MINUTES

STATE OF NORTH CAROLINA **BOARD OF COMMISSIONERS**
COUNTY OF HENDERSON **THURSDAY, JULY 11, 2024**

The Henderson County Board of Commissioners met for a Special Called Meeting at 1:00 p.m. in the meeting room of the Historic Courthouse, 1 Historic Courthouse Square, Hendersonville, NC 28792.

The following were present: Chairman Rebecca McCall, Vice-Chair J. Michael Edney, Commissioner Daniel Andreotta, Commissioner David Hill, Commissioner William Lapsley, County Manager John Mitchell, Assistant County Manager Chris Todd, Financial Services Director Samantha Reynolds, Public Safety Director Jimmy Brissie, Attorney Russ Burrell, and Clerk to the Board Denisa Lauffer.

Engineer Marcus Jones, Chief Communications Officer Mike Morgan, A/V Technician Oscar Gurrero, Recreation Director Bruce Gilliam, Finance Director Randall Cox, Planning Director Autumn Radcliff, PIO – Kathy Finotti videotaping. Deputy Tracy Davis provided security.

CALL TO ORDER/WELCOME

Chairman McCall called the meeting to order and welcomed all in attendance.

INVOCATION

Commissioner Andreotta provided the invocation.

PLEDGE OF ALLEGIANCE

Chairman McCall led the Pledge of Allegiance to the American Flag.

PUBLIC COMMENT

1. Gayle Sinke spoke as the representative for the Blacksmith Run Sub-division. Ms. Sinke informed the Board that a survey had been conducted of the residents of Blacksmith Run to determine whether they would favor being a part of the Clear Creek Sewer Project. Of the 198 homes in the sub-division, 75% of respondents indicated they favored being included in the project, 15% were undecided, and 10% were not in favor and wished to remain connected to the development's existing private treatment plant. Additionally, Ms. Sinke said she had heard that Vista Developers, LLC, who owns the community's wastewater treatment plant and also acts as the Declarant of the HOA, was currently in negotiations with the NC State Utilities Commission to sell the plant and "would not commit to the county about a link-up" decision during the ongoing negotiations.

DISCUSSION/ADJUSTMENT OF AGENDA

Vice-Chair Edney added a Closed Session to the agenda for property acquisition N.C. Gen. Stat. § 143-318.11(a)(5) to establish or to instruct staff or negotiating agents concerning the position to be taken in negotiating (i) the price and other material terms of a contract or proposed contract for the acquisition of real property by purchase, option, exchange or lease; or (ii)the amount of compensation and other material terms of an employment contract;

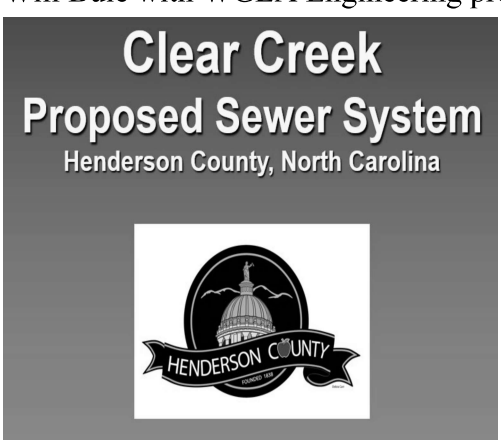
APPROVED:

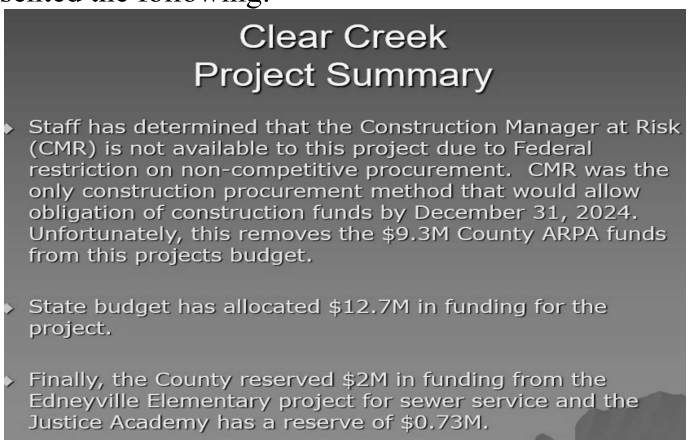
Commissioner Andreotta moved to approve the agenda with the addition of the Closed Session as discussed. All voted in favor, and the motion carried.

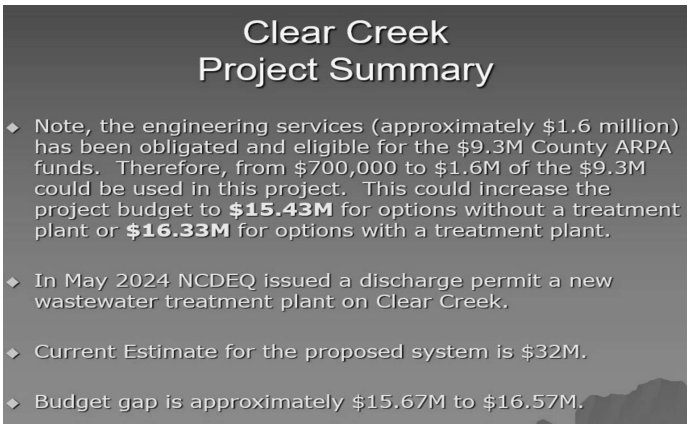
DISCUSSION

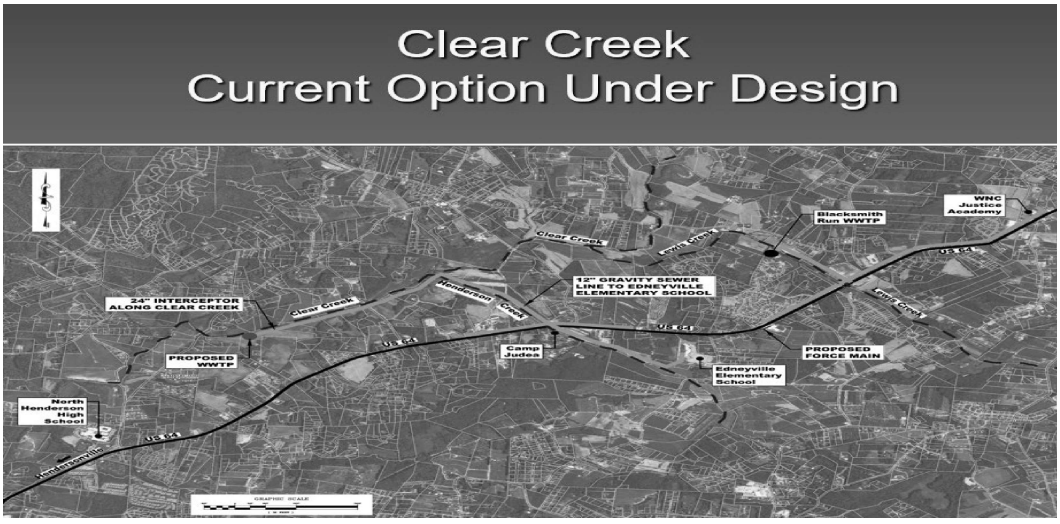
Clear Creek Sewer Project

Will Buie with WGLA Engineering presented the following:



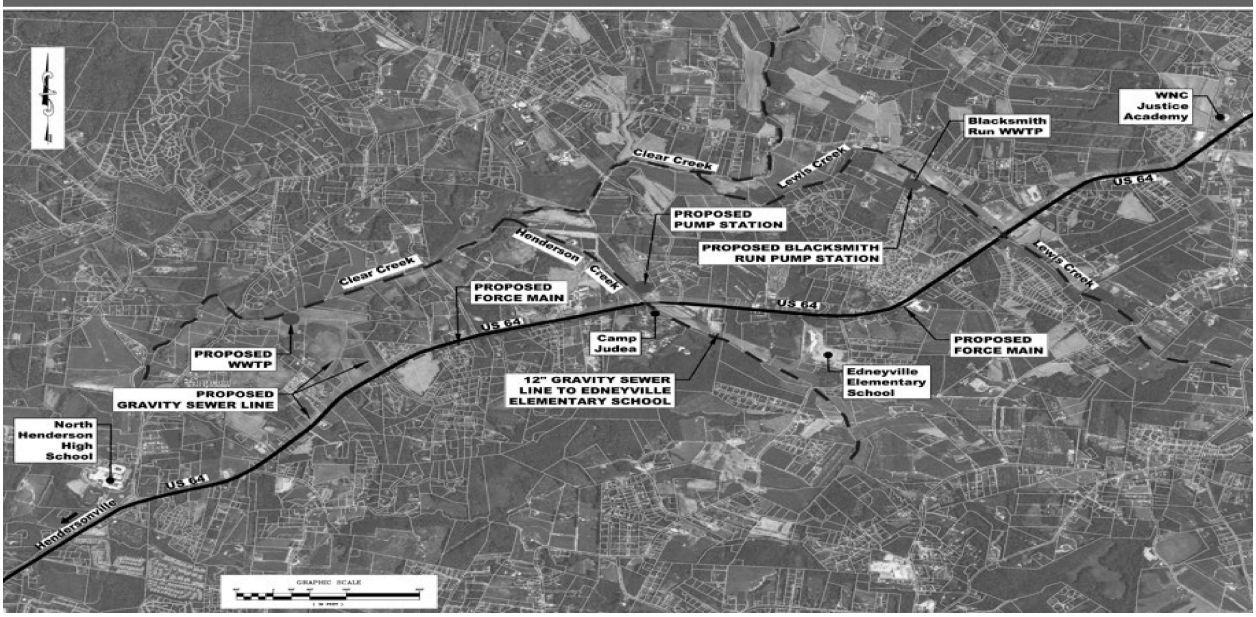




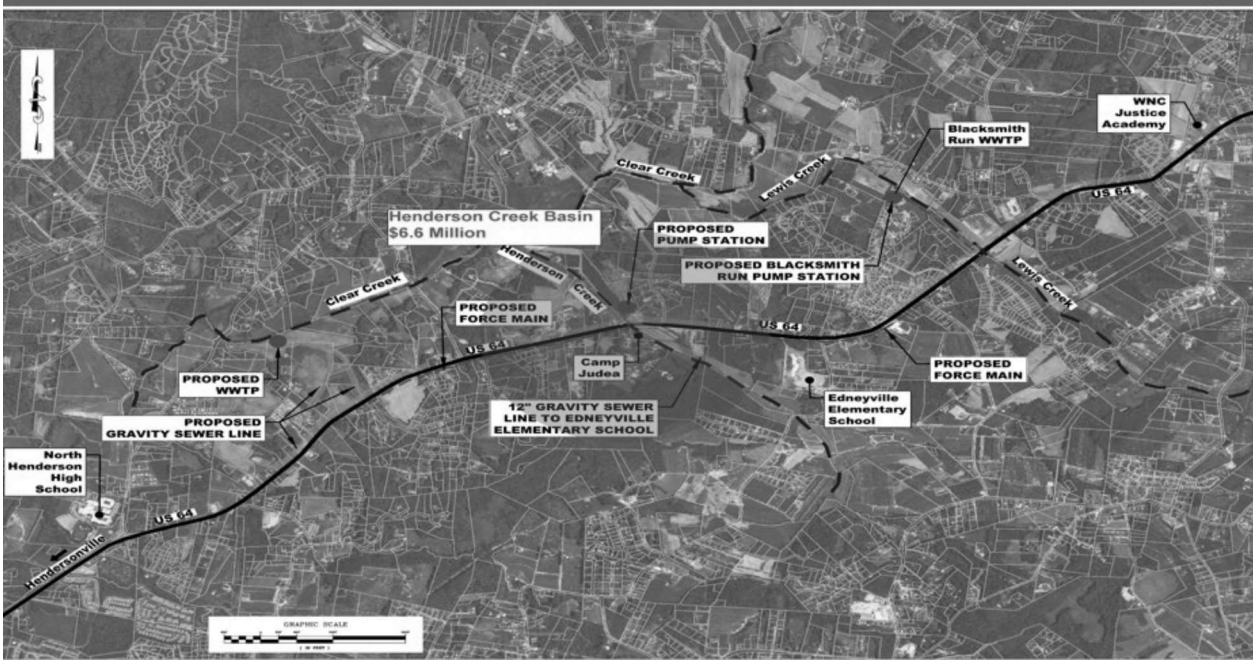


APPROVED:

Clear Creek Option 2

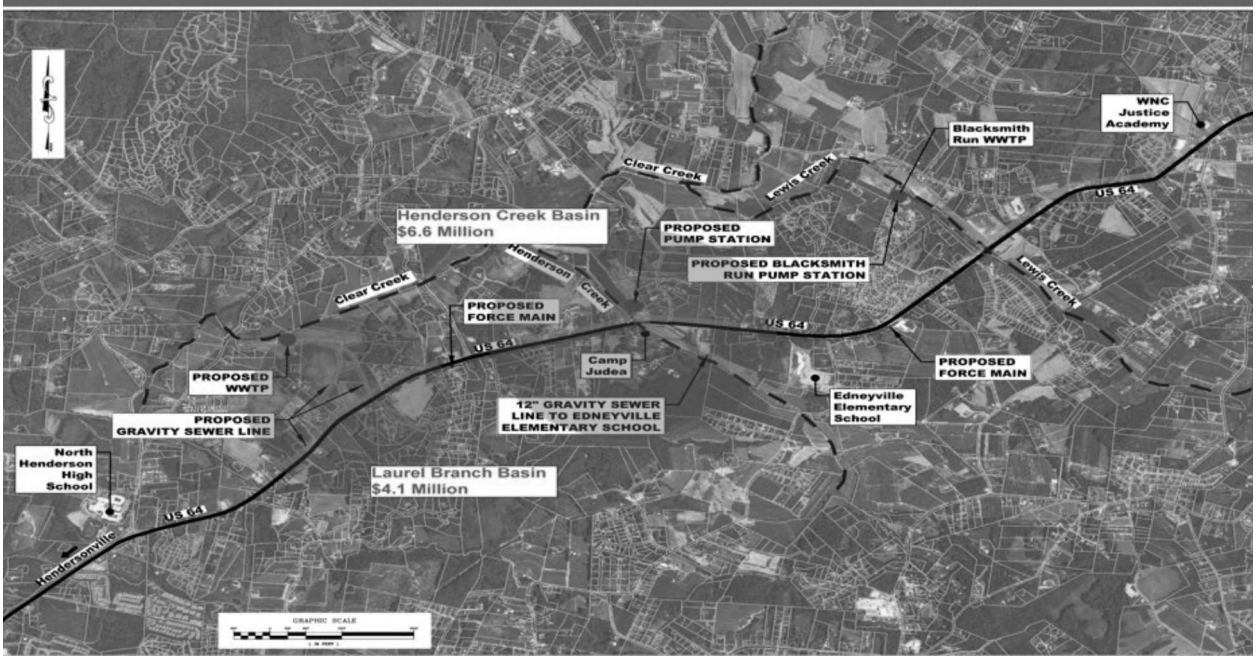


Clear Creek Option 2

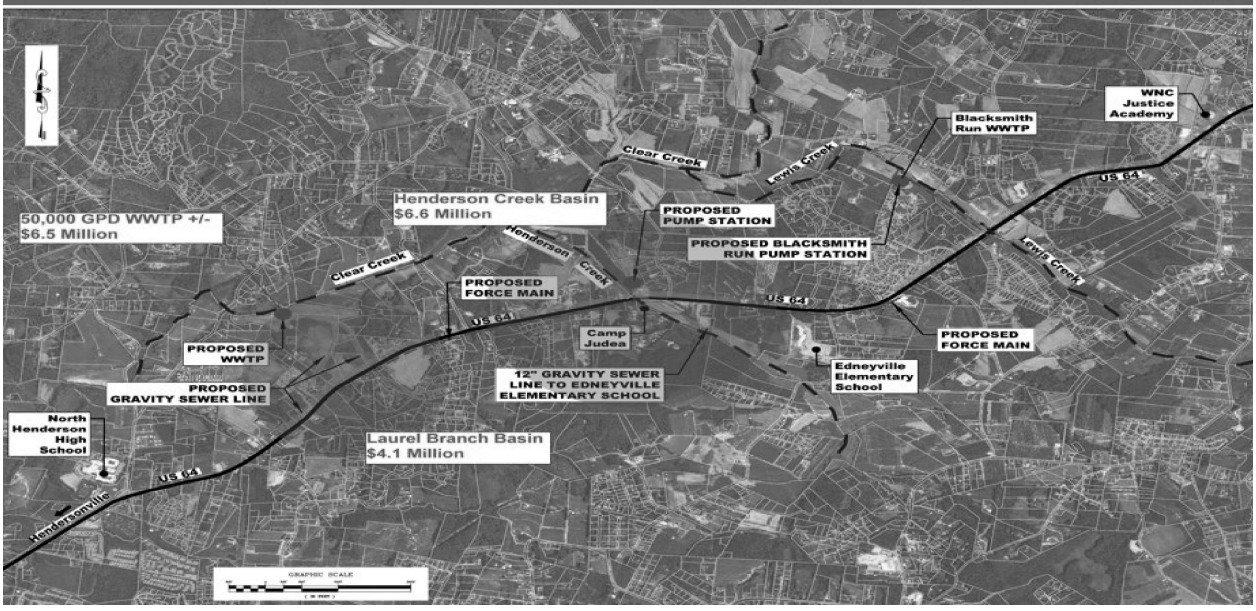


APPROVED:

Clear Creek Option 2

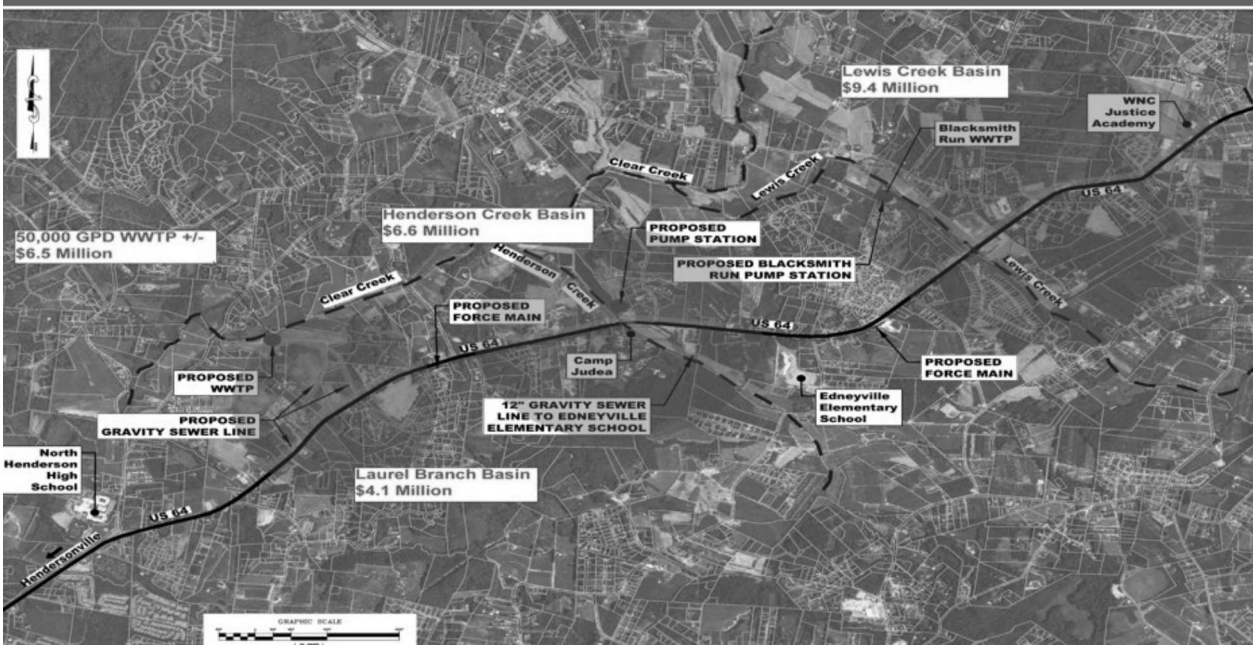


Clear Creek Option 2A



APPROVED:

Clear Creek Option 2B



Clear Creek Option 2 Estimated Costs

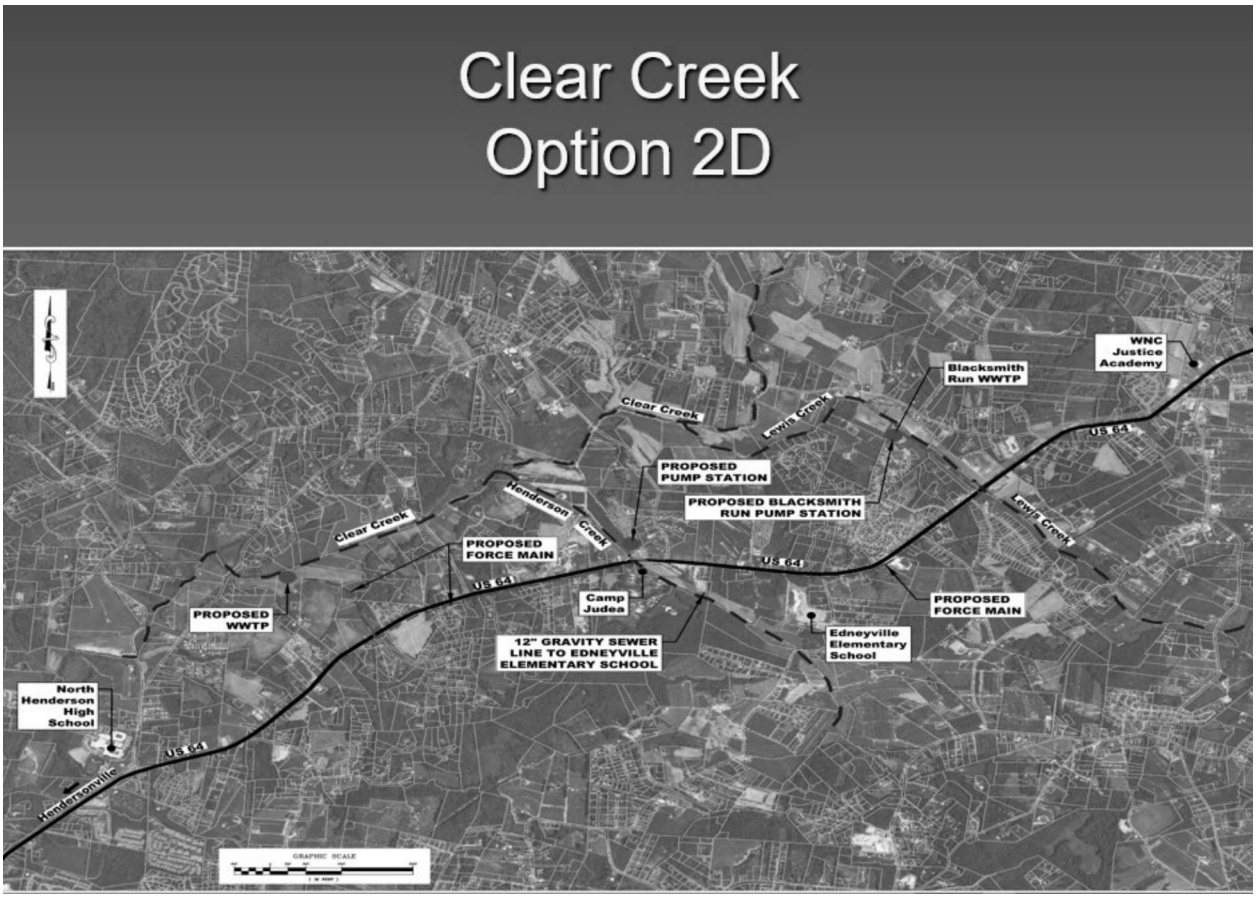
- 2A: Henderson Creek Basin, Laurel Branch Sewer and reduced size WWTP - **$17.2 Million.**
- 2B: Add Lewis Creek Basin - **$26.6 Million*.**
- 2C: Only add Justice Academy via pump station and force main (no other users in Lewis Creek Basin) - **$20.0 Million**.

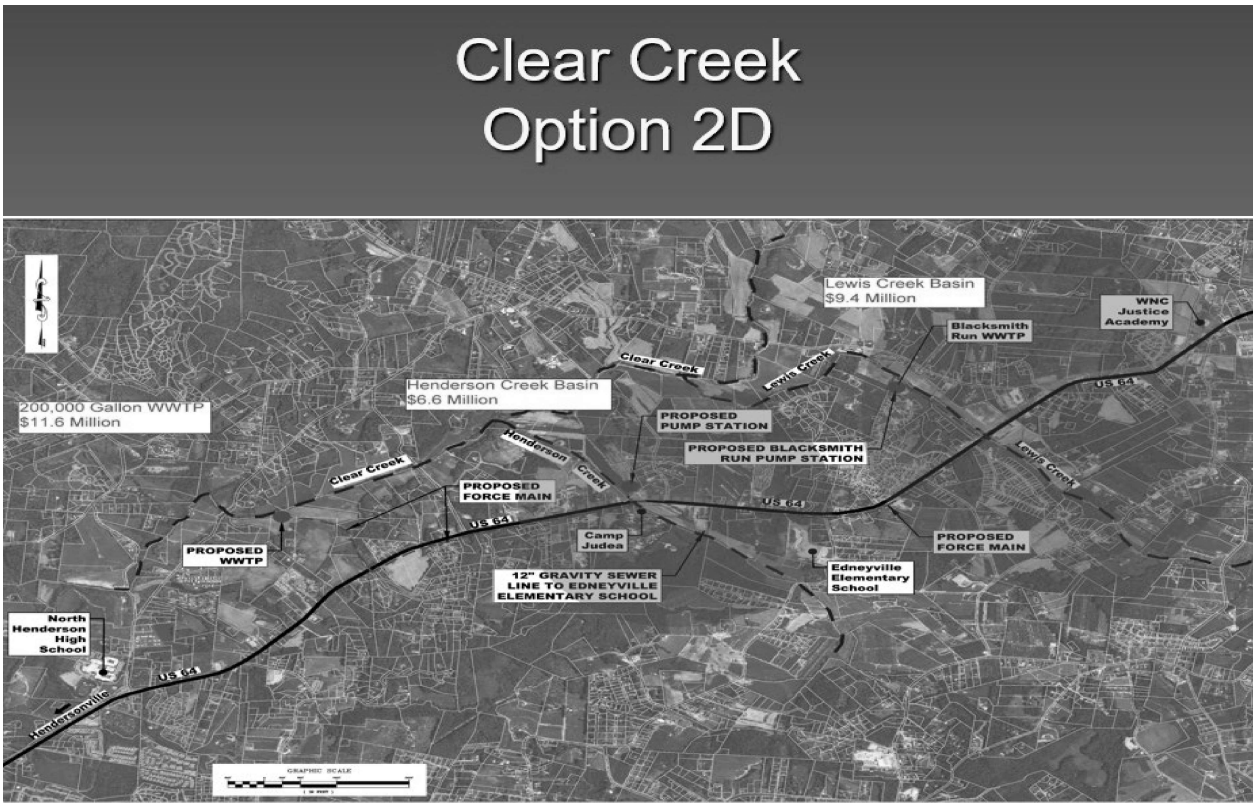
*Smaller WWTP is not sized to serve Blacksmith Run.

-Operational costs of the system will be challenging with a very limited customer base.

-Will need to reengage with DEQ about conditions of discharge permit.

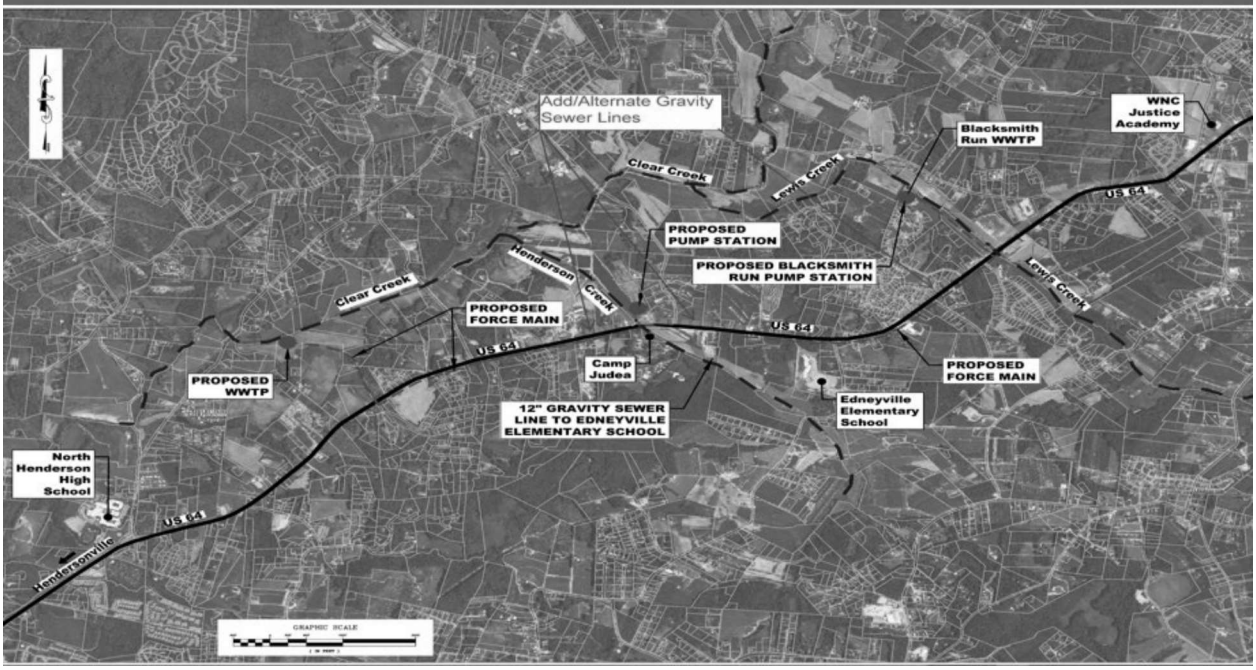
APPROVED:


Clear Creek
Option 2D
WNC Justice Academy
Blacksmith Run WWTP
Clear Creek
Lewis Creek
US 64
PROPOSED PUMP STATION
PROPOSED BLACKSMITH RUN PUMP STATION
Henderson Creek
Clear Creek
PROPOSED FORCE MAIN
US 64
Lewis Creek
US 64
Camp Judea
PROPOSED WWTP
PROPOSED FORCE MAIN
12" GRAVITY SEWER LINE TO EDNEYVILLE ELEMENTARY SCHOOL
Edneyville Elementary School
North Henderson High School
US 64
Hendersonville
GRAPHIC SCALE


Clear Creek
Option 2D
Lewis Creek Basin
$9.4 Million
WNC Justice Academy
Blacksmith Run WWTP
Clear Creek
Lewis Creek
US 64
Henderson Creek Basin
$6.6 Million
200,000 Gallon WWTP
$11.6 Million
PROPOSED PUMP STATION
PROPOSED BLACKSMITH RUN PUMP STATION
Henderson Creek
Clear Creek
PROPOSED FORCE MAIN
US 64
Lewis Creek
US 64
Camp Judea
PROPOSED WWTP
PROPOSED FORCE MAIN
12" GRAVITY SEWER LINE TO EDNEYVILLE ELEMENTARY SCHOOL
Edneyville Elementary School
North Henderson High School
US 64
Hendersonville
GRAPHIC SCALE

APPROVED:

Clear Creek Option 2D



Clear Creek Option 2D Estimated Costs

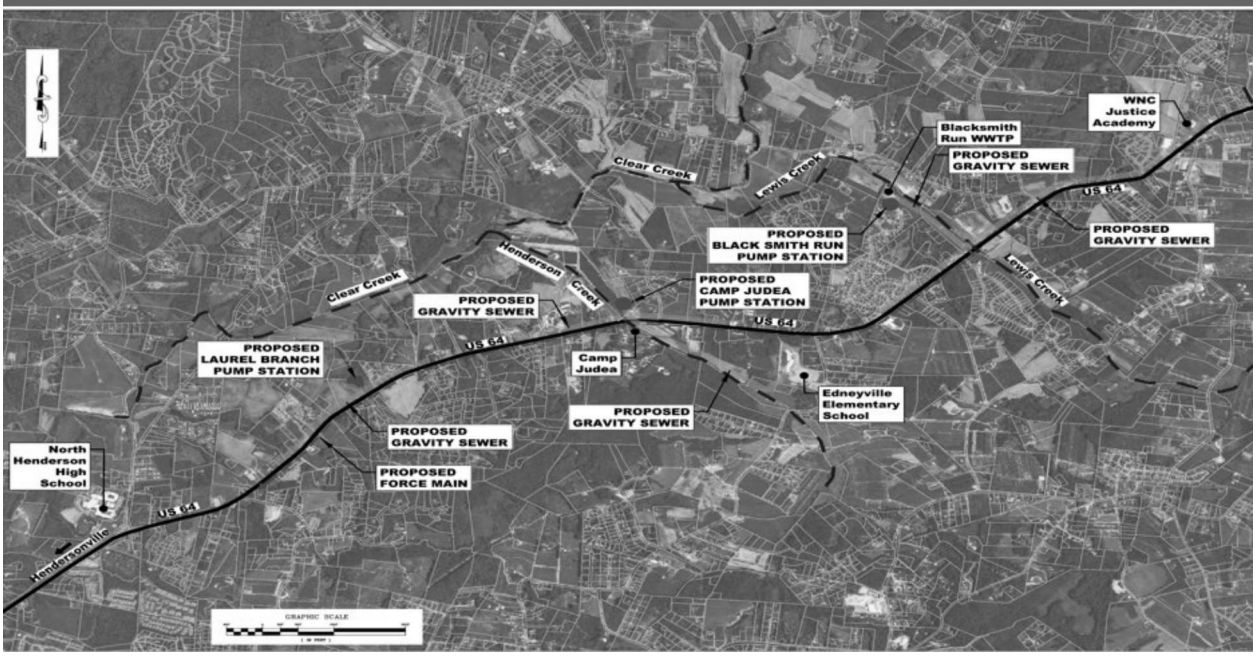
- Total cost for Phase 2A- **$27.6 Million.**
- Total for add/alternate sewer lines- **$2.8 Million.**
- Cost without add/alternate lines **$24.8 Million.**

-No gravity sewer lines are proposed in the Laurel Branch Basin.

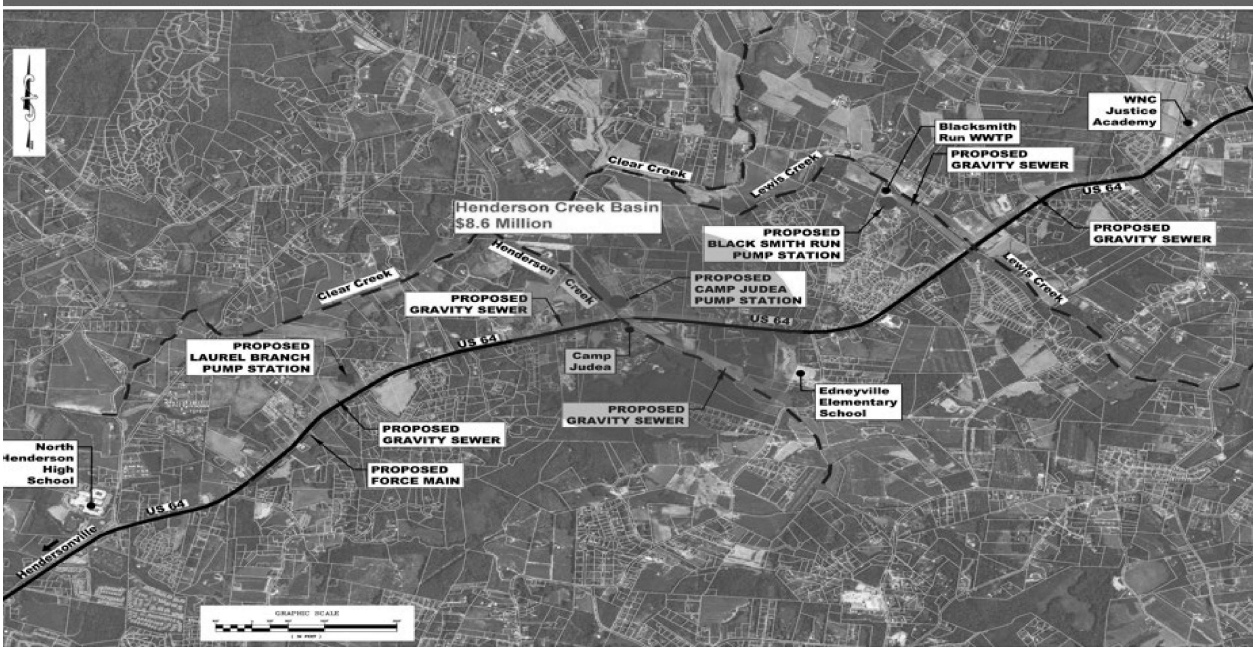
-Timing of when/if Blacksmith Run would connect to the system is unknown. This will create operational issues at the treatment plant.

APPROVED:

Clear Creek
Option 3



Clear Creek
Option 3



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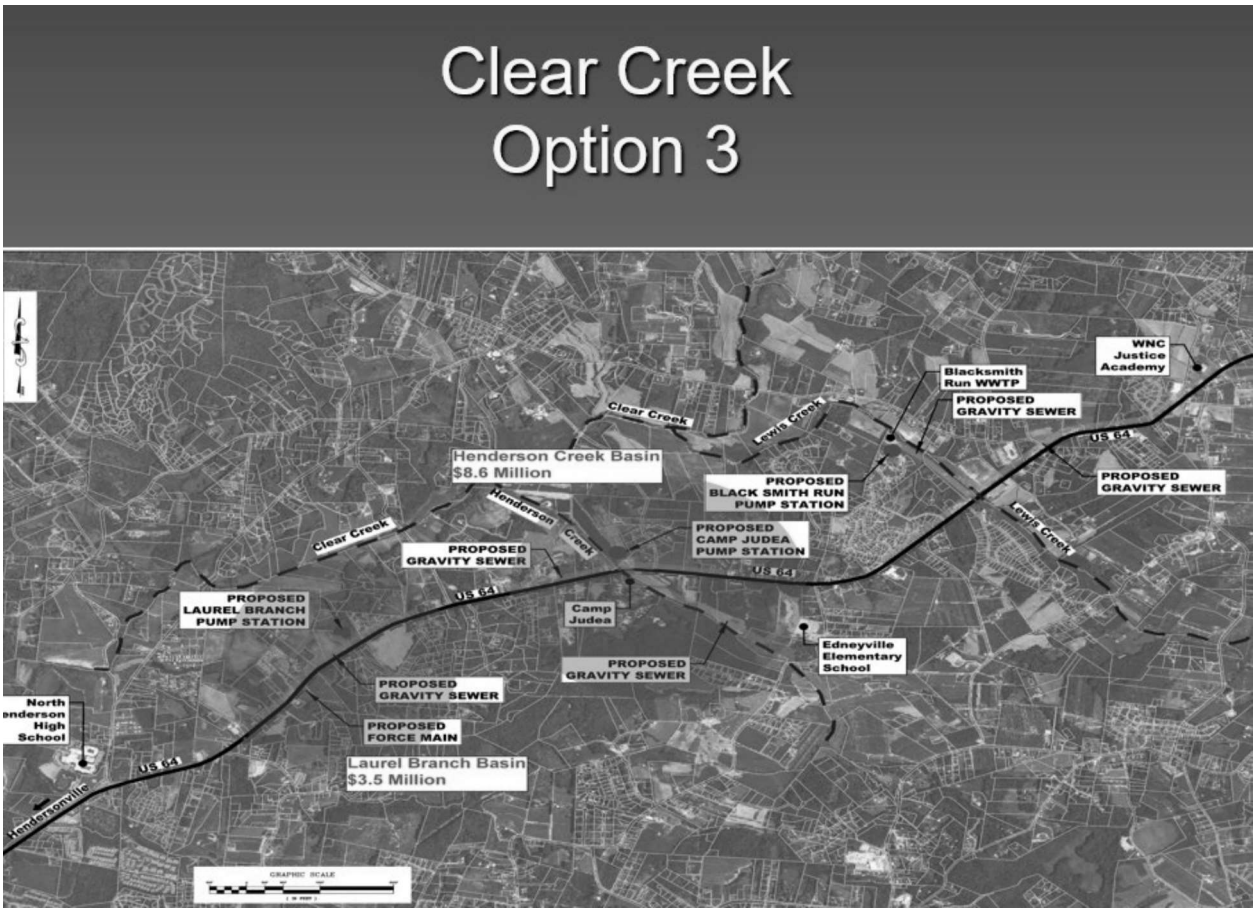
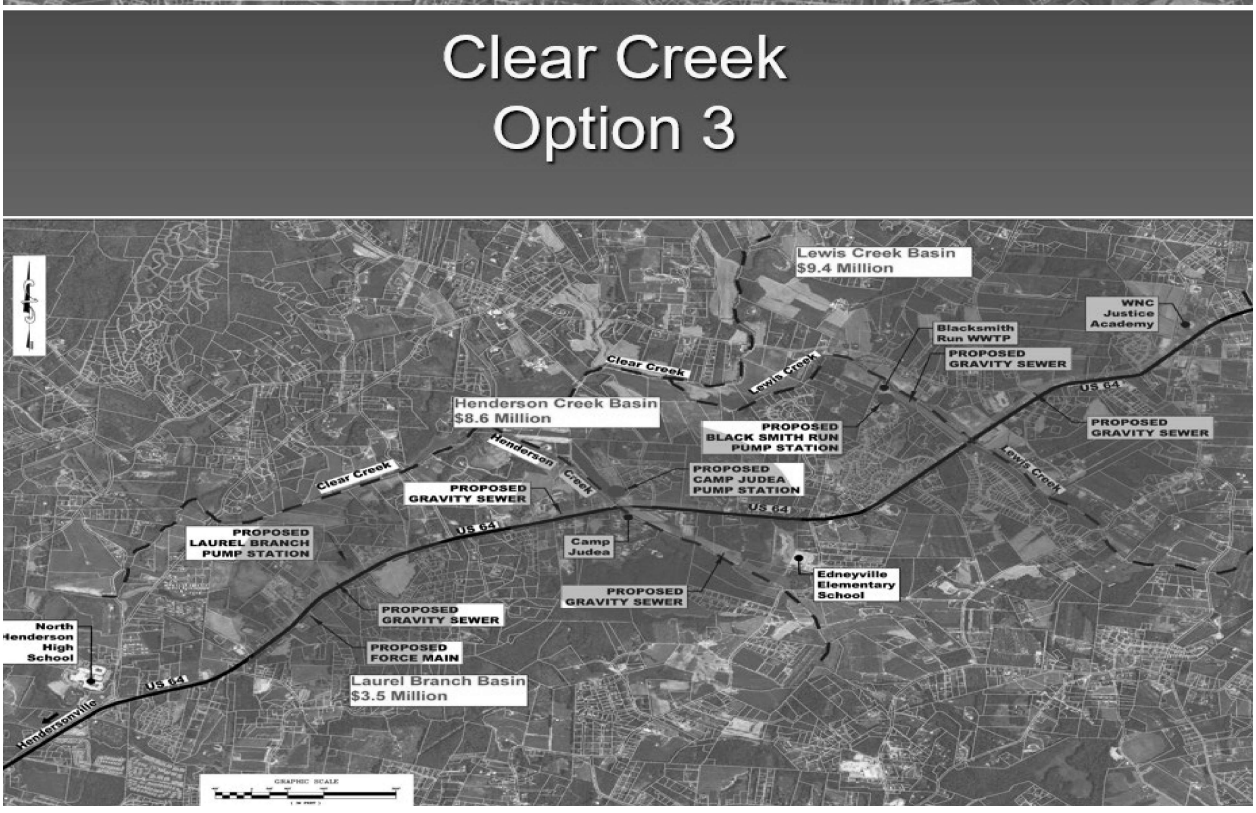

Clear Creek
Option 3
Henderson Creek Basin
$8.6 Million
Laurel Branch Basin
$3.5 Million
PROPOSED
LAUREL BRANCH
PUMP STATION
PROPOSED
GRAVITY SEWER
PROPOSED
FORCE MAIN
PROPOSED
CAMP JUDEA
PUMP STATION
PROPOSED
BLACK SMITH RUN
PUMP STATION
Blacksmith
Run WWTP
WNC
Justice
Academy
Edneyville
Elementary
School
Camp
Judea
North
Henderson
High
School
Hendersonville
US 64
Clear Creek
Lewis Creek
Henderson
Creek
GRAPHIC SCALE


Clear Creek
Option 3
Lewis Creek Basin
$9.4 Million
Henderson Creek Basin
$8.6 Million
Laurel Branch Basin
$3.5 Million
PROPOSED
LAUREL BRANCH
PUMP STATION
PROPOSED
GRAVITY SEWER
PROPOSED
FORCE MAIN
PROPOSED
CAMP JUDEA
PUMP STATION
PROPOSED
BLACK SMITH RUN
PUMP STATION
Blacksmith
Run WWTP
WNC
Justice
Academy
Edneyville
Elementary
School
Camp
Judea
North
Henderson
High
School
Hendersonville
US 64
Clear Creek
Lewis Creek
Henderson
Creek
GRAPHIC SCALE

APPROVED:

Clear Creek Option 3 Estimated Costs

- 3A: Henderson Creek Basin pump to City of Hendersonville- **$8.6M.**
- 3B: Add Laurel Branch Basin - **$12.1M.**
- 3C: Henderson Creek Basin & Lewis Creek Basin - **$16.0M.**
- 3D: Add Lewis Creek Basin to 3B - **$21.5M.**
- 3E: Only add Justice Academy via pump station and force main (no other users in Lewis Creek Basin - **$15.0M**.

-Rates would be based on City of Hendersonville "out of City" sewer rates.

-County could dedicate lines to Hendersonville for ownership and maintenance or could own and maintain sewer collection system.

Clear Creek Summary of Options

Clear Creek - Summary of Options

Option	Estimated Costs
2A Henderson Creek, Laurel Brach & Reduced WWTP	$17.2 Million
2B Henderson Creek, Laurel Brach & Reduced WWTP with addition of Lewis Creek Basin	$26.6 Million
2C Henderson Creek, Laurel Brach & Reduced WWTP with addition of Justice Academy only	$20.0 Million
2D Henderson Creek, Lewis Creek & 200K WWTP with addition of Justice Academy only	$27.6 Million
3A Henderson Creek pumped to Hendersonville	$8.6 Million
3B Henderson Creek & Laurel Branch pumped to Hendersonville	$12.1 Million
3C Henderson Creek & Lewis Creek pumped to Hendersonville	$16.0 Million
3D Henderson Creek, Laurel Branch & Lewis Creek pumped to Hendersonville	$21.5 Million
3E Henderson Creek, Laurel Branch & Justice Academy pumped to Hendersonville	$15.0 Million

APPROVED:

Clear Creek – Option 2 Versions
Annual Revenue Requirement - 200 K WWTP (from 2022 study)

Operating Costs
- Annual recurring cost
- Roughly $100,000 per year
- + 10% O&M Contingency

Capital Costs
- New system so immediate R&R needs should be low
- Free cash flow and building a reserve are critical for financial sustainability
- Proposed roughly $50,000 annual reserve contribution
  - Can be used for unforeseen expenses or future R&R

Description	Annual Cost
Pump Station Maintenance (inspection, power, etc.)	$ 20,000
Contract Operation of WWTF	30,000
WWTF Power, Chemicals, etc.	20,000
Inspections & Maintenance of Collection System	20,000
Annual Equipment Repairs & Maintenance	5,000
Billing Cost	10,000
O&M Contingency (10%)	10,500
Capital/Reserve Contribution	50,000
Total	**$165,500**

Clear Creek
Rate Considerations (from 2022)

Monthly fixed charge and volumetric charge
- Volume charge based on water consumption

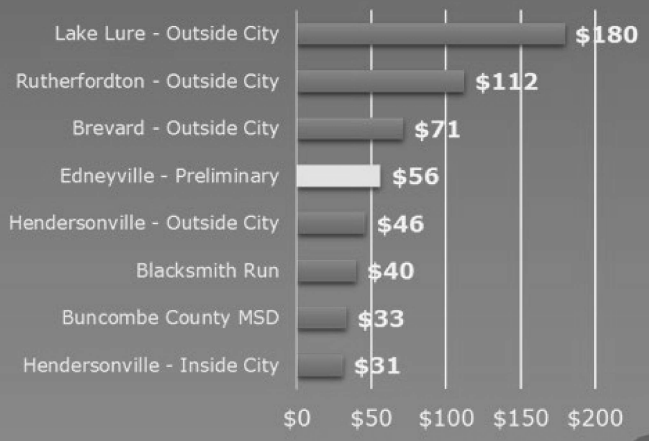
Preliminary rate calculation

Key: *Balance long term financial sustainability with impact to customers*

Assumes Blacksmith Run participates

Without Blacksmith Run rates are 3 – 4 times higher

Local/Regional Sewer Service Benchmarking
(4,000 Gal Customer)



APPROVED:

Clear Creek – Option 3 Versions (if County maintains collection system) Annual Revenue Requirement

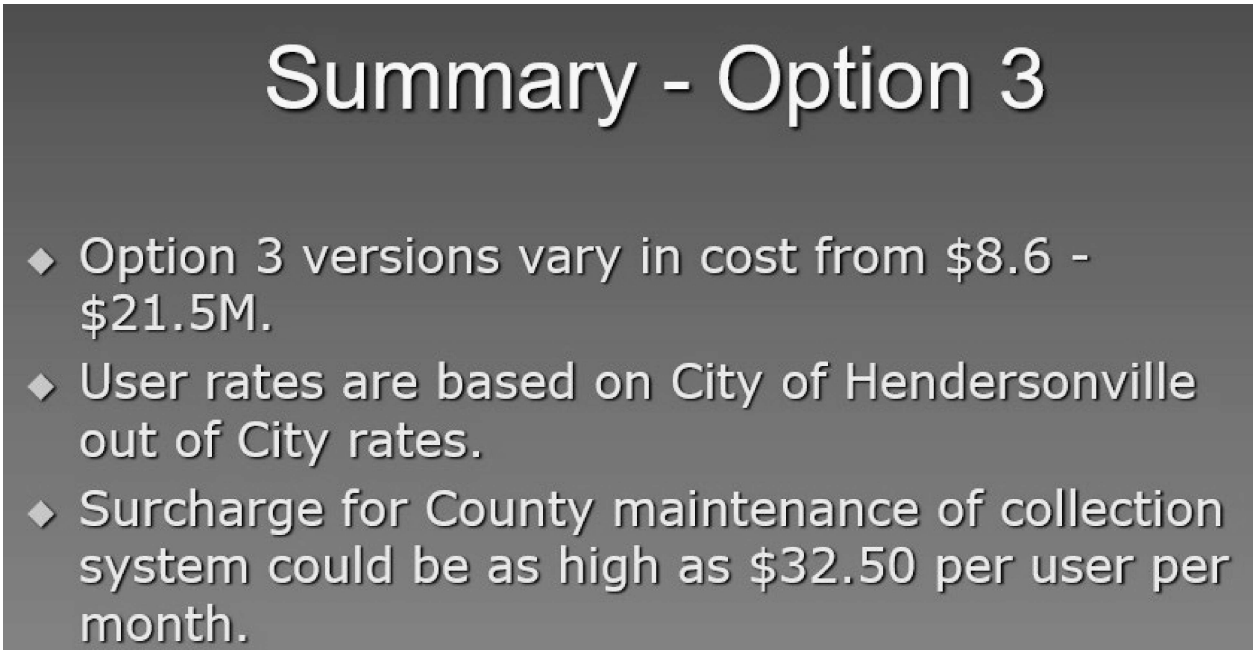
Operating Costs
- Annual recurring cost
- Roughly $100,000 per year

- Surcharge for O&M costs would be approx. $32.50 per month with 250 customers

Description	Annual Cost
Pump Station Maintenance (inspection, power, etc.)	$ 40,000 - $60,000
Inspections & Maintenance of Collection System	20,000
Annual Equipment Repairs & Maintenance	2,500
Billing Cost	10,000
O&M Contingency	5,000
Capital/Reserve Contribution	10,000
Total	**$87,500 - $107,500**

Summary - Option 2

- Option 2 versions vary in cost from $17.2 - $27.6 Million.
- Cost is driven by capacity and users of WWTP.
- From 2022 preliminary study – user rates are comparable to other local system with Blacksmith Run participation.
- Option 2D is only option with capacity for Blacksmith Run.
- User rates are very high without Blacksmith Run.



The Board discussed the options presented extensively, focusing on potential operating costs and user rates. Mr. Buie emphasized the importance of the 200 homes in Blacksmith Run connecting to the sewer system, highlighting their role in maintaining affordable user rates. The monthly fees estimated for Blacksmith Run were $56; residents currently pay $45. Mr. Buie estimated that at least 250 users were needed to maintain a reasonable rate.

Commissioner Andreotta felt it important to inform the public that DEQ took an unusually long time to approve the County's sewer discharge permit application. He felt there may have been hidden agendas muddying the project's waters. Due to those delays, the county is now in a time crunch and facing challenges to get the ARP funds encumbered to meet the December 31, 2024 deadline.

Chairman McCall said the Board understood that ARP funds couldn't be allocated to this project yet offered assurance that those funds would be utilized elsewhere.

There was a discussion about the county owning and maintaining the collection system while connecting to Hendersonville's system. Mr. Buie said the Board needed to consider the associated costs, which would include maintaining two to three pump stations, gravity sewer lines, billing expenses, and contributions to the capital reserve. He indicated they could face annual operational costs ranging from $90,000 to $110,000 solely for operating the collection system.

Vice-Chair Edney requested City Manager John Connettt, who was present, come forward to address a few questions at the podium. Edney stated that at some point, the city had indicated its willingness to service or treat the discharge from the Edneyville area. He confirmed this, referring to the Mud Creek Agreement from the early 2000s. The agreement drafted between the city and the county stipulates that the city must accept all flow within the Mud Creek basin, including the discussed area; refusal was not an option for them. The agreement did not include a restriction on gallons per day or capacity. However, effective management of sewer plant capacity is crucial.

He believed the plant to be at approximately 50% capacity, which is currently just under 4.8 million gallons, with the ability to go to six relatively easily. Edney confirmed with Mr. Connet that if the county transferred ownership to the City sewer, customers would pay the "outside city" rate. Connet agreed and added that the City (the Utility) would also absorb and be responsible for all maintenance and operation. Connet reiterated that his understanding of the Mud Creek Agreement was that to provide sewer in that area and is connected to the City, the City has to take the whole system and maintain and operate it. Mr. Edney asked if the City Council would require annexation for anyone who tapped into the system. Mr. Connet said there had not been a formal vote but referred to a letter previously sent to John Mitchell that said the city would be willing to enter into an annexation agreement that says that "any connection to this line the city would not annex." He added that the city had no desire to annex property in Edneyville. Mr. Connet stated that the city was willing to work with the county to provide sewer in the county. They have been very clear they do not want to annex Edneyville, Etowah, or areas in the far reaches of the county. He did not want to mislead the public and said there were areas right around the city where the city would like some growth area. He believed the ability exists to have an annexation agreement mutually beneficial to the city and the county. Commissioner Hill noted that parcels off I26 at Upward Road had recently been annexed. Commissioner Andreotta asked Mr. Connet to "clarify the definition of the 64 East corridor between close to the city and far reaches. Where would the tilt be?" Connet said he would not negotiate from the podium and did not speak for his City Council. He, again, referred to the letter sent to John Mitchell outlining the city's position. Connet said the boundary at 64E was at Wolfpen on the south side of 64 at North Henderson High School.

Chairman McCall said that the Board would need to break and hold the closed session to discuss property acquisition, as this was part of the decision-making process.

Vice-Chair Edney moved to go into closed session pursuant to N.C.G.S. 143.318.11 (a) (5)— property acquisition. All voted in favor, and the motion carried.

Commissioner Andreotta made the motion to go out of closed session at 2:13 p.m. All voted in favor, and the motion carried.

The meeting was reconvened at 2:18 p.m.

Vice-Chair Edney emphasized the need for the Board to understand the potential impact on private property or land rights with each option being considered. Specifically, they wanted to know how many parcels might require condemnation (the legal process of acquiring private property for public use) or acquisition of rights from property owners in order to move forward with the proposed plans. This information is crucial for the Board to make informed decisions regarding the options under consideration. Mr. Buie said if the options being considered were narrowed down, he could provide the Board with the relevant figures regarding the parcels and any associated details.

Mr. Edney said he prefers options 3C and 3D, the only difference being Laurel Branch. He asked Mr. Buie to bid option 3C with an add/alternate that includes Laurel Branch. He directed the county attorney to communicate with the city attorney regarding the specifics of any potential agreement, ensuring the Board gains clarity on their current status.

Mr. Buie outlined the Board's directive for clarity: A treatment plant prioritizing service to Henderson and Lewis Creek, extending coverage as budget permits up to $20 million. Option 3C serves Henderson and Lewis Creek Basins with an add/alternate option for Laurel Branch Basin.

In closing, he said he would explore those options further and provide a detailed presentation at next week's meeting.

Chairman McCall said Clear Creek Sewer will be included on the agenda for the meeting next week.

Chairman McCall moved to adjourn the meeting at 2:52 p.m. All voted in favor, and the motion carried.

ADJOURN

Attest:

_____ _____

Denisa A. Lauffer, Clerk to the Board Rebecca McCall, Chairman

APPROVED: