



# Charleston Water System to drop connection fees

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The Charleston Water System is planning to drop the cost of connecting a fire sprinkler line to the water system. Overall fees that are now among the highest in the state could soon be among the lowest.

Charleston Water System officials plan to drop the utility's controversial connection fees for automated sprinkler lines, hoping that lower costs will encourage more people to install the fire-protection systems.

Under a new rate plan announced Friday, the water system would go from having some of the state's highest sprinkler fees to having some of the lowest.

"It's a monumental shift in policy," said Thomas Pritchard, chairman of the utility's Board of Commissioners. "We have just decided that we won't charge anything" to connect fire lines.

The 180-degree policy change comes after the deadly June 18 Sofa Super Store fire and reports by The Post and Courier that showed how the utility's steep fees discourage businesses from installing automated fire sprinklers.

The utility currently charges up to \$116,700 in impact and connection fees for a new fire sprinkler line, along with hefty monthly charges for continued service.

Mayor Joe Riley, who is one of the five Charleston Water

System commissioners, said the rate plan is part of the city's pledge to review every aspect of the Sofa Super Store fire, which killed nine firefighters, and examine regulations and fees related to fire safety.

He said studies have shown that the risk of death and property loss to fire is reduced by at least half in buildings with sprinkler systems, but many buildings in Charleston don't have them.

Under the proposed rate plan, there would be no up-front fees for new sprinkler systems, and monthly charges would drop by more than 80 percent, dramatically lowering costs for new systems and for the more than 1,200 businesses, churches, hotels and public buildings with existing systems.

For instance, a business in Charleston with a single eight-inch fire line pays \$227.50 a month to maintain its sprinkler system connection, or \$2,730 a year. According to the rate proposal, that business would pay \$48.75 monthly, a savings of \$2,145 a year.

"We want to make sure there is as much encouragement as possible for retrofitting buildings with sprinkler systems," Riley said.

Some institutions with buildings with multiple sprinklers, such as the Medical University of South Carolina, College of Charleston and Charleston County School District, would save tens of thousands of dollars every year under the new rates.

Charleston Water System commissioners are expected to approve the plan during their next meeting July 24.

The new rates would take effect upon adoption.

The changes could cost the water system about \$3 million yearly, with up to \$1 million lost from impact fees and the rest coming from reduced monthly charges.

As of the end of May, the Charleston Water System's 2007 net income for the year was running \$13 million above expectations. The utility also has accumulated a \$40 million reserve of impact-fee revenue.

Impact fees are used to pay for capital projects, such as new waterlines and treatment plant equipment. Just last year, Charleston Water System rates for fire lines increased by more than 70 percent, as part of an across-the-board increase for new water service.

### **From high to low**

The Charleston Water System is planning to drop the cost of connecting a fire sprinkler line to the water system. Overall fees that are now among the highest in the state could soon be among the lowest.

Charges for a 6-inch fire line:

Current Tap and impact fees - \$52,500

Annual charges - \$1,842 to \$2,226

Proposed - \$0

Annual charges - \$275

Pritchard said the utility will have to review its budget, and he hopes it won't be necessary to raise other rates to make up the lost revenue associated with fire lines.

Some fire protection company officials agreed that the elimination of the utility's impact and tap-in fees could encourage more people to install sprinklers.

Dave Bettge, branch manager of Fire Tech, said that even without the rate changes, he's been receiving more calls from people interested in installing sprinklers in their homes or buildings.

"If they do away with that impact fee, I think people will jump on the bandwagon and do more," he said.

"That's awesome," said Mike Stewart, a sprinkler installer with Absolute Fire Protection, of the water system's policy shift. "If one person is saved, it's all worth it."

Joe Wischerath runs a small retail store in Mount Pleasant and used to run plants in Pennsylvania, Michigan and Maine, including some larger than 300,000 square feet. He said he's amazed at the lack of sprinklers here, and is glad the Charleston Water System is changing its policies.

"Anything they can do to incentivize companies to improve safety is good for everyone," he said. "The shame of it is that it took a major tragedy for this change to occur."

The Sofa Super Store on Savannah Highway had no sprinkler system. Its owner has said city officials gave them an option about 12 years ago to install sprinklers or fire doors, and they chose fire doors.

A spokeswoman for the company has said the owners don't recall whether cost was a factor.

Pritchard said that while there's no evidence that the Sofa Super Store went without sprinklers because of water system fees, the fees may have discouraged other businesses from installing them.

Mount Pleasant Waterworks did away with its impact fees about a dozen years ago to encourage more businesses to install sprinklers. That utility's general manager, Clay Duffie, said the utility even gave some businesses rebates for the impact fees they had paid.

"I bet it wasn't more than \$20,000 or \$30,000," Duffie said. "We hadn't had impact fees for fire lines for that long."

The Charleston Water System has no plans to give rebates to those who previously paid impact fees for sprinkler systems, but the roughly 35 companies with plans under way for new systems won't have to pay the fees, Chief Executive Officer Kin Hill said.

Pritchard said the rate change is somewhat like when a store puts an item on sale a month after someone buys that same item at a higher price, and that no refund should be expected.

"It's a change in policy, so it has to be prospective rather than retrospective," Pritchard said.

Riley said the point is to encourage existing businesses to retrofit their buildings with sprinklers. Most new buildings are required to install them, under the International Building Code, he said.

Riley said the city plans to draft legislation, which state lawmakers could consider next year, to allow municipalities to require sprinkler systems in some existing businesses. He said the International Building Code shouldn't limit building requirements but should become a minimum standard that municipalities could build upon.

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