


Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: November 16, 2010

SUBJECT: Fiscal Impact Statement – “Private Fire Hydrant Act of 2010”

REFERENCE: Bill Number 18-557, Draft Committee Print Shared with the OCFO on November 16, 2010

Conclusion

Funds are not sufficient in the FY 2011 through FY 2014 budget and financial plan to implement the provisions of the proposed legislation. Implementing the entire legislation would cost approximately \$224,870 in FY 2011 and \$987,120 over the four-year financial plan.

Implementation of *one* provision of the proposed legislation is subject to appropriations. The cost of this provision is estimated at approximately \$81,000 in FY 2011 and \$490,000 over the four-year financial plan. No monies have been identified to fund the remaining provisions.

Background

The proposed legislation would establish new laws concerning maintenance, repair, and replacement of private fire hydrants. It would:

- Prohibit the Mayor from approving any plan that authorizes the installation of a private fire hydrant¹ without an agreement that establishes responsibility for its maintenance, repair or replacement and that is recorded in the land records of the Recorder of Deeds.²

¹ Defined as a hydrant, which is not owned by the District of Columbia or DC Water.

² Bill 18-446, Private Fire Hydrant Responsibility Emergency Act of 2009, which was enacted on October 8, 2009 and Bill 18-447, Private Fire Hydrant Responsibility Temporary Act of 2009, which was effective December 17, 2009, contained the same provision. As a result, it has been effective since October 1, 2009. See <http://newsroom.dc.gov/show.aspx/agency/dcra/section/2/release/18311/year/2009/month/10>.

- Require the Mayor to determine the ownership of private fire hydrants through a title search, notify the owners of their responsibility for caring for the hydrants, and if no owner were found, take responsibility for it.
- Provide that the cost to effect the maintenance, repair, or replacement of a private fire hydrant that the Mayor has taken responsibility for would be subject to the availability of appropriations.
- Require the Mayor to regularly inspect private fire hydrants and if repairs were needed, to notify the District of Columbia Water and Sewer Authority (DC Water) and the owner.
- Authorize DC Water to repair private fire hydrants in cases where the owner fails to make the repair and subsequently bill the owner for the work.

According to DC Water, there are approximately 1,300 private fire hydrants in the city. Most of those belong to major institutions such as hospitals, universities, and military installations and thus there is no need to determine the respective owner.³ However, almost 300 belong to unknown private owners.⁴ Under the proposed bill, the Mayor would need to conduct a title search on each of these to determine an owner. Those with no identifiable owner would become public fire hydrants under the proposed legislation.⁵

Under current law, DC Water, in collaboration with the Fire and Emergency Medical Services Department (FEMS), is responsible for inspecting, repairing, and maintaining all *public*, but not private, fire hydrants.⁶ No entity is charged with inspecting private fire hydrants under current law.

It should be noted that prior to FY 2011, under a Memorandum of Understanding (MOU) between DC Water and FEMS,⁷ FEMS agreed to inspect all public *and private* fire hydrants in the District twice per year, DC Water agreed to repair *only* the public fire hydrants,⁸ and FEMS agreed to pay DC Water for their services. This arrangement is no longer in place in FY 2011, as the Mayor's FY 2011 budget transferred the fire hydrant inspection responsibility back to DC Water.⁹ Regardless, the proposed legislation clearly adds a new provision to the law requiring the Mayor to inspect all private fire hydrants.

Financial Plan Impact

Funds are not sufficient in the FY 2011 through FY 2014 budget and financial plan to implement the provisions of the proposed legislation. Implementing this legislation would cost approximately \$224,870 in FY 2011 and \$987,120 over the four-year financial plan. Of this amount, approximately

³ See written testimony George S. Hawkins, General Manager, DC Water for *Bill 18-557, the Private Fire Hydrant Amendment Act of 2009: Hearing before the Committee on Public Safety and the Judiciary*, February 8, 2010.

⁴ According to a list of private fire hydrants provided to the Council by DC Water on September 14, 2009.

⁵ The proposed legislation needs to provide greater clarity on this point. It states that when no owner is found "the District shall be responsible for the maintenance, repair, and/or replacement of the private fire hydrant." According to Council staff, the intent is for these private fire hydrants to now be considered public fire hydrants.

⁶ See D.C. Official Code § 34-2202.03.

⁷ Effective October 25, 2007.

⁸ Since these hydrants were not installed and are not maintained by the District, the responsibility for maintenance, repair, and/or replacement does not fall on DC Water.

⁹ While the budget states that DC Water has agreed to do this at no cost, at this time, no final agreement has been reached between DC Water and the Mayor.

\$81,000 in FY 2011 and \$490,000 over the four-year financial plan is associated with a provision that is subject to the availability of appropriations. No funding has been identified for the remaining provisions.

There are four main costs associated with this bill: 1) the cost of conducting the title search; 2) the cost of notifying the owners of the results of the search; 3) the cost of repairing and maintaining all private fire hydrants that would become public; and 4) the cost of inspecting private fire hydrants.

First, since there is currently no capacity within the District to conduct title searches on fire hydrants, the District would need to contract a Title Abstractor or Title Examiner to do this work.¹⁰ Second, a part-time Program Assistant would be needed to inform the private owners that they were responsible for their fire hydrants and to respond to any concerns or objections from these owners. Third, the cost of converting all private fire hydrants without owners to public hydrants would be \$680 per hydrant per year.¹¹ This is the annual fire protection fee the District pays DC Water to maintain and repair public fire hydrants. Under the proposed legislation, funding for this would be subject to appropriations. Lastly, requiring the Mayor to inspect private fire hydrants would be a new provision in the D.C. Code. Since the Mayor's FY 2011 budget eliminated funding for the fire hydrant inspection unit and DC Water has said that they do not inspect private fire hydrants, the Mayor would need additional resources, and would have to assign these duties to an agency.¹²

Estimated Fiscal Impact of B18-557 - Private Fire Hydrant Act of 2010 FY 2011-FY 2014					
	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Total
Title Abstractor ^a	\$26,250	\$18,750	\$0	\$0	\$45,000
Program Assistant (.3 FTE) ^b	\$7,700	\$5,500	\$0	\$0	\$13,200
DC Water Public Fire Hydrant Fee (\$680 per hydrant) ^c	\$80,920	\$136,000	\$136,000	\$136,000	\$488,920
Private Fire Hydrant Inspections ^d	\$110,000	\$110,000	\$110,000	\$110,000	\$440,000
Total	\$224,870	\$270,250	\$246,000	\$246,000	\$987,120

^a Assumes Abstractor would be hired for 1 full year beginning in March 2011. Wages based on data from the U.S. Department of Labor. It is not clear at this time what agency would contract with this person.

^b Assumes Program Assistant would be hired at Grade 9 for 1 full year beginning in March 2011.

^c Assumes that an owner would never be identified for 200 of the 300 fire hydrants currently belonging to an unknown owner. As a result, these hydrants would be converted into public hydrants. This conversion would occur over the course of the year so that roughly 17 private fire hydrants would become public each month and thus subject to the fee.

^d Costs based on FEMS FY 2010 budget for conducting inspections of all fire hydrants. Assumes 1,100 private fire hydrants would be inspected per year.

¹⁰ This was the position of the City Administrator's office. Also, while searching for fire hydrant titles is not typical work for Title Abstractors, it appears they are still the most qualified to do it.

¹¹ Fee amount provided by DC Water.

¹² While it is unlikely that both DC Water and the Mayor would inspect fire hydrants, this is the current situation. In fact, no agreement has been reached with DC Water as to the inspection of *public* fire hydrants.