

REQUEST FOR BOARD ACTION

HENDERSON COUNTY BOARD OF COMMISSIONERS

MEETING DATE: APRIL 19, 2006

**SUBJECT: SANITARY SEWER INTECEPTOR PROJECTS
FINANCING OPTIONS**

**ATTACHMENTS: SANITARY SEWER INTERCEPTOR PROJECTS
INTERCEPTOR MASTER PLAN MAP
SCHEDULE OF REVENUES AND EXPENDITURES
MUD CREEK INTERCEPTOR PHASE I AND II
DEBT SERVICE PROJECTIONS
CANE CREEK WATER AND SEWER DISTRICT**

SUMMARY OF REQUEST:

The Board of Commissioners requested staff to develop a priority list and financing plan for the proposed sanitary sewer projects being developed in the Cane Creek Water and Sewer District. A list of the sanitary sewer projects as identified in the County Master Sewer Interceptor Plan has been developed. Within the Cane Creek Water and Sewer District, the Mud Creek Interceptor is the top priority. This project was developed to be constructed in 3 phases. The Board authorized the design and construction of the first phase and this phase is now under design with projected construction completion by the end of 2006. The second phase of the Mud Creek Interceptor project was discussed with the Board as result of proposed development on Fletcher Academy property. The Board requested staff to look at the financial picture of the District and to develop financing options for the Mud Creek project.

The District is in good financial position with Retained Earnings of \$ 3,817,683 and is projected to grow \$340,000 in FY2006. The outstanding debt is approximately \$1,187,000. The District has about 2,210 customers and is growing at about 150 customers per year. The District is more than capable of constructing the Mud Creek Interceptor Projects both Phase I and II and covering the debt service on financing of these phases of the Mud Creek Project. It is staff's recommendation that with the low interest rates available at this time that both Phase I and II be financed. In addition, a financial contribution of \$300,000 toward Phase I will be coming from the Windsor Aughtry Riverstone Development. Fletcher Academy has proposed a \$400,000 contribution toward phase II of the Mud Creek Project. They are still working with the Planning and Zoning Department on zoning issues with this development.

Should the project move forward then the County should continue negotiations with Fletcher Academy on the \$400,000 contribution.

The County Engineer and Finance Director will be present to discuss this matter with the Board of Commissioners.

COUNTY MANAGER'S RECOMMENDATION/ACTION REQUIRED:

No action requested at this time.

SANITARY SEWER INTERCEPTOR PROJECTS

CANE CREEK WATER AND SEWER DISTRICT

MUD CREEK INTERCEPTOR

Phase I is under design, construction should be completed toward end of 2006. Estimated cost at \$2,200,000.

Phase II is under consideration. Could start during FY06-07 with completion toward end of 2007. Estimated cost \$2,000,000.

Phase III – project not under consideration at this time. Would complete the Mud Creek Interceptor Project to the Mountain Home Industrial Park. Estimated cost \$1,500,000.

CANE CREEK INTERCEPTOR

The extension of the Cane Creek Interceptor, belongs to MSD of Buncombe County, is being developed by MSD and private developers in Buncombe County. This project will not be built by CCWSD. No projected cost or project schedule at this time.

MILL POND CREEK INTERCEPTOR

This project is not under active consideration at this time due to lack of density in this area along NC 191. Should development in this area reach need for public sanitary sewer, then the project could move forward. Preliminary engineering study has not been completed for this area, projected costs have not been established but would run several million dollars.

MCDOWELL CREEK INTERCEPTOR

This project is not actively being considered at this time. It falls within the municipal boundary of Town of Mills River. According to the CCWSD Sewer Extension Policy this project would have to be brought forward by the Town of Mills River.

UPPER FEATHERSTONE CREEK

This area would be a continuation of the Mud Creek Interceptor Project. Current density in the area would not warrant construction of this project at this time but within next 20 years this area could develop such that public sewer would be needed. There has been no preliminary engineering study of this area. Costs should run in the order of \$500,000.

TOWN OF MILLS RIVER

The Town of Mills River requested that three interceptor projects be kept on the Master Plan that fall within the CCWSD and the Town of Mills River. These are the upper area of McDowell Creek, the Upper Mills River, and the Boylston Creek area. Currently density in these areas would not warrant construction of these projects. According to the CCWSD Sewer Extension Policy these projects would have to be brought forward by the Town of Mills River.

CITY OF HENDERSONVILLE

On the Master Plan there are several proposed sanitary sewer interceptor projects that would connect back into the City sanitary sewer system. Some of these projects also run into Village of Flat Rock. These projects are along Clear Creek, Devils Fork Creek, Bat Fork Creek, South Mud Creek, and King Creek. Due to lack of development in these areas it is uncertain that any of these projects would be built in the immediate future. It is felt that the Clear Creek Interceptor Project may come forward as development continues in this area. It is likely that this project would be developed in several phases and requires the cooperation of both the City of Hendersonville and Henderson County to complete. There has been not preliminary engineering study of any of the interceptor projects that would connect to the City of Hendersonville sewer system. Projected cost estimates have not been developed. All of these projects would run into the millions of dollars.

**CANE CREEK WATER & SEWER DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES
FY2003 THROUGH FY2006**

	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>	<u>Projected FY2006</u>
Revenues:	\$ 904,093	\$ 912,025	\$ 949,002	\$1,150,000
Expenditures:	(<u>440,536</u>)	(<u>488,738</u>)	(<u>543,041</u>)	(<u>595,000</u>)
Revenues over Expenditures	463,557	423,287	405,961	555,000
Less: Depreciation	(<u>214,499</u>)	(<u>201,589</u>)	(<u>202,088</u>)	(<u>215,000</u>)
Net income from operations	\$ 258,108	\$ 221,698	\$ 203,873	\$ 340,000
Retained Earnings	\$1,934,959	\$2,494,171	\$3,341,683	\$3,681,683
# of Customers	1,676	1,889	2,073	2,210

**Cane Creek Water & Sewer District
Mud Creek Interceptor Projects
Phase 1 & 2 – Debt Service Projections**

Project Cost Estimate – Phase 1: \$2,200,000

Est. Annual Debt Service on \$1.9M @ 4.5%:

10 years \$ 236,295

15 years \$ 174,418

Project Cost Estimate – Phase 2: \$2,000,000

Est. Annual Debt Service on \$2.0M @ 4.75%

10 years \$ 251,634

15 years \$ 186,679

