DATE: April 17, 2006

SUBJECT: Adopt the FY 2007 Water/Sewer Rate Increase.

C. M. RECOMMENDATION:

Adopt amendment to Chapter 26, Article 1 of the Arlington County Code (Utilities Ordinance) which reflects a water rate increase of $0.19, from $3.02 per thousand gallons to $3.21 per thousand gallons, and a sewer rate increase of $0.68, from $4.11 per thousand gallons to $4.79 per thousand gallons.

ISSUE: Should the County increase the water/sewer rate, by $0.87 per thousand gallons effective May 1, 2006, in order to realize revenues necessary to finance the FY 2007 Proposed Budget?

SUMMARY: The FY 2007 Proposed Budget proposes to increase the water/sewer rate to fund the Proposed Utilities Fund operating and capital budgets. The proposed rate increase of $0.87 raises the rate from $7.13 per thousand gallons to $8.00 per thousand gallons. The estimated impact to customers is an increase of $5.80 per month, or $17.40 per quarterly bill and $69.60 per year.

BACKGROUND: The Utilities Fund is a self-supporting enterprise fund that is fully financed by user fees. As part of the base FY 2007 proposed Utilities Fund budget, the proposed water/sewer rate is calculated at no more than $8.00 per thousand gallons in order to support planned operating expenditures and capital transfers. This represents a maximum $0.87, or 12 percent per thousand gallons rate increase.

As an enterprise fund, revenues collected by the Utilities Fund remain in the fund. Expenses budgeted for operating and capital costs, and debt service related to water and sewer operations and capital projects are funded in full from these revenues. The Utilities Operating Fund also pays its share of the operating budget costs for services provided by general fund services that are allocated to the fund through an indirect cost plan.

The Utilities Fund includes the operating budget for the Water Pollution Control Plant, as well as non-expansion and expansion capital budgets, and ensures continued operations and compliance

County Manager: _____________
County Attorney: _____________
Staff: Jon Altshul & John Mausert-Mooney, Department of Environmental Services

Report Date: 04/17/2006
with the National Pollution Discharge Elimination System (NPDES) Permit and Virginia Department of Environmental Quality (VDEQ) Operating Permit.

Additional rate increases are projected to continue for the next five to ten years at a rate of up to 15% due to several ongoing projects funded by the Utilities Fund. These include the Water Pollution Control Plant Master Plan 2001 Update for expansion and upgrades necessitated by environmental regulatory requirements, the Washington Aqueduct at Dalecarlia environmental improvements (the facility from which we purchase our water), and Blue Plains expansion costs (the facility where we send a portion of our wastewater for treatment).

**DISCUSSION:** If the rate increase from the Proposed Budget of $0.87 per thousand gallons is adopted, it will result in an increase of $17.40 per quarter, or $69.60 per year, for water/sewer service over that paid at the current rate, based an estimated household consumption of 80,000 gallons of water per year. The annual cost of water sewer service in the Washington Metropolitan Area is displayed in Table 1 (based on a rate survey from January 2006).

This proposed $0.87 increase will be used to fund ongoing operations and maintenance, debt service for capital improvements, and to continue to maintain the fund balance to mitigate natural and non-natural emergency events that impact water or sewer services.

The May 1, 2006, effective date continues the County's historical practice of placing the rate in effect immediately after adopting the budget because the revenue from the May billings is not received until after the new fiscal year.

**FISCAL IMPACT:** If the County Board adopts the proposed rate increases, an additional $4,831,523 in water/sewer revenues is projected. These revenues are included in the FY 2007 Utilities Fund budget. This increase will continue the Utilities Fund policy of fully financing all operating, capital transfers, and debt service expenditures via the water/sewer rate and other utility user fees.
## Table 1

**WASHINGTON METRO CURRENT AND PROPOSED ESTIMATED ANNUAL HOUSEHOLD WATER/SEWER COST**

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Current Annual Cost</th>
<th>Proposed Annual Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Falls Church (Within City Limits)</td>
<td>$745</td>
<td>$757</td>
</tr>
<tr>
<td>Prince William County Service Authority</td>
<td>$681</td>
<td>$699</td>
</tr>
<tr>
<td>City of Alexandria</td>
<td>$673</td>
<td>$687</td>
</tr>
<tr>
<td><strong>Arlington County</strong></td>
<td><strong>$570</strong></td>
<td><strong>$640</strong></td>
</tr>
<tr>
<td>PG &amp; Montgomery Counties (WSSC)</td>
<td>$579</td>
<td>$595</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>$518</td>
<td>$554</td>
</tr>
<tr>
<td>Fairfax City (Residential)</td>
<td>$472</td>
<td>$485</td>
</tr>
<tr>
<td>Loudon County</td>
<td>$481</td>
<td>$481</td>
</tr>
<tr>
<td>Fairfax County</td>
<td>$400</td>
<td>$418</td>
</tr>
</tbody>
</table>

1 All costs based on an estimated annual consumption of 80,000 gallons (20,000 per quarter).
2 Current Annual Cost reflects rates as of January 2006
3 Proposed Annual Cost reflects Fiscal Year 2007 proposed rates.
Attachment A

AN ORDINANCE TO AMEND, REENACT, AND RECODIFY CHAPTER 26, ARTICLE I, SECTION 26-7, OF THE ARLINGTON COUNTY CODE, RELATING TO AN INCREASE IN THE WATER/SEWER RATES AND FEES EFFECTIVE MAY 1, 2006.

BE IT ORDAINED that Chapter 26, Article I of the Arlington County Code is amended, reenacted, and recodified as follows, effective May 1, 2006. 2006.

Chapter 26

UTILITIES

ARTICLE 1. IN GENERAL

***


BASE: The charge for water/sewer service shall be based on the consumption of water as reflected by periodic readings of water meters serving the property.

RATES: (a) The rate for properties which use both shall be $7.13 $8.00 per thousand (1,000) gallons of water furnished. The rate for these services is set forth as follows:

(1) Water Services – $3.02 $3.21 per one thousand (1,000) gallons of water furnished.

(2) Sewer services - $4.11 $4.79 per one thousand (1,000) gallons of water furnished.

(b) The rate for properties which are served by the County water system only shall be $3.02 $3.21 per one thousand (1,000) gallons of water furnished.

(c) The rate for properties which are served by the County sewer system only shall be $4.11 $4.79 per one thousand (1,000) gallons of water furnished based on the periodic water or sewer meter reading by the utility serving the property.

***

The rates for water and sewer service become effective with water used on May 1, 2006.
The rates for the late charge and the water service activation/reactivation became effective July 1, 1992. The charges for cap-offs, drainage fixture unit inspections, and fire flow tests became effective July 1, 1993.