



BOARD POLICY	NO: 1
DEPARTMENT: Water Department	PAGE 1 of 3
Subject: Capital Reserve Fee Policy	Effective: November 2, 2009 Supercedes: None Prepared By: Timothy A. Buck Approved By: Board of Commissioners

POLICY PURPOSE:

To establish a policy for the collection of payment of the Water Capital Reserve Fee

POLICY:

On April 24, 2005, the Board of Commissioners adopted a Water Capital Reserve Fee with the intent of the fee being to fund existing water debt service, new debt service related to water department improvements, to build a reserve fund for large water capital infrastructure projects and to help fund the water improvements associated with the increased growth of the County. Effective [November 2, 2009](#) the fee schedule was adopted as follows (subject to the periodic revision of the Board of Commissioners).

¾ inch meter and 1” services installed (residential and small business below 360 gpd-

[\\$500](#) each service for [1-8](#) Services (360-7200 gpd)

[\\$1,500](#) each service for [9-20](#) Services (7201-90,000 gpd)

[\\$2,500](#) each service for 21-250 Services;

[\\$3,500](#) each service for 251 and greater services (90,001 and greater gpd)

Note: When calculating the impact fee for projects with multiple phases, the number of units installed in previous phases after the adoption of this tiered fee schedule will be used to determine the cost per unit.

- 2 inch meter - \$10,425 (2500 gpd minimum)
- 3 inch meter - \$20,850 (5000 gpd minimum)
- 4 inch meter - \$50,040 (12,000 gpd minimum)
- 6 inch meter - \$91,740 (22,000 gpd minimum)
- 8 inch meter - \$145,950 (35,000 gpd minimum)

This policy was created to help clarify when a customer is to be charged the Capital Reserve Fee.

1. **NEW CONSTRUCTION AND EXEMPTIONS FROM THE CAPITAL RESERVE FEE** – Any new building construction that has a valid building permit on or prior to April 24, 2005 will be exempt from paying the Capital Reserve Fee and shall only pay the appropriate tap and meter charge at the time of application for service. In the event that a building permit was issued prior to or on April 24, 2005 and the permit lapses so that a new building permit has to be issued, the applicant shall pay the appropriate Capital Reserve Fee and tap/meter charge at the time the new building permit is issued.
2. **NEW CONSTRUCTION TO PAY IN FULL PRIOR TO RECEIVING WATER SERVICE** – All new commercial and residential taps that are made are to be charged the appropriate Capital Reserve Fee at the time the customer is setting up the new account. In the event that a tap has been made at the location and never been utilized for water service, the customer will pay for the meter charge and the appropriate Capital Reserve Fee. In either event, the customer shall pay the entire amount of the Capital Reserve Fee, meter charge, and tap fee prior to receiving water service. (Example – A new home is being constructed and the new owner applies for a new water service for a $\frac{3}{4}$ inch tap. The homeowner will pay for a capital reserve fee plus a tap and meter and tap charge of – NOTE the tap, meter charge and capital reserve fee is subject to change by the Board of Commissioners)
3. **INCREASING METER SIZE AT AN EXISTING RESIDENCE OR COMMERCIAL FACILITY WITHOUT ADDING ONTO THE STRUCTURE** – If an existing customer (prior to April 24, 2005) wishes to increase the meter size at their home or commercial facility without adding additional living space or commercial space, the customer will only pay for the cost of the new tap and meter at the time of application (Example – a homeowner wishes to increase the size of their connection from a $\frac{3}{4}$ inch meter to a 1 inch meter in order to increase the pressure at their home. The customer would only pay for the new tap and meter at the appropriate rate at the time of installation. The existing meter and tap would be abandoned.). Applying for a larger

meter prior to receiving a building permit to increase the size of a home or commercial establishment shall not relieve the owner of their obligation to pay a pro-rated amount as outlined in number 4 of this policy.

4. **INCREASING METER SIZE AT AN EXISTING RESIDENCE OR COMMERCIAL FACILITY AND ADDING ONTO THE STRUCTURE** – If an existing water customer wishes to increase the meter size at their home or commercial establishment to increase water pressure due to new construction, the customer will pay the difference between the capital reserve fee of the existing meter and the new meter size along with the cost of a meter/tap installation. (Example – An existing home adds additional living space and needs to increase the size of their water connection from $\frac{3}{4}$ inch to 1 inch. The capital reserve fee would be the difference between the two meter sizes capital reserve fee and the cost of the meter and new tap).
5. **REDEVELOPMENT** – In the event that a home or business is demolished, damaged beyond repair, or an existing tap is abandoned never to be used again and a new structure is constructed in its place, the new construction would be exempt from the payment of a Water Capital Reserve Fee so long as the same size meter and connection is used. If a tap is abandoned and a new application for a tap is requested, the cost of the new tap and meter at the time of application will be charged. (The intent of this policy is to relieve those individuals that may demolish a home/business or NCDOT or another governmental agency purchases a structure for demolition, the original owner of the property would be relieved of the Capital Reserve Fee if the structure that was demolished had a building permitted or was completed on or prior to April 24, 2005).
6. **OTHER CAPITAL RESERVE DECISIONS NOT COVERED BY THIS POLICY** – From time to time, the Board may amend this policy. If a particular situation is not covered by this policy, the Board of Commissioners may review each situation on a case-by-case basis at a regularly scheduled meeting. At the direction of the Board Chairman, the situations that are not addressed by this policy will be placed on an agenda of a regularly scheduled meeting and/or reviewed by the Water Committee prior to being placed on the Board's meeting agenda.