

Appendix G– Water System Capacity Buy-in Fee

G.1 – General Principle

A fee charged for each new connection to the Public Water Supply System designed to recapture the proportional share of additional available capacity in the Public Water Supply System attributable to each new connection. The System Capacity Buy-in Fee (SCF) shall be calculated using the methodology set forth below.

G.2 – Calculation of Water System Capacity Buy-in Fee per Residential Equivalent Unit (REU)

Net book value of the Public Water Supply System Capital Assets (excluding net book value of customer connection and meeting devices), minus the outstanding debt on the bond principal of the Public Water Supply System (excluding the outstanding debt on the bond principal of customer connections and meeting devices), plus the current bond reserve funds.

Table 1 Water System Capacity Buy-in Fee per REU (SCF)	
Net System Value	\$62,348,512
Calculated REUs	52,260
Calculated Fee per REU	<u>\$1,193</u>
Recommended Fee per REU	<u>\$1,175</u>
Residential Equivalent Units (REU) based on 1” meter	

Table 2 Calculation of Water System Capacity Buy In Fee per REU	
Net Book Value of Capital Assets	\$201,739,578
Less Net Book Value of Customer Connection and Metering Devices	-49,585,458
Less Outstanding Bonded Debt Principal	-110,602,317
Plus Outstanding Bonded Debt Principal for Customer Connections and Metering Devices	13,217,548
Plus Bond reserves	<u>7,579,161</u>
Net System Value	\$ 62,348,512

Table 3

Water System Capacity Buy-In Fee Per Meter Size

The number of REUs assessed to each new connection is based on the size of the meter at the point of connection. The scale below identifies the equivalent number of REUs per meter size.

Meter Size	AWWA Capacity Maximum Flow Rate (gpm)	Factor based on 1"	Water SCF <sup>1</sup>
1"	50	1.00	<b>\$1,175</b>
1.5"	100	2.00	<b>\$2,350</b>
2"	160	3.20	<b>\$3,760</b>
3"	350	7.00	<b>\$8,225</b>
4"	600	12.00	<b>\$14,100</b>
6"	1,350	27.00	<b>\$31,725</b>
8"	1,600	32.00	<b>\$37,600</b>

<sup>1</sup>Based on a minimum meter size of 1". Any meter size smaller than 1" is subject to an individual analysis by City.

(AWWA indicates American Water Works Association)

**Note from Ordinance 38-32:**

System capacity buy in fees shall be charged for each new connection to the Public Water Supply System designed to recapture the proportional share of additional available capacity in the system. Charges shall be dependent upon the size of the meter or the size of the detector check for fire service applications. Such amounts shall be payable in full to the City of Kalamazoo prior to the scheduling of any work.