

Status Report of the BSR Water System and Path Forward Options

What We Know About Our Water System

- Pipes range from 35-50 years old
- Pipes were intended for sewer NOT water
- Approximately 40 Valves are In-operable
- We have and Inadequate Number of Fire Hydrants
- The System is Barely Compliant for Water Quality
- We Failed Our Water Quality Test this Summer

What We Know About Our Water System

- We are losing more than 50% of the water. We are paying Handy for:
 - The water we are losing exceeds \$150k per year
 - This is money that could be used for other amenities

Option 1) USDA Grant/Loan Funding

Option 2) Create a Fund to Make Annual Repairs

Option 3) Sell the System to a Third Party

Option 4) Make no Investments and Deal with Problems as they Occur.



Advantages and Disadvantages
of Each Option



Option 1, USDA Grant/Loan Funding
We have Applied for \$6 Million

Advantages of Option 1, USDA Grant/Loan Funding

- We Qualify for a 75% Grant
- \$4.5 Million would not have to be paid back
- We could complete the upgrades in 3 years

Disadvantages of Option 1, USDA Grant/Loan Funding

- Our base water rate would be \$46 per Month
- We would have to install meters on every home
- \$1.5 Million would have to be repaid as a 40 year low interest loan. (2-3%)
- To Get a Water Agreement with Handy
 - We have to add a \$5 per 1000 gallon Surcharge to our sewer rate (adds approximately \$75k-\$100K per year to our sewer cost)

Option 2, Create A Water Fund by Assessing each Homeowner A \$25/Month Base Rate for Water

Advantages of Option 2, Create A Water Fund

- We would Generate Approximately \$300K/Year for Water Improvements.
- We Would not have to add a Sewer Surcharge
- Water rate would remain the same unless changed by the BSR-BOD
- We would not have to install Meters (Saves \$2 Million)

Disadvantages of Option 2, Create A Water Fund

- It would take 20 Years to accomplish 4-6 Million in Improvements.
- \$25 per month would be added as a re-occurring assessment in addition to homeowner dues.

Option 3, Sell Our Water system to an Outside Third Party

Advantages Option 3, Sell Our Water system to an Outside Third Party

- We would no longer have to operate or maintain our water system.

Disadvantages of Option 3, Sell Our Water system to an Outside Third Party

- We would no longer have a say in how the water system is maintained or operated
- Our water rates would be set by the NC Utilities Commission
- The rate would be based on the owners cost to operate plus a 10% profit
- The rate would include cost of lost water
- Would require a vote of homeowners of 67%
- The rate would be established at the time of the sale
- Future rate increases would be based on the third party's justification to the NC Utilities Commission

Option 4 Continue the Status Quo, make no investments in the Water System and deal with failures when they occur

Advantages of Option 4 Continue the Status Quo

- No need to allocate money in our budget for Water improvements
- We have no worries as long as water comes out of the tap and we can maintain the required Water Quality Standards

Disadvantages of Option 4 Continue the Status Quo

- Amount of lost water will continue to increase
- Cost of lost water will continue to increase
- System will continue to deteriorate

Breakdown Option 1, USDA Grant/Loan Funding

• Base rate for water	\$46 per Month
• Base rate for sewer w/surcharge	<u>\$68 per Month</u>
• Total	\$114 per Month
• Base rate for water with 75% Grant	\$51 per Month
• Base rate for sewer with surcharge	<u>\$68 per Month</u>
• Total	\$119 per Month
• Base rate for water with 50% Grant	\$56 per Month
• Base rate for sewer with surcharge	<u>\$68 per Month</u>
• Total	\$124 per Month

Breakdown Option 2, Create A Water Fund

- Current Base rate for water \$37.47 per Month
- Assessment \$25.00 per Month
- Total \$62.47 per Month

- Base rate for sewer \$58 per Month
- Total \$120.47 per Month

- Homeowners cost would increase by \$25.00 per Month (Dues plus \$25.00)

Breakdown Option 3, Sell Our Water system to an Outside Third Party

- Cost will be determined at the time of sale by NC Utilities Commission.

Breakdown Option 4, Continue the Status Quo

- Current Base rate for water \$37.47 per Month
- Base rate for sewer \$58.00 per Month
- Total \$95.47 per Month

Questions About our System

Q-If the system continues to deteriorate, can we continue to Maintain water Quality Standards?

A- No way to know.

Questions About our System

Q-Could we have a Catastrophic Water System failure?

A - Yes We Could

Q- What is a Catastrophic Failure?

A - We have a major fire and the water lines collapse

A - We are unable to meet our water quality

What Course of Action Should we take?

- The homeowners will decide by checking the option that you favor on your election ballot

Water Question Form

- Please click [HERE](#) to submit a question.