



Agenda Abstract

BOARD OF COMMISSIONERS

Meeting Date:	Sept. 12, 2022
Department:	Utilities and Community Services
Agenda Section:	Consent
Public hearing:	No
Date of public hearing:	N/A

PRESENTER/INFORMATION CONTACT

Margaret Hauth, Assistant Town Manager
Marie Strandwitz, Utilities Director
Robert Hornik, Town Attorney

ITEM TO BE CONSIDERED

Subject: Amendment to Orange County Interlocal Agreement for water and sewer service in the Hillsborough Area Economic Development District (EDD)

Attachments:

1. Original agreement from 2017
2. Proposed amendment

Summary:

In 2017, the town and county entered a cost share and capacity reservation agreement to facilitate marketing the land south of Interstate 40 for economic development purposes. Orange County intended to design and build the needed water and sewer infrastructure to incentivize development using their Article 46 sales tax revenues (targeted for economic development). The town provided financial support for water infrastructure to be installed outside of the EDD zoning district to connect to New Grady Brown School Road for fire flow, pressure, and redundancy. In 2017, Orange County was not willing to allocate Article 46 revenues outside the EDD zoning district.

Currently, a private developer is pursuing installing the necessary infrastructure as part of an approved plan to develop a significant portion of the EDD zoned area south of Interstate 40. The Article 46 funds may become an incentive payment to them from the county. The town has reiterated that the waterline extension is necessary to support intensive development in this area and is asking Article 46 funds be available for the extension to New Grady Brown School Road in return for the design support already provided and maintaining the capacity reservation covered by the 2017 agreement through Dec. 31, 2022.

The agreement is due to expire this month. The proposed amendment extends the reservation until Dec. 31, 2022 and includes the full waterline extension as eligible expenses. This brief extension is intended to allow agreements needed between the developer and Orange County to be finalized (as well as between the town and developer). If those agreements are not completed by Dec. 31, the town and county can discuss whether to extend this agreement further. If this agreement amendment is approved by the town, Orange County Board of Commissioners will review the proposed amendment on Sept. 20.

Financial impacts:

This amendment removes the town's responsibility to fund construction of the waterline connection to New Grady Brown School Road. The last bid estimate for that portion of the project exceeded the \$509,000 the town had allocated for the improvement (which is already almost double the original county estimate and town commitment

of \$259,000). The town has already paid Orange County approximately \$27,000 for the design work. This allows the town to reallocate the remaining available funds to other, higher priority system improvements.

Staff recommendation and comments:

This is a temporary extension to benefit the project. If the developer is not successful in negotiating contracts and agreements with the town and county to complete the work, it is Utilities recommendation that the Orange County agreement be terminated and fully revised due to outdated terms and conditions.

Action requested:

Take action on the interlocal agreement amendment.