

# Water & Sewer Connection Fee Analysis

McKinleyville CSD

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# What we'll cover today

- Project Overview
- What is a capacity fee?
- What does the capacity fee cover?
- Why the increase is needed?
- How are connection fees calculated?
- Cost projections
- Local comparisons

# Project Overview

## Background

- Water capacity fee, set in 1991, \$154 per ERU
- Wastewater capacity fee, set in 1999, \$1,761 per ERU
- Fees have not been updated to reflect additional capital needs

## Purpose

- To identify appropriate fee levels for maximum cost recovery

## Implications

- Do not adequately fund previous project debt service, reflect updated system demands, and/or needs for expanded or additional facilities
- Maintaining the low rates for new development has been offset by the rates charged to current users.

# What Does the Capacity Fee Cover?

- Cost to serve new development
- Wastewater treatment
- Water resources
- Water & sewer infrastructure
  - Storage
  - Pipelines
  - Facilities

# Why the Increase is Needed?

- Current fees do not:
  - Adequately fund previous project debt service
  - Reflect updated system demands
  - Cover needs for expanded or additional facilities
- Would prevent existing rate payers from incurring the cost
- Prevents reduced levels of service

# How is the Capacity Fee calculated?

- To equitably and fairly allocate costs, one of two methodologies are used:
  1. Buy-In Methodology - used when existing components have excess capacity available
  2. Plan-Based Methodology – Allocates future costs related to the District's Capital Improvement Plan (CIP) via a growth and existing needs basis

# Capacity Fee Cost Components

- **Water**

- Resources
- Storage
- Distribution
- Planning and Study Efforts

- **Wastewater**

- Treatment
- Interceptors
- Collection lines
- Planning and Study Efforts

- **Joint Costs**



# Cost by Component

## Water Demand and Cost Summary

Demand Summary		Factors	
Annual Residential Consumption (hcf)		439,909	
Annual Residential Consumption (gallons)		329,051,932	
Residential Accounts		4,658	
<b>Daily Residential Consumption (gallons)</b>		<b>194</b>	
Average Month Consumption		36,659	
Max Month Consumption		57,666	
<b>Residential Peaking Factor</b>		<b>1.6</b>	
<b>Gallons per Peak day per Single Family Connection</b>		<b>310</b>	
Water Component Cost Summary		Planned	Buy-in
Storage		\$1.98	
Distribution		\$2.76	\$1.69
<b>Net Capital Cost per Gallon of Capacity</b>		<b>\$6.42</b>	
Joint Costs (per connection)		\$189.34	
<b>Net Capital Cost per Connection</b>		<b>\$189.34</b>	

## Sewer Demand and Cost Summary

Demand Summary		Factors	
Gallon per Peak day per Single Family Connection		310	
Percentage of Water Returned to Sewer System		76%	
Gallons per Peak day per Single Family Connection		235	
Sewer Cost Summary		Planned	Buy-in
Treatment		\$8.04	\$9.21
Interceptors		\$0.44	\$0.00
Collection Lines		\$1.97	\$0.00
Planning and Study Efforts		\$0.11	\$0.00
<b>Net Capital Cost per Gallon of Capacity</b>		<b>\$19.76</b>	
Joint Costs (per connection)		\$189.34	
<b>Net Capital Cost per Connection</b>		<b>\$189.34</b>	



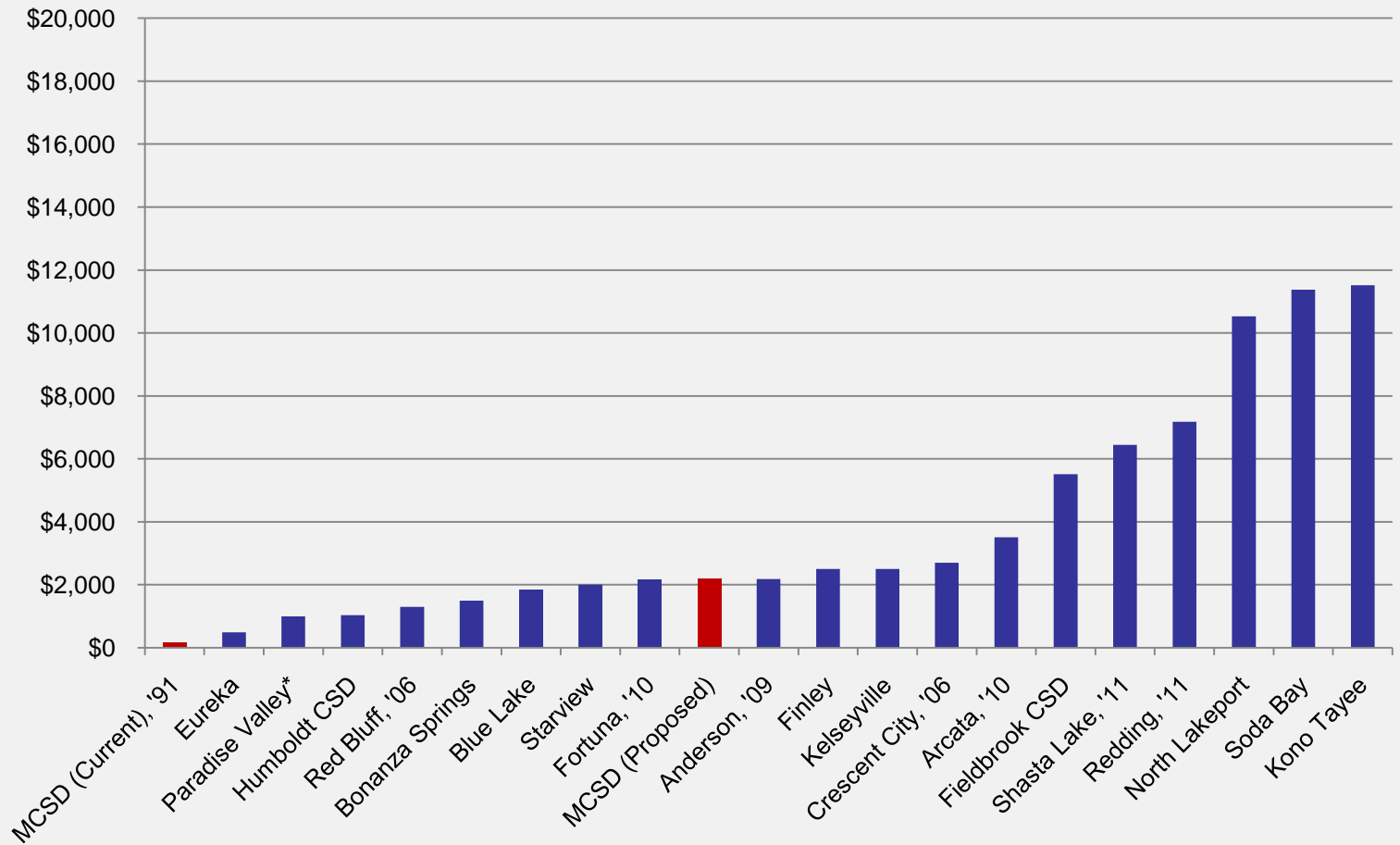
# Proposed Water Capacity Fees

			Component Unit Cost	\$1.98	\$189.34	
			Component Mutliplier	310	1	
Water Meter			Joint Costs			
Size	GPM	Capacity Ratio	Storage	(per account)	Total	
5/8"	20	1.0	\$ 613	\$ 189.34	\$ 2,180	
3/4"	30	1.5	919	189.34	3,176	
1"	50	2.5	1,532	189.34	5,167	
1 1/2"	100	5.0	3,064	189.34	10,145	
2"	160	8.0	4,902	189.34	16,118	
3"	300	15.0	9,191	189.34	30,056	
4"	500	25.0	15,318	189.34	49,967	
6"	1000	50.0	30,636	189.34	99,744	
8"	1600	80.0	49,017	189.34	159,476	
10"	2300	115.0	70,463	189.34	229,164	

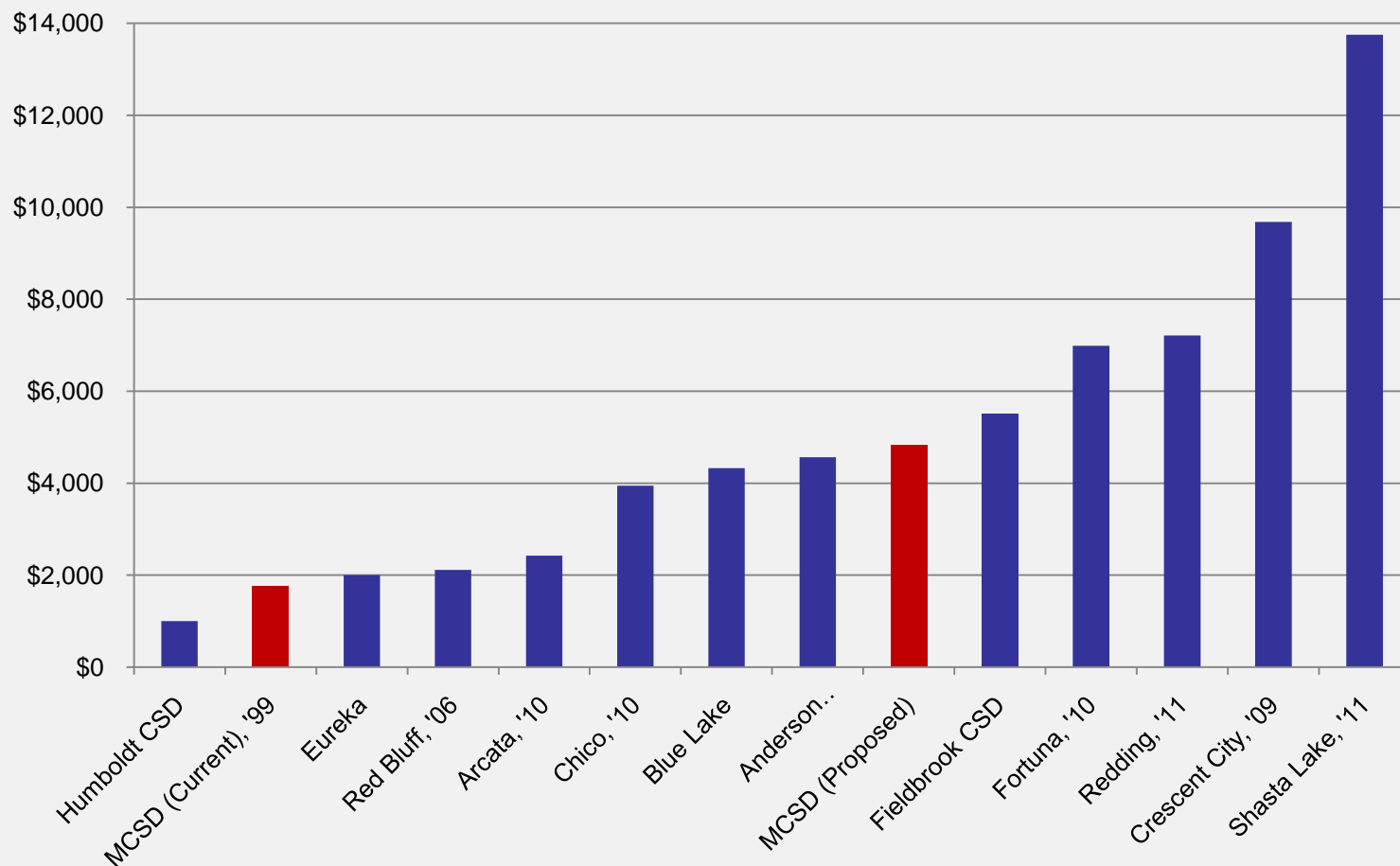
# Proposed Wastewater Capacity Fees

<b>Component Unit Cost</b>	\$17.24	\$0.44	\$1.97	\$0.11	\$189.34	
<b>Component Mutliplier</b>	235	235	235	235	1	
	<b>Treatment</b>	<b>Interceptor</b>	<b>Collection</b>	<b>Planning and Study Efforts</b>	<b>Joint Costs (per account)</b>	<b>Total</b>
1 ERU	\$ 4,052	\$ 102	\$ 464	\$ 26	\$ 189	<b>\$ 4,834</b>

# Single Family – Water Comparison



# Single Family – Wastewater Comparison



# Questions & Answers