



August 10, 2016

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
300 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

Mark Hubbard, PE
Project Management Branch
NCDEQ Division of Water Infrastructure
1633 Mail Service Center
Raleigh, North Carolina 27699-1633

RE: Greenline
Financing of a Sewer Interconnect: Lake Lure to Spindale
Lake Lure, Rutherford County., 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 Town of Lake Lure hereby notifies you of its intent to (1) construct three (3) sewer pump stations and 90,000 feet of 12-inch force main to transport 100% of Lake Lure's sewerage to the Spindale WWTP; (2) abandon Lake Lure's obsolete WWTP; and (3) eliminate Lake Lure's NPDES Permit into the Broad River.

Purpose of Project:

The Lake Lure wastewater gravity collection system was constructed in 1927 prior to Lake Lure being flooded and has functioned properly under the lake for 90 years. The collection system conveyed untreated wastewater to a discharge point into the Broad River below the dam until 1969. In 1969, the Town constructed a 0.35 MGD wastewater treatment plant (WWTP). In 1991 the WWTP was up-graded to a 1.0 MGD plant. Due to extreme I&I from the lake, the 1991 upgrade converted the plant to a chemical physical plant, and that type of treatment still could not meet discharge limits. The Town was placed under an SOC. In 2009 the collection system under the lake had 80% of the old sewer joints sealed and wrapped, resulting in an I&I decrease of 0.75 MGD, yielding an average flow today of .350 MGD. The plant, under the best operational management, still could not meet discharge limits and 45 NOV's were issued in just the last five years. Most of the equipment is old, obsolete and non-functional. The Town, desiring a long term solution, commissioned an engineering study by W. K. Dickson. That study looked at two basic alternatives: I - Build a new WWTP; II - Regionalize with the Town of Spindale, eliminating the NPDES discharge permit, abandon the WWTP and construct a force main interconnect from the Lake Lure WWTP to the Spindale WWTP. The towns of Lake Lure and Spindale have agreed to alternate II and have proceeded to work towards a long term inter-governmental agreement for Spindale to receive and treat Lake Lure's sewerage.

Scope of the Project:

The scope of the project is to construct three (3) sewer pump stations and the seventeen (17) miles of 12-inch interconnect force main between the Towns, generally following Hwy US 64. The project is locally referred to as "The Greenline", because it will eliminate a discharge into an impaired section of the Broad River in Lake Lure. Local support for this project is very high.

Debt Requirements of the Project:

The total project budget is \$12,831,866. The Town applied to the NCDEQ – Division of Water Infrastructure (DWI) for a DWSRF loan in the amount of \$12,580,261. The difference between the loan and project budget, \$251,605, will be provided from the City's Capital Budget Fund.

The project has been approved by NCDEQ-DWI and is listed on the DWSRF funding document for the full amount of the \$12,580,261. budget.

The loan has a \$500,000 principle forgiveness yielding \$12,080,261 to be financed. This amount will be financed through the DWI over a thirty (30) year period at an interest rate of 0% as set by the State.

Attached to this letter is the August 1, 2016 letter from NCDEQ-DWI approving the project and detailing the loan award.

Means of Financing the Project:

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

Sources of Repayment for the Project:

The source for repayments is through the revenues generated by sewer sales to Lake Lure customers. This amount of debt, \$12,080,261., over a thirty (30) year period will require an increase in sewer rates, which the Lake Lure Council passed in February of this year.

Should further information be required, please advise.

Sincerely,

A handwritten signature in blue ink that reads "Ron Nalley".

Ron Nalley
Manager

A handwritten signature in blue ink that reads "Sam Karr".

Sam Karr
Finance Director

Cc: Mayor and Council
Brown Consultants, PA



PAT MCCRORY

Governor

DONALD R. VAN DER VAART

Secretary

KIM H. COLSON

Director

August 1, 2016

Mr. Ron Nalley, Manager
Town of Lake Lure
P.O. Box 255
Lake Lure, NC 28746

SUBJECT: Clean Water State Revolving Fund
Letter of Intent to Fund
Greenline
April 2016 Application Cycle
Project No. CS370489-05

Dear Mr. Karr:

The Division of Water Infrastructure has reviewed your application to the Clean Water State Revolving Fund (CWSRF) program, and the State Water Infrastructure Authority has approved your project as eligible to receive a low-interest loan. The total loan amount will be \$12,580,261. \$500,000 of the total loan will be in the form of principal forgiveness and the balance will have a maximum interest rate of 0%. A loan fee of 2% will be invoiced after bids have been received.

Please note that this intent to fund is contingent on approval of the loan through the Local Government Commission and on meeting **all** of the following milestones:

<u>Milestone</u>	<u>Date</u>
Engineering Report Submittal	December 1, 2016
Engineering Report Approval	May 1, 2017
Bid and Design Package Submittal	November 1, 2017
Bid and Design Package Approval	March 1, 2018
Advertise Project, Receive Bids, Submit Bid Information, <u>and</u> Receive Authority To Award	July 2, 2018
Execute Construction Contract(s)	August 1, 2018

The first milestone is the submittal of an Engineering Report by close of business on December 1, 2016. The Engineering Report must be developed using the updated guidance found on our website (<http://portal.ncdenr.org/web/wi/home>). **Failure to meet any milestone may result in the forfeiture of funding for the proposed project.**



Mr. Ron Nalley, Manager
August 1, 2016
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Upon detailed review of the project during the funding process, it may be determined that portions of your project are not eligible for funding and the total loan amount may be reduced. Additionally, changes in the scope or priority points awarded – based on additional information that becomes apparent during project review – may also result in changes to the total loan amount and loan terms.

Davis-Bacon Requirements and American Iron and Steel Provisions

Projects funded through the CWSRF program must comply with Davis-Bacon wage requirements and American Iron and Steel provisions. You can find standard specifications covering these requirements on our website.

General Assembly Notification Requirements

In accordance with G.S. 120-157.1 through 157.9, enacted on June 24, 2011, local government units with projects that require debt to be issued greater than \$1,000,000 **must** submit a letter to Committee Chairs, Committee Assistant, and the Fiscal Research Division of the General Assembly at least 45 days prior to presentation before the Local Government Commission. You are responsible for submitting this letter and providing a copy to the Division of Water Infrastructure upon receipt of this approval letter.

Brooks Act Compliance

Projects funded through the CWSRF program must comply with the federal Brooks Act for the selection of architectural and engineering services. CWSRF projects cannot be exempted from qualification based selection of these services under N.C.G.S. 143-64.32. The attached form will need to be submitted as documentation of compliance for any services to be reimbursed. Any services provided that were not selected in compliance with federal requirements will be ineligible for reimbursement.

If you have questions, please contact Seth Robertson, PE, Chief, State Revolving Fund Section at 919-707-9175.

Sincerely,



Kim H. Colson, P.E.

Attachment: PESP 4/11/16

CC: Harlow L. Brown, PE, Brown Consultants
Anita E. Reed, PE
Mark Hubbard, PE
SRF File

