



BOARD OF SUPERVISORS AGENDA ITEM REPORT

Requested Board Meeting Date: April 18, 2017

Title: Proposed Revision to Pima County Code, Title 13, Chapter 20 - Sanitary Sewer Construction, Connections and Fees

Introduction/Background:

At its February 7, 2017 meeting, Supervisor Elias motioned to include a rate increase of up to four percent (4%) to existing sewer connection fees. The Board moved to include this proposed rate increase to existing sewer connection fees concurrently with the proposed four percent (4%) rate increase to existing sewer user fees.

Discussion:

Notice of proposed rate increase to the existing Sewer Connection Fees was made pursuant to ARS 11-251.13, posted on the Pima County website on February 16, 2017. A public meeting on the sewer connection fee increase was held on March 23, 2017, with notice published March 8, 2017 in both the Arizona Daily Star and the Daily Territorial.

Conclusion:

Pima County has not changed the sewer connection fee since 2012. As part of its scope of work, the newly-drafted Raftelis study recommends an increase of 2.6 percent (2.6%) to the current connection fees. Below is a comparison of increases using projected annual revenue for connection fees during the period July 1, 2017 through June 30, 2018:

2.6% = \$277,224

4.0% = \$426,498

Recommendation:

The Regional Wastewater Reclamation Department recommends along with the Regional Wastewater Reclamation Advisory Committee that the Board of Supervisors approve a 2.6 percent (2.6%) rate increase to the Sewer Connection Fees.

Fiscal Impact:

A 2.6 percent (2.6%) increase to the Sewer Connection Fees will generate an estimated \$277,224 in revenue annually.

Board of Supervisor District:

1 2 3 4 5 All

Department: Regional Wastewater Reclamation Department Telephone: 724-6549

Department Director Signature/Date: *John Johnson* 4/4/17

Deputy County Administrator Signature/Date: *[Signature]* 4/6/17

County Administrator Signature/Date: *C. P. [Signature]* 4/17/17



PIMA COUNTY

WASTEWATER RECLAMATION

REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE
201 NORTH STONE AVENUE
TUCSON, ARIZONA 85701-1207

March 30, 2017

The Honorable Chair and Members
Pima County Board of Supervisors
130 West Congress Street, 11th Floor
Tucson, Arizona 85701

RE: Proposed Rate Increase for Sewer Connection Fees

Dear Honorable Chair and Members:

At the February 7, 2017 Board of Supervisors' meeting, the Board considered a four percent (4%) increase to sewer user fees continued from its January 17, 2017 meeting. Supervisor Elias motioned to include a rate increase of up to four percent (4%) to existing sewer connection fees. The Board approved this motion to include this proposed rate increase to existing sewer connection fees concurrently with the proposed four percent (4%) rate increase to existing sewer user fees.

County Administration set the next hearing date for April 18, 2017. Notice of proposed rate increase to the existing Sewer Connection Fees was made pursuant to ARS 11-251.13 and posted on the Pima County website on February 16, 2017, that the Board would consider this item on April 18, 2017. On March 23, 2017, the Regional Wastewater Reclamation Advisory Committee (RWRAC) sponsored a public meeting on the sewer connection fee increase, with notice published March 8, 2017 in both the Arizona Daily Star and the Daily Territorial. There were two (2) County constituents in attendance at the public meeting, and zero (0) individuals addressed the Committee during Public Call to Audience.

Raftelis Financial Consultants is currently under contract to review the County's methodology and rate structure for sewer user charges. As part of their scope of work, Raftelis reviewed the County's current connection fee calculations. The preliminary results recommend an increase of at least 2.6 percent (2.6%) to the current connection fees.

In a vote of seven (7) to four (4), RWRAC recommends to the Pima County Board of Supervisors the proposed sewer connection fee increase of 2.6 percent (2.6%). The dissenting voters wanted their concerns regarding their vote specifically noted. The dissenting opinions regarding increasing connection fees, as stated by the committee members include:

- Demand is lower than expected. Current capacity size has not changed a significant enough amount to merit a fee increase;
- Current cash reserves are adequate to cover anticipated capital expenditures;
- Increased connection fee would have a negative impact on future businesses;
- Increased connection fee revenue does not change need for an increase in sewer user fees; and
- Increased connection fee revenue has no effect or impact on the debt ratio.

The Committee's recommendation for a sewer connection fee increase of 2.6 percent (2.6%) does not affect or alter its previous recommendation to increase the existing sewer user fees by four percent (4%).

The Honorable Chair and Members, Pima County Board of Supervisors

Re: Proposed Rate Increase for Sewer Connection Fees

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The members of RWRAC look forward to continuing its close working relationship with the Board of Supervisors and the Regional Wastewater Reclamation Department. All committee members are available at your convenience for any questions or further discussion.

Sincerely,



Amber Smith, Chair



Mark Taylor, Vice Chair

c: C.H. Huckelberry, County Administrator, Pima County
Tom Burke, Deputy County Administrator – Administration, Pima County
Carmine DeBonis, Deputy County Administrator – Public Works, Pima County
Jackson Jenkins, Director, Regional Wastewater Reclamation Department
Keith Dommer, Director, Finance and Risk Management Department
Julie Castaneda, Clerk of the Board, Pima County
Charles Wesselhoft, Attorney, Pima County Attorney's Office
Members, Regional Wastewater Reclamation Advisory Committee

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ORDINANCE 2017-___

AN ORDINANCE OF
THE BOARD OF SUPERVISORS OF
PIMA COUNTY, ARIZONA;
RELATING TO WASTEWATER;
AMENDING PIMA COUNTY CODE,
TITLE 13, CHAPTER 20,
SANITARY SEWER CONNECTION FEES

The Board of Supervisors of Pima County Arizona finds that:

To ensure new development pays its fair share of the capital costs associated with the wastewater conveyance and treatment capacity reserved for new development use, sewer connection fees must be adjusted to reflect the current unit capital cost.

BE IT ORDAINED BY THE PIMA COUNTY BOARD OF SUPERVISORS:

SECTION 1. Amendment. The Pima County Code, Title 13, Chapter 20, Section 13.20.045(a), is hereby amended as follows:

13.20.045 - Connection fees.

A. Connection Fee Rates. Except as otherwise provided in this section, persons connecting to the public sanitary sewer system shall pay the following connection fee:

1. Residential:

Water Meter Size	Amount
5/8 ", 3/4", or 1"	\$4,066.00 <u>4,229.00</u>

2. Commercial/Industrial/Multi-family:

Water Meter Size	Amount
5/8 " or 3/4"	\$4,066.00 <u>4,229.00</u>
1"	\$8,480.00 <u>8,819.00</u>
1 1/2"	\$27,030.00 <u>28,111.00</u>

2"	\$69,790.00 <u>72,582.00</u>
3"	\$162,510.00 <u>169,010.00</u>
4"	\$363,690.00 <u>378,238.00</u>

Connection fees for commercial/industrial dischargers with water meters greater than four inches in size will be calculated on a case-by-case basis using the following formula where "C" represents the cost of capacity factor of sixteen dollars and ~~two~~sixty-six cents per gallon to convey and treat wastewater, "G" represents the estimated number of gallons of wastewater produced during a peak flow day, and "I" represents a system inflow and infiltration rate factor of 1.175.

Connection fee in dollars = C x G x I

SECTION 2. Severability. If any provision of this Ordinance, or the application of any provision thereof is determined by a court of law to be invalid, the invalidity of that provision shall not affect other provisions or the application of this ordinance which can be given effect without the provision determined to be invalid, and to this end the provisions of this Ordinance are severable.

SECTION 3. County Officers and Employees. The various County officers and employees are authorized and directed to perform all acts necessary or desirable to give effect to this Ordinance.

SECTION 4. Effective Date. This Ordinance shall become effective 31 days after it is adopted by the Board of Supervisors.

PASSED AND ADOPTED by the Board of Supervisors of Pima County, Arizona, this _____ day of _____ 20__.

PIMA COUNTY BOARD OF SUPERVISORS:

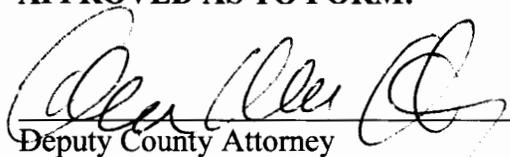
Chairperson

ATTEST:

Clerk of the Board

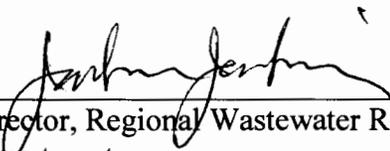
Dated: _____

APPROVED AS TO FORM:



Deputy County Attorney

APPROVED AS TO CONTENT:



Director, Regional Wastewater Reclamation
Department



Director, Finance Department

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ORDINANCE 2017-___

**AN ORDINANCE OF
THE BOARD OF SUPERVISORS OF
PIMA COUNTY, ARIZONA;
RELATING TO WASTEWATER;
AMENDING PIMA COUNTY CODE,
TITLE 13, CHAPTER 20,
SANITARY SEWER CONNECTION FEES**

The Board of Supervisors of Pima County Arizona finds that:

1. Through a study, completed in draft on March 31, 2017, County staff determined that the current unit capital cost associated with providing wastewater services is \$16.44 per gallon of daily flow.
2. To ensure new development pays its fair share of the capital costs associated with the wastewater conveyance and treatment capacity reserved for new development use, sewer connection fees must be adjusted to reflect the current unit capital cost.

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2. Commercial/Industrial/Multi-family:

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5/8 " or 3/4"	\$4,066.00 <u>4,172.00</u>
1"	\$8,480.00 <u>8,700.00</u>

1½"	\$ 27,030.00 <u>27,733.00</u>
2"	\$ 69,790.00 <u>71,605.00</u>
3"	\$ 162,510.00 <u>166,735.00</u>
4"	\$ 363,690.00 <u>373,146.00</u>

Connection fees for commercial/industrial dischargers with water meters greater than four inches in size will be calculated on a case-by-case basis using the following formula where "C" represents the cost of capacity factor of sixteen dollars and ~~two~~forty-four cents per gallon to convey and treat wastewater, "G" represents the estimated number of gallons of wastewater produced during a peak flow day, and "I" represents a system inflow and infiltration rate factor of 1.175.

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PIMA COUNTY BOARD OF SUPERVISORS:

Chairperson

ATTEST:

Clerk of the Board

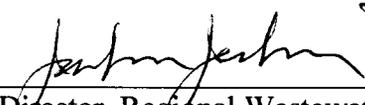
Dated: _____

APPROVED AS TO FORM:



Deputy County Attorney

APPROVED AS TO CONTENT:



Director, Regional Wastewater Reclamation
Department



Director, Finance Department