

## **JCSUD Increases New Connection Fees**

The total connection fee for new meters installed will increase beginning February 1, 2017. This increase will not affect the sewer connection fee. Since 2010 the total connection fee for a new water meter has been \$2700. Beginning February 1 the total water connection fee for standard service (residential type meter) will be \$3600 (excluding deposit). Research shows that the average cost to install a new tap on the system has increased 85% since 2001 (5.3% avg. annual). The cost increase for parts, equipment, and labor expense prompts all water utility providers to keep a vigil on collecting for the ever increasing cost to supply water for newcomers particularly in North Central Texas; whether urban, suburban, or rural.

Since the 80's municipal systems throughout Texas, particularly in the expanding DFW metroplex tend to assess some version of an Impact fee for new connections added to the water utility system. Each city or authority sets its own impact fee rates. In this way the water utility stays in step with the concept whereby "growth should pay for growth". Otherwise the existing ratepayers shoulder the entire burden to pay for facility expansion projects and the related "cost-impact" for each new connection coming onto the system. Before these fees were authorized, the costs associated with continuous upgrades to the water utility's facilities were borne by all of the existing customers. Now with the use of impact fees, developers who create the additional demand, or new connections coming on one-at-a-time, are paying a larger cost-share to meet the added demand they create.

JCSUD not being a municipality, assesses a System Development fee rather than an Impact fee. Both support the same purpose. The District has an approved System Development Charge in accordance with the requirements for Water Districts per the Texas Administrative Code, Title 30, Part 1, Chapter 293, Subchapter N. This System Development Charge "*does not exceed three times the actual and reasonable cost for making such a tap or connection*". Therefore the Districts total connection fee of \$3800 is the sum of three components: the Tap fee, the system development charge, and the new customer account deposit. The new Tap fee for a standard connection of \$1200 establishes the system development charge thusly:

System Development Charge =  $(\$1200 \times 3) - \$1200 = \$2400$       Then,

$\$2400 + \$1200 = \$3600$ . Including the \$200 deposit, then the Total Connection Fee for a new standard meter tap is \$3800.00.

Administering an up-to-date impact or system development fee demonstrates good stewardship in preserving the best interest of its customer base to aid in keeping rates stable. In this way it promotes "growth pays for growth", which works best for the good of the whole.