



Fiscal Year 2014

**WATER AND WASTEWATER
IMPACT FEE STUDY**

For

**COLLIER COUNTY
WATER-SEWER DISTRICT**

September 15, 2014



Public Resources Management Group, Inc.
Utility, Rate, Financial and Management Consultants



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Honorable Chairman and Members of the
Board of County Commissioners
Collier County
3299 Tamiami Trail East, Suite 303
Naples, FL 34112

Subject: Water and Wastewater Impact Fee Study

Public Resources Management Group, Inc. (PRMG) has completed our review of the water and wastewater impact fees for the Collier County (the "County") Water-Sewer District (the "District") water and wastewater system (the "System"), and has summarized the results of our analyses, assumptions, and conclusions in this report, which is submitted for your consideration. The purpose of our analysis was to review the existing impact fees and make recommendations as to the level of charges that should reasonably be in effect consistent with: i) the utility assets installed by the District; ii) the capital expenditure requirements identified in the District's multi-year capital improvement program (CIP); and iii) County management direction. The methodology for the determination of the proposed impact fees was also reviewed by the County's outside legal counsel and the fees as documented in this report reflect all of the recommendations from said counsel.

Based on our review, PRMG is recommending that the water system impact fee be decreased from \$3,205 to \$2,600 per Equivalent Residential Connection (ERC). For the wastewater system, we are recommending a decrease in the impact fee from \$3,220 to \$2,515 per ERC. The combined water and wastewater fees with the proposed rate adjustments would be \$5,115, a decrease of \$1,310 or 20.4% when compared with the existing combined fees of \$6,425. The methodology for applying the impact fees per ERC to different customer classes is currently being reviewed by County staff, and recommendations for any adjustments to the methodology are anticipated to be presented to the Board at a later date.

The fees we calculated during the course of our analyses were based on the recovery: i) of capital-related costs that have been incurred and which are estimated to have available capacity to serve new development; as well as ii) certain costs anticipated to be incurred by the District during the projection period. Based on the information provided by the District and the assumptions and considerations outlined in this report, which should be read in its entirety, PRMG considers the proposed impact fees to be cost-based, reasonable, and legally defensible.

In 2006, consistent with the practices of other utilities within the State of Florida, the County adopted Allowance for Funds Prudently Invested (AFPI) fees per ERC (pursuant to Ordinance No. 2006-27) to recover the carrying cost for "holding" capacity until it is reserved by development; these costs are not included as components of the impact fees. The combined water and wastewater AFPI fees per ERC were \$1,693, and the collection of these fees had a sunset provision effective in 2012. Consistent with County management direction, PRMG has

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assumed that these fees would not be reinstated. During the Fiscal Year 2008, the combined water and wastewater impact fees totaled \$7,339 per ERC, while the maximum accrual on the combined AFPI fees totaled \$1,693. Collectively, the water and wastewater impact fees and AFPI fees totaled \$9,032 (\$7,339 impact fees + \$1,693 AFPI fees = \$9,032). The proposed combined water and wastewater impact fees of \$5,115, when coupled with the sunset of the AFPI fees, represent a decrease of approximately \$3,917 per ERC to be collected from new development requesting capacity from the System when compared with the Fiscal Year 2008 levels.

We appreciate the opportunity to be of service to the County and would like to thank the County staff for their assistance and cooperation during the course of this study.

Respectfully submitted,
Public Resources Management Group, Inc.

Robert J. Ori
President

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**COLLIER COUNTY WATER-SEWER DISTRICT
WATER AND WASTEWATER IMPACT FEE STUDY**

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**COLLIER COUNTY WATER-SEWER DISTRICT
WATER AND WASTEWATER IMPACT FEE STUDY**

Introduction

In 2003, the Legislature of the State of Florida pursuant to Section 189.429, Florida Statutes, adopted the Collier County Water-Sewer District Special Act (formally known as House Bill 849) (the "Act") to create the Collier County Water-Sewer District (the "District") on behalf of Collier County (the "County"). The District is an independent special district and public corporation of the State with the Board of County Commissioners being the governing board of the District. The purpose of creating the District was to provide the District with the overall responsibility for the provision of water and wastewater services to a specified geographic service area of the County as defined in the Act due primarily to the extensive growth that was occurring and anticipated within the County and to meet the public health and water supply issues affecting such service area.

The District owns and operates a water and wastewater utility system (the "System") which during the Fiscal Year 2013 provided service to an estimated 54,123 water retail accounts (annual average) and 57,193 wastewater retail accounts. The District has constructed or plans to construct utility infrastructure to accommodate the future developments identified for the County that are expected to be served by the System. Historically, the District has utilized water and wastewater impact fees, which are referred to as "system development fees" in the District's authorizing bond resolution, to fund a portion of constructing the infrastructure requirements associated with new growth. For the purpose of this report, the terms "impact fees" and "system development fees" shall be used interchangeably.

Purpose of Water and Wastewater Impact Fees

The purpose of impact fees is to recover the pro-rata share of allocated capital costs that are considered as growth-related from new customers connecting to the System. To the extent that new population growth and associated development impose identifiable added capital costs to municipal services, modern capital funding practices include the assignment of such costs to those residents or system users responsible for those costs rather than to the existing population base. Generally, this practice has been labeled as "growth paying its own way" without existing user cost burdens.

On June 14, 2006, additional impact fee legislation became effective as Chapter 2006-218, Laws of Florida, and was later incorporated in Section 163.31801 of the Florida Statutes. The impact fee legislation, which has been designated as the "Florida Impact Fee Act," recognized that impact fees are an important source of revenue for a local government to use in funding the infrastructure necessitated by new growth. The act further states that an impact fee adopted by ordinance of a county or municipality, or by resolution of a special district, must at minimum:

- Require that the calculation of the impact fee be based on the most recent and localized data;
- Provide for accounting and reporting of impact fee collections and expenditures in a separate accounting fund;
- Limit administrative charges for the collection of impact fees to actual costs; and

- Require that notice be provided no less than 90 days before the effective date of an ordinance or resolution imposing a new or amended impact fee. However, a county or municipality is not required to wait 90 days to decrease, suspend or eliminate an impact fee.

On May 21, 2009, Florida House Bill 227 became law, and this legislation added the following language to the Florida Impact Fee Act:

"In any action challenging an impact fee, the government has the burden of proving by a preponderance of the evidence that the imposition or amount of the fee meets the requirements of state legal precedent or this section. The court may not use a deferential standard."

Based on Section 163.31801 of the Florida Statutes and existing Florida case law, certain conditions are required to develop a valid impact fee. Generally, it is our understanding that these conditions involve the following issues:

1. The impact fee must meet the "dual rational nexus" test. First, impact fees are valid when a reasonable impact or rationale exists between the anticipated need for the capital facilities and the growth in population. Second, impact fees are valid when a reasonable association, or rational nexus, exists between the expenditure of the impact fee proceeds and the benefits accruing to the growth from those proceeds.
2. The system of fees and charges should be set up so that there is not an intentional windfall to existing users.
3. The impact fee should only cover the capital cost of construction and related costs thereto (engineering, legal, financing, administrative, etc.) for capital expansions or other system-related capital requirements that have been or are anticipated to be constructed which are required or available to serve growth. Therefore, expenses due to rehabilitation or replacement of a facility that has been constructed (e.g., replacement of a capital asset) or an increase in the level of service should be borne by all users of the facility (i.e., existing and future users) to the extent that capacity in such facilities is available to serve the needs of new development.
4. The County should adopt an impact fee resolution or ordinance that explicitly restricts the use of impact fees collected. Therefore, impact fee revenue should be set aside in a separate account, and separate accounting must be made for those funds to ensure that they are used only for the lawful purposes described above.
5. The County should provide advanced notice of not less than ninety (90) days before the effective date of a resolution or ordinance amending the existing impact fees, unless the impact fees are decreasing.

Existing Impact Fees

Resolution No. 2011-41, which was adopted by the Board of County Commissioners of Collier County (BOCC) on February 22, 2011 (the "Impact Fee Resolution"), established the District's current water and wastewater impact fees. The current impact fees for an equivalent single family residential connection (ERC) served by the District System are summarized as follows:

	<u>Existing Rate per ERC [1]</u>
Water System Impact Fee	\$3,205
Wastewater System Impact Fee	<u>3,220</u>
Combined	<u>\$6,425</u>

[1] Reflects fee for standard individually-metered residential unit (generally served through a 3/4-inch meter service and is considered to equate to 1 ERC).

A copy of the Impact Fee Resolution is included as Appendix B to this report.

Level of Service Requirements

In the evaluation of the capital facility needs for providing water and wastewater utility services, it is important that a level of service (LOS) standard be developed. Pursuant to Section 163.3164, Florida Statutes, the "level of service" means an indicator of the extent or degree of service provided by, or proposed to be provided by, a facility based on and related to the operational characteristics of the facility. Level of service shall indicate the capacity per unit of demand for each public facility or service. Essentially, the level of service standards are established in order to ensure that adequate capacity will be provided for future development and for purposes of issuing development orders or permits, pursuant to Section 163.3202(2)(g) of the Florida Statutes. As further stated in the Statutes, each local government shall establish a LOS standard for each public facility located within the boundary for which such local government has authority to issue development orders or permits. Such LOS standards are set for each individual facility or facility type or class and not on a system-wide basis.

For water and wastewater service, the level of service that is commonly used in the industry is the amount of capacity (service) allocable to an ERC expressed as the amount of usage (gallons) allocated on an average daily basis. This allocation of capacity would generally represent the amount of daily dependable capacity allowable to an ERC, whether or not such capacity is actually used (commonly referred to as "readiness to serve"). As previously mentioned, an ERC is representative of the average capacity required to service a typical individually-metered or single-family residential account. This class of users represents the largest amount of customers served by a public utility such as the District and generally the lowest level of usage requirements for a specifically metered account.

The current level of service standards adopted by the County as expressed on a "gallons per day per ERC" basis are 350 gpd for the water system and 250 gpd for the wastewater system, and these level of service standards were relied upon by PRMG in previous evaluations of the County's water and wastewater impact fees. The primary differences in the LOS standards between the two utilities are considered to be: i) the recognition of outdoor irrigation demands for potable water service which reflect water usage not returned to the wastewater system; ii) differences in unaccounted for water (finished water leaving the water treatment plant compared with water metered at the customer premise) and wastewater inflow and infiltration (groundwater and stormwater entering the wastewater collection system which are treated at the wastewater treatment plants) relationships; and iii) other factors.

It is recognized by the industry that the average daily water use and corresponding wastewater flows expressed on a "per ERC" basis have declined over the past ten years, and the County's utility

system has also experienced this decline. Although this may be attributable to a variety of reasons, PRMG believes that this downward trend includes, but may not be limited to: i) continued water conservation pricing efforts by local governments; ii) improvements in water use requirements for household appliances such as clothes washers and dishwashers, low-flow toilets and water fixtures; iii) increases in customer densities to reduce the costs of construction which results in less pervious surface to irrigate; and iv) general customer awareness of the need to reduce water use (e.g., installation of xeriscape landscaping). With respect to the County, average water sales per ERC for the single family residential class has declined by approximately 17% since 2008 and it is expected by the County that this general reduction in flow will be permanent.

In the development of the level of service standards for the impact fee update, the following references were considered and reviewed:

- 2014 Water and Wastewater Master Plan Updates (the "2014 Master Plan Updates") prepared by AECOM, the District's consulting engineers (the "Consulting Engineers");
- Collier County Growth Management Plan adopted on October 28, 1997, as amended and supplemented;
- Florida Department of Environmental Protection (FDEP) general design standards;
- Florida Public Service Commission (FPSC) capacity relationships for private utilities; and
- Actual water production and wastewater flow data reported by the District over the past several years.

The following table shows the level of service standards contained in some of the reference sources:

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Comparison of Water and Wastewater Level of Service (LOS) Standards Per Equivalent Residential Connection (ERC)		
Description	Water ERC (gpd)	Wastewater ERC (gpd)
Level of Service Utilized for Impact Fee Calculations	325	225
Collier County Water-Sewer District (CCWSD) Water and Wastewater Rate Ordinance	350	250
<u>Collier County Growth Management Plan [1]</u>		
2.40 persons per household	364	242
2.50 persons per household	379	253
2.64 persons per household	400	263
<u>2014 Master Plan Updates [2]</u>		
2.40 persons per household	295	202
2.50 persons per household	307	210
2.64 persons per household	325	222
<u>Level of Service Standards Recognized By State Government of Florida:</u>		
Florida Public Service Service Commission (FPSC) Capacity Relationships for Private Utilities [3]	350	280
Florida Department of Health Design Standards for Sewer Systems [4]	N/A	300
[1] LOS standards reflect gallons per capita per day (gpcd) in Collier County Growth Management Plan multiplied by number of persons per household. Gallons per capita per day derived as follows:		
	Water	Wastewater
Total gpcd	185	120
Adjustment for commercial component per County billing records	(33)	(19)
Residential gpcd	<u>152</u>	<u>101</u>
Per the 2000 US Census, the persons per household in Collier County was 2.39, while the persons per household per the 2010 Census was 2.64. Changing customer dynamics may adjust this number over time.		
[2] LOS standards reflect gallons per capita per day (gpcd) in 2014 Master Plan Updates multiplied by number of persons per household. Gallons per capita per day derived as follows:		
	Water	Wastewater
Total gpcd	150	100
Adjustment for commercial component per County billing records	(27)	(16)
Residential gpcd	<u>123</u>	<u>84</u>
Per the 2000 US Census, the persons per household in Collier County was 2.39, while the persons per household per the 2010 Census was 2.64. Changing customer dynamics may adjust this number over time.		
[3] Rule 25-30.515(8), Florida Administrative Code. A wastewater ERC level of service is assumed to be 80% of the water ERC level of service (350 gpd x 80% = 280 gpd).		
[4] Rule 64E-6.008, Florida Administrative Code. Design standard for 3-bedroom house with 1,201 - 2,250 square feet of building area.		

Recognizing: i) the current trends in water use per single family ERC; ii) the current capacity planning ERC service levels assumed in the most recent utility Master Plan Updates used in the evaluation of and planning for water and wastewater treatment capacity needs; iii) single family residential and commercial water use relationships based on detailed utility billing information as provided by the District; iv) the most recent U.S. Census data regarding persons per household for the County; and v) discussions with the District staff, the LOS standards recognized for the evaluation of the fees as expressed on a "gallons per day (gpd) per ERC" basis are 325 gpd for a water system ERC and 225 gpd for a wastewater system ERC. This represents a reduction in the overall level of service for the reservation of water and wastewater capacity and appears to be more representative with current conditions and the planning assumptions used by the District and its consulting engineers in the treatment capacity evaluation process.

Existing Plant in Service

In the determination of the impact fee associated with the servicing of future customers, any constructed capacity in the existing treatment and transmission utility system which is available to serve such growth was considered. Since this capacity was constructed and is available to serve the near-term incremental growth of the utility system, it is appropriate to recognize the capacity availability of such facilities. In order to evaluate the availability of the existing utility plant-in-service to meet or provide for near-term future capacity needs, it was necessary to functionalize the existing utility plant by specific function or purpose (treatment, conveyance, etc.). The "functionalization" of the existing utility plant is necessary to: i) identify those assets which should be considered or included in the determination of the impact fees; and ii) match existing plant type to the capital improvements to meet future service needs.

The functional cost categories are based on the purpose of the assets and the service that such assets served. The following is a summary of the functional cost categories for the utility plant-in-service identified in this report.

Functional Plant Categories		
Water Service	Wastewater Service	Other Plant
Supply	Treatment	General Plant (equipment, vehicles, etc.)
Treatment	Effluent/Irrigation Quality Water	
Transmission	Transmission	
Distribution	Collection (includes local lift stations, manholes, and laterals)	
Fire Hydrants		
Meters and Services		

It was necessary to functionalize the utility plant into these cost categories so that a proper fee could be developed. Generally, the costs of on-site facilities which serve a specific development or customer (not considered as a "System" cost proportionately allocable to all users) include onsite (fronting the premise) water distribution and wastewater collection lines, meters and services, local lift stations, and fire hydrants are usually: i) donated by a developer as part of the District's utility extension program (a contribution of the plant); ii) recovered from the individual properties through an assessment program based on those properties which receive special benefit from such facilities or from the application of a main line extension fee to recover the specific cost of such facilities; or iii) funded from the customer directly (e.g., by a "front-foot" charge where the on-site lines were

initially financed by the utility and then paid by the customer or an installation charge to recover the cost of a new service line and/or the potable water meter). Such utility plant should not be a capital cost included in the impact fee calculation. Additionally, assets or utility plant with short service lives that are replaced on a recurring basis should also not be included since these assets are considered attributable to the existing customers of the System. An example of this utility plant would be general plant (vehicles, equipment, etc.).

The County provided PRMG with reported utility plant asset information through September 30, 2013 (the most recently completed fiscal year) that served as the basis of the functionalization of the existing utility plant-in-service. Appendix A at the end of this report provides a summary of the functionalization of the existing utility plant-in-service for the System. The functionalized existing utility plant-in-service as shown in Appendix A represents the original installed cost of such assets (gross book value) and was based on the reported in-service values as of September 30, 2013 that were provided by the County and detailed in the utility asset records. This information represents the most current information available relative to the plant-in-service to serve the existing and near-term future customer base of each utility system. The assets represent "installed costs" and have not been restated to account for any fair market value adjustments which would reflect current costs (would assume essentially that assets were replaced). If an asset had been replaced by the County as of September 30, 2013, such assets were considered since they are physically in-service and represent the cost actually incurred by the County to provide service to future development.

A summary of the functionalization of the existing utility plant-in-service in Appendix A is shown as follows:

Summary of Existing Utility System Assets [1]				
Description	Reported Gross Plant-In-Service as of September 30, 2013			
	Water System		Wastewater System	
	Amount	Percent	Amount	Percent
Water Supply	\$87,668,101	16.63%	---	---
Treatment	185,254,947	35.14%	\$262,441,103	43.49%
Transmission	88,676,682	16.82%	70,383,531	11.66%
Distribution/Collection	122,703,644	23.27%	177,780,010	29.46%
Effluent/Reclaimed	---	---	54,002,853	8.95%
Meters/Services/Hydrants	9,722,642	1.84%	---	---
General Plant [2]	15,122,726	2.87%	17,283,310	2.86%
Other [3]	<u>18,087,012</u>	<u>3.43%</u>	<u>21,560,932</u>	<u>3.57%</u>
Totals	<u>\$527,235,753</u>	<u>100.00%</u>	<u>\$603,451,739</u>	<u>100.00%</u>
Total Combined Utility System Assets			<u>\$1,130,687,492</u>	

[1] Amounts shown derived from Appendix A and do not include construction-work-in-progress of \$59,016,008.

[2] General Plant represents equipment, vehicles and assets with short service lives, and was allocated to the water and wastewater system in proportion to all other functionalized utility plant.

[3] Reflects adjustments to reported assets to remove general-related costs from the fee calculations or to allocate portion of asset costs directly to existing users.

In order to determine the amount of existing water supply/treatment and wastewater treatment/disposal plant assets available to meet future growth, it is necessary to identify the amount of unused capacity in such facilities. Table 1 at the end of this report provides an estimate of the unused capacity and the allocated water supply and treatment plant costs available to meet future needs. A similar analysis is shown on Table 2 at the end of this report for the wastewater system. This estimate for water and wastewater capacity and the allocation of existing plant to future growth was based on: i) the permitted design capacity of the respective utility plant facilities; ii) the recognition of adjustments to present the facility capacity on an average daily demand/flow basis to be consistent with the assumed level of service requirements (dependable daily capacity); and iii) actual use of such facilities as experienced by the System service area through the Fiscal Year 2013. Based on this analysis, it was estimated that the existing water supply and treatment and wastewater treatment and effluent disposal plant facilities had the following remaining and available capacity to meet future needs:

	Plant Capacity (MGD)	
	Water Plant [1]	Wastewater Plant [2]
Total Permitted Design Capacity (MMDD / MMADF - MGD)	52.000	40.100
Peaking Factor [3]	<u>1.200</u>	<u>1.200</u>
Plant Capacity Expressed on Average Daily Demand/Flow Basis	43.333	33.417
Less Existing Plant Utilization (ADF)	<u>26.776</u>	<u>17.372</u>
Net Available to Meet Future Service Area Needs	16.557	16.045
Percent of Total System Capacity	<u>38.21%</u>	<u>48.02%</u>

MMDD = Maximum Month Daily Demand
 MMADF = Maximum Month Average Daily Flow
 MGD = Million Gallons Per Day
 ADF = Average Daily Flow

[1] Amounts derived from Table 1.
 [2] Amounts derived from Table 2.
 [3] The utilized peaking factors are based on a review of historical peaking relationships experienced by the System.

As shown above, it has been estimated that approximately 38.21% in existing water production and treatment utility assets is allocable to serve future development. With respect to the wastewater system, it is estimated that approximately 48.02% of its combined treatment and disposal utility assets is allocable to serve new customer growth. Recognizing the amount of the availability of the existing installed capacity to serve new development or growth, no future capacity additions have been recognized in the analysis; the water production / treatment and wastewater treatment / disposal capacity costs in the impact fee calculations represent the average installed costs of such capacity ("buy-in").

Additional Capital Investment

The District staff and its Consulting Engineers recently prepared a capital improvement program (CIP) which outlines a number of capital improvements for the water and wastewater system over the next ten years. The ten-year planning period was considered by the County to adequately address the immediate needs of the District service area demand requirements and represents projects that will be initiated in the next few years to meet and provide the necessary capacity to meet the respective demands in such planning horizon. The improvements in the CIP are primarily for: i) upgrades to existing assets which benefit both current and future users of the System (e.g.,

replacement and upgrade of water and wastewater transmission mains); and ii) replacement of assets or conducting capital programs which generally only benefit current users of the System (e.g., existing plant renewal and replacement, certain reliability projects). For the purposes of developing the impact fees to be charged to new growth, PRMG was directed by County management and the County's outside legal counsel to potentially recognize only two irrigation quality (IQ) capital projects in the impact fee calculations:

Project No. 74030: IQ Aquifer Storage and Recovery – Livingston Road

Cost Over Next Ten Years: \$1,650,000

Project Description: Plan, design, and construct three additional Aquifer Storage and Recovery (ASR) wells (for a total of five) located at the Livingston Road wellfield north of Immokalee Road to meet the demands of existing and future IQ customers. This project provides for construction and startup of the ASR wells in compliance with the Florida Department of Environmental Protection (FDEP) regulations, as well as cycle testing to insure the proper operation of the ASR system.

IQ Expansion Business Plan (Project number to be determined)

Cost Over Next Ten Years: \$19,732,354

Project Description: Plan, design, and construct required IQ expansions to meet the demands of the CCWSD IQ customers as it grows over the next 20 years. Projects will work towards the goal of increasing IQ water usage from 40% to 60% to provide a long-term water resource benefit to existing and future users of the System. Projects include new Lower Tamiami wells in the south service area, supplemental water used for IQ, and water conservation initiatives.

No water capital projects in the ten-year CIP are reflected in the impact fee calculations. Per discussions with County staff, PRMG determined that the IQ Expansion Business Plan primarily benefits customers connecting beyond the ten-year calculation window. Moreover, only 50% of the IQ Aquifer Storage and Recovery – Livingston Road was considered to provide a System-wide benefit that should be reflected in the impact fee calculations.

Design of Water Impact Fee

As shown on Table 3 at the end of this report, the calculated impact fee for the water system is \$2,600 per ERC. This represents a decrease of \$605 or 18.9% when compared with the current fee of \$3,205 per ERC.

In the development of the proposed water impact fees, several assumptions were utilized or incorporated. The major assumptions utilized in the design of the calculated impact fees are:

1. The existing water supply and treatment facilities have an estimated available capacity margin to serve new growth of approximately 38.21% of the average daily capacity of the facilities based on: i) the firm design capacity of the existing water treatment plant facilities; and ii) actual maximum month daily demand to annual average daily demand relationships recently experienced by the water system, including a review of the actual demand requirements for

the twelve fiscal year period ended 2013. The analysis is included on Table 1 at the end of this report. No water system capacity additions are projected over the next ten years.

2. Per the directions of County management and the County's outside legal counsel, no water projects in the District's multi-year capital program were included in the water impact fee calculations.
3. The level of service for a water ERC was assumed to be 325 gallons per day (gpd) expressed on an average daily flow basis. This level of service represents a reduction from the 350 gpd assumed in the previous impact fee study. The level of service assumption was predicated on the level of service requirements as contained in the 2014 Master Plan Updates; the County's Growth Management Plan (potable water sub-element); Florida Department of Environmental Protection (FDEP) general design standards for water use analysis; Florida Public Service Commission (FPSC) capacity relationships for private utilities (Florida Administrative Code Rule 25-30.020); and discussions with the District staff.
4. Since the transmission function capacity is difficult to ascertain except at build-out conditions, the total existing (original cost and not on a replacement or current cost basis) costs to serve the total capacity of the water system over the next ten years was recognized, thus calculating a new users per-ERC average "buy-in" cost for this functional component of the system.
5. Because: i) the utility system is operated as an enterprise fund; ii) all financial resources received by the District stay within the fund for the benefit of such system; iii) the costs reflected in the fee are at original cost and not adjusted for any fair market value to reflect current cost conditions; iv) there is no interest-expense carry in the impact fee associated with the financing of the capital investment to serve new development; and v) there are no other revenues received by the District from new development for the capital costs / utility plant reflected in the impact fee (e.g., ad valorem taxes on the property), no credit for the future payment of debt service allocable to the properties has been recognized. All impact fee funds remain in the system and the long-term capital financing costs for infrastructure constructed and available to serve new growth are mitigated by using the impact fees for ongoing expansion-related capital project financing or for the direct payment of the annual expansion-related debt service payments.
6. The approach used to determine the estimated impact fee was the "System Buy-in" method which is based on the allocation of the installed cost of the gross plant investment that is available (in-service) to serve new growth. Under this approach, the applicant paying the impact fee is reimbursing the system for the applicant's proportionate share of the facilities available to serve the new development. This method also recognizes that as improvements are made to the system, the available capacity to meet the future demands of the new development is being maintained and therefore the installed cost of the gross plant investment is reasonable. To the extent utility plant assets are upgraded, renewed or replaced but there is capacity to serve new customers, such new customers should be responsible for the pro rata share of the incremental cost of such improvements and such costs have been recognized in the fee; any capital costs that would be allocated to existing customers were not recognized in the impact fee development.

Since the District has constructed this utility plant investment in advance of the new development, there are no future capital improvements included in the fee calculation. Additionally, the District has several capital projects that are underway and considered as construction-work-in-progress. When completed, the construction-work-in-progress will be placed into service; the then existing assets are assumed to be retired and removed from the fixed assets for financial reporting purposes. Because these capital projects have not yet been completed as of the end of Fiscal Year 2013 (which served as the Test Year for the asset evaluation) and it is unknown at this time the amount of retirements that will result due to the placement of these projects into service, no adjustment was made to recognize the completion of the construction-work-in-progress in the fee calculation.

The following table summarizes the amount of capital investment that has been recognized as being available to serve new growth based on the amount of capacity available to the water system and the amount being used by the existing customers of the water system:

Summary of Constructed Utility Plant Costs Allocated to New Development - Water System	
Description	Amount
Total Constructed Assets - Gross Plant-in-Service [1]	\$527,235,753
Less Constructed Assets Directly Assigned to Existing Customers [2]	(165,636,024)
Less Adjustments for Contributed Assets and Assets Funded from External Sources [3]	<u>(14,850,651)</u>
Net Constructed Assets	\$346,749,079
Net Amount Allocated to Existing Customers:	
Percent	61.79%
Amount	\$214,256,256
Net Amount Allocated to Future Customers	\$132,492,823
Percent of Total Constructed Assets [4]	25.13%
Percent of Net Constructed Assets [5]	<u>38.21%</u>

[1] Amounts shown derived from Table 3; amounts do not include construction-work-in-progress of \$23,997,533.

[2] Represents utility plant that is assumed to specifically benefit the property served as opposed to a System cost and includes water distribution facilities, meters, hydrants, services and general utility plant.

[3] Includes contributed assets, grant-funded assets and assets funded from transportation impact fees.

[4] Represents percent of total constructed Gross Plant-in-Service (i.e., \$527,235,753).

[5] Represents percent of net constructed assets (i.e., \$346,749,079).

As shown on Table 3 at the end of this report, the calculated water impact fee is \$2,600 per ERC, which represents a decrease of \$605 or 18.9% when compared with the current fee of \$3,205 per ERC. The primary reason for the reduction in the fee is the lowering of the LOS standard per ERC which results in a lower installed cost allocation to such ERC. This fee would be applied to a standard individually-metered residential customer. Based on the capital facilities associated with the determination of the fee, the functional breakdown of the components of the rate is as follows:

	Calculated Cost Per ERC	Proposed Fee
Water Supply/Treatment	\$2,047	\$2,045
Water Transmission	<u>554</u>	<u>555</u>
Total	<u>\$2,601</u>	<u>\$2,600</u>

Design of Wastewater Impact Fee

As shown on Table 4 at the end of this report, the calculated impact fee for the wastewater system is \$2,515 per ERC. This represents a decrease of \$705 or 21.9% when compared with the current fee of \$3,220 per ERC.

In the development of the proposed wastewater impact fees, several assumptions were utilized or incorporated in the analysis. The major assumptions utilized in the design of the proposed wastewater impact fees are:

1. The existing wastewater treatment and effluent disposal facilities have an estimated available capacity margin to serve new growth of approximately 48.02% of the average daily capacity of the facilities based on: i) the firm design capacity of the existing wastewater treatment plant facilities; and ii) actual maximum month average daily flow to annual average daily flow relationships recently experienced by the wastewater system, including a review of the actual flow requirements for the twelve fiscal year period ended 2013. The analysis is included on Table 2 at the end of this report. No wastewater system capacity additions are projected over the next ten years.
2. Based on discussions with the County, the cost of treatment and effluent disposal includes the direct system-related cost of expanding the irrigation quality water system. The IQ water system is considered by the County to be a component of the wastewater system.
3. Per the directions of County management and the County’s outside legal counsel and discussions with County staff, only capital costs pertaining to the IQ Aquifer Storage and Recovery – Livingston Road (Project 74030) were recognized in the wastewater impact fee calculations.
4. The level of service for a wastewater ERC was assumed to be 225 gallons per day (gpd) expressed on an average daily flow basis. This level of service represents a reduction from the 250 gpd assumed in the previous impact fee study. The level of service assumption was predicated on information contained in the 2014 Master Plan Updates regarding wastewater capacity; the level of service requirements as contained in the County’s Growth Management Plan (sanitary sewer sub-element); FDEP flow standards as reported in FAC Rule 64E-6.008; FPSC capacity relationships for private utilities (FAC Rule 25-30.020); and discussions with District staff.
5. Since the transmission function capacity is difficult to ascertain except at build-out conditions, the total existing (original cost and not on a replacement or current cost basis) costs to serve the total capacity of the wastewater system over the next ten years was recognized, thus

calculating a new users per-ERC average “buy-in” cost for this functional component of the system.

6. Because: i) the utility system is operated as an enterprise fund; ii) all financial resources received by the District stay within the fund for the benefit of such system; iii) the costs reflected in the fee are at original cost and not adjusted for any fair market value to reflect current cost conditions; iv) there is no interest-expense carry in the impact fee associated with the financing of the capital investment to serve new development; and v) there are no other revenues received by the District from new development for the capital costs / utility plant reflected in the impact fee (e.g., ad valorem taxes on the property), no credit for the future payment of debt service allocable to the properties has been recognized. All impact fee funds remain in the system and the long-term capital financing costs for infrastructure constructed and available to serve new growth are mitigated by using the impact fees for ongoing expansion-related capital project financing or for the direct payment of the annual expansion-related debt service payments.
7. The approach used to determine the estimated impact fee was the "System Buy-in" method which is based on the allocation of the installed cost of the gross plant investment that is available (in-service) to serve new growth. Under this approach, the applicant paying the impact fee is reimbursing the system for the applicant's proportionate share of the facilities available to serve the new development. This method also recognizes that as improvements are made to the system, the available capacity to meet the future demands of the new development is being maintained and therefore the installed cost of the gross plant investment is reasonable. To the extent utility plant assets are upgraded, renewed or replaced but there is capacity to serve new customers, such new customers should be responsible for the pro rata share of the incremental cost of such improvements and such costs have been recognized in the fee; any capital costs that would be allocated to existing customers were not recognized in the impact fee development.

Since the District has constructed this utility plant investment in advance of the new development, there are no future capital improvements included in the fee calculation. Additionally, the District has several capital projects that are underway and considered as construction-work-in-progress. When completed, the construction-work-in-progress will be placed into service; the then existing assets are assumed to be retired and removed from the fixed assets for financial reporting purposes. Because these capital projects have not yet been completed as of the end of Fiscal Year 2013 (which served as the Test Year for the asset evaluation) and it is unknown at this time the amount of retirements that will result due to the placement of these projects into service, no adjustment was made to recognize the completion of the construction-work-progress in the fee calculation.

The following table summarizes the amount of capital investment that has been recognized as being available to serve new growth based on the amount of capacity available to the wastewater system and the amount being used by the existing customers of the wastewater system:

Summary of Constructed Utility Plant Costs Allocated to New Development - Wastewater System

Description	Amount
Total Constructed Assets - Gross Plant-in-Service [1]	\$603,451,739
Less Constructed Assets Directly Assigned to Existing Customers [2]	(216,624,252)
Less Adjustments for Contributed Assets and Assets Funded from External Sources [3]	<u>(13,884,848)</u>
Net Constructed Assets	\$372,942,639
Net Amount Allocated to Existing Customers:	
Percent	51.98%
Amount	\$193,874,025
Net Amount Allocated to Future Customers	\$179,068,615
Percent of Total Constructed Assets [4]	29.67%
Percent of Net Constructed Assets [5]	<u>48.02%</u>

[1] Amounts shown derived from Table 4; amounts do not include construction-work-in-progress of \$35,018,475.

[2] Represents utility plant that is assumed to specifically benefit the property served as opposed to a System cost and includes wastewater collection facilities and general utility plant.

[3] Includes contributed assets, grant-funded assets and assets funded from transportation impact fees.

[4] Represents percent of total constructed Gross Plant-in-Service (i.e., \$603,451,739).

[5] Represents percent of net constructed assets (i.e., \$372,942,639).

As shown on Table 4 at the end of this report, the calculated wastewater impact fee is \$2,515 per ERC, which represents a decrease of \$705 or 21.9% when compared with the current fee of \$3,220 per ERC. The primary reason for the reduction in the fee is the lowering of the LOS standard per ERC which results in a lower installed cost allocation to such ERC. This fee would be applied to a standard individually-metered residential customer. Based on the capital facilities associated with the determination of the fee, the functional breakdown of the components of the rate is as follows:

	Calculated Cost Per ERC	Proposed Fee
Wastewater Treatment/Disposal	\$2,221	\$2,120
Wastewater Transmission	<u>396</u>	<u>395</u>
Total	<u>\$2,517</u>	<u>\$2,515</u>

Impact Fee Comparisons

In order to provide additional information to the County regarding the existing and calculated impact fees, a comparison of the existing and calculated fees for the District with other Florida jurisdictions was prepared. This comparison is summarized on Table 5 at the end of this report and provides a comparison of the existing and proposed District impact fees for single-family residential connections (i.e., one ERC) relative to the impact fees or comparable charges currently imposed by other municipal/governmental water and wastewater systems located primarily in the southwest Florida region. It is important to note that the reader must view the comparison with caution as no in-depth analysis has been performed to determine the methods used in the development of the water and wastewater impact fees imposed by others, nor has any analysis been made to determine

whether 100% of the cost of new facilities is recovered from system capacity charges, or some percentage less than 100% with the balance recovered through the user charges. Additionally, no analysis was conducted as to the rate of capital facilities currently in service or planned for the utility. For example, the costs of wastewater effluent disposal utilizing a deep injection well system generally has a higher capital cost per unit of capacity than percolation ponds.

The following is a summary of the survey results regarding the impact fee comparison of the District's fees with those of the surveyed utilities:

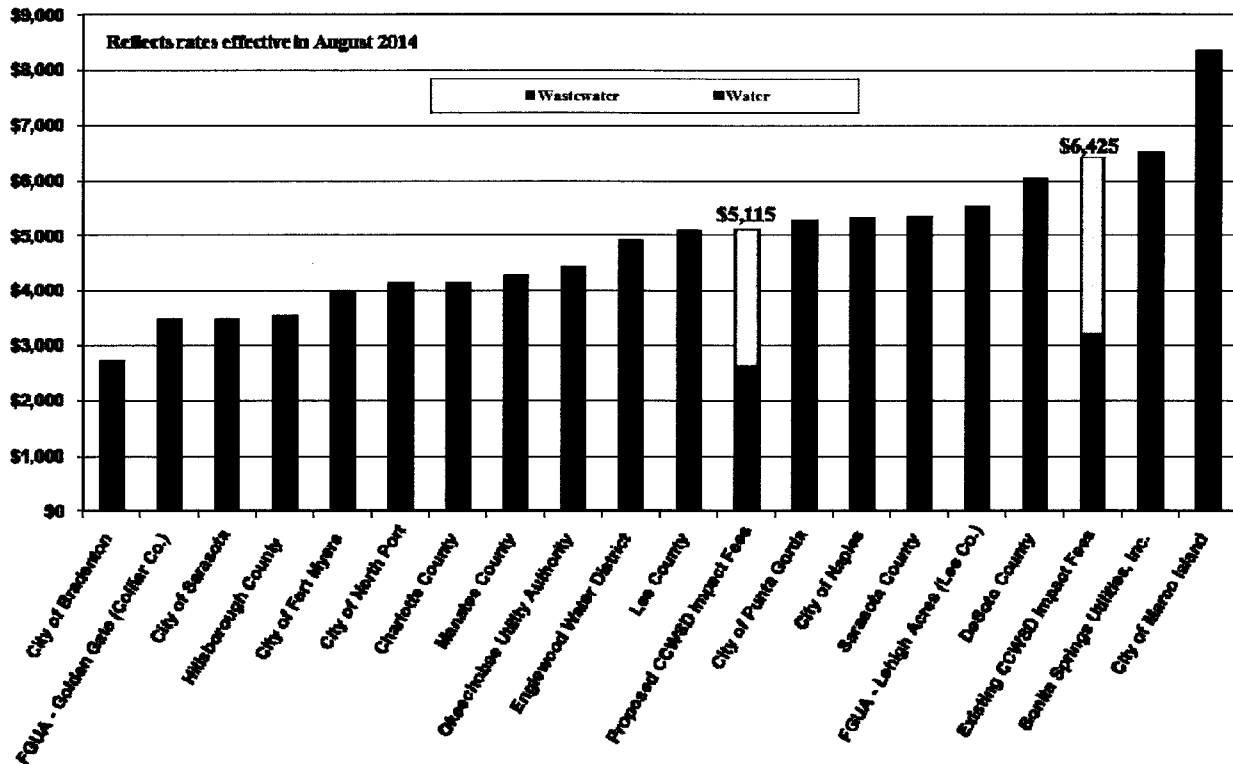


Figure 1: Comparison of Water and Wastewater System Impact Fees Per ERC

Some reasons why impact fees differ among utilities:

- Water quality and proximity to source of supply
- Type of treatment process and disposal requirements (e.g., brine from reverse osmosis process, effluent from wastewater process)
- Availability of grant funding to finance CIP
- Age of system / level of renewals and replacements
- Utility life cycle (e.g., growth-oriented vs. mature)
- Level of service standards
- Administrative decision to maintain fees at a level below what could justifiably be charged

As shown on Table 5 at the end of this report, the average water and wastewater system impact fees for the eighteen (18) governmental entities surveyed are \$2,131 and \$2,683 (Combined = \$4,814), respectively, for a single-family residence. Of the surveyed utilities, the City of Marco Island had the highest water and wastewater system impact fees of \$3,740 and \$4,610 respectively (\$8,350 combined). The City of Bradenton had the lowest combined system capacity charges in the group with the water fee being \$1,183 and the wastewater fee being \$1,545 (Combined = \$2,728). The calculated water system impact fee of \$2,600 and the calculated wastewater system impact fee of \$2,515 (Combined = \$5,115) for the District are higher than the average of the surveyed utilities' impact fees. Utilities with higher combined impact fees than those proposed for the District include the City of Punta Gorda, the City of Naples, Sarasota County, FGUA – Lehigh Acres (Lee County), DeSoto County, Bonita Springs Utilities, Inc. and the City of Marco Island.

Conclusions and Recommendations

Based on our evaluation of the District water and wastewater system impact fees, PRMG offers the following conclusions and recommendations:

1. The proposed impact fees are considered by PRMG to support the rational nexus requirements as determined by case law whereby the benefits received by the applicant (new development) must be reasonably related to the capital cost of providing utility services. PRMG considers the proposed impact fees to be cost-based and reasonable.
2. Based on levels of service per ERC and the capital costs identified, the proposed impact fees for the water and wastewater systems, respectively, are as follows:

Existing and Proposed Fiscal Year 2014 Calculated Water and Wastewater Impact Fees Per ERC					
System	LOS (gpd)	Existing	Proposed Fiscal Year 2014 Calculated	Difference	
				Amount	Percent
Water	325	\$3,205.00	\$2,600.00	(\$605.00)	(18.9%)
Wastewater	225	\$3,220.00	\$2,515.00	(\$705.00)	(21.9%)
Total		\$6,425.00	\$5,115.00	(\$1,310.00)	(20.4%)

ERC = Equivalent Residential Connection

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ANALYSIS TABLES AND FIGURES

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Table 2

**Collier County Water-Sewer District
Water and Wastewater Impact Fee Study**

**Development of Existing Wastewater Treatment Facility
Capacity Available to Serve System Growth**

Line No.		Wastewater System
1	Existing Plant Capacity of System (MMADF-MGD) (1)	40.100
2	Adjustment to Reflect Capacity on Average Daily Flow Basis (2)	(6.683)
3	Dependable Treatment Plant Capacity (ADF)	<u>33.417</u>
4	Average Daily Flow - Existing System (3)	<u>17.372</u>
5	Remaining Capacity (ADF) at Existing Plant	16.045
6	Percent of Total Capacity Remaining	48.02%
7	Percent of Total Capacity Recognized	48.02%
8	Capacity Available to Service New Growth (ADF)	16.045
9	Capacity Available to Service New Growth (gallons)	16,045,031
10	Level of Service Standard Per ERC (gallons per day)	225
11	Number of ERCs That Could Be Served By Existing Capacity [Line 9 / Line 10]	<u><u>71,311</u></u>

MGD = Million Gallons Per Day

MMADF = Maximum Month Average Daily Flow

ADF = Annual Average Daily Flow

Footnotes on page 20.

Table 2

Collier County Water-Sewer District
Water and Wastewater Impact Fee Study

Development of Existing Wastewater Treatment Facility
Capacity Available to Serve System Growth

Footnotes:

- (1) Amounts reflect permitted MMADF wastewater treatment plant capacity of facilities. The permitted capacities of the individual regional facilities are 24.1 MMADF-MGD (North County Water Reclamation Facility) and 16.0 MMADF-MGD (South County Water Reclamation Facility).
- (2) With respect to the existing wastewater facilities, the plant capacity is expressed on a maximum month average daily flow basis. To be consistent with the level of service requirements for the wastewater system, the plant capacity was adjusted to reflect an average daily flow basis using a peaking factor of 1.20.

A summary of the twelve fiscal year actual wastewater flows is summarized below. As can be seen based on the actual reported flow data, the capacity adjustment factor averaged 1.16.

	Annual Average Daily Flow (MGD)	Maximum Month Average Daily Flow (MGD)	Peaking Factor
Fiscal Year 2002	15.528	20.160	1.30
Fiscal Year 2003	15.600	17.279	1.11
Fiscal Year 2004	15.921	18.899	1.19
Fiscal Year 2005	16.323	19.306	1.18
Fiscal Year 2006	17.372	19.890	1.14
Fiscal Year 2007	15.633	18.391	1.18
Fiscal Year 2008	15.601	18.290	1.17
Fiscal Year 2009	13.837	15.920	1.15
Fiscal Year 2010	14.291	15.747	1.10
Fiscal Year 2011	14.728	16.791	1.14
Fiscal Year 2012	15.834	18.122	1.14
Fiscal Year 2013	16.954	18.669	1.10
Twelve-Year Maximum			1.30
Twelve-Year Average			1.16
Factor Utilized by PRMG for Impact Fee Determination Purposes			<u>1.20</u>

40.100 MMDD-MGD Capacity / 1.20 Peaking Factor = 33.417 AADD-MGD Capacity. 40.100 Less 33.417 = 6.683.

- (3) Reflects the highest reported average daily flow experienced by the District's wastewater treatment facilities for the twelve Fiscal Year period ended 2013 as shown below:

Maximum Period Reported AADF (*)	<u>Wastewater</u>
	17.372

(*) Reference is made to Footnote 2 for applicable average daily flow data.

- (4) The level of service factor for an ERC reflects capacity requirements expressed on an average daily wastewater flow basis; the factor was based on the County's capacity planning assumptions and other sources available to PRMG.

Table 3
 Collier County Water-Sewer District
 Water and Wastewater Impact Fee Study
Development of Water System Impact Fee

Line No.	Description	Water System					TOTAL
		Supply	Treatment	Transmission / Storage	Distribution / Fire Hydrants / Meters / General / Other		
Installed Water System Assets with Capacity Available to Serve New Growth							
1	Total Installed Costs - Allocated Water Assets [1]	\$ 87,668,101	\$ 185,254,947	\$ 88,676,682	\$ 165,636,024	\$	\$ 527,235,753
2	Less Amounts Classified as Contributed Capital [1]	(1,375)	-	-	(83,747,473)		(83,748,848)
3	Less Estimated Assets Funded from Transportation Impact Fees [2]	-	-	(14,849,276)	-		(14,849,276)
4	Less Plant Not Recognized in Fee Determination	-	-	-	(81,888,551)		(81,888,551)
5	Adjusted Installed Cost of Water Assets	\$ 87,666,726	\$ 185,254,947	\$ 73,827,406	\$ -	\$	\$ 346,749,079
6	Percent Available to Serve New Growth [3]	38.21%	38.21%	38.21%			38.21%
7	Costs of Installed Assets Allocable to Serve New Growth	\$ 33,497,456	\$ 70,785,915	\$ 28,209,452		\$	\$ 132,492,823
8	Estimated New Growth ERCs Available to be Served from Installed Assets [5]	50,944	50,944	50,944			50,944
9	Estimated Cost Per ERC	\$ 657.53	\$ 1,389.48	\$ 553.73		\$	\$ 2,600.74
Water System Capital Improvement Program							
10	Projects Recognized	\$ -	\$ -	\$ -		\$	\$ -
11	Percent Available to Serve New Growth [3]	0.00%	0.00%	0.00%			0.00%
12	Costs of Additional Capital Improvement Projects Allocable to New Growth	\$ -	\$ -	\$ -		\$	\$ -
13	Estimated New Growth ERCs [4]	50,944	50,944	50,944			0
14	Estimated Cost Per ERC	\$ -	\$ -	\$ -		\$	\$ -
15	Total Impact Fee Per ERC - Calculated [Line 9 + Line 14]	\$ 657.53	\$ 1,389.48	\$ 553.73		\$	\$ 2,600.74
16	Total Impact Fee Per ERC - Rounded					\$	\$ 2,600.00
17	Treatment Component (Rounded)					\$	\$ 2,045.00
18	Transmission Component (Rounded)					\$	\$ 555.00
19	Total					\$	\$ 2,600.00

Footnotes:
 [1] Amounts derived from Appendix A.
 [2] Amount based on information provided by the County regarding transportation impact fees used for funding utility line relocations.
 [3] Amounts derived from Table 1, Line 7.
 [4] Amounts derived from Table 1, Line 11.

Table 4

Collier County Water-Sewer District
Water and Wastewater Impact Fee Study

Development of Wastewater System Impact Fee

Line No.	Description	Wastewater System					TOTAL
		Treatment	Effluent / IQ Water	Transmission	Collection / Direct Reclaimed / General / Other		
Installed Wastewater System Assets with Capacity Available to Serve New Growth							
1	Total Installed Costs - Allocated Wastewater Assets [1]	\$ 262,441,103	\$ 54,002,853	\$ 70,383,531	\$ 216,624,252	\$ 603,451,739	
2	Less Amounts Classified as Contributed Capital [1]	(26,305)	(2,264,921)	(6,643,864)	(100,348,652)	(109,283,741)	
3	Less Estimated Assets Funded from Transportation Impact Fees [2]	-	-	(4,949,759)	-	(4,949,759)	
4	Less Plant Not Recognized In Fee Determination	-	-	-	(116,275,600)	(116,275,600)	
5	Adjusted Installed Cost of Wastewater Assets	\$ 262,414,798	\$ 51,737,932	\$ 58,789,909	\$ -	\$ 372,942,639	
6	Percent Available to Serve New Growth [3]	48.02%	48.02%	48.02%		48.02%	
7	Costs of Installed Assets Available to Serve New Growth	\$ 125,998,611	\$ 24,841,997	\$ 28,228,007		\$ 179,068,615	
8	Estimated New Growth ERCs Available to be Served from Installed Assets [4]	71,311	71,311	71,311		71,311	
9	Estimated Cost Per ERC	\$ 1,766.88	\$ 348.36	\$ 395.84		\$ 2,511.09	
Wastewater System Capital Improvement Program							
10	IQ Aquifer Storage and Recovery - Livingston Road (50% of Cost) [5]	\$ -	\$ 825,000	\$ -		\$ 825,000	
11	Percent Available to Serve New Growth [3]	48.02%	48.02%	48.02%		48.02%	
12	Costs of Additional Capital Improvement Projects Allocable to New Growth	\$ -	\$ 396,124	\$ -		\$ 396,124	
13	Estimated New Growth ERCs [4]	71,311	71,311	71,311		71,311	
14	Estimated Cost Per ERC	\$ -	\$ 5.55	\$ -		\$ 5.55	
15	Total Impact Fee Per ERC - Calculated [Line 9 + Line 14]	\$1,766.88	\$353.92	\$395.84		\$ 2,516.64	
16	Total Impact Fee Per ERC - Rounded					\$ 2,515.00	
17	Treatment Component (Rounded)					\$ 2,120.00	
18	Transmission Component (Rounded)					\$ 395.00	
19	Total					\$ 2,515.00	

Footnotes:

- [1] Amounts derived from Appendix A.
- [2] Amount based on information provided by the County regarding transportation impact fees used for funding utility line relocations.
- [3] Amounts derived from Table 2, Line 7.
- [4] Amounts derived from Table 2, Line 11.
- [5] Reflects 50% of the \$1,650,000 IQ Aquifer Storage and Recovery capital project that is considered to provide a System-wide benefit.

Table 5

**Collier County Water-Sewer District
Water and Wastewater Impact Fee Study**

Comparison of Water and Wastewater System Impact Fees Per ERC [1]

Line No.	Description	Residential 5/8" x 3/4" Meter		
		Water	Wastewater	Combined
Collier County Water-Sewer District				
1	Existing Impact Fees	\$3,205	\$3,220	\$6,425
2	Proposed Impact Fees	2,600	2,515	5,115
<u>Surveyed Florida Utilities:</u>				
3	Bonita Springs Utilities, Inc.	\$2,600	\$3,925	\$6,525
4	City of Bradenton	1,183	1,545	2,728
5	Charlotte County	1,780	2,350	4,130
6	DeSoto County	1,910	4,140	6,050
7	Englewood Water District	2,074	2,850	4,924
8	FGUA - Golden Gate (Collier County)	1,950	1,525	3,475
9	FGUA - Lehigh Acres System (Lee County)	2,696	2,839	5,535
10	City of Fort Myers	2,023	1,966	3,989
11	Hillsborough County	1,750	1,800	3,550
12	Lee County	2,440	2,660	5,100
13	Manatee County	1,970	2,315	4,285
14	City of Marco Island	3,740	4,610	8,350
15	City of Naples	2,549	2,779	5,328
16	City of North Port	1,735	2,388	4,123
17	Okeechobee Utility Authority	1,510	2,935	4,445
18	City of Punta Gorda	2,824	2,463	5,287
19	City of Sarasota	900	2,577	3,477
20	Sarasota County	2,720	2,627	5,347
21	Other Florida Utilities' Average	\$2,131	\$2,683	\$4,814

Footnotes:

- [1] Unless otherwise noted, amounts shown reflect fees charged to a standard residential connection (one ERC) in effect August 2014 and are exclusive of taxes or franchise fees, if any, and reflect rates charged for inside the city service. All rates are as reported by the respective utility. This comparison is intended to show comparable charges for similar service for comparison purposes only and is not intended to be a complete listing of all rates and charges offered by each listed utility.

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APPENDIX A

**SUMMARY OF EXISTING
UTILITY SYSTEM ASSETS**



Appendix A (Summary)

Collier County Water-Sewer District
Water and Wastewater Impact Fee StudySummary of Existing Utility System Assets [1]

Summary of Reported Gross Plant-In-Service as of September 30, 2013					
Line No.	Description	Water System		Wastewater System	
		Amount	Percent	Amount	Percent
1	Water Supply	\$87,668,101	16.63%	---	---
2	Treatment	185,254,947	35.14%	\$262,441,103	43.49%
3	Transmission	88,676,682	16.82%	70,383,531	11.66%
4	Distribution/Collection	122,703,644	23.27%	177,780,010	29.46%
5	Effluent/Reclaimed	---	---	54,002,853	8.95%
6	Meters/Services/Hydrants	9,722,642	1.84%	---	---
7	General Plant [2]	15,122,726	2.87%	17,283,310	2.86%
8	Other [3]	<u>18,087,012</u>	<u>3.43%</u>	<u>21,560,932</u>	<u>3.57%</u>
9	Totals	<u>\$527,235,753</u>	<u>100.00%</u>	<u>\$603,451,739</u>	<u>100.00%</u>
10	Total Combined Utility System			<u>\$1,130,687,492</u>	

Summary of Contributed Capital		
	Water System	Wastewater System
11	Water Supply	\$1,375
12	Treatment	0
13	Transmission	0
14	Distribution/Collection	83,718,193
15	Effluent/Reclaimed	---
16	Meters/Services/Hydrants	29,280
17	General Plant	<u>326,082</u>
18	Total	<u>\$84,074,930</u>
19	Total Combined Utility System	<u>\$193,731,340</u>

Footnotes:

- [1] Amounts shown derived from Appendix A-1 through Appendix A-3, which are available upon request. These appendices contain the functionalization of approximately 6,500 utility assets. Amounts shown do not include construction-work-in-progress.
- [2] General Plant represents equipment, vehicles and assets with short service lives, and was allocated to the water and wastewater system in proportion to all other functionalized utility plant.
- [3] Reflects adjustments to reported assets to remove general-related costs from the fee calculations or to allocate portion of asset costs directly to existing users.

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APPENDIX B

**EXISTING WATER AND WASTEWATER
IMPACT FEE RESOLUTION**



RESOLUTION NO. 2011 - 41

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF COLLIER COUNTY, FLORIDA, AS THE GOVERNING BODY OF COLLIER COUNTY AND AS EX OFFICIO THE GOVERNING BOARD OF THE COLLIER COUNTY WATER SEWER DISTRICT, AMENDING THE IMPACT FEE RATES ESTABLISHED BY ORDINANCE NO. 2007-57.

WHEREAS, on March 13, 2001, the Board of County Commissioners (Board) adopted Ordinance No. 2001-13, the Collier County Consolidated Impact Fee Ordinance, repealing and superseding all of the County's then existing impact fee regulations, and consolidating all of the County's impact fee regulations into that one Ordinance, codified in Chapter 74 of the Collier County Code of Law and Ordinances (Code), and incorporating the water and sewer impact fee rates established by the adoption of Ordinance No. 98-69; and

WHEREAS, on December 11, 2001, the Board adopted Resolution No. 2001-488 thereby amending Schedule Two of Appendix A of Chapter 74 of the Code, as amended, the same being the Collier County Consolidated Impact Fee Ordinance; increasing the Water and Sewer Impact Fee rates and directing staff to update the Impact Fee after one year; and

WHEREAS, in accordance with that direction, the County has retained Public Resources Management Group, Inc. (Consultant) to review the existing water and sewer impact fees and to recommend changes to those fees if appropriate; and

WHEREAS, on February 12, 2002, the Board adopted Resolution No. 2002-88 to correct Scrivener's errors, and to correct the water impact fee downward by \$50 per Equivalent Residential Unit (ERC), and to amend Schedule Two of Appendix A of Chapter 74 of the Code, as amended, the same being the Collier County Consolidated Impact Fee Ordinance; thereby increasing the Water and Sewer Impact Fee rates; and

WHEREAS, on June 6, 2006, the Board adopted Ordinance No. 2006-26 amending Ordinance No. 2001-13 changing the impact fee rate; and

WHEREAS, on June 26, 2007, the Board adopted Ordinance No. 2007-57 amending Ordinance No. 2006-26 changing the impact fee rate and to include Annual Mid-Cycle water and sewer impact fee rate indexing; and

WHEREAS, on June 24, 2008, the Board adopted Resolution No. 2008-202 amending Ordinance No. 2007-57 decreasing the water impact fees by \$41.49 and wastewater impact fee by \$227.39, for a total reduction of \$268.88; and

WHEREAS, the County uses impact fees to supplement the funding of necessary capital improvements required to provide public facilities to serve new population and related development that is necessitated by growth in Collier County; and

WHEREAS, the Consultant has recommended a water impact fee rate decrease from \$3,575 per ERC to \$3,205 per ERC, a decrease of \$370 and a sewer impact fee rate decrease from \$3,495 per ERC to \$3,220 per ERC, a decrease of \$275 for all customer classes based on their ERC's equivalents; and

WHEREAS, the above recommended rate decrease for water and rate decrease for sewer establish these rates at the maximum levels allowed in accordance with equity tests established and existing pursuant to Florida law; and

WHEREAS, staff has thoroughly reviewed the Consultant's findings and recommendations and staff concurs with the recommended decrease to water and the recommended decrease to sewer impact fee rate changes, and staff recommends that the Board adopt this Resolution to implement these recommended changes; and

WHEREAS, the Board finds that it is in the health, safety and welfare of the customers to accept the recommendations of the Consultant and from staff.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF COLLIER COUNTY, FLORIDA, AS THE GOVERNING BODY OF COLLIER COUNTY AND AS EX OFFICIO THE GOVERNING BOARD OF THE COLLIER COUNTY WATER SEWER DISTRICT, that:

The Board of County Commissioners hereby declares, after advertised public hearing, that the water and sewer impact fee rates set forth in the revised Schedule Two of Appendix A of Ordinance No. 2007-57, as amended, the Collier County Consolidated Impact Fee Ordinance, the same being Schedule Two of Appendix A of Chapter 74 of the Collier County Code of Law and Ordinances, attached hereto, and incorporated by reference herein as Exhibit "A" are fair and reasonable and are to be assessed to those who receive or will receive benefits from increased water facilities capacity, increased sewer public facilities capacity, or from both, which increased capacity is necessitated by increased population and related growth driven development.

BE IT FURTHER RESOLVED that these revised water and sewer impact fees will take effect as of 12:01 A.M. on Tuesday, March 1, 2011.

THIS RESOLUTION ADOPTED after motion, second and majority vote on this the 22nd day of February, 2011.

ATTEST: BOARD OF
DWIGHT E. BROCK, CLERK

By: [Signature]
Attest: [Signature] Deputy Clerk
Appointed to form
and legal sufficiency:

[Signature]
Jennifer B. White
Assistant County Attorney

BOARD OF COUNTY COMMISSIONERS
OF COLLIER COUNTY, FLORIDA, AS
THE GOVERNING BODY OF COLLIER
COUNTY AND AS EX OFFICIO THE
GOVERNING BOARD OF THE COLLIER
COUNTY WATER SEWER DISTRICT

By: [Signature]
FRED W. COYLE, CHAIRMAN

Exhibit A

Existing and Proposed Water and Wastewater System Impact Fee Schedule

RESIDENTIAL INDIVIDUALLY METERED									
LIVING SPACE (SQ.FT.)	BASIS OF FEE ALLOCATION	METER SIZE	ERC (Equivalent Residential Connections)	WATER IMPACT FEE	WATER IMPACT FEE	WATER IMPACT FEE	SEWER IMPACT FEE	SEWER IMPACT FEE	SEWER IMPACT FEE
				EXISTING			PROPOSED		
0 TO 4,999 (AND NO MORE THAN 4 BATHROOMS)	PER UNIT	3/4"	1.00	\$2,675.00	\$3,205	\$3,405.00	\$3,405.00	\$3,405.00	\$3,220
5,000 OR MORE (OR MORE THAN 4 BATHROOMS)	PER ERC	Per GPM or Engineer of Record	ADF - GPM Formula* (min value of 1.0) (rounded to nearest tenth)	ERC VALUE x \$2,675.00 (minimum value \$2,675.00)	ERC VALUE x \$3,205 (minimum value \$3,205)	ERC VALUE x \$3,405.00 (minimum value \$3,405.00)	ERC VALUE x \$3,405.00 (minimum value \$3,405.00)	ERC VALUE x \$3,405.00 (minimum value \$3,405.00)	ERC VALUE x \$3,220 (minimum value \$3,220)
RESIDENTIAL MASTER METERED									
LIVING SPACE (SQ.FT.)	BASIS OF FEE ALLOCATION	METER SIZE	ERC (Equivalent Residential Connections)	WATER IMPACT FEE	WATER IMPACT FEE	WATER IMPACT FEE	SEWER IMPACT FEE	SEWER IMPACT FEE	SEWER IMPACT FEE
				EXISTING			PROPOSED		
0 TO 750	PER UNIT	Per GPM or Engineer of Record	0.33	\$1,180.00	\$1,058	\$1,180.00	\$1,180.00	\$1,180.00	\$1,063
751 TO 1,500	PER UNIT	Per GPM or Engineer of Record	0.67	\$2,306.00	\$2,147	\$2,306.00	\$2,342.00	\$2,342.00	\$2,157
1,501 TO 4,999	PER UNIT	Per GPM or Engineer of Record	1.0	\$3,675.00	\$3,205	\$3,675.00	\$3,405.00	\$3,405.00	\$3,220
5,000 OR MORE (OR MORE THAN 4 BATHROOMS)	PER ERC	Per GPM or Engineer of Record	ADF - GPM Formula* (min value of 1.0) (rounded to nearest tenth)	ERC VALUE x \$2,675.00 (minimum value \$2,675.00)	ERC VALUE x \$3,205 (minimum value \$3,205)	ERC VALUE x \$3,405.00 (minimum value \$3,405.00)	ERC VALUE x \$3,405.00 (minimum value \$3,405.00)	ERC VALUE x \$3,405.00 (minimum value \$3,405.00)	ERC VALUE x \$3,220 (minimum value \$3,220)
NON-RESIDENTIAL									
LIVING SPACE (SQ.FT.)	BASIS OF FEE ALLOCATION	METER SIZE	ERC (Equivalent Residential Connections)	WATER IMPACT FEE	WATER IMPACT FEE	WATER IMPACT FEE	SEWER IMPACT FEE	SEWER IMPACT FEE	SEWER IMPACT FEE
				EXISTING			PROPOSED		
Non-Residential	PER ERC	Per GPM or Engineer of Record	ADF - Greater of GPD or GPM Formula* (min value of 1.0) (rounded to nearest tenth)	ERC VALUE x \$2,675.00 (minimum value \$2,675.00)	ERC VALUE x \$3,205 (minimum value \$3,205)	ERC VALUE x \$3,405.00 (minimum value \$3,405.00)	ERC VALUE x \$3,405.00 (minimum value \$3,405.00)	ERC VALUE x \$3,405.00 (minimum value \$3,405.00)	ERC VALUE x \$3,220 (minimum value \$3,220)

* ERC = Average Daily Flow (ADF) calculated into ERCs by one of the following methods:
 When ADF is in Gallons Per Minute (GPM) then use formula = [(ADF-24)/20]+1
 When ADF is in Gallons Per Day (GPD) then use formula = Total ADF/650
 Residential Customers must use GPM method.
 Non-Residential customers must use the greater of GPM or GPD method.



**Collier County Water-Sewer District
Water and Wastewater Impact Fee Study**

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