

Special Meeting

Present: City of Asheville: Mayor Terry M. Bellamy, Presiding; Vice-Mayor Diana Hollis Jones; Councilman Jan B. Davis; Councilman Bryan E. Freeborn; Councilman R. Carl Mumpower (arrived at 7:51 p.m.); Councilman Brownie W. Newman; City Manager Gary W. Jackson; City Attorney Robert W. Oast Jr.; and Acting City Clerk Magdalen Burleson

Absent: Councilwoman Robin L. Cape

Mayor Bellamy opened the meeting and said the purpose of this meeting would be to discuss the regional drought, the City's conservation strategy, and other efforts the City is undertaking to address the water shortage locally, as well as potential efforts to assist other governments. We have been working on this issue with staff and we want to make sure that the community is informed about water availability in our community.

Water Resources Director David Hanks presented Council with the following PowerPoint presentation regarding the community water conservation update.

"Conservation Plan – (1) Water Conservation Plan developed for Regional Water Authority – 2004; Brown and Caldwell and Hydrologics Inc.; (2) City Council approved the plan as part of Water Police Ordinance – 2005; (3) Conservation Plan includes the Computerized Drought Model, which looks at (a) historical and current precipitation and lake levels; and (b) North Fork Water Treatment Plant consumption demand; and (4) conservation measures are based on 10-week forecasted lake elevation at North Fork Water Treatment Plant.

Conservation measures consist of three phases: (1) Phase I – Voluntary (a) 20% chance that the projected lake level is 29 feet below full capacity in 10 weeks; and (b) customers are asked to conserve water; (2) Phase II – Mandatory (a) 10% change that the projected lake level is 30 feet below full capacity in 10 weeks; and (b) restricted water use for anything other than essential needs; and (3) Phase III – Surcharges (a) 5% chance that the projected lake level is 31 feet below full capacity in 10 weeks; (b) \$1.40 per CCF (1 CCF = 748 gallons) surcharge to encourage conservation; and (c) average monthly residential surcharge rate is \$7.00.

Current staff actions include (1) implemented voluntary conservation measures on 10-19-07; (2) water consumption decreased by 1 million gallons per day since voluntary measures. A survey of six water systems in North Carolina saw minimum to no reduction with voluntary measures; (3) monitor North Fork lake level and precipitation daily; (4) run the drought model twice weekly; (5) monitor system consumption daily; (6) increased the flow from Mills River Water Treatment Plant by 1.5 million gallons per day; (7) repair distribution system leaks; (8) Bee Tree Water Treatment Plant upgrades to be completed early 2008; (9) recycle filter backwash water at North Fork Water Treatment Plant (this is water used to wash filters); (10) limited hydrant flushing throughout the system; (11) three media releases; (12) additional information to media (drought model); (13) media interviews; (14) updates on City website; and (15) Asheville Channel spots.

The current water levels and capacities include (1) system-wide capacity: 43.5 million gallons per day; (2) system-wide safe yield: 31.5 million gallons per day; (3) average daily consumption: 21.5 millions gallons per day; (4) current (10-31-07) North Fork lake level: 2580.18 feet – 20.82 feet below full capacity; (5) current Bee Tree lake level – full; and (6) Mills River Water Treatment Plant – unlimited (draws from Mills River and French Broad River).

Regarding regional cooperation, (1) currently supply water to City of Hendersonville, Town of Black Mountain, Town of Biltmore Forest, and Woodfin Water & Sewer District; (2) system connection to the Town of Weaverville; (3) City of Hendersonville (a) has connections to the Town of Saluda, East Flat Rock and Laurel Park; and (b) on-going discussions with the Towns of Tryon and Columbus to establish temporary connections; and (4) wholesale rate: \$0.81 per CCF.

Waste reduction partners (1) volunteer engineers, architects and scientists (a) Land of Sky Regional Council; and (b) provide WNC businesses, industries and public facilities with no-cost water audits; (2) promotes environmental excellence and pollution prevention; and (3) conducted a water audit of the Water Resources Department and other City facilities in 2000.

Customers of the Asheville Water System conserve water (1) average residential customers uses 5 CCF's per month; (2) state-wide average is 8 CCF's per month; (3) continue to encourage customers to conserve water; (4) continue conservation education program; and (5) focus on proactive media and customer awareness plan of water conservation efforts.

The engineering firm of Brown and Caldwell was asked to look at future water sources: (1) Mills River Water Treatment

Plant built to be expanded to 4 times current capacity – to over 20 million gallons per day; (2) long term, French Broad River has virtually unlimited capacity; and (3) Bent Creek (off Brevard Road) property as a site for a future water treatment plant.

Regarding the Water Master Plan, (1) engineering firm of Jordan, Jones & Goulding updating master plan with system growth projections over next 30 years; (2) looking at future water consumption demands; and (3) to be completed within the next 90 days.”

In Councilwoman Cape’s absence, she provided Council with the following information: “I have been thinking a lot about our capacity and future planning: (1) I would like to propose that we look at our growth projections for the city and the existing areas that are projected to grow over the next 50 years. This of course will take in transportation and traffic, MSD’s growth boundaries, etc. We can then project reasonable, achievable densities and have the Water staff calculate the projected usage should those densities be achieved. If we also calculate in the projections around drought, etc. I think we will be able to get closer to planning for how development and water distribution can occur reasonably. It is important to do this prior to making any other relationships with other areas. Once those relationships are established on an ongoing basis (not emergency as is the case now) it would be impossible and unethical for us to terminate those relationships; (2) The ideal scenario would be for us to be laying potable and non-potable lines in every water line replacement project we do. I know this seems cost prohibitive at present, but the relationship could exist with MSD to use the treated water they produce as toilet flushing, landscape, etc. and not diminish the supply of treated drinking water for those ends; (3) I would also like us to look into our methods of treating our water, making sure that we are using the most cost effective method at this time; and (4) I would also suggest that we consider a referendum to ask the public about fluoride in the water.”

Mr. Hanks, along with City Manager Jackson, responded to various questions/comments from Council, some being, but are not limited to: need to provide graphs for the public to better understand the rationale of the voluntary/mandatory/surcharge conservation measure phases; what are the triggers for the various conservation measure phases; with the Town of Woodfin’s limited capacity for long term, are they buying more water from Asheville now; as the Town of Woodfin expands, will we be able to handle their request for additional water; does our drought model take into account the Town of Woodfin’s expansion; does the Water Master Plan take into account the potential growth of the new municipalities that would be hooking into our system; with the Sullivan Acts in Raleigh requiring that we cannot deny water, how does that play into growth management as well as capacity; how were the transmission lines at North Fork replaced and was the way the stream flows changed; has the water consumption changed from 12 years ago to now; and do we know what methods of transporting water might be proposed.

Vice-Mayor Jones noted that in terms of conserving water, we have a structure that is problematic in the way we charge our customers - the more water you use, the less it is per gallon.

Mayor Bellamy asked if Asheville has the capacity to truck water out to others or provide the bottling of water. Mr. Hanks responded by saying that internally we don’t have tanker trucks. He talked to Fire Chief Grayson about what the capacity of the Asheville Fire Department is, which is very limited. They have one tanker truck that is not in very good condition and it’s not a tanker truck that could be used for drinking water. The area volunteer fire departments have some tanker trucks, but they too are not for drinking water. We do have the capacity locally to produce some bottled water, however, the water bottlers in the area are limited and most are very small. The largest capacity here is through Milkco and they can produce gallon containers of water. But, a lot of the tankers that Milkco uses are actually contracted. Some of their water is produced in a plant in Edneyville, but it’s a very small plant also. There is really no large producer here. We would have to look at something different if we wanted to do something like that on a large scale. Long term, if Council wants to look at being a provider for the region, we might have to build a facility or partner with a local company to expand their facilities.

Mayor Bellamy was concerned that if the Governor imposes a heavy plan saying that everyone has to conserve (even though our residents are doing a good job of conserving water on a voluntary basis) and since Asheville is considered an ample supply source, she wants to make sure we have a plan in place to sell water to other places. If we are in a situation where we can help the Towns of Tryon and Saluda meet their water needs, she would like for us to take that increase in revenue and put it back into our infrastructure.

Councilman Freeborn asked what if Asheville continues to expand it’s wholesale customers (other municipalities), and we get to a point that we can no longer provide water to those customers, who are dependent upon our water system. Mr. Hanks responded that that we have quite a bit of excess capacity. We can, on a short-term basis, produce up to almost 44 million gallons of water a day. Currently we are producing less than half of that. According to our Water Master Plan we would be looking at something in the neighborhood of a 20-30% increase over the next 10-20 years as the growth is not major industry, but residential development. It would take approximately 15-20,000 more houses to be built to see much of an impact in our water capacity.

City Manager Jackson said that in establishing the agreements with wholesale customers, there is some elasticity in the rate that we can charge, which over time is re-negotiable. And, we also set maximum purchases, which a feature that provides for

some control. We will continue to be conservative as we enter into those agreements and not over-reach our capacity production in the foreseeable future.

In response to Mayor Bellamy, City Manager Jackson said that within our primary service area of Buncombe County and a part of north Henderson which is covered by agreement, we do need to be mindful of what it costs us to serve those areas which we are required to serve. Mr. Hanks and his staff are preparing, based upon Council's request, an analysis of what is happening in some of those new developments and if we are able to recover our costs as well. We will provide that analysis to Council of what the impact of the Sullivan Acts is with these new developments and whether or not we are able to fully recover our costs. Council will have the option to seek legislative remedies for those situations where we are required to provide services at a losing rate.

In response to Councilman Newman, Mr. Hanks said that no one has contacted the City about providing water and he was not sure what we could do at this point, since we have no tanker trucks. If they have the tanker trucks, however, we can provide the water. He is willing to talk with anyone and if there is a way we can help, we would be willing to do that.

Mayor Bellamy asked if we are in a position to help others, even though other counties have not come to ask for help. She would like for Council policy direction to say we are willing to help others with water, but on our terms. She hoped to have City staff meet with individual communities that need assistance (opposed to a cross the board wide brush from the Governor saying we must). Realistically we can't meet all of WNC's needs, but need to give staff the guidance to negotiate with individual counties and municipalities, while taking into account the current concerns.

Councilman Freeborn said that he didn't wish to sound cold-hearted, but the General Assembly was cold-hearted when they passed Sullivan Acts II and III. He is not interested in providing water to any other county beyond what we currently are doing until Sullivan Acts II and III are repealed by the General Assembly. If the Governor wants us to help the rest of the state, the rest of the state needs to help us.

Councilman Mumpower felt that Asheville is a regional hub and a leader and this is the opportunity for us to demonstrate that. He knows how hard and expensive it is to haul water and if any municipality or organized water system has to go to the expense of trucking water and we have the water capacity to help them, we need to offer that help.

Mayor Bellamy didn't think we should give the water away free because it's not free to the citizens of Asheville or our water users. Even though she doesn't think we should limit our assistance to Henderson County or Buncombe County, our assistance should be based on a true need and our capacity.

Councilman Davis felt that it's good to remain open to helping people, but each case should stand alone.

When Councilman Newman asked how much it would cost to upgrade Bee Tree Reservoir to bring it on line to provide additional capacity, Mr. Hanks said it would be approximately \$1.8 Million. Councilman Newman then said that the people who live in Asheville are spending \$1.8 Million to bring this additional capacity in and to fix the water lines. In addition, we have the highest water rates in the state. There is a point of reason between being generous and helping out our neighbors and representing the constituents in the City of Asheville.

It was the consensus of the majority of Council to be a good regional partner and good neighbor and to give staff guidance to negotiate an agreement on an individual basis with counties and municipalities (charging them the same rate), based upon their need and our capacity.

Mayor Bellamy said that some of Councilwoman Cape's thoughts will be discussed at Council's retreat. She suggested Mr. Hanks send Council information about our current relationship with MSD.

In response to Mayor Bellamy, Mr. Hanks said that they use about five sources to gather information to update the Water Master Plan, including the National Climatic Data Center.

Vice-Mayor Jones suggested a template that can be sent out to people (1) advising them what we recommend in terms of voluntary conservation measures; (2) advising them where we are today; and (3) letting them know the City is taking this very seriously. We need some communication methods to help people understand and feel good about the stewardship and leadership that we have.

Mayor Bellamy asked that our website be revised to have water conservation measures on the homepage, and perhaps some type of virtual diagram that tracks how much water is being conserved. She also suggested that information be made available in the neighborhood newsletters and in eNews. In addition, she felt it would be appropriate to use the City's government channel to disseminate this information, including the PowerPoint presentation Mr. Hanks presented to Council.

Mayor Bellamy said we need to thank those organizations that are doing a good job of water conservation, e.g. the Gorilla Car Wash on Patton Avenue, Bob & Denise's Car Wash on Merrimon Avenue, etc.

Mayor Bellamy adjourned the meeting at 8:45 p.m.

CITY CLERK

MAYOR