



1246 West Main Street
Sylva, NC 28779

MEMORANDUM

FROM: Dan Harbaugh *DH*
TWSA Executive Director

TO: Chuck Wooten, Manager
County of Jackson

DATE: June 9th, 2016

REFERENCE: JC Board of Commissioners Work Session
Discussion of Transfer of Ownership
Cashiers Water System

As per prior discussions the Draft Professional Engineering Report for the referenced matter has been received and copies provided to your office for any comments. We didn't receive any from Jackson County so have provided a list of comments from TWSA to the Engineer. We anticipate that the Final report will be returned in July 2016 and our Board will be prepared to act regarding the transfer at that time.

In order to maintain continuity on this important matter in the midst of your pending retirement we discussed the need to meet and speak with your Board of Commissioners regarding this. The hope is that once we are able to address any and all points of concern for both boards, we can have both adopt a "Resolution of Intent" for use in the transition period.

Those items that we've identified as needing to be addressed by such a "Resolution" and the resulting Interlocal "Transfer Agreement" would include the following items.

- 1) Both parties would need to work together with the NC Utilities Commission and with NCDEQ- Public Water Supply to address all the required actions necessary to transfer ownership and permits as required by these two separate regulatory agencies.
- 2) Both parties would need to work together to provide existing customers on the system adequate notice of the change of ownership and of timing and process by which their old relationship with Jackson County will end and their future water service through TWSA would have to be established.
- 3) Both parties would need to agree to the terms under which the transfer is to occur including;

Phone: 828.586.5189
Fax: 828.631.9089

- a. What portions of the transfer activities will be accomplished by each party enumerated.
 - b. What future rights would be retained by Jackson County with respect to reserving some portion of current available water supply capacity in the well system? Likewise, if such capacity is retained by Jackson County, such undeveloped capacity is subject to monthly "Capacity Assurance" fees under TWSA Policy. At what point would such fees begin to apply to Jackson County by holding such capacity in reserve?
 - c. Agree upon what steps have to be completed for both before each party would relinquish / assume responsibilities as owner of the system? What is the timeline / performance period for those actions?
 - d. Drafting and execution of various instruments such as Deeds, Plats, easements and / or Right of Ways will be necessary to secure appropriate areas of control and rights necessary to operate the existing system in the future. Agreement by Jackson County to provide such across its property will be needed. Assignment of splitting the costs in such matters should be agreed upon also. An example would be for Jackson County to handle all legal and recording costs and TWSA covering any survey costs. Other approaches are of course open for discussion.
 - e. A process and timeline as necessary to transfer utility and chemical supply services to the water system from Jackson County to TWSA.
 - f. A process and timeline as necessary to transfer insurance coverage responsibilities for transferred assets from Jackson County to TWSA.
 - g. A process and timeline for the installation of water service meters for each customer needs to be established.
 - h. A process and timeline for ending budgetary responsibility (Both revenue and expenditures) for Jackson County and beginning same for TWSA for operations and maintenance.
- 4) Given TWSA's need to begin to develop a customer base, an agreement should also address the connection of additional customers during the transition of ownership.

These are the major issues we've identified in our review of this proposed transfer. You, your staff and the Jackson County Commissioners may identify others. Our goal is to have a clear path forward once both parties are ready to adopt a "Resolution of Intent" and ultimately execute a Transfer Agreement.

Discussion:

Request: We ask that the Jackson County Board of Commissioners consider these details and provide guidance to their Staff as to how to proceed with this matter.