



City of Norman

Water Connection Fee and Financial Plan Update

January 25, 2022



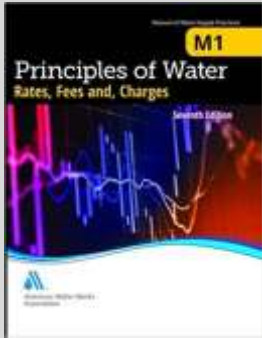


Water
Connection
Fees



Wastewater
Connection
Fees

Guided by industry-standard financial planning and rate-setting approaches



American Water Works Association,
Manual M-1, Principles of Rates, Fees, and Charges



Water Environment Federation
Financing and Charges for Wastewater Systems



Raftelis Financial Consultants
Water and Wastewater Finance and Pricing

What are connection fees?

- One-time charge
- Fee for new customer demand only
- Fee required of all new customers for their share of capacity
- Fee required for existing customers requesting increases in capacity
- Fee based on the value of the utility's capacity and the amount of capacity needed by the new customer

What are connection fees?

- Can be used to pay for debt service
- Balances equity between existing and new customers
- Fee represents cost to reserve capacity in system backbone facilities
 - Water treatment plant
 - Wells
 - Transmission mains
 - Pump stations
 - Storage
 - Wastewater treatment plant
 - Force and large gravity mains
 - Lift stations

Connection fee industry best practices

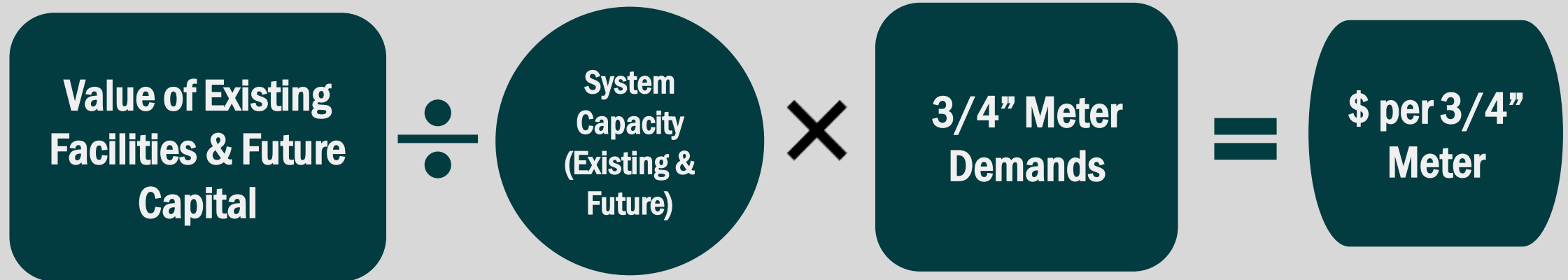
- Compliant with State Statutes – Title 62, §62-895. Municipal development fees
- Reasonably tied to impact of new development
- Assessed in proportion to impact
- May not be used to fund repairs

Connection fee industry best practices

- Based on actual system costs or reasonable cost estimates
- Assessed in a non-discriminatory manner – based on published fee schedule
- Review the connection fees relative to their sufficiency to fund new capacity....at least biennially to determine the appropriateness of the fees in accordance with Title 62, §62-895.

-Norman municipal code Sec. 21-107. Fees and Charges

Basic connection fee calculation



Water Connection Fees



Current water connection fees



Meter Size (inches)	Fee
3/4"	\$1,000.00
1"	\$1,667.00
1 1/2"	\$3,333.00
2"	\$6,667.00
3"	\$14,667.00
4"	\$28,000.50
6"	\$57,667.00

Connection fee alternatives: Funding future capacity infrastructure

- Alt. 1: Augmentation: Lake Thunderbird Augmentation
(Indirect Potable Reuse)
- Alt. 2: OKC - Purchase additional wholesale water from
Oklahoma City
- Alt. 3: Drill/Install wells in Garber-Wellington

Water connection fee alternatives comparison, 3/4" water meter

Existing
Fee



\$1,000

Alt. 1
Augmentation



\$3,180

Alt. 2
OKC



\$2,010

Alt. 3
Wells



\$2,150

Wastewater Connection Fees



Wastewater connection fees consist of two components



Current wastewater connection fee structure

Meter Size (inches)	Existing Fee
3/4"	\$275.00
1"	\$550.00
1 1/2"	\$1,100.00
2"	\$1,925.00
3"	\$4,625.00
4"	7,987.50
6"	\$18,381.00



Residential	Excise Tax
Structures up to 1,200 sq ft	\$850
Every sq ft above 1,200 sq ft, \$ per sq ft	\$2.00
Non-Residential	Excise Tax
Per Employee	\$115
Per Gallon of Estimated Flow per Day	\$4.00

Wastewater connection fee update – What's included

- Current replacement cost of existing facilities
 - › Wastewater treatment plant
 - › Collection mains
 - › Force mains
 - › Lift stations
- Growth-related capital projects
 - › New North WRF or existing WRF expansion
 - › Interceptors and recoupment projects

Fee Calculation

Line No	Item	\$	
1	Wastewater system value*, \$ millions	\$487.78	
2	Existing and future capacity, mgd	28.0	
3	Unit cost of capacity, \$ per gpd (Line 1/Line 2)	\$17.42	
4	Residential Contributed Flow, gpd	188	
5	Calculated connection fee (Line 3 x Line 4)		\$3,281

*Includes planned growth projects including potential North Water Reclamation Facility or capacity increases for the existing Water Reclamation Facility

Current fees

Typical single family home example

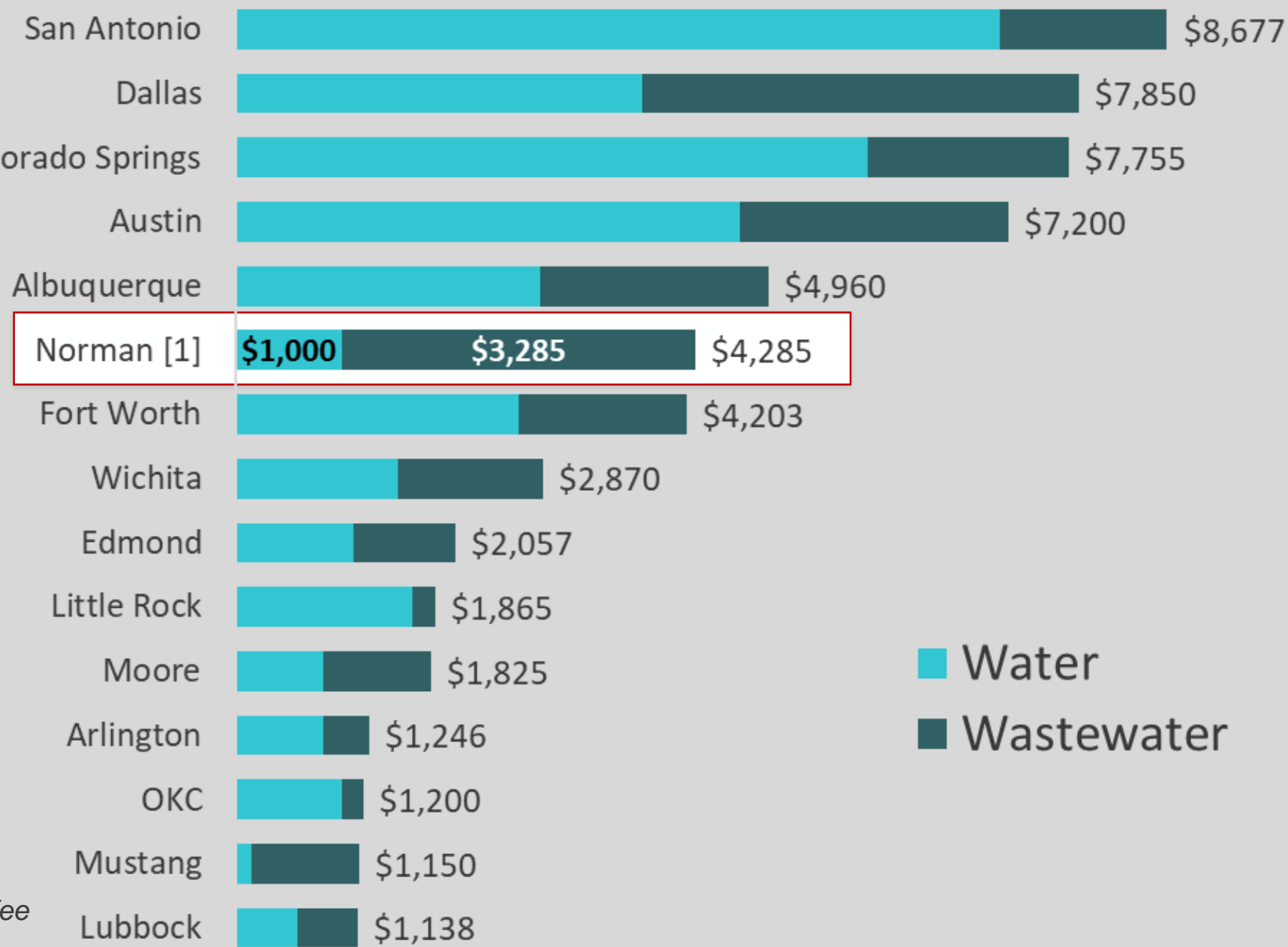
3/4" water meter, 2,280 sq ft dwelling unit

Item	\$	
3/4" Meter		\$275
Excise Tax		
First 1,200 sq ft	\$850	
Next 1,080 sq ft (\$2.00 x 1,080 sq ft)	<u>\$2,160</u>	
Total Excise Tax		<u>\$3,010</u>
Total Wastewater Connection Fee		\$3,285

Comparison

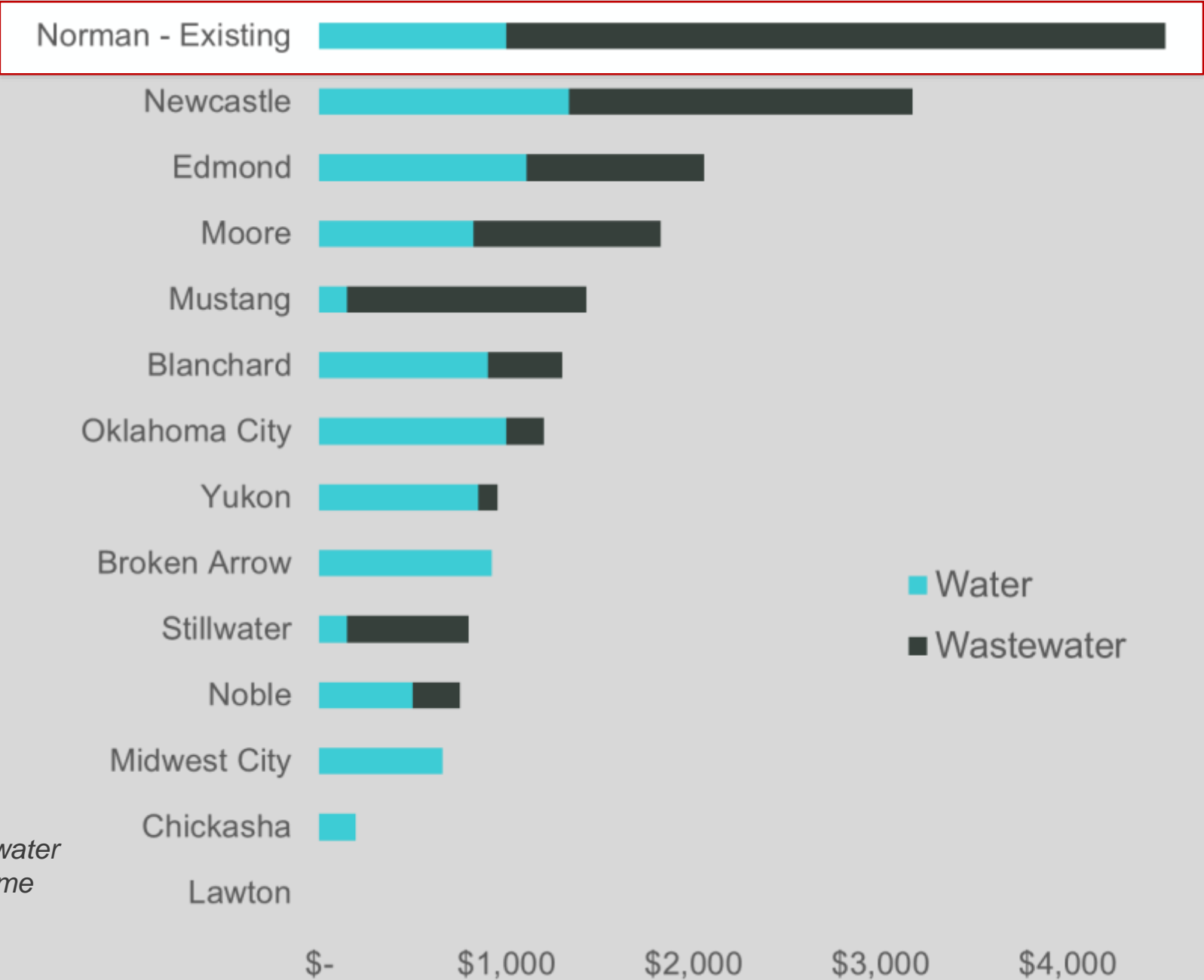
- Calculated Combined Fee \$3,281
- Current Combined Fee (2,280 SF) \$3,285
- **Recommendation – No change to wastewater fees**

Water and wastewater connection fee survey



[1] Includes wastewater excise tax fee

Local Water and wastewater connection fee survey



*Norman – Existing includes wastewater
excise tax based on 2,400 sq ft home*

Compiled by City Staff

Thank You

