

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 4, 2005
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: JAMES K. HARTMANN, CITY MANAGER *J*
SUBJECT: ORDINANCE TO INCREASE 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 to increase sanitary sewer connection fees on first reading, and set it for public hearing on April 16, 2005, and final passage on May 2, 2005.

DISCUSSION: The FY 2003 approved budget included a substantial sanitary sewer connection fee increase that provided a new source of sanitary sewer capital financing and brought the City closer to how neighboring jurisdictions finance sanitary sewer capital projects. Sanitary sewer capital projects in the FY 2006 to 2011 Capital Improvement Program (CIP) are proposed at \$17.3 million.

The current increase to the sanitary sewer connection fee is the next planned phase in Council's initiative to (1) increase the City's sanitary sewer system capacity and reliability, and (2) reduce the burden of financing the sanitary sewer capital projects on the General Fund taxpayer, through real estate taxes, and place more of the sanitary sewer capital costs on new development. Most neighboring jurisdictions use water and sanitary sewer connection fees as a major capital funding source. Until the substantial increase in June 2002 (from a minimum of \$100 per residential unit to \$4,200 per unit, including a scaled rate for commercial connections), the City's sanitary sewer connection charge was the lowest in the region. 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 sanitary sewer system.

When the City's sanitary sewer connection fee was raised from a nominal level to \$4,200, because that fee increase still left the City's new rates less than most of the region, it was stated and understood at that time that sanitary sewer connection fees (with the exception of an annual 3% increase) would stay in place for a three-year period, and that after that a substantial fee increase was likely. As the three-year period major fee hiatus was coming to an end in 2005, staff over the last year has been frequently reminding the building and development community that a major fee increase would likely be proposed for FY 2006.

The fee increase as proposed would be effective for final site plans submitted after April 1, 2005, and, except for a continued annual 3% inflationary increase, would remain constant for a three-year period (i.e., until the spring of 2008). This again would provide the development community with a period of certainty in regard to fees.

Single Family Dwelling Fee: The City's connection fee for a single family dwelling is proposed to increase 50%, from \$4,456 to \$6,684 for a typical single family home. The chart below which compares the City's connection fee with the fee charged by neighboring jurisdictions indicates that the proposed new City fee would be in the mid-range if fees changed in other jurisdictions.

Single Family Dwelling Connection Fees

| Jurisdiction | Fee |
|---|--------------------|
| Alexandria (\$4,456 current) | \$6,684 (proposed) |
| Arlington County | \$4,620 |
| Fairfax County | \$9,274 |
| Prince William | \$10,800 |
| Washington Suburban Sanitary Commission (Prince George's, Montgomery Counties) | \$5,090 |

Multi-Family Dwelling Fee: The multi-family dwelling fee will remain at 50% of the single family dwelling fee and would adjust upward to \$3,342 per unit.

Non-Residential Property Fee: Commercial non-residential connection fees will also increase proportionally by the maximum capacity on a gallons per minute capacity basis from the size of the water main connection. The fee uses as its basis the single family fee and trends adjusted proportionately by meter size. A water main connection serves as a proxy measure for sanitary sewer system usage.

Phase-In Date: The new higher fee would be effective for final site plan submissions submitted for review after April 1, 2005.

The following chart reflects the proposed fee for sewer connections of various sizes.

Proposed Sanitary Sewer Connection Fee
Water Meter Size
(GPM=gallons per minute)

| Meter Size (Inches) | Max Capacity (GPM) | 3/4 Meter Equivalent | Proposed Connection Fee |
|--------------------------------|-------------------------------|---------------------------------|------------------------------------|
| 3/4 | 30 | 1.00 | \$6,684 |
| 1 | 50 | 1.67 | \$11,200 |
| 1 1/2 | 100 | 3.33 | \$22,300 |
| 2 | 160 | 5.33 | \$35,600 |
| 3 | 320 | 10.76 | \$71,900 |
| 4 | 500 | 16.67 | \$111,400 |
| 6 | 1000 | 33.33 | \$222,800 |
| 8 | 1600 | 53.33 | \$356,500 |
| 10 | 2300 | 76.67 | \$512,500 |

Fire Systems Connections: There are no proposed changes to the Fire Protection System Connections fee policy which has been kept at no cost (i.e., no fee) because a separate fire system water line connection does not add to sewer system usage. In addition, the City does not want to create an economic impediment to building renovations which include enhanced fire system protection such as the installation of sprinkler systems.

Other Fee Features: No changes are proposed in the fee waiver policy (Alexandria City Public Schools and ARHA) nor in the credit system (i.e., credit for sanitary sewer improvements "above and beyond" what is necessary to serve a development such as Potomac Yard).

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 estimated that the increase will produce at least \$300,000 in annual additional earned revenue in FY 2006 and beyond. All revenue from the sanitary sewer connection fee will be deposited in the City's Capital Projects Fund and will be used solely for sanitary sewer capital projects.

ATTACHMENT: Proposed Ordinance

STAFF:

Mark Jinks, Assistant City Manager
Bruce Johnson, Director, Office of Management and Budget
Morgan Routt, Analyst, Office of Management and Budget
Rich Baier, Director, Transportation and Environmental Services
Emily Baker, City Engineer, Transportation and Environmental Services

| | | |
|---|---------------------------------|-----------|
| 1 | Introduction and first reading: | 4/12/2005 |
| 2 | Public hearing: | 4/16/2005 |
| 3 | Second reading and enactment: | 5/03/2005 |

INFORMATION ON PROPOSED ORDINANCE

Title

AN ORDINANCE to amend and reordain Section 5-6-25.1 (SEWER CONNECTION PERMITS AND SERVICE FEES; CONSTRUCTION COSTS; CONSTRUCTING SEWERS BY OWNERS RATHER THAN CITY; ADDITIONAL CONNECTIONS), of Division 1 (GENERAL PROVISION), 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.

Summary

The proposed ordinance increases sewer connection fees in the city, from \$4,456 to \$6,684, for each single family and townhouse dwelling, and for each unit in a duplex or semi-detached dwelling. For multifamily dwellings, the rate increases from \$2,228 to \$3,342 per unit. For commercial structures, the rate increases from \$4,446 to \$6,684 for buildings with a 30 gallon per minute water supply, and from \$341,610 to \$512,500 for buildings with a 2,300 gallon per minute supply, with proportionate increases for intermediate capacity water supplies.

Sponsor

Staff

Mark Jinks, Assistant City Manager
Richard J. Baier, Director of Transportation and Environmental Services
Ignacio B. Pessoa, 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. _____

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2
3 AN ORDINANCE to amend and reordain Section 5-6-25.1 (SEWER CONNECTION PERMITS
4 AND SERVICE FEES; CONSTRUCTION COSTS; CONSTRUCTING SEWERS BY
5 OWNERS RATHER THAN CITY; ADDITIONAL CONNECTIONS), of Division 1
6 (GENERAL PROVISION), Article B (SEWAGE DISPOSAL AND DRAINS), Chapter 6
7 (WATER AND SEWER), Title 5 (TRANSPORTATION AND ENVIRONMENTAL
8 SERVICES) of The Code of the City of Alexandria, Virginia, 1981, as amended.
9

10 THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:
11

12 Section 1. That Section 5-6-25.1 of The Code of the City of Alexandria, Virginia,
13 1981, as amended, be, and the same hereby is, amended to read as follows:
14

15 Sec. 5-6-25.1 Sewer connection permits and service fees; construction costs; constructing
16 sewers by owners rather than city; additional connections.
17

18 (a) Any person who is required, or who desires, to provide a connection for sewer
19 service from his property, through any sewer constructed by or belonging to the city or any sewer
20 serving the area annexed to the city in 1952, but belonging to a county, by direct connection at a
21 city sewer main, trunk or lateral, shall, before starting to make such connection, apply to the
22 director for a permit to make the connection, and the director shall issue a permit for the sewer
23 connection when and after the person shall have paid to the department of finance the sum
24 hereinafter provided.
25

26 (1) For each single family dwelling, townhouse dwelling, or townhouse type dwelling
27 irrespective of classification for other purposes, or for each dwelling unit in a two-family
28 dwelling, the amount of \$4,200 \$6,684.
29

30 (2) For each multifamily dwelling, an amount equal to the product of the number of
31 dwelling units in the multifamily dwelling, multiplied by ~~fifty percent (50%), multiplied by~~
32 ~~\$4,200~~ \$3,342.
33

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

| Meter Size (inches) | Max. Capacity (GPM) | 3/4" Meter Equiv. | Fee |
|---------------------|---------------------|-------------------|---------------------------------------|
| 3/4 or smaller | 30 | 1.00 | \$4,200 <u>\$6,684</u> |
| 1 | 50 | 1.67 | \$7,000 <u>\$11,200</u> |
| 1½ | 100 | 3.33 | \$14,000 <u>\$22,300</u> |
| 2 | 160 | 5.33 | \$22,400 <u>\$35,600</u> |
| 3 | 320 | 10.76 | \$45,200 <u>\$71,900</u> |
| 4 | 500 | 16.67 | \$70,000 <u>\$111,400</u> |
| 6 | 1000 | 33.33 | \$140,000 <u>\$222,800</u> |
| 8 | 1600 | 53.33 | \$224,000 <u>\$356,500</u> |
| 10 | 2300 | 76.67 | \$322,000 <u>\$512,500</u> |

(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 2007~~ and ~~2005 2008~~, the foregoing fees shall increase by three percent (3%) over the fee for the preceding fiscal year. The fees applicable to each fiscal year after FY 2008 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

1 interim fee shall be paid by the person in an amount equal to the fees otherwise due under this
2 section minus the estimated credit; provided, the minimum interim fee shall be for each single
3 family dwelling, townhouse dwelling or dwelling unit in a two-family dwelling residential unit,
4 \$100, for each dwelling unit in a multifamily dwelling, \$100, and for each floor of a
5 nonresidential property, \$100 or eight cents (\$0.08) per square foot of floor space, whichever is
6 greater.

7
8 (3) Upon satisfactory completion of the work, the actual amount of the credit shall be
9 determined by the director based on certified bills submitted to and approved by him. The final
10 fee to the person shall be an amount equal to the fees otherwise due under this section minus the
11 amount of the actual credit; provided, the minimum final fee shall be for each single family
12 dwelling, townhouse dwelling or dwelling unit in a two-family dwelling residential unit, \$100,
13 for each dwelling unit in a multifamily dwelling, \$100, and for each floor of a nonresidential
14 property, \$100 or eight cents (\$0.08) per square foot of floor space, whichever is greater. Any
15 difference between the interim fee and the final fee shall immediately be paid to or refunded by
16 the department of finance.

17
18 (4) If the amount of the credit estimated under subsection (b)(2) above exceeds the
19 amount of the fees otherwise due under this section without regard to the minimum fee
20 calculated under subsection (b)(2) of this section, prior to the commencement of construction, the
21 city shall agree to pay the person an amount equal to such excess or shall withdraw the written
22 requirement of the director for construction of such extension in a manner that exceeds the
23 requirements to provide service to the property of such person.

24
25 (c) Exclusions and exemptions.

26
27 (1) Notwithstanding anything to the contrary contained in this section, no fee shall be
28 charged to connect a sewer system or sewage disposal system which serves exclusively a fire
29 sprinkler system, installed pursuant to section 906.0 of the Virginia Uniform Statewide Building
30 Code, as amended, a fire standpipe system, installed pursuant to section 915.0 of the Virginia
31 Uniform Statewide Building Code, as amended, or a yard hydrant, installed pursuant to section
32 917.0 of the Virginia Uniform Statewide Building Code, as amended.

33
34 (2) Notwithstanding anything to the contrary contained in this section, no fee shall be
35 charged to connect a sewer system or sewage disposal system which serves property owned by
36 the Alexandria City Public Schools, the Alexandria Redevelopment and Housing Authority, or an
37 entity in which the Alexandria Redevelopment and Housing Authority holds an ownership
38 interest and the purpose of such entity is to develop property using federal low income tax
39 housing credits.

40
41 (3) The fees established and imposed by this section shall not apply to a connection
42 where (i) such connection is within the limits of a coordinated development district approved by
43 city council, (ii) the main or trunk line to which such connection will be made extends from such
44 coordinated development district directly to the publicly owned treatment works of the

1 Alexandria Sanitation Authority, without connection at the time of its construction to any city
2 sewer, unless such a connection is made pursuant to a written requirement of the director and
3 exceeds the requirements to provide service to the coordinated development district, (iii) such
4 main or trunk line was constructed totally at private expense, and (iv) the application for such
5 connection is submitted within fifteen (15) years of the date of issuance of the first building
6 permit subsequent to April 1, 2002, within such coordinated development district. Upon
7 satisfaction of the foregoing criteria, a permit for the sewer connection shall be issued upon
8 payment of a fee for each single family dwelling, townhouse dwelling or dwelling unit in a two-
9 family dwelling residential unit, of \$100, for each dwelling unit in a multifamily dwelling, of
10 \$100, and for each floor of a nonresidential property, of \$100 or eight cents (\$0.08) per square
11 foot of floor space, whichever is greater; provided, however, in the event construction of the
12 improvements to be served by such permitted connection has not substantially commenced
13 within sixteen (16) years of the date of issuance of the first building permit subsequent to April 1,
14 2002, within such coordinated development district, the permit for the sewer connection issued
15 shall expire and thereafter the fees established and imposed generally by this section shall apply.
16

17 (d) If the city manager finds that construction of an extension by a person would
18 constitute a hardship on such person, by reason of his inability to secure a satisfactory contract,
19 or otherwise, the city manager may direct that the construction be done by or for the city;
20 provided, however, that the cost to the city shall not exceed the fees paid by such person less for
21 each single family dwelling, townhouse dwelling or dwelling unit in a two-family dwelling
22 residential unit, \$100, for each dwelling unit in a multifamily dwelling, \$100, and for each floor
23 of a nonresidential property, \$100 or eight cents (\$0.08) per square foot of floor space, whichever
24 is greater. Costs in excess of such fees shall be paid by the person prior to making any
25 connection to such sewer.
26

27 (e) The total sum to be paid to the department of finance for sewer service at the city
28 sewer main, trunk or lateral for any property in the city, the sewage of which will be transported
29 from such property through sewers constructed previously by private parties into sewers
30 constructed or belonging to the city, except for such sewers as may have been constructed by
31 private parties under the control or supervision of the city or other public authority, shall be as
32 provided generally in this section for each such property so connected.
33

34 (f) Any person desiring additional sewer service connection to any property shall make
35 application to the director for permission to construct such connection and shall pay to the
36 department of finance the sum as provided generally in this section for each additional
37 connection prior to the issuance of the permit for the sewer connection.
38

39 (g) Nothing in this chapter shall be construed to prevent the city sanitation authority
40 from making a service charge for collecting and treating sewage.
41

42 Section 2. That this ordinance shall become effective on the date and at the time of
43 final passage, and shall apply to all applications for permits for sewer connections which may be
44 filed after [effective date]; provided, however, that with respect to any property for which the

1 first final site plan was filed with the city on or before April 1, 2005, the applicable fee shall be
2 determined in accordance with Section 5-6-25.1 prior to amendment; and provided, further, that
3 the amended language on page one, lines 26 and 27, of this ordinance is declaratory of existing
4 law.

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6
7 WILLIAM D. EUILLE
8 Mayor
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10 Introduction: 4/12/05
11 First Reading: 4/12/05
12 Publication:
13 Public Hearing:
14 Second Reading:
15 Final Passage:
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