

AGENDA ITEM SUMMARY

City Council



STAFF

Randy Reuscher, Lead Analyst, Utility Rates
Heidi Hansen, Water Utilities Development Review Manager

SUBJECT

Items Relating to Code Updates for Water Utility Fees.

EXECUTIVE SUMMARY

A. Second Reading of Ordinance No. 060, 2025, Amending Chapter 26 of the Code of the City of Fort Collins Regarding Fees When a Single Water Service for a Duplex is Split Between the Two Dwelling Units.

B. Second Reading of Ordinance No. 061, 2025, Amending Chapter 26-148 of the Code of the City of Fort Collins to Revise the Water Supply Requirement for Residential Lots.

These Ordinances, unanimously adopted on First Reading on April 1, 2025, ensure that new or expanded water service connections contribute to system capacity costs.

STAFF RECOMMENDATION

Staff recommends adoption of these Ordinances on Second Reading.

FIRST READING BACKGROUND / DISCUSSION

The Water Supply Requirement (WSR), Water Plant Investment Fee (WPIF), and Wastewater Plant Investment Fee (SPIF) are key components of the City's water utility fees, ensuring that new or expanded water service connections contribute to system capacity costs. These updates address specific concerns related to fee structures:

Duplex Service Splitting – There are roughly two dozen known duplexes in the Fort Collins Utilities service area served by one water meter, but with separate dwelling unit owners, many of which were constructed in the 1970's.

Currently, duplexes served by a single water line are required to pay the difference in WPIF, SPIF, and WSR fees when converting from a single meter to two separate meters. This ordinance allows the Utilities Executive Director to waive these fees when engineering and plumbing conditions support the split without additional system impact. It is assumed that water demand and wastewater flows would not increase or change by only adding a second meter.

Having separate meters in place will allow for the monthly billing for each dwelling unit to be billed separately to each customer. This will also provide separate winter quarter average (WQA) calculations for each dwelling and allow wastewater services to be billed separately for these customers.

Revised WSR Calculation for Large Lots – The current WSR calculation method for residential large lots assumes outdoor irrigation of the entire lot based on 10 gallons per sq. ft. (with exceptions for things such as building footprints, paved driveways, sidewalks, etc.) In cases where the property is currently served by well water, the current requirement makes it prohibitively expensive in most cases to connect large residential properties to City water.

Given the size of these lots, these customers generally do not irrigate the full outdoor parcel area. The proposed calculation will cap the 10 gallons per sq. ft. assumption at ½ acre and any area above 1/2 acre will require a hydrozone-based approach to calculate water use for the remaining area. This will more closely align WSR fees with their actual expected water use and likely allow more customers to convert from well water, where their well has either failed or they are challenged with contaminant issues, to connect to City water.

These changes support equitable fee structures while maintaining responsible water resource management.

CITY FINANCIAL IMPACTS

The waiver of development fees is expected to have minimal impact on the Water Fund, given the number of eligible duplexes within the Fort Collins Utilities service territory is estimated to be only a few dozen customers. It is estimated that each duplex conversion to two water meters would save a customer ~\$1,300 in the proposed fee waiver, depending on lot size, which equates to roughly \$32,500 less in total revenue for the Water Fund if all eligible duplexes applied to split, although the requests are expected to be minimal.

Revising the WSR calculation for residential large lots could potentially have a significant financial benefit for a particular parcel, but the number of large lots within the Fort Collins water service territory is estimated to be low. Additionally, the number of residential large lots that may want to connect to the Fort Collins Utilities water service because of an existing water well would be minimal, maybe only 1 or 2 customers every few years. The current requirement has been cost prohibitive for these customers to connect to City services; therefore, the proposed change could increase development fee revenue for the Water Fund as a whole. The amount would be highly dependent on the size of the lot.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

A memo of the proposed changes was provided to the Water Commission at the March 20, 2025, meeting.

PUBLIC OUTREACH

None.

ATTACHMENTS

First Reading attachments not included.

1. Ordinance No. 60, 2025
2. Ordinance No. 61, 2025