



MEMORANDUM

TO: Timothy J. Baroody, City Manager
FROM: Robyn E. Shugart, Director of Finance
RE: Amending the Water and Sewer Availability Fees
DATE: December 27, 2022 *(for the January 10, 2023 City Council Meeting)*

ISSUE

The City Council is asked to consider an ordinance that will amend the availability fees relating to water and sewer service.

RECOMMENDATION

This ordinance requires two readings and a Public Hearing. The City published notice of this amendment on December 27, 2022 and January 3, 2023. A duly advertised public hearing is being held on January 10, 2023.

Staff recommends that the City Council approve the attached ordinance upon first reading and upon hearing public testimony on this item January 10, 2023. Second reading would be scheduled for January 24, 2023, with an effective date of March 1, 2023.

BACKGROUND

Availability fees are charged to new development to offset the costs associated with increasing system capacity – either within the transmission or conveyance system or at the treatment plants.

The last rate increase for these fees for water and sewer occurred in FY 2013. The proposed fee increase will allow the City to increase revenues to offset inflationary increases in project costs related to capacity, and would also serve to help offset the increased capacity costs for the new wastewater treatment plant works. The staff intends to re-evaluate these fees for the FY 2024 budget, as utility projects continue to be developed for the upcoming capital improvements plan.¹

The staff proposes to increase the current availability fees that are charged for new water and sewer development. (For reference, the vast majority of residential connections are 5/8" in size).

¹ Any changes would likely be made effective by City Council at an appropriate point later in the next fiscal year.

Water Availability Fees

| Water | Current | Proposed |
|--|----------|----------|
| 5/8" Meter Size | \$3,000 | \$3,800 |
| ¾" Meter Size | \$4,000 | \$5,100 |
| 1" Meter Size | \$7,800 | \$9,900 |
| 1.5" Meter Size | \$17,300 | \$21,900 |
| 2" Meter and Larger (per ERC²) | \$3,000 | \$3,800 |

Wastewater Availability Fees

| Wastewater | Current | Proposed |
|--------------------------------------|----------|----------|
| 5/8" Meter Size | \$5,000 | \$6,000 |
| ¾" Meter Size | \$6,600 | \$7,920 |
| 1" Meter Size | \$13,000 | \$15,600 |
| 1.5" Meter Size | \$29,200 | \$35,040 |
| 2" Meter and Larger (per ERC) | \$5,000 | \$6,000 |

Even with the proposed increase, the City's availability fees will remain comparable to surrounding jurisdictions, as shown in the table showing residential-size meter charges below.

| Jurisdiction | Water | Wastewater |
|------------------|---------|------------|
| Caroline | \$5,500 | \$6,000 |
| Spotsylvania | \$5,290 | \$5,290 |
| Town of Culpeper | \$6,500 | \$10,000 |
| Hanover | \$6,924 | \$7,116 |
| Stafford | \$6,900 | \$3,500 |

FISCAL IMPACT

Availability fee revenue varies significantly from year to year depending upon the construction activity in the community. Applying the proposed percent increase to the average revenue from the last two years would yield \$171,310 for water and \$208,810 for wastewater in new revenue on an annual basis.

cc: Chris Thomas, Assistant Director of Public Works
 Mark Whitley, Assistant City Manager
 David Brown, Assistant City Manager / Interim Director of Public Works
 Chuck Johnston, Director of Planning and Community Development

² Equivalent Residential Connection



January 24, 2023
Regular Meeting
Ordinance 23-__

MOTION:

SECOND:

RE: **Amending the Water and Sewer Availability Fees**

ACTION: **APPROVED: Ayes: 0; Nays: 0**

FIRST READ: _____ SECOND READ: _____

SEC. I. Introduction, purpose and authority.

Availability fees are charged to new development to offset the costs associated with increasing system capacity – either within the transmission or conveyance system or at the treatment plants.

The last rate increase for these fees for water and sewer occurred in FY 2013. The staff proposes to increase the current availability fees that are charged for new water and sewer development. (For reference, the vast majority of residential connections are 5/8" in size).

The Council adopts this ordinance pursuant to its authority under §15.2-2143 and §15.2-2119 of the Code of Virginia (1950), as amended. Public notice has been duly made and public hearings held in accordance with the requirements of the Code of Virginia.

SEC. II. Amending water and sewer availability fees

NOW, THEREFORE, BE IT ORDAINED that the City's *Water and Wastewater Rates and Charges*, regulations promulgated and published by the Director of Public Works, are hereby amended to incorporate the following changes.

1. Water and sanitary sewer availability fees.

| Water | Current | Proposed |
|---|----------|----------|
| 5/8" Meter Size | \$3,000 | \$3,800 |
| ¾" Meter Size | \$4,000 | \$5,100 |
| 1" Meter Size | \$7,800 | \$9,900 |
| 1.5" Meter Size | \$17,300 | \$21,900 |
| 2" Meter and Larger (per ERC ¹) | \$3,000 | \$3,800 |

¹ Equivalent Residential Connection

| Wastewater | Current | Proposed |
|-------------------------------|----------|----------|
| 5/8" Meter Size | \$5,000 | \$6,000 |
| ¾" Meter Size | \$6,600 | \$7,920 |
| 1" Meter Size | \$13,000 | \$15,600 |
| 1.5" Meter Size | \$29,200 | \$35,040 |
| 2" Meter and Larger (per ERC) | \$5,000 | \$6,000 |

SEC. III. **Effective date.**

This ordinance shall take effect March 1, 2023.

Approved as to form:

Kathleen Dooley, City Attorney

Clerk's Certificate

I, the undersigned, certify that I am Clerk of Council of the City of Fredericksburg, Virginia, and that the foregoing is a true copy of Ordinance 23-__ duly adopted the City Council meeting held _____ at which a quorum was present and voted.

Tonya B. Lacey, MMC
Clerk of Council