

ORANGE COUNTY  
BOARD OF COMMISSIONERS

ACTION AGENDA ITEM ABSTRACT

Meeting Date: June 19, 2012

Action Agenda

Item No. 7-c

**SUBJECT:** Modification of Mebane Water and Sewer Service Agreement for the Buckhorn-Mebane – Efland Area

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**DEPARTMENT:** Planning

**PUBLIC HEARING:** (Y/N)

Y  N

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**ATTACHMENT(S):**

1. Modified Mebane Water and Sewer Service Agreement with:
  - New Sewer Service Area Map (Exhibit A)
  - Orange County/City of Mebane Utility Area Service Agreement (Exhibit B-1)
  - Future Land Use Map of the Orange County Comprehensive Plan (Exhibit B-2)

**INFORMATION CONTACT:**

Craig Benedict, Planning Director,  
245-2592  
Kevin Lindley, PE, Staff Engineer,  
245-2583

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**PURPOSE:** To approve a modified Water and Sewer Service Agreement with the City of Mebane for provision of water and sewer service in the Buckhorn-Mebane-Efland area.

**BACKGROUND:** Orange County currently has an agreement with the City of Mebane, signed in 2004, in which Mebane has agreed to provide water and sewer utility service to a portion (approximately 800 acres) of the Buckhorn Economic Development (EDD) and land near the Petro Mart off of Buckhorn Road. However, part of the proposed Buckhorn-Mebane Phase 2 water and sewer infrastructure project (currently in the design/permitting phase) includes a proposed gravity outfall section north of Bowman Road and west of Mattress Factory Road, which would make gravity sewer service available to approximately 400 additional acres which are not covered by the existing water and sewer service agreement. In addition, one of Orange County's goals for the Efland sewer system is to ultimately send the wastewater from the Efland system to Mebane for treatment rather than to Hillsborough. This area, approximately 1,200 acres in and around Efland, also includes commercial and industrial land use. The existing agreement needs to be modified in order for Mebane to provide sewer service to these areas.

The modified agreement has been reviewed and approved by the County Attorney's office and the County's Financial Services Department and is included in this abstract as **Attachment 1**. In addition to increasing the service area, this modification also includes language that would allocate, or reserve, a certain amount of water and sewer capacity in the Mebane system for use by future development in the areas served in the agreement. Under the current agreement, Mebane only agrees to serve new development in the Buckhorn-Mebane area if the City has

the capacity available to do so when that new development applies for service. If the modified agreement is signed, Orange County would have a defined allocation from Mebane. Being able to report to potential developers that Orange County has a defined allocation puts the County in a stronger position to recruit development to the Buckhorn Economic Development District (EDD) and Commercial Industrial Transition Activity Node (CITAN) areas. New state annexation law references are also added for agreement congruity.

**FINANCIAL IMPACT:** Entering into this agreement would reserve 250,000 gallons per day of capacity in the Mebane water and sewer system at a cost of \$50,000 per year for a period of 10 years. This annual cost would be reduced as the reserved capacity in the Mebane system is allocated to new customers in the areas served.

**RECOMMENDATION(S):** The Manager recommends the Board approve this amended agreement and authorize the Chair to sign on behalf of Orange County.

**STATE OF NORTH CAROLINA****UTILITY SERVICE AGREEMENT AMENDMENT****COUNTY OF ORANGE**

THIS AGREEMENT entered into this \_\_\_ day of \_\_\_\_\_, 2012 by and between the City of Mebane, a North Carolina Municipal Corporation (hereinafter sometimes referred to as “the City” or “City”) and The County of Orange, a political subdivision of the State of North Carolina (hereinafter sometimes referred to as “the County” or “County”) amends the Utility Service Agreement originally entered into the 1<sup>st</sup> Day of March 2004.

**WITNESSETH:**

WHEREAS the City of Mebane as an incorporated municipality operates a public water supply and distribution system and a public waste water collection and treatment system (sanitary sewer); and

WHEREAS there exists in defined areas of Orange County a need to extend water and sewer treatment services to unincorporated areas of the County to provide such services to a proposed public school facility, public recreational facilities, defined areas where residential uses are permitted, and to a portion of an area designated on the Orange County Land Use Plan as the I-85/Buckhorn Road Economic Development District and Commercial-Industrial Transition Activity Nodes; and

WHEREAS, the County has secured federal grant funds and appropriated of other funds necessary for the construction of the water and sewer systems (aka Buckhorn-Mebane Utilities – Phase I) that were the object of this initial agreement. The 2012 amended agreement herein enlarges the service area. The County is willing to install the necessary connections to the Mebane water and sewer systems and to install the outfall lines, water mains and related facilities including sewer lift stations as required for said services.

WHEREAS, Orange County and the City of Mebane have successfully managed the installation of Buckhorn-Mebane Phase I facilities, and

WHEREAS, Orange County and the City of Mebane have undertaken a collaborative planning effort known as the Efland-Mebane Small Area Plan (EM/SAP) to plan for the growth potential of the area and are implementing the various recommendations of the plan (2006-12) and beyond, and

WHEREAS, a joint meeting was held in September 2010 and 2011 to discuss coordination and collaboration with Orange County proceeding with a master utility infrastructure plan to plan for the existing 2004 service district and other adjacent developable areas (i.e. 2012 areas) of the Orange County Land Use Plan that may be best served by the City of Mebane, and

WHEREAS, this 2012 amendment to the 2004 utility service agreement reflects the joint interest of continuing this utility partnership to other expanded unincorporated areas in Orange County along with areas that may at some point become part of incorporated Mebane City limits within Orange County.

NOW, THEREFORE, the Parties, in consideration of the mutual covenants herein contained agree as follows:

1. Service area.
  - a. 2004 Agreement. The area to be served includes areas designated "Commercial/Industrial node" on the Orange County Land Use Plan located on the south of I-85/I-40 and a portion of the I-85/Buckhorn Road Economic Development District. Said areas are identified as "1a", "1b", "2a", and "3" on the map attached hereto as Exhibit A, said map being incorporated herein by reference. A portion of the service area (in proximity to Buckhorn Road and north and south of the interstate) thus created contains a number of existing residential structures and one or more churches presently served by well and septic systems, which will be eligible to be connected to the public water and sewer systems that were the object of the initial 2004 agreement.
  - b. 2012 Agreement. The existing and new areas are identified with a new numbering scheme as shown on the map and associated table on the revised map as attached hereto as Exhibit B-1 (2012 revision), said map being incorporated herein by reference and used for implementation of this new combined area agreement.
  - c. The Parties will work jointly to identify common land uses in the Economic Development District, Commercial Industrial Areas and the Service Area as shown in Exhibit B-2 as may be amended from time to time.
2. Construction of facilities. Orange County shall, at no expense to the City of Mebane, be responsible for the construction of necessary water mains, sewer outfall lines and lift stations necessary to service the areas described above based upon agreement of the City and County. Connections to the existing City systems will be made at points mutually agreeable to the parties. The County shall be responsible for securing the necessary permits, encroachment agreements, and approvals for the project from any regulatory agencies as shall be applicable. The City agrees to cooperate and assist the County as requested in the securing of said permits, approvals, and encroachment agreements. All such lines and facilities shall be constructed to existing City of Mebane standards. Plans and specifications shall be reviewed and approved by the City of Mebane City Engineer prior to awarding contracts for construction.
3. Ownership and Maintenance. Upon completion of the improvements described above, County shall by appropriate agreement or instrument transfer maintenance and ownership of same and any easements or lift stations sites to the City of Mebane. From and after said transfer, the City shall be responsible for all upkeep, operation and maintenance of the lines, lift stations, and related facilities; such upkeep, maintenance and repair or

replacement to be at the sole cost and expense of City. City shall accept ownership of such lines, lift stations and related facilities not later than one (1) year after completion. Easements associated with the lines, lift stations and related facilities shall be fully assignable and shall be assigned to City.

4. Service Standards.
  - a. 2004 and 2012 Service Area Agreement and Fees. Upon Completion of said facilities, City agrees that it will provide water and sewer service to the service area. Said service will be provided utilizing water and sewer rates uniformly applied within Mebane's service areas to properties similarly situated. Connected properties may be charged normal hook up or tapping fees, and connection or impact fees but will not be charged any assessment or fees in lieu of assessment designed or intended to recoup construction costs.
  - b. Existing Buildings (2004 partial area only). The City agrees to waive hook up/tapping fees and connection/impact fees for the connection of existing residences and churches located within the 2004 service area, on and proximate to Buckhorn Road provided that the City incurs no costs in association with such taps or connections. (See Exhibit B-1 Area D5)
  - c. Upon completion by County of a sewer transport system, including if necessary lines, lift stations and related facilities, sufficient to transport Efland Sewer flows to the Southeast Regional Pump Station, County shall arrange for redirection of the flow from Hillsborough to City's system and City agrees to accept such flow and ownership of such transport system including lines, lift stations and related facilities.
5. New Buildings. Residential and Non-Residential. Individual connections other than existing residential uses or the public uses described above shall be subject to the approval of the City of Mebane. Provided, however such approval shall not be unreasonably withheld and shall be based on the capacity of the system and the ability of the City's water and sewer system to provide service within the entire (2004 and 2012) service area of the City's water and sewer systems, consistent with the resources available to the City. (See also reservation provisions of Section 10 outlining assigned allocations to the aforesaid areas.) The City acknowledges that industrial, office and commercial uses (with limited higher density residential) are designed for inclusion within the I-85/Buckhorn Road Economic Development District and Commercial Industrial Activity Nodes and that such uses, if permitted by the County, will be served subject only to capacity issues and other aspects outlined herein.
6. Mebane Utility System-wide Regulations. Individual users will be required to comply with system-wide regulations applicable to City water or sewer customers unless otherwise specified.
7. Annexation and Service (i.e. includes a provision for voluntary annexation). Applications for service for property located east of Buckhorn Road within

the service area shall be required to be accompanied by a voluntary annexation application to the City for annexation into the corporate limits of the City. The application may be acted upon by the City of Mebane at their discretion.

#### Potential Urban Growth Annexation Areas and Excluded Area

The potential urban growth annexation boundary would include A, B, C, D.1-5 and E-2. Specific areas (as noted on the attached map labeled Central Efland Phase 1 and Phase 2 and area E-1) are not intended for annexation at the time of this amended agreement. These areas would be part of the utility service area and pay 'out of town' rates or as decided by separate agreement.

8. **Planning Standards.** Each party to this Agreement shall retain such planning and regulation of development powers and authority within the service areas as shall now exist or are hereafter expanded or modified by North Carolina Statutes and agreements made from time to time by the City and County which agreements are authorized by North Carolina Statutes. Nothing contained herein shall be construed to limit or to expand any such regulatory or planning jurisdiction or to limit the power of the City to annex into its corporate limits properties within the service area.
9. **Additional Documentation.** The parties agree to and hereby authorize the County Manager and County Attorney and City Manager and City Attorney to prepare and to execute all such other and further documentation or agreements as shall be necessary or desirable in effectuating this Agreement.
10. **Reservation of Capacity**
  - a. **Sewer.** City shall reserve for the Service Area .25 Million Gallons per Day of capacity in its Sewer Treatment Plant. County shall pay City \$50,000.00 (hereafter referred to as 'Reservation Fee') per year for ten years from the date first above recorded in this Amended Agreement to preserve and reserve this capacity. At such time as County makes the tenth and final payment of \$50,000.00 City shall assume responsibility for determining the appropriate capacity in the Service Area.
  - b. **Water.** City shall provide water service in proportion to the sewer service provided.
  - c. **Reservation Fees**
    1. As utility customers connect to the Service Area system Reservation Fees shall be reduced pro rata.
    2. Reservation Fees and capacity reservation may be amended as needed by written agreement of the Parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed this the day and year first above written.

\_\_\_\_\_  
Chair, Orange County Board of Commissioners

\_\_\_\_\_  
Mayor, City of Mebane

ATTEST:

\_\_\_\_\_  
Clerk to the Board of Commissioners

\_\_\_\_\_  
Town Clerk

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

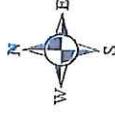
\_\_\_\_\_  
Orange County Finance Officer

\_\_\_\_\_  
City of Mebane Finance Officer

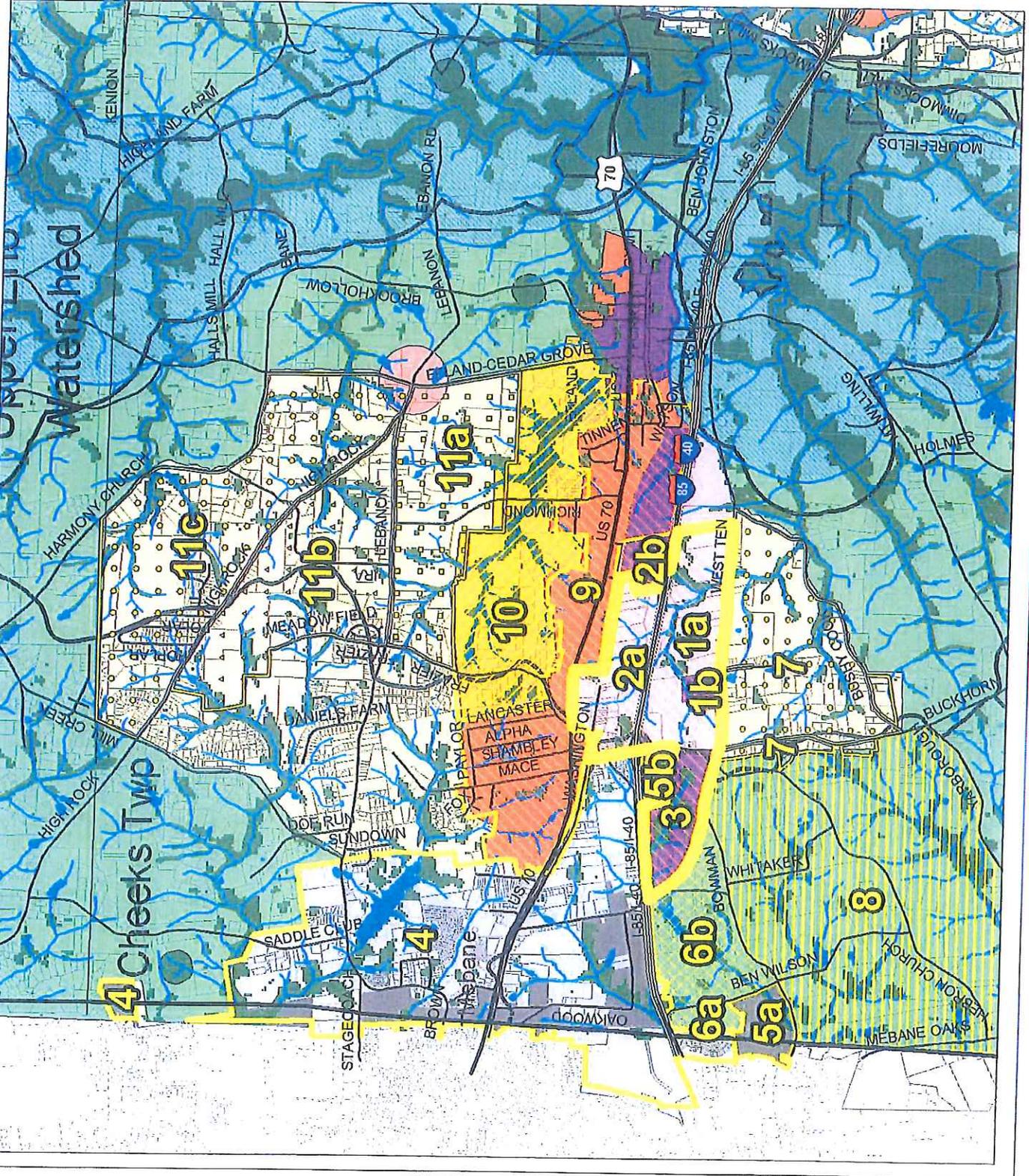
# LAND USE ELEMENT

of the  
Orange County  
Comprehensive Plan

Official Adoption Date: 12/21/11  
Amendment No. 1232



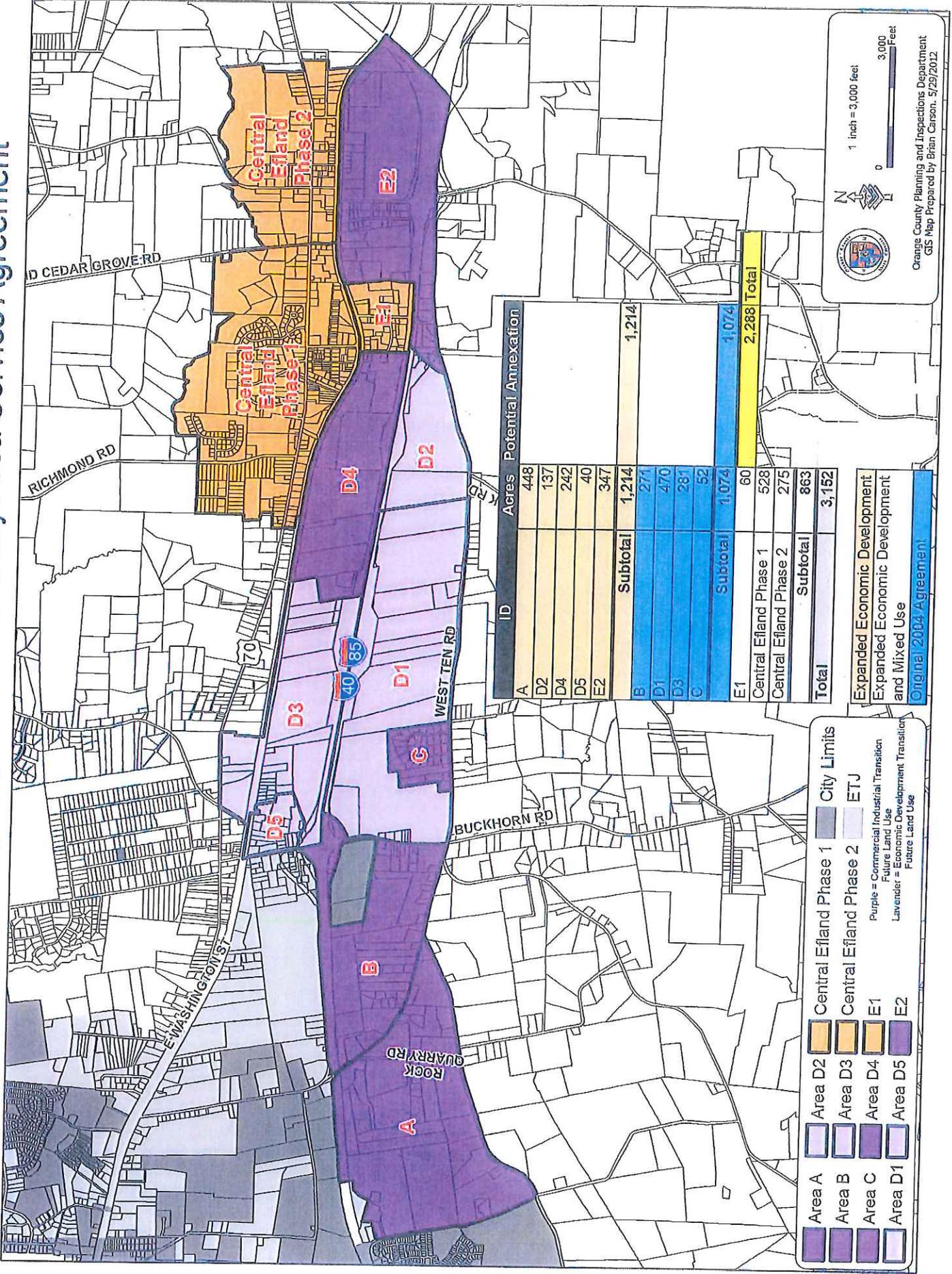
- Legend:**
- 10 year transition
  - 20 year transition
  - Rural Residential
  - Rural Residential
  - Articulation Residential
  - Resource Protection Areas
  - Historical Jurisdictions
  - Public Interest Areas
  - Water Supply Watersheds
  - Water-based Cultural Areas
  - Activity Nodes
  - Local Community Node
  - Rural Neighborhood Node
  - Rural Industrial Node
  - Commercial Node
  - Commercial/Industrial Node
  - Economic Development
  - MOOCHCA Land Planning Area
- Area Acres**
- |     |         |
|-----|---------|
| 1a  | 445.8   |
| 1b  | 48.5    |
| 2a  | 329.5   |
| 2b  | 76.4    |
| 3   | 272.3   |
| 4   | 272.3   |
| 5a  | 177.0   |
| 5b  | 41.4    |
| 6a  | 57.2    |
| 6b  | 423.8   |
| 7   | 931.1   |
| 8   | 2,883.1 |
| 9   | 1,270.8 |
| 10  | 1,034.3 |
| 11a | 850.5   |
| 11b | 942.9   |
| 11c | 1,502.4 |
- Cooperative Planning Areas**



Orange County Planning & Inspections Department  
GIS map prepared by Miriam Coleman & David A. McCar  
2/16/12  
Projection: State Plane  
Datum: North American 1983

# Orange County/City of Mebane Utility Area Service Agreement

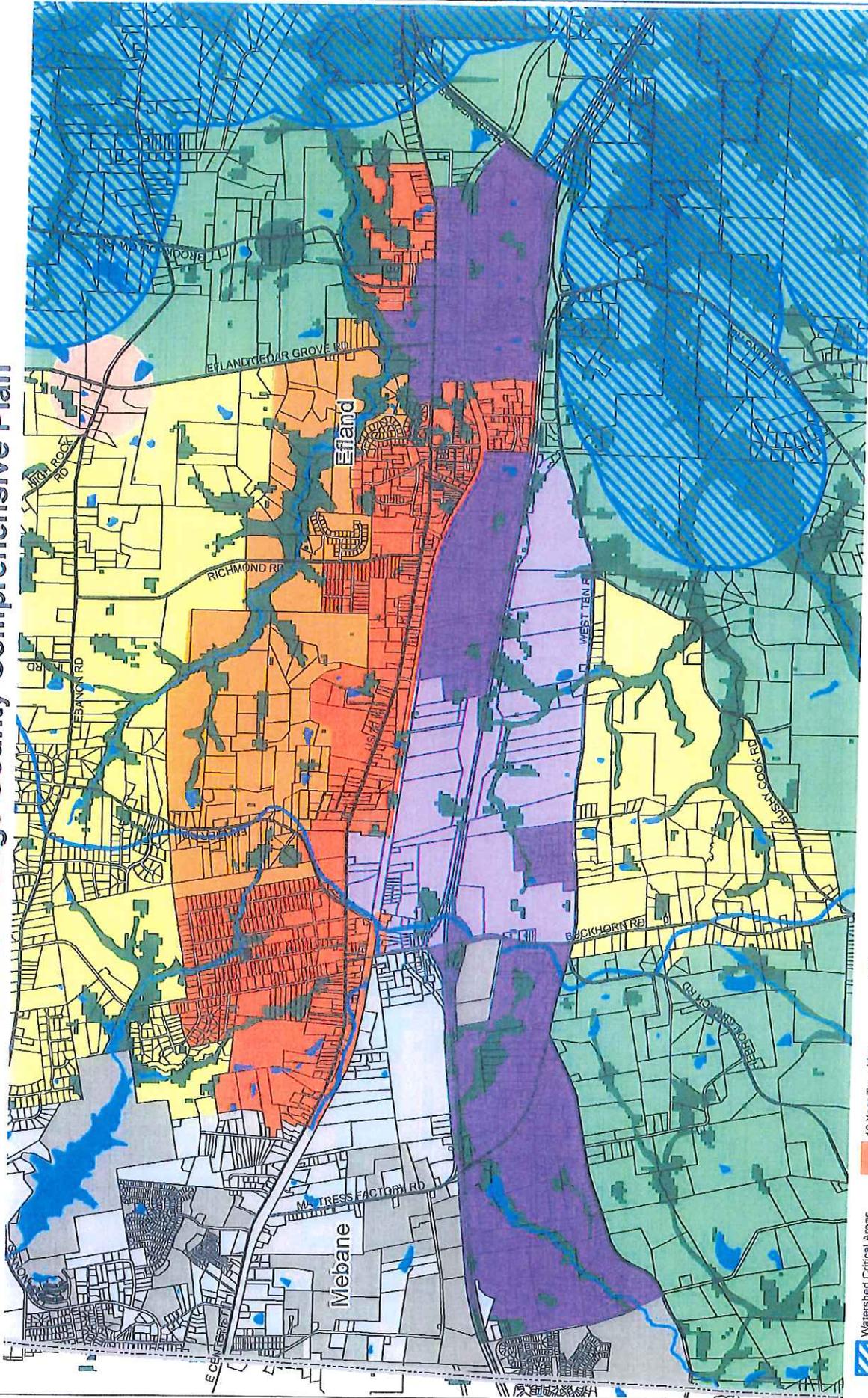
EXHIBIT B-1



1 inch = 3,000 feet  
 0 3,000 Feet  
 Orange County Planning and Inspections Department  
 GIS Map Prepared by Brian Carson, 5/29/2012

EXHIBIT B-2

# Future Land Use Map of the Orange County Comprehensive Plan



**Legend:**

- Watershed Critical Areas (Blue hatched)
- Water Supply Watersheds (Blue outline)
- OC/CHA Joint Planning Area (Grey outline)
- Resource Protection Areas (Green)
- Public Interest Areas (Light Green)
- 10 Year Transition (Orange)
- 20 Year Transition (Light Orange)
- Rural Residential (Yellow)
- Agricultural Residential (Light Green)
- City Limits (Grey outline)
- Activity Nodes (Purple)
- Commercial-Industrial Transition (Dark Purple)
- Economic Development Transition (Light Purple)
- Rural Neighborhood (Light Green)

**Scale:** 1 in = 3,300 feet  
0 1,000 2,000 Feet

**North Arrow:** N, S, E, W

**Adoption Date:** Nov 18, 2008  
**Amended through:** February 2012  
Orange County and Planning and Inspections Department  
This copy printed February 22, 2012.  
Map is for reference use only.  
Contact Planning staff for verification of data.