



# 3 WATER RESOURCE MANAGEMENT POLICY

## 3.1 INTRODUCTION AND PURPOSE

This policy is called the Water Resource Management policy, referenced as the Utility Allocation Policy in the Unified Development Ordinance (“UDO”). The Town’s water distribution network, sanitary sewer collection system, and the treatment at the water reclamation facility have a finite amount of capacity. Coordination and management of the demand placed on the utility system by new users is necessary to ensure a properly functioning utility system. Users that have received utility allocation, but have either not timely used their allocation, or used less allocation than estimated creates an uncertainty for municipal expansion planning purposes which causes expense, delay, and inequity in the provision of utilities. As such, the Town’s municipal water and sanitary sewer capacity are valuable resources that must be conserved and apportioned to new end users in a manner that is fair and equitable to both existing and new users, as well as being done in a sustainable manner that promotes the Town’s strategic plan. In this policy, new users of the Town’s water, sanitary sewer, and reclaimed water utility, as well as existing users expanding their use shall be categorized according to their proposed use and have resources allocated accordingly. The terms “project” and “development” used herein shall mean any change in land use that has the potential to require a new or expanded utilization of the Town’s water, sanitary sewer, or reclaimed system, any single use of the foregoing, or any combination of the three.

The Administrator designates the Executive Director of Utilities & Infrastructure (“Director”) to administer this Policy.

## CONTENTS

INTRODUCTION.....	15
APPLICABILITY.....	16
AVAILABILITY.....	16
ALLOCATION ASSIGNMENT.....	17
PRIORITIZATION OF PROJECTS.....	18
GENERAL REQUIREMENTS.....	19
PROCEDURE AND VALIDITY .....	20

This Policy is a planning and engineering capacity management tool used to monitor the relationship between utility resources and population/economic growth and to:

- A. Readily assess the distribution of capacity within all infrastructure components;
- B. Allocate, and track capacity;
- C. Provide short and long-range planning assistance for specific development proposals, land use ordinances, and land use plans; and
- D. Authorize new service allocations, and where appropriate rescind existing or expire proposed new allocations.

It shall be the policy of the Town to allocate water and sanitary sewer capacity when:

- A. Infrastructure capacity is adequate, as determined by the requirements in the Engineering Design and Construction Standards; and
- B. The submitted projects are in compliance with Vision Holly Springs Comprehensive Plan, the Unified Development Ordinance, and the Engineering Design and Construction Standards; and
- C. The Town Council approves a written plan designating assigned flow to a specifically detailed project after receiving an application for extension of the water/sanitary sewer system which is signed by the Director (or their designee) prior to construction drawing approval.

Compliance with this Policy on behalf of an applicant for a new project or an expansion of an existing project shall not create a right to any Town utility. The Town Council hereby reserves all rights to review, modify, or deviate from this policy at the sole discretion of the Council. This shall include, but is not limited to:

- A. Determining capacity available per category to maintain a fair and equitable balance between categories and to promote strategic growth deemed in the best interest of the Town;
- B. The release of additional allocation recaptured through the Town's reconciliation quarterly process; and

- C. Other relevant factors as determined by Town Council, Planning Board, Board of Adjustment, or other governing bodies.

## 3.2 APPLICABILITY

---

This policy shall control the allocation of water and sanitary sewer to projects requiring utility permits based upon the North Carolina Administrative Code (NCAC) Title 15A Subchapters 18C and 02T.

All projects that require, as of the date of this policy (July 1, 2023), a legislative determination by the Town Council, a quasi-judicial determination by the Town Council or Board of Adjustment, or an administrative approval by staff, relating to a new project or an existing project for a change utility demand must obtain approval of the Utility Allocation Request for the capacity needs of the project at the time of a Unified Development Ordinance (UDO) application/permit. The needs of the project should be evaluated by a North Carolina licensed professional engineer in the preliminary sewer study and/or hydraulic analysis for fire flow.

The Town shall maintain a capacity management program which shall recognize the Town Council's approval of allocation and track all new connections and flow projections. In addition, modifications to the existing water and sanitary sewer connections, due to redevelopment, shall be reviewed in the allocation request process.

This policy shall not apply to projects which have submitted the UDO application/permits prior to the effective date and remain in an active development status, as determined by the UDO. Any project that has otherwise been exempted from this policy must come into compliance with the policy if the project proposed an increase in estimated flow from the time of prior approval.

## 3.3 AVAILABILITY

---

Allocated flows will not be considered actual flow to the system until a Certificate of Occupancy (CO) for the project has been issued. When the CO is issued, or a water meter is installed for a specific building within or outside the project, the flow will be assumed to be actual

flow to the water and sewer system, which will determine the total available flow.

### 3.4 ALLOCATION ASSIGNMENT

Water and sanitary sewer allocation necessary to serve proposed projects and expansion or modifications to existing projects shall be based on use capacities as identified in Section 15A of the North Carolina Administrative Code 02T .0114. Available allocations will be released on a fiscal year basis the first week of July each year (“Available Allocation”). If requested Allocation exceeds available flow for any given year, development projects that otherwise qualify for Allocation shall be placed onto a waiting list for the next available Allocation in the order it was approved by the Director. All utility capacity shall be considered, allocated, and tracked through the following categories:

- Operational Reserves
- Residential
- Non-Residential

#### 3.4.1 OPERATIONAL RESERVE ALLOCATION

A portion of the Available Allocation is hereby set aside for Operational Reserve (“Operational Reserve”). The Operational Reserve category shall include all federal, state, or locally funded public facility projects that are significant, as determined by the Town Council, or Economic Development projects, as defined by the Town’s Economic Development policy. There is not a maximum allocation per development; however, Town Council reserves the right to set a maximum allocation available per project or phase, if deemed appropriate.

The annual available allocation for the Operational Reserve is 30% of the Available Allocation, and shall be no less than 33,000 gpd. Any remaining Operational Reserve flow will be rolled into the following year.

#### 3.4.2 RESIDENTIAL ALLOCATION

A portion of the Available Allocation is hereby set aside for residential uses (“Residential Allocation”). Residential Allocation will be considered for all projects defined as Residential in the UDO and shall be allocated and tracked over two (2) subcategories. These subcategories are single family residential projects (including townhomes);

and attached projects (including apartments and condominiums).

The total of all residential projects: detached dwelling, attached dwelling, and apartment dwelling projects shall be eligible for a maximum allocation of 70% of the Available Allocation, once the Operational Reserve has been allocated by the Town, and shall be no less than 46,900 gpd. Any remaining Residential flow at the end of the fiscal year will be rolled into the following year.

Subject to overall availability in a given year, a maximum of twenty percent (20%) of the available residential flow can be allocated to attached dwelling or apartment dwelling developments. Due to the nature of attached dwelling units or apartment dwelling developments, this amount can be front-loaded and utilize future year’s 20% allocation in connection with one contiguous apartment dwelling development.

Any detached dwelling project in excess of 75 lots must be phased so that a maximum of 75 lots can be considered for allocation in a single phase in any one fiscal year. Developments that are within 10% of this limit per phase may receive an allocation with an exception granted by the Director, pursuant to the requirements in Section 7.1(H). In addition to those requirements, the basis for granting the exception will be based on design constraints or build out of a development, in the sole discretion of the Director.

#### 3.4.3 NON-RESIDENTIAL ALLOCATION

A portion of the Available Allocation is hereby set aside for non-residential uses (“Non-Residential Allocation”). Non-Residential Allocation will be considered for all projects defined as Non-Residential in the UDO.

The total of all Non-Residential category is 30% of the Available Allocation, once the Operational Reserve has been allocated by the Town, and shall be no less than 20,100 gpd. If the Non-Residential Allocation is exhausted, mixed-use projects may be served using allocations from the attached dwelling availability from the Residential Allocation, if available and approved by Town Council. Any remaining Non-Residential flow at the end of the fiscal year will be rolled into the following year.

## 3.5 PRIORITIZATION OF PROJECTS

All allocation requests from Priority Level 1 shall be considered when a completed application is received by the Director. Projects that meet the criteria for Priority Levels 2 or 3 must meet Priority Level 1 qualification prior to Town Council consideration for allocation approval. Projects shall be grouped into one of the priority levels below to determine the level of priority. In order to be considered in any classification below, all permitting and approval application requirements by the Town and other regulatory agencies having jurisdiction must be initiated.

### 3.5.1 PRIORITY LEVEL 1

Projects the Town desires to advance with utility allocation. Priority 1 projects include the following classes of development:

- Development within the corporate limits (or pending an annexation petition), within existing zoning
- Public and Institutional Uses
- Development Plans submitted prior to effective date of this policy (July 1, 2023)
- Projects that qualify for operational reserves
- Priority Level 2 and Priority Level 3 projects with committed Allocation Elements

### 3.5.2 PRIORITY LEVEL 2

Priority 2 projects include the following classes as described below. Priority Level 2 does not include projects adjacent to the Town's transmission mains for water and sanitary sewer infrastructure.

- Area of Target Investment (development proposed within 1000 feet of existing infrastructure)
- Must be annexed into the corporate limits or willing to annex concurrently with associated legislative, quasi-judicial, or administrative approval of the Town.
- In order to advance to Priority Level 1, two (2) of the following allocation elements must be included in the development plan:
  - Public Infrastructure Improvements
  - Sustainable Design
  - Work Force Housing

- Open Space/Tree Preservation

### 3.5.3 PRIORITY LEVEL 3

Priority 3 projects include the following classes as described below. Priority Level 3 does not include projects adjacent to the Town's transmission mains for water and sanitary sewer infrastructure.

- Generally, such projects are more than 1000 feet from existing utility infrastructure and will also incorporate new mains, collection lines, pressure mains, and pump stations necessary to accommodate the extension of service to and at the development.
- Must be annexed into the corporate limits or willing to annex concurrently with associated legislative, quasi-judicial, or administrative approval of the Town.
- In order to advance to Priority Level 1, three (3) of the following allocation elements must be included in the development plan.
  - Public Infrastructure Improvements
  - Sustainable Design
  - Work Force Housing
  - Open Space/Tree Preservation

### 3.5.4 ALLOCATION ELEMENTS

Allocation elements are proposed uses or characteristics of a project or development that promote an aspect of the Town's Strategic Plan or otherwise promotes long-term sustainability that aids in preserving the scarcity of water resources, protects the environment, or other public benefit to the town as a whole, such as the following examples described below.

- Public Infrastructure Improvements
  - Option A:
    - Vegetated wetland in lieu of wet ponds; and
    - Include stormwater control devices within parking lot islands
  - Option B:
    - Provide structured parking so as to minimize impervious surface area

- Option C:
  - Take pump station offline; or
  - Install oversize utilities; or
  - Install 1000' of basin wide water/sewer infrastructure
- Sustainable Design
  - Earn LEED Certification; or
  - Earn National Green Building Standards Certifications, or equivalent as determined by Director
- Work Force Housing (housing at 60-80% Area Median Income)
  - 5% of the units for detached or attached dwellings; or
  - 10% of the units for apartment dwellings.
- Open Space/Tree Preservation
  - Increase of at least 25% Active Recreation Space; or
  - Increase of at least 100% for Urban Civic Space; or
  - Increase of at least 25% of required area for Tree Preservation Areas; or
  - Preservation of at least 10% of Specimen Trees on site.

## 3.6 GENERAL REQUIREMENTS

- A. Projects that require discharge of sanitary sewer into the Town's sanitary sewer collection system must complete a Utility Allocation Request and obtain a Utility Allocation Approval (which the applicant shall include with any requested Town approval listed in 6.2(A) below) from the Town Council.
- B. Allocation requests shall be signed and sealed by a professional engineer and shall provide relevant project information including, but not limited to:
  1. Number of residential units and/or area of non-residential and proposed uses,

2. Detailed timeline indicating sanitary sewer needs, including units of capacity requested and quarters of the year expected to have flow,
  3. Phasing, if applicable, and
  4. Permit extension (or modification) requirements and sanitary sewer flow projections.
- C. Sanitary sewer flow rates shall be calculated using the NCAC 15A 02T .0114 Sanitary sewer Design Flow Rate – also known as the “02T Rules.”
  - D. The Town will not accept civil construction drawing submittals or approve water or sanitary sewer extension permit applications without prior Utility Allocation Approval for the project.

### 3.6.1 REDEVELOPMENT OF EXISTING STRUCTURES OR PROPERTY

- A. If an existing structure already has a water and sanitary sewer service connection, the previously approved flow will be recognized in the average annual flow to the plant. However, a Utility Allocation Verification may be required to update the Town's records with current information.
- B. A Utility Allocation Verification will be required for all Redevelopment and Change of Use (Building or Zoning) proposals prior to issuance of a Zoning Compliance Certificate and will consist of the applicant filling out a form with the current use, prior use, and time that the business has been vacant. The applicant will be required to analyze the existing flows and net out the expected flows. If additional utility allocations are needed that are significantly higher, as determined by the Director, the applicant must comply with the terms of this policy to gain allocation. If the new use/development of the structure requires fewer utility allocations, excess allocations return to the Town's available allocation.
- C. The Director will review the information provided on the Utility Allocation Verification and update the sanitary sewer flow tracking spreadsheet, as needed.

- D. The applicant will need to follow the Utility Allocation I process for new projects, if any of the following are true:
  1. If new water and/or sanitary sewer main extension is needed.
  2. If new water and/or sanitary sewer service connection is needed.
  3. If a Development Plan or modification is needed to address changes to the building or site design.
- E. Allocation Request for new Detached Dwellings may be exempt from the engineer's letter requirement outlined herein provided that the following are true:
  1. The property owner provides a letter outlining the request with the project information including number of bedrooms proposed, so the applicable flow rate can be determined by staff.
  2. The water and sanitary sewer service connection is for a Detached Dwelling and/or Accessory Dwelling Unit (ADU) on an existing lot where no subdivision of land is proposed.
  3. The proposed water and sanitary sewer service connection will connect to a gravity sanitary sewer main located in a public utility easement on the lot to be served or along the frontage within the public right-of-way of the lot to be served.

### 3.6.2 PROPOSED PROJECTS

- A. For all new projects, Utility Allocation Requests will only be allowed at the time of the submittal of the initial UDO application/permit for the project, such as a Zoning Map Amendment, Major/Minor Subdivision Plan, Development Plan, Special Use Permit, or UDO Permit.
- B. For Major Subdivisions of 75 lots or more that are hereby required to phase in lots of 75 or less, a request shall be submitted at the time of Major Subdivision plan submittal along with the timeline for phasing and corresponding flow. The Town may elect to use the phased construction timeline provided in the request and allocate

only a portion of the initial request, or allocate the request over a several year period.

- C. For requests associated with a Development Plan or UDO Permit, the full utility allocation request for the site or property must be submitted.
- D. If a phased request has been granted by Town Council, an administrative request will be required by the developer when the remainder of the allocation is desired for the upcoming year.
- E. No request may be submitted prior to the initial UDO application/permit submittal.

## 3.7 PROCEDURE AND VALIDITY

### 3.7.1 PROCEDURE FOR PROCESSING A REQUEST

- A. Upon submittal of the Utility Allocation Request, the Director will review the request and, if complete, add it to the Utility Allocation Request queue.
- B. All requests will be logged in the order in which the request is received and deemed complete.
- C. The Utility Allocation Request will be processed and considered along with the corresponding UDO application/permit. A Utility Allocation Request Application must accompany the corresponding UDO application/permit. Submittal of a complete and valid Utility Allocation Request Application will serve to temporarily hold utility allocation for a project in the order it was received while it is being reviewed and considered by the respective approving body. Pending approval of the corresponding UDO application/permit, the temporary hold will be removed and utility allocation will be formally reserved for the project in accordance with this policy. Should the corresponding UDO application/permit be denied, the utility allocation temporary hold will be removed and the project must reapply for utility allocation in accordance with this policy. A Utility Allocation Request Application will only be accepted concurrently with the corresponding UDO application/permit.
- D. When considering action on a Utility Allocation request, the Director will make a

recommendation to the Town Council and may consider the following:

1. Is the property currently in the town's corporate limits?
  2. Is the requested capacity currently available for allocation?
  3. How soon will the utility allocation be needed? (i.e. existing building upfit, ready to submit utility permits, phased plan)
- E. Once the Town Council approves the Utility Allocation Request, the flow will be updated on the Town's documents as "Allocated flow but not yet permitted."
- F. Prior to the Town signing a utility extension permit application, utility allocation approval will be verified.
- G. If by mid-point of the fiscal year the Director determines there is sufficient capacity the applicant may request allocation sufficient to serve additional phases of a project that fiscal year.
- H. A request for phased allocation shall be accompanied by a project phasing schedule that clearly shows all of the planned phases of the project, together with the allocations approved per phase.
1. A request to release allocation for a subsequent phase may be made once 75% of the units have obtained a building permit.
  2. The Director may release the subsequent approved allocation phase once (I) all of the prior phase has been used, (II) there is availability for that year; and (III) all other provisions of this policy have been satisfied.
- I. Economic Development project's utility allocation will remain valid until final sewer allocation is received or Town Council rescinds the preliminary allocation.

### 3.7.2 EXPIRATION

Utility allocation granted to a project shall be permitted, as defined herein, within 12-months of construction drawing approval. Thereafter, any allocation reserved for a subsequent phase of development must be used within 12 months of the allocation being released for that phase.

If allocation has not been used within the stipulated time periods it shall automatically revert to the Town.

### 3.7.3 EXTENSION

The Town Council may grant an extension in conformance with the UDO (Section 11.10 (2)(C)). The request for such extension must be accompanied by documentation demonstrating use of allocation before the expiration date is unavoidable due to factors beyond the applicant's control. The extension may be granted if, at the sole discretion of the Council, the delay is a result of factors beyond the applicant's control.

### 3.7.4 REVERSION AND REVOCATION

Utility allocation is granted to a specific project to be located on a specific parcel(s) of land and based on the approved UDO application/permit which received utility allocation.

Upon completion of the project or at project expiration, the unused allocation (adjusted to the actual development constructed, if necessary), will automatically revert to the available pool for allocation. Further, allocation granted to a project may be immediately revoked and fees forfeited immediately upon written notice to the applicant that the Director has determined the allocation was granted based on false or misleading information.

Periodic random comparisons of meter data will be compared with the amount originally permitted minus the return amount. If a parcel exceeds the amount permitted the property owner will have the option to pay a fine for the adjusted amount or disconnect service.

In accordance with 15A NCAC 02T .0118, (the "2T Rules") should the Town exceed 80% of the permitted hydraulic capacity, the 2T Rules shall override this policy. The Director may make any adjustments to existing allocations accordingly.

Utility Allocation may only be used for the specific project or parcel(s) for which it was originally granted by the original developer. Under no circumstances shall allocation be used for any other project.

HOLLY SPRINGS

*North Carolina*