



# Holly Springs Town Council

## Town Council Meeting Agenda Cover Sheet

---

### Agenda Item#: 15.

#### **New Business**

**Title:** Interlocal Agreement (ILA) with the City of Sanford for a Joint Water Treatment Plant Engineering Design (TP 20-010)

**Strategic Priority Area:** Economic Prosperity & Diversity  
Responsible & Balanced Growth  
Safe & Friendly

**Staff Resource:** Rachel Ingham, Utilities and Infrastructure, Kendra Parrish, Utilities and Infrastructure, Seann Byrd, Utilities and Infrastructure

---

#### **Action(s):**

Adopt Capital Project Ordinances 21-38 and 21-39 transferring \$2.5 million in American Rescue Plan (ARP) Act funding to the Sanford water project.

Approve an Interlocal Agreement (ILA) with the City of Sanford for cost sharing associated with a joint water treatment plant expansion engineering design.

#### **Explanation:**

- The City of Sanford currently operates a 12 million gallon per day (MGD) water treatment plant. On September 1, 2020, Town Council approved a Memorandum of Understanding (MOU) with the City of Sanford to participate in a Preliminary Engineering Report (PER) to study scope and costs associated with the expansion of the Sanford Water Treatment Plant that would serve a number of regional local governments. The final technical memorandums were released in June 2021. Findings indicate that expansion of Sanford's plant is a feasible option to secure an additional water source for the Town.
- Sanford is proceeding with this option and plans to begin design in December of 2021. Through regional partnerships and preliminary work with both Hazen and Sawyer and Freese and Nichols, Sanford is preparing for an 18 MGD upgrade, resulting in a 30 MGD facility. The additional 18 MGD capacity is anticipated to serve five regional partners:
  - Chatham County - 1 MGD
  - Town of Fuquay-Varina - 6 MGD
  - Town of Holly Springs - 4 MGD
  - Town of Pittsboro - 3 MGD
  - City of Sanford - 4 MGD
- The next step in continued pursuit of the Sanford water treatment plant expansion project is to enter into an Interlocal Agreement (ILA) with the City of Sanford for Holly Springs' portion of the design of the water treatment plant expansion. Based on the request of 4 MGD as part of the expansion project, the cost to Holly Springs is \$2.5M.
- Design is anticipated to last approximately one year followed by a three-year window for bidding and construction. Partnering in the ILA would allow Holly Springs to have input on the design of the Sanford Water Treatment Plant expansion and would reduce costs for the Town

because engineering fees would be shared between municipalities.

- The ILA does not commit the Town to enter into an agreement to partner in the construction of the water treatment plant expansion nor purchase water from the City of Sanford. It only commits the Town to share in a 22.2% portion of the total cost of the design (\$11.2M), based on the allocation of the upgraded capacity.

### **Background:**

- The Town currently has 10 MGD of water through an agreement with Harnett County (aka Harnett Regional Water). This agreement is for a continuous supply of water. Additionally, the Town has a 2 MGD allocation in Jordan Lake. Although that allocation cannot be accessed at this time, in the future it could pass through Apex, Cary, Harnett Regional Water, or another water provider that draws water out of the Cape Fear River or Jordan Lake.
- Additionally, the Town currently has emergency interconnects with the towns of Apex and Cary. Should something happen to the water supply from Harnett Regional Water, the Town is able to obtain a limited amount of water on a temporary basis from these neighboring municipalities. Staff have approached Apex, Cary, and Harnett Regional Water to discuss the feasibility of receiving additional water on a long term basis. Unfortunately, the Town was not able to obtain a firm commitment from these providers.
- At the September 14, 2021 Town Council Workshop, staff shared an update on future water supply needs. With the newly adopted Future Land Use & Character Plan, the water supply needed for future build-out of the Town was increased to approximately 16 MGD - a 4 MGD increase from the previously anticipated water demand. In addition, recent economic development efforts drive the need to move expeditiously to obtain increased water supply.
- In September of 2020, Town Council entered into an MOU with the City of Stanford for a PER to study the feasibility of expanding the water treatment plant. The cost for Holly Springs was \$200,000.
- In June 2021, Town Council entered into an MOU with the Town of Fuquay-Varina to study the feasibility of a shared conveyance system or pipeline from Sanford to Wake County. The initial cost to Holly Springs for this study was \$76,750.
- After entering into the ILA with the City of Sanford for the design of the water treatment plant expansion, next steps for pursuing this option for increasing water supply will include:
  - December 2021 - Additional commitment to the MOU with Fuquay-Varina for cost sharing associated with the PER for conveyance of water from Sanford to Wake County. At the point that the town is ready to commit to the shared conveyance system, Holly Springs will be required to pay a percentage of the total cost of the PER, based on water capacity in the system. With Fuquay-Varina currently requesting 6 MGD and Holly Springs requesting 4 MGD, the cost to Holly Springs is estimated to be 40% of the total cost of the PER, equating to \$325,000.
  - Spring 2023 - Partnering in an ILA with Sanford for the construction of the water treatment plant expansion. The preliminary estimate for the Holly Springs portion is \$32.7 million, in escalated dollar value to the midpoint of construction in 2024. While subject to change, based on construction costs and inflation, it represents 19% of the total estimated cost of \$168.9 million.
  - Future - Partnering in an MOU with Fuquay-Varina for cost sharing associated

with the design and construction of a shared conveyance system. The conveyance project has lagged behind the water treatment plant expansion project and, therefore, dates and costs are less certain. Because the conveyance system is still at the conceptual stage, there are many unknowns associated with cost. Factors that are still being considered include flow rates, pipe routing, size of the transmission main, and required pumping and storage. A very preliminary estimate for the conveyance system was given as a range of total costs between \$55-76 million, in escalated dollar value to an estimated midpoint of construction in 2024. Holly Springs will be responsible for a percentage of the cost based on the capacity. At an estimated 40% of the higher cost, the Holly Springs portion is at a very preliminary estimate of \$30 million.

**Funding Source(s):**

American Rescue Plan (ARP) Acts funds

**Attachment(s):**

1. 21-38 Grants and Special Revenue Project Ordinance
2. 21-39 Water Project Ordinance
3. Holly Springs ILA engineering design Sept 17