



## CITY COUNCIL ACTION FORM

Department	Presented by	Date
Community Development	Bill Almquist - Comm. Dev. Director	July 20, 2021

### **ITEM**

Resolution 2021-25: Amending the 2021 Fee Schedule Regarding Water and Wastewater Services

### **BACKGROUND**

Salida, like many Colorado mountain towns, is experiencing an unprecedented housing crisis that has resulted in skyrocketing sales prices and a significant shortage of residential units available and/or affordable to the local workforce. Maintaining an adequate supply of rental units for those individuals is crucial to maintaining a thriving economy. The 2015 Chaffee County Housing Needs Analysis indicated that nearly 300 affordable/attainable units across the County (perhaps up to 100 in Salida alone) would need to be built each year for the following 10 years to fully meet the community's needs. At the moment, we are even further behind the curve, as fewer than 100 rental units having been built in the city since the publication of that report.

Some members of the local development community have pointed to the City's existing water and wastewater system development fee (SDF) structure as one particular barrier to the construction of higher-density apartment units, in particular, due to the costs. Currently, SDFs are charged on a per-unit basis for "residential multi-family" units, which is 75% of the fee for a single-family home (or just over \$10,000 per unit). Developers have requested that rental projects which are under single-ownership and on a single-lot instead be charged similar to a commercial project. Such a fee would vary based on the required meter size, which would correspond to total fixture counts and other variables, but would likely be less costly per unit than under the current methodology (estimated to be approximately 25% - 50% of the fee for a single-family home).



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Staff has looked into system development fee structures for other communities in Colorado and determined that rental complexes are charged in a variety of ways; however, many charge them as commercial projects due to the business nature of the project and other similarities of use and impacts. Furthermore, staff recognizes the critical importance of increasing the rental housing stock and is supportive of working with developers to find solutions to this housing emergency and making the fee structure align better with the type of use.

Specifying that certain rental projects be charged at commercial rates instead of per unit would likely have some negative impacts on the water and wastewater fund, if they are built. However, in light of the current housing situation (and potential ramifications if the trends are to continue), such a change could also be considered an indirect long-term investment in the community. Of course, should enough rental units be constructed to meet housing goals (or if other circumstances arise), Council always has the ability to adjust fees as necessary to ensure the long-term health of the water and wastewater fund.

In order to ensure that such an adjustment of SDFs will help meet Council's goal of addressing the housing dilemma, staff has crafted several stipulations in order for commercial fees to be applied to the rental project (which could take on a variety of different forms). These include:

- The development must be located on a single lot and under single ownership.
- The development must include a minimum of three (3) units. (This aligns with the minimum number of units in our definition of "apartment")



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- The number of residential units in the development must be a minimum of 50% of the maximum density allowed for the lot.
- Individual units may not exceed 1200 SF, excluding garage space.
- The size of the commercial meter will be determined via the size calculation sheet provided by the City of Salida, and verified by the project engineer.
- If any of the individual units ever convert to a unique owner (via condominiumization, subdivision, etc.), the applicant will be responsible for paying the difference between the paid SDFs, as a portion of the total number of units, and the SDFs for the non-rental unit applicable at the time of conversion.

In addition to the updates pertaining to the SDF fee related to rental units, staff is also proposing to identify a specific fee pertaining to non-compliance of cross-connection regulations. Numerous commercial and multi-family projects are subject to cross-connection regulations and requirements specified in the City of Salida Municipal Code Chapter 13, Article IV. These regulations require certain properties to have a device installed to protect the public water system. The device is required to be tested on an annual basis. Section 13-4-60 identifies that water service may be suspended if non-compliance is not remedied. Staff recommends that a fine be set to incentive compliance prior to having to disconnect the service. Furthermore, The Colorado Department of Health and Environment (CDPHE) has regulations that require that water providers ensure compliance is achieved, otherwise, the water utility would be subject to violations and penalties at the State level. These State regulations including the time required for device installation and backflow testing of devices have become more stringent in recent years.



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### **FISCAL NOTE**

As noted above, there would be some fiscal impacts to the water/wastewater fund, provided that such new rental projects are actually built—mainly, the difference between the existing “Residential Multi-Family” fees on a per unit basis and the applicable commercial fees for the entire development, which could range considerably based upon a variety of factors.

### **STAFF RECOMMENDATION**

Staff recommends that Council approve Resolution 2021-25 amending the 2021 Fee Schedule regarding water and wastewater services, with the stipulations provided and incorporated therein.

### **SUGGESTED MOTION**

“I move to approve Resolution 2021-25 amending the 2021 Fee Schedule regarding water and wastewater services, with the stipulations provided and incorporated therein.”

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**RESOLUTION NO. 25**  
**(Series 2021)**

**A RESOLUTION OF THE CITY COUNCIL FOR THE CITY OF SALIDA, COLORADO  
AMENDING THE 2021 FEE SCHEDULE REGARDING WATER AND WASTEWATER  
SERVICES**

**WHEREAS**, the Salida Municipal Code (“Code”) establishes rules and regulations for the operations of the City of Salida (“City”) and provides for the establishment of fees for various City services throughout the Code; and,

**WHEREAS**, the City relies upon fees to provide many services to its customers and citizens; and,

**WHEREAS**, fees associated with the services provided by the City require adjustment from time to time to account for matters such as: increases in costs to provide such services, the implementation of new services and regulations, changing circumstances, and/or applicable amendments to the Code; and,

**WHEREAS**, on December 15, 2020, the City Council adopted the 2021 Fee Schedules via Resolution No. 2020-43; and on July 6, 2021, the City Council amended the 2021 Fee Schedules via Resolution No. 2021-22; and,

**WHEREAS**, since the adoption and most recent amendment of the 2021 Fee Schedules, staff notes and recommends that the usage and impact of certain residential multi-family development is more similar to that of commercial development, as it relates to water and wastewater services; and,

**WHEREAS**, since the adoption and most recent amendment of the 2021 Fee Schedules, staff notes that numerous commercial and multi-family projects are subject to cross-connection regulations and requirements specified in Chapter 13, Article IV of the Code, and these regulations require certain properties to have a device installed and tested on a yearly basis to protect the public water system; and,

**WHEREAS**, the Colorado Department of Health and Environment “CDPHE” requires that water providers ensure that compliance is achieved, otherwise, the water utility would be subject to violations and penalties; and

**WHEREAS**, fines may be utilized to incent compliance prior to having to disconnect service to the property; and

**WHEREAS**, Council has determined the amended Fees and Charges for Water and Wastewater Services, as included in Exhibit A, attached hereto and incorporated herein, are appropriate to create such incentives without unduly impairing the Water/Wastewater Fund; and,

**WHEREAS**, the amended 2021 Fee Schedules is attached hereto and incorporated herein

as Exhibit A.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SALIDA, COLORADO THAT:**

1. The Salida City Council incorporates the foregoing recitals as its conclusions, facts, determinations and findings.
2. This resolution and accompanying Fee Schedules are intended to supersede all previous fee schedules adopted by the City Council.
3. Effective upon approval, the City hereby adopts the amended 2021 Fee Schedules (attached hereto as Exhibit A).

**RESOLVED, APPROVED, AND ADOPTED this 20<sup>th</sup> of July, 2021.**

CITY OF SALIDA

By: \_\_\_\_\_  
P.T. Wood, Mayor

[SEAL]

ATTEST: \_\_\_\_\_  
City Clerk/Deputy City Clerk

**Exhibit A**  
**2021 Fee Schedules**

# Fees and Charges for Water and Wastewater Services, effective July 2021

Description of Fee, Rate or Charge	Code Section	Special Charges	Fixed Fees				Commercial Fees (3) (4)					
			Residential Single-Family and Duplexes (1)	Residential Multi-Family (1)	Accessory Dwelling Units (2)	Legally-Restricted Affordable Housing (1)	3/4" line-meter	1.0" line-meter	1.5" line-meter	2.0" line-meter	3.0" line-meter	4.0" line-meter
<b>Water System Development &amp; Associated Fees</b>												
System Development Fee	13-3-20 (c)		\$ 8,512	\$ 6,384	\$ 3,405	\$ 3,405	\$ 8,512	\$ 14,270	\$ 28,316	\$ 52,472	\$ 106,742	\$ 217,534
Surcharge in High Zone	13-3-20 (d)		\$ 1,936	\$ 1,452	\$ 774	\$ 774	\$ 1,936	\$ 2,904	\$ 4,352	\$ 6,530	\$ 9,797	\$ 14,695
Irrigation only (plus 50% of applicable surcharge above)	13-3-20 (c)		\$ 4,256	\$ 4,256	-	\$ 4,256	\$ 4,256	\$ 7,135	\$ 14,158	\$ 26,236	\$ 53,371	\$ 108,767
Water Meter - Disc	13-02-90		\$ 352	\$ 352	-	\$ 352	\$ 352	\$ 469	\$ 770	\$ 1477	-	-
Water Meter - Turbine	13-02-90		-	-	-	-	-	-	\$ 1,629	\$ 1,928	\$ 2,319	\$ 3,387
Water Meter - Compound	13-02-90		-	-	-	-	-	-	-	\$ 3,382	\$ 4,081	\$ 5,623
Note: Meter prices are based on supplier prices and, therefore, are subject to change outside of the City's control.												
<b>Wastewater System Development Fees</b>												
System Development Fee for water & sewer customer	13-3-20 (c)		\$ 5,206	\$ 3,905	\$ 2,082	\$ 2,082	\$ 7,808	\$ 16,918	\$ 30,190	\$ 42,199	\$ 79,834	\$ 132,732
Fee per 1.0 EQR if no municipal water service	13-3-20 (c)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Monthly Water Rates and Charges for Service</b>												
	13-3-30 (b)											
Service charge			\$ 19.13	\$ 19.13	\$ 9.56	\$ 19.13	\$ 19.13	\$ 25.44	\$ 38.26	\$ 50.88	\$ 76.33	\$ 101.77
Water maintenance charge			\$ 6.64	\$ 6.64	\$ 3.32	\$ 6.64	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Volume (usage) charge (over 2,000 gallons only)												
Tier I (2,000 to 13,333 gallons/month)			\$ 1.75	\$ 1.75	\$ 1.75	\$ 1.75	\$ 1.75	\$ 1.75	\$ 1.75	\$ 1.75	\$ 1.75	\$ 1.75
Tier II (over 13,333 gallons/month)			\$ 2.34	\$ 2.34	\$ 2.34	\$ 2.34	\$ 2.34	\$ 2.34	\$ 2.34	\$ 2.34	\$ 2.34	\$ 2.34
Demand fee up to 100,000 gallons							\$ 6.64	\$ 6.64	\$ 6.64	\$ 6.64	\$ 6.64	\$ 6.64
Demand fee 101,000 to 500,000 gallons							\$ 19.92	\$ 19.92	\$ 19.92	\$ 19.92	\$ 19.92	\$ 19.92
Demand fee 501,000 to 1,000,000 gallons								\$ 49.79	\$ 49.79	\$ 49.79	\$ 49.79	\$ 49.79
Demand fee over 1,000,000 gallons									\$ 66.38	\$ 66.38	\$ 66.38	\$ 66.38
<b>Monthly Wastewater Rates and Charges for Service</b>												
	13-3-30 (b)											
Service charge			\$ 21.57	\$ 21.57	\$ 10.78	\$ 21.57	\$ 22.34	\$ 31.18	\$ 46.53	\$ 69.80	\$ 88.41	\$ 109.35
Residential volume charge (based on winter water usage) (2,000 gallons usage included in residential service charge)			\$ 1.42	\$ 1.42	\$ 1.42	\$ 1.42						
Commercial volume charge (based on actual water usage)							\$ 2.64	\$ 2.64	\$ 2.64	\$ 2.64	\$ 2.64	\$ 2.64
Sewer only service charge - per equivalent living unit		\$ 37.25										
<b>Other</b>												
Permanent disconnection of water line	13-2-210	\$ 50.00	<b>Notes:</b>									
Monthly late fee for backflow non-compliance (water disconnected at 120 days on non-compliance per Sec. 13-4-60)	13-4-60	\$ 75.00	(1) All fixed fees are multiplied by the number of such units associated with each account.									
Accessory Structure Service Charge Suspension Agreement	13-3-10(a)(1)	\$ 40.00	(2) Fees for accessory dwelling unit apply unless use of property is legally restricted for non-rental use.									
System Development Fee Deferral Agreement	13-3-10(a)(1)	\$ 40.00	(3) Includes mixed-use developments in a single building where 50% or more of the ground floor is used for commercial, personal service and office uses, and other uses as approved by City Council.									
Bulk water - untreated for construction within the City of Salida (per 1,000 gallons)	13-3-30 (a)	\$ 2.50	(4) Also applies to single-ownership, single-lot rental projects of 3 units or more. The required size of the commercial meter will be determined via the size calculation sheet provided by the City of Salida and verified by the project engineer. The development must meet a minimum of 50% of the maximum allowed density for the lot, and individual units may not exceed 1200 SF, excluding garage space. Should any individual unit within said development convert to a unique owner in the future (via condominiumization, subdivision, etc.), the applicant will be responsible for paying the difference between the paid system development fees (SDFs), as a portion of the total number of units, and the SDFs for the non-rental unit applicable at the time of conversion.									
Bulk water - treated (up to 1,000 & per each add'l 1,000 gallons)	13-3-30 (a)	\$ 6.00										
Bulk water - set hydrant meter	13-3-30 (a)	\$ 50.00										
Inactive account (sewer only customers) per month	13-3-30 (g)	\$ 18.63										
Returned check charge	13-3-30 (h)	\$ 25.00										
Final billing and new account charge	13-3-30 (i)	\$ 62.00										
Sewer only final billing and new account charge	13-3-30 (i)	\$ 31.00										
Temporary water disconnection fee - once annually	13-03-50	\$ -										
Temporary water disconnection fee - more than 1x per year	13-03-50	\$ 40.00										
Delinquent Charge - water service	13-3-30 (h)	\$ 3.50										
Delinquent Charge - wastewater service	13-3-30 (h)	\$ 3.50										
Late Fee (SteamPlant, Public Works, Finance, Fire, Pool, Wastewater - 30 day delinquent, charged monthly) \$3.50 or 5% (whichever is greater)		\$3.50 or 5%										
Period of time after which service is subject to termination	13-3-50 (c)	45 days										
Water termination (shut-off) fee	13-3-70 (d)	\$ 40.00										
Account reinstatement charge (waived if shut-off fee paid)	13-03-80	\$ 40.00										
							Date revised: 7/20/2021					

## Notes:

(1) All fixed fees are multiplied by the number of such units associated with each account.

(2) Fees for accessory dwelling unit apply unless use of property is legally restricted for non-rental use.

(3) Includes mixed-use developments in a single building where 50% or more of the ground floor is used for commercial, personal service and office uses, and other uses as approved by City Council.

(4) Also applies to single-ownership, single-lot rental projects of 3 units or more. The required size of the commercial meter will be determined via the size calculation sheet provided by the City of Salida and verified by the project engineer. The development must meet a minimum of 50% of the maximum allowed density for the lot, and individual units may not exceed 1200 SF, excluding garage space. Should any individual unit within said development convert to a unique owner in the future (via condominiumization, subdivision, etc.), the applicant will be responsible for paying the difference between the paid system development fees (SDFs), as a portion of the total number of units, and the SDFs for the non-rental unit applicable at the time of conversion.



Date revised: 7/20/2021