

# Facility Investment Fees

Heather Dilldine  
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# Introduction

Heather Dilldine

Business Operations Manager

Utilities Department



# Summary Overview

- Present study results
- Updated Ordinance
- New Administrative Procedures Manual



# Today's Agenda

- Define Facility Investment Fees (FIFs)
- Background Information
- Rate Study & Results
- Ordinance Changes
- Procedures Manual
- Action Plan



# What are FIFs

- Facility Investment Fees
  - A charge to recover the dollar investment that assigns to future customers the capital cost of system capacity that is required to serve them
  - Established to ensure that “growth pays for growth”
  - Reduces capital funding burden from existing ratepayers
  - Common in Utility industry



# Legislation

- Section 163.31801, Florida Statutes is cited as the Florida Impact Fee Act
- Signed into law June 14, 2006
- FIFs are treated the same as impact fees



# Historical Background

Ordinance No.	Adopted Date	Effective Date	Reason
06-88	Oct 2006	Feb 2007	Revised Water and Wastewater FIFs*
10-70	Nov 2010	Feb 2011	Added definition/language modifications
15-08	Jun 2015	Oct 2015	Section 2-31-5 added to Code
15-22	Jun 2015	Oct 2015	Revised wastewater FIFs** and authorization for credits

\*Based on July 27, 2006 report, “Manatee County, Florida Water and Wastewater System Facility Investment Fees”

\*\*Based on September 22, 2014 report, “Manatee County, Florida Wastewater Transmission Line Extension Fee Study”



# Payment of FIFs

- Generally paid: by contractor or builder of a new home or building
- Paid at the time of issuance of a building permit
- Schools are exempt
- Payment methods: cash, check or credit card





# What FIFs are charged

- Fee is based on customer classification and meter size for any connection to or increased demand on the Utilities system
- Water, wastewater and fire service
- None for solid waste
- No administrative fee charged
- One-time charge



# How FIFs are used

- Finance, defray, or reimburse all or a portion of the costs incurred by the County to construct or acquire improvements to accommodate new development
- FIFs are not used to replace or rehabilitate existing improvements
- Assigned to growth-related capital projects only
- Can be used to pay growth-related debt service issued to finance projects



# Where are we today

- FIF study started in 2017
- Proposing new FIF charges based on the study results
- Updated Ordinance language
- Created Administrative Procedures Manual to be consistent with impact fee process



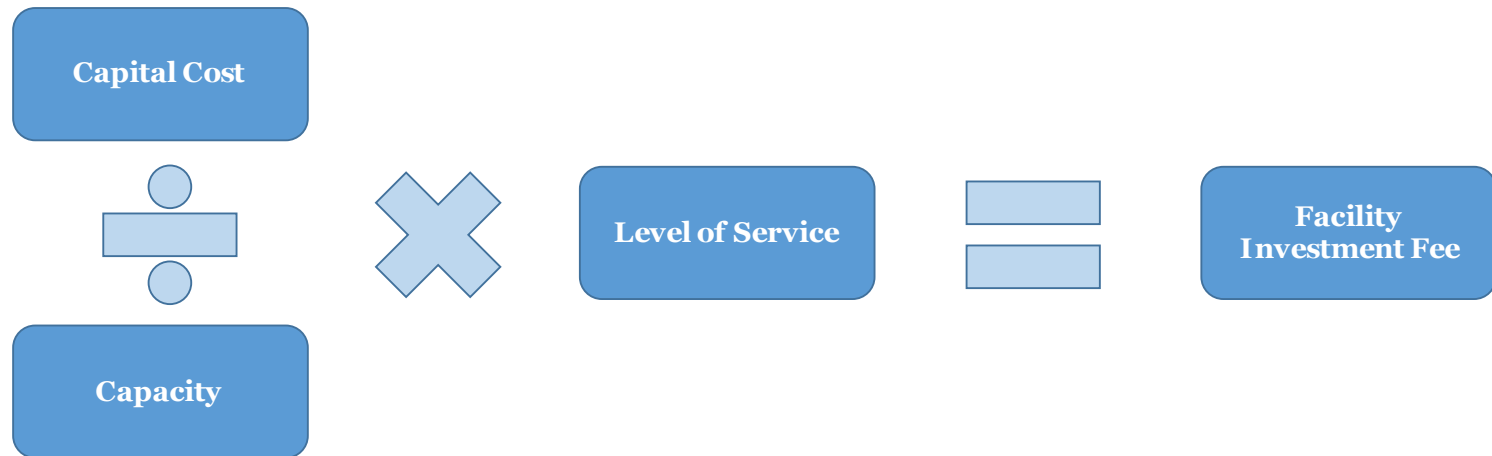
# Purpose for today's presentation

- Present update to Facility Investment Fee
  - General issues
  - Approach and assumptions
  - Proposed fees
  - FIF application adjustments
- Is beneficial to calibrate fees to installed/planned infrastructure investment
  - Requirement of FIF Ordinance to periodically review FIFs
- Fees were last adjusted:
  - Water = Oct 2006 over 12 years ago
  - Wastewater = Oct 2015 over 3 years ago

# Impact Fee Methods



- Method Utilized in FIF Analysis



# Impact Fee Methods (2)



- Standards Method
  - Based on Theoretical Cost of Improvements for Incremental Development
  - May Not be Tied to Current Capital Plan
- Historical Cost (or "Buy-In") Method
  - Based on the Historical / Original Cost of Assets
  - Only Recognizes Capacity Currently-In-Service
- Improvements Method
  - Based on Future Capital Costs and New Capacity Over a Projected Period of Time
  - Does Not Account for Unused Constructed Capacity at Existing Facilities Available for New Growth

# Impact Fee Methods (3)



- Method Utilized in FIF Analysis
  - Blending of Buy-In and Improvements Methods
    - Includes Historical “Installed” Costs of Existing Facilities
    - Recognizes Plant Capacity Available from Existing Facilities to Meet Near-Term Growth Requirements
    - Includes Projected Near Term “Incremental” Capital Costs (Improvements)
  - Links Constructed Infrastructure Cost to Timing of When Fee is Applied

# Major Assumptions - Cost of Infrastructure



- County Currently Has **\$1.1 Billion** in Constructed Water and Wastewater Utility Assets
  - \$392.4 Million Excluded from Fee Calculations
    - Misc. Equipment, Non-Backbone Distribution and Collection Lines
- County 5-year CIP = **\$550.5 Million** in Water and Wastewater New Infrastructure Needs
  - Includes Carry-forward Projects [CWIP]
  - \$313.3 Million “Incremental Cost” Increase in Estimate of Installed Infrastructure Assets



# Major Assumptions - Capacity



- Water Treatment Capacity and Flow
  - Water Plant Capacity – 84.00 MGD MDF
  - Permitted / Reliable Capacity – 55.94 MGD MDF
  - Available Capacity for Retail Customer Growth – 27.95%
  
- Wastewater Treatment Capacity and Flow
  - Consists of Three Treatment Plants
  - Consolidated Wastewater Plant Capacity – 33.50 MGD ADF
  - Available Capacity for Retail Customer Growth – 27.95%
  
- Availability of Capacity Supports Buy-in Method

# Major Assumptions - Level of Service



- Level of Service (Gallons Per ERC / Day)
  - ERC = Capacity to Service a Residential Dwelling Unit by Smallest Meter Size
  - LOS Based On:
    - Review of Comprehensive Plan
    - Engineering Master Plan Documents
    - Finished Water Produced / Wastewater Treated
    - Customer Service (Usage) Demands
    - Demographic Information

	<b>Water</b>	<b>Wastewater</b>
Existing LOS per ERC	275 gpd/ERC	210 gpd/ERC
Proposed LOS per ERC	250 gpd/ERC	185 gpd/ERC

# Application Methodology



## ■ Current Fee Application:

- Residential and Commercial
  - Applies to Individually Metered Service / Per Meter Size
  - 99% of Residential Customers= served by 5/8 x 3/4-inch meter
  - Commercial Service over 10-inch = Based on Capacity Requested (per gallon rate)
- Master-Metered Residential
  - Generally Reflects high-use (demand) Customers
  - Based on Dwelling Units Served
  - Multi-Family / Mobile Home Residential at 0.67 ERCs per Dwelling Unit

Current Residential Single Family and Non-Residential Facility Investment Fees (FIFs)

Meter Size	Factor	Water	Wastewater
5/8" x 3/4"	1.0	\$1,970	\$3,027
3/4"	1.5	2,955	4,541
1"	2.5	4,925	7,568
1.5"	5.0	9,850	15,135
2"	8.0	15,760	24,216
3"	16.0	31,520	48,432
4"	25.0	49,250	75,675
6"	50.0	98,500	151,350
8"	80.0	157,600	242,160
10"	115.0	226,550	348,105
Over 10"	Per Gallon Per Day	\$7.164	\$14.414

Master-Metered Residential Multi-Family and Mobile Home FIFs

Per Unit	.067	\$1,345	\$2,088
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# Application Methodology (2)

- Proposed Changes to FIF Application
  - Reviewed Capacity Demands by Class
    - Based on 5-Years of Detailed Billing Information
  - Fee Application Recommendations:
    - Links to Average Capacity Use per Customer Class
    - Maintain Single-Family Residential Fee Based on Meter Size
    - Maintain Residential Master-Metered Multi-Family Fee on “per Dwelling Unit” Basis
      - Reduce Factor from 0.67 to 0.60 ERCs per Unit
      - Implement Mobile Home Dwelling Unit at 0.50 ERCs per Unit
  - Commercial Fee Application
    - Increase Commercial Fee Due to Higher Capacity Needs
    - Maintain Fee Application by Meter Size up to 4-inches
    - Use Per Gallon Rate for all Applications above 4-inches

# Application Methodology (3)



WATER SYSTEM – Proposed Residential Individually-Metered FIFs -(per gallon per day)

<u>Meter Size</u>	<u>Factor</u>	<u>Existing Residential</u>	<u>Proposed Residential</u>	<u>Change</u>
5/8" x 3/4"	1.0	\$1,970	\$1,738	(\$232)
3/4"	1.5	2,955	2,607	(348)
1"	2.5	4,925	4,345	(580)
1.5"	5.0	9,850	8,690	(1,160)
2"	8.0	15,760	13,904	(1,856)
3"	16.0	31,520	27,808	(3,712)
4"	25.0	49,250	43,450	(5,800)

Proposed Residential Master-Metered Multi-Family and Mobile Home FIFs

Per Dwelling Unit - Multi-family	.60	\$1,345 / 0.67 Factor	\$1,042 / .60 factor	(\$303) / (.07) factor change
Per Dwelling Unit – Mobile Homes	.50	\$1,345 / 0.67 Factor	\$869 / .50 factor	(\$476) / (.17) factor change

# Application Methodology (4)



## WATER SYSTEM – Proposed Commercial Individually-Metered FIFs

<u>Meter Size</u>	<u>Factor</u>	<u>Existing Commercial</u>	<u>Proposed Commercial</u>	<u>Change</u>
5/8" x 3/4"	1.0	\$1,970	\$1,998	\$28
3/4"	1.5	2,955	2,997	42
1"	2.5	4,925	4,995	70
1.5"	5.0	9,850	9,990	140
2"	8.0	15,760	15,984	224
3"	16.0	31,520	31,968	448
4"	25.0	49,250	49,950	700
6"	Per Gallon Per Day	98,500	\$6.952/gpd	\$6.952/gpd
8"	Per Gallon Per Day	157,600	\$6.952/gpd	\$6.952 /gpd
10"	Per Gallon Per Day	226,550	\$6.952/gpd	\$6.952/gpd
Over 10"	Per Gallon Per Day	\$7.164/gpd	\$6.952/gpd	\$6.952/gpd

# Application Methodology (5)



## WASTEWATER SYSTEM – Proposed Residential Individually-Metered FIFs

<u>Meter Size</u>	<u>Factor</u>	<u>Existing Residential</u>	<u>Proposed Residential</u>	<u>Change</u>
5/8" x 3/4"	1.0	\$3,027	\$3,175	\$148
3/4"	1.5	4,541	4,762	221
1"	2.5	7,568	7,937	369
1.5"	5.0	15,135	15,875	740
2"	8.0	24,216	25,400	1,184
3"	16.0	48,432	50,800	2,368
4"	25.0	75,675	79,375	3,700

## Proposed Residential Master-Metered Multi-Family and Mobile Home FIFs

Per Dwelling Unit - Multi-family	.60	\$2,088 / 0.67 Factor	\$1,905 / .60 factor	(\$183) / (.07) factor change
Per Dwelling Unit – Mobile Homes	.50	\$2,088 / 0.67 Factor	\$1,587 / .50 factor	(\$501) / (.17) factor change

# Application Methodology (6)



## WASTEWATER SYSTEM – Proposed Commercial Individually-Metered FIFs

<u>Meter Size</u>	<u>Factor</u>	<u>Existing Commercial</u>	<u>Proposed Commercial</u>	<u>Change</u>
5/8" x 3/4"	1.0	\$3,027	\$3,651	\$624
3/4"	1.5	4,541	5,476	935
1"	2.5	7,568	9,127	1,559
1.5"	5.0	15,135	18,255	3,120
2"	8.0	24,216	29,208	4,992
3"	16.0	48,432	58,416	9,984
4"	25.0	75,675	91,275	15,600
6"	Per Gallon Per Day	151,350	\$17.162/gpd	\$17.162/gpd
8"	Per Gallon Per Day	242,160	\$17.162/gpd	\$17.162/gpd
10"	Per Gallon Per Day	348,105	\$17.162/gpd	\$17.162/gpd
Over 10"	Per Gallon Per Day	\$14.414/gpd	\$17.162/gpd	\$17.162/gpd



# Application Methodology (7)



WATER and WASTEWATER SYSTEM – Proposed Combined Residential Individually-Metered FIFs

<u>Meter Size</u>	<u>Existing Combined Water &amp; Wastewater</u>	<u>Proposed Combined Water &amp; Wastewater</u>	<u>Change</u>
5/8" x 3/4"	\$4,997	\$4,913	(\$84)
3/4"	7,496	7,369	(127)
1"	12,493	12,282	(211)
1.5"	24,985	24,565	(420)
2"	39,976	39,304	(672)
3"	79,952	78,608	(1,344)
4"	124,925	122,825	(2,100)

# Application Methodology (8)



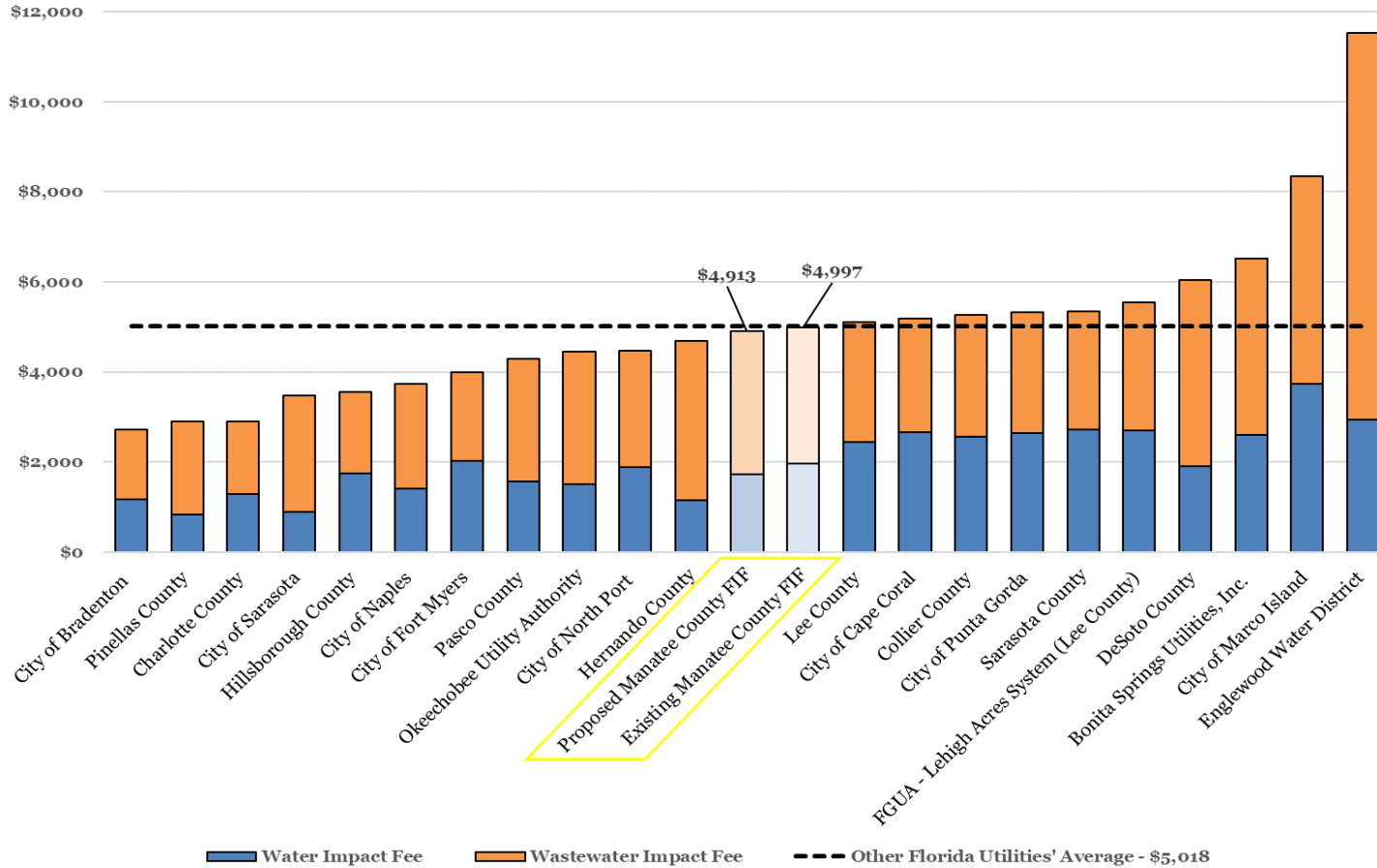
## WATER and WASTEWATER SYSTEM – Proposed Combined Commercial Individually-Metered FIFs

<u>Meter Size</u>	<u>Existing Combined Water &amp; Wastewater</u>	<u>Proposed Combined Water &amp; Wastewater</u>	<u>Change</u>
5/8" x 3/4"	\$4,997	\$5,649	\$652
3/4"	7,496	8,473	977
1"	12,493	14,122	1,629
1.5"	24,985	28,245	3,260
2"	39,976	45,192	5,216
3"	79,952	90,384	10,432
4"	124,925	141,225	16,300
6"	100,588	Per Gallon Per Day	Per Gallon Per Day
8"	159,688	Per Gallon Per Day	Per Gallon Per Day
10"	348,105	Per Gallon Per Day	Per Gallon Per Day
Over 10"	Per Gallon Per Day	Per Gallon Per Day	Per Gallon Per Day

# Facility Investment Fee Comparison



Comparison of Facility Investment Fees per Equivalent Residential Connection (ERC) for Water and Wastewater Service



# Questions?



# Ordinance 19-21

- Summary of significant changes
  - Overall: rewritten to be consistent with impact fee ordinance and remove administrative details to a procedures manual
  - Definitions updated



# Ordinance 19-21 (2)

- Summary of significant changes
  - Wholesale reduction in capacity, no refund of prior FIFs paid
  - Fees updated based on study results
  - Updated for Livable Manatee
  - Added ability for an alternative FIF fee to be requested by applicant
    - Includes a challenge process



# Resolution 19-55

- Resolution to adopt Facility Investment Fee Administrative Procedures Manual
  - New FIF procedures manual that was developed to be consistent with the impact fee administrative procedures manual (previously adopted in December 2017)
  - Moves administrative details of the FIFs from the Ordinance



# Resolution 19-55 (2)

- New administrative procedures manual
  - Describes responsibilities of Impact Fee Administrator
  - Customer and service classifications
  - Fee assessment and calculation for obligation
  - Administration of time payment agreements
  - Affordability/Financial assistance
  - Independent Impact Analysis
  - Credits for system improvements





# Action Plan

- Work session: May 14, 2019
- Public hearing: June 18, 2019
- Effective date: October 1, 2019



# Final Questions?

