

Low Tap Fees, High Water Savings

An Unlikely Partnership

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City of Fountain Values Underpin Water Rates & Fees

- Water system should be financially self supporting
- Water rates and tap fees should be fair and equitable
- Water rates should promote conservation – “more you use, more you pay”
- Water quality must meet health standards
- System investment needed to properly plan for growth
- New customers should pay for costs they generate – “growth must pay its own way”



Homebuilders perspective:

- Your tap fees are too high
- The neighborhood must look nice, we are trying to sell houses

Utility Perspective:

- Tap fees need to cover our costs
- We are committed to conservation



In the Beginning - 2009

- Discussed adjusting the tap fee if water savings could be demonstrated through reduction in irrigated area
- Put enforcement on homebuilders
- Amount of tap fees reduction did not get buy-in
- City Council was firm on growth paying its own way
- Economy slowed down along with building – tabled the effort



Looking for a Win-Win-Win

- Homebuilder wins with a lower tap fee reducing their costs
- Utility wins with conservation – extends the capacity of our water supply
- New homeowner wins – lower utility bill and sustainable landscape



Let's Take Another Run at This - 2012

- Stronger relationship with the HBA
- More support for conservation from City Council

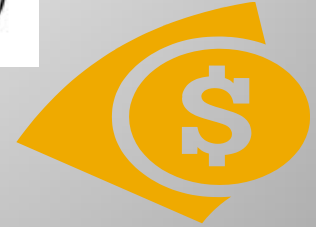
But, discussion about how to enforce long term adherence to a limited irrigated area led to a dead end.

Where is the easy button?



Let's Make This Simple

- How to enforce
- How to incentivize
- How to measure
 - Homebuilder responsibilities
 - Utilities responsibilities



Water Tap Fee

Water Connection Fee

\$10,824

20% - Fire Flow

10% - Storage

10% - Treatment

60% -

Transmission/Distribution

Water Acquisition Fee

\$6,500

For the purchase of water rights to serve new home.

One home = approximately
1/3 acre-foot of water per
year (109,000 gallons/year)



Water Acquisition Fee Reduction – Conservation Incentive				
Using Template Reflecting Irrigated Area		Water Acquisition Fee Reduction		New Water Acquisition Fee
Thirty Percent (30%)		\$4,550		\$1,950
Fifty Percent (50%)		\$3,250		\$3,250
Water Acquisition Fee Reduction – Lot Size				
Residential Construction (3/4" Meter)	Reduction of outdoor use for lot size	Water Acquisition Fee	Fee With Conservation Incentive for 30% Reduction for Irrigated Area	Fee With Conservation Incentive for 50% Reduction for Irrigated Area
Less than 9,000 sq. ft. lot size	50%	\$4,875	\$1,024	\$2,438
Between 9,001 and 13,000 sq. ft. lot size	25%	\$5,688	\$1,706	\$2,844
Greater than 13,001 sq. ft. lot size	0%	\$6,500	\$1,950	\$3,250



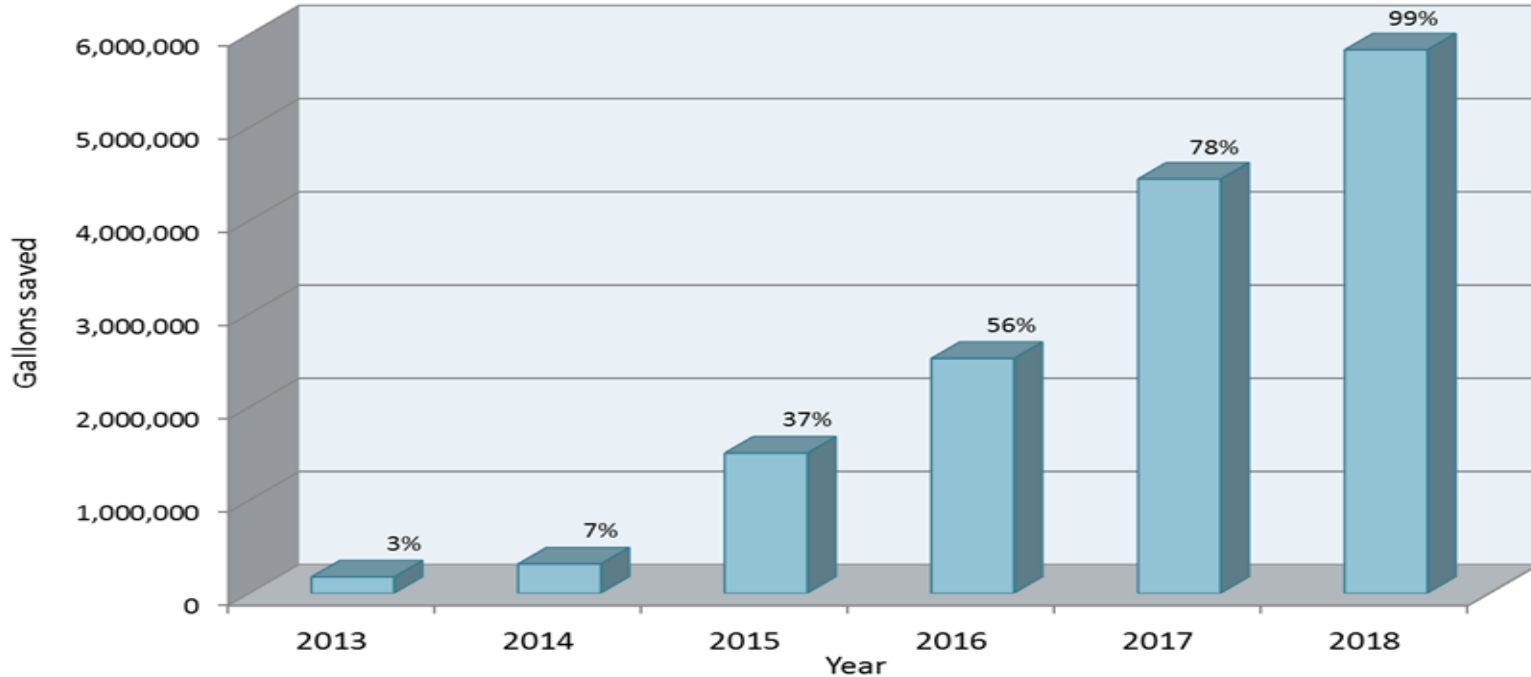
The Process

- The Homebuilder submits a landscape template showing the reduction in irrigated area and calculations that supports a reduced tap fee. The reduced fee is collected by the City Clerk.
- The City puts a zoning hold on the certificate of occupancy (CO) pending an inspection by the utilities to verify compliance with the template.
- Home is constructed and landscaping is installed – the homebuilder calls for an inspection.
- Inspection is performed – when passed, CO is released.



Results

Lowered Aquisition Fee Incentive Annual Savings



*Percentages demonstrate number of new builds that participated in incentive during that year



Other Results

- Influencing legislation
- Lasting results
- Building on success – next steps

