

Date: May 1, 2018

From: Donald F. Greeley, Director, Water Management
Department of Water Management
City of Durham
1600 Mist Lake Drive
Durham, NC 27704

Subject: Letter to Industry – Proposed Capital Facilities Fees for FY 2018-2019

Adequate water and sewer capacity is a critical success factor for Durham's economic health and well-being and City staff plan carefully for infrastructure investments to support both current and future customers. To accomplish this, the City charges Capital Facility Fees to fund costs of capital improvements necessitated by and attributable to new development, or to recoup costs of existing facilities which serve new development.

These Capital Facility Fees (also known as cap fees) recover some of the costs of available capacity from new users. Cap fees represent a significant component of City resources to finance utility infrastructure; these fees have generated more than \$5 million in each of the last two fiscal years. Development fee revenues along with debt, utility rates, and developer constructed pipelines have contributed to the construction of utility assets that deliver quality services to our community.

As a requirement of the 2017 House Bill 436, the City retained a consultant to conduct a new system development fee analysis. A copy of the fee analysis can be viewed on the Department of Water Management's website, <http://durhamnc.gov/3636/Capital-Facilities-Fee-Report>. The analysis resulted in the proposed fees presented in Table 1. The City is now seeking public comment on the proposed fees. The City will consider the public comments for possible adjustments to the calculated fees. City Council will hold a public hearing at the June 18, 2018 City Council meeting before consideration and adoption of new development fee rates. City Council cannot adopt a fee that is higher than the fee calculated in the analysis.

Questions and comments about the study should be directed to Water Management online at the following link <http://durhamnc.gov/FormCenter/Water-Management-16/Capital-Facilities-Fee-Report-Comments-171>, or via U.S. mail at the following address:

City of Durham Capital Facility Fee Analysis
Attn: Donald F. Greeley, Director
Department of Water Management
101 City Hall Plaza
Durham, NC 27701

Sincerely,



Donald F. Greeley, Director, Water Management
Department of Water Management

CC: Bo Ferguson, Deputy City Manager
 Keith Chadwell, Deputy City Manager
 Jerry Morrone, Department of Water Management
 Bryant Green, Department of Water Management
 Jeff Perrigo, Department of Water Management
 Marvin G. Williams, Director, Public Works
 Tasha Johnson, Assistant Director, Public Works
 Robert Joyner, Development Review Group Manager, Public Works
 Patrick Young, Director, City/County Planning
 Pete Sullivan, Development Services Center Manager

Table 1 – Proposed Capital Facilities Fee Schedule for FY19

Meter Size	Calculated Water Fee	Existing Water Fee	Calculated Wastewater Fee	Existing Wastewater Fee	Calculated Combined Fee	Existing Combined Fee
5/8"	\$1,277	\$1,870	\$2,022	\$1,130	\$3,299	\$3,000
1"	\$3,193	\$4,670	\$5,055	\$2,830	\$8,248	\$7,500
1.5"	\$6,385	\$9,340	\$10,110	\$5,660	\$16,495	\$15,000
2"	\$10,216	\$14,940	\$16,176	\$9,060	\$26,392	\$24,000
3"	\$20,432	\$28,193	\$30,330	\$16,923	\$50,762	\$45,116
4"	\$31,925	\$63,339	\$50,550	\$45,726	\$82,475	\$109,065
6"	\$63,850	\$126,414	\$101,100	\$91,452	\$164,950	\$217,866
8"	\$102,160	\$221,028	\$161,760	\$160,041	\$263,920	\$381,069
10"	\$268,170	\$347,178	\$232,530	\$251,493	\$500,700	\$598,671
12"	\$338,405	gpd*	\$434,730	gpd*	\$773,135	

*Assessed per estimated gpd.