



Chatham County, NC

Legislation Text

File #: 20-3403, **Version:** 1

Vote on request to approve contract between the State of North Carolina and Chatham County for water supply storage in B. Everett Jordan Lake

Action Requested: Vote on request to approve contract between the State of North Carolina and Chatham County for water supply storage in B. Everett Jordan Lake.

Introduction & Background: The Flood Control Act of 1963 (Public Law 88-253, 88th Congress) authorized the construction, operation and maintenance of the B. Everett Jordan Dam and Lake Project on Haw River and New Hope River, North Carolina. The State contracted with the United States of America for the use of storage included in the Project for municipal and industrial water supply and for payment of the cost thereof in accordance with the provisions of the Water Supply Act of 1958. The State, through the Environmental Management Commission (EMC), is authorized by N.C. Gen. Stat. §143-354(11) to assign to any county, or municipality, or any other local government having a need for water supply storage in federal projects, any interest held by the State in such storage, upon assumption of repayment obligation therefore or compensation to the State by such local government. Chatham County was already under contract with the State of North Carolina for 6 percent allocation from Jordan Lake's Water Supply Storage which is 100 MGD. This contract is to increase the County's allocation to 13 percent as part of Chatham County's Round 4 allocation request that was approved by the EMC on March 9, 2017.

Discussion & Analysis: The EMC allocated a total of thirteen (13) percent of the water supply storage held by the State to the Chatham County for its use. The allocation consists of two levels of water allocations: Level I allocations are made based on 20-year water need projections with withdrawals planned to begin within five years of the allocation; Level II allocations are made based on long term needs of up to 30 years. The total of 13 percent allocation consists of the following: Level I allocation of eight (8) percent and a Level II allocation of five (5) percent. This contract is vital to securing sustainable water supply from Jordan Lake to help meet the demands of future growth within Chatham County.

How does this relate to the Comprehensive Plan: Natural Resources, Resiliency and Utilities/Public Services.

1. Budgetary Impact: **Level I Allocation Costs Amount:** Level I Allocation Holders are responsible for a proportional share of the State's Total Capital and Interest Costs. The Commission allocated to the Allocation Holder an eight (8) percent allocation on March 9,

2017, which represents a 2 percent increase in the Allocation Holder's previous Level I Allocation. Based on the increase in Level I Allocation, the Allocation Holder is responsible for two (2) percent of the Total Capital and Interest Costs, totaling \$133,625.20 (i.e. 2% x \$6,681,259.94).

- 2. Level II Allocation Costs Amount:** Level II Allocation Holders are responsible for a proportional share of the State's Interest Costs. The Commission approved for the first time, a five (5) percent Level II Allocation to the Allocation Holder. Based on the newly approved Level II Allocation, the Allocation Holder is responsible for five (5) percent of the Interest Costs, totaling \$118,168.78 (i.e. 5% x \$2,363,375.66).
- 3. Payment:** The Allocation Holder shall pay the total amount for both the Level I and Level II Allocation Costs (i.e. \$251,793.98) within 30 days of receipt of the invoice from the Division.
- 4. Annual Operation and Maintenance (O&M) Expenses:** The Allocation Holder is responsible for and shall pay thirteen (13) percent of the State's share of annual O&M expenses for each Calendar Year the allocation is effective. The amount of each annual payment will be based on the actual O&M expense for the preceding Calendar Year. Payment of annual O&M costs shall be made within 30 days of invoice from the Division.
- 5. Administrative Costs:** The Allocation Holder shall pay the State \$500 per year to cover the State's administrative costs. Payment shall be made within 30 days of receipt of invoice from the Division.
- 6. Major Replacement Costs:** The Allocation Holder shall pay thirteen (13) percent of the State's share of Major Replacement Costs. Payment of Major Replacement Costs shall be made in a lump sum. The State will send an invoice to the Allocation Holder upon substantial completion of construction. This payment shall be due within 30 days of receipt of invoice from the Division.

Major Rehabilitation Costs. The Allocation Holder shall pay thirteen (13) percent of the State's share of annual Major Rehabilitation Costs. This rate of payment shall apply to all invoices received from the Government following the effective date of this Contract regardless of the date on which such rehabilitation costs were incurred by the Government or any other entity. The amount of each annual payment will be based on the actual rehabilitation costs for the preceding Calendar Year. The annual payment of these rehabilitation costs shall be made within 30 days of receipt of invoice from the Division.

Recommendation: Approve contract between the State of North Carolina and Chatham County for

water supply storage in B. Everett Jordan Lake.