

October 13, 2008
Special Session

The Union County Board of Commissioners met in a special meeting on Monday, October 13, 2008, at 7:00 p.m. for the purpose of holding a joint meeting with the Anson County Board of Commissioners to discuss matters relating to water services. The meeting was held in Courtroom 1, Anson County Courthouse, 114 N. Greene Street, Wadesboro, NC. The following were

PRESENT FROM UNION COUNTY BOARD OF COMMISSIONERS: Chairman Allan Baucom, Commissioner A. Parker Mills, Jr., and Commissioner Lanny Openshaw

ABSENT: Vice Chairman Kevin Pressley and Commissioner Roger Lane

ALSO PRESENT: Al Greene, Union County Manager, Lynn G. West, Clerk to the Board of County Commissioners, Matthew Delk, Assistant County Manager, Ligon Bundy, attorney representing Union County

PRESENT FROM ANSON COUNTY BOARD OF COMMISSIONERS: Chairman Anna Baucom and Commissioners Bobby Sikes, Claude A. Spencer, Jarvis Woodburn, and Dr. Jim Sims

ALSO PRESENT: Vance Gullede, Public Works Director and Interim County Manager, and Bonnie Huntley, Clerk to the Board of Commissioners

Union County Chairman Allen Baucom called the special session of the Union County Board of Commissioners to order and thanked the Anson County Board of Commissioners and Chairwoman Baucom for the invitation to meet with them and for the Board's consideration in working with Union County for the acquisition of additional water.

Anson County Chairwoman Anna Baucom welcomed the Union County Board of Commissioners and staff to Anson County and explained the purpose of the meeting. She invited everyone back to Anson County when the B.C. Moore building has been renovated for government staff and the Courthouse has been renovated and refurbished for the court system. She noted the purpose of the meeting tonight was to discuss the contract dated the 7th day of April 1992 between Union and Anson Counties to allow Union County to purchase up to four million gallons of water per day.

After everyone had introduced themselves, Union County Chairman Allan Baucom recommended that Mr. Greene and Mr. Gulledge be given an opportunity to update the two boards on their discussions and recommendations.

Mr. Greene stated that all Commissioners have been given a brief summary prepared by him and Mr. Gulledge outlining the topics to be discussed. He reported that he and Mr. Gulledge had a number of discussions and that he and the Union County Commissioners understand that Anson County would like for Union County to purchase more of the four million gallons of water per day that is allocated in the existing contract.

Anson County Chair Anna Baucom interjected that Anson County wants Union County to purchase all of the four million gallons of water a day.

Mr. Greene explained that Union County wanted to purchase all the additional water and is working on infrastructure that will allow it to do so. The Union County Manager explained that depending upon any unforeseen problems with permitting at the State level and the time allowed for construction, it is anticipated that the infrastructure would be in place within 18 months to two years. He stressed that using the four million gallons of water a day is not a problem for Union County. He pointed out the cost of the infrastructure would be roughly \$10 million; therefore, Union County is requesting that the length of the contract be extended to allow Union County a longer period of time in which to recoup the cost of the infrastructure. He pointed out that the existing contract expires sometime in 2014 and stressed that did not allow Union County sufficient time to earn the revenue to pay the cost of the infrastructure. He said he thought the extension would also be to the advantage of Anson County in that it would have a known stream of revenue for a longer given period of time.

In response to a question, Mr. Greene stated that the exact contract termination date is not known because it is based on the date that the water came on line, but it is thought to be 2014. The Anson County Chair suggested that the two boards reach a decision on an agreed to termination date; she said she thought this would be needed.

Mr. Greene stated from Union County's standpoint that the Board wants to discuss purchasing more than four million gallons per day. He stressed that Union County could certainly use more than four million gallons per day and suggested that while the engineers are designing the infrastructure for the four million gallons, that they could be instructed to increase the size of the lines to accommodate more flow. Mr. Greene stated, however, that a decision will need to be reached to allow Union County to change its infrastructure design.

Mr. Gullledge explained that he and the Union County Manager along with the engineers from both counties met and discussed the issues of extending the contract and the purchase by Union County of additional water. He stated the concerns of Anson County is that Union County has had a contract to purchase four million gallons of water per day for roughly 16 years and yet it has only purchased one million gallons per day. He noted that during this time the four million gallons per day have been allocated for Union County's use and Anson County has not received any revenue for the remaining three million gallons to help offset its debt service or to provide funds to help Anson County grow its system. Mr. Gullledge said that during the meeting between the two staffs that he thought facts have been uncovered that must be resolved. He said Anson County must expand its infrastructure if it is going to sell Union County more than the four million gallons that it has contracted to purchase. He noted, however, that up to this time the Anson Board has only agreed to sell to Union County four million gallons but stressed that Union County must start to purchase more of that allocation.

Anson County's Chairman reiterated that Anson County had a contract with Union County to sell it four million gallons per day and, although, it was only selling Union County roughly one million gallons per day, it was holding the remainder for Union County's use; they had not sold it to anyone else.

Commissioner Mills said he was on the Board when the contract was executed but that he went off the Board in 1994 and could not explain why Union County had not pursued the construction of infrastructure to allow it to use the remaining millions of gallons of water.

Union County Chairman Allen Baucom explained that roughly 18 months ago when he had met with the Anson County Chairwoman that he had been surprised to learn that Union County had a contract with Anson County to purchase four million gallons. He stressed that Union County clearly needs water and that he could not understand why Union County did not construct infrastructure to make use of this water. He said it is now known that Union County has a contract and it is going to work diligently to complete the infrastructure to use it. He explained that Union County would like to increase the amount of water that it can purchase from Anson County. Chairman Allen Baucom stressed that while the engineers are working on designing the project is the time that Union County needs a commitment from Anson County so that the design can be expanded to allow for additional flow beyond the four million gallons. He said it would be simple to upgrade the lines to transport five to six million gallons per day.

Anson County Chairwoman Anna Baucom noted that while it will cost Union County roughly \$10.5 million to upgrade its infrastructure to transport four million gallons per day that it will cost Anson County roughly \$6.4 million to upgrade any additional water flow. She further stated that to allocate two million gallons more of water daily to Union County would require renegotiations

of other existing contracts. She said conceivably an additional two million gallons of water daily could be made available to Union County, but Anson County's infrastructure could not be in place to do so within two years. Chairwoman Baucom said that it would also require an agreement by the Anson County Board of Commissioners to do so.

Chairwoman Baucom said that she thought it was necessary that the two boards agree to issues that can be turned over to the attorneys for drafting into a revised contract document.

Vance Gulledge, Anson County Public Works Director and Interim County Manager, agreed that there were several issues that he and Mr. Greene wanted to work around. One was to use the allocated water quicker; the second was to increase the number of gallons sold to Union County to six million gallons; the third is to extend the term of the contract by 20 years.

Mr. Greene interjected that he thought there was one other issue and that was the Union County increase the minimum purchase provision.

Anson County Commissioner Sims asked Mr. Gulledge if Anson County can increase its allocation to Union County to six million gallons and still have enough water for its growth and its residents. Mr. Gulledge responded that it could, but it would require an update to his infrastructure before the increased amount could be transported.

Chairwoman Baucom said that their water system is a user pay/enterprise operation system and that Union County and Richmond County helped Anson County build its system but that Anson County does not make enough money to lay pipes more quickly and noted that Commissioner Spencer has neighbors in Lilesville who do not have access to water. She stressed that Anson County needs to be able to address that by selling to Union and it would be a win/win for both. She further stated that these details need to be worked out in order to help its own citizens and Union County.

Anson County Commissioner Sikes asked if Anson County goes into a contract with Union County, will Anson County have protection for his citizens if the system has a major problem or if the system fails.

Mr. Gulledge responded that if Anson County cannot deliver water to its contracted customers, it is included in the agreement that Anson will deliver to those customers the same as it delivers to its own. He said the contracted customers will receive a percentage of the available water. He explained that sometimes it is now necessary to call Union County and tell them that the water will be down for a given number of hours for repairs.

Anson County Chairwoman Baucom stated the first thing that Anson County hopes to do is to create a new agreement and within that agreement the minimum required water purchase would be advanced. She said that Union County has to increase its infrastructure to allow for purchase of four million gallons within two years. She noted that Anson County would need to agree to improve its infrastructure to allow for the transport of additional two million gallons within three years.

Anson County Commissioner Dr. Jim Sims asked to summarize his understanding of the process: he noted that Union County is upgrading its infrastructure to purchase and transport four million gallons per day and when Anson County increases Union County's capacity to six million gallons per day that it will be necessary for Anson County to upgrade its infrastructure. Mr. Gullledge agreed stating that it would be necessary to install another line from the source. Dr. Sims also asked for and received confirmation that Anson County will maintain sufficient water for its existing customers as well as future customers. Dr. Sims agreed with the process.

Union County Chairman Allan Baucom explained that if Union County is going to be able to purchase and transport six million gallons per day that it needs to instruct its engineers now to upgrade the infrastructure plans to accommodate this volume. He stressed that to give these instructions to the engineers that Union County needs a commitment that the extra two million gallons per day will be available in three years. He pointed out that Union County has already obtained land for the plant and contracted with engineers to perform the design.

Mr. Gullledge said that to increase the volume to Union County to six million gallons per day, Anson County will have to extend another line from the river to the pump. He said that he knew that within two years Anson County will be able to supply the four million gallons per day but was unsure about the time for the additional two million gallons because the project has not been approved although the study and investigation of the project has been approved. He reported that there will also be required renegotiations to other existing contracts. He explained that the infrastructure upgrade for Anson County will be roughly \$6.5 million while Union County's would be over \$10.5 million.

Union County Chairman Allan Baucom stated that the project does give Anson County some latitude for its development of the western side of its county. He pointed out the Monroe Bypass is no longer an if but a when and this road will bring growth to the western side of Anson County—whether the Board and residents want it or not.

Anson Chairwoman Anna Baucom noted that the eastern side of Anson County has I-73/74 and that will also bring business industrial and residential growth to Anson County. She said she saw the updated contract as a win situation for both Anson and Union Counties. She said she would be more comfortable if the counties left today with an agreement as to the Boards' intentions and leave the attorneys and Mr. Greene and Mr. Gulledge to hammer out the details.

Commissioner Mills interjected that it is important to Union County that the length of the contract be extended for twenty years. He stressed that he also thought it important to have a firm expiration date established so that there would be a beginning point for the extension of the 20 years.

Chairwoman Baucom stated that she would prefer to see the nucleus of the contract remain in tact and the amendments be made to incorporate the discussion today for purchase of water and for the contract extension of 20 years.

Union County Chairman Allan Baucom moved that the Union County Manager and staff be authorized to work with the Anson County Manager and its staff to develop an amendment to the agreement dated April 7, 1992, to recommend to their respective boards to include the points discussed today.

Anson County Chairwoman Anna Baucom asked the Commissioners of Anson County if they were ready to make a motion on the contract extension.

Anson County Commissioner Jarvis Woodburn moved that the Anson County Board of Commissioners instruct its Interim County Manager and staff to ascertain the expiration date of the existing contract and to develop guidelines to move forward to four million gallons per day as well as to six million gallons. Anson County Commissioner Bobby Sikes seconded the motion, which passed unanimously.

The Chairman stated he would amend his motion to include ascertaining a fixed deadline for the existing contract dated August 7, 1992. The motion as amended was passed by a vote of three to zero. Chairman Baucom, Commissioner Mills, and Commissioner Openshaw voted in favor of the amended motion. Vice Chairman Pressley and Commissioner Lane were not present.

Commissioner Openshaw mentioned the water purification issues from Anson County and discussion ensued on the best means that could be available for this process. No action was taken.

At approximately 7:45 p.m., Commissioner Mills moved that the special meeting of the Union County Board of Commissioners be adjourned. The motion passed by a vote of three to zero. Chairman Baucom, Commissioner Mills, and Commissioner Openshaw voted in favor of the motion. Vice Chairman Pressley and Commissioner Lane were not present.