



*A Team of Teams  
Making a Difference!*

December 9, 2004

Memorandum for City Administrator

**Subject: Proposed Water and Sewer Extension Draft Ordinance Revisions**

Attached is the proposed Water and Sewer Extension Ordinance. There have been a number of changes to the draft ordinance at various times. These are shown in the following paragraphs based on when they occurred.

A summary of the major changes proposed verbally at the December 6, 2004 work session by the Department of Public Works is:

- Page 3            Lines 100-103    Modified the definition of the City's Central System and changed the effective date to January 1, 2005. Also changed the definition to the same on Page 8, Lines 351 to 353.
  
- Page 6            Lines 241-242    Clarifies the intent, which is to adjust fees, based on annual changes.
  
- Page 6            Line 254            Clarifies the title of the Line Fee discussed in this paragraph.
  
- Page 11           Line 469            Replaces "then" with "may be."
  
- Page 11           Lines 470-471    Replaces "shall" with "may."
  
- Page 11           Line 497            Clarifies that the developer that installs the infrastructure will not get reimbursed for the flows they use.
  
- Page 12           Line 504            Replaces "water and sewer master plan" with "directives" because there may be an area that a developer desires to install infrastructure that is not covered in the master plan.

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**Subject: Proposed Water and Sewer Extension Draft Ordinance Revisions**

A summary of the changes is (Continued):

- Page 12      Line 512              Replaces "will need to" with "may."
- Page 12      Lines 515-519          Defines how the Facilities Fee will be calculated.

At the City Council's Work Session on December 6, 2004, Mr. Tom Ruark and Bill Martin raised an issue in regards to the proposed changes to when the Comprehensive Connection Charges will be collected (Reference: Page 9, Lines 400 to 404).

- The proposed change was to move the payment from no later than the Occupancy Permit to the Application for Water and Sewer Service.
- They said that the Department of Building, Housing, and Zoning (BHZ) requires an Application of Water and Sewer Service prior to the issuance of the Building Permit.
- I discussed this issue with Mr. Bill Holland. Mr. Ruark and Mr. Martin are correct. Mr. Holland implemented this procedure as a result of a number of contractors building houses on lots where there was no water and/or sewer service available. The builders did not realize this until they were trying to hook up to the non-existing services prior to issuance of the Occupancy Permit.
- BHZ did not require the payment of any fees when they got Application for Water and Sewer, just the application filled out so that it could be verified that water and sewer service was available.
- In the future, BHZ will accept a Public Works issued Certificate of Water and Sewer Availability instead of an Application for Water and Sewer Service. This change will eliminate any potential confusion on when the Comprehensive Connection Charges are collected.

## **Subject: Proposed Water and Sewer Extension Draft Ordinance Revisions**

The following are additional changes made since the December 9, 2004 work session discussion.

A summary of the major changes is:

- Page 2        Lines 71-73        The definitions of Backbone Infrastructure and Branch Mains were moved from Lines 114 to 120.
- Page 2        Lines 79-82        Modified the definition of Capacity Fee because of the addition of the Unit Fee.
- Page 2        Lines 87-89        Added the definition of Capacity Unit Fee.
- Page 3        Lines 100-103      The definitions of Central System was moved from Lines 122 to 126.
- Page 4        Lines 136-142      Modified the definition of Facility Fee because of the addition of the Unit Fee.
- Page 4        Lines 145-149      Added the definition of Facility Unit Fee.
- Page 4        Lines 154-161      Modified the definition of Line Fee because of the addition of the Unit Fee.
- Page 4        Lines 163-168      Added the definition of Line Unit Fee.
- Page 11       Line 498            Inserted the word "is" between "policy" and "set."
- Page 12       Lines 521-523      Added a new paragraph to address reimbursements that the City is entitled for paying developers to oversizing under the previous policy.
- Page 13       Line 553            Replaced the word "Extension" with "Infrastructure"
- Page 13       Line 561            Replaced "would apply to allow" to "will enable."

**Subject: Proposed Water and Sewer Extension Draft Ordinance Revisions**

A summary of the changes is (Continued):

- Page 13      Lines 562 to 564      Remove the sentence "The fee... administrative fees."
- Page 13      Lines 566 to 570      Added a new paragraph 7 that that defines the calculation of the Line Fee.

The following revisions are reflected in the attached draft ordinance. They were discussed at the City Council Meeting on November 22, 2004. Also, these changes were given to the Council with a cover memorandum dated December 3, 2004.

A summary of the major changes is:

- Page 7      Lines 278-279      Sentence revised and moved from Page 16, Lines 682-683.
- Page 8      Line 353      Changes date of the City's Central System from November 1, 2004 to January 1, 2005.
- Page 8      Lines 357-359      Clarifies and references other area in the ordinance that discusses the Central System Line Fee.
- Page 9      Lines 388-389      New paragraph links the Public Works Agreement and the Comprehensive Charge.
- Page 9      Lines 391-393      New paragraph that replaces paragraph F on page 14, Lines 621 to 624. New wording makes the intent more general.
- Page 9      Lines 395-398      Revision's intent is to establish discount as a separate initiative and not a part of this ordinance.
- Page 9      Lines 400-404      Makes the collection of fees specific to the submission of the Application of Water and Sewer, which is when the current fees are collected.

**Subject: Proposed Water and Sewer Extension Draft Ordinance Revisions**

A summary of the changes is (Continued):

- Page 13      Lines 587-592      Sentence revised for clarity.
- Page 14      Lines 613-619      Added to explain Capacity Fee calculation for existing water/ sewer redevelopment projects.
- Page 14      Lines 621-624      Paragraph replaced by new paragraph on Page 9, Lines 391-393.
- Pages 15-16 Lines 677-683      Deleted because of redundancy and a revised paragraph 1 moved to Page 7, Lines 278-279.

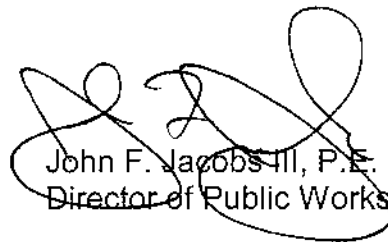
Also, there a number of minor grammar and format changes that were not highlighted.

This memorandum and the attached draft ordinance have been placed on the Public Works' website in an Adobe Reader format. The website address is:

[http://www.ci.salisbury.md.us/publicworks/developer/reimburse\\_changes/](http://www.ci.salisbury.md.us/publicworks/developer/reimburse_changes/)

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](mailto:jjacobs@ci.salisbury.md.us).

Sincerely,



John F. Jacobs III, P.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:

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Brenda J. Colegrove  
City Clerk

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

Approved by me this \_\_\_\_\_  
day of \_\_\_\_\_, 2004.

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Barrie P. Tilghman  
Mayor of the City of Salisbury

Chapter 13.02

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

Sections:

- 13.02.010 Authority
- 13.02.020 Legislative Intent
- 13.02.030 Definitions
- 13.02.040 Applicability
- 13.02.050 Responsibilities
- 13.02.060 General Connection Policies.
- 13.02.070 Comprehensive Connection Charge
- 13.02.080 City Infill or Redevelopment Projects
- 13.02.090 Extension Reimbursement Policy

13.02.010 Authority.

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

13.02.020 Legislative Intent.

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

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

1. To establish a consistent methodology for calculating a comprehensive connection charge for new customers.
2. Capital costs due to growth are paid by new customers, not existing customers; The “Growth Pays for Growth” concept.
3. New customers will be charged a portion of the cost of the central or core system through a “capacity fee.”



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 "Backbone Infrastructure" includes the water and sewer mains, pumping stations,  
72 tanks, etc. which will provide the primary service for a new service area. The water  
73 mains and tanks are typically sized for fire flow demand.  
74

75 "Branch Mains" are typically water and sewer mains eight inches or less in diameter  
76 that are intended to serve communities off of main lines or within proposed or existing  
77 developments.  
78

79 "Capacity Fee" is based on the number of EDUs that the customer is projected to  
80 generate at total build-out of the development project. It is calculated by multiplying the  
81 Capacity Unit Fee by the projected EDU value (average daily water) for a particular  
82 development project. ~~intended to pay for capacity in the "central system."~~ The fee shall  
83 be charged for each new connection to the City's system, regardless of location, to pay  
84 for the systems' growth and expansion projects as outlined in the City's water and  
85 sewer CIP.  
86

87 "Capacity Unit Fee" is intended to pay for capacity in the "central system." It is  
88 based on the growth and expansion projects as outlined in the City's water and sewer  
89 CIP. The fee is a unit rate based on the capacity costs expressed in dollars per EDU.  
90

91 "Capital Costs" shall be construed to include necessary studies, investigations,  
92 designs, construction, project management and other related administrative and  
93 overhead costs incurred by the City.

94  
95 "Capital Improvement Plan (CIP)" is a plan, which includes a listing of individual  
96 infrastructure projects and high cost equipment. The CIP includes a schedule,  
97 estimated cost, detailed description and justification for each project for a specified  
98 period.

99  
100 "Central System" is the City's existing system, primarily within City limits, comprised  
101 of transmission mains, gravity sewers, pumping stations, force mains, water storage  
102 tanks, and treatment plants. The City's Central System is defined as the publicly owned  
103 water and sewer infrastructure on January 1, 2005.

104  
105 "Central System Line Fee" is the Line Fee for new water and sewer users within the  
106 City's Central System where there are existing mains. This fee will be based on the  
107 average contract cost for installing eight-inch diameter water and sewer mains for the  
108 previous twelve months.

109  
110 "Comprehensive Connection Charge" is the charge to new customers connecting to  
111 the system that includes the Capacity Fee, Facility Fee, Line Fee, and Sewer-  
112 Connection and Water-Meter/Tap Fee.

113  
114 ~~"Backbone Infrastructure" includes the water and sewer mains, pumping stations,~~  
115 ~~tanks, etc. which will provide the primary service for a new service area. The water~~  
116 ~~mains and tanks are typically sized for fire flow demand.~~

117  
118 ~~"Branch Mains" are typically water and sewer mains eight inches or less in diameter~~  
119 ~~that are intended to serve communities off of main lines or within proposed or existing~~  
120 ~~developments.~~

121  
122 ~~"Central System" is the City's existing system, primarily within City limits, comprised~~  
123 ~~of transmission mains, gravity sewers, pumping stations, force mains, water storage~~  
124 ~~tanks, and treatment plants. The City's Central System is defined as the publicly owned~~  
125 ~~water and sewer infrastructure located within the corporate limits of the City on~~  
126 ~~November 1, 2004.~~

127  
128 "Easement" is a grant of the use of a parcel of land to the City or a person or  
129 persons or the public for a specific, limited purpose, without including fee simple  
130 ownership of the land.

131  
132 "Equivalent Dwelling Unit (EDU)" is the average water needed to serve a typical  
133 single family home; including allowances for inside and outside use. For the purpose of  
134 this chapter, one EDU shall equal 250 gallons per day (gpd) of water.

135

136 "Facility Fee" fee is based on the number of EDUs that the customer is projected to  
137 generate at total build-out of the development project. It is calculated by multiplying the  
138 Facility Unit Fee by the projected EDU value (average daily water) for a particular  
139 development project, intended to recover the costs of system extensions to a service  
140 area outside of the Central System. These facilities will typically be the "backbone" of a  
141 new service area and may include major water and sewer transmission mains, pumping  
142 stations, and water storage tanks.—The fee shall be charged to properties connecting to  
143 water/sewer extensions outside of the City's core or central system.  
144

145 "Facility Unit Fee" is intended to recover the costs of system extensions to a service  
146 area outside of the Central System. These facilities will typically be the "backbone" of a  
147 new service area and may include major water and sewer transmission mains, pumping  
148 stations, and water storage tanks. The fee is a unit rate based on the cost of the  
149 system extension expressed in dollars per EDU.  
150

151 "Growth Improvement" is the improvement required only to provide additional  
152 capacity to accommodate growth and primarily benefits new users.  
153

154 "Line Fee" is fee paid by a specific property owner. It is based on the number of  
155 EDUs that the customer is projected to generate at total build-out of the property. It is  
156 calculated by multiplying the Line Unit Fee by the projected EDU value (average daily  
157 water) for a particular development project, intended to cover the costs of extending  
158 water distribution and sewage collection mains to serve a specific geographic area,  
159 development or neighborhood. The Line Fee charge is intended to recover the cost of  
160 water distribution mains and collector sewers installed within a community or  
161 development, which feed into the backbone infrastructure.  
162

163 "Line Unit Fee" is intended to cover the costs of extending water distribution and  
164 sewage collection mains to serve a specific geographic area, development or  
165 neighborhood. The Line Unit Fee charge is intended to recover the cost of water  
166 distribution mains and collector sewers installed within a community or development,  
167 which feed into the backbone infrastructure. The fee is a unit rate based on the cost of  
168 the system mains expressed in dollars per EDU.  
169

170 "Lot" is a plat or parcel of land occupied or intended to be occupied by a principal  
171 building or use or group of buildings and accessory buildings and uses, including all  
172 open spaces and yards having frontage on a road as defined herein.  
173

174 "Main Lines" are the water and sewer mains, which are part of a system extension  
175 as a backbone for a new service area.  
176

177 "Master Plan" is the water and sewer plan, which outlines scope and costs of  
178 potential extensions and, service areas for those extensions.  
179

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

182  
183 "Meter Box" is also referred to as "meter vault" and "meter pit", the underground  
184 structure that houses and protects the water meter and water meter assembly.  
185

186 "Private Water Supply" means a supply other than an approved public water supply,  
187 which serves one or more buildings.  
188

189 "Public Sewer Main" means the common sewer directly controlled by the City of  
190 Salisbury.  
191

192 "Public Water Main" means a water supply pipe for public use controlled by the City  
193 of Salisbury.  
194

195 "Right-of-Way" is a strip of land occupied or intended to be occupied by a street,  
196 alley, crosswalk, water line, sanitary or storm sewer line, storm drain, drainage ditch, or  
197 for another special use.  
198

199 "Regulatory Improvement" is the improvement needed to meet regulatory  
200 requirements and benefits all users.  
201

202 "Sewer-Connection and Water-Meter/Tap Fee" is intended to cover the cost of  
203 tapping the water and sewer mains and providing the water meter, corporation stop, and  
204 stub out for the user water and sewer connections.  
205

206 "Sewer Lateral" is the section of sewer pipe extending from the Public Sewer Main to  
207 the Right of Way or Property Line owned by the public authority or public utility.  
208

209 "System Extension" is the major, public water or sewer infrastructure extended from  
210 the central system, prompted by proposed development and oversized to serve a new  
211 service area, i.e. water and sewer mains that are eight inches or greater in diameter,  
212 pumping stations, tanks, etc.  
213

214 **13.02.040 Applicability.** This chapter applies to any property owner that desires  
215 establishing or changing their water and sewer service within or outside the corporate  
216 limits of the City. Specifically:  
217

218 A. All applicants applying for connection to the City's public water and sewer  
219 system,  
220

221 B. Water and sewer main extensions for individual lot single-family residential  
222 customers and existing residential subdivisions,  
223

224 C. Water and sewer main extensions to serve other than individual lot single family  
225 residential customers and existing residential subdivisions, and  
226

227 D. Redevelopment of property having existing water and sewer service which the  
228 property owner or customer desires to increase or modify for his or her use.  
229

230 **13.02.050 Responsibilities.**

231  
232 A. The Director of Public Works shall:

233  
234 1. Develop and maintain a policy and procedures handbook which provides  
235 detailed information, procedures, and examples of the Comprehensive Connection  
236 Charge, developer reimbursement and other relevant development policies.  
237

238 2. At a minimum, review and update the City's Water and Sewer Master Plan  
239 every five years.  
240

241 3. Provide ~~a recommended~~ recommended adjustments for annual variances in  
242 the Comprehensive Connection Charge structure in coordination with the Director of  
243 Finance on an annual basis by resolution to the Office of the Mayor and City Council no  
244 later than September 30<sup>th</sup> of each year. The proposed Comprehensive Connection  
245 Charge structure shall become effective on the first day of the next calendar year. The  
246 specific recommendation, at a minimum, shall include:  
247

248 a. The Capacity Unit Fee based on the ten-year Water and Sewer Capital  
249 Improvement Plan approved by the Mayor and City Council.  
250

251 b. The Sewer-Connection and Water-Tap/Meter Fee based on the actual  
252 costs for the previous fiscal year.  
253

254 c. The Central System Line Fee for new water and sewer users within the  
255 City's Central Ssystem where there are existing mains. This Central System Line Fee  
256 will be based on the average contract cost for installing eight-inch diameter water and  
257 sewer mains for the previous twelve months.  
258

259 B. The Director of Finance shall:

260  
261 1. Provide a recommended Comprehensive Connection Charge structure in  
262 coordination with the Director of Public Works on an annual basis by resolution to the  
263 Office of the Mayor and City Council no later than September 30<sup>th</sup> of each year. The  
264 proposed Comprehensive Connection Charge structure would become effective on the  
265 first day of the next calendar year. This rate structure shall include an Administrative  
266 Fee for record keeping and payment processing costs.  
267

268 2. Provide a report to the Mayor and City Council on an annual basis no later  
269 than September 30<sup>th</sup> of each year, which will include a list of:  
270

271 a. The Consumer Price Index for urban areas, commonly abbreviated as the  
272 CPI-U.

273 b. Developer reimbursements for the previous fiscal year.

274  
275 c. Unreimbursed developer costs as of the end of the City's fiscal year and  
276 indexed using the Consumer Price Index for urban areas (CPI-U).

277  
278 3. Develop and implement procedures for collecting and recording developer  
279 reimbursements.

280  
281 **13.02.060 General Connection Policies.**

282  
283 A. Property owners requesting connection to the City's public water and sewer  
284 systems shall be required to connect to both the public water and public sewer system  
285 when both are available.

286  
287 B. The City shall reserve the right to evaluate each request for service and to deny  
288 the extension of the City's facilities in those cases where it is not in the best interest of  
289 the City.

290  
291 C. The City shall have the flexibility to determine how much of the master-planned  
292 infrastructure shall be constructed when presented with a new development project.

293  
294 D. Any public water and sewer facilities constructed or installed hereunder shall be  
295 the property of the City and constructed within City-owned easements and/rights of way  
296 in accordance with City Standards and Specifications. The City shall specify the size,  
297 type, quality of materials, and their location. The City, or at the City's option, a pre-  
298 approved utility contractor, will perform the actual construction.

299  
300 E. Property owners requesting connection to the City's public water and sewer  
301 systems that are not located within the City's corporate limit shall either submit a  
302 request for annexation if the property is contiguous with the City's corporate limit or  
303 execute a pre-annexation agreement if the property is not contiguous to the City's  
304 corporate limit.

305  
306 F. The City's public water and sewer systems shall not be connected until the  
307 request for annexation or the pre-annexation agreement are reviewed and accepted by  
308 the Director of Public Works. Property owners requesting annexation shall not be  
309 connected with water and sewer service until the City approves the annexation and the  
310 annexation has become effective in accordance with state law, except in a public health  
311 emergency described in paragraph G, below.

312  
313 G. The Director of Public Works shall have the authority to approve water and  
314 sewer connections to properties outside the corporate limits of the City where water  
315 and/or sewer is available when the Wicomico County Health Officer or designee  
316 provides a notification of the need of an immediate connection due to public health  
317 concerns, and the property owner complies with paragraph E, above.

318

319 **13.02.070 Comprehensive Connection Charge.**

320  
321 **A. Overview and General Policies.**

322  
323 1. The Comprehensive Connection Charge includes four specific fees, which  
324 are: Capacity Fee, Facility Fee, Line Fee, and Sewer-Connection and Water-Meter/Tap  
325 Fee. The Comprehensive Connection Charge for all customers will be calculated under  
326 the methodologies discussed in this chapter.

327  
328 a. The Capacity Fee will be for apply to all new users and redevelopment  
329 projects. The Capacity Fee is based on the number of EDUs that the customer is  
330 projected to use-generate at the total build-out of the development project.

331  
332 b. The Facility Fee and the Line Fee portions will vary depending on a  
333 customer's location and the required infrastructure that must be installed for service to  
334 that customer.

335  
336 c. The Sewer-Connection and Water-Meter/Tap Fee is based on the size of  
337 the customer's water and sewer connections.

338  
339 2. The Capacity Fee, Facility Fee, and Line Fee are the respective amounts of  
340 each fee that a property owner will pay for connection to water and sewer services for a  
341 specific property, development project, or redevelopment project.

342  
343 3. The Capacity Unit Fee, Facility Unit Fee, and Line Unit Fee are the respective  
344 amounts of each fee's cost measured in EDUs.

345  
346 42. The fees will be indexed yearly in order to cover the costs of inflation  
347 impacting the costs of past and future improvements.

348  
349 53. There are two types of new water and sewer users based on their proximity  
350 to the City's central system, either located within the existing City's Central System or  
351 outside the City's Central System. The City's Central System is defined as the publicly  
352 owned water and sewer infrastructure -as the corporate limits of the City on November  
353 4, 2004 January 1, 2005.

354  
355 a. The first type of new user is a "developer" or "property owner" located  
356 within the City's central system. They shall be charged a line fee for connection to  
357 existing water and sewer mains, called the Central System Line Fee, in addition to other  
358 applicable fees of the Comprehensive Connection Charge. Additional information on  
359 the Central System Line Fee is in § 13.02.08. The Central System Line Fee will be  
360 recommended on an annual basis by the Department of Public Works and approved by  
361 the City Council through resolution.

362  
363 b. The second type of user is a "developer" or "property owner" proposing  
364 development outside of the existing central system and located in a "new service area."

365 A "new service area" consists of an area outside the "central" system or as otherwise  
366 defined by the City.

367

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

372

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

376

377 86. The City reserves the right to negotiate the developer's payment, in full or  
378 part, for CIP projects which are required to be constructed earlier than planned, due to  
379 the demands of proposed development projects. Subsequent adjustments in the  
380 Capacity Fee may be required.

381

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

387

388 10. The applicable Comprehensive Connection Charge shall be a required  
389 provision of each Public Works Agreement.

390

391 11. The Mayor and Council may adopt a policy by separate resolution, which  
392 would allow discounts and/or deferrals of the Comprehensive Connection Charge to  
393 encourage development or redevelopment that is consistent with the City's goals.

394

395 812. To ensure a balanced and smooth transition of water and sewer connection  
396 costs from the previous policy, the Mayor and City Council, by resolution, may adopt a  
397 policy for ~~may discounting some of the total Comprehensive Connection Charge.~~ Any  
398 discounts shall be approved by resolution.

399

400 913. The collection of all Comprehensive Connection Charge fees shall occur as  
401 part of the water and sewer application process which may follow execution of the  
402 Public Works Agreement and site plan approval but shall precede water and sewer  
403 service being provided to the property by the City no later than the issuance of the  
404 Occupancy Permit.

405

## 406 B. Capacity Fee.

407

408 1. Capacity Fee's Purpose: This fee is intended to pay for capacity in the  
409 "central system." The fee shall be charged for each new connection to the City's  
410 system, regardless of location, to pay for the systems' growth and expansion projects as



411 outlined in the City's water and sewer CIP. Each new connection purchase will buy a  
412 share of the core or central system capacity under the "value of service concept." This  
413 fee will include payment for primarily two types of costs, which are:

414  
415 a. Costs of "recent improvements" where recent would be defined by the City  
416 and would include debt service on prior improvements not currently being retired in the  
417 water/sewer rate structure.

418  
419 b. Costs of planned future improvements in the central system, such as  
420 treatment plant upgrades/expansions, new water storage tanks, new and / or  
421 replacement mains, pumping station improvements, etc. These costs are growth  
422 projects outlined in the City's ten-year Capital Improvement Plan (CIP).

423  
424 2. Each new customer connecting to the water or sewer system shall pay a one-  
425 time adjustable capacity fee that is intended to recover the capital costs of capacity in  
426 the "central system" that is used by or reserved for new customers.

427  
428 3. The central system for the water utility includes the treatment plant, principal  
429 transmission lines, pumping stations, storage facilities and other central facilities. The  
430 central system for the sewer utility includes the treatment plant, major interceptors, force  
431 mains, and pumping stations.

432  
433 4. The Capacity Unit Fee shall be based on recent improvements and a ten-year  
434 water and sewer Capital Improvement Plan (CIP) approved by the City Council. The  
435 CIP includes proposed major projects and equipment expenditures for the next ten  
436 budget years. The Department of Public Works will identify the "capacity expansion" vs.  
437 "maintenance and replacement" components of all water and sewer CIP projects and  
438 equipment. The capacity expansion component is solely for additional capacity to  
439 accommodate growth and will be paid through the Capacity Unit Fee. All water and  
440 sewer users will fund the maintenance and replacement components through user  
441 rates.

442  
443 5. The Capacity Unit Fee shall be calculated by dividing the capital costs of  
444 capacity by the incremental capacity of the improvement (in gallons) which results in a  
445 capital cost per gallon of capacity. Such costs may be expressed in terms of capital  
446 costs per equivalent dwelling unit (EDU). This cost shall be defined to be the capital  
447 cost per gallon of capacity multiplied by 250.

448  
449 6. Capacity Fees may be expressed in multiples of EDUs for various size water  
450 meters, using equivalent meters as defined by the American Water Works Association  
451 Manual M1, Water Rates, or some other generally recognized industry standard.

452  
453 7. The cost of the Wastewater Treatment Plant improvement project will be  
454 broken down into "expansion" vs. "regulatory" based on the City's rationale of cost  
455 distribution funding sources, etc. Expansion costs shall be paid through the Capacity

456 Fee. All sewer users shall share regulatory costs through the sewer usage rate  
457 structure or some other billing surcharge.

458  
459 8. The Director of Public Works shall define and establish Capacity Fees for  
460 unique customer needs, or to affect other policy goals of the City government.

461  
462 9. The Capacity Unit Fee is based on dollars per gallon derivation for all  
463 planned water/sewer projects, which provide expansion capacity. Therefore, the  
464 Capacity Fee at the time of connection is 250 gal/EDU x \$/gal for expansion projects.  
465 Commercial or industrial users requiring larger service will be charged for the equivalent  
466 number of EDU's used.

467  
468 10. The projected EDU value (average daily water) for a particular development  
469 project will be estimated initially and may be then-adjusted later, based on actual daily  
470 water usage as measured and recorded by water meter. The Capacity Fee may shall  
471 be adjusted and additions or deductions applied accordingly.

472  
473 **C. Facility Fee.**

474  
475 1. Facility Fee's Purpose: The Facilities Fee is intended to recover the costs of  
476 system extensions to a service area outside of the Central System. These facilities will  
477 typically be the "backbone" of a new service area and may include major water and  
478 sewer transmission mains, pumping stations, and water storage tanks. The fee shall  
479 be charged to properties connecting to water/sewer extensions outside of the City's  
480 core or central system.

481  
482 2. If a developer, community association, property owner, or other entity  
483 requests that the City extend water or sewer service to a geographic area currently not  
484 served by the City's water or sewer systems, the City at its sole discretion may elect to  
485 serve such a geographic area. In such cases, the entity requesting the provision of  
486 water or sewer service shall pay for the entire costs of extending the backbone system  
487 of the water or sewer utility to such geographic area, and the City may require the  
488 requesting party to oversize the lines, pump stations, storage facilities or other capital  
489 facilities to accommodate future utility customers in or adjacent to the area requesting  
490 service.

491  
492 3. All such extensions of the backbone systems shall be built in City-owned  
493 easements and/or rights of way in accordance with City specifications, and shall be  
494 inspected and require approval by the City. The title to such facilities shall be vested in  
495 the name of the City, unless the City determines that it is to its advantage to title such  
496 facilities in the name of another entity. A portion of, or the entire costs less the  
497 developer's Facilities Fee may be reimbursed to the developer responsible for installing  
498 the facilities. The City's reimbursement policy is set forth in §13.02.090, Extension  
499 Reimbursement Policy.

500

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

506  
507 5. Fees and service areas are adjusted for each area served. The incremental  
508 method is based on actual costs of backbone infrastructure needed to serve new areas.  
509 As a consequence, the more remote the service from the City's core system, the higher  
510 the fee because of greater infrastructure needs.

511  
512 6. The Facilities Unit Fee charged to new connections may will need to be  
513 recalculated after completion of each development project.

514  
515 7. The Facility Unit Fee shall be calculated by dividing the capital costs of  
516 capacity by the incremental capacity of the improvement (in gallons) which results in a  
517 capital cost per gallon of capacity. Such costs may be expressed in terms of capital  
518 costs per equivalent dwelling unit (EDU). This cost shall be defined to be the capital  
519 cost per gallon of capacity multiplied by 250.

520  
521 8. The City reserves the right to charge a Facility Fee for any infrastructure  
522 project, the construction of which has been authorized by the City prior to the effective  
523 date of this ordinance, and for which the City has not been fully reimbursed.

#### 524 525 **D. Line Fee.**

526  
527 1. Line Fee's Purpose: The Line Fee is intended to cover the costs of extending  
528 water-distribution and sewage collection mains to serve a specific geographic area,  
529 development or neighborhood. The Line Fee charge is intended to recover the cost of  
530 water distribution mains and collector sewers installed within a community or  
531 development, which feed into the backbone infrastructure.

532  
533 2. If a developer, community association or other entity requests that properties  
534 in a specific neighborhood, development or other similarly-defined geographic area  
535 receive City water or sewer service, then the entity requesting such service shall be  
536 responsible for designing and constructing such water distribution or sewer collection  
537 system (including any related appurtenances such as storage facilities or pumping  
538 stations), using design and construction standards as may be specified by the City.  
539 Upon acceptance of such facilities by the City, title to such facilities shall be vested in  
540 the name of the City.

541  
542 3. The City may, at its sole discretion (e.g., in the case of homes with failing  
543 septic systems), provide financing for the design and construction costs of such  
544 distribution system / collection system facilities (including related appurtenances), with  
545 recovery of the eligible capital costs and related interest costs to be effected via a  
546 payment mechanism to be established by the City, such as a one-time fee, a lien on

547 real property to be repaid over time, a front foot assessment or any other such payment  
548 mechanism that is lawful and available for use by the City. The City may also require  
549 developer construction of these facilities; therefore, no fees would be collected  
550 particularly if it is ~~self-contained~~ self-contained.

551  
552 4. The Director of Public Works shall have sole discretion in determining which  
553 proposed improvements constitute "Backbone Infrastructure Extension of water/sewer  
554 facilities," subject to developer upfront funding and reimbursement under the extension  
555 policy and which improvements are subject to the "Line Fee" policy.

556  
557 5. New development line fee water and sewer mains shall be constructed to City  
558 standards by a developer and then turned over to the City.

559  
560 6. In the event that lines are required to serve existing communities, such as  
561 those with failing septic systems, this fee will enable ~~would apply to allow~~ the City to  
562 recover the cost of installing the lines. ~~The fee calculation would be based on the cost of~~  
563 ~~the infrastructure divided by the number of units to be served plus any City engineering~~  
564 ~~and administrative fees.~~

565  
566 7. The Line Unit Fee shall be calculated by dividing the capital costs of the lines  
567 by the incremental capacity of the improvement (in gallons) which results in a capital  
568 cost per gallon of capacity. Such costs may be expressed in terms of capital costs per  
569 equivalent dwelling unit (EDU). This cost shall be defined to be the capital cost per  
570 gallon of capacity multiplied by 250.

571  
572

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

574

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

578

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

581

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

584

#### 585 **13.02.080 City Infill or Redevelopment Projects.**

586

587 A. For property owners of previously undeveloped property requesting water and  
588 sewer service within the City's Central System and to whose property ~~where~~-existing  
589 water and sewer mains are adjacent to the property, the property owner will pay a City  
590 Central System Line Fee, in addition to any other applicable fees of the Comprehensive  
591 Connection Charge. The City Central System Line Fee shall not apply to  
592 redevelopment of property with existing water and sewer service.

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

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

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

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

F. To calculate the Capacity Fee for redevelopment projects with existing water and/or sewer service that will increase the water and/or sewer flows, the difference between the projected average daily flow and the previous historical estimated average daily flow shall be divided by the individual EDU rate of 250 gallons per day and then multiplied by the Capacity Unit Fee rate. Should there be a decrease in water and/or sewer service usage after redevelopment then there shall be no reimbursement of the Capacity Fee by the City to the property owner.

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

**13.02.090 Extension Reimbursement Policy.**

**A. Overview.**

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

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

637 3. The maximum reimbursement to the developer, installing the water and  
638 sewer infrastructure, will be the entire "Facilities Fee" less the "Facilities Fee" costs for  
639 the number of EDU's to be used by the developer.  
640

641 4. This policy involves full developer funding of extension projects with no out-  
642 of-pocket costs for the City.  
643

#### 644 **B. Reimbursement Procedures.**

645  
646 1. The Director of Finance, through the collection of the Facilities Fee, will  
647 reimburse the developer who installed the water and sewer infrastructure, as new users  
648 connect to the developer-constructed system.  
649

650 2. The Director of Finance will reimburse the developer within 45 calendar days  
651 of collecting the Facility Fee from the new user(s).  
652

653 3. The Director of Finance shall charge an appropriate administrative fee for  
654 record keeping and to recover any handling charges and/or payment processing costs.  
655 The administrative fee shall be deducted from the reimbursement amount.  
656

657 4. The Director of Finance shall calculate the reimbursement amount by the  
658 using original construction cost figures that will be updated to current costs using the  
659 CPI-U.  
660

661 5. It shall be the original developer's responsibility to furnish the Director of  
662 Public Works with contractor invoices or other forms of cost verification to be used by  
663 the City for the reimbursement calculation.  
664

#### 665 **C. Sunset Clause**

666  
667 1. The initial reimbursement period to developers shall be twenty years with an  
668 additional optional period of ten years.  
669

670 2. The ten-year optional period shall be subject to City approval.  
671

672 3. The City will consider factors such as the magnitude of the project cost, the  
673 City's historical growth rate, and the projected time period to reach build out within the  
674 area served by the water and sewer extension, before making the decision to extend  
675 the reimbursement period.  
676

#### 677 **D. Policies and Procedures**

678  
679 ~~1. The City shall develop and implement procedures for calculating, collecting,~~  
680 ~~and recording Comprehensive Connection Charges.~~  
681

682           2. ~~The City shall develop and implement procedures for tracking, coordinating~~  
683 ~~and recording developer reimbursements.~~ |  
684