

System Development Fee Schedule Policy

POLICY INTENT

The intent of this policy is to provide a mechanism for calculation of a one-time drainage basin fee, hereinafter known as a System Development Fee (SDF), assessed to a developer to recover the construction costs of stormwater improvements necessary to manage stormwater generated as a result of the development, redevelopment, and other related improvements or added impervious area.

STATEMENT OF PURPOSE

The purpose of this Policy document is to establish SEMSWA's System Development Fee (SDF) Schedule policy. This policy establishes the methodology for calculation of SDFs within the SEMSWA Service Area for new development, redevelopment, or added impervious area, and implements a Fee Schedule. The intent of the SDFs are to finance the construction of a development project's portion of facilities needed to serve it, in a consistent, fair and equitable manner. Development will pay a portion through the SDF, while the remaining "public" portion of any project will be paid with funds collected through either the SEMSWA annual fee, or by leveraging the annual fees with other sources of revenue, such as the Urban and Drainage Flood Control District (UDFCD) mill levy funds, grants, or partnerships.

Definitions of common terms contained in this Policy document are contained in Appendix A.

REFERENCES

Several documents were utilized in preparing this Policy memo, including the following:

- Development, Permit and Review Fees: Option Analysis for System Development Fees, Final Technical Memo, AMEC, May 5, 2008
- System Development Fees Policies and Procedures, AMEC, February 10, 2009

BACKGROUND

For the purposes of determining SDF's, the SEMSWA Service Area was divided into five Basin Groups which have in common the same watershed, similar percentage of the basin developed, similar level of development activity, similar age of development, same water district boundaries, and other special considerations (see SDF Policy). Within each of the drainage basins within the Basin Group, capital improvement projects have been identified that become the basis for the costs of remaining stormwater improvements that a development would need to construct to address the impact of the development on the stormwater system. The SDF takes into consideration the total cost of the capital projects identified in Master Plans completed for each Basin Group, the percent of remaining developable area within each basin in the Basin Groups, and the Remaining Developable Impervious Area in acres for each

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basin within the Basin Groups. The resulting calculation of the SDF is in units of ‘fee per impervious acre’.

SDF Calculation

SDFs have been calculated for the specific basins and for the Basin Groups. In general, the developer pays fees for the specific basin the project is located in; however, in basins with no identified projects (no existing master planning documents); the basin fee equals the Basin Group fee, calculated by a weighted average. This approach allows for the best relationships between development and the required improvements.

To determine the SDF, the total cost of the improvement projects is multiplied by the percent of developable area calculated from future land use information to estimate the developer share of the projects. The developer share is then divided by the Remaining Developable Impervious Areas for the basin to achieve the fee per impervious acre. The fee assessed is equal to the fee per impervious acre multiplied by the impervious area of the proposed development. The fees assessed assume that all of the remaining developable area will be developed without regard to time frame to complete the development. In addition to the method of calculation of the fee described above, a fee may also contain a component to address the provisions described in Section III. of the Intergovernmental Agreement entitled *Concerning the Formation of a Drainage Authority Amongst County of Arapahoe, City of Centennial, Arapahoe County Water and Wastewater Authority, East Cherry Creek Valley Water and Sanitation District and Inverness Water and Sanitation District Pursuant to Section 29-1-204, C.R.S.*

The SDF is in units of *impervious developed acre*. The developer fee per impervious acre is calculated as follows:

- **Basins Fee (for Basins with identified projects)**

Step 1: “Total Cost of Identified Projects” per Basin multiplied by “Percent Developable Area” per Basin equal the “Developer Share” per Basin.

Step 2: “Developer Share” per Basin divided by “Remaining Developable Impervious Area” equals the “Fee per Impervious Acre”.

- **Basin Group Fee (for Basins without projects)**

Step 1: The “Fee per Impervious Acre” equals the “Total Developer Share for the Basin Group” divided by the “Total Remaining Developable Impervious Area in Basins with Projects”.

Step 2: The fee per impervious acre is applied to all basins with no projects.

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CRITERIA

Specific criteria that will assist in determining and managing the SDF Fee Schedule for the SEMSWA Service Area have been established as follows:

Annual Adjustments to SDF Fee Schedule

1. Annual inflation adjustments to the SDF Fee Schedule may be assessed by SEMSWA upon approval of the Board.
2. Annual inflation adjustments to SDF Fee Schedule will be directly related to available cost indexes, including:
 - a) Engineering News Record (ENR): Denver Construction Cost Index
 - b) Colorado Department of Transportation (CDOT): Highway Construction Cost Index – Price Trends Tabulation, for the Weighted Average Composite Index
 - c) Consumer Price Index (CPI): Denver-Boulder-Greeley CPI.
3. Annual adjustments will be applied to the SDF Fee Schedule on a specific date as determined by the Board.
4. Annual adjustments will apply to all basins and Basin Groups uniformly.

Updating Fee Schedule with New Information

1. The SDF Fee Schedule may be updated when new information becomes available.
2. Situations which may cause the Fee Schedule to be updated include, but are not limited to:
 - a) Completed Master Plan or update to a Master Plan.
 - b) Completed Outfall System Plan (OSP) or update to an OSP.
 - c) Constructed master planned project.
 - d) Constructed regional stormwater facility that has an impact on master planned projects.
 - e) New information regarding the projects or cost of projects identified in the master plan that were used to calculate the SDF for a particular basin.
 - f) Updated zoning information which changes the developer share of new projects.
 - g) Updated zoning information which changes the remaining developable acres within a basin.
 - h) Other information which affects the project costs, remaining acres, or developer share for a particular basin.
3. Changes for one basin within a Basin Group will affect the entire Basin Group.
4. Fees may be updated annually, if applicable updated information is available.

POLICY EXEMPTIONS/LIMITATIONS

SEMSWA reserves the right to amend this Policy and adjust the method used to calculate fees and establish the Fee Schedule to respond to unusual circumstances and thus ensure that fees are equitably assessed. No adjustment of fees will occur without legal posting of the proposed change and a public hearing by the Board of Directors.

APPEALS PROCESS

Appeals of SDF decisions may be brought to the SEMSWA Board of Directors by sending a formal written Request for Appeal of SDF Determination to SEMSWA such appeal shall include all information and data that the appellant relies on in the appellant's appeal. Such appeal shall be referred to the SEMSWA subcommittee delegated the task of initially reviewing such appeals. If such subcommittee

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determines that there is a basis for an adjustment in the SDF fee calculation, the appeal will be referred to the entire SEMSWA Board of Directors for a public hearing.

The SDF may be appealed based on updated information that affects the fee calculation. Updated information and an appeal must be submitted to SEMSWA prior to the payment of the fee.

SEMSWA's decision in the appeals process is final with regards to the final fee calculation including the site's total impervious acres.

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Appendix A: Definitions

Capital Project Improvements – site improvements and facilities that are planned and designed to provide service for development resulting from a development activity and are necessary for the use and convenience of the occupants or users of development resulting from a development activity.

Development means any construction or expansion of building, structure or use, any change in use of building or structure, or any change in the use of land that creates additional demand and need for public facilities.

Master Plan is a document used to lay out a strategy for effectively and efficiently responding to the effects of increased impervious area on urban streams with stream stabilization improvements, systems controls, and best management practices.

Percent impervious is the impervious area of a parcel divided by the total area of a parcel.

Remaining Developable Impervious Area/s – an estimate using the SEMSWA GIS information from the billing database and future land use information obtained from the Arapahoe County Comprehensive Plan and the City of Centennial Comprehensive Plan.

System Development Fees are one-time charges paid by new development to finance the construction of public facilities needed to serve development or redevelopment.

System Improvements are improvements and facilities that provide service to more than one development that are intended to provide service to the Service Area, such as regional benefits or UDFCD master plan projects.

Weighted Average is an average that takes into account the proportional relevance of each component rather than treating each component equally.

Basin	Estimated Project Costs 2008(\$)	Percent Developable (outside ROW)	Remaining Developable Impervious Area (outside ROW) (acres)	Proposed Fees		Known Existing Fees	
				Fee per Impervious Acre (\$)	Total Potential Fee Revenue (\$)	Fees	Entity
Basin Group 1							
Bear Creek	\$0	22%	10	\$3,533	\$35,327		
Big Dry Creek	\$18,297,000	7%	206	\$6,217	\$1,280,790		
Coon Creek	\$0	0%	0	\$3,533	\$0		
Dutch Creek	\$462,000	9%	13	\$3,198	\$41,580		
Greenwood Gulch	\$933,000	12%	46	\$2,434	\$111,960		
Lee Gulch **	\$4,620,000	5%	12	\$19,250	\$231,000		
Little Dry Creek	\$3,793,000	6%	157	\$1,450	\$227,580		
Little's Creek	\$3,061,000	2%	16	\$3,826	\$61,220		
SJCD(N)	\$0	12%	19	\$3,533	\$67,122		
SJCD(S)	\$0	15%	3	\$3,533	\$10,598		
Slaughterhouse Gulch	\$0	3%	20	\$3,533	\$70,655	\$13,316	Centennial
UDFCD ID 66	\$0	41%	7	\$3,533	\$24,729		
UDFCD ID 67	\$0	34%	90	\$3,533	\$317,947		
Willow Creek	\$4,012,000	8%	194	\$1,654	\$320,960		
Total	\$35,178,000		644		\$2,801,470		

** System Development Fees in this basin may be reviewed by the Board at the time of the pre-submittal meeting.

Basin	Estimated Project Costs 2008(\$)	Percent Developable (outside ROW)	Remaining Developable Impervious Area (outside ROW) (acres)	Proposed Fees		Known Existing Fees	
				Fee per Impervious Acre (\$)	Total Potential Fee Revenue (\$)	Fees	Entity
Basin Group 2a							
Antelope Creek	\$ -	2%	12	\$ 6,431	\$ 77,177		
Cottonwood Creek	\$ 15,524,000	34%	958	\$ 5,510	\$ 5,278,160	\$4,349 \$8,325	for portion in Arapahoe County for portion in IWS
Happy Canyon Creek	\$ 2,493,000	69%	231	\$ 7,447	\$ 1,720,170		
Piney Creek	\$ 17,816,000	3%	98	\$ 5,454	\$ 534,480	\$985	Arapahoe County per Gross Acre See ECCV impact fee schedule
Saddle Rock Ranches	\$ -	4%	0	\$ 6,431	\$ -		
Sampson Gulch	\$ -	9%	35	\$ 6,431	\$ 225,100		
UDFCD ID 4406	\$ -	0%	0	\$ 6,431	\$ -		
Upper Cherry Creek*	\$ 29,711,000	9%	303	\$ 8,825	\$ 2,673,990		See ECCV impact fee schedule
Upper Goldsmith Gulch	\$ 3,211,000	3%	12	\$ 8,028	\$ 96,330		
Total	\$68,755,000		1,602		\$10,605,407		

* Note that Parker Jordan Metro District has set aside funding for new development projects.

Basin	Estimated Project Costs 2008(\$)	Percent Developable (outside ROW)	Remaining Developable Impervious Area (outside ROW) (acres)	Proposed Fees		Known Existing Fees	
				Fee per Impervious Acre (\$)	Total Potential Fee Revenue (\$)	Fees	Entity
Basin Group 2b							
Dove Creek	\$ 3,799,000	57.3%	377	\$ 5,939	\$ 2,239,003	\$14,540	ACWWA
Lone Tree Creek	\$ 2,911,000	30.5%	318	\$ 2,819	\$ 896,442	\$14,540	ACWWA
Windmill Creek	\$ 5,146,000	44.9%	689	\$ 5,910	\$ 4,071,990	\$14,540	ACWWA
Total	\$11,856,000		1,384		\$7,207,435		

Basin	Estimated Project Costs 2008(\$)	Percent Developable (outside ROW)	Remaining Developable Impervious Area (outside ROW) (acres)	Proposed Fees		Known Existing Fees	
				Fee per Impervious Acre (\$)	Total Potential Fee Revenue (\$)	Fees	Entity
Basin Group 3							
East Toll Gate Creek	\$905,000	15%	146	\$930	\$135,750		See ECCV impact fee schedule
Unnamed Creek	\$6,876,000	3%	63	\$3,274	\$206,280		See ECCV impact fee schedule
West Toll Gate Creek	\$0	6%	115	\$1,637	\$188,198		ECCV- Tallgrass* ECCV- Copperleaf* See ECCV impact fee schedule
Total	\$7,781,000		209		\$530,228		

* Tallgrass and Copperleaf have existing agreements. SEMSWA Development Fees will not replace the existing fees in Tallgrass and Copperleaf. Percent developable and remaining developable impervious area excludes Tallgrass and Copperleaf.

Basin	Estimated Project Costs 2008(\$)	Percent Developable (outside ROW)	Remaining Developable Impervious Area (outside ROW) (acres)	Proposed Fees		Known Existing Fees	
				Fee per Impervious Acre (\$)	Total Potential Fee Revenue (\$)	Fees	Entity
Basin Group 4							
Coal Creek	\$23,169,000	65%	12,728	\$1,183	\$15,059,850		
First Creek	\$0	66%	1,689	\$1,277	\$2,156,069		
Murphy Creek	\$15,777,000	7%	239	\$4,621	\$1,104,390		
Sand Creek	\$0	37%	95	\$1,277	\$121,271		
Lower Senac Creek	\$9,457,000	5%	66	\$7,164	\$472,850		
Upper Senac Creek	\$0	0%	0	\$1,277	\$0		
Total	\$48,403,000		13,033		\$18,914,430		

Basin	Estimated Project Costs 2008(\$)	Percent Developable (outside ROW)	Remaining Developable Impervious Area (outside ROW) (acres)	Proposed Fees		Known Existing Fees	
				Fee per Impervious Acre (\$)	Total Potential Fee Revenue (\$)	Fees	Entity
Basin Group 5							
5000	\$ -	0%	0	\$ 5,210	-		
Harvard Gulch	\$ 503,000	2%	5	\$ 2,012	\$ 10,060		
Lower Cherry Creek	\$ -	14%	214	\$ 5,210	\$ 1,114,940	\$ 9,922	Arapahoe County (Average)*
Lower Goldsmith Gulch**	\$ 530,000	4%	1	\$ 21,200	\$ 21,200		
Westerly Creek	\$ -	15%	35	\$ 5,210	\$ 182,350	\$ 11,477	
Total	\$ 1,033,000		6		\$ 1,328,550		

* Fees vary by subbasin in 4 Square Mile area, the average fee is shown.

** System Development Fees in this basin may be reviewed by the Board at the time of the pre-submittal meeting.