

Item Title: Wake County Water, Sewer and Road Financial Policy

Specific Action Requested:

That the Board of Commissioners approves the proposed amendments to the Wake County Water, Sewer and Road Financial Policy.

Item Summary:

Purpose: Staff is recommending that the Board of Commissioners consider amending the Wake County Water, Sewer and Road Financial Policy to provide clarification for residents seeking County financing for infrastructure projects. The policy was established by the Board of Commissioners and may only be amended by the Board.

Background: On April 6, 2015, the Wake County Board of Commissioner adopted the Wake County Water, Sewer and Road Financial Policy. The purpose of the policy is to determine when the County should consider public financing of critical community infrastructure projects. Examples of projects might include assisting a community when a private water or sewer system is not functioning properly or improving roads to NCDOT standards so they can be accepted into the state maintained highway system ("orphan roads").

Given the number of inquiries the County has received from subdivisions across the County regarding their orphan roads, staff is proposing amendments to the policy that will: 1) clarify the financing terms for communities seeking county financing, and; 2) expedite payback to the County on property owner assessments so that other projects may be financed more frequently. The recommended changes to the policy were presented to the Board at their Work Session on November 13, 2018. Since that time, staff has re-worked some of the proposed changes to address concerns expressed by the Board at the work session.

Board Goal: This action supports routine County operations.

Fiscal Impact: County financing of critical community infrastructure projects, in accordance with this policy, will be considered during the annual budget process.

Additional Information:

North Carolina General Statute 153A-185 allows counties to provide the financing for the construction, reconstruction, or improvement of water, sewer or road systems and make special assessments against the benefited properties. In doing so, the County and the petitioner(s) seeking county financing, must adhere to the requirements of the policy and State law.

The Wake County Water, Sewer and Road Financial Policy is used to determine when the County should consider public financing of critical community infrastructure projects. This policy was prompted when the County was approached by several communities seeking financial assistance to resolve infrastructure problems in their communities. These issues were related to private water or sewer systems not functioning properly; and subdivision roads that were never turned over to the NC Department of Transportation's maintained highway system.

Since adoption of the policy in April 2015, the County has completed one project, the Banks Pointe Subdivision roads. There have also been inquiries from many other communities about the policy. During this time, staff has identified several elements of the policy that could be improved. This has led to the proposed policy amendments that will accomplish the following: 1) clarify the financing terms for communities seeking county financing, and; 2) expedite payback to the County on property owner assessments so that other projects may be financed more frequently. Highlights of the proposed amendments are as follows:

- Petitions for County financing 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 even when a petition meets the state law requirements
- Financing will be considered during the County's annual budget process
- Projects will only move forward for consideration by the Board of Commissioners once funding has been appropriated in the budget
- Establishment of the following formula to expedite payback to the County (less than 10 years) so that other projects may be funded more frequently: *The estimated annual installment, per lot, shall be approximately equal to the average annual property tax of all the lots requesting County financing, for a period no less than three years and no more than 10 years.*
- The financing terms (assessment period) for a project will be stated in the project petition
- A financial hardship provision will allow the Wake County Revenue Director to consider modified payment arrangements for those property owners who can demonstrate difficulty in paying their assessment

The recommended changes to the policy were presented to the Board at their Work Session on November 13, 2018.

Attachments:

1. Presentation
2. Wake County Water, Sewer and Road Financial Policy - Amended
3. Sample Petition - Amended