

 TOWN OF CAPE CHARLES	AGENDA TITLE: Water and Sewer Connection Charges		AGENDA DATE: March 10, 2011
	SUBJECT/PROPOSAL/REQUEST: Reduce water and sewer connection charges.		ITEM NUMBER:
	ATTACHMENTS: Proposed Ordinance		FOR COUNCIL: Action (X) Information ()
	STAFF CONTACT (s): Bob Panek	REVIEWED BY: Heather Arcos, Town Manager	

BACKGROUND:

The current connection charges for water and sewer service total \$20,000. These charges were approved in 2009 based on growth projections, water and wastewater capacity expansion cost estimates, and grant/loan estimates available at that time. We are now well into construction of the new 250K GPD wastewater treatment plant, including the infrastructure on the plant site required for effluent reuse. We have achieved a greater grant percentage than assumed when the \$20,000 connection charge was adopted, principally due to obtaining significant additional funding under the American Recovery and Reinvestment Act (ARRA). Council was provided a re-estimate of connection charges, totaling \$16,850, for discussion at the recent Retreat. This reflected current cost estimates, the larger grant percentage, and a two year delay of the previous growth projection. As with the current connection charge, it assumed no payment under the Annexation Agreement, though Bay Creek Resort and Club represents about 68% of the growth projection driving capacity expansion needs.

DISCUSSION:

Council considered two additional estimates of connection charges at the February meeting. The first assumes payment of 50% of applicable costs under the Annexation Agreement; this estimate totals \$12,350. The 50% estimate presumes negotiation of “applicable costs”. The second assumes payment of 100% of applicable costs under the Annexation Agreement; this estimate totals \$6,150. Council approved: (1) drafting an ordinance reducing the residential connection charges to \$12,350 and rebating the difference to those individuals who have paid the \$20,000, (2) scheduling a public hearing. The draft ordinance is attached. The public hearing was conducted this evening.

RECOMMENDATION:

Staff requests a roll call vote on adoption of the attached ordinance.