

THE EFFECTIVE DATE OF THIS ORDINANCE IS September 1, 2019
ORDINANCE NO. 19-03-003

**Re: Water and Sewer System User Rates Charged by the
Division of Utilities and Solid Waste Management**

BACKGROUND

In 2012, the Municipal and Financial Services Group (MFSG) was hired to review and update the County's water and sewer rate model. MFSG completed the review and determined that the sewer rates then in place required an overall 13.6% increase to ensure adequate revenues were generated to cover the sewerage system costs. MFSG also determined that, without committed sales of water to the City, the County would need an overall increase in water volume rates of approximately 59.2% in FY2014 to discontinue the use of operating reserves to subsidize the annual operation of the Water and Sewer Enterprise Fund. On October 25, 2012, the DUSWM presented this information and options to the former Board of County Commissioners (BOCC) for water and sewer rate changes. The BOCC held a public hearing on a rate change option that revised water and sewer rates gradually over a 5-year period via Ordinance No. 12-29-624 beginning at the start of FY2014 (July 1, 2013).¹

In September 2017, MFSG was hired to review and update the County's water and sewer rate model. MFSG completed the review and determined that the water rates "are sufficient to cover the revenue requirements for FY2019 through FY2024." MFSG also determined that "sewer rates, if left in place, are projected to generate insufficient revenue to fund the revenue requirements for FY2019 through FY2024 as well as meet the minimum cash balance requirement of 90 days operating expense and 3R [Repair, Replacement, and Rehabilitation] reserve balances". Additionally, the 3R Reserve was not being maintained at the recommended level. The 3R Reserve is for the costs to repair, replace or rehabilitate major portions of the infrastructure with the goal to set aside a portion of each years' revenues into the Reserve so that certain projects can be completed without having user rates fluctuate each time a project is executed.²

Pursuant to the authority contained in Chapter 2-13 of the Code of Public Local Laws of Frederick County, the County Council held a public hearing on July 2, 2019, to consider revised water and sewer system rates to bring them in line with the costs of providing water and sewer services to the users.

NOW, THEREFORE, BE IT ENACTED AND ORDAINED BY THE COUNTY COUNCIL OF FREDERICK COUNTY, MARYLAND, that the water and sewer service charges set forth on Exhibit A for FY2020 are hereby adopted and will take effect on September 1, 2019, and remain in effect through and including June 30, 2020.

¹ Ord. 01-05-279, which became effective in May 2001, set the rates for a five (5) year period, with small incremental increases each year through FY2006. No rate increases occurred between FY2007 and FY2013.

² The 3R Reserve contribution for water is to accrue a balance to 2% of total assets over 10 years, and sewer is to accrue a balance to 1% of total assets over 10 years on a replacement value (less depreciation).

AND BE IT FURTHER ENACTED AND ORDAINED, that the water and sewer service charges shown on Exhibit A for FY2021, and for each subsequent fiscal year through 2024, are hereby adopted and will take effect on July 1st of each respective fiscal year and remain in effect through June 30th of that fiscal year.

AND BE IT FURTHER ENACTED AND ORDAINED, that water and sewer service charges for each fiscal year beyond FY2024 will be adjusted each year based on the change during the prior 12 month period of the US Department of Labor, Bureau of Statistics Consumer Price Index: CPI-All Urban Consumers, Series ID CUUR0000SA0 (or equivalent), as published by the Bureau of Labor Statistics Washington DC, and that the adjusted water and sewer service charges will take effect on July 1st of each fiscal year beginning on July 1, 2024, and each July 1st thereafter without further action by the County Council.

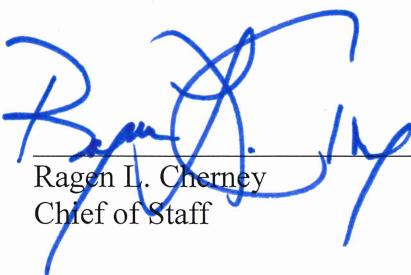
AND BE IT FURTHER ENACTED AND ORDAINED, that beginning in FY2025, no later than 60 days before the end of each fiscal year, the County Executive will report to the County Council on the rates for water and sewer service. The report will state any anticipated operating deficit for the current fiscal year; the estimated operating expenses of the water and sewer utility for the ensuing fiscal year; and any recommended adjustments to the water and sewer service charges.

AND BE IT FURTHER ENACTED AND ORDAINED, that this Ordinance shall take effect on September 1, 2019.

The undersigned hereby certifies that this Ordinance was approved and adopted by the County Council of Frederick County on the 2nd day of July, 2019.

ATTEST:

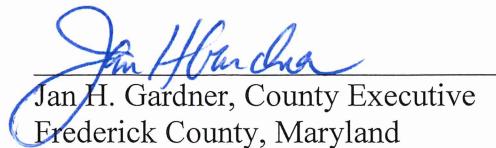
COUNTY COUNCIL OF
FREDERICK COUNTY, MARYLAND



Ragen L. Cherney
Chief of Staff

By: 
M.C. Keegan-Ayer, President 

COUNTY EXECUTIVE ACTION: Approved Vetoed


Jan H. Gardner, County Executive
Frederick County, Maryland

Date

7/13/19

EXHIBIT A

Consolidated Water and Sewer Service Charges for all Frederick County Customers						
Water						
Residential, Commercial, Industrial and Institutional Per Quarter:					Proposed Rates	
		FY2020	FY2021	FY2022	FY2023	FY2024
Ready To Serve - per Equivalent Meter Unit		\$27.00	\$27.00	\$27.00	\$27.00	\$27.00
Plus Quarterly Consumption (rates are per thousand gallons)						
First 8,000 gallons (0 - 8,000 gallons)		\$4.92	\$4.92	\$4.92	\$4.92	\$4.92
Next 8,000 gallons (8,001 - 16,000 gallons)		\$6.29	\$6.29	\$6.29	\$6.29	\$6.29
Next 8,000 gallons (16,001 - 24,000 gallons)		\$7.47	\$7.47	\$7.47	\$7.47	\$7.47
Next 8,000 gallons (24,001 - 32,000 gallons)		\$8.45	\$8.45	\$8.45	\$8.45	\$8.45
Next 68,000 gallons (32,001 - 100,000 gallons)		\$9.83	\$9.83	\$9.83	\$9.83	\$9.83
Above 100,000 gallons		\$10.81	\$10.81	\$10.81	\$10.81	\$10.81
Sewer						
Residential (with Frederick County metered water) Per Quarter:					Proposed Rates	
		FY2020	FY2021	FY2022	FY2023	FY2024
Ready To Serve - per Equivalent Meter Unit		\$30.00	\$33.00	\$36.00	\$39.00	\$43.00
Plus Quarterly Wastewater Disposal Fee - Based on block in which total quarterly water consumption falls:						
Block 0: (0 - 1,000 gallons)		\$24.00	\$26.00	\$28.00	\$31.00	\$34.00
Block 1: (1,001 - 8,000 gallons)		\$49.00	\$54.00	\$59.00	\$64.00	\$70.00
Block 2: (8,001 - 16,000 gallons)		\$60.00	\$66.00	\$72.00	\$79.00	\$86.00
Block 3: (16,001 - 24,000 gallons)		\$71.00	\$78.00	\$85.00	\$93.00	\$102.00
Block 4: (24,001 - 32,000 gallons)		\$82.00	\$90.00	\$98.00	\$107.00	\$117.00
Block 5: (32,001 gallons and above)		\$93.00	\$102.00	\$111.00	\$121.00	\$132.00
Residential (without Frederick County metered water) Per Quarter:					Proposed Rates	
		FY2020	FY2021	FY2022	FY2023	FY2024
Ready To Serve - per Equivalent Dwelling Unit (EDU)		\$30.00	\$33.00	\$36.00	\$39.00	\$43.00
Plus: Wastewater Disposal Charge per EDU		\$60.00	\$66.00	\$72.00	\$79.00	\$86.00
COMMERCIAL, INDUSTRIAL & INSTITUTIONAL (with Frederick County metered water) Per Quarter:					Proposed Rates	
		FY2020	FY2021	FY2022	FY2023	FY2024
Ready To Serve - per Equivalent Meter Unit		\$30.00	\$33.00	\$36.00	\$39.00	\$43.00
Plus Quarterly Wastewater Disposal:						
All Consumption Levels - WITHOUT subtraction meters		\$7.16	\$7.83	\$8.56	\$9.36	\$10.23
All Consumption Levels - WITH existing subtraction meters		\$8.96	\$9.79	\$10.70	\$11.70	\$12.79
COMMERCIAL, INDUSTRIAL & INSTITUTIONAL (without Frederick County metered water) Per Quarter:					Proposed Rates	
		FY2020	FY2021	FY2022	FY2023	FY2024
Ready To Serve - per Equivalent Dwelling Unit (EDU)		\$30.00	\$33.00	\$36.00	\$39.00	\$43.00
Plus Wastewater Disposal Charge per EDU:		\$104.00	\$114.00	\$125.00	\$137.00	\$150.00

For water and wastewater usage for fiscal years beyond FY 2024, the rates, which will be subject to an annual increase based on the US Department of Labor, Bureau of Statistics Consumer Price Index: CPI-All Urban Consumers, Series ID CUUR0000SA0 (or equivalent), as published by the Bureau of Labor Statistics Washington DC, shall take effect on July 1st of each fiscal year.