



Town of Kill Devil Hills
Finance Department
P.O. Box 1719
Kill Devil Hills, NC 27948

MEMORANDUM

November 13, 2019

To: Debbie Diaz, Town Manager

From: Beverly Kissinger, Finance Director 

RE: System Development Fee – Capital Reserve Fund

The town owns and operates a water and wastewater system and was required by state law to perform a cost analysis of the fee charged and to implement a system development fee schedule by July 1, 2018, in order to begin or continue charging upfront fees for new development.

The attached capital reserve fund (CRF) resolution(s) will put policies in place that will administer those fees according to state law directives. In accordance to the process set out in G.S. 159-18, a unit must adopt a resolution or ordinance establishing the CRF and appropriate money for specific capital projects. System development fee revenues are restricted to specific purposes and they must be accounted for by means of a capital reserve fund.

Staff recommends adoption of the attached Capital Reserve Fund Resolution(s) that details the qualifying specific purposes for the use of the fees. Budget amendments will be necessary to appropriate the funds in order to expend the revenues in the future.

TOWN OF KILL DEVIL HILLS
Water System Development Fees
Capital Reserve Fund Resolution
November 2019

WHEREAS, there is a need in the Town of Kill Devil Hills to provide funds for future capital projects related to its Water System, and to make debt service payments on existing debt related to past capital projects for its Water System; and,

WHEREAS, NCGS 159-18 authorizes the creation of a Water System Capital Reserve Fund (CRF); and,

WHEREAS, NCGS 162A, Art. 8 requires that all Water System Development Fee (SDF) proceeds be accounted for in a capital reserve fund;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD THAT

Section 1. The Governing Board hereby creates a CRF for the purpose of funding the following capital projects related to the Town's Water System:

Project: SCADA (Supervisory Control and Data Acquisition) Upgrades. The SCADA upgrades project is in conjunction with the new 400,000 gallon elevated tank and pump station improvements project at the Old Town Hall facility. The project will provide a SCADA station at the Old Town Hall facility that monitors tank levels and provides automation for the water system pumping controls. The estimated cost of the project is \$35,000. The Town expects to complete this in 2020 and intends to appropriate 100 percent of the cost of the project with SDF proceeds.

The 2019/2020 FY appropriation from the budget ordinance to the CRF of SDF proceeds for this purpose is \$35,000.

Project: Eighth Street Water Plant Improvements. The project proposes needed exterior improvements at the Water Plant. The estimated cost of the project is \$30,500. The Town expects to complete this in 2020 and intends to appropriate 100 percent of the cost of the project with SDF proceeds.

The 2019/2020 FY appropriation from the budget ordinance to the CRF of SDF proceeds for this purpose is \$30,500.

Project: Dare County Interconnection. The project proposes to construct a water system interconnection between the Town's Water System and Dare County's Water System. The interconnection will provide a backup water source for both water systems should either system lose the ability to pump water. The project is equally funded by the Town and Dare County and the Town's estimated share of the project is \$35,000. The Town expects to complete this in 2020 and intends to appropriate 100 percent of the cost of the project with SDF proceeds.

The 2019/2020 FY appropriation from the budget ordinance to the CRF of SDF proceeds for this purpose is \$35,000.

Project: Old Town Hall 500,000 Gallon Ground Storage Tank Inspection and Rehabilitation. The project proposes the inspection and rehabilitation of the 500,000 gallon ground storage tank located at the Old Town Hall facility. The specific improvements will be performed in accordance with prescriptions detailed in the inspection reports. The estimated cost of the project is \$90,000. The Town expects to complete this in 2020 and intends to appropriate 100 percent of the cost of the project with SDF proceeds.

The 2019/2020 FY appropriation from the budget ordinance to the CRF of SDF proceeds for this purpose is \$90,000.

Project: Waterline improvements associated with annual streets and drainage improvements. Waterline improvements are a big part of the Town's annual streets, drainage and waterlines improvements projects. The cost estimate for this project is \$155,000, of which SDFs will be appropriated. The Town expects to complete this in 2020.

The 2019/2020 FY appropriation from the budget ordinance to the CRF of SDF proceeds for this purpose is \$155,000.

Project: The Water System Master Plan (WSMP) is scheduled to be updated in the 2019/2020 FY. The Kill Devil Hills WSMP was last updated in 2012. To keep abreast of demographic changes and overall conditions of the Town's water system, including important and substantial improvements, expenditures for the 2019/2020 FY from the Water Fund include an update of the Water System Master Plan, for an estimated cost of \$130,000. The Town expects to complete this in 2020 and intends to appropriate 100 percent of the cost of the project with SDF proceeds.

The 2019/2020 FY appropriation from the budget ordinance to the CRF of SDF proceeds for this purpose is \$130,000.

Project: Replace Eighth Street Pumps and Motor. The project proposes the upgrades of the existing pumps at the Eighth Street Water Plant facility. The pump upgrades will help safeguard the town's ability to provide a consistent supply of water for years to come. The estimated cost of the project is \$220,000. The Town expects to complete this in 2021 and intends to appropriate 100 percent of the cost of the project with SDF proceeds.

The 2020/2021 FY appropriation from the budget ordinance to the CRF of SDF proceeds for this purpose is \$220,000.

Project: Old Town Hall Ground Storage Tank Altitude Valve Upgrade. The project proposes the replacement of the Old Town Hall ground storage tank altitude valve that maintains water levels in the tank. The valve replacement will ensure the tank filling system is prepared for many more years of dependable service. The estimated cost of the project is \$75,000. The

Town expects to complete this in 2021 and intends to appropriate 100 percent of the cost of the project with SDF proceeds.

The 2020/2021 FY appropriation from the budget ordinance to the CRF of SDF proceeds for this purpose is \$75,000.

Project: Eighth Street 200,000 Gallon Tank Rehabilitation and 500,000 Gallon Tank Hatch Replacement. The project proposes the rehabilitation of the Eighth Street 200,000 gallon ground storage tank as prescribed in previous inspections and reports. In addition, the project proposes the replacement of the 500,000-gallon tank access hatch. The estimated cost of the project is \$29,000. The Town expects to complete this in 2021 and intends to appropriate 100 percent of the cost of the project with SDF proceeds.

The 2020/2021 FY appropriation from the budget ordinance to the CRF of SDF proceeds for this purpose is \$29,000.

Project: Asbestos Cement Pipe Replacement. The project proposes to upgrade the outdated asbestos cement waterlines with new PVC and Ductile Iron waterlines. The new waterlines will be upsized as needed to meet current and future water system demand flows. The estimated cost of the project is \$1,700,000. The Town expects to complete this in 2022 and intends to appropriate 100 percent of the cost of the project with SDF proceeds.

The 2021/2022 FY appropriation from the budget ordinance to the CRF of SDF proceeds for this purpose is \$1,700,000.

Section 2. This CRF shall remain effective until all the above-listed projects, and any projects added in the future, are completed. The CRF may be amended by the governing board as needed to add additional appropriations, modify or eliminate existing capital projects, and/or add new capital projects.

Section 3. This Resolution shall become effective and binding upon its adoption.

Adopted this 13th of November 2019.

SEAL

Sheila F. Davies, Ph.D.
Mayor

ATTEST:

James Michael O'Dell
Deputy Town Clerk

TOWN OF KILL DEVIL HILLS
Wastewater System Development Fees
Capital Reserve Fund Resolution
November 2019

WHEREAS, there is a need in the Town of Kill Devil Hills to provide funds to make debt service payments on existing debt related to its purchase of wastewater treatment capacity purchase from Kill Devil Hills Wastewater Treatment Plant, LLC (KDHWTP) and for future capital projects related to its Wastewater System; and,

WHEREAS, NCGS 159-18 authorizes the creation of a Wastewater System Development Fees Capital Reserve Fund (CRF); and,

WHEREAS, NCGS 162A, Art. 8 requires that all System Development Fees (SDF) proceeds be accounted for in a CRF;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD THAT

Section 1. The Governing Board hereby creates a CRF for the purpose of funding the following debts service payments and future capital projects related to the Town's Wastewater System:

Debt Services: Wastewater Treatment Capacity Purchase from KDHWTP, LLC. The Town's Wastewater System has a purchased wastewater treatment capacity of 70,480 gallons per day in the KDHWTP, LLC's wastewater treatment plant located in Town and the capacity is valued at \$914,831. The Wastewater System borrowed funds from the Town's Water Fund to redirect wastewater flow from the Ocean Acres Wastewater Treatment Facility (OAWWTF), to connect OAWWTF customers and the Southern Sanitary District to the KDHWTP, LLC, and to purchase treatment capacity from that system for the Southern Sanitary District. Annual debt service repayments from the Wastewater Fund to the Water Fund are set at \$18,500 per year. One hundred (100%) percent of the SDF contributed to the CFR each year will be appropriated to the debt services repayments until the debt service is paid off.

*Note: The OAWWTF has since been completely dismantled and removed.

Section 2. This CRF shall remain effective until all debt services are paid off, and any projects are added in the future are completed. The CRF may be amended by the governing board as needed to add additional appropriations, modify or eliminate existing capital projects, and/or add new capital projects.

Section 3. This Resolution shall become effective and binding upon its adoption.

Adopted this 13th day of November 2019.

SEAL

Sheila F. Davies, Ph.D.
Mayor

ATTEST:

James Michael O'Dell
Deputy Town Clerk