

# Wake County Water, Sewer and Road Financial Policy

Growth, Land Use and Environment Committee  
June 11, 2018



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# Purpose of the Policy

To determine when the County should consider public financing of critical community infrastructure projects (water, sewer and roads)

# What does the County need to know?

- Where is the project located?
- Is there a public health and safety issue?
- What are alternative solutions to resolving the infrastructure problem?
- Can a municipality or other governmental agency assist?
- Are there detailed cost estimates to fix the problem?
- Have property owners exhausted other options?
- Does the citizen petition meet the requirements of state law?
- Are there County funds available?

# Since the policy was adopted in 2015

- Banks Pointe subdivision roads were repaired and turned over to NCDOT at a cost of \$863K
- County has collected approx. \$270K since May 1<sup>st</sup> when the assessment started
- Staff has talked with approx. two dozen communities about this policy...specific to their subdivision roads
- Two new petitions for road repairs for Mallard Crossing (\$420K) and Rose Hall (\$707K) have been submitted to the County
- To date, staff has prepared petitions for six communities

# Lessons learned about this process

1. Petitioners expect a project that receives a 75% yes vote from their community to move forward
2. Property Owners presume the assessment period will be 10 years and vote assuming a 1/10 annual payment
3. A 10-year assessment period for every project limits the ability to create a sufficient revolving fund to support future projects

# What should we do?

1. Make clarifications to the policy and petition
2. Set the financing terms up front

# Clarify in the policy and petition that...

- Petitions will be considered in the order they were received and on a case by case basis
- The County is under no obligation to provide project financing
- Financing will be considered during the annual budget process
- Projects will only move forward once funding has been appropriated

# Set the financing terms up front

- Financing terms (assessment period) should be stated in the petition
- Establish a formula to determine the assessment period
- The formula should result in expedited payback to the County (less than 10 years) so that other projects may be funded
- Include the formula in the policy



# Formula to determine assessment period

The estimated annual installment, per lot, shall be approximately equal to the average annual property tax of all the lots requesting County financing, not to exceed a period of 10 years.

# Banks Pointe as an example

Average Annual Property Tax: \$3,641 Low: \$2,698 High: \$5,536	Term / Yrs.	Annual Installment	Total Paid
	2	\$4,852.10	\$9,704.20
	3	\$3,234.73	\$9,704.20
	10	\$970.42	\$9,704.20

Assessment period would have been in 3 years versus 10, residents would pay \$2,300 more per year **AND** County would have \$800,000 at the end of year 3 available to fund future projects

# Staff Recommendation

1. Adopt changes to the policy that
  - a. Clarify the County's process for appropriating funds for projects
  - b. Set the financing terms up front and use a formula for determining the assessment period
2. Board of Commissioners to consider approval of the recommended policy changes at the July 23<sup>rd</sup> Board meeting

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