

# ORDINANCE MODIFYING THE SYSTEM DEVELOPMENT FEE METHODOLOGY FOR NEW RESIDENTIAL HOMES

APRIL 21, 2026



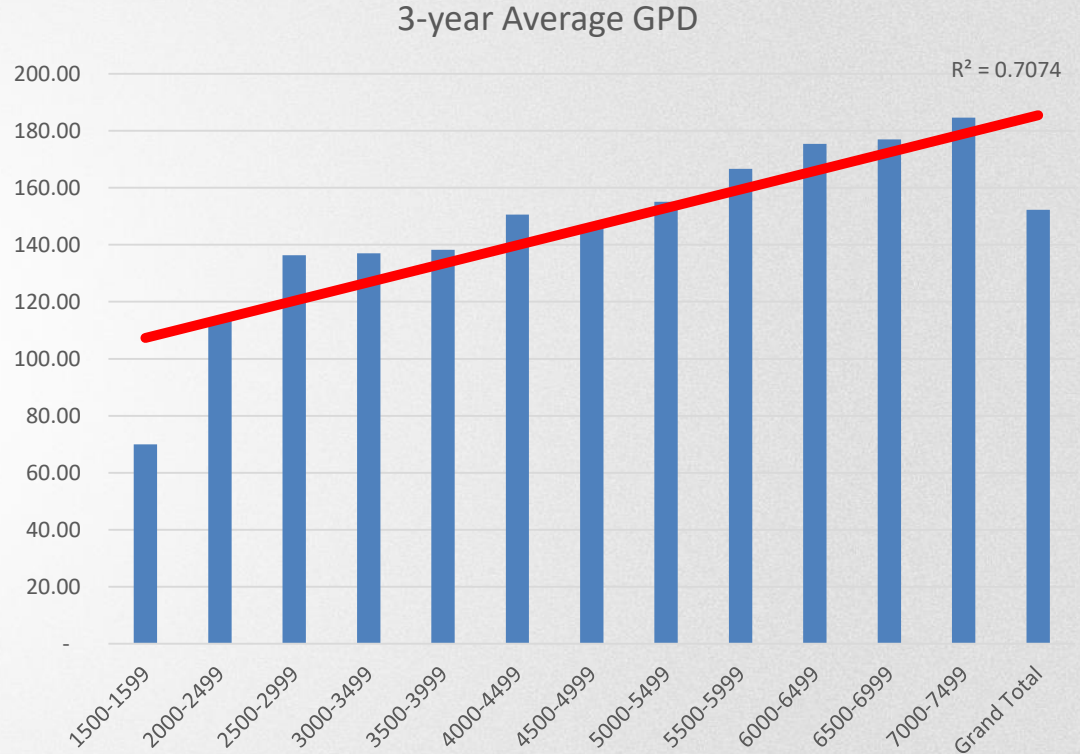
# BACKGROUND & ANALYSIS

- 2023: New landscape regulations for residential construction
- Temporary SDF credits introduced for builder-installed landscaping – removed in 2026
- Evaluated 750 homes (2023-2024)
- Built under updated landscape standards
- Analyzed:
  - Home size (finished and total square footage)
  - Water use (gallons per day)
  - Lot size, irrigation and home characteristics

Number of Homes	754
Number of backyards installed by builder	373 (49.5%)
Average Lot Size	9,167 s.f.
Average finished square footage	3,362 s.f.
Average Total possible square footage (including unfinished basement)	4,762 s.f.
Average number of bedrooms	3
Average number of bathrooms	3
Average Price	\$943,852.44
Average Monthly Water Consumption	4.63 Kgals/month

# KEY FINDINGS

- Water use increases with home size
- Smaller homes → significantly lower demand
  - 2000-2499 category includes 2025 average consumption of 2 homes only
- Larger homes → higher demand
- Demand does not increase in a straight line



# STUDY WATER USE DATA

## Why not a single formula?

- Overestimates demand for smaller homes
- Underestimates demand for mid-sized homes
- Does not reflect observed system impacts

Total SF (by 500 s.f.)	Count of Accounts	3-year Average GDP	GDP % of Average
1500-1999	10	70.04	46%
2000-2499*	3 (2)	221.59 (114.15)	146% (75%)
2500-2999	8	136.31	90%
3000-3499	76	137.04	90%
3500-3999	111	138.18	91%
4000-4499	108	150.61	99%
4500-4999	115	145.85	96%
5000-5499	122	155.04	102%
5500-5999	67	166.61	109%
6000-6499	64	175.36	115%
6500-6999	50	176.97	116%
7000-7499	16	184.56	121%

\* 1 home includes possible leak consumption in 2024; 1 home includes a-typical consumption

# SUMMARY

## PROPOSED TIERED SDF STRUCTURE (BASED ON HOME SIZE)

- Based on total square footage
- Includes unfinished basements
- Organized in 500 s.f. increments (0–10,000+)

- Reflects observed demand

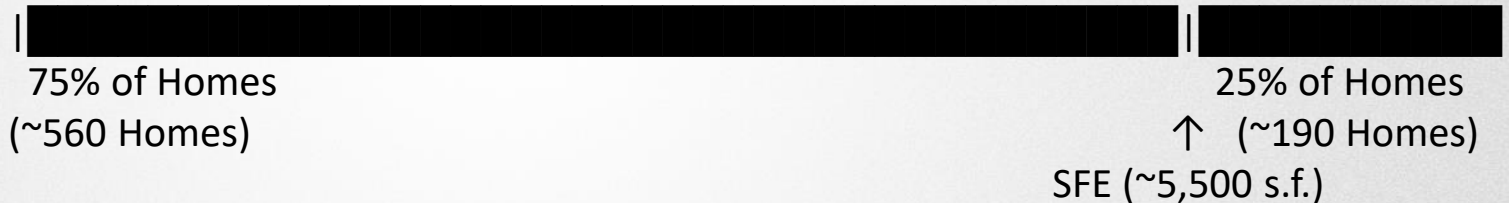
### Result:

- Smaller homes → lower fees
- Larger homes → higher fees

Total SF including unfinished basement	% of SDF	Water System	Renewable Water aka Water Resources	Wastewater System	Total
1500-1999	42%	\$ 4,162.69	\$ 15,018.14	\$ 2,569.46	\$ 21,750.30
3000-3499	82%	\$ 8,146.99	\$ 29,392.65	\$ 5,028.80	\$ 42,568.44
5500-5999 Baseline SFE	100%	\$ 9,931.00	\$ 35,829.00	\$ 6,130.00	\$ 51,890.00
7500-7999	115%	\$ 11,417.68	\$ 41,192.62	\$ 7,047.66	\$ 59,657.96

# SINGLE FAMILY EQUIVALENT

- SFE = 75th percentile home size
- Represents typical upper-range home in today's market
- Smaller homes → pay less
- Larger homes → pay more



Bottom line:

More proportional, More predictable, More consistent with newest homes water use

# RECOMMENDATIONS

- Maintains “growth pays for growth”
- Full cost recovery remains
- Applies to single-family ( $\frac{3}{4}$ ” meters)
- Staff recommends approval of tiered SDF methodology

**Aligns fees with actual demand while maintaining growth pays for growth**

# BUDGET IMPACTS

- Based on homes built in 2023 and 2024, approximate 10% reduction in System Development Fees

	<b>2026 SDFs</b>	<b>Proposed SDFs</b>	<b>Difference</b>	<b>% Change</b>
<b>Water</b>	\$ 7,622,042.50	\$ 6,862,417.12	\$ (759,625.38)	-10%
<b>Water Resources</b>	\$ 27,498,757.50	\$ 24,758,183.46	\$ (2,740,574.04)	-10%
<b>Wastewater</b>	\$ 4,812,050.00	\$ 4,320,996.59	\$ (491,053.41)	-10%
<b>Total</b>	\$ 39,932,850.00	\$ 35,941,597.17	\$ (3,991,252.83)	-10%

# SCHEDULE

- Presented to Water Commission on March 25, 2026
  - Approved 7-0
- Presented to EDC Water Subcommittee on December 19, 2025, January 16, February 20, March 20 and April 17, 2026
  - Favorable comments received
- 2<sup>nd</sup> Reading May 5<sup>th</sup>
- Work with DoIT and Development Services to update Trakit fees in May and June 2026
- Proposed to take effect July 1, 2026



PROPOSED MOTION:

“ I move to approve Ordinance 2026-014 as introduced by title.”

ALTERNATE MOTIONS:

*“I move to approve the Ordinance as introduced by title, with the following conditions: (list conditions).”*

*I move to continue this item to the Town Council meeting on \_\_\_\_date to allow additional time to (list information needed).”*