



RW681497-02

CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701-2724

Public Works Department

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September 11, 2007

To: Public Works Committee
City Council

Cc: Mayor Alan Hanks

From: Dirk Jablonski, P.E.
Director, Public Works

Ref: Construction Fees Status Report

Attached for your information and use are the following items that provide the requested information regarding water and sewer construction fees.

Tables - Tables 1 and 2 provide a summary of the information available for all the sewer and water construction fees in effect on August 31, 2007.

Attachments – Attachments A and B provide the criteria for establishment of sewer and water construction fees by the City of Rapid City. This criteria was developed using input and guidance from the City Attorney's office.

Figures – Figures 1 and 2 provide areas in which one or more sewer or water fees exist. The individual fee areas are not depicted on these figures.



EQUAL OPPORTUNITY EMPLOYER

TABLE 1
SEWER CONSTRUCTION FEE SUMMARY
Fees as of August 31, 2007

Name of Fee	Fee Code	Date of Inception	Collected to Date	Maximum to be Paid	Fee Per Acre	Fee Per Foot	Fee Per Lot	Comments
Catron Blvd Sanitary Sewer Extension	3677	12/5/05	\$13,010.84	\$461,961.22	\$252.98	na	na	18" Sanitary Sewer
Cliff Dr. Sewer	3662		\$2,319.22	\$9,276.88	na	na	\$2,319.22	
Corral Dr. Sewer ssw00-882	3664		\$50,160.89		na	na	na	8614.80/ connection
Corral Dr. sewer st92-401	3939		\$9,335.84		na	\$19.69	na	sewer frontage fee
Deadwood Avenue / Lien Street	3932	1/1/97	\$20,339.41	\$10,217.61	na	na	\$1,135.29	Pay to Developer
Deadwood Avenue Trunk	3928	6/24/86		\$44,996.00	\$122.60	na	na	8" & 12" Sanitary Sewer - Entire Basin less Abutting Property
Deadwood Avenue Trunk	3928	6/24/86		\$304,287.75	\$956.88	na	na	8" & 12" Sanitary Sewer - Abutting
Summary Deadwood Avenue (3928)			\$20,035.26	\$349,283.75				
Eastridge Estates (Phase 1&2)	3696	12/20/06	\$14.87	\$5,512.50	\$15.17	na	na	12" Sanitary Sewer
Fifth St. Sanitary Sewer Extension	3679-N	12/19/05		\$140,786.65	\$249.46	na	na	12" Sanitary Sewer - North Benefit Area
Fifth St. Sanitary Sewer Extension	3679-S	12/19/05		\$140,786.65	\$17.50	na	na	15" Sanitary Sewer - South Benefiting Area
Summary Fifth Street Sewer (3679)			\$5,771.95	\$281,573.30				
Heidiway Lane Sanitary Sewer	3687	9/30/05		\$16,550.00	na	na	\$1,655.00	8" Sanitary Sewer - Expires after 10th Fee
Highway 16 Sewer	3940	1/1/96		\$433,650.00	\$918.18	na	na	Lift Station, Force Main, and Gravity Main
Highway 16 Sewer	3940-F-1	1/1/96		\$24,231.00	na	\$5.36	na	Sewer Frontage Fee East of ROW (25% of West of ROW Fee) - \$121,155
Highway 16 Sewer	3940-F-2	1/1/96		\$96,924.00	na	\$21.43	na	Sewer Frontage Fee West of ROW - \$121,155
Summary Highway 16 Sewer (3940)			\$84,920.99	\$554,805.00				
Highway 79 Sewer	3909	11/04			\$72.21	na	na	
Highway 79 Sewer	3909-EDIN			\$4,167.09	na	na	Various	Edinborough - Lot A, Lot B, & Residential Lots
Summary Highway 79 Sewer (3909)			\$5,875.66	\$4,167.09				
Horst Sanitary Sewer Extension	3655	5/24/07		\$18,368.99	na	na	\$18,368.99	8" Sanitary Sewer Pay to Developer
Mallridge Subdivision	3933-F-1	8/15/77	\$20,246.57	\$34,722.35	na	\$6.77	na	Sanitary Sewer Frontage Fee - Pay to Developer
Mallow Street Sanitary Sewer	3681	3/6/06		\$9,687.38	na	na	\$4,843.69	8" Sanitary Sewer - Pay to Developer
MJK Sanitary Sewer Oversize	3676	12/5/05	\$612.37	\$21,948.48	\$10.90	na	na	15" Sanitary Sewer
Moon Ridge Offsite Sewer	3690	1/8/07		\$229,959.48	\$7,377.71	na	na	8" Sanitary Sewer
NE Area SS Interceptor	3683	3/2/06	\$96,254.59	\$183,375.84	\$60.48	na	na	Sanitary Sewer Interceptor (I-90 Heartland Business Park)
Wildwood Street & Utilities	3661	9/20/04	\$45,513.37	\$168,401.13	na	na	\$5,613.37	
Parkview Dr Sewer	3663-C		\$12,127.66		na	na	\$18,644.41	Parcel C only
Parkview Dr. Sewer	3663-A				na	na	\$12,118.71	Tract A BLK 19 only
Parkview Dr. Sewer	3663-U				\$711.12	na	na	unplatted portion
Plum Creek, Elks	3673	2/2/04	\$33,750.00	\$278,115.93	na	na	\$750.00	
Promise Road	3669	10/1/02		\$34,151.89	na	\$20.40	na	8" Sanitary Sewer Frontage Fee
Red Rocks Meadows and Estates Sewer	3313		\$98,700.00		na	na	\$700.00	Sewer Connection Fee
Samco Road Improvements	3929		\$8,408.72	\$47,500.00	\$543.55	na	na	14" Sanitary Sewer
Sheridan Lake Road Utilities	3915	3/1/96		\$44,621.00	\$26.17	na	na	15" Sanitary Sewer
Sheridan Lake Road Utilities	3915-F-1	3/1/96		\$114,172.00	na	\$18.72	na	15" Sanitary Sewer Frontage Fee
Summary Sheridan Lake Road (3915)			\$24,252.21	\$158,793.00				
Southeast Connector Sanitary Sewers	3678-B	12/5/05		\$420,885.07	\$2,496.06	na	na	8" Sanitary Sewer - Exhibit B
Southeast Connector Sanitary Sewers	3678-A	12/5/05		\$53,240.96	\$192.07	na	na	18" Sanitary Sewer - Exhibit A
Southeast Connector Sanitary Sewers	3678-C	12/5/05		\$7,870.31	\$6,515.16	na	\$7,870.31	Exhibit C (Fee per acre only collected if subdivided)
Summary Southeast Connector (3678)			\$45,578.56	\$481,996.34				
Southside Drive Oversize	3652	7/31/07		\$239,474.07	\$78.65	na	na	Pay .16 fund 0057-3652
VIC Utilities Extension	3936	6/2/99		\$744,391.00	\$198.50	na	na	8" Sanitary Sewer
VIC Utilities Extension	3936-F-1	6/2/99		\$18,613.33	na	\$11.45	na	8" Sanitary Sewer Frontage Fee
Summary VIC Utilities (3936)			\$2,336.84	\$763,004.33				
Wonderland Drive	3938	6/20/94	\$1,235.40	\$14,412.77	na	na	\$411.80	8" Sanitary Sewer
Mallridge Subdivision	3933	8/15/77		\$72,147.22	na	na	\$125.00	Sanitary Sewer Lift Station Fee

na - not applicable

TABLE 2
WATER CONSTRUCTION FEE SUMMARY
Fees as of August 31, 2007

PW081407-02

Name of Fee	Fee Code	Date of Inception	Collected to Date	Maximum to be Paid	Fee Per Acre	Fee Per Foot	Fee Per Lot	Comments
Red Rocks Meadows and Estates Water	3313		\$186,900.00		na	na	\$350.00	Water connection fee
Meadows Subdivision Phase V	3656	7/31/07		\$19,377.98	\$286.02	na	na	16" Water Main
Wildwood Street & Utilities	3661	9/20/04	\$4,331.00	\$29,986.00	na	na	\$4,331.00	
Skyline Pines Offsite Water	3665	12/10/01	\$65,235.51	\$221,668.00	na	na	\$9,237.00	Pay to developer
Promise Road	3670	10/1/02		\$36,231.89	na	\$19.98	na	8" Water Main Frontage Fee
Mall Dr./Dyess Ave. Oversize	3674	3/2/04	\$5,801.12	\$183,866.85	Various	na	na	933 Fund - \$73,546.74, IDPF Fund - \$110,320.11
Mall Dr./Dyess Ave. Adjacent	3675	3/2/04	\$50,754.32	\$462,489.49	Various	na	na	933 Fund - \$184,995.80, IDPF Fund - \$277,493.69
Auburn Hills	3680	1/3/06	\$2,460.71	\$92,105.72	\$463.45	na	na	12" Water Main
Mallow Street Water	3682	3/6/06		\$13,780.94	na	na	\$6,890.47	8" Water Main - Pay to Developer
I-90 Heartland Business Park	3684	3/2/06	\$1,262.26	\$34,118.98	\$130.07	na	na	12" Water Main
Lien Street Water Main Extension	3685	4/18/06	\$2,953.16	\$10,665.81	\$95.37	na	na	10" Water Main
Lien Street Water Main Extension	3685-F-1	4/18/06	\$11,797.75	\$47,903.76	na	\$35.75	na	10" Water Main Frontage Fee - Pay to Developer
Highway 16 Water Main	3686	4/27/06	\$11,089.05	\$231,530.25	\$1,931.83	na	na	12" Water Main
Skyline Drive Water Main Extension	3688	8/12/66		\$35,895.32	na	na	\$35,895.32	
Moon Ridge Offsite Water	3689	11/23/06	\$9,247.03	\$81,180.13	na	\$45.99	na	Pay to developer
Golden Eagle Dr. Water Construction	3691	11/23/06	\$279.75	\$41,664.83	\$762.25	na	na	10" Water Main - Pay \$11,353.01 to Developer
Big Sky Business Park	3692	1/8/07		\$62,765.68	\$21.57	na	na	16" Water Main
Skyview North	3693	12/20/06	\$46.55	\$48,989.30	\$68.46	na	na	12" Water Main
South Pointe Subdivision	3694	2/5/07	\$134.50	\$28,412.00	\$791.20	na	na	12" Water Main
Eastridge Estates Subdivision (16" South)	3695	2/22/07		\$50,232.01	\$1,028.11	na	na	16" Water Main
Eastridge Estates (Phase 1&2)	3696	12/20/06	\$215.41	\$32,410.53	\$119.01	na	na	12" Water Main
Blu Knu Storage and Auto Sales	3697	1/8/07		\$20,907.92	\$40.40	na	na	14" Water Main
Villagio at Golden Eagle Subdivision	3698	2/22/07		\$9,403.13	\$273.69	na	na	10" Water Main at Golden Eagle Dr
Eastridge Estates Subdivision (16" North)	3699	2/22/07		\$103,717.93	\$790.57	na	na	16" Water Main
VIC Utilities Extension	3907	6/2/99		\$251,267.00	\$146.10	na	na	12", 14", & 16" Water Main
VIC Utilities Extension	3907-F-1	6/2/99		\$23,706.00	na	\$11.85	na	12", 14", & 16" Water Main Frontage Fee
Summary for VIC Utilities (3907)			\$16,929.91	\$274,973.00				
Highway 16 water	3910-F-2	1/1/96		\$140,806.00	na	\$22.78	na	Water Frontage Fee West of ROW - \$176,008
Highway 16 water	3910-F-1	1/1/96		\$35,202.00	na	\$5.69	na	Water Frontage Fee East of ROW - \$176,008
Highway 16 water	3910	1/1/96		\$283,043.68	\$324.44	na	na	8" & 14" Water Main
Highway 16 water	3910-EDIN			\$18,722.78	na	na	Various	Edinborough - Lot A, Lot B, & Residential Lots adjustment from \$324.44/ac to per lot
Highway 16 water	3910-SP-1	12/10/01		\$50,500.71	na	na	\$1,442.88	Skyline Pines adjustment from \$324.44/ac to per lot basis
Highway 16 water	3910-SP-2	12/10/01		\$1,500.00	na	na	\$1,500.00	Skyline Pines (Lot 15 Kepps Heights Sub) Agreement - In addition to \$324.44/ac
Highway 16 water	3910-AR2			\$16,292.83	na	na	\$16,292.83	Tract AR2 needles subdivision adjustment from \$324.44/ac to per lot basis
Summary for Highway 16 water (3910)			\$194,793.39	\$546,068.00				
Sheridan Lake Road Utilities	3920	3/1/96		\$62,623.00	\$149.62	na	na	12" Water Main
Sheridan Lake Road Utilities	3920-F-1	3/1/96		\$125,264.00	ns	\$20.54	na	12" Water Main Frontage Fee
Summary for Sheridan Lake Road (3920)			\$21,020.10	\$187,887.00				
Sheridan Lake Road Utilities - Fairway Hills	3922	10/1/94	\$20,067.13	\$62,434.73	\$265.00	na	na	8" Water Main
Terracita High Level	3923	1/7/96	\$230,379.30	\$290,397.14	\$1,984.81	na	na	10" & 12" Water Mains and Booster Pump Station
Deadwood Ave. Water	3924	10/7/85	\$33,000.08	\$150,813.56	na	\$15.36	na	16" Water Main Frontage Fee
Carriage Hills Water	3926		\$5,607.08		na	na	\$5,607.08	
Mallridge Subdivision	3927	8/15/77	\$8,349.99	\$58,256.70	na	\$6.06	na	12" Water Main Frontage Fee
Plaza Boulevard Water Main Extension	3930	8/1/92	\$7,757.70	\$31,575.38	na	\$12.95	na	10" Water Main Frontage Fee
Wonderland Drive	3935	6/20/94	\$830.90	\$7,333.75	na	na	\$209.55	

na - not applicable

SANITARY SEWER CONSTRUCTION FEE CRITERIA

The ability to establish sanitary sewer construction fees is authorized under SDCL Section 9-48-15 and City Ordinance Section 13.08.365. Based on discussions with the City Attorney's Office, key points in establishing the utility construction fees include:

Fees:

- Must be based on actual costs incurred by the City (i.e., not estimated cost for future project(s); must be adjusted for repayment by other means or agreements); incurred costs by the City may include fees for professional services.
- Interest (or other fee escalation) cannot be applied to the construction fees – the same fee applies whether it is paid for a hook-up this year, or 20 years from now.
- Established for unserved (prior to project) areas by proportionate benefit received from the project (clarification by City Attorney's Office – when overall project does not include an assessed project for direct fronting properties, allocation of benefit by "per acre" basis over entire benefiting area is appropriate without tiered fee for fronting properties; i.e., oversizing and sewer transmission main construction benefits all users in the basin equally).
- Fees established on a "per acre" basis are to be applied to the parcel's entire acreage and is not reduced for easements that may exist on that parcel, or diminished for natural or un-landscaped areas of the lot (e.g., foothill lots with steep wooded slopes).
- The construction fees are to remain in place until the City's cost are recuperated, at which time the construction fee associated with a particular project automatically expires; a given construction fee cannot continue to be collected once the City has collected the full amount established by the resolution, even though additional connections may occur.
- Each Project should have a separate Resolution and construction fee structure for ability to track fees collected against project costs incurred by the City; will aid in determining when a construction fee should be terminated.
- Properties currently receiving City sewer service cannot be charged the sewer construction fee even though that parcel is in the design contributing area and will ultimately be routed through the project sewer - parcel does not experience any increase in benefit

Benefiting Properties:

- Benefiting properties are those properties that are designed to ultimately have their sewage routed through the project sewer main AND the project sewer main has adequate capacity for that property. The expected sewer flows from the proposed construction fee benefiting area cannot exceed the capacity of the project sewer.

- Benefiting properties include those in the design contributing area, whether or not they will have access to the project sewer main upon completion. Additional projects (with additional costs & fees) may be required to provide sewer service. Additionally, currently unserved properties within the design area that will be routed through existing sewers prior to reaching the project sewer should be included, even though existing sewer mains may have capacity limitations (additional replacement/upsizing projects may be necessary).
- Benefiting Properties should not be over-estimated – City wouldn't fully recuperate funds if future benefiting parcel acreage were over-estimated.

Area Reduction Factor:

The last point discussed, not over-estimating benefiting acreage – towards that goal, an area reduction factor is used for construction fee determinations. Larger tracts of land that currently are not developed or not fully developed will likely “lose” acreage to streets, drainages, and other public areas as the property is subdivided and developed. For example, a 40-acre parcel is unlikely to net 40-acres of lots when subdivided into smaller lots with an internal street network. As such, if the fees and benefiting area are based on the original 40-acre parcel, the City's sewer construction cost will never be fully recovered, and the resolution remains unexpired. To adjust for this situation, an area reduction factor is applied to account for the acreage that will be unavailable for fee collection. Since some lots are already developed and will not be further split, or some lots could be split perpendicular to the frontage without losing acreage to creating new streets, a lower limit was established before the area reduction factor would be applied. Determination of generalized reduction factors for Rapid City were performed as part of the analysis for the Southeast Area Sanitary Sewer Construction Fee Determinations and reference to general findings for reduction factors is directed to that report. The “typical” area reduction factor used in construction fee determinations is 85%.

ATTACHMENT B**WATER CONSTRUCTION FEE CRITERIA**

The ability to establish water construction fees is authorized under SDCL Section 9-47-16 and City Ordinance Section 13.04.095. Based on discussions with the City Attorney's Office, key points in establishing the utility construction fees include:

Fees:

- Must be based on actual costs incurred by the City (i.e., not estimated cost for future project(s); must be adjusted for repayment by other means or agreements); incurred costs by the City may include fees for professional services.
- Interest (or other fee escalation) cannot be applied to the construction fees – the same fee applies whether it is paid for a hook-up this year, or 20 years from now.
- Established for unserved (prior to project) areas by proportionate benefit received from the project (clarification by City Attorney's Office – when overall project does not include an assessed project for direct fronting properties, allocation of benefit by "per acre" basis over entire benefiting area is appropriate without tiered fee for fronting properties; i.e., oversizing and water transmission main construction benefits all users in the basin equally).
- Fees established on a "per acre" basis are to be applied to the parcel's entire acreage and is not reduced for easements that may exist on that parcel, or diminished for natural or un-landscaped areas of the lot (e.g., foothill lots with steep wooded slopes).
- The construction fees are to remain in place until the City's cost are recuperated, at which time the construction fee associated with a particular project automatically expires; a given construction fee cannot continue to be collected once the City has collected the full amount established by the resolution, even though additional connections may occur.
- Each Project should have a separate Resolution and construction fee structure for ability to track fees collected against project costs incurred by the City; will aid in determining when a construction fee should be terminated.
- Properties currently receiving City water service cannot be charged the water construction fee even though that parcel is in the design contributing area and will ultimately be routed through the project water mains-parcel does not experience any increase in benefit.

Benefiting Properties:

- Benefiting properties are those properties that are designed to ultimately have their water supply routed through the project water main AND the project water main has adequate capacity for that property. The expected water demands from the proposed construction fee benefiting area cannot exceed the capacity of the project water main(s).

- Benefiting properties include those in the design contributing area, whether or not they have access to the project water main upon completion. Additional projects (with additional costs & fees) may be required to provide water service. Additionally, currently un-served properties within the design area that will be routed through existing water mains prior to reaching the project water mains should be included, even though existing lines may have capacity limitations (additional replacement/upsizing projects may be necessary).
- Benefiting Properties should not be over-estimated – City wouldn't fully recuperate funds if future benefiting parcel acreage were over-estimated.

Area Reduction Factor:

The last point discussed not over-estimating benefiting acreage – towards that goal, an area reduction factor is used for construction fee determinations. Larger tracts of land that currently are not developed or not fully developed will likely “lose” acreage to streets, drainages, and other public areas as the property is subdivided and developed. For example, a 40-acre parcel is unlikely to net 40-acres of lots when subdivided into smaller lots with an internal street network. As such, if the fees and benefiting area are based on the original 40-acre parcel, the City's water construction cost will never be fully recovered, and the resolution remains un-expired. To adjust for this situation, an area reduction factor is applied to account for the acreage that will be unavailable for fee collection. Since some lots are already developed and will not be further split, or some lots could be split perpendicular to the frontage without losing acreage to creating new streets, a lower limit was established before the area reduction factor would be applied. Determination of generalized reduction factors for Rapid City were performed as part of the analysis for the Southeast Area Sanitary Sewer Construction Fee Determinations and reference to general findings for reduction factors is directed to that report. The “typical” area reduction factor used in construction fee determinations is 85%.

Figure 1
Sewer Construction Fee Areas
as of August 31, 2007

Note: Areas in green are sewer
construction fee areas that have
one or more fees in effect.

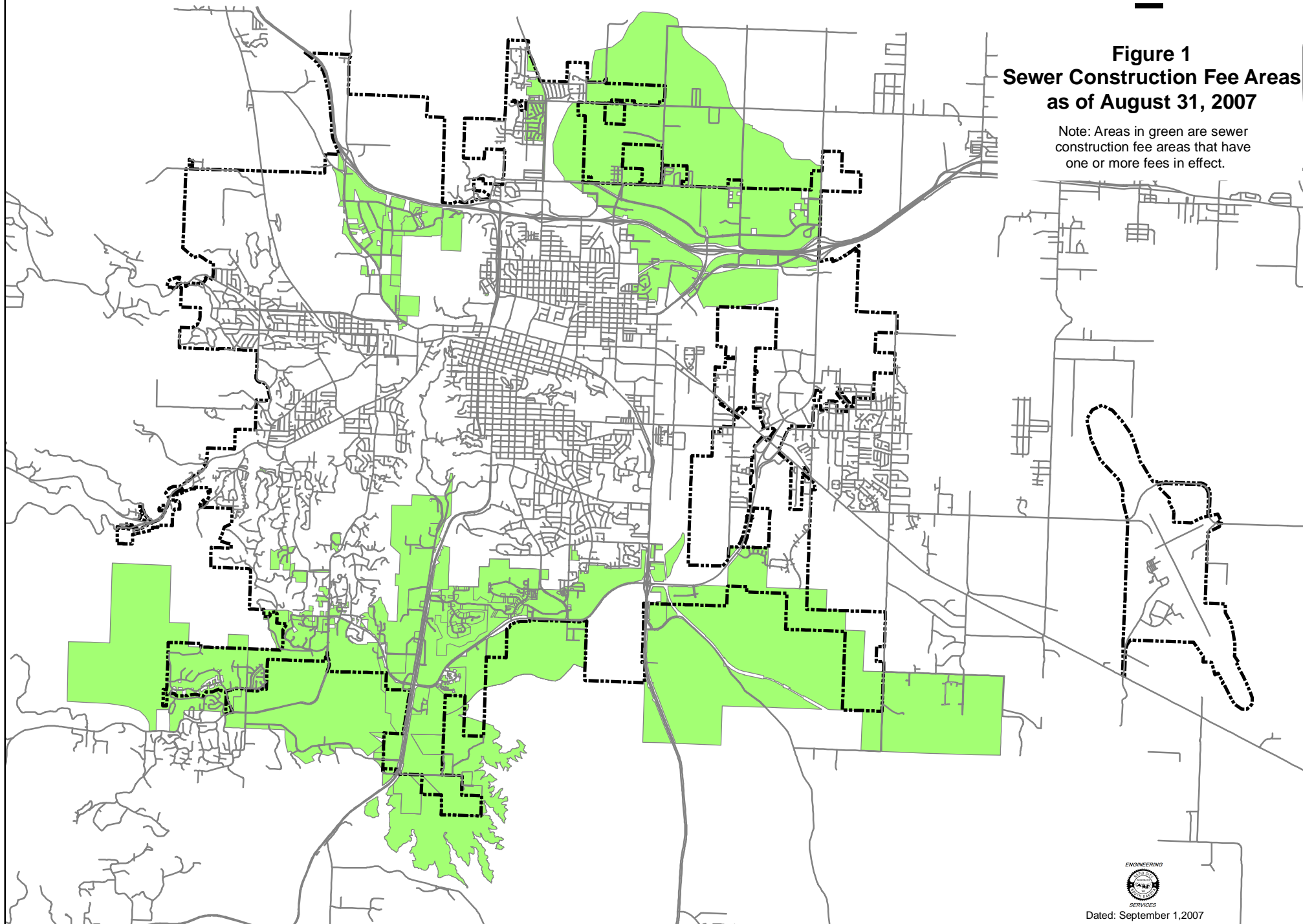


Figure 2
Water Construction Fee Areas
as of August 31, 2007

Note: Areas in blue are water
construction fee areas that have
one or more fees in effect.

