

EXHIBIT NO. 1


30
4-22-08 ~~26~~
4-8-08

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 4, 2008

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: ORDINANCE TO INCREASE SANITARY SEWER CONNECTION FEES

ISSUE: Consideration of a 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 Tuesday, April 22, and second reading and final passage on Monday, May 5.

DISCUSSION: The sanitary sewer connection fee is proposed to increase by 3.6%, from the current rate of \$7,092 to \$7,432 in FY 2009. It was last increased by Council in May 2005 for FY 2006. That ordinance included a provision for Transportation & Environmental Services (T&ES) staff to administratively increase the rate by 3% for FY 2007 and 3% for FY 2008. The ordinance did not address the rate for FY 2009. Although the FY 2009 proposed budget did not include a sanitary sewer connection fee increase, such an increase should have been included to keep the sewer connection fee value current. I recommend that City Council increase the fee by the 2007 annual rate of inflation which was 3.6% (as measured by the Bureau of Labor Statistics CPI-U for the Washington-Baltimore metropolitan area), and for the following two fiscal years thereafter also apply a CPI-U adjustment, and that T&ES review this rate and the potential need to increase it as necessary upon undertaking and completing an analysis of sanitary sewer capacity and needs.

The City increased the sanitary sewer connection fee in FY 2003 for the first time since 1985. At that time, the City's rate of \$630 per single family dwelling was well below neighboring jurisdictions' rates. The rate increased significantly to \$4,200 per single family dwelling, which was still below but much closer to neighboring jurisdictions' rates. Staff administratively increased the rate by 3% in FY 2004 and FY 2005 as permitted in the FY 2003 ordinance. In FY 2006, as contemplated in FY 2003, Council increased the rate by 50%, to \$6,684 per single family dwelling, with additional 3% increases approved for FY 2007 and FY 2008. The current rate for FY 2008 is \$7,091 per single family dwelling.

Revenues generated by the sanitary sewer connection fee are dedicated for sanitary sewer CIP expenditures. The proposed rate increase would have no impact on the FY 2009 General Fund operating budget.

Single Family Dwelling Fee: The recommended rate for FY 2009 is \$7,432 per single family dwelling, a 3.6% increase over FY 2008, based on the Bureau of Labor Statistics (BLS) urban consumer price index for the Washington, DC/Maryland/Virginia/West Virginia region. Staff also recommends including an inflationary increase for FY 2010 and FY 2011. The following chart compares the City’s connection fee with neighboring jurisdictions’ rates and indicates that the proposed new City rate would continue to be in the mid-range of fees charged in other jurisdictions. T&ES is currently studying sanitary sewer capacity and needs as part of a multi-year process, and will develop a new fee proposal upon the study’s conclusion. The new fee proposal will be discussed with the development community prior to being proposed to Council.

Single Family Dwelling Connection Fee

Jurisdiction	Fee
Alexandria	\$7,432 (proposed)
Arlington County	\$5,044
Fairfax County	\$10,746
Prince William County	\$13,500
Washington Suburban Sanitary Commission (Montgomery and Prince George’s 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 \$3,716.

Non-Residential Property Fee: Commercial non-residential connection fees will also increase at the same rate of inflation based on the maximum capacity on a gallons-per-minute capacity basis linked to the size of the water main connection. The fees use as their basis the single family fee and is adjusted proportionally by meter size. A water main connection serves as a proxy measure for sanitary sewer system usage.

Phase-In Date: The new higher fees would be effective for final site plan submissions submitted for review after April 1, 2008. T&ES has customarily made this rate increase retroactive in order to prevent a risk of applications trying to beat the rate increase. The following chart reflects the proposed fee for sewer connections of various sizes.

Meter Size (Inches)	Max Capacity (GPM)	3/4 Meter Equivalent	FY09 Rates
3/4	30	1.00	\$ 7,432
1	50	1.67	\$ 12,411
1 1/2	100	3.33	\$ 24,749
2	160	5.33	\$ 39,613
3	320	10.76	\$ 79,968
4	500	16.67	\$123,891
6	1000	33.33	\$247,709
8	1600	53.33	\$396,349
10	2300	76.67	\$569,811

Fire Systems Connections: There are no proposed changes to the Fire Protection Systems 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 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 connection fee revenue is difficult because of the variability in the amount of development that may occur in any given year. However, a 3.6% increase over FY 2008 estimated revenues would generate approximately \$50,000 annually in addition to the \$1.5 million in projected sanitary sewer connection fees. 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, Deputy City Manager
- Bruce Johnson, Director, Office of Management and Budget (OMB)
- Morgan Routt, Budget/Management Analyst, OMB
- Rich Baier, Director, T&ES
- Emily Baker, City Engineer, T&ES
- Antonio Baxter, Administrative Services Division Chief, T&ES

Introduction and first reading:	04/08/2008
Public hearing:	04/22/2008
Second reading and enactment:	05/05/2008

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 tap fees for FY 2009, and provides for future increases at the rate of inflation in the Washington-Baltimore-Northern Virginia metropolitan area.

Sponsor

Staff

Mark Jinks, Deputy City Manager
Laura Triggs, Director of Finance
Richard Baier, Director of T&ES
Ignacio B. Pessoa, City Attorney

Authority

§ 2.03(u), Alexandria City Charter

Estimated Costs of Implementation

None

Attachments in Addition to Proposed Ordinance

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 \$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 \$3,342.
32

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

Meter Size (inches)	Max. Capacity (GPM)	3/4" Meter Equiv.	Fee
3/4 or smaller	30	1.00	\$6,684 <u>\$7,432</u>
1	50	1.67	\$11,200 <u>\$12,411</u>
1½	100	3.33	\$22,300 <u>\$24,749</u>
2	160	5.33	\$35,600 <u>\$39,613</u>
3	320	10.76	\$71,900 <u>\$79,968</u>
4	500	16.67	\$111,400 <u>\$123,891</u>
6	1000	33.33	\$222,800 <u>\$247,709</u>
8	1600	53.33	\$356,500 <u>\$396,349</u>
10	2300	76.67	\$512,500 <u>\$569,811</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 ~~2007~~ 2010 and ~~2008~~ 2011, the foregoing fees shall increase by ~~three percent (3%) over the fee for the preceding fiscal year~~ each year at the rate of inflation as determined by the annual CPI-U for the Washington-Baltimore-Northern Virginia, DC-MD-VA-WVA Combined Statistical Area. The fees applicable to each fiscal year after FY ~~2008~~ 2011 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

1 the city manager may require. Such sewers shall become the property of the city upon
2 completion and acceptance of the work.
3

4 (2) If, pursuant to a written requirement of the director, the person constructs such
5 extension in a manner that exceeds the requirements to provide service to the property of such
6 person, a credit shall be available to be applied to the fees otherwise due under this section, in an
7 amount equal to the difference between the cost of such extension, constructed in accordance
8 with the written requirement of the director, and the cost of such extension, constructed as
9 originally proposed by the person, such amount to be determined by the director. The amount of
10 the credit shall be estimated by the director prior to commencement of construction, and an
11 interim fee shall be paid by the person in an amount equal to the fees otherwise due under this
12 section minus the estimated credit; provided, the minimum interim fee shall be for each single
13 family dwelling, townhouse dwelling or dwelling unit in a two-family dwelling residential unit,
14 \$100, for each dwelling unit in a multifamily dwelling, \$100, and for each floor of a
15 nonresidential property, \$100 or eight cents (\$0.08) per square foot of floor space, whichever is
16 greater.
17

18 (3) Upon satisfactory completion of the work, the actual amount of the credit shall be
19 determined by the director based on certified bills submitted to and approved by him. The final
20 fee to the person shall be an amount equal to the fees otherwise due under this section minus the
21 amount of the actual credit; provided, the minimum final fee shall be for each single family
22 dwelling, townhouse dwelling or dwelling unit in a two-family dwelling residential unit, \$100,
23 for each dwelling unit in a multifamily dwelling, \$100, and for each floor of a nonresidential
24 property, \$100 or eight cents (\$0.08) per square foot of floor space, whichever is greater. Any
25 difference between the interim fee and the final fee shall immediately be paid to or refunded by
26 the department of finance.
27

28 (4) If the amount of the credit estimated under subsection (b)(2) above exceeds the
29 amount of the fees otherwise due under this section without regard to the minimum fee
30 calculated under subsection (b)(2) of this section, prior to the commencement of construction, the
31 city shall agree to pay the person an amount equal to such excess or shall withdraw the written
32 requirement of the director for construction of such extension in a manner that exceeds the
33 requirements to provide service to the property of such person.
34

35 (c) Exclusions and exemptions.
36

37 (1) Notwithstanding anything to the contrary contained in this section, no fee shall be
38 charged to connect a sewer system or sewage disposal system which serves exclusively a fire
39 sprinkler system, installed pursuant to section 906.0 of the Virginia Uniform Statewide Building
40 Code, as amended, a fire standpipe system, installed pursuant to section 915.0 of the Virginia
41 Uniform Statewide Building Code, as amended, or a yard hydrant, installed pursuant to section
42 917.0 of the Virginia Uniform Statewide Building Code, as amended.
43

1 (2) Notwithstanding anything to the contrary contained in this section, no fee shall be
2 charged to connect a sewer system or sewage disposal system which serves property owned by
3 the Alexandria City Public Schools, the Alexandria Redevelopment and Housing Authority, or an
4 entity in which the Alexandria Redevelopment and Housing Authority holds an ownership
5 interest and the purpose of such entity is to develop property using federal low income tax
6 housing credits.
7

8 (3) The fees established and imposed by this section shall not apply to a connection
9 where (i) such connection is within the limits of a coordinated development district approved by
10 city council, (ii) the main or trunk line to which such connection will be made extends from such
11 coordinated development district directly to the publicly owned treatment works of the
12 Alexandria Sanitation Authority, without connection at the time of its construction to any city
13 sewer, unless such a connection is made pursuant to a written requirement of the director and
14 exceeds the requirements to provide service to the coordinated development district, (iii) such
15 main or trunk line was constructed totally at private expense, and (iv) the application for such
16 connection is submitted within fifteen (15) years of the date of issuance of the first building
17 permit subsequent to April 1, 2002, within such coordinated development district. Upon
18 satisfaction of the foregoing criteria, a permit for the sewer connection shall be issued upon
19 payment of a fee for each single family dwelling, townhouse dwelling or dwelling unit in a two-
20 family dwelling residential unit, of \$100, for each dwelling unit in a multifamily dwelling, of
21 \$100, and for each floor of a nonresidential property, of \$100 or eight cents (\$0.08) per square
22 foot of floor space, whichever is greater; provided, however, in the event construction of the
23 improvements to be served by such permitted connection has not substantially commenced
24 within sixteen (16) years of the date of issuance of the first building permit subsequent to April 1,
25 2002, within such coordinated development district, the permit for the sewer connection issued
26 shall expire and thereafter the fees established and imposed generally by this section shall apply.
27

28 (d) If the city manager finds that construction of an extension by a person would
29 constitute a hardship on such person, by reason of his inability to secure a satisfactory contract,
30 or otherwise, the city manager may direct that the construction be done by or for the city;
31 provided, however, that the cost to the city shall not exceed the fees paid by such person less for
32 each single family dwelling, townhouse dwelling or dwelling unit in a two-family dwelling
33 residential unit, \$100, for each dwelling unit in a multifamily dwelling, \$100, and for each floor
34 of a nonresidential property, \$100 or eight cents (\$0.08) per square foot of floor space, whichever
35 is greater. Costs in excess of such fees shall be paid by the person prior to making any
36 connection to such sewer.
37

38 (e) The total sum to be paid to the department of finance for sewer service at the city
39 sewer main, trunk or lateral for any property in the city, the sewage of which will be transported
40 from such property through sewers constructed previously by private parties into sewers
41 constructed or belonging to the city, except for such sewers as may have been constructed by
42 private parties under the control or supervision of the city or other public authority, shall be as
43 provided generally in this section for each such property so connected.
44

1 (f) Any person desiring additional sewer service connection to any property shall make
2 application to the director for permission to construct such connection and shall pay to the
3 department of finance the sum as provided generally in this section for each additional
4 connection prior to the issuance of the permit for the sewer connection.
5

6 (g) Nothing in this chapter shall be construed to prevent the city sanitation authority
7 from making a service charge for collecting and treating sewage.
8

9 Section 2. That this ordinance shall become effective on the date and at the time of
10 final passage, and shall apply to all applications for permits for sewer connections which may be
11 filed after such effective date; provided, however, that with respect to any property for which the
12 first final site plan was filed with the city on or before April 1, 2008, the applicable fee shall be
13 determined in accordance with Section 5-6-25.1 prior to amendment.
14

15 WILLIAM D. EUILLE
16 Mayor
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18 Introduction: 04/08/2008
19 First Reading 04/08/2008
20 Publication:
21 Public Hearing:
22 Second Reading:
23 Final Passage:
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