



ARLINGTON COUNTY, VIRGINIA

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

DATE: March 30, 2010

SUBJECT: Adoption of an increase in the Sanitary District tax to \$0.013 per \$100 of assessed real property value to pay for the full operating costs related to the existing Stormwater Management Program.

C. M. RECOMMENDATION:

Adopt an amendment to Chapter 26 of the Code of Arlington County, Virginia, to impose an increase to the Sanitary District tax rate of \$0.003 of assessed real property value. This would bring the Sanitary District tax rate to \$0.013 per \$100 of assessed real property value.

ISSUE: Should the Stormwater Fund provide funding for the full cost of stormwater management and should the Sanitary District tax rate be increased \$0.003 per \$100 of assessed real property value over the base rate (\$0.01) to pay for the 10.0 FTEs plus associated non-personnel costs currently in the Department of Environmental Services?

SUMMARY: The Sanitary District tax has funded enhancements to the County's comprehensive stormwater management program. Increasing the rate by \$.003 to \$0.013 per \$100 of assessed value would fund the cost of 10.0 FTEs, plus associated non-personnel expenses currently funded in the Department of Environmental Services' General Fund budget. This rate increase would generate approximately \$1,607,950 for the Stormwater Fund in FY 2011 and reduce General Fund net tax support by \$1,261,800. The public hearing for this item was held and completed on March 25, 2010.

BACKGROUND: Under the Sanitary District Act of 1926 (Chapter 161, *Acts of Assembly*, as amended), local governments in Virginia are authorized to establish sanitary districts to fund a variety of infrastructure needs, including stormwater drainage. The County established its own sanitary district in 1930 that encompassed the entire jurisdiction. This district provides the County Board with the authority to establish a special tax rate to support stormwater drainage and sewerage costs.

The County Board adopted a Sanitary District tax rate of \$0.010 per \$100 of assessed real property value as part of the FY 2009 and FY 2010 budget processes to support enhancements to the County's comprehensive stormwater management program. This program is necessary to

County Manager: BMO/MJS

County Attorney: SM

Staff: Jeff Harn, Department of Environmental Services

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address repair and replacement of the County's aging stormwater infrastructure; to plan, design, and implement stormwater drainage projects to prevent flooding and property damage; and, to comply with increasingly stringent State and federal stormwater quality regulations. It is also an important element of the County's vision of a sustainable community.

DISCUSSION: The current Sanitary District tax rate of \$.01 is proposed to increase to \$0.013 per \$100 of assessed value and will generate approximately \$7 million. Increasing the County's stormwater tax by \$.003 per \$100 of assessed value would generate an additional \$1,607,950, of which \$683,801 is needed to fully fund the 10.0 FTEs and \$627,998 is proposed to fund related non-personnel expenses. The remaining balance of \$296,151 would be applied to the Stormwater Fund balance to offset a \$206,985 decrease in projected FY 2010 Stormwater Fund revenue as a result of the 7.2 percent drop in CY 2010 real estate assessments, as well as other capital needs. A \$.003 increase to the Sanitary District tax rate would increase the average residential property owner's real estate tax bill by approximately \$15 per year.

The positions to be transferred to the Stormwater Fund include 7.0 FTEs in the DES – Utilities and Environmental Policy Division, 2.0 FTEs in the DES – Department of Transportation Development Services Bureau, and 1.0 FTE in the DES – Engineering and Capital Projects Bureau.

In addition to transferring the stormwater costs currently paid from the General Fund, the proposal also transfers the associated revenues from the General Fund to the Stormwater Fund. Currently, the General Fund receives \$50,000 per year from the Watershed Fund. This revenue would now be transferred to the Stormwater Fund.

FISCAL IMPACT: A Sanitary District tax rate of \$0.013 per \$100 of assessed value would yield \$6,966,224 if it were included in the adopted FY 2011 Budget.

Attachment A

AN ORDINANCE TO AMEND CHAPTER 26 (UTILITIES) OF THE ARLINGTON COUNTY CODE RELATING TO ESTABLISHMENT OF A SANITARY DISTRICT TAX FOR THE PURPOSES OF FUNDING IMPROVEMENTS TO THE STORMWATER DRAINAGE SYSTEM, EFFECTIVE JANUARY 1, 2010,

BE IT ORDAINED that Chapter 26 of the Arlington County Code is amended as follows:

§ 26-13. Sanitary District Tax

- (a) There is hereby imposed a sanitary district tax of \$0.0103 per one hundred dollars of assessed valuation of all taxable real estate not otherwise exempt from taxation located in the sanitary district for operating and capital expenses necessary to expand and upgrade the storm drainage (storm sewer) system. Such tax shall be effective as of January 1, ~~2008~~ 2010, and payable at the same time and in the same manner as real estate taxes are paid.
- (b) Any person assessed who fails to pay the tax installments on or before the respective payment date shall incur a penalty thereon of ten (10) percent or ten dollars (\$10.00), whichever shall be greater, but not to exceed the amount of the tax, which shall be added to the amount of taxes due from such person assessed.
- (c) Interest shall accrue on any amount past due at the same rate as real property taxes under section 27.3.1.
- (d) The Treasurer of Arlington County is authorized to collect any and all delinquent sanitary district taxes under this chapter.

BE IT FURTHER ORDAINED that the foregoing amendments shall be effective January 1, 2010.