

MEMORANDUM

To: Mayor and City Council Members
Steve Parker, City Manager

From: Melissa Reynolds, P.E., MPA, CFM, City Engineer

Through: Rick Cortes, Deputy City Manager

Subject: Effective Rate Update – Water and Wastewater Impact Fees

Date: February 1, 2022

Impact fees are charged to new customers for connecting to the City's water and wastewater utilities. The fees are typically not charged to existing utility customers, unless the customer submits a request to increase the size of their existing meter, at which point the customer will be required to pay the difference between the two impact fees. Impact fees collected by cities are used to pay for a portion of the costs necessary to provide services for new development. This may include installation of new transmission lines or the upgrades of existing lines. Fees can also be utilized for the upgrade/installation of pumps, storage tanks, and treatment plants. Impact fees help reduce the burden on existing utility customers' utility rates when new growth and development generate the need for system wide improvements and/or expansions. Without impact fees, existing customers would bear the burden of the costs to serve new developments.

On February 2, 2021, City Council approved the second reading of an ordinance establishing the maximum water and wastewater impact fees and the effective water and wastewater impact fees. At this time due to increased development and needs in the water and wastewater service areas, staff is recommending increasing the effective fees as shown in the table below:

	Water	Wastewater
Current Maximum Fees	\$1,132.00	\$7,757.00
Current Effective Fees	\$1,073.00	\$5,192.00
Proposed Effective Fees	\$1,132.00 <i>(5.5% increase)</i>	\$5,711.00 <i>(10% increase)</i>

The above fees are calculated for one Living Unit Equivalency (LUE). The impact fees charged for larger water meters are based on the conversion chart in the 2021 Impact Fee Study.

Staff recommends approval of the proposed increase in effective water and wastewater impact fees and will be available to answer any questions at the February 1st City Council meeting.