

City of Tampa

Water and Wastewater Capacity Fee Study

Final Recommendations: Prepared on August 28, 2025



Discussion Topics

Purpose and Background

Impact Fee Criteria

Cost Methodology / Fee Calculation

Summary of Approach

Review of Existing and Proposed Fees

Conclusions & Recommendations

Purpose and Background

- Water and wastewater capacity fee study concluded in FY2020 with the implementation of the current fees
- Results of the study reduced the wastewater fee and implemented the water fees for the first time
 - › *Water fees were phased in over three years*
- Reasons for proposed capacity fees, **also known as impact fees**, for water and wastewater service
 - › Fees paid by new development that creates demands for system capacity
 - › Fees are used to pay for growth-related facilities and major equipment
 - › Avoids growth-related costs from burdening existing customers

Why fees differ among utilities?

- Source of Supply
- Proximity to Source of Supply
- Type of Treatment
- Availability of Grant Funding
- Utility Life Cycle (Growth-oriented vs. Mature)
- Level of Service per ERC
- Age of System
- Density / Size of System

Impact Fee Criteria

- Fees must be reasonably equitable to all parties - dual rational nexus
 - › Fees must be based on the capital cost requirements anticipated for providing service-related facilities to new development
- Fees must be based upon reasonable level of service (LOS) standards that meet the needs of the City
- Fees cannot be used to fund deficiencies in capital needs of the utility or pay for any operating costs
- Fees are typically adopted by ordinance

Cost Methodology / Fee Calculation

- Recovers the cost of supply, treatment and backbone transmission
 - › Considered a “System Cost”
 - › All customers generally benefit
- Excludes local or on-site water distribution / wastewater collection system costs
 - › Generally contributed or funded separately through line extension fees or assessments
- Excludes grant funded projects, minor equipment, and vehicles
- Proposed fees are based on current assets that have available capacity to serve new growth plus planned expansion-related improvements, if any
 - › Water utility has system-wide upgrades and expansions planned over the next 5-years that were included in the proposed fees
 - › Wastewater projects are primarily capital maintenance that benefit existing residents and have been excluded from the proposed fees

Development of Impact Fees

- Three major components:
 - › The amount of expansion-related capital costs to be recovered
 - › Capacity of the expansion-related facilities
 - › The level of service (LOS) apportioned to the applicant requesting capacity per equivalent residential connection (ERC)



Summary of Existing Investments

- City has invested approximately \$3.0 billion in gross water and wastewater facilities
 - › Approximately \$1.7 billion or 57% is associated with the treatment and transmission of water and wastewater service
 - › In calculating the proposed impact fees, this amount was further reduced by \$172.1 million to account for historical capital grants used to fund certain improvements that benefit both existing and future customers of the system
 - › When developing the water transmission impact fee for all other service areas (Excluding the CIAC Areas), the transmission-related costs were reduced by \$54.8 million based on actual improvements made in the CIAC Areas since the program was initiated

Summary of Planned Investments

- City has approved future investments equal to approximately \$1.8 billion in gross water and wastewater facilities over the next 5 years
 - › Wastewater projects are primary capital maintenance that benefit existing residents and have been excluded from the proposed fees
 - › While the water utility has capital maintenance projects too, several improvements will provide system-wide upgrades and expansions that will benefit both existing and future customers of the system
 - Only \$79.7 million in water improvements allocable to future development were included in the proposed fees

Cost of Water Treatment and Transmission-related Facilities

Description	Summary of Water System Results (Cost per ERC)		
	<u>Existing</u>	<u>Calculated Cost</u>	<u>Proposed Maximum</u> ^[1]
System-wide Treatment Cost	\$1,020	\$1,837	\$1,530
Transmission Cost by Service Area			
Downtown South Tampa	\$2,145 ^[2]	\$2,145	\$2,145
Northeast Area / Sub-area	\$2,724 ^[2]	\$2,724	\$2,724
All Other Service Areas	\$693	\$985	\$985

[1] Based on conversations with City staff, proposed increases limited to no greater than 50% and will be phased in over a 4-year implementation schedule shown on the next slide.

[2] Amounts based on the Existing CIAC Charges adopted by the City. No recommended changes to the CIAC charges are currently proposed.

Proposed Water Capacity Fees

Description	Summary of Proposed Water Fees (Cost per ERC)				
	<u>Existing</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>
System-wide Treatment Cost	\$1,020.00	\$1,147.50	\$1,275.00	\$1,402.50	\$1,530.00
Transmission Cost by Service Area					
Downtown South Tampa ^[1]	\$2,145.00	\$2,145.00	\$2,145.00	\$2,145.00	\$2,145.00
Northeast Area / Sub-area ^[1]	\$2,724.00	\$2,724.00	\$2,724.00	\$2,724.00	\$2,724.00
All Other Service Areas	\$693.00	\$766.00	\$839.00	\$912.00	\$985.00
Total Fees by Service Area					
Downtown South Tampa ^[1]	\$3,165.00	\$3,292.50	\$3,420.00	\$3,547.50	\$3,675.00
Northeast Area / Sub-area ^[1]	\$3,744.00	\$3,871.50	\$3,999.00	\$4,126.50	\$4,254.00
All Other Service Areas	\$1,713.00	\$1,913.50	\$2,114.00	\$2,314.50	\$2,515.00
<small>[1] Amounts include the Existing CIAC Charges adopted by the City.</small>					

Cost of Wastewater Treatment and Transmission-related Facilities

Description	Summary of Wastewater System Results (Cost per ERC)		
	<u>Existing</u>	<u>Calculated Cost</u>	<u>Proposed Maximum</u> ^[1]
System-wide Treatment Cost	\$663	\$923	\$923
System-wide Transmission Cost	\$574	\$924	\$924
Total System-wide Charge	\$1,237	\$1,847	\$1,847 ^[2]
<p>^[1] Based on conversations with City staff, proposed increases limited to no greater than 50% and will be phased in over a 4 year implementation schedule shown on the next slide.</p> <p>^[2] Total calculated cost of the combined charges equals 49%.</p>			

Proposed Wastewater Capacity Fees

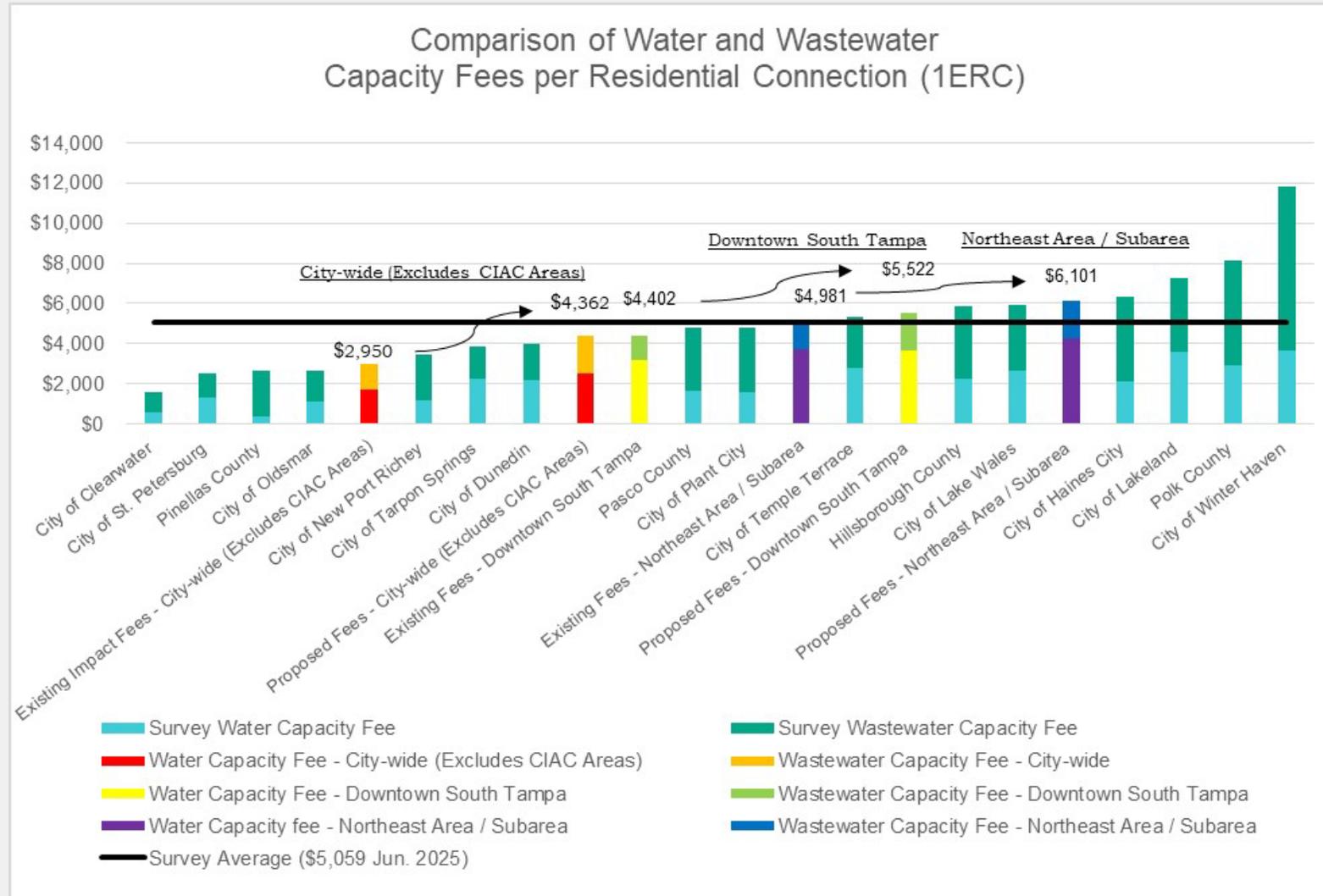
Description	Summary of Proposed Wastewater Fees (Cost per ERC)				
	<u>Existing</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>
System-wide Treatment & Transmission Cost	\$1,237.00	\$1,389.50	\$1,542.00	\$1,694.50	\$1,847.00

Summary of Proposed Fees – Year 4

Description	Capacity Fees per ERC		
	<u>Water</u>	<u>Wastewater</u>	<u>Combined</u>
<u>Existing Fees</u>			
Downtown South Tampa	\$3,165 ^[1]	\$1,237	\$4,402
Northeast Area / Sub-area	\$3,744 ^[1]	\$1,237	\$4,981
All Other Service Areas	\$1,713	\$1,237	\$2,950
<u>Proposed Fees – Year 4</u>			
Downtown South Tampa	\$3,675 ^[1]	\$1,847	\$5,522
Northeast Area / Sub-area	\$4,254 ^[1]	\$1,847	\$6,101
All Other Service Areas	\$2,515	\$1,847	\$4,362
<hr/> [1] Amounts include the Existing CIAC Charges adopted by the City.			

- ***As illustrated throughout this presentation, City staff proposes a 4-year phase-in of the recommended maximum charges***

Comparison of Maximum Charge – Year 4



Conclusions and Recommendations

- The City's existing water and wastewater capacity fees are not adequate to recover the existing and planned investments by the City to provide adequate capacity to serve the needs of new development
- The City should consider adopting the proposed fees
 - › The recommendations are based on maximum charges that limit the adjustments as proposed by City staff, which are also phased in over a 4-year implementation period
- City staff recommend an extended noticing period to inform developers of any adopted changes

Q&A



Thank you!

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