# *COUNCIL DECISION REQUEST*

SUBJECT: Potential Water Development Fee Changes

MEETING DATE: Nov. 20, 2008

PAYSON GOAL: NEW: EXISTING:

ITEM NO.:

TENTATIVE SCHEDULE:

SUBMITTED BY: Buzz Walker

AMOUNT BUDGETED: $0.00

SUBMITTAL TO AGENDA
APPROVED BY TOWN MANAGER

EXPENDITURE REQUIRED: $0.00

CONT. FUNDING REQUIRED: $-0-

EXHIBITS (If Applicable, To Be Attached): Potential ERU determination changes (Draft, 1 page). "Home of Tomorrow" Requirements (1 page)

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**POSSIBLE MOTION : I MOVE TO DIRECT THE LEGAL DEPARTMENT TO DRAFT APPROPRIATE DOCUMENTS NECESSARY TO IMPLEMENT CHANGES IN THE DETERMINATION OF EQUIVALENT RESIDENTIAL UNITS RELATIVE TO WATER USE IN NEW HOUSING DEVELOPMENTS AND ACCESSORY DWELLING UNITS.**

**SUMMARY OF THE BASIS FOR POSSIBLE MOTION: The Town Council gave direction to Water Department staff to explore changes in the determination of potential water use for various types and sizes of new housing units. A draft of potential changes has been provided to Council members and is attached to this CDR. It is important to note that a change to Ord. No. 537 is necessary to implement any change in water development fees. Additionally, I recommend that any changes in the fees are accompanied by new Town regulations that provide some certainty that water use in the various housing projects that benefit from fee reductions is, in fact, kept to a low water use rate in the future. Additional regulations needed with any fee reductions for these projects are:**

1. **An enforceable regulation that housing units resulting from the projects cannot increase in size in the future (Example: An 800 Sq. ft home cannot be added onto in the future)**
2. **An enforceable requirement for all these projects that require the use of low water use landscaping approved by the Water Department. Single-family homes are currently exempt from this requirement.**
3. **A requirement for a separate water meter to be installed for irrigation of landscape. This is currently not a requirement.**
4. **A requirement that a separate water meter be installed for each of the units constructed in these projects.**
5. **Development of a new, excess water use rate to apply to these projects. If the projects benefit based on reduced water development fees but do not actually achieve reduced water use, then a special excess water use penalty would automatically be assessed on their monthly water bill.**
6. **An enforceable requirement that high-efficiency (low water use) laundry facilities are employed throughout the life of the housing unit.**

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7. **An enforceable requirement that landscape plans for these projects cannot be altered without the consent of the Water Department.**
8. **All requirements pursuant to this action must survive over time and change of ownership and change of use or conversion of the housing unit from its original design and purpose.**

**PROS: Reduced water development fees, as a financial incentive, may assist in the development of more affordable housing units in Payson.**

**CONS: Potential reduction in water development fee revenues; though this can be mitigated by excess water use penalties if projects do not achieve water use objectives. Difficulty in tracking and enforcing future laundry equipment use, landscape changes over time, add-ons to units (increasing size), additional costs to development of these projects by housing unit separate water meter requirements, tracking changes to projects over time, increased Town regulations.**

**PUBLIC INPUT (if any): N/A – Town Council direction.**

**BOARD/COMMITTEE/COMMISSION ACTIONS/RECOMMENDATIONS (if any) (give dates and attach minutes):**

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**FUNDING:**

| | | |
|---|---|---|
| Account Number: | Title: | Amount: $ |
| Account Number: | Title: | Amount: $ |
| Account Number: | Title: | Amount: $ |
| Account Number: | Title: | Amount: $ |
| | | Total Cost: $ |

CFO: _____ Date: _____

POTENTIAL CHANGES TO EQUIVALENT RESIDENTIAL UNIT CALCULATIONS
(Draft - Buzz Walker – 11-03-08)

Pursuant to direction from the Town Council a draft of potential changes to the determination of Equivalent Residential Units for various types and sizes of new residential units is defined below. The financial impact of lost Water Development Fee revenue is not included in this proposal due to the difficulty of predicting the types of housing units to be constructed in the future.

Narrative

Town Code and administrative policies determine water development fees for new commercial and housing projects within the Town of Payson. As a general rule, new residential projects are subject to a Water Development Fee. The amount of this fee is determined by review of the size and type of housing and by guidance from Ordinance No. 537. This ordinance defines some amounts of predicted water use according to residential and business types. Water use for any type of new project within the Town is predicted based on local historic knowledge and from the terms of Ord. No 537. Sometimes the ordinance does not predict accurately the potential water use of a project due to actual project design. In this circumstance the Water Development Fee charged to a project may vary, lower or higher, from the ordinance. For this document a schedule of existing ERU determinations and potential changes is presented.

| Housing Type | Existing Determination | Potential Determination |
|---|---|---|
| Apartments,<br>Townhomes,<br>Condominiums,<br>Accessory Dwelling Units | 1.5 units/ERU | 1 BR – 3/ERU*<br>2 BR – 2/ERU*<br>3 BR/2BA – 1.5/ERU*<br>>3BR/2BA – 1/ERU* |
| Single-family Residence**<br>(Detached or attached) | 1 unit per ERU | <800 sq. ft. – 2/ER***<br>800 – 1,000 Sq. Ft. – 1.5/ERU*** |

*Assumes common landscape area and landscape design approved by Water Department and subject to water rate penalties for excess water use. Assumes a water meter installed for each unit and separate water meter for landscape irrigation. Conversions of existing multi-unit housing may be exempted from separate water meter requirements. Assumes high water-efficiency project central laundry facilities and/or in-unit laundry facilities. Assumes legal requirement for all above restrictions to survive time and change of ownership.

**Assumes residence size not to exceed 3,000 sq. ft., 3 BR and 3BA. Additional water development fee will apply for each additional bathroom and/or any spa.

***Assumes no add-ons in future, Water Department-approved landscape design subject to water rate penalties for excess water use, no spas and water rate penalties for excess water use (over 3,750 gallons per month). Assumes small lot (less than 6,000 sq. ft.). Assumes use of high water-efficiency laundry facilities. Assumes legal requirement for all above restrictions to survive time and change of ownership.

# "Home of Tomorrow" Requirements

(Draft, Buzz Walker – 11-10-08)

Narrative

Housing projects that benefit from reduced water development fees due to anticipated low water use should be expected to achieve low water use. Low water use can be expected based upon water use restrictions and requirements placed upon these projects. Any housing unit developed utilizing reduced water development fees must adhere to the following requirements.

Owners/Renters of "Home of Tomorrow" Housing Units are Subject to These Requirements

1. Housing units cannot be added onto (increased in size).

2. Must utilize low water use landscaping plan and maintenance approved by the Payson Water Department.

3. Must utilize a separate water meter for landscape irrigation for multi-unit housing projects.

4. Must utilize a separate water meter for each housing unit.

5. Are subject to increased water rates if housing unit water use or landscape exceeds limits.

6. Must utilize high water efficiency laundry equipment at all times.

7. Landscape alterations are subject to Water Dept. approval/denial.

8. Subsequent owners/renters subject to original project requirements.