

SOUTH ADAMS COUNTY WATER & SANITATION DISTRICT AND COMMERCE CITY

Development Fee Comparison Study

Joint City Council/District Meeting

March 21, 2016

AGENDA

- **Project Objectives**

- What is the cost of development in Commerce City as compared to other Denver metro communities?

- **Methodology**

- 8 development profiles
- Website research, email survey, and telephone interviews

- **Results**

PROJECT OBJECTIVE

- **Primary Objective**
 - Calculate and compare the cost of development based on 8 different development profiles
 - Include fees assessed by the city, county, water/sewer provider, and other agencies
- **Water-Related Development Policies**
 - Water dedication requirement
 - Separate non-potable water system
- **Recurring or Long-Term Costs**
 - Mill levies
 - Annual water and sewer bills

DEVELOPMENT PROFILES

Development Types

1. SFR - Single Family Residential
2. MFE - Multi-Family Residential
3. Comm'l - Commercial Retail
4. Ind - Industrial Warehouse
5. Irr – Irrigation Only
6. Rest – Restaurant
7. Manuf – Manufacturing
8. Truck - Truck Wash

Cost Parameters

- Building Valuation
- Building Size
- Lot Size
- Water Meter Size
- Annual Water Usage

METHODOLOGY

- **Website Research**
- **Survey/Questionnaire and Spreadsheet**
- **Telephone Interviews**

Comparison Communities	
Aurora	Greeley
Brighton	Longmont
Broomfield	Parker
Castle Rock	Thornton
Denver	Westminster

METHODOLOGY – DEVELOPMENT PROFILES

SFR - Single Family Residential

- » Building Valuation: \$300,000
- » Building Size: 2,500 sq. ft.
- » Lot Size: ¼ acre
- » Water Meter Size: 5/8"
- » Annual Water Usage: 136,900 gals

Comm'l - Commercial Retail (6 Units)

- » Building Valuation: \$745,000
- » Building Size: 8,100 sq. ft.
- » Lot Size: 1.39 acres
- » Water Meter Size: 6 x ¾"
- » Irrigation Meter Size: ¾"
- » Annual Water Usage: 175,000 gals

MFE - Multi-Family Residential (36 Units)

- » Building Valuation: \$2,800,000
- » Building Size: 36,700 sq. ft.
- » Lot Size: 1.37 acres
- » Water Meter Size: 2"
- » Irrigation Meter Size: ¾"
- » Annual Water Usage: 3,300,000 gals

Ind - Industrial Warehouse

- » Building Valuation: \$7,000,000
- » Building Size: 139,500 sq. ft.
- » Lot Size: 40 acres
- » Water Meter Size: 2"
- » Annual Water Usage: 20,400 gals

Note: The industrial warehouse was based off of an existing building. If built today, the water meter would be sized based on estimated annual water usage.

METHODOLOGY – DEVELOPMENT PROFILES

Irr - Irrigation Only (City Owned Park)

- » Building Valuation: \$20,000
- » Lot Size: 9.63 acres
- » Water Meter Size: 1"
- » Irrigation Meter Size: 4"
- » Annual Water Usage: 7,038,000 gals

Rest - Restaurant

- » Building Valuation: \$1,700,000
- » Building Size: 5,300 sq. ft.
- » Lot Size: 1.34 acres
- » Water Meter Size: $\frac{3}{4}$ "
- » Irrigation Meter Size: $\frac{3}{4}$ "
- » Annual Water Usage: 504,000 gals

Manuf - Manufacturing

- » Building Valuation: \$6,783,000
- » Building Size: 79,240 sq. ft.
- » Lot Size: 6.40 acres
- » Water Meter Size: 2"
- » Irrigation Meter Size: 1"
- » Annual Water Usage: 3,516,000 gals

Truck Wash

- » Building Valuation: \$1,542,000
- » Building Size: 15,100 sq. ft.
- » Lot Size: 3.22 acres
- » Water Meter Size: 2"
- » Irrigation Meter Size: $\frac{3}{4}$ "
- » Annual Water Usage: 7,836,000 gals

METHODOLOGY

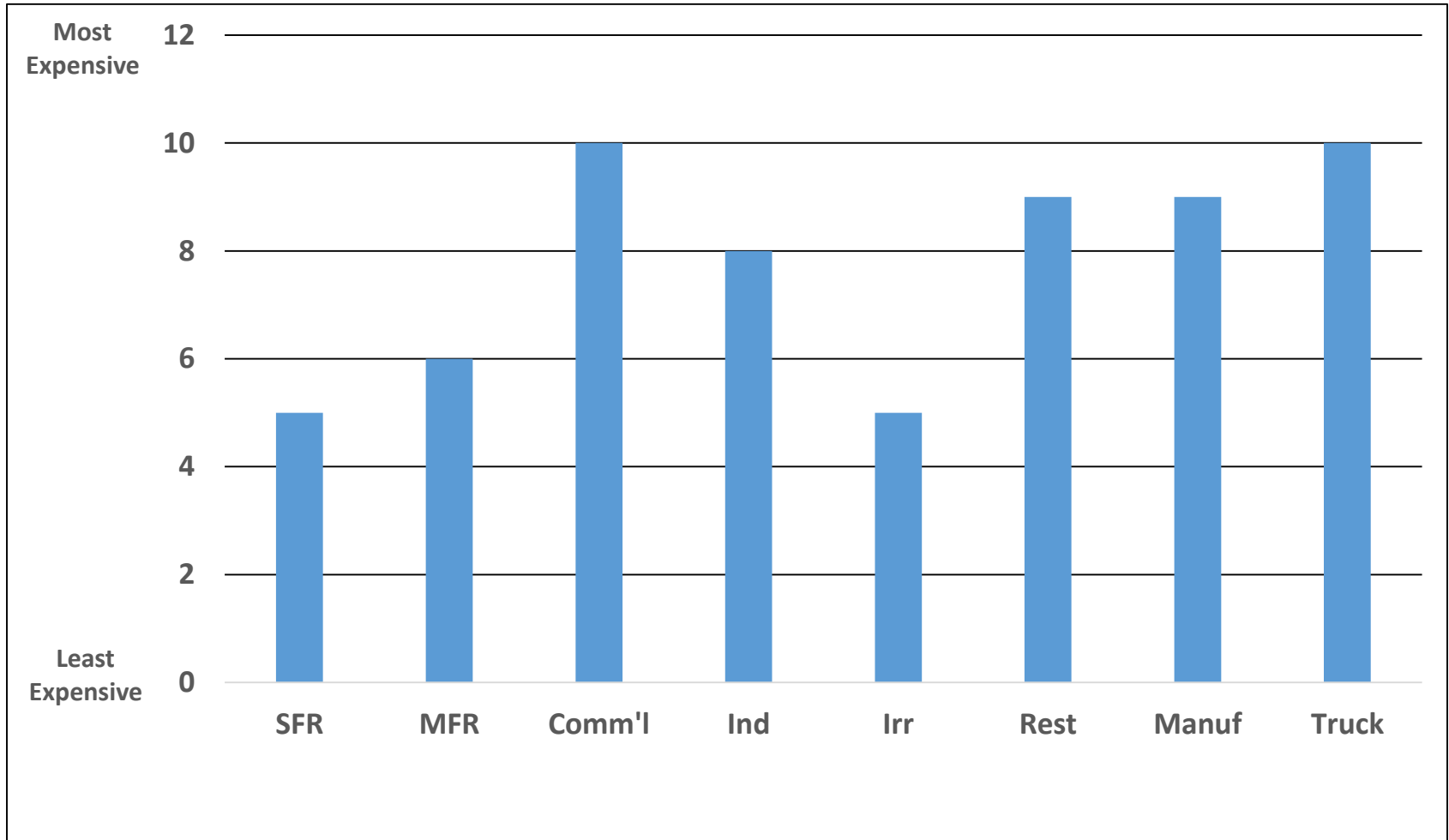
COSTS ANALYZED

Type of Fee	Description
Building Fees	Building permit, and plan review
Use Tax	A percent of construction cost
Water and Wastewater Fees	System development fees, cost of meter and installation, and fee in-lieu of water dedication
Development Fees	E-470 expansion and water acquisition fee
General Improvement District and Metropolitan District Fees	Impact fees for infrastructure created by these entities
Public Works Fees	Road impact and drainage impact fees
Parks Fees	Fee in-lieu of public park dedication
School District Fees	Fee in-lieu of land dedication
Other General Government Fees	Fire protection, health agencies, library, police, CDPHE stormwater permit, etc.

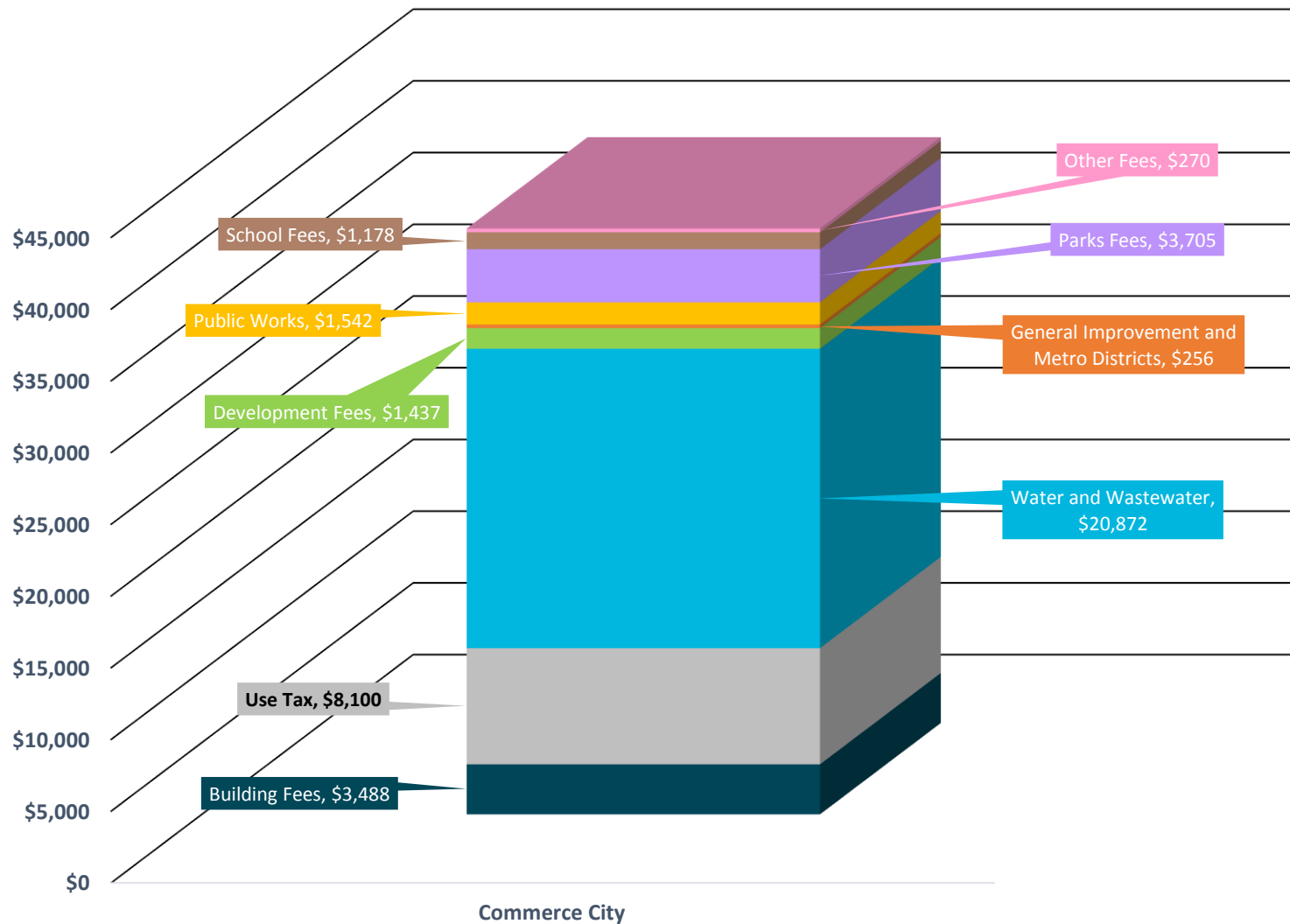
COST OF DEVELOPMENT

OVERALL RESULTS

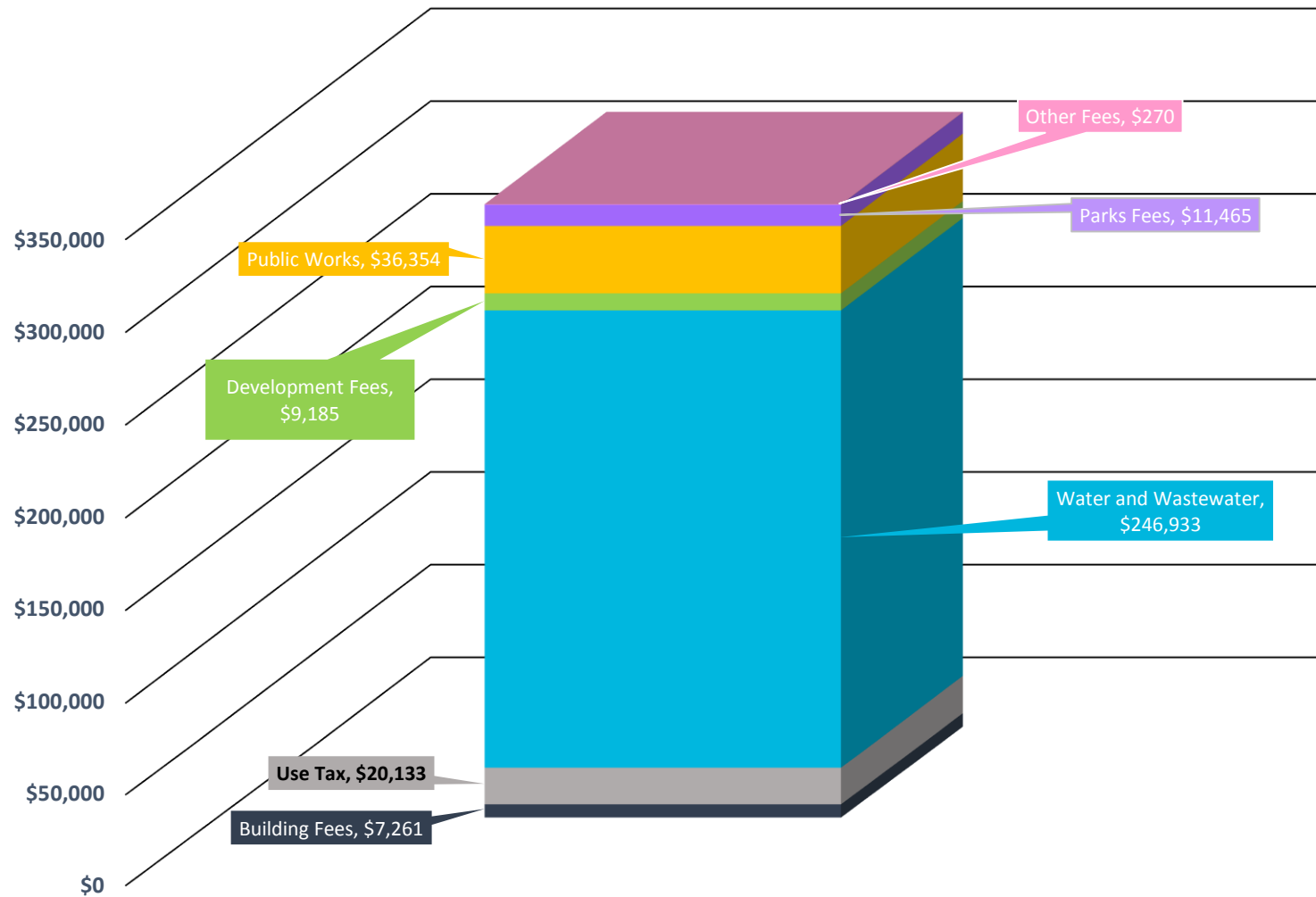
Commerce City vs. Other Communities



BREAKDOWN OF SFR FEES

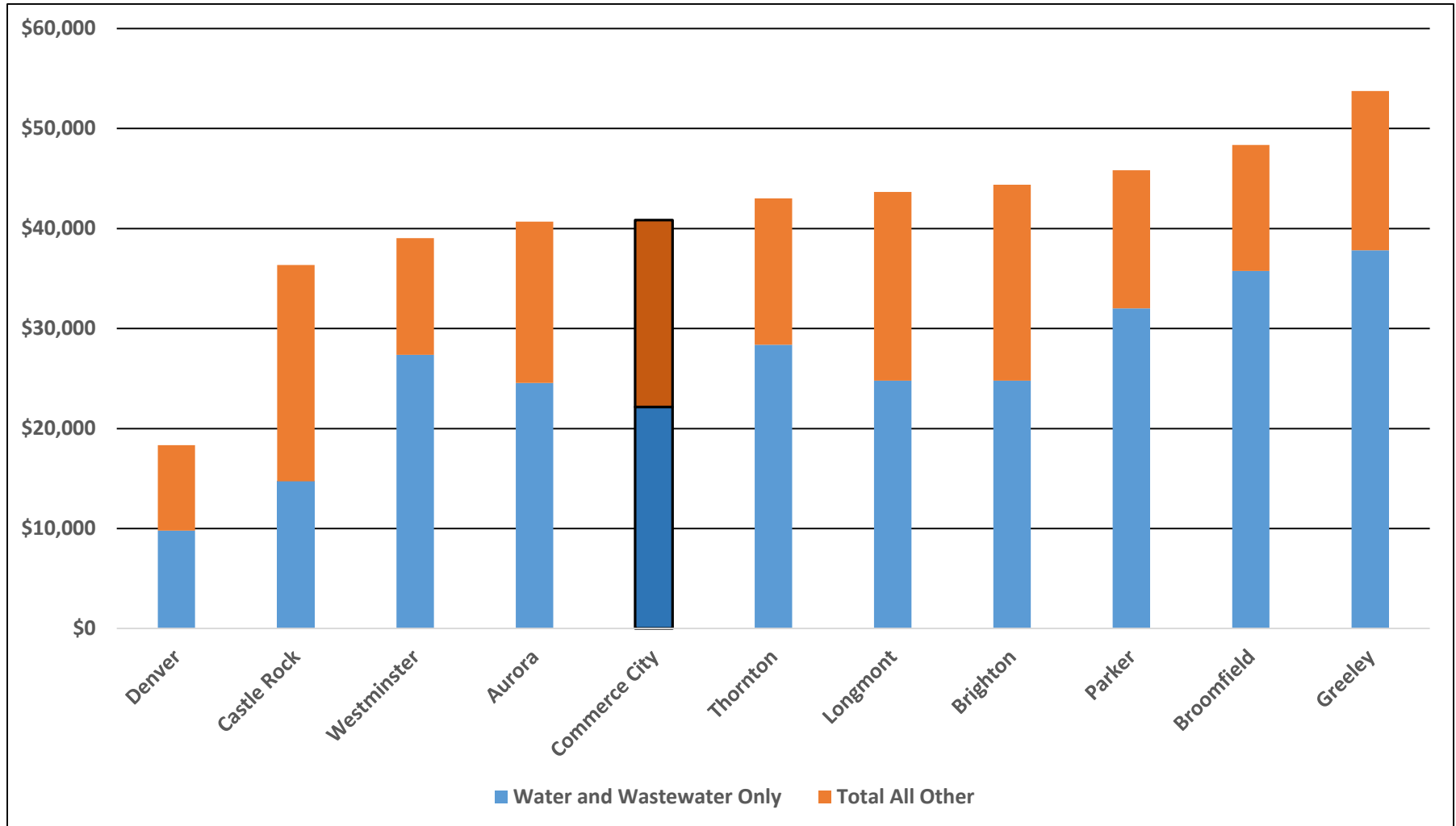


BREAKDOWN OF COMM'L FEES



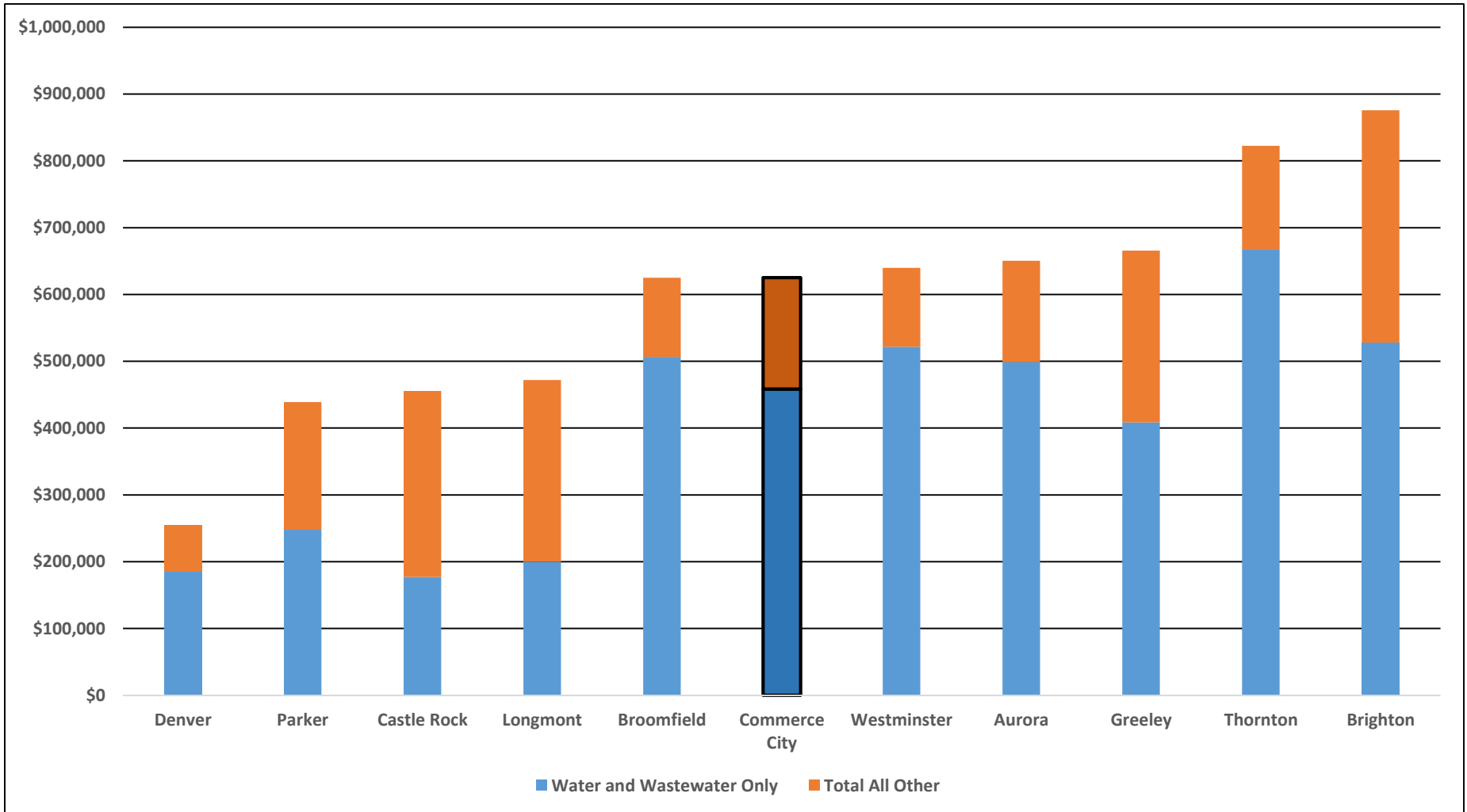
Commerce City

SINGLE FAMILY RESIDENTIAL



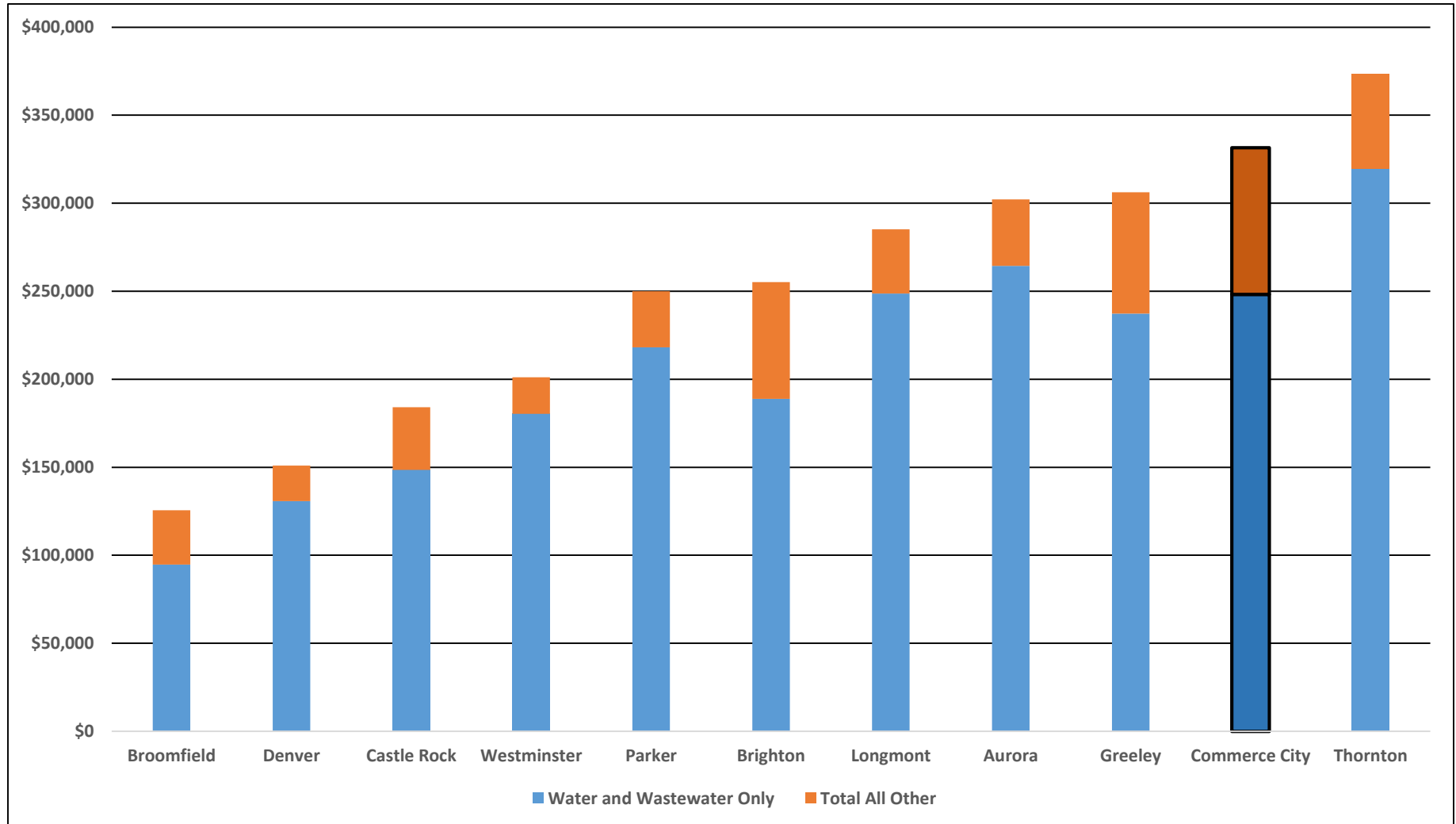
Commerce City includes a Water Acquisition Fee of \$1,298 and a Parks Fee of \$3,075

MULTI-FAMILY (36 UNITS)



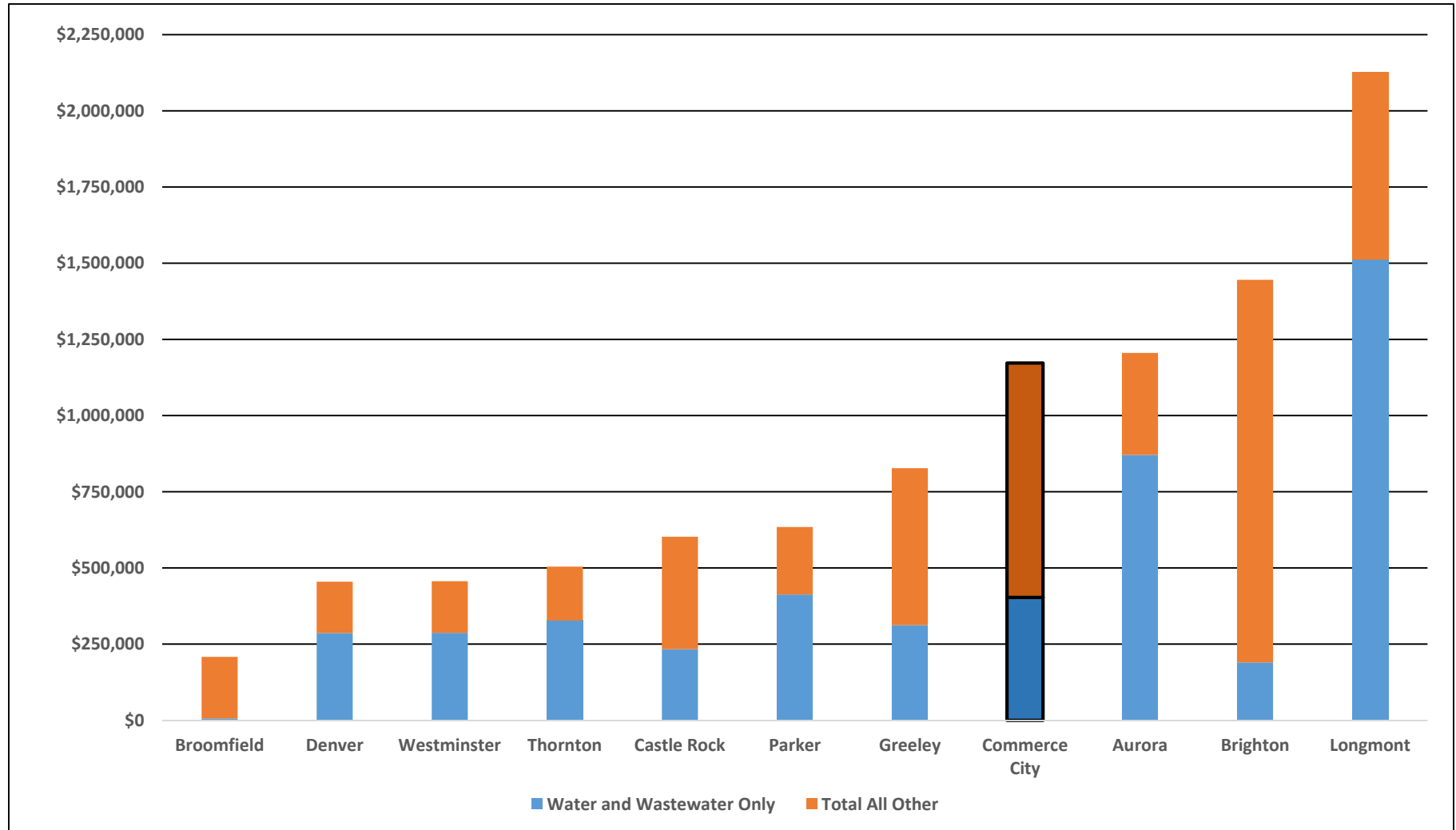
Commerce City includes a Water Acquisition Fee of \$1,298 and a Parks Fee of \$20,318

COMMERCIAL RETAIL (6 UNITS)



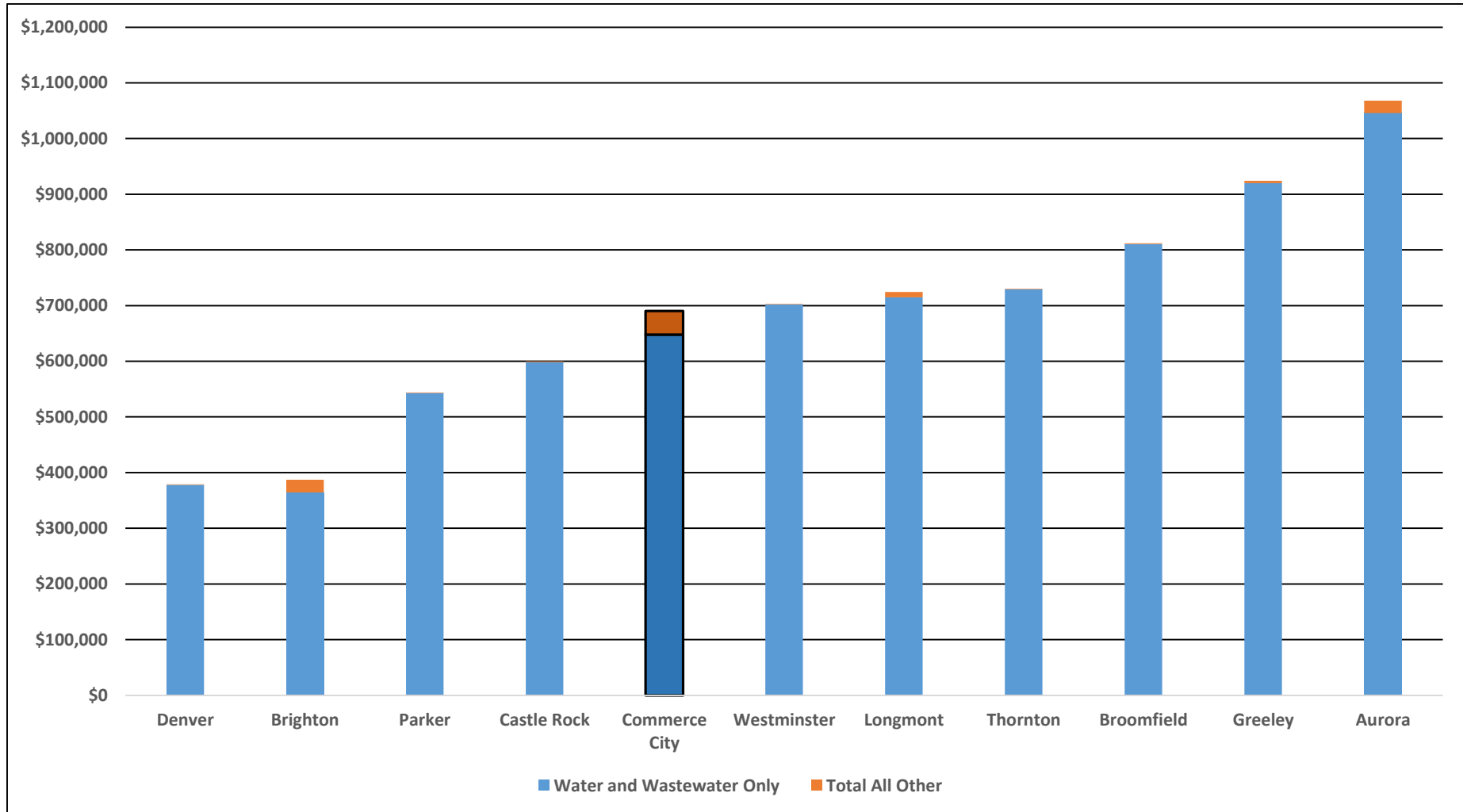
Commerce City includes a Water Acquisition Fee of \$1,298 and a Parks Fee of \$11,465

INDUSTRIAL WAREHOUSE



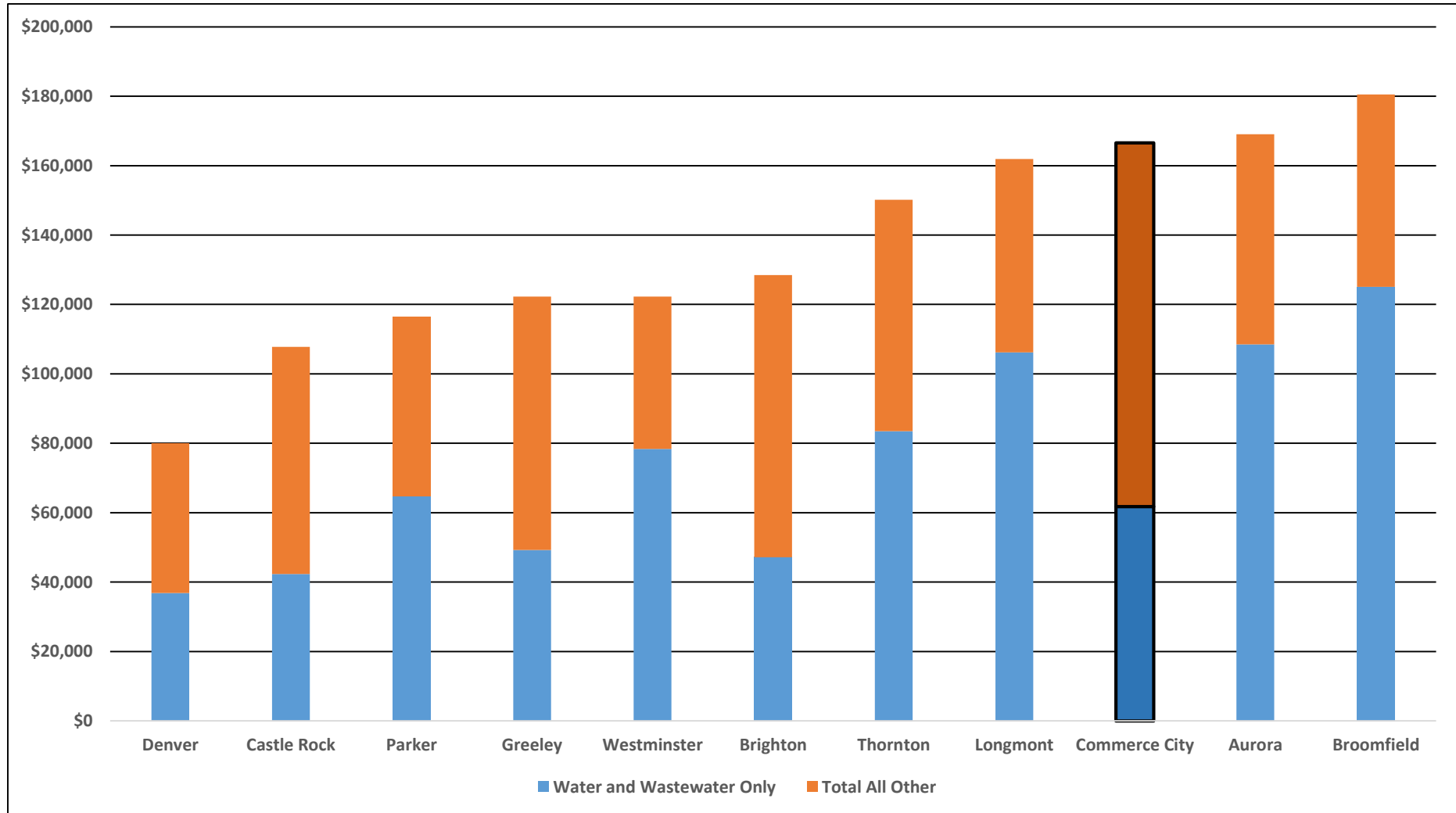
Commerce City includes a Water Acquisition Fee of \$1,298 and a Parks Fee of \$328,878

IRRIGATION ONLY (CITY PARK)



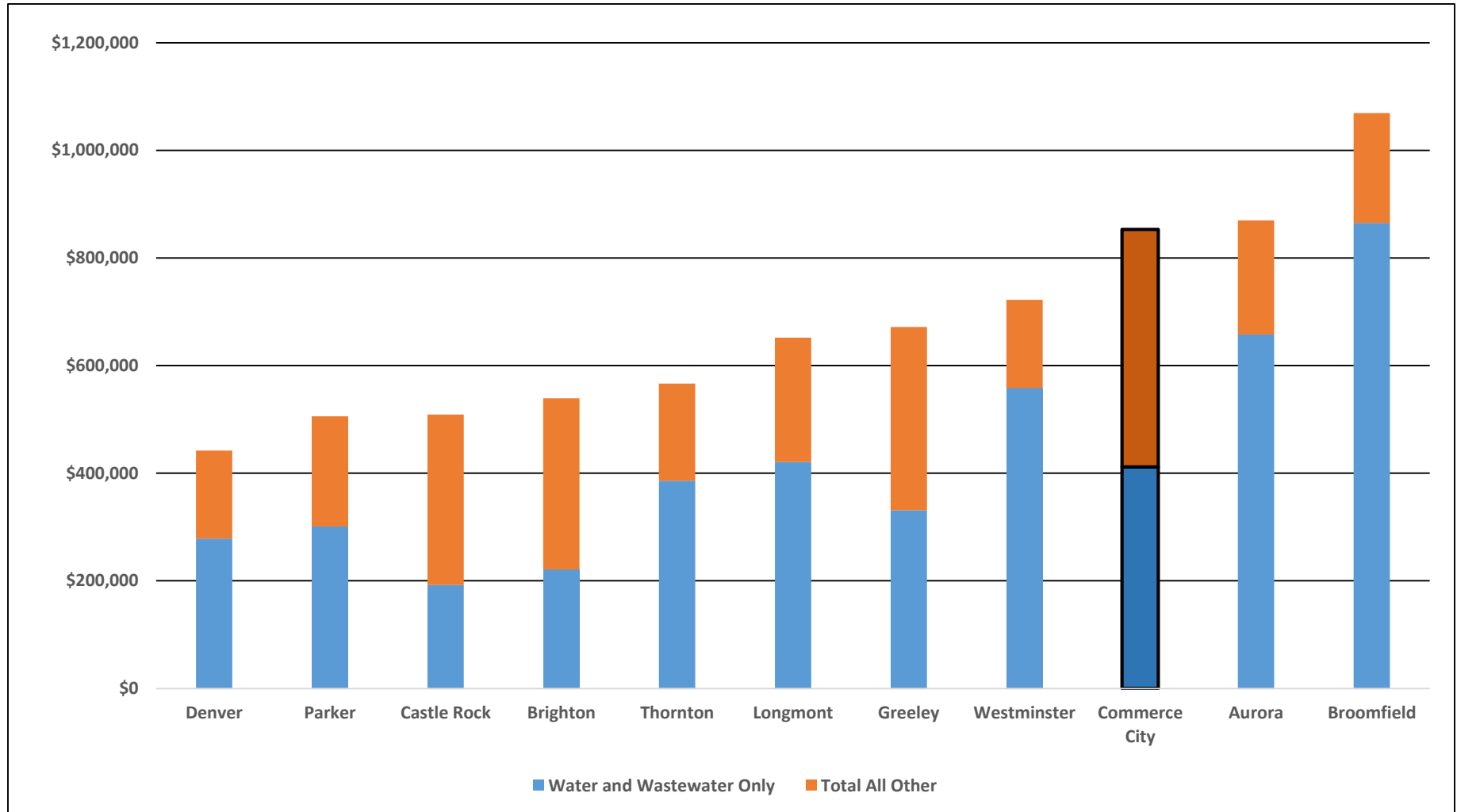
Commerce City includes a Water Acquisition Fee of \$0 and a Parks Fee of \$0

RESTAURANT



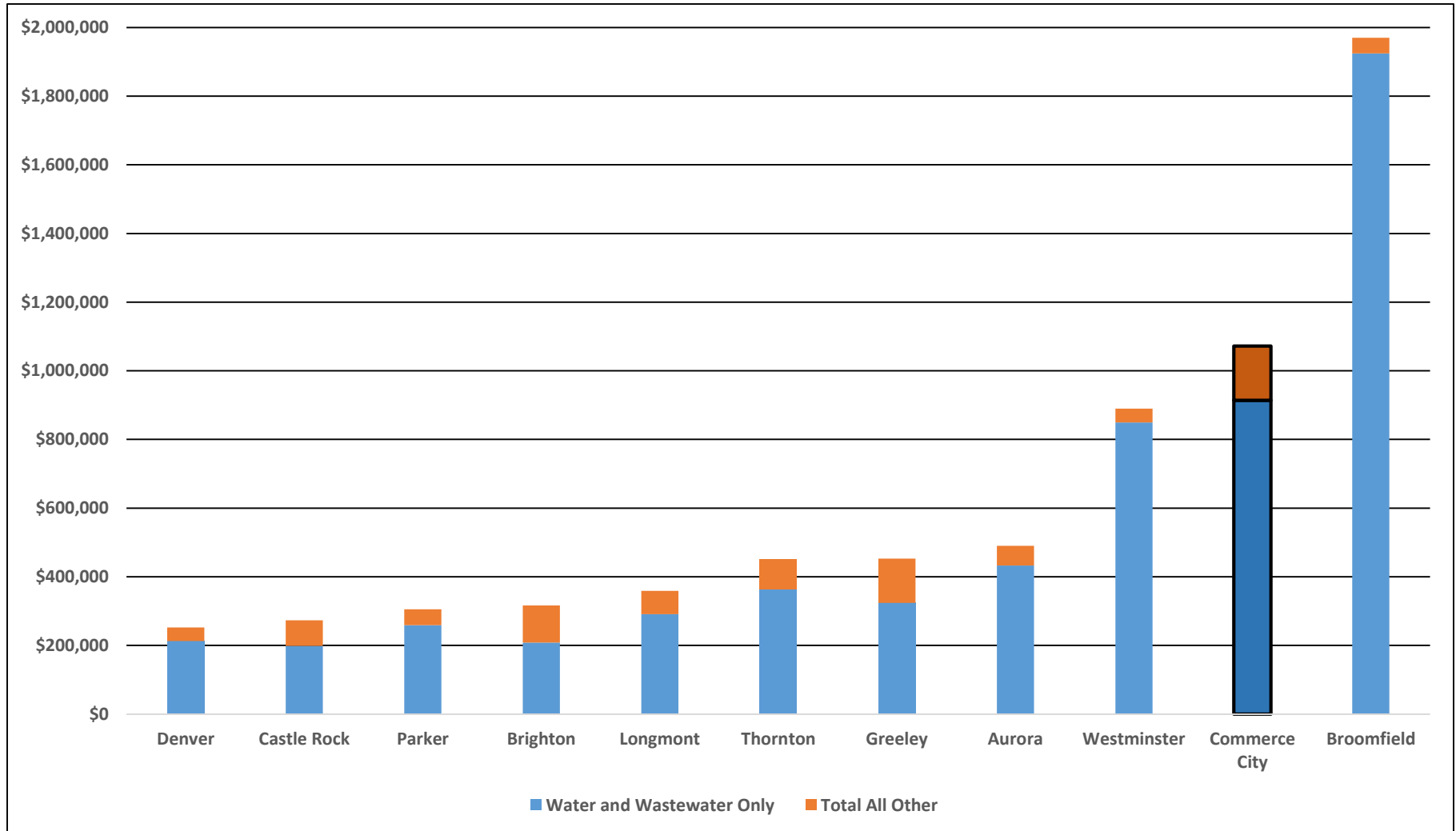
Commerce City includes a Water Acquisition Fee of \$1,298 and a Parks Fee of \$11,070

MANUFACTURING



Commerce City includes a Water Acquisition Fee of \$1,298 and a Parks Fee of \$52,581

TRUCK WASH



Commerce City includes a Water Acquisition Fee of \$1,298 and a Parks Fee of \$26,471

OBSERVATION

- **Across the 8 Development Profiles the City was well within a reasonable range of costs when compared to the other communities.**
- **Cost is not a factor in developing in Commerce City; there are other considerations made by the development community when deciding where to locate a project**

DEVELOPMENT POLICIES

WATER DEDICATION

- **Water Rights Dedication Requirement**
 - The city, or water provider, may require the developer to dedicate a certain amount of water rights prior to serving the property
 - This requirement can come in many different forms, typically either:
 - The historical water rights associated with the property
 - A set quantity (acre-foot per acre of land)
 - A fee in-lieu
 - Or a water resources component to the impact fee
- **Commerce City (through South Adams County Water and Sanitation District)** – A water resources agreement is required, where the developer provides the water rights necessary to serve the estimated equivalent residential units (ERUs). The number of ERUs is based on meter size. No fee in-lieu is possible, however developers can obtain water rights through a secondary market.

Recurring or Long-Term Costs

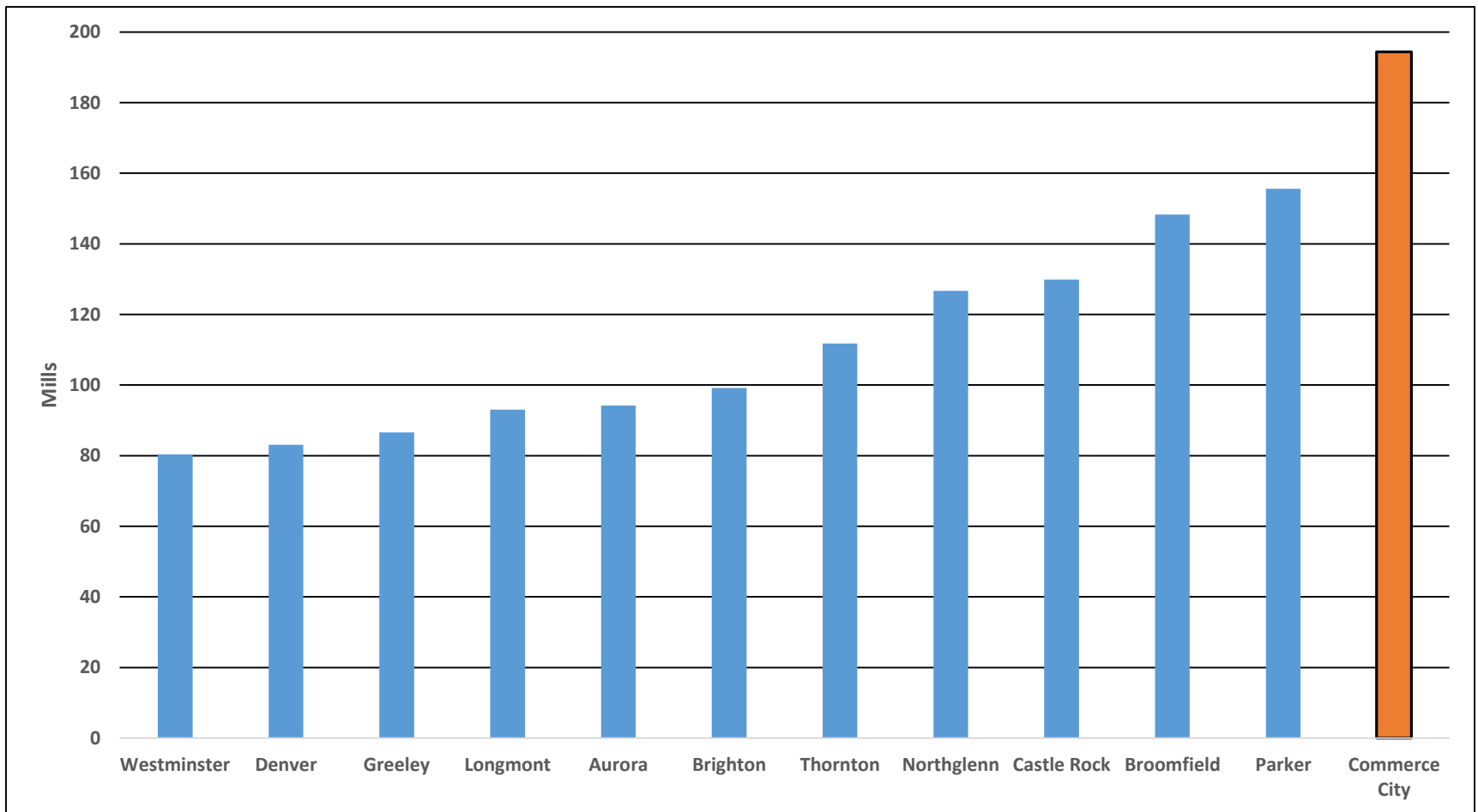
MILL LEVIES

- General Government
- Fire
- General Improvement Districts
- Metropolitan Districts
- Libraries
- School Districts
- Water and Sewer
- Health Departments

Total paid by one single family home

TOTAL MILL LEVIES

When looking at one single family home:

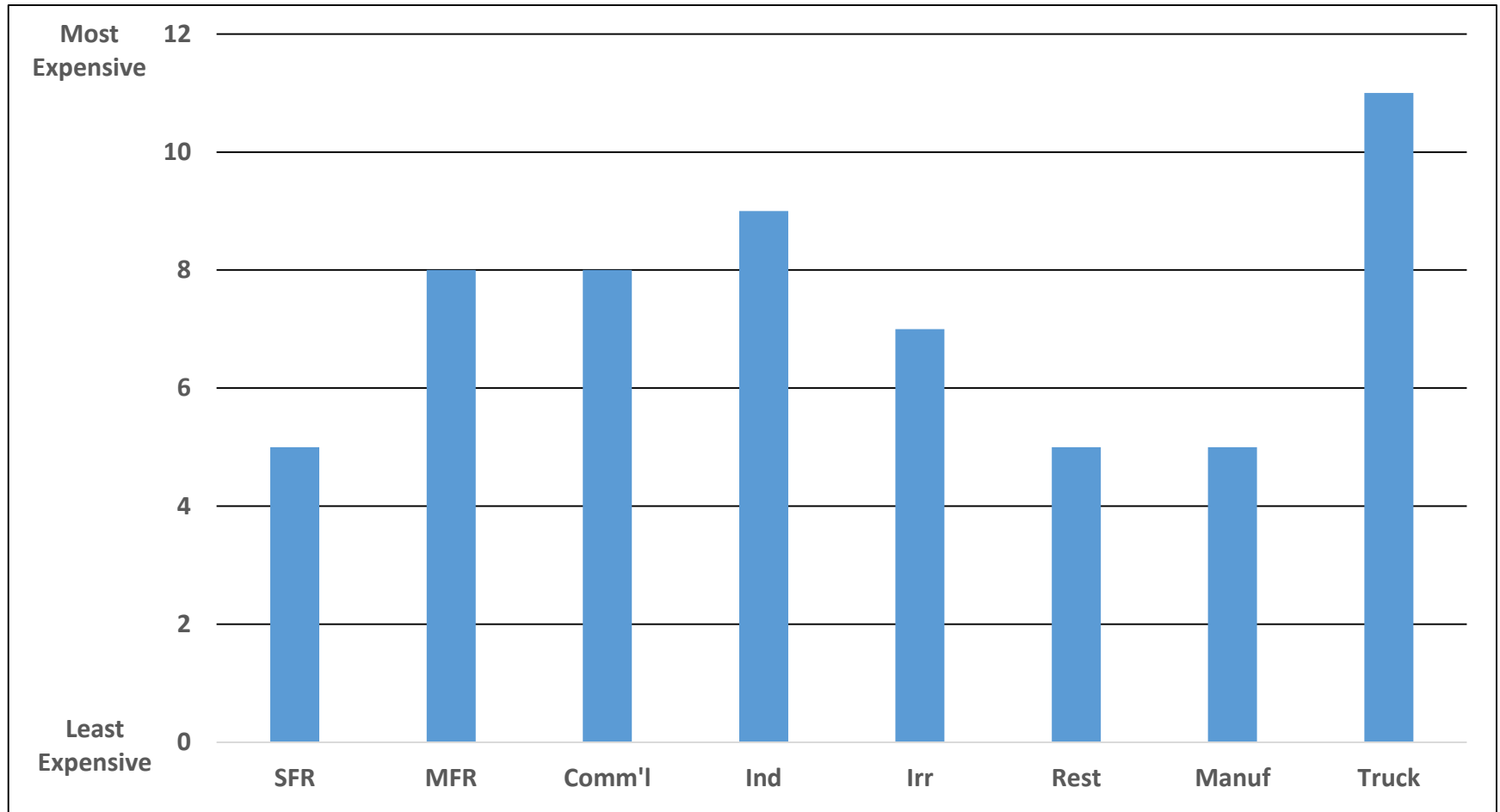


ANNUAL WATER AND SEWER BILLS

- **Water and Sewer Rates**
 - Estimated annual water and sewer bills were calculated for each development type
 - Peak summer usage was estimated for each of the development profiles
 - Sewer rates were assumed to remain constant throughout the year based on winter usage

ANNUAL WATER AND SEWER BILLS

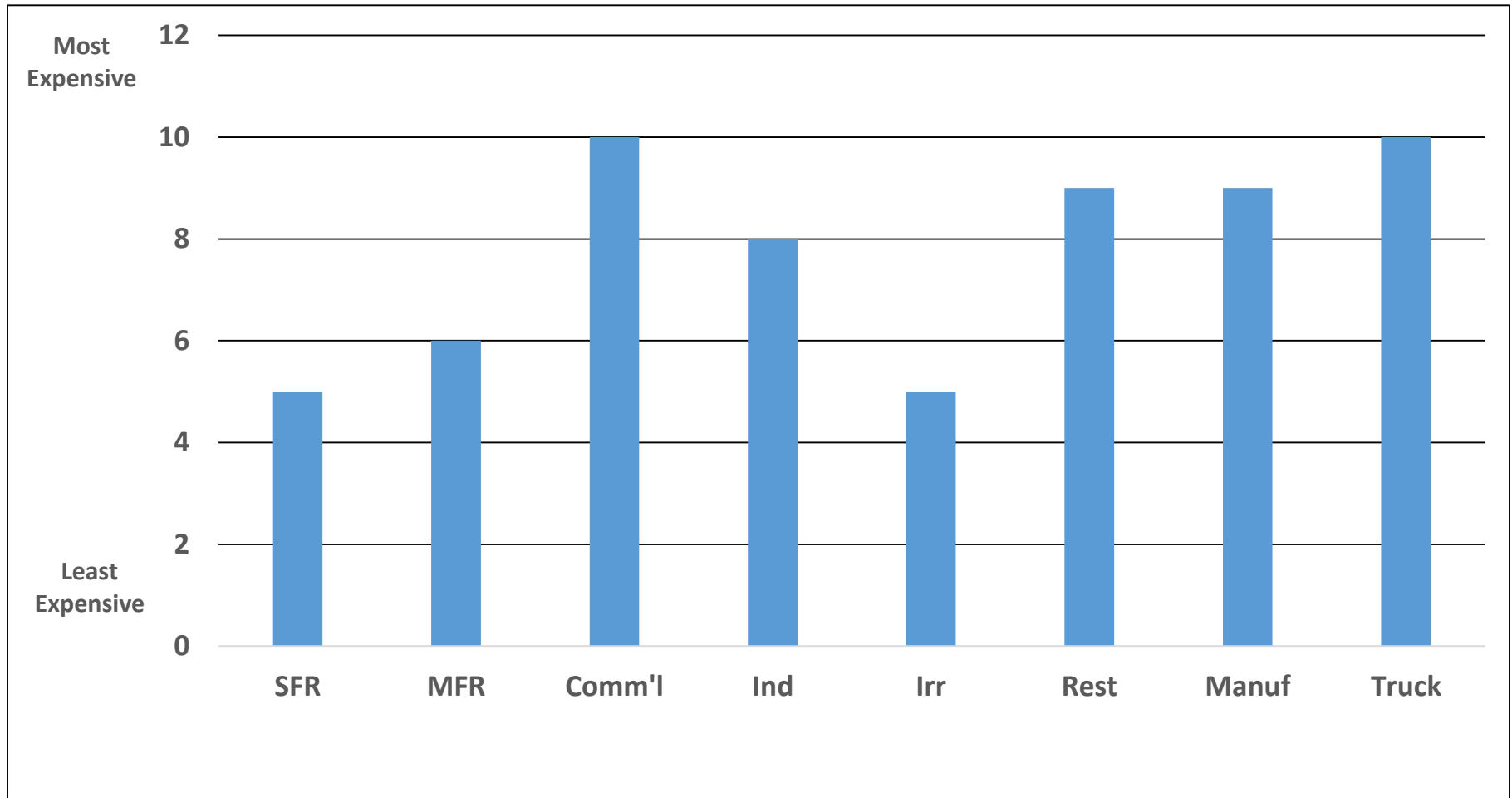
- Commerce City vs. Other Communities



OBSERVATIONS

City in Mid to Upper Quartile for All Development Types

Commerce City vs. Other Communities



OBSERVATIONS

- **Use Tax**
 - Commerce City assesses its use tax on 60% of the building valuation, other communities use 50% or less
- **Water Acquisition Fee**
 - No other community recovers the cost of water rights for public facilities in this manner
 - Fee could be based on a meter size basis, not on a per structure basis
 - Cost escalates at 10% per year, and may not match market price changes
- **Fee In-lieu of Parks Dedication Requirement**
 - Communities don't typically require non-residential customers to dedicate park land, or pay a fee in-lieu

OBSERVATIONS

- **Mill Levies**
 - Levies for GIDs and Metro Districts are on the high end of the comparison communities
- **Communication with Developers**
 - Develop a one-stop comprehensive document with all fees (Aurora, Brighton, and Castle Rock)
 - Publish a 'simple' tap fee schedule on the District's website. For more complex situations, refer developers to the Tap Fee Administrator.

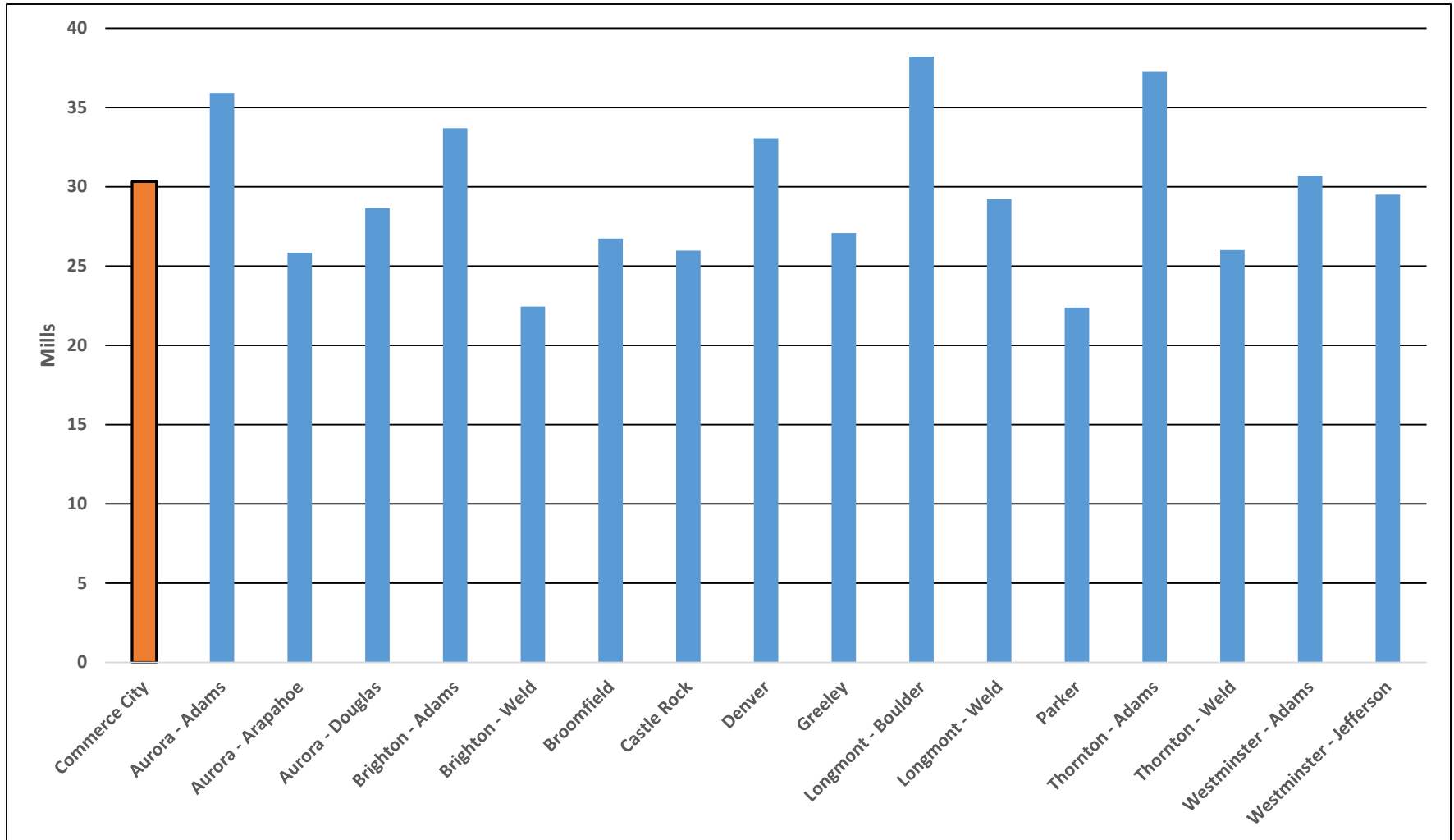
OBSERVATIONS

- **Fee-in-lieu of Water Rights Dedication**
 - The District could offer a fee-in-lieu of Water Rights Dedication with a set price per acre-foot. This may be an easier option for developers, rather than buying on a secondary market.
- **Dual Irrigation System Pricing**
 - Other communities offer reduced connection fees for non-potable irrigation services. Volume rates are typically cheaper than potable water.
- **Individual Metering of Commercial/Industrial Buildings**
 - The District requires individual water metering on multi-unit buildings. This may increase the upfront cost for developers.

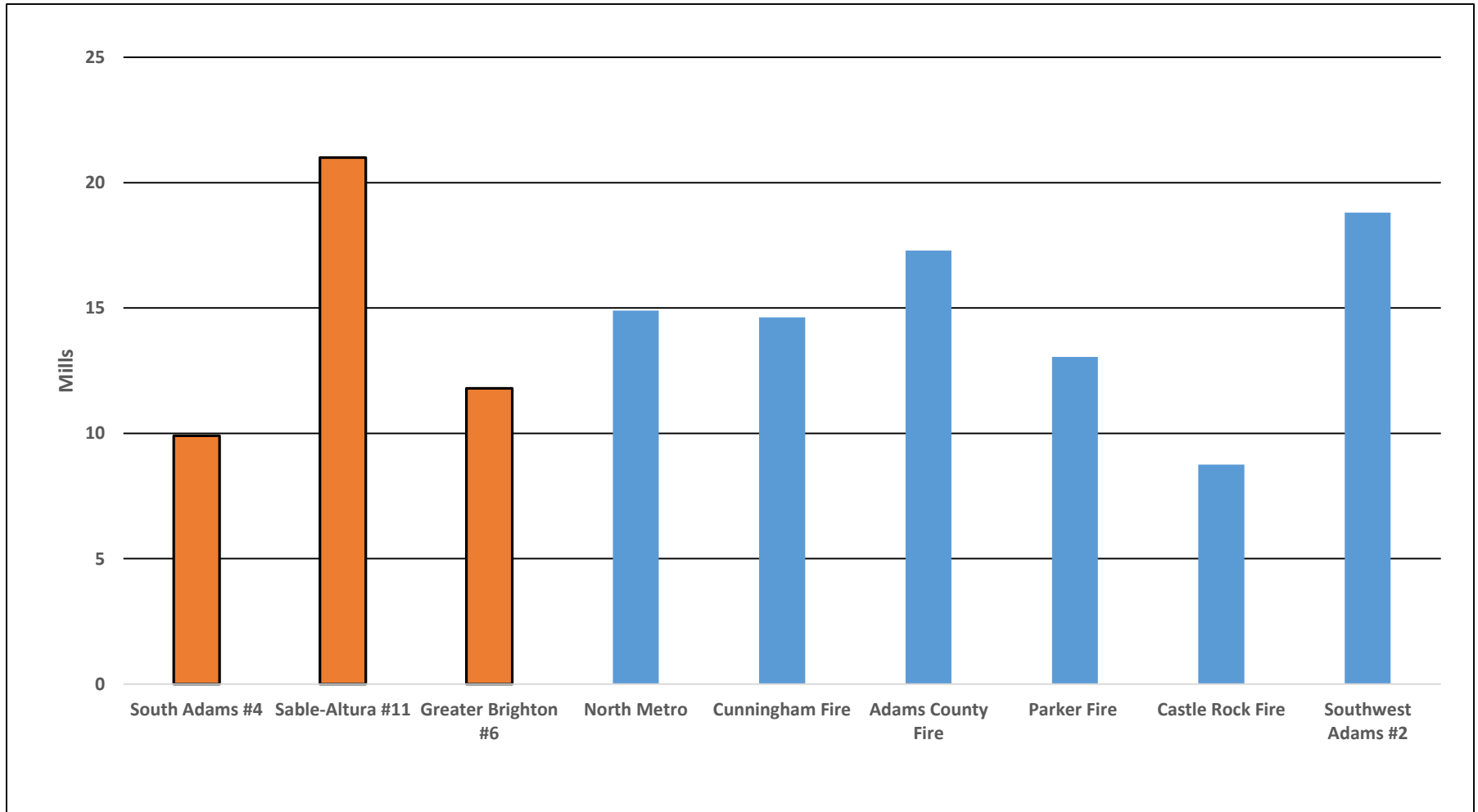
Questions?

EXTRA SLIDES

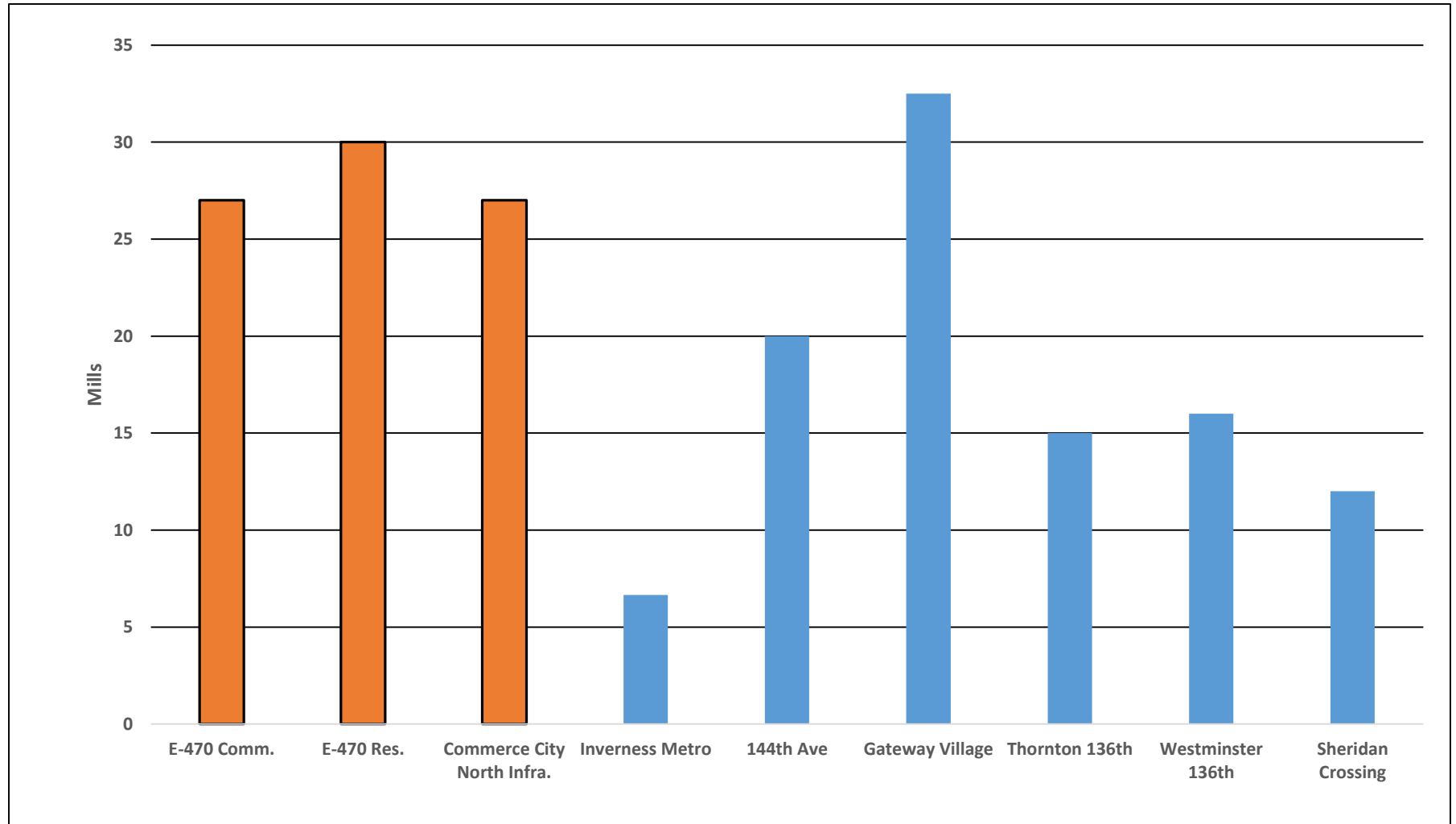
GENERAL GOVERNMENT



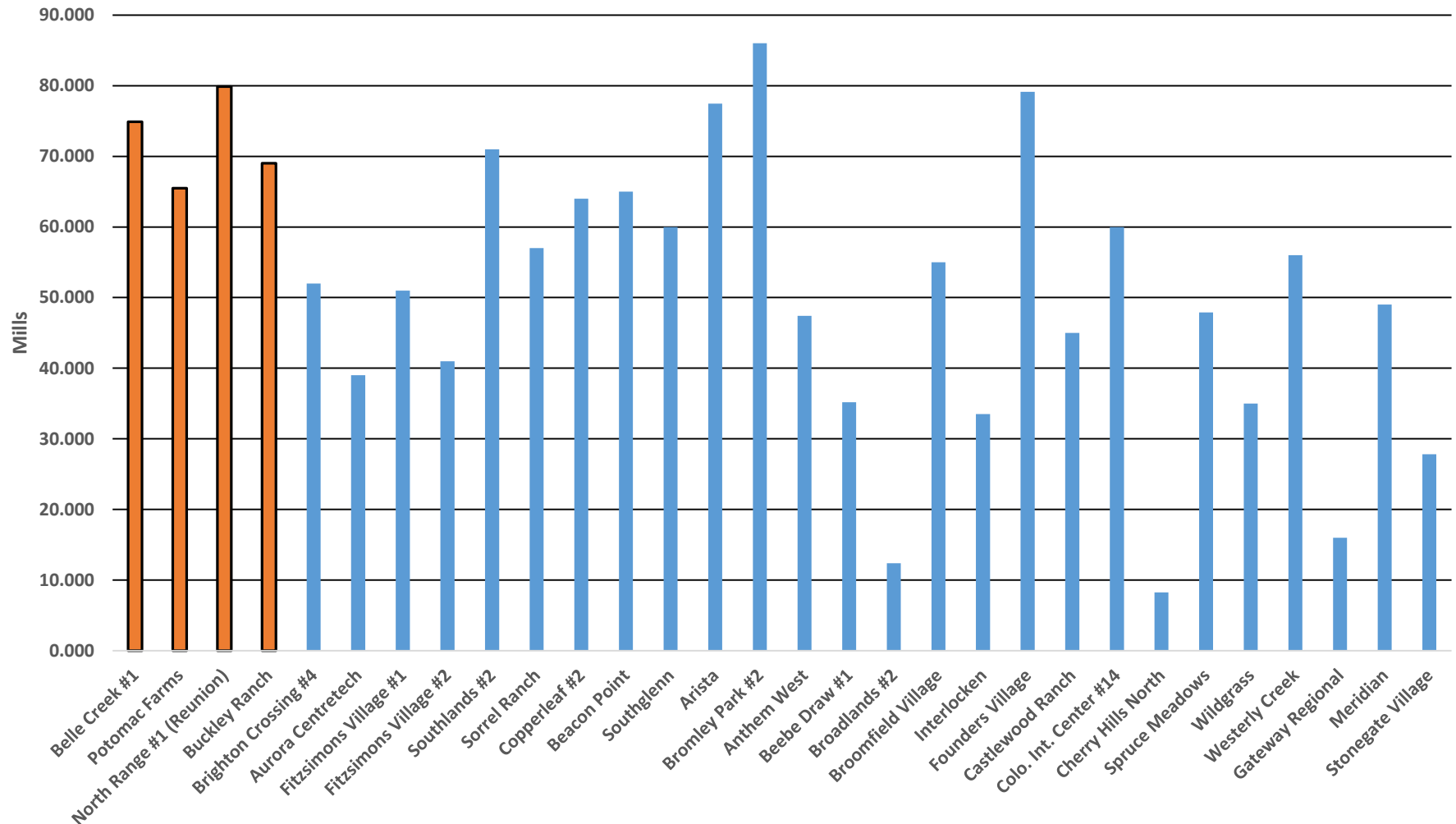
FIRE DEPARTMENTS



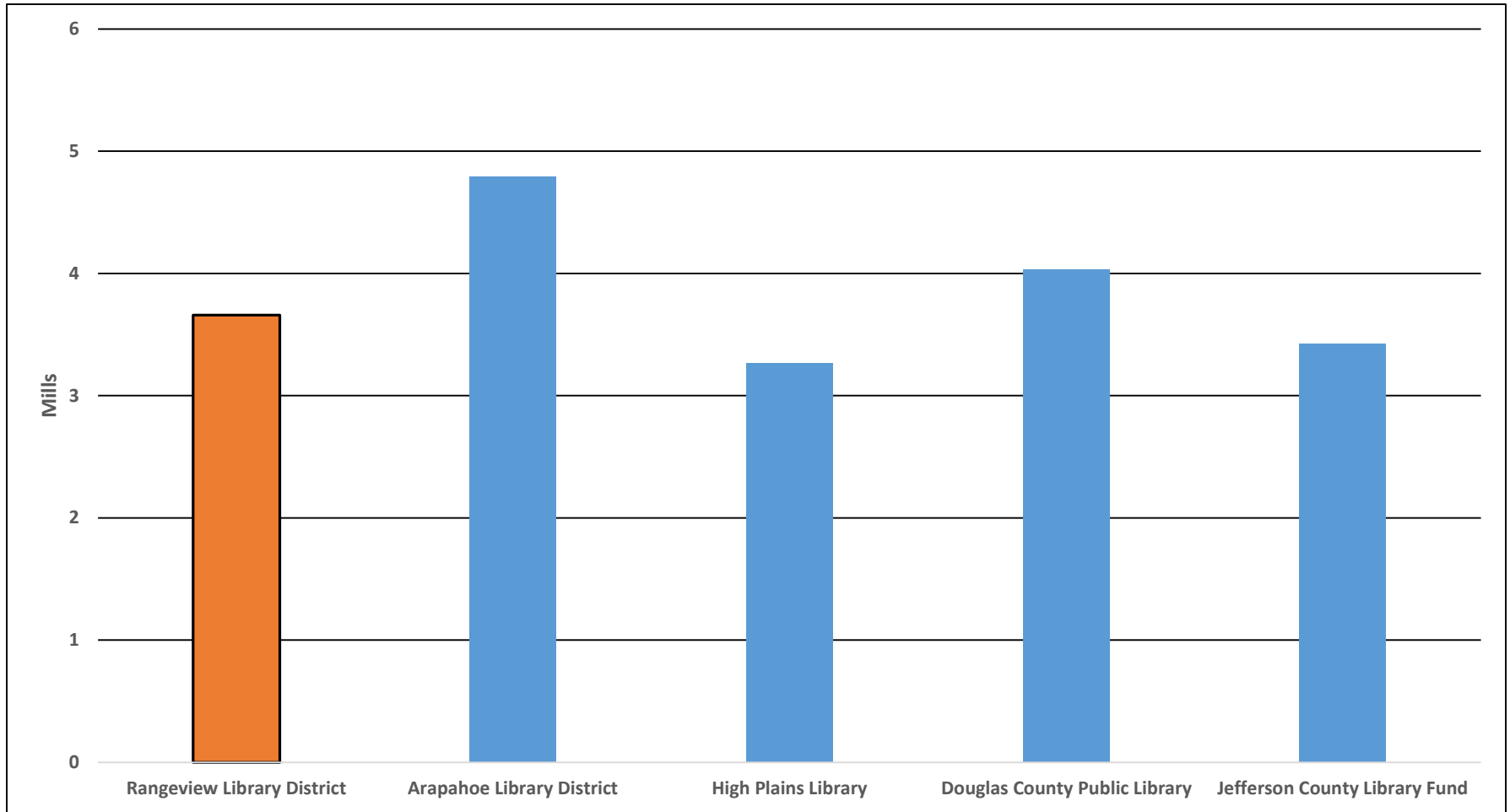
GENERAL IMPROVEMENT DISTRICTS



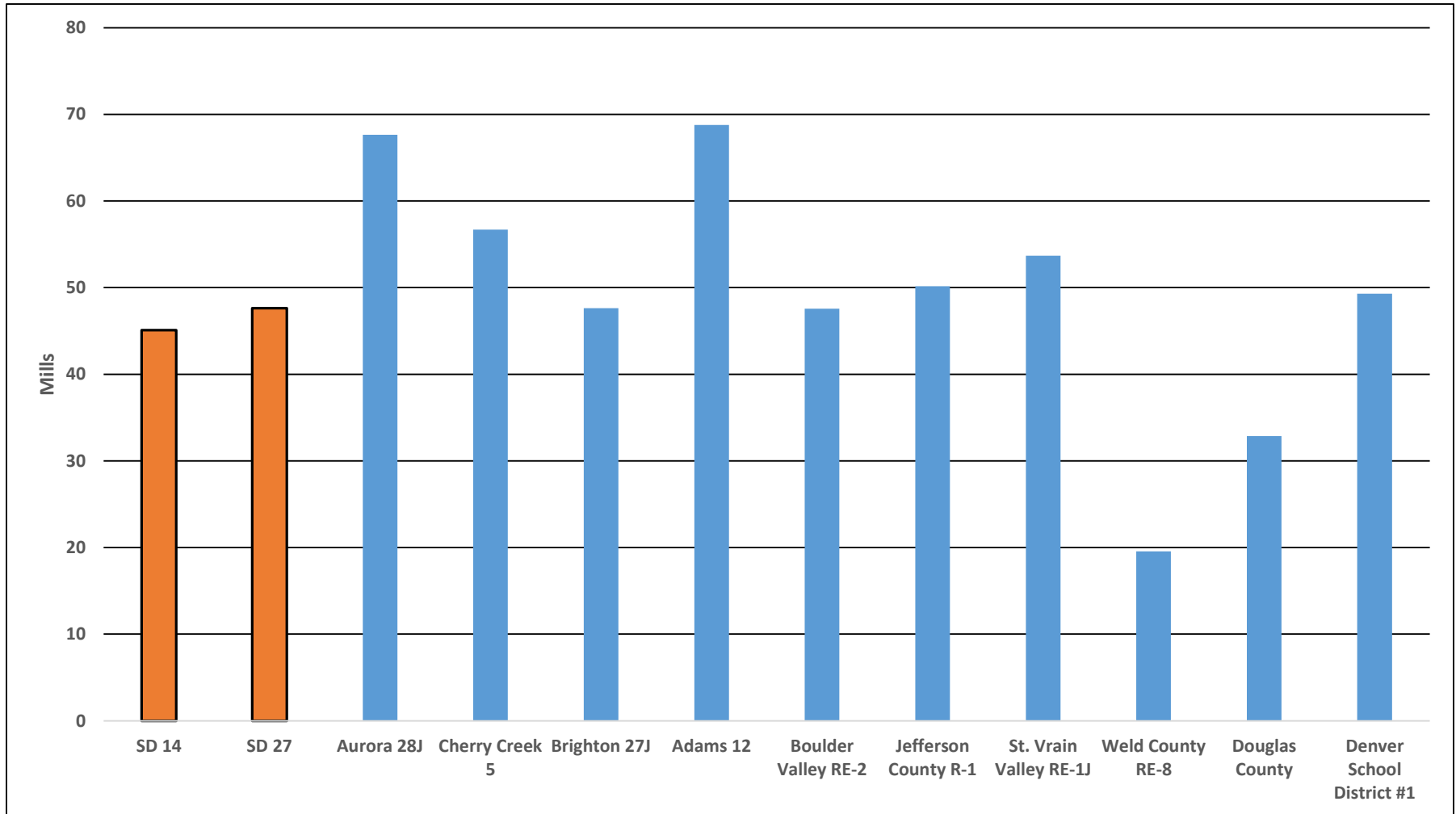
METRO DISTRICTS



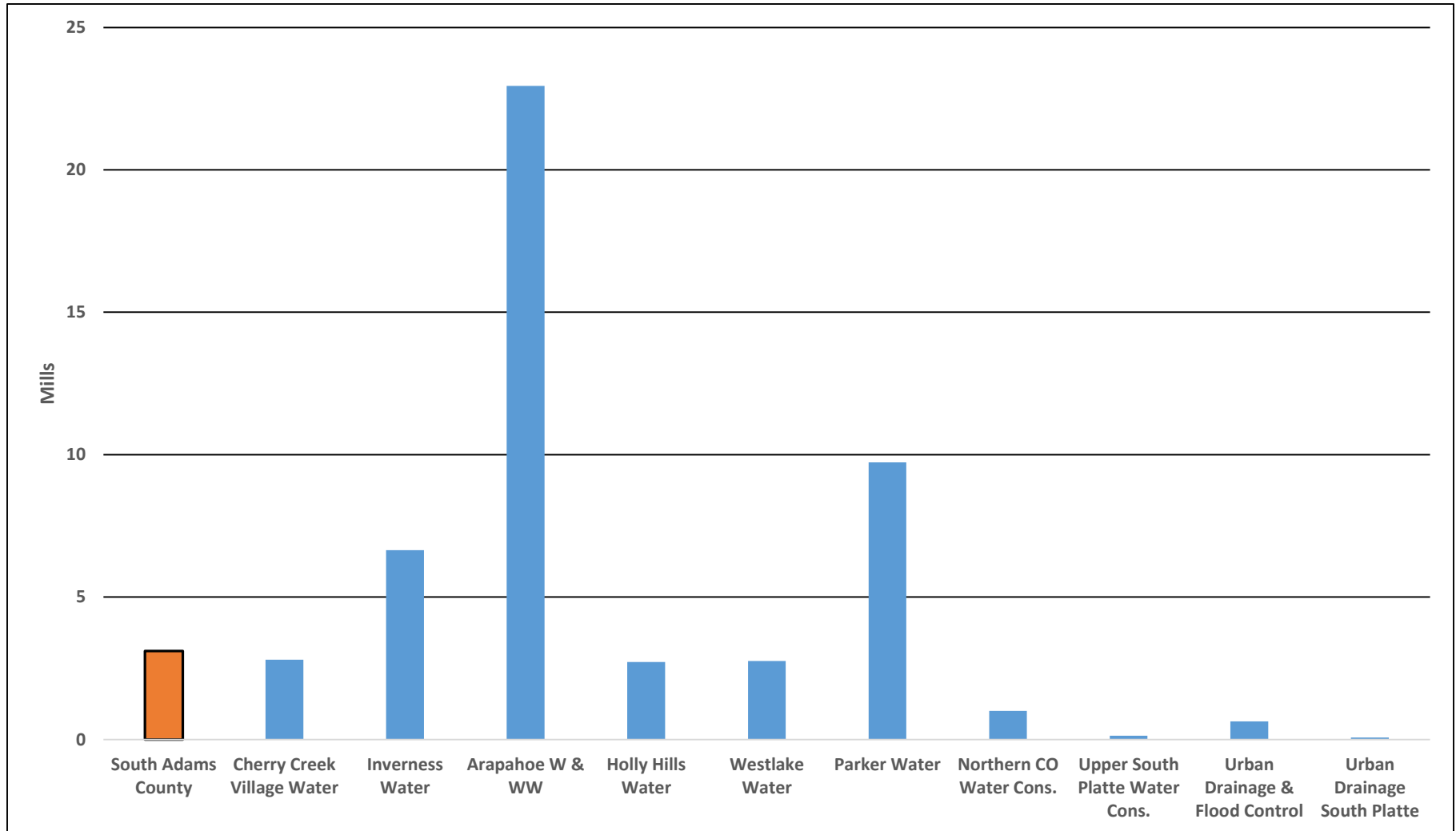
LIBRARIES



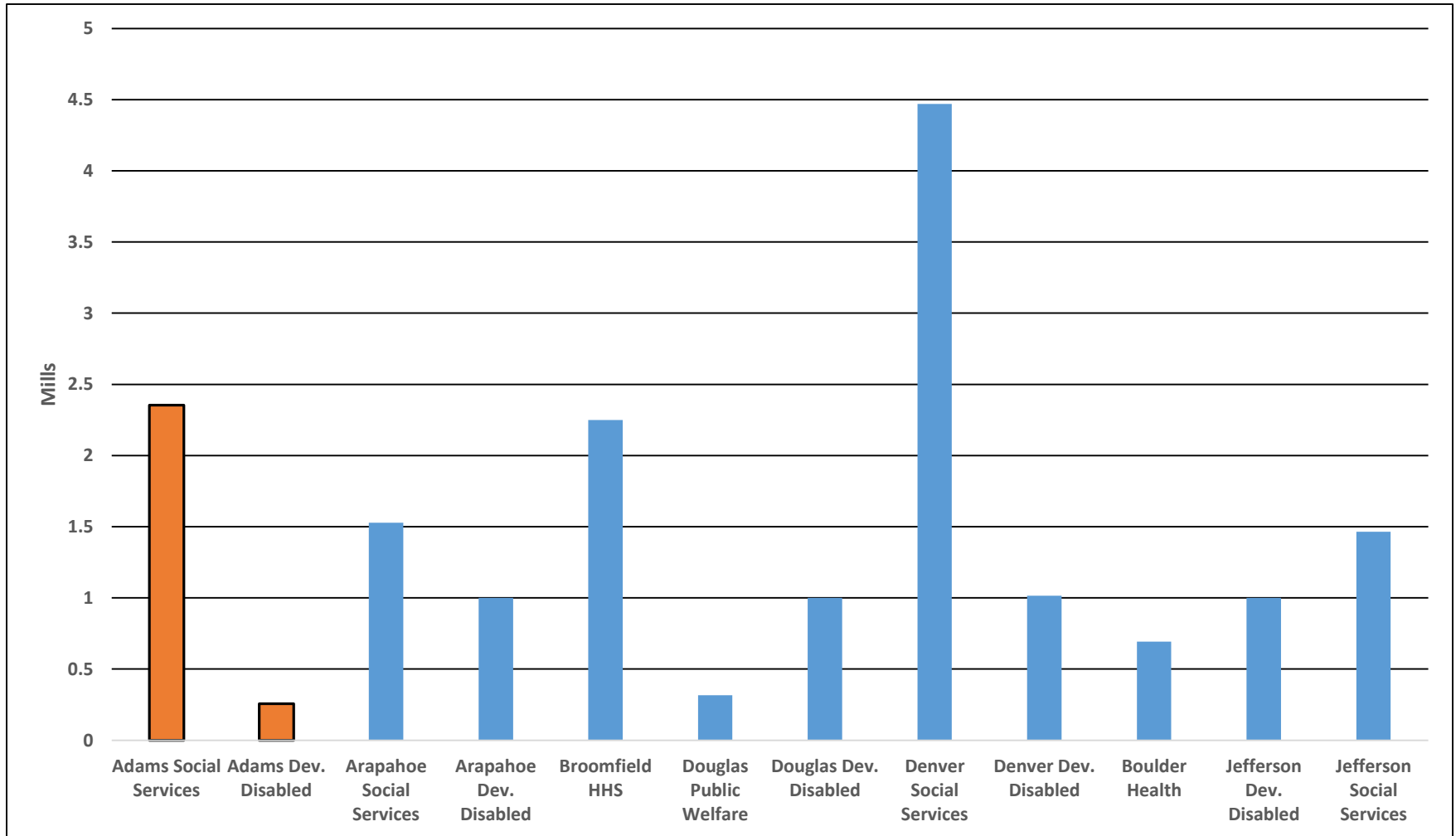
SCHOOL DISTRICTS



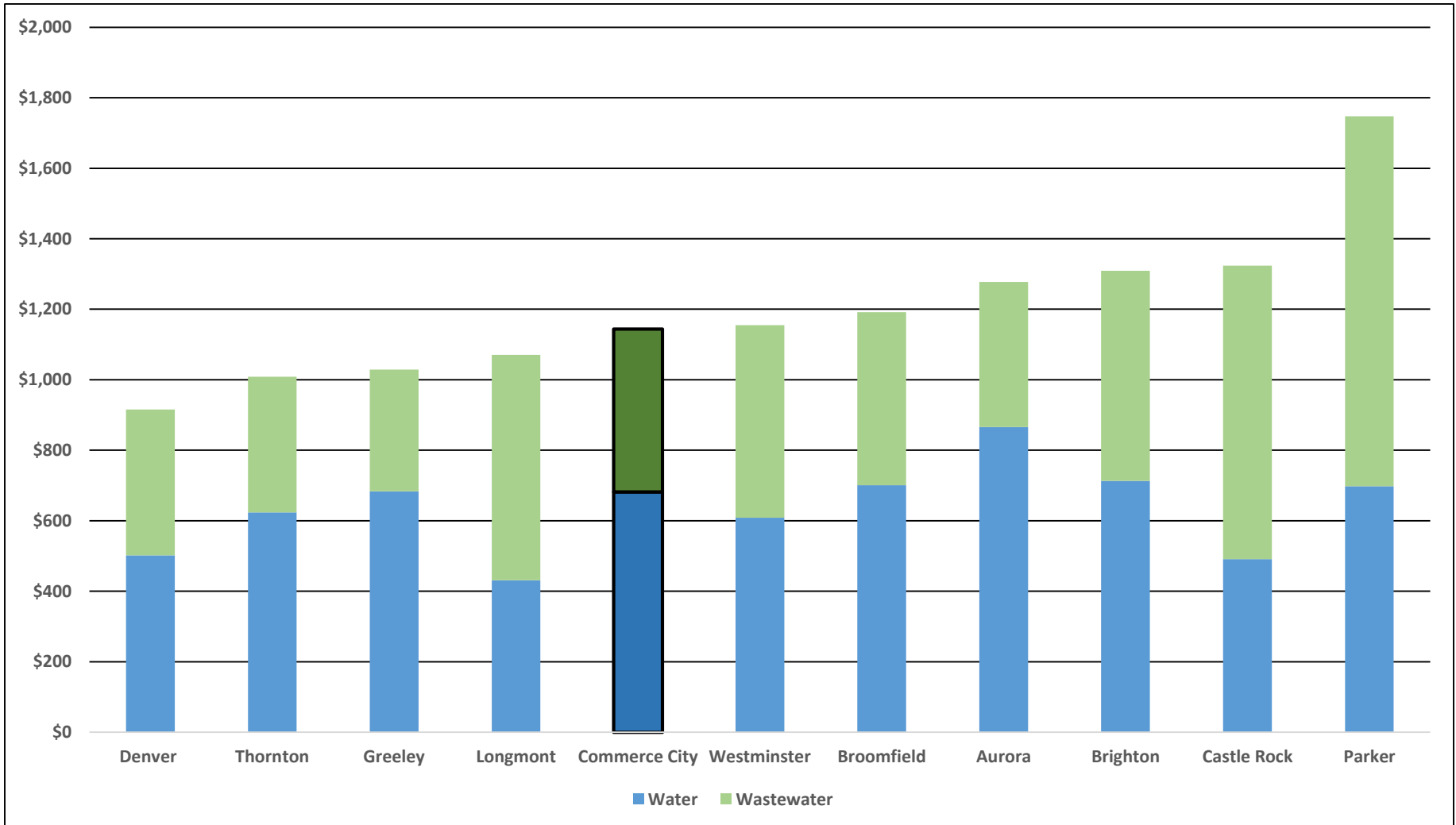
WATER AND SEWER DISTRICTS



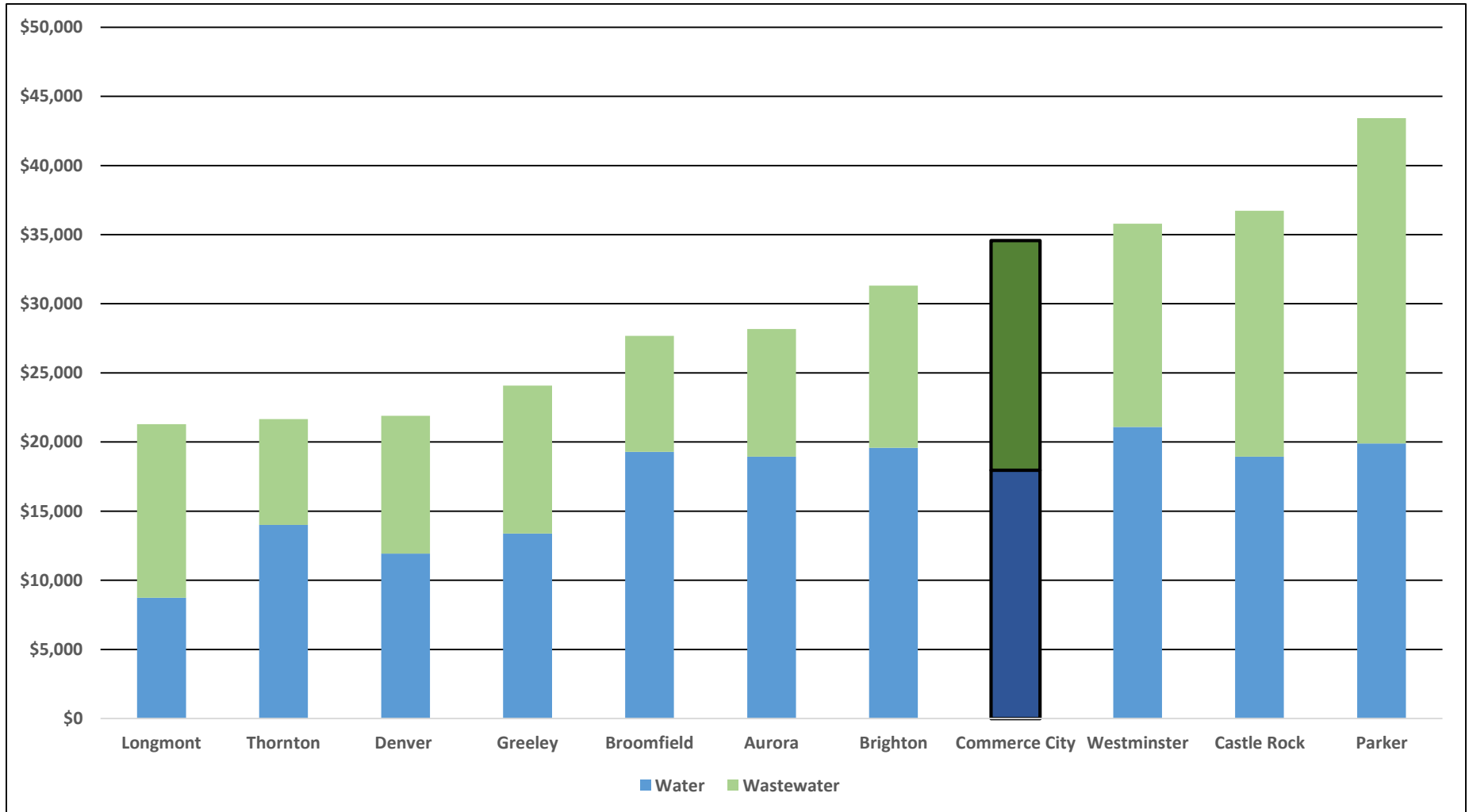
HEALTH DEPARTMENTS



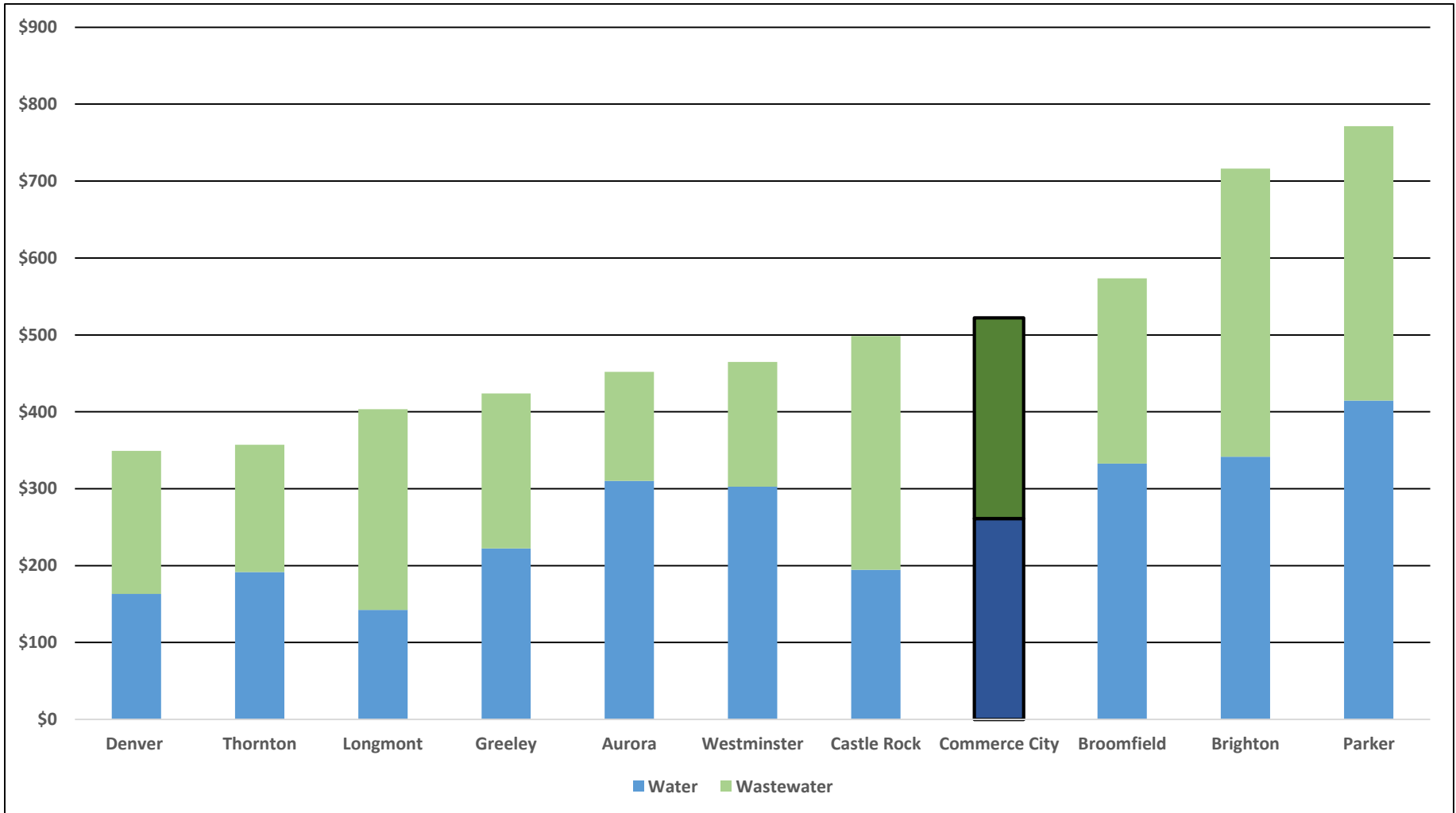
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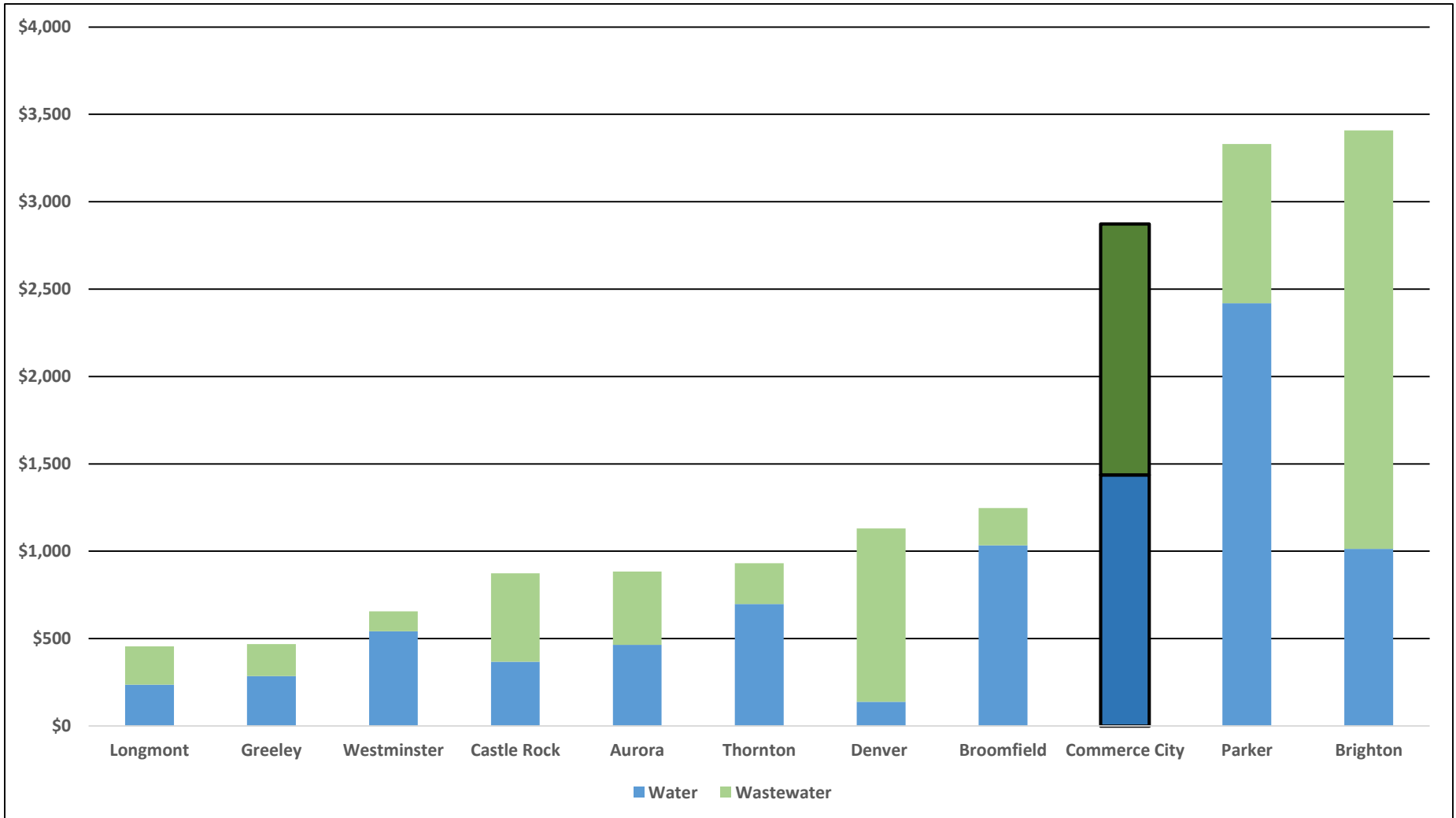
MULTI-FAMILY (36 UNITS)



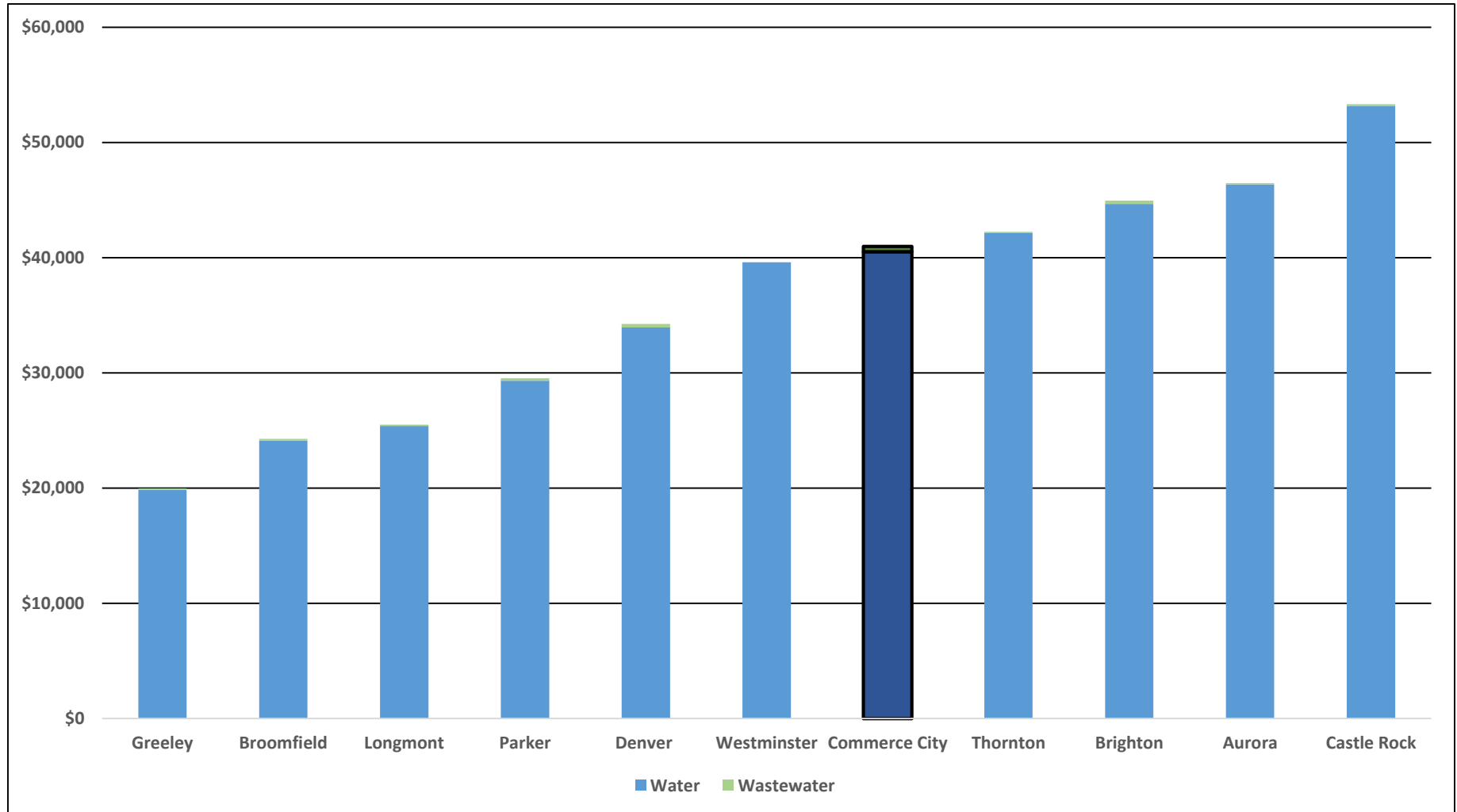
COMMERCIAL RETIAL (PER UNIT)



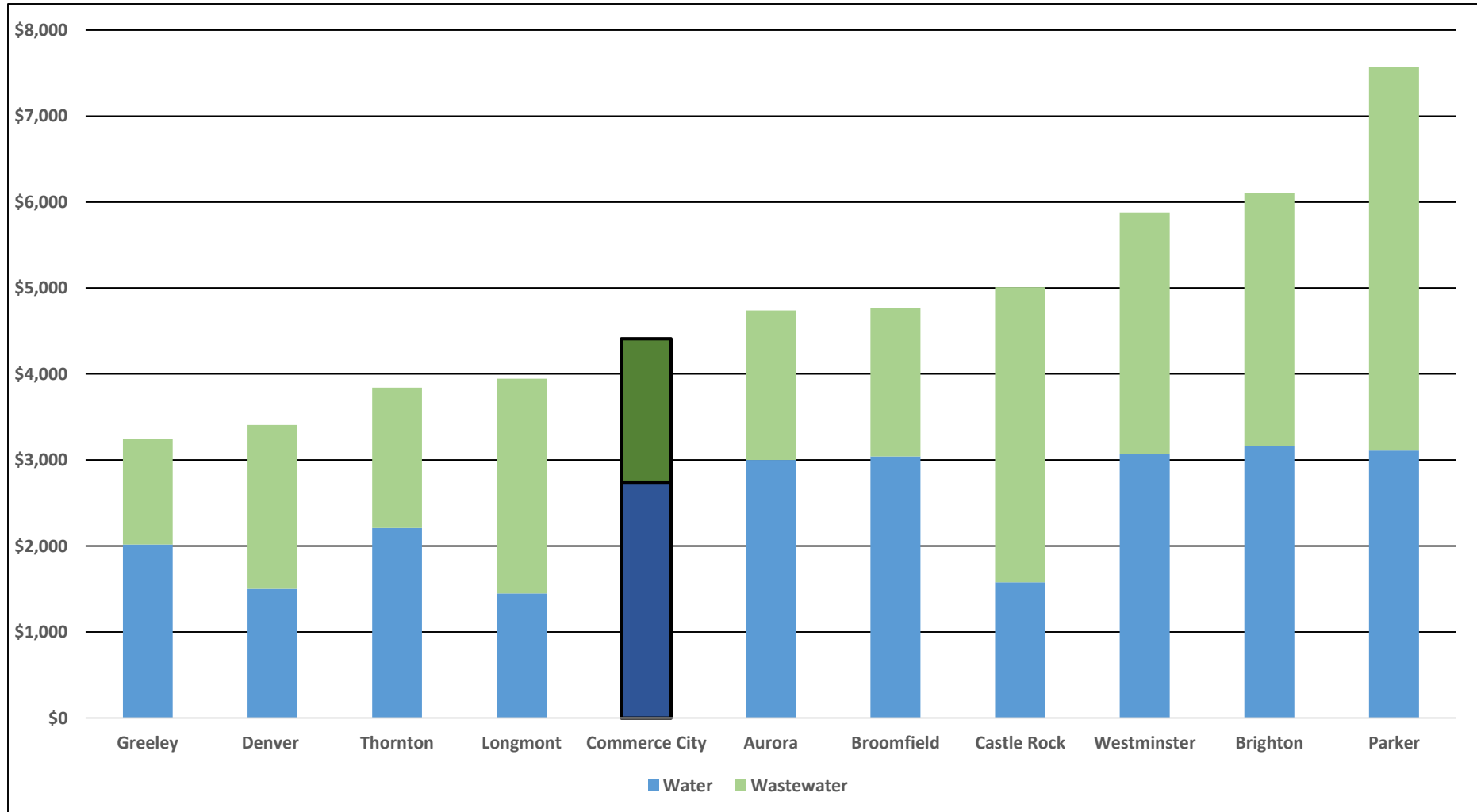
INDUSTRIAL WAREHOUSE



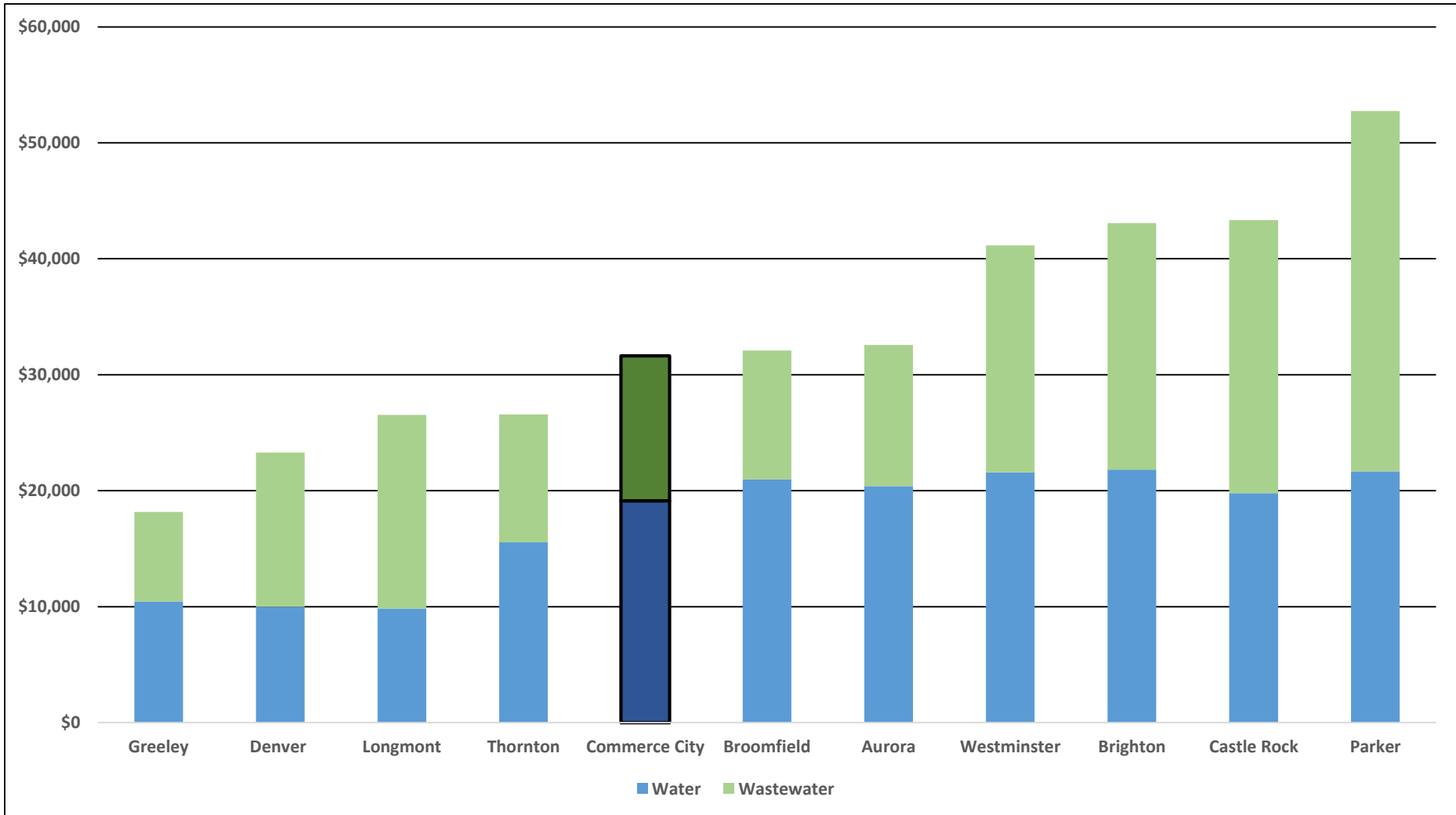
IRRIGATION ONLY (CITY PARK)



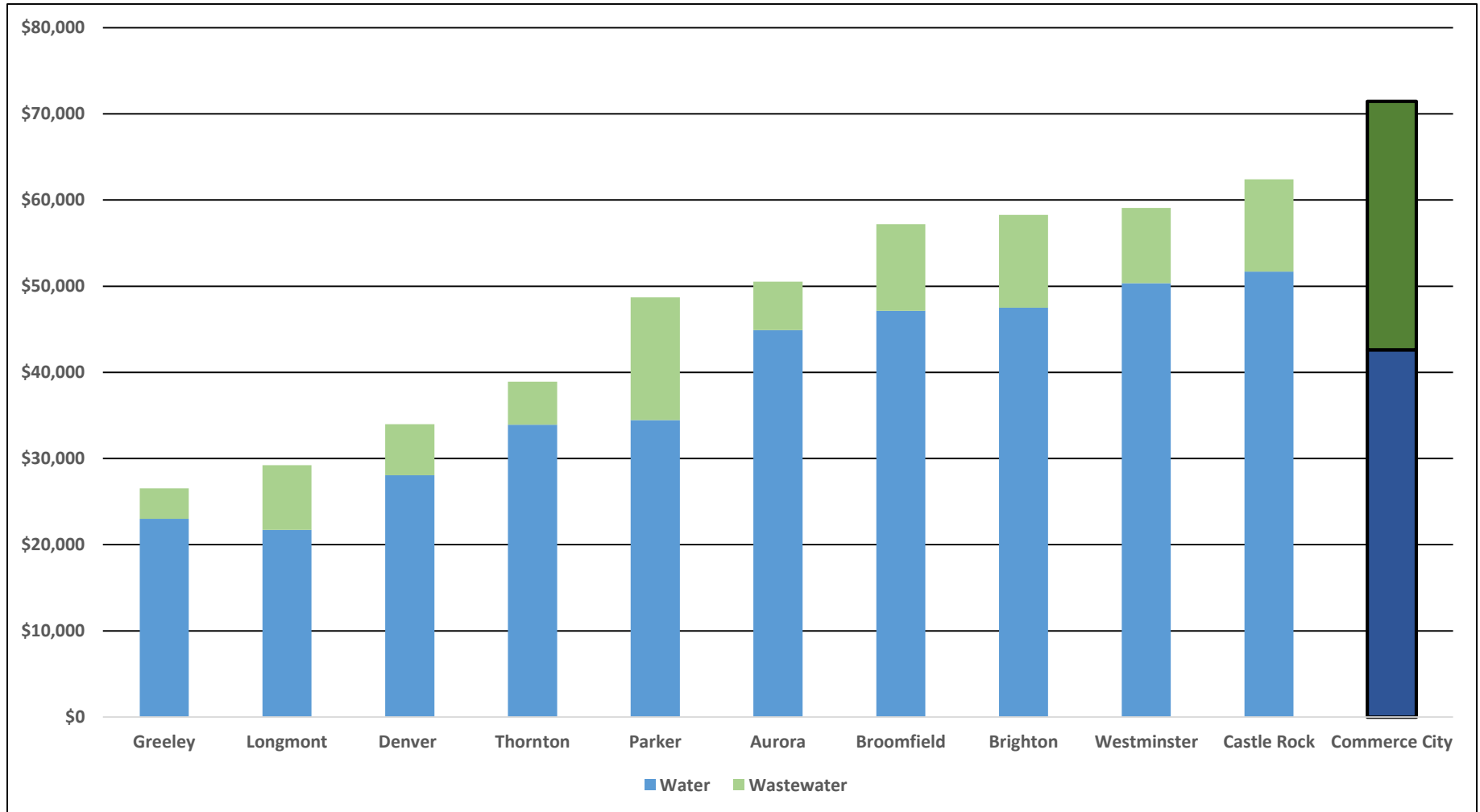
RESTAURANT



MANUFACTURING



TRUCK WASH



WATER DEDICATION

- **Aurora** – Historical water rights associated with the property.
- **Brighton** – Water rights are not required, but if provided the developer pays a reduced plant investment fee (PIF).
- **Broomfield** – The City includes the cost for water rights in its connection fee, which is called a water license. The cost is calculated on a tap equivalent basis. One tap equivalent is equal to ½ an acre-foot of water.
- **Castle Rock** – Historical groundwater rights associated with the property. The quantity must be equal to 1.1 acre-feet per single family equivalent (SFE). If not sufficient, the developer can provide: 2 acre-feet of Denver Basin groundwater per acre-foot required, OR pay \$2,750 per SFE for residential/\$1,650 per SFE for commercial uses.
- **Commerce City (through South Adams County Water and Sanitation District)** – A water resources agreement is required, where the developer provides the water rights necessary to serve the estimated equivalent residential units (ERUs). The number of ERUs is based on meter size. No fee in-lieu is possible, however developers can obtain water rights through a secondary market.

WATER DEDICATION

- **Denver** – No requirement.
- **Greeley** – 3 acre-feet per acre of land for residential subdivisions. The requirement for commercial buildings is based on meter size. A fee in-lieu is allowed up to 8 acre-feet, which currently costs \$28,000 per acre-foot.
- **Longmont** – 3 acre-feet per acre of land. If historical water rights are not sufficient, the developer is able to buy them from the City for \$11,375 per acre-foot.
- **Parker** – Historical water rights associated with the property. If not sufficient to serve the estimated SFE, then the developer is charged \$1,300 per SFE. If the development is not included in the District's service area, the developer pays a \$5,000 per acre inclusion fee. The District also assesses a Water Resource System Development Fee (SDF) and a Water Resource Toll SDF.
- **Thornton** – The City assesses a Water Resource Fee as part of their connection fee schedule.
- **Westminster** – The City assesses a Water Resource Fee as part of their connection fee schedule.

DOES EACH COMMUNITY HAVE A SEPARATE NON-POTABLE SYSTEM?

- **Aurora** – Yes, only used for City facilities.
- **Brighton** – Yes, a limited system that is only for public facilities.
- **Broomfield** – Yes. The system currently irrigates 1,400 acres. Connection Fees: 50% of potable, Volume Rates: 50% of potable. The system can be used by the City and HOAs, but not by individual residents.
- **Castle Rock** – No
- **Commerce City (through South Adams County Water and Sanitation District)** – Yes. Both government and non-government can use the system. SDF includes one domestic meter and one irrigation meter of the same size.
- **Denver** – Yes, the City currently has 60 miles of non-potable water lines. Connection Fees: 80% of potable, Volume Rates: reduced price. The City has identified areas where the system can be expanded.

DOES EACH COMMUNITY HAVE A SEPARATE NON-POTABLE SYSTEM?

- **Greeley** – Yes. It is mainly used for municipal facilities, there are some HOAs utilizing the system. In order to connect to the system a developer must bring 3 acre-feet per acre of water rights, and pay \$11,000 per irrigated acre plant investment fee.
- **Longmont** – No. Some City parks use non-potable irrigation water from nearby sources.
- **Parker** – No
- **Thornton** – No
- **Westminster** – Yes, the City requires developers to connect if close to infrastructure. Tap fees and rates are 80% of potable rates.