

City Council Budget Committee 05/28/2024 8:30 am

Location: City Hall, Pikes Peak Conference Room, 107 N. Nevada Avenue, Colorado Springs, CO 80903 OR Microsoft Teams, 720-617-3426, Meeting ID 248 824 463 173

Supplemental Appropriations

N/A

Fees

Stormwater Enterprise - Mesa Basin Drainage Fee

Other Items for Information

N/A

Special Districts

N/A

MESA BASIN DRAINAGE FEE



Adjustment to Mesa Basin Drainage Fee

DRAINAGE BASIN FEE PROGRAM



- Current program originated with a drainage ordinance adopted by the City in 1963.
- The purpose of the ordinance was to address the need for drainage and flood control facilities within developing areas.
- The program is a private cost sharing program to fund large stormwater infrastructure for newly developing areas.

DRAINAGE FEE DETERMINATION



- Each Drainage Basin has a master drainage study called a Drainage Basin Planning Study (“DBPS”)
- Per Acre Fee = $\frac{\text{Larger Public Facilities Cost}}{\text{Acres Available to Plat}}$
- Fees are adjusted each year for inflation
Example: Bear Creek DBPS
1980 fee: \$1,000 per acre
2024 fee: \$5,357 per acre

DRAINAGE FEE MODIFICATION



- City Code 7.4.702: The fees shall be reestablished in accord with changes in construction and other costs or revisions suggested by additional studies or other information obtained.
- Increasing a drainage basin fee represents a common practice used by the Drainage Board to cover unanticipated additional drainage facility costs (those not shown in a Drainage Basin Planning Study) in new subdivision development.

MESA BASIN FEE MODIFICATION



- The estimated cost of improvements in the 1986 Mesa Drainage Basin Planning Study was \$255,363.42 (adjusted for inflation).
- The engineer's estimated cost of \$2,414,450.00 exceeds the estimated cost by \$2,159,086.58.
- The recommended increase would cover the excess cost of the reimbursable improvements.

FEE RECOMMENDATION



City of Colorado Springs / El Paso County Drainage Board recommended to increase the Mesa Drainage Basin Fee from \$14,479 per acre to \$31,445 per acre.

QUESTIONS?



Title

A Resolution to Amend Resolution No. 208-23 Increasing the 2024 Mesa Drainage Basin Fee

Presenter:

Richard Mulledy, P.E., Deputy Public Works Director, Enterprises
Erin Powers, P.E., Stormwater Compliance Program Manager

Summary:

The Colorado Springs/El Paso County Drainage Board at their April 9, 2024 meeting approved an increase of \$16,966 per acre to the drainage fee for the Mesa Drainage Basin. The existing 2024 drainage fee for this basin is \$14,479 per acre. The new drainage fee for this basin would be \$31,445 per acre.

Background:

Action by the Drainage Board to increase the Mesa basin fee to cover additional drainage basin costs represents a common practice used by the Drainage Board to cover unanticipated additional drainage facility costs in new subdivision development. Unanticipated costs can be described as costs not shown in the Drainage Basin Planning Study for the drainage basin and/or costs that were not included in the original fee calculation for the basin.

The Drainage Board's action to increase the drainage fee originated with a request by Kimley-Horn and Associates, Inc., the engineer for Pikeview Apartments Filing No. 1, and Pikeview Propco, LLC., the developer for Pikeview Apartments Filing No. 1. Improvements are proposed to be constructed for the East Fork channel of Mesa Basin as identified in the Drainage Basin Planning Study for the Mesa Basin. The estimated cost of the improvements in the Mesa Drainage Basin Planning Study was \$255,363.42 (adjusted for inflation). The engineer's cost estimate of \$2,414,450.00 exceeds the estimated cost by \$2,159,086.58. This fee increase is intended to cover the excess cost for the reimbursable improvements.

Previous Council Action:

On December 12, 2023, the City Council approved Resolution No. 208-23 (Exhibit C) establishing the 2024 Drainage Basin Fees, Bridge Fees, and Detention Pond Facility and Land Fees.

Financial Implications:

Drainage fees are paid by developers and are used to reimburse other developers who construct drainage improvements. These basin fees are not utilized by the City of Colorado Springs for drainage infrastructure, maintenance, or improvements. Instead, the fees are used to help offset the costs that developers incur to build public infrastructure that is beyond their obligation. The increases to the drainage, bridge and detention pond facility fees should help preserve the financial integrity of the drainage fee program. The revenue and expenditures for drainage fees are tracked in a separate fund. There is no impact to the General Fund.

City Council Appointed Board/Commission/Committee Recommendation:

The Colorado Springs/El Paso County Drainage Board at their April 9, 2024 meeting approved a recommendation to increase the Mesa Drainage Basin Fee from \$14,479 per acre to \$31,445 per acre.

Stakeholder Process:

There was no public comment on the item presented at the Drainage Board Meeting.

Alternatives:

Leave the drainage fee for the Mesa Basin at its current amount. This would result in the fee being too low to cover all of the reimbursable drainage facility costs in the basin.

Proposed Motion:

Move to approve the resolution to increase the per acre drainage fee in the Mesa Basin by \$16,966, from \$14,479 per acre to \$31,445 per acre.

Summary of Ordinance Language

N/A

RESOLUTION NO. _____

A RESOLUTION TO AMEND RESOLUTION NO. 208-23 INCREASING
THE 2024 MESA DRAINAGE BASIN FEE.

WHEREAS, on December 12, 2023, City Council approved Resolution No. 208-23 establishing the 2024 Mesa Drainage Basin Fee; and

WHEREAS, at the April 9, 2024 meeting of the City/County Drainage Board, the Board approved a recommendation to increase the Mesa Drainage Basin Fee from \$14,479 per acre to \$31,445 per acre.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS THAT:

Section 1. The 2024 Mesa Drainage Basin Fee is increased to \$31,445 per acre and adopted by the City Council based on the City/County Drainage Board recommendation as shown on the Fee Scheduled attached and incorporated herein as Exhibit A.

Dated at Colorado Springs, Colorado this _____ day of _____, 2024.

Council President

ATTEST:

City Clerk

Exhibit A

**2024 DRAINAGE, BRIDGE AND POND FEES
CITY OF COLORADO SPRINGS**

Proposed

Basin Name	DBPS Year	Drainage Fee/Acre	Bridge Fee/Acre	Pond Land Fee/Acre	Pond Facility Fee/Acre	Surcharge/Acre
19th Street	1964	\$5,454				
21st Street	1977	\$8,324				
Bear Creek	1980	\$5,357	\$505			
Big Johnson, Crews	1991	\$20,728	\$1,703	\$308		
Black Squirrel Creek	1989	\$18,989		\$4,784		
Camp Creek	1964	\$3,071				
Cottonwood Creek ^{1, 2}	2019	\$18,615	\$1,529			\$979
Douglas Creek	1981	\$17,225	\$385			
Dry Creek ³	1966	\$0				
Elkhorn Basin ⁴	n/a	\$0				
Fishers Canyon ⁵	1991	\$0				
Fountain Creek ⁶	n/a	VAR				
Jimmy Camp Creek	2015	\$10,793			\$3,517	
Kettle Creek ⁷ Old Ranch Trib.	2001	\$0				
Little Johnson	1988	\$18,090		\$1,570		
Mesa	1986	\$31,445				
Middle Tributary	1987	\$32,410		\$1,434		
Miscellaneous ⁸	n/a	\$16,111				
Monument Branch ¹²	1987	\$0				
North Rockrimmon	1973	\$8,325				
Park Vista (MDDP)	2004	\$23,188				
Peterson Field	1984	\$17,491	\$805			
Pine Creek ⁹	1988	\$0				
Pope's Bluff	1976	\$5,543	\$949			
Pulpit Rock	1968	\$9,180				
Sand Creek	2021	\$23,688				
Shooks Run ¹⁰	1994	\$0				
Smith Creek ¹¹	2002	\$0				
South Rockrimmon	1976	\$6,509				
Southwest Area	1984	\$18,504				
Spring Creek	1968	\$18,372				
Templeton Gap	1977	\$9,404	\$104			
Windmill Gulch	1992	\$19,750	\$367	\$3,909		

All Drainage, Bridge and Detention Pond Facilities Fees adjusted by 7.6% over 2023 by City Council Resolution No. 208-23 on December 12, 2023 to be effective on January 1, 2024. Land Fees are based on the Community Park Land Dedication Fee which is currently \$98,010/acre for Community Parks (0% change for inflation in 2023).

¹ The 2024 Cottonwood Creek drainage fee consists of a capital improvement fee of \$14,687 per acre and land fee of \$3,928 per acre for a total of \$18,615 per acre. These fees are adjusted annually using different procedures but are combined for collection purposes. **The surcharge fee of \$979/ac is due in cash; credits for prior facility construction cannot be used to offset this fee,** which is deposited into a separate City fund known as the "Cottonwood Creek Surcharge" fund.

² The Wolf Ranch portion of the Cottonwood Creek Drainage Basin was approved as a "no fee" basin **as to Drainage Fees only** by City Council on August 28, 2018 by Resolution No. 96-18

³ Dry Creek is a closed basin per City Council Resolution No.118-08 on June 24, 2008

⁴ Elkhorn Basin is a closed basin per the Annexation Agreements for the area.

⁵ Fishers Canyon is a closed basin per City Council Resolution No. 74-08 on April 22, 2008.

⁶ Pursuant to the recommendation of the Subdivision Storm Drainage Board adopted at its meeting of September 15, 1977, there are exempted and excluded from the provisions of this part construction of the main Fountain Creek Channel from the confluence of Fountain Creek with Monument Creek northwest to the City limits. Land developments taking place adjacent to Fountain Creek shall remain responsible for dedicating rights of way necessary for the channelization of Fountain Creek, and the developers shall continue to pay to the City as a condition of subdivision plat approval the applicable drainage fees. Drainage fees are required in accordance with the appropriate basin study.

⁷ Kettle Creek Old Ranch Tributary is a closed basin per City Council Resolution 139-02 on August 27, 2002.

⁸ Miscellaneous fee is assessed on unstudied areas and the Roswell and Westside Basins.

⁹ Pine Creek is a closed basin per City Council Resolution No.236-88 on December 13, 1988.

¹⁰ Shooks Run is a closed basin pursuant to the recommendation of the Drainage Board, adopted at its meeting on October 15, 1963.

¹¹ Smith Creek is a closed basin per City Council Resolution 140-02 on August 27, 2002

¹² Monument Branch Basin is a closed basin per City Council Res. 177-10 on October 12, 2010

Exhibit B

**2024 DRAINAGE, BRIDGE AND POND FEES
CITY OF COLORADO SPRINGS**

Basin Name	DBPS Year	Drainage Fee/Acre	Bridge Fee/Acre	Pond Land Fee/Acre	Pond Facility Fee/Acre	Surcharge/Acre
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⁶ Pursuant to the recommendation of the Subdivision Storm Drainage Board adopted at its meeting of September 15, 1977, there are exempted and excluded from the provisions of this part construction of the main Fountain Creek Channel from the confluence of Fountain Creek with Monument Creek northwest to the City limits. Land developments taking place adjacent to Fountain Creek shall remain responsible for dedicating rights of way necessary for the channelization of Fountain Creek, and the developers shall continue to pay to the City as a condition of subdivision plat approval the applicable drainage fees. Drainage fees are required in accordance with the appropriate basin study.

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RESOLUTION NO. 208- 23

A RESOLUTION ESTABLISHING 2024 DRAINAGE BASIN FEES, BRIDGE FEES, DETENTION POND FACILITY FEES AND LAND FEES

WHEREAS, the City Stormwater Enterprise prepared a study of drainage facility construction cost trends which recommended a 7.6% increase in Drainage Basin Fees, Bridge Fees, and Detention Pond Facility Fees for 2024; and

WHEREAS, the City/County Drainage Board at their October 10, 2023 meeting approved a recommendation to the City Council for a 7.6% increase for 2024 Drainage Basin Fees, Bridge Fees, and Detention Pond Facility Fees over the current fee schedule; and

WHEREAS, the Park Land Dedication Fee remains unchanged at \$98,010.00 per acre in 2024; such Park Land Dedication Fee is used as the basis for computing the Detention Pond Land Fee.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS THAT:

Section 1. The 2024 Drainage Basin Fees, Bridge Fees, Detention Pond Facility Fees and Land Fees are established based on the City/County Drainage Board recommendation and as shown on the 2024 Fee Schedule, effective on January 1, 2024, and attached hereto as Exhibit A.

Dated at Colorado Springs, Colorado this 12th day of December 2023.


Randy Helms, Council President

ATTEST:


Sarah B. Johnson, City Clerk



Exhibit A

2024 DRAINAGE, BRIDGE AND POND FEES CITY OF COLORADO SPRINGS Proposed January 1, 2024

Basin Name	DBPS Year	Drainage Fee/Acre	Bridge Fee/Acre	Pond Land Fee/Acre	Pond Facility Fee/Acre	Surcharge/Acre
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All Drainage, Bridge and Detention Pond Facilities Fees adjusted by ___% over 2023 by City Council Resolution No. ___-23 on ___, 2023 to be effective on January 1, 2024. Land Fees are based on the Community Park Land Dedication Fee which is currently \$98,010/acre for Community Parks (0% change for inflation in 2023).

¹ The 2024 Cottonwood Creek drainage fee consists of a capital improvement fee of \$14,687 per acre and land fee of \$3,928 per acre for a total of \$18,615 per acre. These fees are adjusted annually using different procedures but are combined for collection purposes. **The surcharge fee of \$979/ac is due in cash; credits for prior facility construction cannot be used to offset this fee, which is deposited into a separate City fund known as the "Cottonwood Creek Surcharge" fund.**

² The Wolf Ranch portion of the Cottonwood Creek Drainage Basin was approved as a "no fee" basin as to Drainage Fees only by City Council on August 28, 2018 by Resolution No. 96-18

³ Dry Creek is a closed basin per City Council Resolution No. 118-08 on June 24, 2008

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⁶ Pursuant to the recommendation of the Subdivision Storm Drainage Board adopted at its meeting of September 15, 1977, there are exempted and excluded from the provisions of this part construction of the main Fountain Creek Channel from the confluence of Fountain Creek with Monument Creek northwest to the City limits. Land developments taking place adjacent to Fountain Creek shall remain responsible for dedicating rights of way necessary for the channelization of Fountain Creek, and the developers shall continue to pay to the City as a condition of subdivision plat approval the applicable drainage fees. Drainage fees are required in accordance with the appropriate basin study.

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Exhibit B



DATE: September 13th, 2023

TO: City/County Drainage Board

FROM: Erin Powers, Compliance Program Manager, Stormwater Enterprise

SUBJECT: 2024 FEE STUDY

Following is a summary of research on drainage construction costs with a recommendation regarding the annual review of the Drainage, Bridge and Detention Pond fees in 2023 to adjust for inflationary costs for fees to be collected in 2024.

Background. The City's Drainage Code includes the following paragraph about annual fee adjustments:

City Code:

7.4.702: DRAINAGE BASIN FEE PROGRAM:

C.1.d: Prior to January 1 of each year the unit drainage fee and the unit pond land fees shall be reviewed by the Drainage Board, which shall make a recommendation to the City Council as to any adjustment to the fees. In the absence of additional studies, the unit pond land fees are intended to be raised or lowered by the same percentage as the City's park land dedication fee. Upon such recommendation the City Council shall establish by resolution the unit drainage, bridge, pond facility, pond land, and surcharge fees in each drainage basin to be effective January 1 of each year. The fees shall be reestablished in accord with changes in construction and other costs or revisions suggested by additional studies or other information obtained.

Drainage Basin fees shall be reviewed and adjusted annually in order to comply with City Code and to stay current with reimbursement costs. The purpose is to ensure consistent, fair, and equitable reimbursements for the costs of constructing public stormwater infrastructure.

The drainage basin fees were increased by 3.5% in January of 2021, 7.0% in January of 2022, and 9.2% effective January 1, 2023 with the adoption by City Council at the recommendation of the City/County Drainage Board. There was no adjustment based upon a forecast for 2023.

Data Sources:

As was done in past years, this analysis looks back at actual construction cost increases for the past year.

The research for this year’s survey includes data from:

- Colorado Department of Transportation (CDOT) Colorado Construction Cost Index data;
- Denver-Aurora-Lakewood Consumer Price Index (CPI-U);
- Cost data from Engineering News Record (ENR);
- UCCS Economic Form data; and
- Local developers, contractors, consultants, and providers of construction materials.

Colorado Department of Transportation (CDOT) Colorado Construction Index Report (“CCI”):

For specific construction items (Earthwork, Structural Concrete, and Reinforcing Steel) the average cost increased by 17.56% from the first quarter of 2022 to the first quarter of 2023. The CCI is difficult to rely on as the projects that CDOT completes vary widely in location, size, scope, and CDOT’s own materials availability. As is evidenced below, the costs of earthwork indicate the highest increase.

<u>Item</u>	<u>1st Quarter. 2022 Index</u>	<u>1st Quarter. 2023 Index</u>	<u>% Change (averaged over year)</u>
Earthwork Price (\$/CY)	21.51	25.47	18.41%
Structural Concrete Price (\$/CY)	1,027.78	1,020.16	-0.74%
Reinforcing Steel Price (\$/LB)	1.60	2.16	35.00%
			17.56%

Consumer Price Index (CPI-U): The nationwide CPI-U information provided in the UCCS Economic Forum data for July 2023 indicates all items less food and energy index advanced 4.8%. The Denver-Aurora-Lakewood CPI-U indicates all items less food and energy index advanced 5.8%.

Engineering News Record (ENR):

Calculations were based upon the following commodities for the Denver area: Concrete, 4000 psi; Reinforced Concrete Pipe (average of 24”, 36” and 48”); Rebar, Grade 60, #4; and Common Labor and Skilled Labor, comparing July 2022 to July 2023.

<u>Item</u>	<u>July 2022 Index</u>	<u>July 2023 Index</u>	<u>% Change (averaged over year)</u>
Concrete, 4000psi	152.1	140	-7.96%
Pipe (avg. of 3 sizes)	97.74	128.67	31.65%
Rebar, Grade 60, #4	73.02	80.22	9.86%
Common Labor	818.18	818.18	0.00%
Skilled Labor	902.92	943.19	4.46%
			7.60%

Based on these ENR statistics for the Denver area of a normal mix of labor and materials, a typical drainage project likely saw an average increase of approximately 7.60%.

Local Construction Costs (compiled by contacting local drainage construction contractors and materials providers):

City staff surveyed the local development community regarding project costs. The survey included questions regarding concrete, rock, pipe and labor from 2022 to 2023, and reported an average increase of approximately 16.85% in industries that support drainage projects.

Summary:

2023 Overall: Using weighted averages based on the impact of local contractor and supplier data for the past year, CCI, CDOT, ENR (Denver), the CPI-U, and UCCS Economic Forum data for the same time period, it is estimated that overall drainage construction costs have increased an average of 7.6% from the second quarter of 2022 to the second quarter of 2023.

2024 Forecast: The Governor's Office of State Planning and Budgeting has forecast an increase to the Consumer Price Index of 4.7% for 2023 and an increase of 2.7% for 2024 for Colorado. An increase based on the 2024 forecast is not recommended at this time.

Recommendation:

Staff recommends an increase of 7.6% over the 2023 drainage, bridge and detention pond facility fees, to include the Miscellaneous Basin fee, and approval of the attached fee schedule effective upon City Council approval.

There has been no adjustment to the Park Land Dedication Fee (\$98,010 per acre); therefore the Detention Pond Land fee will remain the same as in 2023.

A recommended motion would be:

I move to approve a recommendation to City Council for an increase of 7.6% over the 2023 drainage, bridge and detention pond facility fees, to include the Miscellaneous Basin fee, and approval of the attached fee schedule effective January 1, 2024.

Attachments:

Exhibit A – 2024 Proposed Fee Schedule

Exhibit B – 2023 Current Fee Schedule

Exhibit C

RESOLUTION NO. 202 - 22

**A RESOLUTION ESTABLISHING 2023 DRAINAGE BASIN FEES,
BRIDGE FEES, AND DETENTION POND FACILITY AND LAND
FEES.**

WHEREAS, the City Stormwater Enterprise prepared a study of drainage facility construction cost trends which recommended a 9.2% increase in Drainage Basin Fees, Bridge Fees, and Detention Pond Facility Fees for 2023; and

WHEREAS, the City/County Drainage Board at their September 13, 2022, meeting approved a recommendation to the City Council for a 9.2% increase for 2023 Drainage Basin Fees, Bridge Fees, and Detention Pond Facility Fees over the current fee schedule; and

WHEREAS, the Park Land Dedication Fee remains unchanged at \$98,010.00 per acre in 2023; such Park Land Dedication Fee is used as the basis for computing the Detention Pond Land Fee.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY
OF COLORADO SPRINGS THAT:**

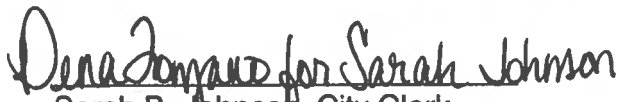
Section 1. The 2023 Drainage Basin Fees, Bridge Fees, and Detention Pond Facility and Land Fees are established based on the City/County Drainage Board recommendation and as shown on the 2023 Fee Schedule, effective on January 1, 2023, and attached hereto as Exhibit A.

Dated at Colorado Springs, Colorado, this 22nd day of November 2022.



Council President

ATTEST:


Sarah B. Johnson, City Clerk



HOUSING & BUILDING
ASSOCIATION
OF COLORADO SPRINGS

4585 Hilton Parkway Suite 100, Colorado Springs, CO 80907
Phone: 719-592-1800 • CSHBA.com

MEMO

To: Erin Powers, Stormwater Enterprise

From: Ryan Klein, Public Policy Chair

Date: 10/9/2023

Subject: 2024 Proposed Drainage Fee Increase

On behalf of the Housing & Building Association of Colorado Springs (CSHBA), we would like to thank you for giving us the opportunity to review the proposed fee increases to the 2024 Drainage Fee Schedule. Since the Drainage Basin program is a cost sharing program between private parties and implemented by the City it is important to periodically make fair and balanced cost adjustments. While all increases to development and building costs are taken seriously (as they all play a role in housing attainability), we understand that the proposed fee adjustments are based upon actual cost increases experienced by the industry.

After review from our members, the proposed fee increase of 7.6% over the 2023 Drainage, Bridge & Detention Pond fees appears reasonable and justified by the current inflationary economic environment. It is important to note that as material costs stabilize, we may realize a period when no increase should be applied.

Ideally, in order to have a truly fair system, each drainage basin would be reassessed every 5 to 7 years to ensure that changes in drainage criteria and design plus the costs of construction of actual improvements are taken into account for each Drainage Basin Planning Study. However, we also acknowledge the impediments associated with conducting such frequent studies, as they are both time-consuming and costly. Moreover, we are aware of the potential changes to drainage criteria driven by Army Corps of Engineers and potentially the Colorado Department of Public Health and Environment, which can further complicate the planning and of these assessments. The annual changes to the drainage fees are a responsible shorter term methodology; however, over time the annual increases to the initial cost assumptions based in industry wide costs of construction will tend to significantly depart from a formal DBPS update.





Given these complexities, we appreciate the City's ongoing efforts to monitor and adjust drainage fees to reflect current market costs to build. We look forward to continued collaboration with the Stormwater Enterprise team.

Thank you,

A handwritten signature in black ink, appearing to read "Ryan Klein". The signature is somewhat stylized and includes a horizontal line that extends to the right.

Ryan Klein
2023 HBA Public Policy Chair