



City Council Report

Date: November 20, 2023
To: City Council
Through: Natalie Lewis, Deputy City Manager
From: Nana Appiah, Development Services Department Director
Beth Hughes-Ornelas, Deputy Director Development Services
Subject: Updating the City's Utility Buy- In Program, Private Line Agreements

PURPOSE AND RECOMMENDATION

Consider proposed changes to the City's Utility Buy- In Program, Private Line Agreements and approve an ordinance amending Title 9 of the Mesa City Code Chapter 6 Section 4 and Chapter 8 Section 3 regarding water and sewer line improvement requirements.

Staff recommends the City Council approve the proposed Ordinance.

BACKGROUND

Over the past years, through various discussions with the development community and review of other municipalities in the east valley's requirements for water and sewer buy-in programs, both staff and the development community has agreed to request the City Council to adopt changes to the City's current policy. Staff discussed the proposed changes with the City's Development Advisory Forum subgroup on November 2, 2023, and received favorable support to proceed with the recommendation.

HISTORY

Since 1991 the City has offered Developers the opportunity to establish a Utility Buy-In, Private Line Agreement on public water and sewer line utility mains constructed with proposed developments. Over the years, the City has executed over 100 of these agreements with Developers, assisting in the collection/reimbursement of cost for construction of water and sewer utility lines. The current buy-in agreements are typically set for 10 years-and the City helps to facilitate collection of those buy-ins for proposed developments. Currently, a developer is not required to pay a buy-in if a proposed development only connects a main water or sewer line to an existing main line even if there is an established buy-in agreement with a previous developer. Staff is proposing the new agreement to be established for up to 15-years to provide opportunity for developers to receive a fair share of the cost of constructing the buy-in water and sewer lines.

DISCUSSION

The proposed modifications will update the City's Utility Buy- In Program, Private Line Agreements and establish a means whereby properties benefiting from a public utility line will share in the cost of the construction. Recognizing that the public utility systems (water and sewer) have many components, staff is proposing the following changes and options:

Proposed Changes:

1. Buy-In per Linear Foot - collected from all properties adjacent to utility line.
2. Buy-In by Service Area (SF/Acreage) – collected from all properties identified within the designated service area for a utility line constructed on major arterial or collector streets.
3. Utility Buy-In, Private Line Agreements term shall be established for up to 15 Years.
4. Program fee of 0.5% shall be deducted from all reimbursement amounts collected to cover City's administrative costs.

The attached ordinance (see Exhibit A) shows the proposed changes to Title 9 of the Mesa City Code Chapter 6 Section 4 and Chapter 8 Section 3 regarding water and sewer line improvement requirements. These changes show the proposed amendments to the City's current policy.

ALTERNATIVES

Staff recommends approval of the ordinance amending Title 9 of the Mesa City Code Chapter 6 Section 4 and Chapter 8 Section 3 as presented to City Council.

Other available alternatives are to:

1. Modify the proposed changes to the Utility Buy-In Program, Private Line Agreements and revise ordinance to correspond to the modifications.
2. Not approve the ordinance resulting in the City to continue current program without any change.

FISCAL IMPACT:

The proposed changes will aid in the growth of the City and provide effective cost sharing for constructing the City's utility infrastructure. The City's cost to administer the program will be offset by the proposed 0.5% administrative fee assessed upon collecting subsequent buy-in amounts from proposed developments that connect to the established lines. The Utility Buy-In Program, Private Line Agreements do not require any additional investment.

COORDINATION:

The Utility Buy-In Program, Private Line Agreement proposed changes were coordinated with the Development Services Department, the Economic Development Department, the Water Resource Department, and the City Attorney's Office.