

Town of Dallas

Agenda

July 30, 2024

6:30 PM

BOARD OF ALDERMEN-WORK SESSION

Hayley Beaty, Mayor

Jerry Cearley

Frank Milton

Sam Martin, Mayor Pro-Tem

Alan Cloninger

E. Hoyle Withers

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TOWN OF DALLAS, NORTH CAROLINA

REQUEST FOR BOARD ACTION

DESCRIPTION: System Development Fees

AGENDA ITEM NO. 3A

MEETING DATE: 7/30/2024

BACKGROUND INFORMATION:

In July 2017, the North Carolina General Assembly authorized public water and sewer systems to implement system development fees to provide for capital improvements in those systems. These fees must be calculated and prepared by a financial professional or licensed professional engineer. Dallas contracted with Raftelis to complete the analysis required to calculate system development fees for the water and sewer utilities.

Implementation of these fees would be assessed for any new development and would be used to improve and expand the water and sewer infrastructure as growth occurs.

Attached is G.S. 162A Article 8, which outlines the development, implementation, and maintenance of system development fees. Also attached is the report received from Raftelis containing the calculated system development fees for Dallas. In order to implement these fees, there must be a 45 day public comment period, followed by a public hearing and vote to implement.

The public comment section was open from May 1, 2024 to June 17, 2024. No comments have been received. The implementation of these fees is crucial to the future health of our water/sewer system and treatment plants.

MANAGER'S RECOMMENDATION: To approve the System Development Fees as presented to be effective July 1, 2019.

BOARD ACTION TAKEN:

Article 8 - System Development Fees

§ 162A-200. Short title.

This Article shall be known and may be cited as the "Public Water and Sewer System Development Fee Act." (2017-138, s. 1.)

§ 162A-201. Definitions.

The following definitions apply in this Article:

- (1) Capital improvement. – A planned facility or expansion of capacity of an existing facility other than a capital rehabilitation project necessitated by and attributable to new development.
- (2) Capital rehabilitation project. – Any repair, maintenance, modernization, upgrade, update, replacement, or correction of deficiencies of a facility, including any expansion or other undertaking to increase the preexisting level of service for existing development.
- (3) Existing development. – Land subdivisions, structures, and land uses in existence at the start of the written analysis process required by G.S. 162A-205, no more than one year prior to the adoption of a system development fee.
- (4) Facility. – A water supply, treatment, storage, or distribution facility, or a wastewater collection, treatment, or disposal facility, including for reuse or reclamation of water, owned or operated, or to be owned or operated, by a local governmental unit and land associated with such facility.
- (5) Local governmental unit. – Any political subdivision of the State that owns or operates a facility, including those owned or operated pursuant to local act of the General Assembly or pursuant to Part 2 of Article 2 of Chapter 130A, Article 15 of Chapter 153A, Article 16 of Chapter 160A, or Articles 1, 4, 5, 5A, or 6 of Chapter 162A of the General Statutes.
- (6) New development. – Any of the following occurring after the date a local government begins the written analysis process required by G.S. 162A-205, no more than one year prior to the adoption of a system development fee, which increases the capacity necessary to serve that development:
 - a. The subdivision of land.
 - b. The construction, reconstruction, redevelopment, conversion, structural alteration, relocation, or enlargement of any structure which increases the number of service units.
 - c. Any use or extension of the use of land which increases the number of service units.
- (7) Service. – Water or sewer service, or water and sewer service, provided by a local governmental unit.
- (8) Service unit. – A unit of measure, typically an equivalent residential unit, calculated in accordance with generally accepted engineering or planning standards.
- (9) System development fee. – A charge or assessment for service imposed with respect to new development to fund costs of capital improvements necessitated by and attributable to such new development, to recoup costs of existing facilities which serve such new development, or a combination of those costs, as provided in this Article. The term includes amortized charges, lump-sum charges, and any other fee that functions as described by this definition regardless of terminology. The term does not include any of the following:
 - a. A charge or fee to pay the administrative, plan review, or inspection costs associated with permits required for development.
 - b. Tap or hookup charges for the purpose of reimbursing the local governmental unit for the actual cost of connecting the service unit to the system.
 - c. Availability charges.

d. Dedication of capital improvements on-site, adjacent, or ancillary to a development absent a written agreement providing for credit or reimbursement to the developer pursuant to G.S. 153A-280, 153A-451, 160A-320, 160A-499 or Part 3A of Article 18, Chapter 153A or Part 3D of Article 19, Chapter 160A of the General Statutes.

e. Reimbursement to the local governmental unit for its expenses in constructing or providing for water or sewer utility capital improvements adjacent or ancillary to the development if the owner or developer has agreed to be financially responsible for such expenses; however, such reimbursement shall be credited to any system development fee charged as set forth in G.S. 162A-207(c).

(10) System development fee analysis. – An analysis meeting the requirements of G.S. 162A-205. (2017-138, s. 1.)

§ 162A-202: Reserved for future codification purposes.

§ 162A-203. Authorization of system development fee.

(a) A local governmental unit may adopt a system development fee for water or sewer service only in accordance with the conditions and limitations of this Article.

(b) A system development fee adopted by a local governmental unit under any lawful authority other than this Article and in effect on October 1, 2017, shall be conformed to the requirements of this Article not later than July 1, 2018. (2017-138, s. 1.)

§ 162A-204: Reserved for future codification purposes.

§ 162A-205. Supporting analysis.

A system development fee shall be calculated based on a written analysis, which may constitute or be included in a capital improvements plan, that:

(1) Is prepared by a financial professional or a licensed professional engineer qualified by experience and training or education to employ generally accepted accounting, engineering, and planning methodologies to calculate system development fees for public water and sewer systems.

(2) Documents in reasonable detail the facts and data used in the analysis and their sufficiency and reliability.

(3) Employs generally accepted accounting, engineering, and planning methodologies, including the buy-in, incremental cost or marginal cost, and combined cost methods for each service, setting forth appropriate analysis as to the consideration and selection of a method appropriate to the circumstances and adapted as necessary to satisfy all requirements of this Article.

(4) Documents and demonstrates the reliable application of the methodologies to the facts and data, including all reasoning, analysis, and interim calculations underlying each identifiable component of the system development fee and the aggregate thereof.

(5) Identifies all assumptions and limiting conditions affecting the analysis and demonstrates that they do not materially undermine the reliability of conclusions reached.

(6) Calculates a final system development fee per service unit of new development and includes an equivalency or conversion table for use in determining the fees applicable for various categories of demand.

(7) Covers a planning horizon of not less than five years nor more than 20 years.

(8) Is adopted by resolution or ordinance of the local governmental unit in accordance with G.S. 162A-209. (2017-138, s. 1; 2018-34, s. 1(a).)

§ 162A-206: Reserved for future codification purposes.

§ 162A-207. Minimum requirements.

(a) Maximum. – A system development fee shall not exceed that calculated based on the system development fee analysis.

(b) Revenue Credit. – In applying the incremental cost or marginal cost, or the combined cost, method to calculate a system development fee with respect to water or sewer capital improvements, the system development fee analysis must include as part of that methodology a credit against the projected aggregate cost of water or sewer capital improvements. That credit shall be determined based upon generally accepted calculations and shall reflect a deduction of either the outstanding debt principal or the present value of projected water and sewer revenues received by the local governmental unit for the capital improvements necessitated by and attributable to such new development, anticipated over the course of the planning horizon. In no case shall the credit be less than twenty-five percent (25%) of the aggregate cost of capital improvements.

(c) Construction or Contributions Credit. – In calculating the system development fee with respect to new development, the local governmental unit shall credit the value of costs in excess of the development's proportionate share of connecting facilities required to be oversized for use of others outside of the development. No credit shall be applied, however, for water or sewer capital improvements on-site or to connect new development to water or sewer facilities. (2017-138, s. 1.)

§ 162A-208: Reserved for future codification purposes.

§ 162A-209. Adoption and periodic review.

(a) For not less than 45 days prior to considering the adoption of a system development fee analysis, the local governmental unit shall post the analysis on its Web site and solicit and furnish a means to submit written comments, which shall be considered by the preparer of the analysis for possible modifications or revisions.

(b) After expiration of the period for posting, the governing body of the local governmental unit shall conduct a public hearing prior to considering adoption of the analysis with any modifications or revisions.

(c) The local governmental unit shall publish the system development fee in its annual budget or rate plan or ordinance. The local governmental unit shall update the system development fee analysis at least every five years. (2017-138, s. 1.)

§ 162A-210: Reserved for future codification purposes.

§ 162A-211. Use and administration of revenue.

(a) Revenue from system development fees calculated using the incremental cost method or marginal cost method, exclusively or as part of the combined cost method, shall be expended only to pay:

(1) Costs of constructing capital improvements including, and limited to, any of the following:

a. Construction contract prices.

b. Surveying and engineering fees.

c. Land acquisition cost.

d. Principal and interest on bonds, notes, or other obligations issued by or on behalf of the local governmental unit to finance any costs for an item listed in sub-subdivisions a. through c. of this subdivision.

(2) Professional fees incurred by the local governmental unit for preparation of the system development fee analysis.

(3) If no capital improvements are planned for construction within five years or the foregoing costs are otherwise paid or provided for, then principal and interest on bonds, notes, or other obligations issued by or on behalf of a local governmental unit to finance the construction or acquisition of existing capital improvements.

(b) Revenue from system development fees calculated using the buy-in method may be expended for previously completed capital improvements for which capacity exists and for capital rehabilitation projects. The basis for the buy-in calculation for previously completed capital improvements shall be determined by using a generally accepted method of valuing the actual or replacement costs of the capital improvement for which the buy-in fee is being collected less depreciation, debt credits, grants, and other generally accepted valuation adjustments.

(c) A local governmental unit may pledge a system development fee as security for the payment of debt service on a bond, note, or other obligation subject to compliance with this section.

(d) Except as otherwise provided in subsection (e) of this section, system development fee revenues shall be accounted for by means of a capital reserve fund established pursuant to Part 2 of Article 3 of Chapter 159 of the General Statutes and limited as to expenditure of funds in accordance with this section.

(e) If and to the extent that revenues derived from system development fees are pledged to secure revenue bonds or notes issued by a local governmental unit under the provisions of Article 5 of Chapter 159 of the General Statutes, such revenues may be deposited in such funds, accounts or subaccounts, and applied in such manner, as set forth in the bond order, resolution, trust agreement or similar instrument authorizing and securing such bonds or notes until all such revenue bonds or notes are no longer outstanding. (2017-138, s. 1; 2018-34, s. 2(a).)

§ 162A-212: Reserved for future codification purposes.

§ 162A-213. Time for collection of system development fees.

(a) Land Subdivision. – For new development involving the subdivision of land, the system development fee shall be collected by a local governmental unit at the later of either of the following:

- a. The time of plat recordation.
- b. When water or sewer service is committed by the local governmental unit.

(b) Other New Development. – For all other new development, the local governmental unit shall collect the system development fee at the earlier of either of the following:

- a. The time of application for connection of the individual unit of development to the service or facilities.
- b. When water or sewer service is committed by the local governmental unit. (2017-138, s. 1; 2018-34, s. 3(a).)

§ 162A-214: Reserved for future codification purposes.

§ 162A-215. Narrow construction.

Notwithstanding G.S. 153A-4 and G.S. 160A-4, in any judicial action interpreting this Article, all powers conferred by this Article shall be narrowly construed to ensure that system development fees do not unduly burden new development. (2017-138, s. 1.)

TOWN OF DALLAS - WATER AND SEWER SERVICE FEES

STANDARD TAP AND PRIVILEGE FEES

	<u>3/4" WATER TAP</u>	<u>4" SEWER TAP</u>
Privilege Fee	\$659	\$659
Residential Tap Inside	\$1,221	\$1,736
Residential Tap Outside	\$1,346.10	\$1,864
Commercial Tap	Cost	Cost
Road Bore Fee	\$395	\$395
Water Tap >1"	Cost	
Sewer Tap > 5' in depth and/or 20' in lateral length		Cost

IRRIGATION TAPS

Residential Outside Yard Meter w/Tee	\$395
Residential Outside Yard Meter 3/4" Tap	\$1,221
Residential Outside Yard Meter 1"	\$1,221
Residential Irrigation Tap >1"	Cost
Commerical Irrigation Tap	Cost

UNAUTHORIZED METER ACCESS/UNSAFE METER USE \$200.00

DAMAGED METER REPAIR/REPLACEMENT Cost

System Development Fees			
Meter Size	Meter Ratio	Water	Sewer
3/4"	1.00	\$1,794	\$1,745
1"	1.67	\$2,989	\$2,908
1.5"	3.33	\$5,979	\$5,816
2"	8.33	\$14,946	\$14,540
3"	16.67	\$29,893	\$29,079
4"	33.33	\$59,786	\$58,159
6"	53.33	\$95,657	\$93,054
8"	93.33	\$167,400	\$162,845
10"	183.33	\$328,822	\$319,874

- 1) System Development Fees shall be based on water meter size. If only sewer service is requested, then fee will be based on estimated water service size.
- 2) System Development Fees for Multi-Family development shall be based on ¾" meters for each unit within the complex, not on a master meter size or other method of calculation.
- 3) Fire Flow shall not be metered and shall not be assessed a System Development Fee.
- 4) System Development Fees for irrigation services shall only include water fees. Combination services shall be reviewed by the Town and calculated at the time of the request for service.

Effective: January 1, 2024

May 1, 2024

Mr. Jonathan Newton
Finance Director
The Town of Dallas
210 N. Holland St
Dallas, NC 28034

Subject: 2024 System Development Fee Study Update

Dear Mr. Newton:

Raftelis Financial Consultants, Inc. (“Raftelis”) has completed an evaluation to develop cost-justified water and sewer system development fees for fiscal year (“FY”) 2024 for consideration by The Town of Dallas (Town). This report documents the results of the analysis, which was based on an approach for establishing system development fees set forth in North Carolina General Statute 162A Article 8 – “System Development Fees.” The purpose of this report is to summarize Raftelis’ conclusion related to cost justified water and sewer system development fees.

The preparation of this report was developed by Raftelis for the Town based on a specific scope of work agreed to by both parties. The scope of Raftelis’ work consisted of completing a calculation of cost justified water and sewer system development fees using common industry practices and industry standards. We provide no opinion on the legality of the system development fees implemented by the Town. It is the responsibility of the Town to ensure compliance of the system development fees with North Carolina General Statute 162A Article 8 – “System Development Fees”. The scope of work does did not include any additional work other than the calculation associated with the system development fees, such as opinions or recommendations on the administration of these fees, the timing and use application of revenues from the collection of these fees, etc., as that is the responsibility of the Town.

In developing the conclusions contained within this report, Raftelis has relied on certain assumptions and information provided by the Town, who is most knowledgeable of the water and sewer system, its finances, etc. Raftelis has not independently verified the accuracy of the information provided by the Town. We believe such sources are reliable and the information obtained to be reasonable and appropriate for the analysis undertaken and the conclusions reached. The conclusions contained in this report are as of the stated date, for a specific use and purpose, and made under specific assumptions and limiting conditions. The reader is cautioned and reminded that the conclusions presented in this report apply only as to the effective date indicated. Raftelis makes no warranty, expressed or implied, with respect to the opinions and conclusions contained in this report. Any statement in this report involving estimates or matters of opinion, whether or not specifically designated, are intended as such, and not as representation of fact.

Background

System development fees are one-time charges assessed to new water and/or sewer customers for their use of system capacity and serve as an equitable method by which to recover up-front system capacity costs from those using the capacity. North Carolina General Statute 162A Article 8 (“Article 8”) provides for the uniform authority to implement system development fees for public water and sewer systems in North Carolina and was passed by the North Carolina General Assembly and signed into law on July 20, 2017, and has been modified several times since its adoption. According to the statute, system development fees are required to be adopted in accordance with the conditions and limitations of Article 8. In addition, the system development fees must also be prepared by a financial professional or licensed professional engineer, qualified by experience and training or education, who, according to the Article, shall:

- Document in reasonable detail the facts and data used in the analysis and their sufficiency and reliability.
- Employ generally accepted accounting, engineering, and planning methodologies, including the buy-in, incremental cost or marginal cost, and combined cost methods for each service, setting forth appropriate analysis to the consideration and selection of an approach appropriate to the circumstances and adapted as necessary to satisfy all requirements of the Article.
- Document and demonstrate the reliable application of the methodologies to the facts and data, including all reasoning, analysis, and interim calculations underlying each identifiable component of the system development fee and the aggregate thereof.
- Identify all assumptions and limiting conditions affecting the analysis and demonstrate that they do not materially undermine the reliability of conclusions reached.
- Calculate a final system development fee per service unit of new development and include an equivalency or conversion table for use in determining the fees applicable for various categories of demand.
- Consider a planning horizon of not less than five years, nor more than 20 years.
- Use the gallons per day per service unit that the local government unit applies to its water or sewer system engineering for planning purposes for water or sewer, as appropriate, in calculating the system development fee.

This letter report documents the results of the calculation of water and sewer system development fees for FY 2024 in accordance with these requirements. In general, system development fees are calculated based on (1) a cost analysis of the existing or planned infrastructure that is in place, or will be constructed, to serve new capacity demands, and (2) the existing or additional capacity associated with these assets. Article 8 is relatively explicit in the identification of infrastructure assets that may be included as part of the system development fee calculation, as the Article defines allowable assets to include the following types, as provided in Section 201:

“A water supply, treatment, storage, or distribution facility, or a wastewater collection, treatment, or disposal facility providing a general benefit to the area that facility serves and is owned or operated, or to be owned or

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operated, by a local governmental unit. This shall include facilities for the reuse or reclamation of water and any land associated with the facility.”

Therefore, the method used to calculate system development fees for the Town included system facility assets that satisfied this definition.

Article 8 references three methodologies that could be used to calculate system development fees. These include the buy-in method, the incremental cost method, and the combined cost method. A description of each of these methods is included in the following paragraphs:

Capacity Buy-In Method:

Under the Capacity Buy-In Method, a system development fee is calculated based on the proportional cost of each user’s share of existing system capacity. This approach is typically used when existing facilities can provide adequate capacity to accommodate future growth. The cost of capacity is derived by dividing the estimated value of existing facilities by the current capacity provided by existing facilities. Adjustments to the value of existing facilities are made for developer contributed assets, grant funds, and outstanding debt.

Incremental Cost Method:

Under the Incremental Cost (or Marginal Cost) Method, a system development fee is calculated based on a new customer’s proportional share of the incremental future cost of system capacity. This approach is typically used when existing facilities have limited or no capacity to accommodate future growth. The cost of capacity is calculated by dividing the total cost of growth-related capital investments by the additional capacity provided as a result of the investments.

Combined Cost Method:

Under the Combined Cost Method, a system development fee is calculated based on the blended value of both the existing and expanded system capacity. As such, it is a combination of the Capacity Buy-In and Incremental Cost methods. This method is typically used when existing facilities provide adequate capacity to accommodate a portion of the capacity needs of new customers, but where significant investment in new facilities to address a portion of the capacity needs of future growth is also anticipated, or where some capacity is available in parts of the existing system, but incremental capacity will be needed for other parts of the system to serve new customers at some point in the future.

The Buy-In method was used to calculate the water and sewer system development fees for the Town, since in general, the Town’s existing water and sewer treatment facilities have enough capacity to accommodate anticipated future growth over the near term, and the capital improvements projects are not adding any additional capacity to serve new customers. The following steps were completed to calculate the fees under the Buy-In Method:

1. The replacement value of existing system facilities was calculated, and adjustments were made to derive a net replacement value estimate in accordance with Article 8. Adjustments to the calculated replacement value included deducting accumulated depreciation, developer contributions, and a portion of outstanding debt.
2. The unit cost of system capacity was estimated by dividing the calculated system value from step 1 by the total treatment capacity of the system.

The Town of Dallas, NC

3. The amount of capacity assumed to be demanded by one service unit of new development was identified. One equivalent residential unit (“ERU”) was defined as the smallest service unit of new development.
4. The system development fee for one service unit of development was calculated by multiplying the cost per unit of system capacity by the capacity associated with one ERU, as defined below.
5. The calculated system development fee for one ERU was scaled for meter sizes.

Calculation of System Development Fees

Step 1 – Estimate the System Value and Apply Adjustments

A listing of fixed assets provided by the Town, as of June 30, 2023, was reviewed and each individual asset was categorized into one of the categories shown in Table 1.

Table 1. Fixed Asset Categories by System

Water System	Sewer System
Building	Building
Distribution	Distribution
Equipment	Equipment
Land	Land
Water Plant	Sewer Plant
Non-Core Assets (Vehicles/Equipment)	Non-Core Assets (Vehicles/Equipment)

Next, the replacement value of existing assets in allowable categories was estimated. Each asset’s original cost, as contained in the fixed asset listing provided by the Town, was escalated to 2023 dollars based on the year the asset was purchased and the corresponding escalation factor for that year. Escalation factors for each year were developed using the Handy-Whitman Index (“HWI”) for the South Atlantic Region, which provides an annual index value representing the relative change in costs for each year from 1908 to 2023. Using the HWI to estimate an asset’s current replacement cost is an industry accepted method by which to value system facilities.

The replacement costs of the assets were adjusted by their indexed accumulated depreciation to derive the replacement cost new less accumulated depreciation (“RCNLD”) amounts. The estimated RCNLD values for water and sewer system assets allowable under Article 8 are summarized in Table 2.

As shown in Table 2, the RCNLD value of the water system was estimated to be approximately \$13.2 million, and the RCNLD value of the sewer system was estimated to be approximately \$4.0 million. Several additional adjustments were made to the estimated water and sewer system RCNLD values in accordance with Article 8, which included adjustments for developer contributed assets, grant funded assets, and a portion of outstanding debt, as described below.

Excluded Assets

The fixed assets were reviewed to identify non-core assets such as meters, equipment, and vehicles, which are not allowable under Article 8. The listing of fixed assets was also reviewed to identify assets that were contributed, or paid for, by developers or grant funded. Based on discussions with Town staff, the Town has historically expanded water and sewer infrastructure and not taken over any assets from developers. This policy recently changed but no developer contributed assets have been assumed by the Town as of the date of this analysis. However, there was one grant funded asset identified by the Town, which was removed, as shown below.

Table 2. Water and Sewer System Value

Description	Water	Sewer
Eligible Assets (RCNLD)	\$13,180,655	\$4,005,468
Less: Contributed/Grant Funded Capital	(\$75,000)	
Less: Non-Core Assets	(\$247,514)	(\$326,478)
System RCNLD	\$12,858,141	\$3,678,990

Debt Credit

Article 8 specifies that the buy-in calculation should be determined using generally accepted methods, including the consideration of debt credits and other generally accepted valuation adjustments. The debt credit is applied to reflect that a portion of the outstanding debt associated with the system facilities will be repaid with water and sewer user charges and a portion will be repaid with system development fee revenues. An adjustment was made to prevent recovering the cost of the assets twice, once when assessing system development fees for new customers, and then again when these customers pay user charges. For the water and sewer systems, the total credit is the current outstanding principal for the water system debt. There is no current outstanding debt for the sewer system.

Table 3. Debt Credit

Description	Water	Sewer
System RCNLD	\$12,858,141	\$3,678,990
Less: Outstanding Principal	(\$2,114,185)	
Net System Value	\$10,743,956	\$3,678,990

Step 2 – Calculate the Unit Cost of System Capacity

The cost per unit of system capacity was calculated by dividing the adjusted system values (derived in Step 1) by the water and sewer system capacities. The treatment capacity of the water system is currently 1 million gallons per day (“MGD”). Therefore, the cost per unit of system capacity for the water system was calculated to be \$10.74 per gallon per day (\$10,743,956 ÷ 1 MGD).

The treatment capacity of the sewer system is 0.6 MGD. The treatment capacity of the sewer system is currently 0.6 million gallons per day (“MGD”). Therefore, the cost per unit of system capacity for the sewer system was calculated to be \$6.13 per gallon per day (\$3,678,990 ÷ 0.6 MGD). The calculations are provided in 4.

Table 4. Calculation of Water and Sewer System Development Fees Unit Cost

Description	Water	Sewer
Net System Value	\$10,743,956	\$3,678,990
System Capacity (MGD)	1.0	0.6
Unit Cost of Capacity (\$ / gallon per day)	\$10.74	\$6.13

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Step 3 – Estimate the Amount of Capacity Per Service Unit of New Development

Section 205 of Article 8 states that the system development fee calculation “...use the gallons per day per service unit that the local governmental unit applies to its water or sewer system engineering for planning purposes for water or sewer, as appropriate, in calculating the system development fee.” The Town uses the North Carolina Administrative Code 15A NCAC 02T.0114 Wastewater Design Flow Rates to define the level of demand associated with a typical, or average, residential customer, which was recently updated to 75 gallons per day per bedroom. A three-bedroom home was assumed which results in 225 gallons per service unit.

Step 4 – Calculate the System Development Fee for One ERU

The system development fee for one ERU was calculated by multiplying the unit cost of capacity from Step 2 by the capacity demanded by one ERU from Step 3. The calculations are shown in Table 5.

Table 5. Calculation of Water and Sewer System Development Fees per ERU

Description	Water	Sewer
Cost per Unit of Capacity (GPD)	\$10.74	\$6.13
Daily ERU (in GPD)	225	225
Calculated System Development Fee per ERU	\$2,417	\$1,380

Step 5 – Scaled System Development Fees

The system development fees for various categories of demand associated with non-residential customers were scaled using water meter capacity ratios. The scaling factors were based on rated meter capacities for each meter size, as published by the American Water Works Association in Principles of Water Rates, Fees, and Charges, as shown in Table 6.¹

The water and sewer system development fees shown in Table 6 represent the maximum cost-justified level of system development fees that can be assessed by the Town per Article 8. If the Town chooses to assess fees that are less than those shown in the tables, the adjustments need to be reflected consistently across all categories of demand.

Table 6. Maximum Cost-Justified Water and Sewer SDF

Meter Size	Capacity Ratio	Water Fee	Sewer Fee	Total
¾”	1.00	\$ 2,417	\$ 1,380	\$ 3,797
1”	1.67	\$ 4,028	\$ 2,300	\$ 6,328
1.5”	3.33	\$ 8,057	\$ 4,600	\$ 12,657
2”	8.33	\$ 20,142	\$ 11,500	\$ 31,642
3”	16.67	\$ 40,283	\$ 23,000	\$ 63,283
4”	33.33	\$ 80,567	\$ 46,000	\$126,567
6”	53.33	\$ 128,907	\$ 73,600	\$202,507
8”	93.33	\$ 225,587	\$ 128,800	\$354,387
10”	183.33	\$ 443,117	\$ 253,000	\$696,117

¹ Manual of Water Supply Practices (M1), Principles of Water Rates, Fees, and Charges, American Water Works Association, 7th Edition, Table VII.2-5 on p. 338.

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We appreciate the opportunity to assist the Town of Dallas with this important engagement. Should you have questions, please do not hesitate to contact me at 704-936-4436.

Very truly yours,

A handwritten signature in black ink that reads "Elaine Conti". The signature is written in a cursive, flowing style.

Elaine Conti,
Executive Vice President

RAFTELIS FINANCIAL CONSULTANTS, INC.

TOWN OF DALLAS, NORTH CAROLINA

REQUEST FOR BOARD ACTION

DESCRIPTION: Update from Chief Walls

AGENDA ITEM NO. 3B

MEETING DATE: 07/30/2024

BACKGROUND INFORMATION:

Chief Walls will be giving an update on the stats from the speed saturation event, followed by an update on the open positions that have been filled.

MANAGER RECOMMENDATION:

BOARD ACTION TAKEN:

TOWN OF DALLAS, NORTH CAROLINA

REQUEST FOR BOARD ACTION

DESCRIPTION: Use of Dennis Franklin Gym

AGENDA ITEM NO. 3C

MEETING DATE: 7/30/2024

BACKGROUND INFORMATION:

Alex Wallace, Parks and Recreation Director, has received a request from Gaston College to use the gym through the week and some times on the weekends when not in use by the Town for their basketball team.

They have mentioned Dennis Franklin gym would not be used for their normal practices, but for possible warm up times before heading to a game, or if a student has break a between classes and wants to shoot/practice by themselves until their next class begins.

Keep in mind the Town has just finished putting in a new gym floor and we will be replacing the roof and some sections of the bleachers in the upcoming weeks.

MANAGER'S RECOMMENDATION:

BOARD ACTION TAKEN:

TOWN OF DALLAS, NORTH CAROLINA

REQUEST FOR BOARD ACTION

DESCRIPTION: Discussion on the Cruise-In Event

AGENDA ITEM NO. 3D

MEETING DATE: 07/30/2024

BACKGROUND INFORMATION:

Discussion about possibly moving the August 24 concert and cruise-in to Cloninger park to account for the parking of the classic cars that will be coming to that event.

MANAGER RECOMMENDATION:

BOARD ACTION TAKEN:

TOWN OF DALLAS, NORTH CAROLINA

REQUEST FOR BOARD ACTION

DESCRIPTION: Cemetery Report – Patrick McSwain

AGENDA ITEM NO. 3E

MEETING DATE: 07/30/2024

BACKGROUND INFORMATION:

Patrick McSwain giving cemetery report.

MANAGER RECOMMENDATION:

BOARD ACTION TAKEN:

TOWN OF DALLAS, NORTH CAROLINA

REQUEST FOR BOARD ACTION

DESCRIPTION: Electrical Warehouse/Public Works

AGENDA ITEM NO. 3F

MEETING DATE: 07/30/2024

BACKGROUND INFORMATION:

Alderman Withers would like to have a discussion pertaining to the Electrical Warehouse.

MANAGER RECOMMENDATION:

BOARD ACTION TAKEN:

TOWN OF DALLAS, NORTH CAROLINA

REQUEST FOR BOARD ACTION

DESCRIPTION: Discussion for Distressed Property – E. Main, S. College, E. Church

AGENDA ITEM NO. 3G

MEETING DATE: 07/30/2024

BACKGROUND INFORMATION:

Alderman Milton wants to address the Board concerns for distressed properties at the following addresses E. Main, S. College, E. Church, The Old Mill.
See attached discussion from Alderman Milton.

MANAGER RECOMMENDATION:

BOARD ACTION TAKEN:

Distressed Property – E. Main, S. College, and E. Church. The Old Mill

I am writing to respectfully request the addition of an agenda item for the upcoming Board of Aldermen meeting to address the distressed property located at the corner of E. Main, S. College, and E. Church (commonly known as The Old Mill). This property, in its current state, is a significant concern for our community, and it is imperative that we explore potential solutions and future plans.

Proposed Agenda Item: Addressing the Distressed Property at E. Main, S. College, and E. Church (The Old Mill)

Rationale:

The Old Mill, situated at a key intersection in our town, has become an eyesore due to its present condition. The property features numerous broken windows and doors, graffiti, and general disrepair, which detracts from the aesthetic and economic appeal of our Central Business District.

Key Points for Discussion:

1. **Current Condition and Community Impact:**

- The dilapidated state of The Old Mill not only affects the visual appeal of our town but also poses potential safety hazards. The presence of broken glass and unsecured doors could lead to accidents and unauthorized entry, increasing the risk of vandalism and other criminal activities.

2. **Property Owner's Intent:**

- It is crucial to ascertain the current intentions of the property owner regarding the future of The Old Mill. Understanding their plans will help us determine the best course of action for addressing this issue.

3. **Potential for Development:**

- Given its strategic location, The Old Mill has significant potential for development that could contribute to the economic growth of our Central Business District. We should explore possibilities for attracting developers who recognize the value of this property and can transform it into an asset for the community.

Potential Uses and Development Ideas:

- **Renovation and Adaptive Reuse:**

- The property could be renovated and repurposed for various uses such as a flea market, retail spaces, or community center. This would preserve the historical significance of the building while giving it a new lease on life.

- ****New Construction:****

- Another option is to demolish the existing structure and develop new constructions such as medium-rise apartments, townhomes, or condominiums. This would not only address the current blight but also provide much-needed housing and commercial space.

- ****Economic and Community Benefits:****

- Redeveloping this property can attract more visitors and businesses to our uptown area, enhancing its vibrancy and economic prospects. A well-thought-out development plan can transform this corner into a bustling hub, benefiting both residents and local businesses.

Next Steps:

1. ****Property Owner Engagement:****

- Initiate a dialogue with the property owner to understand their plans and express the town's concerns and aspirations for the site.

2. ****Developer Outreach:****

- Reach out to potential developers who might be interested in the property, highlighting the various possibilities for renovation or new construction.

3. ****Community Input:****

- Engage the community to gather input and ideas on the preferred use of the property, ensuring that any development aligns with the town's vision and needs.

I believe that addressing the distressed state of The Old Mill and exploring its potential for redevelopment is vital for the future growth and appeal of our Central Business District. I respectfully request that this item be included in the agenda for discussion at the next Board of Aldermen meeting.

Thank you for considering this request. I am available for further discussion and to provide any additional information that may be required.

Sincerely,

Frank L. Milton

Alderman

704-460-1360

TOWN OF DALLAS, NORTH CAROLINA

REQUEST FOR BOARD ACTION

DESCRIPTION: Town Property Acquisition

AGENDA ITEM NO. 3H

MEETING DATE: 07/30/2024

BACKGROUND INFORMATION:

Alderman Milton has presented the topic of Town property acquisition to bring to the Board of Discussion. See attached discussion from Alderman Milton.

MANAGER RECOMMENDATION:

BOARD ACTION TAKEN:

Town Property Acquisition

I respectfully request the addition of an agenda item for the upcoming Board of Aldermen meeting concerning the strategic acquisition of property to address current and future needs of our growing town. As we anticipate continued growth, it is crucial that we proactively consider our town's infrastructure, recreational, and governmental needs.

Proposed Agenda Item: Strategic Property Acquisition for Town Growth and Development

Rationale:

1. ****Immediate Need for Town Government Office Space:****

- As our town continues to expand, the current office spaces utilized by the Town Government are increasingly becoming inadequate. To ensure that our municipal services are delivered efficiently and effectively, it is imperative to consider acquiring additional property that can accommodate the growing administrative demands.

2. ****Future Parks and Green Spaces:****

- Green spaces and parks are vital for the well-being of our community. While developers often provide some green spaces, relying solely on them is insufficient for our future needs. Acquiring property specifically for parks and recreational use will ensure we have ample and well-planned green areas that enhance the quality of life for all residents.

3. ****Expansion of Parks and Recreation Department Facilities:****

- Our Parks and Recreation Department will require more space as the town grows. The acquisition of property for outdoor amenities such as pickleball courts, playgrounds, and a park on the west side of town is essential. Additionally, planning for a new Parks and Recreation Center and a Government Center should be considered to meet the long-term needs of our community.

Considerations:

- ****Outdoor Pickleball Courts:****

- There is a growing interest in pickleball, and providing dedicated courts will cater to this popular sport, promoting physical activity and community engagement.

- ****Playgrounds and Equipment:****

- Well-equipped playgrounds are necessary to offer safe and stimulating environments for our children. Strategic property acquisition will allow us to place these amenities in optimal locations throughout the town.

- **West Side Park:**

- The west side of town currently lacks sufficient park facilities. Acquiring property in this area for a park will ensure equitable access to green spaces for all residents.

- **Future Parks and Recreation Center:**

- As our town grows, so does the need for a centralized facility that can host various recreational activities and community events. Planning and acquiring land for a new Parks and Recreation Center is a forward-thinking step to meet future demands.

- **New Government Center:**

- To efficiently manage our growing population and administrative needs, a new Government Center will be essential. This center will centralize our municipal operations, providing improved access and services to our residents.

I believe that addressing these needs through strategic property acquisition will significantly benefit our town's future development and quality of life. I respectfully request that this item be included in the agenda for discussion at the next Board of Aldermen meeting.

Thank you for considering this request. I am available for further discussion and to provide any additional information that may be required.

Sincerely,

Frank L. Milton

Alderman

704-460-1360

TOWN OF DALLAS, NORTH CAROLINA

REQUEST FOR BOARD ACTION

DESCRIPTION: Discussion on September 11th Event

AGENDA ITEM NO. 3I

MEETING DATE: 07/30/2024

BACKGROUND INFORMATION:

Earl Withers would like to discuss the upcoming September 11th Event.

MANAGER RECOMMENDATION:

BOARD ACTION TAKEN:

TOWN OF DALLAS, NORTH CAROLINA

REQUEST FOR BOARD ACTION

DESCRIPTION: Cruz Rezoning Z-2024-01 - 520 E. Main St

AGENDA ITEM NO. 3J

MEETING DATE: 07/30/2024

BACKGROUND INFORMATION:

Patricia Cruz & Santos A. Reyes have submitted a conventional rezoning petition to rezone parcel 132018 from Business B3-P to Residential R-6.

At the meeting on June 20th, the Planning Board voted to send a recommendation to the Board of Aldermen to approve the rezoning request, along with statements of consistency and reasonableness for the rezoning.

All supporting documentation for the application is attached, including minutes from the Planning Board meeting, and consistency and reasonableness statements.

MANAGER RECOMMENDATION:

BOARD ACTION TAKEN:

Town of Dallas Zoning Map Amendment (Rezoning) Application

Physical Property Address 520 E. Main St Dallas NC 28034

Tax Parcel Number 132018 Lot Size 6,969

Current Zoning B-3P

Requested Zoning R-6

Conventional Conditional

Property Owner(s) Patricia Cruz Rueda & Santos A. Reyes (3Flags Towing & Transportation Inc)

Owners Address 1001 Baker Blvd, Gastonia NC 28052

Phone Number 704-923-7751/980-888-2341 Email Address Pati.Cruz94@gmail.com
(attach separate sheet if necessary)

If different than owner:

Applicant Name _____

Applicant Address _____

Phone Number _____ Email Address _____

(attach separate sheet if necessary)

Signature of Applicant Patricia Cruz Rueda Santos A. Reyes

Signature of Owner Patricia Cruz Rueda Santos A. Reyes

Staff Only:

Date of completed application _____

Received by _____

Planning Board Meeting Date _____

Public Hearing Meeting Date _____

Letter of intent

We would like to request a rezoning for 520 E Main St Dallas NC since the zone is currently B3-P and we would like to build a single-family home in zone R-6.

Thank you for your consideration.

Patricia Cruz Rueda

Santos Alfredo Reyes

3Flags Towing & Transportation Inc.

Adjacent Property Owners to 520 E. Main St

Juan Laris 522 E. Main St. Dallas, NC 28034

PANNELL BETTY JEAN B HEIRS C/O REBECCA PANNELL JOHNSON 403 W 2ND ST, CHERRYVILLE, XX 28021-2833 519 E. Thornburg St. Dallas, NC 28034

Pearl B Floyd 518 E. Main St. Dallas, NC 28034

Anthony Diew 513 E. Main St. Dallas, NC 28034

Christopher Stroupe/Lisa Stroupe 521 E. Main St. Dallas, NC 28034

Minutes
Town of Dallas
Planning Board
Meeting of June 20th, 2024

The meeting was called to order at 6:30 pm by Chairman Wilson.

Chairman Wilson led the invocation and Pledge of Allegiance.

Members present: Curtis Wilson – Chairman, Glenn Bratton – Co-Chairman, Troy Traversie, Thomas Smith, Bradley Goins.

Also present: Anthony Smith – Development Service Director, Lindsey Tysinger – Planner, Johnny Denton – Town Engineer, Santos A. Reyes – 3 Flags Towing & Transportation Inc. Owner of 520 E. Main St. Dallas, NC 28034.

Approval of Agenda: A motion was made to approve the agenda by Smith, seconded by Bratton, and the motion passed unanimously.

Approval of Minutes: A motion was made to approve the March 21st 2024 and May 16th, 2024 minutes with corrections by Smith, seconded by Bratton, and the motion passed unanimously.

Old Business: No Old Business to discuss.

New Business: 10A - Cruz Rezoning Z-2024-01

Smith presented the Cruz Rezoning to the Planning Board. Smith pointed out there is an access driveway to 519 E Thornburg, although it is not a Town maintained road. The Planning Board discussed with Staff and the owner of the property about the surrounding zones, and the permitted uses of the current zone. A motion was made to approve the Rezoning with the Consistency Statement by Smith, seconded by Traversie, and the motion passed unanimously.

STATEMENTS OF CONSISTENCY AND REASONABLENESS FOR ZONING MAP AMENDMENT

The proposed rezoning of parcel 132018 to R-6 from B3-P is consistent with the 2030 Comprehensive Land Use Plan. The property is designated on the Future Land Use Map as Mixed-use neighborhood. There is also R-6 in the surrounding area and this will increase development potential of the property and is therefore a reasonable request and in the Town's best interest.

Staff Report

Tysinger informed the Planning Board of the new position she will be taking on as Town Clerk. Bratton asked if the development on S Rhyne has fell through, Tysinger responded there has not been any movement with that development on S. Rhyne.

Adjournment

Having no further business, a motion to adjourn was made by Bratton, seconded by Smith, and the motion passed unanimously. The meeting adjourned at 6:56pm.

Lindsey Tysinger, Planner

Curtis Wilson, Chairman

DRAFT

STATEMENTS OF CONSISTENCY AND REASONABLENESS **FOR** ZONING MAP AMENDMENT

The proposed rezoning of parcel 132018 to R-6 from B3-P is consistent with the 2030 Comprehensive Land Use Plan. The property is designated on the Future Land Use Map as Mixed-use neighborhood. There is also R-6 in the surrounding area and this will increase development potential of the property and is therefore a reasonable request and in the Town's best interest.

STATEMENTS OF CONSISTENCY AND REASONABLENESS **AGAINST** ZONING MAP AMENDMENT

The proposed rezoning of parcel 132018 to R-6 from B3-P is consistent with the 2030 Comprehensive Land Use Plan. The property is designated on the Future Land Use Map as Mixed-use neighborhood. However, rezoning to Residential will affect future development and will not be in the Town's best interest.

Statement Adopted: _____

Curtis Wilson, Chairman

Date

TOWN OF DALLAS, NORTH CAROLINA

REQUEST FOR BOARD ACTION

DESCRIPTION: Cake Me Away Parking Spaces & Signs

AGENDA ITEM NO. 3K

MEETING DATE: 07/30/2024

BACKGROUND INFORMATION:

Discussion on allowing Cake Me Away to get 2 parking signs for the parking spaces located in the back-parking lot that Cake Me Away can utilize for their customers.

MANAGER RECOMMENDATION:

BOARD ACTION TAKEN:

TOWN OF DALLAS, NORTH CAROLINA

REQUEST FOR BOARD ACTION

DESCRIPTION: Banners on Poles

AGENDA ITEM NO. 3L

MEETING DATE: 07/30/2024

BACKGROUND INFORMATION:

The Alderman would like to discuss getting new banners for the poles around Dallas.

MANAGER RECOMMENDATION:

BOARD ACTION TAKEN:

TOWN OF DALLAS, NORTH CAROLINA

REQUEST FOR BOARD ACTION

DESCRIPTION: Discussion on Soundproofing the Courthouse Upstairs

AGENDA ITEM NO. 3M

MEETING DATE: 07/30/2024

BACKGROUND INFORMATION:

Discussion on soundproofing the upstairs in the Courthouse to lessen the echo to make it easier to hear.

MANAGER RECOMMENDATION:

BOARD ACTION TAKEN: