



## REQUEST FOR BOARD ACTION

ITEM NO. 20

**DATE OF MEETING:** August 16, 2010

**REQUESTED BY:** Michael G. Mack, Director, PCU

**SHORT TITLE:** Resolution Approving the Final Capital Budget for the Issuance of Bond Anticipation Notes, Utility Revenue Bonds, and Fixed-Rate General Obligation Bonds for Interim Construction and Permanent Financing of the Pender County Water Treatment Plant and Transmission Main Projects through the Local Government Commission of the North Carolina Department of State Treasurer.

**BACKGROUND:** On July 29, 2010, PCU received and opened bids for the Surface Water Treatment Plant and Finished Water Transmission Main Projects. We received seven (7) bids for the Water Treatment Plant (WTP) and nine (9) for the Finished Water Transmission Main (FWTM). The apparent low bidder on the WTP is Crowder Construction Company based out of Apex, NC. The apparent low bidder on the FWTM is R.H. Moore Company, Inc., based out of Murrell's Inlet, SC.

The original concept for the project was a phased approach beginning with a 2 MGD water treatment plant and 18" transmission main. USDA-RD provided funding for the 2 MGD plant and 18" transmission main in 2008 with a \$16.5 million loan and \$1.0 million grant.

In order to reduce the required capital expenditures to build the plant in phases, the design was for the original plant construction to include the necessary infrastructure (treatment basins, gallery piping, filter bays, pump pedestals, etc.) to allow the plant to be easily expandable by only installing additional equipment to increase the treatment capacity. In addition, the project was designed to include a 24" transmission main so a parallel main would not be required to expand the plant capacity.

Once the scope of design changed for the project, PCU applied for an additional \$13.5 million from USDA-RD. The County was awarded an additional \$4.95 million loan and \$6.55 million in grants for a total of \$22.5 million in low-interest loans and \$7.60 million in grants. The County was required to contribute \$2.3 million for a total estimated Capital Project Budget of \$32.35 million.

Upon review of the low bids, it was confirmed that the estimated 2009 Capital Project Budget of \$32.35 million was slightly less than needed to award the Base Bids plus any additive alternates.

An additional \$1.43 million contribution by the County will provide for award of the Base Bids (\$28.5 million) plus Additive Alternate # 4 on the Water Treatment Plant for a second 1 mg finished water storage tank (\$546,000). Additional revenue that was not originally budgeted will be available to offset the additional \$1.43 million County contribution.

Staff is requesting the Board consider approving the Final Capital Project Budget to include the Base Bids for the Water Treatment Plant and Finished Water Transmission Main in addition to Additive Alternate # 4 on the Water Plant.

The Final Capital Project Budget for use by the LGC and USDA-RD and a Budget Ordinance Amendment to establish the Capital Budget are provided.

	Estimated	Actual
Subtotal Construction for Transmission Mains	\$ 8.5 m	\$7.25m
Subtotal Construction for 2 MGD WTP	\$ 17.1 m	\$21.51
Total Construction (Base Bids + Alt #4)	\$ 25.6 m	\$28.76 m
Construction Contingency	\$ 1.3 m	\$0.75 m
Total Engineering Services	\$ 2.23 m	\$2.3 m
Bond Counsel Legal Fees	\$ 0.065 m	\$0.065 m
Land / Easements	\$ 0.125 m	\$0.00
Capitalized Interest (2 years Post Construction)	\$ 3.03 m	\$1.90 m
Total Project Budget	\$ 32.35 m	\$33.78 m

<u>Funding</u>	<u>Original Budget</u>	<u>Additional</u>
USDA-RD	\$17.5 m (GO)	
	\$4.95 m (Rev)	
	\$7.60 m (Grants)	
Total USDA-RD	<u>\$30.05 m</u>	
Pender County Contribution	\$2.3 m	\$1.43 m

**Additional Revenues available (Not previously budgeted)**

Investment Interest Earned (\$30 m invested at 0.2% return for 2 years)	\$0.12 m
Sales Tax Refund on Materials and Equipment	\$0.80 m
Capacity Fees Collected to Date	\$0.16 m
Future Capacity Fees Collected during construction (estimated)	<u>\$0.36 m</u>
Subtotal of additional revenue	\$1.44 m
Remaining Funds required	\$0.00 m

**SPECIFIC ACTION REQUESTED:** The Board of Commissioners is requested to approve the Final Capital Budget for the issuance of Bond Anticipation Notes (BANS), Utility Revenue Bonds, and Fixed-Rate General Obligation Bonds for interim construction and permanent financing of the Pender County Surface Water Treatment Plant and Transmission Main Projects through the Local Government Commission of the North Carolina Department of State Treasurer.



**DEPARTMENT OF THE TREASURER  
LOCAL GOVERNMENT COMMISSION  
325 North Salisbury Street, Raleigh, North Carolina 27603-1388**

**FINAL CAPITAL BUDGET**

Unit Pender County Date \_\_\_\_\_

Note: A separate FINAL CAPITAL BUDGET is required for each bond purpose for which notes are to be sold.

1. Bond purpose Construction of a 2 MGD Surface Water Treatment Plant and 24" Finished Water Transmission Main Amount of notes \$ 22,455,000
2. Describe in general terms nature of project/capital outlay if different from original application.  
Construction of a 2 MGD Conventional Surface Water Treatment Plant and 37.095 LF of 24" and 21,668 LF of 20" Finished Water Transmission Main.

3. Consulting Engineer or Architect Camp, Dresser, McKee (CDM)
4. Final Capital budget — based on actual costs (i.e. construction bids received as of July 29, 2010). Include bid tabulations for construction cost (Note: Bid tabulations should equal construction cost in the following table).

Actual Cost	Funding Sources
Construction Cost..... \$ <u>28,756,000</u>	Bonds (General Obligation) \$ <u>17,500,000</u>
.....	Bonds (Revenue)..... \$ <u>4,955,000</u>
Eng. or Arch. Fees..... \$ <u>2,300,000</u>	Grants (USDA-RD)..... \$ <u>7,594,000</u>
Land and Rt.-of-way ..... <u>0</u>	.....
Bond Counsel Legal Fees..... \$ <u>65,000</u>	.....
Other Legal and Fiscal ..... <u>0</u>	.....
Administrative ..... <u>0</u>	.....
Capitalized Interest ..... \$ <u>1,900,000</u>	.....
Contingency..... \$ <u>750,000</u>	Owner Contribution ..... \$ <u>2,300,000</u>
.....	Add'l Owner Contribution \$ <u>1,422,000</u>
.....Total \$ <u>33,771,000</u>	Total ..... \$ <u>33,771,000</u>

5. Have all required permits and/or approvals by State or Federal regulatory agencies been received? \_\_\_\_\_

Signature of Authorized Representative of Unit \_\_\_\_\_ Date \_\_\_\_\_

Concurrence of State USDA Representative \_\_\_\_\_ Date \_\_\_\_\_

**BUDGET ORDINANCE AMENDMENT TITLE:** Final Capital Budget - Surface Water Treatment Plant Project

Introduced by: Rick Benton, County Manager Date: 2010-08-16 Item #: 20

Fund: # 83-WTP Department: PCU Division:



**PENDER COUNTY, NORTH CAROLINA**

FY 2010-2011 Budget Amendment # \_\_\_\_\_ Date Approved: \_\_\_\_\_  
 Appropriations

REVENUES		EXPENDITURES	
Increase: <input checked="" type="checkbox"/>	Decrease: <input type="checkbox"/>	Increase: <input checked="" type="checkbox"/>	Decrease: <input type="checkbox"/>
Account # and Title	Amount	Account # and Title	Amount (leave off \$ sign)
USDA-RD Loan (GO)	\$17,500,000.00	Capital Outlay C & D	\$28,756,000.00
USDA-RD Loan (Rev)	\$4,955,000.00	Contingency	\$750,000.00
USDA-RD Grant	\$7,594,000.00	Contract Services - Engineering	\$1,800,000.00
Contribution from Pender County	\$2,300,000.00	Contract Services - Inspections	\$500,000.00
Interest During Construction	\$120,000.00	Contract Services - Attorney	\$65,000.00
Sales Tax Refunded	\$800,000.00	Capitalized Interest during construction	\$1,900,000.00
Water Capacity Fees	\$502,000.00		
<b>Total:</b>	<b>\$33,771,000.00</b>	<b>Total:</b>	<b>\$33,771,000.00</b>

Reason and Justification for Request:

Dept Mgr. Approval: Date: Michael G. Mack Finance Officer Approval: Date: Budget Officer Approval: Date:

Board Approval (When Applicable) Item # Date of Minutes