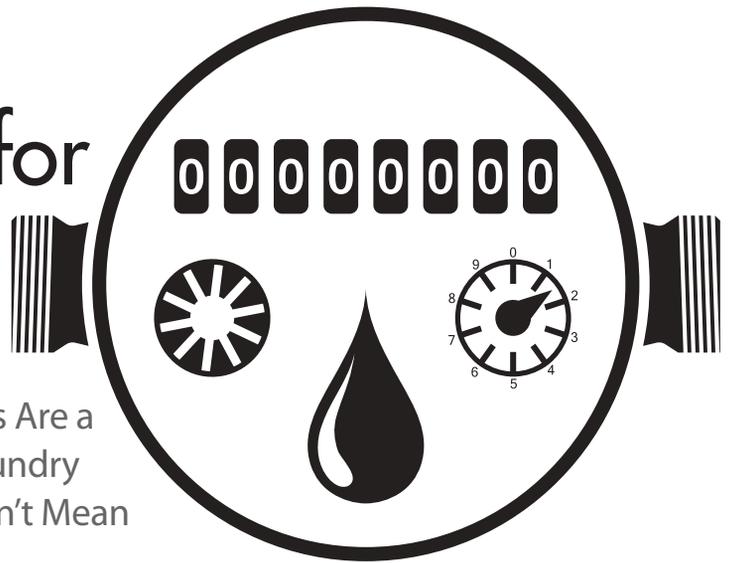


Bracing for Impact



Sewer Impact or Tap Fees Are a Reality in the Vended Laundry Industry – But That Doesn’t Mean You Can’t Fight Back



Cary Lipman, who lives in Atlanta, has designed, built, owned, and operated seven vended laundries and has been in the industry for more than 30 years.

As commercial real estate rents continue to rise and more markets are being characterized as “mature” (with more than a few established laundromats in many specific areas), it’s becoming more apparent that those municipalities with high sewer impact or tap fees in underdeveloped or underserved communities should reconsider their positions.

When looking at sites to build your new vended laundry, more often than not, you will encounter situations where you will be required to pay a sizeable fee to use the town’s water and sewer system. Or, there may be a complete moratorium on building new laundromats.

In different communities, tap fees can take on various forms. For example, there could be the charge of \$1,200 per topload washer and \$2,700 per frontloader. Or some water authorities will charge a flat fee of \$2,500 or more per washer, no matter the size of the machines. Other municipalities have no sewer impact fee, but they do impose a one-time charge for the installation of a 1.5- or 2- inch water meter.

Many of these water meter charges can be fairly stiff, but at least you know you can build a

large laundromat and install as many washers as you want. Typically, these tap fees must be paid upfront – directly to the public works or water and sewer authority – before you can submit your plans to the building official for your permits.

Of course, if you have the available space, you can explore the possibility and relative cost of drilling a well. In that case, you can avoid these fees altogether, and your future water bills will consist of just your potable water use in your restrooms.

Years ago, an old friend built a 3,800-square-foot laundry in New Jersey. Sewer impact fees were just starting to be implemented at that time. He installed a well for a cost of about \$18,000 and ran a small water line for his restrooms. For the next 20 years, the water bills in his very busy store averaged about \$60 every two months.

I’ve never seen this happen or heard of it happening, but it’s possible that some municipalities might catch on to the fact that – although your business is not hooked up to city water – you are still expelling waste water into the sewer system. As a result, they may try to meter your well. So, be mindful of this when applying for water service for your laundromat.

Many small public works authorities or entire counties have had these fees on the books (and impacting the building of new laundromats) dating back as far as 20 to 30 years. Therefore, some counties are still using water consumption data on machines manufactured long ago, when a 35-pound washer used 105 gallons of water per cycle and toploaders were consuming 35 gallons of water just to wash 12 pounds of clothes. No doubt, the machines constructed today do a far better job of washing a lot more clothes, while using much less water.

If you or your distributor find a great location where there is a prohibitive tap fee, don't walk away just yet. Here's what you can do:

Try to set up a meeting to meet personally with the building officials, as well as the local public works or water and sewer authorities, to get an idea as to what you can do to get them to take a fresh look at their fee policy.

I wouldn't recommend including your attorney or any other legal or business representative at this stage. I would suggest first meeting all the players involved in the process and letting them meet you. It's important to know what's keeping those high impact fees in place, or if local officials have even given the matter any recent thought. The situation could be as simple as the town not wanting high-volume water users adding any more waste water into the system, over and above the current laundromats and residential customers.

The town may be paying treatment plants in municipalities further down the line, and officials may be fearful that another laundromat will increase costs. Some are concerned a new laundromat

will overwhelm their own system by attracting many customers from outside of town.

However, if you can convince the municipality to allow you to make a presentation to the authority that makes the decisions in these matters, all of this information, ultimately, will help make your argument for you.

Begin by locating all of the existing vended laundries in the area where you've chosen to build your store. Check the number, size and condition of the washers in these stores. You may not find many existing laundromats in the area, due to the tap fees – especially if they've been in place for several years. Also, try to discover how many apartment complexes within this marketplace have laundry rooms, as well as the number of washers installed in each facility.

Next, order a demographic study that shows the population in a one-, three- and five-mile radius from your laundry site. The data highlighting the number of renters and homeowners, along with the overall population, within those areas will create the foundation of your presentation.

Be aware that, although some city or village officials can make impact fee decisions on their own, typically most of them will require the formal approval of the mayor and town council to allow any agreed-upon change to become law. In many areas, it's the county water and sewer authority that has the final word on whether or not you will be able to build a new laundromat in a particular location.

Of course, with regard to impact fees, I'm not privy to the many various situations laundry owners face nationwide. Clearly, this is a market-by-market issue. With that said, let me share an actual case

“MANY OF THESE WATER METER CHARGES CAN BE FAIRLY STIFF, BUT AT LEAST YOU KNOW YOU CAN BUILD A LARGE LAUNDROMAT AND INSTALL AS MANY WASHERS AS YOU WANT”

that occurred in a small city in Georgia. I hope it will help those of you in other cities and towns who might be facing similar dilemmas.

My location's water and sewer jurisdiction was in the city, not the county. So, I wrote a simple letter to the town's building official and public works general manager. I asked them to take my request to the monthly meeting of the town council and to make a presentation on my behalf to mitigate the current sewer impact fee, which at the time was a jaw-dropping \$4,500 per washer.

Their first-class presentation resulted in the council passing a bill lowering the fee to \$900 per washer, with no other restrictions. It represented an 85 percent reduction, and the situation went from prohibitive to one that is now far more manageable. A new, much-needed laundromat now could be built in a great location.

Below, I use fictitious names and addresses in my letter/presentation. Feel free to use any portion or variation of it as a guideline or template for your particular situation:

This presentation is made to support a request for mitigation of the \$4,500 per washer sewer impact fee associated with the building of a new vended laundromat in the City of Jasper, located in Peach County.

The proposed site is located in the Towne Shopping Center, approximately a quarter mile south of Highway 46. The address is 1234 Main Street, Suite 123.

The interior space is 3,600 square feet. We are proposing the installation of 38 various-sized, state-of-the-art washers and 36 dryers – along with a full-service, fully staffed, wash-dry-fold drop-off center; Wi-Fi stations; and a kid's corner with flat-screen televisions for families.

A scale drawing with the proposed machine size, configuration and interior design is attached. A manufacturer's specification chart showing water usage per cycle for the five different sized washers and a water consumption chart with total water usage and waste water going into the sewer system at different cycles or "turns per day" is also enclosed.

Lastly, we've included a two-year water history report from Peach County, showing actual water usage by an established laundromat in the town of Blank. The machines in that store are older and less efficient, and the brand new equipment being proposed for our vended laundry in Towne Shopping Center will use considerably less water.

Our customers will include renters who don't own washers and dryers. However, our main marketing focus will be directed toward the 22,000 (and growing) owner-occupied homes within five miles of our proposed site.

We are assuming most of these households will be equipped with residential washers and dryers. Surprisingly, a large segment of this demographic uses laundromats due to time concerns and also the need to utilize large-capacity washers for oversized household items, such as comforters, blankets, dog beds and big loads of regular laundry. These residents will utilize a laundromat that is convenient, clean and safe.

Here is a real-life example of how a local laundromat will help reduce the amount of waste water entering the system:

A mom with kids washing three 12-pound loads of laundry in her home-style topload washer, which uses 34.5 gallons of water per cycle, will consume approximately 103.5 gallons of water for those three loads of laundry. Water usage will vary based on the different residential washers available today.

If she takes her 36 pounds of dirty clothes to the laundromat, she can place the entire load into a 40-pound-capacity frontload washer, which will use 35.1 gallons of water and require just 25 to 30 minutes to complete the wash. Of course, she may decide to separate the three loads by color and use three smaller frontloading washers. In that case, each machine will use 15.8 gallons of water for a total of 47.4 gallons, and take approximately 25 minutes to complete. The variation of cycle time is typically influenced by water pressure and how fast or slow a washer can fill.

The time to dry her three loads of laundry also will be reduced dramatically. In all, she will have spent approximately two hours washing, drying and folding her clothes at the laundromat, rather than the better part of the entire day at home.

Far more often these days, a husband and wife both work and will take advantage of our wash-dry-fold drop-off service each week, which further reduces the residential waste water entering the system.

It has been our experience over the years that time savings and efficiency is far more important to families when doing the laundry, and that is a very compelling reason for a homeowner to use a laundromat.

With the local population playing out these scenarios literally hundreds of times each week, the impact on the entire sewer system will be greatly reduced. There also are obvious monetary advantages to keeping this form of additional business revenue within the city.

Thank you for your consideration in this matter. The actual cost of developing and building a vended laundry on this site is considerable, and the current sewer impact fees make it financially prohibitive to bring a new, modern laundromat to the city of Jasper.

This letter and presentation worked very well for me. Although there are no guarantees when working with the engineers and other officials at many of the local municipalities across the country, there are a great number of them who

would be willing to take a second look at being able to bring a new, state-of-the-art vended laundry into their communities.

It's certainly worth the effort!



[For more information about obtaining demographic reports or battling impact fees in your market, visit www.coinlaundry.org.]