



Proposed Sewer Reimbursement Policy

Item Type: Recommendation

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Decision Sought

- Does the Board approve the proposed sewer reimbursement policy and next steps?

Background

- Current reimbursement policy:
 - Developers enlarge pipes to Comp Plan level
 - When inadequate capacity for higher density developments
 - Follows Growth Pays for Growth Policy
 - Developers are reimbursed for pipes >10”
 - If other developers use enlarged pipes, they pay a pro-rata surcharge plus interest for use of enlarged pipe
 - Surcharge and interest is returned to developer who enlarged pipes
 - Reimbursement sun sets in 20 years after construction
 - No guarantee when other developers use enlarged pipe
 - Takes too long to be reimbursed, if at all

Purpose of Today's Discussion

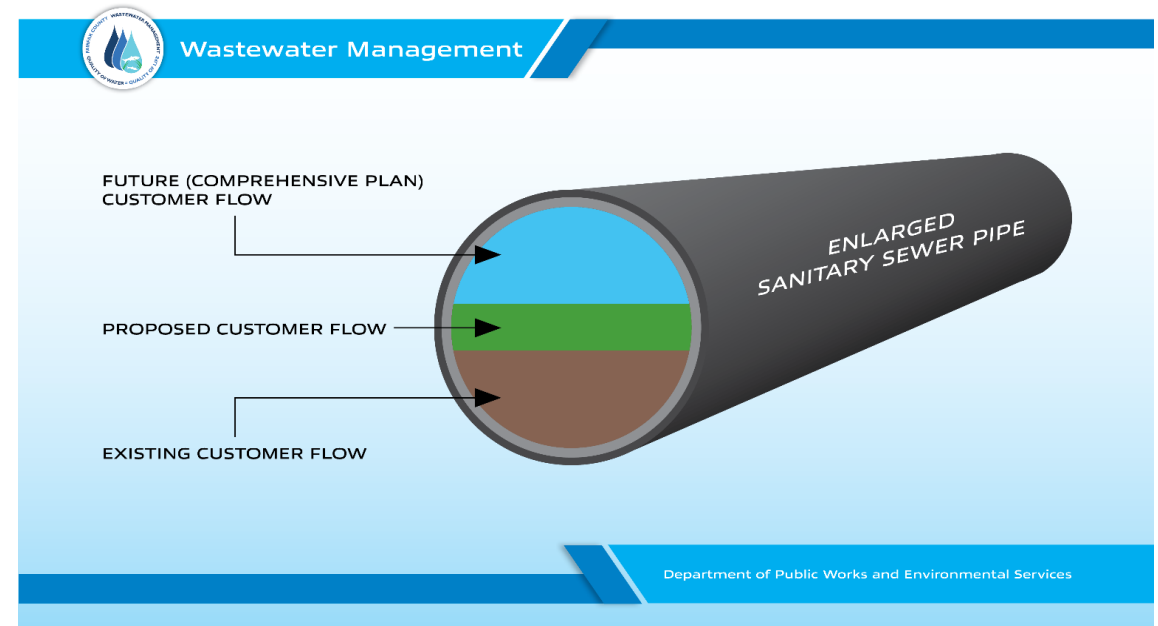
- Review reimbursement proposal
- Sources of wastewater revenues and their use
- Projected financial needs of the proposed policy
- Sources of funding for reimbursement
- Projected financial impact
- Discuss outreach and input received
- Discuss timing and next steps
- Board discussion/recommendation

Proposed Policy

- Reimburse when pipes are constructed and accepted
- Pro-rate cost among all users based on flow
 - Existing customers
 - Proposed development customers
 - Future customers (based on Comp Plan)

Funding Sources for Reimbursement

- Existing customers
 - Quarterly sewer bills
- Future (Comp Plan) customers
 - Future Availability Charge



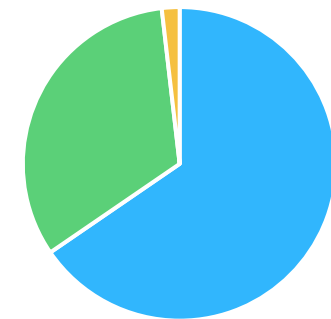
- Reimbursement will be for brown and blue portions
- Developers will pay for green portion

Primary Sources of Wastewater Revenues and Their Use

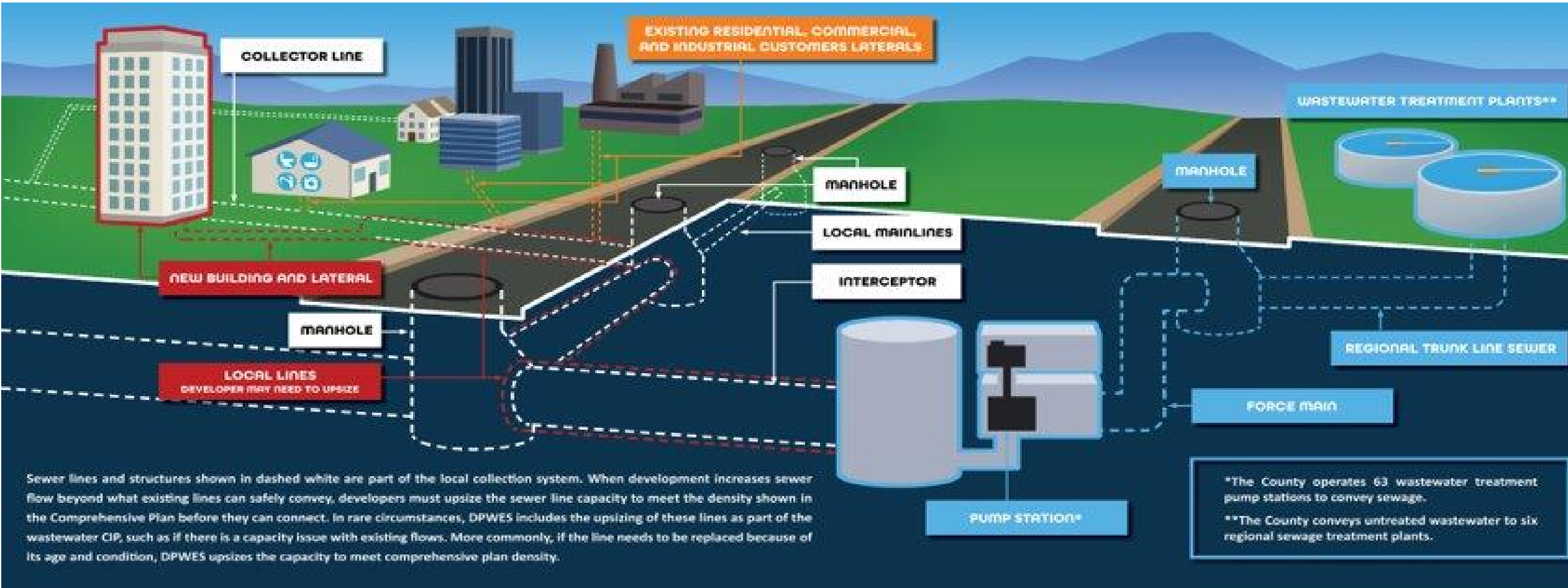
- Enterprise Fund
- Sewer bills ~\$198M /yr. Pays for existing facilities
- Availability Charge ~\$25M /yr. Pays for future capacity
- FY23 budget
 - Operating \$120M
 - Capital \$89M
 - Debt Service \$56M
 - **TOTAL \$265M**

Current Availability Charge Pays For

- Capacity at 6 treatment plants
- Capacity at pump stations, force mains and trunklines
- County staff time

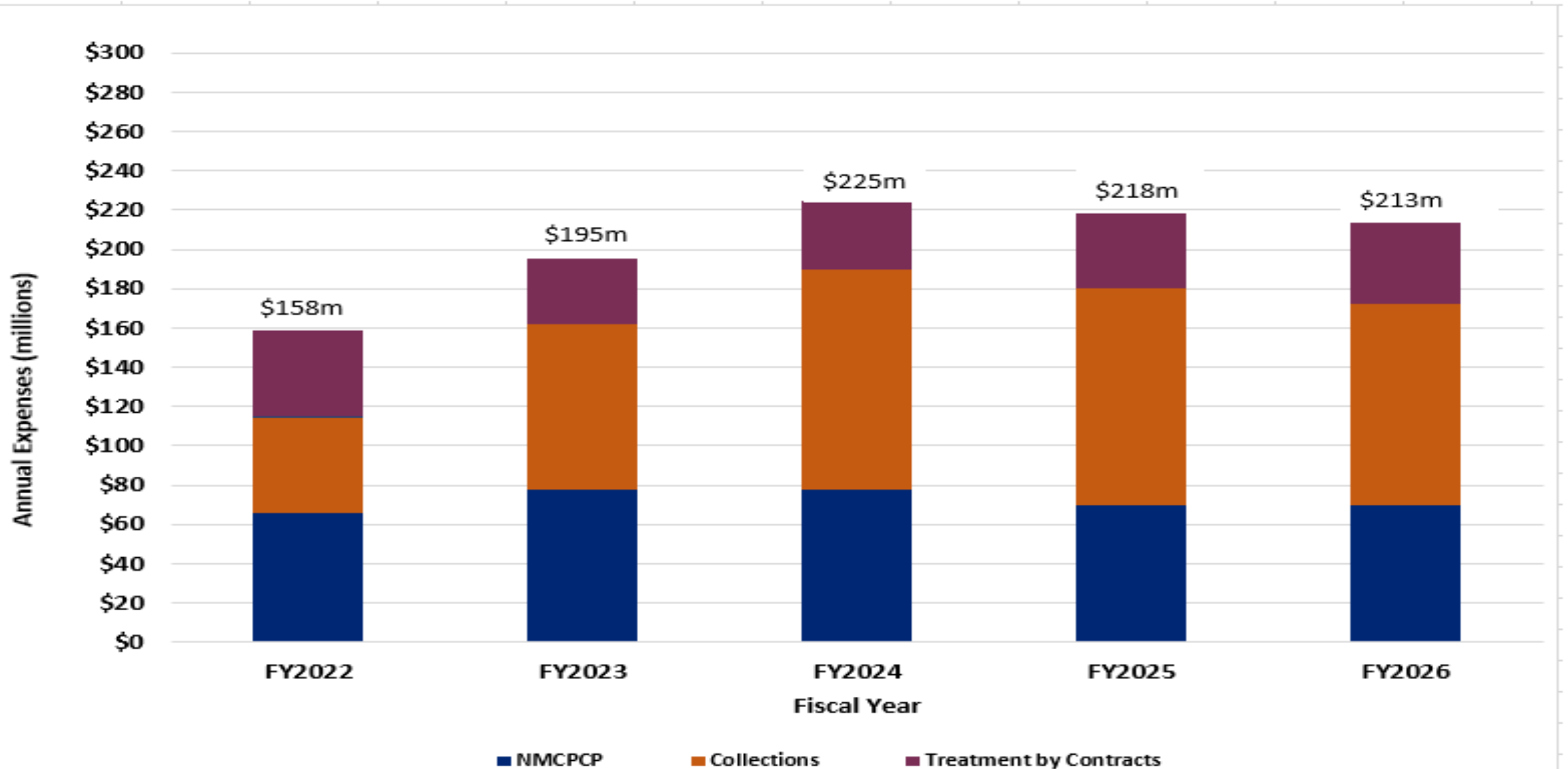


Wastewater System Schematic



Current Availability Charge focuses on the blue (right) part of the graphic
Proposed reimbursement policy focuses on the white (left) part of the graphic

Wastewater CIP as of June 2021



Capacity Related Projects

Projects in Planning:

1.Evaluation of DC Water's Potomac Interceptor	\$30/\$347K
2.New Sugarland Pump Station and Force Main	\$40.0M
3.New Tysons East Pump Station and Force Main	\$102.2M
4.Modify & Increase Difficult Run Pump Station capacity	\$5.4M

Projects in Design:

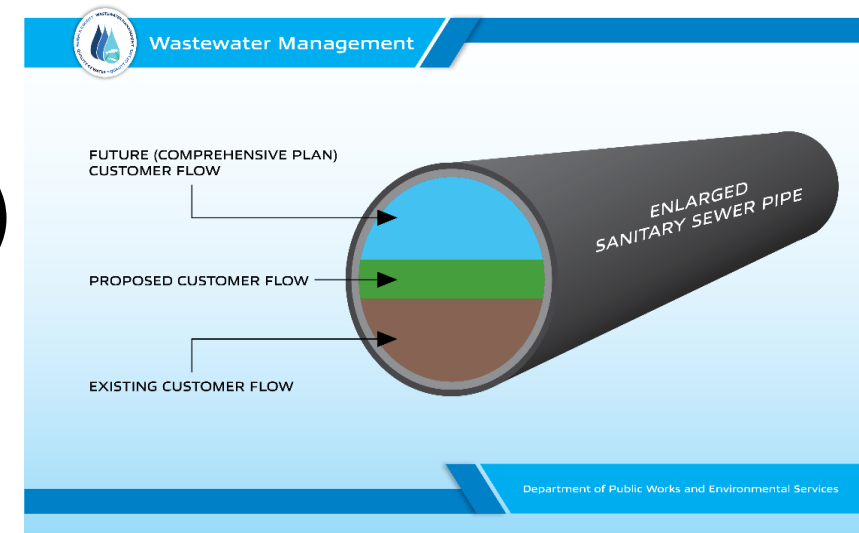
1.Wastewater Utility Management Plan	\$3.7M
2.Tysons West Pump Station, Force Main, and gravity sewer	\$115.4M
3.Enlarge Accotink Interceptor from 30" sewer to 42"	\$33.0M
4.Lakevale sewer project	\$2.2M
5.Enlarge 12" sewer to 18" sewer in Merrifield	\$2.3M
6.Enlarge and relocate gravity sewers along Route 1 BRT	\$29.5M

Project in Construction: Upsize Alexandria Renew line \$58/615M

Total \$391.73M

Projected Financial Needs of Proposed Policy

- Total construction cost - \$3M to \$30M /yr. (average ~\$5M /yr.)
- 2016 to 2021 developer led projects
 - 90% no enlargement
 - 10% enlarged at \$3.15M /yr.
- Budget \$15M total construction cost
 - County \$11.25M (brown and blue portions)
 - Developers \$3.75M (green portion)



Projected Impact on Sewer Charges For \$11.25M Reimbursement

- Sewer Service Charge increase of 0.17% above FY 23 charges

<u>FY 23 increase</u>	----10 yrs.--->	<u>FY 32 increase</u>
• \$0.10 /month		\$0.94 /month

- Availability Charge increase of 1.1% above FY 23 charges

<u>FY 23 increase</u>	----10 yrs.--->	<u>FY 32 increase</u>
• \$91 - single family		\$911
• \$73 - townhouse and multifamily		\$729

**Projected impacts reviewed annually for
adjustments**

Next Steps

- Board concurs with proposed policy:
 1. DPWES, DMB and OCA revise existing policy for Board's consideration
 2. DPWES and OCA develop reimbursement agreement template
 3. DPWES solicit development community on implementation details - timing of agreement and reimbursement
 4. DPWES and DMB coordinate dates for implementation, rate changes and public hearing (mid FY 23 or FY 24)
- Board does not concur with proposed policy:
 - Continue existing policy