



**OAK RIDGE TOWN COUNCIL SPECIAL MEETING
APRIL 19, 2016 – 7:00 P.M.
OAK RIDGE TOWN HALL**

MINUTES

Members Present

Spencer Sullivan, Mayor
George McClellan, Mayor Pro Tem
Jim Kinneman
Mike Stone
Doug Nodine

Staff Present

Bruce Oakley, Town Manager
Sandra Smith, Town Clerk

1. CALL TO ORDER

Mayor Spencer Sullivan called the meeting to order at 6:00 p.m. He said the meeting was being held as a result of a conversation at a Finance Committee meeting in which it was apparent that the Council needed to have a comprehensive briefing on the need and desire to create a Town water system.

2. APPROVE AGENDA

Councilman Jim Kinneman made a **motion** to approve the meeting agenda. **Mayor Pro Tem George McClellan** seconded the motion, and it was passed by unanimous vote (5-0).

3. WORKSHOP/DISCUSSION ON WATER

Mayor Sullivan introduced Ray Combs, the former mayor, whom he had invited and asked to speak on the history of the issue. He also introduced Mike Myers, president of Envirolink, and Tim Baldwin, an engineer with Envirolink.

Combs explained that the Town had been involved in creating a water system for many years. He said a plan was developed beginning in 1999 when an initial study was done that included a water treatment plant on Pepper Road. He said that plan was later dropped, but in 2000, there was a drought that caused a significant drop in water levels in the Town. About that time, former council member Roger Howerton and several other neighbors learned they had been drinking water that had been contaminated by a nearby gas station. The Town eventually entered into an agreement with Aqua North Carolina, which would provide the infrastructure for a town-wide water system while Rockingham County would provide the water. The manager of Rockingham County dug his feet on the issue, Combs said, and when it was time for all parties to sign the paperwork, the Town learned the president of Aqua North Carolina had been fired. Combs said the Town contacted the president of Aqua America, who said he had never heard of Oak Ridge and they were not interested in any collaboration with the Town. Town officials later learned that the Aqua America president had not only heard of, but had visited, Oak Ridge to see its community wells; Myers, who was employed by Aqua at the time, agreed.

Combs said because Aqua was now operating all the community wells in the subdivisions built after 1980, it would be impossible for the Town to create a similar water system unless they charged customers in the range of \$300 per month. He said later, someone had questioned why the Town couldn't do what Aqua does; Town Attorney Michael Thomas researched the matter, and said that it could. Combs said the Town could create the water system so that developers would build it, and then the Town would hire someone – like Myers – to operate it. He said the Town had installed a USGS monitoring well, which is located on Town property, in order to see the level of groundwater. However, he said the fragmentation of the underground rock means some people may have a great well that will last indefinitely, while others do not.

Combs said before his most recent term as mayor ended, he and others had met with Myers. He said they then met with developer Kevan Combs, who had just received approval for the Knights Landing subdivision; Kevan Combs said he would rather deal with the Town of Oak Ridge for water than Aqua. Myers had agreed to be the middle man and operate the system.

Recent discussion of a regional water system was nothing new, Combs said. He said he suspected Rockingham County was now envisioning getting money from a state bond that was recently passed, and creating a regional authority might increase their chances of receiving such a grant. Combs said northwest Guilford County would likely not be eligible to receive any grants because of the high per capita income. He said he thought the best thing Oak Ridge could do would do what Aqua does – require a developer to install a community water system that meets specific standards, and then take it over. He said new neighborhoods would come online as they are built and would connect to the Town system. He added that the Town could have a redundant system which supplies both surface water and ground water to residents. Combs said the fact that someone was discussing the creation of a regional water authority should not slow Oak Ridge down on its current plan.

Questions/discussion

The following questions/comments followed:

- Nodine: How would we enforce water conservation programs during times of drought? Myers said we would have to work through the Utilities Commission.
- Sullivan: The Gumwood Road area does not have a good water supply, and Oak Ridge United Methodist Church dug two dry holes when it built its Family Life Center before finding water.
- Combs: For years, Town staff has had to listen to citizens who had complaints about Aqua including low water flow, dirty water, and odor. They had to tell citizens there was nothing the Town could do. He added that every time Aqua takes over a water system in a new subdivision, that is one system the Town cannot obtain.
- Sullivan: Subdivisions are not required to build their systems to the standards the Town would require. For example, the Town could not take over the system in River Oaks, where there have been problems with their water. Myers added that those systems are not designed to accommodate fire plugs.
- Sullivan: Although Fire Chief Steve Simmons could not be at the meeting, he had discussed the issue with Simmons, who was very much in favor of a Town water system. Councilman Kinneman pointed out that the Fire Department had the same fire protection water sources as it did in 1965, but the population had grown from an estimated 1,000 in 1965 to 7,000 today.

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- Nodine: Why wouldn't the Town's subdivision ordinance require developers to build their systems to meet municipal standards, which would force Aqua to have its systems meet municipal standards? Combs said Aqua is regulated by the Utilities Commission, and Councilman Stone said the Town did not have the ability to tell anyone what they had to build.
- Sullivan: The Town's next step would be to have the Town Attorney flesh out the ordinance.
- Kinneman: If the Town cannot force Aqua to build its systems to meet municipal standards, can it require Myers to do so? And can it force developers to build their systems to Oak Ridge standards? Town Manager Bruce Oakley if the ordinance is passed, Aqua would no longer be able to acquire new systems in Oak Ridge; all new community systems would be turned over to the Town.
- McClellan: If the Town takes over the Knights Landing water system, will it have fire plugs? Myers said no, but they could be required to put in stub outs so hydrants could be installed later.
- Sullivan talked about the water issues concerning Stokesdale and Summerfield. He added that the Town of Oak Ridge was where it is now because of a clearly demonstrated need. Nodine said he was not sure he agreed with that statement. Sullivan said the Town had determined the best way to deal with the situation was through community well systems and requiring them to be built to municipal standards. He said the alternative was allowing a private company to handle the water, and it would only be concerned with its bottom line – not serving customers.
- Kinneman: If a community well goes dry, the operator has to rectify. If an individual well goes dry, the owner just has to drill more or deeper wells. Whether the Town takes over the community wells or not, we should not drop the requirement that subdivisions with 25 or more houses must put in a community well system. Nodine asked if the size of the lots would make any difference, since 25 10-acre lots is different than 25 ½-acre lots.
- Sullivan: The law recently changed so that municipalities that incorporate now have to provide four of eight services, which include police protection, fire protection, solid waste, water, street maintenance, street construction, street lighting, and zoning. Nodine pointed out that a town could pick four other services, and water might not be among them.
- In response to questions, Myers explained state requirements for water enterprise funds and how they should be run. He said the state expects water systems to be run like a business, and they frown heavily on a water enterprise fund being subsidized by a town's fund balance. He said typically, a town would loan an enterprise fund money from its fund balance to get started, and it would repay that money to the town once the system was operating. He said once 300 customers are connected to one system, interconnecting systems are required to have an elevated storage tank.
- Stone: What size tank would be required? Myers said an engineer would decide that, and there are many variables. He said he would likely advise a 500,000-gallon tank.
- Nodine: Whether the Town should get into the water business is another worthwhile conversation.
- Combs pointed out that there was a large fire at Oak Ridge Military Academy in 1992, and it took a long time to fight the fire because the tankers had to go to water

points (ponds) to fill up. An elevated tank would allow tankers to quickly fill up at the fire station.

- Stone and Nodine said they were not sure there was a water problem today in Oak Ridge that needed to be addressed. Combs said they were still talking 10, 20 or even 30 years down the road, but because of Aqua's actions in backing out of an agreement with the Town several years ago, Oak Ridge was already 12 years behind.
- Nodine: I understand this area of the county has the fastest water recharge rate, and the Land Use Plan requires developments in most areas of Oak Ridge to be no smaller than 1 lot per acre, so I do not know if there is a water quantity problem. Combs said the water study Nodine referred to was several years old, and many wells had been dug in Oak Ridge since then. He added that recharge rates are different in various areas of the Town because it is impossible to know how much water is below each house.
- Sullivan: Is it better for the Town to get involved, or let Aqua control the community water systems, the rates, and be unresponsive to its customers?
- Nodine continued to ask why the Town was getting involved, and whether the perceived problem was a management problem with Aqua or a water quantity problem. Sullivan said one of government's responsibilities is to provide for its citizens. Stone said with individual wells, there are currently no requirements for anyone to supply water to residents if the power goes out.
- Oakley: Water is currently coming toward Oak Ridge from three directions. The Town can decide to control its own destiny, or it can wait until Greensboro changes its rules regarding running water lines to anyone.
- Nodine: Whose responsibility would it be to address water issues like radium and other quality issues? Myers said that's what the enterprise was for. Nodine said the Town would be taking on that liability and backstopping it with the ability to raise taxes for everyone in Town, and it would also be taking on the liability for wells that go dry. Myers said Aqua currently monitors its rate of return on its investments, and then spreads that cost over its entire customer base. He agreed that a water system that was not well managed could get into a financial situation. Myers said the water rates would be determined by the Council, but he would expect the Town's rates to be less expensive than Aqua's because Aqua has to invest more money than the Town, and also because they have to pay taxes/fees.
- McClellan: About how much money would be needed to start a system? Oakley said money in a restricted fund had already been set aside. While it was hard to know without studying the issue, the estimate of \$200,000 had been mentioned.

Sullivan brought up Rockingham County's interest in interconnecting its primary treatment centers to provide a better system and create some redundancy. He said they had contacted the Town about the possibility of creating a regional authority. As part of that Rockingham County has asked Oak Ridge to consider signing a Memorandum of Understanding. He said he and Oakley had attended a meeting, and he would update Council if things develop.

4. CITIZEN COMMENTS

- Ann Schneider thanked the Council for holding the session, and said she did think it was the role of the Town Council to deal with problems regarding water quality and

quantity. She said the Town did not want to get into a situation for which it was unprepared, and the current method seemed logical, especially if the Council applies a thoughtful, building-block approach.

5. **COUNCIL COMMENTS**

6. **ADJOURNMENT**

Mayor Pro Tem McClellan made a **motion** to adjourn the meeting at 7:58 p.m.
Councilman Kinneman seconded the motion, and it was passed by unanimous vote (5-0).

Respectfully Submitted:



Sandra B. Smith, NCCMC CMC, Town Clerk


C. Spender Sullivan, Mayor