

**CALCULATIONS FOR SANITARY SEWERAGE
INITIAL TAP FEE CALCULATIONS**

**IN ACCORDANCE WITH THE
COMMONWEALTH OF PENNSYLVANIA
ACT 57 OF 2003**

**FOR
UPPER TYRONE TOWNSHIP SEWAGE AUTHORITY**

**170 MUNICIPAL COURT
CONNELLSVILLE, PA**

Date: September 2015



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I. INTRODUCTION

On December 30, 2003, Governor Rendell signed Act 57 into law. The purpose of Act 57 was to provide Municipalities and Authorities with a uniform methodology for determining fees on a fair, just, and reasonable basis.

The Municipal Authorities Act was amended by Pennsylvania Legislative Act 57 in 2003 by House Bill 51. The following summary accounts for the most recent amendments of the Act.

A tapping fee may be comprised of a number of different components, each to be described separately in a resolution by the Authority.

The fee for each component cannot be more than the calculated fee.

The fee may be less than or equal to the calculated fee. The Act states that a tapping fee cannot be more than the total project costs divided by the design capacity of the facilities. The following sections describe the fees the Authority is allowed to charge and the cost basis of the fees:

II. CONNECTION FEE

The Connection Fee is to include all costs associated with customer facilities installed from the system's trunk sewer to the property line (service line connection). A typical installation of facilities would include a wye at the main sanitary sewer line and all necessary fittings and piping to bring the service line connection to the property line or edge of the sanitary sewer easement.

The typical connection fee for the gravity sewer system is as follows:

<u>Description</u>	<u>Cost</u>
6" WYE	\$100.00
Avg 25 LF of 6" Lateral @ \$40/LF	<u>\$1000.00</u>
	\$1,100.00 for 486 users

The typical connection fee for the low pressure system is as follows:

<u>Description</u>	<u>Cost</u>
1.5" WYE	\$100.00
Service Lateral Connection, including valves, curbstops	\$500.00
1.5" low pressure lateral, Avg 50LF at \$25/LF	\$1,250.00
Publically owned Grinder Pump	<u>\$4,000.00</u>
	\$5,850.00 for 116 users

The connection fee will be proportionally calculated for the entire service area.

(x = Connection Fee)

$$602x = (\$1,100 \times 486 \text{ EDUs}) + (\$5850 \times 116 \text{ EDUs})$$

$$x = \$ 2015.00 \text{ (Connection Fee Portion)}$$

III. CUSTOMER FACILITIES FEE

The Customer Facilities Fee is to include all costs associated with the installation of customer-owner facilities from the property line to the structure (service line extension). The Authority

does not install the service line extension and, as a result, does not incur any direct cost there from. *However, a base cost of \$150.00 has been made part of the fee to account for inspection and administration fees.*

IV: TAPPING FEE

The Tapping Fee component is designed to recover the capacity of the collection facilities required to serve each new customer. In order to calculate each component, the following minimum data is required:

- Estimated construction costs of the proposed sewerage system.
- Contribution-in-aid-of-construction to be detailed by year received and the functional part constructed by this funding. (i.e. grants)
- Details of existing outstanding debt and the purpose for the debt.
- Establish the system's design capacity, and,
- Average daily use by Equivalent Dwelling Unit (EDU).

The Trended Historical Cost Methodology was not employed at this time due to the project being a new system. The Authority does not currently own or maintain any existing facilities. The Tapping Fee is determined by the summation of component parts. Act 57 of 2003 provided for three (3) component parts: Capacity Component, Collection Component, and Reimbursement Component. The Tapping Fee Components are not permitted to include the cost of operation and maintenance.

A. CAPACITY COMPONENT

The Capacity Component is intended to provide for cost sharing of general system facilities, including both existing, and future service facilities. Such facilities would consist of treatment plants, detention facilities, pump stations, interceptors and related appurtenances. The Capacity Component is restricted to the cost of such facilities, less any outstanding debt and contributions-in-aid of construction. To simplify the calculations the capacity component has been incorporated into the collection component (Section B.).

B. COLLECTION COMPONENT

The Collection Component is intended to establish the amount charged for the cost of collection facilities such as trunk sewers and manholes. Also included within this section is the pumping stations, force mains and low pressure sewer system. The Collection Component is restricted to the cost of such facilities, less any contribution-in-aid-of construction (grants, etc.)

C. SPECIAL PURPOSE COMPONENT

The Special Purpose Component is to reimburse costs applicable to a particular group of customers, or serving a particular purpose, or servicing a specific area. At this point in time, UTSA does not have any Specific Purpose Component.

D. REIMBURSEMENT COMPONENT

The purpose of the Reimbursement Component is to collect tapping fees from new connections to facilities that were constructed by other parties (i.e. developers). Generally, the Reimbursement Component applies to sanitary sewer extensions where a developer constructs an oversized sewer line that can serve additional homes outside of his/her development. In such cases, the Authority is required to reimburse developers at whose expense the facilities were constructed, and the Reimbursement Component is the authorization to collect and transfer such reimbursement. The Act requires the Authority to reimburse the developer who constructed or caused the construction to take place at his/her expense. The Reimbursement Component applies to any extension of the sanitary sewer line constructed by the developer, but it does not apply to property within the development served by the sanitary sewer line constructed by the developer. Additionally, the Reimbursement Component is limited to ten (10) years from the date of dedication of facilities constructed by the developer.

The Reimbursement Component must be equal to the Collection Component of the Tapping Fee, although the Authority is authorized by Act 57 of 2003 to deduct a five percent (5%) Administration Fee from the Reimbursement Component. No reimbursement is required where the Authority has paid for the sanitary sewer. The amount of reimbursement due a Developer, if any, is determined as the Developer's total cost of the oversized line minus the amount that would have been paid by the Authority for homes in his/her development (credit for the Collection Component of the Tapping Fee). The amount of reimbursement per EDU would be calculated as the total amount of reimbursement due the Developer divided by the number of EDU's outside the development that may be served by the oversized line less the five percent (5%) Administrative Fee. The total reimbursement shall not exceed the total costs to the Developer for the oversized line. These costs typically are comprised of labor and material costs, design cost, cost of performance and maintenance bonds, review and inspection charges, and charges accrued in acceptance and dedication of the facilities. Since this is a new system, The Reimbursement Component does not apply.

V: OTHER MAJOR PROVISIONS OF ACT 57

- A. Every Authority or Municipality charging a Tapping Fee, Customer Facilities Fee, or Connection Fee shall adopt such fees at a public meeting of the Authority or Municipality by June 30, 2005.
- B. Fees may not include the cost to expand, replace or upgrade facilities for existing uses, nor can they include operation and maintenance expenses.
- C. Act 57 of 2003 requires reimbursement of those constructing facilities for a portion of the Collection Component when the owner or another property not within the development for which the extension was construction connects a service line directly to the extension within ten (10) years of the date of dedication. The Municipality of Authority is permitted to deduct from each reimbursement a five percent (5%) Administrative Fee.

- D. Act 57 of 2003 requires the Authority or Municipality to permit the construction of a system extension by a person or corporation under the Authority's or Municipality's supervision, unless the Authority or Municipality can perform the work more economically and within the same time frame.
- E. Act 57 of 2003 requires parties to enter into a formal agreement regarding extensions.
- F. The Authority or Municipality can require the person or corporation extending the facilities to deposit with the Authority or Municipality, at a time to be determined by the Authority or Municipality, estimated reasonable and necessary costs which include plan review, inspection, administration, legal services and engineering services.
- G. Act 57 of 2003 provides for the Authority or Municipality to require construction and dedication of the capacity, collection and special purpose facilities necessary to provide service to the property owners in lieu of the Service Connection Fee for one (1) EDU.

TAP FEE CALCULATIONS

CAPACITY & COLLECTION COMPONENT

Estimated Construction Costs	
(Contract 2015-01) Gravity Sewer & Forcemain Project *	\$ 5.2 M
(Contract 2015-02) Pump Stations (Certified Bid Tab) **	\$ 1.2 M
(Contract 2015-03) Low Pressure Sewer System (Certified Bid Tab)**	\$ 1.4 M
Engineering & Permitting	\$ 0.9 M
Pump Station Property / Grant of Easements	<u>\$0.03 M</u>
Total Capacity & Collection Component=	\$ 8.7 M
Total Grant-in-Aid =	- \$ 2,333,135.00
Net Owner Contribution =	\$ 6.4 M

SYSTEM DESIGN MAX CAPACITY.

(8" diameter at minimum 0.40%, n= 0.013, 90% full) = 531,360 GPD (0.531 MGD)

CAPACITY BASED OFF 90GPD X CENSUS FIGURE BEING SERVICED (602 EDUs) ***

Therefore: \$ 6,400,000 / 531360 = \$12.04 / GPD
 \$12.04 /GPD * 90 GPD/EDU x 2.54 people/EDU = **\$2,752 (Capacity/Collector Component)**

* Engineers Estimate

** Certified Bid Tab

*** 2010 Census from spcregion.org for Upper Tyrone Township

SUMMARY OF TAP FEE COLLECTION

Average Connection Portion (if performed by UT TSA)_____ \$ 2,015.00
Customer Facility (Inspection & Administration Portion)_____ \$ 150.00
Collection & Capacity Portion_____ \$ 2,752.00

TOTAL MAXIMUM TAP FEE PER EDU ALLOWABLE PER ACT 57= \$4,917.00
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The Authority understands the project burden and have opted to not charge the maximum allowable per ACT 57 of 2003. Per Resolution, the Authority has decided to adopt \$2,300 as the standard Tap-Fee per EDU (Equivalent dwelling Unit) upon project completion. This total tap-fee is much less than the maximum allowable per ACT 57 of 2003.