

Tuesday – July 2, 2018- 5:00 p.m.

Special Meeting

Present: Vice-Mayor Gwen C. Wisler, Presiding; Councilman Brian D. Haynes; Councilman Vijay Kapoor; Councilwoman Julie V. Mayfield; Councilwoman Sheneika Smith; Councilman W. Keith Young; Interim City Manager Cathy Ball; Deputy City Attorney Kelly Langteau-Ball; and City Clerk Magdalen Burleson

Absent: Mayor Esther E. Manheimer

A. PUBLIC HEARING TO CONSIDER AN ORDINANCE ADOPTING THE WATER RESOURCES DEPARTMENT SYSTEM MAINTENANCE AND CAPITAL FEES ANALYSIS AND AMENDING THE FISCAL YEAR 2018-19 FEES AND CHARGES TO ADOPT THE WATER RESOURCES DEPARTMENT “SYSTEM MAINTENANCE AND CAPITAL FEES” AND RENAME IT TO “DEVELOPMENT FEES”

ORDINANCE NO. 4678 - ORDINANCE ADOPTING THE WATER RESOURCES DEPARTMENT SYSTEM MAINTENANCE AND CAPITAL FEES ANALYSIS AND AMENDING THE FISCAL YEAR 2018-19 FEES AND CHARGES TO ADOPT THE WATER RESOURCES DEPARTMENT “SYSTEM MAINTENANCE AND CAPITAL FEES” AND RENAME IT TO “DEVELOPMENT FEES”

Interim Water Resources Director David Melton said that this is the consideration of an ordinance adopting the Water Resources Department System Maintenance and Capital fees analysis and amending the Fiscal Year (FY) 2018-19 fees and charges to adopt the Water Resources Department (WRD) “System Maintenance and Capital Fees” and rename it to “Development Fees.”

System development fees are one-time charges imposed of new development to fund costs of capital improvements necessitated by and attributable to such new development or to recoup costs of existing facilities. North Carolina General Statute 162A Article 8 (“Article 8”) provides for the uniform authority to implement system development fees for public water systems in North Carolina, and was recently enacted by the North Carolina General Assembly on July 20, 2017. According to the statute, system development fees must be adopted in accordance with the conditions and limitations of “Article 8”, and those fees in effect as of October 1, 2017, must conform to the requirements set forth in the Article no later than July 1, 2018.

Raftelis Financial Consultants, Inc. (RFC) completed the required analysis, which conforms to the conditions set forth in “Article 8.” To conform to N.C.G.S. 162A-209,, the analysis must be posted on the City’s website for not less than forty-five (45) days and furnish a means to submit written comments prior to considering adoption. The analysis was posted on March 28, 2018, and met the 45-day requirement on May 12, 2018.

Findings from the final analysis completed by RFC reveal that the WRD is charging below the state average for this fee. WRD is proposing to phase-in increases over the next two years as approved by the City’s Finance Committee on March 27, 2018.

On April 10, 2018, City Council adopted the City’s Fees and Charges for the Fiscal Year (FY) 2018-19. At that time, the WRD System Maintenance and Capital Fee (formerly known as the Development Fee) was posted for public review and could not be adopted until meeting the required 45-day posting period.

North Carolina General Statute 162A Article 8 (“Article 8”) also provides that all proceeds from these fees be accounted for in a capital reserve fund. The resolution establishing a capital reserve fund (CRF) to meet this statutory requirement was approved at the June 19, 2018 Council Meeting. The City may not expend monies directly out of a CRF. Instead, Council must amend the CRF to withdraw the monies and then amend the budget ordinance or project ordinance to recognize the revenue and authorize its expenditure for specific water projects or debt service payments associated with these projects.

Pro:

- Provides opportunity to recover the cost of services from those that directly utilize the water system.

Con:

- Failure to comply with the conditions and limitations of NCGS 162A Article 8 – “System Development Fees” will constitute a violation of the State statute.

The proposed fee adjustment would generate estimated revenue of \$100,000. As noted above, this revenue will be accounted for in a capital reserve fund and be used to pay costs of capital improvement necessitated by and attributable to such new development of to recoup costs of existing facilities.

City staff recommends City Council adopt an ordinance adopting the Water Resources Department System Maintenance and Capital fees analysis and amending the Fiscal Year (FY) 2018-19 fees and charges to adopt the Water Resources Department (WRD) “System Maintenance and Capital Fees” and rename it to “Development Fees.”

Vice-Mayor Wisler opened the public hearing at 5:02 p.m. and when no one spoke, she closed the public hearing at 5:02 p.m.

Vice-Mayor Wisler said that members of Council have previously received a copy of the ordinance and it would not be read.

Councilwoman Mayfield moved for the adoption of Ordinance No. 4678. This motion was seconded by Councilman Kapoor and carried unanimously.

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Vice-Mayor Wisler adjourned the meeting at 5:03 p.m.

CITY CLERK

MAYOR