

CONCORD CITY COUNCIL
2nd WORK SESSION MEETING
JANUARY 21, 2025

The City Council for the City of Concord, North Carolina, held the City Council 2nd Work Session in the 3rd floor City Hall Council Chambers located at 35 Cabarrus Ave, W, on January 21, 2024, at 11:00 a.m. with Mayor William C. Dusch presiding.

Council members were present as follows:

Members Present:

Mayor Pro-Tem Andy Langford
Council Member Betty M. Stocks
Council Member JC McKenzie
Council Member Terry L. Crawford
Council Member Jennifer Hubbard

Members Absent:

Council Member Lori A. Clay
Council Member John A. Sweat, Jr.

Others Present:

City Manager, Lloyd Payne
City Attorney, Valerie Kolczynski
City Clerk, Kim J. Deason
Assistant City Managers
Various Department Directors

* * * * *

Mayor Dusch called the meeting to order

SMAC rate increase recommendation

Water

The Water Resources Director, Jeff Corley, presented the proposed water rate increases and the proposed rate adjustments for customers. He stated the City's increases have been below the average annual increase in NC of about 4% per year and 5% nationwide. The usage range for Residential Tier 1 is much larger than other peer utilities and industrial rates do not reflect the cost of service. The fixed base charges for Water and Wastewater are in the lowest quartile compared to peer utilities.

Recommendation 1 is to change the Tier 1 usage and volumetric rate. A majority of peer group uses 3,000 gallons or less for the first tier compared to the City's 6,000 gallons. This recommendation lowers the gallon threshold for first tier and decreases the volumetric rate to promote affordability for low residential water users while continuing to promote conservation. He stated almost 50% of City's residential bills are for less than 3,000 gallons per month and almost 84% of City's residential bills never get out of the 1st Tier (6,000 gallons).

Recommendation 2 is to adjust industrial rates to "right-size" the industrial rates to reflect the current cost of service for industrial customers and prepare the City for the future cost of service for industrial customers. The current industrial rates do not cover the cost of providing service to this customer class. Less than 1% of all customers are industrial customers.

Recommendation 3 is to phase-in base rate changes to achieve target fixed fee revenue recovery. He stated the City's current fixed fee revenue recovery is among the lowest of the peer group. Fixed revenue recovery for wastewater utility phases-in rate increases to fully recover WSACC fixed costs, which have increased. He explained how the phased base rate changes will be conducted. The increase in the

monthly base charge will be approximately \$1.00 for the ¾" meter in each year from 2026-2029. Approximately 92% of the City's customers have a ¾" meter.

Stormwater

The Water Resources Director presented the background for the Stormwater Fee. He stated the fee was established in 2006 at the cost of \$4.30. The fee has funded master plans but not the capital construction program. He explained the non-residential fee is based upon equivalent residential unit (ERU) calculations. In 2018 a 20% rate increase was implanted to accelerate master plan projects bringing the fee to \$5.16.

The Stormwater Management Advisory Committee (SMAC) worked with a consultant to determine a stormwater fee increase that will generate \$1 million in revenue per year for CIP needs. SMAC was presented with increased amounts of 0-25%. There was unanimous support from voting members to support an increase up to 20%. A 20% increase would change the fee from \$5.16 to \$6.19.

SMAC members Jack Lambert and Don Seitz were in attendance representing the SMAC and their support for the proposed increase.

It was the consensus of the Council to move forward with the 20% Stormwater Fee increase.

The Water Resources Director stated the proposed fee change will be included in the FY26 Fee Schedule to be adopted during the budget process.

Funding for Economic Development opportunities in Logan

Council Member McKenzie stated the subcommittee met and determined there is a need for funds to be allocated for economic development opportunities in the Logan community. He stated three meetings have been scheduled in March, April, and May to discuss this funding. He proposed that excess ABC profits of approximately \$2 million could be allocated in a budget fund for economic development use in the Logan community.

Council Member Stocks stated the meetings are being held to gain community input.

Council Member Crawford asked where continued funding would come from. Council Member Stocks stated other funding resources have been briefly discussed.

A motion was made by Council Member McKenzie and seconded by Mayor Pro-Tem Langford to allocate \$2,062,500 from excess ABC profits to Logan Community Economic Development purposes—the vote: all aye.

Retreat discussion

Discussion was had regarding topics for the retreat. The retreat will be held at the Embassy Suites and Convention Center from 8:00 am to 4:00 pm.

Sewer allocation – information only

Mayor Dusch stated he received a phone call from Senator Newton regarding the City's sewer allocation policy. Senator Newton has stated legislators have approached him regarding a bill to allow all sewer allocations to be granted on a first come first served basis. Mayor Dusch explained the City's allocation policy and sent it to him for his reference.

Mayor Dusch stated Senator Newton stated there has been some discussion regarding not allowing private package sewer plants. The NC Department of Environmental Quality (NC DEQ) has stated these types of wastewater plants cannot be allowed.

The City Manager stated in the past sewer has been an anchor for annexation. He asked if a developer installs a private package plant outside the City limits but then applies for City water only would annexation be required.

City Attorney stated her concerns with this type of request.

Council member McKenzie asked that this discussion be continued at the Feb 2nd Work Session

PAC discussion

Mayor Pro-Tem Langford stated, in his opinion, that he feels the Art Commission is doing a nice job but concerned about their request for \$80,000 in FY26. He stated he thought the City would provide a basic funding mechanism, but the Commission would be responsible of raising funds themselves through public private partnerships.

Council Member McKenzie stated, in his opinion, there should be a member(s) on the Commission that can explore funding opportunities.

Mayor Pro-Tem Langford stated he doesn't feel the Council has been clear about the vision. Council Member Hubbard agreed and stated that she also feels the rules and procedures are not clear. She stated a delicate conversation should be had with the Commission to clarify the rules and procedures.

The City Manager agreed that parameters should be made on the funding but also on the availability of City staff.

After the discussion, it was the consensus of the Council to keep the funding allocation at \$25,000.

Mayor Pro-Tem Langford and Council Member Stocks stated they will relay the funding allocation with Commission Chair Doyle Bussey.

* * * * *

There being no further business to be discussed, a motion was made by Mayor Pro-Tem Langford and seconded by Council Member Crawford to adjourn—the vote: all aye.

William C. Dusch, Mayor

Kim J. Deason, City Clerk