

CITY OF SIDNEY IMPACT FEE STUDY WATER AND WASTEWATER REPORT

Presented to the Sidney City Council

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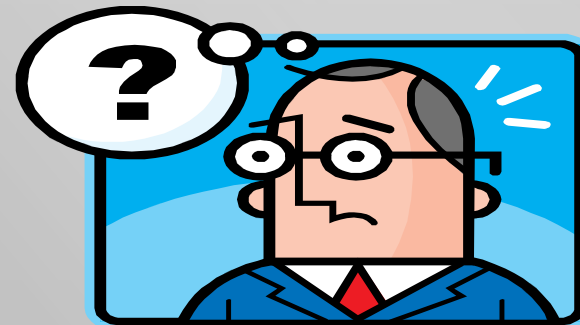


CITY OF SIDNEY IMPACT FEE STUDY WATER AND WASTEWATER REPORT

- ✓ **Impact Fee Basics**
- ✓ **Project Update**
- ✓ **Next Steps**
- ✓ **Water and Wastewater**

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What Are Impact Fees?



KEY CONCEPTS

- One-time payments to help finance new or expanded infrastructure
- Impact fees fund the additional service capacity required by the development from which it is collected
- Impact fees charge for the proportional impact of the development
- A charge imposed on development as part of the development approval process
- Impact fees are authorized under MCA 7-6-1601 – 1604

What Can Impact Fees Be Used For?

- Land or capital improvements

Examples: water tower, sewer lagoon

- Buildings or equipment with a life of 10 years or more

Examples: A fire hall, an excavator

- Capital improvements designed to benefit the community (*system improvements*) — but the improvements must be made necessary by new growth



What Can Impact Fees Be Used For?

- Planning, easements, design & construction
- Administration of the impact fee program (up to 5% of the impact fees)
 - Administration of the program requires strict record keeping to make sure the money is spent on what it was collected for.

What *Can't* Impact Fees Be Used For?

- Improvements designed principally to benefit a development project (*project improvements*)

Example: A water line that must be enlarged to serve a subdivision. This is the developer's responsibility.

- Personnel
- Operation and Maintenance
- Equipment with a life of less than 10 years

Examples: Police car, supplies

- To cure existing deficiencies



When Are Impact Fees Paid?

- Impact fees are paid when the demand occurs.
- The Resolution the Sidney City Council is considering for water and sewer improvements says the fees are paid when a person applies for a certificate of occupancy.

How Are the Fees Determined?

- A Service Area Report must be written for each type of impact fee (e.g., water, sewer, fire, streets...)
 - Describes existing conditions, including deficiencies
 - Establishes level-of-service standards
 - Examples: X acres of parkland per 1,000 residents; A water system serving the city that meets MDEQ requirements
 - Forecasts needs for service in the future
 - Identifies capital improvements needed to meet future demands at the desired level of service

How Are the Fees Determined?

Service Area Report

- Identifies costs needed for O&M vs. costs needed to serve new development
- Establishes a timeline
- Establishes methodology for the costs to be determined and applied
 - Must take into account user fees, debt service payments, taxes and other available sources of funding the capital improvements--- NO DOUBLE DIPPING
 - Must be based on the estimated or actual cost of acquiring, constructing, or upgrading the facility and must be no more than a proportionate share of the costs to provide the excess capacity.

If I think there is an error in my charge, what can I do?

- Ask the Public Works Department to recalculate the charge
- If not satisfied, appeal to City Council
- City Council can grant refunds and credits
- City Council makes final decision



Once Impact Fees Are Adopted, Can They Change?

- Impact Fees must be reviewed and updated every two years to ensure:
 - The demand and cost assumptions are still valid
 - The fees do not exceed the actual cost of constructing improvements
 - The money collected in each impact fee fund has been or is expected to be spent for improvements for which they were paid
 - The improvements will benefit those developments for which fees were paid
 - The money collected is not being used to correct deficiencies or for general operation and maintenance

What is the process for changing impact fees?

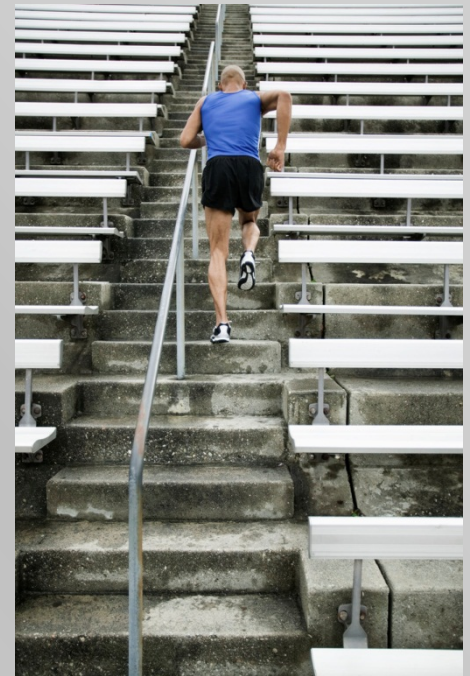
- Impact Fee Advisory Committee review and recommendation
- Advertised public hearing
- City must make information available to the public
- Council must pass a Resolution or Ordinance by 2/3 vote

Project Update

- A Resolution establishing an impact fee program for water and sewer has been written and is up for adoption.
- A Service Area Report for Water Supply has been written.
- A Service Area Report For Wastewater Treatment has been written.
- The Impact Fee Advisory Committee has made a recommendation on water and wastewater fees to City Council.
- City Council is considering adopting impact fees for water and wastewater.

Next Steps

- Service Area Reports for police, fire, streets, parks
- Project completion by the end of 2012



Impact Fees For Water Supply

- **Current Demand:** Population estimated at 6,300 based on water connections and flow volumes or 2,839 Equivalent Dwelling Units (EDUs)
 - EDU is a way to compare water or sewer demand across different land uses
 - An EDU is based on the daily demand for service from a typical single-family home
 - A 5/8" or 3/4" water meter is typical of a residence = 1 EDU
- **Design Population:** 10,000 residents / 4,525 EDUs
- Increase of 1,686 EDUs from 2012 to 2020

Impact Fees For Water Supply

Capital improvements necessary to meet the demand & meet MDEQ rules

- 2 wells
- Water treatment
- One 650,000 and one 200,000-gallon storage tank
- Water mains
- Design and construction
- Equipment

Impact Fees For Water Supply

HOW MUCH WILL THIS COST?

- Estimated cost of improvements eligible for the use of impact fees = **\$6,657,838**
- Cost per new EDU = **\$3,949** ($\$6,657,838 \div 1,686$ new EDUs)
- 5% administrative cost per EDU = **\$197.44** ($\$3,949 \times 0.05$)

TOTAL MAXIMUM WATER SYSTEM IMPACT FEE = \$4,146.44 per EDU rounded to \$4,145.

The city, as a policy, may charge less per EDU but not more.



Impact Fees For Wastewater (sewer)

- Current Demand: Population estimated at 6,300 or 2,487 Equivalent Dwelling Units (EDUs)
- Design Population: 10,000 residents / 3,953 EDUs
- Increase of 1,466 EDUs from 2012 to 2020
- Level of Service must increase from a non-compliant, grandfathered system to a system that meets MDEQ standards.

Impact Fees For Wastewater

Capital improvements necessary to meet projected demand & meet MDEQ rules

- North sewer trunk main (already installed)
- Sludge removal from existing cells, I/I controls
- Lift station
- 4 new cells + a secondary cell
- Spray irrigation
- Design and construction
- Equipment

Impact Fees For Wastewater

HOW MUCH WILL THIS COST?

- Total estimated cost of improvements = **\$21,723,042**
- Amount eligible for the use of impact fees = **\$8,037,526**
- Cost per new EDU = **\$5,483** ($\$8,037,526 \div 1,466$ new EDUs)
- 5% administrative cost per EDU = **\$274** ($\$5,483 \times 0.05$)

TOTAL MAXIMUM WASTEWATER SYSTEM IMPACT FEE = \$5,757 per EDU rounded to \$5,750.

The city, as a policy, may charge less per EDU but not more.



Impact Fees for Water and Wastewater

Comparison

City	Water	Wastewater	Totals	
Whitefish	\$ 1,641	\$ 1,654	\$ 3,295	Adopted
Kalispell	\$ 1,930	\$ 5,345	\$ 7,275	Adopted
Polson	\$ 3,310	\$ 1,531	\$ 4,841	Adopted
Belgrade	\$ 5,128	\$ 2,708	\$ 7,836	Adopted
Bozeman	\$ 3,849	\$ 3,436	\$ 7,285	Adopted
Sidney	\$ 4,145	\$ 5,750	\$ 9,895	Potential

Impact Fees for Water and Wastewater

- Maximum water impact fee per EDU = \$4,145
- Maximum sewer impact fee per EDU = \$ 5,750
- **TOTAL MAXIMUM = \$9,895**

- **Water impact fee recommended by Advisory Committee = \$ 2,500**
- **Sewer impact fee recommended by Advisory Committee = \$ 3,500**
- **TOTAL RECOMMENDED = \$ 6,000**

