



Legislation Text

File #: 14-5166, Version: 1

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 29, 2016

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Introduction and First Reading. Passage on First Reading of an Ordinance to Bring the Sewer Line Maintenance Charge Set Forth Therein into Conformity with the Previously Adopted Resolution Setting the Fee at \$1.40 per 1,000 Gallons of Water Supplied.

ISSUE: Consideration of an ordinance to increase the sanitary sewer line maintenance charge from \$1.25 to \$1.40 per 1,000 gallons of water used per month.

RECOMMENDATION: That City Council pass the proposed ordinance on first reading on May 5, and schedule for public hearing, second reading and final passage on May 14. The new fee will be effective July 1, 2016.

BACKGROUND: The sanitary sewer line maintenance charge (i.e. usage fee) was established to assist in recovering the costs of maintaining, inspecting and improving public sanitary sewer facilities in the City. During the FY 2004 budget process, staff outlined a proposal to begin a multi-year plan to increase the City's sanitary sewer fee so that the sanitary sewer costs are fully recovered from fees and other outside sources. Since then, the fees continue to cover the full costs, with the last increase in fees in FY 2012, when the fee increased from \$1.00 to \$1.25 per 1,000 gallons used.

DISCUSSION: The balanced plan proposes a 12% rate increase in FY 2017 on the Sewer Line Maintenance Fee to \$1.40 per 1,000 gallons; the Sewer Connection Fee automatically increases with CPI. The plan also projects in FY 2018 a 20% rate increase to \$1.68 per 1,000 gallons on maintenance fees to prepare for several major capital projects that will be initiated in FY 2018. The proposed FY 2017-FY 2026 plan reflects an estimated \$10.9 million in revenues in FY 2017 based on staff review of revenues proposed from the Sewer Line Maintenance Fee and the Sewer Connection Fee. The FY 2017 proposal also assumes \$10.9 million in expenditures for FY 2017, including \$6.5 million in operating costs and \$1.9 million in capital projects. The remainder of expenditures in FY 2017 includes \$2.6 million in debt service, with no additional debt added in FY 2017.

The typical monthly sanitary sewer bill paid to Alexandria Renew Enterprises is approximately \$45 per month. Currently, the City's portion of that monthly bill is approximately \$5.66 per month or approximately \$67.89 per year. The proposed increase will cost the typical household approximately \$0.68 per month or approximately \$8.15 per year on the City's portion of the sanitary sewer bill.

FISCAL IMPACT: The proposed rate increase in the Sewer Line Maintenance charge will generate an estimated \$770,400 in additional revenue, for a total of \$6.8 million which would be available annually to fund all City-related sanitary sewer operating and

capital costs. The funding and rate increase plan for FY 2018 and beyond would be subject to change, as changes to the City's sanitary sewer capital and operating needs, federal and state environmental requirements change.

ATTACHMENTS:

1. Ordinance Cover
2. Ordinance

STAFF:

Emily A. Baker, P.E., Deputy City Manager
Morgan Routt, Director, Office of Management & Budget
Yon Lambert, AICP, Director, T&ES
William Skrabak, Deputy Director, T&ES