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MEMORANDUM

DATE: February 17, 2017
TO: Mayor Troxell and City Councilmembers
THRU: Darin Atteberry, City Manager
Kevin R. Gertig, Utilities Executive Director
FROM: Donnie Dustin, P.E., Water Resources Manager
Carol Webb, Water Resources and Treatment Operations Manager
Lance Smith, Utilities Strategic Finance Director
RE: February 14, 2017 Work Session Summary: Changes to the Utilities Raw Water Requirements

At the February 14 Work Session, Utilities staff made a presentation regarding proposed changes to the Utilities Raw Water Requirements (“RWR”) and associated cash-in-lieu (“CIL”) rate. The main proposed changes are to 1) reduce the amount of RWR (or volume of water requested), 2) adjust the CIL rate to \$16,700 per acre-foot of RWR, and 3) going to a cash only system that discontinues dedication of water rights to meet the RWR. All but Councilmember Campana were present and Utilities staff (Donnie Dustin, Carol Webb and Lance Smith) was available to respond to questions. Key points or questions made by Councilmembers were:

- General support was given for the proposed changes.
• Staff should consider delayed implementation of the changes on the order of 6 to 12 months, and should define the impacts of this schedule.
• Staff should provide information about the impact on ratepayers from not making these changes and how rates have changed over time.
• Please provide justification for the contingencies used in the proposed changes.
• Please orient new Councilmembers on these issues if Council action is delayed until after the April municipal elections.
• Additional public outreach should be conducted, including to the general public, as well as affected stakeholders.

Next Steps

- Staff will conduct additional public outreach, including to the general public.
• Information will be provided to address the questions about the impact of delaying or not making changes prior to returning for Council action.
• Since action will be requested after the April municipal elections, orientation will be provided for new Councilmembers prior to returning for Council action.




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MEMORANDUM

Date: March 2, 2017

TO: Mayor and City Council Members

THRU: Darin Atteberry, City Manager 
Mike Beckstead, CFO

FROM: Tiana Smith, Revenue and Project Manager, Finance
Dean Klinger, Capital Projects Manager, Engineering
Lance Smith, Utilities Strategic Financial Planning Director, Utilities

Re: Work Session Summary- 2/14/17- Impact Fees --Revised Summary

Introduction

On February 14, 2017, staff presented to City Council an update on the City-wide fee coordination efforts, fee recommendations for capital expansion fees, transportation capital expansion fee, electric capacity fees and the raw water requirements/cash in lieu of water fees and outreach completed to date. Staff asked for the following direction from Council:

- Has sufficient outreach been completed on the fee recommendations?
- Should fees be adopted and then implemented 6 months after adoption?
- Should fees be adopted and then implemented 6 months after adoption with a 2-3 year phase-in for the increases?

Stakeholders

Stakeholders for Impact Fees include developers, groups associated with homebuilders and the development community as well as various Boards and Commissions that are concerned with the financial integrity of the City and housing affordability.

Working with CPIO, the following individual stakeholders were identified and included in outreach efforts on impact fee recommendations:

- Chamber of Commerce
- Economic Advisory Commission
- Parks and Recreation Board
- Building Review Board
- Board of Realtors
- Downtown Development Authority
- Northern CO. Homebuilder's Association
- Affordable Housing Board
- Housing Catalyst

Project Details

Studies to update the capital expansion fees, transportation capital expansion fee, electric capacity fees and raw water requirements/cash-in-lieu of water fees began in 2016. Based on Council direction, in late 2016 staff began a coordination effort to combine the outreach and presentation of these impact fees to the community. This presented a holistic picture of the complete effect to impacted stakeholders.

Fee recommendations are based on updates to asset values, updates to population based on Census data and in the case of electric capacity fees and raw water/cash-in-lieu, updates to the methodology used to more appropriately account for costs and future planning.

Due to the individual fees being at different stages of maturity when the fee coordination effort began, outreach is still in process on the raw water/cash-in-lieu of water fees. Those fees will be on a separate timeline and presented to Council after completion of outreach.

The overall feedback from the community includes concerns on the impact these fees increases will have to the affordability of housing in Fort Collins, an expressed desire for 6 months delay after adoption of the fees and phasing in of the fees over 2-3 years.

Next Steps

- Present both 1st and 2nd readings to the current Council. 1st reading will occur March 7th and 2nd reading will occur March 21st.
- Research examples of projects that have been delayed due to lack of revenue in the various capital expansion fee funds.
- Research last 10 years of revenue using permit data to estimate the impact to revenue of phasing fees in over 2-3 year time frame.
- In future fee studies and outreach, better explain importance of fees to the community through use of videos and infographics.
- Future outreach efforts should include the Human Relations Commission as well as a Super Board meeting.
- Present to Chamber of Commerce to circle back on feedback given and update on impact fees status.

Conclusion

Staff will present a memo to Council requesting a delay for presenting the impact fees on March 2nd.