



Brunswick County Board of Commissioners
ACTION AGENDA ITEM
2011

TO: Marty K. Lawing, County Manager
FROM: Ann Hardy
Ext. # 2060

ACTION ITEM #: _____
MEETING DATE: February 21, 2011
DATE SUBMITTED: February 15, 2011

ISSUE/ACTION REQUESTED:

PUBLIC HEARING: YES NO

Board of Commissioners to certify the Calabash Wastewater Collection System costs, establish an assessment method and set a Utilities Board public hearing on March 28, 2011 at 5:30 p.m. in the Commissioners' Chambers

BACKGROUND/PURPOSE OF REQUEST:

Background Information

On April 16, 2007, Brunswick County entered into a Water and Sewer Service Agreement with the Town of Calabash for the construction of a wastewater collection system in the sections of the town not served by public sewer.

The county completed construction of a sewer collection system within the town limits to provide wastewater transmission and treatment for wastewater generated within the town limits. The county designed, permitted and constructed the sewer collection system and transmission mains to transport wastewater from the sewer collection system to a pump station or treatment plant. The county owns and will operate and maintain all facilities. The town is not required to purchase treatment capacity in the system and the county will provide treatment capacity to accommodate the customer base currently and for future growth of the town.

The agreement states that the county shall generate funding for the project by assessing the property owners in a manner consistent with N.C. Gen. Stat. 153A-185 or as provided in a special legislative act specifically for such purpose. The agreement states that the county shall make installment payments a part of the Special Assessment and will extend the annual installments to a maximum of three years. The agreement further states that in addition to the assessment, parcels with existing structures at the time of completion of construction of the collection system that do not voluntarily connect to the system within one year of notification of system completion will be required to pay the sewer capital recovery fee (currently \$3,000), sewer transmission capital recovery fee (currently \$1,000) and tap fee to include the grinder pump fee (currently \$4,000) if located on a non-gravity section of the system and that the county shall place a lien on each property for which the assessment has not been paid in full by the established deadline.

On August 20, 2007, the Brunswick County Board of Commissioners adopted a preliminary assessment resolution for the extending of the Brunswick County Utility System into the area known as the Calabash Area Special Sewer Assessment (#25). The resolution proposed that the basis for making assessments shall be one or a combination of those bases set forth in NC GS 153A-186. The resolution adopted that the percentage of work to be assessed is 100% and the parcels assessed may also be subject to any system impact fees. The resolution proposed terms of payment were payment in full in 60 days following date of the publication of notice of the confirmation of the assessment roll, unless an owner qualifies for installment payments upon such terms and conditions as determined by the County, with interest accruing at the rate as allowed in NCGS 153A-200(a) which is set at a maximum of 8%. A public hearing was held on October 8, 2007 to receive public comment.

In a letter dated September 12, 2008, Mr. Vincent Long Calabash Town Administrator requested that the special assessment to Calabash property owners be made in annual installments for a term of no less than 10 years at annual interest rate of 2.8%. The town recommended that the Sewer Service Agreement be amended to reflect the 10-year payback plan if, and when, the County Board of Commissioners accepts the town's recommendation.

In September 2009, the County issued Build America Bonds to finance the project with the semi-annual debt payments to be serviced by customer assessments collected over the term of the assessment period. The County obtained an all in true interest cost of 3.69%.

On February 2, 2009, the Board of Commissioners approval the following.

- That when the project is complete in determining the total cost, the board will include construction costs, legal services, construction period interest, cost of rights-of-way, cost of publishing and mailing notices and resolutions and costs associated with securing financing either thru private placement or a public negotiated revenue bond sale. The board will not include interest costs beyond the construction period in the assessment but will recover interest costs (referred to herein) from those parcel owners electing to pay in annual installments.
- To provide a discount of 5% to all parcel owners' paying the assessment in full before the expiration of 30 days from the date that the notice is published of confirmation of the assessment roll pursuant to G.S. 153A-196.
- If payment of the assessment is not made in entirety, then payment may be made by annual installments and set the number of installments at 10 and that the first installment with interest is due 60 days after the date that the assessment roll is confirmed, and one installment with interest is due on that same day in each successive year until the assessment is paid in full.
- That any portion of an assessment that is not paid within 30 days after the day that notice of confirmation of the assessment roll is published shall until paid, bear interest at the rate paid by the county to finance the project plus 1% with the maximum rate at which interest may be set of 8% per annum.

Current Situation

The total cost of the project is \$4,552,095 plus the mailing notices for a total of \$410, plus publication of the hearing at a cost of \$358 and the legal notice of assessment at a cost of \$400, and \$775 for the drilling of a well for a total cost of \$4,554,038. Subtracted from that amount are the following deductions: Contributions from the Town of Calabash \$500,000, capitalized interest subsidies received of \$76,093 investment earnings on debt proceeds of \$1,382 and a pending refund owed from the Clerk of Superior Court. The certified net cost of the project assessable to property owners to \$3,973,563. Based on 756 parcels and the per parcel method of assessment, the amount per parcel is \$5,256. (\$3,973,563 divided by 756 parcels).

95% of the assessment on a per parcel basis is \$4,993 (\$5,256 times 95%) for parcel owners' paying the assessment in full before 30 days from the date the notice is published of confirmation of the assessment roll.

Attached is a spreadsheet of various legal assessment alternatives for assessment.

1% greater than the county's actual interest rate of 3.69% is 4.69% for those electing to make 10 or fewer annual installments of \$526 plus interest.

Property owners have until November 21, 2011 to connect to the system without incurring capital recovery fees or grinder costs, if applicable. The potential number of property owners that may

connect to the system within the allowed time period is undeterminable and may result in additional costs beyond the amount that is certifiable at this time. The best guess is that this cost could reach \$45,000 for 15 grinders. An alternative would be to delay assessment until December 2011 when the allowed period for incurring any additional grinder costs has been determined. Under the assumption that all 756 parcel owners pay the first annual installment of \$524 in May 2011, the loss to the County would be investment earnings on approximately \$400,000 for approximately 9 months or \$1,000. The county would also lose the interest earnings that would have been earned on the assessed principal balance remaining for the 9 months of approximately \$126,000. I

Recommendation

Staff recommends the Board of Commissioners certify the Calabash Wastewater Collection System net cost of \$3,973,563, establish a per parcel assessment method for an assessment of \$5,256, provide a discount of 5% to assess \$4,993 for those paying before 30 days from the date of notice, set the annual principal installments of \$526 at 10 with simple interest of 4.69%, and schedule a Utilities Board public hearing on March 28, 2011 at 5:30 p.m. in the Commissioners' Chambers at the David R. Sandifer County Administration Building in Bolivia, NC.

FISCAL IMPACT:

BUDGET AMENDMENT REQUIRED: YES NO
CAPITAL PROJECT/GRANT ORDINANCE REQUIRED: YES NO
PRE-AUDIT CERTIFICATION REQUIRED: YES NO
REVIEWED BY DIRECTOR OF FISCAL OPERATIONS YES NO

CONTRACTS/AGREEMENTS:

REVIEWED BY COUNTY ATTORNEY: YES NO N/A

ADVISORY BOARD RECOMMENDATION:

COUNTY MANAGER'S RECOMMENDATION:

ATTACHMENTS:

1. _____
2. _____
3. _____

ACTION OF THE BOARD OF COMMISSIONERS

APPROVED:

DENIED:

DEFERRED

UNTIL:

ATTEST:

CLERK TO THE BOARD

SIGNATURE

OTHER: