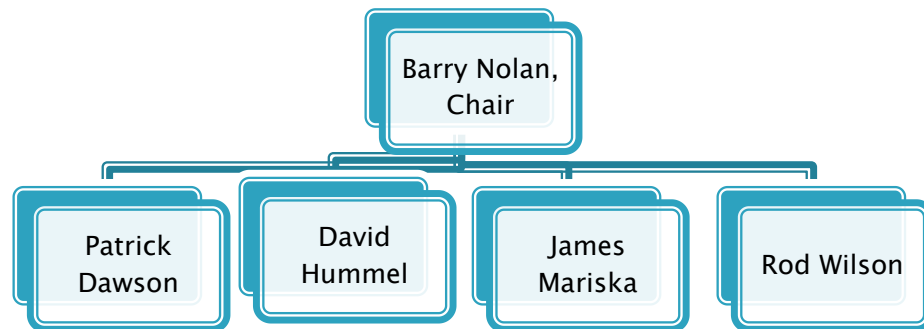


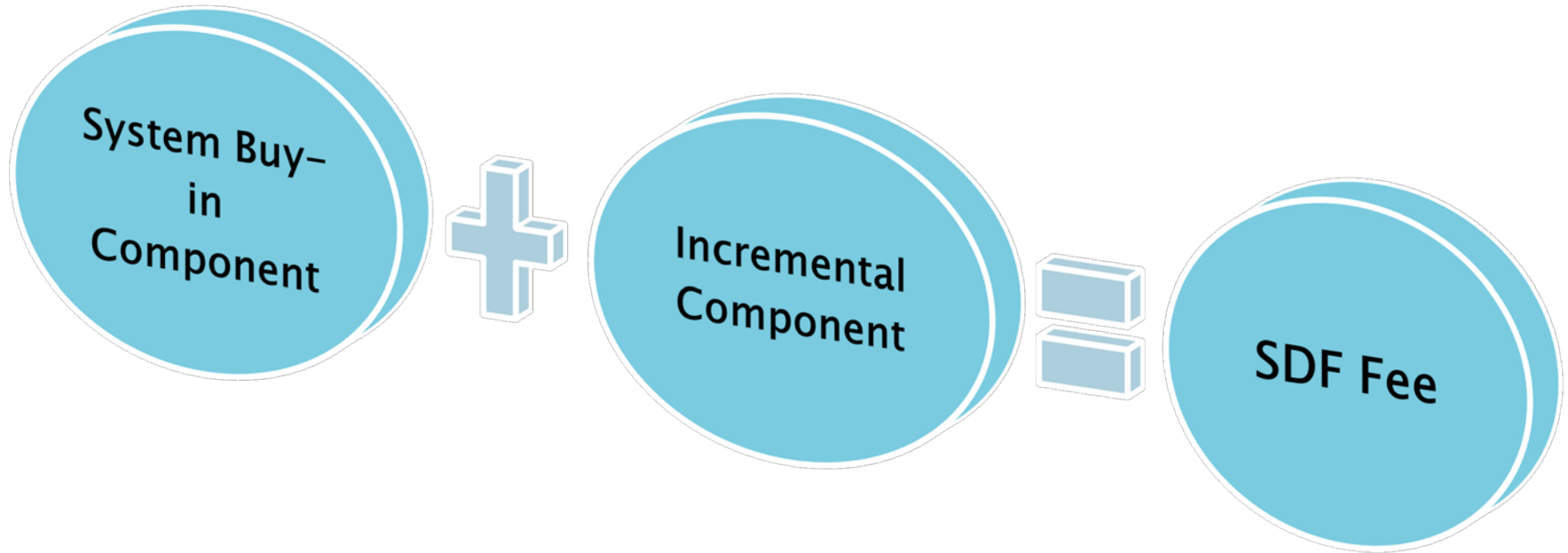
Water and Wastewater System Development Fees (SDFs)

SDF Overview

- ▶ Consultant (CDM) performed SDF update
- ▶ FY 12 and FY 13 fees approved by City Council on 5/23/11
- ▶ Requirements:
 - Comply with State law (MCA 7-6-1601)
 - Must be a nexus between the charge and the cost of providing the service
 - SDF Advisory Committee – Public Works Board



SDF Methodology per Statute



Changes to SDF Methodology

- ▶ Base capacity on total system capacity (previous method based capacity on individual system components)
 - Much simpler to update
 - Cannot sell capacity of components
- ▶ Different charges for residential & non-residential water SDFs
 - Significantly different usage patterns
 - Based on average use

Calculation of Water SDF – Reimbursement Fee

▶ Total system value	\$111.3M
▶ Less outstanding debt principal	(\$ 18.4M)
▶ Add cash on hand	\$ 10.4M
▶ Less SDF fund balance	<u>(\$ 0.0M)</u>
▶ Adjusted system value	\$103.3M
▶ System available for growth	<u>x 15.3%</u>
▶ System value available for growth	\$ 15.8M
▶ Available unused system capacity	<u>÷ 9.2mgd</u>
▶ Unit cost for buy-in component	\$ 1.72

Calculation of Water SDF – Improvement Fee

- ▶ Growth related CWIP/CIP \$ 83.9M
- ▶ Total growth related capacity ÷ 19.2 mgd
 - (existing 9.2 mgd + 10 mgd expansion)
- ▶ Unit cost for incremental component \$4.37

Calculation of Water SDF

Buy-in Component	Avg Daily Water Usage		Unit Cost		Fee
Residential	326 gpd	x	\$1.72	= \$	561
Non-residential	1,783 gpd	x	\$1.72	= \$	3,069

Incremental Component	Avg Daily Water Usage		Unit Cost		Fee
Residential	326 gpd	x	\$4.37	= \$	1,424
Non-residential	1,783 gpd	x	\$4.37	= \$	7,791

Total Connection Charge	Avg Daily Water Usage		Unit Cost		Fee
Residential	326 gpd	x	\$6.09	= \$	1,985
Non-residential	1,783 gpd	x	\$6.09	= \$	10,861

Water System Development Fees

Meter Size	Existing All customers	Proposed Residential	Proposed Non-residential
¾" or less	\$2,504	\$1,985	\$6,406
1"	\$6,282	\$1,985	\$10,861
1 ½"	\$15,487	\$1,985	\$21,721
2"	\$26,064	\$1,985	\$34,754
3"	\$63,395	\$1,985	\$69,509
4"	\$139,686	\$1,985	\$108,607

Calculation of Wastewater SDF – Reimbursement Fee

▶ Total system value	\$ 86.2M
▶ Less outstanding debt principal	(\$ 13.9M)
▶ Add cash on hand	\$ 2.2M
▶ Less SDF fund balance	<u>(\$ 0.0M)</u>
▶ Adjusted system value	\$ 74.5M
▶ System available for growth	<u>x 33.8%</u>
▶ System value available for growth	\$ 25.2M
▶ Available unused system capacity	<u>÷ 13.5mgd</u>
▶ Unit cost for buy-in component	\$ 1.86

Calculation of Wastewater SDF – Improvement Fee

- ▶ Growth related CWIP/CIP \$ 27.7M
- ▶ Total growth related capacity ÷ 15.5 mgd
- ▶ Unit cost for incremental component \$1.78

Calculation of Wastewater SDF

- ▶ Peak day capacity 26,500,000 gpd
- ▶ Equivalent Dwelling Units (EDUs) ÷ 51,484
- ▶ System capacity per EDU 515

Wastewater Connection Charge	System Capacity per EDU		Unit Cost		Fee
Buy-in Component	515	x	\$1.86	=	\$ 959
Incremental Component	515	x	\$1.78	=	\$ 919
Total Fee					\$ 1,878

Wastewater System Development Fees

Meter Size	Existing	Proposed
¾" or less	\$1,778	\$1,878
1"	\$5,464	\$5,766
1 ½"	\$15,850	\$16,734
2"	\$27,342	\$28,885
3"	\$70,948	\$74,937
4"	\$166,086	\$175,434

Water and Wastewater System Development Fees

