

**Water and Sewer Connection Fee Rate
Study
Town of Newton, New Jersey**

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The development of a cost based connection fee in New Jersey is regulated by N.J.S.A. 40A 31-1 et seq. for water connection fees and N.J.S.A. 40A:26A-1 et seq. for sewer connection fees. The methodology for calculating both fees is the same which follows:

In addition to rates and rentals, a separate charge in the nature of a connection fee or tapping fee for each connection of any property to the sewerage system may be imposed upon the owner or occupant at the property so connected. The connection charges shall be uniform within each class of users and the amount thereof shall not exceed the actual cost of the physical connection plus an amount representing a fair payment towards the cost of the system and computed in the following manner:

a. The amount representing all debt service, including but not limited to sinking funds, reserve funds, the principal and interest on bonds, and the amount of any loans and interest thereon, paid by the local unit or units to defray the capital cost of developing the system as of the end of the immediately preceding budget year shall be added to all capital expenditures made by a local unit or units not funded by a bond ordinance or debt for the development of the system as of the end of the immediately preceding budget year;

b. Any gifts, contributions or subsidies to the local unit or units received from, and not reimbursed or reimbursable to, any federal, State, county or municipal government or agency or any private person, and that portion of amounts paid to the local unit or units by a public entity under a service agreement or service contract which is not repaid to the public entity by the local unit or units, shall then be subtracted;

c. The remainder shall be divided by the total number of service units served by the local unit or units at the end of the immediately preceding budget year, and the results shall then be apportioned to each new customer according to the number of service units attributed to that connector, to produce the connector's contribution to the cost of the system. In attributing service units to each connector, the estimated average daily flow for the connector shall be divided by the average daily flow of for the average single-family residence in the area served by the local unit or units to produce the number of service units to be attributed. (Source with N.J.S.A. 40A 26-1 et seq. and N.J.S.A. 40A 31-1 et seq.)

The connection fee should be recomputed at the end of each budget year and adopted after a public hearing is held.

In accordance with N.J.S.A. 40A 26-1 et seq. and N.J.S.A. 40A 31-1 et seq. the sewer connection fee for residential dwelling units would be \$6,550 for 2023 and the water connection fee would be \$5,058.

For commercial entities, the sewage connection fee would be \$50.39 per gallon based on estimated usage with a minimum of \$6,550. The water connection fee would be \$39.21 per estimated gallon with a minimum of \$5,058.

The calculations and supporting documents are attached.

SEWER CONNECTION FEE CALCULATION

Period: December 31, 2022

Calculate Residential Daily Average

Total residential gallons usage in 2022	101,162,963
Average number of residential accounts in 2022	2,128
Number of Days	365
Average daily water usage per resident (GPD)	130

Number of Service Units or Equivalent Dwelling Units

Total gallons billed	175,342,172
Number of days	365
Gallons per day all accounts	480,390
Gallons per day (GPD)	129
Service Units	3,724

Calculation of water connection fee

Capital expenditure per schedule	\$24,393,514.22
Number of Service Units	3,724
Connection fee per service unit	\$6,550
Connection fee per gallon	\$50.39

WATER CONNECTION FEE CALCULATION

Period: December 31, 2022

Calculate Residential Daily Average

Total residential gallons usage in 2022 110,371,914

Average number of residential accounts in 2022 2,346

Number of Days 365

Average daily water usage per resident (GPD) 129**Number of Service Units or Equivalent Dwelling Units**

Total gallons billed 188,477,346

Number of days 365

Gallons per day all accounts 516,376

Gallons per day (GPD) 129

Service Units 4,003**Calculation of water connection fee**

Capital expenditure per schedule \$20,245,190.57

Number of Service Units 4,003

Connection fee per service unit \$5,058**Connection fee per gallon \$39.21**

Analysis of Water Capital Expenditures

Year	Bond Principal	Bond Anticipation Note Principal	Loan Principal	Bond Interest	Bond Anticipation Note Interest	Loan Interest	Capital Improvement Fund	Capital Outlay Fund	Capital Imp	Budget Reserves	Authorized but not Issued	Total Budgeted Capital Expenditures
1989 - 2020*	\$ 3,411,017.00	\$ 1,012,360.00	\$ 1,170,355.00	\$ 5,055,453.00	\$ 327,038.00	\$ 2,587,407.00	\$ 1,564,021.00	\$ 316,162.00		\$ 2,688,410.00	\$ 253,701.00	\$ 18,385,924.00
2021	\$ 311,264.07			\$ 291,227.00			\$ 41,227.50	\$ 50,000.00	66,274	243,726		\$ 1,003,718.57
2022	\$ 391,691.00			\$ 148,760.00		\$ 22,597.00	\$ 10,000.00	\$ 50,000.00	232,500			\$ 855,548.00
Total	\$ 4,113,972.07	\$ 1,012,360.00	\$ 1,170,355.00	\$ 5,495,440.00	\$ 327,038.00	\$ 2,610,004.00	\$ 1,615,248.50	\$ 416,162.00	298,774	2,932,136	\$ 253,701.00	\$ 20,245,190.57

Analysis of Sewer Capital Expenditures

Year	Bond Principal	Bond Anticipation Note Principal	Loan Principal	Bond Interest	Bond Anticipation Note Interest	Loan Interest	Capital Improvement Fund	Capital Outlay Fund	Capital Imp	Budget Reserves	Authorized but not Issued	Total Budgeted Capital Expenditures
1989 - 2020*	\$ 593,891.00	\$ 237,890.00	\$ 12,332,506.00	\$ 882,791.00	\$ 174,282.00	\$ 4,772,082.00	\$ 1,564,021.00	\$ 316,159.00		2,749,184	\$ 3,416.00	\$ 23,626,222.00
2021	\$ 22,249.54	\$ 12,554.18					\$ 41,227.50	\$ 50,000.00	66,274	243,726		\$ 438,052.22
2022	\$ 21,816.22	\$ 12,901.78					\$ 10,000.00	\$ 50,000.00	232,500			\$ 329,240.00
Total	\$ 637,956.76	\$ 263,345.96	\$ 12,332,506.00	\$ 882,791.00	\$ 174,282.00	\$ 4,772,082.00	\$ 1,615,248.50	\$ 416,159.00	298,774	2,992,910	\$ 3,416.00	\$ 24,393,514.22

*Data taken from Wielkocz & Company Draft Report dated November 29, 2021.