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IV. ESTIMATED COSTS TO CUSTOMER

Tap fee per household (one-time fee):

\$125 - during construction

\$2,000 - after construction

* The customer shall also be responsible for all applicable meter deposits and inspection fees required by Vance County. Grant funds and low-interest loans may be available to low-income households to help pay for the cost of installation of the water service lateral from the new water main to the residence. Monthly water bills for an average usage of 5,000 gallons per month: **\$35.00 to \$45.00 per month** (depending on sign-up rates). The above fees for monthly water bills are estimates and may vary depending upon the number of customer connections.

V. GENERAL

A. It is anticipated that no tax funds will be used to fund and operate the district expansions. It is necessary that a 80% customer participation rate be obtained for the system to be financially feasible.

B. Residents may continue to use existing wells for such purposes as watering gardens, livestock and other outside uses. Wells must be physically disconnected from the public water system per the State Plumbing Code and Vance County's requirements.

C. A bond referendum will be held to request general obligation bonds. Failure of the bond referendum will prevent the project from moving forward. It is important that the citizenry of the Vance County Water District support the Bond Referendum (tentatively scheduled for May 2006).

A series of community meetings will be scheduled leading up to the Bond Referendum. Dates,

locations and times are as follows:

Jan. 10, 2006 Commissioners Room, Vance County Courthouse @ 7:00 PM

Jan. 31, 2006 Carver School @ 7:00 PM

Feb. 13, 2006 New Hope School @ 7:00 PM

Feb. 28, 2006 E.O. Young School @ 7:00 PM

Mar. 7, 2006 Zeb Vance School @ 7:00 PM

Vance County
Planning and Development
156 Church Street 003
Henderson, NC 27536

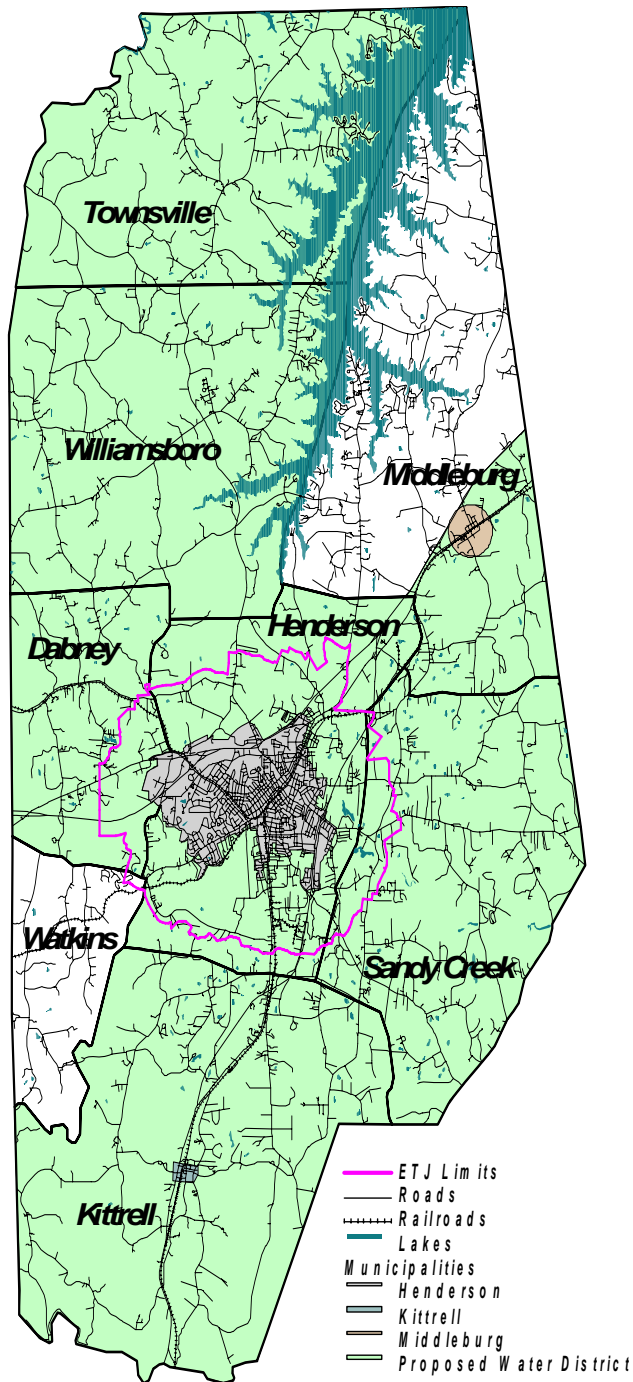
Introducing the ...



**VANCE COUNTY
WATER DISTRICT**

Vance County:
Planning and Development: 252-738-2080

VANCE COUNTY WATER DISTRICT



I. District Organization

Vance County is hoping to establish a county water system to provide clean, safe, dependable drinking water to its rural residents. The first step in this process was taken on October 4, 2004 at a Board of Commissioners meeting when a Public Hearing was held. This Public Hearing resulted in the formation of the Vance County Water District. The territory of the Vance County Water District is encumbered by and within all areas of Vance County lying inside the Henderson, Sandy Creek, Kittrell, Townsville, Williamsboro and Dabney Townships, except for the incorporated municipalities of Henderson and Kittrell which are excluded from the Water District. A portion of the Middleburg Township is also part of the Water District including the incorporated municipality of Middleburg. This legally constituted and properly organized Water District has the authority to issue General Obligation and Revenue Bonds subject to the approval of voters in the Vance County Water District. A Bond Referendum is planned for the Spring of 2006 in support of the project.

II. Water System Description

The Vance County Water District extends throughout Vance County (excluding the Watkins Township, the Town of Kittrell and City of Henderson incorporated areas and a portion of the Middleburg Township as described above). The population of the Water District is approximately 19,000 persons according to the 2000 Census Tract Data. The population is expected to increase in the future.

The Vance County Water District will be capable of providing water service to approximately 3,445 households. Water mains can be extended along roadway corridors where the housing density and the willingness of those residents to connect to the system meet the minimum requirement for financial feasibility. That is to

say where the expense to install the water main is justified by the amount of water used by the customers. With this in mind the proposed water system has the potential to include approximately 167 miles of water main throughout the Vance County Water District. Fire hydrants will be installed on all 6" diameter water mains and larger. The funding agency for the project, USDA-Rural Development, requires 80% of the residents along a proposed water main route to sign up for water service and agree to pay the Vance County Water District a minimum monthly water bill and any other portion of that water bill based upon the customers water usage at the prevailing District water rates.

It is hoped that the water for the Vance County Water District will be supplied by purchasing water from members of the Kerr Lake Regional Water System. Vance County is currently negotiating to purchase water from the City of Henderson. The Kerr Lake Regional Water System currently experiences an average water demand of 5.8 million gallons per day. The current capacity of the Kerr Lake Regional Water System treatment plant is 10.0 million gallons per day, however, this may be expanded to 20.0 million gallons per day in the future.

III. Project Financing

Upon a successful Bond Referendum (planned for the Spring of 2006) Vance County will apply for Federal assistance from USDA-Rural Development for project funding in the form of loans and grants. It is anticipated that three phases of construction will be required for completion of the Vance County Water District. Each phase is expected to cost approximately \$6.0 million. It is anticipated that the Bond Referendum will be held for \$18.0 million to include all phases of water main construction.