

Wake County Water, Sewer and Road Financial Policy

Wake County Board of Commissioners



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Purpose of Policy Adopted in April 2015

To determine when the County should consider public financing of critical community infrastructure projects

- Assistance with community or individual wells that have become contaminated or degraded
- Assistance with non-municipal or individual sewer (septic) systems that are failing
- Improvement or repair of subdivision roads (orphan roads) for acceptance into the NCDOT maintained system

Background on Proposed Policy Changes

Changes to the policy and petition were presented and discussed at the following meetings:

March 12, 2018	Growth, Land Use & Environment Committee
April 9, 2018	Growth, Land Use & Environment Committee
June 11, 2018	Growth, Land Use & Environment Committee <ul style="list-style-type: none">• Committee accepted staff proposed changes and recommended they move forward for consideration for the full board.
July 23, 2018	Board of Commissioners tabled the item
Nov. 13, 2018	Board of Commissioners Work Session

Communities expressing interest were advised of these meetings and attended

What is an Orphan Road?

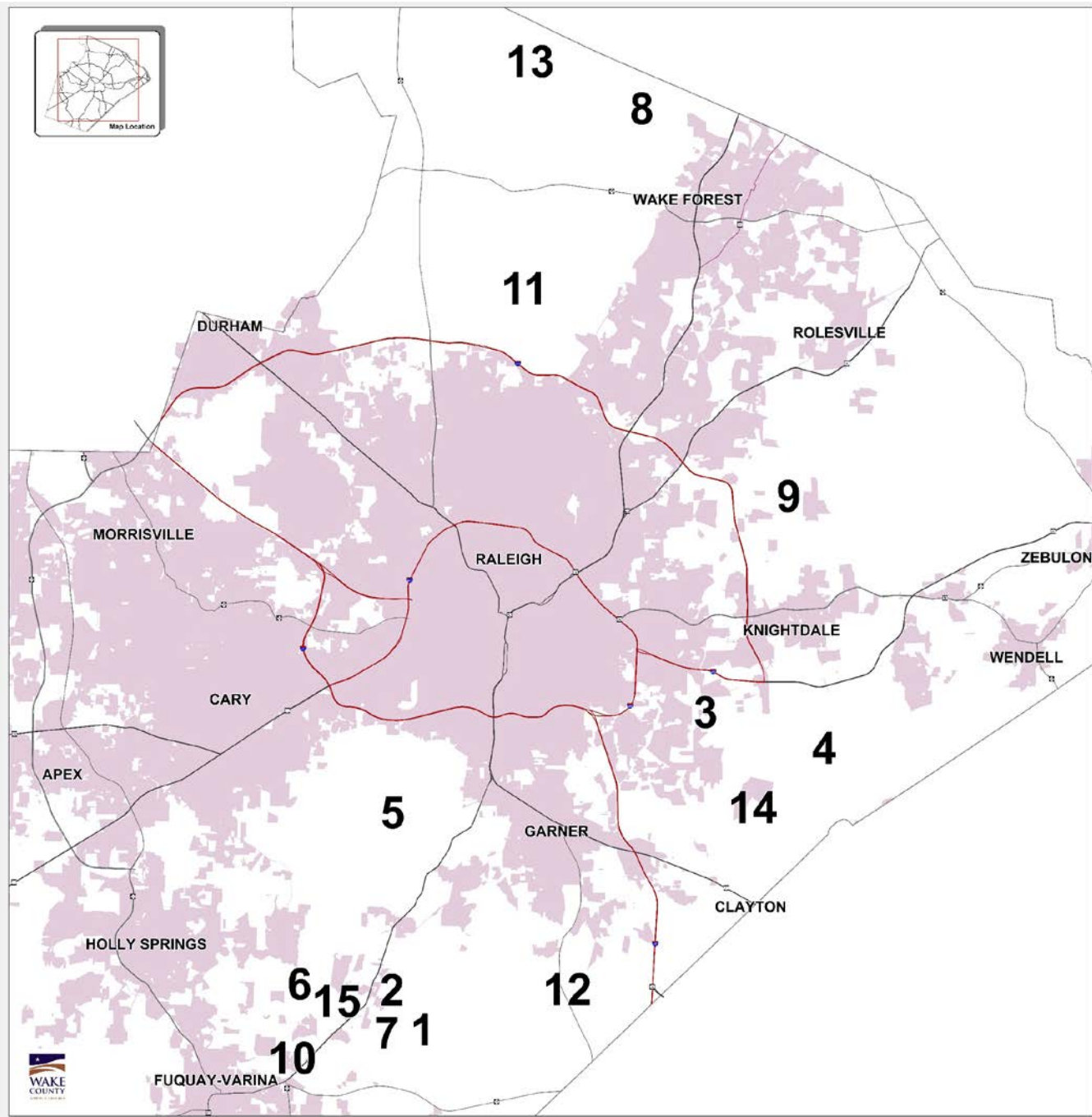
- Developers fail to complete the subdivision roads to NCDOT standards and the state will not accept them into their maintenance program
- Communities began seeking assistance from the County
- Approximately 150 to 195 miles of orphan roads in Wake County
- The estimated cost to bring a road up to NCDOT standards can range from \$250K to \$500K or more per mile

Examples



Since the policy was adopted

- Banks Pointe subdivision was the first project completed under the new policy. (Transferred \$1M from RTP infrastructure projects to fund project)
- Staff has spoken with approx. two dozen communities about this policy...specific to their subdivision roads
- Two new petitions for road repairs were submitted earlier this year totaling \$1.127M (Mallard Crossing and Rose Hall)
 - These requests prompted the need to revisit the policy
- Staff is not issuing any new petitions until the Board considers changes to the policy
- No petitions received for water or sewer projects



Inquiring Communities

1. Air Park Road
2. Banks Pointe
3. Beechwood
4. Autumn Woods
5. Carolton
6. Crooked Creek
7. Dayton Woods
8. Forrest Ridge
9. Mallard Crossing
10. Miller's Creek
11. Rose Hall
12. Southern Trace
13. Sutherland
14. The Preserve at Long Branch
15. West Oaks

Options for Property Owners

1. Do nothing
2. The community can fund/finance the road repairs themselves by hiring a contractor and working with NCDOT
3. The community can convert the roads into legal private roads
 - Maintenance agreement among all property owners
 - Resurvey and re-record the roads as private
 - Establish a community road maintenance fund
4. Request County financing in accordance with the policy and state law

Lessons learned to date

- Petitioners expect a road project that receives a 75% ‘yes’ vote from their community to move forward and assumes County funding is available
- Current language used in the petition of “*up to 10 years*” gives property owners the presumption that the assessment period will be 10 years and 1/10 annual payment (statutory maximum is 10 years)
- A 10-year assessment period for every project limits the ability to create a sufficient revolving fund to support future projects
- Current petition does not include specific terms/conditions (financing period), which leads to interpretations and presumptions by the community

Clarify in the policy and petition that...

1. Petitions will be considered on a case by case basis; and financing will be considered during the annual budget process
2. Financing terms (assessment period) will be stated in the petition
3. Establish a formula to expedite payback to the county that sets the financing period no less than 3 years and no more than 10 years
4. Include a financial hardship policy for property owners who can demonstrate difficulty in paying their assessment

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, for a period no less than three years and no more than 10 years.

Sample Scenarios (50 Lots / \$500,000 Cost)

	Community A	Community B	Community C
Avg. Property Value	\$150,000	\$350,000	\$950,000
Avg. Annual Property Taxes	\$982	\$2,290	\$6,217
Per Lot Total Assessment	\$10,000	\$10,000	\$10,000
Per Lot Annual Assessment per formula	\$1,000	\$2,000	\$3,333
Financing Term	10 years	5 years	3 years

By adopting changes to policy & petition...

- Clarifies:
 - The order in which petition will be considered upon submittal
 - Expectations for funding projects once petitions are completed
 - The timing of appropriations for projects that are approved for County financing
- Establishes a formula for determining the financing term for all projects based on the community's average annual property tax payment with a minimum financing period of 3 years and maximum of 10 years (required by state statute) to be included in the petition

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Process for Requesting County Financing

1. Community must prepare a detailed cost estimate to repair the roads
2. County prepares a petition for each property owner to consider financing from the County (cost estimate on petition is not a guaranteed max price)
3. State law requires at least 75% of the property owners sign the petition and then submit to the County
4. Board of Commissioners consider financing the project (public hearing)
5. County manages design and construction like any other CIP project
6. County coordinates with NCDOT for acceptance of the roads
7. All property owners are assessed their equal portion of the total project cost

Total Project Cost Paid by Property Owners

- Total project cost is spread equally among all owners (assessment)
- The assessment begins at the end of the project after the roads have been accepted by NCDOT
- Assessments are administered by the County Revenue Department
- Owners can pay their assessment in full/upfront without any finance charge
- Owners also have the choice to finance their assessment over a set term, determined by the Board, requiring annual payments including a finance charge
- The County has the authority to foreclose on any unpaid or delinquent assessments