

**DRAFT MINUTES**

**STATE OF NORTH CAROLINA  
COUNTY OF HENDERSON**

**CANE CREEK WATER & SEWER DISTRICT  
SEPTEMBER 8, 2009**

The Cane Creek Water & Sewer District Board met for a regular meeting at 5:30 P.M. in the Commissioner's Meeting Room of the Henderson County Historic Courthouse on Main Street, Hendersonville.

Those present were: Chairman Bill Moyer, Vice-Chairman Charlie Messer, Commissioner Larry Young, Commissioner Chuck McGrady, Commissioner Mark Williams, County Manager Steve Wyatt, Assistant County Manager Selena Coffey, County Attorney Russell Burrell, and Clerk to the Board Teresa L. Wilson.

Also present were: Anthony Starr, Finance Director J. Carey McLelland, Research/Budget Analyst Amy Brantley, Engineering and Facility Services Director Marcus Jones, Associate County Attorney Sarah Zambon and PIO Christy DeStefano.

**CALL TO ORDER**

Chairman Moyer called the meeting to order.

*Commissioner McGrady made the motion for the Board to convene as Cane Creek Water & Sewer District Board. All voted in favor and the motion carried.*

**MINUTES**

Draft minutes were presented for CCWSD Board review and approval of the following meeting(s):  
December 1, 2008

*Commissioners McGrady made the motion to approve the minutes of December 1, 2008. All voted in favor and the motion carried.*

**HENDERSON COUNTY PARTNERS FOR ECONOMIC DEVELOPMENT REQUEST TO  
DELAY CAPACITY DELETION FEES**

County Engineer Marcus Jones stated in reference to the letter from Henderson County Partners for Economic Development (HCPED) to modify the Capacity Depletion Fee process, staff recommends the following modification. Upon receipt of an application for capacity from HCPED, the District will approve the application without collecting the applicable Capacity Depletion fees. This will provide the recruitment tool of available sewer capacity for an industrial site. Then after the successful recruitment of an industry, the industry will make the application on behalf of their organization with the specific fees per our current fee schedule and ordinance. The proposed letter from Engineering responding to HCPED was included in the agenda packet along with the applicable section of the District's ordinance.

County Engineer Marcus Jones explained that a depletion fee is when an applicant comes to the district requesting sewer service and their service will complete our capacity to a certain level which in turn becomes a corresponding fee (depletion fee) and is typically paid when they make the request. This is a request for modification of the process as the Partners for Economic Development are in the recruitment process but do not have a specific customer. This will involve the Ferncliff Development.

The Board is requested to approve the modification to the Fee process for Henderson County Economic Development to delay the payment of the Capacity Depletion Fee until specific customers are identified.

APPROVED:

Chairman Moyer made the motion that the Board approves the modification to the Fee process for Henderson County Economic Development to delay the payment of the Capacity Depletion Fee until a specific customer is identified. All voted in favor and the motion carried.

### **FY 2010 PROPOSED TREATMENT RATE ADJUSTMENT**

Marcus Jones stated with notification of the treatment charge from the Metropolitan Sewer District (MSD), staff recommends the following rate schedule adjustments (in bold) to the FY2010 Budget for the Cane Creek Water and Sewer District:

	<b>Currently Monthly Rates (FY08 &amp; FY09)</b>	<b>Proposed Monthly Rates (FY2010)</b>
<b>A. Minimum Charge</b> (up to 4, 500 gallons)	\$16.42	\$16.42
<b>B. Treatment Charge</b> (from 0 gallons up)	\$4.57 per 1,000 gallons	<b>\$4.88 per 1,000 gallons</b>
<b>C. Overage Charge</b> (over 4,500 gallons)	\$3.67 per 1,000 gallons	\$3.67 per 1,000 gallons

Note: For Total Monthly Charge add results of (B) and (C) to (A)

With the proposed increase, the monthly sewer bill for the average homeowner will increase by \$1.39 which is about a 3% increase overall. On August 11, 2009, the CCWSD Advisory Board voted 5-2 to limit the Treatment Charge to \$4.75 per 1,000 gallons.

Engineer Marcus Jones provided the following information via a power-point presentation:

MSD (Metropolitan Sewer District)

The District Board consists of twelve members. Three from the County of Buncombe, Three from the City of Asheville, one from Woodfin Sanitary Water & Sewer District, and one each from the Towns of Biltmore Forest, Black Mountain, Montreat, Weaverville and Woodfin.

- Only charge Out of District Customers \$0.01 more than District
- CCWSD is MSD's largest customer
- MSD & CCWSD are dependent on each other.

MSD Rate Increase

- CCWSD is an Enterprise Fund
  - No Funding from the General Fund (currently)
- CCWSD Rate includes:
  - Minimum & Overage Charge (CCWSD)
  - Treatment Charge (MSD)
- CCWSD Rates should reflect the expenses they offset:
  - Treatment Rate = MSD Treatment Expenses
  - Minimum & Overage Charge = CCWSD Collection and Operation Expenses
- CCWSD rates (FY2010) are comparable to neighboring utilities:
  - CCWSD (4500 gallons): \$38.28 / month
  - Hendersonville (4500 gallons, out of town): \$37.34
  - Hendersonville (4500 gallons, Flat Rock): \$41.39
  - MSD (4500 gallons, out of District): \$29.63
  - CCWSD (w/MSD increases): \$39.54
- CCWSD has not increased rates since 1998

- MSD Increases its Charge for Treatment Annually (typically 1.5%, recently 3.5%)
- Until FY09, CCWSD Typically Matched the MSD Treatment Charge Increase so the Rate for Treatment equaled the expense.

#### MSD Treatment Fee Increases Needed

- 3.1% from FY09
- 3.75% for FY10
- From \$4.57 / thousand gallons to \$4.88
- Increase of \$0.31 / thousand gallons or \$1.31 for a typical customer.
- Budget Impact of 3.1% Treatment Rate Increase in FY09
  - Revenue from User Fees: \$1,051,390
  - Projected Impact of Treatment Rate Increase: \$40,000
  - \$40,000 is 4% of Budgeted Revenue
- Budget Impact of 3.75% Treatment Rate Increase in FY10 added to FY09 of 3.1%
  - Projected Impact of Treatment Rate Increases: over \$80,000
  - \$80,000 is 8% of Budgeted Revenue
  - Add \$40,000 from FY09 = \$120,000

#### Likely Budget Impact from Continuing to not pass on MSD Treatment rate of 3.5%:

- FY11: \$240,000
- FY12: \$500,000
- FY13: \$1,000,000
- Not a sustainable fee strategy
- On August 11, 2009, the Cane Creek Advisory Board voted 5-2 to recommend only the 3.75% increase.
- This recommendation does not account for the FY09 increase of 3.1% and leaves a \$40,000 annual deficit between treatment expenses and revenue.

To assure a healthy and self-sufficient Enterprise Fund, avoid traumatic rate increases like in 1998 and to follow the Fiscal Plan from the 2009 Basin Study, staff recommends for FY2010 and future budgets, the CCWSD treatment charge equal the treatment charge from MSD.

Chairman Moyer stated the treatment charge from MSD would be automatically added to the rate and the Board of Commissioners would not have to review it each year and approve it.

#### **BREAK**

A five minute break was taken in order to change video tapes.

#### **RECONVENE**

Chairman Moyer noted the Board had several discussions about this last year for a variety of reasons and the Cane Creek Board decided not to carry through the treatment rate until some studies and work were done. It was never picked up so they missed a year and the issue was whether you go back and add two years of the MSD rate adjustment or just the proposed rate increase for FY2010. As Marcus explained, the Cane Creeks Board recommendation is that we don't go back and pick up FY08/FY09, but just pick up the proposed rate increase. It would be approximately a 7% increase on the treatment side, which the Cane Creek Board thought would be difficult at this time. The Board feels we need to try to get a seat on the MSD Board since we are the biggest customer. This was attempted 5-6 years ago and we were told we could have a seat on the planning group but not at the table.

*Chairman Moyer made the motion that the Board adjusts the CCSWD treatment rate for the FY2010 budget to \$4.75 per gallons to reflect treatment expenses from MSD and waive the increase for FY08 and FY09. The voted passed 4-1 with Commissioner McGrady voting nay.*

*Chairman Moyer made the motion that the Board of Commissioners takes all the steps they can to work with MSD to get the rate to whatever level we can, but they give us a rate for FY2011 that be passed on as a policy matter to the rate payers. All voted in favor and the motion carried.*

**2009 DRAINAGE BASIN STUDY (DISTRICT MASTER PLAN)**

County Engineer Marcus Jones stated, at the Board's direction during the December 1, 2008 meeting, William Lapsley and Associates have completed the subject study and a copy is attached hereto and incorporated as a part of the minutes. The Cane Creek Water and Sewer District (CCWSD) Advisory Board and staff have been continually involved in the development of this study. Also, during the Advisory Board's meeting on August 11, 2009, the Board unanimously voted to recommend the study to the CCWSD Board.

Denny Martin and Will Buie of Martin & McGill provided a power-point presentation and a copy is attached hereto and incorporated as a part of the minutes.

Chairman Moyer felt it was important to get started on the study right away because if we go for an updated allocation, MSD could very well say "we will have to increase the capacity and line size to Henderson County" and give us the bill. We must have the study to see what our alternatives are.

Chairman Moyer specifically asked for figures of the cost of the study in order to get authorization from the Board.

County Manager Steve Wyatt recommended staff bring back information to the Board in regards to proceeding with the treatment alternative study and then go from there.

Marcus Jones felt this could be an amendment to the existing contract and would be able to supply the Board with information at the next meeting.

**ADJOURN**

*Commissioner McGrady made the motion to adjourn as the Cane Creek Water & Sewer District Board. All voted in favor and the motion carried.*

Attest:

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Teresa L. Wilson, Clerk to the Board

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William L. Moyer, Chairman