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**TOWN OF FALMOUTH, MEMORANDUM**

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**TO:** NATHAN POORE  
**FROM:** PETE CLARK  
**SUBJECT:** CONNECTION FEE CHANGES  
**DATE:** 3-5-2019

Based on discussions to date, I am providing an update to proposed changes to the method by which future sewer connection fees should be assessed. The proposed method is based on the number and type of plumbing fixtures within the building that is connecting and the equity value of the required sewer capacity the building thus represents.

We have discussed that the Town would utilize a logical accounting procedure, calculated annually after the completion of the previous year's audit, to establish the equity value of a gallon of capacity in the sewer system. The capacity rating for a proposed building (in gallons for various plumbing fixtures) would be factored by the equity value to obtain the fee assessed to a property for connecting to the sewer system.

The proposed method provides a fair assessment that varies proportional to a new connection's use of the system. The proposed charge is a one-time charge assessed on new, or expanded facilities, for the derived benefit from the public facilities which have been funded by existing customers through their past fees, assessments, or monthly billings. Connection charges for larger residential properties would be capped at a not to exceed level.

The proposed method, and associated suggested ordinance changes, address certain real and perceived inadequacies in the existing method and provide a fair and proportional fee system across the scale of user classes, eliminate potentially disproportionate fees derived from lot size or street frontage, and uncertainty regarding connection exemptions.

The following pages provide examples of the proposed equity value calculation, based on the fiscal year 2018 audit, and examples of residential and non-residential fees, based on discussions with the Ordinance Committee.

I have also included proposed ordinance language changes that have been reviewed by our attorney.

Please let me know if I could provide any additional materials or if you have any questions or suggestions.

Example 1, equity value factor:

Calculation, value of past investment based on fiscal 2018 values			
A. System Value			
		<b>Ratio</b>	<b>Falmouth Share</b>
Land	\$350,600	100.00%	\$350,600
Capital assets, construction in progress	\$115,851	56.30%	\$65,224
Capital assets, Mill Creek Force Main and Pump Station	\$5,698,082	56.30%	\$3,208,020
Capital assets, building improvements	\$11,534,804	70.00%	\$8,074,363
Capital assets, equipment and machinery	\$4,260,050	70.00%	\$2,982,035
Capital assets, infrastructure	\$11,917,316	100.00%	\$11,917,316
Capital improvement fund balance	\$2,763,775	100.00%	\$2,763,775
Undesignated fund balance	\$0	100.00%	\$0
			<b>\$29,361,333</b>
B. Depreciation			
Depreciation, building improvements	(\$5,497,034)	70.00%	(\$3,847,924)
Depreciation, equipment and machinery	(\$2,635,050)	70.00%	(\$1,844,535)
Depreciation, Mill Creek Force Main and Pump Station	(\$113,962)	56.30%	(\$64,161)
Depreciation, infrastructure	(\$5,948,789)	100.00%	(\$5,948,789)
Grants	\$0	100.00%	\$0
			<b>(\$11,705,408)</b>
<b>C. Undepreciated equity value (A+B)</b>			<b>\$17,655,925</b>

Example 2, Equity value

Calculation, connection fee factor	
D. Equity value (million dollars)	\$17.66
E. Plant capacity, Falmouth share (million gallons per day)	1.09
F. Equity value (dollars per gallon per day, D/E)	\$16.17
G. Equity percentage applicable to connection fee for 2019 (fee ratio by order)	<b>80%</b>
<b>H. Adjusted equity value per gallon per day of capacity ((FxG)</b>	<b>\$12.94</b>

**Example 3, typical fees for various single-family residential units**

<b>Fixture type and gallon rating factor</b>	
Sink	23
Dishwasher	11
Lavatory	11
Tub/Shower	23
Tank toilet	28
Washer hook up	45

<b>Equity value factor</b>	<b>\$16.17</b>	dollars per gallon per day
<b>Fee ratio</b>	<b>80</b>	percent

		<b>RESIDENTIAL SINGLE-FAMILY EXAMPLES</b>				
	<b>Rating</b>	<b>Number within building</b>				
<b>Kitchen</b>	<b>34</b>	1	1	1	1	1
<b>Full Bath</b>	<b>62</b>	1	1	1	2	2
<b>1/2 Bath</b>	<b>40</b>			1		1
<b>Washer</b>	<b>45</b>		1	1	1	1
	<b>Total Rating</b>	96	141	181	203	243
	<b>Equity value factor</b>	\$16.17	\$16.17	\$16.17	\$16.17	\$16.17
	<b>Fee ratio</b>	80%	80%	80%	80%	80%
	<b>Connection charge per living unit</b>	<b>\$1,242</b>	<b>\$1,824</b>	<b>\$2,341</b>	<b>\$2,626</b>	<b>\$2,800</b>

The example above illustrates the comparison in fees that result from the proposed changes for various single-family residential units. The upper table illustrates rating factors for various plumbing fixtures. These ratings are compiled, and the lower table illustrates a range of the charges that would apply to several different residential spaces. Column 1 rates an apartment type unit with only a kitchen and bath and a resulting charge of \$1,242, whereas the 5<sup>th</sup> column rates a 2.5 bath house. For homes at this end of the scale, or larger, the residential connection fee is capped at \$2,800, in line with our discussions with the Ordinance Committee.

**Example 4, non-residential connection fee examples**

Fixture	Rating factor
Bathtub with/without shower	23
Shower	23
Dental spitoon	11
Drinking Fountain	11
Domestic dishwasher	11
Commercial dishwasher	23
Floor drain	17
Lavatory	11
Commercial kitchen sink	23
Double commercial kitchen sink	34
Triple commercial sink	45
Slop sink	23
Dark room sink	23
Shampoo sink	45
Urinal	57
Domestic washing machine	45
Commercial washing machine	97
Tank toilet	28
Valve Toilet	57

Like residential units, commercial properties are rated according to the chart at left and typical resulting connection charges are illustrated in the table below.

Industrial uses or businesses and manufacturers that generate wastes, that are different than typical domestic wastewater, require individual assessment to determine an equitable charge where the fixture table does not include fixtures associated with that discharge.

Fixture type	Fixture Count	GPD	Fixture Count	GPD	Fixture Count	GPD	Fixture Count	GPD
Bathtub with/without shower		0		0		0		0
Shower		0		0		0		0
Dental spitoon		0		0		0		0
Drinking Fountain		0		0		0	1	11
Domestic dishwasher		0		0		0		0
Commercial dishwasher		0		0		0		0
Floor drain	7	119		0	2	34	2	34
Lavatory	5	57	1	11	2	23	4	45
Commercial kitchen sink	1	23	1	23	3	68	1	23
Double commercial kitchen sink		0		0		0	1	34
Triple commercial sink	1	45		0		0		0
Slop sink		0	1	23	1	23		0
Dark room sink		0		0		0		0
Shampoo sink		0		0		0		0
Urinal	1	57		0		0	1	57
Domestic washing machine		0		0		0		0
Commercial washing machine		0		0		0		0
Tank toilet		0	1	28	3	85	5	142
Valve Toilet	4	227		0		0		0
<b>Total GPD</b>		528		85		233		346
<b>Equity value factor</b>		\$16.17		\$16.17		\$16.17		\$16.17
<b>Fee Ratio</b>		80%		80%		80%		80%
<b>Type</b>	<b>Fast food</b>		<b>Bank</b>		<b>Retail</b>		<b>Dealership</b>	
<b>Connection fee</b>	<b>\$6,833.31</b>		<b>\$1,102.15</b>		<b>\$3,012.54</b>		<b>\$4,482.07</b>	

**Addendum A, recommended ordinance changes:**

Sec. 18-131. Connection charges; permit fees; accounting.

(a) A schedule of permit fees and connection charges established for the connection of any building or property to a sanitary, combined or interceptor sewer within the town whether constructed by the town or the Portland Water District or conveyed to the town is on file in the town clerk's office.

(b) Permit fees and connection charges shall be due and payable upon application for a sewer connection, or plumbing, permit. The town council may by order readjust the amounts of the connection charges. ~~according to the then prevailing costs of construction and the anticipated number of such connections.~~ The purpose of the connection charge is to ensure that new users and current users with change of use bear a proportionate share of the cost of capital expenditures necessary to replace and upgrade sewer facilities in order to maintain excess capacity within the system and to protect the public health and welfare. Connection charges shall, annually or at other intervals chosen by the town council, be determined and/or adjusted by the council based on the value of the town wastewater system and a capacity assessment of the proposed new or expanded connection. Such connection charges shall not be required for connections from any property assessed for a portion of the cost of sewer construction under section 18-233.

(c) The funds collected by the town as sewer connection charges shall be placed in a separate fund for future sewer construction, sewer debt retirement, contributions to sewer capital costs and any other sewer-related purposes which do not conflict with the Clean Water Act, 33 U.S.C. § 1251 et seq., or its successor provisions and applicable federal regulations.

~~Sec. 18-233. Exemption from connection charges.~~ Repealed

~~Any property owner, builder or developer who constructs, or contractually participates in the construction of a sewer extension pursuant to section 18-231 which sewer extension is then conveyed to the town shall not be charged a sewer connection fee under section 18-131.  
(Ord. of 8-26-85, § 8.4)~~