



Agenda Abstract

BOARD OF COMMISSIONERS

Meeting Date: Sept. 11, 2023
Department: Utilities
Agenda Section: Regular
Public hearing: Yes
Date of public hearing: Sept. 11, 2023

PRESENTER/INFORMATION CONTACT

Utilities Director, K. Marie Strandwitz, PE

ITEM TO BE CONSIDERED

Subject: Resolution to adopt System Development and Capital Facilities Fees

Attachments:

1. Resolution to adopt System Development and Capital Facilities Fees
2. System Development Fee Analysis Report
3. Public Notice

Summary:

In June 2017, the North Carolina General Assembly ratified House Bill 436: An Act to Provide for Uniform Authority to Implement System Development Fees for Public Water and Sewer Systems in North Carolina and to Clarify the Applicable Statute of Limitations. The bill amended Chapter 162A of the General Statutes by adding Article 8: System Development Fees. The bill was amended a few times since original adoption. Nonetheless, System Development Fees may be charged for new growth under certain types of development, must be calculated using a certain methodology as described in the statute and must be analyzed a minimum of every five years. The results must be public noticed for 45 days prior to adoption and after a public hearing.

The Town of Hillsborough has completed its System Development Fee analysis, retaining Raftelis Financial Consultants to complete the analysis and prepare a report. Staff participated heavily in the inputs and decision-making in the methodology utilized while relying on the experience and expertise of Raftelis. The report updates the 2018 report, also prepared by Raftelis. It incorporates planning and growth that have occurred since 2018 and adjusts the planning number and assets that may be included in the calculation.

The Board and the Water and Sewer Advisory Committee received a presentation on the analysis at its Aug. 28 joint meeting. The new fees will be calculated on bedrooms for residential or regulatory design standards and cost per gallon of capacity instead of meter size as we have done in the past. This is to capture capacity demands of new growth more equitably that may not necessitate a larger meter size.

The town charges Capital Facilities Fees on connections that do not fall into the System Development Fee category. Examples include existing homes that have utility line frontage that never connected and desire to connect and vacant lots with existing connections established prior to the town's collection of capital or system development fees that are redeveloping. The Capital Facilities Fees are essentially the same as System Development Fees and are therefore simply made to match.

The town's fee schedule will be updated to reflect the adopted fees.

Financial impacts:

System development and capital facilities fees are not normally projected in the annual budget as revenues when setting rates. With the new fee structure, it is expected to capture the true cost of capacity demands for new growth, but timing of revenue is market and building permit driven which is hard to predict.

Staff recommendation and comments:**Action requested:**

Adopt the proposed System Development Fee recommendations proposed by Raftelis, matching the Capital Facilities Fee with same, barring any public or board concerns warranting amendment.