

Town of Eastover
Special Town Council Meeting
3:00PM Thursday, September 15, 2011
Eastover Community Center, 4008 School Street

Mayor Charles McLaurin, presiding.

**Council Members attending: Lawrence Buffaloe, Willie Geddie, Cheryl Hudson,
Don Hudson, Bennie Pearce, and Sara Piland**

Also in attendance was Town Manager Kim Nazarchyk.

MINUTES

Call to order was given by Mayor McLaurin.

The Town Manager made a statement to the audience regarding the Special Meeting and the fact that the Agenda was publicized, and the only discussion would involve consideration of the Resolution from the Eastover Fire Department.

Mayor McLaurin recognized Morgan Johnson, Chairman of the Eastover Sanitary District (ESD), for his presentation. Mr. Johnson stated he was providing an informational briefing from one public body to another, and he had a three part presentation which included an ESD/PWC Issue Paper, a target for monthly water bills, and an engineering detail which would be presented by Tim Carpenter, Consulting Engineer with Hobbs Upchurch & Associates. Mr. Johnson provided handouts for the Council regarding the Issue Paper and the target for monthly water bills.

During his comments, Mr. Johnson gave a history of the ESD / PWC relationship and some of the difficulties ESD had encountered. After two years of negotiating, no agreement had been reached, and on November 12, 2010 PWC informed ESD by letter that after the contract expired on March 12, 2012, PWC would provide no services or water to ESD. Mr. Johnson then asked the engineering firm to prepare a study to determine options for Eastover Sanitary District to consider.

On March 21, 2011 ESD received a letter from PWC's attorney stating that PWC would supply bulk water sales to ESD, and this would require ESD to follow PWC/Fayetteville regulations. Mr. Johnson said he refused to sign the contract as that would allow urban style development in areas of the district that were not within the Town of Eastover corporate limits. This would not be in line with the Eastover Land Use Plan.

Hobbs Upchurch & Associates was well into the study to determine the method which would provide the best possible customer friendly service at the least expensive manner. Upon completion, the study offered five options, and the ESD Board decided to handle Administration and Operations & Maintenance themselves, and purchase water from Dunn. ESD signed a contract on August 9, 2011 with the City of Dunn to purchase water, and to repay the cost of the 11.5 mile pipe from Harnett County to the ESD system. Initially it was thought that Local Government Commission approval would not be needed for this venture, but subsequent study revealed that LGC approval is needed for debt consideration exceeding \$500,000 and lasting over five years. ESD and the City of Dunn will jointly meet with LGC in October or November to seek approval for the financing.

Mr. Johnson addressed the monthly water bill concern, stating that PWC information was erroneous, and he maintains that water bills will be within the \$35-45 range.

Mr. Johnson stated that ESD will have an office on Dunn Road across from Town Hall to serve the district, and the water tower will provide adequate water volume and pressure for the entire ESD system. A manager has been hired, and a clerk and an Operations/Maintenance Manager have been identified. The agreement with Dunn will provide up to one million gallons of water a day, which will meet ESD's needs for the next 20 years. When asked why PWC decided to offer water sales to the district, Mr. Johnson stated they did not want to lose 3,000 customers. He said that the discussions with Dunn were friendlier and more accommodating, and the relationship with PWC had become adversarial. The current Phase II has been repeatedly delayed because of PWC.

Mayor McLaurin encouraged Mr. Johnson to provide updated information on a frequent basis, and Mr. Johnson stated he tried to in addressing the Town Council, the Civic Club, and at the monthly ESD meeting. He said that letters to the district customers cost about \$3,000 – 4,000 each time, and he was very careful to spend that wisely.

Council Member Sara Piland recognized the ESD Board members, and asked for information regarding pressure, volume, and redundancy. Tim Carpenter with Hobbs Upchurch & Associates presented a "hydraulic model" which addressed pressure, volume, and redundancy. Mr. Carpenter noted that although PWC has four lines running into the district, they all come from the same PWC pipe. He stated the model had been run with predetermined information as requested by the Eastover Fire Department. Mr. Carpenter also provided the Council with a handout that showed the comparison of the system with water from Dunn versus PWC. Overall, the numbers are very similar.

Council Member Benny Pearce questioned Mr. Johnson on increases to the water rate by Dunn, and also about the debt payments and debt balance of the ESD system. Dunn last raised its water rate in 2005, and will have an increase this year. The ESD system has debt payments of \$800,000 per year with total outstanding of \$11.5 million (ESD I \$5.0MM and ESD II \$6.5MM).

Council Member Sara Piland asked about the “in kind” support from Cumberland County. Mr. Johnson stated that Cumberland County provided bookkeeping service to ESD (Amy Cannon and Bob Tucker) and audit support at no charge. The County is very supportive of ESD’s efforts and knows that this is saving the County the expense of installing a water system to northeast Cumberland County.

Questions from Council Members Don Hudson and Lawrence Buffaloe regarding completion of the water line from Harnett County, and computation of sewer bills were addressed by Mr. Johnson. He stated that PWC would continue to provide water until the pipe is complete, and that formulas are in place to determine accurate sewer bills for customers who have sewer, but no longer use PWC water.

Danny Matthews, President of the Eastover Fire Department Board of Directors, listed concerns of the fire department regarding volume of available water and redundancy. He stated that the current water supply from PWC comes from a 36 inch pipe that has four feeder lines to the district, capable of supplying 3.5 million gallons a day. He is concerned that the one 12 inch pipe (1.5 million gallons per day) from Dunn cannot supply the volume needed to maintain current fire ratings, and the loss of redundancy (feeder lines from PWC) will be critical to a major fire in the Eastover area. Council Member Benny Pearce questioned Mr. Matthews on the insurance premiums for commercial properties. Under the current system, the Eastover Fire Dept. could apply for a split rating which would lower commercial insurance premiums. This will not be possible with the Dunn connection, and would have an effect on commercial premiums for the next 20 years. Mr. Matthews responded that rates could go up, but there is no way to be sure until the ISO (Insurance Service Office) visits our area and checks the water pressure and volume from the water lines. 40% of the criteria for rating are based on water volume. Currently Eastover residents have a six rating, which is the best, and the commercial area along Dunn Road could possibly go to a 4 or 5 because of the current volume of water available, and the training & equipment capabilities of the fire department.

Mayor McLaurin stated that he knew both ESD and the Eastover Fire Department had the best interest of the community in mind. He has concerns with the PWC requirements.

Council Member Benny Pearce made a motion to adopt the resolution as requested by the Eastover Fire Department. The motion was seconded by Council Member Willie Geddie. Mayor McLaurin asked Mr. Pearce to read the resolution.

Council Member Sara Piland offered a substitute motion: I move that the Eastover Town Council, in lieu of the resolution, record in its minutes our support for the Eastover Fire Department and the concerns they have raised, and thank them for bringing these concerns to us and allowing us to have this discussion this afternoon. It has been educational to the council and to all those present, I hope, and that we also extend our appreciation to the Eastover Sanitary District for their responsiveness to the concerns presented by the Eastover Fire Department, and encourage ESD to work with the Eastover Fire Dept. on their needs and try to meet those needs to the greatest extent possible, given the water supply that they (ESD) have selected.

The motion was seconded by Donald Hudson. During the discussion Mr. Buffaloe advocated an emergency hookup with PWC, and Mr. Hudson voiced his concern regarding the stipulations that would come with a PWC contract. He does not want them dictating to another elected board.

Voting for approval of the substitute motion were Mayor McLaurin, Mr. Buffaloe, Mr. Geddie, Ms. Hudson, Mr. Hudson, and Mrs. Piland. Mr. Pearce voted against.

Motion to adjourn was made by Mr. Buffaloe and seconded by Mrs. Piland. Vote was unanimous in favor of.

Respectfully submitted,

ATTEST:

C. Kim Nazarchyk, Town Manager

Jane F. Faircloth, Town Clerk

