



MEMORANDUM

To: Mayor and Members of the City Council

From: Reginald Goodson, City Manager
Donnell White, Electric Deputy Director

Date: February 21, 2025

Re: Consideration / Discussion – Revision to Developer Lot Fees / Rate Study

BACKGROUND:

Staff was recently tasked with looking into some of the methods electric municipalities use to finance new infrastructure projects, ensuring reliable and sustainable energy delivery to meet the growing needs of their respective communities. Electric municipalities are responsible for maintaining and upgrading infrastructure, including substations and distribution networks.

ANALYSIS:

Future development and growth is important to the City of Elizabeth City, and it is imperative that we are able to sustain that growth. The Developer Lot Fees are extremely important as they offset the cost for our Electric Department to install the infrastructure required for new developments.

The City of Elizabeth City's current Developer Fees are as follows:

- Single Family Residential Subdivisions - **\$2,000 Per Lot**
- Multi-Family Residential Developments - **\$2,000/Half-Acre + \$500 Per Half-Acre Over the First \$2,000**
- Commercial Developments - **\$2,000/Half-Acre + \$500 Per Half-Acre Over the First \$2,000**

Based on research performed by Electric Superintendent White, the City of Elizabeth City is losing funds when installing new infrastructure for new developments.

For example: Tooley Harbor Phase 3 is a 55-lot development. The price of materials required for setup, such as transformers, pads, pedestals, etc. cost \$90,000. This price does not include the primary and secondary wires or conduit costs. At \$2,000 per lot x

55 lots, the City is only being compensated for \$110,000 worth of the materials we're installing. These material totals include no labor or staff costs whatsoever.

Superintendent White spoke with EectriCities about how other municipalities fund new infrastructure and growth, particularly since the price of materials has increased so dramatically. Some municipalities don't charge developer fees at all, while some do. One city offered two options:

Option 1

- The city installs the infrastructure and charges a developer fee per lot.

Option 2

- The owner/developer installs the conduit system in accordance with the city's conduit installation specifications. The city is still responsible for installing all wires, pedestals, and transformer(s). There is no additional charge to the owner/developer.

With Elizabeth City expanding, a rate study is crucial to discover exactly what and how we should be charging to fund projects, new substations and updates to old infrastructure. With the new development on Halstead Boulevard Extended, a new substation is a great need on Wellfield Road / Thunder Road.

Staff recommends moving forward with a rate study as well as revising the Developer Lot Fees. As the fees in question are part of the City's Fee Schedule, a public hearing will be required. The revised fees would appear as follows:

- Single Family Residential Subdivisions - **\$3,000 Per Lot** (Currently \$2,000/Lot)
- Multi-Family Residential Developments - **\$2,500 Per Half-Acre + \$500 Per Half-Acre Over the First \$2,500** (Currently \$2,000/Half-Acre + \$500 Per Half-Acre Over the First \$2,000)
- Commercial Developments - **\$2,500 Per Half-Acre + \$500 Per Half-Acre Over the First \$2,500** (Currently \$2,000/Half-Acre + \$500 Per Half-Acre Over the First \$2,000)

STAFF RECOMMENDATION:

By motion, authorize proceeding with a rate study to determine sufficient fees for new development and infrastructure installation for the future; and Call for a Public Hearing to be held on Monday, March 10, 2025 during the 7:00 p.m. Regular Session of the City Council for the purpose of gathering input on the revision to the current Developer Lot Fee schedule.