



CITY OF HENDERSONVILLE AGENDA ITEM SUMMARY

SUBMITTER: Adam Steurer **MEETING DATE:** 05/02/2024
AGENDA SECTION: Consent Agenda **DEPARTMENT:** Utilities
TITLE OF ITEM: Water and Sewer System Development Fees (SDFs) – *Adam Steurer, Utilities Director*

SUGGESTED MOTION(S):

I move City Council adopt a System Development Fee Analysis, amend Chapter 52 Article I and II of the City Code of Ordinances to adopt and implement a System Development Fee.

SUMMARY:

In 2022 Hendersonville City Council directed Staff to further pursue information on water and sewer System Development Fees (SDFs). SDFs are a one-time fee paid by new development requiring water and/or sewer services to recover a portion or all of the cost of constructing water and/or sewer system capacity. In general, SDFs are based upon the costs of current and/or future utility infrastructure including, but not limited to, water supply facilities, treatment facilities, effluent disposal facilities, and transmission mains. SDFs serve as the mechanism by which growth can “pay its own way” and minimize the extent to which existing customers must bear the cost of facilities that will be used to serve new customers. Currently, the City does not assess SDFs and therefore does not recover the cost of providing water and sewer capacity from new development connecting to the utility systems.

Staff have worked with a qualified financial professional consulting firm, Stantec, to explore various SDF scenarios and impacts. Stantec has prepared a SDF Fee Analysis Report, which was available on the City’s website for public comment. A public hearing was conducted on March 7, 2024. Staff received further direction at the April 4, 2024 council meeting and have revised the proposed ordinance accordingly for consideration.

BUDGET IMPACT: N/A

Is this expenditure approved in the current fiscal year budget? N/A

If no, describe how it will be funded. N/A

ATTACHMENTS:

DRAFT Water and Sewer System Development Fee Ordinance
Water and Sewer System Development Fee Analysis Report