

CAPITAL RESERVE FUND RESOLUTION

WHEREAS, there is a need in the County of Durham to provide funds for future capital projects related to its wastewater system, and to make debt service payments on existing debt related to past capital projects for its 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,

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

Section 1. The Governing Board hereby creates a Capital Reserve Fund for the purpose of funding the following capital projects related to the County's wastewater system:

Collection System Rehabilitation. Durham County owns and maintains more than 100 miles of sewer main with thirteen pump stations. The sewer main is constructed of several different types of materials, including vitrified clay, concrete, concrete lined ductile iron pipe, epoxy lined ductile iron pipe, and plastic pipe. The pipe systems deteriorate at different rates dependent upon the sewage quality passing through them and the pipe material. Similarly, the pump stations deteriorate and repair parts become obsolete. This project provides for the evaluation of the sewer system and pump stations, the rehabilitation of the sewer system and pump stations based upon the risk of failure, the installation of systems which reduce the generation of corrosive gases which increases the longevity of the installed sewer system. The rehabilitation project has resulted in reduced sewer spills and is ongoing.

The Collection System Rehabilitation project is expected to continue until FY 2028, with a total project budget over the next ten years equal to \$5,900,000. Durham County expects to pay for 90% of the cost of the collection system rehabilitation project from system development fee proceeds. Any funding shortfalls will be funded through enterprise revenue.

Biological Nutrient Removal Aeration Upgrade. The initial Aeration System Improvements for the TWWTP includes the replacement of existing mechanical aeration rotors in oxidation ditch number two with a diffused aeration system consisting of two 125 horsepower blowers with variable frequency drives and two membrane disc diffuser grids. Additional work in oxidation ditch number two includes removing settled solids from the basin, repairing an expansion joint spanning the basin, and replacing all mixers within the basin. Provided the new system for oxidation ditch number two performs as anticipated, oxidation ditch number one and number three will transition from surface aeration to diffused aeration in FY 2022 and FY 2023.

The Biological Nutrient Removal Aeration Upgrade project costs are expected to be \$4,432,200 and completed by FY 2023. The second phase of the project upgrading oxidation ditches one and three may be financed by revenue bonds. A total of \$2,213,000 will be paid for with system development fees including direct costs and paying off the revenue bond. The remaining balance will be paid for by Enterprise fund balance.

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 [day] of [month year].

Signature(s)