

The Sampson County Board of Commissioners reconvened at 6:00 p.m. on Tuesday, September 19, 2017, in the Conference Room of the County Administration Building, 406 County Complex Road, Clinton. Members present: Chairman Clark Wooten, Vice Chairperson Sue Lee, and Commissioners Albert D. Kirby, Jr., Harry Parker and Jerol Kivett.

Item 1: Water System Initiatives and Opportunities

The Chairman called the Board of Commissioners to order and called upon Public Works Director Lin Reynolds and Utilities Superintendent Mark Turlington who provided a PowerPoint presentation on recent initiatives and project updates, suggestions for increasing the system's customer base, proposed water ordinance changes, proposed conversions to surface water from the City of Dunn and potential new service areas. (Presentation attached; brief synopsis of each discussion provided herein with associated action or direction of the Board.)

Recent Initiative - Reducing Water Turn Offs

In July 2017, staff identified concerns of excessive turn-offs due to delinquent payments. In response, the call system was used to contact 550 customers by phone regarding their upcoming late payment; 384 customers were reached and turn-offs were reduced by 15 customers for the month of August. In September, the process was repeated with 387 customers contacted, 261 reached and turn-offs reduced by 31 customers for September. This initiative utilized existing staff and resources and added no additional costs to the taxpayers or the water system.

Increasing Customer Base - Identifying New Customers on Existing Lines

In July 2017, staff contacted members of the NCRWA to elicit successful strategies for increasing the customer base on existing lines. Only one member responded, Duplin County, and they decreased tap fees by 50% for a short period (unclear whether this was for new construction or existing lines). In August, door hangers were placed at the homes of 120 potential customers in a densely populated service area with a questionnaire regarding likelihood of water usage. With only 17 of 120 questionnaires responding, about half stated they had considered becoming a customers, but would not be likely to sign up unless their well went bad or taps fees were offered at a lower rate.

Staff offered the suggestion that the tap fee could be offered at half price for a short period (90 days) along existing lines throughout the county. The reduction credit would require customer to sign a contract obligating water purchase for a minimum of 24 months, or pay back the reduced costs. The system could offer privileges for connection at reduced amounts in order to encourage additional hookups to increase revenue. Any customer who takes advantage of a reduced connection would be responsible for paying at least the minimum monthly water bill whether or not water is used until such

time as the reduced connection fee charged, plus all monthly water bills charged, equal the then current charge for tap-on connection.

Increasing Customer Base - New Installations

Staff noted that the system had about 5,450 customers along 505 miles, with an average of 10.79 customers per mile. Recommendations offered: (1) the water system could consider paying for the addition of lines if economically feasible (grants, etc.) if a minimum of 10 customers per mile will sign a contract to purchase water for at least 24 months; or (2) if the area has less than 10 customers per mile, the system could elect to participate along with a user fee. (For example, if there are 7 customers per mile, the system may elect to participate up to 70% minus grants. The users would bear the remainder of the costs (30%) and sign a contract to purchase water for at least 24 month.) Areas for consideration of new installations would be determined by a minimum of 10 customers per mile, if schools or churches impacted, and potential economic impact. Funding sources for new installation initiatives would be loans, user-funding, developers or grants.

Potential areas for new installations include:

- Carroll Store Rd; Ernest Williams Rd; Howard Rd; Tyndall Bridge Rd; Vander Rd (looped)
- Bullard Pit Cir; Lee Rd (Loop to Maxwell Rd)
- Fleet Cooper Rd; Old Mintz Rd; Norris Rd, Claudes Drag Rd (tie to US 701/NC 24 Loop) (Tie to north of Garland, and serve Mintz School along with adjacent customers)
- Peavine Rd (1.5 mi) – ties to NC 24 West that is currently served via Clinton
- Ivanhoe Rd (8 miles to nearest supply-Atkinson?)
- South Eldridge Rd; Oak Grove Church Rd; Dave Bright Rd; Wade Daughtry Rd, etc.

Request for Ordinance Changes - Turn On Policy

Staff discussed concerns and costs for repetitive trips to turn on new water installations, recommending that turn-on services be offered by 8 am – 5 pm, Monday through Friday and that it be mandated that a responsible person be present at the premises when a turn on of water is scheduled for the safety of the customer. If no one is on the premises at the time the water is turned on and it was determined by departmental personnel that water is running at the premises, the department personnel would turn off the water and lock the meter. The personnel would then return to turn on the water only when a responsible person is present, and the customer would be charged a service call fee of \$25 for each return trip. Staff also recommended that language in the ordinance be amended to change Reconnection fee to Delinquent fee.

Request for Ordinance Changes - Tap Fees

Staff discussed the need to recoup the actual costs for directional bores. By example: with new construction on NC 24, the tap requires a directional bore if a residence is on the opposite side of the trunk line. Cost: \$1,800 plus hardware (\$550) for a total cost of \$2,350 for one tap. Recovery time is \$2,350/\$19.40 – 121 months (10 years) before the

system breaks even. Staff recommended that: If a directional bore or other costly installation methods are needed, require the customer to pay the cost of installation or require a minimum monthly participation until cost is recovered.

Request for Ordinance Changes - Bulk Rate

Staff noted that the water system's rates were generally consistent with those of neighboring systems; however, there was a need to establish a bulk rate: a flat rate of (x) per 1,00 gallons or (x) rate per 1,000 with minimum purchase.

Proposed Water Source Conversion - Partial Conversion to Dunn Surface Water

Currently, water is being produced and pumped to northern Sampson, which is about a max of 30 miles. Because of the distance, the water is losing chlorine and pressure (45' elevation change), and the system is experiencing dirty water complaints and is losing 20% due to aggressive flushing in northern area. Staff recommended that the system decrease its purchase of water from Clinton, and subsequently purchase water from the City of Dunn at \$2/1,000. The system would then send county water to Turkey and US 701 South. This would result initially in a decrease of \$760 per month, but would position the County to sell water to Johnston County and would resolve customer concerns.

The system could then increase its base along existing lines by recruiting again to recoup revenue lost. It would need approximately $(\$760/\$40)$ 19 additional customers. One potential area: If capacity allows, tie system on Peavine Road and serve all our customers. Tie would be 6" line for 1.5 miles at \$35/foot. Cost would be $\$7,930 \times \$35 = \$277,550$. Current potential revenue is \$3,820/month, paid to Clinton to purchase water. Estimated return: $\$277,550/\$3,820 = 73$ months, or about 6 years. The benefits would be a return on investment in six years and the looped system would prevent stagnant water.

Discussion on Recommendations:

County Attorney Joel Starling noted that impact fees had become invalid with the passage of recent system development fee legislation; capacity fees were still permissible. He also discussed the rules regarding mandatory hookups for existing systems: they can be mandated in certain circumstances (i.e. cannot if working, permitted well on the property), but not across the board. Staff discussed the negative public relations impact of mandatory hookups for rural systems.

With regard to directional bores, staff noted that if the County purchased the equipment (which is a large investment, approximately \$200,000), there was interest from other governments for the County to perform such operations for them in addition to saving the costs the County currently pays to other contractors to do them.

County Manager Ed Causey noted that the Board had requested creative, innovative ideas for consideration on how to grow the water system but urged caution given the budget constraints of the water system. The Board noted that the session allowed them to consider priorities.

It was determined that most of the recommendations for consideration would fall under the existing water ordinance and to amend such would necessitate a public hearing. It was determined that Mr. Reynolds would work with the attorney to draft an amended ordinance for a hearing in November.

The Board agreed with the recommendations for changes in turn-ons, but discussed the need to adequately notify customers with regard to the fees for reconnection and need to ensure water is cut off prior to water being turned back on.

Dewberry Engineers will provide an estimate for engineering/design of Peavine tie on.

With regard to the application of a bulk rate vs. commercial rate terminology, Mr. Causey noted concerns with a potential large industry who would want to take the bulk rate. Dewberry Engineer Matt West suggested one strategy would be to call it a bulk governmental rate if providing to other governmental systems.

Commissioner Kivett moved that the Board accept the recommendation of the purchase of water from the City of Dunn and decrease of purchase from the City of Clinton, with redirection of County water to Turkey and south. The motion was seconded by Commissioner Kirby and passed unanimously.

The Board discussed the value of having water service and need to market its availability.

Consulting Engineer's Updates and Reports

Matthew West and Larry Mitchell of Dewberry Engineers provided updates on a number of water projects. (See attached.) Mr. West reported that the bid opening for the third well would be the following Tuesday and that the goal was to have a recommendation for tentative bid award (pending EDA review) be provided for the Board's October meeting.

Mr. West reported that the iron/manganese treatment system project had been advanced to 50% design status. As the company began design work and updating costs, they found that the project would be over the approved budget by the Division of Water Infrastructure. Drivers included increased costs for the type of filters, the flow rate calculated by the estimating vendor was incorrect, the need for a building to house filters and valving for backwash recycling. The program has been re-evaluated for potential cost reductions, and it was recommended to build one treatment system to treat water from both wells with a raw water mains to connect the wells, a potential savings of approximately \$200,000 compared to separate systems at both wells. Mr. West reminded the Board that the currently approved funding was \$1,013,250 grant and \$337,750 loan at 0% interest (total \$1,351,000), and the revised estimated costs were \$2,122,000. He stated that additional funding is available from the Division of Water Infrastructure as additional loan; the updated funding being \$1,013,250 grant and

\$1,108,750 loan at 0% interest. While the additional loan might not be needed if the purchase of water from Dunn mitigated the water quality issues permanently, the wait to determine that could cause the loss of the available funding. Mr. West stated that the County had until May 2018 to get the 80% documents submitted, so they could do an amended PER to get the loan approved and pause until it could be determined if the purchase of water from Dunn resolved some of the treatment issues. Also, the quality of water might not extend further if the County wanted to sell water to Johnston County. Vice Chairperson Lee moved that the Board authorize the completion of the PER and staff to work with the State to secure the additional loan dollars. The motion was seconded by Commissioner Kivett and passed unanimously.

Recess to Reconvene

Upon a motion made by Commissioner Kirby and seconded by Commissioner Parker, the Board voted unanimously to recess to reconvene on Monday, September 25, 2017 at 6:00 p.m. at Sampson Regional Medical Center for the annual budget presentation with the SRMC Board of Trustees.