



September 13, 2016

Joint Legislative Committee on Local Government
Committee Chair and Committee Assistant
North Carolina General Assembly
16 West Jones Street
Raleigh, North Carolina 27601

Fiscal Research Division
North Carolina General Assembly
Legislative Office Building – Suite 619
300 North Salisbury Street
Raleigh, NC 27603-5925

Re: Financing the Relocation and Extension of the Town's Water Distribution System in the Right-A-Way of Booker Dairy Road (SR1923) in Accordance with NCDOT TIP Project U-33348, Smithfield, NC

To Whom It May Concern:

In accordance with Section 120-157.2(a) of the General Statutes of North Carolina, as amended, the Town of Smithfield, North Carolina (the "Town") hereby notifies you of its intent to utilize a revenue bond or installment purchase contract under North Carolina General Statute 160A, Article 3, Section 20. The principal amount is not to exceed \$3,536,000 and will be used to finance the relocation and extension of the Town's water distribution system along Booker Dairy Road.

For simplicity of this letter, Booker Dairy Road Relocation/Extension Project has been broken into three distinct, but not equal, sections:

Section 1:

Existing Booker Dairy Road (SR 1923); from the beginning of utility work at approximate station 27+00 to an existing water valve at approximate station 67+80

- The Town will perform all of the engineering design, construction and construction administration to relocate the existing 8-inch water line in Booker Dairy Road; in coordination with the most current, proposed NCDOT construction plans as of March 18, 2016. As part of this relocation, the Town will be up-sizing the existing 8-inch water line and replacing it with a 16-inch water line. It is noted that the NCDOT will reimburse the Town for 75% of the costs for engineering, construction and construction administration for the relocation of the existing 8" water line. It is acknowledged by the Town that the 75% of costs in the Booker Dairy Road relocation covers only the costs of relocating the 8" line. The Town will be responsible for the cost of the material "upsized" - the difference between the 8-inch line and the 16-inch line.

Section 2:

The new proposed extension, connecting SR 1923 to an existing valve at the end of existing Ava Gardner Drive; from the existing water valve at approximate station 67+80 to an existing water valve at approximate station 117+10

- The Town will be constructing a new 16-inch water line that will connect the newly, relocated water line in the newly widened section of SR 1923 to an existing valve at the end of the existing Ava Gardner Drive. It is noted that the NCDOT will reimburse the Town for 0% of the costs for engineering, construction and construction administration for the construction of the 16" water line in the newly proposed extension.

Section 3:

Ava Gardner Drive; from the existing valve at approximate station 117+10 to the project terminus at approximate station 127+13

- The Town will relocate the existing water line in Ava Gardner Drive. This is a true relocation as the existing line in Ava Gardner Drive is 16 inches in diameter and the relocated line will also be 16 inches in diameter. It is noted that the NCDOT will reimburse the Town for 100% of the cost of the engineering, construction and construction administration for the relocation of the existing 16" water line in Ava Gardner Drive.

The Booker Dairy Road Relocation/Extension Project will:

Keep the Town in compliance with the encroachment agreement executed between the Town and the NCDOT, when Booker Dairy Road was constructed. Since the agreement mandates the relocation of the water line as the road widens, there is really no other option. The Town decided to use the mandatory relocation as an opportunity to address some deficiencies in the Town's water distribution system.

This project will benefit the Town in multiple ways. The immediate benefit is the increase in pipe diameter. This increased diameter will increase the water pressure in that area of Town, which has been plagued by low pressure issues. The added diameter in the water main will also allow the Town to provide a greater quantity of water to that area of the Town - which is most likely to grow in the next 0-10 years. Since the Town's inter-connection with Johnston County is in close proximity to Booker Dairy Road, this increase in potential supply will also make more water available for Johnston County to assist in their growing supply needs, as well.

Further, this increase complies with both the long term Capital Improvement Plan (CIP) and the long term Water Supply Plan (WSP) for the Town. The so-called "build out" of the Town is anticipated to occur in this region, and this relocation/upsized is the next step in preparation for the anticipated growth. Eventually, the 16" water line will connect from the Buffalo Road intersection at Booker Dairy Road, along the continuing right-of-way, all the way to US-70 in west Smithfield. Such a connection will provide necessary water quantity, quality and pressure for the Town's existing water customer base, and prepare the Town for growth in the future.

This project is included in the Town's annual Capital Improvements Plan (CIP), and estimated debt service requirement is included in the latest rate model study. Furthermore, as required by the Local Government Commission, bids will be received on all CIP projects.

Town of Smithfield, North Carolina

By: 
Finance Director

Cc: Vance Holloman, Secretary
Local Government Commission
N.C. Dept. of State Treasurer
325 N. Salisbury Street
Raleigh, N.C. 27603-1385

Amanjit Paintal
1634 Mail Service Center
Raleigh, N.C. 27699-1634