

# SPMUD

---

*Capacity Fees*

**April 6, 2023**



# Capacity Fees

## Purpose of fees

- One-time capital charges against New Development to fund facilities needed to accommodate growth
  - *“Growth pays for growth”*
- Existing customers should not be burdened with facility requirements for future customers
- Generates equity through a fair share allocation of system facility costs between existing customers and New Development





The basis for the Participation Fee is the Equivalent Dwelling Unit (EDU).

- An EDU is used to determine design and fee requirements based on the typical average flow and strength of wastewater generated from a single-family residential (SFR) occupancy.
- Charges and fees for wastewater generated from non-residential, commercial, or industrial uses are calculated using factors found in Chapter 2.03.03 of the Sewer Code.
- Multi-family residential (MFR) users are assessed similarly to an SFR at 1 EDU per residential unit.
  - No differentiation among MFR, age-restricted or low-income units. All residential units are assessed at the rate of 1 EDU per unit.



MFR's average daily discharge is lower, but the peak hourly discharge of MFR is 34% higher than SFR.

Strength of flow (measured using biological, chemical, and solids components of flow) of MFR is 40% higher than SFR.

The South Placer Wastewater Authority (SPWA) funding mechanism ensures its fiduciary responsibility to both the partners and bondholders who have financed regional improvements in reliance on the established Participation Fee methodology. Altering the fee structure would undermine that obligation and could trigger a violation of bond covenants.

SPWA partners have been calculating participation fees in a similar manner for decades.

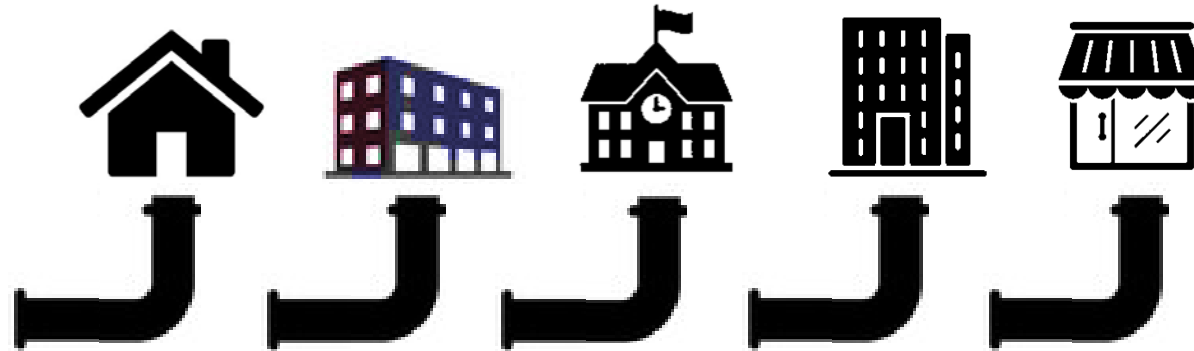
- Lowering fees for certain residential types would come at the expense of increased fees on other housing units regardless of their size or occupancy.
- Lowering of fees for certain residential types would come at the expense of District businesses as well.

# Incremental Cost

---

# Capacity Fee Methodologies

## Incremental Cost Approach



- Agency has detailed planning documents identifying facility needs between existing and New Development
- Expansions and improvements required to accommodate growth is solely paid by growth
  - Future costs are recovered over remaining new incremental EDUs

# Wastewater: Incremental Component

## Expansion Projects

Incremental Costs	Include?	Projected Cost	Allocation Basis	Units of Service	Conversion Factor	\$ per EDU
Near-Term System Improvements	Yes	\$1,637,070	Additional EDUs	10,839	1.00	\$151.04
Long-Term System Improvements	Yes	\$22,813,246	Additional EDUs	10,839	1.00	\$2,104.74
New Sewer Trunks	Yes	\$36,011,012	Additional EDUs	10,839	1.00	\$3,322.36
Contingency (25%)	Yes	\$15,115,332	Additional EDUs	10,839	1.00	\$1,394.53
Design/Admin (8%)	Yes	\$4,836,906	Additional EDUs	10,839	1.00	\$446.25
Total Incremental Component						<b>\$7,418.92</b> \$ per EDU

**Wastewater  
Incremental  
Component  
Adjustments**

Capital-Related Reserves	Value (\$)	Include ?	Capital Related Reserves (\$)
Restricted Reserves			
Expansion CIP			
(-) Local Participation	(\$27,140,321)	Yes	(\$27,140,321)
Subtotal Capital-Related Reserves	(\$27,140,321)		(\$27,140,321)

Adjustment Summary	Value (\$)	Allocation Basis	Units of Service	Unit Rate	\$ per EDU
Adjustments					
(+) Capital Related Reserves	(\$27,140,321)	Additional EDUs	10,839	(\$2,503.95)	(\$2,503.95)



Wastewater  
Capacity Fees  
per EDU

**Incremental Component**

Incremental Component	\$7,419
(+) Capital Related Reserves	(\$2,504)
<b>Total Incremental Component</b>	<b>\$4,915</b> <i>per EDU</i>

	<b>Existing Capacity Fee</b>	<b>Proposed Capacity Fee</b>	<b>Difference (\$)</b>
Per EDU	\$4,827	<b>\$4,915</b>	\$88

**Habib Isaac**

IB Consulting

Principal | Managing Partner

Phone: 951-595-9354 | Email: [hisaac@IBConsultingInc.com](mailto:hisaac@IBConsultingInc.com)

**Andrea Boehling**

IB Consulting

Principal | Managing Partner

Phone: 615-870-9371 | Email: [aboehling@IBConsultingInc.com](mailto:aboehling@IBConsultingInc.com)

**Thank You**



C O N S U L T I N G