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MEMORANDUM

Date: March 4, 2026

To: Mayor Lance Westcamp
Groveport City Council
Benjamin ("BJ") King, Administrator
Jason Carr, Finance Director

Copy: Mike Poirier, Chief Building Official/Building & Zoning Department Director
Teresa Veit, Building & Zoning Department Clerk

From: Michael Loges, Development Director

Re: Sewerage System Capacity Charges

Purpose

The purpose of this memorandum is to substantiate the need for adopting updated sewerage system capacity charges for the City of Groveport sanitary sewer system. The proposed legislation establishes a revised, transparent fee structure that:

1. Aligns Groveport's rates with regional market conditions;
2. Separately identifies Groveport and City of Columbus capacity charges for improved clarity; and
3. Eliminates the need for future legislative amendments when Columbus modifies its capacity charges under our existing sewer service contract.

Background

Groveport operates a municipal sanitary sewer collection system that conveys wastewater to Columbus for treatment pursuant to a long-standing intergovernmental agreement. As a result, new development within Groveport must pay:

- A City of Columbus Sewerage Capacity Charge, assessed by Columbus for treatment plant capacity and regional system improvements; and
- A City of Groveport Sewerage Capacity Charge, assessed locally to fund collection system infrastructure, lift stations, trunk lines, and related capital improvements.

Historically, these charges have been presented as a single combined fee within Groveport's Codified Ordinances. While administratively functional, the combined structure obscures the distinction between local and regional charges; creates confusion among developers and property owners; and requires Council action each time Columbus adjusts its rates.

Rationale for Updating and Separating the Charges

A. Regional Competitiveness

Staff conducted a benchmarking review of Franklin County suburbs that contract with Columbus for wastewater treatment. Comparable communities include, but are not limited to:

- Dublin
- Gahanna
- Grove City
- Hilliard
- New Albany
- Obetz
- Reynoldsburg
- Worthington

The communities of Bexley, Grandview Heights, Upper Arlington, and Whitehall – though beneficiaries of similar wastewater treatment contracts with the City of Columbus – were found to be significantly below the mean sewerage capacity charges levied by the above communities and were subsequently excluded when evaluating for competitiveness. New Albany was also found to be a more affordable outlier but was still included due – in part – to the community’s significant economic development success with a strong record of attracting investment. The communities of Canal Winchester and Westerville were also assessed and were excluded because they treat their own wastewater.

Upon review, Groveport was found to be in line with other suburban Columbus communities for sewerage capacity charges for sites that have a domestic water tap size of 2” or less with Groveport being between 5% - 17% higher than the regional average. For taps larger than 2”, however, the City of Groveport was shown to no longer be competitive with rates ranging from 40% higher than the regional average to more than 550% above the regional average.

From an economic development perspective, sewerage system capacity charges are a front-end cost of doing business. When those rates are not regionally competitive — particularly in communities like Groveport that compete with other Franklin County suburbs for investment — the impacts can be significant. Developers and corporate site selectors compare total project costs across multiple communities. Capacity charges are paid upfront (often at permit issuance), non-negotiable in most cases, and easy to compare across jurisdictions. If Groveport’s charges exceed those in peer markets such as Grove City, Reynoldsburg, or Obetz, projects may simply shift to lower-cost alternatives within the same labor shed. Industries that utilize a significant volume of potable water, discharge significant wastewater volume, or operate on tight margins are most likely to avoid high-rate communities. Industries that fit this profile include food and beverage manufacturers, life science and pharmaceutical manufacturers, and advanced manufacturing (metal finishing, plastics, automotive components).

The recommended Groveport rates are regionally competitive and consistent with prevailing total capacity charges assessed in these communities. Adoption of the updated rates ensures that:

- Groveport remains market-aligned and development-ready;
- Capacity fees accurately reflect the cost of infrastructure expansion; and
- The City avoids subsidizing growth with existing ratepayer funds.

B. Improved Transparency and Comprehension

Separating the Groveport and Columbus charges in the proposed Codified Ordinance language and subsequent amendment to the Sewer Permit provides clear disclosure of the portion of the

fee retained locally for Groveport infrastructure; and the portion remitted directly to Columbus for regional treatment capacity.

This approach enhances transparency for developers and property owners planning for investments. It also aligns with best practices in municipal utility finance by ensuring fee structures clearly correspond to infrastructure responsibilities.

It should be noted that internal comprehension could be improved as it was revealed during this exercise that City staff has only sporadically collected a five percent (5%) administrative fee authorized in Section 925.03 for parcels seeking to make connection to the sewerage system. This inconsistent application of the authorized fee has undoubtedly undercharged permit applicants for years without having been noticed.

C. Administrative Efficiency and Legislative Stability

Under the current combined structure, any modification by Columbus to its sewerage system capacity charge necessitates an amendment to Groveport's codified fee schedule. By separating the charges in the Codified Ordinances and incorporating the Columbus sewerage capacity charges by reference Groveport will:

- Automatically pass through future Columbus adjustments;
- Avoid repetitive legislative updates;
- Reduce administrative lag between Columbus rate adoption and local implementation; and
- Minimize the risk of under-collection or delayed compliance.

This change provides long-term administrative stability and protects the City's fiscal position.

Infrastructure and Financial Considerations

Capacity charges are designed to recover the capital cost of infrastructure required to serve new development. They are not operational user fees but growth-related capital recovery mechanisms. The updated local Groveport charge reflects:

- Existing sewer capacity;
- Anticipated capital improvements and system expansion;
- Debt service obligations associated with sewer infrastructure; and
- Long-term system sustainability.

Failure to periodically review and adjust capacity charges results in existing ratepayers subsidizing new development — contrary to sound public finance principles.

Conclusion and Recommendation

Adoption of the updated sewerage system capacity charge ordinance is fiscally prudent, regionally competitive, and administratively efficient. The proposed structure:

- Aligns Groveport with peer Franklin County communities;
- Enhances clarity and transparency for the development community;
- Protects the City's infrastructure investment; and
- Eliminates the need for future legislative amendments tied solely to Columbus rate adjustments.

For these reasons, it is recommended that Groveport City Council approve the proposed ordinance adopting the revised and separated sewerage system capacity charges. Please contact me with any questions or requests for additional benchmarking data.