

AN ORDINANCE FOR A SYSTEM DEVELOPMENT FEE (SDF)

WHEREAS, the Board of Directors (the “Board”) of the Water and Sewer Authority of Cabarrus County (“WSACC”) advertised a public hearing to be held on June 21, 2018 indicating its intent to establish and implement a System Development Fee (“SDF”) for wholesale sewer services in accordance with North Carolina General Statute 162A Article 8 titled “System Development Fees” (the “Act”) effective July 1, 2018; and

WHEREAS, the Board of WSACC is of the opinion and declares that the growth within Cabarrus County (the “County”) must pay its share of present and future needs for capacity in the treatment plants and interceptor lines;

WHEREAS, it is the responsibility of the Board to ensure the citizens of the County that there is sufficient capacity available in the treatment plants and interceptor lines;

WHEREAS, pursuant to §162A-209 of the Act, the SDF Fee Report (defined herein) shall be updated at least every five years; and

WHEREAS, the Board of WSACC has advertised a public hearing to be held on May 18, 2023 indicating its intent to update the SDF Fee Report effective July 1, 2023 and to simultaneously revise this Ordinance to reflect such updates to the SDF Fee Report and such other revisions and amendments that the Board sees fit, with the intent that all revisions and amendments will supersede and replace any prior adopted version of this Ordinance.

IT IS HEREBY ORDAINED by the Board of WSACC:

Section I. Methodology Used in Development of SDFs.

In accordance with the Act, the cost for additional capacity to serve new customers is determined by an independent financial consultant estimated on a per gallon per day (“gpd”) of average flows based on the blended value of both the existing and expanded system capacity (measured in millions of gallons per day “MGD”). WSACC engaged Raftelis Financial Consultants, Inc. to complete a written analysis to determine such cost and to develop cost-justified wastewater system development fees, such analysis being attached hereto as Exhibit A as updated from time to time (the “SDF Fee Report”). The average flow per equivalent residential unit (“ERU”) is assumed to be: (i) 160 gpd for a multi-family dwelling with one or two bedrooms; or (iii) 280 gpd for a single family dwelling or multifamily dwelling with more than two bedrooms, based upon estimates using the adjusted sewer flow gpd and the average number of bedrooms for single-family residences in WSACC’s service area. The cost per unit was determined by using the Combined Approach, which takes a combination of the Buy-In and Marginal Incremental approaches and uses existing assets and capacity, and combines that with planned capital improvements and additional capacity that will be constructed to calculate a blended value of both the existing and expanded system capacity. The cost per unit of sewer system capacity under the Combined Approach was calculated to be \$10.60 per gallon, per day (\$371.0 million ÷ 35MGD).

Section II. SDF Amount Determination.

1. Single Family, Apartments, Condominiums and Duplexes Residential. The SDF is calculated on a per unit basis, and the average flow per equivalent residential unit

(“ERU”) is assumed to be: (i) 160 gpd for a multi-family dwelling with one or two bedrooms; or (ii) 280 gpd for a single family dwelling or multifamily dwelling with more than two bedrooms, based upon estimates using the adjusted sewer flow gpd and the average number of bedrooms for single-family residences in WSACC’s service area.

2. Commercial/Residential Occupancy – Same Structure/Building (a “Mixed Use Single Structure”). The SDF is based on: (i) the number of units within the Mixed Use Single Structure that are used for residential occupancy (using the applicable rate for either a multi-family dwelling with one or two bedrooms or a multi-family dwelling with more than two bedrooms); *plus* (ii) the size of the water meter or meters that would be required for the commercial space and sewer needs of the Mixed Use Single Structure. By example, the SDF for a Mixed Use Single Structure that includes 20 apartment units with one bedroom per unit above a ground floor commercial space that will use a 2” meter would be calculated as follows: (i) applying the applicable rate for residential units (using the multi-family one or two bedroom rate for each unit at \$1,696.00) times 20 units (equaling \$33,920.00); *plus* (ii) applying the rate for commercial space using a 2” meter size (\$15,829.00) for a total SDF of \$49,749.00. A copy of the approved site utility plan, documenting the line(s) or water meter(s) that will service the single structure and the number of units for residential occupancy, must be prepared by the owner’s engineer and provided to Cabarrus County at the time of application for a building permit.

For a Mixed Use Single Structure using a Master Meter (defined below), the SDF will be calculated for such Mixed Use Single Structure by totaling the assigned rate for the meter size used for the commercial space and the number of residential occupancy units of the structure. By example, a Mixed Use Single Structure with 20 apartment units (with each unit containing one bedroom) above a ground floor commercial space that will use a 6” Master Meter, but the commercial space will be serviced by 2” of such Master Meter will be calculated as follows: (i) applying the applicable rate for residential units (using the multi-family one or two bedroom rate for each unit at \$1,696.00) times 20 units (equaling \$33,920.00); *plus* (ii) applying the rate for commercial space using a 2” meter size (\$15,829.00) for a total SDF of \$49,749.00.

3. Commercial Subdivision Complex – Serviced by a Master Meter. If the commercial complex (multiple structures/buildings) has a master meter that will service individual buildings within the complex (a “Master Meter”), the SDF will be based on the size of the Master Meter, and will be collected at the time the initial building permit for the commercial complex is obtained. A copy of the approved site utility plan, documenting that a Master Meter will service the commercial complex, must be provided to the County at the time of application for the initial building permit. No additional SDFs will be collected for the remaining structures that will be serviced by the Master Meter. However, prior to obtaining any remaining building permits, a copy of the approved site utility plan, documenting that a Master Meter will service the commercial complex, must be provided by the applicant to the County along with documentation (i.e. a receipt) that the SDF for the commercial complex (based on the Master Meter size) has been previously paid. Any Master Meter serving a Mixed Use Single Structure shall be set forth in Section II(2) above.

4. Commercial Subdivision Complex – Retail Utility Service to Individual Structures. The SDF is based on the size of the line or lines servicing the individual structure, or the size of the water meter or meters servicing the structure. A copy of the approved site utility plan, documenting the line(s) or water meter(s) that will service the structure, must be provided to the County at the time of application for a building permit. *Note: If only the line(s) size is shown to service the building, the line(s) sizes will be equivalent to meter size for SDF determination.*
5. Industrial. The SDF is based on the meter size or equivalent meter size servicing the industrial complex.

Section III. SDF Schedule.

The SDF schedule shall be adopted and included as part of the annual budget ordinance. The SDF schedule will be updated as deemed necessary by the Board.

Section IV. Commercial and Industrial Customers.

WSACC retains the option of performing an engineering analysis of projected wastewater flows for any commercial or industrial customer with water meters equal to or greater than 3” in diameter or as the Executive Director/Engineering Director of WSACC determines is appropriate. If such a study is conducted, WSACC has the option of assessing the SDF based on meter size, equivalent meter size (meter size required to service expanded facilities if a separate meter were to be installed in connection with increased water usage relating thereto or meter size required to service new facilities reflecting expected water usage if such meter size were smaller than that of the meter actually installed), or projected wastewater flows. SDFs based upon equivalent meter size shall be the same as those charged for actual meter size installed and the equivalent meter size shall be determined from existing water use data or projected demand requirements and the smallest meter required to satisfy the demand. SDFs based on projected flows will be calculated by multiplying the gallons per day of flows times the cost of capacity per gpd.

Notwithstanding the foregoing or any provision in this Ordinance to the contrary, if upon final building inspection it is determined that the meter designated for the development and upon which the SDF was based was increased in size, then a SDF may be assessed for the difference in the amount of the increased meter size minus the SDF previously paid.

Section V. Effective Date of Assessment of SDF and Septic System Policy.

Except as provided below, all SDFs will be assessed at the time a building permit is issued. SDFs will be collected by the Cabarrus County Building Inspections Department as part of the building permit process. Building permits will not be issued unless assessed SDFs have been paid in full based upon existing information at the time of issuance. SDFs will be assessed for all new customers and all expansions of existing commercial or industrial facilities requiring additional water that are connected to a wastewater collection system. Notwithstanding the foregoing, a customer may replace a mobile home or other structure on the same lot without paying the SDF provided the connection is the same size and a letter is provided from the customer service department of the municipality providing wastewater service verifying the previous connection.

Any structure that receives a building permit which is connected to an individual septic tank nitrification system, and in the future obtains a plumbing permit to connect to a wastewater collection system, will be required to pay the SDF at the time the plumbing permit is obtained.

Section VI. Customers Located Outside of the County Building Inspections Department Enforcement Area.

All new customers located outside the Cabarrus County Building Inspections Department's enforcement area will be subject to the requirements of this ordinance to pay the appropriate SDF, unless the utility provider in the county in which they are located has purchased adequate transportation and treatment reserve capacity from WSACC. Since Cabarrus County Building Inspections Department will not be collecting the SDF, the jurisdiction providing retail service will be responsible for collecting the SDF. The SDF will be collected at the same time the local retail utility fees are collected and under the same terms and conditions as the Cabarrus County SDF collection contract. Collection of the SDF by the local retail provider assures that all new customers serviced by WSACC pay their fair share even if such customers are outside of the Cabarrus County Building Inspections Department's enforcement area.

Section VII. Adoption of SDF Fee Report.

The SDF Fee Report is hereby adopted and approved by the Board of WSACC.

Section VIII. Utilization of SDFs and SDF Ordinance.

The Executive Director of WSACC shall administer the assessment of SDFs and shall ensure that the Board is provided sufficient financial information to allow the setting of appropriate financial policies. The Executive Director shall establish and maintain records, which are in consistent with WSACC's annual budget, this Ordinance and the appropriate North Carolina statutes.

Section IX. Effective Date.

This Ordinance shall be effective on and after July 1, 2023.

WATER AND SEWER AUTHORITY OF
CABARRUS COUNTY

By: Mike Legg (SEAL)
Mike Legg, Chairman of the Board

ATTEST:

Tammy M. Garifo
Tammy M. Garifo, Secretary to the Board

