

## Addendum B

### Policy Statement Water and Sewer Capacity Fees (July 1, 2023)

#### 1. Purpose

Water and Sewer Capacity Fees represent a contribution by customers of the District to allow the District to sustain its infrastructure by improving and expanding when necessary so as to meet future demands for capacity. Capacity Fees will be assessed for any development which results in an increased capacity of an existing property. In general, development includes both new construction, as well as the alteration, expansion or replacement of a building or other structural improvements.

#### 2. Authorized Expenditures

Revenues derived from capacity fees shall be separately accounted for and, to the extent reasonably practical, applied to capital improvements associated with the system for which the fees are assessed. This would also include expenditures relating to repayment of debt for such improvements. To the extent such revenues are not so applied as stated above, the funds shall be maintained in the District's capital reserve account. Such revenues derived from capacity fees are not intended to be used for O&M expenditures or routine maintenance.

#### 3. Capacity Fees – Assessment and Payment

- (a) Capacity fees shall be assessed on all properties (both commercial and residential) that connect to the District's water and/or sewer system. The charge shall be paid before the District will turn on the water service or allow the customer to discharge into the District's sewer system.
- (b) While capacity fees are based upon meter size, for meters larger than 2", the District reserves the right to evaluate the customer's specific usage characteristics in order to assess a water and/or sewer capacity fee which is equitable and based upon estimated or projected water capacity use.
- (c) Water capacity fees shall not be charged for separate fire protection service lines.

#### 4. Redevelopment/Credits

- (a) Redevelopment or change of use, by itself, shall not trigger additional capacity fee payments unless there is an increase in capacity use.
- (b) Credits for existing water and sewer service capacity fees can be provided for redevelopment and change in use when there is a requested increase in capacity use only on the specific property. Such credit will be given when **increasing** the size of a meter.
- (c) In determining the credit, the customer's existing capacity shall be compared to their proposed (expanded) capacity (e.g. meter size or gpm loading). Existing capacity for purposes of valuing the credit shall be established at the District's then current value of the amount of capacity at the time of the application for credit. The difference between the value of the full (requested) capacity and the redevelopment capacity credit shall be paid to the District at the current rate. [e.g., *A customer has a 1" meter and replaces that meter with a 2" meter. A credit shall be provided to the customer for the difference between the value of a 1" meter and a 2" meter.*]
- (d) Capacity credits shall be provided to a customer that is properly and legally connected to the water or sewer system, even if no water or sewer capacity fees had been previously paid for the property. The customer's existing capacity for purposes of establishing a redevelopment (capacity) credit shall be the lesser of the current value of capacity at the time of the application for credit or the value of capacity documented in a previously executed agreement between the District and the customer.
- (e) Refunds or credits for existing water and sewer service capacity fees will not be given when reducing the size of the meter or when abandoning a meter that is not being relocated. The original capacity shall remain with the property and available for use.
- (f) Capacity and capacity (fee) credits shall remain with the property only and are non-transferable to any other property.

**5. July 1, 2023 Rate Schedule**

The July 1, 2023 Rate Schedule includes capacity fees, as well as connection fees, which are based on meter size and/or line size. For capacity fees, meter equivalent ratio based on American Water Works Association (“AWWA”) MI Manual, Sixth Edition, Table V1.2-5, Page 274, Paragraph 3. Equivalent Residential Units (“ERUs”) are intended to provide a standard unit of measure for capacity fees with larger than an average demand requirements can be calculated on an equivalency basis. Methodology used to determine capacity fees is based upon standardized demand criteria established by AWWA relating to the size of the water meter.

The AWWA meter equivalent and ERU for the District’s meter size is as follows:

Meter Size	Meter Equivalent	Equivalent Residential Unit (ERU)
5/8"	1.0	300 gpd
3/4"	1.5	450 gpd
1"	2.5	750 gpd
2"	8.0	2,400 gpd
3"	15.0	4,500 gpd
4"	25.0	7,500 gpd
6"	50.0	15,000 gpd
8"	80.0	24,000 gpd

Applying the AWWA safe operating capacity ratio from the same AWWA chart, a 2” meter capacity is equal to 160 gpm versus a 5/8” meter capacity of 20 gpm. Hence, a 2” meter has 8 times the capacity of a 5/8” meter.

Water capacity fee is calculated based on current rate of \$3.25/gallon @ 300 gpd/ERU. Sewer capacity fee is calculated based on current rate of \$8.08/gallon @ 300 gpd/ERU.

As a result of capacity fees being based on meter size and the application of the AWWA meter equivalency section and ERU, both connection fees and capacity fees for residential and commercial are combined and, as of July 1, 2023, reflected as follows.

Meter Size	Meter Equivalent	Equivalent Residential Unit (ERU)	Water Capacity Fee	Sewer Capacity Fee	Water Connection Fee*	Sewer Connection Fee*
5/8"	1.0	300 gpd	\$975	\$2,425	\$1,500	<u>Line Size</u> 4" or less -- \$290 6" or more - \$875
3/4"	1.5	450 gpd	\$1,465	\$3,635	\$1,500	
1"	2.5	750 gpd	\$2,440	\$6,055	\$1,700	
2"	8.0	2,400 gpd	\$7,800	\$19,385	\$3,900	
3"	15.0	4,500 gpd	\$14,625	\$36,345	\$4,600	
4"	25.0	7,500 gpd	\$24,375	\$60,575	\$6,000	
6"	50.0	15,000 gpd	\$48,750	\$121,150	\$11,500	
8"	80.0	24,000 gpd	\$78,000	\$193,835	\$13,550	

**NOTES:** 1. For connection fees, \* means “or cost, whichever is greater”.

2. For capacity fees – meter sizes larger than 2” are subject to further evaluation by District based on proposed usage and DHEC contributory loads.

**6. Effect of Policy Statement.** This 2023 Policy Statement, once enacted, will supersede, in part, Supplement I to the Broad Creek Public Service District Regulations, adopted as part of the July 1, 2008 Rate Schedule. In the event of a conflict between this Policy Statement and the aforementioned Supplement I, this Policy Statement shall prevail.