

AS AMENDED ON SEPTEMBER 28, 2020

ORDINANCE No. 2614

AN ORDINANCE OF THE CITY OF SALISBURY TO AMEND THE FOLLOWING SECTIONS OF TITLE 13, PUBLIC SERVICES OF THE SALISBURY MUNICIPAL CODE: CHAPTER 13.01.030, 13.02.020B.3.,7.,8., 13.02.050, 13.02.060E., 13.02.070, 13.02.080, AND 13.02.090 TO REVISE THE COMPREHENSIVE CONNECTION CHARGES DEFINITION AND APPLICATIONS.

WHEREAS, the ongoing application, administration and enforcement of the City of Salisbury Municipal Code demonstrates the need for periodic review, evaluation and amendment; and

WHEREAS, a water and sewer rate study was performed in 2018 in which comprehensive connection charges were evaluated; and

WHEREAS, the study recommended adopting an equity based fee instead of a capacity fee and central system line fee; and

WHEREAS, the equity based fee is recommended to be called a connection fee and replaces the capacity fee and the central system line fee; and

WHEREAS, the Director of the Department of Infrastructure and Development recommends other modifications to the comprehensive connection charges code to clarify the intent of various fees and programs.

NOW, THEREFORE, be it enacted and ordained by the City of Salisbury, that Chapters 13.01.030, 13.02.020B.3.,7.,8., 13.02.050, 13.02.060E., 13.02.070, 13.02.080, and 13.02.090 of the City of Salisbury Municipal Code be amended as follows:

Chapter 13.01 - ABBREVIATIONS AND DEFINITIONS

13.01.030 - Definitions.

"*Connection* **[[Capacity]]** fee" is based on the number of EDUs that the customer is projected to generate at total build-out of the development project. It is calculated by multiplying the *connection* **[[capacity]]** unit fee by the projected EDU value (average daily water *usage*) for a particular development project. The fee shall be charged for each new connection to the city's system, regardless of location, to pay for *equity in the City's utility systems*. **[[the systems' growth and expansion projects as outlined in the city's water and sewer CIP.]]**

"*Connection* **[[Capacity]]** unit fee" **[[means intended to pay for capacity in the "central system." It is based on the growth and expansion projects as outlined in the city's water and sewer CIP. The fee]]** is a unit rate based on the *equity value of the water and sewer systems* **[[capacity costs]]** expressed in dollars per EDU.

"Capital improvement plan" means a *five* **[[ten]]**-year plan showing the city's capital outlay needs for the water treatment plant, water distribution system, wastewater collection system and wastewater treatment plant and sets forth a plan for financing those needs.

[["Central system line fee" means the line fee for new water and sewer users within the city's central system where there are existing mains from which the property is to be served. This fee reimburses the city for the construction costs of the existing mains that serve the property and is proportional to the size of the property to be served.]]

"Central system line unit fee" means the in-place construction cost per linear foot for eight-inch diameter water and sewer mains. The fee is calculated as the average construction contract cost for installing eight-inch water and sewer mains throughout the city water and sewer systems for the previous twelve (12) months as determined by the Department of Infrastructure and Development.]]

"Comprehensive connection charge" means the charge to new customers connecting to the system that includes the *connection fee, infrastructure reimbursement fee, sewer lateral* **[[capacity fee, facility fee, line fee, and sewer-connection]]** and water-meter/tap fee.

[["Facility fee" is based on the number of EDUs that the customer is projected to generate at total build-out of the development project. It is calculated by multiplying the facility unit fee by the projected EDU value (average daily water) for a particular development project. The fee shall be charged to properties connecting to water/sewer extensions outside of the city's core or central system.]]

"Facility unit fee" is intended to recover the costs of system extensions to a service area outside of the central system. These facilities will typically be the "backbone" of a new service area and may include major water and sewer transmission mains, pumping stations, and water storage tanks. The fee is a unit rate based on the cost of the system extension expressed in dollars per EDU.]]

"Infrastructure Reimbursement fee" is based on the number of EDUs that the customer is projected to generate at total build-out of the development project. It is calculated by multiplying the infrastructure reimbursement unit fee by the projected EDU value (average daily water usage) for a particular development project.

"Infrastructure Reimbursement unit fee" is intended to recover the costs of system extensions to a service area outside of the central system. These facilities will typically be the "backbone" of a new service area and may include major water and sewer transmission mains, pumping stations, and water storage tanks. The fee is a unit rate based on the cost of the system extension expressed in dollars per EDU. The system extension may have been performed by the City or a private entity.

[["Line fee" means the cost of extending water distribution and sewage collection mains to exclusively serve a specific geographic area, development or neighborhood.]]

"Sewer-lateral **[[connection]]** and water-meter/tap fee" is intended to cover the cost of tapping the water and sewer mains and providing the *lateral, service, water meter, corporation stop, cleanout* and stub out for the **[[user]]** water and sewer connections.

Chapter 13.02 - GENERAL PROVISIONS—CONNECTION TO THE CITY'S WATER AND SEWER MAINS

13.02.020 - Legislative intent.

B. Goals. The goals of the comprehensive connection charge are as follows:

3. New or increased water or sewer usage will be charged *for equity in the existing system through a connection fee* **[[a portion of the cost of the central or core system through a "capacity fee"]]**;
7. The *infrastructure reimbursement* **[[facility]]** fees are to be indexed yearly in order to cover the costs of inflation impacting the costs of past improvements;
8. *The***[[Basis]]** *basis* of *the* proposed methodology for *the connection* **[[capacity]]** fee is that the "value of service" is equal to all users;

13.02.050 - Responsibilities.

A. The director of infrastructure and development shall:

1. Develop and maintain a policy and procedures handbook which provides detailed information, procedures, and examples of the comprehensive connection charge, *infrastructure* **[[developer]]** reimbursement and other relevant development policies;
2. Review and update the city's water and sewer master plan periodically;
3. Provide recommended adjustments for annual variances in the comprehensive connection charge structure in coordination with the Director of Finance to the office of the mayor and city council on or before March 15 of each year. The proposed comprehensive connection charge structure, if approved, shall become effective on July 1 of that same year. The specific recommendation, at a minimum, shall include **[[a. T]]** *the connection* **[[capacity]]** unit fee based on the *value of the utility systems and the capacity of the systems*. **[[ten-year water and sewer capital improvement plan approved by the mayor and city council,]]**

[[b. The sewer-connection and water-tap/meter fee based on the actual costs for the previous fiscal year. To provide a transition from 1999 rates, a one-time adjustment period shall be calculated as follows: actual costs in 2005 exceed the 2005 sewer-connection and water-tap/meter fee by varying amounts depending on the size of the service. There will be a phase-in period from 20[0]6 through 2008 in which the sewer-connection and water-tap/meter fee will only partially recover actual costs through 2007 but will be incrementally increased to completely recover actual costs by 2008.

The computed fee in those years will be as follows:

$$\mathbf{2006\ Fee = 2005\ Fee + (2005\ Costs - 2005\ Fee) \times 33\%,}$$

$$\mathbf{2007\ Fee = 2006\ Fee + (2006\ Costs - 2006\ Fee) \times 66\%,}$$

$$\mathbf{2008\ Fee = 2007\ Fee + (2007\ Costs - 2007\ Fee) \times 100\%,}$$

- c. **The central system line fee for new water and/or sewer users within the city's central system where there are existing mains. This central system line fee will be based on the average contract cost for installing eight-inch diameter water and sewer mains for the previous twelve (12) months.]]**
- B. The director of finance shall:
- [[1. **Provide a recommended comprehensive connection charge structure in coordination with the Director of Infrastructure and Development on an annual basis to the office of the mayor and city council on or before March 15 of each year. The proposed comprehensive connection charge structure, if approved, shall become effective on July 1 of that same year. This rate structure shall include an administrative fee for recordkeeping and payment of processing costs;**
 - 2. **Provide a report to the Mayor and City Council on an annual basis on or before March 15 of each year, which will include a list of:**
 - a. **The Consumer Price Index for urban areas, commonly abbreviated as the CPI-U,**
 - b. **Developer reimbursements for the previous fiscal year,**
 - c. **Unreimbursed developer costs as of the end of the city's fiscal year and indexed using the Consumer Price Index for urban areas (CPI-U);**
 - 3. **Develop and implement procedures for collecting and recording developer reimbursements;**
 - 4.]] *Deposit payments for* comprehensive connection charges in an appropriate special fund to [[i]]ensure that the fees and all interest accruing to the special fund are designated for improvements reasonably attributable to new or increased growth and are expended to reasonably benefit the new or increased growth.

13.02.060 - General connection policies.

- E. Property owners requesting connection to the city's public water and/or sewer systems that are not located within the city's corporate limit shall either submit a request for annexation if the property is contiguous with the city's corporate limit or execute a pre-annexation agreement if the property is not contiguous to the city's corporate limit **[[if a public health emergency exists pursuant to subsection G of this section]].**

13.02.070 - Comprehensive connection charge.

A. Overview and General Policies.

- 1. The comprehensive connection charge includes *the connection fee, infrastructure reimbursement fee, sewer lateral fee,* **[[four specific fees, which are: capacity fee, facility fee, line fee, and sewer-connection]]** and water-meter/tap fee. The comprehensive connection charge for all customers will be calculated under the methodologies discussed in this chapter.
 - a. The *connection* **[[capacity]]** fee will apply to all new or increased water and/or sewer usage. The *connection* **[[capacity]]** fee is based on the number of EDUs that the user is projected to generate.
 - b. The *infrastructure reimbursement* **[[facility fee and the line]]** fee **[[portions]]** will vary depending on a user's location and the required infrastructure that must *either* be installed *or was previously installed* for service to that user.

- c. The sewer *lateral* **[-connection]** and water-meter/tap fee is based on the size *and installation complexity* of the user's water and/or sewer connections.
2. The *connection fee and infrastructure reimbursement fee* **[[capacity fee, facility fee, and line fee]]** are the respective amounts of each fee that a property owner will pay for water and/or sewer services for a specific property, development project, redevelopment project, or change in **[[and/or]]** water usage.
3. The *connection unit fee and infrastructure reimbursement unit fee* **[[capacity unit fee and facility unit fee]]** are the respective amounts of each fee's cost per EDU.
4. The *infrastructure reimbursement* **[[facility]]** unit fee will be indexed yearly in order to cover the cost**[[s]]** of inflation impacting the cost**[[s]]** of past improvements.
- [[5.]]** There are two types of new water and/or sewer users: a) property owners contiguous to the city's central system; b) property owners not contiguous to the city's central system. The city's central system is defined as the publicly owned water and sewer infrastructure that was operational on January 1, 2005.
 - a. The first type of new user shall be charged a line fee for connection to existing water and/or sewer mains, called the central system line fee, in addition to other applicable fees of the comprehensive connection charge. Additional information on the central system line fee is in Section 13.02.080. The central system unit line fee will be established on an annual basis by the department of infrastructure and development and approved by the city council through resolution.
 - b. The second type of user shall be charged a facility fee for a new service area, in addition to other applicable fees of the comprehensive connection charge. A "new service area" consists of an area outside the "central" system.]]
- [[6.]]**5. The extension of water and/or sewer mains outside the city's *existing* **[[central]]** system may require *that* major infrastructure (i.e., pumping stations, water and sewer mains greater than eight inches in diameter, storage tanks, etc.)**[[s]]** *be* oversized to serve the needs of the service area, as determined by the city.
- [[7.]]**6. The city will identify the new service area to be served by extensions. The city will require a water and sewer plan and *the* estimated cost for the extension of infrastructure.
- [[8.]]**7. The city reserves the right to negotiate the property owner's payment, in full or *in* part, for capital improvement plan projects which are required to be constructed earlier than planned, due to the demands of proposed development projects. Subsequent adjustments in the *infrastructure reimbursement* **[[capacity]]** fee may be required.
- [[9.]]**8. The mayor and council may adopt a policy by separate resolution, which would allow discounts, deferrals, and payment plans for the comprehensive connection charge to encourage water and sewer usage that is consistent with the city's goals.
- [[10.]]**9. All comprehensive connection charge fees shall be paid before the first water meter is set or sewer service is provided to the property by the City, whichever is the first to occur.
- [[11.]]**10. The property owner shall pay the applicable comprehensive connection charge fees **[[capacity, line, central system line, facility, and sewer-connection and water-meter/tap fees]]** when due for each phase of the development.
- [[12.]]**11. The comprehensive connection charge fees for water and sewer service to a particular building unit shall be based on the unit rates in effect at the time that the fee is

paid for that building unit so long as the time limit set forth in section 13.02.070A. ~~[[13.]]~~12 has not expired.

~~[[13.]]~~12. Comprehensive connection charge fees shall not be paid prior to the execution of the Development Agreement. Once any comprehensive connection charge fees are paid, the first water meter shall be set and/or sewer service provided within two years, unless a request for an extension of time to set the water meter and/or provide sewer service at the same comprehensive connection charge fees previously paid is made to the Director of Infrastructure and Development in writing prior to the expiration of the two year time limit. Any extension granted shall not exceed one year. Up to two, one year extensions may be granted. The Director of Infrastructure and Development may refuse to grant a requested extension where the Director of Infrastructure and Development finds that the property owner is not making good faith efforts to conclude the development of the project to the point where the water meter will be set and/or sewer service is provided. If the first water meter has not been set and/or sewer service has not been provided within two years of any comprehensive connection charge fee payment or any approved one year extension, the comprehensive connection charge fees in effect at the time that the water meter is set and/or sewer service provided shall apply. After the expiration of the time set forth herein, the property owner will be required to pay any increase in comprehensive connection charge fees which has occurred and the property owner will not be guaranteed the same allotment of EDUs on which the prior comprehensive connection charge fees were based.

~~[[14.]]~~13. Comprehensive connection charge fees, once paid, shall remain the property of the City and shall not be refunded if the unit rates decline or the project is not constructed. Instead, the money collected for fees shall be allocated to the property for which those fees were paid as a credit for future comprehensive connection charge fees owed with regard to the property.

B. *Connection* ~~[[Capacity]]~~ Fee.

1. The *connection* ~~[[capacity]]~~ unit fee shall be based on *the value of the utility system, the existing utility system debt, the amount of grants used to fund the utility system and the existing capacity of the utility system.* **[[recent improvements and a ten-year water and sewer capital improvement plan approved by the city council. The CIP includes proposed major projects and equipment expenditures for the next ten budget years. The department of infrastructure and development will identify the "capacity expansion" vs. "maintenance and replacement" components of all water and sewer capital improvement plan projects and equipment. The capacity expansion component is solely for additional capacity to accommodate growth and will be paid through the capacity unit fee. All water and sewer users will fund the maintenance and replacement components through user rates.]]**

2. New or increased water and/or sewer usage by a property owner shall require the payment of a connection fee adjustment **[[one-time adjustable capacity fee]]** that is intended to recover the capital costs of *equity* ~~[[capacity]]~~ in the water and sewer system that is used by or reserved for new or increased usage.

[[3. The capacity unit fee shall be based on recent improvements and a ten-year water and sewer capital improvement plan approved by the city council. The CIP includes proposed major projects and equipment expenditures for the next ten budget years. The department of public works will identify the "capacity expansion" vs.

"maintenance and replacement" components of all water and sewer capital improvement plan projects and equipment. The capacity expansion component is solely for additional capacity to accommodate growth and will be paid through the capacity unit fee. All water and sewer users will fund the maintenance and replacement components through user rates.]]

[[4.]]3. The *connection* **[[capacity]] unit fee shall be calculated by *determining the depreciated value of the utility system in terms of current costs for replacement. For both water and sewer, the calculation is based on the value of the utility asset minus the credit from outstanding debt or grant funding, divided by the system capacity in equivalent dwelling units (EDU). **[[dividing the capital costs of capacity by the incremental capacity of the improvement (in gallons) which results in a capital cost per gallon of capacity. Such costs may be expressed in terms of capital costs per equivalent dwelling unit (EDU). This cost shall be defined to be the capital cost per gallon of capacity multiplied by two hundred fifty (250).]]*****

[[5.]]4. *Connection* **[[Capacity]] fees may be expressed in multiples *and fractions* of EDUs for various size water meters, using equivalent meters as defined by the American Water Works Association Manual M1, Water Rates, or some other generally recognized industry standard. *The minimum for any property is one (1) EDU.***

[[6. The cost of the wastewater treatment plant improvement project will be broken down into "expansion" vs. "regulatory" based on the city's rationale of cost distribution funding sources, etc. Expansion costs shall be paid through the capacity fee. All sewer users shall share regulatory costs through the sewer usage rate structure or some other billing surcharge.

7. The director of infrastructure and development shall define and establish capacity fees for unique customer needs, or to affect other policy goals of the city government.

8. The capacity unit fee is based on dollars per gallon derivation for all planned water/sewer projects, which provide expansion capacity. Therefore, the capacity fee at the time of connection is two hundred fifty (250) gal/EDU × \$/gal for expansion projects. Commercial or industrial users requiring larger service will be charged for the equivalent number of EDUs used.]]

[[9.]]5. The projected EDU value (average daily water usage) for a particular property owner will be determined initially by the city and a *connection* **[[capacity]] fee collected, and *either the City or the property owner* may request one subsequent adjustment, based on actual daily water usage as measured and recorded by water meter. When the project/building is fully occupied, the *connection* **[[capacity]]** fee may then be adjusted and additions or deductions applied accordingly based on an average of a minimum two consecutive years of water meter billings and other documentation as required by the department of infrastructure and development. The *connection* **[[capacity]]** fee may be increased based on an average of two consecutive years of water meter billings and other documentation. Any reimbursement of a *connection* **[[capacity]]** fee shall be without interest.**

[[10.]]6. *Connection* **[[Capacity]] Fee Waiver for Public Sponsored or Affordable Housing.**
a. "Public sponsored or affordable housing" means any dwelling unit built or financed under a government program, regulation, or binding agreement that limits for at least ten years the price or rent charged for the unit in order to make the unit affordable to

households earning less than sixty (60) percent of the area median income, adjusted for family size.

- b. Requests for a public sponsored or affordable housing *connection* **[[capacity]]** fee waiver are submitted to the Director of Infrastructure and Development for review. After review, the department of infrastructure and development shall submit the waiver request as a resolution for city council approval.
- c. *The resolution for each property will specify that the connection fee waiver is valid for two years, with the option to extend the waiver for two one-year terms if approved in writing by the Director of Infrastructure and Development prior to expiration of the term. The Director of Infrastructure and Development may refuse to grant a requested extension if the Director of Infrastructure and Development finds that the property owner is not making good faith efforts to complete the project.*
- d. *The two-year waiver begins to run from the time of the signing of the resolution awarding the waiver.*
- e. *The waiver is assigned to a project and to the property on which the project is located, and cannot be transferred by the recipient.*

C. *Infrastructure Reimbursement* **[[Facility]]** Fee.

1. *Infrastructure Reimbursement* **[[Facility]]** Fee's Purpose. The *infrastructure reimbursement* **[[facilities]]** fee is intended to recover the costs of system extensions to a service area outside of the central system. These facilities will typically be the "backbone" of a new service area and may include major water and sewer transmission mains, pumping stations, and water storage tanks. The fee shall be charged to properties connecting to water and/or sewer extensions outside of the city's core or central system.
2. If a developer, community association, property owner, or other entity requests that the city extend water or sewer service to a geographic area currently not served by the city's water or sewer systems, the city **[[at]]** *in* its sole discretion may elect to serve such a geographic area. In such cases, the entity requesting the provision of water or sewer service shall pay for the entire costs of extending the backbone system of the water or sewer utility to such geographic area, and the city may require the requesting party to oversize the lines, pump stations, storage facilities or other capital facilities to accommodate future utility customers in or adjacent to the area requesting service.
3. All such extensions of the backbone systems shall be built in city-owned easements and/or rights-of-way in accordance with city specifications, and shall be inspected and require approval by the city. The title to such facilities shall be vested in the name of the city, unless the city determines that it is to its advantage to title such facilities in the name of another entity. A portion of, or the entire cost**[[s]]** less the property owner's facilities fee may be reimbursed to the property owner responsible for installing the facilities. The city's reimbursement policy is set forth in Section 13.02.090, extension reimbursement policy.
4. The *infrastructure reimbursement* **[[facility]]** fee will use an incremental method to determine the cost. The incremental method is based solely on the actual incremental/sequential costs of property owner projects as they are added to the system. Property owners will "oversize" facilities in accordance with the city's directives to serve the entire service area.
5. Fees and service areas are adjusted for each area served. The incremental method is based on actual costs of backbone infrastructure needed to serve new areas. As a consequence,

the more remote the service from the city's core system, the higher the fee because of greater infrastructure needs.

6. The *infrastructure reimbursement* **[[facility]]** unit fee shall be calculated by dividing the capital costs of capacity by the incremental capacity of the proposed *water or sewer main* improvement (in gallons) which results in a capital cost per gallon of capacity. At the city's discretion, the *infrastructure reimbursement* **[[facility]]** unit fee may be calculated by dividing the capital costs of capacity by the estimated ultimate flow in the proposed *water or sewer main*. Such costs may be expressed in terms of capital costs per equivalent dwelling unit (EDU). This cost shall be defined to be the capital cost per gallon of capacity multiplied by two hundred fifty (250).
7. The city reserves the right to charge an *infrastructure reimbursement* **[[a facility]]** fee for any infrastructure project, the construction of which has been authorized by the city prior to the effective date of the ordinance codified in this chapter, and for which the city has not been fully reimbursed.

[[D. Line Fee.

1. **Line Fee's Purpose.** The line fee is intended to cover the costs of extending water distribution and sewage collection mains to exclusively serve a specific geographic area, development or neighborhood. The line fee charge is paid by the property owner directly to his contractor for the cost of water distribution mains and collector sewers installed within a community or development, which feed into the backbone infrastructure.
2. If a property owner, community association or other entity requests that properties in a specific neighborhood, development or other similarly defined geographic area receive city water and/or sewer service, then the entity requesting such service shall be responsible for designing and constructing such water distribution and/or sewer collection system (including any related appurtenances such as storage facilities or pumping stations), using design and construction standards as may be specified by the city. Upon acceptance of such facilities by the city, title to such facilities shall be vested in the name of the city.
3. The city may, at its sole discretion (e.g., in the case of homes with failing septic systems), provide financing for the design and construction costs of such distribution system/collection system facilities (including related appurtenances), with recovery of the eligible capital costs and related interest costs to be effected via a payment mechanism to be established by the city, such as a one-time fee, a lien on real property to be repaid over time, a front foot assessment or any other such payment mechanism that is lawful and available for use by the city. The city may also require property owner construction of these facilities; therefore, no fees would be collected particularly if it is self-contained.
4. The director of infrastructure and development shall have sole discretion in determining which proposed improvements constitute "backbone infrastructure of water/sewer facilities," subject to property owner upfront funding and reimbursement under the extension policy and which improvements are subject to the "line fee" policy.
5. New development line fee water and sewer mains shall be constructed to city standards by a property owner and then turned over to the city.

6. **In the event that lines are required to serve existing subdivisions, such as those with failing septic systems, this fee will enable the city to recover the cost of installing the lines.]]**

[[E.]]D. Sewer-Lateral **[[Connection]]** and Water-Meter/Tap Fee.

1. Sewer- Lateral **[[Connection]]** and Water-Meter/Tap Fee's Purpose. This fee is intended to cover the *actual* cost of tapping the water and sewer mains and providing the *lateral, service, water meter, corporation stop, cleanout, and stub out* for the **[[user]]** water and sewer connections, *if these services are provided by the City.*
2. The cost of this fee *will be the actual labor and materials costs incurred by the Department of Field Operations to perform the sewer connection or water tap. The fee will be estimated prior to performing the work. [[should be proportional to the projected domestic water demands, which will be reflected in the required meter size.]]*

[[3. **These fees shall be reviewed annually by the department of infrastructure and development to ensure that actual costs are being captured.]]**

[[4.]]3. All other tap sizes, including combinations of meter sizes and service line size, shall be computed by the Department of Infrastructure and Development for that particular application. The cost shall be based on time, equipment and material involved with a thirty (30) percent markup on direct labor costs and fifteen (15) percent markup on equipment and materials.

13.02.080 - City infill or redevelopment projects.

[[A. **For owners of property requesting water and sewer service within the city's central system and to whose property existing water and sewer mains are adjacent to the property, the property owner will pay a city central system line fee, in addition to any other applicable fees of the comprehensive connection charge. The city central system line fee shall not apply to redevelopment of property with existing water and sewer service.**

B. **The central system line unit fee will be based on the average contract cost per linear foot for installing eight-inch diameter water and sewer mains for the previous twelve (12) months. It will be adjusted annually by resolution of the city council.**

C. **A specific property's central system line fee is calculated by taking the square root of the property's area in square feet and then multiplying the result by the central system line unit fee.**

D. **There may be proposed projects inside the city's central system, which trigger reinforcing of the existing system due to inadequate capacity. In some areas, the city may be planning a future project in the water/sewer capital improvement plan to address the problem. At the city's discretion, the developer shall fund all or a portion of the project.]]**

[[E.]]A. Property owners with existing water and/or sewer service, who increase usage of water or sewer, shall pay the *Connection Fee adjustment* **[[applicable comprehensive connection charges, to include the capacity fee]]** for the additional water and sewer volumes.

[[F.]]B. **[[The capacity unit fee is based on dollars per gallon derivation for all planned water/sewer projects, which provide expansion capacity. Therefore, the capacity fee at the time of connection is two hundred fifty (250) gal/EDU × \$/gal for expansion projects.]]** Commercial or industrial users requiring larger service will be charged for the equivalent number of EDUs used.

[[G.]]C. The projected EDU value (average daily water usage) for a particular property owner will be determined initially by the city and a *connection* **[[capacity]]** fee collected, and *either the City or* the property owner may request ~~[[on]]~~ *a* subsequent adjustment, based on actual daily water usage as measured and recorded by water meter. When the project/building is fully occupied, the *connection* **[[capacity]]** fee may then be adjusted and additions or deductions applied accordingly based on ~~[[an]]~~ *the* average water usage for~~[[of]]~~ a minimum two consecutive years of water meter billings and other documentation as required by the Department of Infrastructure and Development. The *connection* **[[capacity]]** fee may be increased based on *the* average of two consecutive years of water meter billings and other documentation. Any reimbursement of *a connection* **[[capacity]]** fee shall be without interest.

D. *Permit and Connection Fee Waiver for Single Family Detached Dwelling Units*

1. *This section establishes the criteria for the waiver of building permit fees, plan review fees, plumbing fees, mechanical permit fees and connection fees imposed by the City for construction of new single family detached dwelling units. All eligible ~~The~~ single family parcels shall be recorded as of the effective date of ~~the passing of~~ this ordinance; ~~therefore, the~~ this waiver is for infill properties only.*
2. *The single-family detached dwelling proposed to be built shall conform to existing single-family detached homes in the neighborhood in which it is to be constructed and meet all required square footage and architectural ~~le~~ requirements.*
3. *Requests for single family permit and connection fee waivers are submitted to the Director of Infrastructure and Development for review and internal processing.*
4. *The fee waiver is assigned to a project and to the property on which the project is located, and cannot be transferred by the recipient.*
5. *The fees waived for the construction of new single family detached dwellings shall apply only to new homes built for and sold to individuals who will reside in the structures as homeowner-occupied dwellings. Homeownership will be confirmed through the records of the Maryland Department of Assessments and Taxation upon sale and closing of the real estate transaction and by the homeowner upon demand by the City. The structure shall remain homeowner occupied for a period of not less than five (5) years.*
6. *In the event the homeowner ceases to occupy the property or if the property is sold and no longer remains a homeowner occupied structure, prior to the end of the five year period, all waived permit fees, utility fees and other waived fees shall be due and payable to the City.*
7. *The fees waived as part of this program shall be a lien against the real property in question and shall be recorded, charged and collected as real property taxes owed upon a property on which there is a structure that ceased to be utilized as a homeowner-occupied structure during the required five (5) year period. A notice of lien shall be recorded with the City's Finance Department and also in the Land Records of Wicomico County, if desired, by the City, detailing the types and amounts of fees that were waived in connection with the design, permitting, and construction process for each single-family home covered by the program described in this Resolution. A copy of the notice of lien shall also be provided to the homeowner. An administrative fee of \$500 shall also be applied and collected if a structure ceases to be utilized as a homeowner-occupied structure during the five (5) year period referenced above.*

8. *The fees to be recovered pursuant to the lien will decline by twenty percent (20%) for each full year that the property remains homeowner-occupied. The administrative fee will not decline pursuant to this five (5) year schedule.*

13.02.090 - Extension reimbursement policy.

A. Overview.

1. This policy is intended to reimburse property owners over time for their proportionate share of the *infrastructure reimbursement* **[[facility]]** fee based on their initial investment, which will be indexed using the Consumer Price Index for urban areas (CPI-U).
2. Property owner risk will be based on the rate at which the area builds out and the sunset on reimbursement.
3. The maximum reimbursement to the property owner, installing the water and sewer infrastructure, will be the entire initial design and construction cost less the "*infrastructure reimbursement* **[[facility]]** fee" costs for the number of EDUs to be used by the property owner.
4. This policy involves full property owner funding of extension projects with no out-of-pocket costs for the city.

B. Reimbursement Procedures.

1. The director of finance, through the collection of the *infrastructure reimbursement* **[[facility]]** fee, will reimburse the property owner who installed the water and sewer infrastructure, as new users connect to the property owner-constructed system, *as certified by the Director of Infrastructure and Development*.
2. The director of finance will reimburse the developer within forty-five (45) calendar days of collecting the *infrastructure reimbursement* **[[facility]]** fee from the new user(s).
3. The director of *Infrastructure and Development* **[[finance]]** shall charge an appropriate administrative fee for recordkeeping and to recover any handling charges and/or payment processing costs. The administrative fee shall be deducted from the reimbursement amount.
4. The director of *Infrastructure and Development* **[[finance]]** shall calculate the reimbursement amount by using original construction cost figures that will be updated to current costs using the CPI-U.
5. It shall be the original property owner's responsibility to furnish the director of *Infrastructure and Development* **[[public works]]** with contractor invoices or other forms of cost verification to be used by the city for the reimbursement calculation. *Documentation of costs shall be provided within six (6) months after project acceptance by the City, or **else** the property owner shall forfeit the right to collect the infrastructure reimbursement fee.*

C. Sunset Clause.

1. The initial reimbursement period to property owner shall be twenty (20) years with an additional optional period of ten years.
2. The ten-year optional period shall be subject to city *council* approval.
3. The city will consider factors such as the magnitude of the project cost, the city's historical growth rate, and the projected time period to reach build out within the area served by the water and sewer extension, before making the decision to extend the reimbursement period.

Explanation:

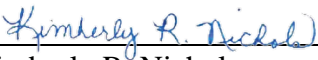
* *ITALICIZED PRINT INDICATES MATERIAL ADDED TO EXISTING LAW.*
Deleted material from the existing Code is indicated by bold double bracketed [[]] language.

Italicized and Underlined Print Indicates Material Added to the ordinance.
Material Deleted from the ordinance is indicated by bold ~~striketrough~~ language.

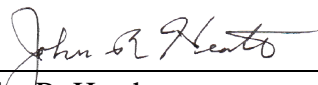
AND BE IT FURTHER ORDAINED AND ENACTED BY THE CITY OF SALISBURY, MARYLAND, that this ordinance shall take effect immediately upon adoption.

THIS ORDINANCE was introduced and read at a meeting of the Council of the City of Salisbury held on this 24th day of August, 2020, and thereafter, a statement of the substance of the Ordinance having been published as required by law, was finally passed by the Council on the 28th day of September, 2020.

ATTEST:

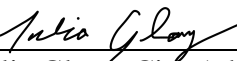


Kimberly R. Nichols
CITY CLERK



John R. Heath
PRESIDENT, City Council

APPROVED BY ME THIS 30 day of September, 2020



Julia Glanz, City Administrator
for and at the direction of Jacob R. Day, Mayor



City of
Salisbury
 Jacob R. Day, Mayor

To: Julia Glanz, City Administrator
 From: Amanda Pollack, P.E., Director of Infrastructure and Development AP
 Date: August 6, 2020
 Re: Ordinance for code changes to Comprehensive Connection Charges and to set fees for FY21

Per discussions at the June 2020 work sessions, the Department of Infrastructure and Development is seeking to revise the code associated with calculations of Comprehensive Connection Charges. In July 2018, Stantec Consultants completed their assessment for the City’s Water and Sewer Rate Study. Part of the evaluation included an analysis of the City’s Comprehensive Connection Charges. The Comprehensive Connection Charges are outlined in the City Code Chapter 13. The Department of Infrastructure and Development has reviewed the report findings and recommends proceeding with the recommendations, which are summarized below:

Current Code	Proposed Code	Reason for Change
Water and Sewer Capacity Fees (based on 10 year CIP)	Connection Fees (based on value and capacity of water and sewer system)	Connection fees based on purchasing equity in the existing utility system
Central System Line Fees (based on size of parcel)		
Sewer Connection and Water Meter/Tap fees	Sewer Lateral and Water Meter/Tap fees	Clarify what this is for. If Field Operations performs the work, then shall be reimbursed for actual costs
Facility Fees Line Fees	Infrastructure Reimbursement Fee	Clarify what this is for. Applies to City extension of services as well as developer extension of infrastructure.

The proposed code changes modify the terminology and calculations of rates. The current Capacity Fees are \$3,533 per EDU (\$1,513 for water and \$2,020 for sewer). Based on the equity calculations, the proposed maximum Connection Fee is \$9,746 per EDU (\$5,058 for water and \$4,688 for sewer), with no central system line fee.

The Department of Infrastructure and Development does not recommend implementing the full equity fee at this time, but instead increasing it over time. The attached ordinance provides for the new fee recommendations. The recommendation is for an increase of 5% over the existing capacity fees since the new connection fees also include the central system line fees. The new rates would be a Connection Fee of \$3,710 per EDU (\$1,925 for water and \$1,785 for sewer). These rates are 38% of the full equity buy in amount. We recommend increases annually until full equity buy in can be achieved.



City of
Salisbury
Jacob R. Day, Mayor

In addition to the Comprehensive Connection Charge modifications, there are proposed changes to the existing Incentive programs. Below is a summary of the changes to the Incentive Programs:

Incentive Program	In Code?	Proposed Changes
Affordable Housing	Yes	<ul style="list-style-type: none">• Add that the waiver is valid for two years and is renewable for up to two one-year terms.• Add that the waiver is non-transferrable.
Development and Redevelopment EDU Waiver	Yes	<ul style="list-style-type: none">• No proposed changes since a new Development waiver process is proposed via separate Ordinance.
Single Family Permit Fee Waivers	No	<ul style="list-style-type: none">• Add to the code in Section 13.02.080.• Waiver apply to only lots platted as of the date of the passing of this Ordinance (infill only).

Unless you have further questions, please forward a copy of the memo and the Ordinance to the City Council.