



EXISTING IMPACT FEES – BACKGROUND

MARCH 8, 2022

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AGENDA

- Background
- Why Should We Change?
- Existing Meter Size Methodology
- Proposed Methodology
- Advantages & Disadvantages & Comparison to Others
- Installation Fees
- Conclusions
- Next steps

BACKGROUND

- Impact fees are assessed when **new** connections are made to the distribution & collection system.
- Current impact fees determined based upon water meter size (both City customers and non-City residents).
 - Residential meter ($\frac{3}{4}$ "
 - Water = \$2,089.00 + tap installation (meter only or complete installation)
 - Sewer = \$3,544.00 + tap installation (tap in place or not in place)
- **Impact fees (formerly access fee & system development fee) not increased in over 13-years.**

WHY SHOULD WE CHANGE?

- Meter size is not an equitable capture of the impacts to the system.
 - Demand based rather than meter based.
- Why should we increase impact fees?
 - Increased asset costs (increasing pipe, pumps, facilities, etc.) for additional capacity
 - Future development drives additional required conveyance and treatment capacity.
- Overall reduction in rate-payer contribution to fund growth related infrastructure.

EXISTING METER SIZE METHODOLOGY FOR IMPACT FEE DETERMINATION

	WATER	SEWER
Meter Size	Impact Fee	Impact Fee
3/4" and 5/8"	\$2,089.00	\$3,544.00
1"	\$8,358.00	\$14,175.00
1 1/2"	\$20,009.00	\$34,020.00
2"	\$26,745.00	\$45,360.00
3"	\$58,506.00	\$99,225.00
4"	\$83,580.00	\$141,750.00
6"	\$200,592.00	\$340,200.00
8"	\$250,740.00	\$425,250.00

- Current methodology by meter size incentivizes installation of an undersized meter rather than usage determined from actual occupancy groups.
 - Increasing stair stepped costs between meter sizes.
- Discourages the use of fire suppression systems (additional meter or larger meter).
- How do we appropriately plan for the impact to the system?

PROPOSED METHODOLOGY

- Proposed structure is based on Single Family Unit Equivalent (SFUE) = 350 gallons/day
 - One single family residential house = One SFUE
 - Multi-family units, commercial buildings, other uses = Multiple SFUEs
 - Structure:
 - Use developer provided plans to determine building occupancy
 - Assign demand factors for each building occupancy category (standardization)
 - Calculate the total planned demand and determine single family unit equivalents
 - Determine fee based on multiple of SFUE
 - Allows for QC from availability period to plan submittal stage to ensure fee is assessed equitably

METHODOLOGY GOALS

- Provide equitable assessment of fees based on projected demands by the developer as verified through City Staff.
- Tie fees to projected demands that drive capital investments and planning.
- Size meters based on demands and eliminate meter sizing decisions based on fees.
- Encourage the use of fire suppression systems.
- Reduce the rate-payer demand to fund growth related infrastructure.

CONCLUSIONS

- Meter size is not an equitable capture of the impacts to the system based upon conveyance and treatment demands.
- Increased asset costs for additional capacity equate to significant impacts to the systems (conveyance and treatment).
- Single Family Unit methodology will allow for a framework to equitably apply fees across all types of developments.

NEXT STEPS

- March 2022 – special worksession to present proposed costs for move to the SFUE calculations.
- April 12 Worksession will present the proposed fees and application to methodology.
- April 26 Worksession to present the Ordinance Change to Title 18, Waters & Sewers.
 - May 10 BOMA, first reading
 - May 24 BOMA, second reading
 - June 14 BOMA, third reading
- July 1, implementation