

City of Fortuna Water and Wastewater Connection Fee Update, Draft

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Introduction

The City of Fortuna (the City) charges a capital connection fee for any new connection to the Fortuna Water and Wastewater Systems. The water connection fees collected are deposited into the Water System Capital Improvement Fund. The fees are charged on a per unit basis. A similar charge is collected for the Wastewater system and the revenue collected is deposited into the Wastewater Capital Reserve fund. Connection fees are used to fund new capital projects that are necessary to serve new growth or to reimburse the utility for existing facilities that have capacity available to serve new customers.

The most recent change to the City’s water and wastewater connection fees occurred in 2012. From 2012 to 2024, the California Construction Cost Index (CCI) has increased approximately 70 percent. The proposed adjustments to the water and wastewater connection fees use the existing connection fee structure for water and wastewater and apply an inflationary adjustment to update the costs. For this analysis, the CCI adjustment of 70 percent was applied as the connection fee revenues are used to fund capital projects.

Water Connection Fee

Water connection fees are based off a Living Unit Equivalent (LUE). The LUE in turn is based on the size of the new connections water meter. The water connection fees are higher for larger meter sizes to account for the potential demand placed on the water system by the larger meter. For example, Fortuna’s current connection fee LUE for a 6” meter is equal to approximately 92 LUEs. The City’s current water connection fees are presented in Table 1.

Table 1. Current Water Connection Fees

Meter Size	Equivalent	Connection Fee
5/8" by 3/4"	1 LUE	\$2,165.00
1"	2.56 LUE	\$5,542.00
1 1/2"	5.76 LUE	\$12,470.00
2"	10.24 LUE	\$22,169.60
3"	23.04 LUE	\$49,881.60
4"	40.96 LUE	\$88,678.40
6"	92.16 LUE	\$199,526.40

A review of the meter equivalencies based on meter capacity published in the American Water Works Association (AWWA) M-1 Rate Manual (Principles of Water Rates, Fees and Charges, 7th edition) suggests that the City should update the LUE equivalencies to align with the guidance from the AWWA M-1 manual. The suggested AWWA meter equivalencies are presented in Table 2. It is recommended the City adopt the revised LUE schedule in Table 2.

Table 2. AWWA Meter Equivalencies

Meter Size	Meter Equivalent
5/8" by 3/4"	1 LUE
1"	2.50 LUE
1 1/2"	5.0 LUE
2"	8.0 LUE
3"	16.0 LUE
4"	25.0 LUE
6"	50.0 LUE

The proposed water connection fee revises the meter equivalencies and applies an inflationary adjustment to the current fee to account for increased costs since 2012. The proposed connection fee applied a factor of 1.70 to represent the change in the CCI from 2012 to 2024. Per the State of California Real Estate Services Division, the CCI in January 2024 was 9680 and the CCI in January 2012 was 5683. The adjustment factor from 2012 to 2024 is $9680/5683 = 1.70$.

The existing connection fee for a typical residential 5/8" by 3/4" meter size would increase from \$2,165 to approximately \$3,688. The connection fees for the other meter sizes would reflect this same escalation factor, and any adjustment to the LUE equivalencies. Table 3 presents the proposed changes to the water connection fees.

Table 3. Proposed Water Connection Fee

Meter Size	Current Meter Equivalent	Current Connection Fee	Proposed Meter Equivalent	Proposed Connection Fee
5/8" by 3/4"	1 LUE	\$2,165	1.0 LUE	\$3,688
1"	2.56 LUE	\$5,542	2.5 LUE	\$9,219
1 1/2"	5.76 LUE	\$12,470	5.0 LUE	\$18,438
2"	10.24 LUE	\$22,170	8.0 LUE	\$29,501
3"	23.04 LUE	\$49,882	16.0 LUE	\$59,002
4"	40.96 LUE	\$88,678	25.0 LUE	\$92,191
6"	92.16 LUE	\$199,526	50.0 LUE	\$184,382

LUE = Living Unit Equivalent

For connections located outside the city limits, the connection fee rate is 1.5 times the inside rate. Any new connection south of Drake Hill Road and serviced by Drake Hill Road Pump Station currently pays an

additional \$2,484 for each unit of service. Applying the same adjustment factor, the Drake Hill Road connection fee would be \$3,447 per LUE.

Wastewater Connection Fee

Wastewater connection fees are based on LUE for a single family home with one bathroom, kitchen, dishwasher and washing machine, having a total of 14 fixture units. The current wastewater connection fee for one LUE is \$4,445. Connection fees for larger homes, commercial and industrial customers will be determined by dividing the total number of fixture units in the new building, by 14 and multiplying by the base fee for a LUE. For example, if a new commercial customer had a total fixture unit count of 28, their connection fee would be $28/14 * \$4,445/\text{LUE} = \$8,890$. The unit equivalent of plumbing fixtures shall be based on the size of the trap required or the rated discharge capacity of the fixture in gallons per minute.

The proposed wastewater connection fee applies an inflationary adjustment to the current fee to account for increased costs since 2012. The proposed connection fee applied a factor of 1.70 to represent the growth in inflation in the CCI from 2012 to 2024. The existing connection fee for a single LUE would increase from \$4,445 to approximately \$7,571 per LUE. Table 4 presents the proposed changes to the sewer connection fees.

Table 4. Wastewater Connection Fee

Wastewater Service LUE Base Charge	Current Connection Fee	Proposed Connection Fee
up to 14 fixture units	\$4,445	\$7,571
per additional fixture unit	\$318	\$541

For connections located outside the city limits, the connection fee rate is 1.5 times the inside rate.

Connection Fee Comparison

Table 5 presents the water connection fees for other nearby communities. Each community uses a similar approach to Fortuna and charges based on equivalent meters. Fortuna’s current and proposed connection fees are lower than the other communities surveyed.

Table 5. Water Connection Fee Comparison

Meter Size	Fortuna, Current	Fortuna, Proposed	Eureka	Humboldt
5/8"	\$2,165	\$3,688	\$5,497	\$5,597
1"	\$5,542	\$9,219	\$13,744	\$13,993
1 1/2"	\$12,470	\$18,438	\$27,487	\$27,985
2"	\$22,170	\$29,501	\$43,979	\$44,776
3"	\$49,882	\$59,002	\$87,959	\$89,552
4"	\$88,678	\$92,191	\$137,436	\$139,925

6"	\$199,526	\$184,382	\$274,872	\$279,850
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Table 6 presents the wastewater connection fees for other nearby communities. Each community uses a similar approach to Fortuna and charges based on equivalent residential units (ERU) or similar. Each community defines an ERU differently as noted in Table 6. The ERU is the basis for charging multi-family and commercial connections.

Table 6. Wastewater Connection Fee Comparison

Community	Connection Fee	Notes
Fortuna, Current	\$4,445	per EDU; one EDU = 14 fixture units
Fortuna, Proposed	\$7,571	per EDU; one EDU = 14 fixture units
Eureka	\$7,123	Per Housing Equivalent Unit (HEU; HEU = sewer flows of single family residential home
Humboldt	\$9,974	per EDU; one EDU = 24 fixture units

Recommendations

It is recommended that the City adjust the water meter equivalents to be consistent with guidance from the AWWA M-1 Rate Manual. It is also suggested that the City revise its connection fees on a more regular basis. A comprehensive update of their connection fees for water and wastewater should be coordinated with the completion of the upcoming Water System Master Plan. The Water System Master Plan will identify areas of growth within the city, estimate necessary capital improvements required to meet current and future customer demands, and provide the City with updated planning information that can be used in the connection fee update. The City can also utilize information from their wastewater treatment plant evaluations and the recent study on the collection system to update the wastewater connection fee.