



Town of Mars Hill

MAYOR AND BOARD OF ALDERMEN

John L. Chandler
Mayor
Nicholas A. Honeycutt
Vice-Mayor
Robert W. Zink
Treasurer
Stuart L. Jolley
Clerk
Larry H. Davis
Secretary

MINUTES SPECIAL MEETING Mars Hill Town Hall – Conference Room February 14, 2022 at 5:00 p.m.

The Town of Mars Hill Mayor and Board of Aldermen met in special session on Monday, February 14, 2022, at 5:00 p.m. in the Mars Hill Town Hall subject to public notice given pursuant to N.C.G.S. 160A-71 and 143-318.12(b)(2). (Attachment A)

MEMBERS PRESENT: Mayor John Chandler; Aldermen Larry Davis, Nicholas Honeycutt, Stuart Jolley, and Robert W. (Bob) Zink.

STAFF PRESENT: Nathan R. Bennett, Town Manager; and Jamie Stokes, Town Attorney Megan Powell, WithersRavenel; and Casey Dolan and Steven Miller, WithersRavenel personnel via video conference.

OTHERS PRESENT: James Heintl and Andrew Nagle

Call to Order

The meeting was called to order by Mayor John Chandler. Mayor Chandler welcomed those in attendance.

Approval of the Agenda

Mayor Chandler asked the Board to review the proposed agenda for approval. Upon review of the agenda, Mayor Chandler called for a motion. **Alderman Bob Zink made a motion that the agenda be approved as presented.** Alderman Nicholas Honeycutt seconded the motion. Upon a call for a vote on the motion by the Mayor, the agenda was approved unanimously. (Attachment B)

PRESENTATION – Water Merger & Regionalization Feasibility Study (NCDEQ Grant)

Mayor Chandler then recognized Megan Powell, representing the town's engineering consultants, WithersRavenel, to present a report on the findings contained in the completed Water Merger & Regionalization Feasibility Study (MRF). Ms. Powell introduced herself and her WithersRavenel colleagues, Casey Dolan and Steven Miller who were participating in the meeting by video conference. Ms. Powell provided the Mayor and Board of Aldermen individual copies of the final report produced by WithersRavenel. Ms. Powell then delivered a PowerPoint presentation giving a summary of the merger and regionalization study and describing the process and approach taken to complete this study. The study was funded by a grant from the N.C. Department of Environmental Quality, Division of Water Infrastructure, to examine the Mars Hill water system and explore opportunities for collaboration and cooperation with the neighboring towns of Marshall and Weaverville.

The purpose of the MRF program centers on encouraging the state's water and wastewater utilities to become viable and more proactive managing and financing the operations of their systems. Ultimately, the study provides

a high-level look at what options might be feasible in consideration to partner with other entities given existing circumstances. The MRF process looks at eligible projects that could provide potential consolidation of two or more systems into one system or potential physical interconnection with another system for regional water supply. The study process brought together the engineering and financial management teams of WithersRavenel to identify the purpose of the study and potential partners based on the grant guidelines.

WithersRavenel, working together with the staff from all three towns, reviewed audits, budgets, capital improvement plans, existing interconnections, conditions of infrastructure, and interlocal agreements. Discussions were held with each potential partner utility and the purpose defined to include partners as the Towns of Mars Hill, Marshall, and Weaverville. The purpose was further defined to explore possible options for regional water security, particularly as it affects the Town of Marshall and the potential to eliminate Marshall's reliance on a well public water supply system. The MRF study identified three options: Option A – Maintain the Status Quo; Option B – Town of Mars Hill/Town of Marshall Interconnection; and Option C – Town of Weaverville/Town of Marshall Interconnection.

Option A – Status Quo must be acknowledged as an option as a merger may not occur due to financial, economic, and/or political challenges. This option does not move the towns toward a stronger, more viable water system and leaves the Town of Marshall in a position to continuing to address expensive capital projects to keep their well system viable and address contamination and other potential issues over the long term.

Option B – Mars Hill/Marshall Interconnection may be the most viable for two reasons. First, the focus would be an internal Madison County solution to shore up water stability within the county. Second, the interconnection may be the less expensive option to construct. Currently, Mars Hill has the capacity to potentially increase water production to sell to Marshall, thereby providing Mars Hill additional revenue for the its system, reducing pressure of future revenue rate increases. The cost to construct Option B is estimated at \$14.2 million. Further, it is assumed Marshall will pay 100% of the costs of the interconnection. The MRF provides scenarios whereby Marshall would fund this potential project by installment financing but does not assume any federal or state grant program funds that may be available for construction.

Option C – Weaverville/Marshall Interconnection appears to be the more expensive option. Potential expansion of the Weaverville Water Treatment Plant would assure availability of water for Marshall. The ability to potentially increase water production to sell to Marshall, thereby providing Weaverville additional revenue for the system, reduces pressure of future revenue rate increases. The cost to construct Option C is estimated at \$17.6 million. Further, it is assumed Marshall will pay 100% of the costs of the interconnection. The MRF provides scenarios whereby Marshall would fund this potential project by installment financing but does not assume any federal or state grant program funds that may be available for construction.

The full MRF report provides greater details on the Options, funding opportunities, and other pertinent information.

Upon completion of the presentation, Mayor Chandler opened the floor for questions from Board members. Mayor Chandler asked a question of Ms. Powell to confirm the source of the water for Option B would come from the existing Town of Mars Hill water source. Ms. Powell confirmed that was correct and that Mars Hill has the sufficient capacity of water and Mars Hill would sell that water to Marshall. Alderman Zink asked Ms. Powell how the capacity of Town's water supply was calculated. Ms. Dolan advised that the towns water capacity was determined from calculations and other information included in the water supply plan from 2020. Alderman Honeycutt asked a question to confirm the current water source for the Town of Marshall. Ms. Powell

confirmed that Marshall's current water source comes from a well system and that if Marshall was connected to either Mars Hill or Weaverville as provided in the MRF Options, Marshall would no longer use those wells as their water source. Alderman Zink asked a question to confirm that Marshall would bear the full expense of the construction of the interconnection and would also bear the expense of maintenance of the line beyond the interconnection point. Ms. Powell confirmed that is the correct as presented in the study.

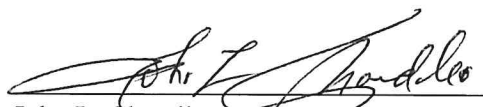
Mayor Chandler recognized community member James Heint for comments regarding the presentation. Mr. Heint offered information that, pursuant to state regulations, when water systems reach 80% of their production capacity, the state requires that system to begin the process of planning for expansion of that systems capacity. He further advised that when the system reaches 90% of capacity, the state requires the system to begin actual construction of that system capacity improvement. He advised the Town to keep that in mind as future decision are made that may impact Mars Hill's current capacity. Mayor Chandler thanked Mr. Heint for his comments. There were no other comments from the public.

Alderman Jolley asked what happens next now that that this study is complete and who would pay for additional planning and engineering reports. Ms. Powell stated that the next steps include internal discussion of the options and conversations among the partner entities. Further action would require preliminary engineering reports to assist in determining any potential path forward, both from a technical and financial perspective. Mr. Bennett advised that with the completion of this MRF study and report, he will now forward the report to NCDEQ Division of Water Instructure and notify them of completion of the project pursuant to the grant documents and proceed with closure of the grant process. This study will also be provided to the Towns of Marshall and Weaverville for their information and use.


Adjourn

There being no further business before the Board, Mayor Chandler thanked the staff from WithersRavenel for their work on this project and the good presentation on the MRF report. Mayor Chandler then called for a motion to adjourn. **Alderman Zink made a motion to adjourn.** Alderman Larry Davis seconded the motion. Upon a call for a vote on the motion by the Mayor, the motion to adjourn was unanimously approved.

Approved and authenticated this the _____ 14th day of _____ March _____, 2022.


John L. Chandler, Mayor

ATTEST:


Nathan R. Bennett,
Town Manager



ATTACHMENT A



Notice of Special Meeting of the
Town of Mars Hill
Mayor and Board of Aldermen
Scheduled for 14 February 2022

PLEASE TAKE NOTICE that the Mars Hill Mayor and Board of Aldermen shall, pursuant to NC Gen. Stat. 160A-71 and NC Gen. Stat. 143-318.12(b)(2), hold a special meeting at the following designated place and time:

Date of Meeting: Monday, 14 February 2022

Time of Meeting: 5:00 p.m.

Place of Meeting: Mars Hill Town Hall
Large Conference Room
280 North Main Street
Mars Hill, North Carolina

Purpose of Meeting: Receive report from the Town's engineering consultant regarding the NCDEQ Water System Merger and Regionalization Study Grant and take any appropriate action pertaining thereto.

This the 11th day of January 2022.

/s/
John L. Chandler, Mayor

Posted as required by NC Gen. Stat. 153A-40(b) and NC Gen. Stat. 143-318.12(b)(2) on this 11th day of January, 2022 at 12:00 o'clock p.m.



Nathan R. Bennett, Town Manager

ATTACHMENT B



Town of Mars Hill

MAYOR AND BOARD OF ALDERMEN

John L. Chandler
Mayor
Nicholas A. Honeycutt
Vice-Mayor
Robert W. Zink
Treasurer
Stuart L. Jolley
Clerk
Larry H. Davis
Secretary

AGENDA

SPECIAL MEETING

Mars Hill Town Hall Conference Room

February 14, 2022 at 5:00 p.m.

1. Call to Order – *Mayor John L. Chandler*
2. Approval of Agenda
3. **PRESENTATION** – Water Merger & Regionalization Feasibility Study (NCDEQ Grant)
Megan Powell, WithersRavenel Engineers
4. Adjourn

Mars Hill Town Hall

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