

MEMORANDUM

To: Board of Directors
From: Gary W. Fern, P.E., Executive Director
Date: December 11, 2009
Re: North Fork Regional Pump Station – Special Rate District
cc: James M. Bowling, IV

The ACSA Board of Directors, at their September Board Meeting, discussed the proposed designation of a Special Rate District for the North Fork Regional Pump Station Project. ACSA staff proposed that the Special Rate District be divided into two zones; a North Zone and a South Zone. The North Zone would consist of that area which would be served by the Camelot Pump Station and force main. The force main would discharge to the North Fork Regional Pump Station south of the North Fork of the Rivanna River. The South Zone would consist of that area which would be served by the North Fork Regional Pump Station and force main. The force main would discharge wastewater to the ACSA's wastewater collection system south of Proffit Road. The construction of the project would allow for the abandonment of the Camelot Wastewater Treatment Plant.

The ACSA had originally developed the project based on the assumption that developers, in the area, would purchase allocation into the system, prior to construction of the facilities. This would reduce/eliminate the need to borrow funds for construction of the project. At this time, we are proceeding with the assumption that the ACSA would need to bond for the entire amount of the project, less those funds needed to construct facilities for wastewater generated by current ACSA customers. The Federal Government is currently considering an agreement, which includes their purchasing of capacity, prior to construction of the facilities. This agreement has not been finalized.

Attached is a spreadsheet detailing the total estimated project cost. The estimated costs are separated into the applicable zone. The estimate is based on the following assumptions:

1. The construction cost estimate for the North Fork Regional Pump Station and force main, and Camelot Pump Station and force main, are based on the 60% design documents prepared by Whitman, Requardt & Associates, including a 20% contingency.

2. The cost estimates for the Extension to Airport Acres Gravity Sewer and the 12-inch diameter River Crossing are based on estimates prepared by the ACSA staff, including a 30% contingency.
3. The Land Acquisition estimate is based on calculated costs utilizing Albemarle County appraised land values.
4. The Engineering Survey & Permitting estimate includes preliminary and final engineering design and land negotiation costs.
5. The Construction Engineering Services estimate is based on construction administration services and one and a half inspectors throughout the duration of the project. At this time, it is envisioned that the ACSA will provide inspection services for the North Fork Regional Pump Station Force Main Project.
6. The financing estimate is based on financial and administrative costs, and interest required to be paid on a bond of \$14,500,000, at a rate of 5% over 20 years.

The Connection Fee Determination spreadsheet calculates the connection fee for both the North Zone and South Zone, based on the total project cost estimate. The North Zone and South Zone connection fees are estimated at \$854 per ERC, and \$2,088 per ERC, respectively. These connection fees will be charged in addition to the ACSA standard connection fees. It is estimated that 10% of the project cost would be borne by the ACSA.

At various milestones throughout the project, the connection fee calculation should be reviewed.

Since the connection fee is directly attributable to the wastewater system, the Virginia Water and Waste Authorities Act requires the notification of a public hearing, prior to adoption of the proposed connection fees. We will request that the Board of Directors designate a date for the public hearing to approve the connection fees and adopt the Special Rate District. In addition, we would request that the Board of Directors authorize staff to seek proposals for the services of a financial advisor to assist with financing the developers' share of the project, which is estimated at an amount up to \$14,500,000. A resolution of official intent to reimburse and/or directly pay for the costs of the project with the proceeds of one or more borrowings will be presented to the Board for consideration in January.

Board Action

We request that the Board of Directors conduct a public hearing on the proposed connection fees for the North Fork Regional Pump Station Project at their regularly scheduled meeting on February 18, 2010, at 9:00 a.m. In addition, we request that the Board of Directors authorize staff to advertise for a financial advisor to assist in securing financing for up to \$14,500,000.

GWF/dbh

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**Albemarle County Service Authority
North Fork Regional Pump Station Project
Total Project Cost Estimate**

<u>Item</u>	<u>Estimated Cost</u>	<u>North Zone</u>	<u>South Zone</u>
Construction			
North Fork Regional Pump Station Project			
North Fork Regional Pump Station and Force Main	\$10,155,100		\$10,155,100
Camelot Pump Station and Force Main	\$2,095,500	\$2,095,500	
Extension to Airport Acres Gravity Sewer (Incl. Engineering)	\$593,700		\$593,700
12-inch Diameter River Crossing (Incl. Engineering)	\$300,000	\$300,000	
Land Acquisition	\$750,250	\$94,417	\$655,833
Engineering, Survey & Permitting	\$1,139,300	\$194,881	\$944,419
Construction Engineering Services	\$762,500	\$130,428	\$632,072
Financing	\$8,743,100	\$1,558,195	\$7,184,905
TOTAL PROJECT COST	\$24,539,450	\$4,373,420	\$20,166,030

**Albemarle County Service Authority
North Fork Regional Pump Station Project
Connection Fee Determination***

Organization	North Zone					South Zone					Total			
	ADDWF Allocation (MGD)	ERC (270 GPD)	%	Estimated Amount	Connection Fee (\$/ERC)	ADDWF Allocation (MGD)	ERC (270 GPD)	%	Estimated Amount	Connection Fee (\$/ERC)	%	Estimated Amount	Connection Fee (\$/ERC)	Amount Recovered
ACSA	0.16	593	12%	\$505,879	N/A	0.26	963	10%	\$2,010,502	N/A	10%	\$2,516,381	N/A	N/A
Developer A	1.13	4185	82%	\$3,572,772	\$854	1.13	4185	43%	\$8,737,950	\$2,088	50%	\$12,310,722	\$2,941	\$12,310,722.16
Developer B	0.08	296	6%	\$252,940	\$854	0.08	296	3%	\$618,616	\$2,088	4%	\$871,556	\$2,941	\$871,555.55
Developer C	0	0	0%	\$0	\$0	0.46	1704	18%	\$3,557,042	\$2,088	14%	\$3,557,042	\$2,088	\$3,557,041.74
Developer D	0	0	0%	\$0	\$0	0.19	704	7%	\$1,469,213	\$2,088	6%	\$1,469,213	\$2,088	\$1,469,212.89
Other Connections-North	0.01	49	1%	\$41,830	\$854	0.01	49	1%	\$102,304	\$2,088	1%	\$144,133	\$2,941	\$144,133.50
Other Connections-South	0.00	0	0%	\$0	\$0	0.47	1758	18%	\$3,670,403	\$2,088	15%	\$3,670,403	\$2,088	\$3,670,403.11
TOTAL	1.38	5123	100%	\$4,373,420		2.61	9659	100%	\$20,166,030		100%	\$24,539,450		\$22,023,069

ADDWF - Average Daily Dry Weather Flow

* - The table has been created to show the proposed methodology to be used in calculating connection fees for the proposed Special Rate District for the North Fork Regional Pump Station Project. It is not intended to specify any fixed amounts to be paid by any organization.