

ADJOURNED MEETING CITY COUNCIL
May 5, 2010

The City Council of the City of Albemarle met in an adjourned session on Wednesday, May 5, 2010, at 6:00 p.m. in the City Hall Conference Room. Mayor Elbert L. "Whit" Whitley presided and the following Councilmembers were present, to wit: Troy E. Alexander, Martha Sue Hall, Judy Holcomb, Jeanette M. Napier, Jack F. Neel, Dexter Townsend and T. Ed Underwood. Absent, none.

The City Council held meeting with the City of Concord and City of Kannapolis to discuss a water sales agreement. The Mayors of Albemarle, Concord and Kannapolis called their respective City Councils to order.

The City Managers of the three municipalities provided a history of what has led their communities to this point. Concord City Manager Brian Hiatt noted that the Albemarle and Concord governing boards had held meetings as far back as 2000 regarding a potential agreement; which preceded the request for an interbasin transfer from the Catawba and Yadkin river basins. Kannapolis City Manager Mike Legg described the IBT process that had taken place, culminating in the settlement of the dispute on the Catawba transfer. Albemarle City Manager Raymond Allen gave an overview of the Albemarle water system and the changes in the textile industry that had resulted in significant excess treatment capacity.

Tim Lowder with WK Dickson Engineers provided an overview of the project infrastructure. He said the proposed line would extend along NC Highway 49 from Richfield to the vicinity of the Cabarrus events arena. Total project cost is estimated at \$21,000,000. Concord has been lobbying its federal legislative delegation for funding assistance with this project. While no funds are appropriated, it is believed that a cooperative arrangement such as this proposal would have a good chance of receiving federal funding.

Wilmer Melton with the City of Kannapolis said the City of Albemarle's share is estimated at 25% and covers the cost of the project within Stanly County. Concord and Kannapolis would pay for the remainder of the cost outside of Stanly County. The term of the agreement is 30 years with an automatic 20 year renewal.

Director of Public Utilities Ernie Borders said the City is proposing to extend its lowest rate to Concord and Kannapolis, plus a 5% surcharge.

Mayor Whitley suggested that concerns about a separate allocation from FERC for Concord and Kannapolis outside of Albemarle's proposed 30 MGD, and language providing for the payment of any stranded cost such as debt be addressed in the agreement.

It was the consensus of the Councils to continue to pursue development of an agreement.

Upon a motion by Councilmember Alexander, seconded by Councilmember Underwood, the City Council adjourned to Thursday, May 6 at 5:00 p.m. in the City Hall for a budget meeting.