

City Council sends water, sewer charge back to the drawing board

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An old issue bubbled to the surface at Thursday's Hendersonville City Council meeting — how much of an impact fee charged to new water and sewer customers is too much?

The city has pondered that question for months. On Thursday, Larry Rogers, executive director of Partners for Economic Progress, added his answer.

In addition to paying tap fees, new customers are assessed a system development charge based on the city's incurred cost to connect a property to its system. In August 2012, City Council adopted a new formula for calculating the charge based on usage, which resulted in charges of up to five times the amount once paid on incoming businesses.

For some, the cost is 18 times what they paid to get a business going in the city three years ago, Rogers said.

“Recently, a local businessman that owns a drive-through car wash on the east side of town began to look at the possibility of building another one, say on Asheville Highway. He goes by the city water department and asked them to determine the costs to do this under the new city hook-up rules,” he said.

The businessman was astonished to learn that the estimated bill for the impact fee “came to an unreal \$284,139,” Rogers said. The developer estimated his cost to hook up his existing car wash about three years ago was around \$18,000.

“This is not the only charge that business owners face when building a new business in Hendersonville,” Rogers said. Outside of a tap fee, “they must pay for stormwater runoff installation costs, erosion control costs, sidewalks, landscaping, building permits and inspection fees. The new Boyd Automotive business being constructed on Spartanburg Highway has already endured over \$486,000 in city-required fees and payments on their \$3 million project... We ask City Council to reconsider your anti-growth business policies.”

Council member Jeff Collis said he's learned most of the fees associated with the Boyd project, such as stormwater runoff measures and erosion control costs, stemmed from federal guidelines “that we have no control over.”

“For the car wash, why would that be \$284,000? That seems like a lot,” he told city Utilities Director Lee Smith.

Smith said that he was not familiar with the car wash estimate, but offered to investigate the matter and present his findings to the board next month.

“I’ve tried to think of another regulation that is more anti-business, but I can’t think of anything,” said councilman Ron Stephens.

Councilman Steve Caraker said he now wishes that he would have “read the fine print.”

City Manager John Connet told the council that staff members have been working on other options “of how we are charging our system development charge.” He said they hope to have more information, including a comparison of rates levied by other cities, to the council at the next month’s meeting.

Smith presented proposed revisions to the city’s standard operating procedure for system development charges to the council. The revisions offered a rebate of up to 50 percent for redevelopment properties that show at least a 30 percent reduction of usage compared to the property’s previous owner.

He said they can also go back and review a new customer’s usage over 18 months to see if they qualify for a rebate or credit for the system development charge because they used less water than was first estimated. Customers who use more would get a bill.

“There’s got to be a better way,” Caraker said.

Connet asked the council if they wanted to vote on the proposed revisions or wait until they have more information at their next meeting. The council chose to wait.

Let’s “throw the baby out with the bath water and get a new baby,” Caraker quipped.