COUNTY AGENDA REQUEST

Department:	Administration	Presenter(s):	Jack Krakeel
Meeting Date:	Thursday, May 24, 2012	Type of Request:	Old Business

Wording for the Agenda:

Update from the County Administrator on the proposed merger of the County Water System and the City of Fayetteville Water Department.

Background/History/Details:

Over the course of the last several months multiple meetings have been held with the City Manager regarding the feasibility of the merger of the organizations' water systems including the development of financial parameters associated with the merger. City officials have met with their bond counsel for outstanding water/sewer bonds and have determined that a merger will not meet the covenants of their bond instruments. Subsequently the City has proposed a direct sale of their water system to the County. Staff requests direction as to the BOC's interest in a direct purchase of the Fayetteville Water System. Should the BOC determine that they have an interest in pursuing a direct purchase, one of the initial requirements would be to have an evaluation of the net worth of the City's water system assets. Preliminary information received from the City indicates that the cost to conduct a valuation of the system is approximately $15,000. The City has requested a cost share of the analysis if the BOC has an interest in pursuing a direct purchase.

It should be noted that the County would more than likely have to issue revenue bonds to cover the purchase price of the City's assets subsequent to valuation and payment structure for the assets.

What action are you seeking from the Board of Commissioners?

Does the BOC have an interest in pursuing the feasibility of a direct purchase of the Fayetteville Water System?

If this item requires funding, please describe:

If the Board concurs, then authorization would be required to expend up to $7,500 for the engagement of a consultant to conduct a system valuation.

Has this request been considered within the past two years?	No	If so, when?	
Is Audio-Visual Equipment Required for this Request?*	No	Backup Provided with Request?	No

**** All audio-visual material must be submitted to the County Clerk's Office no later than 48 hours prior to the meeting. It is also your department's responsibility to ensure all third-party audio-visual material is submitted at least 48 hours in advance.***

Approved by Finance	Not Applicable	Reviewed by Legal	Yes
Approved by Purchasing	Not Applicable	County Clerk's Approval	Yes
Administrator's Approval	Yes		

Staff Notes: