



CITY of BREVARD

The mission of the City of Brevard is to promote a high quality of life, support economic prosperity, and cultivate community while honoring its heritage and culture.

Finance Department
(828) 885-5600

January 17, 2013

Joint Legislative Committee on Local Government
Attention: Committee Chairs and Committee Assistant
North Carolina General Assembly
Legislative Building
16 West Jones Street
Raleigh, North Carolina 27601

Fiscal Research Division
North Carolina General Assembly
Legislative Office Building, Suite 619
3300 N. Salisbury Street
Raleigh, North Carolina 27603-5925

Vance Holloman, Secretary
Local Government Commission
NC Department of State Treasurer
325 N. Salisbury Street
Raleigh, North Carolina 27603-1385

Matthew B. Rushing, EI
NC DENR Division of Water Resources
Public Water Supply Section
1611 Mail Service Center
Raleigh, North Carolina 27699-1600

RE: **Financing of Two New Ground Water Tanks**
City of Brevard, Transylvania Co., North Carolina

Ladies and Gentlemen:

In accordance with NCGS 120-157.2(a), and Local Government Commission Memorandums # 2012-02 dated July 25, 2011 and # 2012-09 dated October 18, 2011, the City of Brevard hereby notifies you of its intent to replace one (1) old, obsolete 1.0 Million Gallon Ground Water Tank with two (2) new 0.75 Million Gallon Water Tanks at the same location. The details of the project are as follows:

Purpose of Project:

Replace one (1) old, CIRC. 1950, obsolete, roof is near collapsing, 1.0 Million Gallon Ground Water Tank with two (2) new 0.75 Million Gallon Water Tanks at the same location.

Scope of the Project:

The city has two (2) existing concrete 1.0 MG water storage tanks that were constructed in the 1950,s and over time the concrete roofs have deteriorated. These tanks are the primary storage for the City's water supply. In the late 1990's, the roofs of both tanks were cleaned and then coated with a vinyl concrete material. This work extended the tanks life for about twenty (20) years, and during this period the tank roofs deteriorated to their present condition.

The City applied for and received a \$100,000 grant from the Rural Center in 2009 to again perform a repair of the roofs. Deterioration on tank # 1 has reached a critical threshold as observed during an inspection by the City's Public Services Department, just prior to proceeding with repair. A small breakthrough hole was found, which shows that the concrete roof at that point was only an inch or little more thick.

The City requested Brown Consultants, their consulting engineers, to engage a structural engineer, and investigate both tanks as to current structural integrity. Medlock & Associates, a structural engineering firm from Asheville, NC was engaged to evaluate the structural condition of the tank roofs, and a concrete specialty firm hired to take 4" core samples from both tanks, at equal distances across the tank roof, from the edge to the center. On tank # 1, the tank in the poorest condition, core samples were taken from what appeared to be the most deteriorated locations.

The summary results of this investigation are as follows based upon the Medlock Report:

1. Tank # 1 has deteriorated to the point that the roof is not suitable to support human live loads for any repair and should be fenced off to prohibit any person from gaining access to the tank roof.
2. Tank #2 has deteriorated, but is still repairable, and repair should proceed in accordance with the current contract and specifications.
3. Without performing any work on tank # 1, and keeping it in service, the tank in our opinion will continue to function for one to two years as it is operating currently.
4. Performing the repairs on tank # 2 in our opinion will extend its service life for 5 to 10 years.

Recommendation: Remove Tank # 1 and replace with two (2) new 0.75 Million Gallon Ground Storage Tanks at the same location. This recommendation was approved the Brevard City Council and City staff was directed to take action that would implement the recommendation.

Debt Requirements of the Project:

The total project budget is \$2,401,000. The City applied to the NCDENR – Division of Water Resources for a DWSRF loan in this total amount. The project has preliminary approval and is listed on the DWSRF funding document for the full amount of the \$2,401,000 budget.

The City is eligible for Principal Forgiveness in the amount of \$1,920,800. The remainder principal of \$480,200 will be financed through the Division of Water Resources over a twenty (20) year period at an interest rate set by the State.

Means of Financing the Project:

The project will be financed as a capital project as part of the annual city budget process for the water enterprise fund.

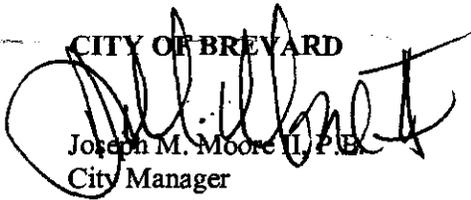
Sources of Repayment for the Project:

The source for repayments is through the revenues generated by water sales to Brevard customers. This amount of debt, \$480,200. over a twenty (20) year period will not require an increase in water rates.

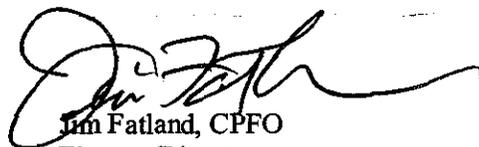
Should further information be required, please advise.

Sincerely,

CITY OF BREVARD



Joseph M. Moore II, P.E.
City Manager



Jim Fatland, CPFO
Finance Director

cc: David Lutz, Public Works Director
Jay Johnston, Utilities Director
Harlow Brown, Brown Consultants

KANNAPOLIS



NOTICE TO JOINT LEGISLATIVE COMMITTEE ON LOCAL GOVERNMENT OF PROPOSED LOCAL GOVERNMENT FINANCING

January 16, 2013

Joint Legislative Committee on Local
Government
16 West Jones Street
Raleigh, North Carolina 27601
Attention: Committee Chairs and Committee
Assistant

Attention: Secretary
Fiscal Research Division
Legislative Office Building
300 North Salisbury Street, Suite 619
Raleigh, North Carolina 27603-5925
Attention: Mark Bondo

North Carolina Local Government Commission
325 North Salisbury Street
Raleigh, North Carolina 27603-1388

City of Kannapolis, North Carolina Installment Financing

In accordance with N.C. Gen. Stat. §120-157.2(a), the City of Kannapolis, North Carolina (the "City") hereby notifies you of its intent to enter into an installment financing contract (the "Contract") in the principal amount of approximately \$2.8 million (i) to design, and construct a new storm water line, (ii) to purchase a new fire engine, (iii) to purchase, construct, renovate and equip improvements for a central warehouse, (iv) to design, and construct, preliminary site improvements for a new City Administrative facility.

The City expects to request approval of the Contract from the North Carolina Local Government at its April 2, 2013 meeting (or a subsequent meeting as may be determined by the Local Government Commission) and execute the Contract as soon after approval as practicable. The source of payment for the installment payments under the Contract will be the City's general fund, and the City's storm water fund. The City expects that the term of the Contract would not exceed 15 years. The City will solicit bids from banks for the Contract and, based on current market rates, expects the interest rate on the Contract to be less than 3.00%; however, the City will not know what the actual interest rate will be until it receives the bids from the banks.

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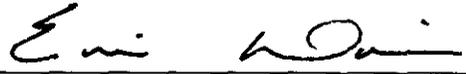
C I T Y O F K A N N A P O L I S

P.O. Box 1199 Kannapolis, NC 28082-1199
246 Oak Avenue Kannapolis, NC 28081

T 704.920.4300 F 704.938.5919
www.cityofkannapolis.com

If you have any further questions please feel free to contact me at (704) 920-4307.

CITY OF KANNAPOLIS, NORTH CAROLINA

By: 

Eric Davis
Finance Director