



City of Versailles Wastewater Impact Fee Program

What is an Impact Fee?

An impact fee is a one-time charge, implemented January 1, 2018, assessed by Versailles for use in funding capital improvements and expansions of the municipal wastewater utility. Impact fees are assigned to new residential and commercial development or significant increased wastewater flows by existing customers. Wastewater flows are estimated from water usage. "Significant" increased wastewater flows will be evidenced by a need for, or the installation of, larger water meters. The impact fee is not a tax, nor is it in lieu of the existing wastewater tap fee. Additionally, the fee cannot be used for operation and maintenance expenses.

The impact fee provides Versailles:

- 1) a way for new residential and commercial growth to "buy-in" to the equity existing customers have accumulated in the wastewater utility; and,
- 2) a way for growth to pay its share of the costs for additional capital, or upgrades to capital, necessitated by its demands, including expanding the wastewater plant and adding additional sewer line capacity.

Why do we need an Impact Fee program?

Impact fee revenues reduce the capital costs that must be debt-financed, thereby reducing increases to wastewater service rates. The impact fee program generates additional revenues for capital construction to meet growth-related demands.

What do we use to calculate the Impact Fee?

- average wastewater flow of Versailles' residential customers
- current value of rate base, with growth-related assets separated
- estimated costs of items on capital improvements plan, with growth-related items separated
- existing and planned wastewater treatment plant capacity

Calculations are reviewed every five years to ensure the fee is consistent with the utility's capital improvements plan.

How much is the Impact Fee?

- Charges are based on water meter size; most residential units use a 5/8-inch water meter.
- There is an established impact fee schedule that assigns impact charges for 5/8 to 12-inch meters.
- The one-time charge is \$1,390.83 for a 5/8-inch meter, \$3,477.08 for a 1-inch meter, and \$11,126.64 for a 2-inch meter.
- There are allowances for refunds, refinements, developer contributions, and appeals.
- Tenured customers (who have had Versailles sewer service for 120 consecutive months at a previous location) receive a \$121.35 discount on a 5/8-inch meter impact fee charge.

For more information, you may view the entire Wastewater Impact Fee Program Manual at www.versailles.ky.gov or you may contact the Versailles Public Works Director or Utilities Manager at (859) 873-2245.