CITY OF LENOIR
COUNCIL ACTION FORM

I. **Agenda Item:** Consideration of a Revised Capital Project Budget Ordinance to authorize activities for the Lenoir-Valdese Interconnect.

II. **Background Information:** Attached for your consideration is a Revised Capital Project Budget Ordinance for the Lenoir-Valdese Interconnect. The ordinance will authorize the activities necessary to establish a regional water system interconnection. The project includes a major crossing of Lake Rhodhiss, approximately four miles of water transmission main, a major water pump station with a generator, a master meter and pressure-reducing valve (PRV) station, connections to the Valdese and Lenoir water systems, valves, and all related appurtenances.

The Valdese Water Treatment Plant (WTP) would supply water to Lenoir through a new water pump station and transmission main to the Cajah's (high) pressure zone. From the WTP, the transmission main would cross beneath Lake Rhodhiss and continue through predominantly low-density rural areas along the roadway shoulder before connecting to the Cajah's transmission main.

The City of Lenoir provides drinking water to customers within the City of Lenoir and the Town of Hudson, as well as the majority of Caldwell County, through its 12 MGD Water Treatment Plant. As a countywide and regional water supplier, the City recognizes the importance of resiliency and redundancy in its water supply system. Currently, Lenoir does not have an interconnection with another water utility, making the establishment of an interconnection with the Town of Valdese a critical investment in regional water system resiliency.

In 2022, the City of Lenoir and the Town of Valdese began discussions regarding the planning and construction of a regional interconnection between their water systems. The project represents a significant step toward improving regional water resiliency, as neither Lenoir nor Valdese currently has a major interconnection with another water producer. In 2023, the project was funded in large part through direct appropriations allocated independently to the City of Lenoir and the Town of Valdese.

Hurricane Helene in 2024 further demonstrated the importance of this regional interconnection. The storm exposed vulnerabilities in utility systems throughout western North Carolina, including the Town of Valdese's raw water intake. Floodwaters rendered the pump station inoperable for several days following the historic flooding, highlighting the need for redundancy and additional water supply options during emergency situations.

Funding for the project will be provided through a $17,000,000 direct appropriation from the North Carolina General Assembly, less $255,000 in loan fees; a State Revolving Fund (SRF) loan for $3,000,000 at 2.45% interest over 20 years; a $350,000 grant from the Hurricane Helene Disaster Fund; and $4,701,000 in local/state loans/grant funding for a total budget of $24,796,000.

III. **Staff Recommendation:** Request City Council to approve the Capital Project Budget Ordinance to authorize activities for the Lenoir-Valdese Interconnect.

IV. **Reviewed By:**

Finance Director: *Donna Bean*

Revised Capital Project Budget Ordinance for the City of Lenoir

Lenoir-Valdese Interconnect

BE IT ORDAINED by the City Council Members of the City of Lenoir, North Carolina that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby adopted:

Section 1: The project to authorize activities for the Lenoir-Valdese Interconnect project to include the expenditure of funds for the projects detailed below. The ordinance will authorize the activities necessary to establish a regional water system interconnection. Funding for the project will be provided through a $17,000,000 direct appropriation from the North Carolina General Assembly, less $255,000 in loan fees; a State Revolving Fund (SRF) loan for $3,000,000 at 2.45% interest over 20 years; a $350,000 grant from the Hurricane Helene Disaster Fund; and $4,701,000 in local/state loans/grant funding.

Section 2: The officers of this unit are hereby directed to accept the funding and proceed with the capital project within the terms of the budget contained herein.

Section 3: The following revised amounts appropriated for the project are:

Description	Budget
Engineering	$ 2,120,000.00
Admin Costs	$ 1,337,500.00
Construction	$ 21,338,500.00
Total	$ 24,796,000.00

Section 4: The following revenues are anticipated to be available to complete this project:

Description	Budget
North Carolina General Assembly Direct Appropriation (SRP-D-134-0165)	$ 16,745,000.00
DWSRP Loan: 2.45 at 20 yrs. (SRP-D-0240)	$ 3,000,000.00
Hurricane Helene Disaster Funding Grant (HEL-RTA-04)	$ 350,000.00
Local Funds/State Loan/Grant	$ 4,701,000.00
Total Revenue	$ 24,796,000.00

Section 5: The Finance Officer is hereby directed to maintain within the Capital Project Fund sufficient specific detailed accounting records to satisfy the requirements of the Project Ordinance.

Section 6: The Finance Officer is directed to report, on a quarterly basis, on the financial status of each project element in Section 3.

Section 7: The Budget Officer is directed to include a detailed analysis of past and future costs and revenues on this capital project in every budget submission made to this Board.

Section 8: Copies of this capital project ordinance shall be furnished to the Budget Officer and the Finance Officer for direction in carrying out this project.

Adopted this 18th day of August, 2026

_____
Mayor

_____
Clerk

8a. Project Budget for All Construction Projects, Including Emerging Contaminants Construction
Do *not* use for other planning studies.

1. Drinking Water/Wastewater: Costs for portions of the project that will fulfill the requirements related to rehabilitating or replacing waterlines, old infrastructure, lead service lines, or emerging contaminants (DW/WW PRS Line Items 1.C.1, 1.D.1, 1.J.1, 1.J.2, 1.J.3, or 2.B.2) must be labeled and shown separately to successfully claim points.
2. All: Costs for portions of the project that will directly benefit disadvantaged areas (DW/WW PRS Line Items 1.E or 4.C.4, must be labeled and shown separately to successfully claim points.
3. Add additional lines as needed.

Indicate construction costs by line item (e.g., linear feet of different-sized lines, pumps). Include a more detailed construction cost budget if needed.	**Division Funding Requested**	**Other Secured Funding Source(s):**	**Total Cost Amount**
Construction Costs			
Mobilization		$582,000	$582,000
Horizontal Directional Drill - 20in RJDIP Waterline		$7,600,000	$7,600,000
20" RJDIP Water Line	$3,010,200	$3,000,000	$6,010,200
Bore and Jack - 20in RJDIP in 36in steel carrier pipe	$496,000	---	$496,000
20" Butterfly Valve	$55,500	$94,300	$149,800
Air Release Valve in Precast Manhole	$75,600	---	$75,600
PRV w/ Vault	$226,800	---	$226,800
Booster Pump Station with Meter Vault	---	$3,653,700	$3,653,700
Stream Crossing, Erosion Control, Restoration	---	$604,500	$604,500
Contingency (10% of construction costs):	$685,900	$1,254,000	$1,939,900
Construction Subtotal:	**$4,550,000**	**$16,788,500**	**$21,338,500**
Engineering Costs			
Engineering Design	---	$1,210,000	$1,210,000
Bidding and Award	---	$50,000	$50,000
Construction Administration and Observation	---	$860,000	$860,000
Engineering Subtotal:	---	***$2,120,000***	***$2,120,000***
Administration Costs			
Easement Maps Preparation	---	$46,500	$46,500
Funding Administration	---	$50,000	$50,000
ER Preparation	---	$60,000	$60,000
Environmental Documentation Preparation	---	$25,000	$25,000
Easement Acquisition/Legal Costs	---	$750,000	$750,000
State Appropriation DWI Fee	---	$255,000	$255,000
Loan Closing Fee (2%)	---	---	$151,000
Administration Subtotal:	---	**$1,186,500**	**$1,337,500**
TOTAL FUNDING REQUESTED AND PROJECT COST:	**$4,550,000**	**$20,095,000**	**$24,796,000**

A Professional Engineer seal, signature, and date for the estimate *must be provided* in the space to the right for the application to be considered complete.

(Note: If not using DocuSign to seal and sign the budget, put the seal/signature on the Word document or use a wet seal/signature with a scan of the wet seal/signature.)

