

**Special Called Joint Meeting  
Town of Mocksville Commissioners & Davie County Commissioners  
September 8, 2020**

The Town of Mocksville Board of Commissioners and Davie County Commissioners met for a special joint meeting on Tuesday, September 8, 2020 at 4:30 p.m. in the Energy United Building at 182 South Salisbury Street.

<b>Present:</b>	Mayor, Will Marklin	<b>Absent:</b>
<b>Commissioners Present:</b>	Eric Southern	
	Justin Draughn	
	Rob Taylor	
	Brian Williams	
	Amy Vaughan-Jones	

**Others Present:**  
Matt Settlemyer, Town Manager  
Lynn Trivette, Town Clerk  
Emily Quance, Deputy Town Clerk  
Al Benschhoff, Town Attorney

Mayor Marklin called the meeting to order.

Invocation for Governing Bodies; BoC Chairman, Terry Renegar

Pledge of Allegiance for Governing Bodies; Mayor Marklin

**Adoption of Agenda**

*A motion was made by Commissioner Taylor to adopt the agenda as written. The motion was seconded by Commissioner Williams which carried by a unanimous vote 5-0.*

**Joint Utility Study Presentation to Governing Bodies  
Johnny Lambert, Davie County Public Utilities Director**

Hazen & Sawyer presented a PowerPoint addressing the Joint Davie County-Mocksville Water Supply Improvements. Three water treatment plants provide water supply for Davie County and the Town of Mocksville. County and Towns partnership is critical to recognize economies of scale and provide robust water supply to all customers within the County. An updated timeline for anticipated industrial and commercial demands from the Town was presented.

Based on the recommendations from the feasibility study with the updated system demand evaluation, three capital project-phasing options were developed which are recommended for financial evaluation in the County and Town rate models.

Option 1: New Cooleemee WTP (3.5 mgd) immediate term and Davidson Water interconnection (1.0 mgd) deferred until 2030 (Sparks Road WTP expansion deferred 20 years).

- Old Cooleemee WTP - decommissioned 2030
- Lagle WTP - decommissioned 2030
- New Cooleemee WTP - begin construction 2021; inservice 2023 (3.5 mgd)
- Bulk Purchase from Davidson Water - begin construction 2028; inservice 2030 (1.0 mgd firm capacity)
- Sparks Rd Expansion – begin construction 2040; inservice 20402 (not required through 2040 based on updated demands)
- Total Capital Costs \$48.7 M
- Purchases from Davidson Water – 0.5 MGD
- Estimated Customer Impacts- Comparison over 10-year period; Average annual increases in water bills for Mocksville Water is 7.4 percent; Davie County Water 5.5 percent

Option 2: New Cooleemee WTP (3.5 mgd) immediate term and expansion of Sparks Road WTP (4.5 mgd) deferred until 2030. (DWI interconnect deferred 20 years)

- Old Cooleemee WTP – decommissioned 2023
- Lagle WTP – decommissioned 2023
- New Cooleemee WTP – begin construction 2021; inservice 2023 (3.5 mgd)
- Bulk Purchase from Davidson Water – not required through 2040 based on updated demands
- Sparks Rd Expansion – begin construction 2028; inservice 2030 (4.5 mgd)
- Total Capital Costs \$44.1 M
- Purchases from Davidson Water – N/A
- Estimated Customer Impacts – Comparison over 10-year period; Average annual increases in water bills for Mocksville Water is 4.2 percent; Davie County Water 3.3 percent

Option 3: Davidson Water Interconnection (3.5 mgd) immediate term and expansion of Sparks Road WTP (4.5 mgd) deferred until 2030.

- Old Cooleemee WTP – decommissioned 2023
- Lagle WTP – decommissioned 2023
- New Cooleemee WTP – begin construction 2021; inservice 2023 (3.5 mgd)
- Bulk Purchase from Davidson Water – begin construction 2021; inservice 2023 (3.5 mgd)
- Sparks Rd Expansion – begin construction 2028; inservice 2030 (4.5 mgd)
- Total Capital Costs \$33.9 M
- Purchases from Davidson Water – 2.0 MGD
- Estimated Customer Impacts – Comparison over 10-year period; Average annual increases in water bills for Mocksville Water is 6.3 percent; Davie County Water 4.6 percent

## Key Assumptions

### Cost Sharing:

- O&M based on proportional share of water produced – on average 37%
- Annual debt service based on proportional share of peak demand to total system capacity – on average 25%

### Debt Issuance:

- Assumes all capital projects funded with SRF loans

### Sensitivity Analysis:

- Changes in growth/demand projections would impact projected rate increases  
If Mocksville's industrial use is less than expected over the 10-year period, then it will put more pressure on the retail rates even though less water is purchased from the County (rates above increase from 6.5% to 8% and then remain the same as shown above)
- Changes in revenue recovery (delinquencies) will have greater impact on Mocksville's initial rate increases (2021 and 2022) than for Davie County
- If the County allowed Mocksville to pay back capital costs over a longer period of time (25 years instead of 20 years) it will increase Davie's rate increases in the short term and allow Mocksville rates to decrease

### Risk Associated with Delay

- Increased Capital Costs
- Inability to take advantage of current favorable bid climate
- Construction costs typically increase over time, typically 3-4% per year
- Incur costs that could be avoided -capital projects for existing plants required to meet safety/other regulations (\$1.1 million for the Town)
- Every year the project is deferred will result in an additional 0.5% increase in water rates
- Increased Operations and Maintenance Costs
- More expensive to operate aging facilities to repair or replace failing components

Water quality and quantity at Lagle WTP intake is decreasing

•Every year the project is deferred results in \$ that could be used for more value added O&M activities or building capital reserves

•Increased Risk of Significant Outages due to aging Water Supply Infrastructure

The recommendation from the Town's Engineer, County's Engineer and the County and Town's Director of Public Utilities is Alternative 3.

**Town of Mocksville to Consider Memorandum of Understanding for Joint Water Study between the Town of Mocksville and Davie County of Davie**

*A motion was made by Commissioner Williams to approve the memorandum of understanding for joint water study between the Town of Mocksville and Davie County. The motion was seconded by Commissioner Taylor which carried by a unanimous vote 5-0.*

**Adjourn**

*A motion was made by Commissioner Southern to adjourn the September 8, 2020 Special Called Joint Meeting. The motion was seconded by Commissioner Vaughan-Jones which carried by a unanimous vote 5-0.*

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William J. Marklin, Mayor

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Lynn Trivette, Town Clerk, NCCMC