

## Agenda Item #8

### Executive Summary

July 28, 2026

To: Mayor Dahlquist and City Council

From: Levi Adams, WPC Superintendent

Re: Johnny Creek Capacity Fee Discussion

Construction is underway to install a new wastewater collection mainline along a one-mile stretch of Johnny Creek Road between Wild Mountain Drive and Juniper Hill Road. This work represents the first phase of a major project to extend sanitary sewer service throughout the Johnny Creek area. Once the mainline installation is complete, homeowners along Johnny Creek Road will have the option to connect to the City's sewer system.

To connect to the City's sewer system, Water Pollution Control (WPC) assesses Capacity Fees. These fees are one-time charges that allow new users to purchase their share of the existing infrastructure, which current customers have already funded through their rates. Capacity Fees can only be used for existing infrastructure and cannot be applied to new construction or future development.

Capacity Fees are determined through the City's Rate Study and vary based on a property's water service line size. Currently, homes with water lines between  $\frac{3}{4}$  inch and 1 inch in diameter—which represents the majority of residential properties—are charged a Collection System Capacity Fee of \$2,100 and a Treatment Facility Capacity Fee of \$2,870.

WPC staff is requesting direction from the Mayor and City Council on whether to reduce or waive these Capacity Fees for properties within the Johnny Creek project area. Doing so could help encourage homeowners to transition from individual septic systems to the City's wastewater collection system, supporting the long-term goals of expanding reliable sewer service and protecting public health and water quality.