



Chatham County, NC

Legislation Text

File #: 20-3428, **Version:** 1

Vote on a request to approve the Siler City Chatham County Water Purchase Agreement 2020 and authorize the County Manager to execute the same

Action Requested: Vote on a request to approve the Siler City Chatham County Water Purchase Agreement 2020 and authorize the County Manager to execute the same.

Introduction & Background: Chatham County receives a portion of its treated water supply from the Town of Siler City and a portion of its water supply from the City of Sanford, each pursuant to separate water purchase agreements. The current water purchase agreement between the County and Sanford allows the County to purchase up to 1.5 million gallons per day (mgd) from Sanford. This agreement was entered into with the intention of the County retaining 500,000 gallons per day to serve customers within the County's distribution system, while the remaining 1mgd would be reserved for the Town of Siler City. The 1mgd reserve for Siler City recognizes the future water supply needs of the Town, owing to present and forecasted growth demands within the Town. Though the County and Town share a treated water interconnection, the current water purchase agreement between the County and the Town provides for the purchase of Siler City water by the County. The current agreement does not provide for the purchase of treated water by Siler City from the County. The proposed agreement will enable the sale and purchase of treated water to and from Chatham County and the Town of Siler City. Where possible, the proposed agreement was drafted to follow the contours of the agreement that the County has entered into with the City of Sanford. This was done with acknowledgment that any changes in the Sanford agreement, as may transpire from time to time, will have corresponding impacts on the agreement that Chatham County has with Siler City. This approach also secures equitable cost sharing between the County and Siler City in consideration of expenses associated with the agreement between Chatham County and the City of Sanford. The proposed agreement has been reviewed by the County's legal counsel and has been approved and executed by the Town of Siler City.

Discussion & Analysis: The proposed agreement aligns with several objectives of the County's Comprehensive Plan, and is anticipated to result in favorable budgetary impacts for the County's Utility Enterprise Fund.

How does this relate to the Comprehensive Plan: In agreement with Objectives 3, 4, 7, and 8 of the Chatham County Comprehensive Plan, the provision of additional treated water supply to Siler City, while maintaining the County's ability to purchase water from Siler City:

- Increases both systems' capacity to mitigate the impacts of drought conditions and water shortage events;
- Reinforces the stated intent of holding towns as the residential and commercial centers of the County; and,
- Leverages existing infrastructure to support economic objectives, thereby fostering an environment by which the County's tax base may be more fully diversified to create greater economic opportunity and reduce out-commuting.

Budgetary Impact: The proposed agreement is anticipated to have a net positive result for the Utility Enterprise Fund's annual operating budget. Three factors established by the proposed agreement support this determination. First, the unit rate of the Siler City water purchased by the County will decrease from the current rate to match the rate presently charged by the City of Sanford. Second, with growing treated water demands from the Siler City system, Staff believes the annual volume of water purchased by Siler City from Chatham County will be greater than the annual water purchased by Chatham County from Siler City. Third, this agreement establishes a prorated share of the capacity fee presently being charged to Chatham County by the City of Sanford (1/3 of the capacity fee obligated to Chatham County, and the remaining 2/3 of the fee is the responsibility of Siler City).

Recommendation: Approve the Siler City Chatham County Water Purchase Agreement 2020 and authorize the County Manager to execute the same.