

**MINUTES**  
**UTILITIES COMMITTEE MEETING**  
**JUNE 8, 2009—5:45 PM**  
**CITY COUNCIL CONFERENCE ROOM—2<sup>ND</sup> FLOOR, CITY HALL**

Committee Members Present: Walker Reid, Chairman  
Councilman Keith Tidwell

The Utilities Committee met on Monday, June 8, 2009 at 5:45 PM in the Council Conference Room located on the 2<sup>nd</sup> Floor at City Hall, 181 S. South Street, Gastonia, North Carolina. Chairman Reid called the meeting to order.

**Item 1: Water and Wastewater Rate Structure Analysis**

Chairman Reid recognized Mr. Jim Palenick, City Manager, for the purpose of Staff's presentation.

In January 2008, the City of Gastonia retained the firm of Utility Advisors' Network (UAN) to undertake a comprehensive Water and Wastewater Rate Study. The current system relies too heavily on revenues from volume usage rates and does not incentivize water conservation. The primary goals and objectives of the Water and Wastewater Rate Study were: full cost recovery, cost-based rate structure, water conservation considerations, equity among customer classes, and administrative efficiency.

Jim Palenick recognized Daryl Parker, UAN, to present the conclusion of the study. The UAN recommended an inclining block water volumetric rate for residential and irrigation usage consistent with legislation, uniform water volumetric rate for business usage, and wholesale water volumetric rate for municipal customers providing retail sales. This would create equity among the customer classes and a solid base revenue structure. The UAN recommended the City adopt and enact the proposed water and wastewater rate structure and applicable rates as presented. Upon review of the Water and Wastewater Rate Study, Staff recommended that the City adopt and enact the proposed water and wastewater rate structure and applicable rates as presented effective January 1, 2010.

**Committee Recommendation:**

The Committee voted unanimously (2-0) to recommend that Council adopt and enact the proposed water and wastewater rate structure as presented effective January 1, 2010.

**Item 2: Water and Wastewater Expansion Fee Study**

Jim Palenick recognized Rick McClung, UAN, to present the conclusion of the Water and Wastewater Expansion Fee Study.

Mr. McClung stated the purpose of the additional study entitled *System Expansion Fee Study* is to assign growth-related capital costs to those customers responsible for such additional costs. Enactment of the proposed System Expansion Fees recommended by UAN would create equity for customers, and users responsible would incur those additional costs rather than the existing

customer base. Upon review of the Water and Wastewater Expansion Fee Study, Staff recommended that the City adopt and enact the proposed System Expansion Fees to become effective July 1, 2010.

**Committee Recommendation:**

The Committee voted to unanimously (2-0) recommend Council approve the proposed System Expansion Fees as developed in the report effective July 1, 2010.

**Item 3: Other Business**

- A. **Update on Discussions with other Municipalities:** Chairman Reid recognized Matt Bernhardt for Staff's presentation.
- a. **Dallas System Evaluation Study:** The City of Gastonia and the Town of Dallas jointly retained McGill Associates to undertake a study of options for the Dallas system. The report is expected this week, and a joint utility meeting will be scheduled upon receipt of the report.
  - b. **Potential Ranlo System Transfer Discussion:** The Ranlo Town Board will consider at its June meeting a motion to discuss possible joint partnership opportunities related to Gastonia's water and wastewater utilities.
  - c. **McAdenville Transfer Discussions:** City Staff is currently working with McAdenville on an evaluation of their utility systems due to possible joint partnership opportunities related to Gastonia's water and wastewater utilities.
  - d. **Cramerton Regional Sewer Project:** Lowell, McAdenville, and Pharr Mills are working on a regional sewer project with Cramerton that could consolidate all of their respective sewer flows into the Cramerton Waste Water Treatment Plant. Gastonia staff has approached this group regarding partnership opportunities. Discussions are still being held, and any tentative agreement will be brought before the respective governing bodies for consideration
- B. **Update on Electrical CP Rates:** Chairman Reid recognized Ed Miller, Director of Electric Utilities, for Staff's presentation. Large commercial and industrial customers that have been served by the City since 1998 now qualify for market-based rates and rates that are competitive with neighboring utilities. Since the City has incurred recent wholesale purchase power cost adjustments from neighboring utilities petitioning the Public Utilities Commission for rate increases, these market-based rates may not be competitive in some customer classes. Staff recommends these market-based rates not be adjusted until neighboring electric utility rate adjustment filings have been approved.
- C. **Proposed Mutual Aid Agreement with Duke Energy:** A Mutual Aid Agreement has been reached between the City of Gastonia and Duke Energy to provide mutual assistance in the event of a major power outage. Staff recommends approval of this agreement. The Committee voted to unanimously (2-0) recommend Council approve the proposed Mutual Aid Agreement with Duke Energy.
- D. **Update on Gastonia's Stormwater Utility:** Flip Bombardier, Assistant City Manager, advised that Staff will continue working on a video presentation for Councils' review to be televised on the Government Access Channel. Also, an updated brochure was distributed to the committee for review.

With no further business, the meeting was adjourned at 7:25 PM.