



ARLINGTON COUNTY, VIRGINIA

County Board Agenda Item Meeting of February 20, 2010

DATE: February 17, 2010

SUBJECT: Authorization for the advertisement of a public hearing on the proposed Fiscal Year 2011 Infrastructure Availability Fee (IAF) increase.

C. M. RECOMMENDATION:

Authorize advertisement of a public hearing on the proposed amendment to Chapter 26, Article 1 of the Arlington County Code (Utilities Ordinance – Attachment A) and authorize the advertisement for a public hearing to be held on March 25, 2010, for proposed Infrastructure Availability Fee increases. This proposed amendment would increase the IAF from \$69 to \$72 per drainage fixture unit (DFU) for water service, and from \$95 to \$110 per DFU for sewer service.

ISSUE: As part of the budget process, authorization from the County Board is being requested to advertise a public hearing on whether the County should increase the combined water/sewer IAF by \$18 effective July 1, 2010 to fund utilities capital projects.

SUMMARY: The FY 2011 Proposed Budget recommends increasing the IAF. The proposed increase of no more than \$18/DFU would raise the combined water/sewer IAF from \$164/DFU to \$182/DFU. This change would result in an increase of \$432 for a typical new single family home.

BACKGROUND: The IAF is charged to customers when they initially connect to the water and sewer system or make changes to existing structures that will create additional demand for water or sewer services. Historically, the fee was intended to recover the cost of capital projects that would be necessary to accommodate the new system demand. In April 2007, allowed use of this revenue was expanded to include non-expansion in addition to expansion utilities projects.

The County currently charges customers \$164 per DFU that they add to the County's water and sewer system. A DFU is a standard unit of measurement that is used to quantify the drainage capacity needed to accommodate water fixtures. For perspective, an average single family house in Arlington has approximately 24 DFUs.

Thus, on average, a developer building a new home would currently be charged \$3,936 in infrastructure availability fees. Developers building high-rise apartment buildings would

County Manager: BMD/mjs

County Attorney: SM

Staff: Beth Craig & Victoria Greenfield, Department of Environmental Services

Report Date: 02/17/2010

22. G.

obviously be charged much more. Of this \$164 charge, \$95 is credited towards sewer projects, while the remaining \$69 is credited towards water projects.

DISCUSSION: In 2005, the County hired Raftelis Financial Consulting (RFC) to develop a quantitative model for setting the IAF, and also to study the implications of existing policies. This effort led to the April 21, 2007 board report which increased the IAF by 41%, and allowed IAF revenue to be used for non-expansion as well as expansion utilities projects (previously the revenue could only be used for expansion projects). Water and sewer replacement or rehabilitation projects which do not expand system capacity are considered non-expansion. The last time this fee had been increased was April 1997.

As part of the FY11 Budget process, the IAF model was updated to determine whether further increases are required. A 4% increase for the water IAF and a 16% increase for the sewer IAF are being proposed for FY 2011 (a combined increase of 11% - see chart below for detail).

Current and Proposed IAF Rates						
	Adopted 4/21/07		Proposed FY 2011			
	Average Residential		Average Residential			
	Cost per DFU	Fee	Cost per DFU	Fee	% Increase	
Water	\$69	\$1,656	\$72	\$1,728	4%	
Sewer	\$95	\$2,280	\$110	\$2,640	16%	
Total	\$164	\$3,936	\$182	\$4,368	11%	

Based on 24 DFU's per residential structure

This change would result in an increase of \$432 for a typical new single family home assuming 24 DFUs. Even with the proposed increase, the County's IAF would be relatively low compared to neighboring jurisdictions. Note that Arlington's relatively low IAF is due in part to its being a more established community. See attached Table 1 for a comparison of Arlington's proposed rates to some other jurisdictions in the area.

FISCAL IMPACT: Historical IAF revenue has varied significantly based on development trends and new building starts. Average annual revenue from FY07 through FY09 ranged from \$3 to \$5 million. However, actual revenue for the first half of FY10 was only \$0.8M. As it is difficult to predict when the IAF revenue will pick up, a more conservative figure of \$3.050 million was proposed for the FY11 IAF revenue budget.

Table 1: Proposed Arlington IAFs, for a new single family home, compared to current fees of other area jurisdictions

Jurisdiction	Water	Sewer	Total
Prince William County	\$ 4,000	\$ 9,500	\$ 13,500
Fairfax County	\$ 3,950	\$ 7,310	\$ 11,260
Loudoun County	\$ 4,225	\$ 6,945	\$ 11,170
City of Fairfax	\$ 3,500	\$ 7,310	\$ 10,810
City of Falls Church	\$ 2,750	\$ 7,310	\$ 10,060
Prince George's County	\$ 3,000	\$ 4,000	\$ 7,000
Montgomery County	\$ 2,500	\$ 3,000	\$ 5,500
Arlington County*	\$ 1,728	\$ 2,640	\$ 4,368

*Assumes that the average single family home has 24 DFUs

Attachment A

AN ORDINANCE TO AMEND, REENACT, AND RECODIFY CHAPTER 26, ARTICLE I, SECTION 26-10, OF THE ARLINGTON COUNTY CODE, RELATING TO THE INFRASTRUCTURE AVAILABILITY FEE, EFFECTIVE JULY 1, 2010.

BE IT ORDAINED that Chapter 26, Article I of the Arlington County Code is amended, reenacted, and re-codified as follows, effective July 1, 2010.

Chapter 26

UTILITIES

ARTICLE 1. IN GENERAL

* * *

§ 26-10. Infrastructure availability fees.

(d) The infrastructure availability fee rate shall be one hundred ~~sixty-four~~ eighty-two dollars (\$~~164.00~~-\$182.00) per drainage fixture unit (dfu). For structures that are provided for water service only or sewer service only, the infrastructure availability fee shall be as follows:

Water Service only--~~\$69~~-72.00 per dfu

Sewer Service only--~~\$95~~-110.00 per dfu

* * *