

Background

The Town of McAdenville is located in Gaston County. Currently the Town's sewage is treated at a McAdenville Wastewater Treatment Plant (WWTP) which is owned by the Town of McAdenville. The plant is over 50 years old and requires replacement. Replacing the WWTP would be a significant fiscal impact to the small town of McAdenville and would require a drastic increase in sewer rates. Additionally, the existing WWTP is within the 100-year flood plain and there is not a site nearby that can accommodate a new, replacement WWTP.

Pharr Yarns LLC owns and operates a second wastewater treatment plant that treats wastewater flowing from the four, large Pharr Yarns industrial facilities located in McAdenville. The Pharr WWTP is approximately half a mile from the McAdenville municipal WWTP. The Pharr WWTP is also reaching the end of its effective service life. This is resulting in increased maintenance and operational costs. Additionally, the Pharr WWTP may be required to upgrade to meet possible future increased treatment-discharge standards. Pharr Yarns employs a large number of people in Gaston County and has been in McAdenville since 1939.

Project Description

The proposed Phase II South Fork Sewer Project will pump wastewater generated from the Town of McAdenville and the Pharr Yarns facilities to the City of Gastonia – Two Rivers Utilities (TRU) wastewater collection system. The wastewater will then be pumped to and treated at the TRU's Long Creek WWTP, which has ample available capacity and will treat the wastewater to a higher level than it is currently treated at the McAdenville and Pharr WWTPs.

The project consists of a new wastewater pump station located near the existing McAdenville WWTP, a new 16-inch diameter sewer forcemain that is approximately 2 miles long that will carry the wastewater from the new McAdenville pump station to the TRU system. The project also includes approximately 2,000 feet of gravity sewer to increase the capacity of the McAdenville collection system to carry the Pharr wastewater to the new pump station. The project includes the decommissioning and demolition of the existing McAdenville and Pharr WWTPs

Project Summary

The issue with the McAdenville sewer plant has existed for some time. Gastonia has obtained a \$600,000 grant from the Clean Water Management Trust Fund and a \$2,200,000.00, 0% interest, twenty-year, State Revolving Loan from the NCDEQ Finance section make the project more viable than any previous proposal.

Due to construction cost increases there is a gap between the funds available from the grant and loan of approximately \$800,000.00. The City of Gastonia is asking the County to provide \$500,000.00 of this gap amount. The project for Two Rivers financially is break even. This is the reason they are asking the County to assist with the gap financing.

The Town of McAdenville will continue to operate their water and sewer collection systems. Two Rivers Utility (TRU) will collect and pump the wastewater discharge to their plant in Gastonia. Pharr has signed

a take or pay agreement with TRU to act as a financial backstop for the project. This plant has adequate capacity to treat the flows and is a modern facility with nutrient removal capabilities.

The completion of this new system would allow the existing McAdenville plant to be closed, and eventually, removed creating new commercial and residential development opportunities in McAdenville. Also, a \$1,000,000.00 public-private project is planned to create a new park in McAdenville on land to be conveyed by Pharr to the Town. Enclosed is a site plan showing the area that can be commercially developed in McAdenville. These projects are possible only if the wastewater plants are decommissioned.

The majority of the Pharr Yarns facilities are located in McAdenville. They are one of the largest employers and taxpayers in Gaston County. The construction of a new McAdenville pump station would assist Pharr Yarns with their production facilities by providing a stable, modern, affordable and reliable sewer system for their use.

By sending the wastewater flow to the TRU system, and closing the Pharr Yarns and McAdenville wastewater plants, two wastewater discharge points will be removed from the South Fork River. Also, the flows transferred to the TRU system will be treated to higher discharge standards, resulting in a cleaner South Fork River.

The City of Lowell operates a wastewater treatment plant approximately 3/4 of a mile north of McAdenville on the South Fork River. While not immediately needed, the project in McAdenville will allow Lowell to close their facility and pump their sewer effluent to McAdenville and onto the TRU Cramerton plant. Lowell has invested in their plant recently and has no immediate plans to close but it is foreseeable in the future that increasingly strict discharge regulations may make it more financially viable for them to close their facility and send the flow to TRU-Gastonia Long Creek. Pharr Yarns has agreed to provide the easements necessary for future sewer line extensions from Lowell to McAdenville allowing this connection to be constructed. Pharr has already contributed easements at no cost to TRU to build out the infrastructure for the currently proposed project. At this point, there will finally be a more robust regional sewer treatment system on the South Fork.

The construction of the Phase II South Fork sewer project has multiple benefits to a broad range of the County's constituency. To continue growing we need more modern utility systems throughout the County with better linkages between municipalities. A plan to build this facility has been in the works for many years and this is the best opportunity that has been developed. The effort to building this infrastructure is a true public-private partnership between several government agencies and Pharr Yarns. If this opportunity is bypassed it is unlikely that it can be reassembled without a great deal of time and effort. The County's contribution of \$500,000.00 will be a major step in assisting in this valuable consolidation and improvement of services.

TRU has submitted construction plans to NCDEQ and other agencies for required permits and encroachments. The project is expected to be ready to bid very soon.

Financial Structure

The City of Gastonia is asking the County to provide \$500,000.00 in gap financing for the project. They are willing to take \$100,000.00 per year for five years starting in July 2017.

Pharr Yarns will pay enough net new taxes over this five year period to largely offset the County's participation in the project. They are the County's seventh largest tax base with a bill of more than \$350,000.00 in 2016. They have investment grants with the County that will end in 2016 and 2017. They will then pay full tax on all of their real and personal property and this will create additional net revenue. Pharr's additional tax payments to the County will be \$51,831 per year or \$259,155 for the 5 year period, in addition, Pharr's newly located Space Dye Project located at Complex 46 of \$5,602,788 will generate Gaston County tax revenue of \$196,440 in 2017 through 2021.

Payment Schedule

County payments to the City of Gastonia	Net new tax revenue to Gaston County from Pharr investments from 2017-2021
July 2017-\$100,000.00	Net additional tax payments from Pharr
July 2018-\$100,000.00	after grant expiration \$259,155.00
July 2019-\$100,000.00	New taxes from Space Dye/Complex 46 \$196,440.00
July 2020-\$100,000.00	
July 2021-\$100,000.00	
TOTAL- \$500,000.00	TOTAL NET NEW ANTICIPTED TAX \$455,595.00