

MEMORANDUM

Date: November 8, 2017 (Revised 11/14/17)
To: Board of Directors
From: Improvements Committee Staff
Subject: Introduce Ordinance O2017-02 Amending District Code Chapter 8, Concerning Community Facilities Fees

RECOMMENDED ACTION

Introduce Ordinance O2017-02 amending District Code Chapter 8, Community Facilities Fees, waive the full reading of the Ordinance and continue to the December 20, 2017 Regular Board Meeting for adoption.

BACKGROUND

At the September 20, 2017 District Board meeting, following the planned approval of the updated Fee Report, the Board of Directors agreed to allow John Sullivan to submit his comments regarding the Water Supply Augmentation and Capital Improvement Fee Study no later than the start of the October 3, 2017 Improvements Committee meeting.

At the October 3, 2017 Improvements Committee meeting, John Sullivan commented on his concerns regarding the allocation of projected costs for the Capital Improvement Fee update and for the overall Water Supply Augmentation Fee. After a discussion, the Committee directed staff and Coastland Engineering to review the list of concerns Mr. Sullivan provided to the Committee.

Since then, Coastland and staff met twice with Mr. Sullivan concerning his comments and concerns. We spent many hours addressing and providing response to his concerns. Some, perhaps not all, of his concerns have been addressed. Nevertheless, the attached report reflects the District's best effort to address Mr. Sullivan's concerns as well as maintain the guidance directed by the Board to prepare the final report.

The report was again reviewed at the November 7, 2017 Improvements Committee meeting. Some new clarifications and additions were suggested which will be included in the final report. As a result, the Improvements Committee recommends approval of the report.

(Additional text below in red added 11/14/17)

As a follow-up to the Improvements Committee, Director Clark upon further reading of the Ordinance and Fee Report, suggested that the change in method and means for the Water Supply Augmentation program, from supplementary water supply wells to the reclaimed water system should be affirmatively mentioned and or discussed in the Fee Report or at a minimum in this Staff Report.

The Ordinance section 2(i) and Coastland Water Supply Augmentation Fee and Facilities Capital Improvement Fee Study Update p.2 explain that the ordinance changes the means of meeting the water supply needs of new development from the development and installation of new groundwater supply wells to the development and construction of an expanded recycled water system.

The ordinance relies on the Coastland fee study as the primary supporting document and pages 2 & 6-7 of the Coastland study reference the 2017 Kennedy Jenks Recycled Water Program Preliminary Design Report (PDR). The PDR then explains that it is based on the following documents, reports and studies:

- Agreement for Availability and Use of Reclaimed Wastewater May 17, 1988
- Amendment to Agreement for Availability and Use of Reclaimed Wastewater May 4, 1994
- Rancho Murieta North Infrastructure Master Plan (MacKay & Soms, May 2003)
- Recycled Water Code, District Code Chapter 17 (Rancho Murieta Community Services District, January 8, 2012)
- Title XVI Recycled Water Feasibility Study (AECOM, June 2014)
- Initial Study/Mitigated Negative Declaration Rancho Murieta Recycled Water System Expansion Project (AECOM, June 2014)
- California Regional Water Quality Control Board, Central Valley Region Order No. R5-2014- 149 Wastewater District Requirements and Master Recycling Permit (WDR)
- USBR Funding Application (AECOM, January 13, 2016)
- Water Supply Assessment Technical Memorandum (Maddaus Water Management, Inc., January 18, 2016)
- Retreats West Capacity Certification Letter (Kennedy/Jenks Consultants, May 4, 2016)
- Draft Sewer Study for the Retreats North & East (Baker-Williams Engineering Group, May 6, 2016)
- Draft Sewer Study for Murieta Gardens I & II (Baker-Williams Engineering Group, May 15, 2016)
- Preliminary Sewer Study for Rancho Murieta North (Baker-Williams Engineering Group, May 31, 2016)
- Draft Recycled Water Modeling Study (AECOM, June 2016)

The above District studies and reports support and lead to the decision to shift the augmentation supply change from wells to recycled water projects.

Below is a recap of previous summaries, in *italics*. **Bold** is the summary for the current fees, as proposed.

In May and June, the Improvements Committee and Board of Directors received draft technical memoranda from Coastland Civil Engineering documenting the capital projects and equipment associated with improvements for updating the Water Supply Augmentation and Community Facilities Fees. Further, in late August, the Directors received an advanced copy of the Draft Government Code 66000 Compliance Fee Report that did not reflect comments from District Counsel. Based on comments received from Board members over the past four months, both the technical memoranda and the Draft Government Code 66000 Compliance Fee Report have been updated.

To summarize recent changes, the technical memoranda include additional detail on project components and adjustments to project cost estimates to reflect costs such as mobilization and appropriate levels of contingencies for planning level estimates. Changes to the Draft Government Code 66000 Compliance Fee Report include additional details on projects that benefit both existing ratepayers and new development, along with updated cost allocations for these projects that benefit both existing ratepayers and new development. Errors in calculation of equivalent dwelling units (EDUs) have been corrected.

Further, subsequent analysis has determined that the administration facilities serve as support and management and that it is more appropriate to fund the administration facilities through the other capital improvement fees. Consequently, the Community Facilities Fees will include the water, sewer, drainage, and security capital improvement fees and the administration facilities fund balance and projects will be reallocated among these other fee accounts. The percentage of allocation was based on District audited financial statements.

The analysis recommends changing the Water Supply Augmentation Fee and the Community Facilities Fee, which are currently set at \$4,660 per EDU at \$1,180 per EDU, respectively, to as follows:

Water Supply Augmentation Fee:	\$5,938 per EDU
Community Facilities Fees	
Water Capital Improvement Fee:	\$1,730 per EDU
Sewer Capital Improvement Fee:	\$2,409 per EDU
Drainage Capital Improvement Fee:	\$ 0 per EDU
Security Capital Improvement Fee:	\$ 66 per EDU
Total Community Facilities Fee:	\$4,205 per EDU

The current version of the Draft Government Code 66000 Compliance Fee Report is attached. District Counsel has reviewed the report and comments have been incorporated. Updated technical memoranda are included in this report as appendices.

While the methodology for calculating residential fees remains unchanged, the methodology for calculating fees for non-residential projects is proposed to be changed. Prior methodology was based on type of project and equated to the overall developed square footage of the project. The new methodology is based on equating the project meter size to a standard one-inch meter, utilizing the instantaneous demand and American Water Works Association (AWWA) standards. Below is a breakdown by meter size:

- 1" meter = 1 EDU
- 1.5" meter = 2 EDUs
- 2" meter = 3.2 EDUs
- 3" meter = 6.4 EDUs
- 4" meter = 10 EDUs
- 6" meter = 20 EDUs
- 8" meter = 32 EDUs

The methodology acknowledges that instantaneous demands from commercial, industrial, and institutional projects have a larger impact on the water system in comparison to a single-family residential connection. AWWA standards were used as these equate larger meters to a standard one-inch meter used for a single-family residential connection. This change will be part of the revisions to Chapter 8 of the District Code.

The Improvements Committee recommends adoption.