



**MINUTES OF THE REGULAR WORK GROUP MEETING OF THE LAKE LURE
TOWN COUNCIL HELD WEDNESDAY, FEBRUARY 26, 2020, 8:30 A.M. AT THE
LAKE LURE MUNICIPAL CENTER-CONFERENCE ROOM**

PRESENT: Mayor Carol C. Pritchett
Mayor Pro Tem John W. Moore
Commissioner Patrick Bryant
Commissioner David DiOrio
Shannon Baldwin, Town Manager
David Arrowood, Public Works Director
Dean Givens, Parks, Recreation, and Lake Director
Sam Karr, Finance Director
Laura Krejci, Communications Specialist
Kurt Wright, SDG Engineering

ALSO PRESENT: Tim Heim, NCDEQ, via telecom
Jonathan Pittman, Schnabel Engineering, via telecom
Ken Pohlig, NCDEQ, via telecom
Anita Robertson, NCDEQ, via telecom
Seth Robertson, WR Martin/WithersRavenel, via telecom
Reese Walsh, LaBella, via telecom

ABSENT: Commissioner John Kilby

I. CALL TO ORDER

Mayor Carol Pritchett called the meeting to order at 8:30 a.m.

II. APPROVE THE AGENDA

Commissioner David DiOrio made a motion to approve the Agenda, as presented.
Commissioner Patrick Bryant seconded and the motion carried 4-0.

**III. DISCUSSION REGARDING TOWN PROJECT UPDATES AND
VARIOUS OTHER TOPICS**

A Work Group discussion was held on the following topics:

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- Sewer – LaBella Tech Memo – Kurt Wright
- Dam – Schnabel Rehabilitation Alternatives Report – Kurt Wright
- Hydro - Small Generator Repairs - Budget Amendment (\$110k) – Kurt Wright & David Arrowood
- Hydro - Insurance Carrier Requirements – Budget Amendment (\$50k) – Kurt Wright & David Arrowood
- Campground – Project Review (Construction Cost, Grant Opportunities & Outstanding Debt) – Dean Givens
- Marina/Boardwalk – Update – Dean Givens

Town Engineer Kurt Wright provided an overview of the Lake Lure Technical Memo and the Schnabel Rehabilitation Alternatives Report. (His notes are attached.) The Waste Water Treatment Plant and wastewater collection system have been deemed “noncompliant” by NC DEQ due to excessive infiltration into the collection system from the lake. The Town is seeking a permanent solution to eliminate the infiltration and restore the Plant and sewer system to routine permit compliance. The Town has investigated a couple of alternatives in the past which were determined to be either cost-prohibitive or otherwise infeasible. The Town has now engaged LaBella to provide guidance going forward, assessing possible alternatives, and developing the implementation schedule for completion of a permanent solution. The Technical Memo lays out alternatives for correction of the excessive infiltration issues and for each one, considers benefits and liabilities, identifies an order-of-magnitude cost and provides LaBella’s recommendation as to whether to continue its evaluation or eliminate it from further consideration. Mr. Baldwin mentioned that a special budget workshop meeting will be held on March 25th to review and discuss the Comprehensive Financial Report, FY 20-21 Budget, and 10 Year Capital Improvement Plan.

Jonathan Pittman, Schnabel Engineering, presented rehabilitation alternatives to address NC DEQ Dam Safety requirements and extend the service life of the dam. The modifications proposed for the three rehabilitation alternatives presented were initially developed to address spillway capacity requirements and seismic stability of the arch sections. The alternatives include: Alternative 1) Reinforced concrete shear walls (cross-bracing) for seismic stability, and lowering the arches and raising the abutments for spillway capacity; Alternative 2A) Filling in the arches with mass concrete for seismic stability, and modifying the arch elevations, replacing the arch weirs with more efficient ogee weirs constructed on top of the mass concrete infill, and raising the abutments; and Alternative 2B) Similar to Alternative 2A except with a different geometry and smaller quantity of mass concrete infill. Each of the rehabilitation alternatives also include multiple features in common including rehabilitation of the intake tower, post-tensioned anchoring of the existing gravity sections (Bays 1 through 3), replacement of the spillway gates, installation of a reservoir drain, replacement of the bridge, and several other ancillary items because of the liner. This alternative will require draining the lake to install the liner. If drawdown becomes necessary, communication with the community and execution of the plan must be as close to perfect as possible.

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A full dam replacement alternative was also considered but the Town does not prefer this option based on regulatory constraints and other factors. However, based on Schnabel's evaluation, this option, excluding the replacement of the hydroelectric facilities, appears to be the most advantageous and lowest risk alternative based on a preliminary assessment of cost, service life, technical performance, and multiple other qualitative factors.

Mr. Pittman noted that Alternative 1 (cross-bracing) includes impermeable PVC Liner which is commonly done for types of structures like this at a similar age. It helps to extend the life of the concrete by an additional 30-50 years. This is the lowest cost alternative but requires the most maintenance. The downstream infilling rehabilitation alternative (Alternative 2B) appears to be more advantageous with respect to the project objectives and lower risk than the cross-bracing alternative (Alternative 1). However, there are additional risks the Town would have to accept to implement the rehabilitation at a lower initial cost. Mr. Pittman summarized that they are leaning towards Alternative 2B and draining the lake. This alternative costs more but extends the service life of the dam an additional 75 years. All alternatives have advantages and disadvantages and ultimately may come down to funding. The scheduling of the Dam repair, specifically the lake lowering/draining, may drive the scheduling of the sewer replacement construction, and also possibly steer the alternative chosen for the sewer replacement.

Mr. Baldwin felt that the Town needs to make a commitment on a dam solution to know how to move forward on the sewer side noting that it is not wise to move forward with the ER/EID before a dam solution is determined. Commissioner DiOrio noted that the numbers involved with dam resolution is out of the Town's hands and could take upwards of a year to get financing down. He suggested a dam independent sewer solution. Mr. Pittman stated the best solution is to drain the lake. He pointed out that a reservoir drain could be installed as a phase of the dam rehabilitation or as a means to lower the lake for the sewer installation. Installing a reservoir drain (\$1-\$2 million) to meet dam safety standards allows the Town to lower the lake beyond 978.5 MSL. Having the ability to lower the lake below 978.5 MSL may enhance the Town's ability to manage existing lake sediment and drastically influences the design solutions offered by LaBella. Lowering the lake brings more gravity options and reduces the need for pumps. Drastically lowering the lake is critically important to the assessment/ rehabilitation of the intake tower to enhance stability. The potential need to drain the lake has a significant effect on the evaluation/consideration of sanitary sewer alternatives. Installing the drain for the lake will have an effect on the alternatives that LaBella is considering for the sanitary sewer system. Installing a drain may reduce/eliminate the need for "Big Dig" dredging and may save millions and drive more feasible sewer collection options and dredging solutions. Commissioner DiOrio mentioned that if we go through the effort of putting in a reservoir drain, we can also put in a sewage drain and then have the capacity to lower the lake to inspect the penstock and do dredging as we need to. This would be an alternative for rehabilitation of the existing dam; not a new dam. Mr. Walsh noted that a new dam will have a reservoir drain also. Mr. Pittman mentioned that a new dam is a wonderful option if you have \$50 or 60 million but all the work has to be done at one time and cannot be phased.

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Mr. Wright stated that major modifications will have to be made to the intake structure if the Town does rehabilitation of the dam and keeps the hydro and Mr. Pittman agreed. He explained that the dam and sewer system are interlinked and we do not want to make the wrong decision. The Town may need to decide if the dam repair, needed for safety reasons, essentially takes priority over the sewer repairs, and will therefore drive the scheduling, and possibly other important financial decision making. DEQ management will need to be kept informed of the potential impacts on the schedule of integrating the dam with the sewer project and support this from a regulatory perspective. The Town needs to weigh an optimal integrated engineering solution for the dam and sewer against decoupling the projects to allow independent decision making and then schedule milestones. Due to the extended time period needed for the dam funding and the rehabilitation or construction of a new dam, the sewer schedule needs to be as independent as possible from the dam schedule.

Commissioner Moore suggested finding out how much money the Town has available to spend for this project in order to move forward on a decision. Mr. Wright noted that this decision is going to take federal and state money because it's a 200 year decision. He stated that we could mark off the cross-bracing alternative and would not suggest putting in a liner because of the cost of maintenance over time.

Mr. Baldwin pointed out that it is going to cost \$110,000 to repair the small generator and another \$50,000 to get into compliance with insurance demands, on top of engineer and payroll costs. Discussion ensued regarding raising property taxes to support debt service. Even with a tax increase of .12 for a total of .4 the Town would only receive an additional \$1 million. It would take 30 years to pay off a loan of \$29 million, if the Town could even get a 30 year loan. The cost of the dam rehabilitation is beyond the scope of possibilities for Lake Lure's current tax base and permanent (year-round) population of 1,200. The enormous cost of the dam, sewer, and dredging projects is unbearable by the Town without state and federal assistance. The tax base is too small to contribute sufficiently. The Town needs assistance from WR Martin in determining where the ad valorem tax rate should be set and if general fund revenues can be used to assist with the sewer and dam projects. Mr. Arrowood noted that the large generator would be back online today. Within a few days the big generator will be generating revenue; around \$50,000 a month. Commissioner DiOrio noted that an OSHA type inspection is still needed to protect the operators at the hydroelectric facility. The small generator needs new windings and the best engineering solution is to take the rotor out and refurbish it, which will cost around \$110,000. The small generator should then be maintenance free for a decade. The Town can generate between \$2.5-\$5 million from the Hydroelectric Plant over the next five years. The decision to remain in the power generation business for the long-term (next 50 years) will have a major effect on the new dam option. The possibility of a new dam without hydro is a viable option with a service life exceeding 100-200 years. A new dam with a new hydro facility would trigger FERC.

Commissioner DiOrio pointed out that if the sewer system costs \$38 million as proposed by LaBella over time, there is no way that the Town's water and sewer enterprise can sustain a number that big. Even if the sewer rates were raised, they could not be raised enough to cover the

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cost of a \$38 million project. The rates have been set to cover payments for \$12.5 million pre-approved loan from SRF. Mr. Karr emphasized the need to get the small generator back online.

Parks, Recreation, and Lake Director Dean Givens provided an update on the Boys Camp Road project noting that there are two parcels of property. (The Boys Camp Road Property Facts handout provided during the meeting is attached.) The properties are both located on the lake/river (extending to the center of the river) and are both located within the corporate limits of Chimney Rock Village. These are the only two properties on the lake that include a portion of the lake bottom. Both parcels are 60-70% inside the floodplain.

Mr. Givens explained that the Town secured a grant to be used to pay for the land (reimbursement for purchase) and the Town secured approval from the following to build a campground: PRB, Town Council, CRV Council, Rutherford County floodplain permitting, and PARTF. The property was formerly used as an RV park. Keeping the property allows the Town to maintain control over lake access, the lake bottom, determining the use of the property in perpetuity, and allows the Town to keep the \$223,500 grant from PARTF. Mr. Givens entertained the idea of converting the plan to a picnic park with walking trails and a non-motorized boat launch (\$50,000). He stated that PARTF approval would be required to change the use of the property from a campground. He explained that changing the property a picnic park would allow for future development and allow the Town to pay \$183,500 on the principal balance of the existing loans. He noted that the PRB has not yet discussed this option.

Commissioner Moore felt that a picnic park would be in more harmony with the neighborhood and noted that it could always be converted to a campground in the future. Mr. Givens mentioned that a campground may only bring in around \$25,000 a year. Commissioner DiOrio mentioned the idea of allowing primitive camping as well. Mr. Baldwin suggested revising the plan to allow for primitive camping; keep the use as a campground but geared towards more of a picnic/primitive campground premise instead of an RV campground. He asked that this concept be presented to the PRB.

Mr. Givens provided an updated on the Marina/Boardwalk Project noting that the docks have been ordered, the boardwalk has been demolished, dredging has been completed, and the new fence has been built between the water park and the walkway. He reported that Jonathan Hinkle (Marathon Builders) is still confident that he will stay within the allotted timeframe. The new boat ramp is in but cannot be used until Dock B is moved but the other ramp is open for use. Once the second ramp is open for boat use, the traffic pattern in the parking area will be changed to one-way only. He pointed out that there are 150 people on the boat slip waiting list and the new slips will most likely be full this year. He stated that he is confident that revenue from slip rentals will pay the ten year note. Mr. Baldwin pointed out that if the lake is drained, revenues from slip rentals will drop. Mayor Pritchett recommended not prorating fees to hold onto this revenue. Dean noted the demand for marina slips is high. Commissioner DiOrio pointed out that since demand is high and supply is low, the Town could consider an increase in slip rental fees.

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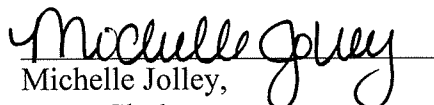
Mr. Baldwin mentioned that there are lots of options for the golf course property and asked what market is there for those options. Mayor Pritchett reported that there are two years left on that contract and the Town should start looking into a better use of that property now. Mr. Givens stated that he is putting money into the budget for a new plan for that property. He pointed out that businesses will be impacted if the lake is drained. Commissioner DiOrio felt it could be engineered in a way to preserve the summers by keeping the lake up during that time. Council discussed raising additional revenue and helping the residents of Lake Lure by allowing commercial boat slips at the Marina. Use of a slip commercially would require a concessions agreement with the Town. Mr. Givens mentioned that 11 boat slips have been set aside for commercial use if Council agrees to allow commercial slip rentals. Mr. Baldwin noted that the Town could do a lottery with commercial slips to make it fair. Council discussed commercial fees. Mayor Pritchett stated that the number of lake hours used by vacation rentals is needed for disclosure to the public. Commissioner Moore stated that livery and tour boats are using most of the lake hours.

Mr. Givens pointed out that he is adding an item to the March Marine Commission meeting to request approval to allow him to approve lake commercial license requests that come in past the November 1st deadline when there is room available in the Model.

ADJOURN THE MEETING

With no further discussion, Council unanimously agreed to adjourn the meeting at 11:35 a.m.

ATTEST:


Michelle Jolley,
Town Clerk


Mayor Carol Pritchett

