

It's real.

Memorandum

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

From: Tim Howe, Water & Wastewater Director

Through: Rick Cortes, Deputy City Manager

Subject: Effective Rate Update – Wastewater Impact Fees

Date: September 6, 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 infrastructure or the upgrades of existing infrastructure. 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 staff is recommending increasing the effective wastewater fee as shown in the table below:

	Water	Wastewater
Current Maximum Fees	\$1,132.00	\$7,757.00
Current Effective Fees	\$1,132.00	\$5,711.00
Proposed Effective Fees	No Change	\$7,139.00 <i>(25% 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 wastewater impact fee and will be available to answer any questions at the September 6th City Council meeting.