



County Water and Sewer Enterprises

**LRC to Study Rates and Transfers/Public Enterprises
March 26, 2018**



NC Association of County Commissioners

Founded in 1908 to represent the interest of all NC counties
and provide an avenue for county leaders to collaborate and
advocate for county governance

NCACC Vision

"Empowering 100 counties to work together for the betterment
of one state."

NCACC Mission Statement

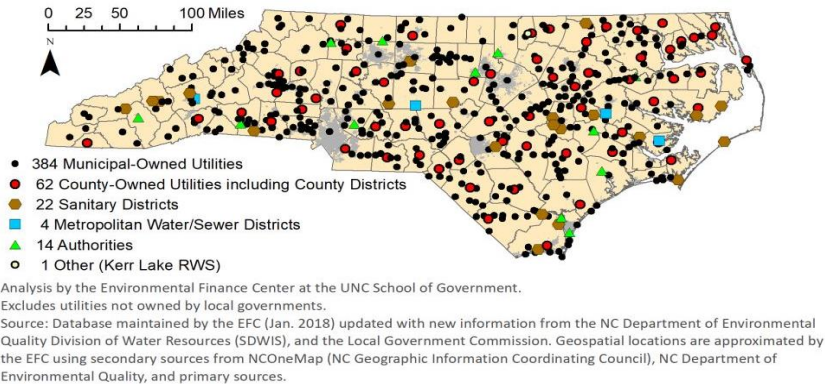
"Our Association supports and promotes the well-being of all
North Carolina counties through advocacy, education,
research, and member services."

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Water and Wastewater Utility Structure

There are 487 Local Government-Owned Water and/or Wastewater Utilities Active as of January 2018



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Water and Wastewater Utility Structure

62 County-Owned Utilities across all types⁺

28 counties providing both water and wastewater utilities^{*}

29 counties providing water only^{*}

5 counties providing wastewater only^{*}

⁺Source: EFC database and presentation to LRC on 2/12/18

^{*}Source: EFC Analysis of County Water and Sewer Utilities as of 2018

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Harnett County Department of Public Utilities 2018: A Regional Snapshot

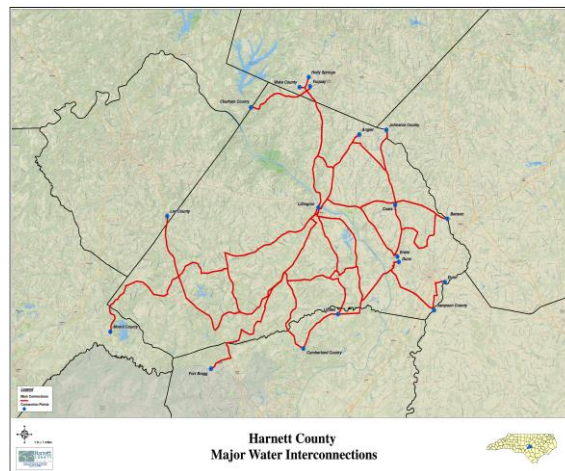
Partnering for the Future

Harnett County Public Utilities Development

- HDCPU was the first in NC to form a Metropolitan Water District to provide water to three Towns in the County.
- Has since developed nine County Water and Sewer Districts which included acquisition of privately owned well systems.
- Districts issued GO Bonds to finance the installation of systems. Infrastructure is leased from the districts by the County for operation by HDCPU.
- The County sells water to five contiguous Counties and/or Towns within those Counties.
- HDCPU has a 40 year contract to solely provide sewer treatment to Fort Bragg and to jointly provide water treatment with Fayetteville/PWC to the base.
- Cape Fear River is a tremendous resource providing a 7Q10 of 530 CFS or 345 MGD.
- HDCPU purchased the water and sewer utilities from the Town of Erwin in 2006 and currently is assessing similar mergers in the region.

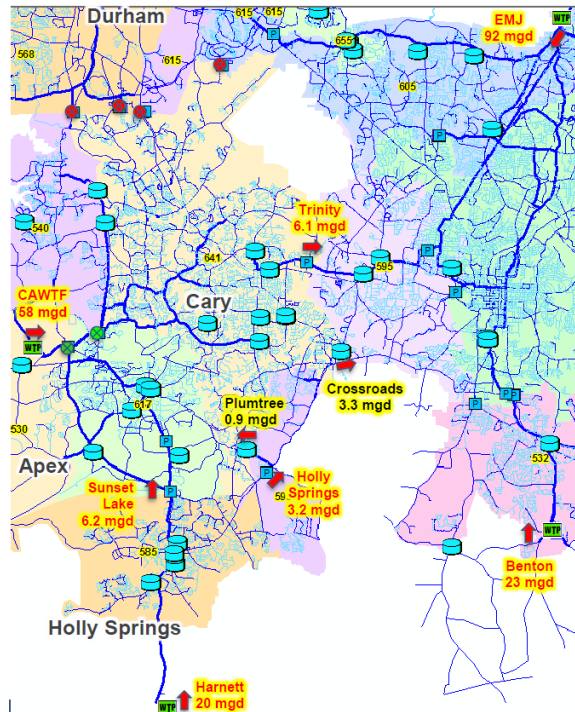
Role of Regional Water Provider

- Provide water through contractual obligations (water purchase contracts) to the Towns of Angier, Coats and Lillington in Harnett County. The Town of Erwin's former system is owned by HCDPU.
- Provide water to the Towns of Fuquay-Varina and Holly Springs in Wake County. HCDPU also has retail customers in unincorporated areas of southern Wake.
- Provide water to the Towns of Spring Lake and Linden in Cumberland County. HCDPU also has approximately 1,000 retail customers in unincorporated areas of northern Cumberland county.
- Provide bulk water to the Counties of Johnston and Moore.
- Provide ½ of daily water supply (up to 8 MGD) to Fort Bragg.
- Provide water supply planning to help sustain region during droughts or other water emergencies.



Example of Triangle Water Supply Partnership Regional Water Planning.

Interconnections include: Raleigh, Durham, Cary, OWASA, Apex, Holly Springs, Johnston County and Fuquay-Varina.



Role of Regional Wastewater Treatment Provider

- Provide wastewater treatment to the Town of Fuquay-Varina in Wake County.
- Provide bulk wastewater treatment to the Towns of Lillington and Angier in Harnett County. HCDPU owns the wastewater systems in the Towns of Erwin and Coats.
- Provide bulk wastewater treatment for Fort Bragg in Cumberland and Harnett Counties.

HCDPU Operational Statistics

- Approximately 43,000 water connections & 12,000 sewer
- 95% of County residents have access to public water
- 25% of County residents have access to public sewer
- 42 MGD water treatment capacity
- 22.5 MGD wastewater treatment capacity- 2 plants
- 1,442 miles of water mains
- 26 water tanks w/ 27 million gallons of storage
- 23 water booster stations w/ 81 MGD pumping capacity
- 387 miles of sanitary sewer
- 85 sewer lift stations

HCDPU Financial Statistics

- S&P Rating agency comments include:
- A lowly leveraged system/debt-to-equity ratio less than 23%
- Historically strong debt service coverage
- Strong cash/liquidity positions
- Willingness to adjust rates to maintain adequate margins while meeting cost of service requirements.
- A wide and continuously expanding service area.
- HCDPU has been well managed with a financial profile we consider strong and we expect it to remain strong.

HCDPU Size Comparisons

There are 63 County owned utilities in North Carolina. HCDPU is ranked as follows:

of water/sewer customers

1. Union County (43,000)
2. Harnett County (39,266)
3. Brunswick County (33,770)

operating revenues

1. Union County (\$43m)
2. Brunswick County (\$38m)
3. Harnett County (\$36m)

Capital Assets net of debt

1. Harnett County (\$323m)
2. Brunswick County (\$303m)
3. Union County (\$297m)

Harnett County Public Utilities Business Center
700 McKinney Pkwy
Lillington, NC



Harnett County Regional Water Treatment Plant



North Harnett Regional Wastewater Treatment Plant



NHWWTP from SLS 20



South Harnett Regional WWTP



Example of Fort Bragg Partnership

- Upgraded WTP to provide max day water capacity of 8 MGD to Ft Bragg. PWC will also provide an additional max day capacity of 8 MGD to Bragg.
- Transmission construction consisted of 21 miles of 30 & 24" water line and .5 miles of 36" line to connect with another 24" transmission from PWC. Also a 12 mgd booster pump station and a 5 MG ground storage tank.
- Total Harnett County cost of approximately \$41 million for water paid by DOD.
- Wastewater construction consisted of 10 mgd of capacity for Bragg in the South Harnett WWTP located on the Little River in Harnett County.
- A combination of approximately 9.5 miles of 36" forcemain from Bragg to a 15 mgd influent pump station at the plant. Another 10 mgd pump station will be constructed just outside of the base property.
- Total Harnett County cost of approximately \$38 million for wastewater paid by DOD.
- Total Federal Investment in HCDPU of over \$80 million dollars. This is infrastructure that is owned by HCDPU and can be used to benefit the water and wastewater needs of our citizens.

Partnering for the Future

Current Capital Projects

- Upgrade existing bio solids facilities at North Harnett Wastewater Treatment Plant in Lillington from at a cost of approximately \$6 million.
- Construct 20 inch water transmission line to Lee County line from Lillington along Hwy 421 at a cost of approximately \$7 million.
- Construct 20 inch water transmission line along Hwy 87 to serve Western Harnett Industrial Park and new elementary school at a cost of \$1.5 million.

Planned Capital Projects

- Automated Meter Upgrades Phases I & II at a cost of approximately \$6 million.
- Southwest PS & FM Upgrade along Hwy 87 at a cost of approximately \$7 million.
- Upgrade existing bio solids facilities at South Harnett Wastewater Treatment Plant near Spring Lake at a cost of approximately \$2 million.
- Wake County Water Transmission Upgrade at a cost of approximately \$8.5 million.

Summary

- Voluntary regionalization can be an efficient and economic means to provide affordable drinking water and wastewater treatment to a growing region.
- Federal and State regulatory agencies are starting to recognize and promote regionalization among utilities.
- Regionalization requires extensive planning and cooperation with regulatory agencies and neighboring political jurisdictions.
- HCDPU is definitely a leading regional utility in central North Carolina and is planning on changing its name to Harnett Regional Water to more adequately reflect this position.



Thank You!

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