

POLICY STATEMENT 23
UTILITY SYSTEM EXTENSION AND CONNECTION POLICY

Prepared by: Glen Harrell, Utilities Engineering Manager
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1.0 PURPOSE

The purpose of this policy is to provide an equitable mechanism by which the Town of Cary can plan and extend the municipal potable water, reclaimed water and sanitary sewer utility systems (Utilities) to serve the needs of the citizens of Cary and those in the Cary utility service area.

2.0 COVERAGE

This policy upon adoption by the Town Council shall be applicable to all areas within Cary's utility service area. All new development connecting to the Town utility system shall have access to potable water and sanitary sewer in accordance with the most recent version of the Town of Cary, Code of Ordinances. Connection to the reclaimed water utility system shall be in accordance with Policy Statement 132 – Effective Utilization of Reclaimed Water System.

3.0 GENERAL

All potable water, reclaimed water and sanitary sewer utility (Utility) infrastructure, including facility upgrades and system improvements, new facilities and system extensions shall fully comply with all applicable Town design standards and shall be designed and constructed in accordance with the Town's most recently adopted long-range "Water Distribution System Master Plan", "Wastewater Collection System Master Plan" and "Reclaimed Water System Master Plan" where applicable or as approved by the Director of Water Resources.

Requests for Utility extensions and/or connections shall be submitted to the Town. Applications for Utility extensions shall be accompanied by engineering design plans sealed by a licensed Professional Engineer. All proposed potable water and, sanitary sewer extensions or facility upgrades shall be permitted by the Town prior to construction. Reclaimed water extensions shall be permitted as required by the State of North Carolina Division of Water Quality, until the Town is delegated that authority, and then by the Town prior to construction.

All new individual connections to the Utility system whether in a new development, existing development or newly annexed area shall require the payment of development fees to reserve capacity in the respective Utility system.

When tapping new mains under construction or active mains under warranty, developers shall be required to make their own Utility connections, and they are not required to pay Utility Connection Fees. In cases where developers must tap existing mains, the developer must submit an application to the Inspections and Permits Department requesting permission to connect to the Town Utility system. Developers or contractors are not allowed under any circumstance to establish a connection to the Town Utility system without the written consent of the Town.

All Utility easements required for system extensions or facility upgrades shall be dedicated to the Town in accordance with the Town's Standard Specifications and Details.

When a property that has been supplied by a well or alternate source of potable water requests a connection to the Town water system, the well shall be completely disconnected from any structure connected to the Town water system. Under no circumstance shall a well be connected to the Town potable or reclaimed water system.

In the event that a sanitary sewer extension is installed within twenty-five (25) feet of a private well, the well shall be abandoned in compliance with State regulations and the property owner shall be required to connect to the Town water system regardless of proximity to the nearest water main.

In the event that a resident requests sanitary sewer service only and the resident is not required to connect to the Town water system, the resident will be required to install a meter on their well or other source of potable water for the purpose of sewer billing.

In order to minimize public health and safety risks, such as septic failure, well failure, inadequate water supply for fire protection or substandard water quality from well water, the Town Council may order water or sanitary sewer utility extensions into unserved areas without a request of the property owners in the area.

4.0 FEES

4.1 Development Fees

Development fees provide a mechanism for the Town to increase the capacity of the overall Utility system as new impacts are added. The Town requires the payment of water, sewer and/or reclaimed water development fees for all new or existing properties that intend to connect to the Town utility system, regardless of their location or proximity to the Town Limits. Payment of development fees shall be made to the Town before a building permit is issued for new projects.

In older or previously established areas, the water and/or reclaimed water development fees shall be due when a water meter is requested. For sewer connections, the sewer development fees shall be due when a plumbing permit is issued for the installation of the private, sewer service lateral. Requests for water and/or reclaimed water meters and/or plumbing permits for private service lines shall be submitted to the Town before private service lines are constructed.

The schedule of development fee rates will be available for public viewing at the office of the Inspections and Permits Department and on the Town website. Development fee rates may be updated annually in the "Utility Capital Improvements Budget Ordinance" and typically become effective on July 1 following adoption of the budget ordinance at the beginning of each fiscal year. Payment of development fees is the only mechanism that reserves capacity in the Utility system for an individual requesting Utility service.

Development fees shall be due for all Utility connections to the Town Utility system without exception, regardless of who makes the connection.

Existing customers who request a new reclaimed or potable water meter for the purpose of converting all of an existing potable water secondary usage demand (with no new demand) to the new meter, shall not incur additional development fees. Utility connection fees shall be due for such irrigation meter installations.

In some instances, customers in the reclaimed water service area may choose to construct reclaimed water facilities prior to the extension of reclaimed water Utility mains to their property. Potable water development fees shall be due for reclaimed water connections in the reclaimed water service area where such facilities are supplied by potable water prior to availability of reclaimed water supply. Alternately, customers may choose to extend reclaimed water Utility mains to their property and pay reclaimed water development fees.

4.2 Utility Connection Fees

Utility connection fees shall be collected in instances where a property owner has requested a connection to an existing or proposed utility main. The utility connection fees have been established to reimburse the Town for expenses incurred while Town staff members or staff otherwise under contract to the Town

make the requested utility connection(s). The schedule of "Utility Connection Fee" rates will be available for public viewing at the office of the Inspections and Permits Department. Utility Connection Fee rates may be updated annually in the "Utility Capital Improvements Budget Ordinance" and typically become effective on July 1 following adoption of the budget ordinance at the beginning of each fiscal year.

For individual requests, the total amount due for the payment of utility connection fees shall be determined by the Inspections and Permits Department after field evaluations are conducted by the Department of Public Works and Utilities to assess which charges are applicable. Utility connection fees shall be paid to the Town before a work order will be issued. The utility connection fees shall include tapping the Utility main and providing a utility service connection at the edge of the public right-of-way or easement. For individual requests, all required site restoration work including pavement repair, curb and gutter repair, sidewalk repair and boring shall be included in the utility connection fee.

For Town funded projects constructed by outside contractors, utility connection fees will also be levied. The applicable utility connection charges for Town funded projects will be the Utility "Full Service Base Tap" charges as adopted annually by Town Council in the Operating Budget. For Town funded projects, additional connection charges beyond the standard "Full Service Base Tap" charges may be levied based upon the contracted unit costs.

5.0 UTILITY SYSTEM EXTENSION AND CONNECTION

5.1 Improvements to Existing Property

Any improvements to existing developed property within the corporate limits requiring either new or expanded well and/or septic capacity shall connect to the Town Utility system when the property is adjacent to an existing water and/or sanitary sewer main. In the event that there are no adjacent potable water and/or sanitary sewer mains available, the property owner may construct a private well and/or septic system, if approved by Wake County. If Wake County does not approve a new or expanded well or septic system, the owner shall provide the required extension of the Town utility to the property, and shall connect to the new utility extension in accordance with the requirements for New Development listed in item 5.2 below.

Requirements for connection to the reclaimed water utility system shall be in accordance with Policy Statement 132 – Effective Utilization of Reclaimed Water System.

5.2 Proposed New Development

The owner or developer of a parcel or tract of land is required by the Code of Ordinances to construct, at no expense to the Town, all on-site Utility facilities. All Utility extensions shall be made at the sole expense of the Owner unless otherwise stated by written agreements with the Town that are approved by the Town Council.

The developer shall provide all connections and extensions of the Utility facilities from the development, including all properties inside the development, to the existing Utility systems of the Town in accordance with all applicable Town standards, specifications and long range master utility plans. All planned extensions of the Town Utility systems shall have engineering design plans prepared and submitted to the Town for review and approval prior to construction. No Utility facilities, extensions or connections shall be constructed without written approval and inspection by the Town.

Requirements for connection to the reclaimed water utility system shall be in accordance with Policy Statement 132 – Effective Utilization of Reclaimed Water System.

5.3 Utility System Extension and Connection Outside the Town Limits

All applicants requesting utility connections outside of a jurisdiction's Town limits are required to submit a petition of annexation and/or annexation agreement.

A utility connection outside of a jurisdiction's Town limits will not be allowed until the Town Council has adopted the ordinance of annexation or annexation agreement, except in cases of emergency. The Town Council, at its discretion, may incorporate additional requirements as conditions for adoption of the annexation ordinance.

Upon approval by the Town Council, any connection and or extension shall be in accordance with Sections 5.1 and 5.2 above.

If the applicant is allowed to connect to the Utility system before the annexation becomes effective, the applicant shall pay current outside utility rates until the property is incorporated into a jurisdiction's Town limits. All utility rates are updated annually and are available for public viewing.

6.0 TOWN FUNDED UTILITY EXTENSIONS

6.1 Existing Developed Property

Owners of developed property inside the Town limits with existing structures on their property, including newly annexed residents may petition the Town for the extension of potable water and/or sanitary sewer mains funded by the Town via the Capital Improvements Program. In order to be considered for Town funded potable water, reclaimed water, and/or sanitary sewer extension projects, the property owners must first meet the eligibility and minimum area requirements, defined below. In compelling cases, any or all of the eligibility or minimum area requirements may be waived.

Applicants who choose to request potable water only or sanitary sewer only may be required to request both water and sewer at the discretion of the Town.

Factors that will be considered for approving Town funded potable water and/or sanitary sewer extension projects are the size of the area, number of property owners requesting potable water and/or sanitary sewer connections, proximity to the existing Town potable water and/or sanitary sewer system, buyout arrangements with the current service provider, funding limitations and the age of existing potable water and/or sanitary sewer facilities.

6.2 Eligibility Requirements

Property will not be considered for Town funded potable water, reclaimed water, and/or sanitary sewer extension projects without meeting the following eligibility requirements.

- a. The property must be within the Town's corporate limits.
- b. The property must be developed.
- c. The property must have a dwelling or other operational structure onsite.
- d. The property shall be subdivided in accordance with Town zoning codes.
- e. The property shall not be undergoing rezoning.
- f. Individual properties shall not be undergoing expansion or improvement.

Owners of eligible property may formally request potable water, reclaimed water, and/or sanitary sewer extensions by submitting a petition to the Water Resources Department.

6.3 Minimum Area Requirements

Property owners petitioning for Town funded potable water, reclaimed water, and/or sanitary sewer service must meet the following minimum area requirements prior to submitting their petition.

- a. The minimum area shall not be less than a street length between intersections and shall consist of at least 10-properties requesting potable water and/or sanitary sewer connections.
- b. For potable water extension requests, the area shall extend to the nearest available Town potable water main. In certain cases, it may not be possible to connect the proposed area to the closest

potable water main because of access limitations. In these cases, the closest available potable water main along a passable alignment shall be considered.

- c. For sanitary sewer extension requests, the area shall extend to the closest available existing sewer main within the same drainage basin as the area under consideration. For sewer construction, the closest available sewer main shall be one that is at a lower elevation than the proposed area and for which a route exists between the proposed area and the existing sewer main through which a sewer line can be constructed which meets all of the applicable requirements.
- d. Additional requirements as recommended by the Water Resources Department.

The Town may decide to increase the minimum area requirements based on the overall size and type of area under consideration for proposed utility extensions.

6.4 Petition Requirements For Potable Water, Reclaimed Water, and Sanitary Sewer Extensions

Petitions for Town funded potable water, reclaimed water, and/or sanitary sewer extensions shall satisfy the following criteria. Petitions that do not meet the following criteria will not be considered.

- a. The petition must be signed by more than fifty (50%) percent of the owners of property adjacent to the proposed potable water and/or sanitary sewer extension(s) and those property owners shall own more than fifty (50%) percent of the road frontage along the alignment of the proposed extension(s). The proposed alignment must extend to the existing Town potable water and/or sanitary sewer system.
- b. If the property deed is registered in the name of one owner or spouse, then only that person's signature is required for the petition. If the property deed is registered in the name of multiple parties, then all owners' signatures are required as they are recorded on the property deed.
- c. Property owners who own more than one property adjacent to proposed potable water and/or sanitary sewer extensions must sign the petition for each of their properties within the project area.

All petitions shall require language notifying the property owners of the following items:

- a. A statement of the development fees in effect at the time of petition signing.
- b. A statement of the connection fees in effect at the time of petition signing. .
- c. A statement that all applicants registering on the petition will be required to pay their development fees and applicable connection charges prior to the Town extending potable water, reclaimed water, and/or sanitary sewer mains.
- d. A statement that all applicants registering on the petition will be required to dedicate any necessary easements, at no cost to the Town of Cary, for the water and/or sewer mains associated with the petition, prior to the Town extending potable water, reclaimed water, and/or sanitary sewer mains.
- d. All petitions shall be submitted to the Water Resources Department prior to October 1, to verify sufficiency prior to being considered for inclusion in the following Capital Improvement Budget.. Only verified, sufficient petitions will be considered. After a petition has been deemed sufficient and the property owners have met all established requirements, the Town will provide a Capital Improvements Request for the project and recommend approval of that request with the current year Capital Improvement Budget. If the improvements are ordered, Town funding will be

allocated with the approved Budget to complete the proposed work beginning July 1 of the budget year. The decision shall be final and rejected requests will not be reconsidered for 2-years after the first request was denied.

6.6 Implementation of Town funded Potable Water, Reclaimed Water, and/or Sanitary Sewer Utility Extension Project:

Upon final approval by Town Council of the budget request, the Town will prepare plans to extend potable water, reclaimed water, and/or sanitary sewer mains into the area requesting service.

Upon completion of the main line extension, property owners will be required to contact the Inspections & Permits Department and request a service connection to each of the extended utilities. This request will require payment of all development fees and connection charges. Property owners will also be required to obtain a plumbing permit from the Inspections & Permits Department prior to installing their private utility service lines.

6.8 Alignment and Location of Proposed Utility Mains

The Town reserves the right to choose the alignment and location of the requested Utility mains. The Town shall not be obligated to replace landscaping, irrigation systems, or any other privately owned obstructions within the existing right-of-way or Utility easement at the time of construction, nor will the Town be obligated to compensate property owners for the removal of such obstructions.

6.9 Maximum Depth of Sanitary Sewer Mains

The Town shall not be obligated to provide gravity sewer service to any structure at an elevation lower than 8-ft below the crown of the street directly adjacent to the structure. In these circumstances, property owners may be responsible for private pump station construction or other alternate methods as required to serve their property. In most cases, the Town will not install sanitary sewer mains deeper than 8-ft unless the property owner(s) agrees to compensate the Town for the added expense of installing the proposed main deeper than 8-ft. The Town's Water Resources Department shall be solely responsible for quantifying the additional expense required for sanitary sewer installations deeper than 8-ft.

In isolated cases, the requested sanitary sewer connection may not be at a depth sufficient to provide gravity flow from the residence. In these cases, the property owners shall be responsible for installing private pumps and service lines as necessary to connect to the sewer service connection provided by the Town. Should the property owner decide not to install a private pump station or alternate connection to the sanitary sewer system, the property owner shall be solely responsible for maintenance and repair of the existing septic or waste disposal system serving the property.

7.0 UTILITY SYSTEM INFRASTRUCTURE REIMBURSEMENTS

7.1 Proposed New Development

In instances where Town funding is available for the types of Utility system extensions and facility upgrades that are beyond the scope of infrastructure required for a specific development project, the developer may enter into a reimbursement agreement with the Town. Approval of facilities under reimbursement agreements shall be contingent upon receipt of all Town and State approvals and the availability of sufficient potable water supply, reclaimed water supply and/or wastewater treatment capacity.

The extension of Utility systems beyond the needs of the development shall be accomplished by one or more of the following methods as recommended by the Director of Water Resources and approved by the Town Council.

7.2 Oversize Reimbursement

Under this method, the developer shall be responsible for the full cost of installing Utility facilities within their own properties and for the connection of their system to the Town's existing Utility system. The

Town may share in the cost of constructing oversized Utility facilities when larger sizes are required to serve other tracts outside of the tract being developed.

Town reimbursement of developer funded Utility facilities will be made for the difference in cost between facilities required for the development and oversized facilities required by the Town as defined in the Capital Improvements Budget and in accordance with Standard Procedure 144. The methodology of sizing facilities shall be as specified by the Town's Utility master plans and as approved by the Director of Water Resources. In no instance shall the Town of Cary reimburse for Utility lines eight (8) inches or less in diameter.

7.3 Developer Funded Reimbursement Contracts

In instances where the Town Council deems it beneficial to approve such a project, the developer may enter into a reimbursement contract with the Town. Any reimbursement contract would provide for developer funding of the entire project with reimbursement to the developer for those costs in excess of the required payment of development fees, basic infrastructure necessary to serve the development and assessments where applicable. Reimbursements paid to the developer would come from development fees paid by other subsequent developing properties within the service area benefiting from the facility improvements. Any reimbursement contract shall comply with the provisions of this policy statement regarding the details and provisions of reimbursement contracts and shall be contingent upon approval by the Town Council.

Reimbursement contracts may be made available as a funding alternative for developing properties within the Utility Service areas of the Town and to intervening properties in the case of satellite annexations.

Costs eligible for reimbursement under this concept shall include all off-site Utility facilities and on-site Utility facilities of a regional nature.

All reimbursement contracts shall be two party agreements between the Town of Cary and a developer or coalition of developers and shall be approved by the Town Council prior to construction of the Utility facilities.

The term of any reimbursement contract shall run from the execution of the contract by all parties until the Town's obligation for reimbursement has been met up to, but not exceeding a period of ten (10) years from the date of contract execution, whichever expires first. The contract may be terminated (at any time) by unanimous consent of all parties.

The developer shall prepay all development fees to the Town, prior to award of any construction contract utilizing reimbursement funding. Only construction costs shall be eligible for reimbursement or fee credits.

The Town shall make reimbursement payments to the developer on an annual basis from development fees collected within the service area benefited by the project. A map delineating the benefited service area from which development fees will be collected and reimbursed will be prepared by the Water Resources Department and made an exhibit to the reimbursement contract.

By entrance into a reimbursement contract, the Town makes no guarantee as to the availability of water supply, reclaimed water supply and/or wastewater treatment capacity beyond that which would be available to any other developing properties.

It may be feasible in certain cases to utilize developer-funded, reimbursement contracts in addition to assessments to fully fund Utility extensions. In these cases, the Town shall be responsible for the design, construction, easement acquisition and all approvals for the utility extension project and the following conditions shall apply:

- a. The developer shall prepay all development fees as previously stated.
- b. The developer shall remit to the Town in one lump sum the difference between the total project cost derived from actual bid amounts plus a fifteen (15%) percent contingency and the prepaid development fees.
- c. The developer shall provide surety in the form of a cash bond. In lieu of a cash bond, an irrevocable letter of credit with no expiration date may be posted prior to award of the construction contract.
- d. Progress payments for the construction contract(s) shall utilize the prepaid development fees prior to drawing upon any letter of credit.
- e. Following completion of construction, the final project costs shall be calculated, as well as any applicable assessment fees, to determine the reimbursable amount.
- f. Following acceptance of the project(s) by the Town, the letter of credit shall be released by the Town of Cary.

7.4 Developer Funded – No Reimbursement

In those instances where funding is not available under any other provisions of this policy statement, the developer shall fund the full cost of installing all Utility facilities and system extensions with no reimbursement. All facilities installed under this method shall fully comply with Town design standards and all Utility master plans. No waivers shall be granted without the written consent of the Director of Water Resources.

8.0 RELATED POLICY STATEMENTS

Other policy statements include provisions related to this policy statement, including but not limited to:

[Policy Statement 129](#) – Minimum Water Supply Pressure

[Policy Statement 132](#) – Effective Utilization of Reclaimed Water System