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HOME BUILDERS
ASSOCIATION
of
METRO DENVER®

Tap Fee Policy

Intent:

To provide a minimum standard by which the HBA shall evaluate increases in system development charges (tap fees) when such increases are proposed by various water utilities.

Policy:

Whereas the HBA recognizes that all metro area water utilities must continue to develop water resources and maintain and expand storage and delivery systems in order to sustain continued growth and economic stability in the metro area;

Whereas the HBA further recognizes that the costs associated with these improvements and the value of water itself continues to rise;

Whereas the boards of directors of all water utilities are charged either in fact or in principle with diligently planning for future growth and continued good service to their current and future customers;

Whereas it is critical that the boards of directors of water utilities demonstrate diligence in the oversight of finances to ensure that the proper, best and highest use of system development charges are accomplished such that current and future customers can rely on a sufficient and stable source of water;

Whereas water utilities should distinguish between system improvements/expansions that are necessary due directly to growth and those that are necessary to provide service to existing customers;

Whereas in some cases a proposed improvement/expansion may benefit both new and existing customers such that an equitable plan of cost sharing between new and existing customers should be established;

Therefore the following minimum standard of evaluation shall guide the HBA in developing its position on any system development charge increase proposed by any water utility.

The HBA will not oppose proposed system development charge increases when it is the case that the water utility:

- Demonstrates diligent management and long range planning including fiscal accountability;
- Demonstrates an appropriate analysis of proposed improvement/expansion projects establishing such projects as necessary either entirely or in part due to new development and where appropriate institutes equitable cost sharing between new and existing customers;
- Demonstrates that the proposed increases are justified and necessary to meet the costs of serving new development;
- Has a means of publicly verifying that collected system development charges are in fact used to develop or expand water resources to serve new development;

- Utilizes a water rate and user service fee structure that accurately reflect the cost of water and the cost to provide service;
- Has a comprehensive conservation plan impacting all users;
- Demonstrates that collected tap fees have been and will continue to be utilized appropriately according to these basic principles;
- Provides advance notice to the HBA and its affected members adequate for the HBA to conduct a review in relation to these principles;
- Provides an implementation timeline for price increases that avoids unnecessary negative impact on HBA members relative to their existing sales contracts; and
- Through adherence to these principles and standards provides the development community reasonable assurances that new development will not be restricted due to a lack of water resources.

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