

## Policy Statement

### Water and Sewer System Development Fees

(July 1, 2019)

#### 1. Purpose

Water and Sewer System Development Fees (SDF) represent development buy-in to the Sanitary District and the capital investment by the District and its customers to sustain its infrastructure by improving and expanding when necessary to meet demands for capacity. System Development Fees will be assessed for any development which results in an increased capacity use of a property. In general, development includes subdivision of land; new construction; alteration, expansion or replacement of a building or other structural improvement that causes an increase in the need for service, i.e. change in meter size; or any use or extension of the use of land which increases the need for service.

#### 2. Authority

System development fees are one-time charges assessed to new water and/or wastewater customers for their use of system capacity and serve as an equitable method by which to recover up-front system capacity costs from those using the capacity. North Carolina General Statute 162A Article 8 ("Article 8") provides for the uniform authority to implement SDF for public water and wastewater systems in North Carolina and was passed by the North Carolina General Assembly and signed into law on July 20, 2017.

#### 3. Authorized Expenditures

Revenues derived from SDF shall be accounted for by means of a capital reserve fund and, to the extent reasonably practical, applied to capital improvements associated with the system for which the fees are assessed. This would also include expenditures relating to repayment of debt for such improvements. To the extent such revenues are not so applied as stated above, the funds shall be maintained in the District's capital reserve fund. Such revenues derived from SDF are not intended to be used for O&M expenditures or routine maintenance.

#### 4. System Development Fees – Assessment and Payment

- (a) System Development Fees shall be assessed on all properties (residential, commercial and industrial) that connect to the District's water and/or sewer system. The District commits water or sewer service when a building permit is issued by the jurisdiction having authority and the SDF shall be paid at or before the time service is requested and before the District will turn on the water service or permit the customer to discharge into the District's sewer system. The Sanitary District will not finance System Development Fees.
- (b) A Water System Development Fee shall not be charged for separate fire protection service lines.

- (c) System Development Fees are subject to change annually and must be reviewed at least every five years. SDF quotes and estimates will be honored provided meter size does not change and permitting, site development or building construction has commenced and all fees have been paid within 12-months of the quotation.

5. Redevelopment/Credits

- (a) Redevelopment or change of use, by itself, shall not trigger additional System Development Fee payments unless there is an increase in meter size.
- (b) Credits for existing water and sewer service SDF can be provided for redevelopment and change in use when there is a requested increase in meter size only on the specific property.
- (c) In determining the credit, the customer's existing capacity shall be compared to their proposed (expanded) capacity (i.e., meter size). The customer's existing capacity for purposes of establishing a redevelopment capacity credit shall be the lesser of the current value of capacity at the time of the application for credit or the value of capacity documented in a previously executed agreement between the District and the customer. The difference between the value of the full (requested) capacity and the redevelopment capacity credit shall be paid to the District at the current rate. [e.g., A customer has a 1" meter and replaces that meter with a 2" meter. A credit shall be provided to the customer so that they only must pay for the difference between the redevelopment capacity credit of a 1" meter and a 2" meter.]
- (d) System Development credits shall be provided to a customer that is properly and legally connected to the water or sewer system, even if no water or sewer SDF had been previously paid for the property. The value of undocumented previous capacity agreements will be the current value of capacity (i.e., the existing meter size).
- (e) Refund or credit for existing SDF will not be given when reducing the size of the meter or when abandoning a meter. The original capacity shall remain with the property and available for use, unless abandoned by the property owner of record by reducing the meter size.
- (f) Capacity and System Development (fee) credits shall remain with the property only and are non-transferable to any other property.
- (g) Basis for SDF assessments will be determined by the current meter size associated with the property.



## 6. July 1, 2019 Rate Schedule

The July 1, 2019 Rate Schedule includes SDF, as well as connection fees, which are based on meter size and/or line size. For SDF, meter equivalent ratio based on American Water Works Association ("AWWA") M I Manual, Sixth Edition, Table V1.2-5, Page 274, Paragraph 3. Equivalent Residential Units ("ERUs") are intended to provide a standard unit of measure for SDF with larger than an average demand requirement can be calculated on an equivalency basis. Methodology used to determine SDF is based upon standardized demand criteria established by AWWA relating to the size of the water meter.

The types of meters the District use for 2" and larger, Octave Ultrasonic meter, are not found in the Meter Ratio tables of the referenced AWWA M-1 Manual. From the reference...*As discussed in chapter VI.2, developing equivalent capacity ratios specific to a utility and its system characteristics is normally desired, as opposed to using a standardized table of meter equivalencies.* The manufacturer's literature provides specific Meter Ratios (Master Meter Octave Spec for reference: <https://www.mastermeter.com/wp-content/uploads/Octave-Ultrasonic-Meter-Product-Sheet.pdf>)

The meter equivalent and ERU for the District's meter size is as follows:

Meter Size	Meter Ratio	Equivalent Residential Unit (ERU)
3/4"	1.0	300 gpd
1"	1.67	500 gpd
1.5"	3.33	1,000 gpd
2"	8.33	2,500 gpd
3"	16.67	5,000 gpd
4"	33.33	10,000 gpd
6"	53.33	16,000 gpd
8"	93.33	28,000 gpd
10"	183.33	55,000 gpd

Applying the Octave safe operating System Development ratio from the same chart, a 2" meter System Development is equal to 250 gpm versus a 5/8" meter System Development of 30 gpm. Hence, a 2" meter has 8.33 times the System Development of a 5/8" meter.

Water System Development fee is calculated based on current rate of \$1.59/gallon @ 300 gpd/ERU. Sewer System Development fee is calculated based on current rate of \$3.33/gallon @ 300 gpd/ERU.

As a result of SDF now being based on meter size and the application of the AWWA meter equivalency section and ERU, both connection fees and SDF for residential and commercial are combined and reflected as follows:

Meter Size	Meter Ratio	Equivalent Residential Unit (ERU)	Water SDF	Sewer SDF	Water Connection Fee*	Meter Charge	Sewer Connection Fee*
3/4"	1.0	300 gpd	\$478	\$999	\$850	\$200	Line Size
1"	1.67	500 gpd	\$797	\$1,666	\$900	\$270	4" \$1,000
1.5"	3.33	1,000 gpd	\$1,594	\$3,331	\$2,300	\$850	6" \$1,125
2"	8.33	2,500 gpd	\$3,985	\$8,328	\$2,375	\$1,790	+ COST of MH
3"	16.67	5,000 gpd	\$7,970	\$16,655	Ask	Ask	
4"	33.33	10,000 gpd	\$15,939	\$33,311	Ask	Ask	
6"	53.33	16,000 gpd	\$25,503	\$53,297	Ask	Ask	
8"	93.33	28,000 gpd	\$44,630	\$93,270	Ask	Ask	
10"	183.33	55,000 gpd	\$87,666	\$183,209	Ask	Ask	

Finally, an ERU requires a standard level of service of 300 gallons per day of capacity each for water and wastewater; hence, ERUs shall be the basis for determining development which results in an increased capacity use of a property.

#### 7. Effect of Policy Statement.

This Policy Statement, once enacted, will supersede the Utilization Policy of the Roanoke Rapids Sanitary District adopted April 10, 1990 and its subsequent revisions.