

DISCUSSION

Clear Creek Sewer Project Update

With the Board's approval of the design and permitting agreement with WGLA Engineering during the December 4, 2023, meeting and the approval of the discharge permit for the treatment plant last month, Will Buie from WGLA Engineering presented an update on the project, including cost estimates and available scope options, for the Board's consideration.

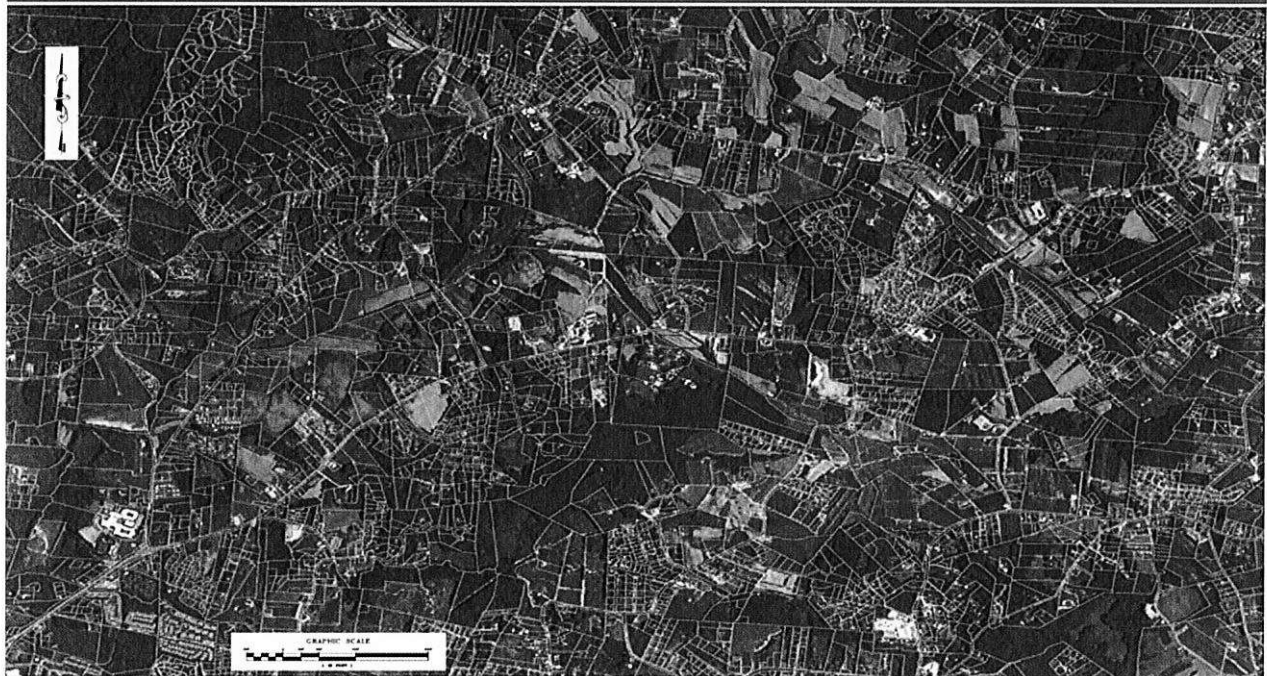
Clear Creek Proposed Sewer System Henderson County, North Carolina



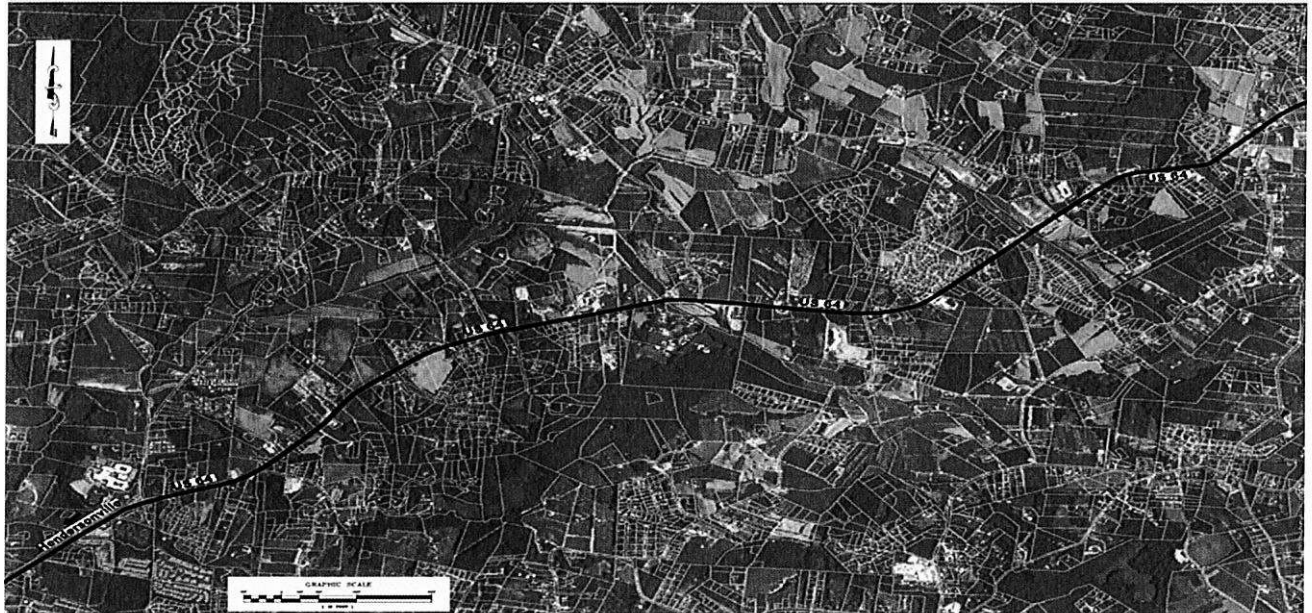
Clear Creek Project History

- ◆ County has been considering sewer service in the Edneyville community prior to the construction of the new Edneyville Elementary School.
- ◆ County completed Preliminary Engineering Report with KCI in July 2021.
- ◆ Report identified numerous options for providing sewer service to the area ranging in cost from \$2 million (Edneyville Elementary School only) - \$60 million +/-.
- ◆ State budget has allocated \$12.7 million in funding for the project. County has allocated \$9.3 million in ARPA funds for the project. Finally, the County reserved \$2 million in funding from the Edneyville Elementary project for sewer service and the Justice Academy has a reserve of \$0.73 million.
- ◆ In May 2024 NCDEQ issued a discharge permit a new wastewater treatment plant on Clear Creek.

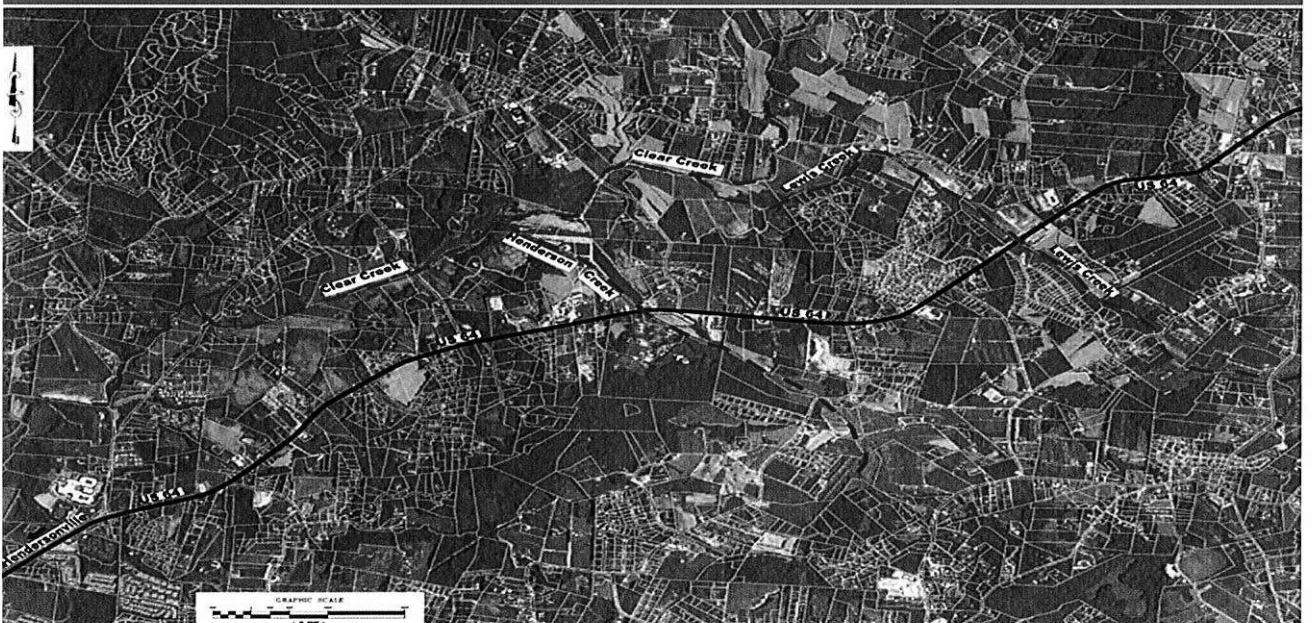
Clear Creek Study Area



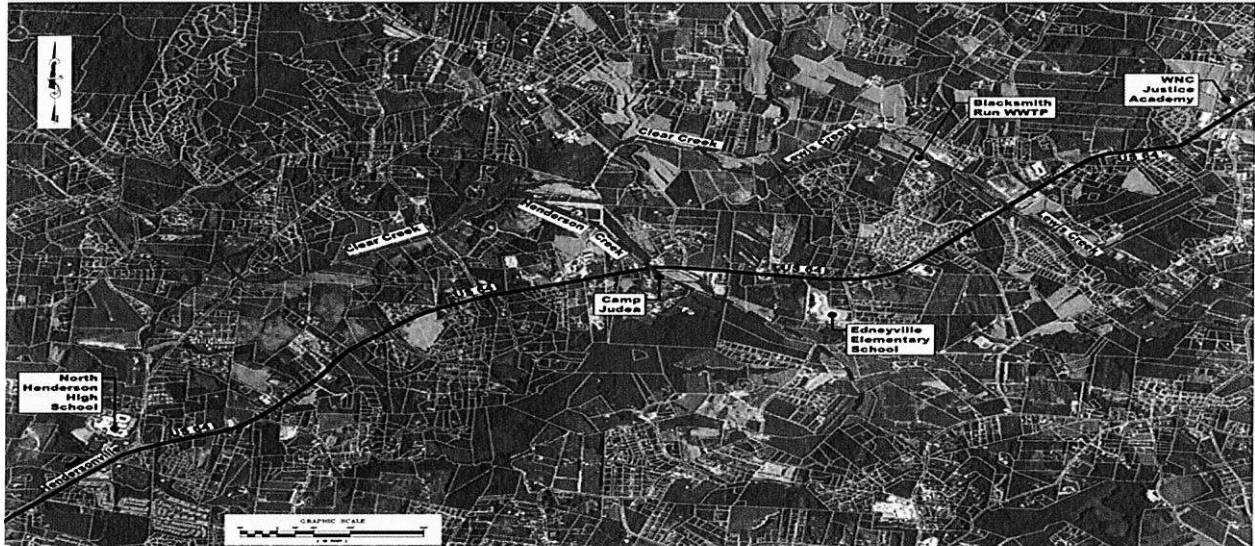
Clear Creek Study Area



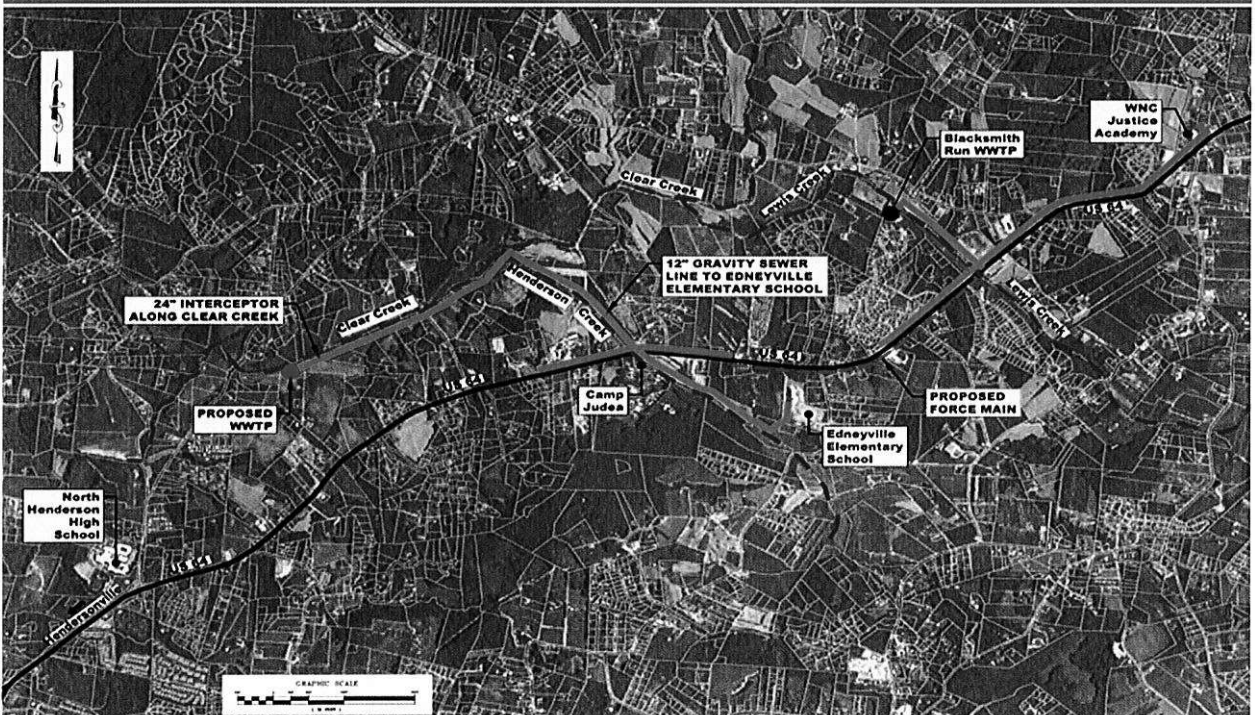
Clear Creek Study Area



Clear Creek Study Area



Clear Creek Proposed Project



Mr. Buie noted that the red dot in the previous slide was the proposed location of the Wastewater Plant Discharge. The green lines represent gravity sewer lines. Access to all adjacent to those lines. The red line along the road included a pump station that would pump from Blacksmith Run's Wastewater Treatment Plant back to the collection system for treatment at the new Wastewater Facility. Mr. Buie offered the following points about the cost.

- When this was first looked at, the option the Board looked at was estimated at approximately twenty million dollars in the KCI Study
- In 2022, those costs were benchmarked against current bid costs, and the \$20m estimate was agreed to be pretty accurate.
- During the process with the State, the EAA (Engineering Alternative Analysis), the various costs of the alternatives considered for wastewater treatment disposal had to be justified. While examining those costs, they observed that wastewater treatment plant costs began to grow.
- WGLA was approved to begin design in January, and since then, they have worked diligently and obtained additional information. Today, Mr. Buie believes the project will be a \$32m.

Commissioner Lapsley noted that the two years it took the state to issue the discharge permit, coupled with nationwide inflation, increased the estimated cost for this project by almost 30%. He believed the project was in jeopardy because the county had budgeted \$24m.

Mr. Buie reviewed components that had added to the costs.

- An influent pump station had to be added at the wastewater treatment plant at a cost of over \$1m.
- The state added certain stipulations and additional conditions to the permit they issued, which added roughly a million dollars
- The most significant cost was the increased cost of the collection system

Mr. Buie clarified that the costs were estimates and not bid numbers. However, he felt it was in the county's best interest to present his best cost estimates. He said there was a \$7.27 million gap in funding from the current scope to the estimated cost. He explained options to consider, such as delaying or eliminating some of the sewer collection line along HWY 64. Those could also become options to bid.

Clear Creek Estimated Costs

- ◆ 2021 Estimated Costs - \$20 Million
- ◆ 2022 PER Estimate - \$20.2 Million
- ◆ 2023 EAA Estimate - \$22.5 Million
- ◆ Current Estimate - \$32 Million*

Possible Cost Reductions:

- Eliminate/delay sewer collection along US 64 - \$2.7 Million +/-
- Replace gravity line to Justice Academy with pump station and force main - \$1.0 Million +/-

Current estimate includes required permit changes from NCDEQ and updates collection system costs from 2021.

Clear Creek Estimated Costs

- ◆ WWTP & Influent Pump Station \$10,566,000 +/-
- ◆ 24" Gravity Interceptor - \$4,000,000 +/- (6,600 LF +/-)
- ◆ Smaller Diameter Sewer (8" & 12") Cost - \$2,000,000/mile +/-

Next Steps

- ◆ Preliminary design is being completed now and moving into final design.
- ◆ Easement acquisition and permitting will take place 3rd Quarter 2024 – 1st Quarter 2025.
- ◆ Bidding and contractor selection will take place over 1st Quarter and 2nd Quarter 2025.
- ◆ Construction scheduled for mid 2025 – end of 2026.

Commissioner Lapsley said this had been a favored project of his for the last several years, and he has worked very hard with community members to try and make it happen. Initially, he was

optimistic, but after three years of frustration with the state government getting a permit for the treatment plant to serve the project, he found that the project cost had increased to an estimated 32 million dollars. He said one of the key reasons that this project was considered was because of the Board's actions in getting the appropriation from the legislature and using appropriations from the Federal Government. Those were all grant funds, "No county taxpayer general funds, none of your local county taxes, not one dime, is going into this project. It's all grant funding." Due to the time crunch the county was now in, he said the Board must decide within thirty days if they can raise 7.27 million dollars, cut expenses from the project, or a combination of the two.

Commissioner Lapsley asked Mr. Buie to consider eliminating portions of the green lines and putting a pump station at Camp Judaea.

Commissioner Hill requested that Staff examine financial options that could be added to the sewer's operational costs so that the users could pay the extra borrowing costs over time while keeping those rates as low as possible.

Commissioner Andreotta agreed with what his colleagues had stated. He said citizens look to the Board for the Board to bring projects like this to fruition. He was pleased that the public was now hearing some roadblocks preventing projects from moving forward. He said the county "enjoys its great bond rating and with other debts services rolling off over the next couple of years or more. Let's look at that. He would like to see this project, as you are seeing it, salvaged and be able to, maybe in the future, it could be expanded and built upon." He said the Board had done all they could at this point, and he would hate for the project not to move forward.

Chairman McCall challenged Mr. Buie to provide an option to provide as much service as possible along Hwy 64. Aside from Edneyville Elementary, the businesses along 64 really pushed this project. An option to keep those businesses serviced as well as the Justice Academy and Camp Judaea, because those systems will fail eventually. She said Blacksmith Run was a relatively new system, so she did not find that as necessary right now. She wanted to keep 64 alive.

Mr. Buie summarized the direction received from the Board.

- Chairman McCall's priority was service along Highway 64.
- Commissioner Hill and Commissioner Andreotta wanted to examine how borrowing those funds would impact operational and user costs.
- Commissioner Lapsley wanted to look at the idea of a pump station at Camp Judaea, which would eliminate the gravity lines along Henderson and Clear Creek and possibly keep the treatment plant smaller. This resembles Mrs. McCall's idea of eliminating the gravity lines along Henderson and Clear Creek.

Mr. Buie said he would begin studying those options and several other options related to phasing. In closing, Mr. Buie said he expects to present the Board with options at their July meeting.

FY 2024 – 2025 Budget Ordinance

The Board was requested to continue discussions with regard to the FY 2024-2025 Budget.

County Manager John Mitchell presented the following.

Approved: June 19, 2024