


**MEMORANDUM**

CITY OF CAPE CORAL  
UTILITIES DEPARTMENT

TO: John Szerlag, City Manager

FROM: Jeff Pearson, Utilities Director 

DATE: June 28, 2016

SUBJECT: Water/Wastewater and Irrigation Impact Fee Study & Ordinance Updates

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On behalf of the City of Cape Coral Utilities Department, I am providing a copy of the Water, Wastewater and Irrigation Impact Fee Draft Study by Public Resources Management Group, Inc. (PRMG). The capital facilities expansion charges (CFEC) is updated via City ordinance. The updated Impact Fee ordinance and the mandatory connection ordinances will be scheduled for introduction after Council hiatus.

The purpose of the water, wastewater and irrigation capital expansion or impact fees is to assign, to the extent practical, growth-related capital costs to those new customers responsible for such costs. To the extent new development imposes identifiable capital investments necessary to provide water, wastewater and irrigation system capacity, modern capital funding practices that support the assignment of charges to those responsible for such costs. Municipalities and other utilities, including the City, have recognized this strategy as being an appropriate method of funding the capital requirements that are a result of development and growth within the service area of the system.

Within the State of Florida, an adopted statute authorizes the use of impact fees, which was developed on case law before the Florida courts and grants broad power, including the home rule power of Florida counties and municipalities. Section 163.31801 of the Florida Statutes was created on June 14, 2006, and amended in 2009 and 2011. This section is referred to as the "Florida Impact Fee Act." Within this section, the Legislature finds that impact fees are an important source of revenue for local government to use in funding the infrastructure necessitated by new growth. Section 163.31801 of the Florida Statutes further provides that an impact fee adopted by ordinance or a county or municipality or by resolution of a special district must, at a minimum; 1). Require that the calculation of the impact fee be based on the most recent and localized data; 2). Provide for accounting and reporting of impact fee revenues and expenditures in a separate accounting fund; 3). Limit administrative charges for the collection of impact fees to actual costs; 4). Require that notice be provided no less than (90) days before the effective date of an ordinance or resolution imposing a new or increased impact fee; and 5). Requires an affidavit addressed to the Auditor General that the utility has complied with this statute.

The City may charge less, but not more than the calculated costs to provide water, irrigation and wastewater services. Staff proposes to minimize the amount of increase to the existing combined impact fees. We also recommend implementing all fee decreases, while discounting the calculated water and irrigation impact fees by approximately 11 percent establishing fees equal to approximately 89 percent of the water and irrigation costs. No change to the total combined impact fees for water, irrigation and wastewater service is proposed within the future UEP areas that include Sewer District 2 because decreases in the local portion of the wastewater impact fees are offset by increases to the combined water and irrigation fees. While Sewer District 1 fees are equal to the Sewer District 2 charges, the total Sewer District 1 fees will increase by \$1,031. Properties within Sewer District 1 generally reflect infill development where water, wastewater and irrigation services are available.

The City's combined residential water and wastewater impact fee comparison for a typical 5/8" metered residential connection in Sewer District 1 is currently \$5,136 and the proposed fees would increase to \$6,167 per ERU. The existing and proposed Sewer District 2 fee would remain at \$6,750 per ERU. According to a recent survey conducted in October 2015 indicates an average combined impact fee of \$4,759 per ERU for the utilities surveyed. The survey indicates the City's existing District 2 fee is \$1,991 above the average utilities used for the survey. Therefore, staff's recommendation is to keep the City's Sewer District 2 combined impact fee cost the same even though the report indicates water and irrigation could be adjusted upwards for 100% cost recovery.

We recommend that property owners located in the infill areas in Sewer District 1 be allowed to prepay their property's impact fees at the previous rate of \$5,136/ERU during the 90 day notice period after the impact fees are adopted by Council so these property owners can take advantage of the old impact fee rate before the new Sewer District 1 impact fees increase to \$6,167 per ERU.

A number of housekeeping revisions were made to update the Impact Fee Ordinance. The Protectus III fireline meter assemblies will no longer be allowed to serve both potable and fire protection. Also, the various impact fee tables were updated and some of the language regarding impact fee updates was revised. The City's mandatory connection policy was revised and irrigation water was added to the ordinance for properties under one acre in size. Moving forward, property owners will no longer have the option to opt out of utilizing the City's irrigation water and continue using private wells.

The City's Chapter 19 Ordinance revisions include the following:

- ✓ Added "potable and reclaimed" to § 19-3 and 19-4. Added "including indebtedness perfected by a lien(s) (excluding special assessment liens) to §19-5. Changed "occupant" to "account holder" in §19-5.1. Added "reclaimed water" to §19-6 (a) Customer Deposit. Added "including outstanding balances secured by a lien" to §19-6 (b) Exemptions. Removed "notary" requirement in §19-19 and added "Voluntary uses of water such as lawn watering or failure to turn off an outside hose shall not provide the basis for a sewer billing adjustment." Added "Penalties and Appeal process to §19-22 (d).

Please let me know if you have any questions regarding the attached report. I can be reached in my office at 239-574-0710.

Attachments: Water, Wastewater, and Irrigation Impact Fee Report, Executive Summary power-point presentation and Impact Fee Ordinance and Chapter 19 Ordinance updates.