



*A Team of Teams
Making a Difference!*

November 17, 2004

Memorandum for City Administrator

Subject: Proposed Ordinance on Water and Sewer Extensions

The attached proposed ordinance establishes a new water and sewer extension policy as discussed at the City Council work sessions.

The changes discussed at the Council work session on November 1, 2004 have been incorporated into the attached proposed ordinance. New changes discussed at the work session include:

- Page 6, Lines 258 to 260. Clarifies the intent of the paragraph.
- Page 6, Lines 265 to 267. Clarifies water and sewer connections outside the corporate limits of the City. Properties annexing into the City will not be able to connect to water and sewer until the annexation become effective.
- Page 8, Lines 337 to 338. Clarifies payment of fees.

I have made additional changes that are shown as underlined and in bold with a vertical line in the margin. There are a number of form (i.e. grammar) and substance changes. The significant substance changes are:

- Page 6, Lines 269 to 272. Adds a new paragraph. Allows the Director of Public Works to authorize water and sewer connection outside the City's corporate limit during a Board of Health certified emergency public health connection.

Unless you or the Mayor, have further questions, please forward this memorandum to the City Council. For any additional questions you may have, I can be reached at (410) 548-3170 or by e-mail at jjacobs@ci.salisbury.md.us.

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Sincerely,

John F. Jacobs III, R.E.
Director of Public Works

Enclosure: as

ORDINANCE No. 1918

AN ORDINANCE ENACTED BY THE CITY COUNCIL OF THE CITY OF SALISBURY, MARYLAND TO ESTABLISH A NEW SECTION OF THE CITY CODE WHICH REVISES THE CITY POLICY ON THE EXTENSION OF CITY WATER AND SEWER SERVICES.

WHEREAS the City of Salisbury is experiencing significant growth and development within the corporate limits of the City and surrounding area;

WHEREAS the growth and development will be requiring the construction of a significant amount of major water and sewer infrastructure, which will require a major financial expenditure;

WHEREAS in addition to the growth-driven water and sewer infrastructure, the City is in final preparation to perform a major upgrade and expansion of the City's wastewater treatment plant requiring a considerable, long-term financial obligation by the City;

WHEREAS if the current water and sewer reimbursement policy for extension of water and sewer infrastructure for new development is continued, the City will reach its debt-ceiling resulting from developer reimbursements and the waste water treatment plant upgrade, which may result in the future potential scenario of not being able to properly maintain the current water and sewer infrastructure;

WHEREAS the Council believes that the new growth should pay for itself and not be borne by the current water and sewer customers; and

WHEREAS the Council desires to maintain financial stability of the City's water and sewer utility and that the infrastructure is properly maintained to ensure financial and environmental stewardship of the City's water and sewer system.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED by the Council of the City of Salisbury, Maryland, in regular session, that the attached Chapter 13.02 General Provisions-Connection to the City's Water and Sewer Mains, be established as a new Chapter of Title 13 of the City Code.

AND BE IT FURTHER ENACTED AND ORDAINED BY THE COUNCIL OF THE CITY OF SALISBURY, MARYLAND, the changes set forth in this Ordinance shall take effect upon final passage.

THIS ORDINANCE was introduced and read at a meeting of the Council of the City of Salisbury held on the ___ day of _____, 2004, and having been published as required by law, in the meantime, was finally passed at its meeting on the ___ day of _____, 2004.

ATTEST:

Brenda J. Colegrove
City Clerk

Michael P. Dunn
President of the City Council of the
City of Salisbury

Approved by me this _____
day of _____, 2004.

Barrie P. Tilghman
Mayor of the City of Salisbury

1 Chapter 13.02

2
3 General Provisions – Connection to the City’s Water and Sewer Mains

4
5 Sections:

- 6 13.02.010 Authority
- 7 13.02.020 Legislative Intent
- 8 13.02.030 Definitions
- 9 13.02.040 Applicability
- 10 13.02.050 Responsibilities
- 11 13.02.060 General Connection Policies.
- 12 13.02.070 Comprehensive Connection Charge
- 13 13.02.080 City Infill or Redevelopment Projects
- 14 13.02.090 Extension Reimbursement Policy

15
16 **13.02.010 Authority.**

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18 The City of Salisbury Charter grants the City the power to establish, own, control,
19 operate, maintain, and manage a plant or plants and system or systems for supplying
20 water to and for the city and the inhabitants thereof, and adjacent to the city in § SC 5-1-
21 (A)(28). § SC 5-1-(A)(31) of the Charter gives the City the power to grant franchises
22 and regulate the putting of sewers on or under its public ways. § SC 12-1 empowers
23 the City to operate the water system and the water works and to construct and operate
24 a sanitary sewerage system and a sewage treatment plant. The City is empowered to
25 determine an appropriate fee or assessment for connection of water and sanitary sewer
26 mains in § SC 12-7.

27
28 **13.02.020 Legislative Intent.**

29
30 **A. Overview.** The City of Salisbury desires to establish a consistent
31 comprehensive connection charge. The City intends to establish a service area
32 extension fee methodology that will outline the extension fee calculation. Along with this
33 extension fee, an extension policy will be adopted which will specify developer funding
34 of improvements and potential reimbursement for water and sewer services.

35
36 **B. Goals.** The goals of the comprehensive connection charge are as follows:

37
38 1. To establish a consistent methodology for calculating a comprehensive
39 connection charge for new customers.

40
41 2. Capital costs due to growth are paid by new customers, not existing
42 customers; The “Growth Pays for Growth” concept.

43
44 3. New customers will be charged a portion of the cost of the central or core
45 system through a “capacity fee.”
46

47 4. Developers shall fund water and sewer extension projects when they desire
48 to extend the City's water and sewer infrastructure into new service areas.
49

50 5. Developers that fund such projects may be reimbursed through connections
51 according to the City of Salisbury's adopted Extension Reimbursement Policy.
52

53 6. To establish policy flexibility to allow for periodic review and adjustments of
54 fees and terms of agreements.
55

56 7. The fees are to be indexed yearly in order to cover the costs of inflation
57 impacting the costs of past improvements.
58

59 8. Basis of proposed methodology for capacity fee is that the "value of service"
60 is equal to all users.
61

62 9. To provide incentive for development and redevelopment within the City's
63 Central System.
64

65 10. To ensure a balanced and smooth transition of water and sewer connection
66 costs from the previous policy.
67

68 **13.02.030 Definitions.** For the purpose of this chapter, the following definitions
69 describe the meaning of the terms used in this chapter:
70

71 "Capacity Fee" is intended to pay for capacity in the "central system." The fee shall
72 be charged for each new connection to the City's system, regardless of location, to pay
73 for the systems' growth and expansion projects as outlined in the City's water and
74 sewer CIP.
75

76 "Capital Costs" shall be construed to include necessary studies, investigations,
77 designs, construction, project management and other related administrative and
78 overhead costs incurred by the City.
79

80 "Capital Improvement Plan (CIP)" is a plan, which includes a listing of individual
81 infrastructure projects and high cost equipment. The CIP includes a schedule,
82 estimated cost, detailed description and justification for each project for a specified
83 period.
84

85 "Central System Line Fee" is the Line Fee for new water and sewer users within the
86 City's Central System where there are existing mains. This fee will be based on the
87 average contract cost for installing eight-inch diameter water and sewer mains for the
88 previous twelve months.
89

90 "Comprehensive Connection Charge" is the charge to new customers connecting to
91 the system that includes the Capacity Fee, Facility Fee, Line Fee, and Sewer-
92 Connection and Water-Meter/Tap Fee.

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“Backbone Infrastructure” includes the water and sewer mains, pumping stations, tanks, etc. which will provide the primary service for a new service area. The water mains and tanks are typically sized for fire flow demand.

“Branch Mains” are typically water and sewer mains eight inches or less in diameter that are intended to serve communities off of main lines or within proposed or existing developments.

“Central System” is the City’s existing system, primarily within City limits, comprised of transmission mains, gravity sewers, pumping stations, force mains, water storage tanks, and treatment plants. The City’s Central System is defined as the publicly-owned water and sewer infrastructure located within the corporate limits of the City on November 1, 2004.

“Easement” is a grant of the use of a parcel of land to the City or a person or persons or the public for a specific, limited purpose, without including fee simple ownership of the land.

“Equivalent Dwelling Unit (EDU)” is the average water needed to serve a typical single family home; including allowances for inside and outside use. For the purpose of this chapter, one EDU shall equal 250 gallons per day (gpd) of water.

“Facility Fee” fee is intended to recover the costs of system extensions to a service area outside of the Central System. These facilities will typically be the “backbone” of a new service area and may include major water and sewer transmission mains, pumping stations, and water storage tanks. The fee shall be charged to properties connecting to water/sewer extensions outside of the City’s core or central system.

“Growth Improvement” is the improvement required only to provide additional capacity to accommodate growth-and primarily benefits new users.

“Line Fee” is intended to cover the costs of extending water-distribution and sewage collection mains to serve a specific geographic area, development or neighborhood. The Line Fee charge is intended to recover the cost of water distribution mains and collector sewers installed within a community or development, which feed into the backbone infrastructure.

“Lot” is a plat or parcel of land occupied or intended to be occupied by a principal building or use or group of buildings and accessory buildings and uses, including all open spaces and yards having frontage on a road as defined herein.

“Main Lines” are the water and sewer mains, which are part of a system extension as a backbone for a new service area.

138 "Master Plan" is the water and sewer plan, which outlines scope and costs of
139 potential extensions and, service areas for those extensions.

140
141 "Meter Assembly" is the piping, fittings, and valves within the water meter vault or pit
142 that supports and secures the water meter.

143
144 "Meter Box" is also referred to as "meter vault" and "meter pit", the underground
145 structure that houses and protects the water meter and water meter assembly.

146
147 "Private Water Supply" means a supply other than an approved public water supply,
148 which serves one or more buildings.

149
150 "Public Sewer Main" means the common sewer directly controlled by the City of
151 Salisbury.

152
153 "Public Water Main" means a water supply pipe for public use controlled by the City
154 of Salisbury.

155
156 "Right-of-Way" is a strip of land occupied or intended to be occupied by a street,
157 alley, crosswalk, water line, sanitary or storm sewer line, storm drain, drainage ditch, or
158 for another special use.

159
160 "Regulatory Improvement" is the improvement needed to meet regulatory
161 requirements and benefits all users.

162
163 "Sewer-Connection and Water-Meter/Tap Fee" is intended to cover the cost of
164 tapping the water and sewer mains and providing the water meter, corporation stop, and
165 stub out for the user water and sewer connections.

166
167 "Sewer Lateral" is the section of sewer pipe extending from the Public Sewer Main to
168 the Right of Way or Property Line owned by the public authority or public utility.

169
170 "System Extension" is the major, public water or sewer infrastructure extended from
171 the central system, prompted by proposed development and oversized to serve a new
172 service area, i.e. water and sewer mains that are eight inches or greater in diameter,
173 pumping stations, tanks, etc.

174
175 **13.02.040 Applicability.** This chapter applies to any property owner that desires
176 establishing or changing their water and sewer service within or outside the corporate
177 limits of the City. Specifically:

178
179 A. All applicants applying for connection to the City's public water and sewer
180 system,

181
182 B. Water and sewer main extensions for individual lot single-family residential
183 customers and existing residential subdivisions,

184
185 C. Water and sewer main extensions to serve other than individual lot single family
186 residential customers and existing residential subdivisions, and
187

188 D. Redevelopment of property having existing water and sewer service which the
189 property owner or customer desires to increase or modify for his or her use.
190

191 **13.02.050 Responsibilities.**
192

193 A. The Director of Public Works shall:
194

195 1. Develop and maintain a policy and procedures handbook which provides
196 detailed information, procedures, and examples of the Comprehensive Connection
197 Charge, developer reimbursement and other relevant development policies.
198

199 2. At a minimum, review and update the City's Water and Sewer Master Plan
200 every five years.
201

202 3. Provide a recommended Comprehensive Connection Charge structure in
203 coordination with the Director of Finance on an annual basis by resolution to the Office
204 of the Mayor and City Council no later than September 30th of each year. The proposed
205 Comprehensive Connection Charge structure shall become effective on the first day of
206 the next calendar year. The specific recommendation, at a minimum, shall include:
207

208 a. The Capacity Fee based on the ten-year Water and Sewer Capital
209 Improvement Plan approved by the Mayor and City Council.
210

211 b. The Sewer-Connection and Water-Tap/Meter Fee based on the actual
212 costs for the previous fiscal year.
213

214 c. The Line Fee for new water and sewer users within the City's central
215 system where there are existing mains. This Central System Line Fee will be based on
216 the average contract cost for installing eight-inch diameter water and sewer mains for
217 the previous twelve months.
218

219 B. The Director of Finance shall:
220

221 1. Provide a recommended Comprehensive Connection Charge structure in
222 coordination with the Director of Public Works on an annual basis by resolution to the
223 Office of the Mayor and City Council no later than September 30th of each year. The
224 proposed Comprehensive Connection Charge structure would become effective on the
225 first day of the next calendar year. This rate structure shall include an Administrative
226 Fee for record keeping and payment processing costs.
227

228 2. Provide a report to the Mayor and City Council on an annual basis no later
229 than September 30th of each year, which will include a list of:

- 230
231 a. The Consumer Price Index for urban areas, commonly abbreviated as the
232 CPI-U.
233 b. Developer reimbursements for the previous fiscal year.
234
235 c. Unreimbursed developer costs as of the end of the City's fiscal year and
236 indexed using the Consumer Price Index for urban areas (CPI-U).
237

238 **13.02.060 General Connection Policies.**
239

240 A. Property owners requesting connection to the City's public water and sewer
241 systems shall be required to connect to both the public water and public sewer system
242 when both are available.
243

244 B. The City shall reserve the right to evaluate each request for service and to deny
245 the extension of the City's facilities in those cases where it is not in the best interest of
246 the City.
247

248 C. The City shall have the flexibility to determine how much of the master-planned
249 infrastructure shall be constructed when presented with a new development project.
250

251 D. Any public water and sewer facilities constructed or installed hereunder shall be
252 the property of the City and constructed within City-owned easements and/rights of way
253 in accordance with City Standards and Specifications. The City shall specify the size,
254 type, quality of materials, and their location. The City, or at the City's option, a pre-
255 approved utility contractor, will perform the actual construction.
256

257 E. Property owners requesting connection to the City's public water and sewer
258 systems that are not located within the City's corporate limit shall **either** submit a
259 request for annexation if the property is contiguous with the City's corporate limit **or**
260 **execute** a pre-annexation agreement ~~shall be executed~~ if the property is not
261 contiguous to the City's corporate limit.
262

263 **F.** The City's public water and sewer systems shall not be connected until the
264 request for annexation or the pre-annexation agreement are reviewed and accepted by
265 the Director of Public Works. **Property owners requesting annexation shall not be**
266 **connected with water and sewer service until the City approves the annexation**
267 **and the annexation has become effective in accordance with state law, except in**
268 **a public health emergency described in paragraph G, below.**
269

270 **G.** **The Director of Public Works shall have the authority to approve water and**
271 **sewer connections to properties outside the corporate limits of the City where**
272 **water and/or sewer is available when the Wicomico County Health Officer or**
273 **designee provides a notification of the need of an immediate connection due to**
274 **public health concerns, and the property owner complies with paragraph E,**
275 **above.**

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13.02.070 Comprehensive Connection Charge.

A. Overview and General Policies.

1. The Comprehensive Connection Charge includes four specific fees, which are: Capacity Fee, Facility Fee, Line Fee, and Sewer-Connection and Water-Meter/Tap Fee. The Comprehensive Connection Charge for all customers will be calculated under the methodologies discussed in this chapter. The Capacity Fee will be for all new users and redevelopment projects. The Capacity Fee is based on the number of EDUs that the customer is projected to use at the total build-out of the development project. The Facility Fee and the Line Fee portions will vary depending on a customer's location and the required infrastructure that must be installed for service to that customer. The Sewer-Connection and Water-Meter/Tap Fee is based on the size of the customer's water and sewer connections.

2. The fees will be indexed yearly in order to cover the costs of inflation impacting the costs of past and future improvements.

3. There are two types of new water and sewer users based on their proximity to the City's central system, either located within the existing City's Central System or outside the City's Central System. The City's Central System is defined as the corporate limits of the City on November 1, 2004.

a. The first type of new user is a "developer" or "property owner" located within the City's central system. They shall be charged a line fee for connection to existing water and sewer mains in addition to other applicable fees of the Comprehensive Connection Charge. The Central System Line Fee will be recommended on an annual basis by the Department of Public Works and approved by the City Council through resolution.

b. The second type of user is a "developer" or "property owner" proposing development outside of the existing central system and located in a "new service area." A "new service area" consists of an area outside the "central" system or as otherwise defined by the City.

4. The extension of water and sewer mains outside the City's Central System may require major infrastructure (i.e. pumping stations, water and sewer mains greater than eight-inches in diameter, storage tanks, etc.), oversized to serve the needs of the service area, as determined by the City.

5. The City will identify the service area to be served by extensions and have a plan and estimated cost for the extension of infrastructure (i.e. the City's Water and Sewer Master Plan).

321 6. The City reserves the right to negotiate the developer's payment, in full or
322 part, for CIP projects which are required to be constructed earlier than planned, due to
323 the demands of proposed development projects. Subsequent adjustments in the
324 capacity fee may be required.
325

326 7. To encourage individual-lot/single-family residential property owners to
327 connect to the City's water and sewer system, the City will provide a payment plan for
328 the Water and Sewer Comprehensive Connection Charges over a five-year period, with
329 the first payment due before construction. The City of Salisbury's Finance Director shall
330 determine interest rates for the payment plan.
331

332 8. To ensure a balanced and smooth transition of water and sewer connection
333 costs from the previous policy, the Mayor and City Council may discount some of the
334 total Comprehensive Connection Charge. Any discounts shall be ~~done~~ approved by
335 resolution.
336

337 9. The collection of all Comprehensive Connection Charge fees shall occur prior
338 no later than to the issuance of the Occupancy Permit.
339

340 **B. Capacity Fee.**

341
342 1. Capacity Fee's Purpose: This fee is intended to pay for capacity in the
343 "central system." The fee shall be charged for each new connection to the City's
344 system, regardless of location, to pay for the systems' growth and expansion projects as
345 outlined in the City's water and sewer CIP. Each new connection purchase will buy a
346 share of the core or central system capacity under the "value of service concept." This
347 fee will include payment for primarily two types of costs, which are:
348

349 a. Costs of "recent improvements" where recent would be defined by the City
350 and would include debt service on prior improvements not currently being retired in the
351 water/sewer rate structure.
352

353 b. Costs of planned future improvements in the central system, such as
354 treatment plant upgrades/expansions, new water storage tanks, new and / or
355 replacement mains, pumping station improvements, etc. These costs are growth
356 projects outlined in the City's ten-year Capital Improvement Plan (CIP).
357

358 2. Each new customer connecting to the water or sewer system shall pay a one-
359 time adjustable capacity fee that is intended to recover the capital costs of capacity in
360 the "central system" that is used by or reserved for new customers.
361

362 3. The central system for the water utility includes the treatment plant, principal
363 transmission lines, pumping stations, storage facilities and other central facilities. The
364 central system for the sewer utility includes the treatment plant, major interceptors, force
365 mains, and pumping stations.
366

367 4. The Capacity Fee shall be based on recent improvements and a ten-year
368 water and sewer Capital Improvement Plan (CIP) approved by the City Council. The
369 CIP includes proposed major projects and equipment expenditures for the next ten
370 years. The Department of Public Works will identify the "capacity expansion" vs.
371 "maintenance and replacement" components of all water and sewer CIP projects and
372 equipment. The capacity expansion component is solely for additional capacity to
373 accommodate growth and will be paid through the Capacity Fee. All water and sewer
374 users will fund the maintenance and replacement components through user rates.
375

376 5. The Capacity Fee shall be calculated by dividing the capital costs of capacity
377 by the incremental capacity of the improvement (in gallons) which results in a capital
378 cost per gallon of capacity. Such costs may be expressed in terms of capital costs per
379 equivalent dwelling unit (EDU). This cost shall be defined to be the capital cost per
380 gallon of capacity multiplied by 250.
381

382 6. Capacity fees may be expressed in multiples of EDUs for various size water
383 meters, using equivalent meters as defined by the American Water Works Association
384 Manual M1, Water Rates, or some other generally recognized industry standard.
385

386 7. The cost of the Wastewater Treatment Plant improvement project will be
387 broken down into "expansion" vs. "regulatory" based on the City's rationale of cost
388 distribution funding sources, etc. Expansion costs shall be paid through the Capacity
389 Fee. All sewer users shall share regulatory costs through the sewer usage rate
390 structure or some other billing surcharge.
391

392 8. The Director of Public Works shall define and establish capacity fees for
393 unique customer needs, or to affect other policy goals of the City government.
394

395 9. The capacity fee is based on dollars per gallon derivation for all planned
396 water/sewer projects, which provide expansion capacity. Therefore, the capacity fee at
397 the time of connection is 250 gal/EDU x \$/gal for expansion projects. Commercial or
398 industrial users requiring larger service will be charged for the equivalent number of
399 EDU's used.
400

401 10. The projected EDU value (average daily water) for a particular development
402 project will be estimated initially and then adjusted later, based on actual daily water
403 usage as measured and recorded by water meter. The Capacity Fee shall be adjusted
404 and additions or deductions applied accordingly.
405

406 C. Facility Fee.

407
408 1. Facility Fee's Purpose: The facilities fee is intended to recover the costs of
409 system extensions to a service area outside of the Central System. These facilities will
410 typically be the "backbone" of a new service area and may include major water and
411 sewer transmission mains, pumping stations, and water storage tanks. The fee shall

412 be charged to properties connecting to water/sewer extensions outside of the City's
413 core or central system.

414
415 2. If a developer, community association, property owner, or other entity
416 requests that the City extend water or sewer service to a geographic area currently not
417 served by the City's water or sewer systems, the City at its sole discretion may elect to
418 serve such a geographic area. In such cases, the entity requesting the provision of
419 water or sewer service shall pay for the entire costs of extending the backbone system
420 of the water or sewer utility to such geographic area, and the City may require the
421 requesting party to oversize the lines, pump stations, storage facilities or other capital
422 facilities to accommodate future utility customers in or adjacent to the area requesting
423 service.

424
425 3. All such extensions of the backbone systems shall be ~~built~~ inbuilt in City-
426 owned easements and/or rights of way in accordance with City specifications, and shall
427 be inspected and require approval by the City. The title to such facilities shall be vested
428 in the name of the City, unless the City determines that it is to its advantage to title such
429 facilities in the name of another entity. A portion of, or the entire costs may be
430 reimbursed to the developer responsible for installing the facilities. The City's
431 reimbursement policy set forth in §13.02.090, Extension Reimbursement Policy.

432
433 4. The Facility Fee will use an incremental method to determine the cost. The
434 incremental method is based solely on the actual incremental / sequential costs of
435 developer projects as they are added to the system. Developers will "oversize" facilities
436 in accordance with the City's water and sewer master plan to serve the entire service
437 area.

438
439 5. Fees and service areas are adjusted for each area served. The incremental
440 method is based on actual costs of backbone infrastructure needed to serve new areas.
441 As a consequence, the more remote the service from the City's core system, the higher
442 the fee because of greater infrastructure needs.

443
444 6. The facilities fee charged to new connections will need to be recalculated after
445 completion of each development project.

446
447 **D. Line Fee.**

448
449 1. Line Fee's Purpose: The Line Fee is intended to cover the costs of extending
450 water-distribution and sewage collection mains to serve a specific geographic area,
451 development or neighborhood. The Line Fee charge is intended to recover the cost of
452 water distribution mains and collector sewers installed within a community or
453 development, which feed into the backbone infrastructure.

454
455 2. If a developer, community association or other entity requests that properties
456 in a specific neighborhood, development or other similarly-defined geographic area
457 receive City water or sewer service, then the entity requesting such service shall be

458 responsible for designing and constructing such water distribution or sewer collection
459 system (including any related appurtenances such as storage facilities or pumping
460 stations), using design and construction standards as may be specified by the City.
461 Upon acceptance of such facilities by the City, title to such facilities shall be vested in
462 the name of the City.
463

464 3. The City may, at its sole discretion (e.g., in the case of homes with failing
465 septic systems), provide financing for the design and construction costs of such
466 distribution system / collection system facilities (including related appurtenances), with
467 recovery of the eligible capital costs and related interest costs to be effected via a
468 payment mechanism to be established by the City, such as a one-time fee, a lien on
469 real property to be repaid over time, a front foot assessment or any other such payment
470 mechanism that is lawful and available for use by the City. The City may also require
471 developer construction of these facilities; therefore, no fees would be collected
472 particularly if it is self contained.
473

474 4. The Director of Public Works shall have sole discretion in determining which
475 proposed improvements constitute "Backbone Extension of water/sewer facilities,"
476 subject to developer upfront funding and reimbursement under the extension policy and
477 which improvements are subject to the "Line Fee" policy.
478

479 5. New development line fee water and sewer mains shall be constructed to City
480 standards by a developer and then turned over to the City.
481

482 6. In the event that lines are required to serve existing communities, such as
483 those with failing septic systems, this fee would apply to allow the City to recover the
484 cost of installing the lines. The fee calculation would be based on the cost of the
485 infrastructure divided by the number of units to be served plus any City engineering and
486 administrative fees.
487

488 **E. Sewer-Connection and Water-Meter/Tap Fee.**

489

490 1. Sewer-Connection and Water-Meter/Tap Fee's Purpose: This fee is intended
491 to cover the cost of tapping the water and sewer mains and providing the water meter,
492 corporation stop, and stub out for the user water and sewer connections.
493

494 2. The cost of this fee should be proportional to the projected domestic water
495 demands, which will be reflected in the required meter size.
496

497 3. These fees shall be reviewed annually by the Department of Public Works to
498 ensure that actual costs are being captured.
499

500 **13.02.080 City Infill or Redevelopment Projects.**

501

502 A. For property owners requesting water and sewer service within the City's Central
503 System and where existing water and sewer mains are adjacent to the property, the

504 property owner will pay a City Central System Line Fee, in addition to any other
505 applicable fees of the Comprehensive Connection Charge.

506

507 B. The Central System Line Fee will be based on the average contract cost per
508 linear foot for installing eight-inch diameter water and sewer mains for the previous
509 twelve months. It will be adjusted annually by resolution of the City Council.

510

511 C. A specific property's Central System Line Fee is calculated by taking the square
512 root of the property's area in square feet and then multiplying the result by the Central
513 System Line Fee.

514

515 D. There may be proposed developer projects inside the City's Central System,
516 which trigger reinforcing of the existing system due to inadequate capacity. In some
517 areas, the City may be planning a future project in the Water/Sewer CIP to address the
518 problem. At the City's discretion, the developer shall fund all or a portion of the project.

519

520 E. Developers, redeveloping property with existing water and sewer service for
521 which the property owner or customer is increasing their usage of water or sewer, shall
522 pay the applicable Comprehensive Connection Charges, to include the Capacity Fee for
523 the additional water and sewer volumes resulting from the property redevelopment.

524

525 F. One of the City's goals is to encourage development and redevelopment within
526 the City's corporate limits. The Mayor and City Council may discount some of the total
527 Comprehensive Connection Charge for development and redevelopment projects within
528 the City's Central System. Any discounts shall be done by resolution.

529

530 **13.02.090 Extension Reimbursement Policy.**

531

532 **A. Overview.**

533

534 1. This policy is intended to reimburse developers over time their proportionate
535 share of the facilities fee based on their initial investment, which will be indexed using
536 the Consumer Price Index for Urban areas (CPI-U).

537

538 2. Developer risk will be based on the rate at which the area builds out and the
539 sunset on reimbursement.

540

541 3. The maximum reimbursement to the developer, installing the water and
542 sewer infrastructure, will be the entire "Facilities Fee" less the "Facilities Fee" costs for
543 the number of EDU's to be used by the developer.

544

545 4. This policy involves full developer funding of extension projects with no out-
546 of-pocket costs for the City.

547

548 **B. Reimbursement Procedures.**

549

550 1. The Director of Finance, through the collection of the Facilities Fee, will
551 reimburse the developer who installed the water and sewer infrastructure, as new users
552 connect to the developer-constructed system.
553

554 2. The Director of Finance will reimburse the developer within 45 calendar days
555 of collecting the Facility Fee from the new user(s).
556

557 3. The Director of Finance shall charge an appropriate administrative fee for
558 record keeping and to recover any handling charges and/or payment processing costs.
559 The administrative fee shall be deducted from the reimbursement amount.
560

561 4. The Director of Finance shall calculate the reimbursement amount by the
562 using original construction cost figures that will be updated to current costs using the
563 CPI-U.
564

565 5. It shall be the original developer's responsibility to furnish the Director of
566 Public Works with contractor invoices or other forms of cost verification to be used by
567 the City for the reimbursement calculation.
568

569 **C. Sunset Clause**

570

571 1. The initial reimbursement period to developers shall be twenty years with an
572 additional optional period of ten years.
573

574 2. The ten-year optional period shall be subject to City approval.
575

576 3. The City will consider factors such as the magnitude of the project cost, the
577 City's historical growth rate, and the projected time period to reach build out within the
578 area served by the water and sewer extension, before making the decision to extend
579 the reimbursement period.
580

581 **D. Policies and Procedures**

582

583 1. The City shall develop and implement procedures for calculating, collecting,
584 and recording Comprehensive Connection Charges.
585

586 2. The City shall develop and implement procedures for tracking, coordinating
587 and recording developer reimbursements.
588
589
590