



# CITY OF HARRISONBURG CITY MANAGER

409 SOUTH MAIN STREET, HARRISONBURG, VA 22801  
OFFICE (540) 432-7701 • FAX (540) 432-7778

TO: Ande Banks, City Manager

FROM: Chris Brown, City Attorney, Mike Collins, Director of Public Utilities, David Gray, Engineering Manager.

DATE: May 2, 2023

RE: Amended and Restated Section 7-4-22 Charges for installing new water service lines and sewer laterals

**Summary:** Staff has drafted a proposed amended and restated Section 7-4-22 of the Harrisonburg City Code. The proposed ordinance separates the “Connection Fee” and “Capital Recovery Fee” to better define the intended function of each fee type. Whereas the Connection Fee is to recapture the actual cost of construction from the applicant, generally the fee has been set at cost per Section 7-4-23. Whereas the Capital Recovery Fee is a contribution to the capital costs required to operate the City’s water and sewer systems, generally the fees are correlated to demands upon the systems pursuant to AWWA (American Water Works Association) guidelines.

The amended code retains the principal of setting fees according to meter size, however with the following exceptions:

- A baseline Connection Fee and Capital Recovery Fee have been set for single family residential applications for the purpose of establishing predictability of cost to the applicant.
- For the purpose of encouraging higher density residential use, the incremental unit cost has been discounted by \$500 per unit.

**Background:** Currently Section 7-4-22 presents the following:

- The two fees are combined and therefore as connection costs increase, the resulting revenue for Capital Recovery decreases.
- The current fee structure is based on a step function derived from meter size and is therefore not directly proportional to increasing demands on the water and sewer systems.
- The current fee structure has no discount for higher density residential applications.

**Key Issues:** Connection Fees now reflect actual cost, Capital Recovery Fees are protected from devaluation from rising connection costs, and residential application receive a consideration of affordability.



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**Environmental Impact:** None

**Fiscal Impact:** Improved stabilization of Capital Recovery revenue in budgeting and assurance of collecting revenues to cover new service installation costs.

**Prior Actions:** Adoption of current Section 7-4-22

**Alternatives:**

- (a) Adopt the ordinance as presented; or
- (B) Adopt the ordinance with additional changes; or
- (C) Decline to adopt the ordinance

**Community Engagement:** None

**Recommendation:** Staff recommends approval of the proposed restated Section 7-4-22.

**Attachments:**

- 1) Proposed ordinance
- 2) Current ordinance

**Review:**

*The initiating Department Director will place in Legistar, in sequence of transmittal, the names of each department that must initial their review in order for this item to be placed on the City Council agenda. The completion of review only addresses the readiness of the issue for Council consideration. This does not address the recommendation for approval or denial of the issue.*

