

105 S. Long St  
Post Box 339  
East Spencer, North Carolina  
28039



Telephone: (704) 636-7111  
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[www.eastspencer.gov](http://www.eastspencer.gov)

**TOWN COUNCIL MEETING**  
**January 13, 2025, 6:30 PM**  
**AGENDA**

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CALL TO ORDER	MAYOR BARBARA MALLET
INVOCATION	ALDERMAN RUSH
PLEDGE OF ALLEGIANCE	MAYOR BARBARA MALLET
WELCOME	MAYOR BARBARA MALLET

**APPROVE MINUTES** of regular meeting on December 9, 2024.

**PUBLIC COMMENT** *Please note that comments shall be limited to five minutes and the Town Council reserves the right not to act on requests first presented this evening.*

**NEW BUSINESS**

- 1. Department Briefs**
  - Utility Clerk
  - Public Works
  - Finance Director
  - Fire Chief
  - Police Chief
- 2. Merger Regionalization Feasibility (MRF) Grant**
- 3. Manager Comments**
- 4. Council Comments**

**ADJOURNMENT**

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Regular Meeting  
December 9, 2024  
STB

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**TOWN COUNCIL MEETING  
DECEMBER 9, 2024 6:30 PM  
AGENDA**

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CALL TO ORDER	MAYOR BARBARA MALLET
INVOCATION	COUNCILMAN RUSH
PLEDGE OF ALLEGIANCE	MAYOR BARBARA MALLET
WELCOME	MAYOR BARBARA MALLET

**Present: Mayor Barbara Mallett Board Members: Mayor Pro Tem Curtis Cowan, Alderman Albert Smith, Alderwoman Deloris High, Alderman Shawn Rush, Alderman George Jackson, Alderman Dwayne Holmes. Town Manager Michael Douglas, Town Clerk, ShaTaira Bailey, Town Attorney Thomas Brooke.**

**Absent:**

***A motion was made to add MPO appointment to the agenda by Mayor Pro Tem Cowan; seconded by Alderman Holmes. Motion passes unanimously.***

**APPROVE MINUTES of regular meeting on November 12, 2024.**

***A motion was made to approve regular meeting minutes on November 12, 2024, by Alderman Smith; seconded by Alderman Rush. Motion passes unanimously.***

**PUBLIC COMMENT** Please note that comments shall be limited to five minutes and the Town Council reserves the right not to act on requests first presented this evening.

- ***Mary Cooper made a few comments***
- ***Alex Cowan had a complaint against ESPD***

***Scott Shelton (Rowan County EDC) gave Mayor Mallett and the board an overview report for the end of the year.***

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## NEW BUSINESS

1. 2025 Appointments to the Transportation Advisory Committee (TAC) and the Technical Coordinating Committee (TCC)

*These are the 2025 Appointments to the Transportation Advisory Committee (TAC) and the Technical Coordinating Committee (TCC) of the Cabarrus-Rowan Urban Area Metropolitan Planning Organization (CRMPO). A motion was made to appoint to TCC Alderman Jackson as delegate and Mayor Pro Tem Cowan as the alternate as well as appoint for TAC Alderman Jackson as delegate and Mayor Pro Tem Cowan as an alternate by Alderman Smith; seconded by Mayor Pro Tem Cowan. Motion passes unanimously.*

**A motion was made to approve for MPO appointees: Alderwoman High as delegate and Alderman Smith as alternate by Alderman Smith; seconded by Mayor Pro Tem Cowan. Motion passes unanimously.**

2. Centralina 2025 Delegate Appointments

*As members of the Centralina Regional Council, each local government is asked to appoint an elected official to serve a one-year term (one calendar year) on the Board of Delegates and to designate an alternate. A motion was made to appoint Alderman Rush as delegate and Mayor Pro Tem Cowan as an alternate by Alderwoman High; seconded by Alderman Smith. Motion passes unanimously.*

3. 2025 Schedules

- A. Holiday Schedule
- B. Alderman Pay Schedule
- C. Board Meetings

*A motion was to approve the 2025 Holiday, Alderman Pay and Board Meetings schedule by Alderman Smith; seconded by Alderman Rush. Motion passes unanimously.*

4. Financial Reports

*Ashley McFarland, Finance Director gave a budget analysis report to the mayor and board providing in-depth review of the financial performance and allocations for the current fiscal period. Mayor Mallett stated she would like the bank balances added as well. No other comments were made.*

5. Planning Board Appointment

*Ms. Lynette Atkins would like to be a member of the East Spencer Planning Board. Ms. Ellis live at 535 Snider Street St in Salisbury, NC which is East Spencer E.T.J. A motion was made to approve Lynette Atkins by Alderman Rush; seconded by Alderman Smith. Motion passes unanimously.*

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6. 2025 Council Retreat

*Mr. Douglas explains that as we are heading into year 2025, the Town needs to begin looking ahead for FY 2025 – 2026 Budget Year. Plans have been made to facilitate the annual retreat on February 19<sup>th</sup> and 20<sup>th</sup> at the Kannapolis City Hall. He also let the mayor and board know that Centralina will be hosting the annual retreat.*

7. Sell of Property (Property on Long Street)

Parcel ID (028 016, 028 017, 028 218, 028 219)

*Mr. Douglas explains that the purpose of this Resolution is to allow the sale of the following property located on Long St. East Spencer, NC, 28039 Rowan County Tax Parcel #028 016, 028 017, 028 018, 028 019. Pursuant to NCGS §160A-267 the council may sell or dispose of real and personal property, without regard to the method or purpose of its acquisition or to its intended or actual governmental or other prior use. Real property, of any value, and personal property valued at thirty thousand dollars (\$30,000) or more for any one item or group of similar items may be exchanged as permitted by G.S. 160A-267 or may be sold by any method permitted in this Article other than private negotiation and sale, except as permitted in G.S. 160A-277 and G.S. 160A-279. The sale of this property is \$ 75,000. Mayor Mallett had a few questions about the property. Alderwoman High asked about estimates on drainage. A notion was made to approve the resolution as presented by Michael Douglas by Alderman Rush; seconded y Alderman Jackson. Motion passes unanimously.*

8. Manager Comments

- *Gave an update on the upcoming annual budget retreat and he also let the board know residents will be notified about the retreat as well*
- *An update was given on the leaf vac machine*

9. Council Comments

- *Alderman Rush – Gave an update on Centralina*
- *Mayor Mallett informed the board about hosting the Christmas party for town of East Spencer staff*
- *Alderman Jackson gave an update on the upcoming Martin Luther King Jr. event*

ADJOURNMENT

*A motion was made to adjourn by Alderman Smith; seconded by Alderman Rush. Motion passes unanimously.*

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Barbara A. Mallett, Mayor

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ShaTaira Bailey, Town Clerk

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**TOWN OF EAST SPENCER  
Town Council  
Action Form**

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**Date of Meeting:** January 13, 2025

**Staff Work By:** ShaTaira Bailey

**AGENDA ITEM #1**

**Department Briefs**

**ITEM SUMMARY:**

Each quarter the department heads will give the Council an update within their respective areas.

**RECOMMENDATION:**

FYI



**TOWN OF EAST SPENCER  
Town Council  
Action Form**

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**Date of Meeting:** January 13, 2025

**Staff Work By:** ShaTaira Bailey

**AGENDA ITEM #2**

Merger Regionalization Feasibility (MRF) Grant

**ITEM SUMMARY:**

Shannon Moore of WithersRavel conducted a Merger and Regionalization study as part of the grant award from the North Carolina General Assembly. This study is intended to guide the Town on future capital improvements and the potential of merging our system with Salisbury Rowan Utilities.

**RECOMMENDATION:**

FYI

# Town of East Spencer

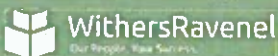


Merger Regionalization Feasibility (MRF) Grant  
January 6, 2025



## MRF Grant

- **What is a MRF Grant?**
  - Merger / Regionalization Feasibility Study
  - NC Division of Water Infrastructure
- **What is its Purpose?**
  - Encourage Water and Wastewater Utilities to become viable and more proactive in managing and financing their systems
  - To provide a very high-level look at what options might be feasible given existing circumstances & resulting financial impacts



# Town of East Spencer Options

- Partner Identified



- Options Identified

- A.1: Status Quo – Full Cost CIP
- A.2: Status Quo – Delayed Timing for CIP
- B: Merge with Salisbury Rowan Utilities

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# Future Development Assumptions

All (MRF) options used future development assumptions

PROJECT NAME (# OF UNITS)	ESTIMATED START OF CONSTRUCTION	ESTIMATED END OF CONSTRUCTION	WATER & SEWER WATER ONLY SEWER ONLY CUSTOMERS	MONTHLY AVERAGE USAGE @ 109 GPD PER 2023 LWSP
PINETREE 200 TOWNHOUSES	July 2026	July 2029	YES	3,259
KERNS RIDGE DEVELOPMENT PHASE I (SRU CUSTOMERS) 126 HOMES	N/A	N/A	N/A	
KERNS RIDGE DEVELOPMENT PHASE 2 110 TOWNHOMES + 92 SF HOMES	July 2026	July 2029	YES	3,259
MCCANLESS VILLAGE 60 HOMES	Nov 2026	Nov 2029	YES	3,259
APARTMENTS AT BOUNDARY / CORRELL 50 UNITS	Sept 2025	Aug 2026	YES	3,259

512 housing units added to the customer user base by end of FY2030

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# Option A.1 – Status Quo with Full Cost CIP

- **Water CIP (from Wooten AIA)**
  - 10 Projects totaling \$18.59 Million
- **Sewer CIP (from WithersRavenel AIA)**
  - 6 Projects totaling \$3.36 Million
- **Debt Packages every 3 years to fund CIP, starting in FY2026**



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# Option A.1 – Status Quo

Fiscal Year	Rate Increase Needed	Combined Water & Sewer Rate (5,000 Gallons/Month)
2025		\$127.33
2026	25%	\$159.17
2027	15%	\$183.04
2028	7.5%	\$196.77
2029	7.5%	\$211.53
2030	7.5%	\$227.39



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## Option A.1 – Rates

Fiscal Year	Rate Increase	Water Minimum (3/4")	Water Volumetric (per unit = 748 gallons)	Sewer Minimum (3/4")	Sewer Volumetric (per unit = 748 gallons)
2025		\$5.28	\$7.91	\$5.61	\$9.51
2026	25%	\$6.60	\$9.89	\$7.01	\$11.89
2027	15%	\$7.59	\$11.37	\$8.06	\$13.67
2028	7.5%	\$8.16	\$12.22	\$8.67	\$14.70
2029	7.5%	\$8.77	\$13.14	\$9.32	\$15.80
2030	7.5%	\$9.43	\$14.13	\$10.02	\$16.98

## Option A.2 – Status Quo with Delayed CIP

- **Water CIP (from Wooten AIA)**
  - 10 Projects totaling \$21 Million
- **Sewer CIP (from WithersRavenel AIA)**
  - 6 Projects totaling \$3.78 Million
- **Debt Packages every 5 years to fund CIP, starting in FY2026**

## Option A.2 – Status Quo with Delayed CIP

Fiscal Year	Rate Increase Needed	Combined Water & Sewer Rate (5,000 Gallons/Month)
2025		\$127.33
2026	15%	\$146.43
2027	15%	\$168.40
2028	7.5%	\$181.03
2029	7.5%	\$194.61
2030	7.5%	\$209.20

## Option A.2 – Rates

Fiscal Year	Rate Increase	Water Minimum (3/4")	Water Volumetric (per unit = 748 gallons)	Sewer Minimum (3/4")	Sewer Volumetric (per unit = 748 gallons)
2025		\$5.28	\$7.91	\$5.61	\$9.51
2026	15%	\$6.07	\$9.10	\$6.45	\$10.94
2027	15%	\$6.98	\$10.46	\$7.42	\$12.58
2028	7.5%	\$7.51	\$11.25	\$7.98	\$13.52
2029	7.5%	\$8.07	\$12.09	\$8.57	\$14.53
2030	7.5%	\$8.67	\$13.00	\$9.22	\$15.62

## Option B – Merge with Salisbury Rowan Utilities

- Rate increases in FY2026 and FY2027 would build up cash in Town’s utility fund to service outstanding debt through FY2035
- After the merge, Town rates would decrease 4% annually until they match SRU user rates



## Option B – Merge with SRU

Fiscal Year	Rate Increase Needed	Combined Water & Sewer Rate (5,000 Gallons/Month)
2025		\$127.33
2026	12%	\$142.61
2027	12%	\$159.73
2028	-4%	\$153.34
2029	-4%	\$147.20
2030	-4%	\$141.32



## Option B - Rates

Fiscal Year	Rate Increase	Water Minimum (3/4")	Water Volumetric (per unit = 748 gallons)	Sewer Minimum (3/4")	Sewer Volumetric (per unit = 748 gallons)
2025		\$5.28	\$7.91	\$5.61	\$9.51
2026	12%	\$5.91	\$8.86	\$6.28	\$10.65
2027	12%	\$6.62	\$9.92	\$7.04	\$11.93
2028	-4%	\$6.36	\$9.53	\$6.76	\$11.45
2029	-4%	\$6.10	\$9.14	\$6.49	\$10.99
2030	-4%	\$5.86	\$8.78	\$6.23	\$10.55

## Option B - Merge with Salisbury Rowan Utilities

- Assumption of Merger around July 1, 2027
- Town would transfer ownership of distribution and collection system to SRU, including fund revenues
- Town's utility fund revenues and expenses would transfer to SRU, except outstanding debt service
  - CIP Projects identified in AIAs would transfer to SRU and be reprioritized within SRU's overall CIP

# Thank You!

WithersRavenel appreciates the opportunity to support the Town of East Spencer with this study and is happy to assist the Town and its partners with further exploration of the preferred option and path forward.

