



Town of HOLLY RIDGE

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HOLLY RIDGE TOWN COUNCIL SPECIAL MEETING July 1st, 2021 5:30 P.M.

Mayor Jeff Wenzel called the Regular Meeting of the Holly Ridge Town Council to order at 5:35 p.m. at the Holly Ridge Town Hall. Council members present were Councilwoman Bragg, Councilman Hedrick, Councilman Sholar, Councilman Hines and Mayor Pro-Tem Hall. Also present were Town Manager, Heather Reynolds; Community Development Director Nathan Rhue; Attorney Kyle Fountain and Deputy Clerk Tracy Martin. Also present was Randy Hoffer with Pluris.

Invocation and Pledge

Councilman Hines gave the Invocation and Mayor Wenzel led the Pledge of Allegiance.

Adoption of Agenda

A motion was made by **Councilwoman Bragg** and seconded by **Councilman Hedrick** to adopt the Agenda as presented. *All Agreed.*

Persons Wishing to Address the Council

Manager to Report Findings Sewer Alternatives

Manager Reynolds stated the Town Council wanted her to go on a fact finding adventure for sewer alternatives.

Listed below is the timeline that Manager Reynolds has done regarding sewer in a short period of time.

- 06/09/2021 – Contact made with Pluris to discuss their rates and system development fees.
- 06/09/2021 – Rate comparison received from Pluris

- 06/14/2021 - The owner of Pluris contacted Manager Reynolds and expressed the company being very willing to negotiate and stated the rates for our customers are negotiable
- 06/15/2021 – System development fees received from Pluris
- 06/23/2021 - Attached correspondence received from Mr. Jeff Hudson in reference to capacity in Holly Ridge
- 06/24/2021 - Meeting was held with potential developers in the area in conjunction with Pluris to determine the need. Attendance of approximately 20 local developers. Very well received and the owner of Pluris flew into Town just to meet with us
- 06/24/2021 – Follow up meeting held with Pluris personnel, their engineer, Nate, and Manager Reynolds to discuss what a potential agreement/developer agreement would look like. Again, Pluris expressed their interests to partner with the Town and said there was no blueprint to this situation, and they were completely open to all negotiations with the Town.
- 06/24/2021-06/25/2021 – A lot of positive feedback received in reference to the Town being pro-active and showing with the meeting that the culture of the Town has changed to a “pro-business, pro-commercial, pro-development mindset”.

Manager Reynolds said the hope is that the Town could possibly annex those areas. If the Town could not annex those areas, they would be using our infrastructure and the Town would not be expanding our tax base. Manager Reynolds said a lot of the developers are ready to move now and jump on some of these projects. Manager Reynolds said we are talking around 2000 acres of raw land right outside of our corporate limits.

Manager Reynolds said Pluris timelines vary depending on if they do an inner-connect which would make a connection between the Town of Holly Ridge and Sneads Ferry in order to pump the wastewater to Sneads Ferry from the developments, or Pluris has other options such as building a plant on the Holly Ridge side of our county. Manager Reynolds said Pluris enters into a development agreement because the developers have to sign contracts, pay money upfront and then there in this agreement for Pluris to provide the sewer to these developers. With the developer’s agreement, the town has the opportunity to capture the developer’s and property owners before these properties are sub-divided into individual lots be it commercial or residential. Manager Reynolds said with the developer agreement, Pluris can put into the agreement a requirement to annex into the town.

Manager Reynolds said at this time, the developers could essentially work around us and go directly to Pluris for all projects outside of our corporate limits. The developers that attended the meeting are just the beginning, with a moratorium in Pender County there will be more! Manager Reynolds received two phone calls alone about developers looking this way now. If any of the projects outside of Town were to annex, they would be required to use ONWASA for sewer, per our contract with ONWASA. This would be a huge missed opportunity for the Town of Holly Ridge because we would lose the potential tax base due to the possibility of capacity issues. Although we would lose the tax base, these residents essentially would be on our borders using our resources and infrastructure while our taxpayers would foot the bill.

Manager Reynolds said the monthly bills are based on an average of 5000 gallons per month. Currently the base rate is approximately \$3.30. Manager Reynolds said when you look at the usage per 1000 gallons it is about a \$30.00 to \$35.00 difference per month for anyone that is on Pluris with a ¾ inch meter versus someone who is on ONWASA with a ¾ inch meter. Manager Reynolds said as you move into the commercial meters, this number significantly change whereas with ONWASA the average bill for commercial is \$2700.00 versus \$150.00 for the usage on a 4 inch meter.

Manager Reynolds said one of the major concerns with the Town Council was the difference between Pluris and ONWASA there is about a \$30.00 difference. One option that Pluris mentioned was they could adjust the rates on the commercial side in order to reduce the rates on the residential side. Manager Reynolds said the system development fees seem to be comparable as far as she can tell. The capacity fee of a three bedroom is \$3600.00 and \$1200.00 for each additional. There are also federal tax fees and then a return water fee may also apply to various individual lots.

Manager Reynolds said the overall goal is to make sure that we can grab this development while we can. Surf City is at capacity and Pender County has a moratorium. Manager Reynolds said we are getting calls daily with people wanting to know what properties are available for development. Manager Reynolds said we have about an 18 to 24 month window where all of this development is possibly going to come and this is leaving out Phase II of the Camp Davis Industrial Park.

Manager Reynolds said during the developers meeting, Mark Sutherland mentioned an annexation incentive policy. Manager Reynolds asked the Town Council to authorize her to draft an annexation incentive policy. It would be similar to the economic incentive. Manager Reynolds said Mr. Sutherland also suggested entering into a memorandum of understanding with the town and Jones Onslow Economic Development so we could have them draft an Economic Development Strategic Plan which is another tool showing how we want to steer the growth of Holly Ridge.

Mayor Wenzel stated the reason we are here tonight is because developers were calling and saying they are having to put their projects on hold, or they are having problems getting the authorization for the capacity they were seeking through ONWASA. Mayor Wenzel, Councilman Hines and Manager Reynolds met with CEO of ONWASA and he was able to tell of the long term plans they have to increase their capacity and where they are at with those projects. Mayor Wenzel said Mr. Hudson said gone are the days where a developer can come in and say they are going to build a thousand homes, and they could receive the sewer for that project. Mayor Wenzel stated Mr. Hudson said Holly Ridge is at 84% capacity. Mayor Wenzel said ONWASA sent the town a letter that would need to be filled out to allow a third party to come in if there is a capacity issue.

Manager Reynolds said since she has been able to gather a large amount of information in an exceedingly small amount of time and time is of the essence with the developers. Manager

Reynolds asked the Town Council to call for a Special Meeting to be held early next week so that she may report the sewer findings and gather direction from the Town Council.

Mayor Pro-Tem Hall asked what are some of the things that you intend on putting in your request that amend the current contract. Manager Reynolds said the clarifications on the annexations when we are able to annex and having the ability to have allow another provider into the corporate limits and then defining the capacity.

Manager Reynolds said ONWASA is pursuing multiple paths. They have applied to the State for the certification and permitting that is needed for the high infiltration basin at Summerhouse which could help open up 80,000 gallons per day of capacity that is needed. At the same time this is going on, ONWASA has made petition to the DEQ through the state. ONWASA is also working through engineers to evaluate how a collection of wastewater capacity would work with the base as in installing the infrastructure in order to take our wastewater from here and move it to the base which could open up quite a bit of sewer capacity. Manager Reynolds said she has been told this could take 2 to 3 years to completion. Manager Reynolds said pumping it to the base is a way for ONWASA to obtain the 1 million gallon per day capacity.

Mayor Wenzel stated Mr. Hudson said if they got the base up and running they would shut down the two plants in Holly Ridge as well as Swansboro and all of the waste would go to Camp LeJeune. Councilman Hines said they would not disband the plants because it takes a lot of money to take a plant down completely. Councilman Hines said one of the alternatives was to maintain the spray fields.

Councilman Hines said even if we didn't get the capacity for the base there is an alternative to get a new plant. Councilman Hines said with all of the regulations ONWASA would have to jump through, Pluris would be able to get a new plant built quicker than ONWASA.

Mr. Randy Hoffer with Pluris said Pluris already provides service to Holly Ridge. Mr. Hoffer said the Village of Folkstone is serviced by Pluris. Mayor Pro-Tem Hall asked if we annexed this after Pluris was in there. Manager Reynolds said we annexed this in 2005 or 2006 and Pluris came in 2011. Mayor Pro-Tem Hall said so the development used ONWASA first and then we annexed them, then they built the development and used ONWASA and then they went to Pluris? Manager Reynolds said they annexed and the property sat vacant for five to six years and then the developers came in and received water from ONWASA and Sewer from Pluris. Mayor Pro-Tem Hall asked how did they do that if our contract say's we can't have Pluris in our city limits. Mayor Pro-Tem Hall said this is a breach of contract so we can move forward. Councilman Hines said we do not want to talk about that yet. Councilman Hines said he did not think there was going to be a problem with dealing with Pluris. Councilman Hines said if the mistake was made then it was made but if we want to ask ONWASA to allow Pluris to come in he thinks the Town of Holly Ridge would be able to do so. Mayor Pro-Tem Hall asked Councilman Hines if he was agreeing to allow Manager Reynolds to go ahead seeking additional counsel. Mayor Wenzel asked Councilman Hines if he was okay with moving forward in asking ONWASA to allow Pluris to come into the town.

Councilman Hines suggested making a motion on each item as we go along with the Agenda.

Councilman Hedrick asked what if any effect does this have on the current ONWASA customers. Manager Reynolds said it would not have any effect on the current customers.

Mr. Hoffer with Pluris said they would love to build a plant on our side of town and the developers could put the infrastructure in. The Town of Holly Ridge could own the infrastructure and then annex as we wish.

Listed below to move forward are the recommendations that Manager Reynolds would like:

- Town Council to call for a Special Meeting to be held early next week
- Request Pluris to be available by phone or in person for the Special Meeting
- Special Meeting conducted
- Report findings on Sewer Alternative
- Authorize the Manager to seek additional counsel (Regulatory Attorney) to assist with these negotiations.
- Authorize the Manager to make a Request to ONWASA asking they hold a Special Meeting of their Board of Directors.
- Authorize the Manager to work with Attorney's to draft a request to ONWASA asking for amendments to the current contract including allowing Pluris to service areas within the corporate limits if ONWASA is unable to provide capacity and ask for an amendment that allows us to annex parcels of land once they are under a developer agreement with another sewer provider.
- Authorize the Manager to draft an Annexation Incentive Policy.
- Authorize the Manager to initiate the creation of an Economic Development Strategic Plan with Mark Sutherland, JOED.

Discussion of Seeking Additional Counsel (Regulatory Attorney) to assist with on-going and future negotiations.

A motion was made by **Councilman Hines** and seconded by **Mayor Pro-Tem Hall** to authorize the Town Manager to seek additional legal counsel in the form of a Regulatory Attorney to assist with on-going and future negotiations. **All Agreed.**

Authorize the Town Manager to make an Official Request to ONWASA asking the Board to Directors to hold a Special Meeting.

Manager Reynolds asked that item number 6 and 7 be combined.

Authorize the Town Manager to work with Attorneys to draft a request to ONWASA Board of Directors to amend the current contract.

A motion was made by **Councilman Hedrick** and seconded by **Mayor Pro-Tem Hall** to authorize the Town Manager and the Town Attorney to draft a request to ONWASA Board of Directors to work out the details for the Town Council and the request not be submitted as is. **All Agreed.**

Authorize the Town Manager to draft an Annexation Incentive Policy.

A motion was made by **Mayor Pro-Tem Hall** and seconded by **Councilwoman Bragg** to authorize the Town Manager to draft an Annexation Incentive Policy. **All Agreed.**

Possible Approval of a Memorandum of Understanding between the Town of Holly Ridge and Jacksonville Onslow Economic Development for the purpose of Assistance with the Town of Holly Ridge Economic Development Strategy.

Councilwoman Bragg asked to be excused at 6:28 p.m.

A motion was made by **Councilman Hines** and seconded by **Mayor Pro-Tem Hall** to excuse Councilwoman Bragg from voting on this item. **All Agreed.**

Councilwoman Bragg returned to Regular Meeting at 6:40 p.m.

A motion was made by **Mayor Pro-Tem Hall** and seconded by **Councilman Sholar** for a Possible Approval of a Memorandum of Understanding between the Town of Holly Ridge and Jacksonville Onslow Economic Development for the purpose of Assistance with the Town of Holly Ridge Economic Development Strategy. **All Agreed.**

Closed Session

To discuss matters relating to the location or expansion of industries or other businesses in the area served by the public body per NCGS 143-318.11 (A) (4)

To establish or instruct the public body's staff or negotiating agents concerning the position to be taken by or on behalf of the public body by negotiating the price and other material terms of a contract or proposed contract for the acquisition of real property by purchase, option, exchange, or lease per NCGS 143-318.11(A) (5).

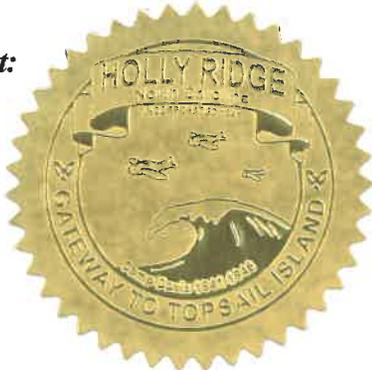
A motion was made by **Councilman Hines** and seconded by **Councilman Hedrick** to go into Closed Session. **All Agreed.**

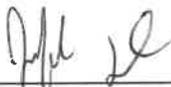
Following the Closed Session, Mayor Wenzel stated no action was taken.

Adjournment

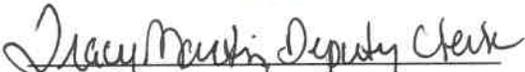
A motion was made by **Councilman Hedrick** and seconded by **Councilwoman Bragg** to adjourn at 6:50 p.m. **All Agreed.**

Attest:





Jeff Wenzel, Mayor



Tracy Martin, Deputy Clerk

These minutes were recorded and prepared by Deputy Town Clerk, Tracy Martin.