



Legislation Text

File #: 19-164, **Version:** 1

TITLE:

Authorization for Town Manager to execute an Interlocal Agreement with the Town of Chapel Hill and Orange County for Sharing Costs Related to Sewer Lateral Connections for Low and Moderate Income Homes in Historic Rogers Road Neighborhood

PURPOSE: The purpose of this agenda item is to provide the Board of Aldermen an opportunity to authorize the Town Manager to execute an interlocal agreement between Orange County and the Towns of Chapel Hill and Carrboro to establish responsibility for cost sharing related to connecting sewer lateral service lines to low and moderate income homes in Historic Rogers Road Neighborhood following installation of a sewer system to serve the area.

DEPARTMENT: Planning and Manager's Office

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INFORMATION:

Following installation of sewer mainlines to serve the Historic Rogers Road Neighborhood, it is nearly time to begin attaching homes to the system and abandoning existing septic systems. An interlocal agreement that proposes a framework for sharing the costs of connecting sewer lateral service lines to low and moderate income homes is attached (*Attachment B*).

Orange County has pre-allocated \$243,000.00 to pay for connections to the system for low and moderate homes in the neighborhood. No formal paperwork has been received yet to establish which homes qualify as low and moderate income, but it is estimated that eleven homes in Carrboro's jurisdiction may qualify. If eleven such connections are made in Carrboro, then an estimated cost for the town is \$34,020.00, representing 14% of the overall costs in accordance with the longstanding 43 / 43 / 14 costs split between the county and two towns. Sherrill Hampton of Orange County Housing & Community Development has offered, as a courtesy, to help process the paperwork and related process associated with qualifying homes in Carrboro's jurisdiction.

Staff recommends that the already established sewer reimbursement funds, titled *Procedure for Providing a Subsidy for Sewer Connections for Existing Dwelling Units* be utilized to cover associated costs. The entire costs of connecting will be covered for low and moderate income homes. Non qualifying homes remain eligible for the up to \$2,000.00 costs reimbursement under the existing policy should they choose to connect.

Of note that Interlocal Agreement as written covers 100% of the costs for the first two years, and 50% of the costs for the third year. Beginning with the fourth year, anyone choosing to connect would only be eligible for the existing \$2,000.00 in costs reimbursement. The agreement is designed in this manner to encourage citizens to connect to the system quickly following the completion of installation of mainlines to serve the neighborhood.

In order to utilize this funding source, the previously mentioned funding source, the procedure and policy must be amended. A resolution is included amending the procedure and policy accordingly (*Attachment C*).

Also of note as additional information regarding anyone not qualifying as low to moderate income, Orange County has an existing loan program which may be of interest. If a home is owner occupied and is connecting to a sewer system that Orange County owns, then the homeowner is eligible to receive a ten year interest free loan to get connected. The loan may be paid back in numerous ways as owners are financially able to do so, but the typical method of paying it back in their experience to date involves a voluntary annual addition to their county tax bill. In other words, the costs of the loan are divided into ten equal payments, assessed annually on the tax bill, thereby completing full payment of the loan over the course of ten years.

FISCAL & STAFF IMPACT: The Town's share of the proposed Interlocal Agreement is up to \$34,020.00, to be pulled from the existing Subsidy for Sewer Connections to Existing Homes funds.

RECOMMENDATION: Staff recommends that the Board of Aldermen authorize the Town Manager to sign relevant agreements on its behalf and amend the existing *Procedure for Providing a Subsidy for Sewer Connections for Existing Dwelling Units*. Two resolutions are attached for the Board's consideration (*Attachments A and C*).