



**DATE:** November 1, 2018

**TO:** City/County Subdivision Storm Drainage Board

**FROM:** Brian Kelley, Stormwater Programs Manager

**SUBJECT:** 2019 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 2018 to adjust for inflationary costs for fees to be collected in 2019.

**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 4.8% in June of 2016, 3.5% in February of 2017, and 5.7% effective January 1, 2018, with the adoption by City Council at the recommendation of the City/County Drainage Board. There was no adjustment based upon a forecast for 2018.

**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-Boulder-Greeley consumer price index (CPI-U);
- Cost data per Engineering News Record (ENR);
- Local developers, contractors, consultants, and providers of construction materials; and
- UCCS Economic Forum data for the local economy (NEW).

**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 22.79% from the second quarter of 2017 to the second quarter of 2018. 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 and reinforcing steel indicate the highest increases, which is consistent with what we have seen with the local construction industry.

| <u>Item</u>                       | <u>2nd<br/>Quarter.<br/>2017<br/>Index</u> | <u>2nd<br/>Quarter.<br/>2018<br/>Index</u> | <u>%<br/>Change<br/>(averaged<br/>over year)</u> |
|-----------------------------------|--|--|--|
| Earthwork (Price (\$/CY))         | 13.35                                      | 16.83                                      | 26.07%   |
| Structural Concrete Price (\$/CY) | 632.98                                     | 748.33                                     | 18.22%   |
| Reinforcing Steel Price (\$/LB)   | 1.08                                       | 1.34                                       | 24.07%   |
| Average                           |  |  | 22.79%   |

**Consumer Price Index (CPI-U):** The CPI-U information provided in the UCCS Economic Forum data for July 2018 indicates all items less food and energy index advanced 2.4%.

**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; Common Labor and Skilled Labor, comparing July 2017 to July 2018.

| Materials & Labor (ENR, July, 2017 to July 2018, for Denver) |                            |                            |  |
|--|----------------------------|----------------------------|--|
| <u>Item</u>  | <u>July 2017<br/>Index</u> | <u>July 2018<br/>Index</u> | <u>% Change<br/>(averaged over<br/>year)</u> |
| Concrete, 4000psi  | 122                        | 126.37                     | 3.58%  |
| Pipe (avg. of 3 sizes)                                       | 66.49                      | 69.00                      | 3.78%  |
| Rebar, Grade 60, #4  | 52.95                      | 54.36                      | 2.66%  |
| Common Labor   | 818.18                     | 818.18                     | 0%   |
| Skilled Labor  | 755.64                     | 762.06                     | .85%   |
|  |                            |                            | 2.17%  |

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 2.17%.

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

City staff studied local project costs including concrete, rock, pipe and labor from 2017 to 2018, as well as developer constructed in place costs, and reported an average increase of approximately 7% in industries that support drainage projects.

Much of the local cost increases cited were attributed to the extremely high demand for construction services for the combination of local land development growth, the 2C ballot measure, dedicated stormwater funding, and high increases by suppliers for cement, rebar, boulders, and rip rap, along with an increase in skilled labor costs.

**Summary:**

**2018 Overall:** Using weighted averages based on the impact of local contractor and consultant data for the past year, CCI, ENR (Denver), CDOT and the CPI, for the same time period, it is estimated that overall drainage construction costs have increased an average of 6.7 % from the second quarter of 2017 to the second quarter of 2018.

**2018 Forecast:** The Governor's Office of State Planning and Budgeting has forecast an increase to the Consumer Price Index of 2.6% for 2018 and an increase of 2.2% for 2019.

**Recommendation:**

With an adjustment based on actual data from July 2017 compared to July 2018 of 6.7%, **staff recommends an increase of 6.7%** over the 2018 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 (\$76,602 per acre); therefore the Detention Pond Land fee will remain the same as 2018.

**CITY OF COLORADO SPRINGS/EL PASO COUNTY  
DRAINAGE BOARD MEETING SUMMARY  
NOVEMBER 1, 2018**

The City of Colorado Springs/El Paso County Drainage Board held its meeting at 3:00 PM, Thursday, November 1, 2018 in the City Council Chambers at City Hall at 107 N. Nevada Avenue.

**MEMBERS PRESENT:** Bob Irwin, Jim Houk, Tim McConnell, Jonathan Moore

**MEMBERS ABSENT:** Vince Crowell, Darin Moffett, Marc Whorton

**OTHERS PRESENT:** Brian Kelley (City), Erin Powers (City), Anna Bergmark (City), Daniel Torres (El Paso County), Beck Grimm (El Paso County), Lois Ruggera (City), Jonathan Scherer (City), Stacey Covington (City), Carol Medina (City), Christina Aragon (City), Mike Park (Self)

**Item 1:** Meeting called to order by Bob Irwin at 3:00pm

**Item 2:** Approval of the minutes from the September 6, 2018 Drainage Board Meeting  
Motion by *Bob Irwin* to **approve** the minutes  
Motion seconded by *Tim McConnell*  
Motion passed 4-0

**Item 3:** Old Business – None

**Item 4:** New Business

**Note:** Erin Powers – (City) requested from the Chair, Bob Irwin to move Item 4: c) before Item 4: a). Anna Bergmark stated the Applicant was not present. Bob was not comfortable moving on without the Applicant or Representative present, and giving the City's recommendation he suggested Item 4: c) should be tabled.

Decision was made to go back to original order of the Agenda, giving the Applicant/Representative time to show up and state their request.

**a) Financial Update – (City)**

Presented by Stacey Covington – (City) has provided details on the quarterly Financial Update which included outstanding reimbursements update through September specifically updated to reflect the payoffs that occurred in July. The Deferred Fees list updated through September and the Comparative Plat Fee and Acreage Summary updated thru September were also provided.

**b) 2019 Drainage Fee Increase – (City) and adding an addition to include El Paso County**

**ACTION REQUESTED:** Approve a market adjustment of 6.7% to the City wide drainage basin fees, bridge fees and pond facility and pond land fees for 2018 as shown on Exhibit A.

Brian Kelley presented the City recommendation. Bob Irwin requested detailed information due to the fact that 6.7% exceeds CPI, and is a larger increase than in previous years. Brian Kelley discussed the basis for the fee increase, including higher demands for specific materials in the Colorado Springs area.

Motion was made by *Tim McConnell* to approve an increase of 6.7% over the 2018 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. Motion was clarified to be effective on January 1, 2019 after City Council approval. Motion seconded by *Jonathan Moore*.

#### **MOTION PASSED 4-0**

At the request of El Paso County, Bob Irwin requested a motion to apply the **2019 Drainage Fee Increase** to El Paso County. Not necessary to read the recommendation again.

Motion was made by *Tim McConnell* to include El Paso County in the 2019 Drainage Fee Increase. Motion seconded by *Jonathan Moore*.

#### **MOTION PASSED 4-0**

#### **c) Sand Creek Drainage Basin Fee Increase and Reimbursement for Forest Meadows Filing No 9 - (City)**

**ACTION REQUESTED:** This action is requested by ESI to increase the drainage fund in Sand Creek by \$149,623.60. This would result in a fee increase of \$28.08 per acre. The subsequent action is to reimburse ESI for drainage facilities constructed in Forest Meadows Filing No 9. The total request from the Sand Creek Drainage Basin fund for drainage facilities is \$149,623.60.

This Item 4: c) was recommended to be Tabled due to the Applicant/Representative not being present. All present members were in favor of Tabling Item 4: c).

#### **d) Housekeeping**

#### **e) Open Discussion**

- Jonathan Moore suggested a discussion on how to handle future agenda items when the applicant is not present at the meeting without advanced arrangements being made. Jonathan Moore agrees that if an Applicant is not going to be present or has not prearranged for a City staff to present to Drainage Board without their presence they should not be heard.
- Bob Irwin introduced the opinion that when an Applicant is coming to Drainage Board to request reimbursement, it is not a privilege but a right, concluding that the Drainage Board needs to respect their right to be heard in order to avoid potential complications.
- The option to create a policy surrounding this issue was discussed, and it was decided that a formalized policy was not needed. Brian Kelley – (City) suggested checking with City Attorney and the County Attorney to determine if there were precedents or procedures that the Board would need to be aware of.
- Anna Bergmark – (City) stated the Applicant was aware this item would be on the Agenda and the City would not be supporting it. Bob Irwin stated that if applicants do not agree with the City's recommendation, they can bring items to Drainage Board to 'roll the dice.' After discussion with Carol Medina, Anna Bergmark – (City) stated the Applicant was not notified due to steps missed. Staff will contact the applicant to coordinate bringing the item to the December board meeting.
- Daniel Torres – (County) Requested their Drainage (bridge funds) reimbursement in Sand Creek for a bridge constructed over Marksheffel Road to be postponed to the next meeting.
- Bob Irwin questioning of a pending retirement of Brian Kelley, Brian has confirmed his intent to retire at the end of this year. Bob Irwin and Drainage Board members expressed that Brian will be missed and that they appreciate all the work he has performed and the expertise and professionalism he has demonstrated.

**Item 5:** Meeting adjourned at 3:32pm