

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 20, 2004

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER ^{PS}

SUBJECT: BUDGET MEMO # 61: SEWER DEVELOPMENT FEES (COUNCILMAN MACDONALD'S REQUEST)

The following memo is in response to Councilman Macdonald's questions about development fees in general and sewer use and hookup fees in particular.

During the FY 2003 budget process, City staff, with the assistance of outside consultants, completed a comprehensive examination of the City's development fee structure. It resulted in increases in sewer connection, Planning & Zoning and Code Enforcement fire protection system permit fees and developer Housing Trust Fund contributions. The ordinance increasing the sewer connection fee rate included provisions to set the rate at \$4,200 per household in FY 2003, increase it by 3 percent annually in FY 2004 and FY 2005, and then re-examine it in FY 2006. The staff report prepared to accompany the FY 2003 ordinance answers some of Councilman Macdonald's questions. A copy of it is attached.

During the FY 2004 budget process, staff reviewed the City's sewer line maintenance charge (sewer usage fee) and recommended a multi-year phased rate increase of \$0.20 per year from \$0.20 per 1,000 gallons in FY 2000 to \$1.00 in FY 2007 in order to fully recover the City's costs associated with sanitary sewer line maintenance and reconstruction projects. The increase was approved by City Council in the FY 2004 budget.

The following are responses to Councilman Macdonald's specific questions.

- Q:** How do the fees levied by Alexandria compare with those charged by Arlington and Fairfax? Look particularly at sanitary sewer use fees and sewer/water hookup (tap) fees.
- A:** Please see the table on page 2 of the attached FY 2003 sanitary sewer connection fee memo for a comparison of the FY 2003 connection fee rates. Staff intends to once again compare these rates as part of the FY 2006 budget process.

As part of the sewer line maintenance charge (sewer usage fee) analysis for the FY 2004

budget, staff compared FY 2003 combined water and sewer charges for typical¹ households within each of the following jurisdictions. The combined charges include those established by water and sewer authorities, as well as local governments. Frequently, as in Alexandria, these charges are billed by one of many charge-establishing entities.

• Prince William County	\$460.80
• Washington Suburban Sanitary Commission (Montgomery and Prince George's County, MD)	\$434.54
• City of Alexandria	\$429.75
• Stafford County	\$413.43
• District of Columbia	\$393.30
• Loudoun County	\$377.28
• Arlington County	\$324.30
• Fairfax County	\$302.20

The \$430 bill charged to a typical Alexandria household in FY 2003 included Alexandria Sanitation Authority charges of \$260, Virginia-American Water Company charges of \$156, and City of Alexandria sewer line maintenance charges of \$14.

- Q:** How are these fees calculated? (I understand that some jurisdictions calculate the basic water/sewer hookup charges based on the number and type of fixtures, for example, rather than pipe size).
- A:** While Alexandria charges by the pipe size, some jurisdictions charge by the drainage fixture unit, and still others charge by the unit (house) for single-family detached and townhouse developments. Please see pages 7 and 8 of the attached sanitary sewer connection fee memo (last bullet on the page) for further information on how other jurisdictions calculate their charges.
- Q:** How much additional revenue would be generated if the *sewer usage fees* were raised by \$0.40 this year.
- A:** Each \$0.20 on the fee generates approximately \$1.1 million. The FY 2005 proposed increase from \$0.40 to \$0.60 is expected to increase revenues from \$2.2 million to \$3.3 million. Adding another \$0.20 on to the FY 2005 rate would increase revenues by another \$1.1 million to \$4.4 million.
- Q:** Can we justify doubling the average sewer/water “hookup” fees (which currently stand around \$4,000) this year? How much revenue would this increase produce for the City next year roughly?

¹A typical household is defined as using 69,000 of water per year.

A: The sewer connection fee rate proposed for FY 2005 will generate approximately \$400,000 in revenue to be deposited directly to the Capital Projects Fund for sanitary sewer maintenance and reconstruction projects. Doubling the rate would generate another \$400,000. However, because the FY 2003 increase was significant (in some cases from \$100 to \$4,200 per residential unit), we do not recommend increasing these fees until the City's sanitary sewer connection rate can be studied again with the possibility that a major increase would be proposed in FY 2006 if warranted.

Q: What is the City policy regarding this basic issue?

A: There are two underlying principles that were used to develop the FY 2003 sewer connection fee proposal and the FY 2004 sewer line maintenance charge (sewer usage fee) proposal. The first was that City fee rates would be comparable to those in other jurisdictions in the region; and the second was that all these fees, when combined, would eventually recover 100 percent of the City's operating and capital costs associated with the maintenance and reconstruction of sanitary sewer lines, as is the policy for each of the other major jurisdictions in the region. These same guiding principles are being used and will continue to be used as the City continues the multi-year phased implementation of the sewer line maintenance charge increase and re-examines the sewer connection fee in the FY 2006 budget.

Similar principles were used to develop the FY 2003 rate increases in the Planning & Zoning and Code Enforcement fire protection system permit fees, although full cost recovery was not sought. Both sets of fees were established to be comparable to other jurisdictions in the region, and a goal of recovering more of the costs and reducing the burden on the General Fund was set. For more information and analysis on the Planning and Zoning and Code Enforcement fire protection system permit fee rate increases, please see City Council docket items numbers 27 and 36 from the June 11, 2002 legislative meeting.

ATTACHMENT: City Council Docket Item from the June 11, 2002 Legislative Meeting - Ordinance Increasing Sanitary Sewer Connection Fees

City of Alexandria, Virginia

29
6-11-02

MEMORANDUM

DATE: JUNE 6, 2002

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *ps*

SUBJECT: ORDINANCE INCREASING SANITARY SEWER CONNECTION FEES

ISSUE: Consideration of proposed ordinance to increase the fees charged for connection to the City sanitary sewer system.

RECOMMENDATION: That City Council approve the attached proposed ordinance on first reading, and set it for public hearing, second reading and final passage on June 15, 2002.

DISCUSSION: As part of the FY 2002 budget discussions regarding the City's multi-year capital improvement program and capital financing, City staff indicated that it intended to undertake a study of sewer connection fees for future implementation. Fees have not been updated since 1985. When the proposed FY 2003 City budget was presented this past March, it was indicated that fee proposals would be forthcoming. On April 1, coordinated with a meeting of the Alexandria chapter of the Northern Virginia Building Industry Association (NVBIA), City staff presented a draft proposal (Attachment 1) regarding sewer connection fees (as well as other development fees). Information on these development fee proposals was sent in early April to land use attorneys who represent most of the developers in dealings with the City.

Staff also has made presentations to the Alexandria Chamber of Commerce, as well as at a second NVBIA meeting. Since the sewer connection proposal was in draft, feedback and alternatives to the draft proposal were requested by staff and received from NVBIA on May 23 (Attachment 2). A follow up meeting with NVBIA was held on June 3. A presentation on the subject of sewer connection fees was also made at an April City Council budget work session, as well as to the Budget and Fiscal Affairs Advisory Commission (BFAAC) which supported the fee increase proposal in its budget report to Council.

The result of the numerous meetings and discussions with various parties is a revised proposal which incorporates a number of material changes based on the feedback received by staff. This revised proposal is discussed in this memorandum, and is reflected in the attached proposed ordinance (Attachment 3).

The proposed sanitary sewer connection fee increases would provide an alternate source of sanitary sewer capital financing and bring the City more in line with neighboring jurisdictions in how sanitary sewer capital projects are financed. The City's current sewer connection fees are

significantly lower than surrounding jurisdictions. Sanitary sewer costs have increased from \$1.7 million in the FY 1997 to FY 2002 Capital Improvement Program (CIP) to \$18.3 million in the recently approved FY 2003 to FY 2008 CIP. It is expected that the sanitary sewer capital needs will continue to increase above the currently funded \$18.3 million.

The net effect of the City's current low sanitary sewer connection fee (and its associated credit system) is that the General Fund taxpayer, primarily through real estate taxes, is financing sanitary sewer capital projects rather than development projects by paying an appropriate amount to join the City's water-sewer system. The proposed fees will enable the City to enhance its capital improvement program by adding a new source of capital revenue, as 100 percent of the fees will be dedicated to sanitary sewer capital projects. Most neighboring jurisdictions use water and sanitary sewer connection fees as a major capital funding source. The purpose of the sanitary sewer connection fee is to pay for the value that the "connecting" development receives from the existing sanitary sewer infrastructure, and to pay a share of future capital improvements to the sewer system.

Single Family Dwelling Fee: The City's connection fee for a single family dwelling has been \$630 since 1985. However, credits are given for certain on-site sewer improvements (the dollar value of which has been increasing since 1985 with construction cost increases), so that often that minimum sanitary sewer connection charge of \$100 per unit is assessed. In comparison, connection fees in neighboring jurisdictions are much higher than Alexandria.

Single Family Dwelling Sanitary Sewer Connection Fees

Jurisdiction	Fee
Arlington County	\$4,620 ¹
Fairfax County	\$8,347
Loudoun County	\$12,763
Prince William County	\$9,800
Washington Suburban Sanitary Commission (Prince Georges, Montgomery)	\$5,090 ²
Alexandria (current with credits)	\$100
Alexandria (current without credits)	\$630
Alexandria (proposed)	\$4,200

¹ Average derived using Arlington's drainage fixture unit methodology

² Housing unit with two or three toilets

The proposed \$4,200 per single family dwelling (defined as single family detached, duplex or townhouse) will keep the City competitive with neighboring jurisdictions and produce significantly increased sewer connection revenues.

Multi-Family Buildings: The single family dwelling is generally considered the benchmark upon which the sewer connection charges for other types of dwellings or commercial structures are based. In many jurisdictions, such as Prince William and Fairfax Counties, multi-family projects pay on a per unit basis, 80 percent of the single family dwelling charge. This results in a \$6,378 per unit multi-family charge in Fairfax, and a \$7,840 per unit multi-family charge in Prince William. On the other hand, in Arlington, all charges are based upon a detailed counting of water using fixtures and the assignment of a water-use value to each fixture. While this methodology results in a \$4,620 average single family dwelling charge, it results in a \$1,500 to \$1,600 per unit average multi-family charge. This equates to a multi-family average that is about 32 to 35 percent of Arlington's single family dwelling average. NVBIA has raised this disparity issue in its response to the City's draft proposal.

Staff has consulted with the City's outside engineering firm as to why the two different multi-family fee calculation methodologies produce such different results but received no definitive answer. Given the lack of a clear basis to use the originally proposed 80 percent of single family charge (which would have resulted in a \$3,360 per unit multi-family fee and have been more than double Arlington's current average multi-family fee), it is recommended that the City's multi-family sewer connection fee (which would apply to apartments and condominiums) not be the 80 percent originally proposed, but 50 percent which equates to \$2,100 per multi-family unit. This rate, while higher than Arlington's (which last changed its fees in 1998), is lower than all the other cited neighboring jurisdictions.

Commercial Non-residential Buildings: It is proposed that the connection fee for commercial structures be based on the water meter gallons per minute capacity in relation to the gallons-per-minute capacity of a single family dwelling's water meter. For example, a single family dwelling usually has a meter with a 30 gallons-per-minute capacity (i.e., no more than 30 gallons of water can enter the house in any minute). If a commercial building has a meter with a 500 gallons-per-minute capacity (or 16.67 times the capacity of a 30 gallons-per-minute meter), the sewer connection fee for that building would be 16.67 times the single family unit fee of \$4,200, or \$70,000. This is an accepted methodology for calculating commercial structure water and sanitary sewer connection fees, and is used by Prince William, Fairfax and Loudoun counties. The theory, of course, is that the amount a structure uses a sanitary sewer system is a function of the amount of water it discharges in to the system and, where this amount is X times the amount discharged by a single family home, the connection fee it pays should be X times the fee paid by the home.

The following chart depicts the proposed rate structure using the single family \$4,200 charge for a 30 gallons-per-minute water meter as its basis.

Proposed Sanitary Sewer Connection Fee

Water Meter Size

Meter Size (Inches)	Max Capacity (GPM) ³	3/4" Meter Equivalent	Proposed Connection Fee ⁴
3/4	30	1.00	\$4,200
1	50	1.67	\$7,000
1½	100	3.33	\$14,000
2	160	5.33	\$22,400
3	320	10.76	\$45,200
4	500	16.67	\$70,000
6	1000	33.33	\$140,000
8	1600	53.33	\$224,000
10	2300	76.67	\$322,000

It should be noted that, while no fee on this chart has changed from the draft chart released on April 1, the smallest five-eighths inch meter has been removed from the chart. Code Enforcement reports that no connections have been made of this size in recent years. As a result, there is no need for a separate fee for this small size meter. If a meter of this size is installed, the minimum \$4,200 fee would apply.

Phase-In of the New Connection Fees: One of the more difficult areas to determine is how to phase in the new sanitary sewer connection fees. In most types of fees the City levies, phasing in increases is not usually an issue. However, because of the size of the fee increase, and the impact that the new fee can have on total development costs, some phasing in of the new connection fees is recommended.

In the April 1 staff draft, the phase in standard used was the submission of a final site plan to the City prior to April 1, 2002. It had initially been proposed that a final site plan submitted to the City prior to April 1, 2002, would allow the application of the old fee and credit system. After many discussions with the development community, we believe that using the submission of a preliminary site plan prior to April 1, 2002, is the more appropriate and fairer standard. This is

³ Gallons per minute

⁴ Reflects fees for FY 2003. For FY 2004 and FY 2005, fees to be increased by 3 percent per year.

largely because by the time a preliminary site plan is submitted, a developer has negotiated a land sales contract, has agreed to pay a certain sum for the land and has established a preliminary project budget, and may also have a financial underwriting commitment already in hand.

April 1, 2002 has been chosen as the key date, as that is when the first public announcement of the fee increase was made. By using the past public announcement date, no preliminary site plans could be quickly filed in order to try to take advantage of a proposed fee increase.

Also in recognition of impact of the magnitude of the sanitary sewer connection fee increase, we believe it appropriate that projects for which a preliminary site plan is filed in the period April 1 through September 30, 2002, be assessed 50 percent of the new fee schedule. For preliminary site plan filings on or after October 1, 2002, 100 percent of the new fee schedule would apply without adjustment.

Finally, regardless of when a preliminary site plan is filed, any project which has not commenced construction before April 1, 2004, will be subject to 100 percent of the new fee schedule.

Credits: With one exception, the old system of giving credit for sewer improvements will no longer apply. The cost of constructing sewer collection pipes whose construction is triggered only because of a development project should be a private, not a public expense. The one exception occurs where the City requires improvements above and beyond what is needed to serve a development project. In that case, a credit would be calculated on the incremental cost of providing the "above and beyond" improvements.

If, however, a developer builds an entire sewage collection system to serve a Coordinated Development District (CDD) at no cost to the City, including a full trunk line to the Alexandria Sanitation Authority sewage treatment plant, then only the current \$100 per unit minimum fee for a residential unit and the \$100 per floor or 8 cents per square foot minimum fee (whichever is larger) for non-residential space will apply. A sixteen year window on this type of credit, running from the issuance of the first building permit in the CDD, is proposed so as not to create any low fee rights in perpetuity.

Other Fee Structure Elements: A number of other elements are included in the proposed sanitary sewer connection fee structure. These include:

Fire Protection System Connections: It is proposed that no sanitary sewer connection fee be applied where a connection's sole purpose is to provide for fire protection purposes. The Fire Department encourages such fire suppression system-related connections. Since the water that passes through such connections does not burden the sanitary sewer system, there is logic in not applying a sewer connection fee to such connections. Also, no fee for connections which are for fire protection systems only will serve as an incentive for those types of connections to be installed.

Fee Waivers: It is proposed that no sanitary sewer connection fees be charged to the Alexandria City Public Schools or the Alexandria Redevelopment and Housing Authority (ARHA). This is consistent with current practice. In addition, fees would not be charged for residential units where ARHA is part of a partnership formed for the primary purpose of obtaining federal Low Income Housing Tax Credits for housing units for ARHA tenants. This means that the new fees would not apply to the replacement of the 100 ARHA Samuel Madden Homes (Downtown) units with 52 on-site units and 48 off-site units.

Fee Rate Certainty: In order that the new fee keeps up in its economic value in real dollar terms, the proposed ordinance builds in a 3 percent increase in FY 2004, and another 3 percent increase in FY 2005. This will keep the fee from dropping in value over the next several years, as well as create some certainty for the development community. For FY 2006, the fees will be reviewed and any appropriate changes recommended at that time.

FISCAL IMPACT: Estimating annual sanitary sewer fee revenue is difficult because of the variability in the amount of development which may occur in any given year. However, it is expected that after the phase-in the new sanitary sewer connection fees will generate annually between \$1.0 million and \$1.5 million in net new revenue for the City's Capital Improvement Program. All of these revenues will be deposited in the City's Capital Projects and be used for sanitary sewer capital projects.

ATTACHMENTS:

1. Draft Sanitary Sewer Connection Fee Proposal (April 1, 2002)
2. Northern Virginia Building Industry Association Alexandria Chapter Memorandum of May 23, 2002
3. Proposed Ordinance

STAFF:

Mark Jinks, Assistant City Manager

Rich Baier, Director, Transportation & Environmental Services

Emily Baker, City Engineer, Transportation & Environmental Services

Draft
City of Alexandria
Sanitary Sewer Connection Fee Proposal
April 1, 2002

Background:

- The City's current sewer connection fees have not been updated since 1985 and are significantly lower than surrounding jurisdictions. Sanitary sewer capital costs have increased from \$1.7 million in the FY 1997 to FY 2002 CIP to \$18.3 million for the upcoming six year period of FY 2003 to FY 2008. It is expected that the sanitary sewer capital needs will continue to grow in the future beyond those dollars included in the proposed CIP.
- Starting in FY 2003, an alternate source of sanitary sewer capital financing is proposed that will bring the City more in line with surrounding jurisdictions in how sanitary sewer capital projects are financed.
- The fees will enable the City to enhance its capital improvement program by adding a new source of capital revenue.
- The net effect of the City's current low fee and credit system is that the General Fund taxpayer - primarily through real estate taxes - is financing sanitary sewer capital projects rather than development projects paying to join the City's water-sewer system.
- In neighboring jurisdictions water and sanitary sewer connection fees comprise a major water-sewer capital funding source.
- For example, currently in the City the minimum stated connection fee for a single family dwelling is \$630. However credits are given for certain on site sewer improvements (whose dollar value has been increasing since 1985 with construction cost increases) so that often the minimum per unit charge is \$100 per dwelling unit.
- For a comparison, in surrounding jurisdictions the connection fees (often labeled "availability fees") are significantly higher than Alexandria's current fee structure. For example:
 - Prince William County's water-sewer availability fee is some **\$9,800** per residential unit and **\$7,840** per multi-family unit.

- Fairfax County's current minimum single family detached sewer availability fee is **\$5,069**, with a 3.5% increase proposed for FY 2003. In addition a water availability fee of **\$2,820** per single family dwelling is charged. This then totals **\$7,869** per single family dwelling.
- Arlington County uses a drainage fixture unit of measure (\$116 per drainage fixture unit of measure - each plumbing device has a value assigned based on demand/usage that is then multiplied by \$116 to determine the amount paid for that fixture) that results in an estimated average **\$4,620** up front one-time charge for a new single family residential dwelling.
- The Washington Suburban Sanitary Commission (which serves the Prince Georges and Montgomery County area) for its water-sewer development charge uses a drainage fixture unit of measure for non-residential property and lump sum measures for housing units (for example a housing unit with 3 or 4 toilets pays a lump sum development charge of **\$5,090**)
- These jurisdictions use these fees to finance capital projects, and it is proposed that these funds from the proposed City increased sanitary sewer connection charges be 100% devoted to sanitary sewer capital projects.

Implementation:

In recognition of the fact that some projects in the City are far along in the development process, a determination of when the new fees would apply is proposed as detailed below:

- Existing sewer connection charges and fee policies as articulated in the City's current ordinances would apply to any project where a final site plan application has been filed with the Department of Planning and Zoning prior to the April 1, 2002 date of announcement of the new proposed sewer connection fees and policies.
- CDD's would be considered in phases with each final site plan for a distinct phase considered in the same manner as a typical unitary site plan project that has only one phase.
- The new proposed sewer connection fees and policies would apply for any project where a final site plan application is filed on or after the April 1, 2002 date of announcement of the new proposed sewer connection fees and policies, unless between the time of announcement and the effective date of an amended ordinance (which includes the new fees) a final site plan is submitted and approved by the City and the developer posts the necessary construction bonds and pays the sewer connection fee. Then the old fee structure would apply.

- In cases where the City has approved final site plans but the developer does not initiate the project by posting necessary construction bonds and paying the sewer connection fees prior to April 1, 2002, then the new fees and policies would apply, if they are in place by the time the developer posts the necessary bonds and pays the sewer connection fee. If not the old fees apply.
- In no case shall the old fees apply if they are not paid on a valid site plan prior to April 1, 2004 (twenty-four months after the date of the announcement). As of April 1, 2004 the new fee schedule in place applies to all development projects regardless of the timing of the approval of the City of a project's final site plan..

Proposed Fee:

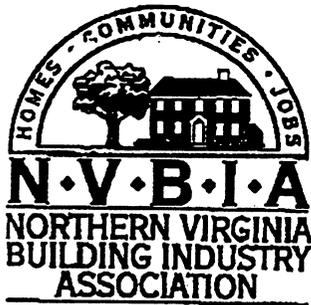
- The fee would be **\$4,200** for a 3/4" meter (the size that typically serves a single family house) and then for commercial and other buildings proportionately increased or decreased by meter size (see attached).
- Multifamily buildings (condominiums and apartment buildings) would pay 80% of the established fees on a per unit basis (i.e. $\$4,200 \times 80\% = \$3,360$)
- Using meter size is equitable as the greater the meter size, the greater the use is of the City's sanitary sewer system. This is a common method of determining water-sewer connection charges and is one used locally by Prince William County and was recommended by the City's consulting engineers (Greeley and Hansen)
- On July 1, 2003 and subsequent three fiscal years the sanitary sewer connection rate would be planned to be increased by 3% per year (estimated inflation) and the dollar amounts explicitly stated in the ordinance. This would provide some certainty, although legally it could be subject to change by City Council (this is similar to the Fairfax County multi-year fee projection practice). This keeps the fees current as well as creates a higher level of certainty for developers.
- All fees will be dedicated to sanitary sewer capital projects, with expansion projects (such as Holmes Run) or projects which increase the effective capacity of the system (some infiltration and inflow projects) getting priority use of the funds.

Credits

- No credit against the fee will be given for the construction of sanitary sewer lines which serve only the development site, or improvements to sewer lines if the City had not planned to undertake those improvements in its approved six-year CIP. This applies even if the improvements are to be dedicated to the City.

- If sanitary improvements that serve more than the development are provided and those were improvements that were planned in the City's approved CIP, then credit will be provided for the value of that the improvement provides to the greater community over and above the benefits to the development site. In this situation the current \$100 minimum fee per unit will still apply.
- If the costs of the improvements that benefit the greater community are required above and beyond what the redevelopment project needs in order to be adequately served by the City, and the cost of those improvements exceeds the maximum applicable credit, then if funds are available the City would either reimburse the developer, or would withdraw the requirement for the added improvements.
- Credit for the provision by a developer of added trunk line capacity would be given for the value of the added capacity to the development, but also in this situation the current \$100 minimum per unit would still apply.
- For multi-phased projects, credit would be given for the provision of added trunk line capacity that serves the development, with allocation of the credits among the development phases.

The above is general representative language and is subject to refinement and change. In any event, the specific language eventually included in the City ordinances on this subject will govern any determination of future fee liability.



12600 Fair Lakes Circle
Suite 260
Fairfax, Virginia 22033-4904
(703) 968-7352
Fax (703) 968-7814
www.nvbia.com

MEMORANDUM

To : Mark Jinks

From: Scott McGeary

Date: May 23, 2002

Re: **Proposed City of Alexandria Fees**

The Alexandria Chapter of the Northern Virginia Building Industry Association appreciates the opportunity to comment on drafts of the proposed increases in the sanitary sewer connection fees, the Housing Trust Fund contribution, and the planning and zoning fees. As Chapter President, I am transmitting, as you requested, comments on issues to be discussed in our June 3rd meeting.

We must share our concern that members of the development community who have been in the site plan process with development special use permit applications, some for as long as one year, were not made aware of the impending legislation and the significant impact it would have on their projects even though the fee increases were being contemplated at or prior to the date of their initial submissions. We believe that fairness and equity demand that applications that have already been filed with the City, in good faith reliance on the existing fee structure should be grandfathered and not subject to any of the increases currently being considered no matter what the status of the applications.

Sanitary Sewer Connection Fees. The immediate implementation of the proposed sanitary sewer connection fees will impose an undue hardship on the industry and to some degree, the buying public. Negotiations of the purchaser price of property are conducted well in advance of any zoning application. These negotiations, and ultimately, the purchase price are based upon many factors, one of which is the various anticipated fees to be levied by the City. Obviously, purchase contracts that are already in place could not have anticipated the proposed increase in the sewer tap fees. Had the development community been made aware of the impending legislation earlier, the increase cost would have been taken into consideration when purchasing the property, i.e., the purchase price of the property would have been adjusted downward to compensate for the cost increase.

Accordingly, considering the size and suddenness of the proposed increases and the impact on the affordability and feasibility of new construction, we request the City defer any action on the

NVBIA Mission Statement

To create an economic and political climate within which the building industry is able to effectively meet the demand for affordable, attractive, safe, well-planned and environmentally sensitive residential and business communities.

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Proposed City of Alexandria Fees

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proposed rate increases until its September session in order to consider our recommendations for modifications to the amount and the implementation of the proposed fee increases. We request the City consider adopting the following recommendations:

1. Notice Provisions Governing Fee Increases. All sewer tap fee increases shall be implemented following appropriate public notice.

2. Phased Implementation. The current proposal, which provides for an increase in the rate for a single-family house or townhouse of \$3,570 (from \$630 to \$4,200) and a change in the rate for an apartment or condominium ranging from \$3,810 to \$4,000 (from \$360 for a one-bedroom unit and from \$450 for a two-bedroom units to \$3,360 per unit), would apply the new rate structure retroactively to any project for which final site plan approval was not obtained by April 1, 2002. As discussed earlier in this writing, the proposal does not consider the economic impact on projects where the purchase commitment and underwriting have already taken place. The adverse economic impact on planned projects is easily measured when you take into account that developers for future projects will discount the purchase price for the properties to offset the impact. Accordingly, we recommend the City adopt a five-phase program for the implementation of the proposed fee increase in increments of six-month intervals utilizing the following schedule:
 - Phase I - 11% Increase: Effective the first of the month following the date the increase is approved by the City Council, an 11% increase in current tap fee rates would apply to all preliminary site plans submitted thereafter.

 - Duration and Qualification of 11% Increase: For all projects for which preliminary site plans were filed prior to the effective date, no increase would apply. For all preliminary site plans filed subsequent to the effective date, preliminary site plan approval would be required within six months of the effective date of the approved increase for the 11% increase to apply. Assuming the effective date is October 1, 2002, the 11% increase would extend through March 2003. Payment of tap fees would be required to be made within 30 days subsequent of this date to lock in the rate.

 - Phase II Increase: Effective April 1, 2003 through September 30, 2003, again assuming October 1, 2002 is the effective date, tap fees would increase to twenty-five percent of the proposed fees with payment to be made within 30 days subsequent to lock in the rate.

 - Phase III Increase: Effective October 1, 2003 through March 31, 2004, again assuming October 1, 2002 is the effective date, tap fees would increase to fifty percent of the proposed fees with payment to be made within 30 days subsequent to lock in the rate.

Proposed City of Alexandria Fees

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- Phase IV Increase: Effective April 1, 2004 through September 30, 2004, again assuming October 1, 2002 is the effective date, tap fees would increase to seventy-five percent of the proposed fees with payment to be made within 30 days subsequent to lock in the rate.
 - Phase IV Increase: Beginning October 1, 2004 and thereafter, again assuming October 1, 2002 is the effective date, tap fees would increase to the full amount of the proposed fees with payment in the usual fashion.
3. Amount of Increase. As members of the community, we certainly want to do our part to maintain Alexandria as a livable city. While we in the development community appreciate the significant investment the City has committed to improving its aging sanitary sewer system, we take exception to the premise that the development community should bear the brunt of these costs. We appreciate the City's desire to "hold the line" on costs by implementing increases that are comparable to similar jurisdictions; however, when evaluating the appropriateness of the proposed fees, we believe it is more pertinent to make a comparison to the fees levied in Arlington County as opposed to the fees levied in jurisdictions of the counties of Loudoun, Prince William and Fairfax. In our view, in the City of Alexandria, the primary source of growth is in-fill, as it is in the case of Arlington County, as opposed to "horizontal" as is the case of Loudoun, Prince William and Fairfax Counties. Assuming a comparison to Arlington County is more appropriate, our comparative analysis, provided to you earlier this month, indicates the proposed fees result in charges that are more than twice those levied in Arlington County. We recommend the City implement a fee structure along the guidelines similar to those applied in Arlington County where the basis of the levy is drainage fixture units.

Housing Trust Fund Contributions. The recommendation is to increase the proposed contribution from 50 cents per square foot to one dollar per square foot in order to adjust for inflation since the current rate was enacted in 1992. While we in the housing industry are committed to providing housing to all peoples, we believe it is imperative that the City bear in mind that contributions to the Fund are, by law, voluntary. Accordingly, in our view, contributions to the Fund must be directed to the effort of providing affordable housing for those for whom it was intended, the public servants and other persons who work in our community who cannot afford to live in Alexandria without the benefit of subsidies. We acknowledge and support the premise that having people work in the City live in the City makes Alexandria a better place to live by keeping the dollars in the City's economy.

Planning and Zoning Fees. The operations of the Departments of Planning & Zoning and TE&S are supported by the tax dollars generated by the projects our industry develops. Accordingly, it is our view that the fee increases should be limited to the incremental cost of the services provided, i.e., the intent should not be to have the fees cover the operating costs of the departments.

Proposed City of Alexandria Fees

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With respect to the sanitary sewer connection fees, our recommendations vary significantly from the proposal set forth by the City. Accordingly, we would appreciate your keeping us fully apprised of the action the City intends to take with respect to the timing of the hearing process, the amounts of the fee increases and the plan for the implementation of the fee increases. Furthermore, we welcome the opportunity to meet with the appropriate City staff to review our proposal. In the event the City intends to proceed with the previously planned hearing schedule, we request you advise us immediately so that we may make arrangements to be well represented at the hearings.

While we are not requesting you defer consideration of the latter two items discussed in this writing, i.e., the Housing Trust Contributions and Planning and Zoning Fees, we would appreciate your keeping us apprised of the status of the approval process.

Finally, for your consideration, we recommend the institution of a *legislative and technical advisory committee* consisting of City staff, NVBIA representatives and other industry leaders that would allow review of proposals as early as possible so that we can express our concerns with the City regarding propriety, fairness and equity.

As always, it's a pleasure to work with you on issues of mutual interest. We look forward to seeing you on the 3rd.

29
6-11-02

Introduction and first reading:	6/11/02
Public hearing:	6/15/02
Second reading and enactment:	6/15/02

INFORMATION ON PROPOSED ORDINANCE

Title

AN ORDINANCE to amend Division 1 (GENERAL PROVISION) of Article B (SEWAGE DISPOSAL AND DRAINS), Chapter 6 (WATER AND SEWER), Title 5 (TRANSPORTATION AND ENVIRONMENTAL SERVICES) of The Code of the City of Alexandria, Virginia, 1981, as amended, by adding thereto a new Section 5-6-25.1 (SEWER CONNECTION PERMITS AND SERVICE FEES; CONSTRUCTION COSTS; CONSTRUCTING SEWERS BY OWNERS RATHER THAN CITY; ADDITIONAL CONNECTIONS).

Summary

The proposed ordinance increases the sanitary sewer connection fees charged for new construction.

Sponsor

Staff

Richard J. Baier, Director, Department
of Transportation and Environmental Services
Gene Swearingen, Director, Office of
Management and Budget
Steven L. Rosenberg, Senior Assistant City Attorney

Authority

§ 2.03(u), Alexandria City Charter
§ 15.2-2122(7), Code of Virginia (1950), as amended

Estimated Costs of Implementation

None

Attachments in Addition to Proposed Ordinance and its Attachments (if any)

None

ORDINANCE NO. _____

AN ORDINANCE to amend Division 1 (GENERAL PROVISION) of Article B (SEWAGE DISPOSAL AND DRAINS), Chapter 6 (WATER AND SEWER), Title 5 (TRANSPORTATION AND ENVIRONMENTAL SERVICES) of The Code of the City of Alexandria, Virginia, 1981, as amended, by adding thereto a new Section 5-6-25.1 (SEWER CONNECTION PERMITS AND SERVICE FEES; CONSTRUCTION COSTS; CONSTRUCTING SEWERS BY OWNERS RATHER THAN CITY; ADDITIONAL CONNECTIONS).

THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:

Section 1. That Chapter 6 of Title 5 of The Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby is, amended by adding new section 5-6-25.1 to read as follows:

[The following is all new language]

Sec. 5-6-25.1 Sewer connection permits and service fees; construction costs; constructing sewers by owners rather than city; additional connections.

(a) Any person who is required, or who desires, to provide a connection for sewer service from his property, through any sewer constructed by or belonging to the city or any sewer serving the area annexed to the city in 1952, but belonging to a county, by direct connection at a city sewer main, trunk or lateral, shall, before starting to make such connection, apply to the director for a permit to make the connection, and the director shall issue a permit for the sewer connection when and after the person shall have paid to the department of finance the sum hereinafter provided.

(1) For each single family dwelling, townhouse dwelling or dwelling unit in a two-family dwelling, the amount of \$4,200.

(2) For each multifamily dwelling, an amount equal to the product of the number of dwelling units in the multifamily dwelling, multiplied by fifty percent (50%), multiplied by \$4,200.

(3) For each nonresidential property, an amount determined in accordance with the following fee schedule based on the size of each water meter which serves such nonresidential property:

Meter Size (inches)	Max. Capacity (GPM)	3/4" Meter Equiv.	Fee
3/4 or smaller	30	1.00	\$4,200
1	50	1.67	\$7,000
1½	100	3.33	\$14,000
2	160	5.33	\$22,400
3	320	10.76	\$45,200
4	500	16.67	\$70,000
6	1000	33.33	\$140,000
8	1600	53.33	\$224,000
10	2300	76.67	\$322,000

(4) For each mixed use property, where such property includes both residential and nonresidential uses, an amount equal to the sum of the fee determined for the residential portion of such property, in accordance with this section, plus the fee determined for the nonresidential portion of such property, in accordance with this section; provided, however, if the residential portion and nonresidential portion of such property are served by a single water meter, the fee shall be an amount determined by the director in his reasonable discretion.

(5) On July 1 of each of fiscal years 2004 and 2005, the foregoing fees shall increase by three percent (3%) over the fee for the preceding fiscal year. The fees applicable to each fiscal year are subject to annual review by city council.

(b) Extension of service; credits.

(1) A person required or desiring to provide extension of sewer service to his property shall construct or have constructed such extension at his own expense. The person shall execute a satisfactory agreement with the city, as prescribed by the city manager, agreeing to construct such sewer or sewers in accordance with plans and specifications approved by the director and the person shall in addition furnish such guarantee of performance and maintenance to the city as the city manager may require. Such sewers shall become the property of the city upon completion and acceptance of the work.

(2) If, pursuant to a written requirement of the director, the person constructs such extension in a manner that exceeds the requirements to provide service to the property of such person, a credit shall be available to be applied to the fees otherwise due under this section, in an amount equal to the difference between the cost of such extension, constructed in accordance with the written requirement of the director, and the cost of such extension, constructed as originally proposed by the person, such amount to be determined by the director. The amount of the credit shall be estimated by the director prior to commencement of construction, and an

interim fee shall be paid by the person in an amount equal to the fees otherwise due under this section minus the estimated credit; provided, the minimum interim fee shall be for each single family dwelling, townhouse dwelling or dwelling unit in a two-family dwelling residential unit, \$100, for each dwelling unit in a multifamily dwelling, \$100, and for each floor of a nonresidential property, \$100 or eight cents (\$0.08) per square foot of floor space, whichever is greater.

(3) Upon satisfactory completion of the work, the actual amount of the credit shall be determined by the director based on certified bills submitted to and approved by him. The final fee to the person shall be an amount equal to the fees otherwise due under this section minus the amount of the actual credit; provided, the minimum final fee shall be for each single family dwelling, townhouse dwelling or dwelling unit in a two-family dwelling residential unit, \$100, for each dwelling unit in a multifamily dwelling, \$100, and for each floor of a nonresidential property, \$100 or eight cents (\$0.08) per square foot of floor space, whichever is greater. Any difference between the interim fee and the final fee shall immediately be paid to or refunded by the department of finance.

(4) If the amount of the credit estimated under subsection (b)(2) above exceeds the amount of the fees otherwise due under this section without regard to the minimum fee calculated under subsection (b)(2) of this section, prior to the commencement of construction, the city shall agree to pay the person an amount equal to such excess or shall withdraw the written requirement of the director for construction of such extension in a manner that exceeds the requirements to provide service to the property of such person.

(c) Exclusions and exemptions.

(1) Notwithstanding anything to the contrary contained in this section, no fee shall be charged to connect a sewer system or sewage disposal system which serves exclusively a fire sprinkler system, installed pursuant to section 906.0 of the Virginia Uniform Statewide Building Code, as amended, a fire standpipe system, installed pursuant to section 915.0 of the Virginia Uniform Statewide Building Code, as amended, or a yard hydrant, installed pursuant to section 917.0 of the Virginia Uniform Statewide Building Code, as amended.

(2) Notwithstanding anything to the contrary contained in this section, no fee shall be charged to connect a sewer system or sewage disposal system which serves property owned by the Alexandria City Public Schools, the Alexandria Redevelopment and Housing Authority, or an entity in which the Alexandria Redevelopment and Housing Authority holds an ownership interest and the purpose of such entity is to develop property using federal low income housing tax credits.

(3) The fees established and imposed by this section shall not apply to a connection where (i) such connection is within the limits of a coordinated development district approved by city council, (ii) the main or trunk line to which such connection will be made extends from such coordinated development district directly to the publicly owned treatment works of the Alexandria Sanitation Authority, without connection at the time of its construction to any city sewer, unless

such a connection is made pursuant to a written requirement of the director and exceeds the requirements to provide service to the coordinated development district, (iii) such main or trunk line was constructed totally at private expense, and (iv) the application for such connection is submitted within fifteen (15) years of the date of issuance of the first building permit subsequent to April 1, 2002, within such coordinated development district. Upon satisfaction of the foregoing criteria, a permit for the sewer connection shall be issued upon payment of a fee for each single family dwelling, townhouse dwelling or dwelling unit in a two-family dwelling residential unit, of \$100, for each dwelling unit in a multifamily dwelling, of \$100, and for each floor of a nonresidential property, of \$100 or eight cents (\$0.08) per square foot of floor space, whichever is greater; provided, however, in the event construction of the improvements to be served by such permitted connection has not substantially commenced within sixteen (16) years of the date of issuance of the first building permit subsequent to April 1, 2002, within such coordinated development district, the permit for the sewer connection issued shall expire and thereafter the fees established and imposed generally by this section shall apply.

(d) If the city manager finds that construction of an extension by a person would constitute a hardship on such person, by reason of his inability to secure a satisfactory contract, or otherwise, the city manager may direct that the construction be done by or for the city; provided, however, that the cost to the city shall not exceed the fees paid by such person less for each single family dwelling, townhouse dwelling or dwelling unit in a two-family dwelling residential unit, \$100, for each dwelling unit in a multifamily dwelling, \$100, and for each floor of a nonresidential property, \$100 or eight cents (\$0.08) per square foot of floor space, whichever is greater. Costs in excess of such fees shall be paid by the person prior to making any connection to such sewer.

(e) The total sum to be paid to the department of finance for sewer service at the city sewer main, trunk or lateral for any property in the city, the sewage of which will be transported from such property through sewers constructed previously by private parties into sewers constructed or belonging to the city, except for such sewers as may have been constructed by private parties under the control or supervision of the city or other public authority, shall be as provided generally in this section for each such property so connected.

(f) Any person desiring additional sewer service connection to any property shall make application to the director for permission to construct such connection and shall pay to the department of finance the sum as provided generally in this section for each additional connection prior to the issuance of the permit for the sewer connection.

(g) Nothing in this chapter shall be construed to prevent the city sanitation authority from making a service charge for collecting and treating sewage.

Section 2. That the provisions of section 5-6-25.1 shall become effective on July 1, 2002, and shall apply to all applications for permits for sewer connections which may be filed after such date; provided, however, that:

(a) With respect to any property for which a preliminary site plan was filed with the city prior to April 1, 2002, the applicable fee shall be determined in accordance with section 5-6-25, with the exception of any credit, which shall be determined not in accordance with subsection (e) of section 5-6-25, but in accordance with subsection (b) of section 5-6-25.1; provided, however, in the event construction of the improvements to be served by such permitted connection has not substantially commenced prior to April 1, 2004, the permit for the sewer connection issued shall expire and thereafter the fees established and imposed by section 5-6-25.1 shall apply, without any adjustment.

(b) With respect to any property for which a preliminary site plan is filed from April 1, 2002, until September 30, 2002, the fee shall be the product of the fee determined in accordance with section 5-6-25.1, multiplied by fifty percent (50%); provided, however, in the event construction of the improvements to be served by such permitted connection has not substantially commenced prior to April 1, 2004, the permit for the sewer connection issued shall expire and thereafter the fees established and imposed by section 5-6-25.1 shall apply, without any adjustment.

(c) With respect to any property for which a preliminary site plan is filed from and after October 1, 2002, the fee shall be as provided in section 5-6-25.1, without any adjustment.

Section 3. That section 5-6-25 of The Code of the City of Alexandria, 1981, as amended, be, and the same hereby is, repealed, effective as of April 1, 2004.

Section 4. That, except as provided in sections 2 and 3 above, this ordinance shall become effective upon the date and at the time of its final passage.

KERRY J. DONLEY
Mayor

Introduction: 6/11/02
First Reading: 6/11/02
Publication:
Public Hearing:
Second Reading:
Final Passage:

28-34
6-11-02

- CITY SEAL -

Public Hearing will be held by the City Council of the City of Alexandria, Virginia, in the Council Chamber, City Hall, City of Alexandria, Virginia, on Saturday, June 15, 2002, at 9:30 a.m., or as soon thereafter as may be heard on the hereinafter described ordinances.

TITLE OF ORDINANCE

AN ORDINANCE to amend and reordain section 3-2-82 (PROCESSING FEE FOR ENCROACHMENTS) of Article G (FEE FOR PROCESSING REQUESTS FOR VACATION OF PUBLIC RIGHTS AND REQUESTS FOR ENCROACHMENTS AND CHARGE FOR COMMERCIAL ENCROACHMENTS), Chapter 2 (TAXATION), Title 3 (FINANCE, TAXATION AND PROCUREMENT), of The Code of the City of Alexandria, Virginia, 1981, as amended.

The proposed ordinance increases the fee for processing requests for encroachments from \$100 to \$150.

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TITLE OF ORDINANCE

AN ORDINANCE to amend Division 1 (GENERAL PROVISION) of Article B (SEWAGE DISPOSAL AND DRAINS), Chapter 6 (WATER AND SEWER), Title 5 (TRANSPORTATION AND ENVIRONMENTAL SERVICES) of The Code of the City of Alexandria, Virginia, 1981, as amended, by adding thereto a new Section 5-6-25.1 (SEWER CONNECTION PERMITS AND SERVICE FEES; CONSTRUCTION COSTS; CONSTRUCTING SEWERS BY OWNERS RATHER THAN CITY; ADDITIONAL CONNECTIONS).

The proposed ordinance increases the sanitary sewer connection fees charged for new construction.

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TITLE OF ORDINANCE

AN ORDINANCE to amend and reordain Section 5-7-31 (DEFINITIONS), Section 5-7-33.1 (RUNNING AT LARGE PROHIBITED IN PUBLIC PARKS OR PLAYGROUNDS; OWNERS NOT TO LET DOGS RUN AT LARGE IN PUBLIC PARKS OR PLAYGROUNDS; KEEPING DOGS UNDER PHYSICAL RESTRAINT IN PUBLIC PARKS OR PLAYGROUNDS), and Section 5-7-35 (KEEPING DOGS UNDER PHYSICAL RESTRAINT) of Article C (DOGS AND OTHER ANIMALS), Chapter 7 (ANIMALS AND FOWL) of Title 5 (TRANSPORTATION AND ENVIRONMENTAL SERVICES), and to amend and reordain Section 6-1-2.2 (SAME--DOG EXERCISE AREAS; DESIGNATION BY CITY MANAGER; PROHIBITED CONDUCT) of Chapter 1 (GENERAL PROVISIONS) of Title 6 (PARKS, RECREATION AND CULTURAL ACTIVITIES), all of The Code of the City of Alexandria, Virginia, 1981, as amended.

The proposed ordinance clarifies the city's animal control regulations to provide that, except in a dog exercise area, or on private property with the consent of the owner, a dog must be kept on a leash held by a responsible person physically capable of restraining the dog.

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TITLE OF ORDINANCE

AN ORDINANCE to amend and reordain Section 9-12-95 (INFORMATION TO BE DISPLAYED ON OUTSIDE OF VEHICLE) of Division 4 (EQUIPMENT, MAINTENANCE AND USE OF VEHICLES), and subsection (a)(2) of Section 9-12-132 (AMOUNT OF FARE TO BE CHARGED) of Division 6 (FARES), all of Article A (TAXICABS AND FOR-HIRE VEHICLES), Chapter 12 (TAXICABS AND OTHER VEHICLES FOR HIRE), Title 9 (LICENSING AND REGULATION) of The Code of the City of Alexandria, Virginia, 1981, as amended. The proposed ordinance eliminates the requirement that the name of the owner/driver of a taxicab be displayed on the exterior of the vehicle, and provides that children under 5 years of age ride without additional charge. Current law is 12 years.

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TITLE OF ORDINANCE

AN ORDINANCE to amend and reordain Section 12-1-4 (ELECTION OF SCHOOL BOARD MEMBERS; DATE AND MANNER OF ELECTION), of Chapter 1 (SCHOOL DISTRICT AND SCHOOL BOARD), Title 12 (EDUCATION, SOCIAL SERVICES AND WELFARE) of The Code of the City of Alexandria, Virginia, 1981, as amended. The proposed ordinance implements School Board Redistricting Option No. 1, which was selected as the preferred option by City Council on May 28, 2002. This Option shifts the James K. Polk Precinct from Election District C into Election District B, and makes no additional changes to the current school board electoral scheme. In addition, the proposed ordinance specifies: (1) that the established election district boundaries will not be altered by subsequent changes to voting precincts unless expressly stated in the ordinance making those changes, (2) that the new districts will apply in any special election which may be required prior to the next general election in May 2003, and (3) that this change in the district boundaries will not affect the term of the incumbent members of the school board. The proposed ordinance will be implemented only after approval by the Attorney General of the United States, as required by Section 5 of the Voting Rights Act of 1965.

* * * * *

TITLE OF ORDINANCE

AN ORDINANCE making provision for the support of the government of the City of Alexandria, Virginia, and for the payment of municipal expenditures by providing supplemental appropriations of amounts required to defray certain expenditures and liabilities of the city for fiscal year 2002, which began on the first day of July 2001 and ends on the thirtieth day of June 2002.

The proposed ordinance appropriates supplemental funds for the operation of city government in fiscal year 2002.

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TITLE OF ORDINANCE

AN ORDINANCE making provision for the support of the government of the City of Alexandria, Virginia, for the payment of interest and principal on the city debt and other municipal expenditures and expenses, and for other purposes, for the fiscal year beginning on the first day of July 2002 and ending on the thirtieth day of June 2003.

The proposed ordinance appropriates funds for the operation of the city government in fiscal year 2003.

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THE PUBLIC IS ADVISED THAT AMENDMENTS OR ADDITIONS MAY BE MADE TO PROPOSED ORDINANCES WITHOUT FURTHER PUBLICATION. IT IS RECOMMENDED THAT PERSONS INTERESTED IN ANY OF THESE ORDINANCES OBTAIN FREE FULL-TEXT COPIES FROM THE CITY CLERK AT CITY HALL. BEVERLY I. JETT, CMC, CITY CLERK

To be published in the:

Northern Virginia Journal on Thursday, June 13, 2002
Alexandria Gazette Packet on Thursday, June 13, 2002