



**DATE:** November 4<sup>th</sup>, 2021  
**TO:** City/County Drainage Board  
**FROM:** Erin Powers, Compliance Program Manager, Stormwater Enterprise  
**SUBJECT: 2022 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 2021 to adjust for inflationary costs for fees to be collected in 2022. There is also a recommendation to increase the pond land fee according to the updated park land dedication ordinance.

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

City Code:

**7.7.902: STUDIES OF DRAINAGE BASINS:**

Prior to January 1 of each year the unit drainage fee and the unit detention reservoir land fee shall be reviewed by the Drainage Board who shall make a recommendation to the City Council as to any adjustment to the fees. *Upon such recommendation the City Council shall establish by resolution the unit drainage fee and the unit detention reservoir land fee in each drainage basin to be effective January 1 of each year.* Said fees will be reestablished in accord with changes in construction and other costs or revisions suggested by additional studies or other information obtained. (Ord. 96-44; Ord. 01-42; Ord. 02-130; Ord. 08-44) (Emphasis added)

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 6.7% in January of 2019, 4.0% in January of 2020, and 3.5% effective January 1, 2021 with the adoption by City Council at the recommendation of the City/County Drainage Board. There was no adjustment based upon a forecast for 2021.

## 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 8.00% from the first quarter of 2020 to the first quarter of 2021. 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, which is consistent with what we have seen with the local construction industry.

<u>Item</u>	<u>1st Quarter 2020 Index</u>	<u>1st Quarter 2021 Index</u>	<u>% Change (averaged over year)</u>
Earthwork Price (\$/CY)	20.4	10.99	-46.13%
Structural Concrete Price (\$/CY)	547.7	773.95	41.31%
Reinforcing Steel Price (\$/LB)	1.11	1.43	28.83%
			8.00%

**Consumer Price Index (CPI-U):** The nationwide CPI-U information provided in the UCCS Economic Forum data for July 2021 indicates all items less food and energy index advanced 4.5%. The Denver-Aurora-Lakewood CPI-U indicates all items less food and energy index advanced 1.4%.

## 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 2020 to July 2021.

<u>Item</u>	<u>July 2019 Index</u>	<u>July 2020 Index</u>	<u>% Change (averaged over year)</u>
Concrete, 4000psi	132.68	148.08	11.61%
Pipe (avg. of 3 sizes)	72.44	88.12	21.65%
Rebar, Grade 60, #4	55.72	57.00	2.30%
Common Labor	818.18	818.18	0.00%
Skilled Labor	854.73	854.73	0.00%
			7.11%

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 7.11%.

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

City staff surveyed the local development community regarding project costs. The survey included questions regarding concrete, rock, pipe and labor from 2020 to 2021, and reported an average increase of approximately 10% in industries that support drainage projects.

**Summary:**

**2021 Overall:** Using weighted averages based on the impact of local contractor and consultant 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 7.0% from the second quarter of 2020 to the second quarter of 2021.

**2022 Forecast:** The Governor’s Office of State Planning and Budgeting has forecast an increase to the Consumer Price Index of 2.4% for 2021 and an increase of 2.3% for 2022 for the Denver-Aurora-Lakewood combined statistical area. An increase based on the 2022 forecast is not recommended at this time.

**2021 Pond Land Fee Increase:** The Park Land Dedication Fee was adjusted in February of 2021 from \$76,602 per acre for all parks to \$98,010 per acre for community parkland and \$137,694 per acre for neighborhood parkland. City Code 7.7.902 states the following: “Prior to January 1 of each year, the unit detention reservoir land fee is intended to be raised or lowered by the same percentage as the City of Colorado Springs' park land dedication fee.” Staff recommends following the community parkland increase, resulting in an increase of 28% over the 2021 park land fees.

Staff also recommends that the Drainage Board discuss a path forward for additional analysis of the five basins with pond land fees.

**Recommendation:**

Staff recommends an increase of 7.0% over the 2021 drainage, bridge and detention pond facility fees, to include the Miscellaneous Basin fee, an increase of 28% over the 2021 pond land fees, and approval of the attached fee schedule effective upon City Council approval.

A recommended motion would be:

I move to approve a recommendation to City Council for an increase of 7.0% over the 2021 drainage, bridge and detention pond facility fees, to include the Miscellaneous Basin fee, an increase of 28% over the 2021 pond land fees, and approval of the attached fee schedule effective January 1, 2021.

**Attachments:**

- Exhibit A – 2022 Proposed Fee Schedule
- Exhibit B – 2021 Current Fee Schedule
- Exhibit C – HBA Memo