

Gazette.Net

Maryland Community News

Published: Wednesday, October 19, 2011

Frederick struggles with water, sewer fees by *katherine Heerbrandt*

Staff Writer

Frederick city officials say they are struggling to determine who should pay the \$134 million price tag attached to the cost of growth: the people already here or those yet to come.

Frederick has borrowed \$120 million since 2005 to expand the city's water system and is setting aside \$14 million over two years to reserve capacity in the county's new wastewater treatment plant, both of which are required before more building takes place.

The question city officials are trying to answer is where the money will come from.

"There are 65,000 residents in Frederick, and we are trying to be fair and reasonable to everyone," said Mayor Randy McClement (R). "...Where else can I get the money already borrowed? I will have to put it on existing users."

In 2002, the city created a water and sewer "impact fee" that builders pay when they obtain a building permit for the impact their development will have on the city's water and sewer systems.

The fee is \$10,931 per residence, but the amount a business pays varies depending on type of business and number of fixtures (such as a sink, toilet, or drain). Each fixture costs a combined \$1,093.

Growth has been increasing, and the city has seen an uptick in the amount of impact fees it has collected in the past three years. Between fiscal 2009 and 2011, water and sewer fees grew from \$1.7 million to \$3.5 million, according to Katie Barkdoll, city budget director. Since the impact fees were instituted in 2002, the city has collected \$27.5 million.

Zack Kershner, city engineer, said the fees are in sync with other jurisdictions in the state. "We are middle of the road. If that is what it costs to provide new growth, then we are on the right path," Kershner said. "Without that, you have no growth."

The issue of water and sewer costs came up at the Oct. 12 city workshop because some aldermen feared losing a possible tenant for downtown building due to burdensome impact fees.

Investors behind Volt Restaurant want to open North Market Street Kitchens in the former Carmack Jay's supermarket, which has been empty for over a decade, but are balking at the \$205,000 projected water and sewer impact fees. They have asked the city to reconsider the cost or institute a payment plan.

The mayor and board are working on putting a payment plan in place, but some fear that the city will not recoup the fees once the tenant is connected to water and sewer.

Former Mayor Jeff Holtzinger (2005-2009) pushed for a change in how the city calculates the fees to better reflect their impact on the city's water and sewer systems. But he does not believe a payment plan is workable.

"If you put off paying that fee, you would never get it out of them," he said. "A better way is to better approximate demand and doing that based on the number of fixture units is not the way to do it."

Business uses, Holtzinger said, are more prone to overestimates of fees because of the number of code requirements.

Former Mayor Jennifer Dougherty (2001-2005) agreed that a payment plan could create more problems for the city in the long run if tenants leave before their fees are paid.

Since Dougherty's administration, the city has been laying a foundation for growth with water sources and water and sewer infrastructure. For most of her administration, the city was under a building moratorium because it had previously allocated water that the city did not have. The problem was exacerbated by a subsequent drought.

"We had doubled our population, but had not doubled our water capacity," Dougherty said. "Water rights were being granted to new construction, and there was no guarantee that there was sufficient water to give them."

Without water and sewer impact fees, also initiated under her administration, there would be no way to pay for growth outlined in the city's comprehensive plan, she said.

"People here [in Frederick] are already suffering high rates," Dougherty said. "...But the promise of the city is already made and the debt is already there."

Since 2002, city water rates for existing users have gone up 78 percent, and may increase another 20 percent next year, according to Josh Russin, executive assistant to McClement.

McClement takes issue with those who say high fees will deter new business from coming to the city.

"The comments made by some that businesses don't want to come here is wrong. People are coming all

the time and they pay their fees. All businesses are equal as far as I am concerned," McClement said. And the bills still need to be paid, he said.
"Those same people complaining that impact fees are too high will be the first ones screaming bloody murder when their water bills goes up," McClement said.
kheerbrandt@gazette.net

© 2011 Post-Newsweek Media, Inc./Gazette.Net