

ORANGE COUNTY
BOARD OF COMMISSIONERS

ACTION AGENDA ITEM ABSTRACT

Meeting Date: June 2, 2009

Action Agenda
Item No. 4-gg

SUBJECT: Efland Sewer Resolution Amendment – Rate Increase Schedule

DEPARTMENT: County Manager

PUBLIC HEARING: (Y/N)

ATTACHMENT(S):

- 1. Amendment to Efland Sewer Resolution – “Attachment A”
- 2. Efland Sewer Resolution
- 3. Typical Bills Under New Rate Structure

INFORMATION CONTACT:

Kevin Lindley, Engineering Specialist,
245-2313

PURPOSE: To amend the existing Efland Sewer Resolution by replacing the current rate structure with a new rate structure and a four year schedule of rate increases.

BACKGROUND: The Efland Sewer System was established by Resolution of the BOCC in November 1985. The rates set at the time were sufficient for the operation of the system. At the present time, however, the revenue generated by the current rate structure accounts for only 20-25% of the full cost of operating and maintaining the system. The remainder of the system cost is paid from the Orange County General Fund.

On December 11, 2008 the BOCC authorized creation of a rate increase schedule that would take place over the next four fiscal years beginning on July 1, 2009. This rate increase schedule is designed to eliminate the Orange County General Fund subsidy of the System. In order for the rate increase schedule to become official, the page of the original Efland Sewer Resolution which lists the customer rates must be amended.

In the original resolution, the page that shows the rate schedule is called “Attachment A.” This amendment to the resolution would simply replace the existing “Attachment A” with the “Attachment A” shown in **Attachment 1** of this abstract. For comparison, the original resolution has been included with this abstract as **Attachment 2**.

There have been several citizens who have come forward to speak at recent Orange County Budget Public Hearings (May 21 and May 26, 2009) concerning the increase in sewer rates in Efland. The majority of the citizens who spoke recently have been associated with Habitat for Humanity, which has built several houses connected to the Efland Sewer System. All of the citizens who spoke felt that the rates required to fund the system would be too high for them to afford and the schedule to increase the rates to the required level was too abrupt. At least one person asked the BOCC to consider raising the rates gradually over the next 20 years to the level required to maintain the system. These comments echoed similar comments from other customers who spoke at the Public Hearing for the rate increase in Fall 2008.

In response to the concerns presented to the BOCC at the Fall 2008 Public Hearing, the BOCC approved a four year rate increase schedule. This was more gradual than the roughly 18 month increase schedule proposed by staff. Because the rate structure is also changing (there is no longer a 3000 gallon minimum bill), customers who use approximately 1200 gallons or less per month will see their bill decrease slightly on July 1, 2009 when the new rates take effect. The vast majority of Efland Sewer customers will see their bill increase less than \$20 per month the first year.

At the regular BOCC meeting on May 19, 2009, the BOCC directed staff to provide information to the Efland Sewer Customers regarding two assistance programs available to help citizens with their utility bills, namely the Emergency Assistance program offered through DSS and the Samaritan Relief program offered through Orange Congregations in Mission (OCIM). Customers of the System will receive information on these programs before they receive their first bill under the new rates. During the first year of new rates, the BOCC also directed staff to track the demand for assistance encountered by these two programs due to the increase in Efland Sewer rates. This information can then be used by the BOCC to direct future decisions on rate assistance.

FINANCIAL IMPACT: The current Efland Sewer System subsidy from the Orange County General Fund is approximately \$150,000. By amending the Efland Sewer Resolution and implementing the new rate increase schedule, this subsidy will be eliminated gradually over the next four years.

RECOMMENDATION(S): The Manager recommends that the Board amend the Efland Sewer Resolution by replacing the existing rates with the new rate schedule, as shown in **Attachment 1**.

ATTACHMENT A
Amended 6/02/09

NOTE: This rate schedule is subject to change based on up-to-date projections of the actual cost of operations and capital needs.

	Date of Implementation			
<u>Rate</u>	<u>July 2009</u>	<u>July 2010</u>	<u>July 2011</u>	<u>July 2012 and beyond</u>
Base Charge – Every customer pays this regardless of usage (minimum charge)	\$7.25	\$10.16	\$14.12	\$19.62
Charge per 1000 gallons (or any portion thereof)	\$6.30	\$8.82	\$12.26	\$17.04

Adopted November 19, 1985
 Amended March 1, 1988
 Amended November 15, 1988
 Amended October 19, 1999

NORTH CAROLINA
 ORANGE COUNTY

RESOLUTION ESTABLISHING RULES AND REGULATIONS FOR THE OPERATION OF
 A SEWER COLLECTION TREATMENT SYSTEM TO SERVE THE EFLAND AREA OF
 ORANGE COUNTY

Be it resolved by the Board of Commissioners of Orange County that the following rules and regulations (hereinafter called the Rules) shall govern the operation of the Orange County Sewer Collection and Treatment System serving the Efland area of Orange County (hereinafter called the System).

I. CLASSIFICATION OF SERVICE (Reserved. There are presently no separate classifications of sewer service.)

II. WASTEWATER TREATMENT LIMITATIONS

Orange County has contracted with the Town of Hillsborough which contract provides that the Town will treat wastewater generated by the System subject to the following conditions contained in the agreement between the County and Town:

No customer shall be allowed to connect to the County system unless and until such customer's proposed discharge has been found acceptable by both the Town and County. Approval shall be predicated on (1) the quality of the effluent of the potential user being compatible with the Town's NPDES discharge permit, (2) compliance with the Town's ordinance, rules and regulations concerning pretreatment of industrial wastewater, and (3) all County (subdivision, zoning, erosion, building, etc.) and State (DOT, etc.) permits having been properly granted. Under no circumstances will the County permit the discharge of septic sewage in its system.

III. RATE SCHEDULE AND AVAILABILITY FEES

A. Rate Schedule – Based upon monthly water consumption: See Attachment A.

B. Availability Fees:

Each person, firm, or corporation connecting to the system (hereinafter user or users) ~~other than those initially connected from among those initially applying for connection,~~ shall pay a \$600.00 per residential equivalent availability fee to the County and a ~~\$400.00~~ **an** availability fee to the Town of Hillsborough **as established and revised from time to time by the Town of Hillsborough.**

~~Availability fees may change from time to time pursuant to duly enacted resolutions of the County and the Town.~~

~~Those users initially connecting, from those initially applying for connection, shall be exempt from the availability fee. The initial application period expired February 4, 1985. The initial connection deadline will be established by resolution of the Board of County Commissioners.~~ **The original 212 potential Efland Area Sewer System customers who have provided Orange**

County with an application for sewer service to the Efland Sewer System and who have provided Orange County with a signed and acknowledged Efland Sewer System Sewer Easement and Agreement but have not been connected to the system because their property affected by the Sewer Easement and Agreement is not yet served by the sewer system are, with respect to the property affected by the Agreement, exempt from Orange County availability fees, provided they connect to the sewer system and become sewer customers of the sewer system with respect to the property covered by the Sewer Easement and Agreement signed by them within 30 days of notification that connection can be made. Availability Fees shall be paid by the user with a completed and signed Efland Sewer System Sewer Easement and Agreement.

C. Acreage Fee [Reserved].

Each person, firm, or corporation connecting to the system (hereafter user or users) shall pay a \$1,000.00 per acre capital replacement fee. The original 212 potential Efland Area Sewer System customers who have provided Orange County with an application for sewer service to the Efland Sewer System and who have provided Orange County with a signed and acknowledged Efland Sewer System Sewer Easement and Agreement but have not been connected to the system because their property affected by the Sewer Easement and Agreement is not yet served by the sewer system are, with respect to the property affected by the Agreement, exempt from Orange County acreage fees, provided they connect to the sewer system and become sewer customers of the sewer system with respect to the property covered by the Sewer Easement and Agreement signed by them within 30 days of notification that connection can be made. Acreage Fees shall be paid by the user with a completed and signed Efland Sewer System Sewer Easement and Agreement.

D. Stub-out Service Line Fee [Reserved].

Each person, firm, or corporation connecting to the system (hereafter user or users) shall pay a stub-out service line fee in an amount equal to the administrative and construction cost to Orange County of installing a service line. This fee shall be based on the out-of-pocket cost to Orange County for installing the service line plus an allocated cost equal to the administration cost to Orange County of having the installation accomplished. The original 212 potential Efland Area Sewer System customers who have provided Orange County with an application for sewer service to the Efland Sewer System and who have provided Orange County with a signed and acknowledged Efland Sewer System Sewer Easement and Agreement but have not been connected to the system because their property affected

by the Sewer Easement and Agreement is not yet served by the sewer system are, with respect to the property affected by the Agreement, exempt from Orange County stub-out Service Line fees, provided they connect to the sewer system and become sewer customers of the sewer system with respect to the property covered by the Sewer Easement and Agreement signed by them within 30 days of notification that connection can be made. A stub-out Service Line Fee shall be due from, owed and paid by the user within fifteen (15) days of mailing to the user of an Orange County invoice for the fee.

IV. APPLICATION FOR SERVICE

Persons seeking service may make application in person at the office of the Orange County Planning Department. The application requirements are as follows:

1. A deposit as provided in Article V of these rules must accompany the application and be paid at the Orange County Planning Department or such other place as is designated by Orange County from time to time. A Sewer Use and Easement and Agreement must be on file, signed by the property owner(s)/users.
2. The conditions set forth in Article IX of these rules must be satisfied in the case of an application for service to undeveloped land.
3. Any former user may again become a user by fulfilling the application requirements set forth in this article and by paying any applicable availability or other fees. In addition, any such former user applying again to be a user must pay any outstanding account plus interest thereon at the legal rate as it is established in North Carolina General Statutes Section 24-1, its successor, and as the same is amended from time to time, compounded annually. Any person who has actually used and benefited from sewer service which has been supplied to premises owned or directly occupied or used by that person, for which service there is an outstanding indebtedness remaining due the County, may become a user by completing the application requirements in this article, by paying any availability fee or other applicable fee and by paying the outstanding indebtedness for the service which was supplied to the premises owned or directly occupied or used by such person.

V. DEPOSIT

- A. A minimum cash deposit is required of all users. It shall be Thirty Dollars (\$30.00). The deposit shall be paid either in full at the time an application for service is made or in a maximum of three equal consecutive monthly installments, the first of which must be paid when an application for service is made. Equal to the average projected sewer bill for two months of service based upon the average present water usage or predicted water usage is required of all users. Deposits will not draw interest.
- ~~B. The user is primarily responsible for payment of all monthly service charges incurred in connection with sewer service. The property owner is, however, responsible for all charges as provided for in the Sewer Easement and Agreement.~~
- B. ~~C.~~ A separate deposit will be required for each connection.

- C. ~~D.~~ Each deposit may be redeemed by the user upon disconnection from the system and upon payment in full of all charges for service.

VI. INITIAL OR MINIMUM CHARGE

- A. There will be a separate account established for each sewer connection to the system. Each such account will be in the name of the user. The minimum monthly charge as provided in the rate schedule will be made for each account for any monthly usage up to the minimum 3,000 gallons.
- B. In those cases where the connection is to property which receives its water by well, the minimum monthly charge will be that established in the rate schedule unless water consumption exceeds the minimum contained in the rate schedule. The County reserves the right to meter the well of any user to determine that user's water usage.
- C. In those cases where the connection is to property which is in a residential development which has received substantial funding from Orange County as an affordable housing project consistent with the Orange County Long Term Affordability Policy, there will be a monthly charge established in the rate schedule for a fund for the perpetual inspection and maintenance of any pump station serving the development.

VII. COUNTY'S RESPONSIBILITY AND LIABILITY

- A. The County will run a service line from its collection line to the property line, except as provided in Article IX, relating to extensions of the system.
- B. All plumbing installed by the user for connection to the system will be installed according to the North Carolina State Plumbing Code and will be permitted, inspected and approved by the Orange County ~~Inspection Department~~.
- C. The County is not liable for damage of any kind resulting from sewage or its collection from the user's premises, unless such damage results directly from negligence on the part of the County. The County is not responsible for any damage done or resulting from any defect or operation failure in the plumbing installed by the user, or in any fixtures or appliances on the user's premises. The County is not responsible for negligence of third persons in the installation or operation of the System. The County is not responsible for damage caused by forces beyond its control or for the interruption of service caused by forces beyond its control.
- D. Except in the case of an emergency, the user will be notified in advance of any anticipated interruption of service. In the case of an emergency the user will be notified as soon thereafter as possible of the interruption of service.

VIII. USER'S RESPONSIBILITY

- A. The user is responsible for payment of all monthly service charges incurred in connection with sewer service. The owner of the premises to which services are delivered is responsible for all charges as provided for in the Sewer Easement and Agreement. If a delinquent user is not the owner of the premises to which services are delivered, the payment of the delinquent account will not be required before providing services to the premises at the request of a new and different tenant or occupant of the premises except as provided in Article IV.3. of the Rules.

- B. ~~A.~~ The user is responsible for installing all plumbing and apparatus necessary to connect to the County's service line and for connecting all plumbing and apparatus to the County's service line. Provided, however, no such connection shall be made without a permit to do so issued by the County and upon such terms and conditions as the permit prescribes.
- C. ~~B.~~ All plumbing and apparatus installed by the user will be installed and maintained at the user's expense in accordance with the County's rules and regulations and any other State or local requirements.
- D. ~~C.~~ The user will exercise reasonable care and will be responsible for the exercise of reasonable care by anyone on the user's premises with the user's permission over any portion of the County system located on the user's premises. Authorized County representatives will be permitted by the user to access the user's property in order to inspect, as needed, portions of the County's system located on the premises of the user.
- E. ~~D.~~ The user will be responsible for the cost of necessary repairs or replacement of lost or damaged property of the County which is part of the System or used in the operation and maintenance of the System which repair or replacement is caused by or results from the negligence or wrongful act of the user, the user's agents or employees. Likewise any damage or injury to persons or property which occurs on the premises of the user and which is caused by or results from the negligence or wrongful act of the user will be the sole responsibility of the user.
- F. ~~E.~~ The amount of any such loss or damage or the cost of repairs or replacements will be, when applicable, added as a charge to the user's account which charge will be added in full to the user's next statement unless other arrangements are made which are satisfactory to the County.

IX. EXTENSIONS OF THE SYSTEM

System extensions to serve undeveloped land may occur, but only as follows:

- A. All such extensions must be consistent with the overall System plan as adopted from time to time by Orange County. All such extensions must be approved by the County Engineer.
- B. Extension of the System to new developments can only be approved by the County Engineer if all zoning, and subdivision, land use plan and comprehensive plan regulations of Orange County or the Town of Hillsborough, if applicable, are met. With respect to subdivisions, the subdivision preliminary plat must be approved by the County or the Town, if applicable, which preliminary plat shall include approved preliminary plans for the System extension. Planned development plans which include System extensions must include approved preliminary plans for the System extension.
- C. All System extensions must be consistent with Goal 9.3 of the Orange County Land Use Plan which goal "prohibit[s] the establishment of public water and sewer services in the areas designated water quality critical areas, except to address emergency situations;" and with any Water and Sewer Policy of the County adopted as part of its Comprehensive Plan.
- D. All System extensions shall be installed according to and in compliance with approved plans.
- E. Construction of System extensions will be inspected by Orange County ~~or its engineer~~ at intervals determined by the County. The person seeking System extension agrees to permit access to the System and the System extension for

inspection purposes. User connections to the System will only be permitted after the extension of the System is finally approved in writing by Orange County.

- F. Upon the completion of the System extension the owner/developer will convey by deed or other appropriate instrument all portions of the System extension, including but not necessarily limited to right-of-way easements, collection lines, service lines, stub-outs, permits, pump stations and equipment, plumbing facilities and hardware. All System extensions will be at no cost to Orange County.
- G. Except as provided in Section VI.C. of these Rules, all System extensions requiring one or more pump stations will require the system extension applicant to pay for an inspection and maintenance fund for the perpetual inspection and maintenance of the pump stations required for the System extension. The amount to be paid and the terms of payment shall be established by Orange County and incorporated into the Sewer Extension Agreement/Contract between the System extension applicant and Orange County.

X. ACCESS TO PREMISES OF A USER

- A. It will be necessary for the safe and efficient operation of the System for duly authorized agents of the County to have access at reasonable times to the premises of the user for the purpose of installing, removing, inspecting and otherwise maintaining portions of the System and for the purpose of reading and testing meters and for any other purpose in connection with the installation, operation and maintenance of the System. Each user and property owner upon whose property any portion of the system or connections to it is located recognizes this need and by making application for sewer services grants authority to authorized agents of the County for this purpose.
- B. The Sewer Easement and Agreement includes a grant to the County of an easement for the purposes described in that agreement. Each user and owner by making application for sewer services acknowledges the easement and the rights described in that easement.

XI. CHANGE OF OCCUPANCY

The owner of property premises which is served by the System is ultimately responsible ~~for all sewer service charges as set out in the Sewer Easement and Agreement.~~ Furthermore, notifying the County or its duly authorized agent of any change in the occupancy of his/her premises. Any change in the use of the premises which is connected to the System will be communicated to the County and the Town of Hillsborough for prior approval as described in Article II of these rules and regulations.

XII. METER READING – BILLING – COLLECTING

- A. Orange County and, if applicable, its billing and collecting agent's records will be the basis for all charges for service. All users are encouraged to maintain receipts and other payment information and to bring any discrepancies in the user's records and the County's records to the attention of the County billing and collecting agent of the County immediately so that corrections, if any, can be made. The specific procedures to be followed in the event a user believes there has been a billing error are described in Article XIII.

- B. Meters will be read and bills rendered in accordance with the policies established by the County and any agency with which the County may contract. The County reserves the right to vary the dates or length of time covered by any statement, temporarily or permanently, if necessary for the efficient operation of the System.
- C. Statements for sewer service will be computed on the basis of the published rate schedule then in effect.
- D. Charges for sewer service commence when connection to the System is complete as prescribed and described in the Sewer Easement and Agreement.
- E. Each sewer connection will be separately metered and will be maintained as a separate account.
- F. Monthly statements will be mailed on or about the date the user's water meter is read, if there is a meter, or the same date each month as determined by the County's billing and collecting agent where there is no water meter. Payment is due when the statement for sewer service is received and delinquent 20 days after the statement water meter reading date. If payment is not made within 20 days after the statement water meter reading date, sewer and water service ~~may~~ will be discontinued. Statements will be sent to the address of the user as it appears on the application for service made by the user. It is the user's responsibility to immediately notify Orange County and its billing and collection agent of any change in this address. The user's failure to receive any statement or notice when it is addressed to the user at the address contained in the application or a new address provided to the County and its billing and collection agent shall not be a basis for forgiving discontinuation of service.
- G. ~~Unpaid charges are a lien on the property connected to the System as provided in the Sewer Easement and Agreement.~~

XII. DISCONTINUATION OF SERVICE

- A. When service is discontinued, the deposit made by the user will be applied ~~by the County~~ toward settlement of any unpaid account. Any balance will be refunded to the user, ~~unless the amount is less than \$1.00.~~ If the deposit is not sufficient to cover the outstanding account balance, the County and its billing and collection agent may proceed to collect the balance in the manner provided in the Sewer Easement and Agreement or in any other manner provided by law for the collection of a debt.
- B. The County, in addition to prosecution as provided by law, may discontinue and permanently refuse service to any user or property owner who tampers with a meter or sewer connection which sewer connection has been approved by the County. Any sewer connection not approved by the County may be disconnected by the County and service refused to those participating in the unauthorized connection or its use.

XIII. COMPLAINTS – ADJUSTMENTS

- A. If a user believes any statement of charges to be in error, the user may present a claim in person to the ~~Orange County Planning Department~~ billing and collection agent of the County before the statement becomes delinquent. Any such claim made after the statement has become delinquent will not be effective in preventing discontinuation of service as provided in these rules and regulations. The user may

pay such statement under protest and the payment will not prejudice the claim in case an error is found. Adjustment will thereafter be made for any such error.

- B. Request for special meter readings or tests will be governed by the rules and regulations established for that purpose by Orange County and its agents.

XIV. RETURN CHECK FEE

Each check for payment made payable to the County is accepted subject to collection. A service fee of \$ _____ will be charged for each instance when such check is not honored for payment by the bank or other institution upon which it is drawn. This service fee will be added to and become a part of the monies due the County for which the dishonored check was drawn and will be payable upon notice that it is payable. The normal policies of the County's billing and collection agent regarding returned checks shall be followed. All fees collected, provided they do not exceed those permitted by law, shall be the property of the County's billing and collection agent.

XV. ABRIDGEMENT OR MODIFICATION OF RULES

- A. No promise, agreement or representation of any employee of Orange County will be binding upon the County unless it is agreed upon in writing, signed and accepted by the duly authorized officers of the County which authorization must be accomplished by resolution of the Board of County Commissioners.
- B. No modification of rates or any of these rules and regulations may be made by any agent of the County. Any modification of rates and these rules and regulations will be accomplished by resolution of the Board of Commissioners of Orange County.

XVI. ADOPTION OF RULES

Until further resolution of the Orange County Board of Commissioners, the rules and regulations set out above are adopted as of the date below and become effective on and after November 19, 1985.

Upon motion made by Commissioner Moses Carey, seconded by Commissioner Shirley Marshall the foregoing resolution was adopted by the Orange County Board of Commissioners this the 19th day of November, 1985.

Amended by resolution of the Orange County Board of Commissioners on the 1st day of March, 1988.

Amended by resolution of the Orange County Board of Commissioners on the 15th day of November, 1988.

Amended by resolution of the Orange County Board of Commissioners on the 19th day of October, 1999.

ATTACHMENT A

First 3,000 gals. @ \$15.20 (minimum charge)

Each additional 1,000 gals. (or any portion thereof @ _____/1000 gals.

This rate schedule is subject to change based upon up-to-date projections of the actual cost of operations and actual cost of operations.

NORTH CAROLINA

ORANGE COUNTY

ADDENDUM TO MARCH 24, 1988 SEWER BILLING AND COLLECTING AGREEMENT

THIS ADDENDUM to the March 24, 1988 Sewer Billing and Collecting Agreement between ORANGE COUNTY, NORTH CAROLINA, hereinafter referred to as County, and ORANGE-ALAMANCE WATER SYSTEM, INC., hereinafter referred to as Contractor, entered into this 15th day of November, 1988:

WITNESSETH:

Paragraph 6 of the March 24th Agreement is deleted in its entirety and replaced by the following:

6. The Contractor shall collect a deposit for each account established for the System. Accounts shall be established by the Contractor upon receipt of a copy of an approved application for service from the County and the receipt of the required deposit from the customer. The amount of the deposit shall be equal to twice the minimum charge for sewer service according to the rate schedule in effect at the time application for service is made. The deposit shall be paid either in full at the time an application for service is made or in a maximum of three equal consecutive monthly installments, the first of which must be paid when an application for service is made. The deposit shall be kept by the Contractor for the County and applied toward settlement of the account upon disconnection from the System. Any balance of the deposit after settlement of the account shall be refunded to the customer by the Contractor.

WITNESS our hands and seals on the date first above written.

ORANGE COUNTY, NORTH CAROLINA

By: _____

Moses Carey, Jr., Chair
Orange County Board of
Commissioners

ATTEST:

(OFFICIAL SEAL)

Beverly Blythe
Clerk to the Board of
Commissioners of Orange County

ORANGE-ALAMANCE WATER SYSTEM, INC.

By: _____

Turner Forrest
President of the Board of Directors

Efland Sewer Monthly Bill Projections for Customers Using Between 1000 and 6000 Gallons per Month

Current Rates (Unchanged since 1987)	Proposed Rate Increases			
	July 2009	July 2010	July 2011	July 2012
\$1.70	\$7.25	\$10.16	\$14.12	\$19.62
\$4.50	\$6.30	\$8.82	\$12.26	\$17.04
NOTE: Currently, customers pay \$15.20 for 3000 gallons or less per month **Under new rate structure, there will no longer be a 3000 gallon minimum charge. INSTEAD, there will be a base charge that everyone will pay PLUS a charge per 1000 gallons of usage.**				

Rate

*Base Charges - Every customer

pays this, regardless of usage

*Charge per 1000 gallons

Monthly Customer Bills

Monthly Usage	1000 gallons	2000 gallons	3000 gallons	4000 gallons	5000 gallons	6000 gallons
	\$15.20	\$18.98	\$26.38	\$36.66	\$53.71	\$70.75
	\$19.85	\$27.80	\$38.64	\$50.90	\$63.16	\$87.79
	\$26.15	\$36.62	\$45.44	\$54.26	\$75.42	\$104.83
	\$32.45	\$45.44	\$63.16	\$87.79	\$121.87	
	\$38.75	\$54.26	\$75.42	\$104.83		
	\$45.05	\$63.08	\$87.68	\$121.87		