

City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 16, 2001
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: PHILIP SUNDERLAND, CITY MANAGER
SUBJECT: BUDGET MEMO # 4: STUDY OF PLANNING AND ZONING FEE, SEWER CONNECTION, PARKING GARAGE, AND PARKING METER RATES

ISSUE: Staff has started reviewing existing fee rates and revenues in the areas of Planning and Zoning, sewer connection, parking at City-owned garages, and street parking in metered slots.

BACKGROUND: As part of the FY 2002 budget development process, staff began reviewing fee rates in four areas in which the fee rates and the revenue generated by them appeared to be low in comparison to either the cost of providing the service, or the fee rates charged by other jurisdictions. The four areas are: Planning and Zoning development reviews, sewer connections, parking at City-owned garages and lots, and street parking in metered spaces. Staff has initiated more detailed studies for each of the fee areas, to be completed outside the FY 2002 budget cycle in calendar year 2001. As part of the process, staff will be consulting with residential and business groups and other interested parties prior to bringing recommendations to the City Council for action.

Planning and Zoning Fees

Planning and Zoning staff estimates the Department spends approximately \$1 million per year in reviewing development plans and applications and coordinating the interdepartmental development review process of these plans and applications. The total FY 2001 Planning and Zoning revenue collections based on filings to date is estimated at \$42,000, or approximately 4.2% of the cost of performing development reviews. In addition, the FY 2002 proposed budget includes increased funding to improve the quality of review and timeliness of services provided. Over the coming months, staff, with the assistance of an outside consultant, will perform a more in-depth analysis of the cost of development reviews and compare the City's current fees to similar fees in Arlington, Fairfax, Loudoun, and Prince William Counties. Initial comparisons to those jurisdictions indicate that the City's fees are lower and less numerous than those in the neighboring jurisdictions. For example, Alexandria charges a base fee of \$70 for preliminary site plan submissions plus \$1.50 to \$3.00 per 1,000 GFA for industrial/commercial uses or \$0.75 per dwelling in residential

development. In contrast, Arlington County charges \$15,000 for preliminary site plan submissions plus \$100 per acre and a \$1,000 Public Works fee and Fairfax County charges \$2,400. For rezoning applications, Alexandria charges \$200 plus \$20 for every ½ acre over one, while Arlington charges from \$3,000 to \$10,000 depending on project size and land use. Fairfax charges \$4,950 plus \$105 to \$165 per acre depending on land use.

Staff plans to meet with the development community to discuss options for raising fees and/or restructuring the development fee schedule to maximize the timeliness and efficiency of the review process while recovering more of the cost through fees and then bring a recommendation to the City Council in the fall of 2001. Until a formal recommendation can be developed in order to help pay for the additional Planning and Zoning resources added to the FY 2002 budget, the FY 2002 proposed budget has been programmed with a \$185,000 increase in Planning and Zoning fee revenues, which represents three-quarters of the target of an anticipated \$250,000 annual revenue increase. This FY 2002 new revenue assumes that new fees would be recommended and adopted in the fall of 2002.

### Sewer Connections Fees

The City's sewer connection fee rates were implemented on July 1, 1985 with the intention of collecting from each new construction project added to the system a share of system capital costs. Since 1985, sanitary sewer system capital needs have increased and the need for expanded sanitary sewer capacity is now clear. As with the Planning and Zoning fees, initial study indicates that the fees are significantly less than planned sewer capital expenditures and far less than other jurisdictions. For example, Alexandria charges \$12 per linear front foot for all buildings except office and multi-story commercial and \$6 per linear front foot plus \$0.27 per square foot for office and multi-story commercial buildings, while Arlington charges from \$1,600 to \$15,500 for a sewer connection plus a hook up fee of \$76 per drainage fixture unit (DFU). This DFU charge can total thousands of dollars per new residential unit. Fairfax County charges availability fees ranging from \$4,898 per single family detached home or \$3,919 per unit for hotels, townhouses, and apartments and \$4,898 plus \$253 per drainage fixture unit over 20 for non-residential projects. While the City may not desire to increase its sewer connection fees to that of our neighboring jurisdictions, this issue deserves study and the sewer connection fee increased by some amount. Staff is working on this issue and will work with the business and development communities on this issue prior to bringing a recommendation to the City Council within calendar year 2001.

The amount of additional revenue that could be generated by a sewer connection fee rate increase cannot as of yet be determined, so just a small portion of the potential increase in the amount of \$100,000 per year has been incorporated into each year of the proposed FY 2002 - 2007 Capital Improvements Program (CIP) to help pay for increased sewer capital investments.

### Parking Garage and Lot Rates

There are two primary purposes for charging fees to park in City-owned garages and parking lots. One is to offset the cost of their operation, maintenance and capital investment. The other is to encourage turn-over in public parking spaces to improve parking availability within the Old Town area. These fee purposes must also be balanced with the goals of encouraging retail consumers and restaurant patrons to come to Old Town and spend their dollars in the City. Preliminary staff analysis indicates that the cost differences between the City's hourly, daily and monthly parking rates and those charged by the area's private garages and lots are significant enough that it is less expensive for regular parkers to park in City garages and pay the maximum daily rate each day than it is for them to pay the monthly rate at a private garage. For example, the City charges a maximum of \$6 per day to park in the Market Square garage. A regular parker who parks in the Market Square garage every week day and pays the maximum daily rate pays \$120 per month. Of seven private garages surveyed in the Old Town area, only one charges \$120 as the regular monthly rate. The other six charge from \$125 to \$145 per month. The maximum daily rates at those same garages range from \$7 to \$12. As a result, public spaces that could otherwise be available to Old Town visitors and business customers are being absorbed by regular daily parkers.

The City's parking garage operator estimates that about 100 of the "daily" rate customers in the Market Square garage are really monthly parkers. These 100 "daily" parkers then take spaces from hourly parkers, causing the garage to post its "full sign." Fewer hourly spaces mean that persons coming to City Hall on business, tourists and persons coming to Old Town to shop or dine find parking problematic. Over the coming months, staff will meet with residential and business groups to discuss options for increasing parking garage and lot rates prior to developing a recommendation for City Council consideration. Revenue rates from City-owned parking garages and lots have not been increased in the proposed FY 2002 budget.

### Parking Meter Rates

The City's parking meters are over twenty years old and in need of frequent and extensive repairs. The proposed FY 2002-2007 CIP includes funding of \$450,000 over a three year period to replace the existing mechanical meters and posts with more modern, effective, and reliable electronic meters. In order to offset the cost of the replacements and improve street parking available by increasing parking space turn-over, staff has begun to study the possibility of raising parking meter rates, and will be discussing options with businesses, residential communities, and other parties, such as the Parking and Traffic Board, over the coming months before presenting a recommendation to the City Council late in calendar year 2001. This will be done in conjunction with the parking garage and lot rate review process. Alexandria's current rates are on the same level as Arlington rates but are lower than District of Columbia rates. Revenue rates for parking meters have not been increased in the FY 2002 budget.