

APPENDIX H
Financial Information

Adopted Budget FY 2015 - 2016

Section VII. Enterprise Fees and Rates

A. Water and Wastewater Rate Schedule

| | Water | | Wastewater | |
|---|----------|---------|------------|----------|
| | Inside | Outside | Inside | Outside |
| Basic Service Charge (Flat monthly fee for meter reading, billing and accounts management) | | | | |
| Meters ≤ 1 inch | \$ 13.26 | \$26.52 | \$ 14.28 | \$ 28.56 |
| Meters > 1 inch | \$ 24.48 | \$48.96 | \$ 26.52 | \$ 53.04 |

Plus a monthly usage fee per 1,000 gallons

| | | | | |
|------------------------|---------|----------|---------|---------|
| 0 to 2,000 gallons | \$ 4.93 | \$ 9.87 | \$ 7.41 | \$14.80 |
| 2,001 to 6,000 gallons | \$ 5.76 | \$ 11.51 | \$ 8.92 | \$17.85 |
| > 6,000 gallons | \$ 6.84 | \$ 13.67 | \$10.64 | \$21.29 |

Bills that are not paid by the 20th of the month are subject to a 10% or \$5.00 penalty, whichever is larger. Accounts not paid in full by the end of the month are subject to a discontinuation of service and reconnection fees. Reconnection fees are \$45.00 during normal working hours and \$100.00 after normal working hours.

B. Irrigation Meters. In accordance with North Carolina General Statutes, new irrigation systems installed after July 1, 2009 must be on a separate irrigation meter. The standard meter installation and tap fee will apply to irrigation meters. Water usage on irrigation meters will be billed at the rates above; however, there will be no sewer charge on these meters.

C. Meter Tampering, Reconnection and Unauthorized use of Water System

1. Tampering and Reconnection Fees. Fee for unauthorized tampering with the Town of Pittsboro Water System or its meters will be \$500.00. Reconnection fees will be \$25.00 during normal working hours and \$100 after normal working hours.
2. Meter Testing and Meter Repair Fees. Required Meter and Backflow Prevention Testing Fees will be actual costs associated with the testing and/or repair of the Meter plus an additional 50% to enable the Town to recoup its cost.

D. Bulk Water Sales. Sale of potable water can be purchased at a rate of \$105 per 10,000 gallons. There is a \$25 service fee for each trip plus the water collected. Hydrant Bulk Water Sales will require a refundable deposit of \$1,000 and a \$300 non-refundable deposit for installation and removal of the meter. Relocation fee is \$70 and wrench fee of \$50 (refundable) if customer doesn't provide own wrench. Daily rental fee for 1" is \$1 per day and for 2-2/12" is \$2. Hydrant Bulk Water can be purchased at a rate of \$105 per 10,000 gallons.

E. Provision of Service for Internal Fire Suppression. In lieu of a meter to be placed on water service line provided for internal sprinkler systems which are installed for fire suppression services a flat monthly rate will be charged. The charges will be as follows:

| | |
|--------------------------------|---------------|
| 1. 2" fire suppression service | \$45.00/month |
| 2. 4" fire suppression service | \$60.00/month |
| 3. 6" fire suppression service | \$75.00/month |
| 4. 8" fire suppression service | \$90.00/month |

Financial Analysis Tables
Preferred Alternative

**STATE OF NORTH CAROLINA
DEPARTMENT OF STATE TREASURER**

*State and Local Government Finance Division
And the Local Government Commission
325 North Salisbury Street, Raleigh, North Carolina 27603-1385*

PROJECTION OF WATER AND SEWER NET REVENUES

Unit Town of Pittsboro

Fund Enterprise Fund – Water and Sewer

Complete only if the proposed financing is for water or sewer facilities. Where separate accounting funds are maintained for each system, one schedule may be completed for proposed water bonds and one for proposed sewer bonds. Water and sewer operations may be consolidated when either water or sewer financing or both are proposed. Use actual amounts on modified accrual basis of accounting (budgetary basis) from latest audit report.

Fiscal Year 2014

Fiscal Year 2017

| REVENUES | 1. Actual Revenue for Last Complete Fiscal Year | Estimated Increase or (Decrease) | | 1 + 2 + 3 Estimated Revenue for Fiscal Year After Completion of Project |
|-------------------------|---|--|---------------------------|---|
| | | 2. Due to Normal Growth and Rate Changes | 3. Due to Expanded System | |
| Operating Revenues: | | | | |
| Customer charges | 2,473,622 | 24,000 | 405,000 | 2,902,622 |
| Impact fees | | 31,000 | 807,000 | 838,000 |
| Tap fees | | 82,000 | 2,082,000 | 2,164,000 |
| Other revenue | 27,644 | | | 27,644 |
| Total | 2,501,266 | 137,000 | 3,294,000 | 5,932,266 |
| Non-operating Revenues: | | | | |
| Interest | 2,199 | | 2,000 | 4,199 |
| Restricted sales tax | | | | |
| Other | 384,148 | (200,148) | (184,000) | 0 |
| Total | 385,182 | (200,148) | (182,000) | 4,199 |
| Total Revenues | 2,887,613 | (63,148) | 3,112,000 | 5,936,465 |

| EXPENDITURES | 1. Actual Expenditure for Last Complete Fiscal Year | Estimated Increase or (Decrease) | | 1 + 2 + 3 Estimated Expenditure for Fiscal Year After Completion of Project |
|-----------------------------------|---|--|---------------------------|---|
| | | 2. Due to Normal Growth and Rate Changes | 3. Due to Expanded System | |
| Operating Expenditures: | | | | |
| Administration Total | 389,633 | 27,000 | 54,000 | 470,633 |
| Other | | | | |
| Operations Total | 1,784,279 | 5,000 | 767,000 | 2,556,279 |
| | | | | |
| | | | | |
| Total Expenditures | 2,173,912 | 32,000 | 821,000 | 3,026,912 |
| Excess Revenues over Expenditures | 713,701 | (95,148) | 2,291,000 | 2,909,553 |

Projection of water and sewer net revenues (continued)

| | Actual Expenditures for Last Complete Fiscal Year | Estimated Expenditures First Fiscal Year After Completion of Project |
|--------------------------------------|---|--|
| Other (Do not include depreciation): | | |
| Debt principal | 436,459 | 1,127,000 |
| Interest | 55,535 | 230,000 |
| Capital outlay | 32,356 | 50,000 |
| Capital reserve | | 1,450,000 |
| Transfer to (from) other funds | 12,000 | |
| Other | | |
| _____ | | |
| _____ | | |
| Total other | 536,350 | 2,857,000 |
| Net Income (Loss) | 177,351 | 52,553 |

Does the Unit own and operate a Water System and a Sewer System? Yes No If "No", explain _____

| Number of Customers | | Current | After Completion of Project | |
|---------------------|-------------|---------|-----------------------------|----------------------|
| Water | Residential | 1,480 | 1,875 | |
| | Commercial | 310 | 390 | |
| Sewer | Residential | 1,395 | 1,775 | |
| | Commercial | 272 | 350 | |
| | | Current | After Completion of Project | Percentage of Change |

Rate and Fee Structure

Indicate monthly cost for an average residential customer:
 Average gallons per month (for residential customer): \$77.28 at 4,000 gal/mo

| WATER | | 0 to 2,000 = | 2,001 to 6,000 = | Base: \$13.26 (\$26.52) | | |
|--|------------------|------------------------|------------------------|-------------------------|------------------------|---|
| Rate (Include minimum cost/thousand gallons, etc.) – Residential | Inside (Outside) | \$4.93/1K (\$9.87/1K) | \$5.76/1K (\$11.51/1K) | \$4.93/1K (\$9.87/1K) | \$5.76/1K (\$11.51/1K) | 0 |
| Average monthly bill within city limits | | \$32.90 | \$32.90 | \$32.90 | \$32.90 | 0 |
| Average monthly bill outside city limits | | \$65.80 | \$65.80 | \$65.80 | \$65.80 | 0 |
| SEWER | | 0 to 2,000 = | 2,001 to 6,000 = | Base: \$14.28 (\$28.56) | | |
| Rate (Include minimum, etc.) – residential | Inside (Outside) | \$7.41/1K (\$14.80/1K) | \$8.92/1K (\$17.85/1K) | \$7.41/1K (\$14.80/1K) | \$8.92/1K (\$17.85/1K) | 0 |
| Average monthly bill within city limits | | \$44.38 | \$44.38 | \$44.38 | \$44.38 | 0 |
| Average monthly bill outside city limits | | \$88.76 | \$88.76 | \$88.76 | \$88.76 | 0 |

TAP FEE POLICY See Attached Rate Sheet. Access Fees same as Tap Fees

IMPACT FEE POLICY See Attached Rate Sheet. Capital Recovery Fee same term as Impact Fees



PAT MCCRORY

Governor

DONALD R. VAN DER VAART

Secretary

KIM H. COLSON

Director

February 1, 2016

The Honorable William G. Terry, Mayor
Town of Pittsboro
635 East Street
Pittsboro, NC 27312

SUBJECT: Clean Water State Revolving Fund
Letter of Intent to Fund
Wastewater Treatment System Improvements
September 2015 Application Cycle
CS370413-06

Dear Mayor Terry:

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 \$21,585,500 at a maximum interest rate of 1.84%. 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 | June 1, 2016 |
| Engineering Report Approval | November 1, 2016 |
| Bid and Design Package Submittal | May 1, 2017 |
| Bid and Design Package Approval | September 1, 2017 |
| Advertise Project, Receive Bids, Submit Bid Information, <u>and</u> Receive Authority To Award | January 2, 2018 |
| Execute Construction Contract(s) | February 1, 2018 |

The first milestone is the submittal of an Engineering Report by close of business on June 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 CWSRF funding for the proposed project.**



State of North Carolina | Environmental Quality | Water Infrastructure

1633 Mail Service Center, Raleigh, North Carolina 27699 | Location 512 N. Salisbury Street, Raleigh, North Carolina 27604

919 707 9160 T

The Honorable William G. Terry, Mayor
February 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 CWSRF 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. 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.

CC: Carl W. Scharfe, PE, The Wooten Company, Raleigh
Anita E. Reed, PE
Mark Hubbard, PE
SRF File



**Applicant's/LGUs Financial Condition
Wastewater Treatment System Improvements
Refurbish Exist. WWTP, Pump to Sanford, Regional WWTP
Utility Bill as Percent of Median Household Income**

Use the pulldown menu to select the type of rate structure used for water and sewer. If using a rate structure other than uniform, then there is no need to complete the base charge (charge and volume) or volumetric charge.

| | Sewer Rate Structure | Water Rate Structure |
|---|---|-----------------------------|
| Rate Structure: | Other | Other |
| Base Charge: | \$14.28 | \$13.26 |
| | Volumetric Charge per 1,000 gallons: | |
| 0 to 2,000 gallons: | \$7.41 | \$4.93 |
| 2,001 to 6,000 gallons: | \$8.92 | \$5.76 |
| > 6,000 gallons: | \$10.64 | \$6.84 |
| Monthly Bill for 5,000 gallons: | \$55.86 | \$40.40 |
| Combined Monthly Water and Sewer Bill for 5,000 gallons: | \$96.26 | |
| Median Household Income: | \$50,058 | |
| Monthly Median Household Income for LGU: | \$4,172 | |
| Bill as % of Median Household Income: | 1.34% | 0.97% |
| Overall Bill as % of Median Household Income: | 2.31% | |

Additional Information if needed (see Subchapter 8.1 of Part B of the guidance).

Year 1 Interest and Repayment
Wastewater Treatment System Improvements

Town of Pittsboro

Refurbish Exist. WWTP, Pump to Sanford, Regional WWTP

| | Funding Source | Total Funding Amount | Year 1 Principal Payment | Year 1 Interest Payment | Year 1 Total Payment (Principal + Interest) |
|--|----------------|----------------------|--------------------------|-------------------------|---|
| Main DWI Funding : | CWSRF | \$21,585,500 | \$1,079,275 | \$397,173 | \$1,476,448 |
| Funding 1: | | \$0 | | | |
| Funding 2: | | \$0 | | | |
| Funding 3: | | | | | |
| Funding 4: | | | | | |
| Funding 5: | | | | | |
| Total Payment @ Specified Interest Rate(s)^a: | | | | | \$1,476,448 |

User Fee Increase Due to Project
Wastewater Treatment System Improvements
Town of Pittsboro
Refurbish Exist. WWTP, Pump to Sanford, Regional WWTP

| Select Customer Type for Financing Project ¹ | Average Water Usage Per Month (gallons) | Number of Connections | Total Monthly Water Usage by Customer Type (gallons) | Total Monthly Water Usage for Customer Base (gallons): | |
|--|---|-----------------------|--|--|-------------|
| <input checked="" type="checkbox"/> Residential (Existing User Data) | 3,110 | 1,408 | 4,378,880 | | 10,970,603 |
| <input checked="" type="checkbox"/> Commercial (Existing User Data) | 5,411 | 638 | 3,452,218 | # of 5,000 Gallon Units to Finance Project: | 2,194 |
| <input checked="" type="checkbox"/> New Residential (Normal Growth) | 3,110 | 20 | 62,200 | Year 1 O&M Expenses Due to Project: | \$1,409,000 |
| <input checked="" type="checkbox"/> New Commercial (Normal Growth) | 5,411 | 5 | 27,055 | New Residential Water/Sewer Access Fees (Normal Growth): | \$43,000 |
| <input checked="" type="checkbox"/> New Residential (Chatham Park) | 3,050 | 375 | 1,143,750 | New Commercial Water/Sewer Access Fees (Normal Growth): | \$39,000 |
| <input checked="" type="checkbox"/> New Commercial (Chatham Park) | 25,420 | 75 | 1,906,500 | New Residential Water/Sewer Access Fees (Chatham Park): | \$1,388,000 |
| | | | | New Commercial Water/Sewer Access Fees (Chatham Park): | \$694,000 |
| | | | | New Residential Water/Sewer Impact Fees (Normal Growth): | \$14,000 |
| | | | | New Commercial Water/Sewer Impact Fees (Normal Growth): | \$17,000 |
| | | | | New Residential Water/Sewer Impact Fees (Chatham Park): | \$469,000 |
| | | | | New Commercial Water/Sewer Impact Fees (Chatham Park): | \$338,000 |

ANNUAL ACCESS AND IMPACT FEE REVENUES
GENERATED FROM NEW DEVELOPMENT

| Funding Source | Year 1 Annual Repayment | Year 1 Annual O&M Costs | Total Year 1 Annual Costs @ Specified Interest Rate | Year 1 Monthly Costs @ Specified Interest Rate | Monthly Access and Impact Fee Revenue From New Development | Year 1 Monthly Additional Operating Expenditures | Monthly Cost/5,000 Gallons Due to Project @ Specified Interest Rate (All Users) | Monthly Cost/5,000 Gallons Due to Project @ Specified Interest Rate (Residential Users Only) |
|---|-------------------------|-------------------------|---|--|--|--|---|--|
| DWI Main Funding Source: | \$1,476,448 | \$1,409,000 | \$2,885,448 | \$240,454 | \$250,200 | \$0 | \$0.00 | \$0.00 |
| Funding Source 1: | | | | | | | | |
| Funding Source 2: | | | | | | | | |
| Funding Source 3: | | | | | | | | |
| Funding Source 4: | | | | | | | | |
| Funding Source 5: | | | | | | | | |
| Total Year 1 Annual Cost @ Specified Interest Rate: | | | \$2,885,448 | | | | | |
| Total Year 1 Monthly Cost @ Specified Interest Rate: | | | \$240,454 | | | | | |
| Total Monthly Cost to Treat 5,000 Gallons @ Specified Interest Rate Due to Project: | | | | \$240,454 | | | | \$0.00 |
| Total Monthly Cost to Treat 5,000 Gallons @ Specified Interest Rate Due to Project (Residential Users Only): | | | | | | | | \$0.00 |



**Impacts to User Rates
Wastewater Treatment System Improvements
Town of Pittsboro**

Refurbish Exist. WWTP, Pump to Sanford, Regional WWTP

| | | | |
|--|-----------------------|--|--|
| Current Sewer Bill (\$/5,000 gallons): | \$55.86 | | |
| Current Water Bill (\$/5,000 gallons): | \$40.40 | | |
| Current - Combined Water & Sewer Bill (\$/5,000 gallons): | \$96.26 | | |
| | Funding Source | User Rate Increase Due to Project @ Specified Interest Rate (All Users) | User Rate Increase Due to Project @ Specified Rate (Residential Users Only) |
| Main IFS Funding Source: | CWSRF | \$0.00 | \$0.00 |
| Funding Source 1: | | | |
| Funding Source 2: | | | |
| Funding Source 3: | | | |
| Funding Source 4: | | | |
| Funding Source 5: | | | |
| Total User Rate Increase Due to DWI Loan(s) (\$/5,000 gal.): | | \$0.00 | \$0.00 |
| Total Increase Due to All Loans(s) (\$/5,000 gal.): | | \$0.00 | \$0.00 |
| New Sewer Bill Due to DWI Loan(s) (\$/5,000 gal.): | | \$55.86 | \$55.86 |
| New Sewer Bill Due to All Loan(s) (\$/5,000 gal.): | | \$55.86 | \$55.86 |
| Percent Change in Sewer Bill Due to DWI Loan(s): | | 0.0% | 0.0% |
| Percent Change in Sewer Bill Due to All Loan(s): | | 0.0% | 0.0% |
| New Sewer & Water Bills Due to DWI Loan(s) (\$/5,000 gal.): | | \$96.26 | \$96.26 |
| New Water & Sewer Bills Due to All Loan(s) (\$/5,000 gal.): | | \$96.26 | \$96.26 |
| Percent Change in Sewer & Water Bills Due to DWI Loan(s): | | 0.0% | 0.0% |
| Percent Change in Sewer & Water Bills Due to All Loan(s): | | 0.0% | 0.0% |

Impact to Bills Due to Project
Wastewater Treatment System Improvements
Town of Pittsboro

Refurbish Exist. WWTP, Pump to Sanford, Regional WWTP

| | | | |
|---|---------|--------------------------------------|---------|
| Sewer Bill as % Monthly MHI: | 1.34% | Water Bill as % Monthly MHI: | 0.97% |
| Current Sewer Bill (\$/5,000 gal.): | 55.86 | Current Water Bill (\$/5,000 gal.): | \$40.40 |
| Current Sewer & Water Bill (\$/5,000 gal.): | 96.26 | Sewer & Water Bill as % Monthly MHI: | 2.31% |
| Monthly MHI for LGU: | \$4,172 | | |

| | Sewer Bill Due to DWI Loans | Sewer Bill Due to All Loans | Water & Sewer Bills Due to DWI Loans | Water & Sewer Bills Due to All Loans |
|--|---------------------------------|--------------------------------|---|---|
| Specified Interest Rate (All Users) | New | \$55.86 | \$55.86 | \$96.26 |
| | New %MHI Due to Project | 1.34% | 1.34% | 2.31% |
| | Potentially Significant Impact? | No | No | No |
| Specified Interest Rate (Residential Users Only) | New | \$55.86 | \$55.86 | \$96.26 |
| | New %MHI Due to Project | 1.34% | 1.34% | 2.31% |
| | Potentially Significant Impact? | No | No | No |

If the user fee increases will be significantly increased, discuss why the LGU has determined to proceed with the project.

If a different financial model has been used to determine project financing, then discuss how the Applicant will accommodate the project in terms of financing it.