

**Town of Marshville
Town Council Meeting
Monday, January 26, 2015
Marshville Community Center – 118 E. Union St.**

Special Meeting

Present: Mayor Deese, Mayor Pro-Tem Virginia Morgan, Council Members Margaret Bivens, Norma Carpenter, and Jim Rowell. Council Member Gary Huntley called in to report he would be absent from the meeting.

Staff Present: Town Manager, Fern Shubert; Clerk/Finance Officer, Tonya Johnson; Director of Public Works, Bivens Steele; Director of Utilities, Alicia Melton; Chief of Police, Matt Tarlton; Community Development Director, Alan Thifault and Administrative Support Specialist, Paula Beachum

Call to Order/Invocation/Pledge of Allegiance

Mayor Deese called the meeting to order at 7:05 pm and welcomed everyone in attendance. The invocation was given by Council Member Bivens. The Pledge of Allegiance was given by everyone.

Adoption of Agenda for the Meeting

A motion to adopt the agenda was made by Council Member Rowell, seconded by Mayor Pro-Tem Morgan and passed unanimously.

Presentation of Information Regarding Utility Rate Setting by Marty Wilson of NCRWA

Town Manager Shubert made opening remarks, referenced the Town of Marshville Asset Management and CIP Plan and mentioned several critical need assets. The manager stated that this meeting is a “heads up” for FY2015-2016 budget preparation. The manager introduced Marty Wilson, Technical Specialist with NC Rural Water.

Mr. Wilson proceeded to facilitate the meeting by way of a Power Point presentation regarding various components of utility rate setting. Mr. Wilson stated that NC Rural Water is a non-profit association and not a state agency. He stated that he has thirty-seven years of experience in local government utilities. Mr. Wilson pointed out that because Marshville is a member of NC Rural Water there is no cost to the town for the rate study.

Mr. Wilson, in his presentation, pointed out that a utility rate study aids in determining the true cost of providing a particular service such as water, sewer or solid waste. It also aids in calculating the rate needed to cover the expenses.

Mr. Wilson reviewed ways that rates are set and discussed ways not to set rates such as setting a rate based upon another town’s rates because systems are different. An arbitrary percentage increase from the existing rate was also not recommended because a five percent increase in the rate may not generate a five percent increase in revenue. It was also not recommended that the rate remain at the current rate even if the cost of providing the service increases.

Mr. Wilson explained the process of setting rates and some factors to be considered. Projected expenditures must be determined such as operation and maintenance costs, debt service, capital expenditures, and depreciation. Mr. Wilson discussed new development and impact or accessibility

fees. These fees are a way for new development to buy into the infrastructure system. Town Manager Shubert commented on the difference between tap fees and capacity fees. Mr. Wilson explained that infrastructure decreases in value as it ages and that if depreciation is fully funded then money can be set aside in a capital reserve fund to up-fit aging infrastructure.

Next, Mr. Wilson talked about goals. Is the goal to set the lowest rate, or is the goal to set the most appropriate rate?

Then, ways to reduce costs were discussed. Mr. Wilson mentioned that costs can be reduced by the following means:

- Reduce level of service being provided
- Eliminate service
- Modify service/change the way service is provided
- Under fund the service

Finally, Mr. Wilson asked if the council wishes to use this process to set rates for water, sewer and solid wastes. The council responded favorably. Mr. Wilson stated that revenue needs to come from either the base rate or the cost per gallon and pointed out that revenue should cover long-term costs. Council Member Rowell asked how long it will take to perform the rate study. Mr. Wilson stated it will take approximately one week to complete the study for each service.

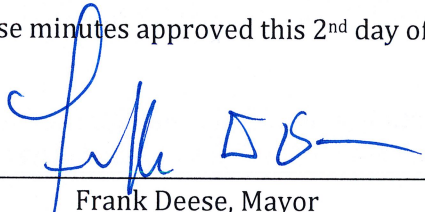
The town manager proposed to wait until the February 2nd, 2015 council meeting to set the date for the next work session in an attempt to provide Mr. Wilson time to have some numbers to review for water. Mayor Deese concurred that the council needs an idea of the true cost of providing the service. Mr. Wilson stated he could work with Alicia Melton on Wednesday to prepare a draft rate summary for water.

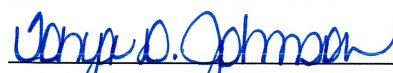
Alicia Melton reminded the council that capital contributions for the water and sewer departments were incorporated into the rates for FY2014-15.

Adjourn

A motion to adjourn was made by Council Member Rowell and seconded by Council Member Bivens. There being no further comments the meeting was adjourned at 8:05 pm.

These minutes approved this 2nd day of February, 2015.

By: 
Frank Deese, Mayor

ATTEST: 
Tonya D. Johnson, Town Clerk