

Utilities Department

**Public Hearing
Water & Wastewater
Capital Charges**

December 17, 2024



Presentation Outline

- **Background**
- **2023 Update**
- **Capital Charges Survey**
- **Capital Charges Discounts**
- **Chapter 37 Changes**
- **Requested Action**



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Background

▪ Capital Charges

- Directed by the Board to review every four years
- Paid by new development for infrastructure to serve growth
- Mechanism for growth to “pay its own way”
- Used only for growth-related projects
- Cannot exceed full cost recovery



Background

- **Current Capital Charges**
 - Implemented in 2019
 - Calculated at a 7.8% increase over prior capital charges
 - Set at full cost recovery
 - Water
 - \$1,970 per Equivalent Residential Connection (ERC)
 - Wastewater
 - \$3,570 per Equivalent Residential Unit (ERU)
 - 10% discount on capital charges for installation of reclaimed water system in single-family homes subdivisions





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- Capital charges calculated as dollars per unit of capacity
- Evaluates the value of existing and future infrastructure
- Recognizes both groundwater and alternative water as supply sources
 - Standard 5-year planning horizon used for groundwater and wastewater
 - 10-year planning horizon used for alternative water projects
- Costs brought to present value



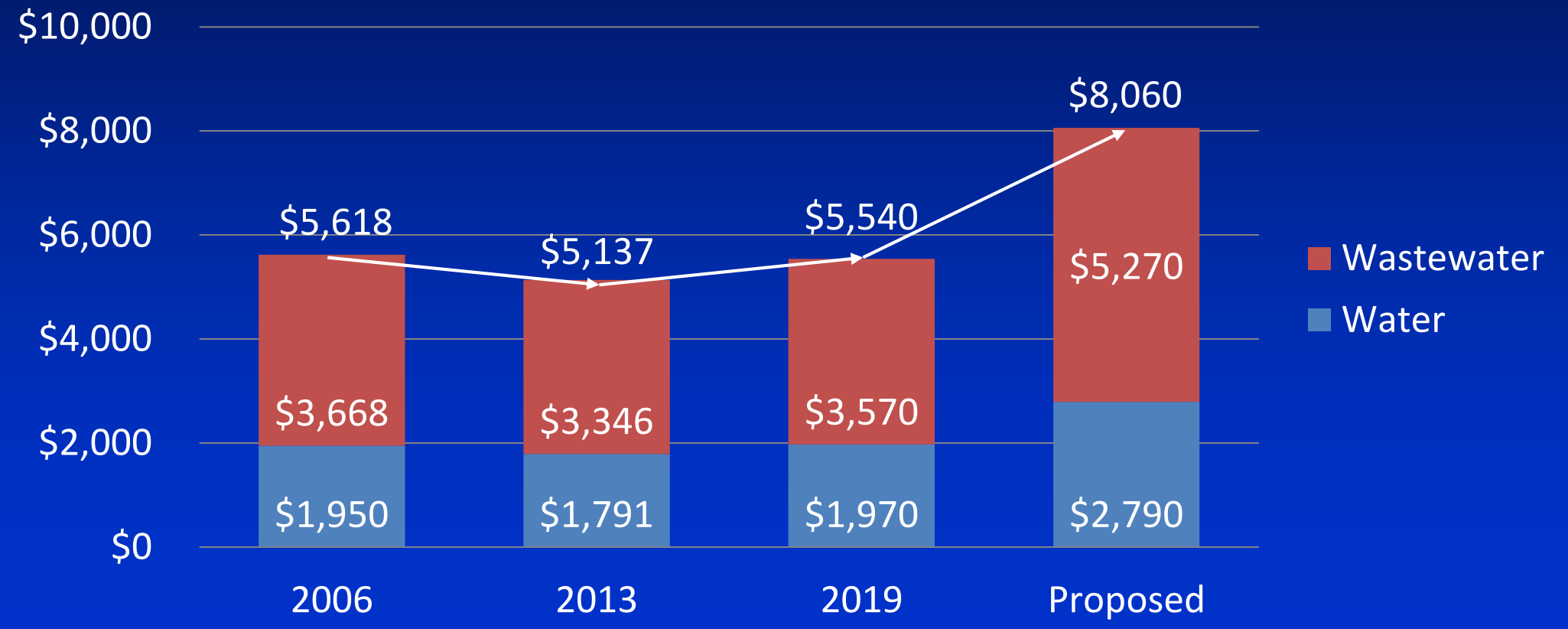


2023 Update

- **Credit for debt funded projects applied to avoid double recovery from capital charges and user fees**
- **5% reduction as allowance for estimates and contingencies**
- **Evaluates capacity of water and wastewater systems**
 - Capacity expressed as ERCs for water and ERUs for wastewater
 - Uses reduced levels of service adopted by the Board in August
 - Combined reduction of \$1,280 or 13.7%
- **Results**
 - \$2,790 per ERC for water
 - \$5,270 per ERU for wastewater



Capital Charges History



▪ Increases caused by significant inflation in construction costs

Index Category	Index Value Prior Study	Index Value Current Study	% Change
Concrete & Cement	163.02	211.44	30%
Ductile Iron Pressure Pipe & Fittings	304.37	417.42	37%
Brass	493.19	681.88	38%
Non-residential Construction	122.30	182.50	49%
PVC Water Pipe	98.90	245.71	148%
Diesel Fuel	185.63	524.22	182%
Proposed Capital Charges (Combined)	\$5,540.00	\$8,060.00	45%



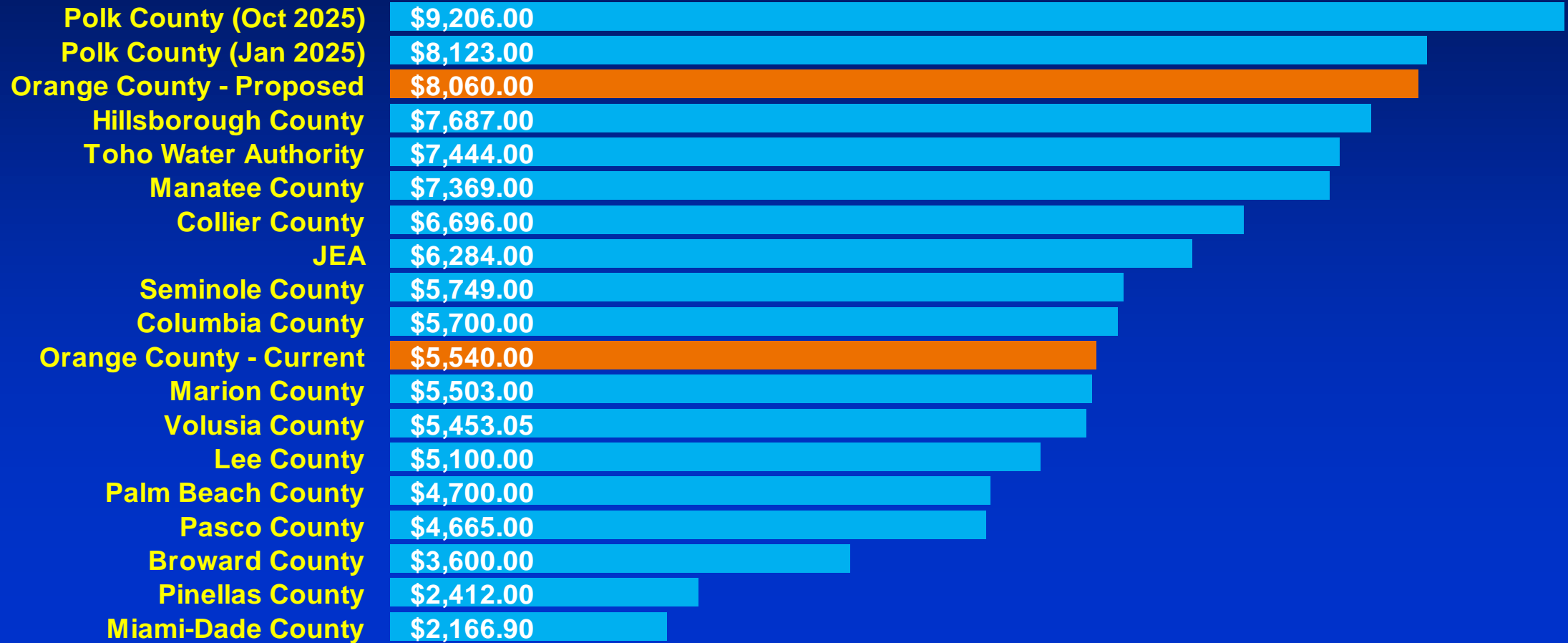
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Capital Charges Survey

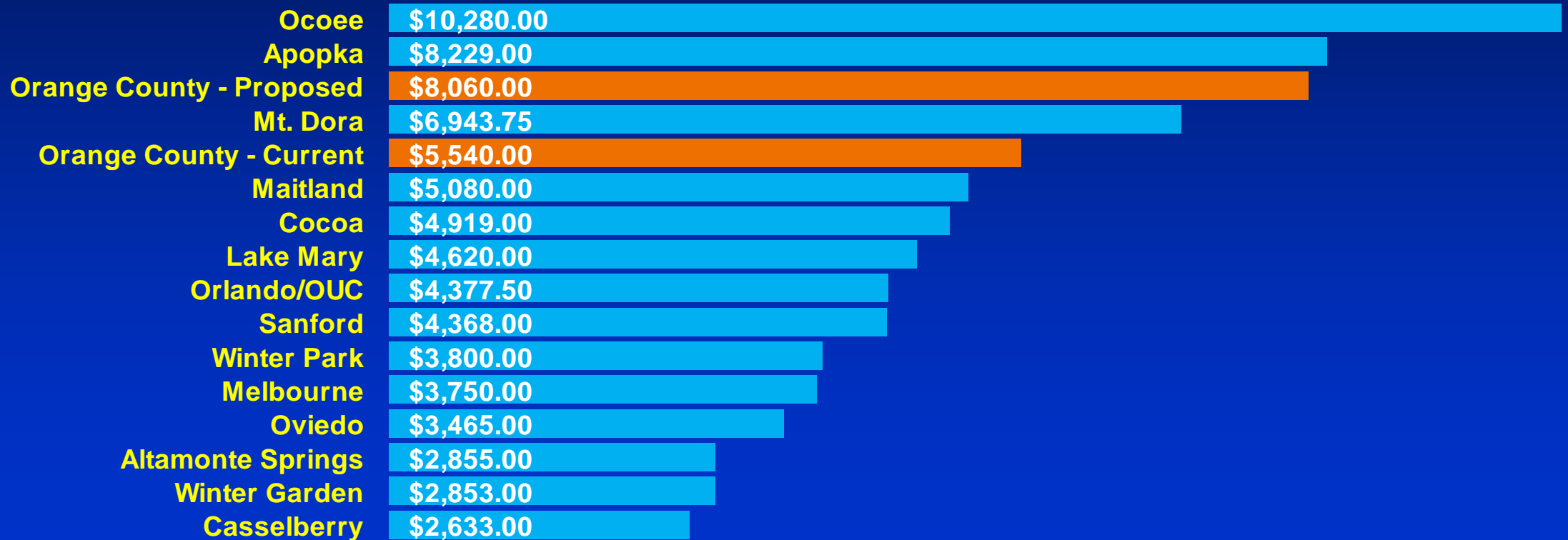
Combined Water and Wastewater Capital Charges Counties & Authorities





Capital Charges Survey

Combined Water and Wastewater Capital Charges *Local Municipalities*





Capital Charges Survey

Top 10 combined capital charges from surveyed utilities

Utility	Current Rate		Prior Rate	\$ Increase	% Increase
	Established	Current Rate			
JEA	Apr-2023	\$6,284	\$1,614	\$4,670	289%
Hillsborough County	Jun-2022	\$7,687	\$3,550	\$4,137	117%
Seminole County	Jun-2021	\$5,749	\$3,283	\$2,466	75%
Manatee County	Oct-2019	\$7,369	\$4,997	\$2,372	47%
Ocoee	Feb-2024	\$10,280	\$8,012	\$2,268	28%
Collier County	Mar-2020	\$6,696	\$5,263	\$1,433	27%
Toho Water Authority	Oct-2022	\$7,444	\$5,865	\$1,579	27%
Polk County (Jan 2025)	Jan-2025	\$8,123	\$7,039	\$1,084	15%
Polk County (Oct 2025)	Oct-2025	\$9,206	\$8,123	\$1,083	13%
Mt. Dora	Apr-2019	\$6,944	\$6,331	\$613	10%
Apopka	Feb-2023	\$8,229	\$7,564	\$665	9%
Orange County Proposed*		\$8,060	\$5,540	\$2,520	45%

*Orange County current rate \$5,540 established Feb 2019



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Capital Charges Discounts

- **Reclaimed Water Discount**
 - Established in the mid-90s
 - Reclaimed water viewed as a disposal issue
 - Implemented as a cost offset for developers for the new requirement to install reclaimed water infrastructure
 - 10% discount on both water and wastewater capital charges
 - \$7.5 million in discounts for capital charges given since FY 2017





Capital Charges Discounts

- Reclaimed water is a valuable commodity in high demand
 - Lowers potable water usage costs for customers
 - An asset to a development
- Discount is not common
- Propose removing discount from Chapter 37





Capital Charges Discounts

- **Affordable housing discounts on capital charges authorized in Chapter 37**
 - Single-family, multi-family, or mobile home residential units
 - Must receive a certificate of affordability
 - Specific guidelines in Administrative Regulation 4.08
 - 62% discount for single- and multi-family housing units to be sold
 - 25% discount for multi-family housing units to be rented
- **Since FY 2017, 25% discounts on capital charges were granted for 1,687 housing units for \$1.3M**



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Chapter 37 Changes

- **Update the water and wastewater capital charges**
 - \$2,790 per ERC for water
 - \$5,270 per ERU for wastewater
- **Remove the connection fee credit provided to developers for the installation of reclaimed water systems**
- **Minor grammar corrections**



Chapter 37 Changes

▪ Implementation Schedule

– Effective April 1, 2025

– Pay current (lower) capital charges

- Submit development plans before April 1, and
- Plans approved AND charges paid by September 30

– Pay updated capital charges

- Submit development plans on or after April 1, or
- Submit plans before April 1, but plans not approved OR charges not paid by September 30



Chapter 37 Changes

- **Met with Development Advisory Board**
 - Voted to recommend approval
- **Met with the Planning and Zoning Commission**
 - Made a finding of consistency with the Orange County Comprehensive Plan and recommended approval of the proposed revisions to Chapter 37 of the Orange County code



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Requested Action

- **Approve an ordinance pertaining to land use in Orange County; amending portions of the Orange County Code relating to reclaimed water connection fee credits and water capital charges and wastewater capital charges; by amending section 37-4 (“Connection Required; Extensions And Oversizing”); by amending section 37-5 (“Application for Water, Wastewater And Reclaimed Water Services”); and providing for an effective date**