

Approved 12/5/2011

Minutes of the Special Meeting of  
Tuesday, January 25, 2011, at 9:00 a.m.

The Union County Board of Commissioners met in a special meeting on Tuesday, January 25, 2011, at 9:00 a.m. in the Board Room, First Floor, Room 110, Union County Government Center, 500 North Main Street, Monroe, North Carolina. The purpose of the work session was for the Board to hear presentations regarding: Overview of Public Works Issues, the Water and Sewer Extension Policy, Water and Sewer Rate Study, the Allocation Policies, and the Weddington area water tower. The following were

PRESENT: Chairman Jerry B. Simpson, Vice Chairman Todd Johnson, Commissioner Tracy Kuehler, and Commissioner Jonathan Thomas

ABSENT: Commissioner Kim Rogers

ALSO PRESENT: Cynthia A. Coto, County Manager; Wes Baker, Interim Assistant Manager; Lynn G. West, Clerk to the Board of Commissioners; Jeff Crook, Senior Staff Attorney; H. Ligon Bundy, County Attorney, members of the press and interested citizens

At approximately 9:05 a.m., Chairman Simpson convened the special meeting and recognized Mrs. Coto for her comments.

Mrs. Coto stated that Ed Goscicki, Public Works Director, would be providing the Board with an overview of the County's water and sewer system, the Sewer Allocation Policy; Water and Sewer Line Extension Policy; a rate study that will be coming before the Board; and the Weddington area water tower.

Mr. Goscicki stated that the lack of water and sewer capacity is much of what has driven the County's plans and actions over the last three or four years. He stated that staff brought to the Board in October an update on the Sewer Allocation Policy, and staff now has taken it to the next level and will be bringing recommendations to the Board on how to modify that plan. He said if there is a consensus on direction to staff today, the staff will bring recommendations on an amendment to the plan in an upcoming Board

meeting. He said that he would also be discussing the Water and Sewer Line Extension Policy. Mr. Goscicki said that the policy was discussed briefly with the Board in December, and the staff will soon be bringing it to the Board in a work session with a little more definition as to the status of the policy. Lastly, he said he wanted to talk about the Weddington water tank site selection, which is an action item that does need Board direction today. He suggested that if the discussion on the water tower has not taken place by 11:00 a.m. this morning, that the Board rearrange its schedule to do so and if necessary, discussion on some of the other items could take place later.

### **Union County Water Capacity Needs:**

Mr. Goscicki referred to a recent article printed in *The Herald* in Rock Hill, South Carolina, entitled “How Can York County Meet its Water Needs?” He read from the sub-headline of the article “As area grows, county, city leaders to talk about regional approach.” He stated that he found it interesting that with all the challenges that Union County has in terms of capacity needs, capital expansion, and working with municipalities how far ahead this County is in comparison to some of its surrounding jurisdictions. Mr. Goscicki stated that the fact there is a regional integrated water and sewer utility system in the county that allows for regional planning and working cooperatively is a step ahead of many of the other surrounding jurisdictions.

Through the use of a map from the County’s GIS system, Mr. Goscicki showed the County’s water system and the location of the various water lines. Mr. Goscicki described the County’s water system as a well integrated system that surrounds the doughnut hole of Monroe. He said that it is important to understand the sources of the County’s water and the fact that its water comes from two major sources, and that there is no water source within Union County. He noted that the County’s water comes from both the Catawba River Water Supply Project (joint venture partnership with Lancaster Water and Sewer District) and from Anson County through a contract for the purchase of water.

Mr. Goscicki pointed out that approximately 30 percent of the County is within the Catawba Basin, but 83 percent of the County’s water comes from the Catawba Basin. He reiterated that geographically only a small percentage of the County is located within the Catawba Basin, but most of the County’s water comes from the Catawba Basin through the joint venture project. He stated that the challenge is that the current state law limits the amount of water that can be transferred from one basin to another to a grandfathered amount of five million gallons per day (mgd), which is a net amount. He said that the County’s customers are using 7.5 million gallons per day of water in the Yadkin Basin. He explained that this demand is met by bringing 5.6 million gallons per

day from Catawba in addition to 1.9 million gallons per day that the County is currently purchasing from Anson County. He said that the County is able to stay within the interbasin transfer limit because one million gallons per day of wastewater flow is returned to the Twelve-Mile Creek Wastewater Treatment Plant which is in the Catawba Basin.

Mr. Goscicki stated that the interbasin transfer limits have had a major impact on the water supply planning in Union County. He said that the County's 2000 Master Plan (pre interbasin transfer limits) proposed the use of the Catawba River Water Supply Plant as the primary water supply; Anson would probably be limited to the four million gallons per day in the contract with Union; and the plant in the Catawba would be expanded and serve water customers throughout the Yadkin Basin.

He explained that pre the interbasin transfer limits when the last master plan was updated, it was realized that those numbers would not work given the growth that the County had at the time. He stated that there is now a settlement between North Carolina and South Carolina that occurred in November or December of 2010, which recognized the fact that the County has significantly more interbasin transfer rights through the partnership with Lancaster County. He said that in the Catawba Water Treatment Plant project, there is a 20 million gallon per day interbasin transfer recognized in South Carolina, and in North Carolina, there are five million gallons per day of interbasin transfer recognized. He said that he is unsure at this time what this means, but it opens the door for the County to look at the issue as to whether or not it could increase its interbasin transfer limit from the current five million gallons per day given the fact that North Carolina is now recognizing that there is more interbasin transfer limit in South Carolina.

In response to a question by Commissioner Kuehler, Mr. Goscicki stated that the alternatives that have been considered were: 1) do we expand the Anson Water Treatment Plant with Anson County and buy finished water from Anson; 2) does the County build a new treatment plant on the Yadkin River that the County would own; or 3) do the County build a new treatment plant in eastern Union County or western Anson County that would be a regional facility. He noted the direction from the Board a year ago to accept the recommendation at the time from staff to move forward with an eastern water treatment plant that would be a regional partnership with Anson County, the City of Monroe, CMUD, Cabarrus County and possibly others. He said staff is moving forward with that scenario in terms of preliminary permitting and conceptual design and partner identification. He explained that this plan was in the very preliminary stages of identifying who would want to partner with the County.

Mr. Goscicki further discussed how the County was meeting its water supply demands in the Yadkin Basin. He said that currently it is being met through water from the Catawba Basin. He stated that staff is currently working to expand its capacity from

Anson County. He explained that a project is now underway to build a new pump station and a new force main. Mr. Goscicki stated that Union County has a contract with Anson County for four million gallons per day, but there are limitations that allow the County to take only 1.9 million gallons per day. He said that the project is 99 percent complete, and there is one more pump station control system that is being tweaked; hopefully, that project will be operational within the next several weeks and will allow Union County to increase the 1.9 million gallons per day up to the full four million gallons per day, as per the contract.

He explained that the challenge is the contract expires in 2014, and the County is in negotiations with Anson County. He said that staff thought the agreement was finalized with Anson, but Anson came back with one small issue that it wants to address, and staff is trying to schedule a meeting with Anson's representatives for early February to resolve that issue and move the contract forward. He stated that the revised contract would add 30 years to the duration and will increase the County's capacity from the current four million gallons per day up to six million gallons per day. Mr. Goscicki explained that it is a "take or pay" type of contract where Anson says that it will provide Union County with up to six million gallons per day of capacity, and Union County would have to guarantee that it will buy a certain amount of that capacity from Anson on a monthly basis. He said that was part of the tweaking that is being done to get those numbers resolved.

Mr. Goscicki stated that currently Union County's capacity with Anson is two million gallons per day and by 2015 with the new agreement Union County's capacity will be six million gallons per day. He said that the County's current demand in the Yadkin system equals the capacity. He stated that at 2.5 percent annualized growth, by 2025, the County will be needing capacity again. He said that it takes approximately 10 years to construct a treatment plant. He said that in 2020 more water will be needed.

He reviewed the options that have been considered for meeting the additional water needs on the eastern side of the county:

1. Expand the Anson Water Treatment Plan and convey potable water to Union County and modify the agreement again
2. Convey raw water from the Blewett Falls reservoir and construct a new water treatment plant in northern Union County
3. Construct a raw water intake from Blewett Falls and construct a new plant in western Anson County
4. Expand the Catawba River Water Treatment Plant and increase the interbasin transfer limit. He said this is a new option which is a result of the settlement agreement.

Mr. Goscicki stated that staff began a comprehensive water and wastewater master plan approximately eight to nine months ago and is reaching a point where they have determined the demands, the current infrastructure capacities, and are starting to look at some 50 different permutations of how to meet those demands. He stated that staff is in the process of trying to narrow those to three to five realistic scenarios and combine them into comprehensive scenarios on both the water and wastewater side. He stated that staff is not ready to make its recommendations at this time but would be bringing its recommendations to the Board within the next several months.

He said that approximately a year ago, it was recommended to the Board, based on earlier planning numbers with much higher growth, to move forward with an eastern water supply plant. Mr. Goscicki stated that because the timeframe is so long to get a new water treatment plant permitted, the Board allowed staff to move forward in an incremental way by looking at who the potential partners might be, what the capacities would be, what the permitting requirements would be, talking with the State about whether that much water can be taken out of the Yadkin River, and what the costs would be. He said that effort is almost complete and will be considered with the other alternatives in the master plan.

Mr. Goscicki provided a recap on the eastern side stating that this side relies on water from the Catawba River to meet most of its demand. He said that Union County is increasing its supply from Anson and by 2020, the increase from Anson will not be enough unless the amount is increased from Catawba or a new eastern water supply source is built.

He said that the Catawba River Water Treatment Plant has total capacity of 36 million gallons per day, and by Agreement Union County's current capacity in that plant is 18 million gallons per day. He explained that the capacity is always measured in the maximum day demand. He said that it is important to note that there is a total permitted withdrawal for that facility of 100 million gallons per day from South Carolina DHEC. Mr. Goscicki stated that this permit is up for renewal within the next few years. He said that part of the 100 million gallons per day is the 20 million gallons per day interbasin transfer. He said an expansion to the Catawba River Water Treatment Plant is planned, and the timing of the expansion is in question of when the plant expansion needs to move forward.

Commissioner Kuehler said that considering the slow down in the residential building, at this point it does not look like anyone is anticipating the immediate need for additional capacity as they were a couple of years ago. She asked if Lancaster is more amenable at this point to allow Union County to contract some of the capacity that it is not using. Mr. Goscicki responded that in

2007 and 2008, there were days when Union County exceeded its share of the Catawba River Water Treatment Plant capacity. He said that the measures that the County has put in place to control the irrigation demand have been very successful in reducing the amount used by Union County.

He stated that a process is taking place to upgrade the plant, and they are going through public comment on that process. He said that he thought they would rather get through all of the public comment period on the existing upgrades to the plant in terms of the new water reservoir before discussing sharing capacity. He stated that additional capacity in the Catawba Water Treatment Plant needs to be online by 2014. He referred to the contract between Union County and the City of Monroe stating that in 2014 Monroe will receive another two million gallons of capacity, and the additional capacity is needed in the Catawba Plant to meet Monroe's needs.

Commissioner Kuehler referred to the contract with the City of Monroe for the additional two million gallons per day by 2014 from the Catawba site. She said in looking at the basin, the majority of Monroe is not in the Catawba basin. She questioned if this affected Union County's interbasin transfer. Mr. Goscicki said that the City of Monroe obtained a written opinion from the State that says that its two million gallons per day pursuant to the contract is the City of Monroe's interbasin transfer grandfathered under its provisions, and it does not impact the County's interbasin transfer.

Mr. Goscicki said that the County has a number of customers on paper who could come to the County and say they are ready to move forward with their projects. He said that his department is not seeing that happen but has seen one and a half (1 1/2) percent growth in the County's system during the last two years. He stated that there has not been a huge draw down on that demand. He said that on paper the County's demand actually exceeds current available capacity. He stressed that this is not illegal, it is not unethical, it is the normal practice to have some degree of that but the question is how the County is managing it and how is the County making sure that actual demand does not exceed the physical capacity.

Mr. Goscicki stated that on the Catawba side, the County is in good shape. He said there is some concern about the paper demand if the growth rate returns to 12 percent. He said that in the year 2030 expanded capacity online is needed. He said that in 2020, the County might be okay with incremental expansion. He said that something needs to be done incrementally in the 2014 timeframe. He stated that the message for the Board is that in the short-term, the County needs to do something with its partner, Lancaster, to either expand the Catawba Water Treatment Plant in the short-term or enter into a lease agreement for some additional

capacity from Lancaster to meet the short-term needs. He said that in ten years another expansion will probably be needed to meet the needs. He noted that what is being presented today is a much better picture than a year and a half ago when he started to work with the County when the best numbers available were still showing five to seven percent growth. He said that with the lower growth rate, the County is in a much better position to meet the expansions within the timeframe needed.

He reviewed the following water priorities in 2011 to meet the long-term needs:

1. Continue moving forward aggressively with an eastern water supply plant (need to look at how to meet the need – will it be an eastern water supply treatment plant or is it going to be Catawba and how is Union County going to meet those needs, and who will partner with the County). Mr. Goscicki said a decision needs to be reached on this matter this year. He stated that if the solution is to build a new plant, it required a nine to ten-year timeframe. He said that staff's recommendation would be brought to the Board as part of the master plan. He stated that the master plan needs to be complete, because that is where all of the integrated solutions would be brought together in integrated scenarios.
2. Need to maintain the schedule of the Catawba River Water Treatment Plant expansion project. He said that the County needs to be very cognizant that there is a 2014 deadline and continue that dialogue with Lancaster.
3. Continue discussions with Lancaster County Water and Sewer District for leased capacity.
4. Complete contract negotiations with Anson County.
5. Complete construction of the short-term Anson capacity increase, which is approximately 99 percent completed.

He stated that these are all recommendations that were made to the Board approximately one year ago, and staff has moved forward on these. He said that it is encouraging to see that on many of these recommendations huge progress has been made within the past year.

Mr. Goscicki stated that this concluded the presentation regarding the County's water capacity needs.

At approximately 9:40 a.m., Chairman Simpson called for a short recess in the meeting. The meeting was reconvened at approximately 9:45 a.m.

**Union County's Wastewater Program Needs:**

Mr. Goscicki reviewed that Union County is divided into four major drainage basins that it serves with its wastewater treatment plants: Twelve-Mile Creek and Six-Mile Creek which flow into the Catawba River; the Crooked Creek Basin in the Indian Trail/Stallings area which flows into the Yadkin Basin and flows east; and the area served by Monroe which is a pump system that flows to the Monroe Wastewater Treatment Plant and from the Monroe plant, it discharges into the Richardson Creek and flows eventually to the Yadkin Basin. He said that there are a couple of small package treatment plants: the Grassy Branch Facility, Olde Sycamore and Tallwood. He stated that a diversion project has been designed which has been in process for a number of years, and hopefully staff will be bringing the final agreement to the Board between the County and the developer of the Millbridge/Cureton Developments in the Waxhaw area in the near future.

He explained that the diversion project would allow raw wastewater from the Twelve-Mile Creek Wastewater Treatment Plant to be pumped into the Six-Mile Creek interceptor, where it is treated. He said that this is served by a contract that the County has with Charlotte Mecklenburg Utilities (CMUD). He stated that the County has a contract with CMUD for three million gallons per day (mgd's) of capacity. Mr. Goscicki explained that the agreement allowed the County to reserve three mgd's and the County has been paying for only one mgd. He said that the County sent a letter to CMUD a couple of months ago informing them that Union County wants its full three mgd's requested and to start billing the County for the full three mgd's.

He said that Crooked Creek overlaps a little with Twelve-Mile Creek because there is a pump station there as well, Poplin Road Pump Station allows flow that would go to the Crooked Creek Wastewater Treatment Plant and instead diverts it into Twelve-Mile. He stated that the County has a contract with the City of Monroe for 2.6 mgd's of capacity, and currently there are physical limitations that only allow the County to pump 1.9 mgd's into the City's system. He said that a project has been designed and is ready to go to bid shortly for upgrading the pump stations and force main to allow the County to take full use of the 2.6 mgd's. Further, he said there is a \$2 million grant that is being applied to that project. He said that a grant award is anticipated within the next 30 days, and hopefully the project can be bid within the next 60 days.

Mr. Goscicki said that the 2005 master plan proposed a new northern County wastewater treatment plant. He stated that this project has moved along the northern border from a regional treatment plant that would also work with CMUD, Stanly County, Cabarrus County and Union County and was tied into a potential eastern water project pulling water off the Rocky River and that fell apart and then it moved downstream as the partners fell apart. He said it is out there as a concept, and it is being looked at as part of



the new master plan as to whether or not it is needed. He stated that more capacity is needed in the northern part of the County, and it is either going to be through a new eastern wastewater supply project or through the City of Monroe's wastewater treatment plant, and one of the issues that is being looked at as part of the new master plan is whether to send the flow to an expanded Twelve-Mile Creek Wastewater Treatment Plant. Mr. Goscicki shared that the County received good news from the State several months ago with a letter stating they would consider an expansion to the Twelve-Mile Creek Wastewater Treatment Plant. He said that staff is now in the process of putting together a permit application for expanding the Twelve-Mile Creek Plant, which he stated would be an eighteen month process.

Commissioner Thomas asked if the Twelve-Mile Creek Wastewater Treatment Plant expansion option was mutually exclusive from a northern area. Mr. Goscicki responded "no" and said that it is part of the 50 permutations being studied.

Chairman Simpson referred to Mr. Goscicki's comments regarding a possible expansion of the Monroe Wastewater Treatment Plant and asked Mr. Goscicki to explain the difference in the permitting window for a plant expansion versus a new location. Mr. Goscicki stated that Monroe is not in a hurry to expand its plant. He said that he thought the schedule would be more driven by Union County than by Monroe. He stated that Monroe's capacity needs are probably sufficient for the next ten years. He said that Monroe is looking for a partner, and its treatment plant is getting rather old and Monroe needs to make some major rehabilitations in its existing infrastructure, and it would like to have Union County as a bigger partner (currently Union County is a 20 percent partner) to share those costs.

Chairman Simpson restated his question of whether an expansion is much less complicated relative to permitting than constructing a new facility somewhere else. Mr. Goscicki stated "no", that it is similar to the situation with the Twelve-Mile Creek Facility where the expansion of that facility is still limited by the water quality in the creek, and now more load is being put in the creek and proving that it will not be an issue. He said that Monroe had a similar situation with Richardson Creek, and it will need to demonstrate that Richardson Creek can take the additional load and assure that it will not impact water quality. He stated an expansion is not as difficult as building a whole new treatment plant, because with a new plant, not only are there permitting issues but also there are site selection issues.

Mr. Goscicki addressed wastewater capacity needs. He said with a 2.5 percent growth rate, an expansion of the Twelve-Mile Creek Facility needs to be online within ten years. He stated that permitting is easier for wastewater than for a new water plant

because it does not involve interbasin transfer issues. He said that the County is in a good planning horizon where it can move forward in a rational way. He stated that the County's actual flows do not come up to the total capacity until 2020 or 2025.

He stated that in the eastern area, additional wastewater capacity will be needed even after the County receives its full 2.65 mgd's from the City of Monroe. He said there is a need for additional capacity just to serve that corner of the County between Marshville and Wingate. He stated that it is anticipated with the completion of the Monroe Bypass that this will spur some additional growth in the Crooked Creek area. He said that the Crooked Creek Wastewater Treatment Plant will be unable to meet all of those needs, and the additional flow will either need to be brought to a new wastewater treatment plant, to the Monroe plant, or possibly to the Twelve-Mile Creek Facility.

Mr. Gosicki stated that the good news in terms of wastewater is that the County needs to make some interim improvements and to get more capacity online within the next ten years and possibly as soon as seven to eight years. He reviewed the wastewater priorities to provide greater certainty for long-term solutions as follows:

1. Proceed with the permitting and conceptual design for a possible Twelve-Mile Creek Wastewater Treatment Plant expansion.
2. Through the Master Plan resolve the best solutions for meeting long-term wastewater service needs in the Crooked Creek Basin.
3. Continue discussions with the City of Monroe for additional wastewater treatment capacity.

Mr. Gosicki addressed additional sewer capacity for new projects that will be available in 2011. He stated that capacity is available from CMUD that will allow the County to meet its third priority residential commitments in the sewer allocation plan. He reiterated that the good news is that more wastewater capacity is needed to be online within a seven-year timeframe, which is a doable timeframe, and there is a master plan that will be presented shortly that will address how to meet those capacity needs.

Commissioner Kuehler questioned whether the extension agreements have been signed with Wingate and Marshville. Mr. Gosicki responded "no" and said that the conversations with both towns have been that the agreements need to be redrafted, which he has about 80 to 90 percent completed, pending legal review. He explained that staff has had a couple of discussions with

representatives of Marshville but has not had any substantive conversations with Wingate. He said that County staff is of the opinion that both of the agreements have lapsed, and Marshville is of the opinion that its agreement has not lapsed but was extended as part of the last amendment. He stated that the parties continue to operate under the terms of the agreement.

Commissioner Kuehler said that it was her understanding that Wingate has completed a great deal of its infrastructure overhaul and so has Marshville. She questioned whether the County has noticed a difference in the flow. Mr. Goscicki stated that a part of the challenge on these two agreements is that the County does not own the meters for Wingate and Marshville, so the County only receives monthly totals. He said that they have been asked to go back for six months and provide the County with daily numbers on the flows. He stated that this is a first phase of an ongoing effort on their part, but they have spent some \$2 million on the first phase on trying to correct some of the leakage into their sewer system which were causing huge spikes in the wet weather conditions.

### **Sewer Allocation Policy:**

Mr. Goscicki reviewed the history of the Sewer Allocation Policy. He explained that the sewer allocation policy went into effect in December 2007. He said the challenge was that there was not a good process in place three, four or five years ago for how and when capacity was allocated to a developer. Mr. Goscicki stated that this was never an issue until the County got into the huge growth period. He said that the allocation policy was put into place to deal with that situation where developers recognized that the capacity was running out, and they wanted a lock down commitment so they could move forward with their development on their schedule.

He said that the sewer allocation policy deals with the Crooked Creek Facility and the Twelve-Mile Creek Facility as combined capacity, because of the ability to move wastewater from Crooked Creek into the Twelve-Mile Facility. He said that the total capacity in the two treatment plants is 7.90 mgd's. He stated that the historical maximum monthly flows were 4.97 mgd's. He noted that in January 2008 the available capacity that could be allocated to other projects was 1.65 mgd's. He explained that the sewer allocation policy tried to allocate the 1.65 mgd's to everyone who said they had rights in the system. He said as they started doing an update on the policy approximately nine months ago, the unallocated capacity decreased from 1.65 mgd's to .65 mgd. He explained that this change was due to increased flows. He noted that the sewer allocation policy was completed during the record drought years, and when there is record drought, the wastewater flows drop because there is always going to be some infiltration of groundwater into the sewer system. Mr. Goscicki said that it basically came back to a historical norm, and is well within EPA and

state guidelines in terms of not having excessive infiltration inflow. He stated that the better news is when looking at the diversion project, the available capacity rises back up to 2.07 mgd capacity.

He explained that in the sewer allocation policy there were 1.65 mgd's to allocate which were broken down into three priorities: He reviewed that Priority 1 were those projects that had contracts with the County; Priority 2 were governmental facilities (schools, fire departments, etc.). Mr. Goscicki stated that during the past three years these numbers have changed significantly from 2008 to 2010.

He discussed Priority 3 projects which were both residential and non-residential projects that did not have a contract or a permitted system that ran through the County's permitting process, but had some level of correspondence with the County. Mr. Goscicki stated that there was not enough capacity left on paper to honor all of the Priority 3 projects. He said that the Board said that it was going to allocate capacity to non-residential projects first, and then whatever capacity remained would be allocated to the balance of the remaining third priority non-residential projects. He said that all that was left for the third priority non-residential was approximately five percent of their demand. He stated that a timeframe was also given that the projects had to come back to the County with a permit application to move forward with the remainder of the project.

He stated that when the diversion project is completed, the County would be in decent shape in regards to capacity. He said staff believes there is other capacity that it can go back and obtain. He explained that on the sewer side, if a developer has a permit for a project, then the developer has three years to pay the capacity fees, and if the capacity fees are not paid within three years, the County can ask for the capacity fees now or the capacity goes away. He said that the County has never enforced that three-year provision. Mr. Goscicki stated that one of the things that staff would be asking as a part of the summary today is to acknowledge that the Board wants staff to move forward and begin enforcing that provision. He explained that this would either generate money by people paying the capacity fees or it will generate capacity where the developer says it will not pay the other half of the fees. He said that staff knows that some of the projects no longer exist, because some of the projects are defunct and in bankruptcy.

Mr. Goscicki said that when the numbers are updated, it could be said that with the diversion project started, there are 370,000 gallons per day of capacity that could be allocated to wastewater projects. He reviewed the details of the diversion project.

He said that the new maximum monthly flow is 6.5 mgd's, which is well below the current capacity in the treatment plant. He stated it is important for the Board to understand that when discussing capacity constraints, it is not talking about overflowing the wastewater treatment plant. He said this is all paper allocations, and the physical flows to the plant are well below the current capacity. He stated that projecting the 6.5 mgd's flows to a one percent growth, the flows stay well below the capacity even without the diversion line being completed. He said that one percent growth is what has occurred over the last year and increasing the growth to three percent, which is more in line with what the water and wastewater master plan is showing, the County would still be well below the capacity even without the diversion project. He said that with a five percent growth, the diversion capacity would be used, but the flows are still within the diversion capacity. Mr. Goscicki stated that staff is fairly comfortable with the growth number that it is seeing, it will not hit the physical plant capacity until after 2017.

He referred to the numbers used by the State in regards to permitting. He said that when the actual month's maximum flow in the plant hits 80 percent of the permitted capacity, the design needs to be underway for a plant expansion. He stated when that number reaches 90 percent, construction needs to be underway. He stated that the County could argue that currently it is on the design phase because it is in the permitting phase of the Twelve-Mile facility expansion. He said that the County does not hit the 90 percentile range until 2017 at five-percent growth. He said that staff thinks these projects are still pretty reasonable when reviewing the average flows and the maximums.

Commissioner Kuehler asked what happens with the paper allocation. Mr. Goscicki said that the reality from managing it is that growth will come out of that allocation. He stated that in the master plan numbers, it is assumed that approximately 80 percent of the growth will come out of existing projects that already have allocated capacity. He said currently there are approximately 6,000 lots in the system that have water and sewer in front of the property with no houses built. He stated that this would be the first growth that will happen.

He said that Public Works has a detailed system in place that tracks every gallon of capacity. He introduced Mike Garbark of the Public Works Department who manages the allocation tracking system.

Mr. Goscicki said there are some 500 individual projects that have water and/or sewer allocated to them they are tracking on a daily basis.

Commissioner Kuehler stated that the County has been restricting the water and sewer capacity, and asked if she was hearing that some of these projects can be moved forward. Mr. Goscicki stated that when the State said that it would consider the expansion of the Twelve-Mile Creek Facility, this placed the County in more of a normal planning horizon.

Commissioner Kuehler said that her hesitation is that prior to Mr. Goscicki coming to work at Union County as the Public Works Director, that was how the County was moving forward, and then the State imposed a moratorium. She said that in her mind, from a planning standpoint, there is never a guarantee that the capacity will be available.

Mr. Goscicki said that the next segment of today's discussion is an update of the water and sewer line extension policy. He said that part of the missing puzzle is that the County needs to control how to allocate the capacity going forward, what constitutes a commitment, and how long is the commitment good.

Mr. Goscicki complimented his staff who has managed the process over the last seven-year period of growth. He said that the County is light years ahead of where it was five years ago in terms of having tools and procedures in place to track the capacity. He stated that Mike Garbark and his team in Public Works could answer almost any question about any existing project. He said that he was sharing this information with the Board to answer the question that Commissioner Kuehler raised "Are we managing the program effectively? Do we know what our risks are?" He assured that the risks are known and that Public Works knows what is out there.

He said in October 2010, it was recommended that the Board allow staff to prepare an amendment that would look at allocating 120,000 gallons per day of the 370,000 gallons per day that are available to match up with the water allocation policy. Mr. Goscicki explained that some additional water capacity was identified a year ago that could be allocated to new water projects (approximately 140,000 gallons per day) and allocation has been made to one project of approximately 20,000 gallons per day, so there are approximately 120,000 gallons per day of water capacity remaining for new water projects that are non-residential in nature up to 20,000 gallons per day per project. He said that the Board has given staff authorization to talk with CMUD and to ask for the full three million gallons per day capacity; a letter has been sent to CMUD and an acknowledgement received and staff is working through the details to determine what the numbers mean and to prepare for the sewer allocation policy to expire when the regulatory approvals are secured for the new wastewater treatment plant. He explained that the Board has authorized staff to move forward with the permit application for expansion of the Twelve-Mile Creek Facility. He said that the key in the permitting process will be when

the environmental sign-offs are received from the regulatory agencies. He stated that this would be an 18-month timeframe in which to have that answer.

Mr. Goscicki said that today the available sewer capacity has increased from 370,000 gallons per day to 445,000 gallons per day because of a settlement agreement that was approved with Goose Creek Utilities where the County is acquiring the flow from Goose Creek and is essentially taking over its customers. He stated that as part of the settlement with Goose Creek Utilities, 75,000 gallons per day of the paper sewer capacity was recovered. He reviewed the following recommendations:

1. Fully allocate all remaining third priority residential projects (projects in the current policy only received five percent of their needs due to lack of capacity.). Mr. Goscicki stated that number has decreased from 1.3 million gallons per day to 600,000 gallons per day because many of those projects no longer exist. He said that the 445,000 gallons per day is what remains after the 600,000 gallons are allocated to third priority residential projects.
2. Allocate 50,000 gallons per day of sewer capacity to water projects with no current sewer allocation
3. Allocate 50,000 gallons per day for sewer One Tap Projects (both residential and commercial). He said that the water allocation policy has a one-tap component. The goal was to be consistent with the water and sewer allocation policies.
4. Allocate 200,000 gallons per day capacity to “shovel ready” non-residential projects following the same criteria in the Water Allocation Policy. Mr. Goscicki explained that this amount is more than is included in the Water Allocation Policy. He said that there are projects that could move forward by putting in onsite wells but will need sewer capacity. This leaves approximately 145,000 gallons per day capacity for future allocation.
5. Hold balance of 145,000 gallons per day capacity for future allocation.
6. Enforce three-year provision for payment of sewer capacity fees.

Commissioner Kuehler asked about self-help projects. Mr. Goscicki responded that all of the projects in the Capital Improvement Plan (CIP) are allocated in the current sewer allocation plan. He stated that there are no new self-help projects. The Public Works Director discussed the self-help program and said that if the County is going to continue to have self-help projects, that he has another way of handling self-help projects, and requested to discuss this plan with the Board.

Mr. Goscicki stated that the master plan will identify areas where water line extensions should be done and where potential water contamination problems are suspected. He said that it will also identify potential failing septic tanks due to age or geology.

Commissioner Kuehler asked if the 20,000 gallons per day per project for shovel ready projects would be sufficient. Mr. Goscicki said it is a very restrictive policy. He stated he thought staff's anticipation of what the capacity demand would be for shovel ready projects was much higher than it actually has been. He said the intent was not to have one developer come in and use the full 120,000 gallons per day. He stated that the amount is discretionary by the Board.

Commissioner Kuehler said that she did not want to think that projects are not moving forward because the County has done something to stand in their way nor did she want to be in a situation where capacity is allocated, and nothing is moving forward with the projects. Mr. Garbark explained the construction timeline for projects and the approvals required. Mr. Goscicki said that a possible area where it could be loosened would be in the requirements of having a construction contract ready to go contingent upon allocation of capacity.

Commissioner Kuehler asked if there is a way to tie the water and sewer permits to the building permits. Mr. Goscicki responded that staff is looking at putting in a definitive timeframe in regards to the Water and Sewer Line Extension Policy. He said they are looking at two critical timeframes: one that gives the developer five years from start to finish on a project and if the project is not finished in five years, the remaining capacity goes away; and the other timeframe that is being considered is if a project is abandoned and it does not move forward for a six-month period, the project would be deemed abandoned and the capacity would go away.

Mr. Goscicki said that staff is asking the Board today for a consensus on the direction and based upon that direction, staff will draft a formal amendment to the Sewer Allocation Policy for the Board's consideration. He reviewed the recommendations as discussed earlier and explained the last recommendation to enforce the three-year provision for payment of Sewer Capacity Fees. He stated that under the current policy, the developer would pay half of the capacity fees associated with the sewer project up front. He said at the time the customer is connected to the County sewer, the other half of the capacity fees would be paid or three years from the permitting, whichever comes first. He stated that the County has never really enforced the three-year provision, and what staff is saying is that the three-year provision needs to be enforced. He said there are some projects that go back ten years and have not moved forward.



Commissioner Kuehler asked that the Board consider giving Mr. Goscicki and his staff direction to look at releasing some of the restrictions that have been discussed. Mr. Goscicki stated that staff would look at it and bring an amendment to the Board matching the same criteria.

Vice Chairman Johnson said that for those projects that are pending, there are obviously some where payment of the capacity fees are due now. He asked how the developers would be notified about payment of the fees. Mr. Goscicki responded that there are a number of those projects that will come due this year. He said that if there is no objection from the Board that staff would: 1) remind everyone with current projects of the policy and remind them of the due date; 2) for those that are due now, a notice would be sent advising them that they are currently due and then work with them after that in terms of how to put a procedure in place to either collect the fees or not.

Commissioner Thomas asked Mr. Goscicki if he were referring to complete projects that have not been started or if these are projects that have built out through phases. He asked if this three-year provision would apply to the remaining phases or would those be exempt because the projects have been started. Mr. Goscicki responded that it would apply to all phases of the projects for which developers want capacity held. Commissioner Thomas further asked if the projects that are seven or eight years old that were not started or if they are partial projects.

Mr. Garbark said there were some projects that would meet of all of those examples and offered to review the projects. Mr. Goscicki suggested that staff break this out in more detail and when the Sewer Allocation Policy is brought to the Board, there can be more in depth discussion to identify the types of issues.

Mrs. Coto asked for clarification if there was a general consensus of the Board for staff to proceed forward in the manner outlined by Mr. Goscicki. There was a general consensus of the Board for staff to proceed forward.

At approximately 10:55 a.m., Chairman Simpson called for a short recess in the meeting. The meeting was reconvened at approximately 11:00 a.m.

**Weddington Elevated Water Storage Tank:**

Mr. Goscicki stated that this project has existed for awhile. He said that the 2005 water master plan identified the need for a 1.5 million gallon storage tank to be completed and operational in 2010. He stated that the Weddington tank level will control operations of the Waxhaw-Marvin pump station. He said that the project was recommended to improve the static pressure of the system and to improve fire flow in the western service area during peak demands. By use of a map, Mr. Goscicki pointed out locations of existing infrastructure in the Weddington area.

He explained that based upon the modeling that has been done and a maximum day demand of 20 million gallons per day, there are areas in northern Weddington that have pressures below 30 psi, which is not permissible by the State. He said that more significantly when the maximum day demand is increased to 25 million gallons per day, which is a number that is being looked at five to ten years in the future, the entire area of Weddington will be below 30 psi. He stressed that this is a project that has to move forward expeditiously.

He reviewed that in July 2007, the County's consultant prepared a technical memorandum that evaluated eight possible sites, six of which went into further detailed evaluations, and the sites were ranked based upon the surrounding environment, acreage required, accessibility, elevation, topography, and cost. Mr. Goscicki stated that at the time of the memorandum, no willing seller was identified. He said that the Cox Road School site was added to the list. He stated that the school board approved the tank at this location, and Commissioners directed staff to revisit original sites due to the costs associated with this site. He described the Cox Road School site as not being an ideal location and said that it was removed from the County's water mains. He said that was part of the criteria that water storage tanks should be as close as possible to the main water lines, otherwise, it would require running new water lines to the tank.

Mr. Goscicki said that because of the costs involved with the school site, the Board asked staff to go back a second time and the owners of Site 4 said they were willing to sell the property. He noted that Site 4 is opposite City Hall in Weddington and the County moved forward with a conceptual design and a conditional use permit application to the Town of Weddington for this site. He said that there were four findings that the Town ruled on:

1. That the project would not materially endanger the Public Health or Safety
2. That the use meets all required conditions and specifications of the Weddington Zoning Ordinance
3. That the use may substantially injure the value of adjoining or abutting property, but the use is a public necessity

4. *The location and character of the use will not be in harmony with the area and will not be in general conformity with the Weddington Zoning Ordinance and the Weddington Land Development Plan*

He stated that on a three to two vote, the conditional use permit was not approved. He said that the other options were to look at additional sites or consider a ground storage tank.

Mr. Goscicki stated that a ground storage tank evaluation was completed and due to structuring of the County's system, constructing a ground storage tank became more expensive and much more difficult to operate, so this option came off the list as being a viable option to ask the Weddington Town Council to consider. He said that staff was then tasked to look at other sites. He stated that nine other sites were considered along with the original eight sites including sites outside of Weddington's corporate limits. He said that the list was short-listed to five sites, which were ranked. He stated that Site 5 – Rea Road School Site – was still the highest ranking site. He said that Site 18 – Owned by Heffner/Howards Hemby was the next highest ranked property, but is within the Town of Weddington. He stated that the other three sites fell off the list due to unwilling sellers and the other site was the Cox Road School site.

He said that this left essentially two parcels – the Rea Road school site and Site 18 on Providence Road. He noted that there is an existing elementary school on the Rea Road site and access to the school is through a back road off of Marvin Road. He said that there are future plans for a potential middle school on part of the property, and he showed the proposed location for the water tank on the site. He said that Site 18 impacts three separate parcels. He explained that all three of the parcels are owned by the same family with three different owners, and they are willing sellers.

Mr. Goscicki said that when comparing Site 5 and Site 18, the school site is the lowest cost option (approximately \$4.8 million and is not within the Town of Weddington). He said that Site 18 is approximately 20 percent more in price and is within the corporate limits of the Town of Weddington.

Vice Chairman Johnson asked Mr. Goscicki the cost of Site 4. Mr. Goscicki responded that the cost was slightly higher because they had negotiated the purchase of the property when property values were much higher.

Mr. Goscicki stated that what staff was asking the Board to consider is approval to move forward with discussions with both the school board and with the owners of Site 18 to determine if a resolution can be reached. He said they have met with the staff of the school board. He stated that there was significant debate about this the last time it went before the school board. He said that staff does not believe there are any safety issues as far as the tank, and as part of the last public hearing with Weddington on Site 4 an international expert on water tanks and water tank safety was brought in.

Commissioner Kuehler asked about possible leaks and water output from the tank. Mr. Goscicki responded that the school site is a good location in that regard because there is a natural swell, drainage area, that runs through the site. He said that if the tank leaked or if it needed to be drained in an emergency situation, there is a way to drain it and have it flow offsite without creating any flooding or other problems in that regard. Commissioner Kuehler further asked about a leak that was not controlled. Mr. Goscicki said even if there were a large leak, the water would funnel down through the low property and not on any of the developed school site.

In response to a further question by Commissioner Kuehler regarding what is located around the tower site, Mr. Goscicki stated that there are some established homes across the front and a preschool. He said that the mitigating part is there is a significant tree line across the back of the property.

Following further discussion, Chairman Simpson moved approval for staff to pursue and move forward with negotiations on both Sites 5 and 18.

Mr. Goscicki stated that it would involve a purchase for either Site 5 or Site 18. Commissioner Kuehler asked what it would mean if the Board approves staff moving forward with negotiations on both properties. Mr. Goscicki responded that it would mean that staff would go back to the schools and let them know that the County is interested in considering the site and asked if they have any objections. He said that staff would come back to the Board before any purchase is made.

Commissioner Kuehler said that she wanted to make it clear that just because the Board may direct staff to talk with the school board, it does not mean that any decision has been made.

The motion passed by a vote of four to zero. Chairman Simpson, Vice Chairman Johnson, Commissioner Kuehler, and Commissioner Thomas voted in favor of the motion. Commissioner Rogers was not present.

**Water and Sewer Line Extension Policy:**

Mr. Goscicki stated that the current policy has been in place since 1997 with only a couple of updates. He explained that the purpose of the policy is to address developers' responsibilities for the design and construction of water and sewer infrastructure and to make sure it is to the County's standards and the transfer of those assets to Union County to serve those customers. He said that the policy assumes that all projects are treated with the same degree of priority and there is no restriction on the amount of capacity that the County has. He stated that this policy does not recognize that there is a sewer allocation policy but assumes that the County is staying current with the capacity needs of the community and expansions are being built when needed.

He described the current policy as being disjointed in its approach and having been cobbled together over the years. He stated that there is a cleanup process as well. Mr. Goscicki explained that part of the functional problems is that the water and sewer capacity fees are treated differently under the current policy with the water capacity fees being paid at the end, and sewer capacity fees are paid half up front and half three years later or at the time the project is connected. Further, he said there is no clear process in the current policy for when and how the County accepts the assets. He stated that under the current policy the capacity is allocated outside the process, so when tracking how much capacity is being allocated, it is being done through the State permitting process and is never clearly defined in the policy.

He said another important issue is that currently the County uses the State permitting process as the trigger mechanism. He stated that the developer prepares a permit application which the County forwards to the State under the County's name for construction of the water and sewer infrastructure. He said that the State's approval of the County's permit becomes the developer's approval to move forward.

Mr. Goscicki stated that staff has been working for the past year on reworking the policy and trying to develop a more comprehensive policy that is fair and equitable to the developer community and that protects the interest of the County. He described features of the proposed policy as:

1. The County becomes the approval agency
2. Capacity is defined in the review process and allocated through a “Standard Agreement” incorporated in this policy
3. Provides for defined coordination with appropriate Planning jurisdictions
4. Water and Sewer capacity fees and capacity allocation are treated the same
5. Policy specifically addresses oversizing and off-site improvements

He provided a flow chart of the proposed development review and approval process. He pointed out one of the key features is that preliminary plat approval takes place fairly early in the process when a developer comes to Public Works and receives a sign off that water and sewer could be available to the development. He stated that at that early stage the developer can receive a preliminary plat approval from the local planning jurisdiction, and the final plat approval would take place after that infrastructure is in the ground. He said the reality of how the County has operated over the years is that sometime in the process, usually when the developer has the permit in hand and is ready to move forward with the infrastructure, they would come to the Planning Department saying they are willing to post a letter of credit promising to build the infrastructure, and they receive final plat approval.

Mr. Goscicki said that one of the discussions that would be coming to the Board is when and how to give plat approval. He stated that the draft policy has been reviewed with representatives of the development community. He said staff asked for comments or suggestions in writing from the development community, and he is not aware of any written comments that have been received. He said that staff’s goal is as it moves forward with the Sewer Allocation Policy update, that the Water and Sewer Extension Policy also be put in place at the same time.

He reviewed some of the drivers in the new policy as follows:

1. Discourages developers from tying up capacity
  - a. Shifts capacity fee payment up front
  - b. Puts more constraints and conditions on partial acceptance of line extensions
  - c. Idle projects will forfeit their capacity allocation
2. Levels off the playing field
  - a. Off-site improvements and oversizing responsibilities defined

b. Review and approval processes are clarified

3. Implies that the County will keep pace with capacity needs

**Union County Water and Sewer Rate Study Update:**

Mr. Goscicki stated that staff is moving forward with the Comprehensive Water and Sewer Rate Study. He said the last rate study that was completed was more than ten years ago. He stated that the residential water and sewer rates have not increased for the average customer for ten years. He stated this was not sustainable in the long run.

He said that the previous Finance Director made a presentation to the Board some time ago on the financial needs based on the CIP and projected at that time a modest rate increase would be needed for at least the next three-year period of a two to three percent rate increase. He stated that the master plan has changed significantly. He said that the rate study will look at a multi-year period in terms of definitive recommendations to the Board of what should be done with respect to rates based on the CIP.

Mr. Goscicki said the goal of the rate study is to come up with a good stabilized rate structure that does not saw tooth but keeps a level playing field to the extent possible. He stated it is a comprehensive long-term look at how to keep the rates normalized as much as possible. He said that they will make sure there is an equitable distribution of costs based on the level of service people are receiving. He further said one of the areas that staff asked the consultant to focus on is irrigation demand. He said that a presentation is tentatively scheduled for the February 7<sup>th</sup> agenda to present a contract for the Board's consideration for the consultant to update the Water and Sewer Rate Study.

Commissioner Kuehler stated that there are two water sources for the County and asked if everyone is charged the same rate based on an average of the two numbers. Mr. Goscicki responded it is a unified rate structure for water, and water and sewer have been kept separate. He said that as part of the water and sewer rate study update, staff is asking the consultant to look at a wholesale water rate that would look at a blended wholesale rate that would not differentiate whether it is Catawba or Anson water but would be buying water from Union County on a wholesale basis. He said currently the only wholesale customer that the County has is Monroe, and Monroe's agreement states that it gets Catawba water.

With there being no further discussion or comments, Chairman Simpson expressed appreciation to Mr. Goscicki for his presentations. At approximately 11:50 a.m., Commissioner Thomas moved to adjourn the special meeting. The motion passed by a vote of four to zero. Chairman Simpson, Vice Chairman Johnson, Commissioner Kuehler and Commissioner Thomas voted in favor of the motion. Commissioner Rogers was not present.