

WESTERN WAKE PARTNERS

Policy Advisory Committee Recommendations

Tuesday, February 27, 2007, 4:00 p.m.
Cary Town Hall, Administration Conference Room, #22010
316 N. Academy Street, Cary, North Carolina
www.westernwakepartners.org

Cary Mayor Ernie McAlister called the meeting to order at 4:10 p.m. Committee members attending were Apex Mayor Keith Weatherly, Holly Springs Mayor Dick Sears, Morrisville Mayor Jan Faulkner, Apex Town Manager Bruce Radford, Holly Springs Town Manager Carl Dean and Morrisville Town Manager John Whitson. Committee member absent Cary Town Manager Bill Coleman. The meeting adjourned at 4:50 p.m.

A. Approval of minutes of the Policy Advisory Committee held on January 23, 2007.

Mayor Weatherly moved to approve the minutes, Mayor Sears provided the second and the committee unanimously approved the motion.

B. Items for Discussion:

1. Western Wake Regional Wastewater Facilities Budget Update and Proposed FY08 Operating Budget (PAC07-08)

Mayor Weatherly moved to approve the FY08 Operating Budget. Mayor Faulkner provided the second, and the committee unanimously approved the motion.

2. WWRWF Electric Service Provider (PAC07-09)

Mayor Faulkner moved to approve the selection of the Town of Apex as the electrical power vendor for the Western Wake Regional Water Reclamation Facility and authorize the Lead Agency to enter into any necessary agreements with Town of Apex for that electrical power. Mayor Sears provided the second, and the committee unanimously approved the motion.

3. Water and Sewer Extension Policy (PAC07-10) Attachments (2)

Mayor Weatherly moved to approve 1) for the Technical Advisory Committee to continue with development of the Apex /Site 14 Water and Sewer Extension Policy; 2) that the Town of Apex incorporate the Policy into their local water and sewer extension and service policies; and 3) Option 1 of the cost share allocations.

Project Partner	Option 1	Option 2	Option 3
Apex	\$807,000	\$1,008,000	\$1,041,000
Cary	\$1,329,000	\$1,662,000	\$1,716,000
Holly Springs	\$675,000	\$96,000	\$0
Morrisville	\$189,000	\$234,000	\$243,000

Mayor Faulkner provided the second. Vote was called for on the motion. Mayor Sears voted "no." All others voted "aye." The motion carried by majority vote.

D. Other Business

Mayor Weatherly commented that the WRF/EPS site should be in the Apex's municipal boundaries for Apex to provide electric service. Mayor McAlister asked if any thing would affect the schedule for when the decision needed to be considered. Staff commented that the design engineers need to know the jurisdiction of the site. Apex staff clarified that Apex could provide electric service outside their boundaries but it is very difficult. Mr. Dean indicated that they support the annexation according to statute.

Mayor Weatherly motioned to move forward with Apex annexation given that Apex is the closest to the site boundary at this date. Mayor Faulkner provided second, and the committee unanimously approved the motion.

E. Closed Session (not called)

F. Next Meeting: March 27, 2007, 4:00 p.m., Cary Town Hall, Administration Conference Room, #22010, 316 N. Academy Street, Cary NC

WESTERN WAKE PARTNERS

Report to the Policy Advisory Committee (PAC07-08)

Date: February 15, 2007
To: Policy Advisory Committee
From: Kim Fisher, P.E. - Town of Cary, Director of Public Works and Utilities
Prepared By: Leila Goodwin, P.E. - Town of Cary, Water Resources Manager
Subject: Western Wake Regional Wastewater Facilities Budget Update and Proposed FY08 Operating Budget

Background

Section 3.3 of the *“Design, Construction, Ownership, Management and Operation Agreement”* dated August 22, 2005 (*“Implementation Agreement”*), specifies that:

“The Lead Agency shall prepare the Annual Budget for each Fiscal Year and as expeditiously as possible shall provide each of the Project Partners with the Annual Budget. The Lead Agency shall endeavor to prepare and provide to each Project Partner by each March 15 a preliminary Annual Budget for the ensuing Fiscal Year. To the extent possible, the Lead Agency shall prepare the Annual Budget so that it will be possible to determine from such budget the Current Expenses for the Wastewater Management Facilities that will be allocable to each Project Partner during the Fiscal Year.”

Discussion

The Project Partners entered into two agreements specifying tasks to be undertaken by the Lead Agency, how costs for those tasks will be allocated, and anticipated budgets:

- 1) *The Interlocal Agreement for Regional Wastewater Management Facilities Land Acquisition and Preliminary Work* (*“Preliminary Work Agreement”*) addressed purchase of land for the Water Reclamation Facility (WRF) and pump stations; permitting; and organizational, institutional and financial development. For budget discussion purposes, land costs will be included in facility design and construction costs.
- 2) The Implementation Agreement addressed design and construction of the facilities, and defined Fixed Current Expenses, which includes project management expenses before facility startup.

The Partners subsequently agreed on how to share costs for the SCADA system, which was implicitly included in the each facility’s costs but is being implemented as a separate project. Report PAC07-10 also present several potential cost allocations for implementation of the Apex/Site 14 Water and Sewer Extension Policy and while the cost allocations have not been determined yet, one scenario (Option 1) is used in this update for discussion purposes.

Table 1 presents the agreed-upon cost shares for various components of the facilities. The cost shares for the Apex/Site 14 Water and Sewer Extension Policy are based on Option 1 from Report PAC07-10.

Preliminary Work

The Preliminary Work included two items: permitting (original budget of \$1,500,000); and organizational, institutional and financial development (original budget of \$600,000). Table 2 shows a summary of the updated preliminary work budget, including additional tasks that are being required for permitting.

Although the organizational, institutional and financial development is largely unspent at this time, it is anticipated that more work remains to be done to finalize the service agreements between the Lead Agency and each partner. Therefore, there are no recommended changes in the organizational, institutional and financial development budget.

Land Acquisition, Design and Construction

The last time land acquisition, design and construction costs were updated was in the Draft Preliminary Engineering Report submitted to NCDENR in April 2006, which contained planning-level cost estimates. Since then, costs have been updated based on preliminary design of the facilities and increased knowledge of pipeline routes and potential easement costs. A 25 percent contingency was added to current design contract amounts to account for additional work that may be needed such as engineering, geotechnical investigation, land acquisition, etc. Construction estimates already include a contingency.

Summary of Capital Costs

Table 3 presents the updated cost estimates for land acquisition and facilities. The cost for the proposed Apex/Site 14 Water and Sewer Extension Policy (addressed in PAC07-10) is also included. Table 4 presents a comparison of updated costs with the previously budgeted costs, by Partner.

Project Management

Before startup of the facilities, there will be some operating expenses, as has been discussed previously, which will be billed to the Project Partners by the Lead Agency as Fixed Current Expenses. To date these include salary costs for a project manager, contract costs for land acquisition services, and the cost for the annual audit. In the 3rd quarter of FY08 the Town of Cary proposes to hire the Plant Manager and Maintenance Team Leader for the WRF. The Project Management budget for FY08 is proposed to be \$281,000.

FY08 and Future Year Cash Flow Estimates

Table 5 presents an estimate of the timing of cash flow for the project, for each Project Partner. The cash flow estimates incorporate the use and repayment of two SRF loans: \$5 million for planning and permitting (including some design) and \$60 million for WRF construction. Table 6 shows the proposed FY08 Operating Budget broken down into

permitting, capital, and project management costs. Table 6 does not incorporate the planned reimbursement of some costs by the SRF loans.

Requested Action: The Technical Advisory Committee requests that the Policy Advisory Committee accept the recommended FY08 Operating Budget.

Table 1 Cost Share Allocations for Western Wake Regional Wastewater Management Facilities				
Project Component	Apex	Cary	Holly Springs	Morrisville
Preliminary Work and Land Acquisition Agreement				
Preliminary Work (Permitting)	26.9%	44.3%	22.5%	6.3%
Organizational, Financial, Institutional	26.9%	44.3%	22.5%	6.3%
West Cary PS Land	0%	87.5%	0%	12.5%
Beaver Creek PS Land	34.7%	57.2%	0%	8.1%
Western Wake WRF Land	34.7%	57.2%	0%	8.1%
Effluent Pump Station Land	26.9%	44.3%	22.5%	6.3%
Design, Construction, Ownership, Management And Operation Agreement				
West Cary PS	0%	87.8%	0%	12.2%
West Cary Force Main	0%	87.8%	0%	12.2%
West Cary Force Main Land	0%	87.5%	0%	12.5%
West Reedy Branch Gravity Sewer	10.6%	78.2%	0%	11.2%
West Reedy Branch Gravity Sewer Land	10.6%	78.2%	0%	11.2%
Beaver Creek PS	22.0%	68.6%	0%	9.4%
Beaver Creek Force Main	26.2%	64.9%	0%	8.9%
Beaver Creek Force Main Land	34.7%	57.2%	0%	8.1%
Western Wake WRF	34.1%	57.7%	0%	8.2%
Effluent Pump Station	25.6%	43.4%	24.8%	6.2%
Effluent Pipeline and Outfall	25.6%	43.4%	24.8%	6.2%
Effluent Pipeline and Outfall Land	26.9%	44.3%	22.5%	6.3%
Operating Budget				
Project Management (Fixed Current Expenses)	26.7%	59.6%	5.3%	8.4%
Additional Items				
SCADA	25.6%	43.4%	24.8%	6.2%
Apex/Site 14 W/S Extension Policy (Option 1)	26.9%	44.3%	22.5%	6.3%

Table 2 Updated Budget for Preliminary Work	
Permitting	
Original estimated cost (2004)	\$ 1,500,000
Additional permitting costs to date	\$ 500,000
<i>SRF Loan fee</i>	
<i>USACE 404 wetlands permitting</i>	
<i>Stakeholder meetings</i>	
<i>Address NCDENR comments on April 2006 DEIS</i>	
<i>Legal review and assistance</i>	
Recommended additional budget for current tasks	\$ 300,000
<i>USACE EIS Process</i>	
<i>Additional legal review</i>	
<u>Recommended contingency for budgeting</u>	<u>\$ 200,000</u>
Total for budget planning purposes	\$ 2,500,000
Resulting SRF Loan payment total	\$ 3,360,000
Organizational, Institutional, Financial	\$ 600,000
<i>(Amount spent through 2/7/07)</i>	\$ 67,320

Table 3 Phase 1 Land Acquisition, Design, Construction, and Apex/Site 14 Water and Sewer Extension Policy Costs									
Facility	Total Updated Project Costs (either actual spent or 2008\$)						Total Costs from ILA	Cost Increase	
	Engineering	Construction	Land	Subtotal Eng & Const	Total				
West Cary PS	\$1,521,400	\$11,388,100	\$318,000	\$12,909,500	\$13,227,500	\$12,997,000	\$230,500	2%	
West Cary Force Main	\$929,200	\$6,511,300	\$509,800	\$7,440,500	\$7,950,300	\$8,688,000	(\$737,700)	-8%	
West Reedy Branch Gravity Sewer	\$1,083,300	\$8,341,600	\$260,400	\$9,424,900	\$9,685,300	\$7,429,000	\$2,256,300	30%	
Beaver Creek PS	\$961,800	\$16,697,800	\$580,000	\$17,659,600	\$18,239,600	\$21,354,000	(\$3,114,400)	-15%	
Beaver Creek Force Main	\$1,335,400	\$13,055,100	\$743,700	\$14,390,500	\$15,134,200	\$9,766,000	\$5,368,200	55%	
<i>Subtotal Raw WW Conveyance</i>	<i>\$5,831,100</i>	<i>\$55,993,900</i>	<i>\$2,411,900</i>	<i>\$61,825,000</i>	<i>\$64,236,900</i>	<i>\$60,234,000</i>	<i>\$4,002,900</i>	<i>7%</i>	
Western Wake WRF	\$11,417,400	\$124,331,800	\$6,880,000	\$135,749,200	\$142,629,200	\$121,283,000	\$21,346,200	18%	
Effluent Pump Station	\$799,700	\$8,539,400	\$1,120,000	\$9,339,100	\$10,459,100	\$11,297,000	(\$837,900)	-7%	
Effluent Pipeline and Outfall	\$2,039,700	\$32,453,600	\$1,464,900	\$34,493,300	\$35,958,200	\$38,701,000	(\$2,742,800)	-7%	
<i>Subtotal Effluent Conveyance</i>	<i>\$2,839,400</i>	<i>\$40,993,000</i>	<i>\$2,584,900</i>	<i>\$43,832,400</i>	<i>\$46,417,300</i>	<i>\$49,998,000</i>	<i>(\$3,580,700)</i>	<i>-7%</i>	
SCADA	\$1,283,300	\$0	\$0	\$1,283,300	\$1,283,300	\$0	\$1,283,300		
SUBTOTAL	\$21,371,200	\$221,318,700	\$11,876,800	\$242,689,900	\$254,566,700	\$231,515,000	\$23,051,700	10%	
Apex/Site 14 Water and Sewer Extension Policy (Option 1)	\$0	\$0	\$0	\$0	\$3,000,000	\$0	\$3,000,000		
TOTAL	\$21,371,200	\$221,318,700	\$11,876,800	\$242,689,900	\$257,566,700	\$231,515,000	\$26,051,700	11%	

Table 4

Updated Allocation of Western Wake Regional Wastewater Management Facilities By Project Partner

	Apex	Cary	Holly Springs	Morrisville	Total
Preliminary Work					
Costs in ILA (as amended)	\$704,000	\$1,159,300	\$588,800	\$164,900	\$2,617,000
Updated Preliminary Work Costs	\$1,065,200	\$1,754,300	\$891,000	\$249,500	\$3,960,000
Increase %	51%	51%	51%	51%	51%
Facility and Land Acquisition Costs (including SCADA)					
Costs in ILA	\$62,363,000	\$137,425,000	\$12,341,000	\$19,386,000	\$231,515,000
Updated Capital Costs (excluding land)	\$66,494,600	\$144,598,900	\$11,188,700	\$20,407,700	\$242,689,900
Updated Land Costs	\$3,569,600	\$6,765,600	\$581,600	\$960,000	\$11,876,800
Updated Facility and Land Acquisition Costs	\$70,064,200	\$151,364,500	\$11,770,300	\$21,367,700	\$254,566,700
Increase %	12%	10%	-5%	10%	10%
Total Preliminary Work, Facility, and Land Acquisition Costs					
Total Costs in ILAs	\$63,067,000	\$138,584,300	\$12,929,800	\$19,550,900	\$234,132,000
Total Updated Costs	\$71,129,400	\$153,118,800	\$12,661,300	\$21,617,200	\$258,526,700
Increase %	13%	10%	-2%	11%	10%
Apex/Site 14 Water and Sewer Extension Policy	\$ 807,000	\$ 1,329,000	\$ 675,000	\$ 189,000	\$ 3,000,000
TOTAL ESTIMATED COSTS					
Total Updated Costs	\$71,936,400	\$154,447,800	\$13,336,300	\$21,806,200	\$261,526,700
Increase %	14%	11%	3%	12%	12%

Table 5
 Western Wake Regional Wastewater Management Facilities Phase 1 Implementation
 Estimated Cash Flow by Fiscal Year for Each Project Partner

<i>Fiscal Year</i>	<i>Apex</i>	<i>Cary</i>	<i>Holly Springs</i>	<i>Morrisville</i>
Through FY07	\$ 4,171,900	\$ 12,114,000	\$ 856,100	\$ 1,706,200
FY08	\$ 2,733,500	\$ 7,417,700	\$ 1,469,900	\$ 1,041,600
FY09	\$ 8,036,100	\$ 23,309,300	\$ 3,858,300	\$ 3,267,600
FY10	\$ 27,982,600	\$ 59,817,900	\$ 4,942,300	\$ 8,443,200
FY11	\$ 7,435,800	\$ 15,317,800	\$ 1,853,300	\$ 2,164,200
FY12	\$ 1,749,700	\$ 2,974,600	\$ 83,500	\$ 422,700
FY13	\$ 1,541,900	\$ 2,604,900	\$ 75,500	\$ 370,200
FY14	\$ 1,517,800	\$ 2,564,200	\$ 74,300	\$ 364,500
FY15	\$ 1,493,800	\$ 2,523,600	\$ 73,000	\$ 358,700
FY16	\$ 1,469,800	\$ 2,483,000	\$ 71,800	\$ 352,900
FY17	\$ 1,472,600	\$ 2,486,700	\$ 93,100	\$ 353,500
FY18	\$ 1,448,600	\$ 2,446,100	\$ 91,800	\$ 347,700
FY19	\$ 1,424,500	\$ 2,405,500	\$ 90,600	\$ 341,900
FY20	\$ 1,373,600	\$ 2,320,600	\$ 66,800	\$ 329,800
FY21	\$ 1,349,600	\$ 2,280,000	\$ 65,600	\$ 324,100
FY22	\$ 1,325,500	\$ 2,239,400	\$ 64,400	\$ 318,300
FY23	\$ 1,301,500	\$ 2,198,700	\$ 63,100	\$ 312,500
FY24	\$ 1,277,400	\$ 2,158,100	\$ 61,900	\$ 306,800
FY25	\$ 1,253,400	\$ 2,117,500	\$ 60,600	\$ 301,000
FY26	\$ 1,229,400	\$ 2,076,900	\$ 59,400	\$ 295,200
FY27	\$ 1,205,300	\$ 2,036,300	\$ 58,200	\$ 289,400
FY28	\$ 1,147,600	\$ 1,940,300	\$ 28,800	\$ 275,800
FY29	\$ 1,090,700	\$ 1,845,600	\$ -	\$ 262,300
FY30	\$ 1,068,200	\$ 1,807,400	\$ -	\$ 256,900
FY31	\$ 1,045,600	\$ 1,769,200	\$ -	\$ 251,500
TOTAL	\$ 77,146,400	\$ 163,255,300	\$14,162,300	\$ 23,058,500

Notes:

1. Includes loan payments for \$5M Planning and \$60M WRF Construction
2. Includes estimated O&M (Project Management) costs through FY10
3. O&M costs for FY11 and later **are not included**

Table 6 Proposed FY08 Operating Budget ¹					
	Total Cost	Spent Thru 2/7/07	Estimate of Spent Thru Remainder of FY07	Proposed FY08 Operating Budget	
Capital Budget					
Permitting	\$2,500,000	\$1,521,665	\$2,000,000	\$568,300	
Organizational, Institutional, Financial	\$600,000	\$67,320	\$67,400	\$16,300	
West Cary PS	\$13,227,500	\$3,297,389	\$4,919,400	\$831,300	
West Cary Force Main	\$7,950,300	\$79,896	\$717,100	\$726,500	
West Reedy Branch Gravity Sewer	\$9,685,300	\$102,761	\$510,200	\$921,600	
Beaver Creek PS	\$18,239,600	\$30,407	\$750,100	\$1,750,200	
Beaver Creek Force Main	\$15,134,200	\$87,173	\$1,018,100	\$1,415,100	
Western Wake WRF	\$142,629,200	\$7,986,595	\$10,129,500	\$924,700	
Effluent Pump Station	\$10,459,100	\$1,076,622	\$1,300,100	\$918,500	
Effluent Pipeline and Outfall	\$35,958,200	\$180,614	\$1,924,400	\$3,410,800	
SCADA	\$1,283,300	\$0	\$385,000	\$898,400	
Apex/Site 14 Water and Sewer Extension Policy	\$3,000,000	\$0	\$0	\$0	
<i>SUBTOTAL</i>	<i>\$260,666,700</i>	<i>\$14,430,442</i>	<i>\$23,721,300</i>	<i>\$12,381,700</i>	
Operating Budget					
Project Management	NA	\$89,353	\$281,000	\$281,000	
TOTAL	\$260,666,700	\$14,519,795	\$24,002,300	\$12,662,700	

¹ Does not account for reimbursement of some costs by SRF loan

WESTERN WAKE PARTNERS

Report to the Policy Advisory Committee (PAC07-09)

Date: February 9, 2007
To: Policy Advisory Committee
From: Kim Fisher, P.E. - Town of Cary, Director of Public Works and Utilities
Prepared By: Kim Fisher, P.E. - Town of Cary, Director of Public Works and Utilities
Subject: Recommendation for Electric Service Provider for the Western Wake Regional Water Reclamation Facility

Background

At the December 13, 2005, Policy Advisory Committee meeting, the Committee approved staff's recommendation to engage a consultant to assist with the selection of an electric service provider, for the Technical Advisory Committee to select the consultant, and for the Lead Agency to engage the selected consultant. The consultant selected by the Technical Advisory Committee and engaged by the Lead Agency was Black & Veatch.

Black & Veatch began work in mid March, 2006, writing a Request For Proposal (RFP) for electric service to the Water Reclamation Facility (WRF) and Effluent Pump Station (EPS) site. Two proposals were received in late August, 2006 - one from Progress Energy Carolinas, Inc., and one from the Town of Apex.

During the intervening months, numerous WRF and EPS project design details were not ready when Black & Veatch needed them, which caused delays in the collection of information from the two respondents to the RFP. Finally, on January 31, 2007, Black & Veatch was able to present its completed evaluation of the two proposals to a subcommittee of the Technical Advisory Committee and to discuss details of its recommendation with the subcommittee. Its recommendation was for the Project Partners to use the Town of Apex as the electric service provider for the Western Wake Regional Water Reclamation Facility.

The sub committee accepted the consultant's recommendation and carried it forward to the Technical Advisory Committee on February 8, 2007. The Technical Advisory Committee accepted the selection of the Town of Apex as the electric service provider for the Western Wake Regional Water Reclamation Facility and recommends this selection to the Policy Advisory Committee for confirmation.

Requested Action: The Technical Advisory Committee recommends that the Policy Advisory Committee confirm the selection of the Town of Apex as the electrical power vendor for the Western Wake Regional Water Reclamation Facility and authorize the Lead Agency to enter into any necessary agreements with Town of Apex for that electrical power.

WESTERN WAKE PARTNERS

Report to the Policy Advisory Committee (PAC07-10)

Date: February 15, 2007
To: Policy Advisory Committee
From: Kim Fisher, P.E. - Town of Cary, Director of Public Works and Utilities
Prepared By: Leila Goodwin, P.E. - Town of Cary, Water Resources Manager
Subject: Cost Allocation for Apex/Site 14 Water and Sewer Extension Policy

Background

After review by the Policy Advisory Committee (PAC), the Technical Advisory Committee (TAC) has submitted a refined Water Reclamation Facility (WRF) site selection discussion document (Technical Memorandum No. 5 in the Preliminary Engineering Report [PER]) to NCDENR. TM 5 confirms earlier recommendations for locating the Water Reclamation Facility (and Effluent Pump Station [EPS]) on Site 14. This site has a combination of low impacts to property owners and the environment at a low cost, and the potential for adverse impacts (which is minimal) to the disproportionately minority neighborhood just east of the site can be mitigated, in part with the attached Apex/Site 14 Water and Sewer Extension Policy ("Policy").

Many mitigation measures have been incorporated into the arrangement of facilities on Site 14 and in design features and construction best management practices which are documented in the Environmental Impact Statement (EIS) and the PER for the WRF and EPS. When residents near the Site 14 were interviewed, the only area of concern that had not been previously discussed in the EIS was the desire of some residents to improve their water and sewer facilities (currently wells and septic tanks, with some problems noted) at a low initial cost since they are so close to the facility that could impact them. The attached Policy was developed to address that concern and this report discusses potential cost share allocations for implementing the Policy.

The estimated cost for implementing the Policy is \$3 million, and even with that added cost Site 14 is the lowest cost site. Further, a portion of that cost will be recovered by the Partners in acreage and capacity fees if the residents who connect to water and sewer subsequently sell or redevelop their property. Any future payments to the Town of Apex in the form of acreage and capacity fees for properties that took advantage of the Policy would be reimbursed to the Project Partners using the same cost allocation percentages applied to the cost of implementing the Policy.

There are several ways that costs could be allocated for implementation of the Policy. Three potential options are described below and summarized in Tables 1 and 2:

Option 1: Since the Policy is a mitigation measure identified during the EIS process, which is needed to make application for an NPDES discharge permit, the costs could be shared according to the permitting (Preliminary Work) cost allocations.

Option 2: Since the Policy is related to the location of Site 14, which contains the WRF site and the EPS site, the costs could be shared according to the combined WRF/EPS land cost allocations. Earlier agreements established that 14 percent of the site is allocated to the EPS and 86 percent allocated to the WRF, so this results in a weighted average of the cost shares for those two elements of land costs and is consistent with the way the WRF/EPS land acquisition costs were shared.

Options 3: Since the Policy is related to concerns about the site of the WRF, the costs could be shared according to the WRF cost allocations.

Project Partner	Option 1	Option 2	Option 3
Apex	26.9%	33.6%	34.7%
Cary	44.3%	55.4%	57.2%
Holly Springs	22.5%	3.2%	0.0%
Morrisville	6.3%	7.8%	8.1%

Project Partner	Option 1	Option 2	Option 3
Apex	\$807,000	\$1,008,000	\$1,041,000
Cary	\$1,329,000	\$1,662,000	\$1,716,000
Holly Springs	\$675,000	\$96,000	\$0
Morrisville	\$189,000	\$234,000	\$243,000

The area addressed by the Policy is in the Urban Service Area of the Town of Apex, and Apex is currently putting in a water line nearby to serve their fire station. Since Apex will be the utility serving the area, they would need to incorporate the Policy into their local water and sewer extension and service policies.

Requested Action: The Technical Advisory Committee requests that the Policy Advisory Committee: 1) direct the Technical Advisory Committee to continue with development of the Apex /Site 14 Water and Sewer Extension Policy; 2) request that the Town of Apex incorporate the Policy into their local water and sewer extension and service policies; and 3) select cost share allocations.

**TOWN OF APEX
SITE 14 WATER AND SEWER EXTENSION POLICY**

1.0 PURPOSE

The purpose of this document is to present a proposed water and sewer extension policy for the provision of water and sewer service for properties located within census block 534.03-1053.

2.0 PROPOSED POLICY

The proposed policy is intended to address issues related to the financing, planning, design, land acquisition, permitting, construction and operation of a water and sewer system to serve the community.

2.1 Geographic Extent of Policy

It is understood by all parties that the water and sewer service is being provided as part of the mitigation efforts undertaken by the Project Partners for the sole benefit and use of the existing residents and property owners in the community, as well as the existing structures, located within the boundaries of the affected area.

The geographic extent for the proposed policy will be defined as the affected area encompassed by census block 534.03-1053, which is bounded by New Hill-Holleman Road to the east, Shearon Harris Road to the west, Old US 1 to the north and new US 1 to the south.

2.2 Eligibility

This policy applies only to current property owners of record as of February 12, 2007, and is available for a limited time period as described in Section 2.3.

2.3 Designated Service Provider

The affected community represented by census block 534.03-1053 is located in the long-range Urban Service Area for the Town of Apex. As such, it is expected that at some unspecified date in the future, the affected community will be annexed into the corporate limits of the Town of Apex and provided with urban services such as water and sewer. While the specific date of future annexation is not known at this time, it is understood that upon annexation the Town of Apex will be the water and sewer service provider for the affected community. Accordingly, the Partners agree that the designated water and sewer service provider for the affected community will be the Town of Apex. Therefore, any decisions regarding the provision water and sewer

service to the affected community must be consistent with the water and sewer policies and ordinances enacted, and as may be amended, by the Town Council of Apex.

2.4 Closing Date for Acceptance

Property owners of record who request water and sewer service prior to January 1, 2012 may apply for service in accordance with the terms and conditions presented in this proposed policy. Property owners of record who request water and sewer service after the closing date may apply for service in accordance with the standard water and sewer policies and ordinances enacted, and as may be amended, by the Town Council of Apex.

2.5 Service Offerings

Under the proposed mitigation plan, property owners in the affected community may request both water and sewer service, or water service only. This policy does not allow for provision of sewer service without water service.

2.6 Mitigation Plan Participation

The proposed policy has been developed with the understanding that approximately 10 property owners will request water and sewer service connections. In the event that less than 10 property owners request water and sewer service under the provisions of this policy, the Partners reserve the right to modify, and possibly rescind, the proposed policy.

2.7 Annexation Requirements

Under the existing Town of Apex water and sewer policies and ordinances, as a condition of receiving water and sewer service a property owner must agree to be annexed into the municipal corporate limits of the Town. Under this proposed policy, the Town Council of Apex will not require annexation as a condition for providing water and sewer service.

Precedence

The Town of Apex currently provides wholesale water and sewer service to residents located in the community of Feltonville. The community of Feltonville is similar to the affected area located adjacent to Site 14 in that Feltonville (a) has a minority population that exceeds the average minority population for Wake County, and (b) is located outside of the Town's municipal corporate limits. The water and sewer facilities required to serve the minority community of Feltonville were financed and constructed through a cooperative effort executed by the Town of Apex and Wake County. Therefore, it is proposed that the Town of Apex grant a similar exception to the annexation policy for the properties located within the affected area encompassed by census block 534.03-1053.

Conditions

As a condition of accepting water and sewer service in accordance with the terms and conditions of this proposed policy, the property owners in the affected area must agree as follows:

- 1) At a some unspecified date in the future, but no earlier than January 1, 2016 after the startup of the Western Wake WRF, the Town may initiate annexation proceedings for all, or a portion of, the properties located in the affected community. The only exception to this condition is as described in Section 2.11.
- 2) Upon initiating annexation procedures, the property owners that have received water and sewer service in accordance with the terms and conditions of this proposed policy will not protest or contest the annexation proceedings brought forth by the Town of Apex.
- 3) Protesting or contesting annexation will be grounds for termination of water and sewer service by the Town of Apex.
- 4) These conditions shall be installed as deed restrictions or restrictive covenants on the properties that accept water and sewer service in accordance with the terms and conditions of this proposed policy.

2.8 General Description of Water and Sewer Facilities

It is understood that the Town of Apex, as the designated water and sewer service provider, shall have responsibility for the planning, design, land acquisition, permitting, construction and operation of the water and sewer system for the affected area. It is further understood that payment for all capital costs required for the installation of the new water and sewer system shall be made by the Partners. The Partners reserve the right to make payment for the capital costs using any sources of funds deemed most appropriate, and the costs shall be proportionally allocated to each Partner based on an equitable cost-distribution methodology.

In the event that the Town of Apex elects to size any of the water and sewer facilities to serve additional customers, the Project Partners will be responsible only for costs associated with serving the customers within the affected area who request service under this policy.

Water System

It is expected that the water system will consist of a water distribution pipeline that will loop through the affected area starting and terminating at New Hill-Holleman Road. The capital costs for the new water distribution system will include all required land acquisition, pipelines, valves, remote-read automatic meters, backflow prevention devices, disconnection of onsite wells, surveying, engineering and inspection services and final connection of each dwelling unit on each property to the new water distribution system.

Sewer System

It is expected that the sewer system will consist of a gravity sewer system that will discharge to a wastewater pumping station. The wastewater pumping station will convey wastewater from the affected community to the Western Wake WRF at a location designated by the Town of Cary. The new wastewater collection system will include all required land acquisition, pipelines, manholes, surveying, engineering and inspection services, disconnection and decommissioning of existing septic tanks and final connection of each dwelling unit on each property to the new wastewater collection system.

2.9 Easement Acquisition Considerations

It is expected that the construction and installation of the new water and sewer system will require the acquisition of easements from residents located in the affected community.

As a condition of accepting water and sewer service in accordance with the terms and conditions of this proposed policy, the property owners agree to allow Apex to acquire easements as may be required for the proper construction, installation, operation and maintenance of the water and sewer facilities. Apex agrees that to the greatest extent practicable, all easements shall be located in a manner so as to minimize impacts to existing structures and to not unreasonably impact the property owner's current and future uses of the property.

The Town of Apex agrees to provide fair compensation to property owners for easements.

2.10 User Fees

The Town Council for Apex has the sole responsibility and authority to establish and set rates, fees, charges and penalties necessary for the operation, maintenance, management, administration, upgrade, rehabilitation, improvement and expansion of the water and sewer utility system. As an enterprise fund within the Town, the Town Council will

establish a schedule of rates, fees, charges and penalties that will fully recover the total direct and indirect costs associated with providing water and sewer services including personnel services, operating expenses, capital improvements, and the principal and interest on all debt issued.

Water and Sewer Connection Fees

Under current Town of Apex policies and ordinances, residential customers are required to pay the following fees and charges in order to connect to the water and sewer system:

- 1) Acreage fees for water and sewer at the rate of approximately \$3,000 per acre of area associated with the parcel
- 2) Capacity fees at a rate of \$4,500 per connection (\$15 per gallon multiplied by 300 gallons for a residential dwelling unit)
- 3) Plumbing fees paid to a third-party contractor to connect the residential dwelling unit to the water and sewer system. The current estimate for this service is \$5,000 for each water and sewer connection.

Under the terms and conditions of this proposed policy, payment of the acreage fees and capacity fees as identified above shall be deferred by the Town of Apex. Payment of acreage fees and capacity fees could become due and payable by the property owner based upon the conditions described in Section 2.11. Plumbing fees will be paid collectively by the Partners as part of the overall capital costs required to install the new water and sewer system. The Partners, nor the Town of Apex, will require repayment of third-party plumbing fees.

Monthly Water and Sewer Bills

Under current Town of Apex policies and ordinances, residential customers are required to pay a monthly water and sewer bill based on monthly water meter readings.

As a condition of accepting water and sewer service in accordance with the terms and conditions of this proposed policy, property owners agree to pay a monthly water and sewer bill proportional to the level of service received as determined by monthly water meter readings. Currently, the monthly water and sewer bills include a water service charge, a water commodity charge, a sewer service charge and a sewer commodity charge.

For properties located within the affected area, it is proposed that the Town of Apex charge for water and sewer service based on customary charges. Under the current

schedule of rates, fees and charges, customary charges are equivalent to double the inside-town water and sewer charges.

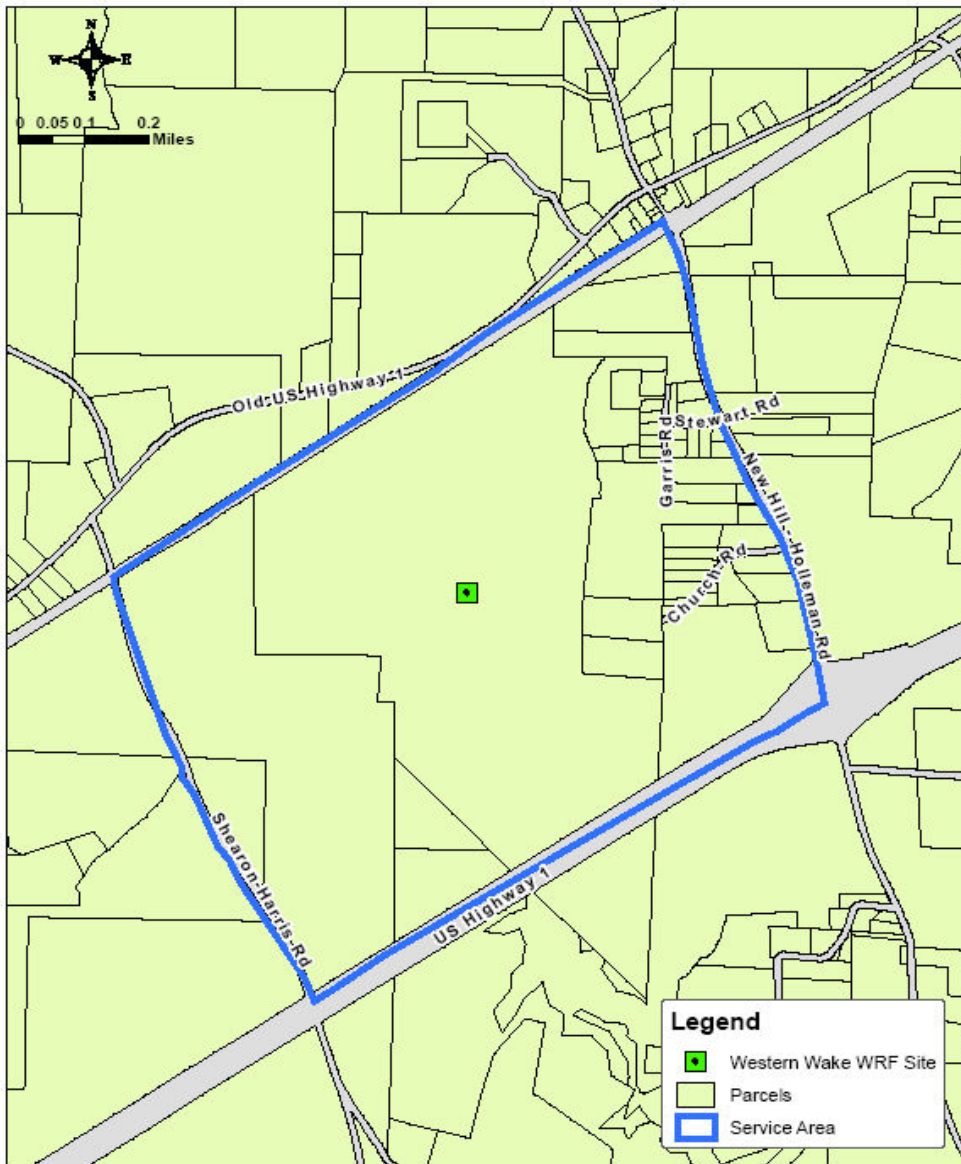
2.11 Property Lien

It is understood by all parties that the provision of water and sewer service is being provided for the sole benefit and use of the existing residents and property owners, as well as the existing structures, located within the boundaries of the affected area. Therefore, to preserve the intent of the policy, the Town of Apex, on behalf of the Partners, will place a lien on each property where the owner agrees to accept water and sewer service in accordance with the terms and conditions of this proposed policy. The value of the lien on each property will be the cost of the acreage fees and capacity fees deferred by the Town of Apex as described in Section 2.10.

In accordance with the terms and conditions of the proposed policy, if at any time in the future, (a) there is a change in use of the property, (b) the property is developed or redeveloped requiring a site plan or subdivision plan, or (c) the existing structures are renovated or replaced such that the assessed value of the property increases by 50% or more, then the property owner of record agrees to the following:

- 1) The full costs for the water and sewer acreage fees and capacity fees described in the lien will be due and payable to the Town of Apex by the property owner of record at the time of the new assessment.
- 2) The Town of Apex may initiate annexation proceedings for the property and the property owner of record will not protest or contest the annexation.
- 3) Protesting or contesting annexation will be grounds for termination or denial of water and sewer service by the Town of Apex for the subject property.

Upon collection of the acreage fees or capacity fees from the property owner of record, the Town of Apex will reimburse each of the Partners in accordance with the agreed upon cost-distribution methodology used to allocate construction costs for the water and sewer system.



Apex/Site 14
Water and Sewer Extension Policy