

Central Contra Costa Sanitary District

December 11, 2024

TO: KATIE YOUNG, SECRETARY OF THE DISTRICT
VIA: BRENNAN ROGERS, ACCOUNTING SUPERVISOR *BR*
FROM: AMAL LYON, MANAGEMENT ANALYST *AL*
SUBJECT: ANNUAL REPORT PERTAINING TO SB 1760
(GOVERNMENT CODE SECTION 66013)

Attached is a report prepared by staff of the Planning and Development Services Division and the Accounting Division, which is required to comply with the provisions of SB1760. The statute requires this report to be made available to the public.

Attachment

cc: Emily Barnett
Danea Gemmell
Thomas Brightbill

**Annual Report of
Central Contra Costa Sanitary District
For Fiscal Year 2023-2024
Pertaining to Compliance with Senate Bill 1760
(Government Code Section 66013)
*Approved by Governor of California September 20, 1998***

Senate Bill (S.B.) 1760 by Senator Haynes and coauthored by Senator Kopp became effective January 1, 1999. The statute requires sewer and water agencies to annually report the actual expenditure of connection fees and capacity charges for the reporting year and to project these expenditures for the following year. The law specifies that this reporting period begin on January 1, 1999.

In order to comply with S.B. 1760 (Government Code Section 66013), the District must do the following:

- Describe each connection fee and/or capacity charge fee;
 - The District's connection fees/capacity charges (Capacity Fees and Pumped Zone Fees) were revised effective July 1, 2023, for FY 2023-2024. The details pertaining to these fees were presented in a public hearing and report to the Board of Directors dated June 1, 2023, and are attached.
- Deposit capital facilities fund **interest** income in the capital facilities fund;
 - In FY 2023-2024, Capital Improvement Fees were completely expended on expansion and upgrade/replacement projects. When the monthly balance in a sub fund is negative, no interest is earned. When the monthly balance is positive, interest is earned. Exhibit 1 - Capital Facilities Fund, presents revenues and expenditures, beginning and ending balances, and interest earned for each sub fund broken out by month.
- Account for any capacity charges received by the District in a manner that allows them to be identified separately from other revenue sources;
 - Exhibit 2 - *Capital Improvement Revenue (Sewer Construction Fund)* shows all capital revenue broken out by month.
- List each public improvement and the amount expended during the reporting fiscal year as well as each public improvement and the amount anticipated to be expended for the following fiscal year;
 - Exhibit 3 - *Capital Improvement Expenditures* lists total spent each month for all capital projects active in the reporting year and estimated expenditures for the following fiscal year. (Further details of 2024-2025 budgeted expenditures can be obtained by requesting a copy of the Capital Budget.)
- Describe each interfund transfer or loan made from the "Capital Facilities Fund."
 - No interfund loans or transfers were made to/from the "Capital Facilities Fund" in FY 2023-2024.
- Make this report available to the public within 180 days after the close of the fiscal year.

**EXHIBIT 1
"CAPITAL FACILITIES FUND"
FISCAL YEAR ENDING JUNE 30, 2024**

| LAIF Interest Rate Days | 3.305% 31 | 3.434% 31 | 3.534% 30 | 3.670% 31 | 3.843% 30 | 3.929% 31 | 4.012% 31 | 4.122% 28 | 4.232% 31 | 4.272% 30 | 4.332% 31 | 4.480% 30 | Total |
|----------------------------|------------------|------------------|-------------------|------------------|------------------|-------------------|------------------|------------------|------------------|------------------|------------------|-------------------|---------------------|
| | July 2023 | August 2023 | September 2023 | October 2023 | November 2023 | December 2023 | January 2024 | February 2024 | March 2024 | April 2024 | May 2024 | June 2024 | Total |
| REVENUE: | | | | | | | | | | | | | |
| Facilities Capacity Fee | 605,041 | 194,335 | 241,431 | 938,292 | 311,977 | 256,002 | 483,824 | 120,457 | 190,073 | 318,133 | 530,566 | 411,023 | 4,601,155 |
| Pump Zone Fee | - | - | - | 159,362 | - | - | - | - | - | - | - | - | 159,362 |
| Total | 605,041 | 194,335 | 241,431 | 1,097,654 | 311,977 | 256,002 | 483,824 | 120,457 | 190,073 | 318,133 | 530,566 | 411,023 | 4,760,517 |
| EXPENDITURES: | (353,750) | 4,128,361 | 8,562,541 | 6,281,513 | 4,341,123 | 11,860,630 | 3,507,848 | 5,309,264 | 9,693,560 | 4,795,667 | 8,815,252 | 25,488,216 | 92,430,226 |
| Beginning Balance | - | 961,483 | (2,972,543) | (11,293,653) | (16,477,512) | (20,506,658) | (32,111,287) | (35,135,310) | (40,324,118) | (49,827,605) | (54,305,139) | (62,589,824) | - |
| Revenue/Expense | 958,792 | (3,934,025) | (8,321,110) | (5,183,859) | (4,029,146) | (11,604,629) | (3,024,024) | (5,188,808) | (9,503,487) | (4,477,535) | (8,284,685) | (25,077,193) | (87,669,709) |
| Interest Earned ** | 2,691 | - | - | - | - | - | - | - | - | - | - | - | 2,691 |
| Ending Balance | 961,483 | (2,972,543) | (11,293,653) | (16,477,512) | (20,506,658) | (32,111,287) | (35,135,310) | (40,324,118) | (49,827,605) | (54,305,139) | (62,589,824) | (87,667,017) | (87,667,017) |

**EXHIBIT 2
CAPITAL IMPROVEMENT REVENUE (SEWER CONSTRUCTION FUND)
FISCAL YEAR 2023-2024**

| Acct No. | Account Title | JUL | AUG | SEPT | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | FY 2023-2024 TOTAL |
|----------|--|------------------|----------------|----------------|------------------|------------------|-------------------|------------------|------------------|----------------|-------------------|------------------|-------------------|-----------------------|
| 40110 | Sewer Service Charge | 6,592 | 10,757 | 13,309 | 98,632 | 917,979 | 26,675,541 | 5,692 | (279,901) | 15,488 | 21,235,686 | 57,485 | 1,517,009 | 50,274,268 |
| 41110 | State Grants | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 41210 | Facilities Capacity Fee | 605,041 | 194,335 | 241,431 | 938,292 | 311,977 | 256,002 | 483,824 | 120,457 | 190,073 | 318,133 | 530,566 | 411,023 | 4,601,155 |
| 41220 | Pump Zone Fees | - | - | - | 159,362 | - | - | - | - | - | - | - | - | 159,362 |
| 41230 | Capacity Use Charge | - | - | - | - | - | 47,044 | - | - | - | - | - | 185 | 47,229 |
| 41310 | Secured Property Tax | - | - | - | - | - | 3,736,770 | - | (946,116) | - | 9,617,360 | - | 3,015,076 | 15,423,090 |
| 41320 | Unsecured Property Tax | - | - | - | - | - | 718,849 | - | - | - | (13,671) | - | 82,875 | 788,053 |
| 41420 | Mainline Inspection | 1,954 | 9,821 | 2,076 | 8,238 | - | 530 | 2,153 | 15,615 | - | - | 3,356 | 21,401 | 65,142 |
| 41430 | Plan Review | 11,475 | 4,439 | 2,764 | 8,132 | 5,007 | 6,287 | 3,825 | 8,548 | 27,265 | 8,832 | 3,825 | 2,427 | 92,826 |
| 41440 | Overtime Inspection | - | 50 | - | - | - | 347 | 1,637 | 1,519 | - | - | 223 | 149 | 3,923 |
| 41505 | Other Agency Reimbursement - Misc | - | - | - | - | - | - | 69,507 | - | - | 133,875 | - | 302,179 | 505,561 |
| 41509 | Miscellaneous | - | - | 1,492 | - | - | 7,682 | - | - | - | - | - | - | 9,174 |
| 41550 | Alhambra Vly Assessments | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 41560 | Contractual Assessment District Reimb. | 8,746 | - | 41,859 | (55,728) | (3,491) | - | - | 7,026 | (13,559) | - | 1,589 | 36,639 | 23,080 |
| 41610 | Interest Income | 478,086 | 465,812 | 427,743 | 524,647 | 440,615 | 519,101 | 600,412 | 557,901 | 547,323 | 520,083 | 685,974 | 522,718 | 6,290,414 |
| 42110 | Other Govt. Revenue-Concord | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 42120 | State Revolving Fund Loan Proceeds | - | - | - | 353,141 | - | 227,450 | - | - | - | - | - | - | 580,591 |
| | Totals | 1,111,894 | 685,213 | 730,673 | 2,034,716 | 1,672,087 | 32,195,602 | 1,167,049 | (514,952) | 766,589 | 31,820,298 | 1,283,018 | 17,493,370 | 90,445,557 |

**EXHIBIT 3
CAPITAL IMPROVEMENT EXPENDITURES (SEWER CONSTRUCTION FUND)
FISCAL YEAR 2023-2024**

| | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | June | Actual FY 2023-2024 Total | Budgeted FY 2024-2025 Expenditures |
|----------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|------------------|------------------|-------------------|---------------------------------|--|
| Collection Systems | 416,804 | 2,248,856 | 4,693,064 | 1,372,827 | 2,260,705 | 4,621,330 | 743,456 | 3,075,543 | 5,246,824 | 2,460,964 | 2,830,649 | 4,918,147 | 34,889,170 | 23,327,000 |
| Treatment Plant | (295,233) | 1,293,335 | 2,301,103 | 4,380,272 | 1,369,616 | 5,729,750 | 2,287,491 | 1,598,715 | 3,990,892 | 1,998,707 | 5,547,609 | 19,120,907 | 49,323,163 | 46,900,000 |
| General Improvements | 209,342 | 389,651 | 278,666 | 282,831 | 118,017 | 718,588 | 407,173 | 287,389 | 239,028 | 243,690 | 394,602 | 681,433 | 4,250,412 | 5,235,000 |
| Recycled Water | (684,664) | 196,518 | 1,289,708 | 245,583 | 592,785 | 790,962 | 69,729 | 347,617 | 216,816 | 92,306 | 42,391 | 767,730 | 3,967,481 | 250,000 |
| Totals | (353,750) | 4,128,361 | 8,562,541 | 6,281,513 | 4,341,123 | 11,860,630 | 3,507,848 | 5,309,264 | 9,693,560 | 4,795,667 | 8,815,252 | 25,488,216 | 92,430,226 | 75,712,000 |



**BOARD OF DIRECTORS
POSITION PAPER**

MEETING DATE: JUNE 1, 2023

SUBJECT: CONDUCT A PUBLIC HEARING TO RECEIVE PUBLIC COMMENT AND CONSIDER ADOPTING UNCODIFIED ORDINANCE NO. 329 AMENDING THE SCHEDULE OF CAPACITY FEES, RATES AND CHARGES, REPLACING ORDINANCE NO. 324 IN ACCORDANCE WITH DISTRICT CODE CHAPTER 6.12, TO BECOME EFFECTIVE JULY 1, 2023

SUBMITTED BY:

INITIATING DEPARTMENT:

THOMAS BRIGHTBILL, SENIOR ENGINEER

ENGINEERING AND TECHNICAL SERVICES-
PDS-RATES AND FEES

REVIEWED BY:

DANEA GEMMELL, PLANNING AND DEVELOPMENT SERVICES DIVISION
MANAGER

EDGAR LOPEZ, PROVISIONAL DIRECTOR OF ENGINEERING &
TECHNICAL SERVICES

Roger S. Bailey
General Manager

Kenton L. Alm
District Counsel

ISSUE

State Law and District Code require that a public hearing be held to receive public comment on ordinances which revise Capacity Fees.

BACKGROUND

Central San charges a Capacity Fee when properties first connect to the public sewer or when there is an expansion or change of use for non-residential properties. Each year, this fee is updated based on changes to the value of Central San's assets and the number of Central San customers. California Senate Bill 1769, enacted in September 1993, defines Capacity Charges for water and sewer agencies in Section

66013 of the California Government Code. The equity buy-in method used by Central San conforms to the requirements contained in Section 66013.

A significant change for Fiscal Year (FY) 2023-24 is the proposed elimination of the Pumped Zone Capacity Fee. Historically, Central San charged this fee in recognition of the value of the additional assets within those portions of the district which use pump stations and force mains to convey wastewater to the treatment plant. The overall purpose of the Capacity Fee is to equalize the investment in Central San's assets among current and new users, thus ensuring that new users pay their fair share for facilities capacity and services. Increased capital spending on pump station rehabilitation projects led to a review and discussion of the fee methodology with staff, District Legal Counsel, and Raftelis Financial Consultants. A review of the pumped zone assets has indicated that the recent investments in those assets have generally been paid for by all Central San customers, not just those within the pumped zones and elimination of the Pumped Zone Capacity Fee was determined to be the most equitable solution. The Capacity Fee Report and associated tables (Attachments 3 to 6) provide more detailed discussion.

A recommended ordinance to establish the following proposed Capacity Fees is attached:

| Current | Proposed |
|-----------------------------------|---------------------------------|
| \$7,200 per RUE (Gravity Service) | \$8,182 per RUE (District-wide) |
| \$9,211 per RUE (Pumped Service) | |

ALTERNATIVES/CONSIDERATIONS

The Board may decline to adjust the Schedule of Capacity Fees. In this event, the fees that went into effect on July 1, 2022 would continue. This is not recommended as Capacity Fees would not accurately reflect the value of each parcel's share of Central San's assets nor would it eliminate the separate Pumped Zone and corresponding Pumping Capacity Fee.

FINANCIAL IMPACTS

If the recommended Capacity Fees are adopted, staff estimates that approximately \$450,000 in additional Capacity Fee revenue would be generated by the change in FY 2023-24, assuming a projected additional development of 750 RUEs.

COMMUNITY OUTREACH

Staff will conduct a coordinated outreach program to inform and solicit input from stakeholders and interested customers regarding the proposed Capacity Fees. Notices of the public hearing will be posted and published in the Contra Costa Times and San Ramon Valley Times. In addition, approximately 400 letter reports, including the proposed schedule of rates and charges, have been distributed to developers, engineers, architects, contractors, waste haulers, representatives of the Building Industry Association of the Bay Area, and others who have requested notice of fee increase proposals.

As of May 23, 2023, no stakeholders nor members of the public had contacted Central San with comments. Any comments received after May 23, 2022 will be presented to the Board of Directors at the public hearing.

COMMITTEE RECOMMENDATION

The Finance Committee reviewed this item at its May 9, 2023 meeting and recommended consideration and approval of the proposed uncodified Ordinance.

RECOMMENDED BOARD ACTION

Hold the public hearing. Once the public hearing has concluded:

Adopt the attached uncodified Ordinance No. 329 , revising the "Schedule of Capacity Fees, Rates and Charges" effective July 1, 2023, which includes the following findings:

- Central San has made a substantial investment in assets that will benefit new users.
- The purpose of the Capacity Fee Program is to equalize the investment in Central San's assets among current and new users, thus ensuring that new users pay their fair share for facilities and other assets.
- There is a strong and reasonable relationship between the actual added burden imposed by new users and the proposed Capacity Fee.
- The current Sewer Construction Fund balance and future Capacity Fee revenue will be allocated to:
 - Life-cycle replacement, renovation, upgrading, and improvements to maintain existing capacity in Central San's facilities;
 - Addition to, and expansion of, facilities when needed or required to meet legal and regulatory requirements;
 - Equitable adjustment of contributions among current, new, and contractual users; and New users' buy-in to all of Central San's assets including facilities and the balance in the Sewer Construction Fund.
- For Central San to continue an adequate level of service to all users, maintenance of existing facilities' capacity and construction of additional facilities' capacity in the future is required.
- The proposed fees, rates and charges are exempt from the California Environmental Quality Act (CEQA) per section 6.12.020 of the District Code.

(Four affirmative votes are required for adoption.)

Strategic Plan Tie-In**GOAL ONE: Customer and Community**

Strategy 2 - Promote initiatives to advance affordable and equitable access to services

ATTACHMENTS:

1. Proposed Ordinance
2. Proposed Ordinance Exhibit A
3. Report Regarding Capacity Fee Update
4. Report Table 1 (Fee Calculation)
5. Report Table 2 (Fee Comparison)
6. Report Table 3 (Useful Life)
7. Presentation
8. Raftelis Letter re Capacity Fee Review

ATTACHMENT 1

ORDINANCE NO. 329
AN ORDINANCE OF THE
CENTRAL CONTRA COSTA SANITARY DISTRICT
ADOPTING AN UNCODIFIED
SCHEDULE OF CAPACITY FEES, RATES AND CHARGES
IN ACCORDANCE WITH DISTRICT CODE CHAPTER 6.12

WHEREAS, the Board of Directors (Board) of the Central Contra Costa Sanitary District (Central San) finds that substantial study has been conducted regarding the impacts of planned future development within Central San's service area on existing Central San services and facilities, along with an analysis of new, improved, or expanded Central San facilities and services required or appropriate to serve new users and current users who change the use of their connected buildings and facilities, and said studies have set forth the relationship between the added burden imposed by such users, and the need for an estimated cost of Central San services and facilities occasioned by this added burden; and

WHEREAS, these studies were undertaken by Central San staff and culminated in documents that are part of the public record, to wit: the Capital Improvement Budget and Ten-year Capital Improvement Plan contained in the document titled, "," and the Staff Report Regarding the Capacity Fee Update dated May 1, 2023; and

WHEREAS, these studies also included the Wastewater Capacity Fee Review Study dated May 28, 2018 by Black & Veatch which reviewed Central San's methodology and calculations; and

WHEREAS, it is reasonable and necessary that all users of Central San's wastewater and household hazardous waste collection, treatment, recycling, reuse and disposal services and facilities, including those temporary users served under Special Discharge Permits, contribute their appropriate portion of the funding for such Central San services and facilities; and

WHEREAS, a properly noticed public hearing regarding the proposed Capacity Fee Program revisions was held on June 1, 2023, and proper notice was also given of the availability of the documents noted above for public inspection and review prior to said public hearing; and

WHEREAS, Chapter 6.12 of the District Code provides the enabling authority for Central San to implement the proposed uncodified Schedule of Capacity Fees, Rates and Charges; and

WHEREAS, the Board finds as follows:

1. Central San has made a substantial investment in assets that will benefit new users.
2. For Central San to continue an adequate level of service to all users, maintenance of existing facilities capacity and construction of additional facilities capacity in the future is required.

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 Central Contra Costa Sanitary District

3. The purpose of the Capacity Fee Program is to equalize the investment in Central San's assets among current and new users, thus ensuring that new users pay their fair share for facilities capacity and services.
4. The current Sewer Construction Fund balance and future Capacity Fee revenue will be allocated to:
 - Life-cycle replacement, renovation, upgrading and improvements to maintain existing capacity in Central San's facilities;
 - Addition to and expansion of facilities where needed or required to meet legal and regulatory requirements;
 - Equitable adjustment of contributions among current, new and contractual users;
 - New users' buy-in-to-all-assets of Central San including facilities and the balance in the Sewer Construction Fund.
5. There is a strong and reasonable relationship between the actual added burden imposed by new users and the proposed capacity fees, rates and charges.
6. The proposed fees, rates and charges are exempt from the California Environmental Quality Act (CEQA) per section 6.12.020 of the District Code.

NOW, THEREFORE, the Board of Directors of the Central Contra Costa Sanitary District does ordain as follows:

Section 1 (To be Uncodified)

The "Schedule of Capacity Fees, Rates and Charges" as set forth in full in Exhibit "A" to this Ordinance, which exhibit is incorporated in full herein by this reference, is hereby adopted in uncodified form pursuant to the provisions of District Code Section 6.12.020.

As of the effective date of this Ordinance, Capacity Fees shall be charged at such rates and for such categories of users as set forth in said Schedule, and shall remain in effect until amended or replaced by ordinance.

Section 2

All ordinances and parts of ordinances in conflict with the provisions of this Ordinance are repealed. The provisions of this Ordinance, insofar as they are substantially the same as existing provisions relating to the same subject matter shall be construed as restatements and continuations thereof and not as new enactments. To the extent this Ordinance or any portion or section of this Ordinance is determined invalid or unconstitutional, such portions of Ordinance No. 324 shall remain in effect and such rates and charges due thereunder for any categories of users shall remain due and payable as if those portions of Ordinance No. 324 had not been repealed.

With respect, however, to violations, rights accrued, liabilities accrued, or appeals taken, prior to the effective date of this Ordinance, under any chapter, ordinance, or part of an ordinance, such chapter, ordinance or part of an ordinance shall be deemed to remain in full force for the purpose of sustaining any proper suit, action, or other proceedings, with respect to any such violation, right, liability or appeal.

Ordinance No. 329
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Central Contra Costa Sanitary District

Section 3

This Ordinance shall be a general regulation of Central San and shall be published once in the *Contra Costa Times* and *San Ramon Valley Times*, newspapers of general circulation within Central San, and shall be effective on July 1, 2023.

PASSED AND ADOPTED this 1st day of June 2023, by the Board of Directors of the Central Contra Costa Sanitary District by the following vote:

AYES: Members:
NOES: Members:
ABSENT: Members:

Barbara D. Hockett
President of the Board of Directors
Central Contra Costa Sanitary District
County of Contra Costa, State of California

COUNTERSIGNED:

Katie Young
Secretary of the District
Central Contra Costa Sanitary District
County of Contra Costa, State of California

Approved as to form: _____
Kenton L. Alm, Esq.
Counsel for the District

EXHIBIT "A"

ATTACHMENT 2

**SCHEDULE OF CAPACITY FEES, RATES AND CHARGES
(Uncodified)**

The Capacity Fees, Rates and Charges listed below were established by Central Contra Costa Sanitary District Ordinance No. ____ adopted June 1, 2023. These fees, rates and charges shall be applied to all new connections or added burdens for which fees become due and payable on or after July 1, 2023 in accordance with the provisions of District Code Chapter 6.12.

| | |
|--------------|------------------|
| Capacity Fee | \$8,182 per RUE* |
|--------------|------------------|

*A residential unit equivalent (RUE) is a measure of sewage volume and strength equivalent to a typical residential household.

| Residential Unit Equivalence (RUE) Factors⁽¹⁾ | | | |
|--|--|--------------------------------------|--------------------------------|
| Number of RUE = Unit of Measure Count Multiplied by the RUE Factor | | | |
| Use Code | User Group | Unit of Measure⁽²⁾ | Capacity Fee RUE Factor |
| LU | Single-family residences | Dwelling Unit | 1.000 |
| LA | Multiple-family residences, apartments | Dwelling Unit | 0.847 |
| LD | Duplex | Dwelling Unit | 0.847 |
| LM | Mobile homes | Dwelling Unit | 0.847 |
| LT | Condominium | Dwelling Unit | 0.847 |
| LS | Accessory structure connected to sewer on same parcel with Single-family residence (not meeting Accessory Dwelling Unit ⁽³⁾ criteria) | Dwelling Unit | 0.847 |
| LE | Accessory Dwelling Unit ⁽³⁾ – within existing space | Dwelling Unit | 0 |
| LN | Accessory Dwelling Unit ⁽³⁾ – new structure or existing units for which the District did not previously issue a permit for an Additional Living Unit or Accessory Dwelling Unit | 1,000 square feet (sq. ft.) | 0.425 |
| LC | Common areas | 1,000 sq. ft. | 0.200 |

| Residential Unit Equivalence (RUE) Factors⁽¹⁾ | | | |
|--|---|--------------------------------------|--|
| Number of RUE = Unit of Measure Count Multiplied by the RUE Factor | | | |
| Use Code | User Group | Unit of Measure⁽²⁾ | Gravity Capacity Fee RUE Factor |
| AB | Auto body / painting | 1,000 sq. ft. | 0.484 |
| AD | Auto dealerships | 1,000 sq. ft. | 0.484 |
| AL | Aircraft services | 1,000 sq. ft. | 0.484 |
| AR | Auto repair / maintenance | 1,000 sq. ft. | 0.484 |
| AS | Service stations | 1,000 sq. ft. | 0.484 |
| BT | Transportation services | 1,000 sq. ft. | 0.432 |
| AC | Car washes | 1,000 sq. ft. | 21.127 |
| AW | Car washes with recycling | 1,000 sq. ft. | 3.522 |
| BB | Barbers / beauty salons / pet grooming | 1,000 sq. ft. | 0.725 |
| BC | Dry cleaners, no laundry | 1,000 sq. ft. | 0.259 |
| BR | Retail sales | 1,000 sq. ft. | 0.259 |
| BE | Equipment repair / repair services | 1,000 sq. ft. | 0.228 |
| BK | Contractors / business services | 1,000 sq. ft. | 0.228 |
| BN | Nurseries / lumberyards | 1,000 sq. ft. | 0.228 |
| IL | Light industrial | 1,000 sq. ft. | 0.228 |
| BH | Meeting halls / studios | 1,000 sq. ft. | 0.290 |
| EA | Auditoriums / theaters | 1,000 sq. ft. | 0.290 |
| EC | Cinemas | 1,000 sq. ft. | 0.290 |
| EM | Entertainment | 1,000 sq. ft. | 0.290 |
| EB | Bowling alleys | 1,000 sq. ft. | 0.311 |
| BZ | Miscellaneous commercial | 1,000 sq. ft. | 0.510 |
| EG | Golf courses / country clubs | 1,000 sq. ft. | 1.166 |
| EH | Health clubs / spas | 1,000 sq. ft. | 1.166 |
| ET | Tennis clubs | 1,000 sq. ft. | 1.166 |
| IW | Warehouses | 1,000 sq. ft. | 0.136 |
| BM | Markets | 1,000 sq. ft. | 0.556 |
| BS | Supermarkets | 1,000 sq. ft. | 0.880 |
| BX | Shopping centers | 1,000 sq. ft. | 1.057 |
| OB | Business offices | 1,000 sq. ft. | 0.295 |
| OF | Financial institutions / banks | 1,000 sq. ft. | 0.295 |
| OG | Government offices | 1,000 sq. ft. | 0.295 |
| OS | Fraternal / service offices | 1,000 sq. ft. | 0.295 |
| OM | Medical offices | 1,000 sq. ft. | 0.637 |
| OV | Veterinary clinics | 1,000 sq. ft. | 0.637 |
| RD | Delicatessens (or other food service without Type 1 hood) | 1,000 sq. ft. | 1.562 |
| RN | Bars | 1,000 sq. ft. | 1.562 |
| RI | Ice cream parlors | 1,000 sq. ft. | 1.562 |
| RY | Yogurt shops | 1,000 sq. ft. | 1.562 |

| Residential Unit Equivalence (RUE) Factors⁽¹⁾ | | | |
|--|--|--------------------------------------|--|
| Number of RUE = Unit of Measure Count Multiplied by the RUE Factor | | | |
| Use Code | User Group | Unit of Measure⁽²⁾ | Gravity Capacity Fee RUE Factor |
| RS | Restaurants or other food service w/Type 1 hood (dine-in) | 1,000 sq. ft. | 4.010 |
| RT | Restaurants or other food w/Type 1 hood (take-out) | 1,000 sq. ft. | 4.010 |
| RC | Patio seating in excess of 300 square feet ⁽⁴⁾ , banquet facilities | 1,000 sq. ft. | 1.166 |
| RB | Bakeries (retail) | 1,000 sq. ft. | 4.061 |
| BL | Laundromats | 1,000 sq. ft. | 13.506 |
| SF | Skilled nursing facilities | 1,000 sq. ft. | 2.216 |
| FE | Residential care facilities for the elderly | 1,000 sq. ft. | 0.932 |
| HP | Hospitals | 1,000 sq. ft. | 2.891 |
| LH | Hotels / motels | 1,000 sq. ft. | 1.926 |
| CH | Churches | 1,000 sq. ft. | 0.242 |
| | Schools with cafeteria and gym / showers | Classroom | 0.860 |
| | Schools with gym / showers and no cafeteria | Classroom | 0.774 |
| | Schools with cafeteria and no gym / showers | Classroom | 0.516 |
| | Schools without cafeteria or gym / showers | Classroom | 0.430 |

(1) Fees for multi-use buildings shall be determined by considering each use separately.

(2) "Unit-of-measure" shall mean the basic unit that quantifies the degree of use of a particular parcel (e.g. dwelling unit, square footage). Square footage of an improvement shall be based upon the gross exterior dimensions of the structure.

(3) Accessory Dwelling Units are 1,200 sq. ft. maximum for detached units and no more than 50% of the square footage of the existing primary dwelling for attached units. They contain a full bath, a full or partial kitchen and meet criteria of Gov't Code Sect 65852.2. A partial kitchen, as described in Government Code 65852.2 and Health and Safety Code 17958.1 includes a sink outside the bathroom.

(4) Patio seating capacity fees charged for patios at Dine-in Restaurants (RS) and Bars (RN).

| |
|---|
| SCHEDULE OF CAPACITY FEES, RATES AND CHARGES – CONTINUED |
|---|

Special Studies

The fees for Special Studies shall be as established in the Schedule of Environmental and Development-Related Fees, Rates and Charges pursuant to the provisions of Chapter 6.30 of the District Code.

The following user groups require a special study to determine the appropriate capacity fees. Administrative fees to conduct special studies for these user groups shall be waived.

| Use Code | User Group |
|-----------------|---|
| BP | Parking lots |
| CM | Cemeteries |
| MO | Mortuaries with embalming or cremation facilities |
| EP | Parks / playgrounds |
| ES | Swimming pools |
| EF | Large fitness / athletic clubs |
| LR | Residence hotels |
| IE | Electronic industries |
| IH | Heavy industries |
| IP | Permitted industries |
| IR | Laboratories / research facilities |
| -- | Improvements with garbage disposals |
| -- | Public facilities |
| -- | Special billings |
| -- | Utilities |

Values for use in the RUE formula in Section 6.12.050(D)(2) shall be:

| | | |
|-------|---|---------------------------------|
| FLORU | = | 200 gallons per day (gpd) |
| BODRU | = | 200 milligrams per liter (mg/l) |
| TSSRU | = | 215 mg/l |
| A | = | 0.69 |
| B | = | 0.14 |
| C | = | 0.17 |

| |
|---|
| SCHEDULE OF CAPACITY FEES, RATES AND CHARGES – CONTINUED |
|---|

Non-Residential Capacity Fee Installment Payment Program

Interest Rate – The annual interest rate for calculation of payments under this program shall be the rate as established in the Schedule of Environmental and Development-Related Fees and Charges pursuant to the Provisions of Chapter 6.30 of the District Code.

Number of Payments – Up to fifteen equal annual payments (one per fiscal year), at the option of the applicant. The first annual payment shall be due at the time the permit is issued with each of the remaining payments charged on the annual property tax bill.

Capacity Use Charge Program

For existing Capacity Use Charge Agreements only:

| Use Code | User Group | Capacity Use Charge Rates Annual (\$/HCF (Hundred Cubic Feet)) |
|----------|--|--|
| RS | Restaurants (dine-in) | \$7.34 |
| RT | Restaurants (paper service / no dishwashers) | \$7.34 |

The annual payment for each agreement signed prior to March 19, 2021 will be reviewed. If the annual payment would be higher under the Non-Residential Capacity Fee Installment Payment Program, the difference will be waived for the customer. If the annual payment would be lower under the new program, the lower payment will be charged for that year.

ATTACHMENT 3**CENTRAL CONTRA COSTA SANITARY DISTRICT****Report Regarding the Capacity Fee Update
May 1, 2023****INTRODUCTION**

The Central Contra Costa Sanitary District (Central San) charges a Capacity Fee when properties are first connected to the public sewer or when an increase, expansion, or change of use occurs on a non-residential parcel which creates an added burden on the wastewater collection and treatment system. Each year this fee is updated based on changes to the value of Central San's assets and the number of Central San's customers. This memo summarizes the basis for the Capacity Fee and describes the calculation used for the fee update.

BACKGROUND

The total value of Central San's existing assets (approximately \$2.3 billion) is much greater than the value of future facilities expansion needed to accommodate future customers. While Central San's *FY 2022-23 Budget* lists \$1.4 billion in capital projects over the next 10 years, most of these projects are driven by renovation, regulatory compliance, replacement or upgrading of facilities to maintain capacity for both current and prospective customers. Central San believes that its facilities generally have adequate capacity to serve both existing and future customers.

The Water Environment Federation's (WEF) *Manual of Practice 27, Financing and Charges for Wastewater Systems* defines several methods for calculating System Development Charges such as Central San's Capacity Fee. Central San uses the Equity Buy-in method and has used this methodology since 2001. Under this approach, new customers are charged at the same equity position as existing customers, which is appropriate based on the level of assets, expansion, and capacity described above.

Section 66013 of the California Government Code defines Capacity Charges for water and sewer agencies as a charge for public facilities in existence at the time a charge is imposed that are of proportional benefit to the person or property being charged. The equity buy-in method defined by WEF and used by Central San conforms to the requirements contained in Section 66013.

Central San's Capacity Fee methodology and calculations were reviewed by consultants Black & Veatch in the fall of 2017. Their March 2, 2018 report titled *Wastewater Capacity Fee Review Study* included the following findings:

- The equity-buy-in methodology used by Central San is appropriate.
- Central San's use of Replacement Cost Less Depreciation (RCLD) is appropriate.
- The exclusion of contributed assets from the calculation is appropriate in order to avoid double recovery of asset values.

Capacity Fee Update Report
 Page 2
 April 15, 2023

CALCULATION APPROACH

A significant change for FY 2023-24 is the elimination of the Pumped Zone Capacity Fee. Historically, Central San had charged this fee in recognition of the value of the additional assets within those portions of the district which use pump stations and force mains to convey wastewater to the treatment plant. The overall purpose of the Capacity Fee is to equalize the investment in Central San's assets among current and new users, thus ensuring that new users pay their fair share for facilities capacity and services. Increased capital spending on pump station projects led to a review and discussion of the fee methodology with staff, District Legal Counsel, and Raftelis Financial Consultants. A review of the pumped zone assets has indicated that the recent investments in those assets have generally been paid for by all Central San customers, not just those within the pumped zones and elimination of the Pumped Zone Capacity Fee was determined to be the most practical solution.

The Capacity Fee is typically adjusted each year to reflect annual changes in the value of Central San's assets. It is calculated using the equity buy-in approach which divides the value of Central San's assets by the current number of Residential Unit Equivalents (RUEs) to determine the fee. The calculated value of Central San's assets is determined as follows:

- Land: Rather than attempting to determine actual market value, the current value of investments in real property is estimated based on the opportunity value of like cash investments deposited in Central San's temporary investments at the time of each property purchase and held at interest to the present.
- Facilities: The current value of investments in physical facilities is estimated by escalating each year's facilities expenditures based on the change in the *Engineering News Record* Construction Cost Index for the San Francisco Bay Area (ENR CCI-SF) and then applying straight-line depreciation using the life cycles in Table 3. The depreciation schedule assumes no salvage value remaining at the end of the asset's useful life.

A category for "Mains (Renovation Program)" is included in the current value of facilities for determination of Capacity Fees. This category accounts for Central San's significant investment since 1988 in life-cycle replacement and renovation of sewers 10-inches in diameter and smaller. This work renews capacity in these smaller sewers for the benefit of both existing and new connectors and reduces future maintenance costs. (Note that developer-contributed mains are excluded from the total asset value to prevent double recovery of the asset value.)

- Fund Balance: Prior fiscal year ending balance for the Sewer Construction Fund, less the principal value of Central San's outstanding debt, is used. The inclusion of the Running Expense and Self Insurance Funds was reviewed by staff and District Counsel who determined that it was no longer appropriate to include

those two items in the fee calculation.

Contributed assets are generally not included in the calculation in order to avoid double recovery of costs, as described in WEF's *Manual of Practice 27*.

After estimating the current value for an asset category, the component of the Capacity Fee attributable to that category is calculated by dividing current value by the current number of customers as shown below. The number of customers is determined by calculating the number of RUEs.

$$\text{Equity Buy-in Fee} = \frac{\text{Value of Assets}}{\text{Number of Customers (RUEs)}}$$

RECOMMENDED CAPACITY FEE

Staff recommends that the Board adopt Capacity Fees for Fiscal Year (FY) 2023-24 by applying the valuation approach and facilities life cycles described above, resulting in updated fee as follows:

| Current | Proposed |
|-----------------------------------|---------------------------------|
| \$7,200 per RUE (Gravity Service) | \$8,182 per RUE (district-wide) |
| \$9,211 per RUE (Pumped Service) | |

The change in the FY 2023-24 Capacity Fee represents a 13.6% increase from the prior year Gravity Service fee. Of this increase, approximately 8.7% (\$629) is due to the inclusion of the pumped zone assets and approximately 4.9% (\$353) is a result of the increase in asset values.

The recommended fee calculation approach is a rational, practical, equitable and defensible method to determine the financial burden of new connections. A breakdown of the proposed Capacity Fees by asset category is presented in Table 1. Based on the review of information in Table 1, the increases are a result of Central San's continued capital improvement investment in its facilities. There is 7% change in the per-RUE asset values over the previous year for District-renovated Mains and a 5% change in the per-RUE asset values for the treatment plant. Table 2 shows a comparison of the proposed Capacity Fees to those fees charged by neighboring agencies. The useful service life assumptions for each asset category are included in Table 3.

CENTRAL CONTRA COSTA SANITARY DISTRICT

Report Regarding Capacity Fee Update

Table 1 - Capacity Fee Calculation FY 2023-24
(Equity buy-in. Asset values through 6/30/22)

| Asset Category | Total Asset Value ¹ | less Contributed Assets ^{1,2} | Net Asset Value ¹ | Net Asset Value per RUE ³ | FY 2022-23 Value per RUE | Change (\$) | Change (%) |
|--|--------------------------------|--|------------------------------|--------------------------------------|--------------------------|-------------|------------------------|
| Treatment Plant/Outfall | 536,082,246 | (148,435,317) | 387,646,928 | 2,262 | 2,147 | 115 | 5.3% |
| Collection System | | | | | | | |
| Trunks and Interceptors | 385,667,737 | 0 | 385,667,737 | 2,250 | 2,111 | 139 | 6.6% |
| Contributed Mains | 658,442,000 | (658,442,000) | 0 | 0 | 0 | 0 | |
| District-renovated Mains | 314,216,036 | 0 | 314,216,036 | 1,834 | 1,717 | 117 | 6.8% |
| Pump Stations, Force Mains | 107,848,185 | 0 | 107,848,185 | 629 | 2,011 ⁴ | note 5 | note 5 |
| Recycled Water | 45,112,564 | (13,533,769) | 31,578,795 | 184 | 177 | 8 | 4.3% |
| General Improvements (no land) | 80,168,139 | (24,046,970) | 56,121,169 | 327 | 319 | 8 | 2.6% |
| Major Repairs | 11,075,103 | (3,322,531) | 7,752,572 | 45 | 51 | (6) | -11.4% |
| Land | 57,171,437 | (3,025,113) | 54,146,325 | 316 | 315 | 1 | 0.4% |
| Sewer Construction Fund Balance | 86,362,644 | 0 | 86,362,644 | 504 | 543 | (39) | -7.2% |
| less Outstanding Debt (principle only) | (29,142,751) | 0 | (29,142,751) | (170) | (181) | 11 | -5.8% |
| TOTAL VALUES | 2,253,003,340 | (850,805,700) | 1,402,197,640 | | | | |
| Capacity Fee | | | | | | | \$8,182 per RUE |

Notes:

1. Original cost escalated to current dollars less depreciation except land which is original cost escalated by opportunity cost
2. Contributed Assets include grant-funded, developer dedications, and capital contributions from City of Concord
3. Net asset value divided by total RUEs unless otherwise noted
4. Prior years' methodology included a separate 'pumped zone' with asset value divided by RUEs in the pumped zone
5. Comparison not meaningful due to change in methodology

ATTACHMENT 5**CENTRAL CONTRA COSTA SANITARY DISTRICT****Report Regarding Capacity Fee Update****Table 2 – Comparison of Capacity Fees**

| AGENCY | CAPACITY FEE |
|--|---------------------|
| Dublin San Ramon Services District | \$16,169 |
| West County Wastewater District | \$10,244 |
| Mt View Sanitary District | \$10,184 |
| Current Central San Pumped Zone | \$9,211 |
| PROPOSED Central San (district-wide) | \$8,182 |
| Current Central San Gravity Zone | \$7,200 |
| Concord | \$5,043 |
| Antioch (Delta Diablo Sanitation District for Treatment) | \$5,033 |
| Pittsburg (Delta Diablo Sanitation District for Treatment) | \$4,358 |
| Bay Point (Delta Diablo Sanitation District for Treatment) | \$3,940 |

ATTACHMENT 6**CENTRAL CONTRA COSTA SANITARY DISTRICT****Report Regarding the Capacity Fee Update****Table 3 - Average Useful Service Life**

Gravity Sewers

| | |
|-------------------------------|-----------|
| Interceptors | 150 years |
| Trunks | 100 years |
| Mains (Renovated by District) | 100 years |

Treatment Plant & Pumping Station Facilities

| | |
|--|-----------|
| Tanks/Foundations | 100 years |
| Buildings | 75 years |
| Mechanical, Electrical & Control Equipment | 30 years |

Recycled Water Facilities

| | |
|--|----------|
| Pipelines | 50 years |
| Mechanical, Electrical & Control Equipment | 30 years |

General Improvements

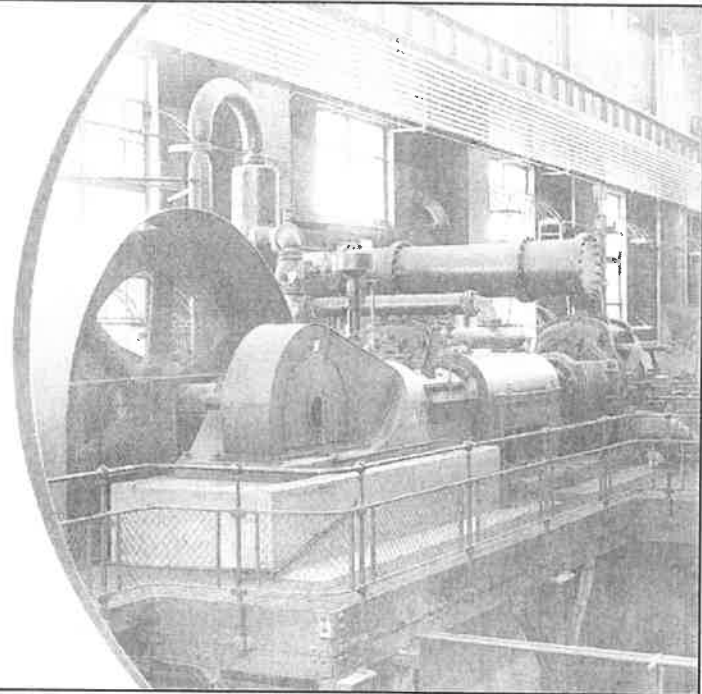
| | |
|---|----------|
| Buildings | 50 years |
| Mechanical/Electrical Equipment and Furnishings | 25 years |
| Vehicles and other Equipment | 10 years |

| | |
|----------------------------|----------|
| Major Repairs/Replacements | 10 years |
|----------------------------|----------|

June 1, 2023

Capacity Fees and Sewer Service Charges in Central San's Pumped Zones

Thomas Brightbill, Senior Engineer
Danea Gemmell, Planning &
Development Services Division Manager



1

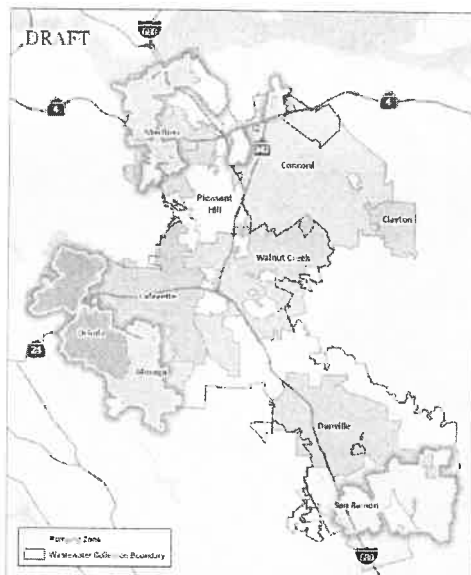
Background



2

Background

- Pump stations and force mains are needed to convey wastewater from approximately 29,000 parcels to Central San's Treatment Plant
- These parcels represent about 22% of Central San's wastewater by flow and strength*
- The zones cover
 - most of Martinez, Orinda, and Moraga
 - a good portion of San Ramon
 - a small portion of the Town of Danville
 - the community of Clyde and portions of North Concord served by Central San



* 22% of the Residential Unit Equivalents or RUEs



3

Current Practice

Sewer Service Charges

- All parcels connected to the public sewer pay an annual **Sewer Service Charge**
- The **Sewer Service Charge** rates are the same for the whole district

Capacity Fees

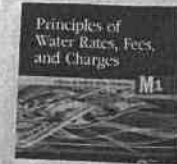
- All new construction or expansion of non-residential facilities pay a one-time **Capacity Fee**
- Parcels in Central San's Pumped Zones currently pay an additional **Capacity Fee**



4

Capacity Fees

- Charged under the **Equity Buy-in** method where new users pay for their fair share of the assets that existing users have paid for. Equity Buy-in is a nationally recognized methodology.
- Parcels in Central San's Pumped Zones pay an additional Capacity Fee based on the value of the additional assets in the Pumped Zone (pump stations and force mains).



5

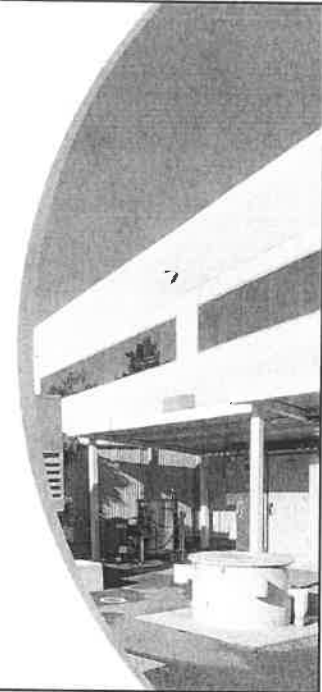
Issues



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Key Issues

- Inconsistency between Sewer Service Charge (one rate for the whole district) and Capacity Fees (separate rate for parcels in the Pumped Zones)
- Increased capital spending on pump station projects makes a review of the fee methodologies appropriate
- Continuing the separate Pumped Zone Capacity Fee would not be equitable unless a separate Sewer Service Charge in the Pumped Zone was established (where the additional Sewer Service Charge would fund Pumped Zone projects)



7

Alternatives



8

Alternatives

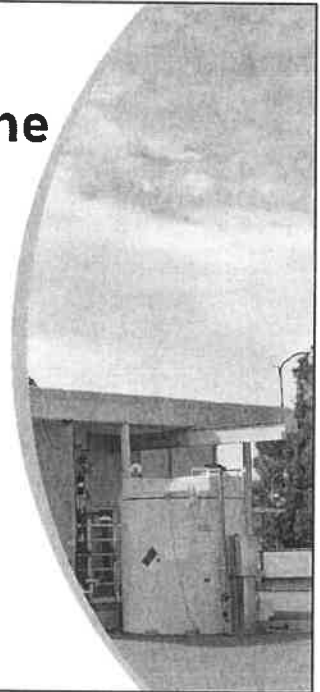
- Several alternatives were discussed between staff, District Legal Counsel and Raftelis Financial Consultants
- The most practical solution appears to be to eliminate the separate Capacity Fee charged in portions of Central San served by pump stations



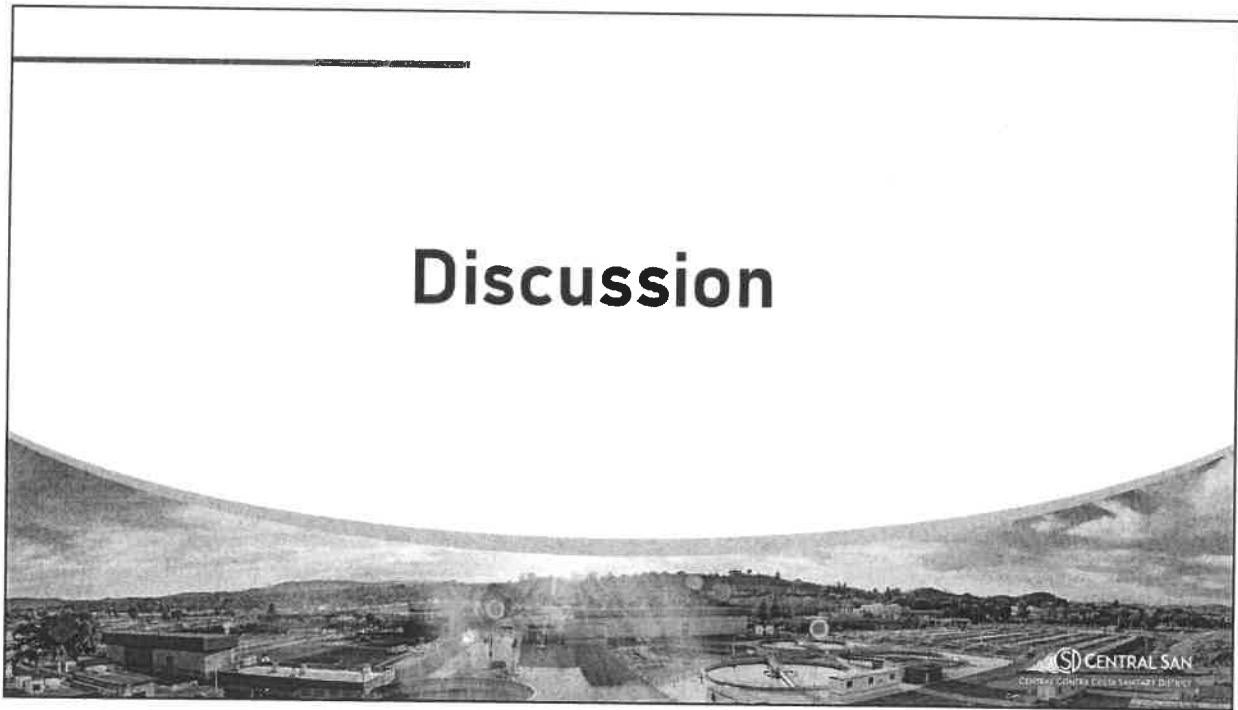
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Financial Impacts of Eliminating the Pumped Zone Capacity Fee

- Parcels in the Pumped Zones would stop paying the additional one-time Pumped Zone Capacity Fee
- The one-time Capacity Fee for all parcels would increase by \$629 per RUE (a total change of \$982 when the changes to the value of **all** assets are taken into account)
- Little or no change to overall revenue as the loss of Pumped Zone Capacity Fee revenue would be offset by a slightly higher one-time Capacity Fee for all parcels
- (no change to annual Sewer Service Charge rates or revenues)



10



11



May 17, 2023
Ms. Danae Gemmell
Central Contra Costa Sanitary District
5019 Imhoff Place
Martinez, CA 94553

Subject: Review of Capacity Fees for FY 2023-24

Dear Ms. Gemmell:

Raftelis Financial Consultants, Inc. (Raftelis) has reviewed the report titled 2023-2024 Capacity Fee Report prepared by the District that documents the results of the capacity fee calculations.

We believe the report presents a reasonable analysis of the changes proposed for the capacity fees to be implemented for FY 2023-24. The equity buy-in method is commonly used to calculate fee for agencies such as Central San that have capacity in the existing system for new connections. The asset values are calculated using the replacement cost less depreciation method which is the standard method used in the industry for this purpose. In short, the methodology for the calculations is consistent with industry standards and regulatory requirements.

The implementation of a uniform fee for the whole district is reasonable given that the recent investments in the pumped zone assets have been paid by all district users.

In conclusion, it is our professional opinion that the capacity fee calculations meet industry standards and regulatory requirements.

Sincerely,

RAFTELIS FINANCIAL CONSULTANTS, INC.

A handwritten signature in blue ink, appearing to read 'Sudhir Pardiwala', written over a horizontal line.

By: _____

Sudhir Pardiwala
Executive Vice President

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