

CITY OF GRAND JUNCTION, COLORADO

MEMORANDUM

Reply Requested
Yes No

Date
Oct. 25, 1983

To: (From:) Jim Patterson From: (To:) Steve Johnson
Gerald Ashby
John Tasker

RE: Use of the Sewer Fund to Finance Sewer Stub-Outs and Associated Costs
as Part of a Sewer Line Extension in the County

At a recent meeting between the County Commissioners, planning staff, myself, and the developer of Country Squire Subdivision the County authorized a sewer line extension from CS through Forrest Hills and connecting to the Tiara Rado Interceptor. The Board simultaneously approved the basic terms of the recovery-back agreement which I have previously circulated to you. The question of stub-out installation, timing, and financing was left over, and road overlay conditions were imposed.

Subsequently, the developer indicated his non-willingness to pay for the stub-outs, road-cut patches, and overlays. At a follow-up meeting yesterday, it was basically agreed that the line should go in as previously approved, that 16 stub-outs be built as part of the line installation, and that six of the stub-outs requiring County road-cut permits be both patched and overlaid with 1½ inches of asphalt.

It was further agreed that the stub-outs, road-cuts, and overlay costs should not be imposed upon the developer, nor subsidized by the County Road Fund. Instead, these costs should ultimately be borne by the 16 Forrest Hills properties benefiting from potential connection to the line, on an averaged basis unrelated to proximity to the line. There is no present mechanism, however, for the County to assess those costs against the properties. Other costs (tap fees, pro-rata line costs) will be paid at the time of connection. There is also a possibility of formation of a local sewer improvement district, but the line and other stub-out costs will be incurred in the near-term if the developer proceeds with line installation.

The developer will commence installation if a way can be found to finance the stub-out/overlay costs. Those costs could be charged back to users in the future, but the timing of repayment is unknown, short of mandatory connection. Also, repayment is not guaranteed unless secured by district assessments.

One idea which may allow the line to be built is to have the Sewer Fund advance the costs of the stub-outs and overlay costs. The Commissioners have no objection to such use in this instance. The situation is fairly unique (a new line through a residential area presently served by septic systems), and thus a basis exists by which the use of the Sewer Fund could be deemed to be non-precedent setting.

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In general, a clear rationale exists for requiring the sub-outs now (cost savings, residential demand for immediate hook-up), but in the absence of short-term governmental financing, the need will be unsatisfied. In the long-run, the County will have to find other financial solutions for any similar situations, such as improvement districting.

The specific outlay that would be required of the Sewer Fund is estimated to be \$18,400 at maximum. Allowing for immediate repayment by five users, the actual cost may be \$12,650. Recovery would ultimately be accomplished at the time of connection. Interest could be added to the base cost, or conversely, the cost could be discounted if immediately paid, in order to provide an incentive for near-term cost recovery.

Please indicate as soon as possible whether you have any suggestions or objections to this proposal.