

CITY OF GRAND JUNCTION, COLORADO

MEMORANDUM

Reply Requested

Yes No

Date

September 20, 1978

To: (From:) James E. Wysocki From: (To:) Duane R. Jensen, P.E.
City Manager City Engineer-Utilities

Subject: Sewer Plant Investment Fee

The City has recently been presented with an agreement which would offer a guarantee that action would be taken to prevent a sewer tap moratorium in the Grand Junction service area. As a part of this proposal an interim plant investment fee was proposed of \$100.00 to cover the cost of construction of the interim facilities. This surcharge would be in addition to the City's present plant investment fee of \$150.00 per tap which is being charged at the present time.

Since the City is considering the raising of the plant investment fee to essentially \$250.00, I think that it is also important to consider when making such a change the adequacy of the present \$150.00 plant investment charge.

The basic philosophy of the plant investment fee is to recover the cost of new interceptor lines and treatment plant hardware. The cost of the service charge for sewer is to cover the operation and maintenance of the facility and the lines. Making these assumptions and using the cost estimates from our consulting engineers on the new facilities and including engineering and a factor to cover interest on the expenditures to cover bond payments, the future plant investment fee should be \$450.00 if implemented immediately and increased to \$503.00 if implemented in 1980.

I must point out that the above is based on the best estimates of cost to date and may change somewhat as actual construction is completed and costs more accurately defined.

Based on this plant investment fee at which we must ultimately arrive, I do not see any reason to submit a two-stage plant investment fee increase when a logical step would be to make a single step to the ultimate fee required. Moving to the higher investment fee of near \$500.00 immediately and making whatever small adjustments necessary later is more appropriate than making a small adjustment now and then having to make a big change later on.

By immediately moving to a plant investment fee of near \$500.00 and keeping it at that level would create the necessary revenue to cover the cost of any interim treatment plant works or improvements necessary to insure against invoking any sewer moratorium. Also, if a new treatment plant is needed it would be best to place that treatment plant at the 2145 River Road site. Therefore it would be necessary to begin construction of the River Road Interceptor in the near future and begin utilizing the large portions of the funds which the larger plant investment fee will be needed to recover.

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Sewer Plant Investment Fee (page 2)

Present taps are now paying a plant investment fee of \$150.00 for the facilities they are using. Under the State law we would already have invoked a moratorium if it was not for the fact that the new Valley Wide sewer system is under design. The question must be answered as to why present new taps paying the \$150.00 plant investment fee, or even the \$250.00 proposed plant investment fee, receive the benefit of the sewage improvement program at that cost when those arriving at a later date will receive the same benefits at more than twice the cost.

Based on the above and the advancement of the Valley Wide sewer program, I think that it is time to recommend and hereby do recommend that the City Council adopt an ordinance which raises the plant investment fee near or slightly above \$500.00 per single family abode, or equivalent, immediately. Also, that in taking such action, the City Council make the commitment that it will do everything in its powers, including constructing an interim plant if necessary, to insure that a sewer service moratorium does not come about in the Grand Junction service area.

September 20, 1978

PLANT INVESTMENT FEES

<u>City</u>		<u>Plant Investment Fees</u>
Carbondale		\$ 500.00 (1975)
Glenwood Springs		\$ 625.00 (1975)
Meeker		\$ 500.00 (1975)
New Castle		\$ 300.00 (1975)
Palisade		\$ 300.00 (1975)
Rangely		\$ 300.00 (1975)
Rifle		\$ 425.00 (1975)
Silt		\$ 400.00 (1975)
Montrose		\$ 1160.00 (1978) (plus Apt. \$365/unit)
Delta	inside	\$ 500.00 (1978)
	outside	\$ 1000.00 (1978)