



Town of Beaufort NC
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RESOLUTION CLARIFYING AND RE-DEFINING WATER AND SEWER FEES

WHEREAS, the Town has previously charged a fee called an "impact fee," for new connections to its water and sewer systems; and

WHEREAS, a North Carolina Supreme Court case involving "impact fees" of municipalities was decided in August of 2016 in a manner that prompts all utilities to reexamine their definitions of the term; and

WHEREAS the term does not have a set definition, and means different things to different entities; and

WHEREAS, the Town chooses to clarify the purpose and intent of its charge previously called an "impact fee" because the ordinance does not specify that the fee is intended to cover each new customer's share of current capital improvements and the existing capital infrastructure and because it was never intended to be used to fund future infrastructure; and

WHEREAS, it is in the interest of the Town that the fee previously called an impact fee be renamed a "capacity use fee" and clarified to be a means by which the Town can recoup from new customers an equitable share for the contemporaneous use of the Town's previous capital investment in the water and sewer systems; and

WHEREAS, the Town's staff has calculated that by dividing the system's assets by the number of customers, the assets/customer value is \$11,020 for typical residential customers and scaled up values for larger services; and

WHEREAS, the Town chooses to round that figure down to \$6,000 (\$3,000 for water and \$3,000 for sewer) and use it as the capacity use fee for a typical new residential customer and to extrapolate capacity use fees for other uses from that figure; and

WHEREAS, the Town will continue to monitor the assets/customer value ratio as the Town's assets change from time to time in the future and may re-adjust the capacity use fees to reflect any material change in the ratio; and

WHEREAS, the Town finds that the fee previously called an impact fee, but now clarified and re-designated a capacity use fee, is part of the schedule of charges and fees for the use of and the services furnished by the Town's water and sewer systems and to enable the Town to provide for the proper maintenance and operation of the Town's water and sewer systems.

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the Town of Beaufort as follows:

The Town's Chapter 51, Section 51.01 is hereby amended as follows:

§51.01 WATER AND SEWER CAPACITY USE FEES.

(A) *Title.* This section shall be known and may be cited as the Town of Beaufort Water and Sewer Capacity Use Fee Ordinance. Capacity Use fees are over and above any other fees required by the Town for connection to the water and sewer system and will be required for all new and modified services.

(B) *Fee Amount.* The schedule of water and sewer capacity fees shall be calculated by Town staff based upon a division of the water and sewer system's assets by the number of customers and shall be set from time to time by the Board of Commissioners and is available in the Town Clerk's office.

(C) *Purpose and use of fees.* Fees collected shall be used to recoup from new customers an equitable share for the contemporaneous use of the Town's previous capital investment in the water and sewer system, and shall be a part of the fees and charges to customers and to enable the Town to provide for the proper maintenance and operation of the Town's water and sewer systems.

(D) *Payment of fees.*

(1) Capacity use fees will be payable at the time of application for a building permit.

(2) These fees will be required on all building permits issued after June 9, 1986. For connections or improvements requiring \$10,000 or more in capacity use fees to the Town, the Town Manager and Public Works Director are authorized to approve delay in the payment of the fees if suitable arrangements can be made to insure payment in full prior to a certificate of completion and occupancy being issued by the Town or its representative.

(E) Should a property be subject to a change of use and re-development, if a fee previously designated "impact fee" was paid for the

previous development on the property, the owner liable for the capacity use fee at the time of re-development shall be entitled to a credit against the capacity use fee for the previous impact fee payment for the property.

This resolution is effective upon adoption.

Adopted on motion of Commissioner _____, and carried on a vote of _____ in favor and _____ against.

This the 17th day of April, 2017.

Mayor Richard Stanley

Attest:

Jennifer Allen
Town Clerk