

RESOLUTION NO. 21R-01

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE BIGHORN-DESERT VIEW WATER AGENCY
MODIFYING BASIC FACILITIES CHARGE (WATER CAPITAL FEE) FOR
WATER METERS SIZE 3/4-INCH TO 10-INCH**

WHEREAS, Bighorn-Desert View Water Agency (“Agency”) is required by law to fix and establish rates, fees and charges which will enable the Agency to cover its debt service payments, operate and maintain its water system, provide for repairs and depreciation, and a reasonable surplus for improvements; and

WHEREAS, the Water Master Plan completed in 2007 by the Agency’s Engineer established a baseline calculation for the 1-Inch Residential Basic Facility Charge or “Capacity Fee” and further defines the charge to be comprised of four (4) components: Water Main Connection Fee, Water Storage Fee, Water Supply Fee and a Development Fee and set that fee at \$4,098; and

WHEREAS, the Board had determined that the 1-Inch Residential Basic Facility Charge should be reviewed annually and should be increased to coincide, at a minimum, with a rate of inflation based on the Consumer Price Index which is generally the best measure for adjusting payments to consumers when the intent is to allow consumers to purchase, at today’s prices, a market basket of goods and services equivalent to one that they could purchase in an earlier period; and

WHEREAS, by Resolution No. 20R-18 adopted by the Board of Directors on July 14, 2020 a Basic Facilities Charge for new connections was set at \$4,930.00 based on the application of the annual Consumer Price Index at that time; and

WHEREAS, by Resolution No. 20R-18 adopted by the Board of Directors on July 14, 2020 the Board set a flat fee of \$1,475.00 per Service Line and 1-inch meter installation; and

WHEREAS, new customers desiring to connect to the existing system should be responsible for paying an amount equivalent to their proportionate share of those existing water system facilities development costs which support and are necessary for the new customer to receive service; and

WHEREAS, the Agency had never calculated the capacity fee for a water service demand greater than that served by a 1-inch meter; and

WHEREAS, on April 28, 2020 the Board of Directors authorized completion of a *Rate and Capacity Fee Study* by an outside financial consulting firm, NBS Government Finance, who has

developed a long-term financial model for development of the Capacity Fee or Basic Facilities Charge for new water meters with sizes ranging from ¾-inch to 10-inch based on the value of existing assets and an assessment of future infrastructure needed for the entire distribution system; and

WHEREAS, The Agency determined to use an analysis based on the “Combination Approach” [1] which requires new customers to pay their fair share of existing system assets and planned assets that have capacity to serve new customers. In their simplest form, capital impact fees are calculated by dividing the costs of infrastructure allocated to future development by the number of units of new development anticipated, further defined as follows:

- The cost of existing assets and planned assets that have capacity to serve new development are those that can reasonably be allocated to future development.
- The number of new units (i.e., growth) are those units projected to occur within the timeframe covered by the capital impact fee analysis.

[1] Method of calculating capital impact fees (also known as System Development Fees, Connection Fees, Capacity Fees) are set forth in the American Water Works Association’s *Principles of Water Rates, Fees and Charges* Seventh Edition (2017) pages 311 to 347.

WHEREAS, the Replacement Cost model calculations in the NBS Government Finance analysis presented to Finance Committee on November 19, 2020 and the full Board of Directors on January 12, 2021 are the calculated Capacity Fees, based on meter size, as shown in Table 1 made part of this Resolution,

TABLE 1 - WATER CAPITAL FACILITY FEE BASED ON METER SIZE

Meter Size	Equivalency Factor		Capacity Fee Per Meter Size
	Maximum Continuous Flow (gpm) 1	Equivalency to 1 inch meter	
3/4 inch	30	1.00	\$14,154
1 inch	50	1.00	\$14,154
1.5 inch	100	2.00	\$28,309
2 inch	160	3.20	\$45,294
3 inch	320	6.40	\$90,588
4 inch	500	10.00	\$141,544
6 inch	1,000	20.00	\$283,087
8 inch	2,800	56.00	\$792,645
10 inch	4,200	84.00	\$1,188,967

1. Source: AWWA M1, Table B-2. Assumes displacement meters for ¾" through 2", Compound Class I for 3" through 6", and Turbine Class II for 8" through 10".

; and

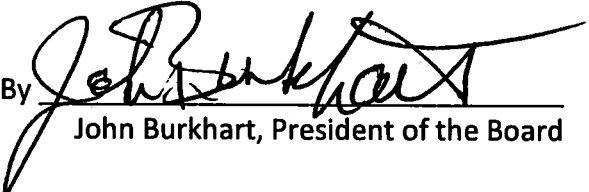
WHEREAS, the Board of Directors of the Agency ("Board") desires to "decouple" the new service line installation costs from the Basic Facilities Charge (Water Capital Fee) via separate and distinct Resolutions; and

NOW, THEREFORE, BE IT RESOLVED that, effective immediately, the BASIC FACILITIES CHARGE (otherwise referred to as the "Water Capital Facility Fee") shall be in the amounts calculated and presented in Table 1 of this Resolution and shall be based on meter size required and shall be applicable to all new service line installations to parcels within 700 feet of a mainline* (not including bulk accounts), subject to further action by the Board of the Agency. (**the definition of the mainline per Agency Rules and Regulations is "pipelines located in highways, streets, alleys, easements, and right of ways, which are used for the transmission and distribution of water; and*

BE IT FURTHER RESOLVED, that the General Manager and staff of the Agency are hereby authorized and directed to do such things and to take such actions as may be reasonably required to carry out the purpose and intent of this resolution.

BE IT FURTHER RESOLVED that the portion of Resolution No. 20R-18 concerning the Basic Facilities Charge is hereby rescinded and of no further force and effect while the portion of Resolution No. 20R-18 concerning the new Service Line and 1-inch shall remain in effect at \$1,475.

PASSED, APPROVED, AND ADOPTED by the Board of Directors of Bighorn-Desert View Water Agency this 12th day of January 2021.

By 
John Burkhart, President of the Board

Bighorn-Desert View Water Agency,

By 
JoMarie McKenzie, Board Secretary

Official Seal

