City of Stevenson

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To: City Council
From: Leana Kinley, City Administrator
RE: Accessory Dwelling Unit (ADU) Utility Connection Fees
Meeting Date: May 16, 2019

Executive Summary:

The current billing structure for connection fees need to be reviewed with the change in the zoning code. Water connections are billed either based on the size of meter, or based on the number of structures in a multi-family unit. Sewer connections are billed based on Equivalent Dwelling Units (EDU). There is ambiguity and inconsistency with the charging of connection fees as it relates to ADUs which needs to be resolved.

Overview of Items:

If Ordinance 2019-1141 is approved, there will be three different ways a customer can go about having an ADU on their property. They can build a new detached structure, add an addition to their house for a connected ADU, or they can convert the interior of their house or a detached structure to an ADU. In all instances staff recommends that the ADU maintain connection to utilities through the main house to maintain dependence upon the main structure and keep the "accessory" component of the ADU.

Current city code states that "the water connection for each unit of a multifamily dwelling shall be fifty-seven percent (57%) of the connection fee (or system development charge) for a single-family dwelling (3/4"). If a customer adds an ADU, this reads that they should be charged $4,434.03 for a water connection. Each multifamily unit is equivalent to one EDU and would also incur a $5,607 sewer system development charge (SDC). This process is applied in the event that a customer builds a new structure-either attached or detached.

When a customer converts or remodels an existing structure that already has a water and sewer connection, the SDCs have not been applied.

After lengthy staff discussion, one option is that all ADUs, whether converted or built new, shall be charged as one EDU for sewer SDCs and 14% of a ¾" residential meter for water SDCs. The 14% is calculated by adding two multifamily water SDCs at 57% (114%) and subtracting what the customer has already paid for the residential connection (100%).

Some cities base the SDC on meter size and if a larger meter is needed with the ADU, then the customer will pay the difference for the increased meter size. Other cities require a new residential connection if it is part of new construction. In researching ADU policies, the City of Santa Cruz was one recommendation as having a model code and the FAQs for the City of Santa Cruz are attached for comparison.

Further discussion will need to be had over the billing for mixed-use units from a water connection and monthly base fee perspective. However, the discussion over how ADUs are billed will help inform staff how to revise the code to ensure fairness and equity.

Action Needed:

- Provide direction to staff as to how each type of ADU shall be billed for system development charges/connection fees.