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# Water and Wastewater Impact Fee Study



Prepared for City of Fayetteville and Farmington, Elkins and Greenland

# Consultant Team

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**James B. Duncan, FAICP**

- ❑ 45 Years Planning and Impact Fee Experience
- ❑ Manager, Nation's First Multi-Facility Impact Fee System
- ❑ Co-Author, Nation's First Impact Fee Enabling Act
- ❑ Master of Urban Planning, University of Oklahoma



**Clancy Mullen**

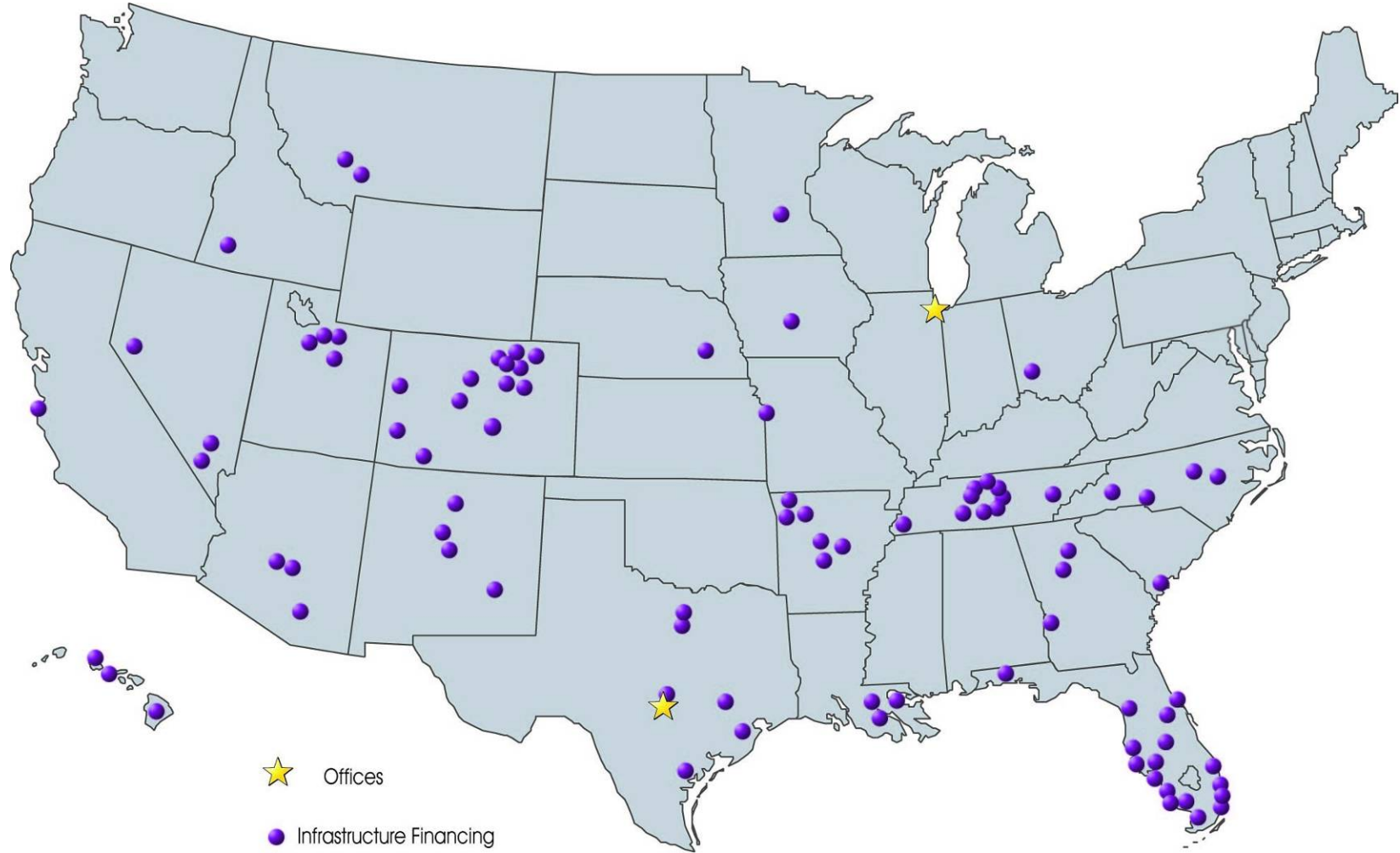
- ❑ 19 Years Planning and Impact Fee Experience
- ❑ Director of Infrastructure Financing, Duncan Associates
- ❑ Officer, National Impact Fee Roundtable
- ❑ Master of Urban Planning, University of Texas



**Robert Rosenthal**

- ❑ President, Rosenthal & Associates
  - ❑ 25 Years Fiscal and Impact Fee Experience
  - ❑ Specialist in Capital Facility Finance
  - ❑ MBA in Finance, Wharton School, Univ. of Pennsylvania
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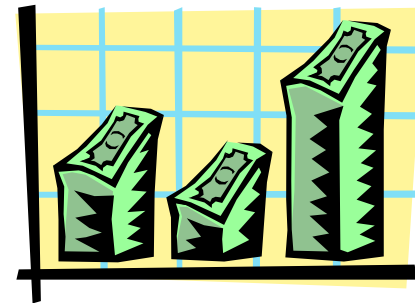
# National Impact Fee Experience



# What Impact Fees Are

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**One-time fee payment ...  
... by new development ...  
... for off-site capital facilities ...  
...needed by new development.**



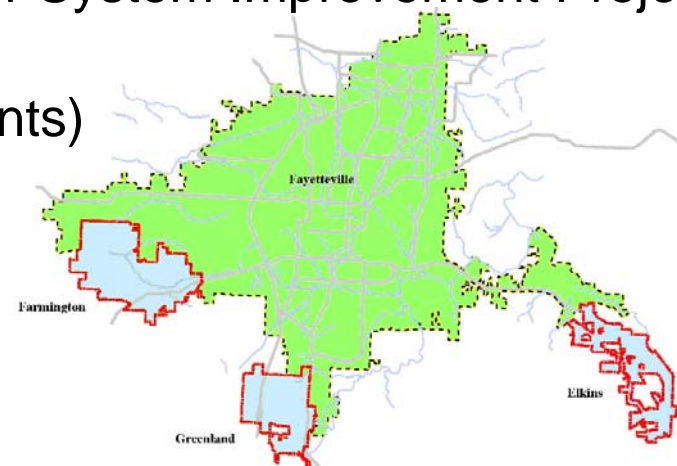
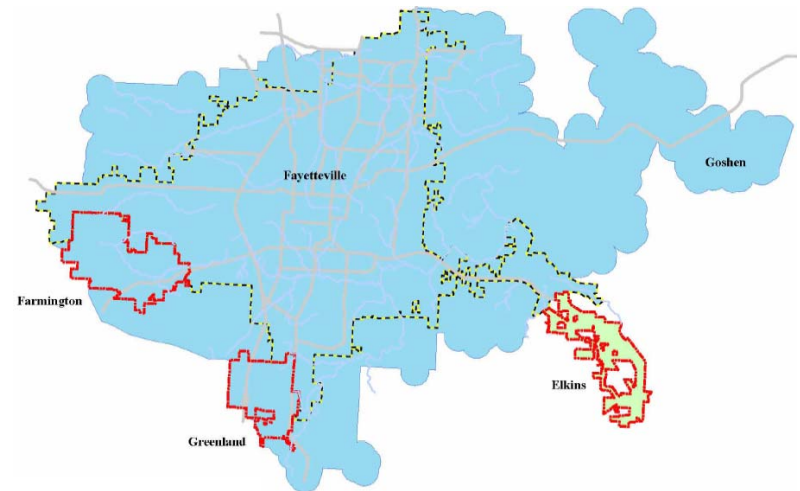
# Proposed Types of Fees

## ■ Water

- System Costs (>14" Lines)
  - All Customers
- Local Costs (10-14" Lines)
  - Elkins Customers
  - Rest of Water Customers

## ■ Wastewater

- System Costs (WSIP - Wastewater System Improvement Project)
  - All Customers
- Local Costs (All Other Improvements)
  - Fayetteville Customers
  - Elkins Customers
  - Farmington Customers
  - Greenland Customers





# Service Units per Customer

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## Residential

Single-Family (avg.)	1.00
up to 1,300 sf	0.82
1,301-1,700 sf	1.04
1,701-2,300 sf	1.18
>2,300 sf	1.32

## Multi-Family

0.71

## Nonresidential

5/8" x 3/4"	1.00
1" meter	2.50
1-1/2" meter	5.00
2" meter	8.00
3" meter	16.00
4" meter	25.00
6" meter	50.00

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# Impact Fee Formula

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- **Fee = Service Units (SU) x Net Cost/SU**
  - **Net Cost/SU = Cost/SU – Revenue Credit/SU**
  - **Revenue Credits for Debt or Future Funding**
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# Types of Methodologies (Cost/SU)

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## ■ **Recoupment**

- Recover costs already incurred or funded
- $\text{Cost/SU} = \text{cost} \div \text{service unit capacity}$

## ■ **Incremental Expansion**

- No master plan, little excess capacity
- $\text{Cost/SU} = \text{existing cost} \div \text{existing service units}$

## ■ **Plan-Based**

- Master plan, little excess capacity
- $\text{Cost/SU} = \text{planned cost} \div \text{future service units}$

## ■ **End State**

- Master plan, some excess capacity
  - $\text{Cost/SU} = (\text{existing} + \text{planned costs}) \div \text{build-out SUs}$
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# Methodologies Used

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## ■ **Water**

- System Costs - Plan-Based (debt credit)
- Local Costs
  - Elkins – Plan-Based
  - Rest of Fayetteville System – End State

## ■ **Wastewater**

- System Costs – Recoupment (sales tax credit)
  - Local Costs
    - Fayetteville – Incremental Expansion/End State
    - Elkins, Farmington, Greenland – Plan-Based (Greenland has debt credit)
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# Single-Family Fees

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	<b>Water</b>	<b>Waste- Water</b>
Fayetteville (current)	\$308	\$835
Fayetteville (proposed)	\$2,954	\$2,631
Farmington (proposed)	\$2,954	\$2,798
Elkins (proposed)	\$3,501	\$3,694
Greenland (proposed)	\$2,954	\$3,598
National Average	\$3,232	\$2,885

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# Single-Family Fees by Jurisdiction

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	<b>Fayett.</b>	<b>Farm.</b>	<b>Elkins</b>	<b>Green.</b>
Fayetteville	\$2,954	\$2,954	\$2,297	\$2,954
Clients	-	-	\$1,204	-
Total Water	\$2,954	\$2,954	\$3,501	\$2,954
Fayetteville	\$2,631	\$1,247	\$1,247	\$1,247
Clients	-	\$1,551	\$2,447	\$2,351
Total Wastewater	\$2,631	\$2,798	\$3,694	\$3,598

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# Potential 10-Year Revenue

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<b>Jurisdiction</b>	<b>Water</b>	<b>Wastewater</b>
Fayetteville	\$43,800,000	\$29,400,000
Farmington	-	\$800,000
Elkins	\$300,000	\$700,000
Greenland	-	\$500,000
<b>Total</b>	<b>\$44,100,000</b>	<b>\$31,400,000</b>

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# Alternatives

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- **Residential Flat Rate or Variable Fees**
  - **Cost Recovery**
    - Adopt the total maximum fees
    - Adopt maximum fees for system costs (Fayetteville)
    - Adopt at percentage of maximum fees
  - **Phase-In**
    - 90-day grace period
    - Half of ultimate increase for first year
  - **Indexing**
    - Annual inflation adjustment
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# Single-Family Options, Fayetteville

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	<b>Water</b>	<b>Waste- water</b>	<b>Total</b>
Current Fee	\$308	\$835	\$1,143
50% System Cost	\$1,148	\$623	\$1,771
100% System Cost	\$2,297	\$1,247	\$3,544
100% System & Local	\$2,954	\$2,631	\$5,585

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Questions? . . .

