ARLINGTON COUNTY, VIRGINIA

County Board Agenda Item
Meeting of April 24, 2010

DATE: April 8, 2010

SUBJECT: Adopt the proposed amendments to the Utilities Ordinance related to Water/Sewer Rates.

C. M. RECOMMENDATION:

Adopt the proposed amendments to Chapter 26, Article I (Utilities Ordinance) of the County Code to increase the water rate by $0.08, from $3.42 to $3.50 per thousand gallons, and the sewer rate by $0.46, from $7.78 to $8.24 per thousand gallons, to be effective May 1, 2010.

ISSUE: Should the County amend the Utilities Ordinance to increase the combined water/sewer rate in order to realize revenue necessary to fund the FY 2011 Utilities Fund budget?

SUMMARY: The FY 2011 Budget recommends increasing the water/sewer rate to fund the Utilities Fund operating and capital budgets. The proposed rate increase of $0.54 would raise the rate from $11.20 per thousand gallons to $11.74 per thousand gallons. The estimated impact of this increase on an average residential customer would be $38 per year. This increase is necessary primarily to finance the Master Plan 2001 Update to the Water Pollution Control Plant.

BACKGROUND: The Utilities Fund is a self-supporting enterprise fund that is fully financed by user fees. The majority of its revenue comes from billing County residents, businesses, and other organizations for water and sewer use. The proposed water/sewer rate of $11.74 per thousand gallons is necessary to support FY 2011 operating expenditures, debt service payments, and pay as you go (PAYG) transfers to the utilities capital fund. This proposed rate represents an increase of $0.54 per thousand gallons, or 4.8 percent, over the current rate.

Revenues collected by the Utilities Fund are used to pay for operations and maintenance of the County's water distribution and sewage collection systems and the Water Pollution Control Plant, as well as wholesale water purchases from the Washington Aqueduct. Utilities Fund revenues also pay for debt service on bonds and loans issued to upgrade the County's water, sewer, and wastewater infrastructure and for utilities capital projects financed through PAYG funding. The Utilities Fund also pays for an equitable share of services provided to it by General Fund agencies through an indirect cost plan.

County Manager: BMD/MJS

County Attorney: SAM

37. G.

Staff: Victoria Greenfield, Division Director, DES UEPD
Beth Craig, Utilities Fund Manager, DES UEPD

The main driver of the proposed rate increase is debt service for the Master Plan 2001 Update to the Water Pollution Control Plant, which will reduce wet-weather external bypasses, provide additional plant capacity and reliability, reduce total nitrogen levels, and protect water quality and aquatic life in the Chesapeake Bay. The Master Plan 2001 Update project is scheduled to be completed in the spring of 2011.

DISCUSSION: If the $0.54 per thousand gallon rate increase included in the FY 2011 Budget is adopted, the average single family household will pay $38 more per year for water/sewer service based on estimated household consumption of 70,000 gallons of water per year. The annual cost of water/ sewer service in the Washington Metropolitan Area is displayed in Table 1, based on a rate survey from March 2010.

The rate increase will be effective for all metered water use on or after May 1, 2010. This effective date is used so that the new rate is in effect for most of the water/sewer charges billed starting July 1 in order for the rate increase to be effective for the full fiscal year.

FISCAL IMPACT: The proposed rate increase is expected to yield an additional $2.8 million in water/sewer revenues. This additional revenue is included in the FY 2011 Utilities Fund Budget. This increase will continue the Utilities Fund's policy of fully financing all water and sewer related operating and maintenance costs, PAYG transfers, and debt service expenditures via the water/sewer rate and other utility user fees, such as sewage treatment fees charged to Fairfax County and the Cities of Alexandria and Falls Church for use of the County's Water Pollution Control Plant.

Table 1

WASHINGTON METRO CURRENT AND PROPOSED ESTIMATED ANNUAL HOUSEHOLD WATER/SEWER COST[1]

Jurisdiction	Current Annual Cost[2]	Proposed Annual Cost[3]
City of Alexandria	$902	$902
Arlington County	**$784**	**$822**
Falls Church (within city limits)	$768	$768
Prince William County	$716	$716
District of Columbia	$636	$708
Prince George's & Montgomery Counties	$583	$627
Fairfax City (Residential)	$496	$545
Fairfax County	$491	$553
Loudoun County	$470	$531

[1] All costs based on an estimated annual consumption of 70,000 gallons (17,500 per quarter)
[2] Current Annual Cost reflects rates as of March 2010
[3] Proposed Annual Cost reflects FY 2011 proposed or actual rates

Attachment A

AN ORDINANCE TO AMEND, REENACT, AND RECODIFY CHAPTER 26, ARTICLE I, SECTION 26-7, OF THE ARLINGTON COUNTY CODE, RELATING TO AN INCREASE IN THE WATER/SEWER RATES AND FEES EFFECTIVE MAY 1, 2010.

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

Chapter 26

UTILITIES

ARTICLE 1. IN GENERAL

* * *

§ 26-7. Water/sewer rates and fees.

BASE: The charge for water/sewer service shall be based on the consumption of water as reflected by periodic readings of water meters serving the property.

RATES:

(a) The rate for properties which use both shall be ~~$11.20~~ $11.74 per thousand (1,000) gallons of water furnished. The rate for these services is set forth as follows:

(1) Water Services – ~~$3.42~~ $3.50 per one thousand (1,000) gallons of water furnished.

(2) Sewer services - ~~$7.78~~ $8.24 per one thousand (1,000) gallons of water furnished.

(b) The rate for properties which are served by the County water system only shall be ~~$3.42~~ $3.50 per one thousand (1,000) gallons of water furnished.

(c) The rate for properties which are served by the County sewer system only shall be ~~$7.78~~ $8.24 per one thousand (1,000) gallons of water furnished based on the periodic water or sewer meter reading by the utility serving the property.

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The rates for water and sewer service become effective with water used on May 1, ~~2009~~ 2010. The rates for the late charge and the water service activation/reactivation became effective July 1, 1992. The charges for drainage fixture unit inspections and fire flow tests became effective July 1, 2008.

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