



Life's Just Better Here

COMMISSION AGENDA REPORT

MEETING DATE: Tuesday, June 28, 2022

From: Roberta Moore, Community Development Services Director

Prepared by: Roberta Moore, Community Development Services Director

- (a) **Subject: Ordinance No. 2022-011:** (Community Development Services)
AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF WILTON MANORS, FLORIDA, AMENDING CHAPTER 20, "UTILITIES," BY AMENDING ARTICLE II, "WATER," PROVIDING FOR NEW WATER CONNECTION FEES AT INITIAL CONNECTION; AMENDING ARTICLE III, "SEWERS," PROVIDING FOR UPDATED SEWER CONNECTION FEES AT INITIAL CONNECTION; PROVIDING FOR CONFLICTS; PROVIDING FOR CODIFICATION; PROVIDING FOR SEVERABILITY; PROVIDING FOR AN EFFECTIVE DATE.
- (b) **City Manager Recommendation:** Recommend adoption of the Ordinance.
- (c) **Report In Brief:** Approval of Ordinance Number 2022-011 amends Chapter 20 of the City of Wilton Manors ("City") Code of Ordinances entitled "Utilities" by providing for a new water connection fee at the time of initial connection and provides for an updated sewer connection fee at the initial connection.
- (d) **Discussion:**

Resolution No. 2021-013 entered into an Agreement for Consulting Services with Raftelis Financial Consultants, Inc. ("Consultant") to review and evaluate the City of Wilton Manors existing development impact fees and connection fees. The City currently collects the following development impact fees and connection fees:

- Affordable Housing
- Parks and Recreation
- Public Safety
 - o Police
 - o Fire
- Sewer

As part of the Impact Fee Study, the Consultant updated the current development impact fees, sewer connection fee as well as identified new impact fees and connection fees that include

general government, water, and library impact fees.

The Impact Fee Study and the Utility Connection Fees Study includes the methodology and fee assessment schedules necessary for the City to establish and defend the proposed impact fees and utility connection fees.

The Consultant has reviewed and updated the City's existing sewer connection fee and calculated a water connection fee. Connection fees are important sources for utilities to fund infrastructure costs related to growth. The City currently charges a sewer connection fee for new development but does not charge a water connection fee. The connection fee for sewer provides funding for the transmission system that ultimately carries wastewater to Fort Lauderdale for treatment purposes. Several upgrade and capacity enhancement projects for the sewer transmission system have been identified to upgrade and provide additional capacity for the primary water mains in the City. The Utility Connection Fees Study recommends the City implement a water connection fee to collect funds from new development and redevelopment to defray the cost of improvements related to upgrade and expansion.

The Florida Impact Fee Act was updated and amended in 2019 to clarify that Section 163.31801, Florida Statutes, does not apply to water and sewer connection fees.

- (e) **Strategic Plan Consistency:** Goal A. Advance Infrastructure Improvements and Goal E. Exhibit Fiscal Responsibility.
- (f) **Concurrences:**
- (g) **Fiscal Impact:**
- (h) **Alternatives:**
- (i) **Attachments:** 1. 2022-011 ORD Connection Charge (00520009xC4B6A)
2. 2022 Wilton Manors Connection Fee Report - Final

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ORDINANCE NO. 2022-011

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF WILTON MANORS, FLORIDA, AMENDING CHAPTER 20, "UTILITIES," BY AMENDING ARTICLE II, "WATER," PROVIDING FOR NEW WATER CONNECTION FEES AT INITIAL CONNECTION; AMENDING ARTICLE III, "SEWERS," PROVIDING FOR UPDATED SEWER CONNECTION FEES AT INITIAL CONNECTION; PROVIDING FOR CONFLICTS; PROVIDING FOR CODIFICATION; PROVIDING FOR SEVERABILITY; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, Chapter 20 of the Code of Ordinances of the City of Wilton Manors relates to the regulation of utilities, including, but not limited to, water and sewer facilities within the City of Wilton Manors; and

WHEREAS, in 2022, Raftelis Financial Consultants, Inc. prepared a 2022 Utility Connection Fee Study for the City of Wilton Manors, said Study dated May 19, 2022 ("Study"); and

WHEREAS, the Study was presented to the City Commission of the City of Wilton Manors at its meeting of June 28, 2022; and

WHEREAS, based upon the Study, the City Commission finds that it is necessary to impose water connection charges and sewer connection charges, at the time of building permit application submittal, on development that has not yet received a certificate of occupancy or has not passed final inspection, in the City of Wilton Manors to help defray or reimburse the City for all or a portion of the costs to be incurred by the City for public water and sewer facilities serving the development, and which results from the development's impact on the existing water and sanitary sewerage facilities; and

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1 **WHEREAS**, development that has not yet received a certificate of occupancy or passed
2 final inspection, in the City of Wilton Manors will significantly impact existing water and sewer
3 utilities, causing excessive demands on such utilities, and necessitating the expansion and upgrading
4 of the water and sewer facilities to accommodate impact resulting from the development; and

5 **WHEREAS**, the water transmission system of the City must be capable to receive and
6 handle water from the water supply and distribute throughout the City to all customers, which has
7 significant capital costs involved in providing, improving, and upgrading the transmission facilities;
8 and

9 **WHEREAS**, the sanitary sewer system of the City must be capable to handle the
10 wastewater flow throughout the City to the G.T. Lohmeyer Sanitary Wastewater Facility, which
11 processes and disposes of the sewer waste generated in the City; and

12 **WHEREAS**, based upon such recommendations and pursuant to its general police power,
13 the City Commission of the City of Wilton Manors has determined that it would be in the best
14 interests of health, safety, and general welfare of the City, its residents, and citizens, to amend
15 Chapter 20 of the Code to provide for water connection charges and to update sewer connection
16 charges; and

17 **NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE**
18 **CITY OF WILTON MANORS, FLORIDA, THAT:**

19 **Section 1.** The foregoing "WHEREAS" clauses are hereby ratified and confirmed as
20 being true and correct and are incorporated herein by this reference.

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1 **Section 2.** Chapter 20 "Utilities," Article II "Water" of the City of Wilton Manors Code
2 of Ordinances, thereof, be, and the same is hereby amended to revise Section 20-2, as follows:

3 *Connection charge* shall mean a charge which a developer is required to pay for the
4 privilege of connecting to an overall City utility system. There may be a separate connection charge
5 for each system, as described in the appropriate Article of this Chapter. The connection charge is a
6 reimbursement to the City for the developer's share of the costs incurred by the City in providing
7 the major portions of the overall system, as identified by a water and/or sewer capacity study.
8 ~~Connection charges shall be paid at the time a property first connects to the City's utility systems.~~
9 ~~In most cases, these will be one-time charges.~~ However, if a property owner subsequently applies
10 for a building permit for new or altered construction of their property, there may be additional
11 connection charges associated with the additional impact on the utility. At the time of application
12 for a permit for a new or altered building, the City shall compute what the total connection charges
13 would be if the new or altered property were applying for initial connections to the systems. If the
14 computed charges are higher than the charge established for the existing development due to
15 additional impact on the utility, then the property owner shall be required to pay additional
16 connection charges, equal to the difference.

17 **Section 3.** Chapter 20 "Utilities," Article II "Water" of the City of Wilton Manors Code
18 of Ordinances, thereof, be, and the same is hereby amended to revise Section 20-21, as follows:

19 **Sec. 20-21. Charges at initial connection to Ceity water system.**
20

21 The following one-time water charges shall be paid by a developer at the time of building
22 permit application submittal issuance ~~of the certificate of occupancy or temporary certificate of~~

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1 ~~occupancy, whichever first occurs~~, or by any person securing water from the City water system,
2 including turn-ons or old connections.

3
4 (1) Water construction charge. As established by one (1) or more prior developer's
5 agreements related to subportions of the water system to serve the current development.

6
7 (2) Reimbursement of City costs. City costs shall be reimbursed if the City constructs any
8 facilities specifically to serve the development. See Sections 20-3 through 20-5.

9
10 (3) Water tapping charge pursuant to Section 20-36.

11
12 (4) Water connection charge. The water connection charge shall be equal to six hundred
13 ninety-six dollars (\$696.00) per ERC, as defined in Section 20-2 of this Code.

14
15 a. For commercial or industrial development, the water connection charge shall be
16 determined by the City based on the additional impact caused by the development to the
17 capacity of the City water system. The standard calculation for additional impact shall
18 be based on the number of Fixture Units, with a Single Family Residence of 1.0 ERC
19 being equal to 20 Fixture Units (minimum of 1.0 ERC for new commercial and
20 industrial development). If the commercial or industrial project reflects redevelopment,
21 the incremental increase in Fixture Units will be charged for the water connection
22 charges. If an additional impact on the capacity of the City water system is found based
23 on other methods, including but not limited to estimated average use based on other
24 similar developments or requests for certain capacity amounts by the development, such
25 water connection charge shall be determined by the City, with the developer to pay
26 developer's share of the cost of providing for additional capacity to the water system.
27

28 **Section 4.** Chapter 20 "Utilities," Article III "Sewers", Section 20-68, "Charges at
29 Initial Connection to City Sewer System," of the City of Wilton Manors Code of Ordinances,
30 thereof, be, and the same is hereby amended as follows:

31 **Sec. 20-68. Charges at initial connection to City sewer system.**

32 (a) The following one-time sewer charges shall be paid by a developer at the time of
33 ~~issuance of their certificate of occupancy or temporary certificate of occupancy or~~
34 ~~prior to final inspection approval if no certificate of occupancy is required~~ building
35 permit application submittal, or by an existing property owner at the time sewer
36 service first is made available to their property, whichever first occurs.

37 (1) *Sewer Connection Charge.* The sewer connection charge shall be

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1 equal to two thousand-seventy-five dollars ~~\$2,075.00~~ four hundred
2 forty-one dollars \$2,441.00 per ERC, as defined in Section 20-2 of
3 this Code.

4 (a) For commercial or industrial development, the sewer
5 connection charge shall be determined by the City based on the
6 additional impact caused by the development to the capacity of the
7 sewer system utility. The standard calculation for additional impact
8 shall be based on the number of Fixture Units, with a Single
9 Family Residence of 1.0 ERC being equal to 20 Fixture Units
10 (minimum of 1.0 ERC for new commercial and industrial
11 development). If the commercial or industrial project reflects
12 redevelopment, the incremental increase in Fixture Units will be
13 charged for the sewer connection charges. If an additional impact
14 on the capacity of the sewer system utility is found based on other
15 methods, including but not limited to estimated average use based
16 on other similar developments or requests for certain capacity
17 amounts by the development, ~~the proposed use and development,~~
18 such sewer connection charge shall be determined by the City,
19 with the developer to pay ~~their~~ developer's share of the cost of
20 providing for additional capacity to the sewer system. ~~The City and~~
21 ~~the developer shall enter into a developer's agreement in~~
22 ~~accordance with this section and this chapter, said developer's~~
23 ~~agreement to be approved by the City Commission.~~

24 (2) *Sewer Construction Charge.* As established by one or more prior
25 developer's agreements related to subportions of the sewer system
26 to serve the current development.

27 (3) *Reimbursement of City Costs.* If the City constructs any facilities
28 specifically to serve the development. See Sections 20-3 through
29 20-5 of this Code.

30 (4) *Sewer Tapping Charge.* For each sewer service lateral constructed
31 by the City to serve the property. For a service lateral larger than
32 eight (8) inches in diameter, the sewer tapping charge shall be
33 equal to the sum of all costs actually incurred by the City in
34 furnishing and installing the lateral. For sewer laterals eight inches
35 and smaller in diameter, the sewer tapping charge per lateral shall
36 be three dollars (\$3.00) per square foot of any paved surface that
37 has to be removed and restored, plus the following lump sump
38 based upon the diameter of the lateral:

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Diameter (Inches)	Sewer Tapping Charge
6"	\$300.00
8"	\$350.00

1 **Section 5: Codification.** It is the intention of the City Commission of the
2 City of Wilton Manors, and it is hereby ordained that the provisions of this Ordinance shall
3 become and be made a part of the Code and Ordinances of the City of Wilton Manors, Florida,
4 and that Sections of this Ordinance may be renumbered, re-lettered and the word “Ordinance”
5 may be changed to “Section,” “Article,” or such other word or phrase in order to accomplish
6 such intention.

7 **Section 6: Severability.** If any clause, section, or other part of this
8 Ordinance shall be held by any court of competent jurisdiction to be unconstitutional or invalid,
9 such unconstitutional or invalid part shall be considered as eliminated and in no way affecting
10 the validity of the other provisions of this Ordinance.

11 **Section 7: Conflicts.** That all Ordinances or parts of Ordinances,
12 Resolutions, or parts of Resolutions in conflict herewith, be and the same are repealed to the
13 extent of such conflict.

14 **Section 8. Effective Date.** That this Ordinance shall take effect immediately
15 upon adoption.

16 **PASSED ON FIRST READING BY THE CITY COMMISSION OF THE CITY OF**
17 **WILTON MANORS, FLORIDA, THIS ____ DAY OF JUNE, 2022.**
18

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1 PASSED AND ADOPTED ON SECOND AND FINAL READING BY THE CITY
2 COMMISSION OF THE CITY OF WILTON MANORS, FLORIDA THIS ____ DAY OF
3 _____, 2022.

4
5 CITY OF WILTON MANORS, FLORIDA

6
7
8 By: _____
9 SCOTT NEWTON, MAYOR

10
11 ATTEST: RECORD OF COMMISSION VOTE: 1ST
12 Reading

13
14
15 _____ MAYOR NEWTON _____
16 FAITH LOMBARDO VICE MAYOR ROLLI _____
17 CITY CLERK COMMISSIONER BRACCHI _____
18 COMMISSIONER CAPUTO _____
19 COMMISSIONER RESNICK _____

20
21 I HEREBY CERTIFY that I have
22 approved the form of this Ordinance.

23
24 /s/ Kerry L. Ezrol
25 KERRY L. EZROL, ESQ.
26 CITY ATTORNEY

27 RECORD OF COMMISSION VOTE: 2ND
28 Reading

29
30 MAYOR NEWTON _____
31 VICE MAYOR ROLLI _____
32 COMMISSIONER BRACCHI _____
33 COMMISSIONER CAPUTO _____
34 COMMISSIONER RESNICK _____

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City of
Wilton Manors

2022 Utility Connection Fees Study

May 19, 2022

May 19, 2022

Roberta Moore
Director of Community Development Services
City of Wilton Manors
2020 Wilton Drive
Wilton Manors, Florida 33305

Subject: 2022 Utility Connection Fee Study

Enclosed is the 2022 utility connection fee (capital charges) report for your use and reference. The attached report includes an executive summary followed by technical sections regarding the calculation of both the water and sewer connection fees and additional background information. If you should have any questions please do not hesitate to contact me. We appreciate the opportunity to work with you and the City on this important project.

Respectfully Submitted,

Raftelis Financial Consultants, Inc.

A handwritten signature in blue ink that reads 'Joe Williams'.

Joe Williams
Manager

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- Exhibit 1: Non-Residential ERU Factor Schedule
- Exhibit 2: Water and Wastewater Capital Improvement Program

Executive Summary

Introduction

The City of Wilton Manors (City) has retained Raftelis Financial Consultants, Inc. (Raftelis) to review and update the City’s existing sewer connection fee and calculate a water connection fee for consideration and implementation. Connection fees are important sources for utilities to fund infrastructure costs related to growth. The study herein is based on the costs to provide infrastructure to address needs related to growth based on data specific to each service and related to the City’s characteristics. The calculated connection fees set forth in this study reflect generally acceptable connection charge methodologies, where applicable.

The City currently charges a sewer connection fee to new development, but does not charge a water connection fee. The connection fee for sewer is to provide funding for the backbone transmission system that ultimately carries wastewater to Ft. Lauderdale for treatment purposes. The City has identified several upgrades and capacity enhancement projects for the sewer transmission system to accommodate increased demands as growth continues. Additionally, with re-development anticipated the City has identified projects to upgrade and provide additional capacity for the primary water mains in the City as well. The City also purchases water treatment services from Ft. Lauderdale, so the water connection fees only represent the transmission facilities provided by the City. Therefore, it is recommended that the City implement a water connection fee to collect funds from new development and re-development to defray the cost of improvements related to upgrade and expansion.

The report herein outlines the methodologies, assumptions, and considerations in the development of each updated utility connection fee calculations. The following table summarizes the City’s existing residential connection fees compared to the updated, full cost recovery connection fees based on the analysis in this report:

Table ES-1: Existing and Updated Single Family Residential Connection Fees

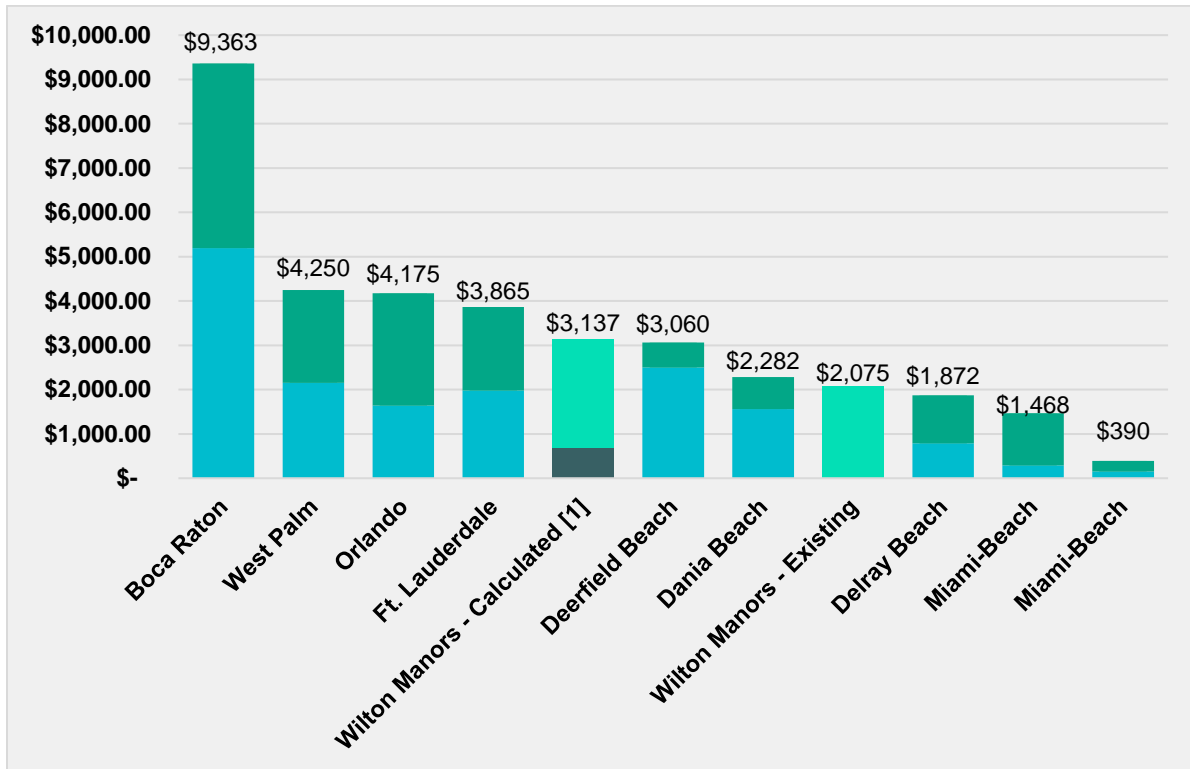
Description	Existing	Calculated Fee	Difference	% Difference
Water	N/A	\$696.00	\$696.00	N/A
Sewer	2,075.00	2,441.00	366.00	17.6%
Total	\$2,075.00	\$3,137.00	\$1,062.00	51.2%

In 2019, the Florida Impact Fee Act was updated and amended to, among other things, clarify that Section 163.31801 does not apply to water and sewer connection fees. The City’s capital cost recovery fees, which are water and sewer connection fees in substance, are the types of fees exempted from the Florida Impact Fee Act Under F.S. 163.31801 (12).

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A comparison of the City’s existing and fully calculated fees with other municipalities are shown below for informational purposes:

Figure ES 1: Single Family Water and Sewer Connection Fee Comparison



As shown above, the City’s updated full cost recovery fees based on the most recent data are comparable to connection fees charged by other nearby utilities.

Observations and Recommendations

The following is a summary of the observations and recommendations developed by Raftelis during our investigation, analyses, and preparation of this report:

1. The connection fees developed within this report reflect the full recovery of identified costs and the City has discretion to phase-in or otherwise adopt less than the fully calculated fees so long as the fees are applied in an equitable and reasonable manner. Adopting less than the calculated rates would increase the reliance on utility rates and other revenue sources to meet the water and sewer infrastructure demands related to growth.
2. The City should collect and maintain connection fee revenue in a designated sub-account for each fee to easily track the collection and expenditure of funds.
3. The City has identified the need to upgrade the water transmission system to provide additional capacity and should therefore charge a water connection fee.
4. The City should implement the sewer connection fee as calculated, to reflect the current cost of providing sewer capacity to new development or re-development.
5. The City should re-evaluate its utility connection fees no later than 2026.

Section 1 – Introduction

Introduction

The City of Wilton Manors (the “City”) is located in Broward County, to the north of Fort Lauderdale, and has a total area of approximately 1.97 square miles. The City provides water services to approximately 6,400 customers and wastewater service to approximately 7,900 customers. Based upon recent demographic data, the City’s population is estimated at 11,426 as of 2020. Based on discussions with City staff, assumptions from the 2021 Utility Rate Study, and an increase in the City’s density policy, it is realistic that the City would experience a small amount of growth by 2030. For purposes of this report, it is estimated that the population will be 13,766 by 2030, representing an average growth rate of 1.88% compounded annually.

Connection Fee Background

Connection fees are one-time charges established as a means to recover in whole or in part, the costs associated with infrastructure and capital equipment needed to accommodate the demands anticipated to be generated by new development. Such capital costs generally include the construction of improvements together with general plant, engineering, administration, surveying, land, legal and financing costs.

This section provides only a general background regarding connection fees. Certain circumstances and issues regarding the interpretation of specific statutes or case law should be addressed by qualified legal counsel.

Summary of Report

In addition to Section 1, this report has been subdivided into two other sections. The following is a brief discussion of the remaining sections included in this report.

Section 2 – Water Connection Charge. This section details the analysis and assumptions used to calculate the water connection charge that will be charged to new development or redevelopment requiring utility capacity and is based on current and local data.

Section 3 – Wastewater Connection Charge. This section details the analysis and assumptions used to calculate the wastewater connection charge that will be charged to new development or redevelopment requiring utility capacity and is based on current and local data.

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Section 2 – Water Connection Fees

Introduction

Water connection fees are one-time charges assessed against water customers or developers to recover a proportional share of the capital costs incurred by the City to provide water capacity for new customers or customers that redevelop and require increased system capacity and service. This capacity may be already constructed, funded, and available in existing facilities, and/or the service capacity may be planned and included as future capital projects in a CIP. Connection fees are an important funding mechanism to ensure reasonably justifiable cost recovery and to limit the burden of funding growth-related projects placed on water ratepayers. The City does not currently charge a water connection fee.

The City purchases wholesale water from the City of Fort Lauderdale and therefore does not have a water treatment plant. However, the City has invested in and maintained the transmission facilities. The capital costs involved in providing, improving, and upgrading the transmission facilities serve as the basis for the water connection fee.

This section of the report includes a review of the City's existing and proposed water facilities and calculates a proposed connection fee. Additionally, this section includes a comparison of the calculated fees with other nearby utilities.

Connection Fee Methodologies

There are numerous approaches to determining connection fees that have been adopted by water utilities across the state of Florida and the country. However, two approaches are most often used and are recognized in the industry as cost-justified by the American Water Works Association (AWWA) and Water Environmental Federation (WEF)¹. These two approaches are the System Buy-In method and the Incremental Cost method.

Under the System Buy-In method, connection fees are based upon the “buy-in” concept that existing users, through service charges and other up-front charges, have developed a valuable public capital facility. This method is appropriate for utility systems, or components of utility systems, with additional capacity already in place, and provides an estimate of the cost of providing a unit of capacity based upon the net equity of the existing assets. This method calculates a fee based upon the proportional cost of each user's share of the existing system capacity available for new customers. The costs of the facilities are based on a review of fixed asset records and can be based on original asset costs, or may include escalation of the original asset costs to current dollars. Excluded from the calculation are local service lines that are dedicated to serving only existing customers, vehicle and minor equipment costs, and assets contributed by or paid for by developers.

The Incremental Cost method focuses on the cost of adding additional facilities to serve new customers. It is most appropriate in situations where additional capacity and/or trunk line extensions/expansions to provide service to new customers and the costs of the capacity can be tied to an approved CIP or master plan. Under this method, it is important that any proposed capital projects required to address deficiencies in the existing facilities be excluded from the determination of the connection fee. This includes projects required to meet new or existing regulatory requirements and/or renewals and replacements of existing facilities.

The connection fee proposed in this report is based on a hybrid method as the City has identified the need for a significant investment in existing assets and certain required improvements over the next several years to serve new growth.

¹ AWWA Manual M26 – Water Rates and Related Charges, Ch. 3: System Development Charges, pp. 19-33.

Design of Water Connection Fee

Two significant components need to be addressed in the design of the water connection fee: 1) the level of service to be apportioned to the applicants that request system capacity; and 2) the amount of capital costs to be recovered from a new customer requesting service. Both of these issues are related to the level of the connection fee expressed on an equivalent residential connection (ERC) basis which represents the average capacity required to service a typical individually metered single family residential account.

LEVEL OF SERVICE REQUIREMENTS

Level of service (LOS) is an indicator of the amount of service provided by, or proposed to be provided by, a facility based on and related to the operational characteristics of the facility. LOS indicates the capacity per unit of demand for each public facility. The LOS commonly used for water service is the amount of flow (usually gallons) allocable to each ERC expressed on a daily basis. The LOS generally represents the amount of capacity allocable to an ERC, whether such capacity is actually used or not (commonly referred to as “readiness to serve”). An ERC is representative of the average capacity required to service a typical individually metered single family residential account. This class of users typically utilizes a 5/8” or 3/4” meter and represents the largest customer class served by a public utility and generally the lowest level of usage requirements for a specifically metered account.

The following table summarizes the calculation of the level of service standards that were incorporated into this water connection fee analysis:

Table 1: Level of Service per ERC

Description	Amount
Gallons per Capita per Day [1]	130
Persons per Household	1.67
Level of Service (GPD)	218

[1] Gallons per Capita per Day comes from 2019 Comprehensive Plan.

The LOS per ERC as shown above is 218 gallons per day.

CAPITAL COSTS RECOVERED

Buy-In Value

Water connection fees typically include the growth-related infrastructure costs associated with water supply, treatment, and transmission. Since the City does not own and operate a treatment plant, only the transmission costs are included in the connection fee calculation. The City has made a substantial investment in the transmission facilities with capacity available for new users. The water transmission facilities have an estimated capacity of 1.70 million gallons per day (MGD) to serve existing and future customers. Since existing capacity is available to serve a portion of the anticipated near-term growth in the City’s water service area, it is appropriate to include the value of existing facilities in the water connection fee calculation.

The value of existing assets was determined based on the City’s current fixed asset records as of October 1, 2019. The fixed asset records included a complete listing of water assets with its asset number, cost and improvements (Original Cost), accumulated depreciation, and date acquired for all assets. The total original cost of all the water transmission fixed assets is approximately \$8,762,200. After accounting for year-to-date depreciation, the total book value of all the water transmission fixed assets is \$3,681,700.

The fixed assets were also classified by functional categories such as transmission and distribution to identify which of the assets are part of the major system backbone infrastructure and thus should be part of the water capital charge calculation. Local service lines that are dedicated to serving only existing customers, vehicle and minor equipment costs, and assets contributed by or paid for by developers are not included in the water connection fee calculation.

The original cost less depreciation of \$3,681,700 million is used in the calculation of the water capital charge.

Incremental Cost

The City provided a CIP that identifies several potable water upgrade and expansion projects that will provide benefits to new development. The total planned improvements value of \$1,648,500 million has been included in the connection fee calculations and are delineated on Exhibit 2.

Debt Service

The City has one outstanding 2021 Promissory Note (2021 Note) that refunded the 2011 Utility and Parking Loan, which had sewer improvements. There are also three proposed loans to fund improvements over the next 10-years. These debt issues have been utilized by the utility to align the funding of capital assets with the anticipated service life of such assets. This enables debt service to be shared by existing and future users over time. The repayment of debt service is generally funded by the user rates and fees since these are collected on a monthly basis and are fairly consistent from year to year. Reliance on connection fee revenue to pay large portions of annual debt service does not lead to financially prudent planning since the revenue generated can fluctuate drastically from year to year.

Additionally, an important step in calculating the connection fee is to add the financing costs associated with the debt mentioned above. The addition of the interest costs is important since it represents the carrying costs of the assets. Using a discount rate of 1.75%, on the 2021 Note and a 3.00% discount rate on the proposed loans, the total principal and interest NPV is \$502,700 and \$27,753,800, respectively. The proposed debt is then allocated between growth related projects and replacement/maintenance projects, resulting in a growth-related percentage of 12.99% for water and 68.62% for wastewater, resulting in an expansion related principal and interest NVP of \$8,087,600 and \$4,678,400 respectively. The NPV calculated is then allocated between the water and wastewater system according to the projects funded by each loan.

Table 2: Debt Service NPV Calculation

Description	Principal NPV	Interest NPV	Total NPV	Water Allocation	Wastewater Allocation	Total Water NPV	Total Wastewater NPV
2021 Note	\$486,000	\$16,700	\$502,700	0.0%	100.0%	\$0	\$502,700
Proposed Loans	8,087,600	4,678,400	12,766,000	11.5%	88.5%	1,465,900	11,300,100
Total	\$8,573,600	\$4,695,100	\$13,268,700			\$1,465,900	\$11,802,800

While the NPV was calculated on the principal and interest components of the outstanding debt payment, only the interest amount is added to the wastewater capital charge calculation. The principal amount is already reflected through the wastewater system asset values that have been accumulated. However, there are proposed loans for the upgrade and enhancement of the system that is allocated to both water and wastewater. The table below demonstrates the allocation of the interest amounts between the water and wastewater systems:

Table 3: Allocation of Interest NPV on Outstanding Debt

Description	Interest NPV	Water Allocation	Wastewater Allocation	Water Interest NPV	Wastewater Interest NPV
2021 Note	\$16,700	0.0%	100.0%	\$0	\$16,700
Proposed Debt	4,678,400	11.5%	88.5%	537,200	4,141,300
Total	\$4,695,100			\$537,200	\$4,158,000

RATE CREDITS

The amount of rate credits that are applied towards the connection fee are determined by the net present value (NPV) of both the principal and interest costs on outstanding and future debt.

As shown on Table 2, the water system is allocated \$1.47 million of the NPV costs. These amounts are then allocated to existing and future users. Based on the forecast growth of 1,273 dwelling units the total ten-year growth will be approximately 29.54% based on the number of ERUs. The 29.54% is applied against the water NPV costs to calculate the rate credit portion of the water connection fee calculation.

Table 4: Water Rate Credit Calculation

Description	Amount
Total Water NPV	\$1,465,900
% Allocated to 10-Year Growth	29.54%
User Fee Credit	\$433,000

Water Connection Fee Calculation

To determine the unit cost of capacity, the sum of the book value of the City’s water system assets, the planned capital improvements, and the NPV of financing costs and rate credits are divided by the total average day capacity of 1.70 MGD. This calculation produces a unit cost expressed in gallons per day for inside City connections. Table 5 illustrates the calculation of the water connection fee under the hybrid approach:

Table 5: Water Connection Fee Calculation

Description	Total
Existing Facilities	\$3,681,700
Planned Improvements	1,648,500
NPV of Financing Costs	537,200
Less: Rate Credits	(433,000)
Total Costs/Value	\$5,434,400
Existing Capacity (MGD)	1.242
Additional Capacity	0.458
Total Capacity	1.700
Unit Cost per Gallon	\$3.20
Level of Service per ERC (in gallons)	218
Calculated Fee per ERC	\$696.88
Calculated Fee per ERC (Rounded)	\$696.00

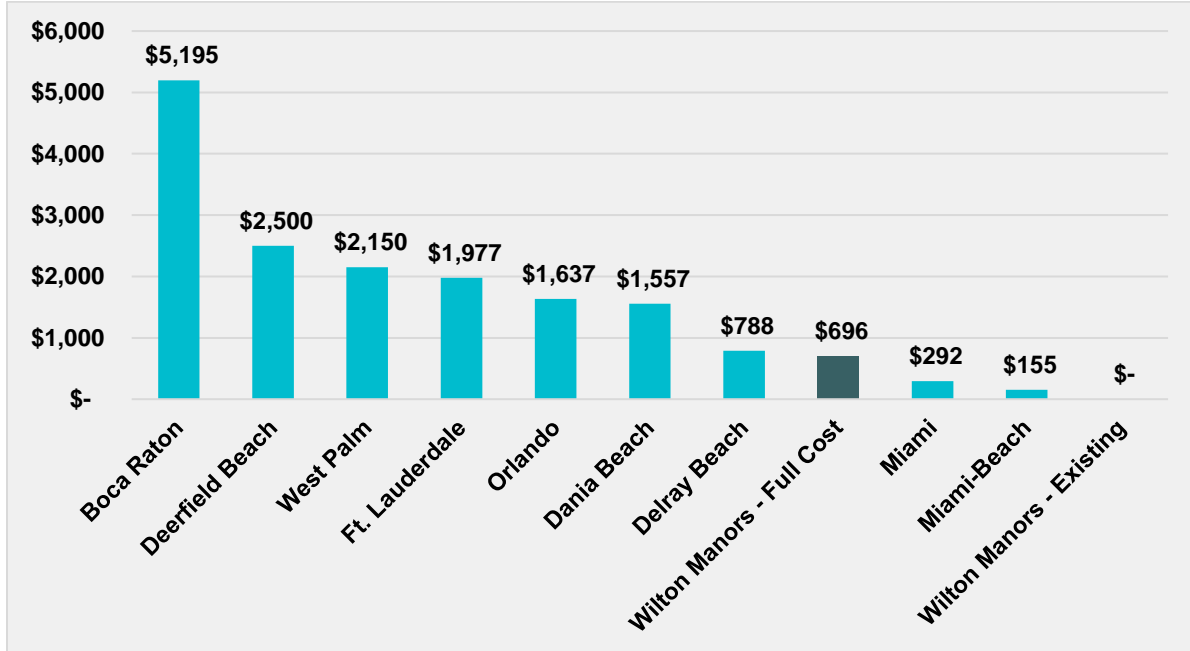
The fee levels of other customer types are provided on Exhibit 1.

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Water Connection Fee Comparison

Figure 4 provides a comparison of the City’s existing and proposed water connection fees to similar fees charged by other surrounding communities.

Figure 1: Water Connection Fee Comparison – Single Family



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Section 3 – Wastewater Connection Fees

Introduction

Wastewater connection fees are one-time charges assessed against wastewater customers or developers to recover a proportional share of the capital costs incurred by the City to provide capacity for new customers or customers that redevelop and require increased system capacity and service. This capacity may be already constructed, funded, and available in existing facilities, and/or the service capacity may be planned and included as future capital projects in a CIP. Connection fees are an important funding mechanism to ensure justifiable cost recovery and to limit the burden of funding growth-related projects placed on ratepayers.

This section of the report summarizes the basis for the update of the City’s wastewater connection fees based on full cost recovery. Included is a review of the City’s existing wastewater connection fees, a discussion of the derivation of the proposed connection fees, and a comparison of the existing and proposed fees with other nearby utilities.

Existing Wastewater Connection Fees

The City’s existing wastewater connection fees were last updated in 2004, pursuant to Ordinance No. 866, and are charged to new customers for connection to the City’s sewer system. Single family residential customers are charged \$2,075 for each new connection.

Connection Fee Methodologies

As mentioned in Section 2. Water Connection Fee, there are numerous approaches to determining connection fees that have been adopted by utilities across the state of Florida and the country. However, two approaches are most often used and are recognized in the industry as cost-justified by the American Water Works Association (AWWA) and Water Environmental Federation (WEF)². These two approaches are the System Buy-In method and the Incremental Cost method. A brief description of these two approaches may be found in Section 2. The proposed wastewater connection fees discussed in this report are based on a hybrid method as there is consideration that the City has a significant investment in existing assets and has identified certain required improvements over the next several years to serve new growth.

Design of Wastewater Connection Fee

With respect to designing wastewater connection fee, generally there are two significant components that need to be addressed: 1) the level of service to be apportioned to the applicants that request system capacity; and 2) the amount of capital costs to be recovered from a new customer requesting service. Both of these issues are related to the level of the connection fees expressed on an equivalent residential connection (ERC) basis which represents the average capacity required to service a typical individually metered single family residential account.

LEVEL OF SERVICE REQUIREMENTS

The previous Water Connection Fee section discusses LOS standards for water. A similar approach applies for wastewater connection fees. The following table summarizes the calculation of the level of service standards that were incorporated into this wastewater connection fee analysis.

² AWWA Manual M26 – Water Rates and Related Charges, Ch. 3: System Development Charges, pp. 19-33.

Table 6: Level of Service per ERC

<u>Description</u>	<u>Gallons per Day</u>
Gallons per Capita per Day [1]	160
Persons per Household	1.67
Level of Service (GPD)	268

[1] Gallons per Capita per Day comes from 2019 Comprehensive Plan.

The LOS per ERC shown above is 268 gallons per day. As demonstrated in the 2019 Comprehensive Plan, the City faces inflow and infiltration issues due to various environmental factors, resulting in a higher level of service for wastewater than water.

CAPITAL COSTS RECOVERED

Buy-In Value

The City does not currently own or operate a wastewater treatment plant but has wastewater collection and transmission facilities. According to staff, with the existing facilities and additional planned growth-related projects the City's wastewater transmission capacity will handle the approximate 2.5 MGD required by 2030. This is in line with the agreement with Fort Lauderdale dated March 22, 2022 that forecasts consumption between 2.0 MGD and 2.5 MGD over the next 15 years. There is capacity available to serve the anticipated near-term growth in the City's wastewater service area, so it is appropriate to include the value of existing facilities in the wastewater connection fee calculation. The total original cost of all the wastewater fixed assets is approximately \$13.4 million. After accounting for year-to-date depreciation, the total book value of all the City's wastewater fixed assets is approximately \$8.8 million. This value was determined based on the City's current fixed asset records as of October 1, 2019. The records included a complete listing of wastewater assets with its asset number, cost and improvements (Original Cost), accumulated depreciation, and date acquired for all assets.

The fixed assets were also classified by functional categories such as transmission and collection to identify which of the assets are part of the major system backbone infrastructure and thus should be part of the wastewater connection fee calculation. Local service lines that are dedicated to serving only existing customers, vehicle and minor equipment costs, and assets donated by or paid for by developers are not included in the wastewater connection calculation.

The original cost less depreciation value of \$8.8 million is used in the calculation of the wastewater connection fee.

Incremental Costs

The City provided a CIP, included as Exhibit 2, that identifies several wastewater upgrade and expansion projects that will provide increased capacity to new development. The total planned improvements value of \$13.4 million has been included in the connection fee calculations.

Debt Service

As mentioned in Section 2, the City has one outstanding 2021 Promissory Note (2021 Note) and three proposed loans. These debt issues have been utilized by the utility to align the funding of capital assets with the anticipated service life of such assets. This enables debt service to be shared by existing and future users over time.

Additionally, an important step in calculating the connection fees is to add the financing costs associated with the loans mentioned above. The addition of the interest costs is important since it represents the carrying costs of the assets. Using a discount rate of 1.75%, on the 2021 Note and a 3.00% discount rate on the proposed loans, the total principal and interest NPV is \$502,700 and \$27,753,800, respectively. The proposed debt is then allocated between growth related projects and replacement/maintenance projects, resulting in a growth-related percentage of 12.99% for water and 68.62% for wastewater, resulting in an expansion related principal and interest NVP of \$8,087,600 and \$4,678,400 respectively. The NPV calculated is then allocated between the water and wastewater system according to the projects funded by each loan.

Table 7: Total Wastewater NPV of Financing Costs

Description	Amount [1]
2021 Note	\$16,700
Proposed Loans	4,141,300
Total	\$4,158,000

[1] Amounts from Table 3.

RATE CREDITS

The amount of rate credits that are applied towards the connection fee are determined by the net present value (NPV) of both the principal and interest costs on outstanding and future debt.

As shown on Table 2, the wastewater system is allocated \$11.8 million of the NPV costs. These amounts are then allocated to existing and future users. Based on the forecast growth of 1,273 dwelling units the total ten-year growth will be approximately 30.75% based on the number of ERUs. The 30.75% is applied against the wastewater NPV costs to calculate the rate credit portion of the water connection fee calculation.

Table 8: Wastewater Rate Credit Calculation

Description	Amount
Total Wastewater NPV	\$11,802,800
% Allocated to 10-Year Growth	30.75%
Rate Credit	\$3,629,100

Wastewater Connection Fee Calculation

To determine the unit cost of capacity, the sum of the original cost of the City's wastewater system assets, the sum of the incremental wastewater asset investments, the NPV of financing costs, and the rate credits are divided by the 2.500 MGD of capacity of the wastewater transmission facilities. This calculation produces a unit cost expressed in gallons per day for all City connections. Table 9 illustrates the calculation of the wastewater connection fee under the Hybrid approach:

Table 9: Wastewater Connection Fee Calculation

Description	Amount
Existing Facilities	\$8,821,100
Planned Improvements	13,422,800
NPV of Financing Costs	4,158,000
Less: Rate Credits	(3,629,100)
Total Costs/Value	\$22,772,800
Existing Capacity (MGD)	1.933
Additional Capacity (MGD)	0.567
Total Capacity (MGD)	2.500
Unit Cost per Gallon	\$9.11
Level of Service per ERC (in gallons)	268
Calculated Fee per ERC	\$2,441.24
Calculated Fee per ERC (Rounded)	\$2,441.00

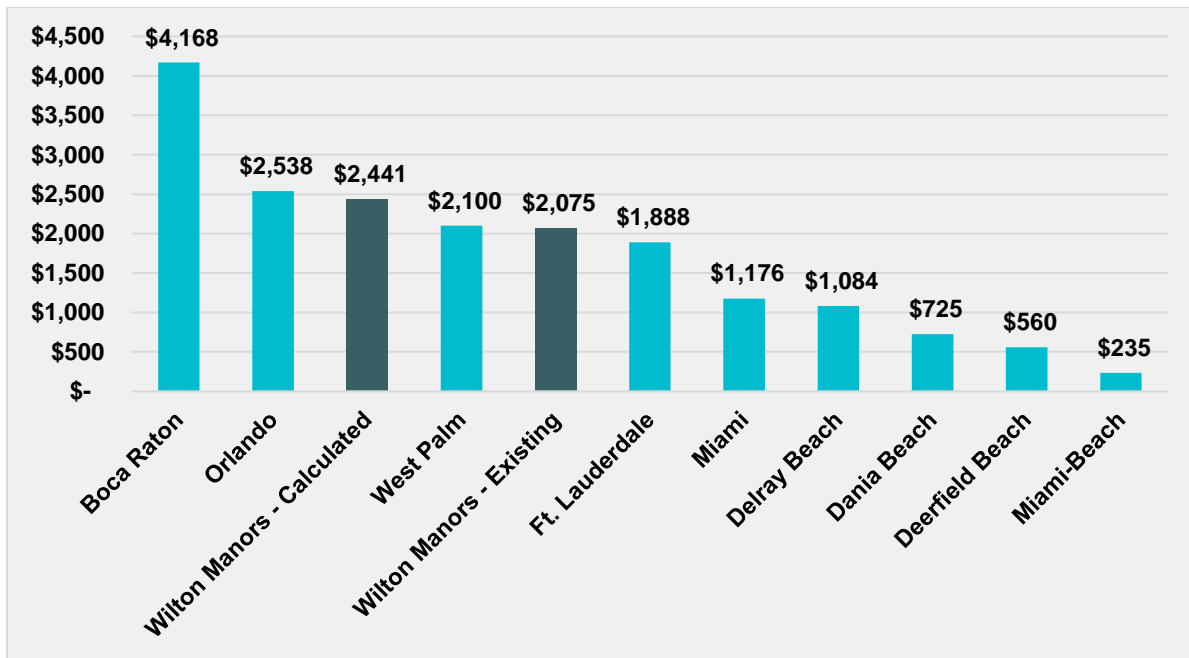
As shown on the table above, the proposed wastewater connection fee is \$2,441.00 per ERC compared to the existing fee of \$2,075.00, which represents an increase of \$366.00 or approximately 17.6%.

The fee levels of other customer types are provided on Exhibit 1.

Wastewater Connection Fee Comparison

Figure 6 provides a comparison of the City’s existing and proposed wastewater connection fees to similar fees charged by other surrounding communities.

Figure 2: Wastewater Connection Fee Comparison – Single Family



**City of Wilton Manors
2022 Impact Fee Study
Exhibit 1: Non-Residential ERU Factor Schedule**

Assumed Single Family Fixture Count:	20.0
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Description	Value	ERU	Water GPD	Water GPD
Bathtub (with or without overhead shower)	2	0.10	21.80	26.80
Bathtub (whirlpool)	2	0.10	21.80	26.80
Bidet	1	0.05	10.90	13.40
Dental unit or cuspidor	1	0.05	10.90	13.40
Dental lavatory	1	0.03	5.45	6.70
Drinking fountain	0.5	0.03	5.45	6.70
Dishwasher domestic	2	0.10	21.80	26.80
Floor drains	3	0.15	32.70	40.20
Lavatory Small	1	0.05	10.90	13.40
Lavatory Large	2	0.10	21.80	26.80
Lavatory barber or beauty parlor	2	0.10	21.80	26.80
Lavatory surgeon's	2	0.10	21.80	26.80
Laundry tray (1 or 2 compartments)	2	0.10	21.80	26.80
Shower stall, domestic	2	0.10	21.80	26.80
Showers (group) per head	2	0.10	21.80	26.80
Sinks	3	0.15	32.70	40.20
Combination sink-and-tray	3	0.15	32.70	40.20
Combination sink-and-tray w/food disposal	3	0.15	32.70	40.20
Kitchen sink, domestic	2	0.10	21.80	26.80
Kitchen sink, domestic w/food disposal and/or dishwasher	2	0.10	21.80	26.80
Surgeon's sink	3	0.15	32.70	40.20
Flushing rim sink (with valve)	8	0.40	87.20	107.20
Service sinks, combination trap standard	3	0.15	32.70	40.20
Service sink (P Trap) Ordinary	2	0.10	21.80	26.80
Pot, scullery, etc. sink	4	0.20	43.60	53.60
Wash sink (circular or multiple) each set of faucets	1	0.05	10.90	13.40
Urinal, pedestal	8	0.40	87.20	107.20
Urinal, wall	4	0.20	43.60	53.60
Urinal, stall, washout	4	0.20	43.60	53.60
Water closet, tank operated	4	0.20	43.60	53.60
Water closet, valve operated	8	0.40	87.20	107.20
Automatic dishwasher (domestic)	2	0.10	21.80	26.80
Automatic clothes washer	4	0.20	43.60	53.60
Commercial dishwasher	6	0.30	65.40	80.40
Commercial clothes washer	6	0.30	65.40	80.40

*Fixture Units from Ordinance 866 - Utility Code

City of Wilton Manors
2022 Utility Connection Fee Study
Exhibit 2: Water and Wastewater Capital Improvement Program

Description	Funding Source	Escalated Costs		Adjusted		Category
		Total FY 2021 - 2030	Adjustments	FY 2021 - 2030		
Water Projects						
Dixie Highway 10-inch Water Main Improvements	W - Rates	\$0	\$0	\$0		Transmission
NW 30th Court and Wet Oakland Park Boulevard Water Main Replacement	2022 Bonds	2,902,000	(1,253,500)	1,648,500		Transmission
Wilton Manors West Phase I Water Main Replacement	2022 Bonds	2,006,000	(2,006,000)	0		Transmission
NW 29th Street Water Main Replacement	2022 Bonds	1,648,300	(1,648,300)	0		Transmission
NW 9th Avenue & NW 26th Street Water Main Replacement	W - Rates	355,500	(355,500)	0		Transmission
Wilton Manors East Phase I Water Main Replacement	2025 SRF	4,718,800	(4,718,800)	0		Transmission
Wilton Manors Grove & NE 21st Street Water Main Replacement	2022 Bonds	1,416,100	(1,416,100)	0		Transmission
Wilton Manors South Water Main Replacement	Reserves	3,002,000	(3,002,000)	0		Transmission
NE 28th Street Water Main Replacement	Reserves	2,377,200	(2,377,200)	0		Transmission
NE 21st Court Water Main Replacement	W - Rates	0	0	0		Transmission
Andrews Avenue 8-inch Water Main Replacement	W - Rates	0	0	0		Transmission
NW 9th Avenue 6-inch Water Main Replacement	W - Rates	0	0	0		Transmission
Wilton Manors West Phase II Water Main Replacement	W - Rates	0	0	0		Transmission
NW 26th Street and NW 8th Avenue Water Main Replacement	W - Rates	0	0	0		Transmission
NE 24th, 25th, and 26th Street Water Main Replacement	W - Rates	0	0	0		Transmission
Wilton Manors East Phase II Water Main Replacement	W - Rates	0	0	0		Transmission
Wilton Manors East Phase III Water Main Replacement	W - Rates	0	0	0		Transmission
Projects from Budget	W - Rates	0	0	0		Excluded
Carryover Projects	W - Rates	0	0	0		Excluded
Rate Study	W - Rates	0	0	0		Excluded
Annual R&R Projects	R&R	654,200	(654,200)	0		Excluded
Municipal Complex Improvements (Water Allocation)	W - Rates	517,600	(517,600)	0		Excluded
Subtotal Water		\$19,597,700	(\$17,949,200)	\$1,648,500		
Wastewater Projects						
Lift Station No. 11 Force Main	2022 Bonds	\$2,671,500	\$0	\$2,671,500		Collection
Lift Station No. 11 Pump Impeller Upgrade	S - Rates	66,500	0	66,500		Collection
Lift Station No. 1 Replacement & Force Main Replacement	2022 Bonds	779,300	(779,300)	0		Collection
Lift Station No. 4 Service Basin Lining	W - Rates	0	0	0		Collection
Lift Station No. 4 Replacement	2022 Bonds	689,500	(689,500)	0		Collection
Lift Station No. 2 Replacement	S - Rates	0	0	0		Collection
Lift Station No. 5 Service Basin Lining	2022 Bonds	2,498,700	(2,498,700)	0		Collection
Lift Station No. 5 Electrical, Pumps & Force Main Replacement	Reserves	676,400	(676,400)	0		Collection
Gravity Main Trunkline Replacement	2028 Loan	7,319,200	0	7,319,200		Collection
Lift Station No. 3 Service Basin Lining	Reserves	1,499,600	(1,499,600)	0		Collection
Lift Station No. 3 Rehabilitation & Force Main Replacement	2025 SRF	1,952,000	0	1,952,000		Collection
Lift Station No. 7 Service Basin Lining	W - Rates	0	0	0		Collection
Lift Station No. 7 Rehabilitation & Force Main Replacement	2022 Bonds	765,300	0	765,300		Collection
Lift Station No. 6 Pump & Force Main Replacement	S - Rates	648,300	0	648,300		Collection
Lift Station No. 8 Odor Control, Electrical, Pump & Force Main Replacement	S - Rates	742,900	(742,900)	0		Collection
Lift Station No. 10 Service Basin Lining	2025 SRF	1,561,100	(1,561,100)	0		Collection
Lift Station No. 10 Rehabilitation	2025 SRF	283,900	(283,900)	0		Collection
Lift Station No. 9 Rehabilitation	S - Rates	0	0	0		Collection
Projects from Budget	S - Rates	0	0	0		Excluded
Carryover Projects	S - Rates	0	0	0		Excluded
Rate Study	S - Rates	0	0	0		Excluded
Annual R&R Projects	R&R	654,200	(654,200)	0		Excluded
Municipal Complex Improvements (Sewer Allocation)	S - Rates	885,600	(885,600)	0		Excluded
Subtotal Wastewater		\$23,694,000	(\$10,271,200)	\$13,422,800		
Total Water and Wastewater Capital Expenditures		\$43,291,700	(\$28,220,400)	\$15,071,300		