

Water and Sewer System Expansion Fee "The Basics"

What is the System Expansion Fee?

The system expansion fee is a one-time charge for new utility customers, implemented to recover (in whole or in part) the costs associated with capital investments required to provide continued capacity and service for all utility users.

The fee is used to pay for future capital costs, created by the customer base. Without such a fee, capital improvements are financed entirely through increased rates, paid for by existing customers.

The fee is required for each new connection for water and/or sewer service.

Lots with an existing water meter or current sewer service may receive a credit for each existing service. A pro-rated system expansion fee will be required for any proportional up-sizing of service connections.

Residents who have already paid the availability fee or assessment fee associated with previous utility line extensions serving their property will not be subject to paying the System Expansion Fee, unless adding a new or larger service.

Where does it apply?

The fee will apply where the City of Gastonia offers utility service. This will include areas inside and outside of the city limits.

How will the funds be used?

Funds will be kept in a separate fund designated for future water and sewer capital improvements required to serve new customer growth. These funds will not be available for general government use.

Capital improvements generally include the construction of water/sewer facilities such as water and wastewater treatment plants, pump stations, storage tanks, water/sewer lines, etc., (including, surveys, land, financing, legal and administrative costs).

Who decides how the money is used?

The Gastonia City Council will determine which water/sewer projects are funded through this program. The adopted system expansion fee policy includes criteria for making decisions on potential projects. See Policy and Procedures for Water and Sewer System Expansion Fees.

How did this fee come about?

In 2008, the City of Gastonia retained the firm of Utility Advisors' Network (UAN) to undertake a System Expansion Fee study. This Study comprehensively examined the idea of instituting a fee for new utility customers that cause some level of impact to the system.

On June 19, 2009, City Council adopted the system expansion fee structure and study recommendations. Fees were set to be implemented July 1, 2010 (a one year phase in).

On July 15, 2014, City Council adopted a revised phased-in approach be implemented for July 1, 2017 and beyond.

When does the fee go into effect?

July 1, 2010

July 15, 2014 (revised)

In what situations does the fee apply?

The fee is applicable to all types of development (single family residential, apartments, commercial, industrial, etc.)

How much is the fee?

See System Expansion Fees, Assessment Rates, and Tap Fee schedule.

How is the fee calculated for apartments, townhomes, duplexes, etc.?

For any attached residential structure, the System Expansion Fee will be

- 1) the sum of the fees required per individual unit (% " meter fee x the number of units), or
- 2) the fee for the equivalent meter size to serve the building, whichever is less. (see attachment)

This is a tough time to implement new fees. What is the City doing to mitigate?

1. In an effort to continue promoting the economy and stimulate new growth, consideration be given to temporarily reduce (from its implementation/effective date through June 30, 2017) the amount of the City's SEF to 20% of its original calculated value (from its present 60%). For a normal residential connection, the SEF would be reduced from \$1,356 to \$452 for water, and from \$798 to \$266 for sewer, resulting in a net savings of \$1436 per residential property over that currently in effect.
2. In addition, a revised phased-in approach be implemented for July 1, 2017 and beyond (i.e., that no more than a 10% increase in the calculated value of the SEF per year be implemented).

(Note: This will in effect, not only reduce connection fees, but will delay full implementation of the SEF for an additional period over that previously envisioned. It should also continue to promote economic development and growth and help maintain an acceptable 'balance' between incentivizing economic growth with the long-term financial stability of the Water and Sewer Capital Needs and Funding Initiatives.)

3. In order to encourage in-fill development, the area where the System Expansion Fee is waived has increased from roughly 2.99 square miles of the center city to 11.26 square miles of center city and the surrounding area. See Development Incentive Area map.
4. Fees are waived for select industries/businesses meeting a certain level of investment and/or job creation (Non-retail: \$1M in investment, 50 new full-time jobs, and average wage at 200% of the minimum wage. Retail: \$3M investment, 50 new full-time jobs)