NEUSE RIVER BASIN REGIONAL COUNCIL

The Wayne Center
208 West Chestnut Street
Goldsboro, NC
(919) 731-1520

February 23, 2001

AGENDA

10:00am	Welcome and Call to Order	Chairman Andy McLawhorn
10:05	Roll Call	Joan Giordano, APNEP
10:15	OLD BUSINESS	
	Discussion:	
	"10 Best Places..." Brochure	Chairman McLawhorn
	Update on Demo Project	Guy Stefanski, APNEP
10:30	NEW BUSINESS	
	Discussion:	
	Proposed Eagle Pipeline	Sondra Riggs
	Proposed Resolution - Water Supply	Chairman McLawhorn
	Update-NRBRC Concerns & Correlation to CCMP	Guy Stefanski and Joan Giordano
	E-Auction	Joan Giordano
	Formation of Nominating Committee	Chairman McLawhorn
12:15	Update on Neuse River Basinwide Plan	Cam McNutt, DWQ
12:30	Public Comment	
12:35	Plans for Next Meeting	
12:45	Adjourn	

NEUSE RIVER BASIN REGIONAL COUNCIL

Wayne Center
Goldsboro, NC
February 23, 2001

MINUTES

The meeting was called to order by Chairman Andy McLawhorn at 10:05 am. In place of calling the roll, Chairman McLawhorn asked that those around the table introduce themselves. Joan Giordano, acting as Secretary, determined a quorum to be present.

The first order of business was consideration of the "10 Best Places..." brochure. Chairman McLawhorn reported that because the summer student intern he was assigned had returned to school, not much more work was done on the brochure, although a CD containing the same information and pictures has been prepared. Joan Giordano agreed to take the lead in bringing the brochure to a final draft, incorporating comments received since the first attempt. Chairman McLawhorn agreed, as did the members present. Joan said she would try to have another draft by the next meeting.

Guy Stefanski updated the group on the status of the NRBRC demonstration project, monitoring the mouth of Beard's Creek for determining input of nutrients to the river mainstem, and the sedimentation load coming down river from Crabtree Creek, in Raleigh. The Neuse River Foundation is the principal investigator for the project.

The next agenda item pertained to the proposed pipeline being considered for the transport of water from PCS Phosphate in Aurora, to a number of surrounding counties that draw water from the Black Creek Aquifer. Sondra Riggs distributed a white paper and other materials, dealing with the issue. (See Attachment A.) Discussion ensued, ending with the recommendation that a conference be held to further investigate the issue of declining groundwater supplies; making area residents and local government officials aware of the gravity of this issue; investigating alternative methods for

water conservation, such as reuse; and exploring the possibility of forming a regional organization in order to ensure equity in the distribution of water resources.

Following the discussion of water supply, Joan Giordano reported on a project the Association of National Estuary Programs (APNEP) is launching. It is an e-auction, being made available on E-Bay. (See Attachment B.) PLEASE NOTE THAT THIS INITIATIVE IS TEMPORARILY ON HOLD UNTIL E-BAY IS ABLE TO BETTER HANDLE OUR CONTRIBUTIONS.

The next item of business concerned the formation of a nominating committee for the election of officers. Upon asking for volunteers to serve on such a committee, members present instead asked Chairman McLawhorn to remain as Chairman and Bruce Whitfield to remain as Vice-Chair. Chairman McLawhorn agreed as long as Joan Giordano agreed to remain as acting Secretary. All consented to serve for another year, and members in attendance elected them by acclimation.

Cam McNutt, basin planner responsible for updating the Neuse Basinwide Water Quality Management Plan, within the Basinwide and Estuary Planning Unit of DWQ (Raleigh), gave a short presentation on the purpose of the plan, the anticipated scheduling of plan development, and asked for the group's participation at the appropriate times for public input. Chairman McLawhorn thanked Mr. McNutt for his participation and pledged cooperation of the group when needed.

Updating of the original NRBRC issues and concerns paper, as correlated to the CCMP, was tabled until the next meeting in the interest of time.

It was decided that the next meeting would be dedicated to the water supply conference and it was scheduled for May 4th. PLEASE NOTE: THIS DATE WAS SUBSEQUENTLY FOUND TO BE UNSUITABLE AND THE CONFERENCE HAS BEEN RESCHEDULED FOR JUNE 8TH AT THE WAYNE CENTER IN GOLDSBORO.

There being no further business, or public comment, the meeting was adjourned.

Jones County Strategic Planning Initiative

Issue: Safe, affordable and adequate water supply for the Jones County public that will facilitate economic and community development.

Submitted by: Sondra Ipock Riggs
Jones County Commissioner
252-224-7431

Background:

Like all counties in Eastern North Carolina, Jones gets all of its water from wells. Our water comes primarily from what is called the Black Creek Aquifer. This water requires very little treatment and has been a cheap source of fresh water for years. We also have other aquifers that we can draw from but these sources require additional and more expensive treatment. Jones County shares these underground aquifers with other surrounding counties and cities. Compared to Jones County, these other, larger counties and municipalities use much more water than we do. This is especially true of Jacksonville, Kinston and Greenville.

Problem:

Right now, we are all dependent on ground water. All of us draw water from the aquifer. The aquifers do not recharge or replenish themselves as fast as we draw from them. Therefore, if nothing is done, eventually all of us will deplete our ground water supply. The State and particularly the

Attachment A.

Department of Environmental and Natural Resources has developed an Administrative Rule that proposes a gradual but severe reduction on the rate we can draw water from the aquifers.

In order to do this, we are all going to have to find new ways of conserving water resources and we must find new sources of water. We are also going to see new methods of re-using treated wastewater for certain purposes such as irrigation and industrial applications. Other sources of water may include the use of untapped aquifers and the use of surface waters such as the Neuse River.

All of these options are going to be very expensive to local governments and to water users. The problem we face in Jones County is how to protect our water supply from more heavy users and how are we going to pay for massive changes in our water supply systems? A new regional organization has been formed in Kinston to address water supply issues and to find other sources. Jones County is one of those sources of water. The new organization wants Jones County to join the agency. How do we ensure that we are not taken advantage of and our water supply depleted for use by other counties and municipalities?

Proposed Action:

1. Initiate legislation to protect the individual water supplies of counties and municipalities.

2. Request grant funding to explore the re-use of treated wastewater for irrigation in Jones County.

3. Carefully examine the prospect of joining regional organizations in order to share water resources fairly.

The Eagle Water Project Team

Eric G. Lappala, President, Eagle Water Company

Eric G. Lappala has over 30 years of experience in environmental consulting, project management and business and sales management. His business management and sales experience was developed as a member of senior management and the board of directors of an international engineering and environmental services company. Mr. Lappala was a key player in the planning and implementation of a successful IPO of the company in 1987. As a professional consultant, Mr. Lappala has provided services for over 60 Fortune® 500 companies representing a variety of industry groups. His expertise includes developing management teams for complex projects, strategic planning, geographic and service line expansion, management of major client accounts, and sales and marketing. A certified professional hydrogeologist, Mr. Lappala's resume also includes 16 years of service with the U.S. Geological Survey. Mr. Lappala is the author of over 40 publications, as well as hundreds of consulting reports and presentations. Mr. Lappala resides in Raleigh, NC with his wife and two children.

Robert B. Heater, Vice President, Eagle Water Company

Mr. Robert B. Heater has over 50 years of experience in the water utilities business. Mr. Heater was the founder and President of Heater Utilities Inc, which operated over 150 water systems in North and South Carolina. In addition, Mr. Heater served as President of Heater Well Company, Inc., a corporation that provided water well contracting services from Florida to Maryland. Mr. Heater has served as President of National Water Well Association and President of North Carolina Groundwater Association. He has also served as Vice Chairman and Secretary of the American Water Works Association Deep Well Standards Committee. He is the Co Author of the U.S. Environmental Protection Agency's Manual of Water Well Construction. Mr. Heater was a Wake County Commissioner for sixteen years and has also served as an appointed member of a commission overseeing infrastructure development in North Carolina. Mr. Heater resides in Cary, North Carolina with his wife.

Sherol S. Lappala, Vice President, Eagle Water Company

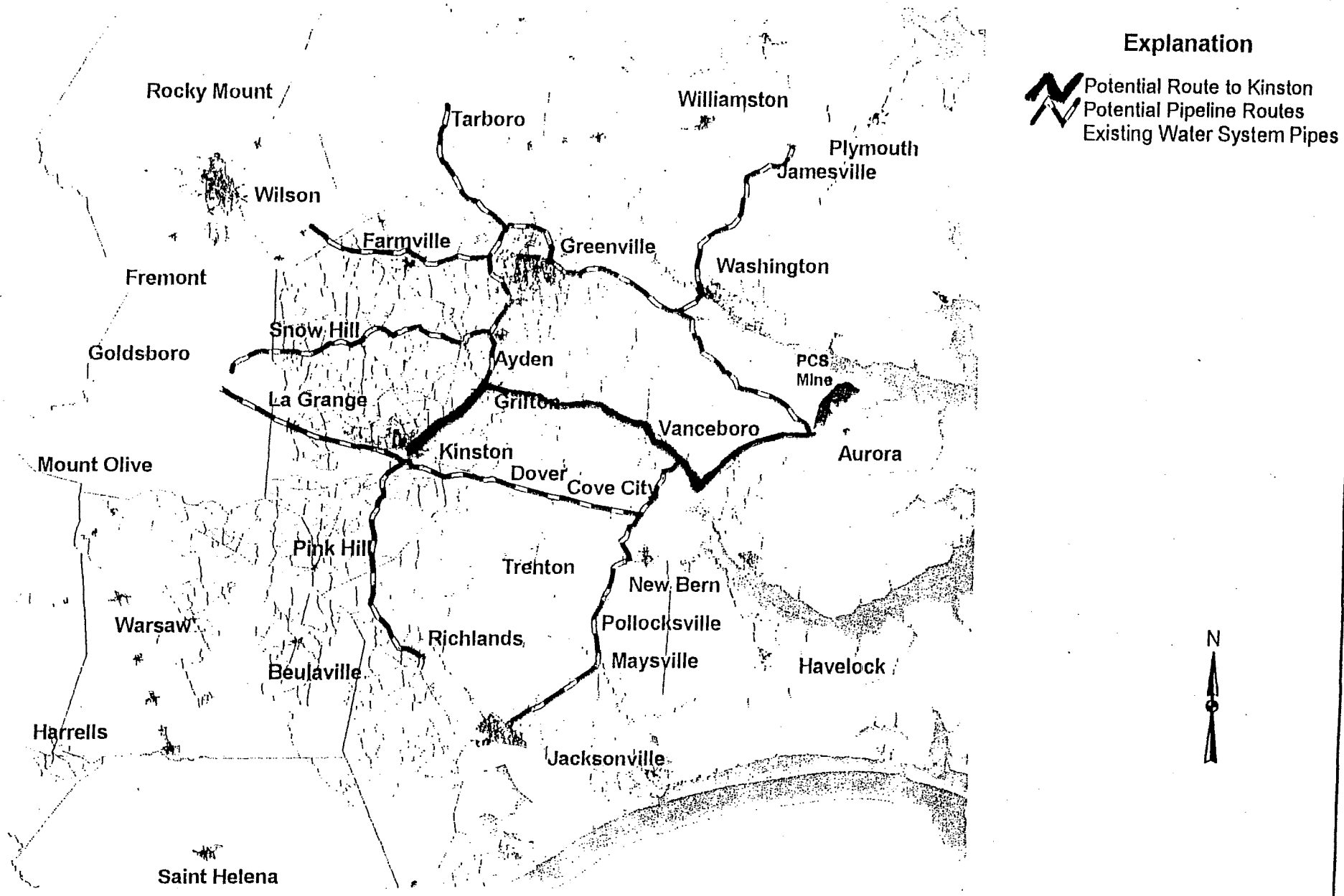
Sherol S. Lappala has seventeen years experience in project management, public policy, government affairs, and regional and strategic planning. Having held a variety of positions in both the public and private sectors, Ms. Lappala has worked closely with federal, state and local government agencies, regional commissions, non-profit organizations, private sector entities including Fortune 500 companies, and elected and appointed officials. Ms. Lappala's educational background includes a Masters degree in Regional Planning from UNC-Chapel Hill, and an undergraduate degree in Environmental Science from the University of Virginia. She has served as President of the Fellows and a Member of the Board of the North Carolina Institute of Political Leadership. Ms. Lappala resides in Raleigh, NC with her husband and two children.

Peirson and Whitman Engineers, Raleigh, North Carolina

Peirson and Whitman is a North Carolina engineering firm specializing in water supply infrastructure projects. Mr. Mike Acquesta. P.E. and President and Mr. Larry Mitchell, P.E. provide engineering services on the project.

Hunton and Williams, Raleigh, North Carolina

Hunton and Williams is a regional law firm providing legal counsel for the project. Mr. William (Wally) McBride serves as counsel on municipal finance issues and Mr. Charles Case provides counsel in the regulatory arena.



Eagle Water Public-Private Partnership
Project Overview

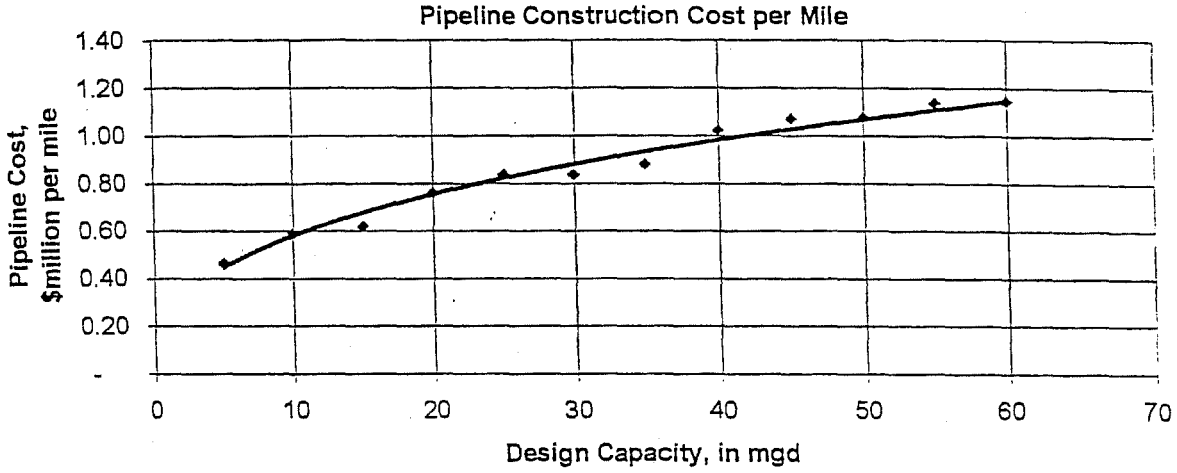
FIGURE
1

East Central North Carolina

DRAWN	JOB NUMBER	APPROVED	DATE	REVISED
EGL	10013.1	EGL	09/2000	

Table 2.– Approximate pipeline construction, operating, and debt service costs vs. pipeline design capacity. Assumes public partner owns, finances, and operates the pipeline and Eagle Water is retained to construct and operate pipeline. Assumes that Eagle Water owns, finances and operates the gathering and treatment systems at PCS. Values in table are in $ million.

	Design Capacity, mgd											
	5	10	15	20	25	30	35	40	45	50	55	60
Capital Construction	23.24	29.54	30.95	37.98	41.70	41.84	43.96	51.06	53.55	53.86	56.88	57.35
Annual O&M	2.31	3.04	3.65	4.28	4.74	5.25	6.12	6.34	7.13	7.85	8.94	9.94
Annual Debt Service	2.13	2.72	2.88	3.52	3.87	3.92	4.17	4.78	5.06	5.14	5.48	5.61
Total Annual Cost	4.44	5.76	6.53	7.81	8.61	9.18	10.29	11.12	12.19	12.99	14.42	15.55
Capital Construction per mile	0.46	0.59	0.62	0.76	0.83	0.84	0.88	1.02	1.07	1.08	1.14	1.15



Design Parameters		
Transmission Pipe Length:	50.00	miles
Elevation head	90.00	ft
Electrical Cost	$ 0.05	/kwh
Bond Interest Rate	5.00%	P.A.
Bond Maturity Period	30	years
Payment Method	Level annual principal and interest	

Construction Costs are estimated 2005 costs based on extrapolating ENR Cost Index from 8/1995 to 8/2005

Eagle Water Company

4005 Lake Springs Court
Raleigh, NC 27613-1525
919.788.9064

www.eagleresources.com/
eaglewater.htm

Eric Lappala: 919.345.1013
elappala@eagleresources.com

Sherol Lappala 919.345.1014
slappala@eagleresources.com

Robert Heater: 919.614.0511
rheater@eagleresources.com

Table 1.-- Eagle Water Company finished water delivery pricing schedule for Pipeline Route from PCS to Highway 17 to Vanceboro to Grifton to Kinston (See Figure 1). Body of Table contains cost to client water systems at any point along pipeline route, in $ per 1000 gallons of water sold. Bond maturity period = 30 years and tax-free bond interest rate = 5% P.A.

Finished Water Cost At Mine, in $/1000 gallons

Water Sold, mgd	Design Capacity, mgd											
	5	10	15	20	25	30	35	40	45	50	55	60
5	3.25	4.28	5.18	6.02	6.82	7.58	8.31	9.02	9.72	10.40	11.06	11.71
10		2.14	2.59	3.01	3.41	3.79	4.16	4.51	4.86	5.20	5.53	5.86
15			1.73	2.01	2.27	2.53	2.77	3.01	3.24	3.47	3.69	3.90
20				1.51	1.70	1.89	2.08	2.26	2.43	2.60	2.77	2.93
25					1.36	1.52	1.66	1.80	1.94	2.08	2.21	2.34
30						1.26	1.39	1.50	1.62	1.73	1.84	1.95
35							1.19	1.29	1.39	1.49	1.58	1.67
40								1.13	1.21	1.30	1.38	1.46
45									1.08	1.16	1.23	1.30
50										1.04	1.11	1.17
55											1.01	1.06
60												0.98

Key
< 1.50
1.50 to 3.00
> 3.00

Additional Cost for Pipeline, in $/1000 gallons

Water Sold, mgd	Design Capacity, mgd											
	5	10	15	20	25	30	35	40	45	50	55	60
5	1.27	1.67	2.00	2.35	2.60	2.88	3.35	3.47	3.91	4.30	4.90	5.45
10		0.83	1.00	1.17	1.30	1.44	1.68	1.74	1.95	2.15	2.45	2.72
15			0.67	0.78	0.87	0.96	1.12	1.16	1.30	1.43	1.63	1.82
20				0.59	0.65	0.72	0.84	0.87	0.98	1.07	1.22	1.36
25					0.52	0.58	0.67	0.69	0.78	0.86	0.98	1.09
30						0.48	0.56	0.58	0.65	0.72	0.82	0.91
35							0.48	0.50	0.56	0.61	0.70	0.78
40								0.43	0.49	0.54	0.61	0.68
45									0.43	0.48	0.54	0.61
50										0.43	0.49	0.54
55											0.45	0.50
60												0.45

Total Cost at Any Point Along Pipeline Route, in $/1000 gallons

Water Sold, mgd	Design Capacity, mgd											
	5	10	15	20	25	30	35	40	45	50	55	60
5	4.52	5.94	7.18	8.37	9.41	10.46	11.66	12.50	13.63	14.70	15.96	17.16
10		2.97	3.59	4.18	4.71	5.23	5.83	6.25	6.81	7.35	7.98	8.58
15			2.39	2.79	3.14	3.49	3.89	4.17	4.54	4.90	5.32	5.72
20				2.09	2.35	2.61	2.92	3.12	3.41	3.67	3.99	4.29
25					1.88	2.09	2.33	2.50	2.73	2.94	3.19	3.43
30						1.74	1.94	2.08	2.27	2.45	2.66	2.86
35							1.67	1.79	1.95	2.10	2.28	2.45
40								1.56	1.70	1.84	1.99	2.15
45									1.51	1.63	1.77	1.91
50										1.47	1.60	1.72
55											1.45	1.56
60												1.43

Key
< 1.50
1.50 to 3.00
> 3.00

Design Parameters		
Transmission Pipe Length:	50.00	miles
Elevation head	90.00	ft
Water Treatment:	Lime Softening, Chlor-amination and Clear Well Storage	
Electrical Cost	$ 0.05	/kwh
Payment Method	Level annual principal and interest	

Construction Costs are estimated 2005 costs based on extrapolating ENR Cost Index from 8/1995 to 8/2005

Table 2.-- Approximate pipeline construction, operating, and debt service costs vs. pipeline design capacity. Assumes public partner owns, finances, and operates the pipeline and Eagle Water is retained to construct and operate pipeline. Assumes that Eagle Water owns, finances and operates the gathering and treatment systems at PCS. Values in table are in $ million.

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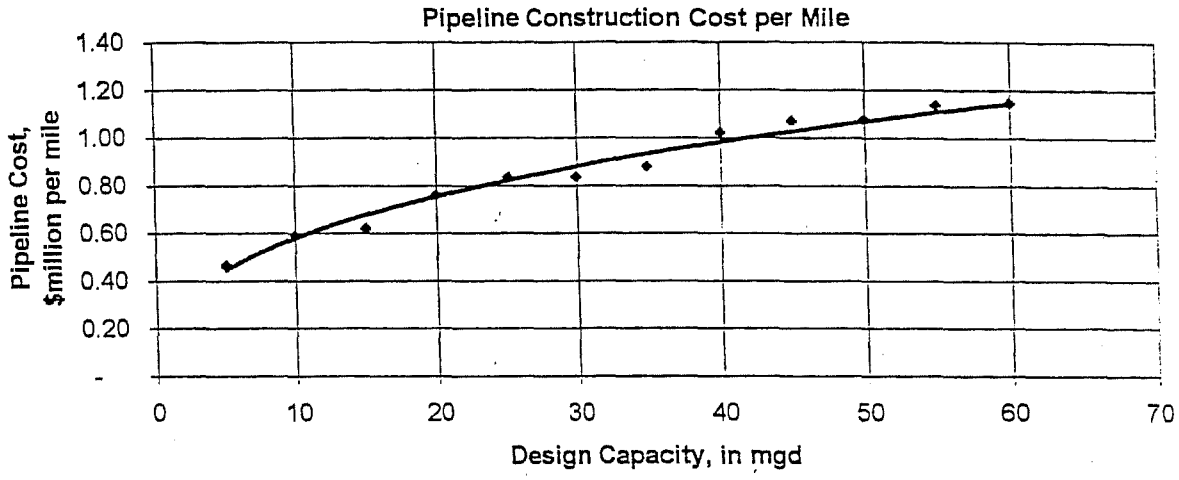
Total Annual Cost	4.44	5.76	6.53	7.81	8.61	9.18	10.29	11.12	12.19	12.99	14.42	15.55
Capital Construction per mile	0.46	0.59	0.62	0.76	0.83	0.84	0.88	1.02	1.07	1.08	1.14	1.15



Design Parameters		
Transmission Pipe Length:	50.00	miles
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Bond Maturity Period	30	years
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10		2.14	2.59	3.01	3.41	3.79	4.16	4.51	4.86	5.20	5.53	5.86
15			1.73	2.01	2.27	2.53	2.77	3.01	3.24	3.47	3.69	3.90
20				1.51	1.70	1.89	2.08	2.26	2.43	2.60	2.77	2.93
25					1.36	1.52	1.66	1.80	1.94	2.08	2.21	2.34
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10		2.97	3.59	4.18	4.71	5.23	5.83	6.25	6.81	7.35	7.98	8.58
15			2.39	2.79	3.14	3.49	3.89	4.17	4.54	4.90	5.32	5.72
20				2.09	2.35	2.61	2.92	3.12	3.41	3.67	3.99	4.29
25					1.88	2.09	2.33	2.50	2.73	2.94	3.19	3.43
30						1.74	1.94	2.08	2.27	2.45	2.66	2.86
35							1.67	1.79	1.95	2.10	2.28	2.45
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Payment Method	Level annual principal and interest	

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Eagle Water Co.

Eagle Water Company is seeking a public partner to develop a regional water supply system in the East, using water that is currently pumped by PCS Phosphate in Aurora to depressurize their mine floor. Currently this high quality non-process water--as much as 60 million gallons per day--is discharged into the brackish Pamlico River. PCS Phosphate has agreed to make this water available for public use by local governments. Eagle Water Company is the private entity that has been formed to develop a jointly owned public/private water supply system. Eagle Water is actively seeking a public partner to participate in the design and control of this project.

The owners of Eagle Water Company are Mr. Robert Heater, Mr. Eric Lappala and Mrs. Sherol Lappala. About eighteen months ago we decided to pursue development of this regional project because it makes good sense for North Carolina. First of all, the discharge from the PCS mine is a vastly underutilized resource, particularly in light of the Region's growing water supply demands. The mine's projected life is in excess of seventy years and this water represents a good quality long-term source that should be put to use.. In fact, the up to 60 million gallons per day available from this source represents about 30% of the East's projected future water needs. This project also makes sense from an environmental perspective. For years environmental groups have expressed concern about the impacts this clear discharge has on the brackish Pamlico. Putting this water to a second beneficial use as a public water supply—and keeping it out of the Pamlico—is just good public policy. And marketing this water solely to local governments, as Eagle intends to do, ensures that local authorities maintain control over their growth.

Eagle Water has put together a strong slate of business partners to assist us in development of this promising regional project. Peirson and Whitman will provide engineering design and construction management, Hunton and Williams will provide legal counsel and Bank of America will assist with financial advice.

Current plans call for Eagle Water Company to develop and finance the collection and treatment systems for this regional water supply system, and for one or several local governments to jointly own a pipeline distribution system that would also be developed by Eagle Water Company. The capital costs for both the treatment and distribution system combined are projected to be in excess of $100M. Although the water available from PCS is high-quality and meets all drinking water standards, input from local officials has convinced us to plan for treating the water to remove hardness and naturally occurring organic carbon that can contribute to the formation of disinfection byproducts. Our plans are flexible, however, and will be finalized after we identify and consult with our public partner. The public partner may be a single public entity, or multiple entities working together.

Capital construction costs for the project's facilities will be financed using tax-free revenue bonds under the new North Carolina Capital Facilities Finance Act. This method of project financing is advantageous because it will **not affect the present or future bonding capacity** for general obligation bonds by the public partner or existing water systems.

The Eagle Water public-private partnership will be able to provide water at prices that are competitive with alternative sources when taking into account the costs of designing, permitting, and constructing systems that use these sources. It is clear, however, that building as large a system as possible will provide for economies of scale and lower water prices, as well as additional capacity to provide for future growth and development. For these reasons, regional cooperation could offer significant financial benefits in terms of lower water prices. Figure 1 shows several potential pipeline routes. One of these potential routes, from the PCS mine to Kinston was used to present the cost ranges shown in Tables 1 and 2. These tables clearly show the benefits of aggregating as much water demand as possible in order to achieve lower water costs.

Attachment B.

NEWS RELEASE

Release date: February 23, 2001

Contact: Dawn Volk (703) 333-6150
drvolk@erols.com

Washington D.C.

On-line Auction Launched to Help Protect and Restore our Nation's Bays and Estuaries

The Association of National Estuary Programs (ANEP) and the nation's 28 National Estuary Programs (NEPs) will launch their "charity" ebay.com auction on Monday, February 26, 2001 at 6:00 p.m. PST (9:00 p.m. ET). The profit raised from this exciting fundraiser will help restore and protect our bays, lagoons and estuaries. Up to 40% will go to local NEPs dotting our nation's coasts, and the balance will help ANEP carry out its national strategy.

What are Estuaries?

Havens for wildlife. Gateways for commerce. Aquatic supermarkets teeming with fish, crabs and other delicious seafood species. Living reflections of America's diverse cultural heritage. Fabulous natural beauty. Estuaries are semi-enclosed bodies of water, open to the ocean, where fresh and salt water mix.

The ANEP E-Auction

The ANEP e-auction site can be easily accessed by logging on to: www.ebay.com. Scroll down the ebay home page and click on the blue "CHARITY" button on the right hand side. Find the "ANEP" auction under the "COMMUNITY" charities and click.

Unique and exciting adventures and items will be listed and continually rotated in. Keep checking for new additions! Listings include: a tour of singers Billy Joel and Peter Needham's boat building shop on Shelter Island, NY, followed by a boat ride with our celebrity hosts; a Bed & Breakfast weekend on a Delaware beach; a week stay in a Utah Ski Resort condo; a kayaking trip in Tampa Bay; guided bird walks in Mass.; a brand new 7" diving knife; a signed, matted and framed photograph by Clyde Butcher -- the Ansel Adams of the Everglades; a weekend for two, complete with meals and privileges, at the Gasparilla Inn, Boca Grande, FL; brunch for two at the Saybrook Point Inn & Spa in Connecticut. The list goes on and on. Look for fabulous birthday, wedding and anniversary presents! Purchases are tax deductible. It's easy, it's fun...and it's for a very good cause!

Our Bays and Estuaries

- 75% of commercially important fish species depend on bays and estuaries for at least some part of their life cycle.

- Over 50% of the U.S. population lives within 200 miles of the coast and population in these areas is projected to become even denser in the future.
- 31% of the nation's Gross National Product (GNP) is produced in coastal counties.
- Fishing and shell fishing, which rely on clean water, bring $45 billion into the U.S. economy every year.

Estuaries are among the most biologically productive areas in the world. Providing critical habitat, feeding and spawning areas, they are home to thousands of estuarine species, from birds of prey to manatees to microscopic plankton. This productivity also translates into an economic powerhouse, providing resources and jobs for millions of people across the country.

In recent decades, both scientists and citizens have noticed alarming declines in the fish and wildlife that live in or near our estuaries, in the diversity of habitats that provide ecological richness, and in the clarity and quality of the waters that flow into and out these dynamic systems. In response to these concerns, Congress designated a set of "estuaries of national significance" and established the National Estuary Program (NEP) through amendment to the Clean Water Act. The NEP's creation was both an acknowledgment of the vital roles estuaries play in our nation's prosperity, and a challenge to environmental managers to look beyond institutional boundaries by addressing the needs of entire ecosystems.

Listed below are the 28 estuaries within the National Estuary Program.

Albemarle-Pamlico Sounds (NC)
Barataria –Terrebonne (LA)
Barnegat Bay (NJ)
Buzzards Bay (Mass.)
Casco Bay (ME)
Charlotte Harbor (FL)
Corpus Christi Bay (TX)
Delaware Estuary (DE, PA, NJ)
Delaware Inland Bays (DE)
Galveston Bay (TX)
Indian River Lagoon (FL)
Long Island Sound (CT, NY)
Lower Columbia River (OR, WA)
Maryland Coastal Bays (MD)
Massachusetts Bays (Mass.)
Mobile Bay (AL)
Morro Bay (CA)
Narragansett Bay (RI)
New Hampshire Estuaries (NH)
New York-New Jersey Harbor (NY, NJ)
Peconic Bay (NY)
Puget Sound (WA)
San Francisco Estuary (CA)
San Juan Bay (Puerto Rico)
Santa Monica Bay (CA)
Sarasota Bay (FL)
Tampa Bay (FL)
Tillamook Bay (OR)

The Association of National Estuary Programs (ANEP) is a *501(c)(3)* non-profit organization dedicated to providing national leadership in helping to restore the life and vitality of our nation's precious estuaries and their valuable natural resources. ANEP acts as an umbrella organization that plays a supporting role and is a communication network between citizens and staff of the 28 National Estuary Programs (NEPs) dotted along the coasts of the United States. ANEP pro-actively supports the NEPs while the NEPs turn their long-term ecosystem management plans into action and engage the public in addressing critical and complex issues facing our estuaries. ANEP coordinates and disseminates the NEPs' technical information and "lessons learned" between the programs and with other watershed-based programs.

Partners of the NEPs and ANEP include concerned individuals who live, work, and play in and around the estuaries including recreational users, fishermen, and farmers, scientists, and representatives from business, industry, citizen groups, local tribal, and state governments, and federal agencies.

Jones County Strategic Planning
Water Resources
Sondra Ipock Riggs
2/1/2001

Jones County Strategic Planning Initiative

Issue: Safe, affordable and adequate water supply for the Jones County public that will facilitate economic and community development.

Submitted by: Sondra Ipock Riggs
Jones County Commissioner
252-224-7431

Background:

Like all counties in Eastern North Carolina, Jones gets all of its water from wells. Our water comes primarily from what is called the Black Creek Aquifer. This water requires very little treatment and has been a cheap source of fresh water for years. We also have other aquifers that we can draw from but these sources require additional and more expensive treatment. Jones County shares these underground aquifers with other surrounding counties and cities. Compared to Jones County, these other, larger counties and municipalities use much more water than we do. This is especially true of Jacksonville, Kinston and Greenville.

Problem:

Right now, we are all dependent on ground water. All of us draw water from the aquifer. The aquifers do not recharge or replenish themselves as fast as we draw from them. Therefore, if nothing is done, eventually all of us will deplete our ground water supply. The State and particularly the

Department of Environmental and Natural Resources has developed an Administrative Rule that proposes a gradual but severe reduction on the rate we can draw water from the aquifers.

In order to do this, we are all going to have to find new ways of conserving water resources and we must find new sources of water. We are also going to see new methods of re-using treated wastewater for certain purposes such as irrigation and industrial applications. Other sources of water may include the use of untapped aquifers and the use of surface waters such as the Neuse River.

All of these options are going to be very expensive to local governments and to water users. The problem we face in Jones County is how to protect our water supply from more heavy users and how are we going to pay for massive changes in our water supply systems? A new regional organization has been formed in Kinston to address water supply issues and to find other sources. Jones County is one of those sources of water. The new organization wants Jones County to join the agency. How do we ensure that we are not taken advantage of and our water supply depleted for use by other counties and municipalities?

Proposed Action:

1. Initiate legislation to protect the individual water supplies of counties and municipalities.

2. Request grant funding to explore the re-use of treated wastewater for irrigation in Jones County.

3. Carefully examine the prospect of joining regional organizations in order to share water resources fairly.

Sondra Ipock Riggs
Jones County Commissioner
105 Riggstown Rd.
Pollocksville, NC 28573
Home 252-224-7431 Fax 252-224-0133

INFORMATION BULLETIN

The purpose of this bulletin is to make the average citizen and elected official aware of the war currently being waged by the Federal government on the tobacco farmers of Eastern North Carolina. In over 30 years of active farming, I have never witnessed the plight of our farmers like we are seeing today. A lot of people have heard about the increased prices of cigarettes but very few really understand the impact all of this is having on your farmers. This is not simply a problem faced by the tobacco growers as you might think. Every farmer will be adversely effected and the financial impact in our region will be devastating. Let me present a few facts that should shed some light on the magnitude of the problem we face.

Tobacco is the most important cash crop in the State of North Carolina and especially for most full-time flue cured tobacco farmers living East of I-95. For example: During 1997, NC had 317,389 acres of tobacco that was harvested in 81 counties. The Region P counties of Carteret, Craven, Duplin, Greene, Jones, Lenoir, Onslow and Pamlico were growing 52,055 acres of tobacco or 16% of the State's total tobacco acreage. Over the entire State, tobacco sales generated $44,000 per acre of tobacco of Federal, State and excise taxes on the sale of cigarettes. In total, our nine counties alone generated 2.3 billion dollars of tax revenues for government in 1997.

Tobacco farmers and quota owners in Region P earned approximately 200 million dollars from the sale of tobacco during 1997. Economists have said that this money "rolls over" at least four times in our local economy from the sale of goods and services which may or may not be related to tobacco. This means that tobacco sales alone resulted in over 800 million dollars of sales and services purchased that year. Our local and State governments need to remember that we pay taxes on that 800 million dollars of sales. Now, the last two years tobacco quotas have been cut 34.5% and this is going to result in a loss of $276 million dollars of sales and services revenue from our local economy. Our smaller rural counties cannot afford this right now.

Our tobacco farmers have a tremendous investment and debt service on equipment, green houses, transplanters, harvesters, bulk barns and curing facilities. With a loss of 34.5% of their income from tobacco a lot of farmers will not be able to remain in business this year. Most tobacco farmers also grow other crops that are necessary to consumers but don't generate much revenue for the farmer. The tobacco crop generates the revenue that allows the farmer to purchase new equipment and make capital improvements. Without the tobacco revenue, farm

equipment will become obsolete and useless for other farm crops. Frankly, this is a critical time for all farmers in America due to declining farm prices. The value of the property is going to decline dramatically. Our counties derive the majority of their revenues from the taxes on this property. Rural counties already suffer from a small tax base that is struggling to provide mandated services. This loss of revenue is going to effect banks, insurance companies, utilities, etc. Declining sales drains resources from schools, colleges, businesses, churches and all aspects of the community. The only way for the counties to make up for their lost tax revenue is to increase the tax rate. How can that be acceptable when the farmers are already loosing 34.5% of their income in the past two years?

I predict that this problem is going to result in a dramatic downturn in our local rural economies. It is going to take years to diversify our local rural economies that have been based on tobacco for 150 years. Our unemployment rates are going to rise and we will loose tax revenues. This will increase the amount of public assistance payments we make to those unemployed. We are going to need substantial financial assistance from the government to make this transition from agriculture to other economic opportunities. The farmer is not looking for a handout. Farming has been the backbone of the American working family for hundreds of years and they have certainly paid more than their share of taxes. Our government has decided to interject itself into our free markets and enterprise. Tobacco products are not against the law. Tobacco is not a controlled substance by law. People have been warned about the dangers of smoking and other tobacco use. What else will the government attack and "hold accountable". Already the legal profession is considering an attack on the gun manufacturers to hold them accountable for what a gun owner does with his weapon. Where will this end? This attack on tobacco by our government is an attempt to make the tobacco product pay for a disproportionate share of the cost of government programs and is destroying our family farms.

I contend that these so called product liability charges by the government and others must be stopped. Our farmers have done nothing wrong yet they bear the brunt of liability. The average American thinks that the big tobacco companies are paying the price. No, it's the American farmer who is really going to suffer. You may not use tobacco products or farm, but every one of you are going to pay the price for so called tobacco liability with substantial increases in your taxes.

This is just the latest example of a government sponsored program and idea that sounded reasonable at first but then run amuck. Farmers are not a powerful voting block but an entire region such as the Southeast of the United States is. **Please contact your local, State, and Federal government representatives and let them know what impact this issue is going to have in your community.**

Sondra Ipock Riggs

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Jones County Commissioner
105 Riggstown Rd.
Pollocksville, NC 28573
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NEUSE RIVER BASIN REGIONAL COUNCIL
EXECUTIVE COMMITTEE MEETING

February 2, 2001
Greenville, NC

MINUTES

The Executive Committee of the Neuse River Basin Regional Council met on February 2, 2001 for the purpose of planning a year-end report and for addressing issues to be brought before full Council on February 23, 2001.

Sondra Riggs presented a document entitled "Jones County Strategic Planning Initiative" for Executive Committee review. She felt that the document paralleled much of the discussion engaged in, and concern expressed by, members of the NRBRC during the past year. After discussion, it was decided to transmit the document to the full Council with the recommendation that it be developed into a resolution. This recommendation will appear on the agenda for the 2/223/01 meeting and Regional Council members are asked to send a designee to cast their proxy should they be unable to attend.

In other discussion, the group requested that a representative from the Division of Water Resources, preferably John Morris, and a representative from the Division of Water Quality, preferably someone to speak about wastewater, be invited to the meeting on February 23rd. Joan agreed to look into the inviting.

Further discussion centered on the "10 Best Places..." brochure that is to be printed following suggested changes to the draft. This portion of the campaign was put on hold when the CD (which complements the proposed brochure) was being developed.

Also mentioned was the question of whether counties can put down wells in other counties for the purpose of obtaining water. Joan agreed to look into this question.

Another item for inclusion on the February 23rd agenda was nomination of officers for the current program year. A nominating committee needs to be formed, as outlined in the by-laws, and a slate of nominees decided upon. Offices open for nominations are Chairman, Vice Chairman and Secretary.

There being no further business, the meeting was adjourned.

NEUSE RIVER BASIN REGIONAL COUNCIL

Wayne Center
Goldsboro, NC
February 23, 2001

MINUTES

The meeting was called to order by Chairman Andy McLawhorn at 10:05 am. In place of calling the roll, Chairman McLawhorn asked that those around the table introduce themselves. Joan Giordano, acting as Secretary, determined a quorum to be present.

The first order of business was consideration of the "10 Best Places..." brochure. Chairman McLawhorn reported that because the summer student intern he was assigned had returned to school, not much more work was done on the brochure, although a CD containing the same information and pictures has been prepared. Joan Giordano agreed to take the lead in bringing the brochure to a final draft, incorporating comments received since the first attempt. Chairman McLawhorn agreed, as did the members present. Joan said she would try to have another draft by the next meeting.

Guy Stefanski updated the group on the status of the NRBRC demonstration project, monitoring the mouth of Beard's Creek for determining input of nutrients to the river mainstem, and the sedimentation load coming down river from Crabtree Creek, in Raleigh. The Neuse River Foundation is the principal investigator for the project.

The next agenda item pertained to the proposed pipeline being considered for the transport of water from PCS Phosphate in Aurora, to a number of surrounding counties that draw water from the Black Creek Aquifer. Sondra Riggs distributed a white paper and other materials, dealing with the issue. (See Attachment A.) Discussion ensued, ending with the recommendation that a conference be held to further investigate the issue of declining groundwater supplies; making area residents and local government officials aware of the gravity of this issue; investigating alternative methods for

water conservation, such as reuse; and exploring the possibility of forming a regional organization in order to ensure equity in the distribution of water resources.

Following the discussion of water supply, Joan Giordano reported on a project the Association of National Estuary Programs (APNEP) is launching. It is an e-auction, being made available on E-Bay. (See Attachment B.) PLEASE NOTE THAT THIS INITIATIVE IS TEMPORARILY ON HOLD UNTIL E-BAY IS ABLE TO BETTER HANDLE OUR CONTRIBUTIONS.

The next item of business concerned the formation of a nominating committee for the election of officers. Upon asking for volunteers to serve on such a committee, members present instead asked Chairman McLawhorn to remain as Chairman and Bruce Whitfield to remain as Vice-Chair. Chairman McLawhorn agreed as long as Joan Giordano agreed to remain as acting Secretary. All consented to serve for another year, and members in attendance elected them by acclimation.

Cam McNutt, basin planner responsible for updating the Neuse Basinwide Water Quality Management Plan, within the Basinwide and Estuary Planning Unit of DWQ (Raleigh), gave a short presentation on the purpose of the plan, the anticipated scheduling of plan development, and asked for the group's participation at the appropriate times for public input. Chairman McLawhorn thanked Mr. McNutt for his participation and pledged cooperation of the group when needed.

Updating of the original NRBRC issues and concerns paper, as correlated to the CCMP, was tabled until the next meeting in the interest of time.

It was decided that the next meeting would be dedicated to the water supply conference and it was scheduled for May 4th. PLEASE NOTE: THIS DATE WAS SUBSEQUENTLY FOUND TO BE UNSUITABLE AND THE CONFERENCE HAS BEEN RESCHEDULED FOR JUNE 8TH AT THE WAYNE CENTER IN GOLDSBORO.

There being no further business, or public comment, the meeting was adjourned.

Jones County Strategic Planning Initiative

Issue: Safe, affordable and adequate water supply for the Jones County public that will facilitate economic and community development.

Submitted by: Sondra Ipock Riggs
Jones County Commissioner
252-224-7431

Background:

Like all counties in Eastern North Carolina, Jones gets all of its water from wells. Our water comes primarily from what is called the Black Creek Aquifer. This water requires very little treatment and has been a cheap source of fresh water for years. We also have other aquifers that we can draw from but these sources require additional and more expensive treatment. Jones County shares these underground aquifers with other surrounding counties and cities. Compared to Jones County, these other, larger counties and municipalities use much more water than we do. This is especially true of Jacksonville, Kinston and Greenville.

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Attachment A.

Department of Environmental and Natural Resources has developed an Administrative Rule that proposes a gradual but severe reduction on the rate we can draw water from the aquifers.

In order to do this, we are all going to have to find new ways of conserving water resources and we must find new sources of water. We are also going to see new methods of re-using treated wastewater for certain purposes such as irrigation and industrial applications. Other sources of water may include the use of untapped aquifers and the use of surface waters such as the Neuse River.

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1. Initiate legislation to protect the individual water supplies of counties and municipalities.

2. Request grant funding to explore the re-use of treated wastewater for irrigation in Jones County.

3. Carefully examine the prospect of joining regional organizations in order to share water resources fairly.

The Eagle Water Project Team

Eric G. Lappala, President, Eagle Water Company

Eric G. Lappala has over 30 years of experience in environmental consulting, project management and business and sales management. His business management and sales experience was developed as a member of senior management and the board of directors of an international engineering and environmental services company. Mr. Lappala was a key player in the planning and implementation of a successful IPO of the company in 1987. As a professional consultant, Mr. Lappala has provided services for over 60 Fortune® 500 companies representing a variety of industry groups. His expertise includes developing management teams for complex projects, strategic planning, geographic and service line expansion, management of major client accounts, and sales and marketing. A certified professional hydrogeologist, Mr. Lappala's resume also includes 16 years of service with the U.S. Geological Survey. Mr. Lappala is the author of over 40 publications, as well as hundreds of consulting reports and presentations. Mr. Lappala resides in Raleigh, NC with his wife and two children.

Robert B. Heater, Vice President, Eagle Water Company

Mr. Robert B. Heater has over 50 years of experience in the water utilities business. Mr. Heater was the founder and President of Heater Utilities Inc, which operated over 150 water systems in North and South Carolina. In addition, Mr. Heater served as President of Heater Well Company, Inc., a corporation that provided water well contracting services from Florida to Maryland. Mr. Heater has served as President of National Water Well Association and President of North Carolina Groundwater Association. He has also served as Vice Chairman and Secretary of the American Water Works Association Deep Well Standards Committee. He is the Co Author of the U.S. Environmental Protection Agency's Manual of Water Well Construction. Mr. Heater was a Wake County Commissioner for sixteen years and has also served as an appointed member of a commission overseeing infrastructure development in North Carolina. Mr. Heater resides in Cary, North Carolina with his wife.

Sherol S. Lappala, Vice President, Eagle Water Company

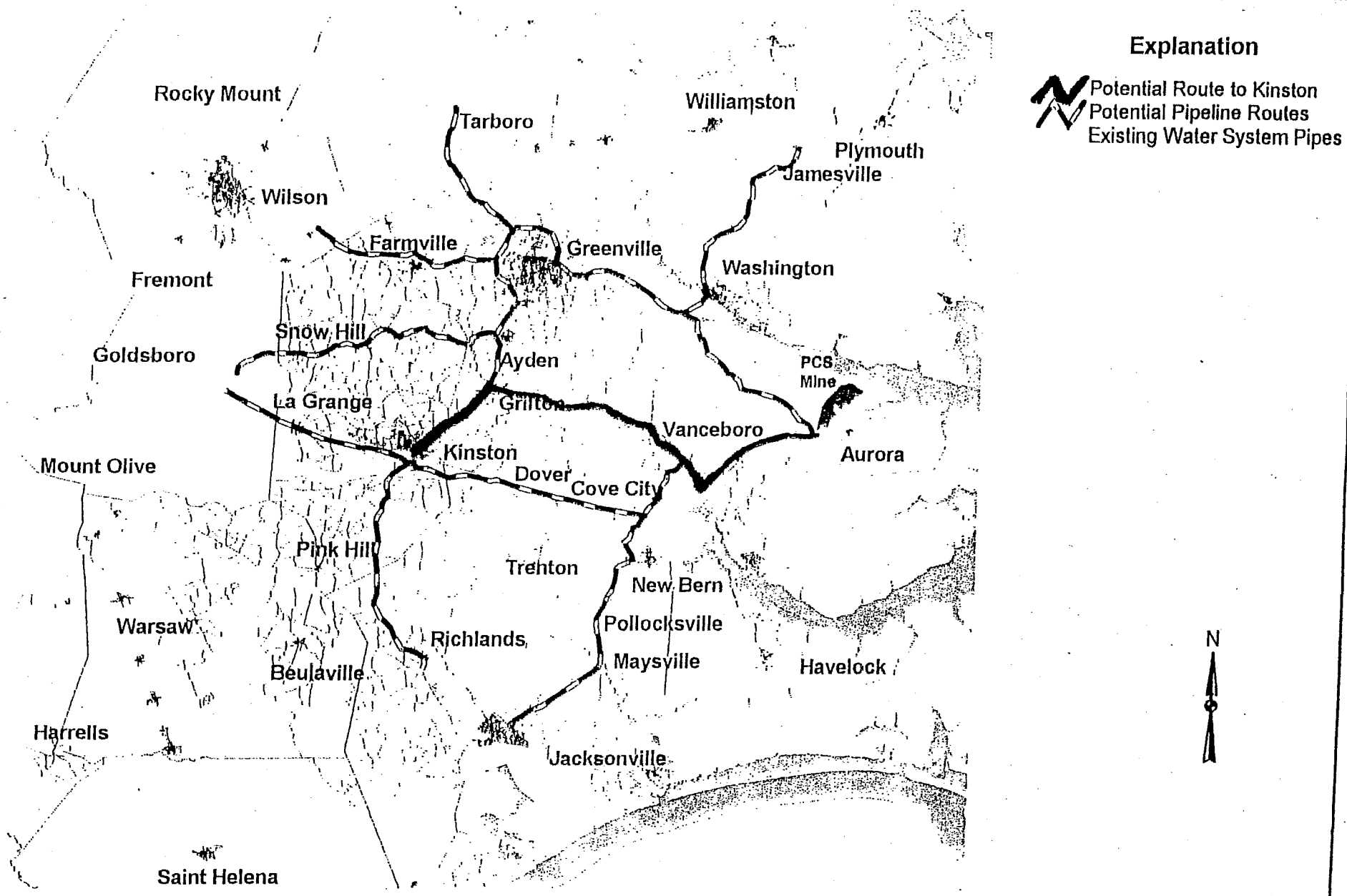
Sherol S. Lappala has seventeen years experience in project management, public policy, government affairs, and regional and strategic planning. Having held a variety of positions in both the public and private sectors, Ms. Lappala has worked closely with federal, state and local government agencies, regional commissions, non-profit organizations, private sector entities including Fortune 500 companies, and elected and appointed officials. Ms. Lappala's educational background includes a Masters degree in Regional Planning from UNC-Chapel Hill, and an undergraduate degree in Environmental Science from the University of Virginia. She has served as President of the Fellows and a Member of the Board of the North Carolina Institute of Political Leadership. Ms. Lappala resides in Raleigh, NC with her husband and two children.

Peirson and Whitman Engineers, Raleigh, North Carolina

Peirson and Whitman is a North Carolina engineering firm specializing in water supply infrastructure projects. Mr. Mike Acquesta. P.E. and President and Mr. Larry Mitchell, P.E. provide engineering services on the project.

Hunton and Williams, Raleigh, North Carolina

Hunton and Williams is a regional law firm providing legal counsel for the project. Mr. William (Wally) McBride serves as counsel on municipal finance issues and Mr. Charles Case provides counsel in the regulatory arena.



Eagle Water Public-Private Partnership
Project Overview

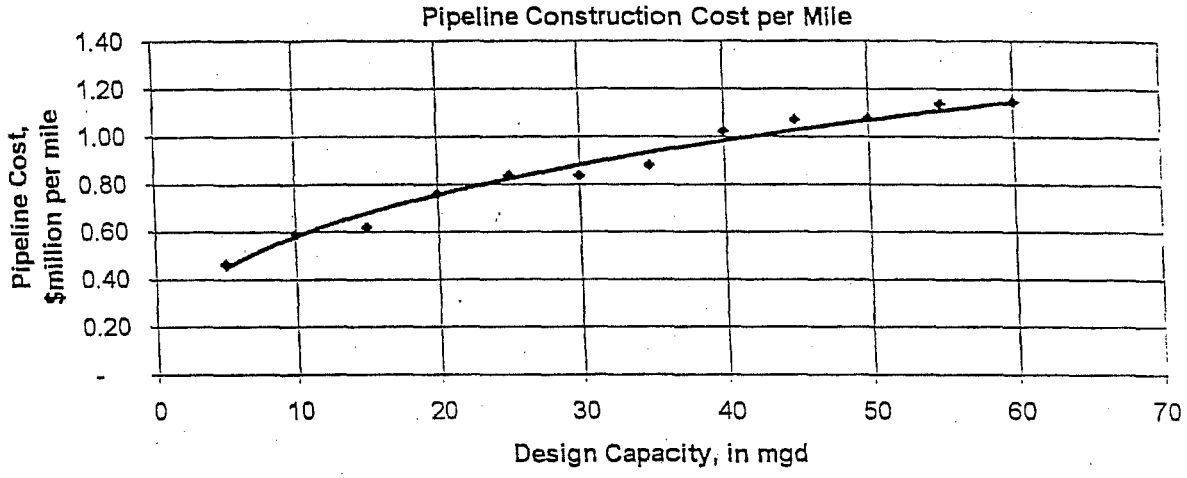
FIGURE
1

East Central North Carolina

DRAWN	JOB NUMBER	APPROVED	DATE	REVIS
EGL	10013.1	EGL	09/2000	

Table 2.– Approximate pipeline construction, operating, and debt service costs vs. pipeline design capacity. Assumes public partner owns, finances, and operates the pipeline and Eagle Water is retained to construct and operate pipeline. Assumes that Eagle Water owns, finances and operates the gathering and treatment systems at PCS. Values in table are in $ million.

	Design Capacity, mgd											
	5	10	15	20	25	30	35	40	45	50	55	60
Capital Construction	23.24	29.54	30.95	37.98	41.70	41.84	43.96	51.06	53.55	53.86	56.88	57.35
Annual O&M	2.31	3.04	3.65	4.28	4.74	5.25	6.12	6.34	7.13	7.85	8.94	9.94
Annual Debt Service	2.13	2.72	2.88	3.52	3.87	3.92	4.17	4.78	5.06	5.14	5.48	5.61
Total Annual Cost	4.44	5.76	6.53	7.81	8.61	9.18	10.29	11.12	12.19	12.99	14.42	15.55
Capital Construction per mile	0.46	0.59	0.62	0.76	0.83	0.84	0.88	1.02	1.07	1.08	1.14	1.15



Design Parameters		
Transmission Pipe Length:	50.00	miles
Elevation head	90.00	ft
Electrical Cost	$ 0.05	/kwh
Bond Interest Rate	5.00%	P.A.
Bond Maturity Period	30	years
Payment Method	Level annual principal and interest	

Construction Costs are estimated 2005 costs based on extrapolating ENR Cost Index from 8/1995 to 8/2005

Eagle Water Company

4005 Lake Springs Court
Raleigh, NC 27613-1525
919.788.9064

www.eagleresources.com/
eaglewater.htm

Eric Lappala: 919.345.1013
elappala@eagleresources.com

Sherol Lappala 919.345.1014
slappala@eagleresources.com

Robert Heater: 919.614.0511
rheater@eagleresources.com

Table 1.-- Eagle Water Company finished water delivery pricing schedule for Pipeline Route from PCS to Highway 17 to Vanceboro to Grifton to Kinston (See Figure 1). Body of Table contains cost to client water systems at any point along pipeline route, in $ per 1000 gallons of water sold. Bond maturity period = 30 years and tax-free bond interest rate = 5% P.A.

Finished Water Cost At Mine, in $/1000 gallons

Water Sold, mgd	Design Capacity, mgd											
	5	10	15	20	25	30	35	40	45	50	55	60
5	3.25	4.28	5.18	6.02	6.82	7.58	8.31	9.02	9.72	10.40	11.06	11.71
10		2.14	2.59	3.01	3.41	3.79	4.16	4.51	4.86	5.20	5.53	5.86
15			1.73	2.01	2.27	2.53	2.77	3.01	3.24	3.47	3.69	3.90
20				1.51	1.70	1.89	2.08	2.26	2.43	2.60	2.77	2.93
25					1.36	1.52	1.66	1.80	1.94	2.08	2.21	2.34
30						1.26	1.39	1.50	1.62	1.73	1.84	1.95
35							1.19	1.29	1.39	1.49	1.58	1.67
40								1.13	1.21	1.30	1.38	1.46
45									1.08	1.16	1.23	1.30
50										1.04	1.11	1.17
55											1.01	1.06
60												0.98

Key
< 1.50
1.50 to 3.00
> 3.00

Additional Cost for Pipeline, in $/1000 gallons

Water Sold, mgd	Design Capacity, mgd											
	5	10	15	20	25	30	35	40	45	50	55	60
5	1.27	1.67	2.00	2.35	2.60	2.88	3.35	3.47	3.91	4.30	4.90	5.45
10		0.83	1.00	1.17	1.30	1.44	1.68	1.74	1.95	2.15	2.45	2.72
15			0.67	0.78	0.87	0.96	1.12	1.16	1.30	1.43	1.63	1.82
20				0.59	0.65	0.72	0.84	0.87	0.98	1.07	1.22	1.36
25					0.52	0.58	0.67	0.69	0.78	0.86	0.98	1.09
30						0.48	0.56	0.58	0.65	0.72	0.82	0.91
35							0.48	0.50	0.56	0.61	0.70	0.78
40								0.43	0.49	0.54	0.61	0.68
45									0.43	0.48	0.54	0.61
50										0.43	0.49	0.54
55											0.45	0.50
60												0.45

Total Cost at Any Point Along Pipeline Route, in $/1000 gallons

Water Sold, mgd	Design Capacity, mgd											
	5	10	15	20	25	30	35	40	45	50	55	60
5	4.52	5.94	7.18	8.37	9.41	10.46	11.66	12.50	13.63	14.70	15.96	17.16
10		2.97	3.59	4.18	4.71	5.23	5.83	6.25	6.81	7.35	7.98	8.58
15			2.39	2.79	3.14	3.49	3.89	4.17	4.54	4.90	5.32	5.72
20				2.09	2.35	2.61	2.92	3.12	3.41	3.67	3.99	4.29
25					1.88	2.09	2.33	2.50	2.73	2.94	3.19	3.43
30						1.74	1.94	2.08	2.27	2.45	2.66	2.86
35							1.67	1.79	1.95	2.10	2.28	2.45
40								1.56	1.70	1.84	1.99	2.15
45									1.51	1.63	1.77	1.91
50										1.47	1.60	1.72
55											1.45	1.56
60												1.43

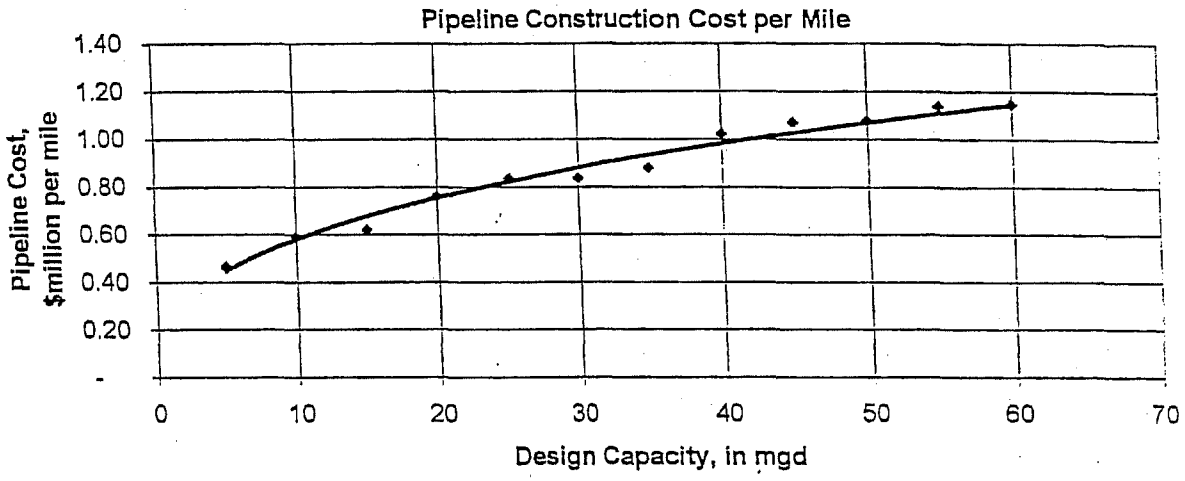
Key
< 1.50
1.50 to 3.00
> 3.00

Design Parameters		
Transmission Pipe Length:	50.00	miles
Elevation head	90.00	ft
Water Treatment:	Lime Softening, Chlor-amination and Clear Well Storage	
Electrical Cost	$ 0.05	/kwh
Payment Method	Level annual principal and interest	

Construction Costs are estimated 2005 costs based on extrapolating ENR Cost Index from 8/1995 to 8/2005

Table 2.-- Approximate pipeline construction, operating, and debt service costs vs. pipeline design capacity. Assumes public partner owns, finances, and operates the pipeline and Eagle Water is retained to construct and operate pipeline. Assumes that Eagle Water owns, finances and operates the gathering and treatment systems at PCS. Values in table are in $ million.

	Design Capacity, mgd											
	5	10	15	20	25	30	35	40	45	50	55	60
Capital Construction	23.24	29.54	30.95	37.98	41.70	41.84	43.96	51.06	53.55	53.86	56.88	57.35
Annual O&M	2.31	3.04	3.65	4.28	4.74	5.25	6.12	6.34	7.13	7.85	8.94	9.94
Annual Debt Service	2.13	2.72	2.88	3.52	3.87	3.92	4.17	4.78	5.06	5.14	5.48	5.61
Total Annual Cost	4.44	5.76	6.53	7.81	8.61	9.18	10.29	11.12	12.19	12.99	14.42	15.55
Capital Construction per mile	0.46	0.59	0.62	0.76	0.83	0.84	0.88	1.02	1.07	1.08	1.14	1.15



Design Parameters		
Transmission Pipe Length:	50.00	miles
Elevation head	90.00	ft
Electrical Cost	$ 0.05	/kwh
Bond Interest Rate	5.00%	P.A.
Bond Maturity Period	30	years
Payment Method	Level annual principal and interest	

Construction Costs are estimated 2005 costs based on extrapolating ENR Cost Index from 8/1995 to 8/2005

Eagle Water Company

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Table 1.-- Eagle Water Company finished water delivery pricing schedule for Pipeline Route from PCS to Highway 17 to Vanceboro to Grifton to Kinston (See Figure 1). Body of Table contains cost to client water systems at any point along pipeline route, in $ per 1000 gallons of water sold. Bond maturity period = 30 years and tax-free bond interest rate = 5% P.A.

Finished Water Cost At Mine, in $/1000 gallons

Water Sold, mgd	Design Capacity, mgd											
	5	10	15	20	25	30	35	40	45	50	55	60
5	3.25	4.28	5.18	6.02	6.82	7.58	8.31	9.02	9.72	10.40	11.06	11.71
10		2.14	2.59	3.01	3.41	3.79	4.16	4.51	4.86	5.20	5.53	5.86
15			1.73	2.01	2.27	2.53	2.77	3.01	3.24	3.47	3.69	3.90
20				1.51	1.70	1.89	2.08	2.26	2.43	2.60	2.77	2.93
25					1.36	1.52	1.66	1.80	1.94	2.08	2.21	2.34
30						1.26	1.39	1.50	1.62	1.73	1.84	1.95
35							1.19	1.29	1.39	1.49	1.58	1.67
40								1.13	1.21	1.30	1.38	1.46
45									1.08	1.16	1.23	1.30
50										1.04	1.11	1.17
55											1.01	1.06
60												0.98

Key
< 1.50
1.50 to 3.00
> 3.00

Additional Cost for Pipeline, in $/1000 gallons

Water Sold, mgd	Design Capacity, mgd											
	5	10	15	20	25	30	35	40	45	50	55	60
5	1.27	1.67	2.00	2.35	2.60	2.88	3.35	3.47	3.91	4.30	4.90	5.45
10		0.83	1.00	1.17	1.30	1.44	1.68	1.74	1.95	2.15	2.45	2.72
15			0.67	0.78	0.87	0.96	1.12	1.16	1.30	1.43	1.63	1.82
20				0.59	0.65	0.72	0.84	0.87	0.98	1.07	1.22	1.36
25					0.52	0.58	0.67	0.69	0.78	0.86	0.98	1.09
30						0.48	0.56	0.58	0.65	0.72	0.82	0.91
35							0.48	0.50	0.56	0.61	0.70	0.78
40								0.43	0.49	0.54	0.61	0.68
45									0.43	0.48	0.54	0.61
50										0.43	0.49	0.54
55											0.45	0.50
60												0.45

Total Cost at Any Point Along Pipeline Route, in $/1000 gallons

Water Sold, mgd	Design Capacity, mgd											
	5	10	15	20	25	30	35	40	45	50	55	60
5	4.52	5.94	7.18	8.37	9.41	10.46	11.66	12.50	13.63	14.70	15.96	17.16
10		2.97	3.59	4.18	4.71	5.23	5.83	6.25	6.81	7.35	7.98	8.58
15			2.39	2.79	3.14	3.49	3.89	4.17	4.54	4.90	5.32	5.72
20				2.09	2.35	2.61	2.92	3.12	3.41	3.67	3.99	4.29
25					1.88	2.09	2.33	2.50	2.73	2.94	3.19	3.43
30						1.74	1.94	2.08	2.27	2.45	2.66	2.86
35							1.67	1.79	1.95	2.10	2.28	2.45
40								1.56	1.70	1.84	1.99	2.15
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55											1.45	1.56
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Design Parameters		
Transmission Pipe Length:	50.00	miles
Elevation head	90.00	ft
Water Treatment:	Lime Softening, Chlor-amination and Clear Well Storage	
Electrical Cost	$ 0.05	/kwh
Payment Method	Level annual principal and interest	

Construction Costs are estimated 2005 costs based on extrapolating ENR Cost Index from 8/1995 to 8/2005

Eagle Water Co.

Eagle Water Company is seeking a public partner to develop a regional water supply system in the East, using water that is currently pumped by PCS Phosphate in Aurora to depressurize their mine floor. Currently this high quality non-process water–as much as 60 million gallons per day--is discharged into the brackish Pamlico River. PCS Phosphate has agreed to make this water available for public use by local governments. Eagle Water Company is the private entity that has been formed to develop a jointly owned public/private water supply system. Eagle Water is actively seeking a public partner to participate in the design and control of this project.

The owners of Eagle Water Company are Mr. Robert Heater, Mr. Eric Lappala and Mrs. Sherol Lappala. About eighteen months ago we decided to pursue development of this regional project because it makes good sense for North Carolina. First of all, the discharge from the PCS mine is a vastly underutilized resource, particularly in light of the Region's growing water supply demands. The mine's projected life is in excess of seventy years and this water represents a good quality long-term source that should be put to use.. In fact, the up to 60 million gallons per day available from this source represents about 30% of the East's projected future water needs. This project also makes sense from an environmental perspective. For years environmental groups have expressed concern about the impacts this clear discharge has on the brackish Pamlico. Putting this water to a second beneficial use as a public water supply—and keeping it out of the Pamlico—is just good public policy. And marketing this water solely to local governments, as Eagle intends to do, ensures that local authorities maintain control over their growth.

Eagle Water has put together a strong slate of business partners to assist us in development of this promising regional project. Peirson and Whitman will provide engineering design and construction management, Hunton and Williams will provide legal counsel and Bank of America will assist with financial advice.

Current plans call for Eagle Water Company to develop and finance the collection and treatment systems for this regional water supply system, and for one or several local governments to jointly own a pipeline distribution system that would also be developed by Eagle Water Company. The capital costs for both the treatment and distribution system combined are projected to be in excess of $100M. Although the water available from PCS is high-quality and meets all drinking water standards, input from local officials has convinced us to plan for treating the water to remove hardness and naturally occurring organic carbon that can contribute to the formation of disinfection byproducts. Our plans are flexible, however, and will be finalized after we identify and consult with our public partner. The public partner may be a single public entity, or multiple entities working together.

Capital construction costs for the project's facilities will be financed using tax-free revenue bonds under the new North Carolina Capital Facilities Finance Act. This method of project financing is advantageous because it will **not affect the present or future bonding capacity** for general obligation bonds by the public partner or existing water systems.

The Eagle Water public-private partnership will be able to provide water at prices that are competitive with alternative sources when taking into account the costs of designing, permitting, and constructing systems that use these sources. It is clear, however, that building as large a system as possible will provide for economies of scale and lower water prices, as well as additional capacity to provide for future growth and development. For these reasons, regional cooperation could offer significant financial benefits in terms of lower water prices. Figure 1 shows several potential pipeline routes. One of these potential routes, from the PCS mine to Kinston was used to present the cost ranges shown in Tables 1 and 2. These tables clearly show the benefits of aggregating as much water demand as possible in order to achieve lower water costs.

Attachment B.

NEWS RELEASE

Release date: February 23, 2001

Contact: Dawn Volk (703) 333-6150
drvolk@erols.com

Washington D.C.

On-line Auction Launched to Help Protect and Restore our Nation's Bays and Estuaries

The Association of National Estuary Programs (ANEP) and the nation's 28 National Estuary Programs (NEPs) will launch their "charity" ebay.com auction on Monday, February 26, 2001 at 6:00 p.m. PST (9:00 p.m. ET). The profit raised from this exciting fundraiser will help restore and protect our bays, lagoons and estuaries. Up to 40% will go to local NEPs dotting our nation's coasts, and the balance will help ANEP carry out its national strategy.

What are Estuaries?

Havens for wildlife. Gateways for commerce. Aquatic supermarkets teeming with fish, crabs and other delicious seafood species. Living reflections of America's diverse cultural heritage. Fabulous natural beauty. Estuaries are semi-enclosed bodies of water, open to the ocean, where fresh and salt water mix.

The ANEP E-Auction

The ANEP e-auction site can be easily accessed by logging on to: www.ebay.com. Scroll down the ebay home page and click on the blue "CHARITY" button on the right hand side. Find the "ANEP" auction under the "COMMUNITY" charities and click.

Unique and exciting adventures and items will be listed and continually rotated in. Keep checking for new additions! Listings include: a tour of singers Billy Joel and Peter Needham's boat building shop on Shelter Island, NY, followed by a boat ride with our celebrity hosts; a Bed & Breakfast weekend on a Delaware beach; a week stay in a Utah Ski Resort condo; a kayaking trip in Tampa Bay; guided bird walks in Mass.; a brand new 7" diving knife; a signed, matted and framed photograph by Clyde Butcher -- the Ansel Adams of the Everglades; a weekend for two, complete with meals and privileges, at the Gasparilla Inn, Boca Grande, FL; brunch for two at the Saybrook Point Inn & Spa in Connecticut. The list goes on and on. Look for fabulous birthday, wedding and anniversary presents! Purchases are tax deductible. It's easy, it's fun...and it's for a very good cause!

Our Bays and Estuaries

- 75% of commercially important fish species depend on bays and estuaries for at least some part of their life cycle.

- Over 50% of the U.S. population lives within 200 miles of the coast and population in these areas is projected to become even denser in the future.
- 31% of the nation's Gross National Product (GNP) is produced in coastal counties.
- Fishing and shell fishing, which rely on clean water, bring $45 billion into the U.S. economy every year.

Estuaries are among the most biologically productive areas in the world. Providing critical habitat, feeding and spawning areas, they are home to thousands of estuarine species, from birds of prey to manatees to microscopic plankton. This productivity also translates into an economic powerhouse, providing resources and jobs for millions of people across the country.

In recent decades, both scientists and citizens have noticed alarming declines in the fish and wildlife that live in or near our estuaries, in the diversity of habitats that provide ecological richness, and in the clarity and quality of the waters that flow into and out these dynamic systems. In response to these concerns, Congress designated a set of "estuaries of national significance" and established the National Estuary Program (NEP) through amendment to the Clean Water Act. The NEP's creation was both an acknowledgment of the vital roles estuaries play in our nation's prosperity, and a challenge to environmental managers to look beyond institutional boundaries by addressing the needs of entire ecosystems.

Listed below are the 28 estuaries within the National Estuary Program.

Albemarle-Pamlico Sounds (NC)
Barataria –Terrebonne (LA)
Barnegat Bay (NJ)
Buzzards Bay (Mass.)
Casco Bay (ME)
Charlotte Harbor (FL)
Corpus Christi Bay (TX)
Delaware Estuary (DE, PA, NJ)
Delaware Inland Bays (DE)
Galveston Bay (TX)
Indian River Lagoon (FL)
Long Island Sound (CT, NY)
Lower Columbia River (OR, WA)
Maryland Coastal Bays (MD)
Massachusetts Bays (Mass.)
Mobile Bay (AL)
Morro Bay (CA)
Narragansett Bay (RI)
New Hampshire Estuaries (NH)
New York-New Jersey Harbor (NY, NJ)
Peconic Bay (NY)
Puget Sound (WA)
San Francisco Estuary (CA)
San Juan Bay (Puerto Rico)
Santa Monica Bay (CA)
Sarasota Bay (FL)
Tampa Bay (FL)
Tillamook Bay (OR)

The Association of National Estuary Programs (ANEP) is a *501(c)(3)* non-profit organization dedicated to providing national leadership in helping to restore the life and vitality of our nation's precious estuaries and their valuable natural resources. ANEP acts as an umbrella organization that plays a supporting role and is a communication network between citizens and staff of the 28 National Estuary Programs (NEPs) dotted along the coasts of the United States. ANEP pro-actively supports the NEPs while the NEPs turn their long-term ecosystem management plans into action and engage the public in addressing critical and complex issues facing our estuaries. ANEP coordinates and disseminates the NEPs' technical information and "lessons learned" between the programs and with other watershed-based programs.

Partners of the NEPs and ANEP include concerned individuals who live, work, and play in and around the estuaries including recreational users, fishermen, and farmers, scientists, and representatives from business, industry, citizen groups, local tribal, and state governments, and federal agencies.