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Item #   3  

**To: Lemoore City Council**  
**From: JP Prichard, Administrative Analyst**  
**Date: February 16, 2007**  
**Subject: Discussion – Long Term Wastewater Treatment  
and Disposal Planning / Impact Fees**

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**Background:**

The City contracted with Colgan Consulting Corporation to conduct a comprehensive study to determine the types and amounts of impact fees could collect from new development based on current levels of City services and the projected growth of the City. The City has received the resulting Development Impact Fee Study Report, and adopted most of the impact fees proposed by the study.

One fee yet to be adopted as proposed is the Wastewater Treatment and Disposal impact fee. Unresolved issues with this fee have prevented staff from bringing an adopting resolution before the Council. City staff has considered multiple alternatives, and now seek Council direction regarding how to proceed with this fee. Some of the complicating issues are listed below:

- 1) Many wastewater projects that will be used by existing customers and new development – including a new wastewater treatment plant, acquisition and development of a new disposal site, and an effluent transmission line - will require bond issuance, and corresponding sewer rate increases, due to the size of the projects. If impact fees are collected for these projects as well, a dual rate structure may be required to prevent new development from paying for the same project twice; once via impact fees, and once via sewer rates.
- 2) Not collecting fees now would result in increased financing for large projects; i.e. there would be a higher total cost of debt issuance and interest, ultimately resulting in higher user fees for all customers. Any impact fees collected beforehand would be similar to a ‘down payment’ that wouldn’t require finance charges paid over the life of the note.

The Wastewater Treatment and Disposal impact fee, if adopted as currently proposed by the study, would be the largest impact fee adopted in the City of Lemoore. Public comment received so far, particularly from the development community, has been very resistant to such a high impact fee, and many requests have been made to have the projects funded via the sewer rate structure instead.

Our City Engineer, Harry Tow of Quad Knopf, will be in attendance to provide detailed information on wastewater system requirements.

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**Budget Impact:**

None at this time.

**Recommendation:**

Staff seeks Council's direction for revision to the proposed impact fee as it currently exists in the Development Impact Fee Study Report provided by Colgan Consulting Corporation.