



MEMORANDUM

TO: Mayor and Members of City Council

FROM: Rich Olson, City Manager
Amanda C. Boone, Assistant Director of Public Works

DATE: June 5, 2018

REF: Consideration - Hold a public hearing for adoption of System Development Fees

BACKGROUND:

For many years, North Carolina local governments, including Elizabeth City, have implemented Impact Fees for water and sewer infrastructure. On October 1, 2017, a new law took effect, which called these fees, "system development fees," and provided cities clear authority to assess them. Under the new law, there are four steps to adopt a system development fee:

1. Develop the Supporting Analysis consistent with General Statute 162A-205.
2. Calculate the fee after applying any applicable credits as set forth in General Statute 162A-207.
3. At least 45 days prior to consideration of the fee analysis, the local government must post the analysis on the local government web site and solicit written comments for consideration by the preparer of the analysis; and
4. After the expiration of the posting period, the governing body must hold a public hearing prior to considering adoption of the analysis and the resulting fee.

On September 25, 2017, the Council approved the execution of a contract with Raftelis Financial Consultants, Inc. to calculate our water and sewer system development fees.

ANALYSIS:

The Public Utilities Department and the Finance Department provided financial and facility engineering information to Raftelis Financial Consultants, Inc. Using this information, Raftelis Financial Consultants calculated system development fees based on the buy-in method (see attached analysis). The fees were subsequently based on water meter size, as this method is the easiest to implement and is well understood by developers. Shown below are the proposed fees for water and wastewater based on meter size; there is no differentiation between residential and commercial users under

this proposal.

Meter Size	Water	Wastewater
¾"	\$3,395	\$3,113
1"	\$5,670	\$5,199
1.5"	\$11,305	\$10,366
2"	\$18,095	\$16,592
3"	\$36,225	\$33,216
4"	\$56,595	\$51,894
6"	\$113,155	\$103,756
8"	\$181,055	\$166,016
10"	\$475,300	\$435,820
12"	\$599,795	\$549,974

Under the City’s current Fee Schedule, Water “Impact Fees” are charged as follows: Residential single-family and multi-family fees for water are \$3,000 for each dwelling unit.

Commercial, industrial and institutional water fees are determined by meter size.

Meter Size	Water
¾"	\$7,500
1"	\$10,500
2"	\$15,000
3"	\$24,000
4"	\$36,000
6"	\$42,000
8"	\$48,000
10"	\$54,000
12"	\$60,000

Sewer impact fees for residential single family and multi-family are \$3,000 per dwelling unit. Commercial, industrial and institutional sewer fees are based on the water tap size. In addition, all hotels/motels pay a sewer impact fee of \$1,250 per sleeping room.

On March 26, 2018, the City Council received a presentation from Raftelis Financial Consultants, Inc. regarding their analysis and calculation of appropriate water and sewer system development fees. Following the meeting, the System Development Fee Analysis was opened for a required 45-day comment period. As further required by North Carolina General Statute § 162A-209, a public hearing is must be held prior to considering adoption of the System Development Fee Analysis.

FINANCIAL:

The Finance Committee discussed this matter during their June 7, 2018 meeting. Upon motion made by Councilwoman Young, seconded by Councilwoman Hummer, the Committee unanimously recommended approval by the City Council.

STAFF RECOMMENDATION:

AT CONCLUSION OF THE PUBLIC HEARING:

By motion, adopt the attached ordinance on system development fees and incorporate the proposed fees into the fiscal year 2018-2019 budget.



ORDINANCE #2018-6-01
Water and Sewer System Development Fees

AN ORDINANCE ESTABLISHING WATER AND SEWER SYSTEM DEVELOPMENT FEES FOR THE CITY OF ELIZABETH CITY.

WHEREAS, on October 1, 2017, a new law went into effect to allow for Water and Sewer Infrastructure Development Fees;

WHEREAS, the State has established a four step process, which Cities must follow to establish system development fees;

WHEREAS, the City has followed this process by hiring Raftelis Financial Consultants Inc., who has provided the City Council with a detailed report based on the buy-in method;

WHEREAS, on June 11, 2018 a Public Hearing was held pursuant to North Carolina General Statute § 162A-209 to adopt the System Development Fees Analysis;

NOW, THEREFORE, BE IT ORDAINED, by the City Council of the City of Elizabeth City that:

Section 1. The System Development Fees for the City of Elizabeth City shall be the following.

Meter Size	Water	Wastewater
3/4"	\$3,395	\$3,113
1"	\$5,670	\$5,199
1.5"	\$11,305	\$10,366
2"	\$18,095	\$16,592
3"	\$36,225	\$33,216
4"	\$56,595	\$51,894
6"	\$113,155	\$103,756
8"	\$181,055	\$166,016
10"	\$475,300	\$435,820
12"	\$599,795	\$549,974

Section 2. The System Development Fee shall be solely based on meter size for water and wastewater.

Section 3. Any existing ordinance or parts of an ordinance in conflict shall hereby be repealed.

ADOPTED, this 11th day of June 2018.

Bettie J. Parker
Mayor

Attest:

April D. Onley
Interim City Clerk

(SEAL)