up on this to which Mr. Corcoran replied that he could have Chief Underwood bring it up when he returned to work.

Brainstorming/Idea Generation/Open Discussion.

After some brief discussion and comments Mayor Tuggle asked for a motion to adjourn.

ADJOURNMENT:

A motion was made by Council Member Burnette seconded by Council Member Turner to adjourn. All Council Members present voted in favor of this motion. This motion carried.

Respectfully submitted,

Sheralene S. Thompson City Clerk

ATTEST:

Wayne R. Tuggle, Sr., Mayor