

Legislation Text

File #: BILL NO. 23-058, **Version:** 1

An Ordinance amending Section 32-107, Water Tap Fees, of the Code Of Ordinances of the City Of Lee's Summit, Missouri, regarding water tap fees. (F&BC 3/6/23)

Key Issues:

The Water Utilities department requested HDR to review Water Tap Fee methodology following the completion of master planning efforts to ensure that fees were appropriately designed. The Water Master Plan is substantially completed which allowed the department to review the current water tap fee model similar to the process that was used for the sanitary sewer connection fee methodology.

The current water tap fee methodology was developed in the mid 1990's to address water supply demands that were constraining development. The water tap fees were designed to recover the costs associated with development related capital projects by assigning a proportionate share of the total capital costs to each new water connection. The original tap fee ordinance became effective on March 1, 1996.

The Water Master Plan confirmed many of the projects that were in the existing water tap fee model, but additional improvements were identified to meet the demands specified in the City's Comprehensive Plan. The Master Plan indicated that additional water supply would be necessary and recommended that the Water Utilities department move forward on the Jackson Cass Transmission Main Phase IV project for an additional 8 mgd.

The methodology utilized to establish these fees were based on current operating data, historical trends, projected demands, projected development related capital costs, current obligations and available supply. The model utilized prior Water Master planning data as the basis of the current Equivalent Residential Unit "ERU" calculation. The ERU required an estimate for the Average day per capita demand and the Max day Multiplier to calculate the proportional impact on the water system of each new connection. With the update to the Water Master Plan, these two factors needed to be updated as well. This methodology is consistent with AWWA M1 Standards and provides a reasonable and rational approach to funding of water system improvements.

The Average day per capita demand was adjusted from 125 gallons to 85 gallons. Staff had discussed the possibility of this reduction in daily consumption based on lower per household consumption levels thought to be the product of low-flow plumbing fixtures and more water efficient appliances. The Max day Multiplier was adjusted from 2.1 factor to 2.2 to reflect historical demands that were observed by the consultant. The ERU calculation for the 5/8" x 3/4" meter was adjusted from 682.5 gallons per day to 486 gallons per day.

	Current	Proposed
Average day per capita demand	125	85
x People served per equivalent unit	2.6	2.6
Average Equivalent Unit Consumption	325	221
x Max Day Multiplier	2.1	2.2
Max Day Equiv. Unit Consumption	682.5	486

HDR Engineering Inc., the City's consultant on this matter, recommends establishing the Water tap fee at \$3,760 for the

residential equivalent unit for a 5/8" x 3/4" meter. Additional recommendations include;

- Water tap Fees to be proportional to the size of the water meter. The larger the water meter and impact to the sewer system, the greater the cost.
- An Annual review should be conducted of the recommended water projects and their projected costs to ensure the proper allocation and cost recovery is being achieved.
- Update the Master Plan documents every 5 years.
- Implement the new connection fee on July 1, 2023.

Proposed City Council Motions:

FIRST MOTION: I move for a second reading of An Ordinance amending Section 32-107, Water Tap Fees, of the Code Of Ordinances of the City Of Lee's Summit, Missouri, regarding water tap fees.

SECOND MOTION: I move for adoption of An Ordinance amending Section 32-107, Water Tap Fees, of the Code Of Ordinances of the City Of Lee's Summit, Missouri, regarding water tap fees.

Background:

The original Water Tap Fee Ordinance became effective March 1, 1996. The purpose of the water tap fee ordinance was to establish a funding source that provides adequate water capacity to meet the additional demands created by new growth

- Requires an annual report and statements
 - a statement summarizing the applications for service approved during the preceding year;
 - a statement summarizing the tap fees collected and disbursed during the preceding year;
 - a statement summarizing the facility projects initiated and completed during the preceding year and that the facility projects undertaken with the tap fee funds are consistent with the adopted project list;
- Provide any recommendations to the City Council of revisions to the project list and tap fee calculation, as appropriate.

The adopted Water Utilities Strategic Plan identified a goal to maintain the financial health of the Utility and effectively allocation and management of the development associated water system costs.

The Water Utility Advisory Board, which was created to provide customer input on rates, fees and other charges as necessary to sustain the Utility, unanimously recommended the approval of the proposed Water Tap Fee Study and its' methodology on November 30, 2022 and to update the water tap fee ordinance.

Brent Boice, Assistant Director of Business Services, Water Utilities

Jeff Thorn, Deputy Director of Water Utilities

Pat Young, HDR Engineering Inc.

Scott Ison, Chief Counsel of Infrastructure and Recreation

Water Utilities Advisory Board recommended that the water tap fee methodology and ordinance be updated based on the findings of the Water Master Plan and the Water Tap Fee study and make changes to the Schedule of Fees and Charges accordingly.

A motion was made by Councilmember Hodges, seconded by Councilmember Shields, that TMP-2585 be recommended for approval to the City Council. The motion carried by a unanimous 4-0 vote