



Legislation Text

File #: ID 18-0213, **Version:** 1

Public Hearing to Receive Public Comment on Proposed Ordinance Amending Chapter 29 of the Greensboro Code of Ordinances with Respect to Water, Sewers, and Waste Disposal - System Development Fees

Department: Legal/Water Resources

Meeting Date:

Public Hearing: Yes. May 15, 2018

Advertising Date/By: N/A

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Contact 2 and Phone: Steve Drew, Director of Water Resources, 373-7893

PURPOSE:

Public Hearing to consider comments regarding the System Development Fee study.

BACKGROUND:

Historically, water-sewer utilities in North Carolina have had the right to impose certain fees on new customers to fund the expansion of water and sewer facilities meant to serve those new customers. The fees had a variety of names (impact fees, capacity fees, system expansion fees, etc.), but in general the fees were a one-time charge implemented to recover the costs associated with the capital investments and improvements made by a utility to enable it to serve future customers without placing the full cost burden on existing users. This is often referred to as “growth paying for growth.”

The City of Greensboro imposes “Capacity Use Fees” for new users to connect to the water-sewer utility system. The fees apply to both new and existing development that connect to the system, and the purpose of the fee is to partially recover directly from those new customers the costs associated with serving them.

In 2016, the North Carolina Supreme Court heard a case challenging the Town of Carthage’s impact fees. There were many factors involved in the decision, yet predominant among them was the fact that the Town never actually used the impact fees for their intended purpose -- which was to expand its system. Therefore the Court invalidated the Town’s impact fees. The result generated confusion among utility systems across the state, and the League of Municipalities and the General Assembly took an interest in the matter.

In recognition of the fact that a properly-run utility system should be allowed to charge appropriate fees to new users, the General Assembly enacted Session Law 2017-188 (HB 436). This law created NCGS §162A-200 *et seq.* and enables cities to charge “System Development Fees” for new developments that connect to the city’s water-sewer utility. Accordingly, Greensboro should adopt System Development Fees in lieu of Capacity Use Fees for new developments.

It is important to note the difference between fees for *new* development and fees for *existing* development. The new law establishes System Development Fees for *new* development that connects to the utility system. Therefore, for *new* development the City will collect System Development Fees pursuant to NCGS §162A-200

et seq. For *existing* development the City will continue to use Capacity Use Fees pursuant to NCGS §160A-314 (a). The fees will parallel each other, so the expected revenues received from the new System Development Fees should track closely with what the City historically expected to receive with the Capacity Use Fees.

The City undertook outreach efforts to the development community, in particular TREBIC, regarding the System Development Fees. The feedback indicated support for these new fees so long as they were not higher than the original Capacity Use Fees. City staff agrees and recommends that the System Development Fees match the Capacity Use Fees.

In accordance with §162A-200 *et seq.*, Greensboro completed a study of the City's water-sewer utility to develop the required supporting analysis for Greensboro's System Development Fees. The study may be accessed on the City of Greensboro website and is attached to this Agenda Item. The study has been made available for public comments for a period of 45 days prior to City Council considering the adoption of System Development Fees. At the end of the 45 day period, a public hearing must be held, which is scheduled for the May 15, 2018 meeting. City Council will deliberate on the adoption of the System Development Fee at its June 19, 2018 meeting. System Development Fees must be adopted no later than July 1, 2018.

BUDGET IMPACT:

The System Development Fees will parallel the fees currently received from Capacity Use Fees. Therefore, the city expects to receive the same revenue it has historically received.

RECOMMENDATION / ACTION REQUESTED:

It is recommended that City Council conduct this public hearing to consider comments regarding the System Development Fee study.