

ADJOURNED MEETING CITY COUNCIL  
February 26, 2009

The City Council of the City of Albemarle met in an adjourned session on Thursday, February 26, 2009, at 5:00 p.m. in the Conference Room of the City Hall Annex. Mayor Elbert L. Whitley presided and the following Councilmembers were present, to wit: Martha Sue Hall, Jeanette M. Napier, Dexter Townsend and T. Ed Underwood. Absent, Councilmembers Troy E. Alexander, Judy Holcomb, and Jack F. Neel.

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The City Council held a meeting to review the Annexation Feasibility Report.

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Mayor Whitley called the meeting to order.

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Assistant City Manager Michael Ferris introduced the representatives of Benchmark, Inc. who developed the Annexation Feasibility Report, Mr. Jason Epley, John McHenry, Vagn Hansen. Mr. Ferris indicated they have completed the initial review of the areas around the City for potential annexation. Their presentation will cover what has been identified as currently qualifying for annexation according to the State Statues. It also provides a cost/benefit analysis of each area for revenues and service provision. Mr. Ferris said that to develop the proposed cost of services, Benchmark received and reviewed information from staff to determine the current level of service and they have used that same standard and applied it to the qualifying areas. If Council decided they wanted to proceed with any or all of the annexations, a more detailed cost analysis will be developed as part of the services plan.

Mr. Jason Epley reviewed the process Benchmark had undertaken to develop the Feasibility Report. He indicated over 2,800 individual parcels were reviewed as part of the study process. From those parcels, sixteen potential annexation areas were identified. Cost benefit analyses have been develop for each.

Mr. Vagn Hansen reviewed the cost analysis. He said the cost of providing City services in the potential annexation areas was based on providing the same level of service as is currently provided by the City. He noted that all

City services had to have been in place and provided the effective date of the annexation with the exception of water and sewer services. Trunk and interceptor lines had to be installed within two years of the annexation date. Mr. Hansen said the total cost for installing water and sewer is estimated at approximately \$10,000,000. He has estimated a twenty-year payback at 4%. Mr. Hansen also noted the City's current water and sewer extension policies do not recoup much of the cost of the water and sewer extension from those that receive the new service. He noted only about 10% is recovered for sewer projects and 20% for water projects. He suggested the City change its policies to recoup a percentage of the service extension prior to any annexations. Such policy changes have to apply City-wide and must be in effect six months prior to annexation. Since water and sewer costs were by far the greatest cost of annexation, he thought this would be a prudent course of action.

Mr. John McHenry reviewed the North Carolina General Statutes regarding the qualification standards of an area for annexation. He said all the areas listed in the report as qualifying for annexation strongly qualify. He reviewed all sixteen potential annexation areas for the Mayor and City Council.

Councilmember Hall joined the meeting at this time.

Council reviewed the cost to the General Fund of providing services as well as the cost of providing water and sewer to each area. Mr. Ferris noted the General Fund costs were manageable and would not be a burden to the City or taxpayers. Several of the proposed areas paid for themselves for these services. He noted the water and sewer costs were the major costs. He encouraged Council and the Mayor to review the priority ranking and the cost of water and sewer as they contemplate how to proceed.

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Upon a motion by Councilmember Underwood, seconded by Councilmember Hall and unanimously carried, the City Council adjourned to Saturday, January 28 at 8:00 a.m. in the City Hall Annex for a Budget Work Session.