COUNCIL DECISION REQUEST

SUBJECT: Water Development Fee Payment Timeline

MEETING DATE: July 15, 2010

PAYSON GOAL: NEW: EXISTING: X

ITEM NO.:

TENTATIVE SCHEDULE: August, 2010

SUBMITTED BY: Buzz Walker

AMOUNT BUDGETED: -0-

SUBMITTAL TO AGENDA
APPROVED BY TOWN MANAGER

EXPENDITURE REQUIRED: -0-

CONT. FUNDING REQUIRED: -0-

EXHIBITS (If Applicable, To Be Attached): N/A

POSSIBLE MOTION: I MOVE TO DIRECT THE TOWN ATTORNEY TO DEVELOP AN ORDINANCE FOR TOWN COUNCIL CONSIDERATION TO ALLOW THE PAYMENT OF NEW COMMERCIAL PROJECT WATER DEVELOPMENT FEES OVER A PERIOD OF TEN YEARS WITH A THREE YEAR DEFERRRED PAYMENT OPTION TO BE APPLIED AS A TOWN STAFF ADMINISTRATIVE ACTION.

SUMMARY OF THE BASIS FOR POSSIBLE MOTION: At times, it is desired by some developers of new commercial projects an alternate method of paying the Town's water development fee. Currently, Town ordinance allows for the payment of commercial project water development fees (1) at time of issuance by the Town of the project's building permit or (2) over a five year period consisting of an initial payment and five annual payments or 60 monthly payments or (3) over a ten year period consisting of an initial payment and ten annual payments or 120 monthly payments.

It seems that a fourth option may assist projects in getting the project constructed and in operation with reduced upfront costs by way of deferring the payment of water development fees to a later date. An example is as follows. The project water development fees as determined by the Town would be assessed prior to the issuance of the project building permit. No fees would be paid for the first three years of construction and operation of the project. After the fourth year of operation the project would pay one-seventh of the total fee and continue with six additional annual payments of the same amount. The Town would receive the total fee in a ten year period as is currently allowed and the ultimate payment of the fee to the Town could be guaranteed by a developer-supplied bond in the total amount of the fee.

Requirements for use of this option would be enumerated in the ordinance to ensure consistent application of the ordinance.

PROS: Allows for new commercial projects to be constructed at reduced upfront costs.

CONS: Projects may default on payments before the fee is totally paid to the Town. (A developer-supplied guarantee bond would eliminate this potential problem.)

PUBLIC INPUT (if any): Staff initiative.

JUL 15 2010 I.1

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

FUNDING:

Acct:	Budget:	Available:	Expense:	Remaining:
Acct:	Budget:	Available:	Expense:	Remaining:
Acct:	Budget:	Available:	Expense:	Remaining:

3A: _____ Date: _____