

Town of Mount Olive
July 28, 2025
Special Called Board Meeting
Minutes

Mayor J. Jerome Newton called the meeting to order at 3:00 P.M. Those in attendance per roll call of Mayor J. Jerome Newton, Mayor Pro-Tempore Barbara Kornegay, Commissioner Vicky Darden, Commissioner Delreese Simmons, Commissioner Tommy Brown, Commissioner Danny Keel, Interim Town Manager Glenn Holland, Town Attorney Carroll Turner and Town Clerk/Administrative Assistant Sherry Davis

Mayor J. Jerome Newton delivered our invocation and the Pledge of Allegiance.

Mayor J. Jerome Newton read the Conflict-of-Interest Statement; there were no conflicts.

Mayor J. Jerome Newton requested a motion to approve the published agenda. Mayor Pro-Tempore Barbara Kornegay made the motion to approve. Commissioner Tommy Brown seconded, and the motion passed 5-0.

Mayor J. Jerome Newton advised there is no public forum tonight.

Mayor J. Jerome Newton requested a motion to go into public hearing on the closeout of the 2020 Community Development Block Grant – Infrastructure (CDBG-I) Project. 20-I-3610 & 15-I-3161. Commissioner Danny Keel made the motion to go into public hearing. Commissioner Vicky Darden seconded and the motion passed 5-0.

Mr. David Harris with RSM Harris Associates advised that this grant was two million dollars. The state of North Carolina split it into two grants. The planning grant 15-I-3161 in the amount of \$136,000.00 and the construction grant 20-I-3610 in the amount of \$1,864,000.00. He stated the following is required to be included in the meeting minutes.

The Town of Mount Olive received a \$136,000 Planning Grant in CDBG-I funds for planning activities related to the 2020 CDBG-I Sewer Line Rehabilitation Project. These activities included preparation and submittal of the Preliminary Engineering Report and the Environmental Information Document/Environmental Review Record, including determination of appropriate level of environmental review and preparation of the Request for Release of Funds documents. In addition, the planning activities included the satisfaction of release of grant conditions and the preparation and submittal of fourteen compliance plans/policies required by the CDBG-I Program. During the Planning Grant Period, the Town completed the 4-month process for the Affirmatively Furthering Fair Housing Plan and Analysis of Impediments to Fair Housing Choice. Grant administration activities were completed, including preparation of Quarterly Reports, the Annual Performance Report, and Semi-Annual Labor Standards Reports. These planning activities applied to the CDBG-I #15-I-3161 Planning Grant Project and the CDBG-I #20-I-3160 Construction Grant Project. The Planning Grant was completed on May 31, 2022, and will be closed out as part of the closeout of the 2020 CDBG-I Construction Grant.

The low-to-moderate percentage of the Sewer Line Rehabilitation Project Area was 79.99% and the poverty rate for the entire Town was 36.3%. The planning grant project was funded 100% with \$136,000 in federal CDBG-I funds. The budget was: Planning-\$40,000; and Administration-\$96,000.

There were no project amendments or change orders in the Planning Grant.

Final project financials (CDBG received/expended; de-obligated amount, if any; local funds, if any:

Original Budget Final Budget

Activity	Present Budget	Funds Received & Actual Expenditures	Funds To be De-obligated
Planning	\$ 40,000.00	\$ 40,000.00	\$0.00
Administration	\$ 96,000.00	\$ 96,000.00	\$0.00
TOTAL	\$136,000.00	\$136,000.00	\$0.00

The project accomplishments for the Planning Grant were described in the above section “Initial project scope and budget.” The Planning Grant was a companion grant to the 2020 CDBG-I Construction Grant – Sewer Line Rehabilitation Project and the planning activities resulted in the release of grant funds for the Construction Grant. The following accomplishments of the Sewer Line Rehabilitation Project also apply to the Planning Grant:

Accomplishments of the 2020 CDBG-I Construction Grant Sewer Line Rehabilitation Project

Mr. David Harris advised a lot of this is repetitive. He stated this project was funded 100% by grant funds

Activity	Proposed Goals	Proposed Households Benefiting	Actual Goals	Actual Households Benefiting
Sewer Improvements	8,800 LF sewer line rehab	71 households 176 persons	8,100 LF sewer line rehab	73 households 181 persons

The original number of occupied houses to be reconnected was 71. A total of 73 were reconnected, because two houses on the corner lots, originally thought to be serviced from another side street, were actually connected to the lines that were rehabilitated in the Project Area.

The original CDBG-I application estimated 8,800 LF of sewer lines to be rehabilitated. The final sewer lines rehabilitated was 8,100 LF. The difference is due to the estimated proposed distances and the final surveyed distances; and the fact that approximately 200 LF of sewer line on SW Center Street and 2 manholes that served two vacant houses was determined to be in acceptable condition not requiring lining.

The final Sewer Line Rehabilitation project accomplishments were the rehabilitation or replacement of approximately 8,100 linear feet of existing 8" sewer lines, 73 household sewer service laterals, and 29 manholes on Center Street, SE Center Street, Connor Street, Smith Street, Herring Street, Hillsboro Street, Nelson Street, South Church Street, and Elizabeth Street.

The benefits of the project on low-to-moderate income people (LMI statement):

The Planning Grant was a companion grant to the 2020 CDBG-I Construction Grant – Sewer Line Rehabilitation Project and the planning activities resulted in the release of grant funds for the Construction Grant. The following LMI benefits of the Sewer Line Rehabilitation Project also apply to the Planning Grant:

Activity	LMI Benefit Based On	Proposed LMI Benefit	Actual LMI Benefiting	Actual LMI Benefit
Sewer Improvements	141 of 176 Persons	79.99%	141 of 181 persons	77.81%

The initial LMI percentage determined by DWI after application review was 79.99 percent. The final LMI percentage is 77.81%. The difference was due to the connection of the two houses on corner lots with above LMI income.

Mr. David Harris stated the citizens have been provided with the initial project scope, budget planning grant and fourteen mandatory compliance plans and project reports. The planning grant was completed on May 31, 2022.

Mr. David Harris asked if anyone had questions. Ms. Annette Kirby asked if these were the main lines or lateral. Mr. David Harris responded lateral are service lines connected to the house and yes, they are sewer lines. Ms. Annette Kirby wanted to know if this work was performed in all areas indicated above. Mr. David Harris answered, some areas are just certain blocks and not the entire block.

Mr. David Harris then discussed the Construction Grant used for rehabilitation and replacement of some sewer lines. He advised a lot of this is repetitive.

Citizens will be provided with information concerning the CDBG program at this public hearing. Such information shall include, but not necessarily be limited to:

Initial project scope and budget:

The initial 2020 CDBG-I project was to rehabilitate or replace 8,800 linear feet of 8" sewer lines and 31 manholes on Center Street, Smith Street, Herring Street, Hillsboro Street, Nelson Street, South Church Street, and Elizabeth Street. The low-to-moderate income percentage of the project area was 79.99 percent. The project was funded 100% with \$1,864,000 in federal CDBG-I funds. The budget was: Sewer Improvements-\$1,800,000; and Administration-\$64,000.

Any project amendments and change orders:

Two Amendments were made in the CDBG-I Project

Amendment No. 1: Project Description - Scope of Work: On June 6, 2023, DWI approved Program Amendment No. 1. The Amendment added to the Scope of Work sewer service laterals from the sewer lines to be rehabilitated or replaced in the right-of-way to the property line for each sewer customer. The Amendment did not involve any changes in the budget, the streets where the sewer lines would be rehabilitated, the houses receiving sewer services, or the number/percentage of low to moderate income beneficiaries. As a result of the Amendment, all of the houses that were reconnected to the rehabilitated sewer lines also received new service laterals from the sewer pipe to the right-of-way line. The cost of the sewer service laterals was included in the original contract amount, but the Town needed permission from DWI before proceeding with the work.

Amendment No. 2: Project Description - Scope of Work: On June 10, 2024, DWI approved Program Amendment No. 2. The Amendment made two changes in the Scope of Work. First, it allowed the replacement of approximately 90 LF of gravity sewer line and one (1) manhole within the public easement connected to SE Center Street that serves two (2) houses on Franklin Street. Second, it allowed the replacement of approximately 310 LF of gravity sewer line on Connor Street beginning at E. Hillsboro Street to serve four (4) houses. All six houses also received new sewer service laterals. These two sections of sewer line were in the original application but were removed from the Project during application review because the locations were not identified in the application public hearing. The amended total project Scope of Work consisted of the following: Rehabilitation or replacement of approximately 8,800 linear feet of existing 8" sewer lines, sewer service laterals, and 31 manholes on Center Street, SE Center Street, Connor Street, Smith Street, Herring Street, Hillsboro Street, Nelson Street, South Church Street, and Elizabeth Street. The Amendment did not involve any changes in the budget or the number/percentage of low to moderate income beneficiaries because the two sewer line sections were never removed from the original project maps, lists, or LMI calculations. The low-to-moderate income percentage of the project area remained at 79.99 percent.

Two Change Orders were made in the Construction Contract

Change Order No. 1 added the replacement of the 310 LF of deteriorated sewer line on Conner Street and 90 LF of 8" deteriorated sewer line in the easement area along SE Center St. These changes were approved by DWI in Program Amendment No. 2. The cost of the 400 linear feet of new sewer line and manholes was included as an alternate in the original bid because the work was anticipated to be done as part of the sewer improvements. The original contract amount of \$977,770.10 plus the Alternate Bid Price of \$82,050.00 increased the contract amount to \$1,059,820.10.

Change Order No. 2 addressed adjustment of the estimated quantities in the original bid documents to the final, actual installed quantities. The resulting adjustment resulted in a final sewer line contract amount equal to the actual payment amount for all the actual quantities installed. The contract amount of \$1,059,820.10 was adjusted by -\$131,135.00 for a final revised contract amount of \$928,685.10.

Final project financials (CDBG received/expended; de-obligated amount, if any; local funds, if any):

	Original Budget	Final Budget	
Activity	Present Budget	Funds Received & Actual Expenditures	Funds To be De-obligated
Public Sewer Improvements	\$1,800,000.00	\$1,236,488.83	\$563,511.17
Administration	\$ 64,000.00	\$ 54,000.00	\$ 10,000.00
TOTAL	\$1,864,000.00	\$1,290,488.83	\$573,511.17

Last year, it appeared the contractor would complete all of the sewer line work under budget. Being under budget is usually an admirable achievement, but with CDBG funds that is no longer the case. With grant funds remaining, the Engineer, Project Manager, and Town staff worked on identifying an area in Town with the greatest remaining sewer line problems

and lowest incomes. The possibility of an amendment to expand the current Project Area and change order the existing contract to rehabilitate additional sewer lines was discussed with the CDBG Grant Representative. The Grant Rep noted that a change in grant requirements had occurred in early 2024 that limited any change order to 15% of the original contract amount. Not being able to change order the current contract by simply adding more sewer line work to the existing low price contract would require bidding the additional work; require development of a new environmental review report and more detailed plans, specs, permits; a new contracting process; managing a second sewer construction contract; adding more time to the grant schedule, etc. and would add \$60-\$80,000 in engineering costs. Per DWI, the additional bidding, design and related engineering costs could not be paid with the existing CDBG grant funds. The additional costs would have to be paid by the Town. It was as if the Town was being penalized for careful management of the sewer line work (that resulted in it being finished under budget), by having to pay the full engineering costs of any sewer line work that would be added to the project.

The solution was to take the area identified in early 2024 with the greatest sewer line rehabilitation need and lowest income residents, add additional areas with sewer line needs, and apply for a new 2024 CDBG-I grant where the Town would not have to incur any additional costs, and where even more sewer lines could be rehabilitated. DWI awarded the Town \$2,957,800 for the rehabilitation of an additional 14,400 linear feet of sewer lines as a result of the application that was submitted, and no local funds were required.

The de-obligation of \$573,511.17 in 2020 CDBG-I grant funds is offset by a savings of \$60-\$80,000 in local funds and the award of \$2,957,800 in additional 2024 CDBG-I grant funds that will result in nearly four times the linear feet of sewer lines to be rehabilitated.

Final project accomplishments and performance (description of LF, connections, improvements, etc. and where):

Activity	Proposed Goals	Proposed Households Benefiting	Actual Goals	Actual Households Benefiting
wer Improvements	8,800 LF sewer line rehab	71 households 176 persons	8,100 LF sewer line rehab	73 households 181 persons

The original number of occupied houses to be reconnected was 71. A total of 73 were reconnected, because two houses on corner lots (originally thought to be serviced from another side street) were actually connected to the lines that were rehabilitated in the Project Area.

The original application estimated 8,800 LF of sewer lines to be rehabilitated. The final sewer lines rehabilitated was 8,100 LF. The difference is due to the estimated proposed distances and the final, actual surveyed distances; and the fact that approximately 200 LF of sewer line and 2 manholes on SW Center Street that served two vacant houses were determined to be in acceptable condition not requiring lining.

The final project accomplishments were the rehabilitation or replacement of approximately 8,100 linear feet of existing 8" sewer lines, 73 new household sewer service laterals, and 29 manholes on Center Street, SE Center Street, Connor Street, Smith Street, Herring Street, Hillsboro Street, Nelson Street, South Church Street, and Elizabeth Street.

The benefits of the project on low-to-moderate income people (LMI statement):

Activity	LMI Benefit Based On	Proposed LMI Benefit	Actual LMI Benefiting	Actual LMI Benefit
Sewer Improvements	141 of 176 Persons	79.99%	141 of 181 persons	77.81%

The initial LMI percentage determined by DWI after application review was 79.99 percent. The final LMI percentage is 77.81%. The difference was due to the connection of the two houses on corner lots with above LMI income.

Mr. David Harris asked if there were any questions. Mayor J. Jerome Newton asked if the commissioners had any questions. Ms. Annette Kirby asked if any additional field reports have been received since May of 2024. She needs the additional reports. She is very glad the field reports were completed but how can we be confident the remaining reports were completed without all documents. Mr. David Harris responded, Chad Denning kept detailed records of the list. Town Clerk Sherry Davis advised she has requested any additional reports from the engineer and is awaiting his response. Mayor J.

Jerome Newton wanted to know if there was a way to put the map on the website. Interim Town Manager Glenn Holland said he will check, but he thinks we can.

Commissioner Delreese Simmons stated that what Ms. Annette Kirby was saying is in the past all grants were closed and not completed. Town Clerk Sherry Davis commented the state would not allow us to be in the closeout phase is they had not received all necessary documentation. Mayor J. Jerome Newton advised that we should make notes for the future. Commissioner Tommy Brown said the items Mr. David Harris just went over show what has been done.

Mr. David Harris commented several documents plus the change orders and Chad Denning's list may have been transferred already. Interim Town Manager Glenn Holland confirmed the information has already been put in Diamond Maps. Ms. Annette Kirby asked if the lines had been smoke tested. Interim Town Manager Glenn Holland responded no. Mayor J. Jerome Newton explained we could assume they didn't need to be smoke tested with the new slip lining.

Mayor J. Jerome Newton asked if there were any other questions. There being none, he requested a motion to come out of public hearing. Mayor Pro-Tempore Barbara Kornegay made a motion to come out of public hearing. Commissioner Vicky Darden seconded, and the motion passed 5-0.

Mayor J. Jerome Newton then discussed Action Memo - 07-06 - Consider Approval of Closing Out 2020 Community Development Block Grants – 20-I-3610 & 15-I-3161. Commissioner Tommy Brown made the motion to approve closing out of 2020 Community Block Grants 20-I-3610 & 15-I-3161 Mayor Pro-Tempore Barbara Kornegay seconded and the motion passed 5-0.

Mayor J. Jerome Newton then discussed Action Memo – 07-07 - Consider Approval of Town Clerk Sherry Davis and Mayor J. Jerome Newton Certifying the Minutes of this Meeting. He explained these minutes must be approved when Mr. David Harris sends in the packet. Mayor Pro-Tempore Barbara Kornegay made the motion to approve Town Clerk Sherry Davis and Mayor J. Jerome Newton to certify the minutes of this meeting. Commissioner Danny Keel seconded and the motion passed 5-0.

Mayor J. Jerome Newton then discussed Action Memo – 07-08 - Consider Approval of Budget Ordinance Amendment #1, to Move Funds in the Amount of \$225,000.17 from Powell Reserve to Powell Aid Fund (12) for the Purchase of a Schwarze 2020 A4 Storm Maintenance/Sweeper. Commissioner Tommy Brown made the motion to approve. Mayor Pro-Tempore seconded and the motion passed 4-1. Votes were as follows:

Commissioner Tommy Brown – Yes
Mayor Pro-Tempore Barbara Kornegay – Yes
Commissioner Vicky Darden – Yes
Commissioner Danny Keel – Yes
Commissioner Delreese Simmons – No

Mayor J. Jerome Newton then discussed Action Memo – 07-09 - Consider Approval of a Resolution Accepting Firms for On-Call Engineering Services. Interim Town Manager Glenn Holland explained we can have from two to five. This will shorten the amount of time to get projects started and there is no cost to the town. We only pay when we use them. Mayor Pro-Tempore Barbara Kornegay made the motion to approve the resolution accepting firms for On-Call Engineering Services. Commissioner Tommy Brown seconded, and the motion passed 5-0.

Mayor J. Jerome Newton then discussed Action Memo-07-10 - Consider Approval of Agreement with Wayne County whereby the town would resume our Level 1 inspections, and they [Wayne County] would provide Level 2, Level 3 and fire inspections as requested. Mayor J. Jerome Newton advised that Code Enforcement Officer Justin Hill received his Level 1 Certification and this will allow us to get some revenue back. He asked if there were any questions. Commissioner Danny Keel made a motion to approve Action Memo – 07-10. Commissioner Vicky Darden seconded, and the motion passed 5-0.

Mayor J. Jerome Newton thanked everyone for coming this afternoon. Our next regular board meeting is Monday, August 4, 2025. He requested a motion to adjourn the meeting. Mayor Pro-Tempore Barbara Kornegay made the motion. Commissioner Vicky Darden seconded, and the motion passed 5-0

Respectfully Submitted,

J. Jerome Newton
Mayor

Sherry Davis
Administrative Assistant/Town Clerk