



SYSTEM DEVELOPMENT FEE FIRM SELECTION

Options to Proceed:

1. Motion to select Gavel & Dorn to conduct a system development fee study and instruct staff to enter into an agreement to complete the study
2. Motion to select McGill & Associates to conduct a system development fee study and instruct staff to enter into an agreement to complete the study

SUMMARY

Two firms submitted responses to our request for bids to conduct a system development fee study. The School of Government defines SDFs:

as a fee charged “to ensure that new connections pay for the infrastructure costs of the system capacity they will use, some utilities charge a one-time System Development Fee (SDF). These fees are in addition to other connection fees or tap fees, which compensate the utility for the cost of physically connecting the new customer or development to the centralized distribution or collection system.” (Excerpt from the [Environmental Finance Center Report](#)).

NC Rural Water recommended this as something to implement now, before a spurt of development starts to occur, so that the fee is established and in place. The [General Statutes of the State of NC](#) outline a specific process for the determination and calculation of such a fee. As such, the work that any firm completes will be about the same.

Therefore, there are two factors to consider in the selection of a firm: price and previous experience.

Gavel & Dorn

- Bid \$15,400
 - o Mentioned this was the “upper limit” on the cost
- Completion time is within one month
- Performed studies recently for Ranlo and Stanley

McGill & Associates

- Bid \$18,700
- Completion time is 7 months
- Performed studies for Bessemer City, Waynesville, Clay County, others

MATERIALS PROVIDED

- **Proposals from both firms**