

Commissioners' Briefing on Front Foot Benefit and House Connection Rates

November 15, 2017

Strategic Priorities

- ▶ Improve Infrastructure
- ▶ Achieve Business Process Excellence and Maintain Financial Stability

Background: Front Foot Benefit

- ▶ WSSC constructs major transmission & collection lines which are funded by bonds and System Development Charges
- ▶ Developers build most of the smaller water & sewer mains
- ▶ WSSC can only build the smaller lines for single lot applicants or health hazard applicants
- ▶ HB824 approved in 1998 transferred responsibility for subdivision-sized line construction to developers, so front foot footage declined significantly

Historical Front Foot Benefit Rates

<u>Assessment Year</u>	<u>Constructed FFB Footage</u>		<u>Approved FFB Rates</u>		<u>Calculated FFB Rates</u>		<u>WSSC Subsidy</u>
	<u>Water</u>	<u>Sewer</u>	<u>Water</u>	<u>Sewer</u>	<u>Water</u>	<u>Sewer</u>	
2003	91,172	89,879	\$ 2.96	\$ 5.28	\$ 2.96	\$ 5.28	\$ -
2004	17,162	23,576	4.00	6.00	7.98	12.63	3,301,177
2005	2,895	7,879	4.00	6.00	6.28	16.57	1,410,957
2006	2,230	6,058	4.00	6.00	17.59	44.85	2,718,581
2007	820	1,587	4.00	6.00	21.38	43.63	778,185
2008	5,431	8,200	4.00	6.00	5.59	16.62	1,075,080
2009	-	2,273	4.00	6.00	-	25.84	796,305
2010	-	-	4.00	6.00	-	-	-
2011	-	-	4.00	6.00	-	-	-
2012	-	-	4.00	6.00	-	-	-
2013	-	-	4.80	7.18	(1)	-	-
2014	24,260	-	4.80	7.18	10.86	-	2,924,823
2015	-	-	4.80	7.18	-	-	-
2016	-	-	4.80	7.18	-	-	-
2017	-	-	4.80	7.18	-	-	-
2018	-	-	4.80	7.18	-	-	-

(1) Amortization period changed from 23 to 20 years.

\$4.80 is the 20-year equivalent of a \$4.00 23-year assessment.

\$7.18 is the 20-year equivalent of a \$6.00 23-year assessment.

Front Foot Benefit Rates

- ▶ Rates are effective January 1 and are applied to all properties abutted in the prior year
- ▶ Once set, rates cannot be increased
- ▶ Rates are based on actual costs of construction
- ▶ Rates are established on a per foot basis
- ▶ The front foot benefit charge is uniform for each class of property

Proposed 2018 Front Foot Benefit Rates

- ▶ Establish maximum front foot benefit rates per foot of \$4.80 for water and \$7.18 for sewer to be paid annually over a period of 20 years

House Connections: Background

- ▶ Rates are effective January 1
- ▶ The deferred payment option is effective for owner-occupied single family dwelling units
- ▶ Rates are estimates based on size and type of connection
- ▶ The basis for the rates is historical costs

Improved and Unimproved Rates

- ▶ Separate rates are charged for two types of house connections:
 - Improved connections are made to existing water and sewer lines installed in a street, road, alley or right-of-way which has been paved or otherwise improved
 - All other connections are unimproved (consequently, an extension must also be built)

Proposed 2018 House Connection Charges (Residential Small Size)

UNIMPROVED AND IMPROVED RESIDENTIAL SMALL SIZE

RATES	CURRENT UNIMPROVED 2017 CHARGES	PROPOSED UNIMPROVED 2018 CHARGES	CURRENT IMPROVED 2017 CHARGES	PROPOSED IMPROVED 2018 CHARGES
Water (inside and outside meters):				
1"	\$ 2,250	\$ 2,250	\$ 7,250	\$ 7,750
1 ½"	2,250	2,250	7,250	7,750
2"	3,250	3,250	7,750	8,250
Sewer:				
1 ¼" & 1 ½" pressure sewer	\$ 3,500	\$ 3,500	\$13,000	\$14,500
4" & 6"	3,500	3,500	13,000	14,500
Deferral option connection, residential only, where allowed:				
Water (inside and outside meters):				
1"	\$ 2,350	\$ 2,350	\$ 7,625	\$ 8,150
1 ½"	2,350	2,350	7,625	8,150
2"	3,400	3,400	8,150	8,650
Sewer:				
1 ¼" & 1 ½" pressure sewer	\$ 3,675	\$ 3,675	\$ 13,650	\$ 15,225
4" & 6"	3,675	3,675	13,650	15,225

Changes in the water and sewer improved rates

Proposed 2018 House Connection Charges (Other Rates)

	CURRENT 2017 CHARGES	PROPOSED 2018 CHARGES
NON-RESIDENTIAL SMALL AND LARGE SIZE		
Water (inside and outside meters)	Estimated Cost	Estimated Cost
Sewer	Estimated Cost	Estimated Cost
RIGHTS OF WAY (connection built by plumber)		
Water:		
1"	\$ 375	\$ 375
1 ½"	375	375
2" residential	450	450
2" non-residential and larger	Estimated Cost	Estimated Cost
Sewer:		
1 ¼" & 1 ½" pressure sewer	\$ 500	\$ 500
4" & 6"	500	500
8" & larger	Estimated Cost	Estimated Cost

No changes from current rates

Public Hearing Outreach & Notification

- ▶ Advertised in the Washington Post and the Sentinel newspapers (both counties)
- ▶ Outreach to both counties to identify interested customers
- ▶ November 15th Public Hearing notices posted in WSSC's One Stop Office and in both County's permitting offices
- ▶ Customer Connect, website, social media