



Limited Review of Nassau County DPW Calculation of Charges and Fees for Out of District Sewer Connections

What is This?

If an individual or corporation wants to connect existing or new facilities to a Nassau County sewer district, but the facilities are not located within a Nassau County Sewer District, the Nassau County Charter allows connection subject to certain terms and conditions.

What is the Process?

- The individual or corporation (“developer”) contacts Nassau County DPW and requests the connection.
- Nassau County DPW confirms availability of sewer capacity.
- Developer requests and must receive approval from the Nassau County Dept. of Health.
- DPW then requests, and must receive approval, from the New York State Dept. of Environmental Conservation.
- A contract is drafted between the developer and Nassau County DPW, and goes through the standard County contract process.
- The contract is ultimately submitted to the Nassau County Legislature for review and approval.

What Fees/Charges are Involved?

There are five fees/charges related to out of district sewer connections. Four of the fees/charges are set by ordinance or Charter and three are listed on the DPW website. **The fifth charge and largest charge, covering the majority of the costs, is the Equalization Charge, which is not listed in the Charter, in ordinances or on the website.** The Equalization Charge has essentially been negotiated by DPW and the developer.

What’s an Equalization Charge?

The costs of establishing and administering a sewer district are borne by the tax paying property owners located within that district, paid through taxes over decades. When a property owner, outside of a district, desires connection to a sewer district, an Equalization Charge is assessed as a “catch up” fee – to establish a condition of equality between those that incurred the expense for the construction of the sewage facilities and those benefiting from but not participating in the cost of building and maintaining the facilities. It’s about fair allocation of cost.

What’s the Issue?

Equalization charges make up the majority of fees/charges associated with out of district sewer connections, and are essentially negotiated by Nassau DPW directly with the developer, using a convoluted formula. DPW has used different methods to determine the property values used to calculate equalization charges. Depending upon the valuation method used, developers can avoid paying thousands and possibly millions of dollars at taxpayers expense.

So What?

We found that DPW used two differing valuation methods to estimate property values used to calculate Equalization Charges. One method uses the value of surrounding already developed property to estimate the value of property that will be developed. The other uses the value of the property before development. Using undeveloped property values in the formula resulted in much lower Equalization Charges, and may not be in the best interest of existing property owners who have been paying taxes in the sewer district. **Why LOWER the rate?**

Again, So What?

On the same day, at the 10/19/15 General Legislative meeting, the Legislature approved two out of district sewer connection contracts which used two different valuation methods buried within the Equalization Charge calculation. This resulted in very different Equalization Charges. The Nassau Legislature deserves full and accurate information about the contracts which come before them, including information about individually negotiated fees.

What Should be Done?

The County Executive and Legislature should adopt a transparent and uniform method for calculating Equalization Charges, taking into account important policy issues such as environmental concerns and economic development. A simpler model to assess Equalization Charges is used by Suffolk County which uses the estimated daily usage of a proposed connection and a rate per gallon as established in the Suffolk County Code.

Once the Legislature adopts a uniform policy for Equalization Charges, open debate may take place if waivers from certain requirements are desired.

