



Agenda Abstract

BOARD OF COMMISSIONERS

Meeting Date:	March 13, 2023
Department:	Utilities
Agenda Section:	Consent
Public hearing:	No
Date of public hearing:	N/A

PRESENTER/INFORMATION CONTACT

Utilities Director K. Marie Strandwitz, PE

ITEM TO BE CONSIDERED

Subject: Water and Sewer Extension Contract (WSEC) for Research Triangle Logistics Park (RTLTP)

Attachments:

WSEC for RTLTP Project

Summary:

In 2018, the town and Orange County entered into an interlocal agreement whereby Orange County was going to construct offsite water and sewer to its Hillsborough Economic Development District (EDD) area in the southwest portion of the town's water and sewer boundary. That agreement reserved 108,000 gallons per day of capacity for the EDD area and was good for five years. The town was going to cost share a small portion of the project. Since that time, the county permitted and bid the project, but bids were above their budget. A developer then approached the county about taking on the project. Town staff has worked with the Barrister Group (Terra Equity) and their team for several years negotiating a water and sewer extension contract for them to extend town water and sewer to the southwest corner of I-40 and Old NC Hwy 86 for a proposed industrial park. In the meantime, the county and town extended the original agreement until the end of 2022 but has not renewed it. Therefore, there is technically no capacity reservation and no cost share obligation by the town. The attached WSEC has been significantly modified from the typical WSEC boilerplate language at the request of the developer. The town has agreed to the following stipulations within this document due to the speculative nature of the project:

1. Voluntary annexation within five years.
2. Capacity reservation of 108,000 gallons per day which is only for this project, not the entire EDD area, as in the Orange County agreement.
3. The capacity reservation is longer than our normal hold period for activity, also recollecting the Orange County agreement reserved capacity for this area for five years already. The agreement allows up to two years to begin construction (normally one year), connection of at least one materially relevant building within three years (normally two years) and allowance for two one-year capacity extensions with a \$25,000 payment for each which would be credited against system development fees owed. After five years, the unutilized capacity expires unless another extension is granted.
4. A two-year warranty that begins after acceptance of the offsite extension to which this WSEC applies.
5. Much more "legalese" than normal throughout, which was acceptable to the town attorney.

A benefit to the town is that a water main loop will be constructed, and assisted with financially by Orange County, from the project site to New Grady Brown School Road. This will benefit the project site with system redundancy and overall pressures in the area. The actual site development will be forthcoming under separate review. It is anticipated that the site will be master metered and the infrastructure within be privately owned.

Financial impacts:

The town had set aside approximately \$509,000 to cost share with Orange County and has expended approximately \$27,500 of this on design services. With the developer (and Orange County) now financing the extension, this money can be used for other utility projects. The town will assume ownership of water and sewer mains at the furthest extent of our service area which will add to operational costs. However, system development fees will help cover long term costs to support the project.

Staff recommendation and comments:

No additional comments.

Action requested:

Consider approval of the WSEC for the offsite water and sewer extensions to the EDD area.