

**CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA**



Agenda Date:	June 17, 2024
Action Required:	2nd reading of Ordinance
Presenter:	Lauren Hildebrand, Director of Utilities
Staff Contacts:	Chris Cullinan, Director of Finance Lauren Hildebrand, Director of Utilities
Title:	Ordinance to amend and reordain Chapter 31 (Utilities) of the Code of the City of Charlottesville, 1990, as amended, to establish a connection fee for new gas service (2nd reading)

Background

The City of Charlottesville owns and operates a natural gas utility that provides service to approximately 21,050 customers in the City of Charlottesville and Albemarle County. Currently, the City offers natural gas service to residential and commercial customers based on the proposed connected loads for their gas appliances. Department of Utilities staff make a financial evaluation of gas service requests to ensure installation, operation, and ongoing maintenance of the service are economically feasible for the gas utility. The City currently offers gas service installation up to 150 feet at no cost to residential customers if the City's investments in installation costs are offset by the revenue generated within a payback period of approximately 4 ½ years.

Discussion

Charlottesville Gas is proposing to no longer offer service line installations for qualifying appliances at no cost to the customer. It is proposed gas services with qualifying appliances, such as gas heat or gas water heating, will pay a \$340.00 connection fee for the new service, up to 150 feet of service line. New service for non-qualifying appliances that includes generators and gas fireplaces, will continue to pay the cost for a new service line and City Code will not change for a non-qualifying appliance. Services that exceed 150 feet will be required to pay the cost for the excess footage. Charlottesville Gas will use the funds from this connection fee to finance an expanded energy efficiency program to promote energy savings and reduce greenhouse gas emissions.

Alignment with City Council's Vision and Strategic Plan

City Utilities operations supports City Council's Vision and Strategic Plan. It contributes to the Strategic Plan's Outcome Area of Organizational Excellence:

Community Engagement

A public hearing is being held at tonight's Council meeting to establish a connection fee of \$340.00 for a new gas service. The fee would be effective as of January 1, 2025, if approved by Council on

June 17, 2024. The future effective date is to allow adequate notice to be given to interested parties. The notice for the public hearing was advertised in the newspaper during the weeks of May 13, 2024 and May 20, 2024.

Budgetary Impact

The Natural Gas Utility Fund is a self-sustaining enterprise fund that is supported by the revenue from rates and fees. The approval of the connection fee has no impact on the General Fund. As noted earlier, the funds from this connection fee will finance an expanded energy efficiency program to promote energy savings and reduce greenhouse gas emissions.

Recommendation

Staff recommends approval of the proposed connection fee.

Alternatives

Council can choose to not approve the proposed connection fee, and City Code will remain the same where gas service installation up to 150 feet are offered at no cost to residential customers if the City's investments in installation costs are offset by the revenue generated.

Attachments

1. Gas Connection Fee ordinance 632024