

WATER AND SEWER SYSTEM DEVELOPMENT FEE ORDINANCE

WHEREAS, the North Carolina General Assembly enacted Session Law 2017-138 (HB 436), known as the "Public Water and Sewer System Development Fee Act" amending Chapter 162A of the General Statutes adding Article 8, titled System Development Fees; and

WHEREAS, said statutes authorize the procedures and methods for the calculation and authorization of system development fees to be charged by local governments; and

WHEREAS, the Town of Spring Hope contracted with professional consulting engineers The Wooten Company, to perform the system development fee analysis per the requirements of Session Law 2017-138, having posted public notice and written analysis on the Town website from May 2024 through September 2024 and also provided means to solicit comments both through the website and via written and verbal means in person at Town Hall, and has held a properly advertised public hearing on 3 September 2024, to receive additional public comments; and

WHEREAS, said statutes define a System Development Fee as a charge or assessment for service imposed with respect to new development to fund costs of capital improvements necessitated by and attributable to such new development, to recoup the costs of existing facilities serving such new development, or a combination of those costs; and

WHEREAS, said statutes provide that System Development Fees may be collected for new development that increases the capacity necessary to serve that development as further described below; and

WHEREAS, that the Code of Ordinances, Town of Spring Hope, North Carolina, is hereby amended by adding a section, to be numbered 22-21A, which section reads as follows:

Sect 22-21A System Development Fees

I. New Development and System Fees

(1) System development fees shall be charged with respect to new development to fund costs of capital improvements to recoup a combination of costs consisting of the cost of existing facilities which serve such new development and the incremental cost of capital assets required for preserving and/or providing additional system capacity. System development fees shall be charged consistent with the requirements of N.C.G.S. Ch. 162A, Article 8 as such may be amended from time to time. Terms used in this section shall have the same meanings as set forth in N.C.G.S. Ch. 162A, Article 8.

(2) For purposes of this section, new development includes any of the following actions occurring after May 6, 2024 (the date the town formally received the written analysis and report required by N.C.G.S. § 162A-205) that increases the water and/or sewer capacity necessary to serve that development:

- (a) The subdivision of land;
- (b) The construction, reconstruction, redevelopment, conversion, structural

alteration, relocation, or enlargement of any structure which increases the number of service units; or

(c) Any use or extension of the use of land which increases the number of service units.

(d) Any increase in water meter size for an existing use.

II. System Development Fee Assessment

(A) Beginning on the effective date of this section, system development fees shall apply to all new development except for fire line connections.

(B) System development fees shall not include and separate charges may be assessed for:

(1) A charge or fee to pay administrative, plan review, or inspection costs associated with permits required for development.

(2) Tap or connection charges for the purpose of reimbursing the town for the actual costs of connecting the service unit to the system.

(3) Availability charges.

(4) Dedication of capital improvements onsite, adjacent, or ancillary to a development absent a written agreement providing credit or reimbursement to the developer pursuant to N.C.G.S. §§ 160A- 320, 160A-499 or N.C.G.S. Ch. 160A, Art. 19, Part 3D as the same may be amended from time to time.

(5) Reimbursement to the town for its expenses in constructing or providing for water or sewer utility capital improvements adjacent or ancillary to the development if the owner or developer has agreed to be financially responsible for such expenses; however, such reimbursement shall be credited to any system development fee charged as required per N.C.G.S § 162-207(c).

(C) System development fees will not be charged on buildings or other improvements constructed to replace like buildings provided that the replacement will not result in any increased capacity requirements over that required to serve the replaced building, i.e. the meter size does not increase. System development fees are transferable between locations on different parcels of property as long as the parcels are contiguous or separated only by a street or alley and part of a single or multi-phased project shown on an approved site plan at the time of issuance of a building permit.

(D) Collection of fees. (a) For new development involving the subdivision of land, the system development fee shall be collected at the time of issuance of a zoning certificate for the use, or when water or sewer service at that location is officially committed by the town.

(b) For all other new development, system development fees are due at the earlier of the time of application for connection of the individual unit of development to the service or facilities, or when water or sewer service is committed by the town.

(c) For purposes of this section, water service shall be deemed committed by the town

at such time as the Public Works Department has approved the connection and zoning certificate(s) for the development are issued. Fees shall be assessed based on the schedule of fees in effect at the time the fees are collected.

(E) Additions, alterations to or replacements or change in use of existing buildings shall be required to pay a system development fee based on the rates applicable at the time of connection or at the time such addition, alteration, replacement or change in use is placed into service. When a change in use occurs, the new use will pay the difference calculated between the existing use and the proposed use.

(F) Buildings that contain more than one use shall have the system development fee calculated from the sum of each use in the building.

(G) (1) The system development fee shall be paid for connections to the town municipal water system based on the customer's meter size. The system development fee shall be the same regardless of the customer's location inside or outside the municipal limits of the town.

(2) System development fees shall be based on the proposed meter size of the anticipated use or increase in meter size of an existing use. The Town of Spring Hope shall not incur any expense associated with any testing, engineering, or survey requirements.

(I) In calculating system development fees with respect to new development, the town will credit the value of costs in excess of the development's proportionate share of connecting facilities required to be oversized for use of others outside of the development. No credit shall be applied, however, for water or sewer capital improvements on-site or to connect new development to water or sewer facilities.

(J) All system development fees collected by the town shall be deposited to the town's utility capital reserve funds and expended as provided by G.S. § 162A-211, as such may be amended from time to time.

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD OF COMMISSIONERS OF THE TOWN OF SPRING HOPE:

Adopts as a new section to the Code of Ordinances, Town of Spring Hope, North Carolina, section 22-21A as set out above.

Adopts the Water System Development Fee from the study prepared by The Wooten Company, and published May 2024 to establish Town of Spring Hope System Development Fee Charges, that shall be established annually and published as part of the Town's fee schedule within the Annual Budget Ordinance.

And, adopts the System Development Fee effective October 7, 2024, and shall be published annually in the Town's budget, or associated fee schedule. The system development fee calculation shall be updated at least every five (5) years or as required by G.S. Ch. 162A, Article 8.

READ, APPROVED, AND ADOPTED, this day the 7th day of October 2024.

ATTESTED:

Michele Collins, Town Clerk

W Kyle Pritchard, Mayor

The SDF rate schedule for September 1, 2024 – June 30, 2025 is shown below. The SDF schedule shall be adopted and included as part of the annual budget ordinance each fiscal year.

Meter Size, inches	Equivalent Ratio	Water Capacity Cost, \$/gallon	Sewer Capacity Cost, \$/gallon	Total Capacity Cost, \$/gallon	Total Capacity Cost, \$/connection ¹
5/8	1.0	\$6.88	\$2.38	\$9.26	\$3,330
1	2.5				\$8,330
1-1/2	5.0				\$16,660
2	8.0				\$26,660
3	16.0				\$53,330
4	25.0				\$83,340
6	50.0				\$166,680
8	80.0				\$266,680
10	115.0				\$383,360
12	215.0				\$716,720