

REQUEST FOR BOARD ACTION / CONTRACT CONTROL FORM

Tracking Number: 8.

Date of Request: October 13, 2008

Date Request Received: October 13, 2008

Board Meeting Date Requested: October 20, 2008

Board Meeting Date Assigned: October 20, 2008

Short Title: Resolution Approving The Pender County 20-Year Capital Improvement Plan For Water And Sewer Infrastructure

- Request Status:**
- Request is proceeding to Board of Commissioners
 - More information is needed – see attached
 - Request on hold – no further information needed
 - Other:

Background: Several years ago the County was awarded a Capacity Building Grant from the Rural Center in the amount of \$40,000 in part to prepare a preliminary engineering report and capital improvements plan related to the US 421 Industrial Park. The initial project budget was amended to include a water/sewer engineering alternatives analysis for a 30 year term. The total project budget was \$212,396.50, which includes the Rural Center grant. As a condition of the grant, Pender County was required to prepare and adopt a 20-year Capital Improvements Plan for Water-Sewer Infrastructure. The plan is complete, and is placed on your agenda for consideration.

(Administrative Use Only)

A powerpoint presentation has been developed and will be presented by Mr. Mack, Public Utilities Director, summarizing the plan.

- CONTRACT TYPE**
- Renewal
 - For Service(s)
 - Intergovernmental – County as Grantee
 - Federal Grantor
 - State Grantor
 - Grantor
 - County as Grantor
 - County Funds
 - Other Funds:
 - Revision
 - For Equipment

A final grant report has been prepared and submitted to the Rural Center, and a copy of this adopted Capital Improvements Plan will be forwarded immediately after adoption.

PURCHASING Budgeted Item: Yes No
Date Rec'd: Reviewed and Approved
 Comments on Reverse

Specific Action Requested: To approve a resolution adopting the Pender County 20-Year Capital Improvement Plan for Water and Sewer Infrastructure.

Date Sent: _____
Signed: _____

Requested by: Michael Mack
Department: Public Utilities
Title: Director
Contact Phone: 259-1280
Contact Fax:

ATTORNEY
Date Rec'd: Reviewed and Approved
 Legal Problem(s)
 Comments on Reverse

Date Sent: _____
Signed: _____

FINANCE Sufficient Funds Available Not Available
Date Rec'd: Budget Amendment Necessary
 Budgeted Amendment is Attached
 Comments on Reverse

Date Sent: _____
Signed: _____

CLERK Signature(s) Required:
 Board Chairman/County Manager
 Other:

Date Rec'd Approved by Board: Yes No
At meeting on

MANAGER'S RECOMMENDATION:

Respectfully Recommend Approval

RB
Initials

RESOLUTION: NOW THEREFORE BE IT RESOLVED by the Pender County Board of Commissioners that

the 20-Year Capital Improvement Plan for Water and Sewer Infrastructure is adopted as presented. The Chairman and/or County Manager are authorized to execute any documents necessary to implement this resolution.

AMENDMENTS:

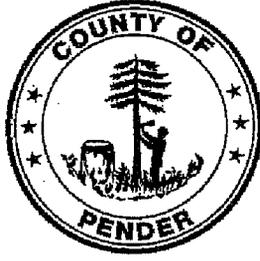
MOVED _____ SECONDED _____

APPROVED _____ DENIED _____ UNANIMOUS

YEA VOTES: Williams ___ Tate ___ Blanchard ___ Brown ___ Rivenbark ___

J. David Williams, Jr., Chairman 10/20/08
Date

Attest 10/20/08
Date



Pender County

20 YEAR WATER AND SEWER CAPITAL IMPROVEMENT PLAN

**PENDER COUNTY
20 YEAR CAPITAL IMPROVEMENT PLAN**

I. Goal Statement

Pender County's is experiencing accelerated population growth in its coastal communities and sections of the county bordering the Wilmington Metropolitan Statistical Area. While the creation of new jobs has kept pace with growth in Pender County's population and employed labor force, over 50% of Pender County residents out-commute for employment due to a shortage of employment and economic opportunities in the County. Pender County's 2007 average wage for all employers was 78% of New Hanover County's average wage. Pender County must plan and develop public infrastructure that: (1) meet current needs; (2) supports projected growth; (3) is environmentally sound; and (4) develops public infrastructure that will promote/establish a climate for the creation of new employment opportunities that reduce underemployment and the need to out-commute. In order to address these concerns, the Board of Commissioners has endeavored to plan the development of water and sewer infrastructure to meet the needs of its residents and businesses. In providing such facilities, the primary goals for Pender County are to:

- prioritize the water and wastewater needs of the County,
- determine the infrastructure required to meet those needs,
- seek and procure funding to design and construct the required infrastructure, and
- ensure that improvements are cost effective, timely and advantageous for residents and/or businesses.

a. Quality of Service

It is the goal of Pender County Board of County Commissioners to plan, develop, finance and implement the construction, operation and maintenance of water and wastewater facilities throughout the county that promote the delivery of cost effective services that meet current and future residential, institutional, business, and industrial needs. To accomplish this goal the Board of County Commissioners will maintain trained and qualified staff at its Public Utilities Department to make recommendations to the County Manager on infrastructure needs and upon consideration of the County Manager's recommendations adopt appropriate policies, ordinances and regulations

b. Service Area

The service area for this Capital Improvement Plan (CIP) is Pender County, North Carolina, including regional and municipal partners.

c. Service Delivery

The Pender County Board of County Commissioners will directly or through the six (6) Water and Sewer Districts established in 2006, implement and approve the financing, construction, operation and maintenance of water and sewer infrastructure developed through this CIP. The Board of County Commissioners shall provide cost effective financing to fund public water and sewer facilities through the districts or other public arrangements. The Pender County Public Utilities Department will provide operation and maintenance for water and sewer facilities developed through the CIP.

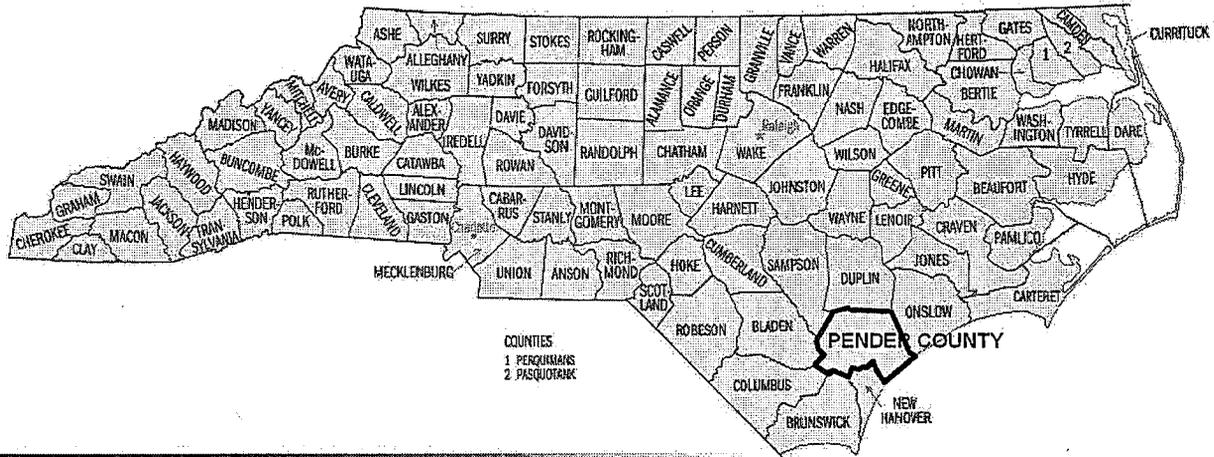
II. Description of the Project Area.

General. Pender County, a large rural county, is located in the south-eastern section of North Carolina bordered by Onslow, Duplin, Sampson, Bladen, Columbus, Brunswick and New Hanover counties and the Atlantic Ocean. Pender, New Hanover and Brunswick counties comprise the Wilmington Metropolitan Statistical Area with the City of Wilmington being the core urban city. The northern, north central and western sections of Pender County reflect stagnant population and economic growth trends in bordering counties (Onslow, Duplin, Sampson, Bladen and Columbus). Eastern and southeastern Pender County's population and economic trends are very different, experiencing rapid growth due to its proximity to the Atlantic Ocean and the City of Wilmington (core MSA urban area).

The county located in the lower Coastal Plain section of the State has a total area of 879 square miles with elevations ranging from 0 to 110 feet above sea level. The County's topography is generally level with short slopes along main drainage ways. Major topographical features include the Cape Fear River, Northeast Cape Fear River, Black River, intercoastal waterway and barrier islands that are a part of the North Carolina Outer Banks. The majority of surface water in the County drains into the Cape Fear River located in the southwest Pender County and its tributaries and the Northeast Cape Fear River and the Black River. The topography of the County and its bordering the Atlantic Ocean results in the flow and water level of sections of these rivers being affected by tides.

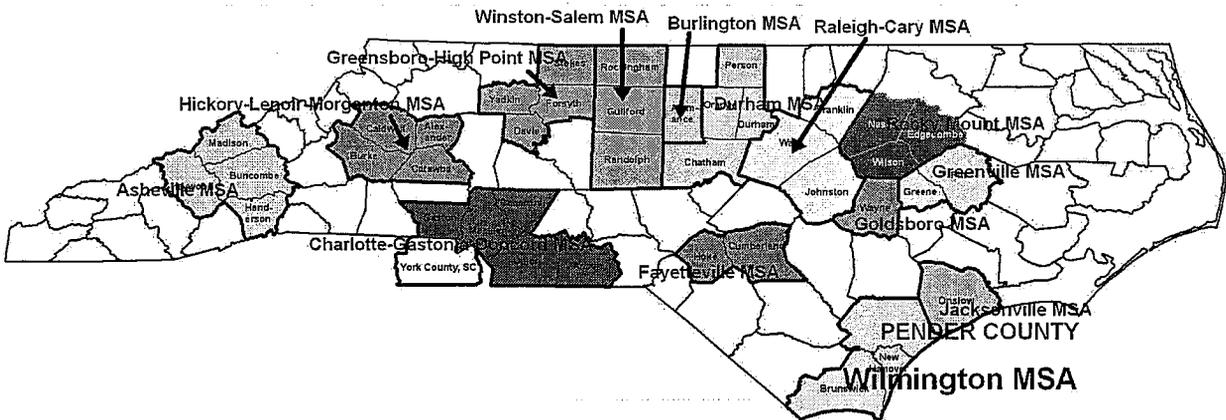
Pender County contains seven incorporated municipalities: Atkinson, Burgaw, St. Helena, Surf City (Part), Topsail Beach, Wallace (Part), and Watha. The centrally located Town of Burgaw is the county seat and its largest municipality. Pender County maps follow this page.

Pender County, North Carolina State Location Map



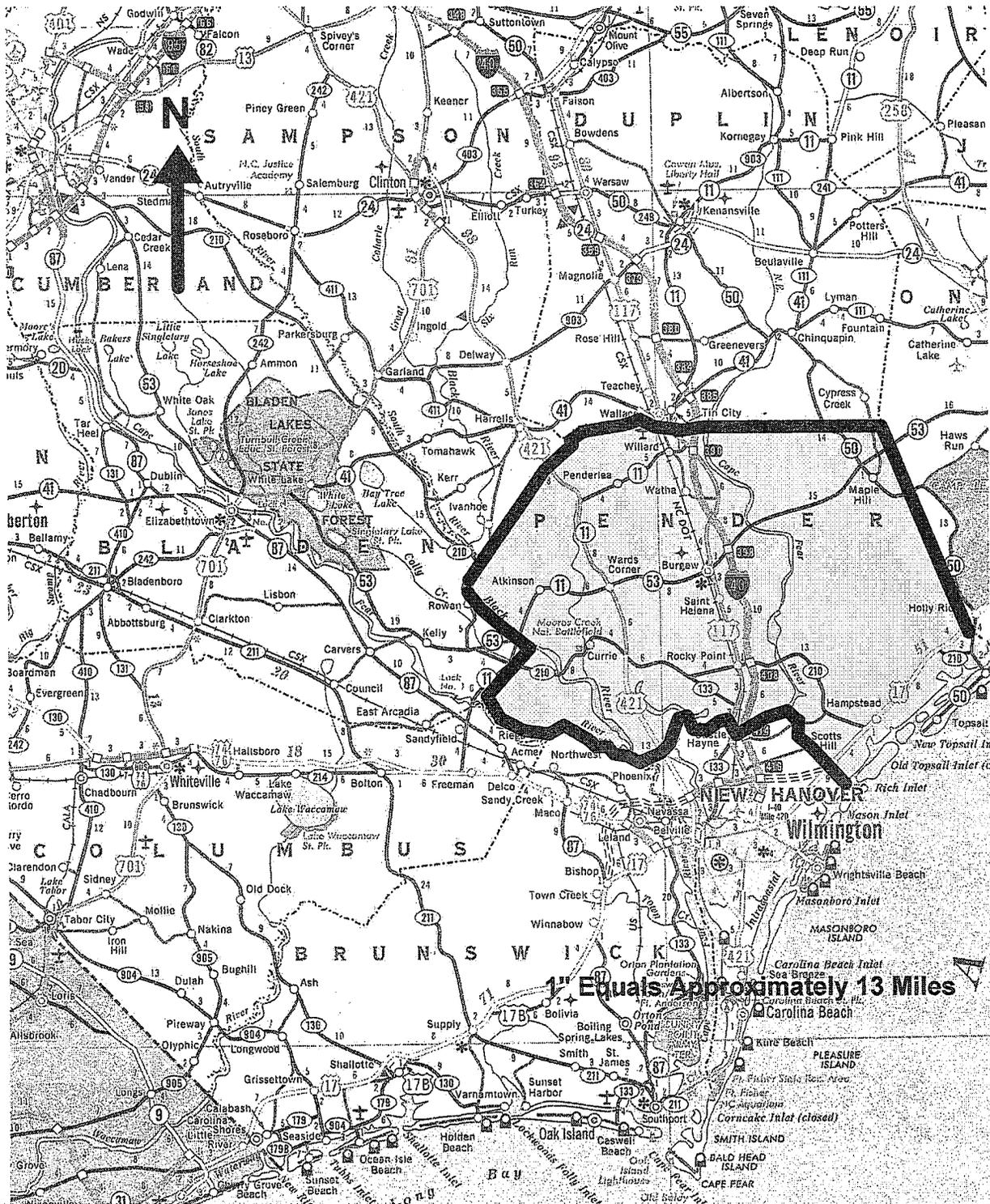
U.S. Census Bureau

North Carolina
Metropolitan Statistical Areas (MSAs), 2008



Base Map Prepared By Labor Market Division, NC-ESC

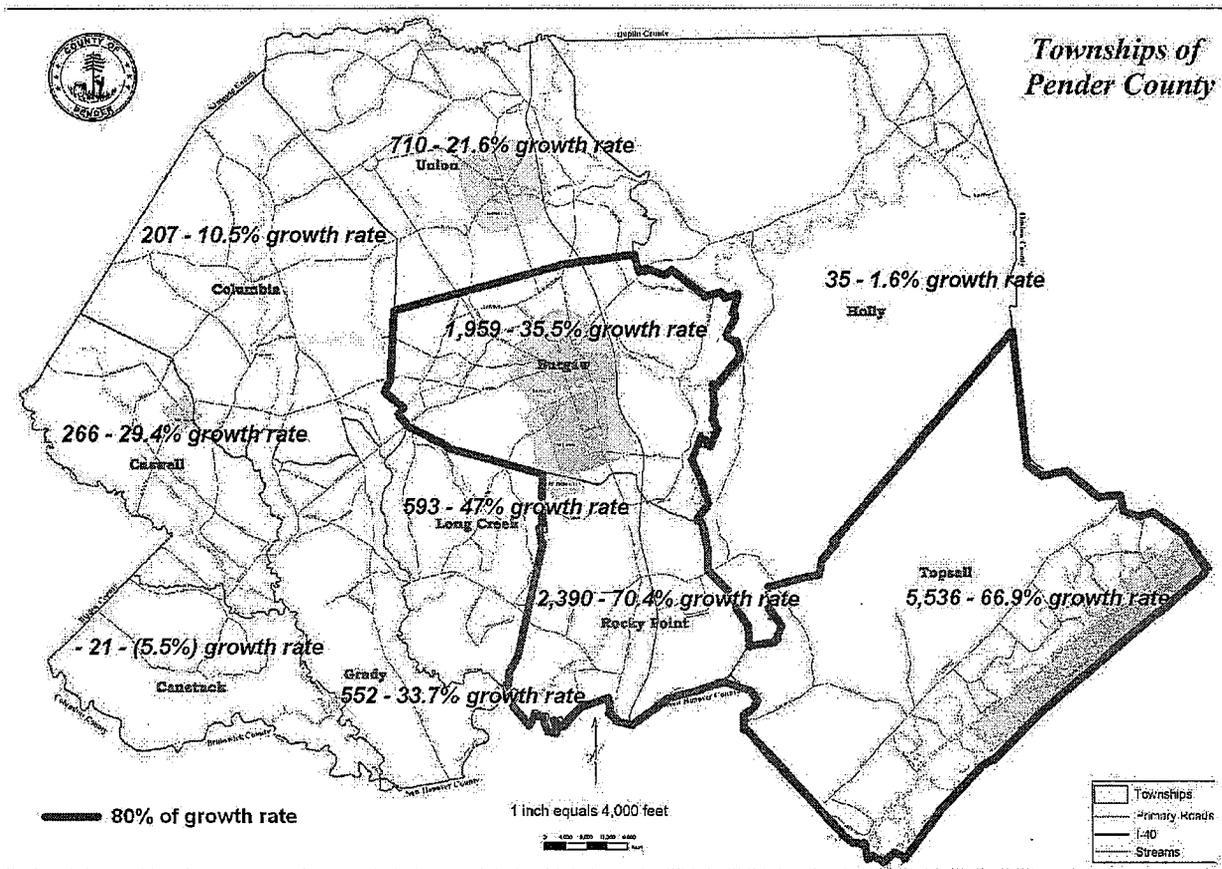
Pender County, North Carolina



Base Map North Carolina Department of Transportation Map.

Population – Historical Growth. Pender County was North Carolina’s 6th fastest growing county between the 1990 and 2000 Census with a 42% growth rate (12,227 persons). During this period 80% of the County’s growth was concentrated in the Burgaw, Rocky Point and Topsail townships.

**Population Growth (Number and Percent) In Pender County Townships
1990 – 2000 Census**



Base Map Pender County Planning Department

**Pender County Township Growth 1990 – 2000 Census
Ranked High To Low Based on Increased Population**

Township	Population			
	1990	2000	Change	
			Number	Percent
Topsail	8,270	13,806	5,536	66.9%
Rocky Point	3,396	5,786	2,390	70.4%
Burgaw	5,515	7,474	1,959	35.5%
Union	3,285	3,995	710	21.6%
Long Creek	1,261	1,854	593	47.0%
Grady	1,640	2,192	552	33.7%
Caswell	906	1,172	266	29.4%
Columbia	1,972	2,179	207	10.5%
Holly	2,228	2,263	35	1.6%
Canetuck	382	361	(21)	-5.5%
Total	28,855	41,082	12,227	42.4%

Between 2000 and 2006 over 87% of the County's population growth occurred in unincorporated areas. Seventy eight percent (78%) of municipal growth occurred in the towns of Burgaw and Surf City (Part).

**Pender County Total, Unincorporated Area
and Municipal Growth July 2000 Through July 2006**

Area	April 2000	July 2006	Growth	
			Number	Percent
Pender	41,082	48,724	7,642	18.6%
Unincorporated	35,373	42,076	6,703	18.9%
Atkinson	236	254	18	7.6%
Burgaw	3,337	3,784	447	13.4%
St. Helena	395	464	69	17.5%
Surf City (Part)	1,101	1,395	294	26.7%
Topsail Beach	471	558	87	18.5%
Wallace (Part)	18	18	-	0.0%
Watha	151	175	24	15.9%

Pender County's rapid growth rate is continuing. For the period 2000 through July 2007, it was the State's 11th fastest growing county with a 22.5% population increase (9,270 persons). Pender County's growth is heavily influenced by residential development spilling over from the City of Wilmington/New Hanover County to the Rocky Point/Burgaw townships and growth within the Hampstead/Topsail/Surf City area located in the Topsail township.

Population – Future Growth

McKim & Creed worked with Pender County staff in the evaluation of traditional and modified models to project population growth for the 2006 water and wastewater master plans developed for Pender County. The model created for these plans used a moderate growth rate experienced by Brunswick County to project population growth through 2030. Using this model the following tables contain Pender County population projections for the period 2000 – 2030. During this period it is projected that 74% of the County's growth will occur in Topsail, Rocky Point and Burgaw townships.

Pender County 10 Year Projected Population Increase 2000 – 2030

Year	Population				
	2000	2010	2020	2030	Increase
Number	41,082	52,512	78,768	104,100	63,018
Percent Increase		27.8%	50.0%	32%	153%

McKim & Creed Wastewater Master Plan and Water Master Plan

**Projected Population By Townships, Total Population Increase
(Number and Percentage) 2000 – 2030**

Township	Population				Total Change	
	2000	2010	2020	2030	Number	Percent
	Burgaw	7,474	9,305	11,241	15,827	8,353
Canetuck	361	353	345	337	(24)	-6.6%
Caswell	1,172	1,241	1,472	1,626	454	38.7%
Columbia	2,179	2,542	2,926	3,310	1,131	51.9%
Grady	2,192	2,629	3,091	6,853	4,661	212.6%
Holly	2,263	2,420	2,586	2,752	489	21.6%
Long Creek	1,854	2,391	3,959	9,027	7,173	386.9%
Rocky Point	5,786	8,038	16,018	20,498	14,712	254.3%
Topsail	13,806	18,857	31,615	37,379	23,573	170.7%
Union	3,995	4,659	5,515	6,491	2,496	62.5%
<i>Total</i>	<i>41,082</i>	<i>52,435</i>	<i>78,768</i>	<i>104,100</i>	<i>63,018</i>	<i>153.4%</i>

McKim & Creed Wastewater Master Plan and Water Master Plan

The following charts rank projected township growth by the percent increase and increased number of persons for the period 2000 through 2030.

Township Growth Ranked By Percent Population Increase 2000 - 2030

Township	2000 - 2030 Population Growth	
	Number	Percent
Long Creek	7,173	386.9%
Rocky Point	14,712	254.3%
Grady	4,661	212.6%
Topsail	23,573	170.7%
Burgaw	8,353	111.8%
Union	2,496	62.5%
Columbia	1,131	51.9%
Caswell	454	38.7%
Holly	489	21.6%
Canetuck	(24)	-6.6%
<i>Total</i>	<i>63,018</i>	<i>153.4%</i>

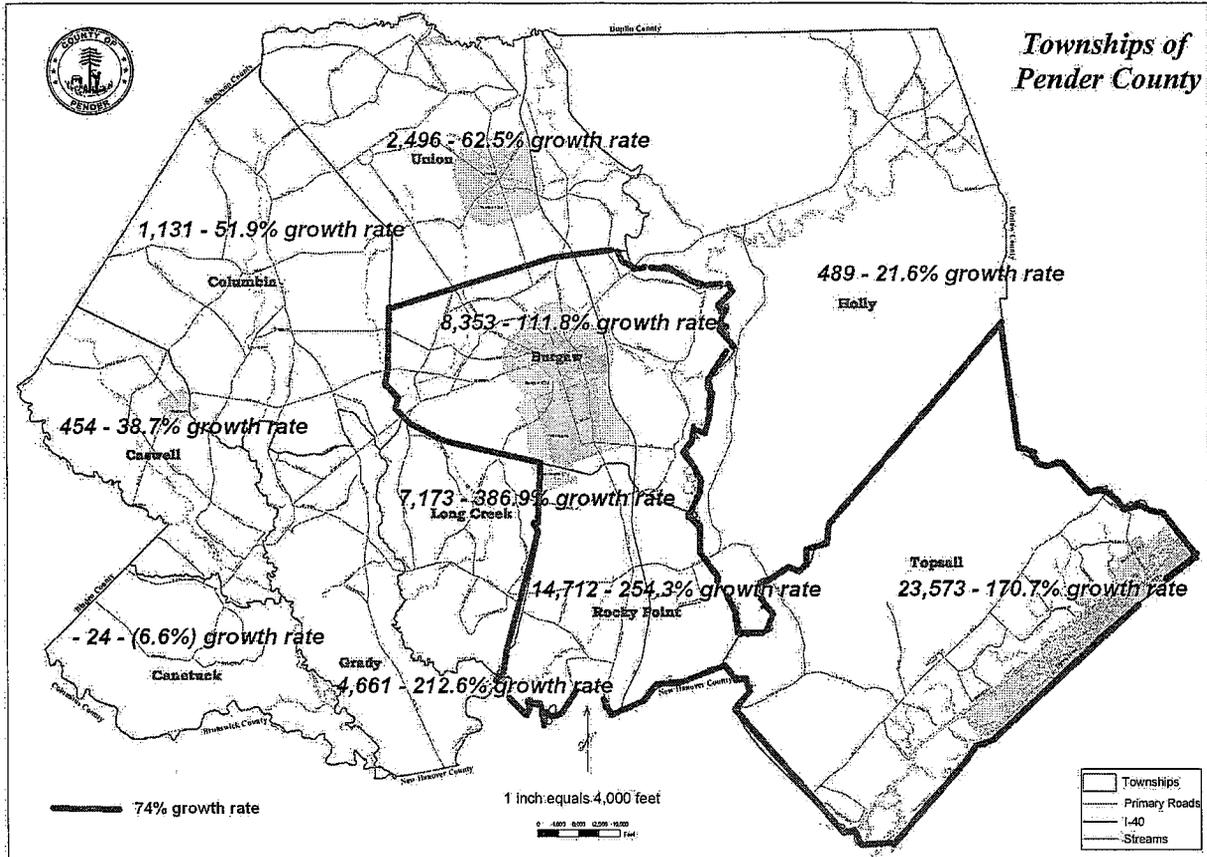
McKim & Creed Wastewater Master Plan and Water Master Plan

Township Growth Ranked By Population Increase 2000 – 2030

Township	2000 - 2030 Population Growth	
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<i>Total</i>	<i>63,018</i>	<i>153.4%</i>

McKim & Creed Wastewater Master Plan and Water Master Plan

Township Growth Trends 2000 Through 2030



McKim & Creed Wastewater Master Plan and Water Master Plan
Base Map Pender County GIS

Population projections for Pender County Water and Sewer Districts developed for water and wastewater master plan, excluding municipal populations follow.

Water & Sewer District	Population Excluding Municipalities				Total Change	
	2000	2010	2020	2030	Number	Percent
	Rocky Point/Topsail	18,890	25,949	39,290	50,715	31,825
Scott's Hill	625	871	1,131	1,391	766	122.6%
Moore's Creek	4,616	5,532	7,028	13,671	9,055	196.2%
Central	5,347	5,845	6,564	7,352	2,005	37.5%
Columbus/Union	5,894	6,825	7,864	8,877	2,983	50.6%
<i>Total</i>	<i>35,372</i>	<i>45,022</i>	<i>61,877</i>	<i>82,006</i>	<i>46,634</i>	<i>131.8%</i>

McKim & Creed Wastewater Master Plan and Water Master Plan

Additional demographic data is contained in the Pender County Water Master Plan (July 2006), Final Pender County Wastewater Master Plan (July 2006) and future updates referenced by the CIP.

Economy.

Established in 1875, Pender County's early economy was tied to agriculture, the production of navel stores (resin-based components used in building and maintaining wooden sailing ships including cordage, mask, turpentine, rosin, pitch (resin) and tar), lumber, shingles and barrel staves. In 1990, Pender County's major industry employers as a percent of the total jobs for all industries (public and private sectors) were: Retail Trade (26%); Local Government (19%); Manufacturing (15%); and Health Care and Social Assistance (10%). All other industry sectors were less than 10% of the County's total employment base. In 2007, Pender County's major industry employers as a percent of the total jobs for all industries (public and private sectors) were: Local Government (17.3%); Retail Trade (13.2%); Health Care and Social Assistance (12.1%); Wholesale Trade (10.1%) and Educational Services (10.1%). Since 1990 retail and manufacturing employment in the County has decreased by 158 and 63 jobs respectively. Manufacturing employment has fallen from 15% to 8% of the County's total employment - a 46.7% reduction. The opening of Interstate 40, providing County residents direct access to New Hanover County retail centers, has been a major contributor to job losses in the retail sector. The following table shows growth in Pender County industry sectors for 2000 and 2007 (Source: ESC Labor Market Division data).

Pender County 2000 To 2007 Employers Number of Units and Workers Comparison

Industry	NAICS Code	Years				Change			
		2000		2007		Number		Percent	
		No of Units	Annual Avg Empl	No of Units	Annual Avg Empl	Units	Average Empl	Units	Average Empl
Total Federal Government		15	112	14	98	-1	-14	-6.7%	-12.5%
Total State Government		24	556	16	517	-8	-39	-33.3%	-7.0%
Total Local Government		26	1,663	33	1,844	7	181	26.9%	10.9%
Total Private Industry		791	6,345	1,001	8,228	210	1883	26.5%	29.7%
Total All Industries		856	8,676	1,064	10,686	208	2010	24.3%	23.2%
Agriculture, Forestry, Fishing & Hunting	11	43	481	35	572	-8	91	-18.6%	18.9%
Mining	21	*	*	*	*				
Utilities	22	*	*	*	*				
Construction	23	178	589	217	960	39	371	21.9%	63.0%
Manufacturing	31	37	1,140	42	856	5	-284	13.5%	-24.9%
Wholesale Trade	42	36	282	45	1,083	9	801	25.0%	284.0%
Retail Trade	44	127	1,130	139	1,407	12	277	9.4%	24.5%
Transportation and Warehousing	48	29	130	35	169	6	39	20.7%	30.0%
Information	51	*	*	*	*				
Finance and Insurance	52	19	96	31	117	12	21	63.2%	21.9%
Real Estate and Rental and Leasing	53	28	67	49	133	21	66	75.0%	98.5%
Professional and Technical Services	54	69	294	72	259	3	-35	4.3%	-11.9%
Management of Companies and Enterprises	55	*	*						
Administrative and Waste Services	56	43	252	55	361	12	109	27.9%	43.3%
Educational Services	61	14	868	26	1,079	12	211	85.7%	24.3%
Health Care and Social Assistance	62	57	1,097	69	1,296	12	199	21.1%	18.1%
Arts, Entertainment, and Recreation	71	15	129	19	174	4	45	26.7%	34.9%
Accommodation and Food Services	72	64	716	65	771	1	55	1.6%	7.7%
Other Services, Ex. Public Admin	81	47	139	56	180	9	41	19.1%	29.5%
Public Administration	92	35	1,024	29	1,036	-6	12	-17.1%	1.2%
Unclassified				66	65				

**NC ESC Labor Market Division
Pender County Insured Employment in North Carolina for Aggregate of all types by
Sector (2 digit)**

2000 through 2007 Annual Comparison of Business Unit and Average Employment Growth

Industry	NAICS Code	Years		Change	
		2000	2007	Number	Percent
		Annual Avg Empl	Annual Avg Empl	Average Empl	Average Empl
Wholesale Trade	42	282	1,083	801	284.0%
Real Estate and Rental and Leasing	53	67	133	66	98.5%
Construction	23	589	960	371	63.0%
Administrative and Waste Services	56	252	361	109	43.3%
Arts, Entertainment, and Recreation	71	129	174	45	34.9%
Transportation and Warehousing	48	130	169	39	30.0%
Total Private Industry		6,345	8,228	1,883	29.7%
Other Services, Ex. Public Admin	81	139	180	41	29.5%
Retail Trade	44	1,130	1,407	277	24.5%
Educational Services	61	868	1,079	211	24.3%
Total All Industries		8,676	10,686	2,010	23.2%
Finance and Insurance	52	96	117	21	21.9%
Agriculture, Forestry, Fishing & Hunting	11	481	572	91	18.9%
Health Care and Social Assistance	62	1,097	1,296	199	18.1%
Total Local Government		1,663	1,844	181	10.9%
Accommodation and Food Services	72	716	771	55	7.7%
Public Administration	92	1,024	1,036	12	1.2%
Total State Government		556	517	(39)	-7.0%
Professional and Technical Services	54	294	259	(35)	-11.9%
Total Federal Government		112	98	(14)	-12.5%
Manufacturing	31	1,140	856	(284)	-24.9%
Mining	21	*	*		
Utilities	22	*	*		
Information	51	*	*		
Management of Companies and Enterprises	55	*			
Unclassified			65		

*** in table indicates disclosure suppression.

Pender County residents have historically had to out-commute for employment opportunities due to a shortage of jobs and/or underemployment in the County. In 1990 and 2000 Pender County's employed labor force exceeded the total number of all jobs in the County by 7,132 and 9,964 positions.

**Pender County
NC ESC Civilian Labor Force Comparison To
County's Total Employment For All Industries**

Year	Employed Labor Force	Total Employment All Industries	Job Shortfall
1990	13,178	6,046	7,132
2000	18,640	8,676	9,964

Though Pender County's average annual wage for all industries (*NC ESC Labor Market Division*) for the years 2000 and 2007 increased more than New Hanover County, the Wilmington MSA and the State, its 2007 annual wage is still substantially less than the average wage paid in these areas.

**Total Average Annual Wage Increase By Area
For Years 2000 and 2007**

Area	Average Wage		
	2000	2007	Increase%
Pender County	\$ 21,892	\$ 28,028	28%
New Hanover County	\$ 28,548	\$ 35,828	26%
Wilmington MSA	\$ 27,612	\$ 34,216	24%
State	\$ 31,044	\$ 38,896	25%

**Percent Pender County Total Average Annual Wage
Is Of Select Areas For Years 2000 and 2007**

Area	Pender County Wage As A Percent Of	
	2000	2007
New Hanover County	77%	78%
Wilmington MSA	79%	82%
State	71%	72%

Pender County's percent of workers out-commuting increased from 60.7% in 1990 to 61.8% in 2000. Over 70% of out-commuting workers find employment in New Hanover County.

Pender County 1990 and 2000 Commuting Patterns For Select Areas

Year	Total	Pender County Workers					
		Total Working			Percent Working		
		In Pender	Outside Pender	New Hanover	In Pender	Outside Pender	New Hanover
1990	12,554	4,930	7,624	5,353	39.3%	60.7%	42.6%
2000	17,732	6,765	10,967	8,083	38.2%	61.8%	45.6%

Pender County's economic, as its residential growth, is being heavily influenced by development spilling over from New Hanover County and residential/tourism development in the Topsail township. The opening of four lane Interstate 40 has accelerated residential growth in Pender County and shortened commuting times for Pender County residents to work and shop in New Hanover County.

Economic development activities in Pender County have concentrated in the Town of Burgaw (industrial/commercial), the US 17 Hampstead/Topsail/Surf City corridor (tourism/commercial), and the Rocky Point area (commercial/industrial). Industrial development activities have concentrated in and adjacent to the Town of Burgaw due to its proximity to the City of Wilmington (22.1 miles), NC 53 Intersection with Interstate 40, municipal water and sewer, and marketable business/industrial parks (public and private parks). Pender County's 25 largest employers for the 4th Quarter, 2007 (source: Employment Security Commission) are listed and their approximate location shown on following chart and map.

25 Largest Pender County Employers - 2007, 4th Quarter

ID Number	Location	Company Name	Industry	Employment Range
1	Multiple	Pender County Board Of Education	Education & Health Services	1,000+
	Burgaw	a Burgaw Elementary		
	Burgaw	b Burgaw Middle		
	Burgaw	c Pender County Alternative		
	Burgaw	d West Pender Middle		
	Rocky Point	e Cape Fear Elementary		
	Rocky Point	f Cape Fear Middle		
	Rocky Point	g Heide Trask High		

**Pender County
20 Year Capital Improvement Plan**

ID Number	Location	Company Name	Industry	Employment Range
	Rocky Point	h Rocky Point Primary		
	Wards Corner	i Malpass Corner Elementary		
	Wards Corner	j Pender High		
	Penderlea	k Penderlea Elementary		
	Topsail	l South Topsail Elementary		
	Topsail	m Topsail High		
	Topsail	n Topsail Middle		
2	Rocky Point	Del Laboratories Inc	Trade, Transportation & Utilities	500-999
3	Burgaw	State Of North Carolina	Public Administration	250-499
4	Burgaw	Pender County N C	Public Administration	250-499
5	Burgaw	Pender Memorial Hospital Inc	Education & Health Services	250-499
6	Burgaw	L L Building Products (A Corp)	Manufacturing	100-249
7	Multiple	Food Lion Llc	Trade, Transportation & Utilities	100-249
	a Burgaw			
	b Rocky Point			
	c Hampstead			
8	Burgaw	The Lawsons House	Education & Health Services	100-249
9	Burgaw	Genlyte Thomas Group Llc	Manufacturing	100-249
10		Kohls Department Stores	Trade, Transportation & Utilities	100-249
11	Burgaw	Huntington Health Care & Retirement	Education & Health Services	100-249
12		Murphy-Brown Llc	Natural Resources & Mining	100-249
13	Burgaw	Pender Adult Services, Inc	Education & Health Services	100-249
14	Multiple	Hardee's	Leisure & Hospitality	100-249
	a Burgaw			
	b Rocky Point			
	c Hampstead			
	d Surf City			
15	Hampstead	Woodbury Wellness Center Inc	Education & Health Services	100-249
16	Surf City	Lowes Home Centers Inc	Trade, Transportation & Utilities	50-99
17	Multiple	Pender Volunteer Ems And Rescue Inc	Education & Health Services	50-99
	a Burgaw (2)			
	b Hampstead			
	c Topsail Beach			

**Pender County
20 Year Capital Improvement Plan**

ID Number	Location	Company Name	Industry	Employment Range
	d Willard			
	e Rocky Point			
	f Maple Hill			
	g Atkinson			
18		N C Department Of Transportation	Public Administration	50-99
19		Regent Security Services Inc	Professional & Business Services	50-99
20	Multiple	U S Postal Service	Trade, Transportation & Utilities	50-99
	a Burgaw (3)			
	b Willard			
	c Surf City			
	d Atkinson			
	e Currie			
21		Gomez Harvesting Llc	Natural Resources & Mining	50-99
22	Burgaw	Four County Electric	Trade, Transportation & Utilities	50-99
23	Burgaw	Piggly Wiggly #86	Trade, Transportation & Utilities	50-99
24	Surf City	Town Of Surf City NC	Public Administration	50-99
25	Willard	Johnson Nursery	Trade, Transportation & Utilities	50-99

Source: NC ESC Labor Market Division

III. Description of Existing Facilities.

- a. General status.
- b. Existing capacity/condition.

The Pender County Utility Operations Department is responsible for the planning, operation and maintenance of water, sewer and business/industrial park infrastructure controlled or owned by Pender County or one of its water and sewer districts.

Pender County has experienced tremendous growth over the past 15 years. Census data and growth models developed for Pender County's water and wastewater master plans indicate that rapid growth will continue for the foreseeable future, with a projected Year 2030 population of approximately 104,100 residents. Growth has placed a burden on existing water and wastewater facilities in the County and will continue to present infrastructure needs in the future. Significant infrastructure improvements will be necessary to meet projected demands.

A few small, private water distribution and wastewater collection/treatment systems exist in the County that are dedicated for specific uses and are limited in capacity and expandability. The Rocky Point/Topsail Water and Sewer District's recently completed Phases IV and V provide general water to the southern tier of the County with the remainder of County residents continuing to use individual wells.

Individual septic tank systems and sub-surface drain fields have been the typical methods of wastewater treatment and dispersal in the past; however, a combination of more stringent regulations and less than desirable soil characteristics have severely limited the functionality of such systems as a means of wastewater treatment. The lack of viable wastewater treatment and dispersal facilities and lack of County-wide public water has curtailed non-residential development and economic growth throughout Pender County.

Water: Pender County currently operates two (2) public water systems, the Rocky Point/Topsail Water and Sewer District (RPTWSD) and the Maple Hill Water District (MHWD). The RPTWSD was formed in 1996 by the Pender County Board of Commissioners. Due to the magnitude of providing the entire District with a water supply and distribution system, the project was split into five phases, three phases in Rocky Point and two in the Topsail Township area.

The Maple Hill Water District (MHWD) was constructed in 1992 and currently serves 334 customers and is located in the northeast portion of the County. The MHWD purchases water from the Chinquapin Water Association in Duplin County, which draws water from the Black Creek Aquifer in the Central Coastal Plain. The system is comprised of a 150,000 gallon elevated tank and associated distribution system with 2" through 6" diameter water mains. The district currently serves 334 customers with an average daily demand of approximately 45,000 gallons per day.

Potable water is supplied to the RPTWSD by the Town of Wallace in neighboring Duplin County. Wallace and the RPTWSD have an Interlocal Agreement that provides for up to 800,000 gallons per day of bulk water supply. While this supply has served the district well, demands are projected to quickly outpace the available supply. Subsequently, the RPTWSD and Pender County will require an alternate water source to meet future demands.

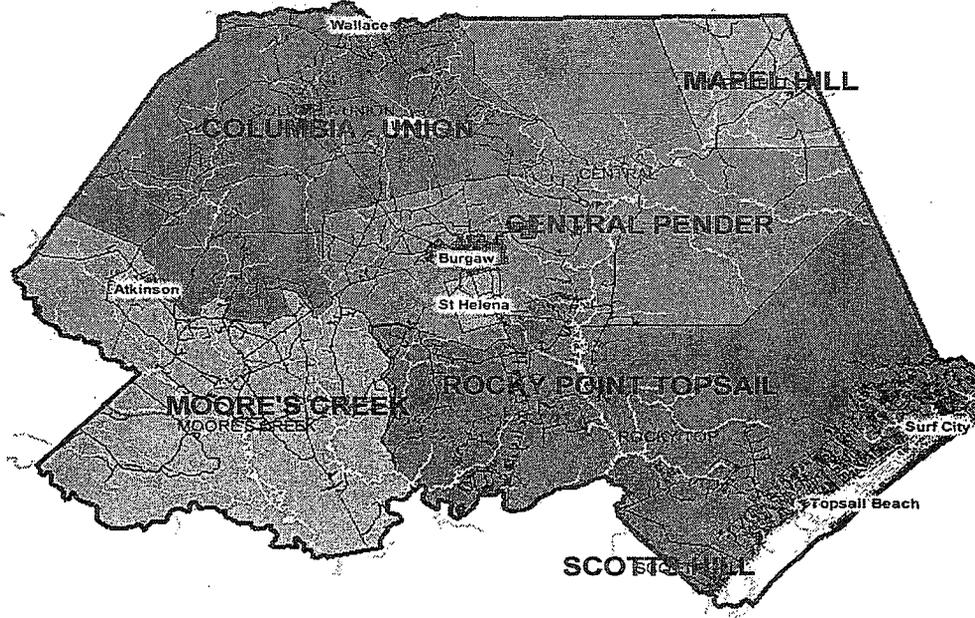
Phase IB of the RPTWSD is currently operational and encompasses a 315 gallon per minute booster pumping station, a 300,000 gallon elevated storage tank, and approximately 70 miles of water distribution facilities.

Construction of Phase III of the RPTWSD is complete. This phase included an upgrade to the existing 315 GPM booster pumping station, the addition of two water booster pumping stations, a 500,000 gallon elevated storage tank, a 200,000 gallon ground storage tank, and approximately 80 miles of water distribution mains in the Rocky Point and Hampstead areas of Pender County.

Construction Phases IV and V of the RPTWSD are or are near completion. Phase IV of the RPTWSD constructed approximately 20 miles of water distribution lines in the New Road and St. Helena areas of Pender County. Phase V consisting of an additional water booster pumping station and an elevated water storage tank as well as approximately 70 miles of water distribution facilities in the Topsail area is nearing completion.

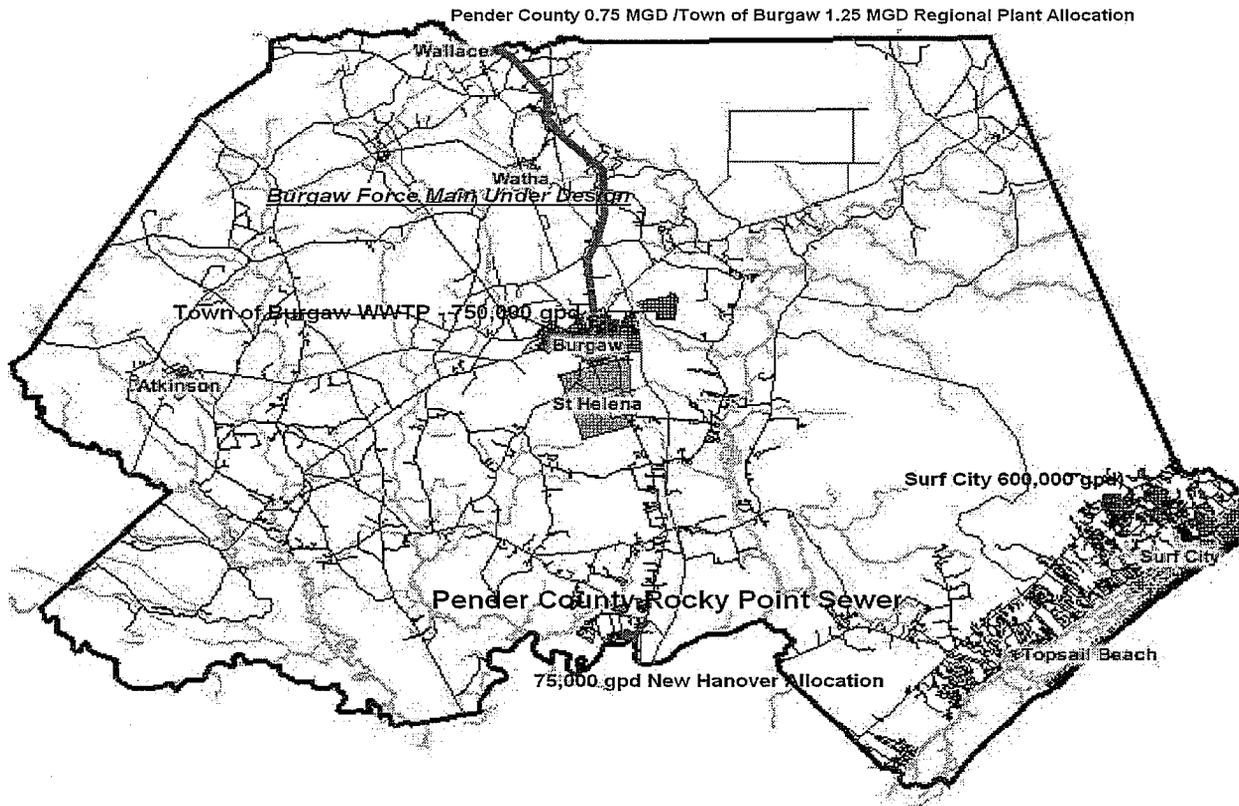
Pender County's Water and Sewer District boundaries are shown on the following map.

PENDER COUNTY WATER & SEWER DISTRICTS



Sewer: The majority of Pender County residents and businesses depend on decentralized wastewater treatment systems (onsite septic systems or packaged treatment systems). Pender County currently owns and operates several wastewater pumping stations including the Del Labs, Cape Fear Middle School, Heidi Trask Senior High School, and NC133/US117 Regional Pump Station. All four stations convey flow to New Hanover County for treatment at the Northside WWTP located in Wilmington. Pender County currently has a 75,000 gpd wastewater allocation from the Cape Fear Public Utilities Authority. Pender County is negotiating with the Cape Fear Public Utilities Authority to increase its allocation to 250,000 gpd. Pender County has received CDBG-ED and Rural Center Economic Infrastructure grants to extend approximately 15,500 lf of 3" forcemain from an existing industry, Pender Packing, located on NC Highway 133 to Pender County's wastewater pumping station located at the Cape Fear Middle School on NC Highway 133. Several package treatment plants and onsite dispersal systems are operated by private developments or businesses in the County. On US Hwy. 421, BASF currently operates an onsite WWTP with a NPDES direct discharge permit. Surf City is expanding its WWTP's capacity to 600,000 gpd. The Town of Burgaw operates a wastewater collection system and WWTP that has a current treatment capacity of 750,000 gpd. In Duplin County, north of Pender County, the Town of Wallace currently has a 1 MGD tertiary WWTP that discharges to a tributary of the Northeast Cape Fear River. The Town also has a WWTP with a permitted capacity of 4.0 MGD (construction upgrade to start late 2008). Pender County has been allocated 2.0 MGD of the 4.0 MGD capacity when construction is completed. The Town of Burgaw has secured financing and is designing a 75,000 LF, 16" forcemain to be constructed on US 117, two 1.25 MGD Pump Stations and appurtenances to transport wastewater from the Town of Burgaw to the Town of Wallace's Regional WWTP for treatment. The Town of Burgaw and the Pender County Board of Commissioners have reached an agreement for the financing and use of a force main to be constructed by the Town of Burgaw that utilizes the proposed upgraded Town of Wallace Wastewater Treatment Plant for treatment. The agreement provides for the force main, with an estimated \$12,747,635 cost, to service the Town of Burgaw and County Water and Sewer Districts. It provides for the County to give the Town 1.25 MGD per day of its 2 MGD treatment capacity in the proposed Town of Wallace Wastewater Treatment Plant and provide \$3,400,000 (2006-2007 estimate) of the project cost to upgrade the size of the force main for County use

Pender County Local Governments Waste Water Facilities – Existing, Under Construction or Design (August 2008)



Economic Development:

Commercial development in Pender County is concentrated in the Burgaw/Rocky Point - Interstate-40/US 117 and US 17 - Hampstead/Topsail Island corridors. Commercial businesses within the I-40/US 117 corridor are clustered in proximity to I-40/US 117 interchanges with NC 53 (Burgaw) and NC 210 (Rocky Point). Commercial development is located throughout the US 17 corridor with higher densities occurring at NC 210 interchanges at Hampstead and Topsail Island. Pender County's current land use plan/zoning ordinance and projected population growth will result in a demand for continued commercial development at these clusters.

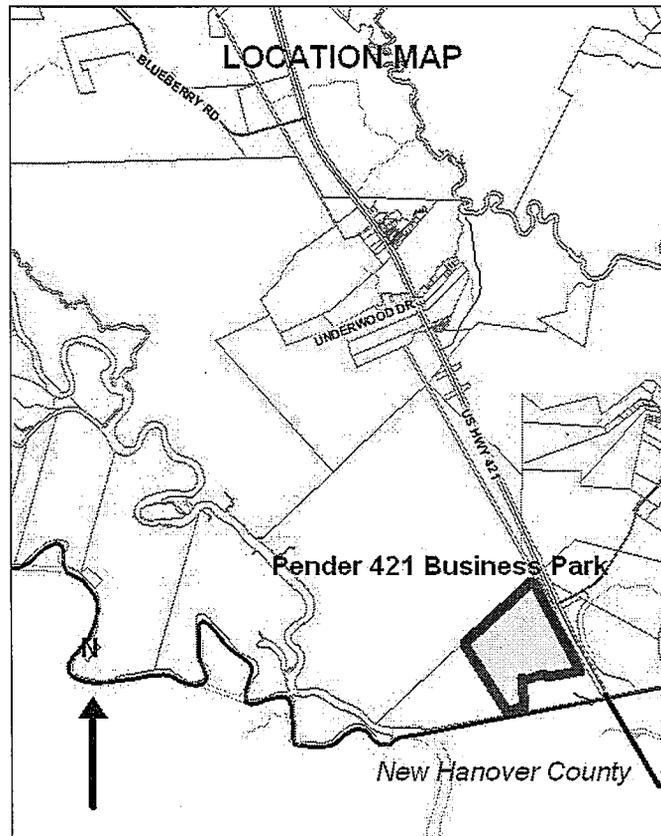
Pender County's governmental/institutional facilities are concentrated at the Town of Burgaw, its centrally located county seat. Governmental/institutional facilities located at the Town of Burgaw include local government (Pender County and the Town of Burgaw) offices and support facilities, Pender County Schools (administrative offices and schools), US Postal Service, Pender Memorial Hospital, Pender County EMS and the North Carolina Department of Corrections' Pender County Correctional Facility. Governmental/ institution employers not located in the Town of Burgaw include Pender County Schools, Pender County EMS and US Postal Service countywide community facilities and the towns of Surf City and Topsail Beach local government offices and support facilities.

Pender County's industrial development is concentrated in three industrial parks located in or in proximity to the Town of Burgaw. Pender Progress, a non-profit development corporation formed August 1979 controls the Pender Progress and Pender Commerce Parks. The third industrial park, the Stag Industrial Park, is privately owned. Industrial park development in the Burgaw area has occurred due to favorable market factors that include the availability of land, municipal water and sewer facilities with excess capacity, NC 53 interchanges with I-40 and US 117, its central Pender County location to county residents in the work force and proximity to City of Wilmington/New Hanover County's labor pool. Industrial development outside of the Town of Burgaw has been site specific to a particular company's needs. Major industrial investments that have occurred outside Burgaw industrial parks are: Del Labs (former Carver Boat facility), BASF (former Takeda facility), and Cincinnati Thermal Spray.

Pender County in 2002 began exploring the potential to develop publicly (local government and/or non-profit development corporation) controlled business/industrial parks in the I-40/US 117 and US 421 corridors at or near the Pender/New Hanover County line. The I-40/US 117 corridor assessment was specific to the development of a Rocky Point park on property located behind the Heidi Trask High School owned by Pender County. A Highway 421 Corridor Committee was formed to evaluate the development of a business/industrial park in the US 421 corridor.

Pender County contracted with McKim and Creed to develop a schematic layout with cost estimates for the development of a Rocky Point Business Park in the I-40/NC 117 corridor. The infrastructure/site development for Rocky Point Business Park was stopped when wetland soils were identified in the location of a proposed access road from NC 117 to serve a business interested in locating in the park. The mitigation costs associated with locating/constructing an access road to the park resulted in its (park) development being cost prohibitive.

Pender County also contracted with McKim and Creed to provide technical assistance on its review of properties in the Pender County side of the US 421 corridor that would be suitable for business/industrial park development. This review revealed approximately 4,200 suitable acres contained in three properties owned by Corbett Industries, Inc. and BASF Corporation. On May 15, 2006 the Pender County Board of Commissioners approved purchasing a 350 acre from BASF in the US 421 corridor for \$4.0 million.



c. Present condition.

Water and Sewer. The current operating conditions of all existing county owned water and sewer facilities are excellent. Increased residential growth in the southern and eastern parts of the county results in continued County development of water treatment, storage, transmission and distribution facilities. The projected demand for potable water is expected to exceed the County's available supply before the year 2010. Residential growth in these areas and accompanying commercial develops results in the County continuing its assessment to develop sewage collection, transmission and treatment facilities to meet residential needs. The County's current commercial, institutional and industrial sewage needs in the Rocky Point area exceeds Pender County's treatment allocation at the Northside WWTP located in Wilmington.

Economic Development. The Pender Progress, Pender Commerce and STAG business/industrial parks as well as the FLW, Miller-Ballentine, Signature and Stoney McKoy tracts located at/or in proximity to the Town of Burgaw are served by municipal water and sewer infrastructure. The Pender County US 421 Business Park fronting four lane US 421 is not currently served by water or sewer infrastructure. Pender County has secured Rural Development, USDA financing and authorized design on a 2 MGD water treatment plant that

will be located at the park. Pender County is working with New Hanover County on the design, financing and use of water and sewer treatment facilities constructed to serve the Pender County US 421 Business Park and development within the US 421 corridor.

Fifty-four business/industrial parks and/or tracts were identified in Pender and surrounding counties, September 2008, using North Carolina Department of Commerce, Wilmington Industrial Development Commission, North Carolina Southeast and North Carolina East information. Of this total seven are located in Pender County with six being located at or in proximity to the Town of Burgaw. Using the North Carolina Department of Commerce - North Carolina Site Search website (June 2008), six of these sites are "Certified" sites. The following table lists and map locates these sites and parks.

**Business/Industrial Parks and Sites In Pender County and Surrounding Counties
(June 2008)**

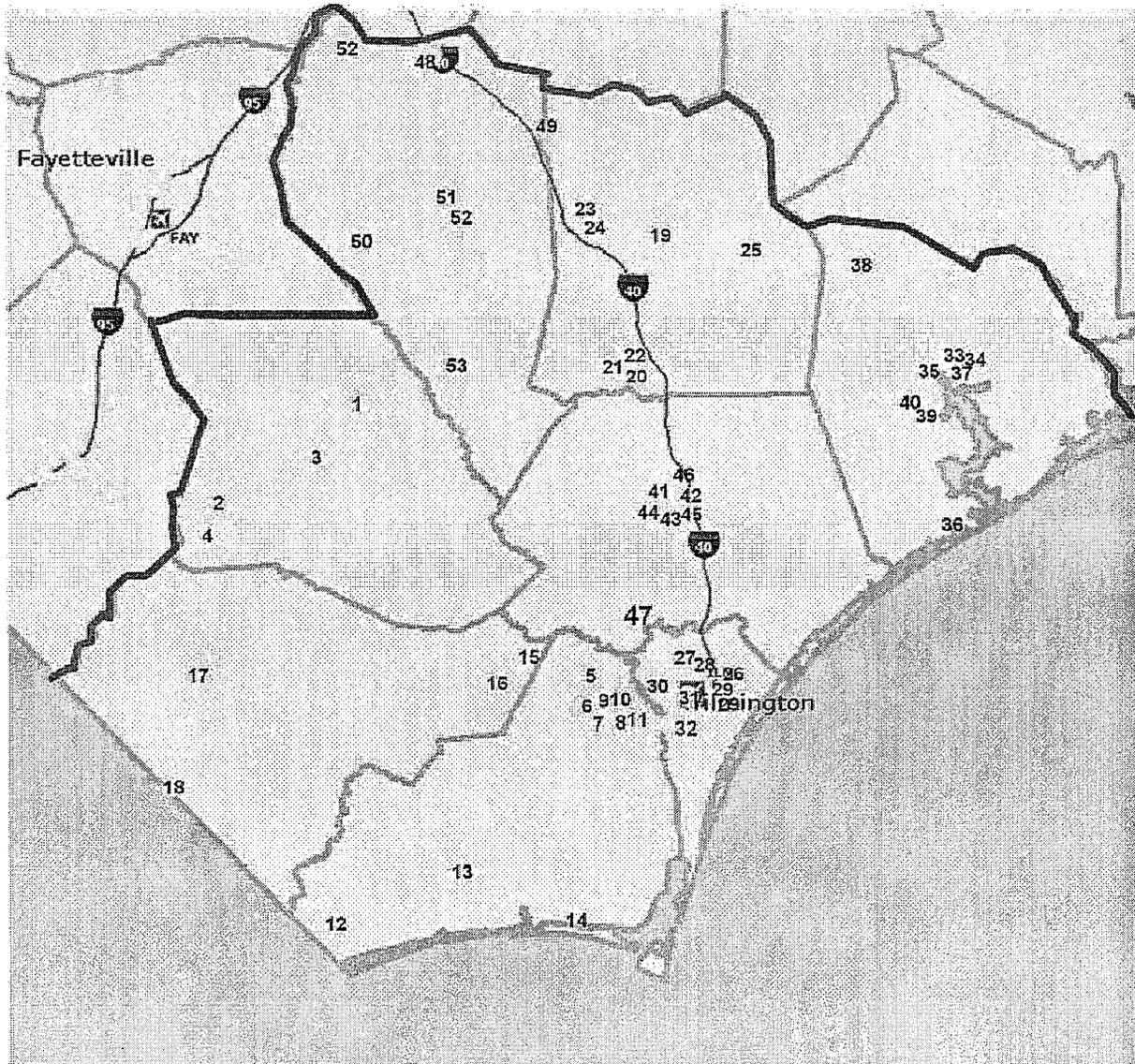
#	Property Name	Size - Acres (+/-)	County	Certified Site
1	Connor Site	95.42	Bladen	
2	Dewey Bridger Site	325.00	Bladen	
3	Elizabethtown Airport Industrial Park	195.00	Bladen	X
4	Bladenboro Industrial Park	83.00	Bladen	X
5	Brunswick County Industrial Rail Site	453.00	Brunswick	
6	Cape Fear Site	280.00	Brunswick	
7	J.E. 1 Site	397.88	Brunswick	
8	J.E. 2 Site	404.27	Brunswick	
9	Leland Industrial Park	400.00	Brunswick	
10	Old Mill Road Site	256.00	Brunswick	
11	Arnold Logistics Site	89.54	Brunswick	
12	Carolina Business Park	35.00	Brunswick	
13	Shalotte Business Park	50.00	Brunswick	
14	Southport/Oak Island Business Park	20.00	Brunswick	
15	Brunswick/Columbus County Regional Business Park	900.00	Brunswick/Columbus	
16	Scott Sullivan	204.40	Columbus	
17	Southeast Regional Park	350.00	Columbus	X
18	Tabor Industrial Park	36.00	Columbus	X
19	AirPark	126.00	Duplin	
20	Rivenboar-Milledge Tract	43.00	Duplin	
21	South Park Industrial Center	50.00	Duplin	
22	SouthPark Industrial Park	85.00	Duplin	
23	Duplin County Business/Industry Center	126.00	Duplin	
24	WestPark Industrial Park	930.00	Duplin	
25	EastPark Industrial Park		Duplin	

**Pender County
20 Year Capital Improvement Plan**

#	Property Name	Size - Acres (+/-)	County	Certified Site
26	3300 Corporate Drive	5.26	New Hanover	
27	4000 Castle Hayne Road Site	33.00	New Hanover	
28	4000 Crowatan Road Site	154.00	New Hanover	
29	4227 North Chase Parkway, NC	5.87	New Hanover	
30	Fredrickson Tract	10.00	New Hanover	
31	ILM Business Park	142.60	New Hanover	X
32	Island Park	50.00	New Hanover	
33	Onsville Drive	1.72	Onslow	
34	Northwest Business Park	11.06	Onslow	
35	Cabin Creek Mobile Home & Campground	17.00	Onslow	
36	Highway 24 Industrial Park	40.00	Onslow	
37	Jacksonville Business/Industrial Park	52.00	Onslow	
38	Fire Tower Road Industrial Park	119.00	Onslow	
39	Murrill Hill & Haws Run	229.00	Onslow	
40	Onslow County Burton Park	730.00	Onslow	X
41	FLW Tract	39.00	Pender	
42	Miller-Ballentine Tract	5.00	Pender	
43	Pender Commerce Park	350.00	Pender	
44	Pender Progress Park	14.00	Pender	
45	Signature Tract	4.00	Pender	
46	Stoney McKoy Tract	50.00	Pender	
47	Pender US 421 Business Park	300.00	Pender	
48	I-40 Exit 348 Site	1,161.00	Sampson County	
49	I-40 Exit 355 Site	279.00	Sampson County	
50	Roseboro Industrial Park Site 5	16.00	Sampson County	
51	Sampson Southeastern Business Complex	466.00	Sampson County	
52	J. B. Warren Industrial Park (Newton Grove)	55.00	Sampson County	
53	Garland Industrial Park	9.00	Sampson County	
54	Sampson Industrial Park	349.60	Sampson County	

Sources: September 2008, North Carolina Department of Commerce, Wilmington Industrial Development Commission, North Carolina Southeast and North Carolina East webpages.

Map Showing Business/Industrial Parks and Sites
In Pender County and Surrounding Counties
(June 2008)



Numbers correspond to “#” Property Names on the prior table.

A September 2008 North Carolina Department of Commerce search (“ncsiterearch.com”) for industrial and flex buildings in Pender County and surrounding counties indicated 4,463,288 sq. ft. of available space in an eight county area. The following chart list the total number of available buildings, total available square footage and percent of available industrial and flex building space in this area.

Matching Buildings

Available Industrial and Flex Space Buildings

#	COUNTY	NUMBER AVAILABLE BUILDINGS	AVAILABLE SPACE SQ FT	PERCENT OF TOTAL SPACE
1	Bladen	8	458,690	10%
2	Brunswick	3	587,980	13%
3	Columbus	10	618,340	14%
4	Duplin	15	1,646,872	37%
5	New Hanover	6	365,751	8%
6	Onslow	1	1,250	0%
7	Pender	1	34,233	1%
8	Sampson	5	750,172	17%
Total		49	4,463,288	100%

NC Siterearch (September 2008)

Regional Initiatives. In addition to its participation with New Hanover County in US 421 corridor infrastructure development, Pender County is participating with the Cape Fear Public Utilities Authority, the Lower Cape Fear Water and Sewer Authority, the Town of Burgaw and the Town of Wallace in regional water and sewer projects. Pender County will continue to pursue the development of regional water and sewer partnerships that results in the ability to distribute the cost of debt financing that will result in users having affordable rates. Through these regional partnerships and within design/financial constraints the County will construct transmission (water and sewer) mains to meet known deficiencies that are sized to meet long term needs. The County will initiate plans to construct new regional facilities in closer proximity to growth areas to reduce the cost of transmitting water from and sewage to centrally located treatment plants through less densely populated areas.

d. Previously completed review, studies, etc.

There following studies have or are currently being undertaken to provide the Pender County Board of Commissioners with a formal evaluation of needs and infrastructure development recommendations.

- Leak-Goforth, White Branch Consultants, Fulbright Partnership Wilmington Committee of 100 Development Strategy for BASF Property
- McKim & Creed 2006 Pender County Water Master Plan
- McKim & Creed 2006 Pender County Wastewater Master Plan
- McKim & Creed Engineering Alternatives Analysis – US 421 Corridor Wastewater Treatment (draft).
- O'BrienAtkins Industrial Park Master Plan – commissioned by Wilmington Industrial Development, Inc.

e. Specific limitations (*water/sewer limitations from 2006 Water and Wastewater Master Plans*)

Water: Limitations for the use of groundwater as the raw water supply for new and/or expanded water facilities follow. Generally, the Castle Hayne and Pee Dee Aquifers are relatively shallow and spotty in the County and experience degrading water quality over time. Poor water quality in these areas would necessitate membrane treatment or other similar processes, which are significantly more costly than traditional water treatment. Consultations with NCDENR Division of Water Resources officials indicate that it is possible that Capacity Use Regulations may be extended to Pender County in the future. In this case, the County would be required to significantly reduce their withdrawal and dependency on ground water. Salt water intrusion could also become a concern in the County in the future.

The use of the Northeast Cape Fear River as a surface raw water source with potential brackish water conditions may necessitate provisions for advanced treatment capabilities. Advanced treatment will result in higher construction and operation/maintenance costs.

Sewer: Limitations to the continued use of individual (septic) waste water treatment systems and the construction of centralized systems follow. *Septic systems* - Other than the municipal concentrations and isolated industrial uses, the County relies on individual systems. Historically the relatively sparse density, large lot sizes, and available economical land have lent themselves to this application. Among other factors, increased residential growth will now support increased commercial and industrial activity – activities which traditionally (even under ideal conditions) are harder to accommodate by individual on-site systems. At the same time, as more is known about requisite conditions for sustainable individual systems, it is found that more and more areas receiving pressure for this development exhibit characteristics less than ideal for installation of these conventional onsite systems. Therefore, continued reliance on these systems to serve the majority of residences and businesses in the County is not feasible. That is not to say that there is not a place for the continued use of well-managed individual on site systems. Areas of the County which still exhibit light development density - particularly of the commercial and industrial uses – and which contain favorable natural conditions for these systems – should continue to manage wastewater by this method. Areas which exhibit conditions contrary to the foregoing must incorporate some form of more centralized wastewater management.

Centralized Wastewater Treatment Facilities - Treatment processes themselves neither create nor destroy the wastewater. They merely purify the water. The water must then be disposed or dispersed in an acceptable manner. The term dispersal is used to describe the ultimate disposition of the treated effluent. Generally, there are two broad categories of dispersal. Surface discharge is a direct connection to a surface water body – such as a river or a lake. So-called “non-discharge” implies a land-based dispersal which does not result in any direct surface discharge.

The construction of wastewater treatments with a surface water discharge requires State approval. State regulating agencies are concerned about the existing health and potentially limited additional assimilative capacity of the Lower Cape Fear River. The use of “non-discharge” wastewater treatment facilities to treat large sewage quantities requires the availability of large tracts of land with contiguous acquirable parcels containing favorable soil and topographical conditions, within reasonable distances of the point of origin of the wastewater, and at an affordable price. With increased pressure for residential development, potential “non-discharge” sites in Pender County are fairly limited.

Wastewater Collection/Transmission Facilities - Due to Pender County’s topography it is not feasible to consider conveying wastewater over a long distance via a gravity sewer system alone.

Economic Development – Town of Burgaw Business/Industrial Parks and Sites – Land availability due to surrounding soils, flood-plains and the location of I-40, NC 53, and residential areas restrict non-commercial development in the I-40/NC 53 interchange area to the STAG Industrial Park (100 available acres) and the Miller-Ballentine (50 available acres), Signature (4 available acres) and Stoney McKoy (50 available acres) tracts. The Pender Progress Park is near build out with 14 available acres. The Pender Commerce Park has 350 available acres and the Stoney McKoy tract (50 available acres). *Source: North Carolina Department of Commerce Economic Development Intelligence System.*

Pender County US 421 Park/US 421 corridor –The major obstacle/limitation to economic development within the US 421 corridor is financing and the timing of public water and wastewater treatment plants becoming operational. Financial packages must provide immediate funds to design and construct major water and sewer infrastructure projects to support **anticipated** growth from new and expanding businesses. Pender County purchased land (2006) to develop a business/industrial park that will not have public water (potable) infrastructure (WTP) until approximately 2011 and public sewer until approximately 2013.

f. Alternatives.

Excerpts of potential alternatives for the water and wastewater systems contained in *2006 Pender County Water and Wastewater Master Plans and Engineering Alternatives Analysis – Pender and New Hanover County US 421 Corridor Wastewater Treatment Facility, Pender County, North Carolina (Draft)* follow. Detailed discussions and recommendations are contained in individual studies.

Water: Water facility alternatives contained in the 2006 Pender County Water Master Plan include: treated water supply alternatives, raw water supply alternatives, water treatment plant alternative, and water transmission/distribution alternatives.

Treated water supply alternatives. Three raw (untreated) water supply alternatives and three treated water supply alternatives were considered to determine the most feasible and cost-effective solution for supplying source water to meet Pender County's projected water demands. The five alternatives considered for treated water supply require the purchase of water from systems located outside of Pender County and subsequent infrastructure upgrades to these systems would be needed to supply the water demands projected. Summary of water source alternatives considered follows:

- Brunswick County - Purchase treated water from Brunswick County's Northwest Water Treatment Plant. Consultations with Brunswick County yielded that an expansion of the plant's capacity as well as significant transmission piping costs would likely be required in order to deliver the water to Pender County. This option proved cost-prohibitive and was not recommended.
- Cape Fear Public Utilities Authority - At the time of the report (2006), the Sweeney Water Treatment Plant did not have sufficient capacity to supply the projected needs of Pender County. Additionally, significant infrastructure costs would be incurred to convey treated water to the Pender County system.

Pender County continues to explore the potential to purchase bulk treated water from a new 6 MGD water treatment plant coming on-line in proximity to the Scotts Hill Water and Sewer District.

Raw water supply alternatives. The potential raw water supply alternatives considered follows:

- Groundwater Supply - Pender County could potentially develop ground water supplies in the Castle Hayne Aquifer and construct full-scale ground water treatment facilities located near Hampstead and/or US 421. Generally, the Castle Hayne and Pee Dee Aquifers are relatively shallow and spotty in the County and experience degrading water quality over time. Poor water quality in these areas would necessitate membrane treatment or other similar processes,

which are significantly more costly than traditional water treatment. Further,

developing wells at Hampstead or US 421 would likely be more expensive than the recommended alternative of purchasing raw water from the Lower Cape Fear Water and Sewer Authority. Additionally, consultations with NCDENR Division of Water Resources officials indicated that it is possible that Capacity Use Regulations may be extended to Pender County in the future. In this case, the County would be required to significantly reduce their withdrawal and dependency on ground water. Salt water intrusion could also become a concern in the County in the future. For these reasons, it was determined that the County would direct efforts for future water supply sources to surface water rather than ground water.

- Construct New Raw Water Intake on NE Cape Fear River - This option would require construction of a new intake on the NE Cape Fear River, including raw water pumping facilities and raw water transmission main. Significant regulatory issues and costs, as well as the potential for brackish water conditions, may necessitate provisions for advanced treatment capabilities. Due to the capital costs associated with the intake structure and advanced treatment, as well as higher operation & maintenance costs, this option was not recommended.
- Purchase Raw Water from the Lower Cape Fear Water & Sewer Authority - The Lower Cape Fear Water and Sewer Authority operates a 45 MGD raw water pump station at Lock and Dam # 1 in Bladen County, which draws water from the Cape Fear River. Raw water is conveyed from this station to Brunswick County, the Cape Fear Public Utilities Authority, and two industrial users through 60-inch and 48-inch segments of raw water transmission main. This raw water main is routed along US 421 near the New Hanover County/Pender County Line and would provide Pender County convenient access to a supply of bulk raw water. The Cape Fear River has an identified capacity for water supply of 106 MGD at Lock & Dam No.1 and the Authority has the ability to upgrade and/or modify their facilities in order to meet Pender County's long-term water supply needs. This option would involve construction of a raw water transmission main to connect to the Authority's raw water main and convey raw water to a surface water treatment facility recommended for implementation in the same proximate location.

Water treatment facility alternate - Based on the recommended raw water supply option, it was recommended that a new water treatment facility be constructed on US 421 near the Authority's existing raw water main. In conjunction with the findings of the Pender Wastewater Master Plan Document, it was proposed that the new water plant be co-located with the recommended wastewater plant for this area. Significant savings will be realized by shared facilities on a co-located sight such as administration and bio-solids handling, etc.

Water transmission and distribution facilities alternates - Analyses were performed for required potable water distribution and transmission systems throughout the county, based on population projections and corresponding potable water demands. The evaluations and recommendations are stratified by the six (6) Water and Sewer Districts established in 2006 by the County and include major transmission mains, distribution system piping, pumping stations, and water storage needs. Each system was hydraulically modeled for projected Year 2030 demands, with primary treated water supplied by the proposed water plant recommended for construction on US 421. Opinions of probable project costs and major system components including an opinion of probable cost for providing the Town of Topsail Beach with up to 1 million gallons per day of treated water via the Rocky Point Topsail Water and Sewer District system are shown in the following table.. Note: The RPTWSD's treated water capacity will have to be expanded to transmit up to 1 million gallons per day to the Town of Topsail Beach.

District Water Transmission System Summary

District	Total LF Pipe	No. Tanks	No. Booster Pump Stations	Total Project Cost*
Moore's Creek	1,027,200	1	1	\$45,000,000
Columbia / Union	970,000	2	2	\$44,000,000
Central	600,000	2	0	\$27,000,000
Scott's Hill	100,000	0	0	\$3,000,000
District Total				\$119,000,000
Provide 1MGD Water to Topsail Beach	15,000	1	1	\$6,050,000

*Costs in Table 3 are provided in Year 2005 dollars.

Source: 2006 Pender County Master Water Plan

Historically, development of water systems in Pender County (specifically the RPTWSD) has been based on voluntary participation from residents, with a density of 15 customers per mile typically required to generate the revenue necessary to construct the system and service associated debt. This approach and the 15 customers per mile density have proven very successful in the development of the RPTWSD and it is recommended that the County continue this approach for implementation of additional water infrastructure throughout the various districts.

Sewer: Sewer facility alternatives contained in the 2006 Pender County Wastewater Master Plan include: centralized wastewater treatment and wastewater transmission/collection facilities. Multiple options and alternatives were considered for treatment and dispersal of the collected wastewater. These included:

Collaborative efforts with:

- Cape Fear Public Utilities Authority,
- Lower Cape Fear Water and Sewer Authority,
- Town of Wallace,
- Town of Burgaw, and
- Town of Surf City.

Stand-Alone efforts:

- Single Central system vs Multiple Decentralized Systems,
- Secondary Treatment vs Advanced Treatment,
- Surface Discharge vs Land-based Non-discharge,
- Dedicated land-based dispersal vs Non-dedicated Unrestricted Reuse, and
- Dispersal by Irrigation vs Infiltration.

Various combinations of several of these options

Centralized Wastewater Treatment Facilities – (Treatment) A large proportion of the total growth and wastewater demand is located in the southern portion of the County. This area is also the most feasible location for wastewater treatment and dispersal options. It is recommended that the County construct two new wastewater reclamation facilities on the southern end of the County to provide wastewater treatment through 2030. Tertiary treatment would be accomplished, producing reclaimed water that could be used for beneficial reuse and reduce dispersal limitations. Proposed facilities are referred to in the Master Plan as the West and East Regional Wastewater Reclamation Facilities (WWRF). It is recommended that the West WWRF be co-located with the new water treatment plant along US-421. Significant savings will be realized by shared facilities on a co-located site (such as administration and maintenance facilities, and residuals processing). The County currently plans to locate the East WWRF in the Scott Hills District on the Sidbury Property indicated in the Wastewater Master Plan. For phasing purposes, construction of the WWRFs was evaluated in three phases. The first phase (Phase IA - 1.0 MGD at each facility) is anticipated to be partly funded by developers requiring immediate allocation. Phases IB and II would possibly involve the County upgrading each facility to handle 3.0 MGD and 6.0 MGD, respectively.

Co-location of the Water Treatment Plant and the West Regional WWRF will allow for implementation of a residuals treatment process to develop a commercially viable Class A product. It is suggested that initial residuals processing at the East Regional WWRF be limited to thickening and that the County contract with a local waste management company to collect the residuals and perform further treatment off-site. As flows and waste volumes increase, it may be beneficial to either transport to the West WWRF for final processing or implement additional biosolids treatment at the East WWRF.

It is proposed that the County construct dispersal facilities including so-called Infiltration Ponds – these are below grade earthen ponds that would accept treated wastewater from the WWRFs. The ponds would be constructed in soils and to depths that would allow the treated wastewater to infiltrate at a moderate rate (1.0 gpd/sf) through the subsurface and eventually outlet to nearby surface waters or aquifers. The ponds provide for a low cost and low maintenance solution for treated wastewater dispersal when compared to large drip or spray irrigation systems.

Wastewater Transmission/Collection Facilities – Due to the topography of Pender County it would be infeasible to consider conveying wastewater over a long distance via a gravity sewer system alone. Wastewater transmission/collection systems serving Pender County need to include pumping station and force mains in order to transmit wastewater to the regional treatment facility location(s). There are various options for how the individual pump stations and force mains could be linked as part of a regional conveyance system. These options could include pumping from one station to another in a ‘piggy-back’ manner of conveyance or could include connecting multiple pump station force mains into a common force main that would serve as a manifold to convey all flow to the treatment facility.

It is anticipated that a multitude of collection system options could be utilized to collect wastewater to the pump stations. These options could include localized gravity sewer lines, low pressure sewer, vacuum sewer, or a combination of these. It is anticipated that a regional low pressure sewer or vacuum sewer system for the County would be infeasible. It is anticipated that these systems would be used in localized regions within the townships to convey flow to the County pump stations.

In the developing regional conveyance alternatives, wastewater collection and transmission facilities were evaluated for each individual township. The County directed McKim & Creed to take the approach of having centralized pump stations within each township that would collect flow from gravity and low-pressure sewer collection systems and other smaller pump stations within the regional collection system(s). Collection lines were not included in the Master Plan for the townships in the west region of the County, but were included for the east region (Topsail Township). The County anticipates that developers will be largely involved in extending sewer collection lines as developments occur.

Economic Development – The Burgaw area will see continued governmental and institutional growth due to the Town of Burgaw being the county seat and its central location. Population growth in the Town of Burgaw, southeastern and eastern sections of the county will result in expanding governmental and institutional services to meet municipal and community needs. The location of commercial business within the County to meet an expanding population’s needs shall be guided by: (1) county and municipal land use plans and zoning ordinances and (2) the availability of water (potable/fire protection) and sewer facilities (public or private).

Non-governmental, institutional and commercial development will occur in: (1) public and/or privately held business/industrial parks or (2) county and/or county/municipal government areas or sites zoned for business development. The successful marketing of properties for development depends upon multiple factors that include: (1) land availability and cost; (2) labor

force characteristics; (3) proximity to and transportation mode/routes to suppliers and markets; (4) the availability and limitations of required infrastructure; and (5) incentives.

The Town of Burgaw area, September 2008, had 600 (+/-) available acres of land served by municipal water and sewer in public (non-profit development corporation) or private business/industrial parks or sites (*Source: North Carolina Department of Commerce Economic Development Intelligence System*). The Town of Burgaw through negotiations with Pender County and the Town of Wallace will construct 75,000 LF of 16" forcemain, two 1.25 MGD Pump Stations and appurtenances to transport wastewater from the Town of Burgaw to the Town of Wallace's Regional WWTP for treatment. The Town of Burgaw will decommission its WWTP when the forcemain becomes operational. Pender County and the Town of Burgaw have reached an agreement for the Town of Burgaw to utilize 1.25 million gallons per day of Pender County's treatment capacity in the Town of Wallace's Regional WWTP. This project will provide excess capacity to support continued economic development in the Burgaw area. The construction of the forcemain will parallel US 117 resulting in the location of public sewer at the I-40/US 117 interchange in the northern section of the county.

The Pender County US 421 Business Park represents Pender County's major economic development activity. The major obstacle/limitation to economic development within the US 421 corridor is financing and the timing of public water and wastewater treatment plants becoming operational. Financial packages must provide immediate funds to design and construct major water and sewer infrastructure projects to support anticipated growth from new and expanding businesses. Pender County purchased land (2006) to develop a business/industrial park that will not have public water (potable) infrastructure (WTP) until approximately 2011 and public sewer until approximately 2013.

IV. Description of Known Deficiencies (0 – 5 year horizon)

a. Identification of capital outlay needs.

- Through the utilization of countywide water and sewer master plans (2006 Pender County Water Master Plan, 2006 Pender County Wastewater Master Plan) and specific utility planning documents (McKim & Creed Engineering Alternatives Analysis – US 421 Corridor Wastewater Treatment (draft) and O'BrienAtkins Industrial Park Master Plan – commissioned by Wilmington Industrial Development, Inc., the Pender County Public Utilities Department through the County Manager develops immediate (0 – 5 years) capital improvement projects to be considered for implementation by the Board of County Commissioners. At the direction of the Board of County Commissioners the County Manager and Finance Officer investigates and make recommendations for project financing. From these recommendations the Pender County Board of County Commissioners annually adopts five year capital outlay needs with the County's budget ordinance creating revenues for capital projects.

Infrastructure projects identified for the next five years to meet water and sewer needs are contained in the following chart followed by a description and comments on individual projects

**Pender County
20 Year Capital Improvement Plan**

APPROPRIATIONS: CAPITAL IMPROVEMENTS FUND - WATER AND SEWER PROJECTS ONLY

	Budget		Projected Appropriations in Future Years				5 Year TOTALS
	Actual 2007 - 2008	Adopted 2008 - 2009	Amended 2008-2009	2009-2010	2010-2011	2011-2012	
Economic Development							
Industrial Infrastructure Dev.	\$ 224,466	\$ 75,000		\$ 75,000	\$ 75,000	\$ 75,000	\$ 375,000
Wallace Treatment Plants Capacity	\$ 990,000	\$ 990,000		\$ 990,000	\$ 990,000	\$ 990,000	\$ 4,950,000
Hwy 421 Industrial Park Study	\$ -	\$ 40,000					\$ 40,000
TOTALS	\$ 1,214,466	\$ 1,105,000		\$ 1,065,000	\$ 1,065,000	\$ 1,065,000	\$ 5,365,000
Community Development							
Burgaw/County Highway 117 Sewer Project	\$ 1,100,000			\$ 2,300,000			\$ 3,400,000
Maple Hill WSD - Sewer							
Maple Hill Sewer							
Moore's Creek WSD Water and Sewer Improvements (421 corridor)							
Water Treatment Plant				\$ 17,500,000	\$ -	\$ -	\$ 17,500,000
Regional Sewage Plant		\$ 112,500		\$ 450,000	\$ 10,582,000		\$ 11,144,500
Rocky Point/Topsall WSD							
Phase IIIa	\$ 526,000						
Phase IVa							
Phase V							
Interim Capacity Increase/Wallace Alternate		\$ 700,000					
Interim Capacity Increase/Additional Production Well Alternate							

**Pender County
20 Year Capital Improvement Plan**

APPROPRIATIONS: CAPITAL IMPROVEMENTS FUND - WATER AND SEWER PROJECTS ONLY (Continued)

	Budget		Projected Appropriations in Future Years				5 YEAR TOTALS
	Actual 2007 - 2008	Adopted 2008 - 2009	Amended 2008-2009	2009-2010	2010-2011	2011-2012	
Community Development							
Rocky Point/Topsail WSD-Sewer (re) Allocation							
Rocky Point/Topsail WSD-Sewer System							
Rocky Point/Topsail Pender Packing Sewer							
Scotts Hill WSD-Scotts Hill Water Dist. Project							
Pender County US 421 Business Park							
TOTALS	\$ -	\$812,500		\$ 20,250,000	\$ 10,582,000	\$ -	\$ 32,044,500

Industrial Development Fund.

Description. Pender County has historically participated in infrastructure improvements to serve various clients, including industrial clients. Some examples are Del Laboratories and Prestige Label Company. The Industrial Development Fund project account allows the County flexibility to recruit industries and install infrastructure in industrial parks at the same time.

Comments. The current business recruitment environment requires local governments to offer incentive grant packages as a recruiting tool. In addition, the County must have the ability to provide local match money or seed money for infrastructure improvement grants. The development of the Pender County US 421 Business Park will increase the need to provide this fund with resources. The use of this fund will be required to support the location of businesses in the park through the construction of interim water and sewer facilities until regional facilities are operational as well as to provide location incentives.

Treatment Plant's Capacity Fund.

Description. This Capital Project Account was formerly known as "Wastewater Treatment (WWTP): Wallace WWTP" fund. The County intends to pay the Town of Wallace \$3,000,000 to purchase 2MGD for "upfront capacity" at its regional WWTP. Pender County has entered into an Interlocal Agreement with the Town of Burgaw for the financing and use of a force main to be constructed by the Town of Burgaw that utilizes a portion of Pender County's capacity in the proposed upgraded Town of Wallace Wastewater Treatment Plant. The agreement provides for the force main, with an estimated \$12,747,635 cost, to serve the Town of Burgaw and County Water and Sewer Districts. It provides for the County to give the Town 1.25 MGD per day of its 2 MGD treatment capacity and provide \$3,400,000 (2006-2007 estimate) to upgrade the size of the force main for County use.

During FY 06-07, wastewater and water master plans were adopted. The County is using various strategies to develop utilities in each region. The County is encouraging regional wastewater treatment plants to be constructed by large scale developers. It has a wastewater treatment contract with the Cape Fear Public Utilities Authority to re-negotiate Pender County's treatment capacity in the Northside Treatment Plant from 75,000 to 250,000 (+) gpd.

Comments. Though Pender County has successfully utilized Rural Development, USDA Communities Facilities and NC Rural Center Unsewered Communities program funding to finance large water and sewer infrastructure projects, it must have sufficient local funds to pay for required infrastructure project planning, design and construction activities that may not meet the eligibility, funding criteria or scheduling of other funding sources.

County-Wide – Sewer, West Regional Wastewater Reclamation Facilities. *Description.* The 2006 Pender County Wastewater Master Plan recommended that the County construct two new wastewater reclamation facilities on the southern end of the County to provide wastewater treatment through 2030. It recommended the use of tertiary treatment to be accomplished by the production of reclaimed water that could be used for beneficial reuse and reduce dispersal limitations. The master plan recommended the construction of West and East Regional Wastewater Reclamation Facilities (WWRF) with the West WWRF being co-located with the new water treatment plant along US-421.

Pender and New Hanover counties authorized McKim & Creed to perform an "Engineering Alternatives Analysis – Pender and New Hanover County US 421 Corridor Wastewater Treatment Facility Pender County, North Carolina". Based on this analysis Pender and New Hanover counties are proceeding with discussions involving the City of Wilmington and the new Cape Fear Public Utilities Authority on the design, financing, construction, operation and maintenance of a 1 MGD WWRF to be located at the Pender County US 421 Business Park with an estimated \$21.5 million initial cost. Through the utilization of a reuse program this WWRF will have the capacity to be expanded to 4 MGD. It is projected that the WWRF may be operational during 2013.

Comments. The planning and design of the WWRF should attempt to provide interim sewage infrastructure improvements that may be utilized by the facility when it comes on-line. Interim sewer facilities will be required to meet the needs of businesses locating in the park prior to the WWRF coming on-line.

County-Wide (US 421 corridor) – Water Treatment Plant. *Description.* The 2006 Pender County Water Master Plan recommended that the County meet projected 2010 water needs by immediately proceeding with the design, permitting and construction of a water treatment facility located on US 421 with bulk raw water supplied by the Lower Cape Fear Water and Sewer Authority. Based on this recommendation, on November 2006, Pender County voters approved referenda to allow the County to borrow up to \$17.5 million to construct a 2 MGD water treatment plant at the Pender County US 421 Business Park site. On April 21, 2008 Pender County approved an engineering service contract with CDM to provide design and project management/administration services. It is projected that the 2 MGD water treatment plant could be on-line June 2011.

Comments. The planning/design of the water treatment plant should attempt to the greatest extent possible to provide for interim water infrastructure improvements that may be required to meet business location needs that can be incorporated into the water treatment plant's operation.

Rocky Point Topsail Water and Sewer District – Water, Phase IIIa. *Description.* The Rocky Point Topsail Water and Sewer District – Water, Phase IIIa project consists of the extension of 14 water distribution lines to serve approximately 150 customers. The project funded through a \$526,000 Rural Development, USDA loan was completed June 1, 2008. Customers are currently connecting to the system.

Rocky Point Topsail Water and Sewer District – Water, Phase IVa. *Description.* Pender County is surveying communities to determine the number of potential connections if Phase IV water mains are extended. The potential scope of this project will not be known until surveys and Phase IV and V projects are completed and a determination made if there are unused funds. If appropriate Pender County will submit a letter to Rural Development, USDA requesting approval to allow unused funds to extend Phase IV water mains.

Rocky Point Topsail Water and Sewer District – Water, Phase V. *Description.* Phase V water improvements consisting of the construction of an additional water booster pumping station, an elevated water storage tank, and approximately 70 miles of water distribution facilities in the Topsail area under construction (September 2008). This \$8,671,879, Rural Development, USDA loan financed project will serve approximately 1,150 customers.

Rocky Point Topsail Water and Sewer District – Water, Additional Treated Water Capacity Alternates.

Description. Pender County has entered into negotiations with the Town of Surf City to become a bulk water customer to meet expanded Rocky Point Topsail Water and Sewer District water needs.

Description. Pender County and the Town of Wallace have both approved an agreement to increase the amount of treated water Pender County can purchase from the Town of Wallace from 800,000 GPD to 1,200,000 GPD. Pender County's current transmission main can only accept 300,000 GPD of the 400,000 GPD increase. Pender County must at an estimated \$676,000 cost upgrade the water pump station and install a parallel line to enable the full 400,000 GPD increase to be transported to the Rocky Point Topsail Water and Sewer District.

Description. In addition to the above water capacity upgrades, the County may need to pursue the identification and construction of production wells. Eight test wells drilled in and around property owned by Pender County in the Rocky Point area indicates one or more well sites capable of producing 500,000 GPD from the Castle Hayne Aquifer.

Rocky Point Topsail Water and Sewer District – Sewer, Sewer (re) Allocation. *Description.* Pender County currently has a contract with the Cape Fear Public Utilities Authority for 75,000 GPD treatment capacity in the Northside Wastewater Treatment Plant in Wilmington. This facility is being upgraded to 16 MGD with a 2009 operational date. Pender County began negotiations with New Hanover County and the City of Wilmington to purchase up to 250,000 GPD of treatment capacity in the expanded facility. It is continuing negotiations with the Cape Fear Public Utilities Authority that was created through the merger of New Hanover and City of Wilmington water and sewer facilities. Additional treatment capacity is immediately needed to accept sewage from: (1) Rocky Point Primary School (5,600 GPD); (2) Pender Packing (5,800 GPD); and (3) Rocky Point Medical Office (1,500 GPD).

Comments. The Rocky Point area is a focus of residential growth in southern Pender County resulting in the development of the Rocky Point I-40/NC 210 interchange as a major commercial center. The area's three public schools are expanding (staff) as the population increases. The area also contains DEL Laboratories, the county's major manufacturer. Pender County will need to assess its development priorities (residential, commercial, institutional and manufacturing) as it negotiates the purchase of additional treatment capacity with the Cape Fear Public Utilities Authority and its policy on how Pender County will allocate capacity.

Rocky Point Topsail Water and Sewer District – Sewer, Rocky Point/Topsail Sewer System. *Description.* Pender County Public Utilities Department staff is investigating the feasibility of the construction of a gravity sewer collection line in the Rocky Point area for full commercial utilization of additional sewer treatment capacity in the Northside Treatment Plant.

Comments. Del Labs and County schools are served by existing sewer force main transmission facilities. Also see prior “comments” for Rocky Point Topsail Water and Sewer District – Sewer (re) Allocation.

Rocky Point Topsail Water and Sewer District – Sewer, Pender Packing Sewer Improvements. *Description.* Pender Packing Company is pumping and hauling sewage from its plant due to its failing on-site wastewater treatment facility. Pender County has received a \$350,000 Community Development Block Grant and a \$50,000 Rural Center Economic Infrastructure Grant to construct a lift station adjacent to Pender Packing Company’s facility on NC Highway 133 and approximately 15,500 lf of 3” forcemain extending from the proposed lift station along NC Highway 133 to the County’s Cape Fear School Pump Station. The construction of this forcemain will allow Pender Packing Company to discontinue the use of its private septic tank and retain/expand its employment. Sewage will be transported to the Northside Treatment Plant in Wilmington for treatment.

Comments. Project design is completed. Upon receipt of the additional treatment capacity in the Northside Treatment Plant, final project permitting activities will occur to initiate bidding and construction activities.

Scott’s Hill Water and Sewer District – Water, Scotts Hill Water Distribution Project. *Description.* This \$3,067,000 Rural Development, USDA financed water distribution project consists of the construction of approximately 100,000 feet of pipe. Project design is completed with the County’s engineering firm proceeding with permitting. The Public Utilities Department is signing up participants. Pender and New Hanover counties staff have met to pursue the potential for Pender County to purchase bulk treated water from a new 6 MGD New Hanover County water treatment plant coming on-line. With the merger of New Hanover and City of Wilmington water and sewer facilities negotiations are now continuing the Cape Fear Public Utilities Authority.

Comments. After the number of participants, treated water source, and cost of treated water are known, a decision on the feasibility of continuing the project including its scope can be made.

Pender County US 421 Business Park. *Description.* For years Pender County, New Hanover County, the City of Wilmington and the Lower Cape Fear Water and Sewer Authority have individually and collectively sought economically feasible options to provide public finished water and wastewater collection/treatment service in the US 421 corridor to support/promote economic development activities. During 2002 Pender County began exploring the feasibility of developing a publicly controlled business/industrial parks in the US 421 corridor. The County formed a committee to: (1) determine the feasibility and costs associated with constructing new water and sewer treatment facilities to serve the US 421 corridor; (2) identify land owners/properties that could be assembled into county controlled business/industrial parks; (3) assess the current and future water and sewer needs of existing industries located within the corridor (Pender and New Hanover counties); (4) identify the current water and sewer facilities used by existing companies (Pender and New Hanover counties); and (5) to see if public (New Hanover County/City of Wilmington/Lower Cape Fear Water and Sewer Authority)/private partnerships could be formed to implement US 421 infrastructure and business/industrial development. Pender County contracted with McKim & Creed to provide the Committee technical engineering services.

A review of properties in the Pender County side of the corridor revealed approximately 4,200 acres contained in three properties owned by Corbett Industries, Inc. and BASF Corporation. Approximately 1,000 acres on these sites were found to have soils generally suitable for land application sewer treatment systems. The entire corridor is served by a raw water main owned, operated and maintained by the Lower Cape Fear Water and Sewer Authority (LCFWASA). Meetings with companies located in the corridor revealed two businesses having large private water and sewer facilities. Fortron Industries located in New Hanover County, a producer of polyphethylene sulfide, has its own waste water treatment plant and utilizes wells/purchase of raw water from LCFWASA for its domestic/production needs. BASF Corporation, located in Pender and New Hanover counties also has its own wastewater treatment plant and potable/process water system that utilizes wells. BASF's infrastructure was constructed to meet Takeda, the facility's former owner's, chemical production requirements. BASF's water and sewer needs are for domestic use only. Discussions with BASF officials revealed that its site contained over 500 acres of unimproved land.

The Committee's activities quickly focused on the feasibility of developing a private/public partnership with BASF to provide infrastructure for development activities in the corridor with BASF's facility/site having: (1) excess water and sewer infrastructure; (2) over 500 acres of unimproved land that front US 421; and (3) its proximity to industrial activity in the corridor occurring in New Hanover county. Representatives from the US 421 Corridor Committee, the Wilmington Development Corporation and BASF met to discuss the concept of developing a private/public venture that would result in Pender County controlling and developing a business/industrial park on the BASF site. The development of the partnership would include ownership/operation and maintenance options for BASF's water and sewer treatment facilities or the construction of new water and/or sewer facilities that would be most beneficial to the partnership.

Negotiations included the use of the Leak-Goforth, White Branch Consultants, and The Fulbright Partnership to perform an industrial location study to determine the type of industries/business most likely to locate in a BASF sited business/industrial park. BASF wanted this information to make a determination of how the successful development of the proposed park would impact its water/sewer infrastructure capacity and what costs would be required to modify/upgrade BASF's existing water and sewer facilities and/or have Pender County construct new facilities.

Pender County's negotiations with BASF resulted in the Pender County Board of Commissioners approving the \$4.0 million purchase of the 350 acre site from BASF at its May 15, 2006 meeting. A review of costs associated with upgrading BASF's sewage treatment facility determined this option to not be cost effective. While the use of BASF's wells could meet the park's short-term potable water needs, major improvements would have to occur to provide potable, manufacturing and fire-protection for the entire park with even greater costs to meet the New Hanover/Pender counties US 421 corridor needs.

Pender County Master Water and Wastewater plans completed in 2006 by McKim & Creed recommended the immediate construction of a water treatment plant and near term construction of a wastewater treatment plant in the US 421 corridor area. These plans recommended that the facilities be sited in proximity to each other to reduce operation and maintenance costs. It was decided that wastewater and water treatment facilities be located on the 350 acre park site.

On November 7, 2006 Pender County residents passed a \$17.5 million Pender County Water & Sewer Districts Bond Referendum that will result in the construction of a 2 MGD water treatment plant at the Pender County US 421 Business Park site that is projected to be on-line June 2011. At January 2008 commissioner meetings the Pender County and New Hanover County Boards of County Commissioners approved contracting with McKim & Creed to conduct an Engineering Alternatives Analysis and Environmental Assessment for a WWTP to be located on Pender County's US 421 Industrial/Business Park to serve the US 421 corridor. This report has been submitted in draft form to Pender County and New Hanover County Boards of County Commissioners for review, edit and approval. The study recommends the construction of a 1 MGD advanced treatment facility with direct discharge disposal for the initial flows of 1 MGD through 4 MGD and the creation of a reuse program to dispose of flows beyond 4 MGD. The WWTP will be sited on Pender County's 421 Industrial/Business Park It is projected that the WWTP could be on-line by 2013. The Wilmington Committee of 100, Inc. has contracted with O'BrienAtkins to develop a Highway 421 Industrial/Business Park layout study which has not been completed.

Comments. Pender County is evaluating how to market its park, including the provision of water/sewer infrastructure in the interim period before regional water and sewer treatment plants become operational, as well as, projected regional water and sewer rates. Pender County will make every effort to utilize new jobs created during the interim period to leverage grant funds to construct park infrastructure improvements or to reduce the cost of regional facilities. Pender County has approximately \$17 million in local funds (Rural Development – USDA loan for regional water treatment plant construction) it can use as "matching funds" until construction contracts are executed.

V. Forecasted Future Needs (over 6-20 year horizon)

Pender County population projections for the period 2000 – 2030 indicate that 74% of the County's growth will occur in Topsail, Rocky Point and Burgaw townships. The Pender County Board of County Commissioners through the formation of the Rocky Point Topsail Water and Sewer District has used Rural Development – USDA funding to finance the construction of water facilities to meet residential water demands in Rocky Point and Topsail townships. Water needs in the Burgaw township (Town of Burgaw) are being provided by the Town of Burgaw and the Rocky Point Topsail Water and Sewer District (Town of St. Helena).

It is anticipated that Pender County will continue the phasing of water infrastructure improvements within water and sewer districts as voluntary signups and economic feasibility dictate. Typically a density of 15 customers per mile is required to provide for the cost of construction, debt service, and operation/maintenance of the system. Projected water improvements within a 6 to 20 year horizon follow.

WATER TREATMENT FACILITIES

Year	US 421 WTP	Capacity	Plant Cost	High Service Transmission Main Cost	Total Cost	Remarks
2013	Phase I B	4 MGD	\$ 7,900,000	\$ 37,300,000	\$ 45,200,000	2 MGD plant expansion and main connecting to RPTWSD.
2023	Phase II	8 MGD	\$ 17,200,000	\$ 11,200,000	\$ 28,400,000	4 MGD plant upgrade and parallel main connecting to RPTWSD.
2026	Phase III	12 MGD	\$ 23,000,000	\$ -	\$ 23,000,000	4 MGD plant upgrade.

Source: Pender County Master Water Plan (2006) in 2005 dollars.

DISTRICT WATER TRANSMISSION FACILITIES

District	Total LF Pipe	Number Tanks	Number Booster Pump Station	Total Project Cost
Moore's Creek	1,027,200	1	1	45,000,000
Columbia/Union	970,000	2	2	44,000,000
Central	600,000	2	-	27,000,000
Scott's Hill	100,000	-	-	3,000,000
District Total				119,000,000
Provide 1MGD to Topsail Beach	15,000	1	1	6,050,000

Source: Pender County Master Water Plan (2006) in 2005 dollars

Continued sewer improvements will be required as residential growth reduces the ability to use well-managed individual on site systems. Projected sewer improvements within a 6 to 20 year horizon follow.

SEWER FACILITIES

Projects	2008-2014 Phase 1A	2014-2020 Phase IB	2020-2030 Phase II
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West Region Project			
WWTP		\$ 12,000,000	\$ 33,000,000
Reclaimed Facilities		\$ 11,533,000	\$ 23,100,000
Transmission/Collection		\$ 26,791,000	\$ 1,821,000
Contingencies		\$ 10,064,800	\$ 11,584,200
Planning, Design, Bidding and Construction Services		\$ 9,058,320	\$ 10,425,780
Administration and Legal Services		\$ 2,516,200	\$ 2,896,050
Land Acquisition		\$ 1,400,000	\$ 2,100,000
Total	\$ -	\$ 73,363,320	\$ 84,927,030

East Region Facility			
WWTP		\$ 12,500,000	\$ 18,750,000
Reclaimed Facilities	\$ 11,475,000	\$ 12,650,000	\$ 18,600,000
Transmission/Collection	\$ 14,567,000	\$ 11,829,250	\$ -
Contingencies	\$ 6,458,400	\$ 7,395,850	\$ 7,470,000
Planning, Design, Bidding and Construction Services	\$ 5,812,560	\$ 6,656,265	\$ 6,723,000
Administration and Legal Services	\$ 1,614,600	\$ 1,848,963	\$ 1,867,500
Land Acquisition	\$ 1,600,000	\$ 1,400,000	\$ 2,100,000
Total	\$ 41,527,560	\$ 54,280,328	\$ 55,510,500

Source: Pender County Master Wastewater Plan (2006) in 2005 dollars

Financial Resources

Pender County has the authority to provide water and sewerage services within its boundaries directly through infrastructure it constructs and through projects constructed through water and sewer districts it establishes or through agreements with other water and sewer providers (public and private). Property of all types may be acquired as necessary and contracts of varying kinds may be undertaken in connection with the provision of water and/or sewer services as permitted by North Carolina General Statutes.

Pender County has a variety of options with which to finance the proposed system improvements. These financing methods include:

- General or Special Funds.
- Debt Financing.
 - Installment Purchase.
 - General obligation bonds.
 - Revenue bonds.
 - Project development financing.
- Federal, state, non-profit, foundation, etc. grants and loans.

GENERAL OR SPECIAL FUNDS: Property taxes and/or user fees and rates (water and sewer) are the primary sources to create local general or special project funds to finance infrastructure improvements. User fees and rates for water facilities and sewer facilities should be structured to include future costs to expand individual systems in addition to normal operation/maintenance costs. Examples of Special Funds created by Pender County that support infrastructure development include the "Industrial Infrastructure Development", "Treatment Plants Capacity" and "Water and Sewer Capacity (Impact) Fee" Funds.

DEBT FINANCING: North Carolina is a Dillon Rule state. This means that any units of government, as defined by statute, that are subject to the governance of the State, have only the powers to do what is specifically allowed by the State, such powers generally being expressed in statute. Certain types of bonds and financing agreements, as authorized by statute, are all that are specifically allowed for municipalities, counties and other types of governmental units to use as financing vehicles. The Local Government Commission, North Carolina Department of State Treasurer must approve North Carolina governmental projects financed by debt unless borrowing is for motor vehicles or voting machines or if the loan is from the State, the Federal government or from an agency of either, or if the financing is entered into pursuant to the North Carolina Solid Waste Management Loan Program. It must be noted that, even if LGC approval is not required, all of the other requirements of G.S. 160A-20 must be complied with. (*excerpt State of NC Department of State Treasurer 06/05/08 - Memorandum 1060*)

Installment Purchase: (Excerpt from State of NC Department of State Treasurer 06/05/08 Memorandum 1060)

1. Installment/Purchase (I/Ps) are contracts evidencing indebtedness for periods of from several months to twenty years. Installment denotes periodic servicing of the debt over the borrowing period. In North Carolina, utilization of I/Ps as financing vehicles by units of local government is regulated by G.S.160A-20.
2. G.S.160A-20 specifies that the only security available for this type of debt is the asset being financed. Once this collateral is exhausted, no judgment of deficiency may be levied against the debtor unit i.e., no other assets of the unit may be pledged nor may the taxing power of the unit be pledged. No vote of the people has been obtained to enable the unit to obligate more.
3. Any type of asset may be financed; from equipment to land to real estate improvements.
4. For an I/P contract to be approved by the LGC, the Commission must be able to make certain findings:
 - Contract must be necessary or expedient,
 - Contract is preferable to a bond issue,
 - Sum to fall due are adequate but not excessive,
 - Unit's debt management practices are good,
 - Increase in taxes, if any necessary for debt service are not excessive,
 - Unit is not in default.

Depending on various circumstances, only the 1st, 2nd and 5th findings are necessary.

5. The LGC must approve an I/P if:
 - Contract is 5 or more years **and**
 - Obligates unit to pay money, even to a third party **and**
 - ALL money to be paid under contract is **greater than lesser of \$500,000 or 1/10 of 1% of assessed value of property subject to taxation in unit, OR, notwithstanding the previous three criteria, involves construction or repair to fixtures or improvements to real property.** (Please note that baseball park districts and public housing authorities have a slightly different formula.)

General obligation bonds. General obligation bond financing requires the passage of a bond referendum by voters for a project that must be defined as being eligible for bond financing by North Carolina General Statutes. The repayment of bond financing is guaranteed by the full faith and credit of the government issuing the bonds including its taxing authority.

Revenue bonds. Revenue bond financing does not have the full faith and credit of the borrower and does not require passage of a bond referendum. The repayment of bond financing is based on a pledge of revenues resulting from the service (additional users, increased user rates, etc.). No other resources are available to the creditor/investor.

Project development financing. The following discussion of project development financing has been prepared by the Local Government Commission, State of North Carolina Department of State Treasurer.

**Amendment One:
Project Development Financing
9/2005
(Updated through 3/2007)**

On November 2, North Carolina voters approved a method of financing that will give local governments a new tool to bring new jobs and revitalization to their communities. Constitutional Amendment One permits local governments to issue bonds without a referendum for a variety of public improvements (such as streets, sidewalks, utilities, street lighting and parking-decks) that businesses often require in order to locate in a community, and then pay the bonds with the increased tax revenues generated by those improvements. This financing method is known in North Carolina as “self- financing bonds” or “project development financing.” For purposes of the Local Government Commission and this explanation prepared in consultation with our bond counsel, we will refer to financing as project development financing. (See N. C. General Statutes 159-101 through 115; 160A-515.1 and 158 7.1 through 7.4).

Assume that a local government unit (either a city or county referred to as the unit) in North Carolina, is approached by ABC Co. about locating its headquarters or a factory to the unit. ABC Co., which produces virtual reality software and hardware for military use, expects that the move will bring 200 high-paying manufacturing jobs as well as 75 white collar jobs to the unit. In addition, it is expected that other small businesses such as restaurants, dry cleaners, retail shops and other professional services will develop in the area as a result of the new factory. ABC Co. informs the unit officials that the site it is considering does not have adequate water and sewer service for its manufacturing process nor the curbing, street lighting and sidewalks that ABC Co. requires for its corporate headquarters. ABC Co.’s second choice for its factory is in South Carolina, where the local municipality is willing to provide the entire infrastructure required by ABC Co.

The North Carolina unit is interested in doing everything it can to attract ABC Co. to the area. Unit officials estimate the cost of the necessary infrastructure improvements for ABC Co.’s facility to be approximately \$7 million. There are many options for a unit to finance such projects but due to rough economic times the unit did not feel that it is appropriate to use its rainy day fund to pay for the improvements, and because the unit does not wish for the general public to pay for this type of project, a general obligation bond is not warranted. In the end, unit officials decide that project development financing is the appropriate way to finance this project and win ABC Co.’s factory.

Approval Process Required by Statute

Set forth below are the steps a unit is required by law to obtain the money it needs for ABC Co.'s project using project development financing: the District may not exceed 5% of the total land area of the unit. The District must be comprised of property that is **either** (a) blighted, deteriorating or undeveloped, (b) appropriate for rehabilitation or conservation activities or (c) appropriate for economic development of the community.

Establish Development Financing Plan -Unit officials and ABC Co. will work together to establish a development financing plan which, among other things, describes (i) the boundaries of the District, (ii) the proposed public and private development of the District, (iii) the costs of the proposed public activities, (iv) the sources and amounts of funds to pay for the public activities, (v) the base valuation of the District, (vi) the projected incremental increase in property valuation of the land located within the District after completion of the improvements, (vii) how the proposed development of the District will benefit the residents and business owners of the District in terms of jobs, affordable housing or services and (viii) any action which will be undertaken if the proposed project has a negative impact on residents or business owners of the District in terms of jobs, affordable housing, services or displacement.

Before adopting a financing plan for the District, the unit must notify the board of county commissioners of the county in which the District is located of the development financing plan. Unless the board of county commissioners by resolution disapproves the proposed plan within 28 days, the unit may proceed to adopt the plan. Because ABC Co.'s headquarters will include manufacturing operations, the Department of Commerce and Department of Environment and Natural Resources must review the project. If the project does not involve manufacturing operations, these approvals are not necessary. Finally, after publishing a notice in the unit's local newspaper and notifying property owners in the District as required by State law, the unit must hold a public hearing on the development financing plan. The plan may be adopted by the unit's board any time after the public hearing is held.

Local Government Commission (LGC) Application and Approval – The unit must submit an application to the LGC, along with any statements of facts and documents concerning the proposed project development financing, the unit's financial condition, the establishment of the proposed development District, the development financing plan and the projected incremental tax revenues available for debt service payments on the proposed debt instruments. Additional information and applications can be obtained from Jim Baker, Assistant Director, Debt Management, 919 807 2370. In addition to its normal findings of sound debt management practices of the unit, the LGC must find the following:

- That the unit has adopted a development financing plan.
- That the proposed projects are feasible.
- That the proposed project development financing is necessary to secure significant new project development for a district.
- That the private development forecast in the development financing plan would not be likely to occur without the public projects to be financed by the project development financing.
- That the incremental tax revenues accruing to the district, together with any other revenues pledged by the unit, will be sufficient to pay the proposed project development financing debt.

- That the proposed project development financing debt can be marketed at reasonable interest cost to the unit.

Determination of Incremental Valuation – Once a unit has established the District and the LGC has approved the financing, the unit must notify the county tax assessor who then determines the base valuation of the District. The base valuation is the assessed value of all taxable property located in the District on the January 1 immediately preceding the effective date of the District. The base valuation may be adjusted if property is removed from or added to the District. Each year the District is in existence, the tax assessor must determine the current assessed value of taxable property located in the District. The assessor must also compute the difference between this current value and the base valuation of the District. If the current value exceeds the base value, the difference is the incremental valuation of the District.

Revenue Increment Fund – Each unit establishing a development financing district must establish a separate fund (the “Revenue Increment Fund”) to account for the proceeds from taxes levied on the incremental valuation of the District. Money in the Revenue Increment Fund may be used to finance capital expenditures in the District, to meet principal and interest requirements on project development financing debt, to repay moneys expended on debt service on project development financing debt instruments, and to establish and maintain debt service reserves. Each year, after these purposes are satisfied, money remaining in the Revenue Increment Fund shall be transferred to the General Fund of the unit.

Local Government Commission Guidelines for Findings for Approval of Project Development Financing

The proposed issue is necessary to secure significant new project development for the district.

The Local Government Commission (LGC) will rely on the findings resolution of the local governing body concerning the proposed financings that would include a determination that the proposed public infrastructure improvements to be built in connection with a proposed private development are necessary in order to persuade or entice the developer to build the proposed private project. The determination may include findings that the proposed project will enhance the district’s commercial or residential tax base, increase retail sales taxes and/or provide additional job opportunities or housing opportunities for citizens.

The amount of the issue is adequate and not excessive.

The LGC will determine that the estimated cost of proposed public infrastructure improvements and capitalized interest accounts or recommended debt service reserves is adequate for the project proposed based on public bids received by the unit that comply with State bidding statutes or based on contractual agreements with a developer guaranteeing a maximum price for the proposed public improvements substantiated by certified Engineering/Architectural estimates and final design plans.

The proposed projects are feasible (identify and determine sufficiency of pledged revenues for debt service).

The LGC may require an independent consultant’s report/analysis/expert study showing the following:

- (a) estimates provided by a certified engineer of the costs of the proposed private development projects in the district.
- (b) estimates provided by the local unit engineer of the cost of the proposed public infrastructure improvements.
- (c) the base valuation of the project development financing district as determined by the County Tax assessor.
- (d) that the projected incremental tax revenues expected from the private development in the district for the period of the proposed debt financing, along with any other revenues that may be pledged by the local government unit in accord with the project development financing statutes, are sufficient to pay the projected annual debt service costs of the public infrastructure improvements. (The Statutes allow debt service payments to be structured so that principal payments may be postponed for seven years, with only interest payments required in these initial years.)
- (e) establishment of debt service reserve fund or surety bond if recommended.
- (f) if project feasibility is a concern, a referendum may be required.

The unit's debt management procedures and policies are good.

The local unit has an unqualified (clean) opinion from its independent auditors for the past three fiscal years and audits were generally submitted on a timely basis.

There are no defaults on any debt payments for the unit.

The auditor has determined that there are no material weaknesses in the unit's internal accounting and control systems that have not been adequately addressed.

If the unit received an audit letter from the LGC staff containing findings or recommendations for improvements, the unit has responded satisfactorily on its plan of correction or compliance with staff's recommendations.

The unit continually demonstrates effective tax collection procedures.

The private development forecast in the development financing plan would not likely occur without the public projects to be financed.

The LGC may rely on the findings resolution of the unit's Governing Body that the private developer would not proceed with the proposed development without the assistance of the unit to provide public infrastructure improvements that benefit the private development and that contribute to the feasibility of the project. If project feasibility is a concern, a referendum may be required.

The proposed issue can be marketed at a reasonable cost to the unit.

An investment grade rating is preferred if achievable in order to get best interest rates (see separate discussion on ratings potential and rating characteristics considered by agencies).

If project cannot achieve an investment grade rating, determine that alternative financing methods and/or credit enhancements have been explored to determine most cost effective financing, including:

- (a) pledging additional non-tax revenue.
- (b) pledging additional tax revenue if approved in referendum in accord with Statutes.
- (c) a private placement vs. public sale
- (d) installment purchase financing
- (e) using a Letter of Credit
- (f) obtaining insurance, surety bond or guarantee
- (g) a limited sale/distribution to sophisticated investor

The issuing unit has adopted a development financing plan for the development financing district.

The unit has adopted a development financing plan with all components required in G. S. 1587.3(d)1 including the following:

- (1) Description of boundaries of district.
- (2) Description of proposed development both public and private.
- (3) Estimated costs of public infrastructure improvements as determined by the local unit.
- (4) Sources and amounts of funds for proposed public improvements and sources and estimates of funds proposed for debt service.
- (6) Base valuation of development financing district as determined by County tax assessor.
- (7) Projected incremental valuation of district and projection of value of proposed private development project in future years.
- (8) Estimated duration of development financing district (for term of financing or maximum of 30 years).
- (9) Description of how proposed public and private development benefits residents and businesses (jobs, tax base, retail sales, housing, commercial businesses, entertainment).
- (10) Description of activities to ameliorate any projected negative effects of project on housing, jobs, businesses.
- (11) If manufacturing, pledge to pay wage above those paid in County or 10% above average weekly manufacturing wage in State and obtain approval by Secretary of Commerce unless exempted by Secretary.

FEDERAL, STATE, NON-PROFIT, FOUNDATION, ETC. GRANTS AND LOANS. Pender County will seek the maximum use of grant and loan assistance to reduce debt service and user charges. Major water and sewer grant and loan programs for consideration follow.

Rural Development, USDA Communities Facilities Grant and Loan Funding –Water and Sewer Facilities Program (Excepts on the program from Rural Development’s website follow.)

Applicant/ownership: Recipients must be public entities. These can include municipalities, counties, special purpose districts, Indian tribes, and corporations not operated for profit, including cooperatives. A new entity may be formed to provide the needed service if an appropriate one does not already exist. Rural Development programs are to help finance the construction of facilities in cities and towns up to 10,000 people and rural areas with no population limits. Applicants must:

- Be unable to obtain needed funds from commercial sources at reasonable rates and terms.
- Have the legal capacity to borrow and to repay loans, to pledge security for loans, and to operate and maintain the facilities.

- Propose facilities that are consistent with any development plans of the State, multijurisdictional area, counties, or municipalities where the project is to be located. All facilities must comply with Federal, State, and local laws, including those involving zoning regulations, health and sanitation standards, and water pollution control.
- Grants may be provided when necessary to reduce user costs to a reasonable level. They may cover a maximum of 75 percent of eligible facility development costs. (Non-webpage note: are usually 35% of less)
- Loan guarantees may be available for up to 90 percent of any eligible loss incurred by the lender. Lenders pay a 1 percent guarantee fee, which may be passed on to the loan recipient.

Use of loan and grants: Funds may be used to construct, repair, modify, expand, or otherwise improve water supply and distribution systems and waste collection and treatment systems, including storm drainage and solid waste disposal facilities including legal and engineering fees when necessary to develop the facilities. Certain other costs related to development of the facility may also be covered. Funds may also be used to acquire needed land, water sources, and water rights.

Loan terms are:

- The law authorizing the program allows a maximum repayment period of 40 years. However, the repayment period cannot exceed the useful life of the facilities financed or any statutory limitation on the applicant's borrowing authority.

The interest rate is:

- Three interest rates are used. They are set periodically based on an index of current market yields for municipal obligations. The most current rates are available on the RUS Water and Environmental Programs Home Page on the Internet at <http://www.usda.gov/rus/water/>.
 1. Poverty Rate -The poverty interest rate is currently 4.5 percent. The poverty rate applies when:
 - the primary purpose of the loan is to upgrade existing facilities or construct new facilities required to meet applicable health or sanitary standards; and
 - the median household income (MHI) of the service area is below the poverty line for a family of four or below 80 percent of the Statewide Nonmetropolitan MHI (SNMHI).
 2. Market Rate -The market rate is set quarterly based on the average of the "Bond Buyer" 11-Bond Index over a four week period prior to the beginning of the quarter. It applies to loans for projects where the MHI of the service area exceeds the SNMHI.
 3. Intermediate Rate -The intermediate interest rate is the poverty rate plus half of the difference between the poverty rate and the market rate, but not to exceed 7 percent. It applies to loans that do not meet the criteria for either the poverty rate or the market rate.

Borrowers may choose the interest rate in effect on the date of loan approval or on the date of loan closing.

Construction Grants and Loans Section, North Carolina Department Environment and Natural Resources - State Revolving Fund (SRF) Program *(Excepts on the program from NC DENR's website follow.)*

Applicant/ownership: Local government including districts and authorities as defined by North Carolina General Statutes and non-profit wastewater corporations

Maximum loan amount: No statutory maximum. Most loans do not exceed \$8 million.

Use of loan: *Wastewater treatment facilities including treatment plants, transmission mains and inflow/infiltration (I/I) projects.*

The 1987 amendments to the Federal Clean Water Act replaced the Construction Grants program with the Clean Water State Revolving Fund Program (CWSRF). Under the CWSRF, Congress provides the states with grant funds to establish revolving loan programs to assist in the funding of wastewater treatment facilities and projects associated with estuary and nonpoint source programs. The states are required to provide 20% matching funds. In North Carolina, these funds are made available to units of local government at one-half (1/2) of the market rate for a period of up to twenty (20) years.

State Revolving Fund (SRF) loan financing does not require a referendum. Project financing/rates, etc. must be approved by the Local Government Commission, NC Department of State Treasurer. The use of SRF funds does require the completion and approval of a 201 Facilities Plan.

Priority Funding List / Intended Use Plan

In order to receive funding, projects must be included on a Priority Funding List. Applicants can have their projects included on the state's Priority Funding List by submitting a written request to us which includes a general project description, estimated project cost, and schedule on or before March 31st of each year. Applicants who are operating under a Special Order of Consent (SOC), or on Moratorium will generally be placed on the list by one of our Regional Offices. Projects will be rated based upon the severity of the water quality problem and included on the list accordingly. While the number of priority points is important, the applicant's willingness and ability to proceed will also play a major part in the selection of projects actually chosen for funding and included on our Intended Use Plan.

Construction Grants and Loans Section, North Carolina Department Environment and Natural Resources - North Carolina Revolving Loan and Grant Program*(Excepts on the program from NC DENR's website follow.)*

Applicant/ownership: Local government including districts, authorities and non-profit wastewater corporation as defined by North Carolina General Statutes.

Maximum loan/grant amount: Maximum loan amount - \$8 million and maximum grant amount \$3 million.

Use of loan/grant: Wastewater facilities.

In 1987, the NC General Assembly created the North Carolina Revolving Loan and Grant Program to provide state financing for the construction of wastewater facilities. **Funding for this program is dependent upon legislative appropriations and repayment of loans. Funds may not be available at all times.** Eligible applicants are limited to units of local government who may apply for funding from any of three available funds:

1. Low Interest Revolving Loans at one-half (1/2) of the market rate for wastewater collection and treatment facilities for up to a maximum of twenty (20) years. (Maximum Loan Amount: \$8,000,000) *New* - Units of Government that meet the high-unit cost threshold can receive an interest rate of 0%. To meet the high-unit cost threshold, the local government's water and sewer rate must equal or exceed 1.5% of its Median Household Income (MHI) or its sewer rate must equal or exceed .75% of its MHI if only sewer service is provided.
2. Low Interest Emergency Revolving Loans for certified water quality or public health emergencies associated with existing facilities.
3. High-Unit Cost Grants for up to \$3,000,000 per applicant over three fiscal years to make projects more affordable by keeping user fees at a reasonable level. To determine eligibility for high-unit cost grants, the local government's monthly water and sewer rates is compared to 1.5% of combined water and sewer rates or .75% for individual utility rates to the government's Median Household Income. Local governments whose monthly water and/or sewer rates equal or exceed 1.5% (combined) or .75% (single utility) are eligible for High-Unit Cost Grant consideration.

Public Water Supply Section, North Carolina Department Environmental and Natural Resources – Drinking Water State Revolving Fund Loan Program*(Excepts on the program from NC DENR's website follow.)*

Applicant/ownership: Local government including districts and authorities as defined by North Carolina General Statutes and non-profit water companies.

Maximum loan amount: No statutory maximum. Most loans do not exceed \$8 million.

Use of loan: *Eligible projects address a threat to public health including (1) treatment, (2) transmission and distribution, (3) source, (4) storage, or (5) consolidation projects as described in (6) 15A N.C.A.C 01N and the Operating Agreement.*

The Safe Drinking Water Act (SDWA) was originally passed by Congress in 1974 to protect public health by regulating the nation's public drinking water supply. The law was amended in 1986 and 1996 and requires many actions to protect drinking water and resources, rivers, lakes, reservoirs, springs, and ground water wells. (SDWA does not regulate private wells or systems that serve fewer than 25 individuals.) SDWA authorizes the United States Environmental Protection Agency to set national health-based standards for drinking water to protect against both naturally-occurring and man-made contaminants that may be found in drinking water. USEPA, states, and water systems then work together to make sure that these standards are met. (*Source: EPA810-F-99-008*). Congress established the Drinking Water State Revolving Fund Loan program in the 1996 amendments to provide financial assistance to public water systems to comply with the SDWA. The states are required to provide 20 percent matching funds.

Water State Revolving Fund (SRF) loan financing does not require a referendum. To fund drinking water capital projects that protect public health, North Carolina makes loans at one-half of the market rate for a period of up to 20 years. Final project financing/rates, etc. will be determined and approved by the Local Government Commission, NC Department of State Treasurer.

Priority Funding List/Intended Use Plan

Under 15A N.C.A.C. 01N.J .0202(e) and 40 CFR 35.3520 the DWSRF program can fund only the most cost-effective solution to a documented public health problem. Therefore, the applicant must document both the existence of the problem and the costs of alternatives to address it, typically in the Preliminary Engineering Report, or 'PER.' In particular, the PER must explicitly discuss the 'do-nothing' or 'no-build' alternative.

In order to receive funding, projects must be included on a Priority Funding List. The Intended Use Plan is the "short list" of projects anticipated to receive funding for the upcoming fiscal year and is the subject of an annual Public Hearing.

Division of Water Quality, North Carolina Department of Environment and Natural Resources - North Carolina Revolving Loan and Grant Program(*Excepts on the program from NC DENR's website follow.*)

Applicant/ownership: Local government including districts, authorities and/or non-profit water corporations as defined by North Carolina General Statutes.

Maximum loan/grant amount: Maximum loan amount - \$8 million and maximum grant amount \$3 million.

Use of loan/grant: Water facilities.

In 1987, the NC General Assembly created the North Carolina Revolving Loan and Grant Program to provide state financing for the construction of water facilities. Eligible projects must address a threat to public health with loan projects annually prioritized based on the threat to public health in an Intended Use Plan. Funding for this program is dependent upon legislative appropriations and "revolved" loan funds and may not be available at all times. Eligible applicants are limited to units of local government who may apply for funding from any of three available funds:

1. Low Interest Revolving Loans at one-half (1/2) of the market rate for wastewater collection and treatment facilities for up to a maximum of twenty (20) years. (Maximum Loan Amount: \$8,000,000) *New* - Units of Government that meet the high-unit cost threshold can receive an interest rate of 0%. To meet the high-unit cost threshold, the local government's water and sewer rate must equal or exceed 1.5% of its Median Household Income (MHI) or its sewer rate must equal or exceed .75% of its MHI if only sewer service is provided.
2. Low Interest Emergency Revolving Loans for certified water quality or public health emergencies associated with existing facilities.
3. High-Unit Cost Grants for up to \$3,000,000 per applicant over three fiscal years to make projects more affordable by keeping user fees at a reasonable level. To determine eligibility for high-unit cost grants, the local government's monthly water and sewer rates is compared to 1.5% of combined water and sewer rates or .75% for individual utility rates to the government's Median Household Income. Local governments whose monthly water and/or sewer rates equal or exceed 1.5% (combined) or .75% (single utility) are eligible for High-Unit Cost Grant consideration.

Clean Water Management Trust Fund (CWMTF) Program *(Excepts on the program from CWMTF website follow.)*

Applicant/ownership: Local governments, state agencies and conservation non-profits.

Maximum grant amount: No statutory maximum grant amount.

Use of grant: Projects that (1) enhance or restore degraded waters, (2) protect unpolluted waters, and/or (3) contribute toward a network of riparian buffers and greenways for environmental, educational, and recreational benefits.

North Carolina's Clean Water Management Trust Fund (CWMTF) was established by the General Assembly in 1996 (Article 18; Chapter 113A of the North Carolina General Statutes). The CWMTF receives a direct appropriation from the General Assembly in order to issue grants to local governments, state agencies and conservation non-profits to help finance projects that

specifically address water pollution problems. The 21-member, independent, CWMTF Board of Trustees has full responsibility over the allocation of moneys from the Fund.

State Clean Water Management Trust Fund grants are to provide preventive or corrective measures to maintain high quality surface waters or substantially curtail the degradation of surface waters. Funds can be obtained for a variety of activities including educational programs; land acquisition to provide buffers, greenways, etc.; and construction including the construction of reuse water facilities, regional WWTP to eliminate the use of smaller individual systems, etc. High priority is given to construction projects that show a direct reduction of nutrients, BOD, etc. into degraded surface waters.

Types of Projects Funded:

- Improvements to wastewater treatment & collection systems
- Stormwater management
- Repair of septic tanks and removal of straightpipes
- Wetlands, riparian buffer and stream restoration
- Acquisition of buffers, floodplains, wetlands, and greenways
- Agricultural best management practices

CWMTF funds about one third of the requests that it receives.

North Carolina Rural Economic Center – Economic Infrastructure Program

Applicant/ownership: Local government (municipal or county).

Maximum grant: \$1,000,000

Use of grant: Water/sewer construction and project construction observation/ administration costs.

Job requirement: The grant recipient and business must execute a performance agreement (provide by the Rural Center) and submit it to the RC in the full application. The RC will award up to \$10,000 per new job created up to \$1 million or 50% of the project cost whichever is less. Key components of the performance agreement is job creation and payback provisions.

Job creation. The business must agree to create a number of full-time jobs within two years from the date of contract execution with the Center. A full-time “Job” is defined as a job consisting of at least 35 hours per week of employment and eligibility for all benefits generally available for full-time employees of the Business) with the business, at a wage at least equal to minimum wage, and located in North Carolina. The business’s number of new jobs can be counted from the time the RC announces that funds have been reserved for the project. The business will provide the RC with a letter and a copy of its ESC quarterly certifying its number of full-time positions at the time RC funds are reserved for the project. This becomes the “base line” employment for the business. The business will provide a second letter with ESC documentation within 24 months of the date the recipient executed the RC grant contract. It will provide the RC a third (final) letter with enclosure certifying that new job creation has been retained for six months.

Payback provision. In the event job creation or job retention commitments are not met, the business will repay for each job shortfall an amount equal to the amount of the RC grant divided by the total number of new jobs to be created, not to exceed \$10,000. It is possible for the repayment to be made by the business, the business and grant recipient, or the grant recipient.

Matching requirement: RC grant dollars must be matched dollar for dollar by non-Rural Center funding (50% matching requirement) of which local funds must equal 5% of the total RC project.

Application process: The program is on an open cycle that is basically 1st come/1st served for eligible projects. A preapplication (one page) is submitted to the Rural Center. No formal action is required by the local government at this time. Within one – two weeks the Rural Center will contact the applicant to request additional information/clarification on the preapplication. At this time or in a follow up call the RC staff will request that a preapplication conference be held with representatives of the local government and company (ies). This meeting can be set up as a conference call. The main purpose of this conference is to be sure the company(ies) understand RC job creation/grant pay back provisions. If no problems surface at the Preapplication conference, RC staff will recommend the reservation of project funds to its Board of Directors. Approved projects will receive RC notification that funds have been reserved for a six month period and that a contract will be sent subject to the receipt of a full-application including the commitment of all non-RC funding and executed performance agreement. Project funds/contracts can be executed upon receipt of the preliminary award letter.

Comments: This grant program uses appropriated State funds. It is the simplest and most flexible grant source for water/sewer infrastructure required for new job creation.

NC Commerce Finance Center - Small Cities Community Development Block Grant – Economic Development

Applicant/ownership: Local government (municipal or county) that are not HUD Entitlement Cities or Counties.

Maximum grant: \$1,000,000

Use of grant: Public infrastructure, acquisition, and professional service costs.

Low/moderate benefit: The US Department of Housing and Urban Development (HUD) allocates Small Cities Community Development Block Grant (CDBG) funds to individual states for program administration. Individual states annually develop and decide how CDBG funds will be distributed. Major Federal requirements that must be met include that funds are used for eligible (HUD) activities and that funds provide one or more of the following benefits: 51(+)% of the benefit is to low/moderate income persons; the project eliminates a slum/blighting conditions; and/or the project eliminates a health/safety issue.

The CDBG-ED program requires that benefiting companies agree to fill at least 60% of newly created positions with individuals having low/moderate incomes prior to be hired. If a project does not show at least a 51% low/moderate benefit **all** CDBG grant funds must be repaid because the project does not meet HUD requirements.

Job requirement: The CDBG-ED program requires the execution of a performance agreement between the company and grant recipient in which the company (ies) commits to the number of new full time jobs that will result from the project. A full time job is a position that works at least 1,600 hours per week. Up to \$12,000 of CDBG grant can be obtained for each new job created that is eligible for tax credits under William E. Lee act (manufacturing, distribution, etc.). The company's job commitment can stop at 84 even if it is going to create more jobs **unless** other State Department of Commerce grants/incentives are used. In this instance the CDBG-ED performance agreement must be consistent with those contained in other State grant/incentive packages. The company has 24 months from the time the grant agreement is received to meet its job commitment. The company will provide the grant recipient with payrolls/employment questionnaires to document job creation and low/moderate benefit. The State will close-out the company's job creation commitment as soon as the commitment is met. In the event new job creation has not been met the job commitment schedule can be extended for up to 5 years. If job commitments are not met the company is subject to repaying grant funds based on job shortfall. The CDBG performance agreement has a clause that the Secretary of Commerce can waiver grant repayments based on unforeseen-economic circumstances. CDBG-ED grant funds can also be used to retain full-time jobs subject to: (1) 60% (+) of the company's employees having low/moderate household incomes, and (2) the business providing documentation that it will close or move (outside of NC) its operations to another location if requested CDBG-ED improvements do not occur.

Wage requirement: The total average wage of a business must equal the county in which the business is/will locates average manufacturing wage. The average (2008) manufacturing wage for Pender County is \$595 per week.

Non-relocation: New jobs cannot be the result of the closing of another business operation within or outside of the State.

Matching requirement: RC grant dollars must be matched dollar for dollar by non-Rural Center funding (50% matching requirement) of which local funds must equal 5% of the requested RC grant.

Application process: The program is on an open cycle that is basically 1st come/1st serve for eligible projects. A preapplication (one - four pages including attachments) is submitted to the Commerce Finance Center (CFC). No formal action is required by the local government at this time. Subject to the project being found eligible from the cursory review a preapplication conference will be scheduled in Salisbury or Raleigh. A representative from the local government and company should attend this meeting. The purpose of the meeting is to go over the project and be sure the company understands program requirements. At the completion of this meeting the State will recommend whether to continue into the application development stage. CDBG regulations require that two public hearings be held prior to the submittal of the application. The 1st public hearing describes the CDBG program and requests citizen comments. The format used for this public hearing meets all CDBG program (economic development and non-economic development) requirements. The 2nd public hearing is specific to the project. If the 1st public hearing has not been held between 45 – 60 days can expire from the submittal of the preapplication to the receipt of the grant offer.

Environmental Review: An Environmental Assessment must be prepared for the CDBG project and submitted to the State and Federal agencies for comments. This review usually takes 30-40 days. After receiving agency comments and taking appropriate mitigation action the grant recipient will issue a Finding of No Significant Impact and Request for Release of funds. CDBG grant funds can be assessed/construction contracts executed after this process is completed (30 days process).

Construction Contracts: The Environmental Review can be submitted as the application is being developed. Normally CDBG funds will be released/construction contracts executed 90 (+) days from the submittal of the preapplication.

Comments: Most paperwork from an administration standpoint to meet HUD program requirements. Commerce Finance Center staff is very good to work with and reasonable in its program oversight. The use of Federal (CDBG) funds triggers State Environmental Protection Act (SEPA) and National Environmental Protection Act (NEPA) review. Direct and secondary project impacts must be measured in light of potential environmental comments.

NC Commerce Finance Center – Basic Industrial Development Fund (*Excepts on the program from the Commerce Finance Center website follow.*)

Applicant/ownership: Town, city or county

Maximum grant: \$500,000

Eligibility: Projects must be located in one of the most 65 distressed counties (Tier 1 and portion of Tier 2) designated by the NC Department of Commerce.

Use of Grant: Grant funds for construction of, or improvements to water, sewer, gas or electrical utility systems, distribution lines, or required storage facilities, or a rail spur when either is publicly owned and operated. The fund may not be used for acquiring land or buildings or for constructing new buildings.

The Basic Industrial Development Fund (IDF) assists town, city or county governments with incentive industrial financing for those industries eligible through Article 3J in the 65 most distressed counties. As an incentive for job creation by new or expanding industry, local units of government offer assistance for improved infrastructure. For a grant, the amount funded depends on the number of new, full-time jobs created and cannot exceed \$5,000 per job created or \$500,000 per project, as determined by legislature.

Public facility projects requires a minimum local government match of 25%; however; there is no local match requirement if the project is located in one of the 25 most economically distressed counties.

General Requirements

- Applications must show that IDF funding is necessary for job creation, that any non-IDF funding source is in place, and that the project is authorized by the local government. For grants, the Department requires that local units of government match three state dollars with one local dollar.
- Pertaining to Basic IDF financing and the Utility Account financing there is no local match requirement if the project is located in a county that has one of the 25 most economically distressed ranking as defined under G.S. 143B-437.08 after adjustments are applied.
- For Basic IDF financing, the participating private entity must provide a statement of commitment to create the jobs, with a timetable and parties responsible, and must state that private money has not been expended on the project and that the project has not yet begun.
- For grants, the project owner or operator must establish financial capability by furnishing three years' financial and operating statements or, in the case of a new business, three years' pro forma statements and a business plan.
- All grantees must **comply with North Carolina Environmental Policy Rules** in the North Carolina Administrative Code unless the activity is a non-major activity (per NCAC T15A:01C.1504).
- The Department may review a project at any time during the first two years. If a project has not made reasonable progress in creating jobs or has misspent funds, or if its benefiting company has closed or moved without having accomplished its commitments, the Department may require repayment of a grant or may accelerate loan repayments.
- A pre-application conference is necessary to discuss a proposed IDF application. Attendees will include representatives from the Department of Commerce, the applicant and the benefiting firm. This conference may be waived for a project using less than \$50,000 of IDF funds.

Application Process.

Once a pre-application conference has been held and an application received by the Department of Commerce, an approval letter will be mailed to the applicant. If the Department does not approve the application, they will inform the applicant of the reasons. Applications will be approved or denied by the end of the month following assignment of a processing case number.

Units of government may apply for a **45-day reservation of funds** for projects, to induce expanding or new employers to create new jobs. Such an application is similar to the normal application for funds but involves less detail. The minimum information presented would be the name of the company/project, location, type of industry, number of jobs proposed, and investment.

A reservation of funds must be in writing. This reservation of funds does not guarantee approval of the project. Reservation of funds will not exceed half of the program funds available and not previously committed. The Commerce Finance Center supplies a form used to request a Reservation of Funds, or otherwise, to set up funds for a project.

Performance Agreement: The grant recipient and business must execute a performance agreement (provided by the Commerce Finance Center) that is an exhibit in the full IDF application. The Commerce Finance Center (CFC) will award up to \$5,000 per new job created up to \$500,000 or 75% of the project cost (unless the project is located in a Tier 1 county) whichever is less. Key components of the performance agreement are job creation and payback provisions.

Job creation. The business must agree to create a number of full-time jobs within two years from the date the grant document is signed by the NC Department of Commerce and sent to the grant recipient. A full time job is a position that works at least 1,600 hours per week. The business will provide a letter with a copy of its quarterly ESC report when the job commitment is met.

Payback provision. In the event the job creation commitment is not met, the business will repay for each job shortfall an amount equal to the amount of the IDF grant divided by the total number of new jobs to be created, not to exceed \$5,000. It is possible for the repayment to be made by the business, the business and grant recipient, or the grant recipient.

Economic Development Administration (EDA), US Department of Commerce

Applicant/ownership: Local government, non-profit development corporation. Etc. – cannot be a private entity.

Maximum grant: No maximum amount but most grants are in the \$1 million – \$200,000 range. The more direct jobs benefiting the more competitive the project is for grant participation (amount of the grant). Grant requests should be \$10,000 per job or less to be competitive.

Eligibility: Public works grants require that the project be located in an eligible area based on unemployment rate (1.5% of national average for 24 month period and/or a per capital income that is 80% of the national average.

Economic adjustment grants can be made in areas that have experienced or will experience job losses within a 12 month period. Pender County will have to show the actual and/or threatened loss of 500 (+) jobs to qualify under this criteria.

Use of grant: Public infrastructure, acquisition, and professional service costs.

Purpose: The use of the infrastructure should show a direct benefit to job creation with regional implications. Example: Water, sewer, road, natural gas, etc. improvements to serve a regional industrial park (publicly owned) that a new business or businesses will locate in or is needed by an expanding business in the industrial park. A skill training center that is needed to meet the training needs of an expanding employer.

Job requirement: EDA does not require a performance agreement/contract. Beneficiaries must
(1) provide a letter stating: (a) their intent to create and/or retain jobs (including numbers of jobs) and hiring schedule and private investment resulting from the project, and (b) the

- need for the EDA project;
- (2) and an "Assurances of Compliance" form that it assures compliance with the Civil Rights Act as amended.

Matching requirement: EDA program regulations establish various maximum grant rates that depend upon the severity of the applicant's economic distress and/or when applicable participation in an Economic Development District. EDA's maximum grant participation ranges from 100% to 50% of eligible project costs. Due to its limited budget, EDA's grant participation in most projects does not exceed 50%. There are restrictions on the use of Federal grants to match EDA grant funds. (NOTE: CDBG grant and/or Rural Development loan financing can be used as local funds).

Application process: The program is on an open cycle. The Southeastern Economic Development District (SEDC) located in Elizabethtown serves Pender County. SEDC is an EDA designated Economic Development District that works closely with EDA's North Carolina Economic Development Representative (EDR). Economic Development Representatives are EDA regional office staff specifically assigned to a state(s) to develop and recommend projects for Regional Office consideration. The EDR will tell a potential applicant if the project merits the development of a preapplication or additional information to make this determination. The Atlanta Regional Office's Project Review Team bi-weekly meets to review preapplications. Preapplications reviewed by the Project Review Team will: be asked for additional information/changes; turned down; or the applicant will be invited to submit a formal application. EDA will not request the submittal of a formal application unless it intends to fund the project. Subject to the availability of funds the application process takes 4 to 8 months from the 1st EDA contact.

Environmental Review: An Environmental Assessment must be prepared and submitted with the formal application. EDA's Regional Office makes a Finding of No Significant Impact before the grant is made.

Golden LEAF Foundation – Annual Cycle Grants Program

Applicant/ownership: Governmental entities and 501(c)(3) tax-exempt organizations.

Maximum grant: No maximum grant amount.

Use of grant: Funds must be used for charitable, scientific, educational or tax-exempt public purposes to promote the social welfare of North Carolina's citizens and to receive and distribute funds for economic impact assistance to economically affected or tobacco-dependent regions of North Carolina.

The Golden LEAF Foundation, a nonprofit corporation, was created in 1999 to receive one-half of the funds coming to North Carolina from the master settlement agreement with cigarette manufacturers. In turn, the Foundation is helping North Carolinians make the transition from a tobacco-dependent economy through grants and investments that will positively affect the long-term economic advancement of the state. It gives priority in its grantmaking to tobacco-dependent and economically distressed counties.

The acronym LEAF stands for Long-term Economic Advancement Foundation. We are a public charitable foundation, which is exempt from federal income tax as described in section 501(c)(3) of the Internal Revenue Code. The Foundation's funds must be used for charitable, scientific, educational or tax-exempt public purposes. Both government and 501(c)(3) tax-exempt organizations may apply for grants. Golden LEAF's office is in Rocky Mount, North Carolina.

Golden LEAF's mission is to promote the social welfare of North Carolina's citizens and to receive and distribute funds for economic impact assistance to economically affected or tobacco-dependent regions of North Carolina

ANNUAL CYCLE GRANTS. The Golden LEAF Foundation has an open door policy. All proposals received by established deadlines are accepted for consideration in the Annual Grants Cycle. Applicants seeking funding are encouraged to contact the Foundation for more information regarding the grants application process and funding priorities. In addition, staff is available to discuss and give feedback on proposal ideas. Potential applicants are encouraged to contact staff well in advance of the application deadline to be certain that there is sufficient time to schedule a conversation about questions the applicant may have, especially if the applicant wishes the staff to review specifics of the applicant's proposal. Past Annual Cycle grants have been due during August with funding decisions made by November of the year.

Funding Factors.

Funding from the tobacco settlement is dependent on a number of factors, including sale of tobacco products. The funds are being put in an endowment that will generate earnings to fund grants. The Foundation has budgeted \$10 million for this annual grants cycle.

FY 2009 Annual Grants Cycle Priorities.

The Golden LEAF Foundation is committed to using the funds entrusted to it for projects that

show the most potential for strengthening North Carolina's long-term economy, especially in tobacco-dependent, economically distressed, and/or rural communities. Golden LEAF's grantsmaking is focused in the areas of Agriculture, Job Creation and Retention and Workforce Preparedness.

In agriculture, Golden LEAF sees particular promise in the areas of value-added processing, market expansion, and projects targeting alternative crops, livestock and aquaculture. In workforce preparedness, Golden LEAF focuses on efforts to train workers in tobacco-dependent, economically distressed, and/or rural communities to become qualified for identified job opportunities. Job creation and retention projects of particular interest to Golden LEAF include efforts to create opportunities for employment with new and existing businesses in tobacco-dependent, economically distressed, and/or rural communities, particularly in the healthcare sector.

In addition to those described above, projects that focus on education and other opportunities to support and develop economic strength in tobacco-dependent, economically distressed, and/or rural communities continue to be welcomed.

Characteristics of Competitive Proposals

Golden LEAF makes grants for projects that the Foundation's Board of Directors believes have extraordinary merit and address the Foundation's purposes as set forth in its Charter. In evaluating proposals, the Foundation looks for projects that will bring about tangible results for the targeted beneficiaries. The Foundation asks applicants to answer the following questions in thinking through their proposals: (1) Who benefits from the project? (2) How do they benefit? (3) What difference does the project make in the community it serves? (4) How will the difference and benefit be measured and proven?

Golden LEAF anticipates awarding approximately \$10 million in the 2009 Annual Grants cycle. Since requests are likely to far exceed this amount, the Foundation will be looking for projects with the following characteristics. *(This list is not intended to be all inclusive, nor is it a listing of all criteria that will be used in evaluating proposals.)*

- Projects that serve unmet needs that are clearly defined in communities.
- Projects that have clear objectives and deliverables and are accompanied by a plan for evaluating the short-term and long-term impacts of the project, with a concentration on economic impact.
- Projects that demonstrate a market demand for products or trainees.
- Projects that support new technology, crops, and applications to increase North Carolina's strategic advantage in agriculture. For projects developing new technologies, those projects with clear and practical applications for the technology, expected commercial viability within a short time frame, a plan for protecting the benefit of any intellectual property for North Carolina and North Carolina farmers, and a plan for outreach and deployment of new discoveries or research results to farmers are preferred.
- Projects that result in job creation and retention in tobacco-dependent, economically distressed, and/or rural communities. Projects that include commitments from employers to hire or retain workers are preferred.
- Programs to create, expand, and/or improve business activity in tobacco-dependent, economically distressed, and/or rural communities.
- Programs that are collaborative in nature and/or are linked with or supported by existing

- multi-community, regional, or statewide programs and efforts.
- Training/workforce preparedness initiatives that target specific job opportunities in new and expanding industries and businesses located or considering locating in tobacco-dependent, economically distressed, and/or rural communities or that promote job retention activities in tobacco-dependent, economically distressed, and/or rural communities. Training programs supported by Golden LEAF must be advertised, open to the public and result in the attainment of transferable skills. It is preferred that these proposals: 1) are accompanied by a commitment from the employer or employers regarding the number of jobs to be created or retained, 2) include the timeline for hiring, and a salary/wage/benefit breakdown by job category, and 3) provide evidence of an agreement that holds employers responsible for projected job creation and retention.
- Public infrastructure improvement projects that are tied to specific job creation and retention opportunities in those counties that have the least ability to pay, as determined by criteria recognized by the State of North Carolina.
- Projects that provide evidence of support, endorsement and demand by the communities or constituencies the project proposes to serve or impact.
- Projects that provide evidence of sustainability through the submission of business and feasibility plans, as applicable.
- Projects that demonstrate financial support from sources other than Golden LEAF.

FY 2009 Priority Communities

Golden LEAF accepts applications from all communities in North Carolina. Preference is given to projects that will benefit tobacco-dependent, economically distressed, and/or rural communities. Applicants can strengthen their proposals by citing negative trends in the employment rate, low per capita income, or high poverty rate in their communities or by identifying the direct effect the project will have on employment and/or agriculture in tobacco-dependent, economically distressed, and/or rural communities.

Golden LEAF Foundation – Economic Catalyst Grant Program

Applicant/ownership: Governmental entities and 501(c) (3) tax-exempt organizations.

Maximum grant: No maximum grant amount.

Use of grant: Grants are to assist eligible state, regional and local economic development entities with grants to support permissible activities that lead to job creation in tobacco-dependent or economically distressed areas.

The Golden LEAF Foundation, a nonprofit corporation, was created in 1999 to receive one-half of the funds coming to North Carolina from the master settlement agreement with cigarette manufacturers. In turn, the Foundation is helping North Carolinians make the transition from a tobacco-dependent economy through grants and investments that will positively affect the long-term economic advancement of the state. It gives priority in its grantmaking to tobacco-dependent and economically distressed counties.

The acronym LEAF stands for Long-term Economic Advancement Foundation. We are a public

charitable foundation, which is exempt from federal income tax as described in section 501(c)(3) of the Internal Revenue Code. The Foundation's funds must be used for charitable, scientific, educational or tax-exempt public purposes. Both government and 501(c)(3) tax-exempt organizations may apply for grants. Golden LEAF's office is in Rocky Mount, North Carolina.

Golden LEAF's mission is to promote the social welfare of North Carolina's citizens and to receive and distribute funds for economic impact assistance to economically affected or tobacco-dependent regions of North Carolina

ECONOMIC CATALYST GRANTS. The Golden LEAF Foundation has an open door policy, and welcomes the opportunity to discuss project ideas prior to grant submission.

Project requests in this category must be for job creation. The projects must be **AT RISK** without Golden LEAF participation. Projects are determined to be "**At Risk**" based on a number of factors including: evidence of urgency for assistance necessary to facilitate job creation, demonstrable need, the county's ability to pay, competitive sites in other states being considered, and others. The most competitive applicants will provide information showing that without Golden LEAF participation a funding gap exists that would significantly impair the applicant's ability to attract jobs tied to the project.

Grants are available for projects that include the creation of full-time equivalent positions (FTE) in NC. Full-time equivalent is defined as employment that provides 1,600 hours or more per year of work. In addition, companies must provide at least 50% of the cost of employee-only health insurance.

Project support will be determined by considering a number of factors including: the county's tier designation status as published by the NC Department of Commerce, the number of jobs created, and the quality of jobs. The Golden LEAF Board of Directors may consider other factors, including:

- Economic impact of project, including costs and benefits to the state.
- Strategic importance of the project to the state, region, or locality.
- Quality of industry and project.
- Environmental impact of project.
- Identified needs that are directly related to job creation from the project.
- Competition for the project with a location outside North Carolina.
- Support will also help avoid imminent job losses.

Economically distressed or tobacco-dependent communities that are located in high wealth counties may make the case for support due to project activity being located in a blighted area or because of negative trends in employment, average earned income, poverty, or similar factors. In these cases, Golden LEAF will expect the County to provide significant project support. Golden LEAF funds will not be available to satisfy shortfalls resulting from County policies limiting County support for a project.

Proposals for Economic Catalyst Grants must be coordinated with the N.C. Department of Commerce and the appropriate regional economic development partnership.

Applicants must identify specific charitable, educational, or scientific uses for Golden LEAF funds, as defined by Section 501 (c)(3) of the Internal Revenue Code, that are directly related to

the project. Golden LEAF may require the applicant to demonstrate that the business is committed to create the promised jobs and/or obligated to repay a pro rata amount of the grant if there are job creation shortfalls. Examples of eligible projects include:

- Assistance with the delivery of training programs offered by eligible entities, such as a community college, and made available to the public, for the development of transferable skills required by industries or companies that will increase the number of jobs available to the public. In projects such as these, prior to release of funds, Golden LEAF will typically require evidence of an inducement agreement demonstrating that the company is obligated to meet the job creation projections and wage standards, and providing appropriate consequences should the company fail to satisfy its obligations. In addition, Golden LEAF may release some or all of the funds awarded on a pro rata basis as training is provided.

- Assistance to a governmental unit to help fund pre-development costs associated with public infrastructure improvements, such as water and sewer, which would result in job creation. In projects such as these, prior to release of funds, Golden LEAF will typically require evidence of an inducement agreement demonstrating that the company is obligated to meet the job creation projections and wage standards, and providing appropriate consequences should the company fail to satisfy its obligations.

- Renovation or improvement of an industrial facility owned by an eligible entity, which will be sold or leased at fair market value to a business locating or remaining in a high-priority area of North Carolina, or for purchase of equipment or other assets owned by eligible entities and leased or sold to for-profit entities at fair market value. Priority will be given only when evidence shows that practical lease or financing options are not available from traditional sources of capital. In projects such as these, Golden LEAF will typically require the grantee to enter a clawback agreement with the business requiring the business to repay a pro rata amount of the grant award if the company fails to create the projected jobs. Where the project involves the sale or lease of equipment to a company, Golden LEAF may require that the sale or lease agreement restrict the company from moving the equipment out of North Carolina.

NON-TRADITIONAL WATER/SEWER INFRASTRUCTURE FUNDING

Industrial Development Revenue Bond Financing

Industrial revenue bonds (IRB's) also called industrial development bonds (IDB's) are tax exempt securities issued by the state or its political subdivisions by authority of U.S. Congress. IRB's are tax exempt because the income derived by the bond holder is not subject to federal income tax. Because of this, the cost to the company for which the bonds are issued is less than the cost of conventional financing. Industrial revenue bonds and qualified small issue bonds are available to finance qualified manufacturing facilities and certain solid waste disposal facilities and certain other facilities.

In North Carolina, an Industrial Facilities and Pollution Control Financing Authority has been created for each County to issue IRB's in the County in which the Project will be located. The North Carolina Agricultural Financing Authority (the "NCAFA") can act as an issuer for projects with substantial agricultural components. In addition, the North Carolina Capital Facilities Finance Agency (the "NCCFA") can be an issuer for projects located in multiple jurisdictions.

Eligible Projects. Only certain types of commercial facilities are eligible for tax exempt financing.

1. *Manufacturing.* Includes generally those activities listed in Categories 3133 of the North America Industrial Classification System.
2. *Solid Waste Disposal.* Includes facilities for the collection, storage, treatment, utilization, processing or final disposal of solid waste. May include a recycling facility up to the point where something of value is produced, so long as the material going into the facility contains at least 65% waste by weight or volume.
3. *Sewage Treatment.* Permits tax exempt financing of facilities that transport and treat what has traditionally been known as municipal sewage and wastewater (based on expected concentration of biochemical oxygen demand or BOD). Cannot be used for pretreatment or related collection, storage, use or processing of industrial wastewater.
4. *Special Purpose Projects.* Chapter 159C now includes a definition of "special purpose projects," which are additional types of projects that can be financed by either a local Authority or the NCCFA. Special purpose projects do not require approval from the Department of Commerce. Eligible special purpose projects include:
 - a. Water systems or facilities used to obtain, conserve, treat, and distribute water for any public or private use.
 - b. Sewage disposal systems or facilities used to collect, treat, purify, or dispose of sewage (*i.e.*, privately owned sewage treatment
 - c. Public transportation systems, facilities, or equipment.
 - d. Public parking lots, structures, or facilities.

Potential "Special Project" Tax Allocation Financing

The creation of a US 421 corridor economic development program account in the County budget financed through the County property tax. The formula for the amount of funds placed into the account will depend upon the amount of additional property tax revenues generated within a delineated area or areas. This strategy combines Special Tax District and Development Financing District. Funds in the account will be based on property tax received – not debt based on anticipated/committed private investment.