

Mayor's Commission on Water and Sewer Connections

September 15, 2020

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Sewer Connections Costs

- **Regional mains and treatment plants** – paid by Wastewater Fund through user rates and Impact Fees.
- **Neighborhood mains** – usually paid by developers of the subdivision and included in the price of lots. When extended into developed areas, Special Assessment districts have been used to cover these costs in the past.
- **Home connections** – usually paid by the contractor when building permits are pulled (estimated \$7,444 per house):
 - Sewer Impact Fee (5/8 meter size) \$ 3,020
 - Sewer tap 316
 - Right of way permit 108
 - Sewer yard line estimate 2,000
 - Abandoning septic system estimate 2,000

This is an estimate and some properties will be significantly more because of location of the septic tank.
- **Monthly sewer bill** – the monthly bill is made-up of a base charge (\$21.47) and a volume charge (\$6.21 per 1,000 gallons) based on average winter water consumption (November through April). Current residential average bill is \$46.58 (4,044 gallon).

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Funding Options

- **Grants** – The availability of grants are reviewed as part of most capital projects, but grants only pay a portion of the costs of any project. EPA grants have been used in the past for wastewater projects, but are currently going to a state revolving loan program like AZ WIFA which are used to reduce interest costs for financing wastewater projects.
- **The City** – When we reference the City, we are referring to the existing water and sewer customers subsidizing the connections of new customers. There are legal and political issues with using the General Fund to pay for these projects.
- **Property owners** – This is the connecting property owners who are benefiting from the connection. Payment options can vary such as:
 - Special assessment district – which can be formed for properties inside the City and allow individuals to pay upfront or let it go to a Bond and be paid semi-annually, with reduced financing cost through WIFA.
 - Additional monthly charge on their utility bill.
- **Other** – There are other options that can be explored:
 - Voter approved GO Bond which would be repaid through property taxes on all properties in the City.
 - Implementation of an additional fee on all water accounts which don't have City sewer. This would essentially be charging for the loss of the ability to recharge. Water costs more when we lose it forever.

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Combined Approach for Discussion

- **Combined Approach 1**
 - The Water and Wastewater Funds would provide incentive to lower the cost of connecting properties. This would be funded through all rate payers, which would require an increase in utility rates.
 - Remaining cost would be funded by property owners through a Special Assessment district. Properties would be required to connect when mains are installed.
- **Combined Approach 2**
 - The Water and Wastewater Funds would provide incentive to lower the cost of connecting properties. This would be funded through all rate payers, which would require an increase in utility rates.
 - Water only utilities accounts would pay a % increase in water rates over base. Revenue would be used to offset cost of neighborhood mains.
 - Property owners would be responsible for cost of home connection and abandonment of septic system.
 - Once sewer main is adjacent to the property monthly sewer charges will begin, whether hooked up or not.

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