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CITY OF CLEMSON
AGENDA ITEM REQUEST FORM

Requested by: Rick Cotton

Date Submitted: October 14, 2015

Council Meeting Date: October 19, 2015

Type of Request: (check only one)

- [x] **Report/Discussion**
- [ ] **Policy/Action**
- [ ] **Executive Session**

Agenda Item Summary: (brief for public information and posted agenda)

Discuss the potential creation of a policy that would allow advance capacity allocation at the Cochran Road wastewater treatment plant to development companies that are considering a financial investment into the Clemson community.

Agenda Item Detail: (expand as necessary for clarification)

The Cochran Road WWTP currently has a nameplate capacity of 1,150,000 gallons per day (GPD) and has an average daily flow of approximately 800,000 GPD. The City has previously conducted a Preliminary Engineering Report (PER) that commits the City to starting a capacity construction project at the treatment plant when flow is 90% of capacity (1,035,000 GPD). With the recent development projects that have been approved and/or are ready to construct, the anticipated flow will grow to 920,000 GPD (80% of capacity). This means that there is approximately 115,000 GPD of available capacity until a plant expansion will need to be constructed. The PER has identified the future plant expansion components to increase capacity to 2.0 MGD, and will cost approximately $10 million.

The City currently does not allocate capacity for a development project until such time as the project is ready for plan review and receipt of a building permit. At that time, the developer pays the tap fee and impact fee to formally guarantee capacity for that project. However, with the significant increase in development projects that may house up to 500 beds (plus some retail space), capacity is consumed at a rate of 20,000 to 40,000 GPD. With only 115,000 GPD remaining to allocate, two situations have been created. First, from the City's perspective, when a capacity allocation is granted there needs to be a specific amount of time that can be anticipated when the allocation will be converted to new paying customers. Simply stated, the new customers will assist in paying the future costs of debt service payments. The City should not allocate sewer treatment capacity simply to allow a developer to "add value" to that piece of property and hold that capacity for an indefinite period. If the developer is purchasing the land on a speculative basis, he may choose to sit on that land for a period of time and allow increased scarcity of land to accelerate the appreciation of said parcel. Capacity for speculative land owners means that a valid project may be delayed in bringing a product to completion due to a "wait period" while the plant is being expanded.

From a developer perspective, they would like to know that capacity is available at the time the land is purchased. The policy question is simple, should the City allow a developer to pay impact fees and reserve capacity for a specified period of time? If so, what is a reasonable reservation period and what would the penalty for "non-performance" of bringing that development project to completion?