



Connecting the Drops

Transcript: Water Pricing

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As cities in Colorado are expanding to accommodate a growing population, so are costs of providing services and utilities. As part of Connecting the Drops, our series on state-wide water issues, Maeve Conran takes a look at how some communities are reevaluating how they charge for services like water and what that might mean for encouraging smarter growth.

Not far from the Children's Hospital in Aurora, a city of 350,000 east of Denver, longtime resident Mr. Gilbert is sweeping up debris after an early Summer hail storm. He just got his water bill and like many water consumers, he's not exactly clear on all the charges. "I just got the water bill a few minutes ago, it was \$198, I think that's a bit high. I don't know how they're breaking it down, but it's all good."

Mr. Gilbert is not alone in not understanding the complexities of a water bill which basically has two components. The consumptive charge, which is the water you use. Typically the more water you use, the more you'll pay. But what's less clear to customers is the service charge. That's often a fixed monthly fee that pays for things like pipes and treatment plants. But what consumers don't see is the tap fee. That's something that is paid long before they move into their home.

Amelia Nuding, a water and energy analyst with Western Resource Advocates says that a tap fee is a charge that is assessed to new developments, a new home or business in a community and it is a way for that new development to buy into that water system. Essentially It's a charge to hook up to the water system.

Nuding is looking at how some communities are rethinking their tap fees with a view to encouraging more water wise development. Nuding is looking at 5 communities around the country, including Aurora.

Marshall Brown, Director of Aurora Water says in 2014 they significantly restructured the tap fees. "The intent of that was to tie the cost directly to the volume of water." Brown says that under the old pricing structure a small house on a small lot might pay a tap fee of \$24,500 "or you could have a 2 acre parcel with a 10 bedroom, 6 bath structure and that would also have paid a \$24,500 tap fee."

Now large water users will pay larger tap fees and smaller users will pay smaller ones. Marshall Brown says the idea in restructuring the tap fees was not to guide

specific development but rather he says to have developers think about what they're designing and its impact on water.

"Instead of maybe just planting acres and acres of turf, they may now consider low water use plants of other types of more efficient water use landscaping."

Chuck Howe, Professor Emeritus of Economics at CU Boulder says growing cities can also use tap fees to encourage smarter and denser development. "If you have scattered development, go down south of Denver and see the little subdivisions here and there, that makes it very expensive to bring water service to those areas, you have to lay a lot of supply pipes and sewer pipes long distances to serve only a few customers."

Amelia Nuding with Western Resource Advocates says some cities are already considering the location of new development in the upfront costs they charge to developers. "There are several tap fees that will charge more if these developments have taken place outside the traditional city limits or outside the traditional water service area, just because it costs more to build that infrastructure further out."

Aurora water says it's too early to say what impact their new tap fees are having on development but Executive Director Marshall Brown says now developers have a clearer sense of the real cost of water. Western Resource Advocates will release their study on how tap fees can encourage water conservation later this Summer.