



Village of Sister Bay

BOARD REPORT

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Meeting Date: 08/12/08
Item No.: 3

Recommendation: That the Board approves Ordinance No. 145-081208 an ordinance amending the Utility Code Sections 62.20–.58 establishing an impact fee for downtown utility system improvements.

Background: The impact fee will be a one-time fee assessed to all new construction and developers that will utilize the water sewer system south of the Number #1 well house and Scandia Road as well as the sanitary sewer system south of the Main Lift Station and manhole #336. The collected fees are required by statute to be deposited in a segregated account and to be used only for recovering and paying for capital costs of facilities to serve new growth. The fee can be used to pay for engineering and legal fees, land costs, and construction costs associated with new facilities provided for land development. The imposition of impact fees should offset the cost of providing reserve capacity for future users and thereby reduce the burden of reserve capacity costs on existing users of sanitary and water system services.

The impact fee process requires the preparation of a needs assessment that evaluations population growth, project needs, potential development and the impact of the new fee on housing affordability. The attached report titled Public Facilities Needs Assessment for Downtown Water and Sanitary System Improvements dated July 6, 2008.

The existing sanitary and water system was constructed starting in 1972. The CUPAC study completed in 2008 identified certain issues in the system that serves the bulk of the Village that runs through the downtown and serves the area generally south of Scandia Road. The water and sanitary sewer pipes were installed when the Village's population was under 300 and has served the Village for almost four decades. The CUPAC report has determined that the main system between Mill Road and Sunset road is not sufficient to handle future growth.

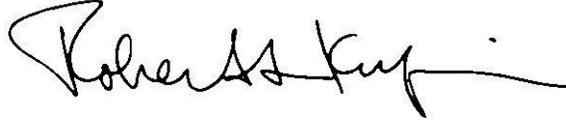
The systems were televised in 2006 and found to be in good shape and only required regular maintenance. The 2008 CUPAC report identified a series of distribution system improvements that would be required for the expected growth. The project would consist of a new sanitary and water main running from Gateway Drive to the Number #1 well house and Main Lift Station. The sanitary and water systems in general currently serves the entire Village of Sister Bay except for the southern portion of the village, generally south of Cherrywood Lane, and to the east, generally east of Woodcrest Road.

Based upon the numbers from the CUPAC I prepared an analysis of the impact that the new water and sanitary service would have in terms of the expected costs and related system improvements. The expected costs would be approximately \$962,000 and it would need to come from property taxes or rates. The value of impact fees is that they create a charge for new construction that uses up the existing capacity of an asset. In this case, the existing ratepayers and taxpayers have paid for the two existing lines, which are adequate unless there is growth.

As development occurs the pipes will become surcharged and fail to function properly. The current location of the existing pipes also precludes the efficient development of the land between Mill Road and Scandia Road. At the July 8th meeting, the Utility Commission voted to recommend the adoption of an impact fee to assist with the construction of the new lines. The Board of Trustees discussed the attached needs assessment and recommended proceeding to public hearing.

Fiscal Impact: Based upon calculations of future growth during the planning period using the estimated costs of \$962,000 for the improvements, it creates an impact fee of \$2,898 per residential equivalent unit. This calculation is done using the same general methodology as the prior impact fees.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Robert L. Kufrin". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Robert L. Kufrin
Village Administrator

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