

MINUTES
City Council Public Works & Utilities Committee

Tuesday, February 15, 2022 – 4:00 PM
City Council Chambers

Members Present: Maurice Jones, Chair, Council Member
Mac Morrow, Vice-Chair, Council Member
Steve Harrell, Interim City Manager
David Lutz, Public Works Director
Emory Owen, WWTP Director
Dennis Richardson, WTP Director

Staff Present: Dean Luebbe, Finance Director
Denise Hodsdon, Executive Assistant

Guests: King Street Residents Harvey Federman, Robert Federman and Paul Wilander

Media: Jonathan Rich, *The Transylvania Times*

A. Welcome and Call to Order

Committee Chair Maurice Jones called the meeting to order at 4:01 pm.

B. Certification of Quorum

Executive Assistant Denise Hodsdon certified that a quorum was present.

C. Approval of Minutes from December 13 and 14, 2021 Meeting

Motion by Mr. Morrow, seconded by Mr. Lutz to approve the minutes of the December 13 and 14, 2021 meeting as presented. The motion carried unanimously.

D. King Street Update

In December, King Street resident Harvey Federman addressed City Council regarding the King Street Waterline Replacement project and noted that the project is expected to result in significant disturbances to a street that is already in disrepair. At that time, he provided copies of a questionnaire completed by several business owners and property owners regarding how to maximize improvements associated with this construction while minimizing disturbances.

The results of the survey indicate that business and property owners are in favor of burying power lines on King Street; replacing existing sidewalks with brick pavers, existing curbing with granite, and storm drainage; and there was a mixed response regarding making King Street a one-way street and limiting parking to one side of the street. Harvey and Robert Federman and Paul Wilander requested to meet with this committee to further review these results.

Mr. Harrell explained that the budget for the King Street Waterline Replacement project is \$1,086,918 and it should begin later this calendar year. This money is just for the waterline and does not include these additional improvements. He explained that if the power lines are put under ground, that will have to go through Duke Energy to get that accomplished and the question is whether Duke Energy would be willing to pay for it. He said it has been his experience that cost to put power lines underground is approximately \$.5M per block and that Duke Energy would do these enhancements if the city wants to pay for it. Mr. Harrell explained that there is no money for grants or loans when it comes to putting electrical lines in.

Mr. Harrell added that there is very little, if any, money for storm drainage. Brick pavers and granite curbing is really expensive as well. Generally, with the brick pavers, people are doing the stamped concrete and that is fairly inexpensive to put in. Making the street one-way would be up to City Council, but he noted that the Main Street Program has done studies about one-way streets and they are not recommended for streets on which there are retail businesses as two-way traffic increases the customer flow going through.

Mr. Jones suggested moving on to the next item, Water & Sewer Debt Report, and then have discussion about King Street after that.

E. Water & Sewer Debt Report

Mr. Luebbe reported that in the City's most recent audit, the debt load in our Water & Sewer Fund was 28%. He noted that for most cities our size, 10% would be a high debt load. He said we have three more debts that will be going on line shortly – King Street Waterline Replacement, the Burrell Mountain Finished Water Tank, and Gallimore Road Sewer Basin Rehab – so the debt load will most likely go over 30%. Many of these debts were taken out just in the last 4 or 5 years and they don't mature for 15 years or so. The City's Utility Fund will be looking at a very high debt load for some time and no substantial debts will be falling off anytime in the near future.

Mr. Harrell reviewed the projects listed at the top on the attached spreadsheet. He noted that these projects are currently funded and are already underway or will be underway soon. He suggested that while these projects are funded, we might want to look at some of these and see if we could put off construction for a year.

Funding for some of these projects we haven't started yet are ARP funds, including the Main Street Water and Sewer, Times Arcade Alley stormwater, and the Hampton,

Whitmire Water District for waterlines that are on private property. Mr. Luebbe explained that we have received a total of \$3.1M in ARP funds that can be used for our portions of some of these projects and we are trying to figure out what kind of restrictions are on those ARP funds. It would be his guess that our portion of these projects is more than \$3.1M which is why we may have to start having discussions about prioritizing.

Mr. Luebbe noted that the Water Treatment Plant Improvement project has been approved for funding, but only \$500,000 is loan forgiveness and the remaining \$4.4M would be debt. He said our engineer Jeffrey Brown is working with NCDEQ to try to get that project to 100% grant funded. If we don't get the grant funding, that project would most likely not move forward.

Mr. Harrell noted that the list at the bottom of the attached spreadsheet includes several unfunded potential projects totaling \$31M. He said it was his understanding that this came to this committee back in December and the engineers listed were asked to pursue funding for these projects, with the idea of hopefully finding 100% grant funding. He would highly recommend that if we don't find that, we need to get with the engineers and see which of these potential projects actually have to be done now as opposed to being able to wait until some of these other projects above come off. Mr. Harrell noted that Council approved expenditure of \$65,000 for the engineers and they are underway putting together the applications. Mr. Morrow said when Council approved that expenditure, they were all in agreement that it would have to be 100% grant funding.

Mr. Morrow noted that much of the current debt was financed at zero-percent so there was a lot of opportunity to do what we did and we raised rates 4% each year. Those were steps to get us solid financially. It may not look good, but we'll see in the budget where we are with revenues as we've been growing.

Mr. Jones suggested that we need to make a prioritized list of these projects and bring back to the committee. Hopefully by then we will have clarification of what the ARP funds can and cannot be used for as we look at our budget.

The committee then returned to discussion of the King Street Update. Mr. Harrell reiterated that there is no money in the project funds to pay for any of the updates indicated in the survey. Funding of any of those improvements would have to come directly from the General Fund. He noted that the City is also facing a \$700,000 funding shortfall for the Railroad Avenue Bridge replacement.

Mr. Harrell asked if we could delay the King Street Waterline Replacement project. Mr. Lutz said that right now it is fully permitted but it has not gone to bid yet. Mr. Morrow added that a benefit of doing that would be for the \$1.5M stormwater improvement because the surveys are already done and the project could be put together fairly quickly. It would be nice to have that all done at the same time.

Mr. Harrell said that because the waterline runs the length of the street, there is a possibility that when we do replace the waterline we may have to tear up enough of the street that we'll need to repave the entire street as part of the project.

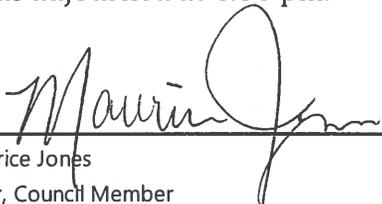
Mr. Wilander acknowledged that obviously there is a lot to figure out with these projects, but he hoped that the City would be efficient with money when making the improvements to King Street because that road has been in need of improvement for a really long time. It is a unique road in that all of Comporium's trucks go through it every day and there are a ton of potholes. It's got a bunch of restaurants, a couple breweries and 20 homes all in this tight little spot. Things like the sidewalks and curbing have been there for over 100 years so it is time to replace at some point, but if you put in the waterline and repave the road, that would be preferable...I think we'd rather wait a year to see that happen.

F. Set Date for Next Meeting

The Public Works & Utilities Committee will meet again as needed.

G. Adjourn

There being no further business, the meeting was adjourned at 4:50 pm.

X 
Maurice Jones
Chair, Council Member

Minutes Approved: March 29, 2022

X 
Denise Hodsdon
Executive Assistant

Fund	Name	Budget/Project Estimated Cost	Life to Date Expenditure	Engineer Contract Amt	Construction Contract Amt	Construction Contract Amt	Debt	Loan forgiveness	Who	Fund Balance	700K stormwater	ARP	Timing
31	Gallimore Road Sewer	2,234,845	247,531	Summit	363,000	1,844,547	1,734,845	500,000	NCDEQ				
31	King St Waterline	1,086,918	178,117	Brown	319,600		271,729	815,189	DWSRF				
78	Railroad Ave Bridge												
78	Estatote Trail Path	788,000	79,020	SME	5,400	144,260				788,000			
31	Estatote Trail Path (stormwater portion)	420,000	-	SME	13,200	406,500					420,000		
82	Mary C Jenkins	2,530,000	967,381	Summit-M	49,000	1,365,282	2,350,000			180,000			
31	Burrell Mtn Water Tank	2,858,050	121,700	Brown	548,050	-	714,712	2,143,538	DWSRF				
31	Main Street water and sewer	600,000	32,101	Summit	126,500							600,000	
83	Clemson Plaza	350,000	282,760			349,535				350,000			
89	Clemson Plaza Parking	99,078	3,235	None		99,078				99,078			
83	Streetscape Design ??												
82	Silverstein	398,000	300,000	Summit	53,000					350,000			
31	Water Treatment Plant Improvement	4,929,000	11,500	Brown	41,000		4,429,000	500,000	NCDEQ				
31	Oakwood Lane stormwater	280,000	-	??							280,000		
31	Hampton, Whitmire water dist	755,000	29,591	Summit	84,000							755,000	
31	Sludge Drying Beds	147,000	-	Summit	31,500							147,000	
31?	Times Arcade Alley	250,000										250,000	
82?	Nortan Creek ??												
31?	Azalea Rhododrum Sewer												

POTENTIAL PROJECTS UNFUNDED

Walmart Tank Site Addition	1,101,000	CDM Smith
Strauss Park Tank Addition	800,000	CDM Smith
Deerlake Tank Site Addition	728,000	CDM Smith
Burrell Mtn Tank Site Addition	829,000	CDM Smith
Pisgah Fish Camp Pump Station Rehab	452,000	CDM Smith
Wilson Road Sewer Pump Station Rehab	762,000	CDM Smith
Water Treat Plant Upgrade to 3.9 MGD	8,000,000	CDM Smith
Water Treat Plant Intake at Cathey Creek	5,000,000	McGill
Activated Sludge Impr	12,000,000	CDM Smith
King St Stormwater	1,500,000	Brown
Total	31,172,000	