



## ARLINGTON COUNTY, VIRGINIA

### County Board Agenda Item Meeting of April 24, 2010

**DATE:** March 29, 2010

**SUBJECT:** Adopt the proposed amendments to the Utilities Ordinance related to the Infrastructure Availability Fee (IAF).

#### **C. M. RECOMMENDATION:**

Adopt the proposed amendments to Chapter 26, Article I of the County Code (Utilities Ordinance – Attachment A) to increase the Infrastructure Availability Fees for water service by \$3, from \$69 to \$72 per drainage fixture unit (DFU), and the IAF for sewer service by \$15, from \$95 to \$110 per DFU, to be effective July 1, 2010.

**ISSUE:** Should the County amend the Utilities Ordinance to increase the combined water/sewer Infrastructure Availability Fee by \$18 per drainage fixture unit in order to realize revenue necessary to fund utilities capital projects?

**SUMMARY:** The FY 2011 Budget recommends increasing the IAF. The increase of \$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 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 (previously it 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 County currently charges customers \$164 per drainage fixture unit 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.

County Manager: BMD/MJS

County Attorney: SAM

37. H.

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

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 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 to develop a quantitative model for setting the IAF, and also to study the implications of existing policies. This effort led to a 41% increase in the IAF for FY 2008, and also a policy change which allowed IAF revenue to be used for non-expansion as well as expansion utilities projects. Note that 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 were required. A 4% increase for the water IAF and a 16% increase for the sewer IAF are being implemented for FY 2011 (a combined increase of 11% - see chart below for detail).

	Adopted April 2007		Adopted April 2010		
	Cost per DFU	Average Residential Fee	Cost per DFU	Average Residential Fee	% Increase
Water	\$69	\$1,656	\$72	\$1,728	4%
Sewer	\$95	\$2,280	\$110	\$2,640	16%
<b>Total</b>	<b>\$164</b>	<b>\$3,936</b>	<b>\$182</b>	<b>\$4,368</b>	<b>11%</b>

Based on 24 DFU's per residential structure

This change results in an increase of \$432 for a typical new single family home, assuming 24 drainage fixture units. Even with the increase, the County's IAF is relatively low compared to neighboring jurisdictions. Note that Arlington's comparatively low IAF is due in part to its being a more established community. See attached Table 1 for a comparison of Arlington's fees to those of 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 8 months of FY10 was only \$1.2M. As it is difficult to predict when the IAF revenue will pick up, a more conservative figure of \$3.050 million was used for the FY11 IAF revenue budget.

**Table 1: FY 2011 Arlington IAFs, for a new single family home, compared to current fees of other area jurisdictions**

<b>Jurisdiction</b>	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
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
<b>Arlington County*</b>	<b>\$ 1,728</b>	<b>\$ 2,640</b>	<b>\$ 4,368</b>

\*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

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