



CITY OF NORMAN, OK CITY COUNCIL CONFERENCE

Municipal Building, Council Chambers, 201 West Gray, Norman, OK 73069
Tuesday, January 25, 2022 at 5:00 PM

AGENDA

It is the policy of the City of Norman that no person or groups of persons shall on the grounds of race, color, religion, ancestry, national origin, age, place of birth, sex, sexual orientation, gender identity or expression, familial status, marital status, including marriage to a person of the same sex, disability, retaliation, or genetic information, be excluded from participation in, be denied the benefits of, or otherwise subjected to discrimination in employment activities or in all programs, services, or activities administered by the City, its recipients, sub-recipients, and contractors. In the event of any comments, complaints, modifications, accommodations, alternative formats, and auxiliary aids and services regarding accessibility or inclusion, please contact the ADA Technician at 405-366-5424, Relay Service: 711. To better serve you, five (5) business days' advance notice is preferred.

CALL TO ORDER

AGENDA ITEMS

1. DISCUSSION REGARDING UTILITY CONNECTION FEES.

ADJOURNMENT



City of Norman

Water Connection Fee and Financial Plan Update

January 25, 2022



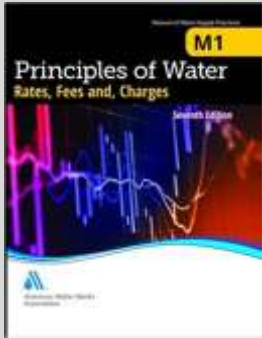


Water
Connection
Fees



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

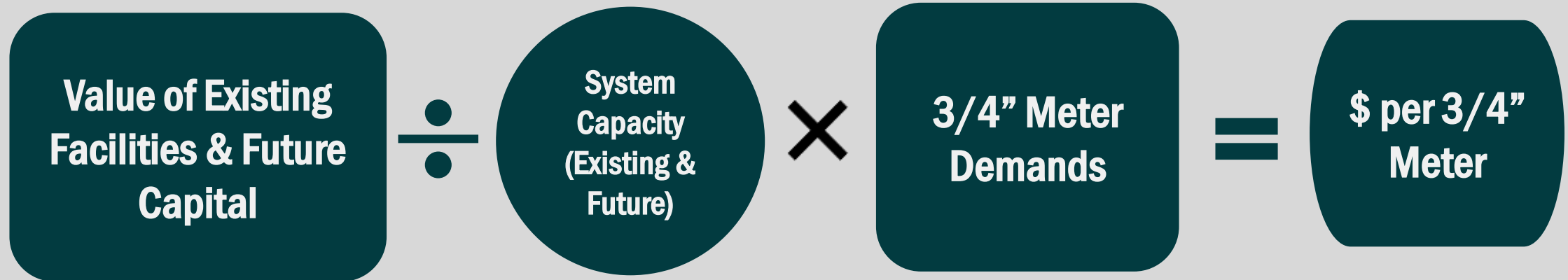
- Compliant with State Statutes – Title 62, §62-895. Municipal development fees
- Reasonably tied to impact of new development
- Assessed in proportion to impact
- May not be used to fund repairs

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

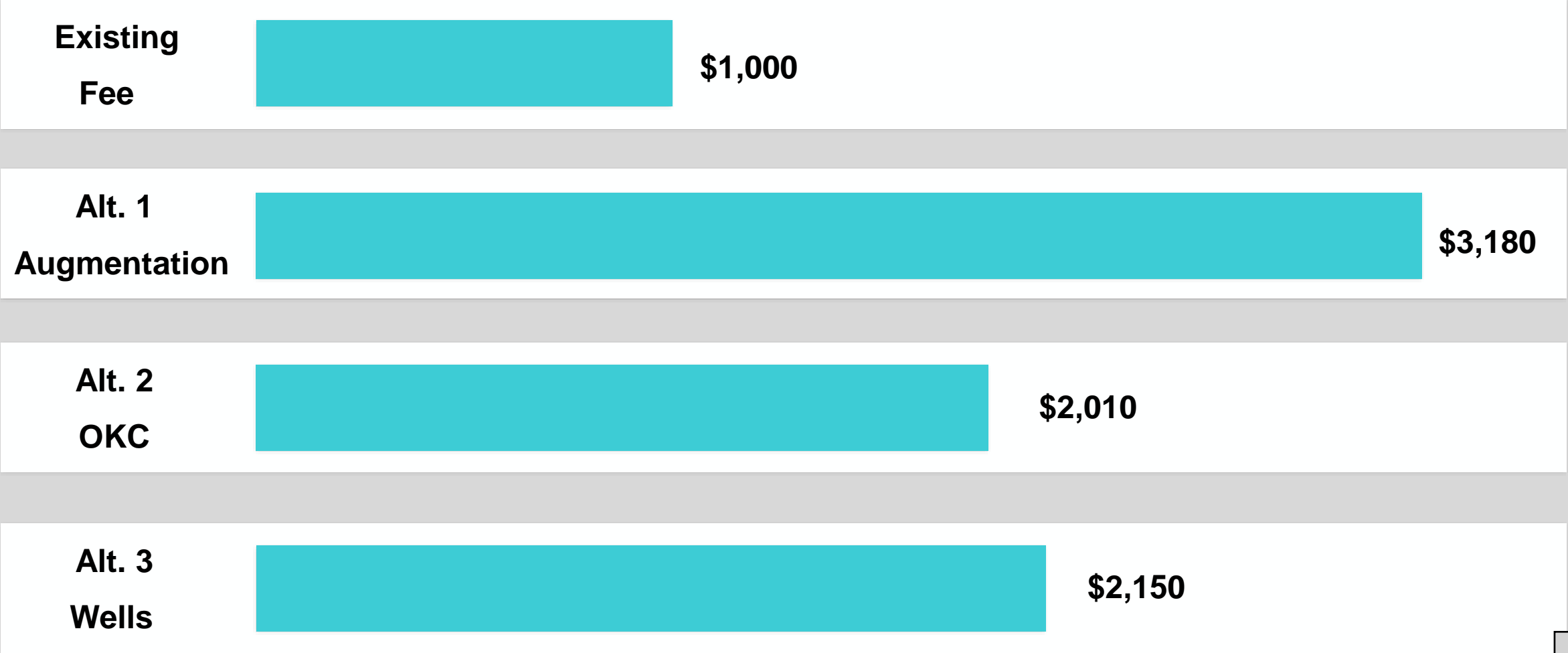


Meter Size (inches)	Fee
3/4"	\$1,000.00
1"	\$1,667.00
1 1/2"	\$3,333.00
2"	\$6,667.00
3"	\$14,667.00
4"	\$28,000.50
6"	\$57,667.00

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



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

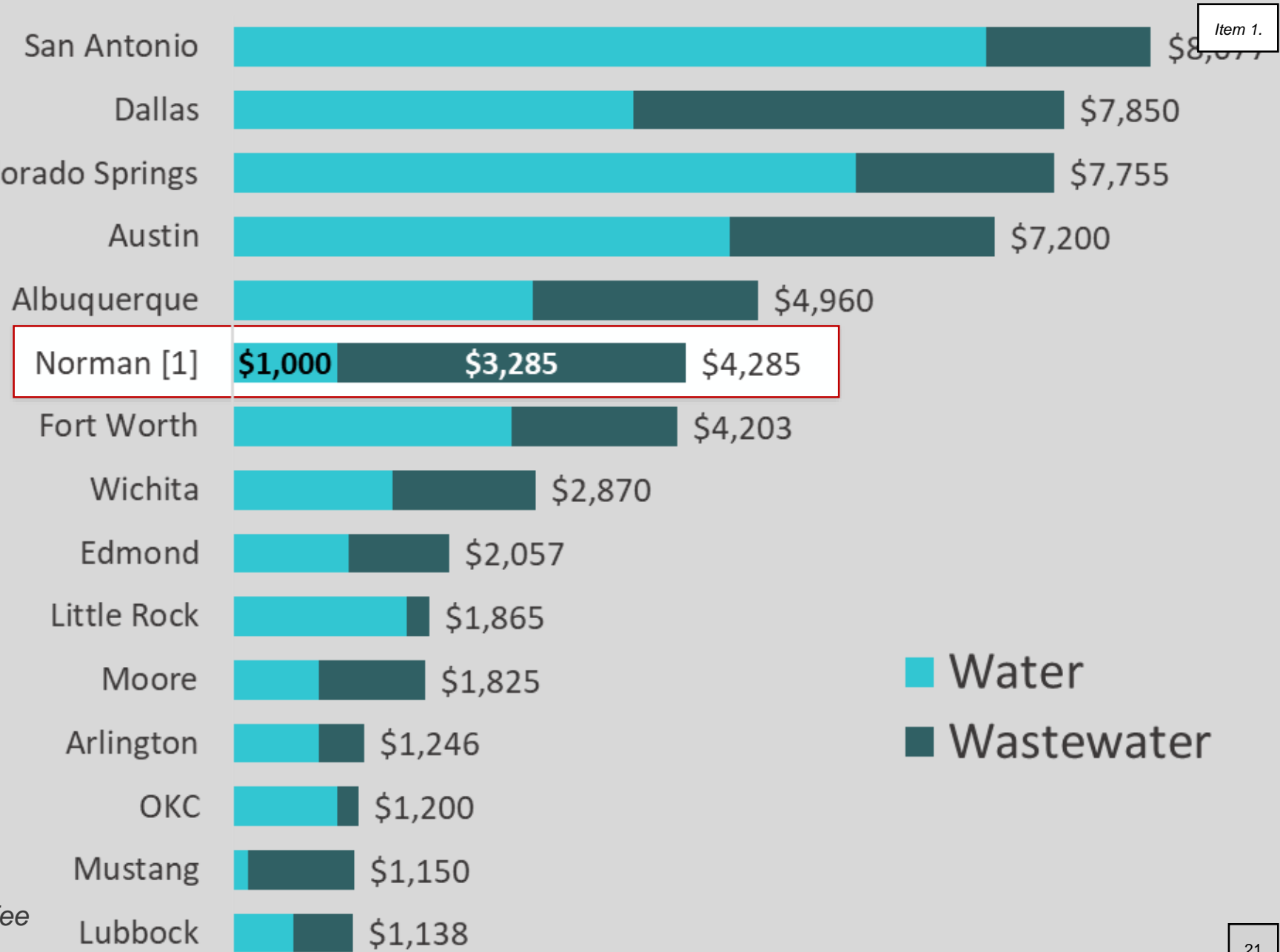
3/4” water meter, 2,280 sq ft dwelling unit

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

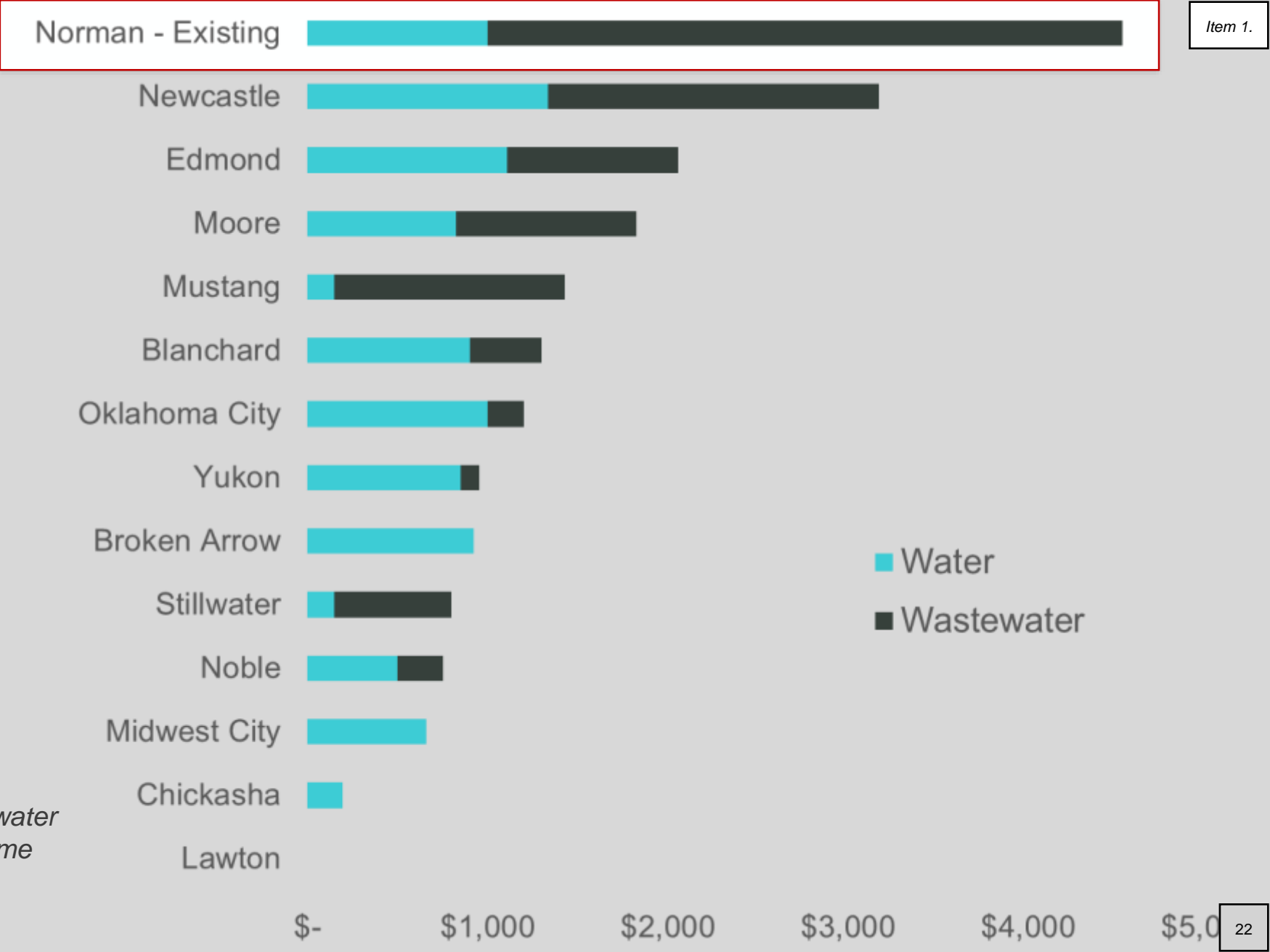


[1] Includes wastewater excise tax fee

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

