



TOWN OF WILKESBORO

"Where the Mountains Begin"

P.O. Box 1056 • 203 West Main Street

Wilkesboro, North Carolina 28697

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April 15, 2025

Ms. Kavitha Ambikadevi, P.E.,
Water Infrastructure Fund Section Chief
Division of Water Infrastructure,
North Carolina Department of Environmental Quality
1633 Mail Service Center
Raleigh, NC 27699-1633

Subject: Wilkesboro WWTP Expansion and Upgrade
Project No. CS370829-02/SRP-W-0208

Dear Ms. Ambikadevi,

The Town of Wilkesboro (Town) received a total funding package of \$75 million that includes a combination of grants and loans from the Division of Water Infrastructure and the State Water Infrastructure Authority (SWIA). This funding package includes a \$15 million increase at the December 12, 2023 meeting of SWIA due to a new cost estimate based on 60% design from Ulliman Schutte (Construction Manager at Risk or CMAR).

Ulliman Schutte has provided a draft Guaranteed Maximum Price (GMP) of \$80,252,103. With engineering costs of \$7,390,000, the total project cost is now \$87,642,103. This creates a funding gap of \$12,642,103 and, as a result, the Town requests a loan increase of \$12,642,103. The Town has also met with Local Government Commission (LGC) staff who suggested a 30-year maturity for the loan to address affordability concerns. The Town also requests the Division approve a 30-year maturity for the loan (calculations to document useful life were submitted separately). As noted in the Town's previous funding increase at 60% design, the project has already undertaken a value engineering process to reduce project scope where possible.

This project is at a critical stage with construction pending two critical steps – this loan increase and LGC approval of the loan. Should the Town not receive the additional loan funds or approval of the loan by the LGC, the financial impacts to the Town will be substantial. Those impacts include:

- Rebidding the project will likely result in higher prices for the same facilities given the bidding environment in the last five years as well as the new tariffs that in the short term create pricing risks that will be expressed as higher bids by contractors.
- Continued challenges of operating a wastewater treatment facility located mostly in the floodplain that has experienced multiple flooding events in the last 15 years.
- Additional operation and maintenance expenses associated with an aging wastewater treatment facility. The new facility will also reduce operational costs as it is much more energy efficient.

DALE L. ISOM
Mayor

KENNETH D. NOLAND
Town Manager
townmanager@wilkesboronc.org

JAMES K. BYRD
Town Clerk

NELLIE ARCHIBALD
RUSSELL F. FERREE
ANDREW "ANDY" SOOTS
Council Members

JIMMY HAYES
Mayor Pro Tem

- Potential non-compliance associated with the aging infrastructure and the likelihood of equipment failures and potential associated penalties.

These facilities will never be as affordable as they currently are with the current GMP and a full funding package. Any delay beyond a potential June 3, 2025 LGC approval of the loan risks the GMP (i.e., bids may not be extended beyond that time) and the project as a whole. Consequently, the Town requests approval of the loan increase before the June 3rd LGC meeting.

Thank you for considering this request to increase the loan and approve a 30-year loan maturity. This project is very important to the Town and approval of this request is critical to the Town in completing the project. Please feel free to contact us if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ken Noland', with a stylized, cursive script.

Ken Noland
Town Manager