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DEPARTMENT OF WATER MANAGEMENT
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September 5, 2007

Mr. Ed Kerwin
Orange Water and Sewer Authority
400 Jones Ferry Road
Carrboro, North Carolina 27710

RE: Proposed Wastewater Transfer
Blenheim Woods Development
George King Rd.

Dear Ed,

Thank you for your continued support of OWASA accepting wastewater flow from Durham in order to allow a potential development of a parcel of land on the west side of George King Road. Mason Crum of your office related to us the question from the OWASA board about whether or not there would be any additional requests from Durham in the future. In studying our service area boundary line we do not anticipate the need to make any more requests of this kind in the future.

As you know our service boundary lines runs from Cornwallis Road in the north to the southern Durham County line. In the area south of NC 54 Durham already provides service to property adjacent to the boundary line or the land separating the two service areas is owned by the US Army Corps of Engineers. In the area north of US 15-501 the land adjacent to the boundary line on the Durham side is either already serviced by Durham or tributary back towards our system. For the area between NC 54 and US 15-501 we currently provide service to all the property north of the proposed development. The undeveloped land south of the development (see attachment) will either be serviced by a future pump station located adjacent to Corps Property or by gravity to the Celeste Circle Pump Station.

I will be able to attend the OWASA Board meeting on September 13th. If you have any questions, please contact me at your convenience.

Sincerely,

Donald F. Greeley, PE, PLS
Deputy Director

Cc: Don Greeley, Water Management
Jim Harding, Water Management
John Greene, OWASA
Mason Crum, OWASA

Questions Raised Regarding the Potential Transfer of Wastewater to OWASA from the Blenheim Woods Development in Durham

1. Would a failure to approve Durham's request prevent the Blenheim Woods development from moving forward?

No. The City of Durham has already executed an agreement with the project developer, East West Partners Management Company, to provide water and sewer services to the new Blenheim Woods development that will include 57 residential lots. Failure to approve Durham's request would simply mean that the area would be served by a sewer pump station and force main rather than the preferred gravity flow arrangement.

2. Does approval of Durham's request result in a savings for the developer?

Yes. The construction of a pressurized system and the associated pump station would cost the developer marginally more than a gravity system. However, once the developer completes construction of the system (to Durham's standards) ownership of the system is transferred to Durham which would then be responsible for all future operational, maintenance and repair costs. Durham's request has nothing to do with reducing the initial construction costs for the development. Instead, Durham is making this request so that they can avoid the increased operational and maintenance costs, increased likelihood for spills and potentially adverse environmental consequences, and increased noise and light pollution that comes with a pump station and force main arrangement.

3. Is this wastewater transfer request from Durham a "one time only" event, or just the first of others that are to follow?

This is a one time request from Durham. Durham has made it clear that they anticipate making no similar requests in the future.

4. Who pays?

Durham and/or its customers will pay all costs associated with this initiative. If Durham's request is approved, it is envisioned that an agreement could be reached with Durham for OWASA to accept and treat the wastewater flows from the Blenheim Woods development through an arrangement similar to the one already in place for the Piney Mountain Subdivision, where Durham accepts and treats wastewater from OWASA (Orange County) customers in that area.

OWASA would incur no capital costs for construction of the system, and Durham would be treated the same as any other third party developer regarding requirements to connect to and introduce wastewater into OWASA's system.

Durham would also be responsible for all operations, maintenance, repair, and any future replacement of the collection system and its components up to the point where their collection system connects to OWASA's system.

OWASA would require payment of the sewer service availability fee when each home is connected to the sewer collection system and the normal sewer commodity rates (per 1000 gallons of usage) that are based on the amount of potable water consumed would apply (OWASA's sewer commodity rates assume 90% of potable water consumed by a household returns to the sewer system for treatment at the Mason Farm Wastewater Treatment Plant). It is worth noting that Durham charges a "Capital Facilities Fee" prior to connection to their system. Their fees are based on meter size, and the cost for a standard residential 5/8" water meter is \$915. OWASA's counterpart to Durham's "Capital Facilities Fee" is the "Sewer Service Availability Fee". OWASA's availability fee charges are based on the size (heated square feet) of the home. OWASA's Sewer Service Availability Fee for a 2,500 square foot home utilizing a standard 5/8" meter is \$3,677.

5. What size homes will be constructed in the Blenheim Woods development?

According to the developer, East West Partners, they anticipate that the homes will be in the 1,800 – 3,000 square foot range with most of the homes being around 2,500 square feet.

6. What has to happen in order for the transfer to occur?

The first step in the process, OWASA's approval of the initiative, occurred during the September 13, 2007 OWASA Board Meeting. In order for the initiative to move forward it will require the approval of the Orange County Board of Commissioners, Chapel Hill Town Council and the Carrboro Board of Alderman. If all of these approvals are obtained, the final step would be for OWASA staff to enter into an agreement with Durham outlining payment arrangements and each party's responsibilities under the transfer agreement.