

Issue Forum – April 26, 2022

The Fairmont Board of Commissioners held a special Issue Forum meeting on Tuesday, April 26, 2022, at 6:00 p.m. in the Fairmont-South Robeson Heritage Center with Mayor Charles Kemp presiding. Commissioners present were Melvin Ellison, J.J. McCree and Clarence McNeill, Jr. Commissioners Heather Seibles, Terry Evans and Jan Tedder-Rogers were absent. Staff present included Town Manager Hank Raper, Town Clerk Jenny Larson, Deputy Town Clerk Donna Jacobs, and Public Works Director Ronnie Seals. Several citizens were also in attendance.

Call to Order and Invocation

Mayor Charles Kemp called the meeting to order at 6:00 p.m. and gave the invocation.

Issue Forum – Utility Rate Increase

Mayor Kemp stated the purpose of the issue forum is to discuss the utility rate increase.

Town Manager Hank Raper presented ten reasons for increasing rates:

1. Inflation over the last couple of years has been more dramatic than usual. The Consumer Price Index for the past year has been reported to be at 7.9%. Waste Management is increasing our sanitation contract for next fiscal year by 8.4% due to the cost of inflation.
2. The Town of Fairmont has exhausted all cost saving measures over several years. This included eliminating several positions including employees in dispatch, police patrol, tax collections, and public works.
3. The cost of benefits for employees including retirement, health insurance, and dental insurance, have continued to rise without new revenue covering these costs.
4. The Town of Fairmont has agreed to adopt a new pay study that will increase our personnel costs by \$160,000. Increasing rates will be required to sustain the cost of compensating each of these employees and covering their additional benefits (401k).
5. The Town of Fairmont has a severely aged fleet and equipment outlay. A rotation must be started immediately to avoid uncontrollable maintenance costs that will exceed the cost of newer outlay.

6. The unrestricted net assets (water and sewer fund – fund balance) is \$250,000 to the negative. The Town must develop a fund balance for the water and sewer fund to protect ourselves from unforeseen expenses due to breakdowns and failures in water and sewer lines.
7. The Town of Fairmont’s failure to have a sizeable fund balance in the water and sewer fund prevents the Town from having the matching dollars for many federal grants to assist our water and sewer system.
8. The Town of Fairmont has been warned in the past by the Local Government Commission that failing to raise water and sewer rates will eliminate us from consideration for future grants due to the way points are awarded on grant applications.
9. The Town of Fairmont should begin raising rates incrementally to prepare citizens for what rates will likely be set at following the completion of the regionalization project with Boardman, Cerro Gordo, Fair Bluff, Proctorville, Orrum, and Rowland.
10. Operations are become increasingly difficult to sustain due to advanced deterioration of water and sewer lines due to inflow and infiltration and a limited customer base.

The following chart shows the amount of the utility rate increase and the percentage of customers affected:

Town of Fairmont 25% rate increase effective July 1, 2022

	Current	Increase	New Rate		
Water Minimum	\$ 23.28	\$ 3.00	\$ 26.28	water per extra 1,000 gallons	\$ 3.50
Sewer Minimum	\$ 27.43	\$ 7.00	\$ 34.43	sewer per extra 1,000 gallons	\$ 4.24
Sanitation	\$ 17.23	\$ 7.06	\$ 24.29	(no change)	\$ 7.74
	<u>\$ 67.94</u>	<u>\$ 17.06</u>	<u>\$ 85.00</u>		

gallons	1000	2000	3000	4000	5000	6000	7000	8000	9000	10000
water	\$ 26.28	\$ 29.78	\$ 33.28	\$ 36.78	\$ 40.28	\$ 43.78	\$ 47.28	\$ 50.78	\$ 54.28	\$ 57.78
sewer	\$ 34.43	\$ 38.67	\$ 42.91	\$ 47.15	\$ 51.39	\$ 55.63	\$ 59.87	\$ 64.11	\$ 68.35	\$ 72.59
sanitation	\$ 24.29	\$ 24.29	\$ 24.29	\$ 24.29	\$ 24.29	\$ 24.29	\$ 24.29	\$ 24.29	\$ 24.29	\$ 24.29
total	\$ 85.00	\$ 92.74	\$ 100.48	\$ 108.22	\$ 115.96	\$ 123.70	\$ 131.44	\$ 139.18	\$ 146.92	\$ 154.66
% customers affected	26%	24%	18%	11%	7%	4%	3%	2%	1%	4%

* The last time sanitation/trash rate was increased was July 2012 (\$2.00), 10 years ago

* In the past 10 years, water rates were increased twice, in January 2013 (\$4.26) and January 2020 (\$4.00)

Page 3 – Issue Forum, April 26, 2022

The town has an average of 1,180 customers. The current minimum bill is for 2,000 gallons of usage. Since 50% of the town's customers use 2,000 gallons or less of water each month, it was decided to lower the minimum usage rate to 1,000 gallons.

Public Works Director Ronnie Seals said the average cost to repair a water line break is \$2,000. There have been seven water line breaks in the past week alone. This is also a reason the town doesn't pave roads because the lines are so old that the paving equipment causes them to break, resulting in cuts in brand new pavement.

Town Manager Hank Raper encouraged the board to consider annual increases in rates based on the cost of inflation. While the town has tried to cut costs and maintain rates over the years, inflation has steadily increased and the town is at a point where those costs have to be passed on to the citizens.

The citizens present were concerned about the huge increase in rates, especially for those residents on fixed incomes.

The next issue forum will be held on Tuesday, July 26 at 6:00 p.m.

Adjournment

There being no further discussion, the meeting adjourned at 7:23 p.m.

Jennifer H. Larson, NCCMC
Town Clerk