

*Warren County*



# **SANITARY DISTRICTS**

PRESENTER:

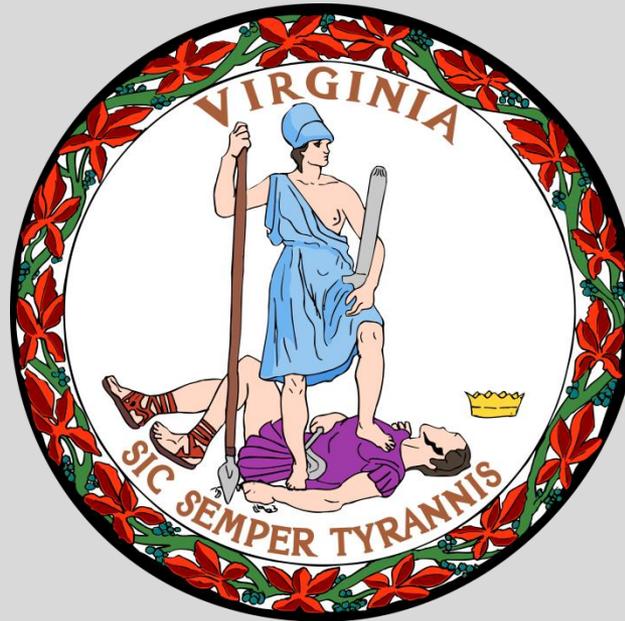
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County Administrator**

August 2017



## Definition

- **Sanitary District:**  
A sanitary district is a special taxing district allowed by the Code of Virginia





## Powers and Duties of Governing Body

- To construct, maintain, and operate:
  - Water supply
  - Sewerage
  - Garbage removal and disposal
  - Heat
  - Light
  - Fire-fighting equipment
  - Power
  - Gas
  - Streets
  - Parking lots
  - Curbs, gutters, sidewalks
  - Community buildings, centers, and other recreational facilities for the use of the public





## Creation of a Sanitary District

- Petition of 50 qualified voters
- If proposed district contain less than 100 qualified voters, petition of 50% of the qualified voters is required
- Petition is submitted to the Board of Supervisors
- After advertisement for 3 consecutive weeks the Board will hold a hearing on the request



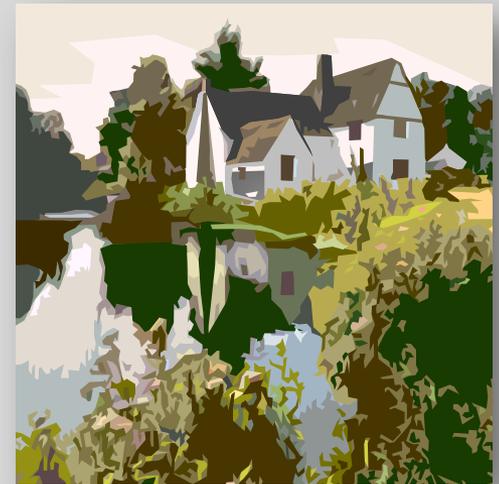
## Creation of a Sanitary District

- If approved, the Board approves an ordinance creating the boundaries and powers for such district
- To approve, the Board must find that creation of the proposed district or enlargement of the existing district is necessary, practical, fiscally responsible, and supported by at least 50 percent of persons who own real property in the district or, in the case of enlargement, the area proposed to be included.
- The Board would have to survey all property owners.



## Benefits of a Sanitary District

- District will not affect privacy of roads, gate, pool, etc.
- Ability to establish uniform fees throughout the entire subdivision
- All lots would be subject to sanitary district fees
- Taxes collected by the Warren County Treasurer's Office (frees the association from the burden of collection)
- Sanitary District fees are treated as taxes and therefore may be deductible on one's Federal Income Tax Return. Taxpayers should consult a tax advisor to determine if this general rule applies to the taxpayer's particular tax situation.





## More Benefits...

- Sanitary taxes are collected along with County taxes on one's mortgage escrow throughout the year
- Tiered system to allow for a lower rate for undeveloped lots
- New construction road use fee paid by builders prior to issuance of a building permit (in certain districts)
- Makes subdivision eligible for various State and Federal disaster relief funds
- Ability to raise additional revenue to make necessary improvements to the community

## More Benefits...

- No longer a need for the Board of Directors to place liens on property because unpaid Sanitary District taxes would have to be paid before the sale of any property
- Stability
- Increase in property values
- Improve credit status of the community





## Drawbacks of a Sanitary District

- Need to have support of at least 50% of the real property owners
- Board approval must be secured
- Warren County Board of Supervisors (BOS) must approve the annual budget and tax rates and any building impact fees
- If not operated properly, the County has the authority to step in and take over operations
- Must follow County/State procurement requirements
- Must have an annual audit performed
- County would charge a 5% + \$350 annual fee for collection



## Management Structure

- BOS is designated to run the District
- BOS could contract with HOA/owner's group to run the district
- HOA/owner's group would submit budget annually to the County and proposed tax rates
- County would collect the Sanitary District taxes and remit to the HOA/owner's group less collection fee

## Abolishing a District

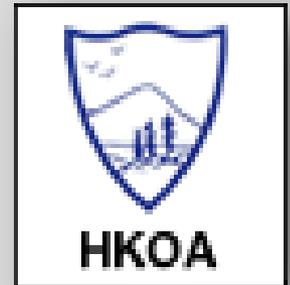
- The Code of Virginia contains provisions to abolish the Sanitary District at any time by ordinance of the Board of Supervisors.



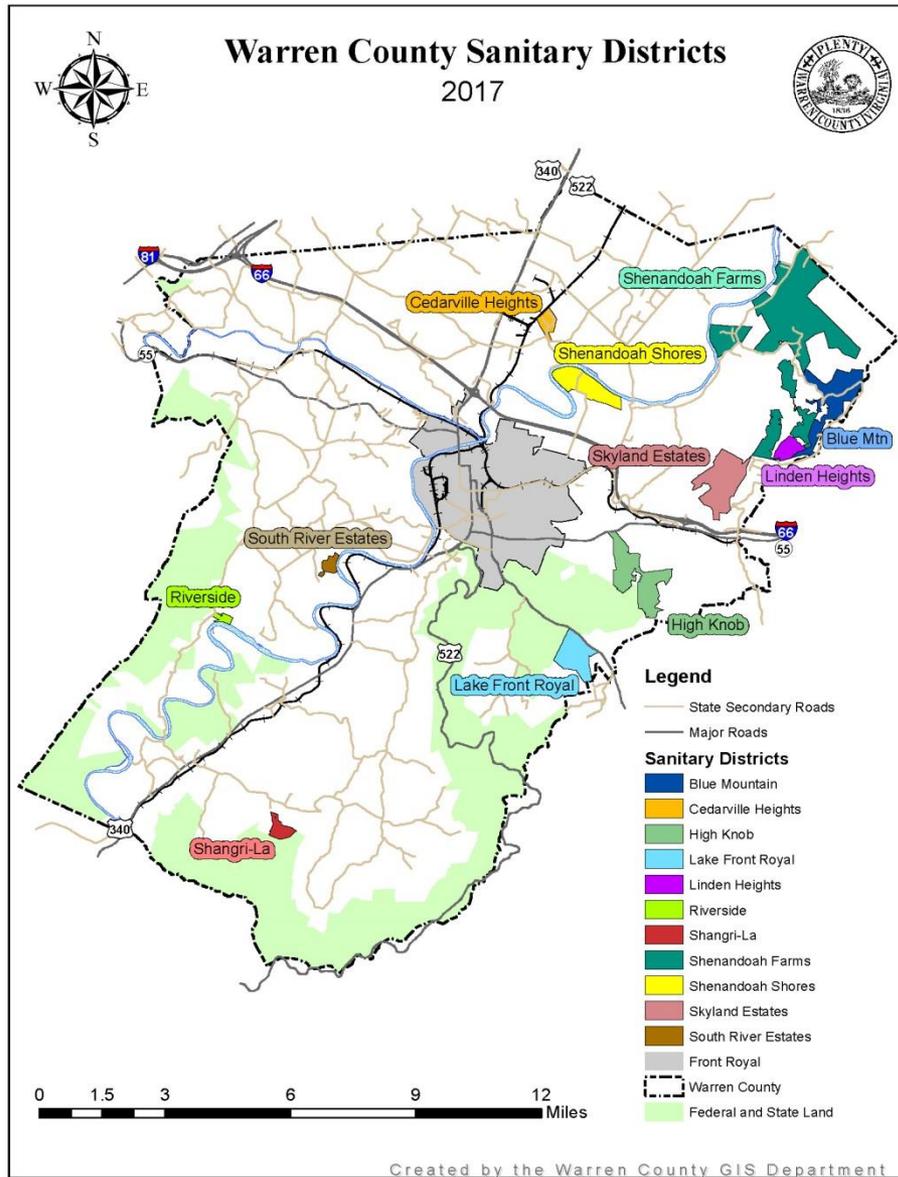


## Warren County Sanitary Districts

- 11 Total
  - Blue Mountain Subdivision – 1991 (605 lots)
  - Cedarville Heights Subdivision – 1998 (34 lots)
  - High Knob Subdivision – 2001 (642 lots)
  - Linden Heights – 2014 (95 lots)
  - Riverside Subdivision – 1993 (34 lots)
  - Shenandoah Farms Subdivision – 1996 (2,856 lots)
  - Shenandoah Shores Subdivision – 1971 (985 lots)
  - Skyland Estates Subdivision – 1980 (1,138 lots)
  - South River Estates – 1989 (38 lots)
  - Lake Front Royal – 2016 (359 lots)
  - Shangri-La – 2016 (23 lots)
- Total Lots: 6,774 – 26.07% Countywide



# Warren County



Sanitary Districts in Warren County



## Sanitary District New Construction Road Use Fees



- Blue Mountain \$1,500
- Cedarville Heights None
- High Knob \$2,300
- Lake Front Royal None
- Linden Heights \$1,500
- Riverside Estates None
- Shangri-La None
- Shenandoah Farms \$2,500
- Shenandoah Shores \$1,000
- Skyland Estates \$2,000
- South River Estates None



## Sanitary District Tax Rates

	FY 2016-2017	FY 2017-2018
Blue Mountain	\$65.00 (Lot)	\$65.00 (Lot)
	\$0.23 per \$100	\$0.28 per \$100
Cedarville	\$50 (Lot)	\$50 (Lot)
High Knob	\$383 (UI Lot)	\$383 (UI Lot)
	\$620 (I Lot)	\$620 (I Lot)
Lake Front Royal	\$450 (Lot)	\$450 (Lot)
Linden Heights	\$350 (Lot)	\$350 (Lot)
Riverside	\$60 (Lot)	\$60 (Lot)
	\$0.17 per \$100	\$0.17 per \$100



## Sanitary District Tax Rates

	FY 2016-2017	FY 2017-2018
Skyland Estates	\$0.35 per \$100	\$0.35 per \$100
Shangri-La	\$385 (Lot)	\$385 (Lot)
Shenandoah Farms	\$240 (UI Lot)	\$250 (UI Lot)
	\$275 (I Lot)	\$285 (I Lot)
Shenandoah Shores	\$115 (Lot)	\$120 (Lot)
	\$0.17 per \$100	\$0.20 per \$100
South River	\$300 (Lot)	\$300 (Lot)
	\$0.05 per \$100	\$0.05 per \$100



## Sanitary District Collection Rates

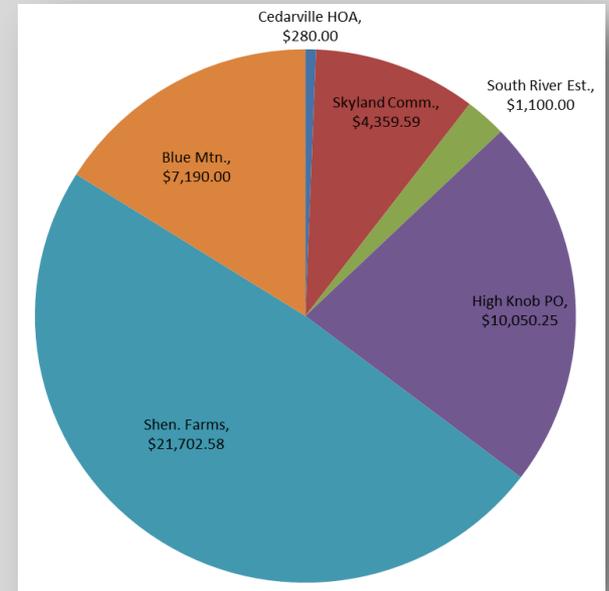
Sanitary District	2016
Blue Mountain	97.05%
Cedarville Heights	97.06%
High Knob	98.19%
Lake Front Royal	94.18%
Linden Heights	86.48%
Riverside Estates	98.49%
Shangri-La	78.88%
Shenandoah Farms	80.28%
Shenandoah Shores	91.88%
Skyland Estates	96.53%
South River Estates	93.12%



## Sanitary Districts

### ***January 2016 Jonas Snow Storm FEMA disaster request:***

- Sanitary Districts, as units of local government, are eligible to receive funding from FEMA for local disasters.
- 75 percent of all allowable expenses will be reimbursed by the federal government and either 15 or 20 percent of the remaining 25 percent will be covered by the Commonwealth of Virginia. Thus, 90 percent or greater of allowable expenses will be reimbursed once the process is complete.





## Shenandoah Farms Sanitary District

- Lots began to be platted circa 1960
- Includes 2,856 lots and 1,174 homes
- 42 miles of road – 5 paved/37 gravel
- Sanitary District was established in 1996
- HOA was struggling to manage budget and contractors
- Lack of professional oversight of contractors





## Shenandoah Farms Sanitary District

- Complaints from numerous property owners
- County conducted a survey of all residents on the operations of the District.
- 66% of 252 respondents indicated that the management should be changed.
- County took over operations on July 1, 2010.
- Decision to take it over was not made lightly by the Board of Supervisors.



## Shenandoah Farms Sanitary District

- Recently completed a road and drainage study of the District.
- Study provides “blueprint” for the future of the subdivision
- It will help to prioritize where funding should be allocated in the future for projects
- County is currently managing with a Sanitary District Manager and hired contractors
- Eventual plans call for the construction of a maintenance facility and the use of “in-house” staff for general maintenance.



*Warren County*



**End of Presentation  
Questions?**