

**UTILITIES COMMITTEE MEETING MINUTES
MARCH 24, 2014, 10:00 A.M.
CITY COUNCIL CONFERENCE ROOM – 2ND FLOOR CITY HALL**

Committee Members Present: Porter McAteer, Chairman
Mayor Pro Tem Brenda B. Craig
Councilman Jim Gallagher

Other Council Members Present: Councilman Todd Pierceall

Guests: Mr. Gerald Sosebee, Gastonia Building & Development Task Force

Staff Present: Mr. Ed Munn, City Manager
Mr. Flip Bombardier, Asst. City Manager-Public Infrastructure
Ms. Melissa Magee, Asst. City Attorney
Mr. Matt Bernhardt, Director of Public Works & Utilities
Mr. Paul Jakubczak, Director of Enterprise Services
Ms. DeeDee Gillis, Division Manager-Solid Waste
Mr. Rusty Bost, City Engineer
Mr. Thorne Martin, Engineer

The Utilities Committee met on Monday, March 24, 2014, at 10:00 a.m., in the Council Conference Room, 2nd Floor, City Hall, Gastonia, North Carolina. Chairman McAteer welcomed everyone and called the meeting to order.

ITEM 1: Discussion of Water and Sewer System Expansion Fees Policy:

Chairman McAteer recognized Mr. Gerald Sosebee, Gastonia Building & Development Task Force (GBDTF), for his presentation. Mr. Sosebee advised that at the last Central City Revitalization and Housing Committee meeting on February 19, 2014, the GBDTF requested consideration be given to grant a “grandfather” status to subdivisions regarding the City’s water and sewer System Expansion Fee (SEF) policy. At that time, the Central City Revitalization and Housing Committee referred this item to the Utilities Committee.

Mr. Sosebee first noted that staff had recommended extending the implementation of the system expansion fee and phasing the fee in as follows: reducing the current percentage to 40%, and increasing to 60% as of July 1, 2016, 80% on July 1, 2017, and full implementation on July 1, 2018. Mr. Sosebee advised the Utilities Committee that the task force was not completely in agreement with this proposal. He stated that in order to incentivize builders and developers to utilize older lots within existing or previously planned subdivisions, the Committee consider implementing a grandfather period for lots or projects existing as of the date of the adoption of the fee. The Committee also heard comments by Mr. Donnie Cann and Mr. Charles Gray, in support of a policy change to grandfather system expansion fees. Mr. Sosebee stated that they were not asking that the system expansion fee be repealed but rather that it be suspended for 10 years. Councilman Todd Pierceall spoke on behalf of the Gaston Association of Realtors in favor of the task force’s proposal concerning the system expansion fees and asked for the Committee’s consideration in this matter.

Staff presented historical data on the City’s water and sewer system and how the fees are used as a means to balance water and sewer revenues. Mr. Flip Bombardier stated if these fees were reduced or eliminated, user rates would need to increase to offset the loss of revenue. Mr. Bombardier stated that the system expansion fees are important in providing long-term financial stability of the water and sewer fund as a whole and to the long-term stability of the annual rate structure.

Committee Recommendation: The Committee voted unanimously (3-0) to table the item until the next month’s Utilities Committee meeting in order for staff to provide information on the following two scenarios:

1. The financial impact to the City if the system expansion fees were reduced to 20%, increasing in 2016 to 75%, and increasing in 2017 to 90-100% for new projects, with a

suspension period of five years for projects existing as of the date of adoption of the system expansion fee.

2. The financial impact to the City if the system expansion fees were reduced to 20%, increasing in 2016 to 75%, and increasing in 2017 to 90-100%, with a suspension period of two and one-half years for projects existing as of the date of adoption of the system expansion fee.

After the vote, the Committee discussed the criteria for implementing potential modifications to the SEF policy. Mr. Ed Munn suggested that possibly lots in subdivisions that were platted prior to 2010 would be set at the reduced number, and anything after 2010 would be set at the higher number. Ms. Melissa Magee stated that a differentiation would have to be made between a preliminary plat and a final plat. Mr. Sosebee stated he would be glad to meet with staff at any time to further discuss this topic.

Mayor Pro Tem Craig raised the question of what is equitable in terms of providing rebates to developers who paid their system expansion fees when the policy was implemented. Mr. Cann addressed the Committee and stated that the City should not revise the policy to include additional reimbursements to developers who had previously paid the fee. Instead, Mr. Cann stated that he would rather see increased efforts from the City in promoting the economy and stimulating new growth. The Committee agreed with Mr. Cann, and there was no further discussion on the matter.

Necessary Council Action: Since this item is continued until the next Committee meeting, no action is required at this time.

ITEM 2: Other Items:

Staff provided verbal updates on the following items:

1. **E-Waste Update:** Mr. Paul Jakubczak provided an update to the Committee on the potential of adding an additional component to the City's Solid Waste Recycling services. The service would collect electronics, such as televisions, video cassette recorders, monitors, etc. The fees and program criteria would be based on a Council approved program. Staff has applied for a grant to procure the funds necessary to construct a building dedicated to the palletizing of this waste as required by the recycler. The match for this will come from the solid waste disposal tax fund that the City currently receives.
2. **Water Treatment Plant Update:** Mr. Matt Bernhardt provided an update to the Committee regarding the rehabilitation of the Gastonia Water Treatment Plant. Staff and its consultant are currently working on the Design and Permitting Phase of the Project. This Phase involves selection of a Construction Manager at Risk, which is currently in progress.
3. **Update on Sanitary Sewer to Town of Stanley:** Mr. Bernhardt stated that Stanley and Gastonia are working together on a project to construct a sanitary sewer interconnection via an extension of the recently completed High Shoals Sewer Line. This Project is currently in the design and permitting phase, with right-of-way acquisition nearing finalization.
4. **Update on Electric Substation:** Mr. Jakubczak stated that in order to ensure that the City has adequate resources to supply current customers and plan for future growth, a new substation is proposed to serve the northern portion of the City. The design and engineering is progressing. Staff is working with Gaston County and Electricities on procuring a two to three acre site behind the existing back-up generators at the Gastonia Technology Park, as well as working electrical easements to get the 100KV electrical main feed to the new station.

Committee Recommendation: These items were presented for informational purposes only. No action is required at this time.

Having no other business, Chairman McAteer adjourned the meeting at 11:50 a.m.