Low Tap Fees, High Water Savings
An Unlikely Partnership

Presented by:
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City of Fountain
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-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

<table>
<thead>
<tr>
<th>Water Connection Fee</th>
<th>Water Acquisition Fee</th>
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</thead>
<tbody>
<tr>
<td>$10,824</td>
<td>$6,500</td>
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**Water Connection Fee**
- 20% - Fire Flow
- 10% - Storage
- 10% - Treatment
- 60% - Transmission/Distribution

**Water Acquisition Fee**
- 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)
<table>
<thead>
<tr>
<th>Water Acquisition Fee Reduction – Conservation Incentive</th>
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<tbody>
<tr>
<td><strong>Using Template Reflecting Irrigated Area</strong></td>
</tr>
<tr>
<td><strong>Thirty Percent (30%)</strong></td>
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<tr>
<td><strong>Fifty Percent (50%)</strong></td>
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<table>
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<tr>
<th>Water Acquisition Fee Reduction – Lot Size</th>
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</thead>
<tbody>
<tr>
<td><strong>Residential Construction (3/4” Meter)</strong></td>
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<tr>
<td><strong>Less than 9,000 sq. ft. lot size</strong></td>
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<td><strong>Between 9,001 and 13,000 sq. ft. lot size</strong></td>
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<tr>
<td><strong>Greater than 13,001 sq. ft. lot size</strong></td>
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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 Acquisition Fee Incentive Annual Savings

- 2013: 3%
- 2014: 7%
- 2015: 37%
- 2016: 56%
- 2017: 78%
- 2018: 99%

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

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