

CITY OF HIGH POINT

AGENDA ITEM



Title: Capital Reserve Fund for System Development Fees

From: Bobby Fitzjohn, Financial Services Director

Meeting Date: June 6, 2022

Public Hearing: No

Advertising Date / N/A

Advertised By:

Attachments: Resolution establishing Capital Reserve Fund

PURPOSE:

State Statutes require System Development Fees (SDFs) to be accounted for in a capital reserve fund, this resolution will create a capital reserve fund.

BACKGROUND:

State Statutes provide authority for cities to establish SDFs, charged to new development to aid in the expansion of a utility system. The City of High Point began charging SDFs in January 2022, after approval in February 2021 upon the recommendation of Public Services staff to replace acreage and frontage fees.

State Statute requires system development fees to be accounted for in a capital reserve fund.

BUDGET IMPACT:

There is no budgetary impact. The capital reserve fund will be amended as part of the annual budget ordinance in subsequent years.

RECOMMENDATION / ACTION REQUESTED:

Staff recommends approval of the attached resolution establishing a capital reserve fund for System Development Fees.

"CAPITAL RESERVE FUND RESOLUTION

WHEREAS, there is a need in the City of High Point to provide funds for future capital projects related to its combined water and wastewater system, and to make debt service payments on existing debt related to past capital projects for its water and wastewater system, and WHEREAS, NCGS 159-18 authorizes the creation of a capital reserve fund, and WHEREAS, NCGS 162A, Art. 8 requires that all system development fee proceeds be accounted for in a capital reserve fund,

Be it ordained by the City Council of the City of High Point, North Carolina, as follows:

Section 1. The City Council hereby creates a Capital Reserve Fund for the purpose of funding the following capital projects related to the town's water and wastewater system:

Registers Creek Lift Station Expansion. This project includes upgrading the Registers Creek Pump Station from 1 MGD to 4.2 MGD capacity, it includes installation of a new wet well, valve vault, pumps, valves, piping, gravity sewer and manholes, generator electrical controls and wiring.

The estimated cost of the project is \$9.6 million The City expects to complete the project in 2023, and has issued revenue bonds to fund the project. It will use future system development fee collections to make debt service payments on the bonds.

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 City Council as needed to add additional appropriations, modify or eliminate existing capital projects, and/or add new capital projects.

Section 4. That this ordinance shall be effective from and after its passage."

Adopted by High Point City Council, this the 6th day of June 2022

Mayor, Jay W. Wagner

ATTEST

Lisa B. Vierling,
City Clerk