



**GUILFORD COUNTY
BOARD OF COUNTY COMMISSIONERS
JOINT WORK SESSION
THURSDAY SEPTEMBER 6, 2018**

The Board of County Commissioners met in a duly noticed Work Session at 1:00 PM with the towns of Oak Ridge, Summerfield and Stokesdale in the Oak Ridge Town Hall meeting room located at 8315 Linville Road, oak Ridge NC.

PRESENT: Chairman J. Alan Branson (in at 2:15PM), Commissioners Melvin “Skip” Alston Jeff Phillips, Alan Perdue, J. Carlvena Foster and Commissioner Kay Cashion

Town of Oak Ridge: Mayor Spencer Sullivan, Mayor Pro-Tem Jim Kinneman, Council members George McClellan, Ann Schneider, and Doug Nodine

Town of Stokesdale: Mayor John Flynt, Mayor Pro-Tem Theron Hooks, William Jones, Frank Bruno, and Tim Jones

Town of Summerfield: Mayor Gail Dunham, Mayor Pro-Tem Dena Barnes, Reece Walker, and Teresa Pegram

ABSENT: Commissioner Carolyn Q. Coleman, Commissioner Justin Conrad and Commissioner Hank Henning; Council member John O’Day

ALSO PRESENT: County Manager Marty Lawing, County Attorney Mark Payne, Clerk to the Board Robin Keller, Deputy County Manager Clarence Grier, Oak Ridge Town Manager Bill Bruce, Oak Ridge Town Clerk Sandra Smith, Summerfield Town Manager Scott Whitaker, Summerfield Town Clerk Lance Heater, Stokesdale Town Clerk/Finance Officer Alisa Houk, RJ Mozely of McGill & Associates, Timmons Group David J. Saunders, Brent Waters and Chris Petree members of the media, and citizens of the County.

WELCOME AND CALL TO ORDER

Mayor of Oak Ridge Spencer Sullivan Opened the meeting at 1:05PM by general consensus. Mayor Spencer welcomed all those present and introduced Guilford County Manager Marty Lawing to introduce the Timmons Group and review the water feasibility study process.

County Manager Marty Lawing shared his experience with water systems in other towns and counties. Lawing noted that the General Assembly allocated 14.5 Million dollars for Guilford and Rockingham County to develop a regional water system and to help Rockingham County expand their water system. He stated that the County and the municipalities contracted with the Timmons Group for a water feasibility study. The purpose of the study was to develop a public water system to improve public safety and public health; provide adequate water volume and pressure to enhance fire suppression capabilities; and to improve potable water quality and reliability for domestic use.

Lawing reviewed the steps of developing a regional water system including: the active participation and commitments from local governments; determination of a governance structure (Authority District, Interlocal Agreements); Appointment of Board Members to an authority once created; Contracting for a more detailed feasibility study and establishing a financial model including costs and rates; considering options for funding and financing for the project; contracting for Engineering Design of System, permitting from the State and finally the construction of a water system.

David Saunders, Managing Principle Water Infrastructure Practice Leader with the Timmons Group, reviewed the results of the NW Guilford County Water Study Region and the study's objectives to identify possible water supply sources, potential service area priorities, a conceptual water system layout, estimate costs of the infrastructure, estimated water rates for customers and summation of governance options.

Brent Waters, Principle Hydrogeologist, reviewed the groundwater study objectives including well yields and ground water availability. He reviewed the scientific efforts for ground water development. Waters reviewed ground water infiltration rates and the amount of water recharging in the ground water systems with estimates of 6-10 inches of the annual rainfall each year to recharge the ground water system, an average of 7 inches annually, roughly 35 Million gallons per day which moves through the local area underground aquifers. He reviewed potential issues for water containment sources that would need to be addressed if a regional water authority were to proceed. Waters reviewed a map of most favorable areas of developing ground water systems for water quantity.

Sunders reviewed the locally determined priority areas and who would need water within the zero to five-year time frame (with the exception of Stokesdale) and the six to ten-year time frames. Saunders reviewed a list of priority subdivisions that would be on the initial development plan for water supplied through a regional water system. The financial model they have reviewed and are currently recommending would be to purchase water through the town of Reidsville.

Saunders noted that NC Hwy150 would be the major corridor utilized to connect the regions. Saunders reviewed the area and zoning classifications for undeveloped land. The recommended plan would call for initial customer participation starting at 5,000 with the potential growth over a 20-year period to be 25,000 customers. Roughly 8,500 customers would be expected by year five. Saunders reviewed the needed usage of elevated Storage Tanks, with a need for Oak Ridge, Summerfield and Guilford County to install water tanks and utilizing the existing Stokesdale tank.

For the projected 0-5 year development of a water system 52.5 Million dollars would be required for the Groundwater/Purchased water costs for supply scenario 1 (utilizing groundwater and purchased water) and 58.3M for supply scenario 2 (purchased water only).

6-10 years the initial capital costs would be split into rounds of funding. Actual infrastructure costs may be more, but this analysis assumes that developers will equally split the infrastructure costs after year 5.

Total Capital Expenses for Groundwater/purchase water (Supply scenario one would be roughly 142.9Million over the 10-20 year period and Supply scenario 2 (purchased water only) is estimated at 158.5M.

Potential Bulk Sale water rates were costed from Winston Salem, Reidsville, Greensboro and Piedmont Triad Regional Water Authority. With Reidsville being the most favorable water source.

Saunders reviewed the funding assumptions that traditional loans or bonds would be used with a 25 year financing option.

County Commissioner J. Carlvena Foster out at 1:41 PM

Saunders noted the needs for personnel costs, distribution costs, pumping and chemical costs, purchase of water, and billing collection and meter reading costs. Saunders reviewed estimated monthly rates every 5 years. Starting off between \$89.00 per month and \$109 per month using the different supply scenarios.

Bob Oast, esq. outside council with the McGuire, Wood & Bissette, reviewed options for Governance of the system. Water and Sewer Authority or a Metropolitan Water District, which are both considered special purpose local governments with their own governing boards. He noted the process for creation of districts and authority's. For Districts the local jurisdictions can petition the Board of County Commissioners to create a water District; Authorities are created by the participating local governments, each adopting a resolution with required public hearing and those resolutions are sent to the secretary of state and a corporation is then created.

Oast reviewed the financing of the two governing structures with Districts having the authority to issue both revenue bonds and General obligation bonds, and may impose taxes. Authorities may only issue revenue bonds.

Authorities have more autonomy and administration flexibility, and districts have more financial flexibility. He offered a resource offered by the School of Government to help create an authority.

Saunders reviewed the recommended next steps including a geophysical groundwater investigation to confirm groundwater availability and anticipated well yields; preliminary engineering report for NCDEQ; Obtain locality participation commitments and determine the Governance of the structure and engagement of legal and Financial Consultation.

County Manager Marty Lawing offered an opportunity for questions.

Jim Kinneman questioned what the average cost is to have and maintain a residential well system.

Waters stated that the average may be 10-15K and long term maintenance is fairly minimal with replacement pumps.

Ann Schneider questioned the required base estimate of 5,000 participants in the initial implementation.

Saunders stated that it was based on the current customer base of Stokesdale and initial estimates.

Reece Walker questioned if that base number included Stokesdale and if so, how many residents.

Waters stated roughly 600 residents of Stokesdale would be included in the initial phase.

McClellan questioned the initial cost per customer with the 50/50 groundwater versus purchase water options.

Waters stated it was estimated at \$73.11 per month based on the 5,000 participant model. The model is based on 8500 customers at the end of year 5.

Mike Sullivan noted that every individual house will be different, depending on the locality to fire protection and water resources.

Scott Whitaker clarified the minimum rates for fire protection to be 1,000 gallons per minute as basic water pressure requirements.

Saunders confirmed

Gail Dunham, Mayor of Summerfield questioned when the study first began and the associated costs. She shared that she would like to see a more detailed breakdown of the monthly costs to residents.

Saunders shared that the review started roughly 18 months ago and that a more thorough report document would be provided to the boards.

Theron Hooks asked if they would require mandatory hook up and existing well use.

Lawing stated that the governing board that is established would need to make that decision. No decision has been made at this point. Lawing noted that it is not uncommon that mandatory hookup be required especially for new construction. Those decisions have been made at this point or what financing will be sought.

Teresa Pegram questioned grants versus loans and how the towns would fund such a project.

Saunders stated that the financial model prepared would be through traditional funding. He noted that if grants were available the funds could potentially decline.

Skip Green shared that a project of this size, there is no grant that is available to finance it. There may be individual home grants if there is public health concern. He stated that the funding mechanism would be recommended would be bond financing.

Doug Nodine questioned if the monthly model included well hookup fees included in the costs.

Saunders stated that the estimates did not include hookup fees. He shared that making the assuming after year 10, that the system would be a 50/50 split between the authority and developers.

Nodine questioned if the existing development could be supported by private ground water and existing wells.

Saunders stated that we have 35M of ground water recharge per day. Some portion of that would be sustainably developed for future development.

Nodine stated with a one home per acre development plan could sustain existing water to support development without purchasing a water system.

Saunders stated that the conditions appear to be favorable to do to that, but to confirm that would require additional studies and drilling.

Waters stated a one-acre lot size could support typical ground water supplies. Which does contradict the USGS study.

Branson in at 2:16.

Saunders stated that the system that we have analyzed goes beyond residential use, it includes fire supply and inter connectivity and reliability of systems.

Spencer Sullivan noted that the we really don't know until we prove out the estimates with the geophysical testing.

Saunders stated that it is correct and there would be a fair amount of effort to handle that.

Hooks noted that the costs presented today did not include the administrative and support staff functions of running a water system, such as water repairs. Hooks questioned how are those needs would be funded.

Saunders stated that there would need to be some up front commitments from the partnering governmental entities.

Lawing echoed that during the development of the system there would be local commitments to hire a director and initial staffing “seed money” to cover start up operational costs.

Hooks questioned where those funds would come from.

Lawing stated that we may end up looking to the participating local governments.

Pegram questioned the costs for the geological study in the next step.

Saunders stated that they have updated the proposals and are prepared to review with the Managers.

McClellan questioned if we had a municipal system based on well water we would not have fire hydrants.

Saunders clarified that the municipal wells would include fire hydrants. If you have an individual well for a home, you would not have that.

McClellan questioned to have hydrants you would need a 50/50 approach.

Tim Jones questioned that for adequate pressure for hydrants each jurisdiction would need to have storage tanks.

John Flynt, questioned in the initial first 5-year phase where Stokesdale would not largely benefit from that phase. With those 600 to 700 citizens also be billed based on the initial 58M investment?

Lawing stated that it would be a decision that would need to be made going forward. Typically, you see that every customer is charged the same rate. That would be something that would need to be discussed as the group continued to proceed with the water authority.

Gail Dunham questioned the number of Aqua users, and she questioned if the funding information would be provided to all of the elected officials.

Saunders stated that the final report and executive summary of this meeting would be provided to the leadership within the next 30 days.

Flynt questioned if we would make additional presentations to the individual boards.

Saunders stated that if additional presentations were needed they would be willing to work with the boards to share information.

Kinneman questioned treatment of water or testing requirements.

Saunders shared that with the next phases water testing would be required.

Nodine questioned the water from Reidsville, if it was treated.

Saunders clarified that it is treated water.

Dunham questioned if there were any water construction projects occurring at this time in our area?

Saunders stated that with residential construction occurring now he would assume so.

Dunham questioned a parallel system with Aqua users who may not participate.

Commissioner Phillips noted that the County has not taken a position and is dependent on the leadership of the three jurisdictions here today to help guide us on their interest to move forward. Phillips suggested that each of the board members to take time to review the reports. He noted that we will need an additional format to ask additional questions. Phillips offered another opportunity for the boards to come back together for another Q&A opportunity.

General consensus of the boards to schedule another follow-up opportunity.

Phillips noted that there remains 3.3M of the state funds that remain unspent for this purpose.

Theron Hooks shared that he was contemplating the funds to staff the authority prior to opening. He questioned if that was a county partnership with the respective jurisdictions. Hooks shared that we would need to know those commitments prior to finalizing the type of authority to move forward.

Phillips reviewed the next steps and questioned if the boards should consider the results of the additional next steps prior to decisions being made?

Flynt stated that yes, but he would also like to know if it is mandatory and if we could keep existing wells, and some more formal commitments from Reidsville on costs.

Phillips questioned the costs for the next steps, and is it important to spend a part of the 3.3 Million to get additional data.

Mr. Sullivan shared that they would like some additional time to evaluate prior to taking some additional steps. One of the key issues they question is what is available in the ground now. He stated that the only way to know that is to put the wells down, and that would be a crucial next step for the town of Oak Ridge in order to make.

McMcClellan shared that he would support a geophysical groundwater investigation to confirm groundwater availability.

Phillips asked the Timmons group to prepare a cost estimate for that.

Tim Jones noted that there would be options to sub-contract with utilities companies at the beginning of new systems.

Mayor Dunham recommended taking our time to research back to the original numbers. He shared that we need to take a better look at that, and with the groundwater study how much that will reduce the groundwater table for existing wells. She noted that this is a phased in approach. Dunham concurred that we should look at the costs of what that study would be.

Reece Walker shared that there are existing funds from the state and he would support moving forward with the Geophysical Groundwater investigation in order to know what is available.

Whitaker questioned if the materials could be provided within the next week as well as the proposal of the geophysical study, and do the jurisdictions need to provide additional information as to preferred locations of the storage tanks.

Saunders shared that they could provide the information timely and he would recommend the quotes for the Geophysical and Preliminary Engineering costs. He shared if the towns already have sites available that would reduce the costs.

Hooks noted that the key to this project is long term sustainability. This should be an initial meeting for us to decide if we want to go any further individually or collectively, and if sustainability is our long term goal.

Kinnenman clarified that moving forward with the geophysical and preliminary engineering report that no actual decision is actually being made today to move forward with a water authority or district.

The boards questioned the development of an authority.

Lawing shared that with the first agreement for the feasibility study the recommendation went to each town to approve. Once a proposal was submitted we would take that back to each board to approve.

There being no further questions the meeting adjourned by general consensus at 3:00PM.

J. Alan Branson, Chairman

Guilford County Board of Commissioners

Robin Keller

Guilford County Clerk to Board

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