



MINUTES

August 23, 2023

SECOND MONTHLY MEETING OF THE CITY COUNCIL CITY OPERATIONS CENTER | 305 WILLIAMS ST. | 4:00 p.m.

Present: Mayor Barbara G. Volk, Mayor Pro Tem Lyndsey Simpson and Council Members:
Dr. Jennifer Hensley, Debbie O'Neal-Roundtree and Jerry A. Smith Jr., J.D.

Staff Present: City Manager John F. Connet, Assistant City Manager Brian Pahle, City Attorney Angela
Becker, Communications Manager Allison Justus, Budget Manager Adam Murr and others.

Absent: Jill Murray, City Clerk

1. CALL TO ORDER

Mayor Barbara G. Volk called the meeting to order at 4:00 p.m. and welcomed those in attendance. A quorum was established with all members in attendance.

2. CONSIDERATION OF AGENDA

Council Member Jennifer Hensley moved to approve the agenda as presented. A unanimous vote of the Council followed. Motion carried.

3. CONSENT AGENDA

A. Henderson County Tax Adjustments (June) – *Amanda Lofton, Deputy Tax Collector*

B. Henderson County Tax Adjustments (August) – *Amanda Lofton, Deputy Tax Collector*

C. Berkeley Park Property Exchange Revision to Greenways/Utility Easement – *Angela S. Becker, City Attorney*

Council Member Debbie O'Neal-Roundtree moved to approve the consent agenda as presented. A unanimous vote of the Council followed. Motion carried.

4. PRESENTATIONS

A. **Discussion Regarding Primary Election Date** – *Summer Heatherly, Henderson County Board of Elections*

Summer Heatherly from the Board of Elections started with handing Council a handout showing what Asheville did about changing their charter. She said the way it is set, you have your primary in October and that didn't change. Your primary stayed the same but we have to send out general ballots on the 1st of September so that means that we would have to hold the 12 municipalities for your election but that won't work because they would have two ballots. A general ballot and a municipal ballot. So I'm here tonight to ask if you would mind changing your primary to coincide with their primary. So that would put your primary in March and then filing would be from the first Monday in December until the second Friday in December. The whole idea is to get more people to turn out. Asheville City's was a 150% jump of people showing up for their election. Saluda, Laurel Park and Mills River do not have a primary. Fletcher follows what the City of Hendersonville is doing. If Senator Moffit takes care of this, then it won't be a problem so I encourage you all to reach out to him because then you all wouldn't have to do anything. He could take care of it in the General Assembly.

City Attorney Becker said she would have to research a bit and see if City Council can, by ordinance, change the date of the primary without having a local act to do it.

B. **Water and Sewer Capital Project Update** - *Adam Steurer, Utilities Director*

Adam Steurer presented a PowerPoint slide giving an update of all of the water & sewer capital projects: Etowah Water System Improvements; Clear Creek Sewer Interceptor Replacement; French

Broad River Intake & Pumping Station; Water Treatment Facility Expansion; North Fork Reservoir Dredging; WWTF Replacement/Repair Projects and UV Disinfection Replacement.

Etowah Water System Improvements

- New 500,000-gal storage tank
- New pump station
- ~15,000 feet of 12-inch water pipe
- Improve pressure and fire flow
- North Greenwood Forest Drive Water Replacement Completed – In House Crew
- Status: Project Activated!
- Cost: \$8M



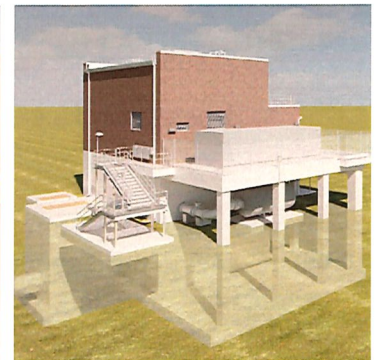
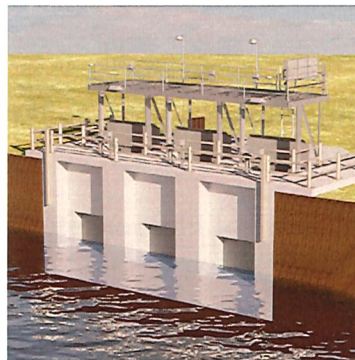
Clear Creek Sewer Interceptor Replacement

- Existing sewer undersized for current and future flows in Clear Creek Basin
- ~3,500 feet of 30" sewer
- Status: Substantially Complete
- Cost \$4.5M



French Broad River Intake and Pumping Station

- Additional water source
- 15 mgd initial capacity and expandable to 21 mgd
- Under Construction – Completion Summer 2024
- \$23.5M
- Over 60% Complete per pay applications

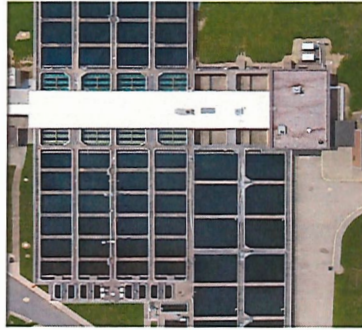


French Broad River Intake and Pumping Station



Water Treatment Facility Expansion

- Installation of additional filter
- Additional 3 mgd capacity
12 mgd to 15 mgd
- Status: Design/Permitting
- Construction 2024
- Estimated Cost: \$2.1M

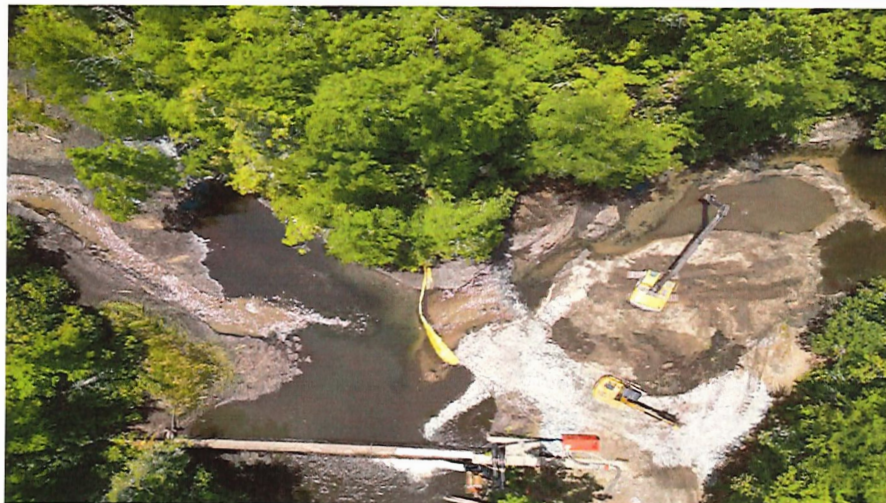


North Fork Reservoir Dredging

- Removal of accumulated sediment, improve storage volume, maintenance
- Status: Construction
- Construction Cost: \$942,000



North Fork Reservoir Dredging



North Fork Reservoir Dredging

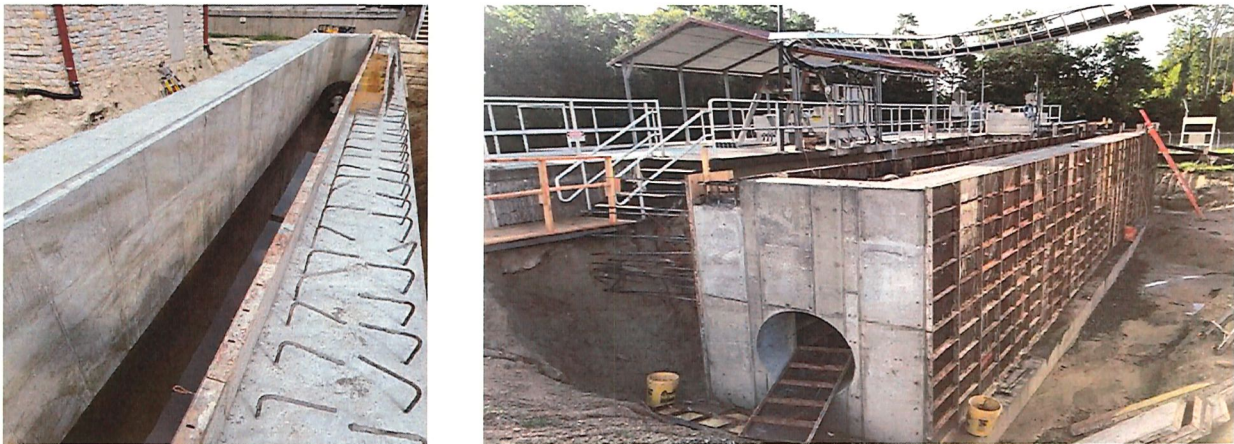


WWTF – Replacements/Repair Projects

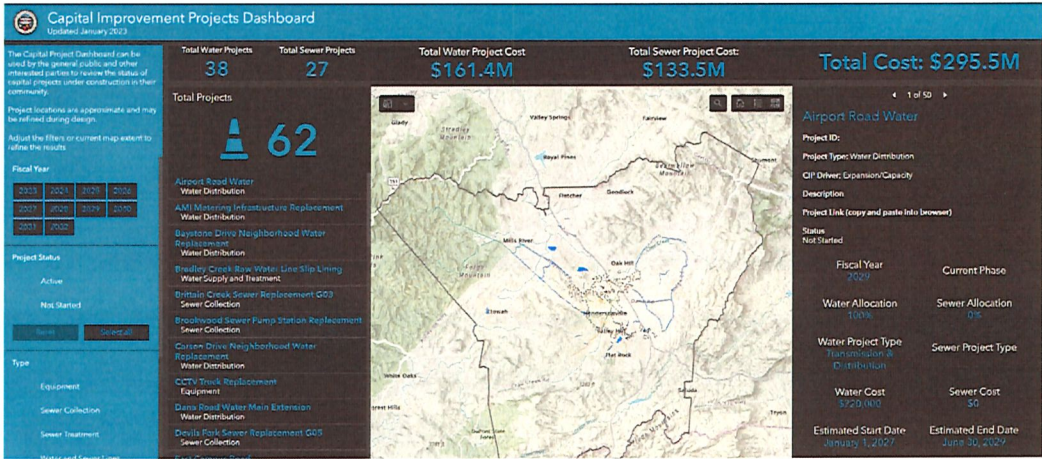
- Ultraviolet (UV) Disinfection Improvements
 - Replaces existing equipment
 - Adds treatment capacity
 - Adds redundancy
 - Under construction – completion late 2023
 - \$3.9M
- Aeration Basin No. 2 Repairs and Rehabilitation
 - Repairs bowing basin wall
 - Construction beginning summer 2023
 - \$1.6M
- Both projects funded mostly through a \$5.0 M grant allocation



WWTF – UV Disinfection Replacement



Capital Projects Dashboard



For More Information and Projects:

[Water & Sewer CIP Dashboard](#)

C. Water & Sewer System Development Fees (SDFs) – Adam Steurer, Utilities Director

Adam Steurer explained the background, considerations, assessment methodologies, calculations, dwelling size and the cost for residential and non-residential.

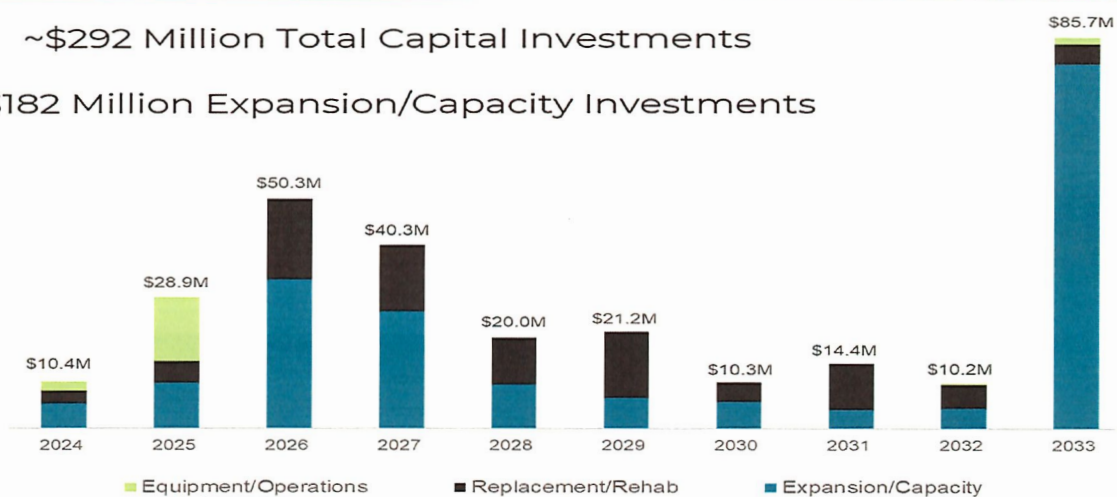
System Development Fees

- Fees charged for new connections joining the water and wastewater system and connections requiring additional system capacity
- Intended to recover the cost of constructing water and wastewater capacity, “growth pays for growth”
- Fees are applied based on units of service (representing potential demand on utility system / large user vs. small user)

Capital Improvement Plan FY2023

~\$292 Million Total Capital Investments

~\$182 Million Expansion/Capacity Investments



SDF Background

- Hendersonville assessed water/sewer SDFs until September 2016
- 2016 Town of Carthage, NC lawsuit
 - Challenged authority to charge certain water/sewer fees including SDFs
- Fees are legislated in North Carolina
 - Public Water and Sewer System Development Fee Act (NC General Statutes - Chapter 162A Article 8) approved July 2017

Considerations

- SDFs allow the utility to recover at least a portion of cost of constructing system infrastructure
- Lack of SDFs places the full cost of infrastructure on user rates
- SDFs have a potential impact on development but are very common in North Carolina
 - 81 NC utilities charge SDFs (2018/2019)
- Requirements and limitations on the use of SDFs given legislation
 - Separate tracking of revenues from SDFs
 - Limitations on the use of proceeds depending on the approach

Assessment Methodologies

Methodology	Description	Appropriate For
Buy-In Method	Fees are based on cost of constructing existing utility system.	System with ample existing capacity to sell.
Incremental Cost Method	Fees are based on planned growth-related capital improvements	System with limited or no existing capacity to sell.
Combined Method	Fees are based on cost of existing system and planned capital improvements	System with existing capacity to sell and with planning growth-related capital projects.

Financial consultant (Stantec) recommend the use of the combined method for water and sewer SDFs

Combined Method Calculation

$$\text{System Development Fee} = \frac{\text{Value of System} - \text{Credit}}{\text{System Capacity}}$$

Units of Service – Equivalent Residential Unit

Water System (based on historical demands)

Type	Average Consumption (gpd)
Single Family (1 equivalent residential unit - ERU)	136
Multi-Family	85
Mobile / Manufactured Home	133

Water System ERU Calculation	
Daily Usage per ERU (gpd)	136
Max Day Peaking Factor	1.5
Peak Day Usage per ERU (gpd)	204
Multi-Family Units (ERUs per Unit)	0.63

Sewer System (NC Planning Requirements)

Sewer System ERU Calculation	
State Standard Flow Rate (gpd) per Bedroom	120
Planning # of Bedrooms	2
Sewer Use per ERU (gpd)	240
Multi-Family Units (ERUs per Unit)	0.63

Water SDF Calculation

	Source / Treatment	Transmission / Distribution	Total
Replacement Value of Existing Depreciated Assets	\$35,827,300	\$60,665,774	\$96,493,074
Expansion Capital Projects	\$63,485,535	\$45,005,000	\$108,490,535
Total Value	\$99,312,835	\$105,670,774	\$204,983,609
<i>Less Credits</i>			
Outstanding Debt Principal	(\$6,704,970)	(\$11,353,414)	(\$18,058,384)
Donated and Non-Core Assets	(1,219,302)	(8,960,275)	(10,179,577)
Revenue Credit (NPV of future debt principal over period)	(29,570,505)	(20,962,580)	(50,533,085)
Net System Value	\$61,818,058	\$64,394,506	\$126,212,563
System Capacity - Million Gallons per Day*	18	18	
Level of Service per ERU (gallons per day)	204	204	
Equivalent Residential Units (ERU)	88,235	88,235	
Water System Development Fee Per ERU	\$701	\$730	\$1,431

*Includes 6 MGD WTP plant expansion

Water Calculated SDF - \$7.01 per gallon per day

Sewer SDF Calculation

	Treatment	Conveyance / Collection	Total
Replacement Value of Existing Depreciated Assets	\$28,145,176	\$35,802,595	\$63,947,771
Expansion Capital Projects	\$57,750,769	\$16,212,000	\$73,962,769
Total Value	\$85,895,945	\$52,014,595	\$137,910,540
<i>Less Credits</i>			
Outstanding Debt Principal	(6,446,996)	(8,201,021)	(14,648,017)
Donated and Non-Core Assets	(63,282)	(2,629,945)	(2,693,227)
Revenue Credit (NPV of future debt principal over period)	(26,899,347)	(7,551,280)	(34,450,627)
Net System Value	\$52,486,320	\$33,632,349	\$86,118,669
System Capacity - Million Gallons per Day*	7.8	7.8	
Level of Service per ERU (gallons per day)	240	240	
Equivalent Residential Units (ERU)	32,500	32,500	
Wastewater System Development Fee Per ERU	\$1,615	\$1,035	\$2,650

*Includes 3 MGD WWTP plant expansion

Sewer Calculated SDF - \$11.04 per gallon per day

Assessment of System Development Fees

- Developments that use greater volumes of water/sewer place greater costs on the utility for their capacity needs
- SDFs can be scaled by:
 - American Water Works Association (AWWA) meter equivalents
 - heated square footage
 - customer type
 - combination of methods

Meter size	Equivalent Residential Units (ERU)
3/4"	1.00
1"	1.67
1 1/2"	3.33
2"	5.33
3"	11.67
4"	21.00
6"	43.33
8"	93.33
Multi-Family (per unit)	0.63

Survey - SDF Assessment Basis

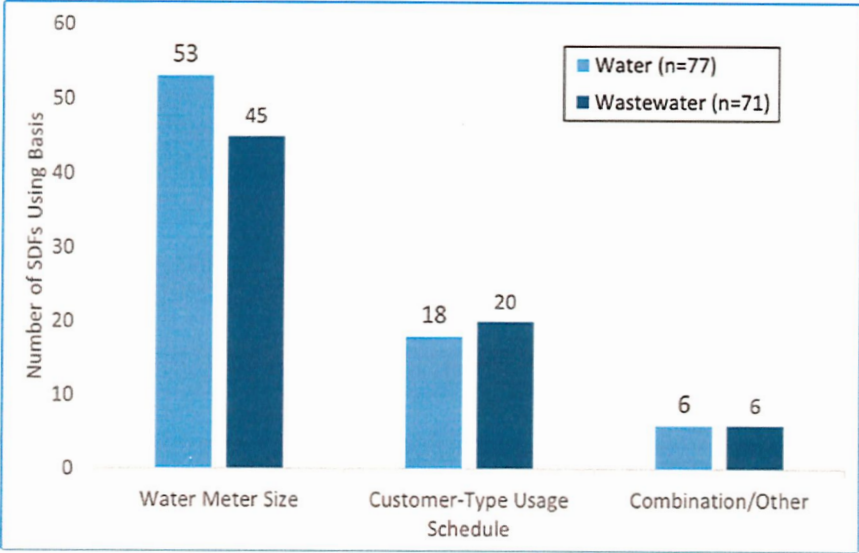
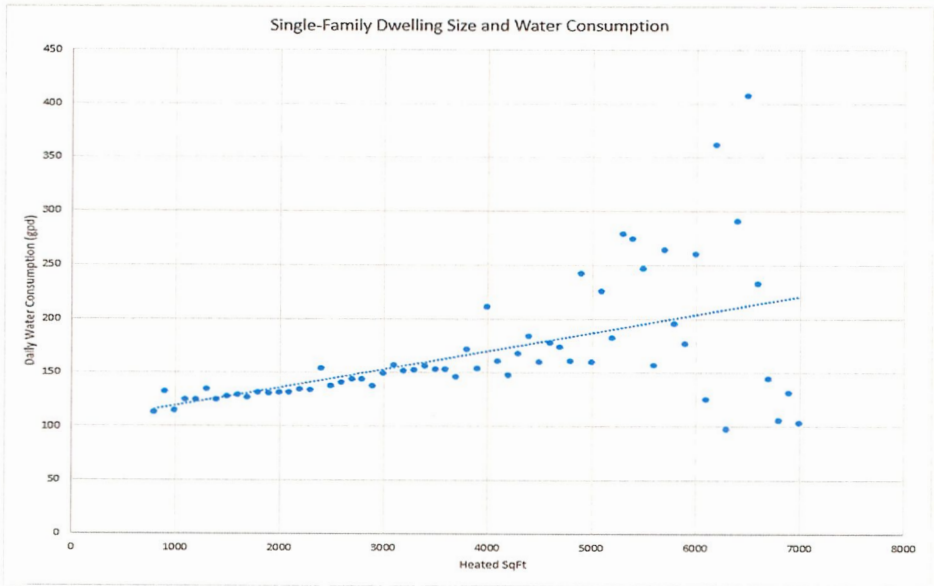


Figure 2: Number of System Development Fees by Fee Basis

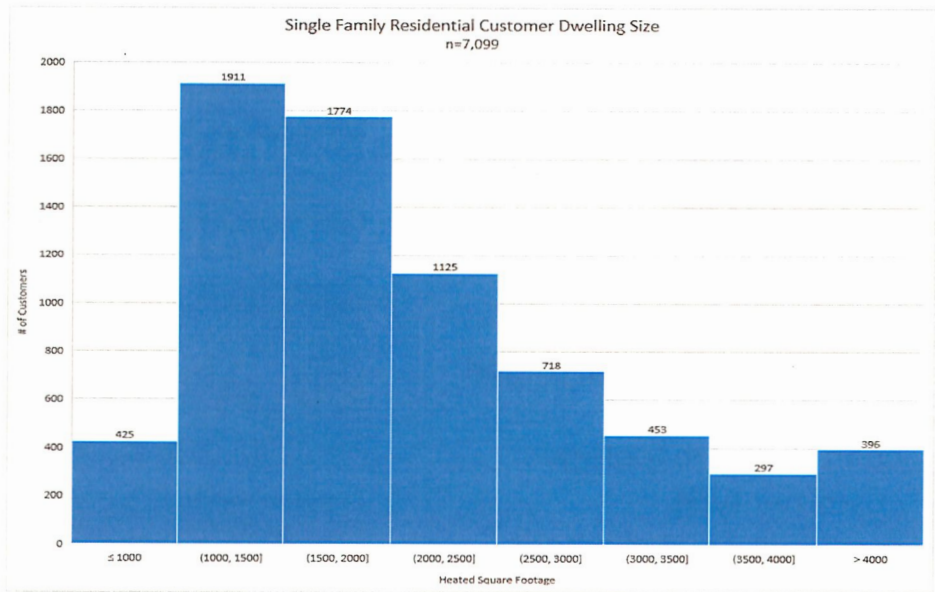
Source: UNC School of Government Environmental Finance Center.
System Development Fees in North Carolina After the New Law. September 24, 2019.

Single Family – Scaling by Dwelling Size



*Based on historical demands

Single Family – Scaling by Dwelling Size



Existing Customer Single-Family Dwelling Size Distribution

Scaling Water Service

Water System (based on historical demands)

Property Type	Average Usage (gpd)	Peaking Factor	Max Day Units of Service (gpd)*
Single Family (Heated sq. ft.)			
<1,000	118	1.50	178
1,000 - 1,500	127	1.50	190
1,501 - 2,000	129	1.50	194
2,001 - 2,500	137	1.50	206
2,501 - 3,000	143	1.50	214
3,001 - 3,500	153	1.50	230
3,501 - 4,000	164	1.50	246
Over 4,000	189	1.50	284
Multi-Family per unit	85	1.50	128
Mobile/Manufactured Home	133	1.50	200
Non-Residential (3/4" water meter)	237	1.50	356

Scaling Sewer Service

Sewer System (based on NC planning requirement and historical demands)

Property Type	Water Use Ratios	Units of Service (gpd)*
Single Family (Heated sq. ft.)		
<1,000	87%	209
1,000 - 1,500	93%	223
1,501 - 2,000	95%	228
2,001 - 2,500	101%	242
2,501 - 3,000	105%	252
3,001 - 3,500	113%	271
3,501 - 4,000	121%	289
Over 4,000	139%	334
Multi-Family per unit	63%	150
Mobile/Manufactured Home	98%	235
Non-Residential (3/4" water meter)	174%	418

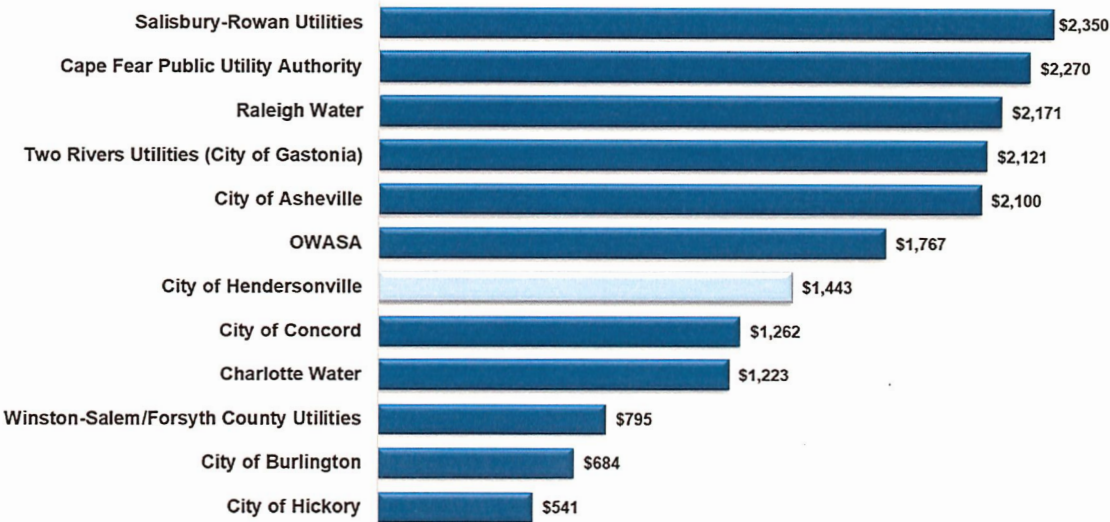
Water Use Ratio : Property Type Usage / ERU usage of 136 gpd

Non-Residential Calculated SDFs

Meter Size	Calculated Water SDF	Calculated Wastewater SDF	Combined SDF	Current No. of Non-Res. Customers
3/4"	\$2,494	\$4,618	\$7,112	1784
1"	\$4,156	\$7,697	\$11,853	378
1 1/2"	\$8,312	\$15,393	\$23,706	271
2"	\$13,300	\$24,629	\$37,929	113
3"	\$29,093	\$53,877	\$82,970	22
4"	\$52,368	\$96,978	\$149,347	12
6"	\$108,062	\$200,114	\$308,176	11
8"	\$232,748	\$431,015	\$663,763	0
10"	\$349,122	\$646,522	\$995,644	0

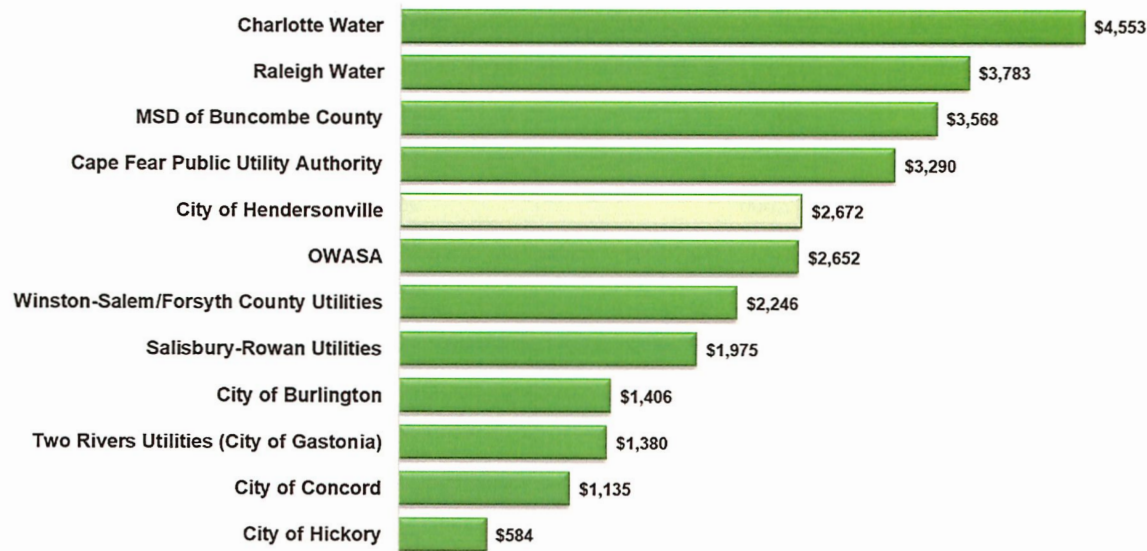
Water SDF Comparison – Residential

Figure 3.1 - Water System Development Fees (Residential 2,100 Sq. Ft.)



Sewer SDF Comparison – Residential

Figures 3.2 - Sewer System Development Fees (Residential 2,100 Sq. Ft.)



*MSD of Buncombe County: - Multi-family per unit \$2,390 (67% of single-family SDF)

Multi-Family Residential SDFs

Meter Size Approach	Example	Master Meter Size	Water SDF	Sewer SDF	Combined SDF
	Apartment A	3"	\$17,512	\$32,153	\$49,665
	Apartment B	4"	\$31,521	\$57,876	\$89,397

Master-Meter Unit Approach	Example	Number of Dwelling Units	Water SDF	Sewer SDF	Combined SDF
	Apartment A	208	\$195,130	\$361,146	\$556,276
	Apartment B	340	\$318,963	\$590,335	\$909,298

Single-Family Development	Example	Single-Family Units	Water SDF	Sewer SDF	Combined SDF
	SF Subdivision A	208	\$312,208	\$573,248	\$885,456
	SF Subdivision B	340	\$510,340	\$937,040	\$1,447,380

The Full Cost – SDF and Tap Fees

Installation	Single Family Size	Calculated Water SDF	Calculated Sewer SDF	Water Tap/Meter	Sewer Tap	Total Cost
City-Installed (3/4" meter)	2,001 - 2,500	\$1,443	\$2,672	\$1,625	\$1,600	\$7,340
Developer- Installed (3/4" meter)	2,001 - 2,500	\$1,443	\$2,672	\$350	\$0	\$4,465

SDF- Key Takeaways

- Fees assessed to new connections or connections requiring additional capacity.
- Fees recovers costs necessary for system expansion and additional capacity - "Growth pays for Growth"
- Lack of SDFs places full cost of infrastructure on user rates
- Reduction in future rate increases possible
- Fees assessed equitably based on demands placed on the systems

Schedule

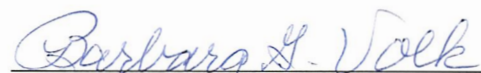
Group	Action	Date	Time
Business Advisory Committee (BAC)	Intro. presentation	07/10/23	11:30am
Water & Sewer Advisory Council (WSAC)	Intro. presentation	07/24/23	6:00pm
City Council	Intro. presentation	08/23/23	4:00pm
City Staff	Analysis published on website	09/04/23	5:00pm
Business Advisory Committee (BAC)	Final presentation & board recommendations	10/09/23	11:30am
Water & Sewer Advisory Council (WSAC)	Final presentation & board recommendations	10/23/23	6:00pm
City Council	Second presentation & board recommendation	10/25/23	4:00pm
Chamber of Commerce-Public Policy Committee	Final presentation	10/26/23	8:30am
City Council	Final presentation/adoption	01/04/24	5:45pm

5. CLOSED SESSION

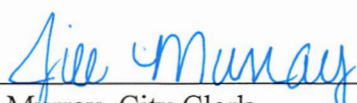
Council Member Jerry Smith moved that City Council enter closed session pursuant to NCGS § 143-318.11 (a) (1) (3) and (6) to prevent the disclosure of information that is privileged or confidential pursuant to the law of this State or of the United States, or not considered a public record within the meaning of Chapter 132 of the General Statutes, to consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege between the attorney and the public body and to consider the qualifications, competence, performance, character, fitness of an individual public officer or employee.

6. ADJOURN

There being no further business, the meeting was adjourned at 5:09 p.m. upon unanimous assent of the Council.


Barbara G. Volk, Mayor

ATTEST:


Jill Murray, City Clerk