



Legislation Text

File #: 18-7573, Version: 1

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 14, 2018

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

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

DOCKET TITLE:

Public Hearing on an Ordinance to Bring the Sewer Line Maintenance Charge Set Forth Therein into Conformity with the Previously Adopted Resolution Setting the Fee at \$2.28 per 1,000 Gallons of Water Supplied. (Adoption is Scheduled for Thursday, May 3, 2018).

ISSUE: Consideration of an ordinance to increase the sanitary sewer line maintenance charge from \$1.82 to \$2.28 per 1,000 gallons of water.

RECOMMENDATION: That City Council will hold a public hearing on Saturday, April 14 and second reading and final passage on Thursday, May 3. The new fee will be effective July 1, 2018.

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 2018, when the fee increased from \$1.40 to \$1.82 per 1,000 gallons used.

DISCUSSION: The balanced sanitary sewers ten-year plan proposes a 25% rate increase in FY 2019 to a Sewer Line Maintenance Fee of \$2.28 per 1,000 gallons. This equates to a \$2.07 per household per month fee increase. The FY 2019 increase will better enable the City to respond to State legislation signed into law in April 2017 that greatly accelerates the timing requirements for the City's four combined sewer outfall (CSO) improvements. Due to this likely legislation on CSO improvements which have been previously estimated to cost about \$385 million, it had been projected that the City's portion of the sanitary sewer rates will climb some 500% over the next 10 years. If AlexRenew undertakes the CSO Project, the City's sanitary sewer rate will in FY 2020 and beyond rise far less, and AlexRenew's rate will increase instead. The project costs will vary depending on what option (A, B, B+ or C) is chosen.

The typical monthly sanitary sewer bill paid to Alexandria Renew Enterprises is approximately \$48 per month. Currently, the City's portion of that monthly bill is approximately \$8.19 per month or approximately \$98.28 per year. The proposed increase will cost the typical household approximately \$10.26 per month or approximately \$123.12 per year on the City's portion of the sanitary sewer bill.

FISCAL IMPACT: The proposed rate increase in the Sewer Line Maintenance Fee will generate an estimated \$2.3 million in additional revenue, for a total of \$11.2 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 2020 and beyond would be subject to change, as changes to the City's sanitary sewer capital and operating needs, cost estimates for the CSO projects are better known, and as 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