

Summary  
of  
Tapping Fee  
&  
Connection Charges

# What is a Tapping Fee?

- A Tapping Fee is a charge reflecting capital cost to property owners who desire or are required to connect to the Authority's sewer system.
- The basic concept of charging tapping fees is to recover a portion of fixed capital investment costs from new customers as they connect to the sewer system. The customer "buys in" to the system before obtaining service.
- When sewage facilities are constructed, such as treatment plants, interceptors, and sewer mains, they are designed and constructed to not only provide service to the existing customer base, but also to serve the growth needs of the community.
- The existing customers, through years of the debt service payment portion of their sewer use charge pay for the cost of constructing facilities that will someday be utilized by future customers.
- The tapping fee provides a mechanism to recover from the new customer revenues that reimburse the existing customer base for the unencumbered fixed assets which provide sewage treatment and disposal, and which the existing customer base paid for.

# Guidelines

- Guidelines and requirements for establishing a tapping fee is set forth in the Pennsylvania Municipality Authorities Act.
- The Authority is not required to charge tapping fees or connection charges, but if it does, the fees shall be established in accordance with the current regulations Act 57 of 2003.
- The Authority may charge fees in an amount equal to the maximum amount allowable, or it may charge any amount less than the maximum calculated amount.
- Theoretically, the Authority may choose to distribute the tapping fee back to each of its customers/edu's, a dividend of \$0.46 each time it receives a tapping fee (\$3200/6904) or dedicate the funds for replacement of previously constructed facilities.

# History of PTSA's Tapping Fee

- In 2005 the Authority engaged KLH Engineers, Inc. to prepare the original engineering study identifying the allowable costs and to calculate the maximum amount allowable for each fee as required by Act 57 of 2003.
- The Tapping fee and Connection Charges Resolution was adopted on June 2005.
- The Residential Fee was set at \$2,700.
- Since then the Authority periodically reviews and updates the calculation for any additional or deletions of facilities, surplus funds, the current Engineer News Record index, and any revisions to the outstanding debt.
- There have been 2 Updates:
  - Update No. 1 – June 13, 2006 – Tapping Fee - \$2,950
  - Update No. 2 – August 12, 2008 – Tapping Fee - \$3,200

# Components of the Tapping Fee

- *There are three components of the tapping fee:*
  - *Connection Fee* – a fee based on the actual cost of connection of the property from sewer main to the property line, or it may be based on the average cost of previously installed connections. Typically, the customer installs the facilities, and PTSA's fee is for inspection and administrative time
    - Current Fee if Wye is available is \$68.00 and \$304.00 if not available
  - *Customer Facilities Fee* – a fee based on the actual cost of facilities from the property line to the building being served. The Authority requires construction of the facilities to be by the customer and PTSA's fee is for a series of inspections
    - Current Fee is \$51.00
  - *Tapping Fee* – a fee based on the capital cost for the sewage facilities and the capacity requirements of the customer. Comprised of the capacity part, the collection part, and may include a special purpose part and/or reimbursement part.
    - Current Residential Fee - \$3,108                      Non-Residential - \$12.05/gallon

Total Residential Tapping and Connection Fee discounted for rounding is **\$3,200** and w/o wye **\$3,460**

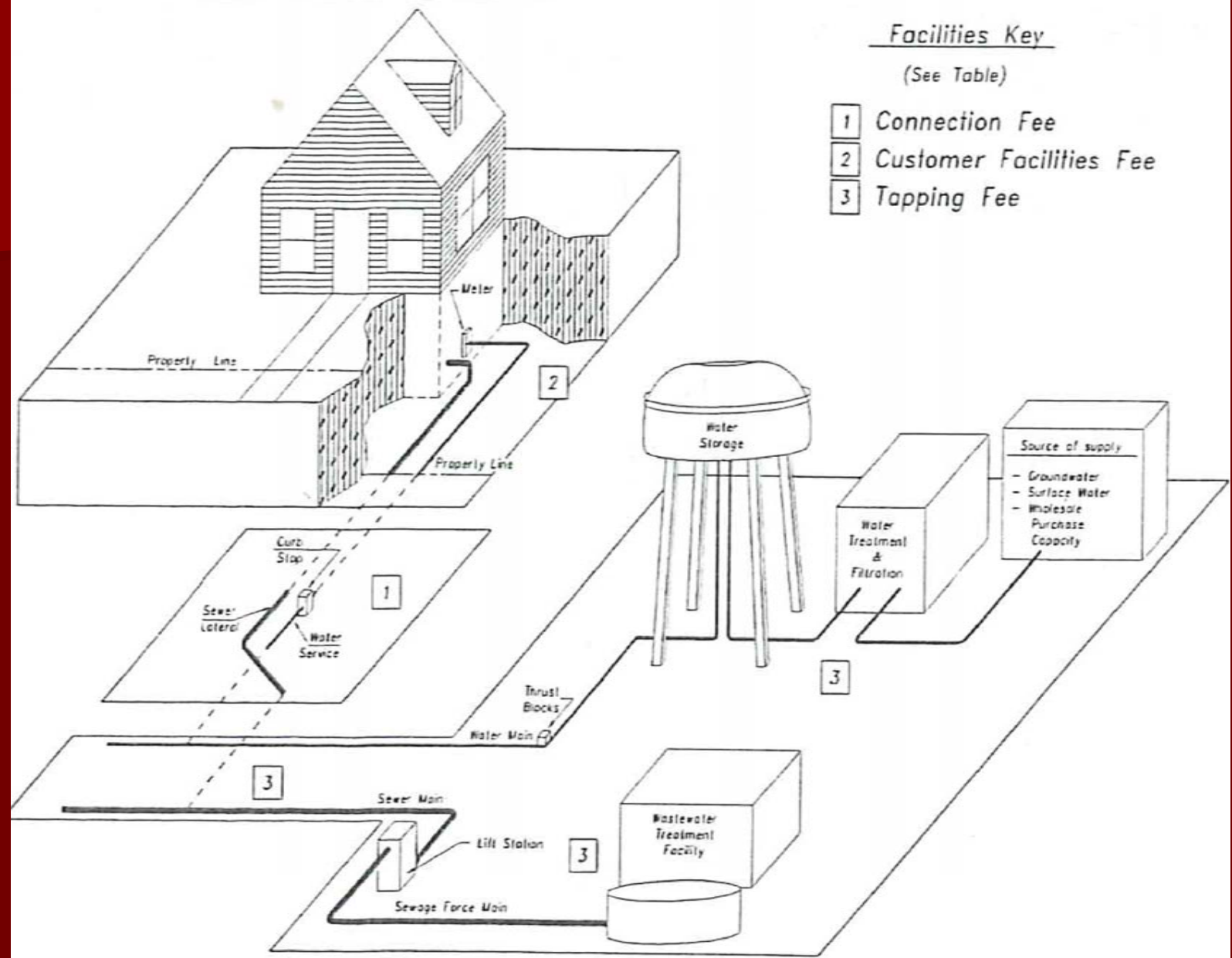
Total Non- Residential Tapping Fee<sup>1</sup> discounted for rounding is **\$91 + \$12.05/gallon**  
and w/o wye **\$351 + 12.05/gallon**

<sup>[1]</sup> The charge is per gallon of capacity needs of the non-residential customer, based upon the maximum monthly average day capacity requirement, with a minimum required capacity of 258 gpd

Facilities Key

(See Table)

- 1 Connection Fee
- 2 Customer Facilities Fee
- 3 Tapping Fee



# Tapping Fee Components

*Capacity Part* – Included in the Capacity Part are the cost of capacity-related facilities consisting of the sewage treatment plants, treated effluent outfalls, sludge treatment and disposal facilities, plant inlet sewers, and interceptor sewers.

- *Collection Part* – Included in the Collection Part are the cost of the network of public sewer mains that extend to the properties being served. Also included are two sewage pumping stations constructed by the Authority which serve a limited number of customers.
- *Special Purpose Part* – Included in the Special Purpose Part would be the cost of special purpose facilities that serve a particular group of customers or a specific area. This part may include for example sewage pumping stations, sewer mains, or industrial treatment facilities.
- *Reimbursement Part* – The Reimbursement Part is applicable to certain specific facilities constructed by a party, other than the Authority, where a written agreement between the party and the Authority establishes a fee to be collected from users of the specific facilities as they connect, and reimbursed to the party at whose expense the facilities were constructed. (*This part should not be confused with the mandatory requirement that the Collection Part shall be reimbursed to the party constructing the sewer main when a new user connects directly to the sewer main with a service lateral*).

# Special Purpose Part

- The Special Purpose Part is applicable only to a particular group of customers or for serving a particular purpose or a specific area based upon the cost of the facilities, including, but not limited to, sewer mains, pumping stations and wastewater treatment facilities.
- The Special Purpose Part is in addition to the Capacity and Collection fees. The Authority, when it adopts a Special Purpose Part, being project specific, will do so by separate resolution
- Policy Development was Adopted on August 10, 2004
- Examples – East McMurray Road – Fee - \$7,501 and the proposed Valley View Sewer Extension – estimated with grant to be \$5,400



# Elements in Calculating TP

- The original total project costs for fixed capital assets providing sewerage service
- The in-service date of the fixed asset
- The details of any outstanding debt principle for those facilities
- The details of any grants received or assessments collected for those facilities
- The procedure and details regarding indexing capital costs to today's cost
- The system design capacity, and the design capacity of individual facilities
- The customer's design capacity required - we use DEP guidelines 258 gallons per household

# Elements Cont...

- 2000 Census Data - Peters Township has 2.87/persons per household
- Future Facilities Fee
- Mandatory requirement for Reimbursement of the Collection Part when a property owner constructs at their expense an extension of a sewer system, the authority shall provide reimbursement to the property owner when the owner of another property not in the development for which the extension was constructed connects a service line directly to the sewer extension within ten years of the date of the dedication of the extension to the authority in accordance with the Authority's provisions outlined in the Resolution