

**ACTION ITEM  
BOARD OF SUPERVISORS**

**DATE** December 2, 2008

**TO** Board of Supervisors  
**FROM** Harry L Critzer *HLC*  
Director of Utilities  
**ISSUE** Presentation on Utilities Financing

**STAFF RECOMMENDATION** Refer Availability Fees to Utilities Commission

**BUDGET IMPACT.** N/A

**ATTACHMENTS:** (1)

- [1] Power Point [ ] Reso/Ord/Proc #
- [ ] [ ] Reso/Ord/Proc #
- [ ] [ ] Reso/Ord/Proc #

**REVIEW** [X] County Administrator's Office *[Signature]*  
 [ ] Legal \_\_\_\_\_  
 [ ] Budget Division \_\_\_\_\_

- [ ] Consent Agenda [ ] Other Business [ ] Public Hearing
- [ ] Discussion Item [ ] Presentation [X] Unfinished Business
- [ ] New Business

**PRESENTATION BY** Susan Fitzgibbon  
Utilities Financial Manager

**ELECTION DISTRICT** N/A



**Stafford County  
Department of Utilities  
Financial Update: Follow-Up  
December 2, 2008**

- Follow-Up Issues
  - 1 Last tap fee increase
  - 2 Competitive Implications of Large Meter Availability Rates
  - 3 Projected Impact on Schools/County
  - 4 Ability to cover debt service if development does not meet anticipated growth levels

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**1. Last Tap Fee Increase**

**Availability Fees 005-09**

- The Stafford County BOS last amended and re-adopted the Availability fees on December 13, 2005

	<u>Water</u>	<u>Sewer</u>
Current Rates	\$5600	\$3500
Previous Rates	\$3600	\$3500*

\* Sewer rate was last changed in 1997

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## 2. Competitive Implications of Large Meter Availability Rates

### Large Meter Statistics

	# of Water Accounts (June 08)	General Description of Typical Accounts
1" Meter	196	Small Businesses, Community Associations
1 1/2" Meter	253	Small Businesses, Apartment Complexes
2" Meter	176	Mid-Size Businesses (Retail) & Public Facilities
3" Meter	21	Hospital, Mid Size Businesses (Hotels/Restaurants) & Public Facilt
4" Meter	15	Condo Assoc, Jail, Larger Businesses & Public Facilities
6" Meter	7	Quantico, Mobile Home Parks

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### Alternative Scenarios:

- **View 1** Monthly Debt Service Fee
  - Partially fund debt service with a monthly fee charged per account
- **View 2** Adjust Commercial User Fees
  - Partially fund debt service with commercial User fees
- Alternative Views are Outside Current Fiscal Policy (R05-46)
  - *Capacity Expansion will be funded by*
    - *Availability and pro rata fees*
    - *Bond proceeds*
    - *Interest on investments allocated to the category*
  - *The Operating category will be funded by user fees*

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## Availability Fee Alternatives

An alternate Revenue Stream of \$1 M/year could reduce the proposed 5/8" Availability rate by approx \$1600

The impact on Larger Meters would be a multiple of \$1600

Meter Size	5/8"	1 1/2"	2"	3"	4"	6"
Meter Equivalents	1	5	8	16	25	50
Projected Reduction	(\$1,600)	(\$8,000)	(\$12,800)	(\$25,600)	(\$40,000)	(\$80,000)

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## View 1 : Monthly Debt Service Fee (Water & Sewer)

If Stafford were to charge a \$2.40 monthly "debt service" fee

- Impact on Annual Revenue = +\$0.9M (est ) \*
- Impact on Projected Base Availability Fee = (\$1,400)
- Provides stability during economic down-turn

\* Represents a 5% Increase to Avg Res Bill, 0 8% increase to Avg Commercial bill

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## View 2 : Commercial Usage Fees (Water)

### If Stafford Commercial Usage Fees = Spotsylvania's Fee level:

- Impact on Annual Revenue = approx +\$1.3M  
(based on 38Tgals)
- Impact on Projected Base Availability Fee = (\$2000)
- Represents 135% increase to avg Comm Customer bill
- Provides stability during economic down-turn

Example Based on 1.5" Commercial Meter  
(Usage = 38Tgals)

Spotsylvania Water Charge = \$254

Stafford Water Charge = \$108

Diff = \$146 (135% increase)

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## Summary of Alternatives

If Stafford County were to

- Charge a monthly Debt Service Fee to all accounts and
- Increase Commercial User Fees to Spotsylvania Benchmark,  
Availability Fees could remain near current level and  
revenue would be less dependent on projected growth

	1 1/2" Meter	2" Meter	3" Meter	4" Meter	6" Meter
Stafford-Current	\$45,500	\$72,800	\$145,600	\$227,500	\$455,000
Stafford-Proposed 11/5	\$62,500	\$100,000	\$200,000	\$312,500	\$625,000
Spotsylvania	\$27,380	\$33,370	\$52,530	\$69,590	\$121,880
City of Fredericksburg*	\$35,000	\$56,000	\$112,000	\$175,000	\$350,000
Albemarle	\$22,600	\$36,160	\$67,800	\$113,000	\$226,000
Fauquier	\$84,000	\$134,400	\$294,000	\$504,000	N/A
Hanover	\$63,719	\$101,950	\$203,900	\$318,593	\$637,187
Loudoun	\$61,436	\$100,530	N/A	N/A	N/A
Prince William	\$65,000	\$104,000	N/A	N/A	N/A

\* Rates calculated using Stafford County capacity assumptions

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**Options to cover debt service if  
Availability Fees do not meet  
anticipated level**

- 1. Increase tap fees
- 2. Increase user fees to cover capital costs
- 3. Reduce scope of projects