

# **NORMAN UTILITIES AUTHORITY**

## **CITY OF NORMAN**

**Review of Water and Wastewater  
Connection Fees Per 21-107(b)**

**October 16, 2018**





# CITY OF NORMAN, OK WATER AND WASTEWATER CONNECTION CHARGE STUDY

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City Council Meeting

Presented by Raftelis Financial Consultants, Inc.

May 10, 2016



# Project Objectives

- Update the City's water and wastewater connection charges
    - Industry standard methodologies
    - Maximum allowed by Oklahoma law
  - Develop water and wastewater capital financing plans featuring a mix of funding sources, including:
    - connection charges
    - rate revenues
    - external debt financing
    - wastewater excise tax on new development
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# Water Connection Charge

2016

- Major planned growth-related capital projects:
  - Reactivate arsenic wells and  
3 MGD groundwater treatment plant: \$19.0 Million
  - Additional connection to OKC: \$14.4 Million
  - Water line enlargements: \$11.5 Million
  - 2 new groundwater wells and supply lines: \$2.7 Million
- Growth-related costs total \$49.2 Million out of total \$232 Million capital improvement plan (CIP)
- 7.0 MGD in capacity to be added for new development = 18,366 new 3/4" equivalent connections to be served

# Planned Single Family Water Bill Increases

- Estimated monthly usage: 4,000 gallons
- Hypothetical water rate increases; Raftelis report page 16

| Fiscal Year | Proposed Rate Increase | Monthly Bill |
|-------------|------------------------|--------------|
| FY 2016     | <b>0%</b>              | \$21.40      |
| FY 2017     |                        | 21.40        |
| FY 2018     | <b>22%</b>             | 26.11        |
| FY 2019     |                        | 26.11        |
| FY 2020     | <b>22%</b>             | 31.85        |
| FY 2021     |                        | 31.85        |
| FY 2022     | <b>10%</b>             | 35.04        |
| FY 2023     |                        | 35.04        |
| FY 2024     | <b>3%</b>              | 36.09        |
| FY 2025     |                        | \$36.09      |

## Connection Fee History

Review of Connection Fees based on a  $\frac{3}{4}$ " service:

|           |              |         |
|-----------|--------------|---------|
| O-7374-33 | Jan 8, 1974  | \$ 250  |
| O-8485-1  | Aug 1, 1984  | \$ 350  |
|           | Aug 1, 1985  | \$ 450  |
|           | Aug 1, 1986  | \$ 550  |
| O-0607-32 | May 11, 2007 | \$ 850  |
| O-1415-18 | Aug 1, 2015  | \$1,075 |
|           | Aug 1 2016   | \$1,275 |

## Water Rate Increase History

| <u>Date</u>   | <u>Passed by</u> |
|---------------|------------------|
| April 8, 1980 | 67.5%            |
| Sep 12, 1995  | 58.9%            |
| May 11, 1999  | 51.4%            |
| Mar 7, 2006   | 55.7%            |
| Jan 13, 2015  | 67.0%            |

# Water Connection Fees

| Meter Size | Existing<br>(Effective 8/1/16) | Raftelis<br>Maximum |
|------------|--------------------------------|---------------------|
| 3/4"       | \$1,000                        | \$3,275             |
| 1"         | 1,667                          | 8,744               |
| 1.5"       | 3,333                          | 10,906              |
| 2"         | 6,667                          | 34,944              |
| 3"         | 14,667                         | 69,856              |
| 4"         | 28,000                         | 109,156             |
| 6"         | 57,667                         | 218,344             |




# Connection Fee Updates

“RFC recommends that the City review its connection fees every 5 to 7 years, as the capital improvement plan may undergo significant changes during the 10 year planning period that is described in this report” ; Raftelis report page 3.

## **Ordinance O-1415-18 states:**

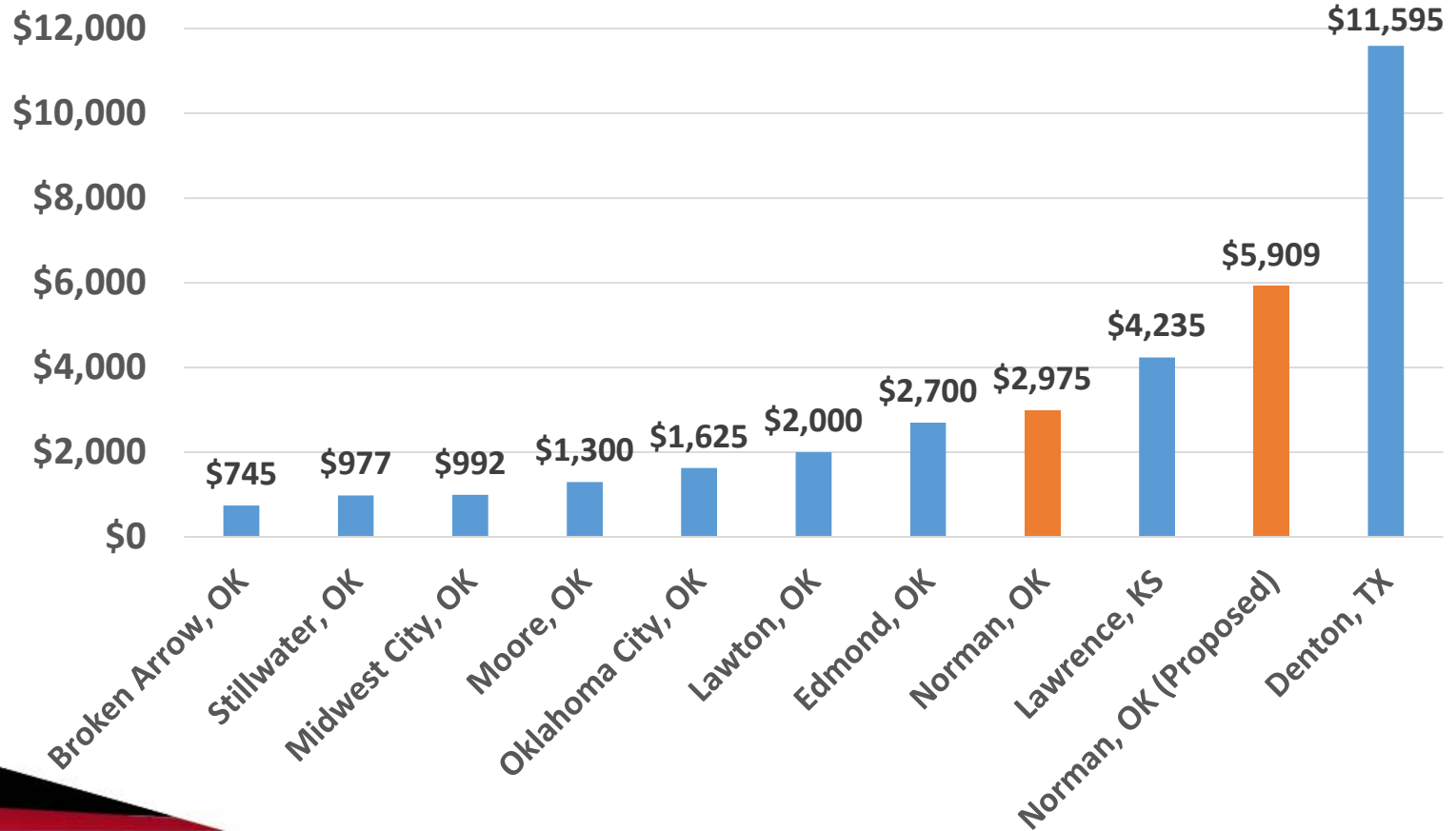
*1.(b) City Council shall review the connection fees relative to their sufficiency to fund new capacity no later than November 1, 2016, and at least biennially thereafter, to determine the appropriateness of the fees in accordance with Oklahoma Statutes, Title 62, Section 895.*

62 O.S. s. 895: Connection fees should be related to the cost of capital improvements necessary to increase capacity to meet needs of new customers.





# Single Family Residential Connection Fees (2016)





# Connection Fees

## Update to Raftelis Report

### Growth:

Raftelis report from 2015 to 2019 increase 520 households/yr.  
Actual increase            2015-2016 393 customers (25% lower)  
   2016-2017 343 customers (34% lower)

### Capital:

Raftelis report \$49Mil for growth out of \$232Mil for growth (22%)  
2018 update \$56Mil for growth out of \$277Mil for growth (21%)

### New ground water wells:

Bid for 6 new water wells due Oct 18, 2018



**Additional Information?**

