



City of Norman

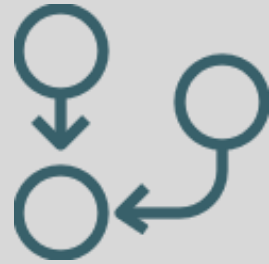
Water and Wastewater connection fee update

February 21, 2022





Connection fee definition



Methodologies/approach

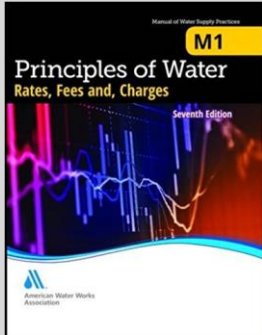


Findings

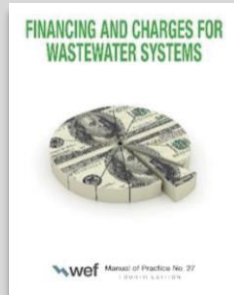


Local survey

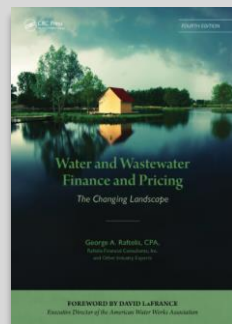
Guided by industry-standard financial planning and rate-setting approaches



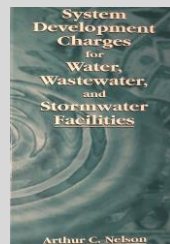
American Water Works Association,
Manual M-1, Principles of Rates, Fees, and Charges



Water Environment Federation
Financing and Charges for Wastewater Systems



Raftelis Financial Consultants
Water and Wastewater Finance and Pricing



Arthur C. Nelson
System Development Charges for Water, Wastewater, and
Stormwater Facilities

What are connection fees?

- One-time charge
- Required of all new customers for their share of capacity or existing customers requesting increases to capacity
- Based on the value (\$) of the utility's capacity and the amount of capacity needed by the new customer
- Can be used to pay debt service that was used to expand or improve facilities

What are connection fees?

- Fee represents cost to reserve capacity in system backbone and supporting facilities
 - Water treatment plant
 - Wastewater treatment plant
 - Wells
 - Force and large gravity mains
 - Transmission mains
 - Lift stations
 - Pump stations
 - Storage
- Balances equity between existing and new customers
- Reasonably tied to impact of new development

What are connection fees?

- 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

Connection fee methodologies



Buy In

- Capacity available
- New customer buys into existing system
- Facilities valued at today's replacement cost



Incremental

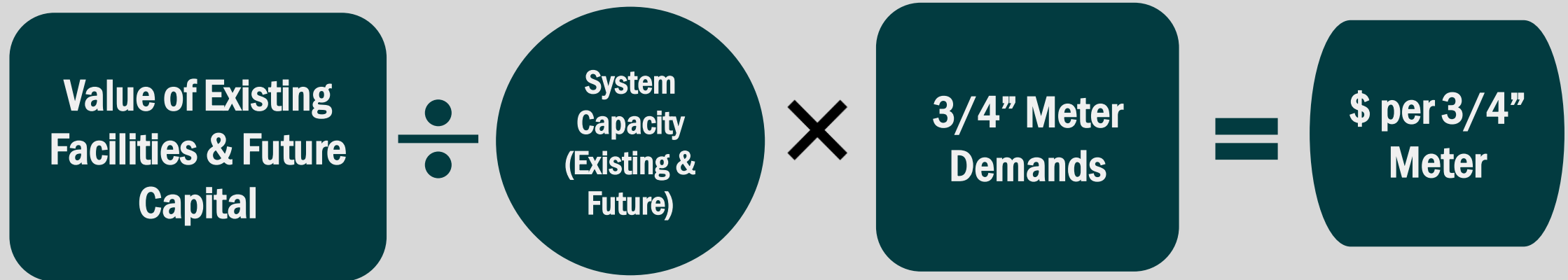
- Capacity needed for growth
- Existing system has little or no capacity for growth



Hybrid

- Capacity available and future capacity needed
- Considers existing and new facilities to serve new development

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

City of Norman Water Distribution System

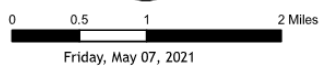
**OKC
Wholesale
Connection**

**Groundwater Supply
System**

**Vernon Campbell
WTP**

- Total Coliform Sample Site
- Combined Point Of Entry (POE) Well
- Groundwater Point of Entry (POE) Well
- Inactive Well Sites
- ★ New Wells
- Storage Facility
- ▲ Oklahoma City Connection
- ▲ Combined Point Of Entry
- ▲ Treatment Location
- Farthest East Customers (June 2019)
- Promised Taps
- Water Mains
- High Pressure Plane

- Water Source Zones
- Treatment Plant
- Groundwater
- Mixed Waters
- Oklahoma City



Combined Point of Entry Details:

POE02 - Wells #35, #36, & #37
 POE03 - Well #5 & 1MG Clear Well
 POE04 - Wells #54, #59, #60, & #61



Map produced by the City of Norman Geographic Information System. The City of Norman assumes no responsibility for errors or omissions in the information presented.

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 fee alternatives calculation summary

Line No	Item	Alt 1: Augmentation	Alt 2: OKC	Alt. 3 Wells
1	Water system value [1], \$ millions	\$268.7	\$169.7	\$181.7
2	Existing and future capacity, mgd	33.0	33.0	33.0
3	Unit cost of capacity, \$ per gpd (Line 1/Line 2)	\$8.14	\$5.14	\$5.51
4	Residential Contributed Flow, gpd	391	391	391
5	Calculated connection fee (Line 3 x Line 4)	\$3,180	\$2,010	\$2,150

[1] Water system value is net of developer contributions and existing outstanding principal on debt.

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

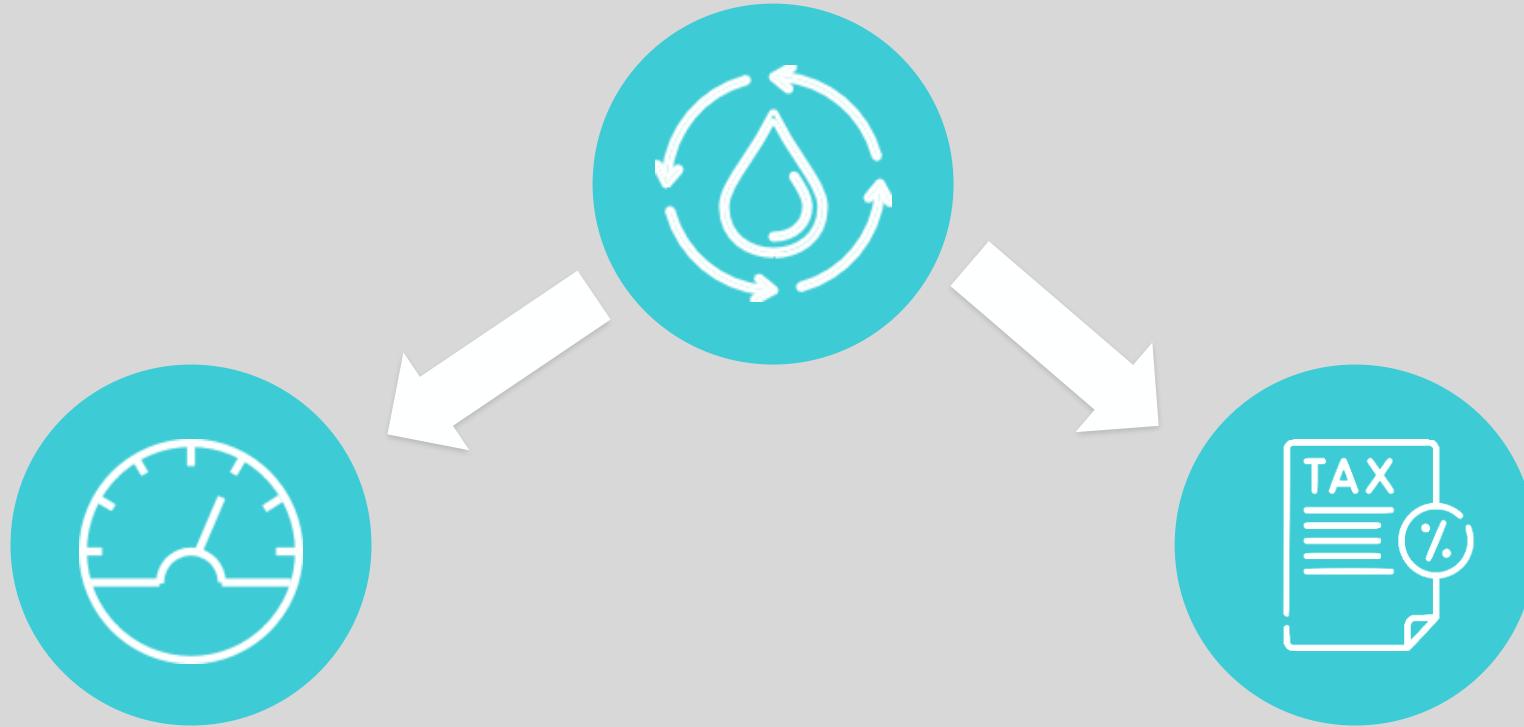


\$2,150

Wastewater Connection Fees



Wastewater connection fees consist of two components



Fee
Based on Meter Size

Excise Tax
Residential - Dwelling Unit SF
Non-Residential – Emp. and Flows

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

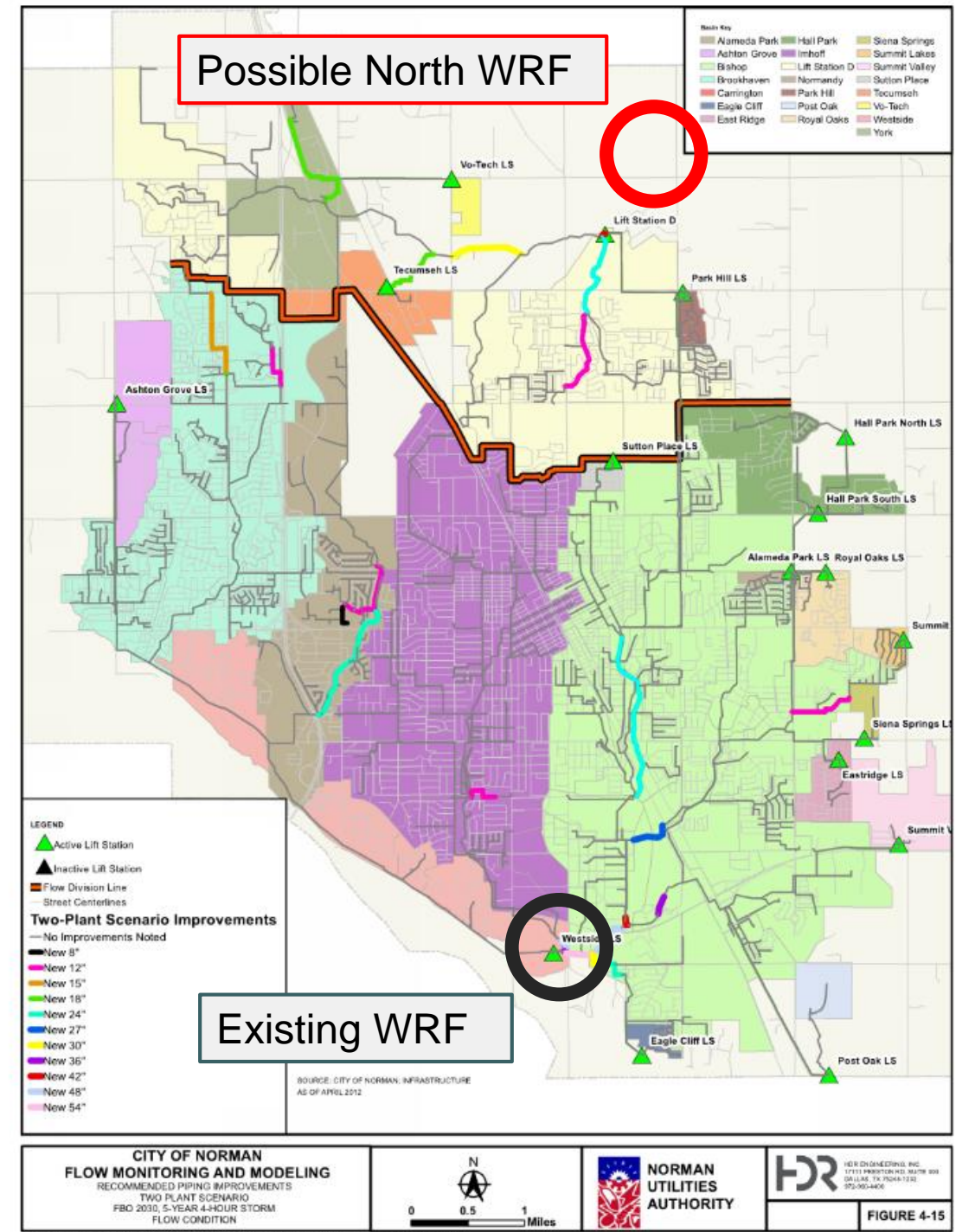
Non-Residential	Excise Tax
Per Employee	\$115
Per Gallon of Estimated Flow per Day	\$4.00

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

Wastewater System Map

- WRF History
 - › 2001 – WRF Expanded from 10 - 12 MGD
 - › 2013 – Modification to Lift Station D as headworks for possible North WRF
 - › 2018 – WRF Expanded from 12 – 17 MGD
- Connection fee **INCLUDES** possible North WRF



Wastewater 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 wastewater 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

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

**Calculated
Combined
Fee**



\$3,281

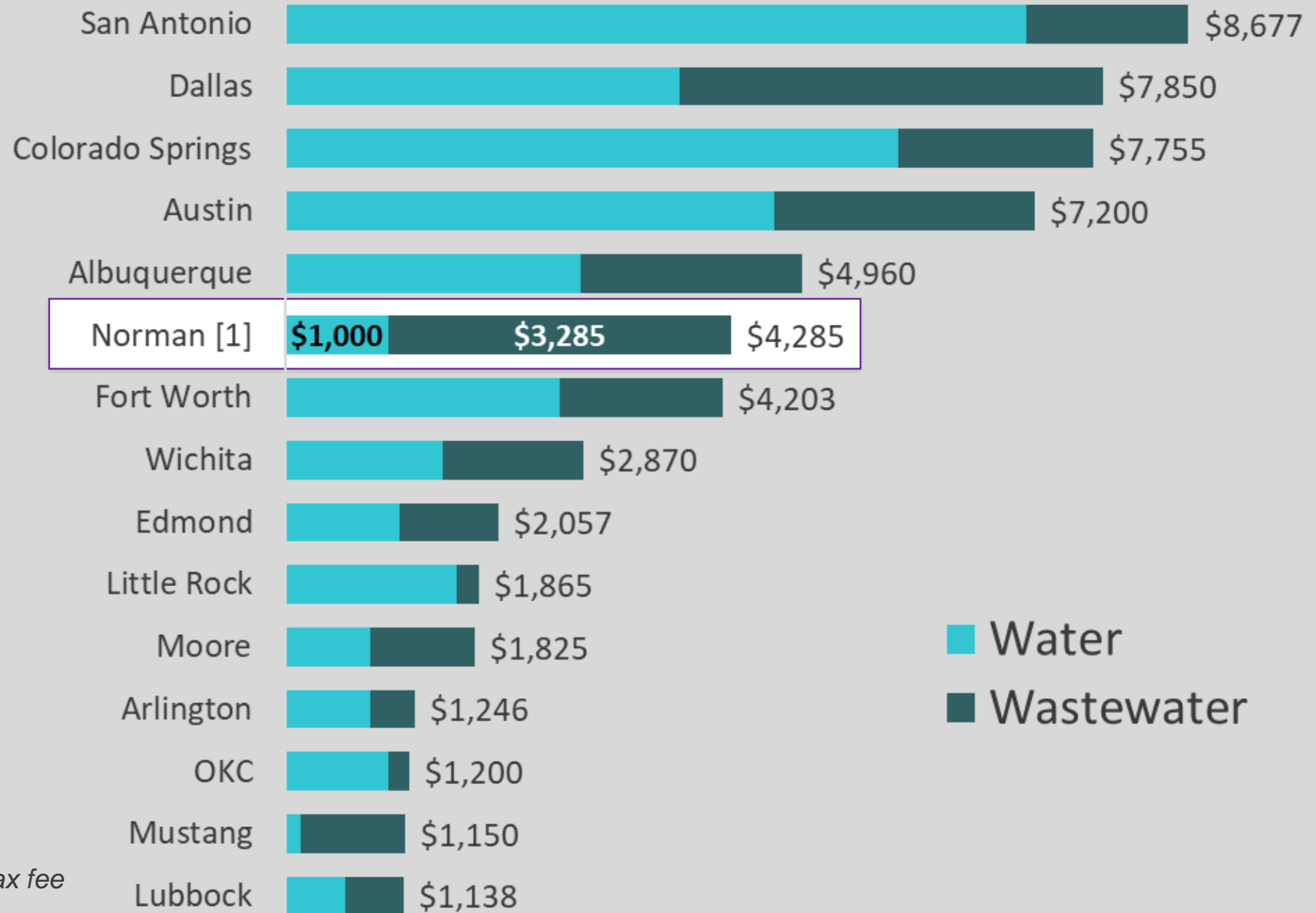
**Current
Combined
Fee**



\$3,285

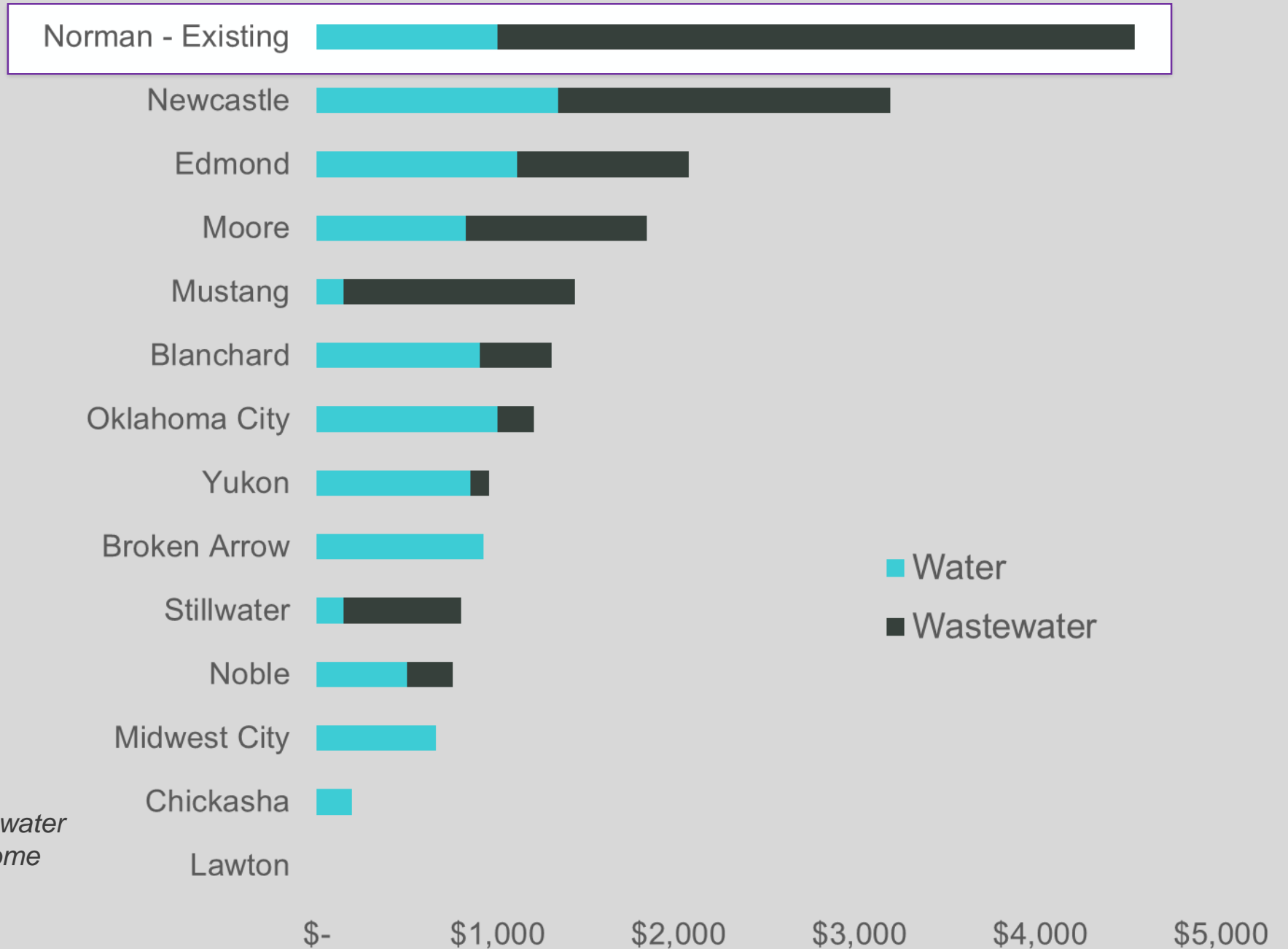
Recommendation: No Change to Fee

Water and wastewater connection fee survey



[1] Includes wastewater excise tax fee

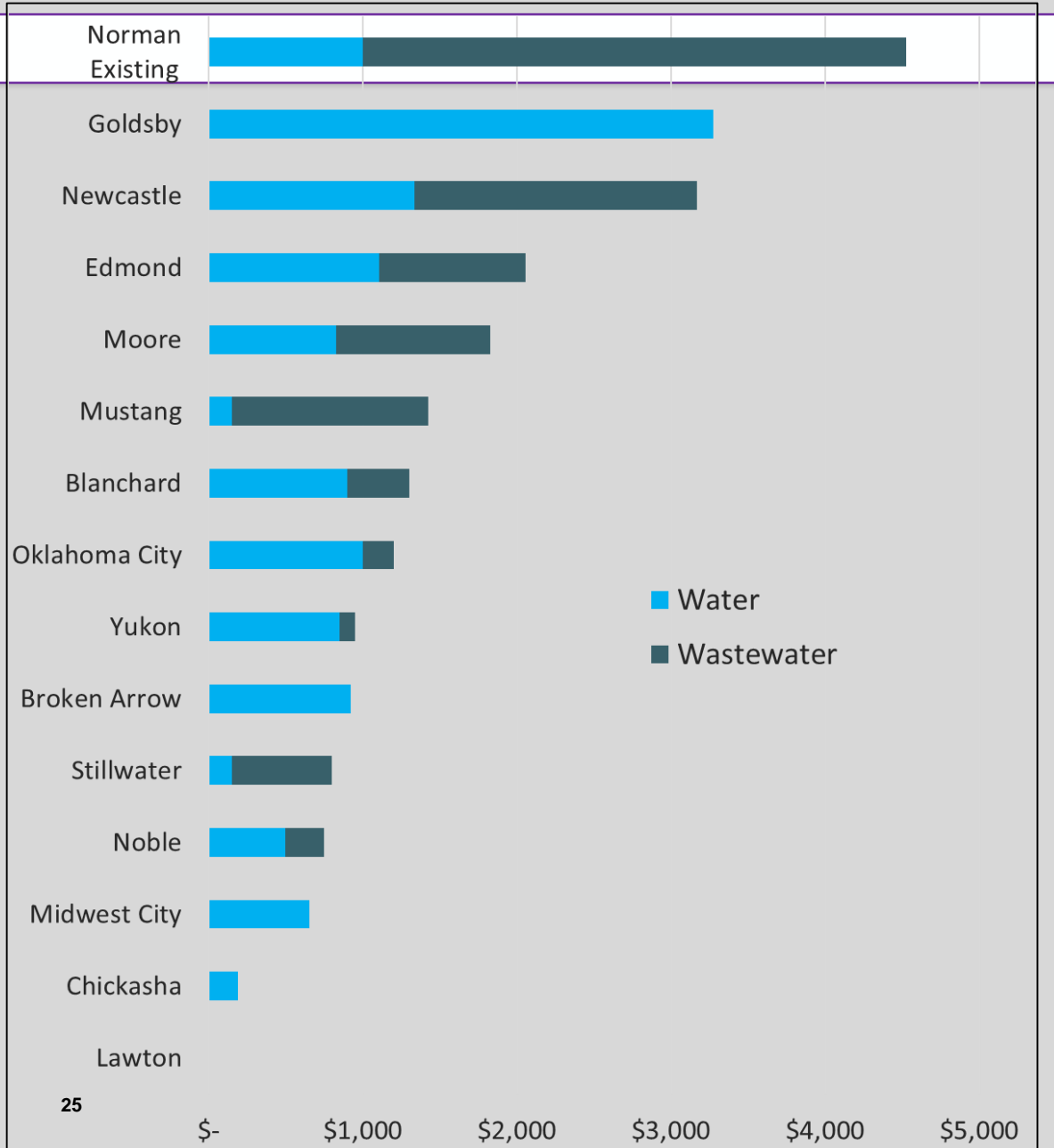
Local Water and wastewater connection fee survey



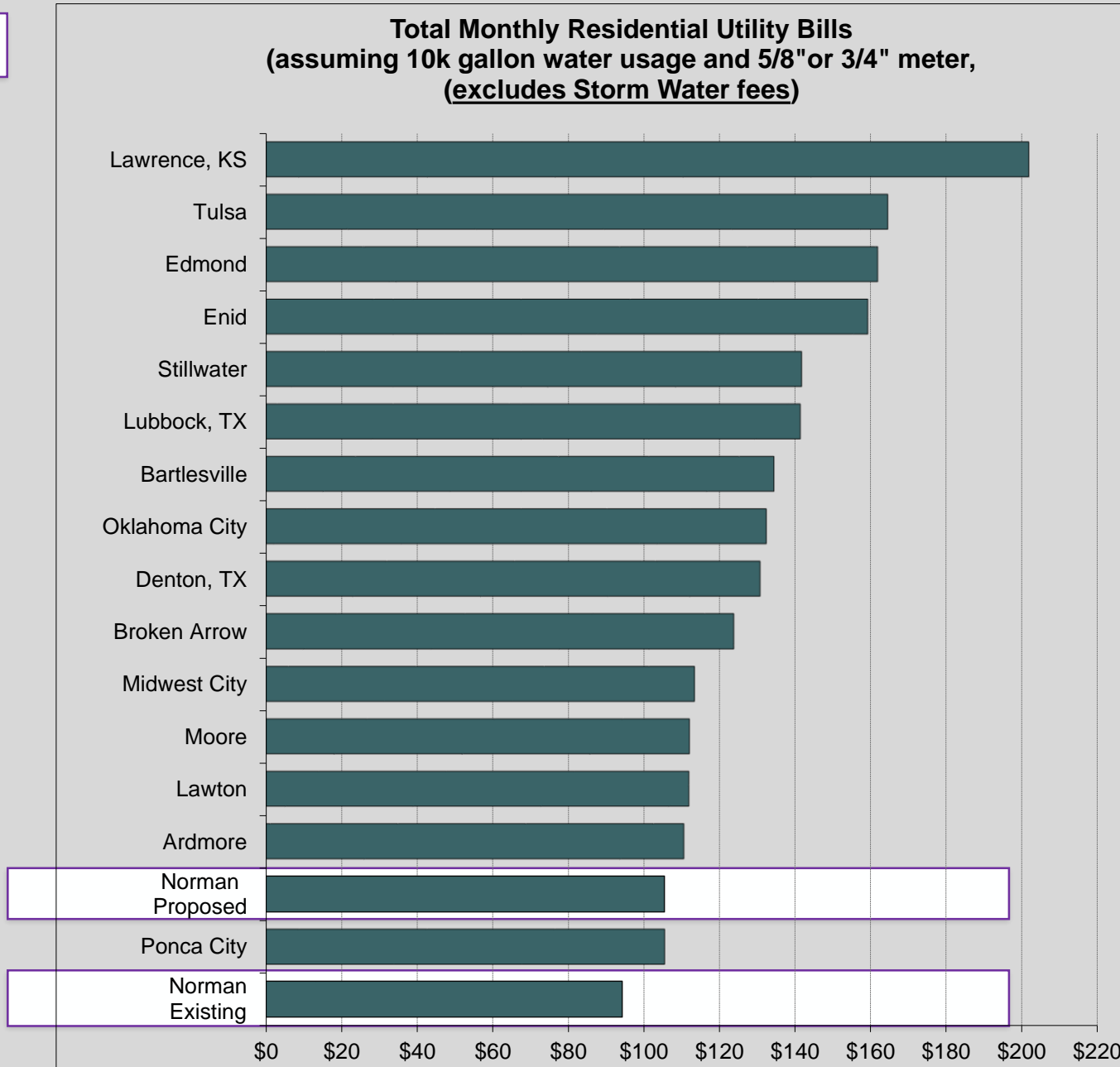
Norman – Existing includes wastewater excise tax based on 2,400 sq ft home

Compiled by City Staff

Connection Fee Survey



Monthly Bill Survey



Thank You

