

A grayscale photograph of two construction workers in a trench. One worker is in the foreground, wearing a white hoodie and dark pants, looking towards the right. Another worker is in the background, wearing a white safety vest and dark pants, looking towards the left. A large pipe is visible in the trench, and various construction tools and equipment are scattered around.

Cost Recovery Districts

{BR22-1501: Amends Chapter 20 of the Denver Revised Municipal Code to add Article XIV, concerning cost-recovery districts}

Land Use, Transportation, and Infrastructure Committee
November 22, 2022



DENVER
TRANSPORTATION &
INFRASTRUCTURE

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Agenda

- Wastewater Enterprise Fund Overview
- Current State for Developers – Sources and Uses
- Cost Recovery District Ordinance
 - Redevelopment and Our Sanitary Infrastructure
 - Effect of Ordinance
- Developer Outreach
- Schedule & Next Steps
- Pros, Cons and Questions

Wastewater Enterprise Fund Overview

\$1.2+ Billion in Total Assets

(Storm-72%, Sanitary-23%, Other-5%)

STORM

- 1000+ miles pipe, 15k manholes, 23k inlets
- 50+ miles open channel
- 8 Lift Stations

SANITARY

- 1500+ miles pipe, 35k manholes
- 7 Lift Stations

GREEN INFRASTRUCTURE

- 325 streetside stormwater planters
- 16 regional facilities

**LAND, BUILDINGS, SOFTWARE,
VEHICLES, EQUIPMENT, ETC.**



322+/- Staff

CAPITAL

- ~60
- Plan/Design/Build

OPERATIONS

- ~140
- Maintenance, CCTV, Construction, MS4

RIGHT OF WAY SERVICES

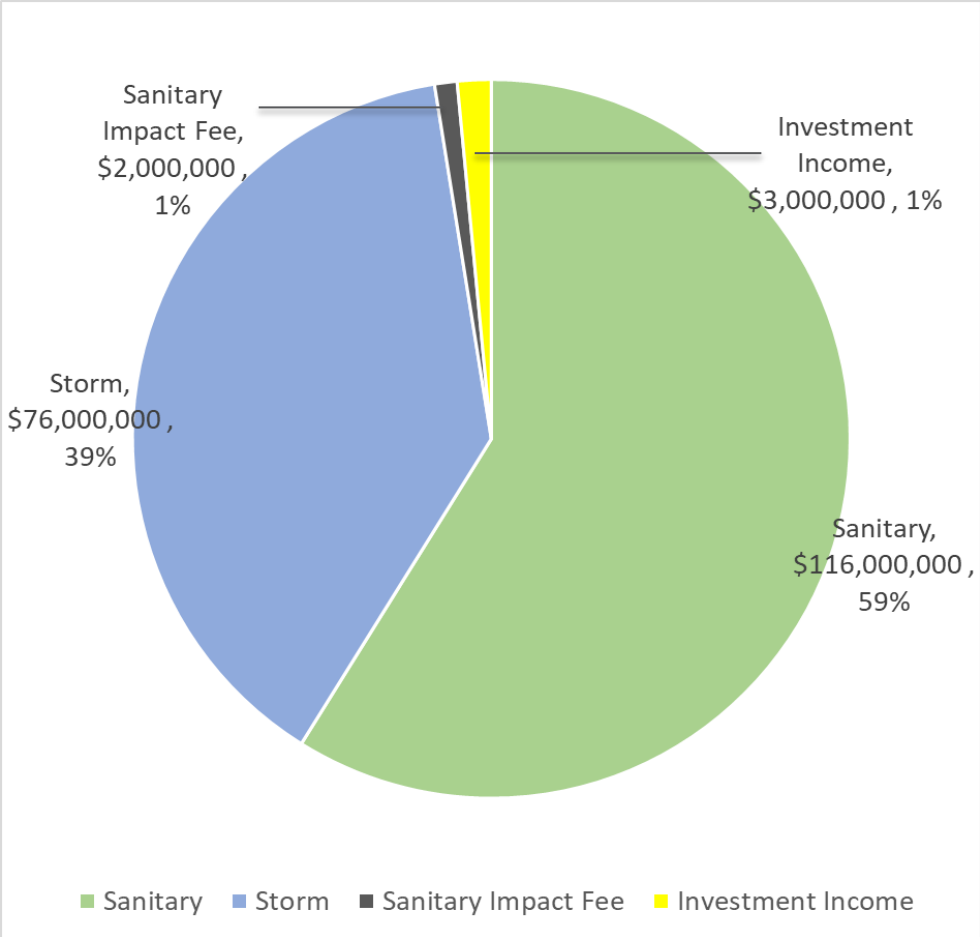
- ~62
- Survey, Inspections, Dev't Review

ADMIN

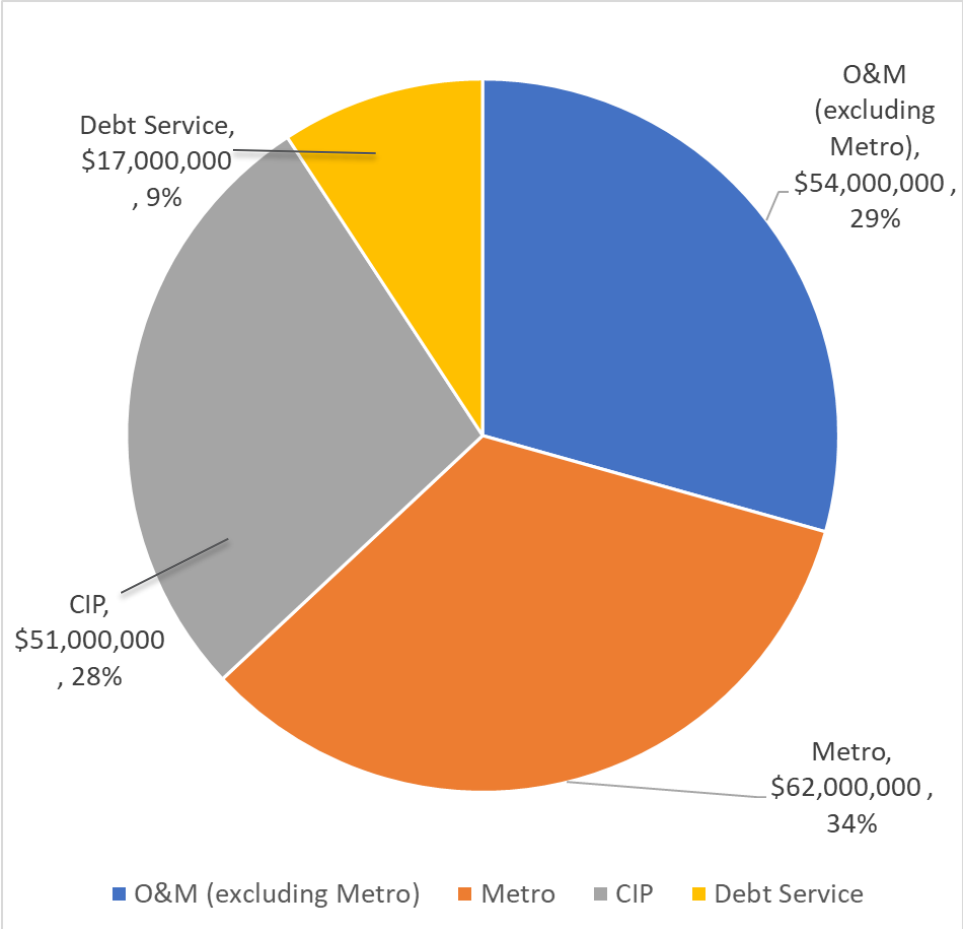
- ~60
- Customer Service, Acctg, Safety

Sources & Uses

2021 Total Sources: \$197M



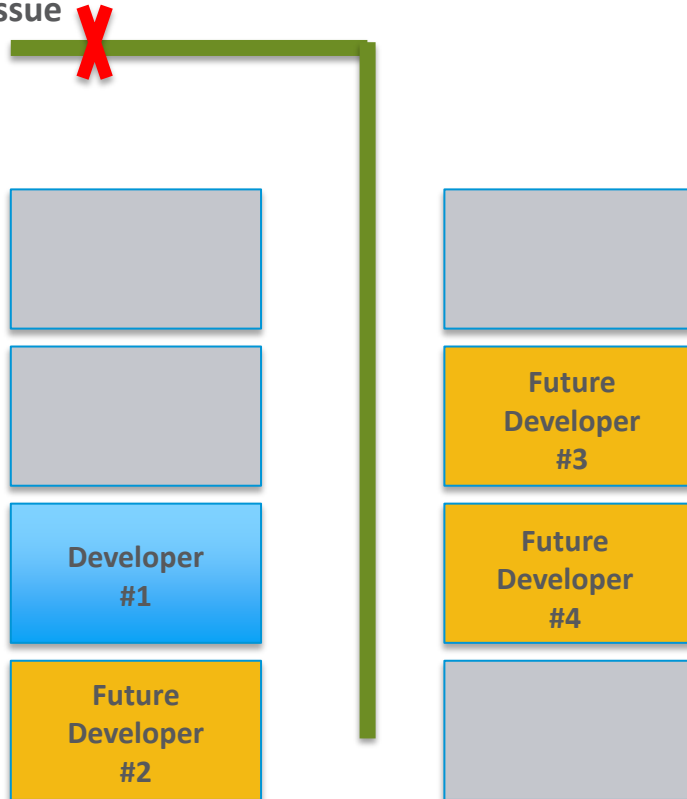
2021 Total Uses: \$184M



Over \$4+ Billion in additional needs across Waterways, Storm, & Sanitary

Redevelopment & Our Sanitary Infrastructure

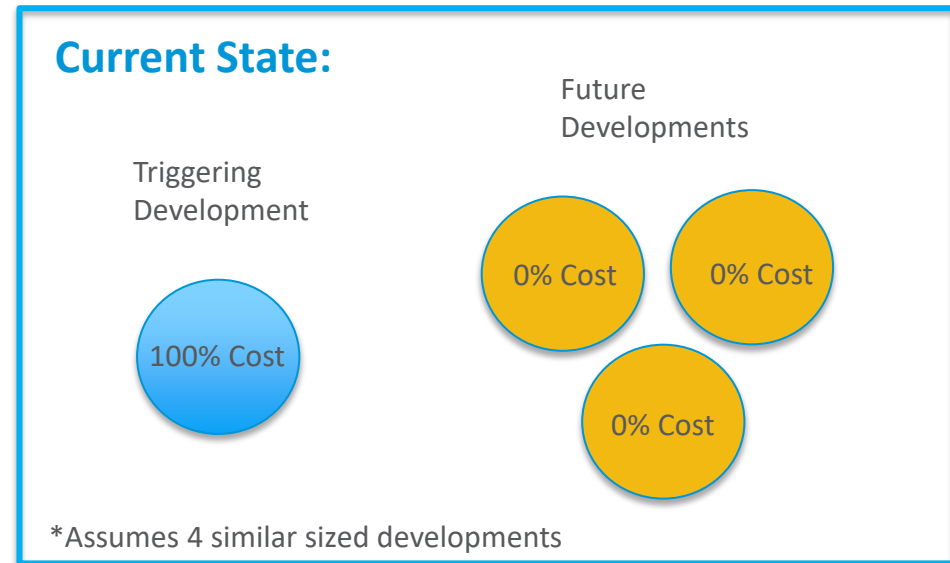
Sanitary Sewer Capacity Issue



Triggering Development:

A development that has sanitary requirements that exceeds the remaining capacity in the downstream system, as determined by Denver's Sanitary Sewer Design Criteria Manual.

This development is financially responsible for sanitary system upgrades.



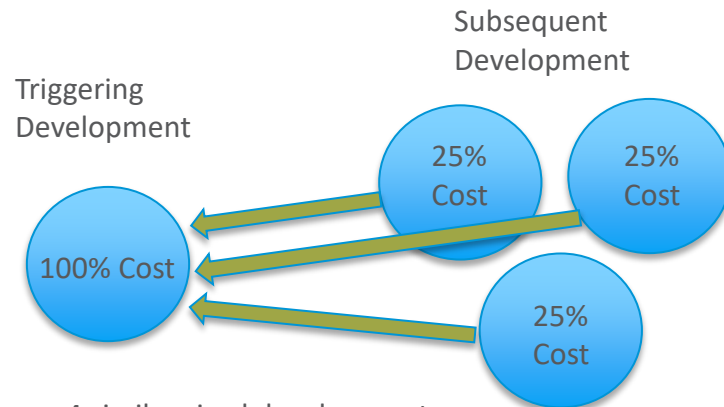
Effect of Ordinance: Cost Recovery District

Ordinance:

Establishes a concept of the Cost Recovery District, which improves fairness in redevelopment.

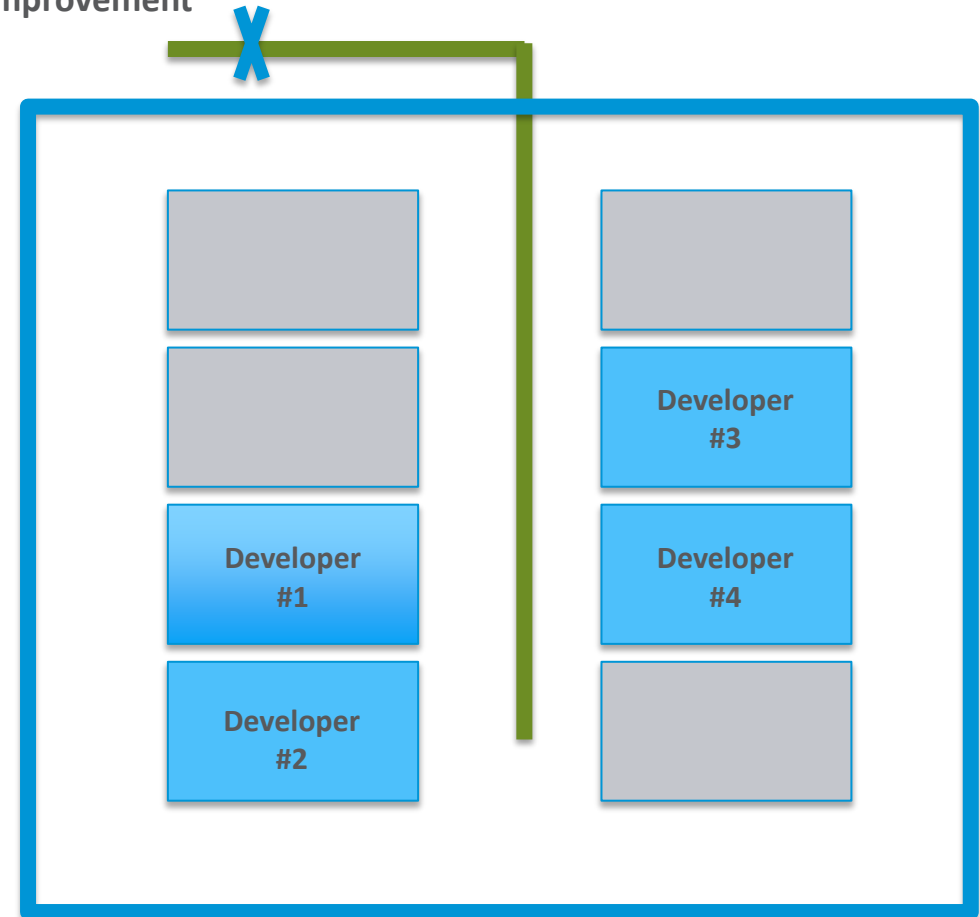
Cost Recovery District Boundary:

The limits of the district are defined by any parcel that is tributary or upstream of the improvement (shown as the blue rectangle in the example to the right)



*Assumes 4 similar sized developments

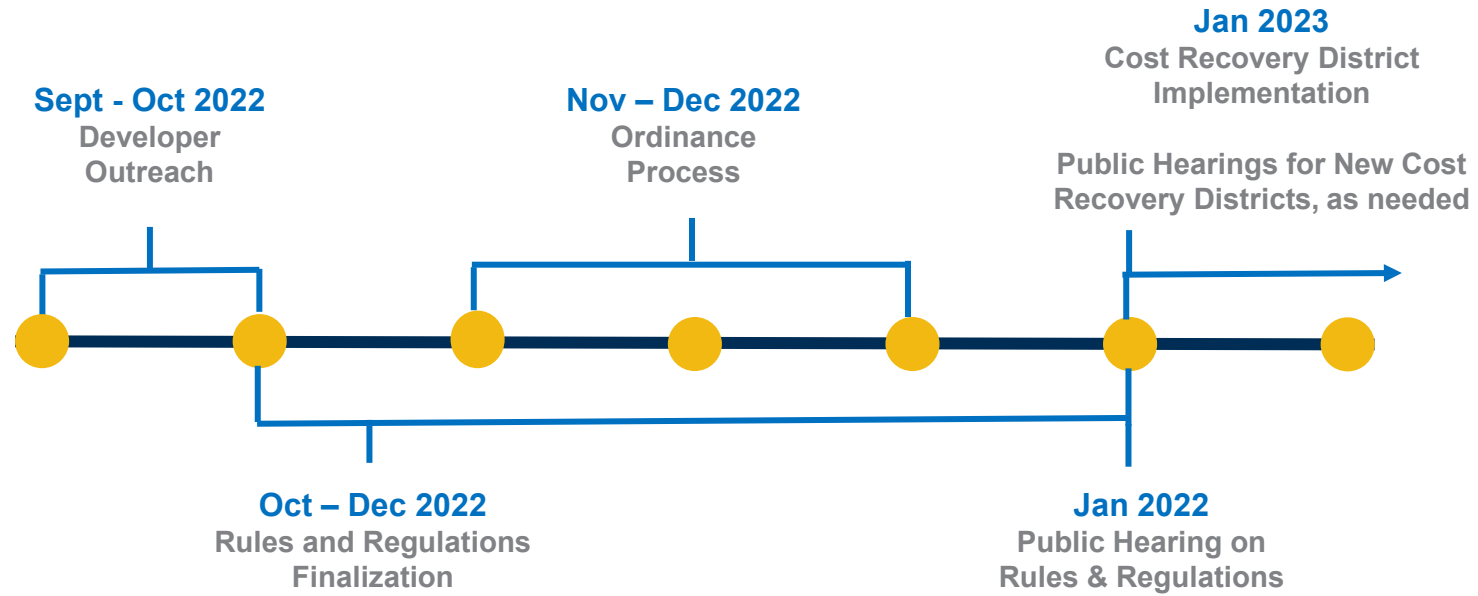
Sanitary Sewer System Improvement



Cost Recovery District Outreach

- Outreach to and input from roughly 100 leaders in development (market-rate and affordable housing; for-profit and non-profit), architecture, and real estate law.
- Responses from roughly 20%. All but 1 enthusiastically supportive.
- Upon approval of ordinance, adoption of Rules & Regulations through public hearing.
- Creation of each Cost Recovery District will include outreach.

Schedule & Next Steps



Pros

- Avoids costs from inaction
- Avoids stalemates in development
- Reestablishes fairness amongst users
- Improves Denver's sanitary infrastructure, without raising rates
- Facilitates a wider range of developments to proceed
- Allows for improvements to directly benefit a localized area

Cons

- Changes status quo
- Perception that it is a new fee
- Perception for subsequent development that it is unfair

Questions & Discussion

