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December 15, 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 first reading was at the December 13, 2004 City Council meeting.

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.

Sincerely,

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

Enclosure: as

JOHN F. JACOBS III, P.E.
DIRECTOR

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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 13th day of December, 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

Chapter 13.02

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

Sections:

13.02.010	Authority
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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."

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

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

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

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

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

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

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

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

"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.

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

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

"Capital Costs" shall be construed to include necessary studies, investigations,

designs, construction, project management and other related administrative and overhead costs incurred by the City.

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

"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 on January 1, 2005.

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

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

"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 based on the number of EDUs that the customer is projected to generate at total build-out of the development project. It is calculated by multiplying the Facility Unit Fee by the projected EDU value (average daily water) for a particular development project. The fee shall be charged to properties connecting to water/sewer extensions outside of the City's core or central system.

"Facility Unit 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 is a unit rate based on the cost of the system extension expressed in dollars per EDU.

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

"Line Fee" is fee paid by a specific property owner. It is based on the number of EDUs that the customer is projected to generate at total build-out of the property. It is calculated by multiplying the Line Unit Fee by the projected EDU value (average daily water) for a particular development project.

"Line Unit 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 Unit 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. The fee is a unit rate based on the cost of the system mains expressed in dollars per EDU.

"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.

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

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

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

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

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

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

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

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

"Sewer-Connection and Water-Meter/Tap Fee" is intended to cover the cost of

tapping the water and sewer mains and providing the water meter, corporation stop, and stub out for the user water and sewer connections.

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

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

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

A. All applicants applying for connection to the City’s public water and sewer system,

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

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

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

13.02.050 Responsibilities.

A. The Director of Public Works shall:

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

2. At a minimum, review and update the City’s Water and Sewer Master Plan every five years.

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

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

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

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

B. The Director of Finance shall:

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

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

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

b. Developer reimbursements for the previous fiscal year.

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

3. Develop and implement procedures for collecting and recording developer reimbursements.

13.02.060 General Connection Policies.

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

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

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

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

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

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

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

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.

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

b. 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.

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

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

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

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

5. 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 publicly owned water and sewer infrastructure on January 1, 2005.

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, called the Central System Line Fee, in addition to other applicable fees of the Comprehensive Connection Charge. Additional information on the Central System Line Fee is in § 13.02.08. 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.

6. 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.

7. 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).

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

9. To encourage individual-lot/single-family residential property owners to connect to the City's water and sewer system, the City will provide a payment plan for

the Water and Sewer Comprehensive Connection Charges over a five-year period, with the first payment due before construction. The City of Salisbury's Finance Director shall determine interest rates for the payment plan.

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

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

12. To ensure a balanced and smooth transition of water and sewer connection costs from the previous policy, the Mayor and City Council, by resolution, may adopt a policy for discounting the total Comprehensive Connection Charge.

13. The collection of all Comprehensive Connection Charge fees shall occur as part of the water and sewer application process which may follow execution of the Public Works Agreement and site plan approval but shall precede water and sewer service being provided to the property by the City.

14. The developer or property owner will pay the applicable Comprehensive Connection Charges (Capacity, Line, Central System Line, Facility, and Sewer-Connection and Water-Meter/Tap Fees) for each phase of the development or lot(s). As of December 21, 2004, no Capacity Fee will be paid if the developer or property owner has a signed Public Works Agreement and an approved site plan for one or more development phases, or an approved Water and Sewer Application for the lot(s) to be served with water and sewer

B. Capacity Fee.

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

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

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

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

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

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

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

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

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

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

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

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

C. Facility Fee.

1. **Facility Fee's Purpose:** The Facilities 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.

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

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

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

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

6. The Facilities Unit Fee charged to new connections may to be recalculated after completion of each development project.

7. The Facility Unit Fee shall be calculated by dividing the capital costs of capacity by the incremental capacity of the improvement (in gallons) which results in a capital cost per gallon of capacity. Such costs may be expressed in terms of capital

costs per equivalent dwelling unit (EDU). This cost shall be defined to be the capital cost per gallon of capacity multiplied by 250.

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

D. Line Fee.

1. **Line Fee's Purpose:** The 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.

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

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

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

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

6. In the event that lines are required to serve existing communities, such as those with failing septic systems, this fee will enable the City to recover the cost of installing the lines.

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

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

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

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

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

13.02.080 City Infill or Redevelopment Projects.

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

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 redevelop property with existing water and sewer service for which the property owner or customer is increasing 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.

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.

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

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

B. Reimbursement Procedures.

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

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

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

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

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

C. Sunset Clause

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

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

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