STAFF REPORT
TO THE
BOARD OF SUPERVISORS

COMMUNITY DEVELOPMENT DIVISION
WASTEWATER FEE STUDY

November 5, 2013
Board of Supervisors Hearing

I APPLICATION

Applicant Name	Gila County, Community Development Division
Applicant Address	745 Rose Mofford Way, Globe, AZ
Site Address	N/A
APN Number	N/A
Current Zoning Designation	N/A
Current Comprehensive Plan Designation	N/A
Application Number	*ZOA-13-01*

II PURPOSE & DESCRIPTION

The purpose of this application is to request consideration from the Board of Supervisors to amend our current fee structure for wastewater services provided by the Division.

III PRIMARY ISSUE OR ISSUES TO CONSIDER

The Community Development Division is funded by the General Fund. The fees collected offset some of the general fund expenditures for the Division. The purpose in collecting fees is to charge the customer when we are providing a direct service that benefits primarily that customer with less benefit to the general public. I say "less public benefit" because there is some benefit to the public to have buildings and accessory uses established in the best public interest.

Another issue to consider is, should the fees we establish affect our competitiveness in achieving growth with other counties and municipalities? When development impact fees were first established, some communities were accused of setting their fees so high that they actually became a deterrent to growth.

There are issues with the Arizona Revised statutes that must come into play when trying to ascertain what the appropriate fee should be. The following exhibit is taken directly from the Arizona Revised Statutes and pertains to the collection of service fees.

11-251.08. County fee for service authority; alternate fee schedule; fee limits; adoption procedures

A. In addition to any other county power or authority the board of supervisors may adopt fee schedules for any specific products and services the county provides to the public. Notwithstanding fee schedules or individual charges in statute, a board of supervisors may adopt an additional charge or separate individual charge.

B. Any fee or charge established pursuant to this section must be attributable to and defray or cover the expense of the product or service for which the fee or charge is assessed. A fee or charge shall not exceed the actual cost of the product or service.

C. Before adoption of a fee for service or an additional or separate charge pursuant to this section, the board of supervisors shall hold a public hearing on the issue with at least fifteen days' published notice.

D. Nothing in this section shall apply to products and services provided to cities and towns.

IV BACKGROUND

The focus of this study is to determine how appropriate and adequate our fees are to the overall cost we incur to provide services to our customers.

By use of the word appropriate I mean how our fees compare with fees from other counties in Arizona. It is not our intent to create a situation where our fees act as a deterrent to growth; we should continue to be competitive with other governmental jurisdictions.

By use of the word adequate I mean how the fees we collect actually relate to the cost to provide services. Are we subsidizing the cost to provide service to the individual by using general fund resources unnecessarily? We don't want to collect more than required to provide the service and we don't want to undercharge. Understanding that we will never be perfect in our fees for service, we want to come as close as we can. The only way to come close to perfection is to wait until we are through and then tell our customer how much they owe us. Services can vary significantly between two customers for the same service. One customer may require several meetings and trips, while another much less.

Jake Garrett completed a survey of other counties to see how our fees compared. The table for this survey is located in the appendix of this report. (See Exhibit "A" attached to this report)

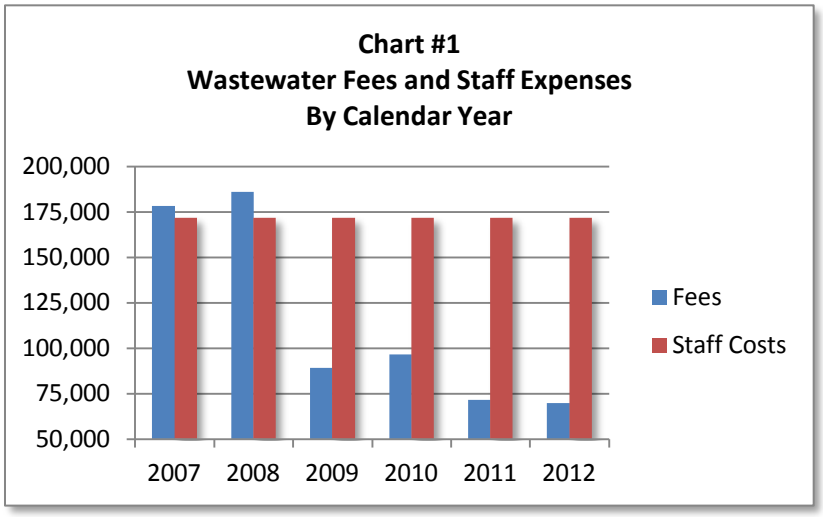
V ANALYSIS

The first issue we will look at is the adequacy of our current fees. The question here is to determine if the cost to us to provide a service is being adequately compensated through the collection of fees or are we compensating this service with general fund revenues because our fees are too low.

Chart #1 reflects our revenue stream from Wastewater fees for the past 6 calendar years.

The Wastewater department has two fulltime staff in Payson and ½ time staff position in Globe. Chart #1 below reflects our total yearly fees and our total yearly staffing costs to include both salary and benefits but does not include equipment costs. Chart #1 provides a simple broad picture and by itself is not adequate to determine the need to increase fees. From Chart #1 we can see that in 2007 and 2008 our fees were actually in excess of our cost for staffing the department. This was related to actually being understaffed during this time period. Wastewater had just transferred from the Health Division and did not come with adequate staffing to do the job. An example of how understaffed we were at that time is reflected in how long it took to provide our customers with a soils study. We were actually scheduling soils studies two months out. This was way too long to wait for our customers. Today we can get them out within a couple of days at the most.

In 2008 our wastewater revenues are shown as being 108% of our costs for salaries and wages. Keep in mind that salaries and wages do not include O & M expenses. In 2012 our wastewater revenues were 40% of our salaries and wages. This is due primarily to the economic times. At the same time in order to be highly responsive to the needs of our customers and not allow what happened in 2007 and 2008 we would need to increase our fees to become more self sufficient.



Cost to Provide Service

Table #1 (located at the end of this report) entitled "Wastewater Department Fee and Proposed Fee Analysis" contains a lot of information regarding our collection of fees:

1. It includes our current fees,
2. our proposed fees,
3. our actual cost to provide the service,
4. the percent of actual cost we will recover with the proposed fees,
5. the percent reduction of current fees, and
6. finally the percent of increase on current fees.

As you can see in this table we do not reach full recovery with any fees, although we do come close.

Comparison with other Counties

Exhibit "A" of this report shows a comparison of fees with Maricopa County, Coconino County and ADEQ. As you can see Gila County, even with the proposed increases is still one of the lowest.

VI Summary

We have assumed that efforts should be made to obtain full cost recovery when providing services to individuals. The decrease in general fund revenues during the past several years and the continuing demands placed on those funds indicate that where feasible the County should not be subsidizing individuals or businesses that receive services from wastewater staff. Cost recovery for these fees is not adequate at this time.

VII RECOMMENDATION

The Planning & Zoning Commission met on August 15, 2013 to consider the proposed increases for wastewater fees and have unanimously recommended that the Board of Supervisors approve the proposed fees for wastewater.

Table #1

WASTEWATER DEPARTMENT FEE ANALYSIS and PROPOSED FEE CHANGES

10/16/2013

Using Payroll + payroll burdon+ auto expense

Overhead, training, supplies and other variable costs are not included in this analysis

		Current	Proposed	Cost	% Recovery	% Reduction	% Incr
Std Septic System	4.02	400.00	475.00	554.00	85.7%		18.8%
Owner Inst & New Ctr	4.02	400.00	475.00				18.8%
	Insp	0.00	300.00				new
		400.00	775.00	883.00	87.8%	n/a	93.8%
Grease Interceptor &	A315	0.00	100.00	ADEQ Match			new
other Pre-Treatment	Insp	0.00	100.00				new
		0.00	200.00		n/a	n/a	new
Tank Only Replacent	4.02	200.00	375.00	444.00	84.5%	n/a	87.5%
Well Site Inspection	ARS	100.00	145.00	169.00	85.8%	n/a	45.0%
Soil Eval Observation	GC Ord	150.00	160.00	192.47	83.1%		6.7%
Hourly Rate	Building	0.00	50.00	Match	n/a	n/a	new
Commercial Systems	4 Hours	0.00	200.00		n/a	n/a	new
Construct w/o Permit	Building		DOUBLE	Match	n/a	n/a	new
Drip Conversion	4.22	500.00	500.00				
	4.04a	250.00	200.00				
	Site Insp	300.00	incl insp				
	Constr Insp	500.00					
		1550.00	700.00	unk	n/a	54.8%	new
Compost-Gray Water	4.03	400.00	700.00				
	4.02A	250.00	incl insp				
	Site Insp	300.00					
	Constr Insp	500.00					
		1450.00	700.00	unk	n/a	51.7%	new
Low Pressure Septic	4.04	500.00	500.00				
	4.02A	250.00	250.00				
	Site Insp	300.00	300.00				
	Constr Insp	500.00					
		1550.00	1050.00	unk	n/a	32.3%	new

WASTEWATER DEPARTMENT FEE ANALYSIS and PROPOSED FEE CHANGES

10/16/2013

		Current	Proposed	Cost	% Recovery	% Reduction	% Incr
STEP	4.04	500.00	500.00				
	Site Insp	300.00	125.00				
	Constr Insp	500.00	incl insp				
		1300.00	625.00	unk	n/a	51.9%	new
Aerobic w/drip	4.15	800.00	600.00				
	4.04A	250.00	250.00				
	4.22A	250.00	250.00				
	2-A312G's	150.00	150.00				
	Site Insp	300.00	300.00	1842.00			
	+ Constr Insp	500.00	500.00	529.00			
		2250.00	2050.00	2371.00	86.5%	8.9%	new
Textile w/drip & Disinf	4.12	600.00	604.12				
	4.04A	250.00	250.00				
	4.20A	250.00	250.00				
	4.22A	250.00	250.00				
	2-A312G's	150.00	150.00				
	Site Insp	300.00	300.00	1842.00			
	+ Constr Insp	500.00	500.00	529.00			
		2300.00	2300.00	2371.00	97.0%	0.0%	new
Flow 3,000-24,000 gpd	4.23	1800.00					
	+ Site Insp	300.00	2100.00	No Change			Stated differently
	+ Constr Insp	500.00	500.00	No Change			
		2600.00	2600.00	No Change	n/a	n/a	n/a
Request for an alternative design e	A312G	75.00	No Change				
Clearance letters w/ site Insp		100.00	No Change				
Wastewater Listing Class		100.00	No Change				
Pre-sale Inspection program		50.00	No Change				
MH & RV Park Sewer <3,000 gpd*		$200 + $20/S	No Change*	* Includes site inspections			
Subdivision Wastewater Review*		$200 + $5/Lot	New*	* Includes site inspections			
1-Year Extension of Alt Permit*	One Time Onl	500.00	New*	* NO change in location, site or GP's/equip, Re-sealed Docs & Includes site insp			
1-Year Extension of Std Permit*	One Time Onl	300.00	New*	* NO change in location or site, Re-signed Docs & Includes site insp			

Wastewater Department Fee Comparison

Current - Alternative System Permit total is calculated using the highest GP fee used + $250 for all other GP's + $300 Site Conformation Inspection

Proposed - All GP's are reduced to $600 & Alternative System Permit total is calculated using $900 ($600 + Site Insp @ $300) + $250 for all other GP's

	Permit #	Gila	Gila Prop	Maricopa	Coconino	ADEQ
Septic Tank/Conventional Disposal, Less than	4.02	$400.00	$475.00	$550.00	$500.00	$1,200.00
Composting toilet	4.03	$400.00	No Change	$400.00	$1,000.00	See Below
Pressure Distribution System	4.04	500.00	No Change	See Below	"	"
Graveless Trench	4.05	500.00	No Change	"	"	"
Natural Seal evaporation bed	4.06	600.00	No Change	"	"	"
Lined evapotransporation bed	4.07	600.00	No Change	"	"	"
Wisconsin Mound	4.08	500.00	No Change	"	"	"
Engineered Pad system	4.09	600.00	No Change	"	"	"
Intermittent sand filter,	4.10	600.00	No Change	"	"	"
Peat filter	4.11	600.00	No Change	"	"	"
Textile filter	4.12	600.00	No Change	"	"	"
Denitrifying Sysem	4.13	600.00	No Change	"	"	"
Sewage vault	4.14	400.00	No Change	"	"	"
Aerobic system/subsurface disposal	4.15	800.00	600.00	"	"	"
Nitrate-Reactive Media Filter	4.16	1000.00	600.00	"	"	"
Cap system	4.17	400.00	No Change	"	"	"
Constructed wetlands	4.18	600.00	No Change	"	"	"
Sand lined trench	4.19	500.00	No Change	"	"	"
Disinfection device	4.20	500.00	No Change	"	"	"
Surface Disposal	4.21	600.00	No Change	"	"	"
Subsurface drip irrigation	4.22	500.00	No Change	"	"	"
Gen'l Permit 3,000-24,000 GPD	4.23	$1800 Flat	$2100.00 Incl Insp	$1800 Flat	$3000 Flat	$3600 to $7200
		Alt fees=Highest fee above	Alt fees = $900.00	Alt fees = $1,050.00	Alt fees = $1,000.00	Alt fees = $1,200.00
	* Does not apply to 4.23 permit	plus $250.00 per additional permit *	plus $250.00 per additional permit *	plus $250.00 per additional permit		plus $500.00 per additional permit
		plus $300 site inspection				with $3700.00 Max
	Const Insp	+ $500	+ $500	n/a	n/a	n/a

Exhibit "A"