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Water/Wastewater Connection Charges for Smaller Homes (B)

In accordance with standard utility practice, GRU requires connection charges to be paid for new connections to the water and wastewater systems. Connection charges are one-time charges that must be paid at the time a structure is connected to the system. The purpose of these charges is to recover the capital costs that GRU invests in its water and wastewater systems in order to create and maintain capacity for new development. Connection charges are consistent with the City Commission’s long standing policy that new development should pay for itself.

Connection charges are intended to be generally proportional to the demand that a customer is expected to place on the water and wastewater systems. For example, connection charges for a commercial facility are based on the facility’s expected water use based on the type and size of the facility and the water use observed from similar existing facilities. Currently, all new single family homes pay a fixed connection charge which is based on the average observed water and wastewater demands for existing single family homes. However, based on review of recent customer billing data it appears that water and wastewater demands for smaller houses may be lower than those for larger homes. During the course of discussions of the recent cost of service study, UAB members and city commissioners have expressed interest in evaluating the appropriateness of having a lower connection charge for smaller affordable homes, as well as incentives for Florida WaterStar certified homes.

Staff have analyzed water and wastewater demands for single family homes of various sizes built in the last 10 years and will present these results along with some preliminary recommendations on potential changes to connection charges.

Staff presented this item to the UAB on April 12, 2018, and the issue was thoroughly discussed. Staff has included the Board’s advice for the City Commission in the recommendation.

Changes in connection charges may result in reduced revenues.

- 1) Modify Appendix A of Code of Ordinances to include 35% discount on water and wastewater connection charge for homes < 1,400 ft² heated & cooled starting in FY2019
- 2) City Commission consider either removing the 25% surcharge on W/WW connection fees on homes < 1,400 ft² in the unincorporated area or rebating it through the ConnectFree program