

**Camden County Board of Commissioners
South Mills Water Association
Joint Meeting
July 11, 2018; 7:00 PM
South Mills Ruritan Club
South Mills, North Carolina**

MINUTES

The Camden County Board of Commissioners held a joint meeting with the South Mills Water Association on July 11, 2018 at 7:00 PM at the South Mills Ruritan Club.

WELCOME & CALL TO ORDER

Manager Ken Bowman welcomed those in attendance. The meeting was called to order by Chairman Clayton Riggs at 7:15 PM. Also Present: Vice Chairman Tom White, Commissioners Randy Krainiak and Garry Meiggs. Absent: Commissioner Ross Munro

Staff Present: Manager Ken Bowman, Clerk to the Board Karen Davis, Finance Officer Stephanie Humphries, Public Works Director David Credle.

Motion to approve the agenda as presented.

RESULT:	PASSED [UNANIMOUS]
MOVER:	Garry Meiggs, Commissioner
AYES:	Riggs, White, Krainiak, Munro
ABSENT:	Munro

Mr. Bowman led the discussion which included the following:

Background

- The current Agreement was entered into on May 12, 2011
- Two Meetings have taken place this year:
 - January 30th and June 13th
- Recitals per Agreement
- Areas of concern with the current Agreement
 - Reserve Capacity and Rates
 - Sales Price for Treated Water
 - Concern of not having the capacity for future growth
 - Providing water to the citizens / Camden Plantation / Commerce Park

Current Agreement

Water Purchasing Options

Section Fifteen:

- Option 1: Reserve Capacity
 - Purchase guaranteed Reserve Capacity at a reduced Bulk Water rate
- Option 2: Purchase Water As Needed
 - Purchase Bulk Water at the standard Bulk Water rate

Option 1: Reserve Capacity

Association may choose to reserve a specific level of capacity (Reserve Capacity) in 50,000 gpd increments;

Requirements:

- Association shall pay a reserve capacity recovery fee:
Required by State Statutes to be computed and charged uniformly to all reserve capacity customers (residential, commercial, bulk) at time of commitment to reserve capacity.
- The Capacity recovery fee shall be \$2,500
- 50,000 gallons per day minimum Capacity Reserve requirement

Option 1: Calculated Costs

- The Reserve Capacity fee shall be \$2,500 for 360 Gallons per Day to a single family detached residence (Meter to residence)
Since water is billed at 1000 GPD:
 $1000 / 360 \text{ GPD} = 2.777 \times \$2,500 = \$6,945$
- 50,000 gallons minimum Capacity Reserve (138 Homes)
 $\$6,945 \times 50 = \$347,250$
- Reserve Capacity fee is recouped by charges to Association's new connections
 $\$4,000 \times 2.77 \times 50 = \$554,000$
- Profit of \$206,750 stays with the Association

Option 2: Purchase Water As Needed

- Association may choose to purchase Bulk Water as needed in cases of shortage in supply.

Requirements:

- Purchase treated water as needed using the Standard Rate
- There is no guarantee that this water will be available for future use
- Association keeps all collected connection fees

Option 2: Calculated Costs

- No Reserve Capacity fee
- No minimum purchase
- All connection fees charged by SMWA stays with the Association
- Association Pays the contracted Standard Bulk Water Rate

Considerations

Option 1: Reserve Capacity

Benefits

- Reserved capacity guarantees that this water will be available in the future
- Discounted rate

Disadvantage

- Requires Association to begin purchasing water after two years without bulk water purchases.

Option 2: Purchase Water As Needed

Benefits

- No requirement for the Association to reserve capacity
- No requirement to begin purchasing water

Disadvantage

- No guarantee of water supply availability
- Slightly higher Bulk Rate for water purchased

Development

- Camden Plantation
- Commerce Park

Current Agreement

Sales Price of Treated Water

Section Sixteen:

- Reserved Capacity Bulk Water Rate
Cost per 1,000 gallons includes:
 - Annual Operating Cost of treatment plant
 - Debt
 - 50% of Depreciation
 - 5% Overhead Fee
- Standard Bulk Water Rate
Cost per 1,000 gallons includes:
 - Annual Operating Cost of treatment plant
 - Debt
 - Depreciation
 - 5% Overhead Fee

Meeting to be set for a later date to review suggested changes in agreement.

Motion to adjourn.

RESULT:	PASSED [UNANIMOUS]
MOVER:	Garry Meiggs, Commissioner
AYES:	Riggs, White, Krainiak, Munro
ABSENT:	Munro

Chairman Riggs adjourned the meeting at 7:58 PM.