

REQUEST FOR BOARD APPROVAL OF REVISED HOOK-UP FEES

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Date: June 15, 2016
To: Rancho Murieta CSD Board of Directors
From: John M. Sullivan, Manager
Cosumnes River Land, LLC

Subject: Water Augmentation Fees and Credits and method of calculation of Fees for
The Murieta Inn and Extended Stay project

BACKGROUND

The Murieta Inn is in process of installing its fire sprinkler system and is desirous of receiving interim service for the hotel, in order to maintain pressure for plumbing and fire suppression sprinkler testing during construction and inspection. We asked the District to allow installation of our meter in order to accomplish the necessary testing and to hold pressure. The District was reluctant to install the meter without payment of hook-up fees. The cost for the meter is around \$3,200.

We met with Darlene to present our estimate of fees to include a credit for the installation of the 12" Purple Pipe along Legacy Lane, used to serve raw water to the Hotel and Extended Stay and ultimately to be extended to Lookout Hill tank for use as a Recycle Water system main line feeding the Lookout Hill tank for irrigation purposes, and in the future to extend to Stonehouse for park and Residence East/West recycle irrigation.

The Hook-up fee calculation presented to us included Water Augmentation charges equivalent to 48.6 EDU's and then revised to 44.3 EDU equivalents based on the District's calculations within the District Code.

The calculation for Capital Improvements is equivalent to 39.4 EDU's.

The calculation for Previously Constructed Infrastructure (Reimbursement of Improvements from Mello Roos #1) which we agree with, and the Security Impact Fees are \$5,900 and \$750 respectively per EDU. The calculation is 18 EDU's which an allocation of 18 EDU's to the Hotel and 12 EDU's for the Extended Stay when constructed. This is consistent with the agreement of the District for 30 total EDU's for the combined project.

There is also no disagreement as to the Water Meter charge, Sewer inspection and Water meter inspection charges.

The District entered into an agreement that caps the amount of water for the Hotel and Extended Stay at 30 EDU's. We were charged \$180,000 for these provisional will-serves, applicable to our total funding

(including Rancho North) of \$4,358,245. The District has no Nexus for a calculation that goes beyond the 30 EDU's as to the Hotel and Extended Stay project.

The second amendment to the Acquisition and Services Agreement (Amendment recorded February 21,1991) states that " the financing mechanism for Water Supply Augmentation for NON-RESIDENTIAL USES shall be based on \$335 per 100 gal. as authorized in the approval for the development (30 EDU's combined).

This number escalated proportionally to the residential EDU's which are the equivalent of the \$4,660 currently charged for residential water augmentation would be \$624.44; therefore, based on the District's 30 EDU's the total Water Augmentation Fee to be charged to the Hotel and Extended Stay should be no more than \$140,500 less a purple pipe credit of 42.92% or \$60,302 or \$80,198 for both the Hotel and Extended Stay.

The commercial property (53 ac.), was allocated 110,363 gpd (147 EDU's) of water and 92,435 gpd of sewer, lift station capacity and force main costs as part of Improvement District #1,a benefit assessment district, for a total assessment of \$1,306, 347 charged to the property and paid.

Additionally, the Gardens paid \$1,050,706 (or 34.4%) for sprayfield disposal capacity as part of the RM 670 group for the commercial property (53 ac.). The EDU calculation for the Gardens was 149/670. See following table to see the EDU calculation estimate for the balance of MG I and II.

Parcel #	sq. ft.	Most likely use	Factor	EDU Est.	District Calc.
1	35,154	Retail	.2	7	
2	17,000	Retail	.2	3.4	
3	6,500	Retail	.2	1.3	
4	10,500	Retail/Restaurant	.2/2.0	4.8	
5	14,000	Retail	.2	2.8	
6	19,000	Retail/Restaurant	.2/2.0	18.2	
7	Extended Stay			12	
8	Hotel			18	
9	2800	Restaurant	2.0	5.6	
10	16,000	Office	.1	1.6	
11	3500	Retail/Restaurant	.2/2.0	1.7	
12/14	22,000	Medical Offices/Office	.1	2.2	
16 (MGII)	78 lots	Houses	.9	70.2	
17	77,000	Self Storage Facility	1	7.7	
Approximate estimate of total MG I & II EDU's				156.5	
17	1500	Self Storage Security	.5	(7.2)	
Total				149.3	

Based on the District's methodology we would be paying for well over 200 EDU's of Augmentation.

Total amounts paid or prospectively due to RMCS D from Gardens I/II:

Improvement District #1	Parcel 55	1,306,347
	[110,347 gpd Water/92,425 gpd Sewer]	
RM 670 Sewer Disposal Sprayfield Easement		1,050,706
	Credit due to Cosumnes River from RMCS D	(361,921)
Water Treatment Plant #3 (#1 rebuild)	Gardens portion	677,911
Capital Improvements		165,200
Previously Constructed Infrastructure (Mello Roos #1)		
	[Water tank, water lines, sewer plant upgrades]	826,000
Water Augmentation		372,400
	[Net of R/W Purple Pipe <credit>	
Security Impact Fee		105,000
Misc. other fees and charges		50,000

	Estimated total fees, mitigations and costs MG I/II	\$4,191,643
Costs per EDU	\$28,132	
Paid to Date	\$20,368	

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Hotel Available Capacity Analysis

Exhibit A

		Summer Months Total Plant Production, gallons		
		Average Highest month	Average Highest month	Highest month Last three years
		July 2005, 06, 07	August 2010, 11, 12	August 2010
Existing development, monthly total		91,568,333	81,846,333	88,032,010
Existing development, average daily flow		2,953,817	2,640,204	2,839,742

Remaining capacity reserved	# units	gpd	gallons
Estate >12,000	17	750	12750
Estate <12,000	2	650	1300
Circle	12	550	6600
Cottage	3	500	1500
Subtotal	34		22150

Cantova Office (from ID#1)			3100
Subtotal			3100
Total			25250
Add 10% system loss			2525
Average daily flow			27775
Peak day at 2.1 times ADF			58328

Existing plus Reserved capacity 3,012,145 2,698,532 2,898,070

Hotel			
84 rooms & 24 extended suites	30	750	22500
Add 10% system loss			2250
Average daily flow			24750
Peak day at 2.1 times ADF			51975

Existing plus Reserved plus Hotel 3,064,120 2,750,507 2,950,045
 Operational Plant Capacity 3,200,000 3,200,000 3,200,000
 Excess Capacity remaining 135,880 449,493 249,955

Existing plus Reserved plus Hotel 3,064,120 2,750,507 2,950,045
 Design Plant Capacity 3,500,000 3,500,000 3,500,000
 Excess Capacity remaining 435,880 749,493 549,955

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Murieta Inn Hook-Up Fees		EDU Basis	
	EDU	Current Fee	Cost
Water Augmentation	18	\$4,660.00	\$ 83,880.00
Credit for Purple Pipe	18	(\$2,000.00)	\$ (36,000.00)
Capital Improvement Fee	18	\$1,180.00	\$ 21,240.00
			SUB \$ 69,120.00
FSA Charges			
Previously Constructed Infrastructure			
	18	\$5,900.00	\$ 106,200.00
Security Impact Fee	18	\$750.00	\$ 13,500.00
			SUB \$ 119,700.00
Credit for:			
Engineer certified construction in-lieu Raw Water (R/W) Loop at Legacy Lane			(\$173,606.98)
			SUB \$ (\$173,606.98)
TOTAL CHARGES FOR HOTEL			\$ 15,213.02
Other District Charges			
Fire Department Connection			
District Code			
Capital Improvement	0.6	\$1,180.00	\$ 708.00
Water augmentation	0.6	\$4,660.00	\$ 2,796.00
Recycle Credit	0.6	(\$2,000.00)	\$ (1,200.00)
Water Meter	COST	\$3,460.44	\$3,460.44
Water Inspection	2	\$126.50	\$ 253.00
Sewer Inspection		\$126.50	\$126.50
			SUB \$ 6,143.94
TOTAL CHARGES FOR HOTEL			\$ 21,356.96

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Extended Stay Hook-Up Fees

EDU Basis

	EDU	Current Fee	Cost
Water Augmentation	12	\$4,660.00	\$ 55,920.00
Credit for Purple Pipe	12	(\$2,000.00)	\$ (24,000.00)
Capital Improvement Fee	12	\$1,180.00	\$ 14,160.00
			SUB \$ 46,080.00
FSA Charges			
Previously Constructed Infrastructure	12	\$5,900.00	\$ 70,800.00
Security Impact Fee	12	\$750.00	\$ 9,000.00
			SUB \$ 79,800.00
Credit for:			
Engineer certified construction in-lieu Raw Water (R/W) Loop at Legacy Lane			\$0.00
			SUB \$0.00
Total Charges for Extended Stay			\$ 125,880.00

Other District Charges

Fire Department Connection			
District Code			
Capital Improvement	0.6	\$1,180.00	\$ 708.00
Water augmentation	0.6	\$4,660.00	\$ 2,796.00
Recycle Credit	0.6	(\$2,000.00)	\$ (1,200.00)
Water Meter	COST	\$3,460.44	\$3,460.44
Water Inspection	2	\$126.50	\$ 253.00
Sewer Inspection		\$126.50	\$126.50
			SUB \$ 6,143.94

TOTAL CHARGES FOR HOTEL \$ 132,023.94

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RANCHO MURIETA
COMMUNITY SERVICES DISTRICT

ACQUISITION AND SERVICES AGREEMENT

SCANNED

RECORD AND
WHEN RECORDED RETURN TO:

Marion Cravens
General Manager
Rancho Murieta Community
Services District
14670 Cantova Way, Suite 104
Rancho Murieta, California 95683

ORIGINAL
Accepted for Recording
COPY --- NOT CERTIFIED

FEB 21 1991

Sacramento County
Clerk-Recorder

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SECOND AMENDMENT TO

ACQUISITION AND SERVICES AGREEMENT

1. Applicability of Second Amendment.

a. On September 19, 1986, Rancho Murieta Properties, Inc. (hereafter "RMPI") and CBC Builders, Inc. (hereafter "CBC") entered into an Acquisition and Services Agreement (the "Agreement") with the Rancho Murieta Community Services District (hereafter "District") regarding certain obligations, rights and duties of RMPI, CBC and District. On October 24, 1986, the Agreement was amended by mutual consent of RMPI, CBC and District. Subsequent to the First Amendment, RMPI and CBC have conveyed some, but not all, of the property subject to the Agreement. The successors in interest include, but are not limited to, Winncrest Homes, Inc. (hereafter "Winncrest"), FN Projects, Inc. (hereafter "FN"), SHF Acquisition Corp. (hereafter "SHF"), N.T. Hill, Inc. (hereafter "Hill"), and the Pension Trust Fund for Operating Engineers (hereafter "PTF"). Winncrest, FN and Hill have separately and independently entered into this Second Amendment to the Acquisition and Services Agreement. RMPI is hereafter referred to as "Landowner".

b. Landowner wishes to amend the Agreement to clarify and define certain obligations and rights that are set forth in Sections 3.5, 3.6, 3.7, 5.2, 6.1, 6.5 and 6.6 of the Agreement, insofar as such sections apply to the property owned by Landowner. The property (hereafter "Property") subject to this Amendment is shown and described on Exhibits A-1 and A-2. Any other property subject to the Agreement shall continue to be subject to the Agreement but shall not be subject to this Amendment unless explicitly made subject hereto by separate execution and recordation of an applicable form of this Second Amendment. The Property shown and described on Exhibits A-1 and A-2 shall be subject to the Agreement as modified by this Second Amendment.

2. Purpose of Amendment.

Landowner wishes to proceed with the development of the Property and both District and Landowner wishes to be assured that there will be an adequate supply of water to permit the development contemplated by Section 5 hereof and Exhibit H hereto, which is incorporated herewith. It is the intention of the parties hereto to permit development to proceed concurrently with the development of additional supplies of raw water (the "Augmented Supply"). So long as the development of the Augmented Supply proceeds in a timely and expeditious manner as is hereinafter set forth then it is the intention of District to allow development of the Property concurrently to proceed. In connection therewith District and Landowner wishes to provide for and finance development of the Augmentation Supply and further wish to stipulate to certain entitlements to water supply and limitations on the development of the Property all in order to ensure that the Augmented Supply will be sufficient to meet the standards set forth in Section 3 ("the Standards"). Nothing in this Second Amendment shall be construed to limit subsequent actions by Landowner and District to further augment the supply of raw water in order to permit development in addition to that authorized pursuant to the terms of this Second Amendment.

3. Water Supply and Consumption Standards.

The District has received a comprehensive water study entitled "Rancho Murieta Water Supply - Planning for Future Droughts" dated February 9, 1990, and an addendum thereto dated April 27, 1990, prepared by Giberson & Associates (hereafter the "Giberson Report"). This Amendment is based on the data and measurement criteria contained in the Giberson Report. Specifically, District affirms the following design Standards which the system will be designed to achieve:

a. The Water Supply system will meet one hundred percent (100%) of the standard water consumption requirement during a water year equivalent to the 1923-24 water year.

b. The Water Supply system will meet fifty percent (50%) of the standard water consumption requirement during a water year equivalent to the Catastrophic Drought Event, which shall be defined as the 1976-77 water year.

c. The standard for water consumption per dwelling unit shall be as follows:

	<u>Type</u>	<u>Consumer Rate</u>	<u>EDU</u>
i.	Lot sq. ft. 12,000 or greater	750 gpd	1.0

- ii. Lot less than 650 gpd 0.87
sq. ft.
12,000
- iii. Halfplex Lots 400 gpd 0.53
- iv. Townhouse Lots 350 gpd 0.47
- v. Any fractional residential EDU not referenced in Exhibit H shall be calculated by dividing the consumption rate by 750.

d. Any shortfall in the existing water supply system shall be eliminated through augmentation of the capacity of the system (as set forth in Section 4) and/or conservation.

e. It is agreed that the design and consumption standards specified in this Section 3 shall not change unless future occurrences not presently contemplated provide a factual basis for change. District shall use its best efforts to maintain the water consumption standard specified in Section 3.c and shall adopt conservation measures, if necessary, to achieve the standard. District and Landowner expressly agree that the Standards set forth in this Section 3 shall not be applied in a manner that would restrict or inhibit development of the Property to a level less than that contemplated in Section 5 hereof.

4. Augmentation of Water Supply.

Landowner and District agree that the augmentation program to be implemented pursuant to the terms of this Second Amendment is intended to develop an additional 1400 acre feet of raw water for use within the District. Landowner and District agree that the augmentation program to be implemented pursuant to the terms of this Second Amendment is intended to provide a reasonably reliable supply of water for a total of all 4975 actual residential dwelling units and 616 equivalent levels of non-residential use as shown on Exhibit H. Landowner and District further agree that the cost of developing such augmented water supply will be borne, as provided in Sections 6.5 and 6.6 of the Agreement, by the 3318 equivalent dwelling units enumerated and described in Section 5 of this Amendment. In order to permit the continued development of the Property by Landowner without disruption, District and Landowner agree that District shall pursue alternatives to augment District's supply of water based upon the most cost effective, reliable method of providing and/or storing additional raw water to create the required supply. Specifically, the District will immediately begin to evaluate the possibility of developing a well or wells within the boundaries of the Rancho Murieta Community Services District and if the District determines that such well or wells is a viable

alternative, District shall proceed with diligence to construct and install the well or wells. In the event that District finds, in District's reasonably exercised discretion, that the alternative first chosen for evaluation will not meet the augmented water supply requirements of the District, District and Landowner agree that the District shall pursue the next most cost effective, reliable alternative to augment the District's supply of water. As of the date of this Amendment, the parties believe that the next most effective alternative will be off-site wells and, accordingly, the District will next proceed to diligently, conscientiously, and expeditiously investigate that alternative. Other alternatives include, without limitation, an additional storage facility to be constructed with a capacity of 1400 acre feet. District is required to diligently, conscientiously and expeditiously find, approve and develop an augmentation project and, accordingly, such pursuit of alternatives shall continue until District has approved a project (the "Project") which will provide an augmented water supply sufficient to serve the units enumerated in Section 5. District and Landowner agree that the Financing Mechanism for the Augmented Supply Project shall be as set forth in Section 6, below.

It is the intention of the parties to permit Landowner to continue the development of the Property while District is investigating and pursuing alternatives to achieve the Augmented Water Supply. District agrees that it is the responsibility of District to develop the Augmented Water Supply. District further agrees that District will not refrain, on the basis of water supply considerations, from issuing will serve letters for the development specified in Section 5.a.

5. Allocation of Water Supply Units.

District and Landowner agree that, in accordance with Section 2, above, and pending development of other water sources not developed pursuant to this Amendment, Landowner shall limit development of the Property and be entitled to the number of Water Supply Units set forth below. It is stipulated that the Water Supply entitlements and limitations will result in a reduction in the number of dwelling units which would otherwise be permitted pursuant to the provisions of the Rancho Murieta Planned Unit Development Ordinance (Ordinance 77-10). Nothing in this Amendment shall be deemed to be an amendment to Ordinance 77-10 nor by this Amendment does Landowner waive any rights or entitlements under Ordinance 77-10. As set forth in Section 2, the sole subject of this Amendment is the supply of raw water. District and Landowner agree to the following water supply entitlements and limitations, which water supply entitlements and limitations shall run as (the "Water Supply Units" or the "Water Supply Gallons") a covenant with each of the respective parcels enumerated below:

5.a. RMPI (Exhibits A-1 and A-2)

<u>Parcel</u>	<u>Actual Residential Units</u>	<u>Equivalent Water Supply Units</u>	<u>Average Gallons Per Day</u>
i. RMPI North (Parcel 7) (Book 117 of Parcel Maps, Page 15)	614	614	460,500
ii. RMPI North (a portion of Parcel 10) (Book 117 of Parcel Maps, Page 15)	14	14	10,500
iii. A) RMPI North (Parcel 12) (Book 117 of Parcel Maps, Page 15)	475	475	356,250
B) RMPI School Site (a six acre portion of Parcel 12) (Book 117 of Parcel Maps, Page 15)	n/a	15	11,250
iv. Calero (Parcel A) Official Records of Sacramento County (Book 801103, Page 842)	181	181	135,750
v. Proposed Unit 5	350	350	262,500
vi. Proposed Light Industrial Parcel	n/a	10	7,500
vii. Commercial Parcel (Lot 10) (Book 103 of Maps, Map 16)	n/a	100	75,000

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viii. "Look out" Commercial (Lot 1) (Book 103 of Maps, Map 16)	n/a	5	3,750
SubTotal RMPI	<u>1634</u>	<u>1764</u>	<u>1,323,000</u>
5.b. Units Reserved Exclusively for Park and Recreational Purposes			236
i. RMPI North (Parcel 7) 31 acres	n/a	111	83,000
ii. Escuela Park Site - 4 acres	n/a	14	10,700
iii. Athletic Complex (RMCS D) Treatment Plant Site 16 acres	n/a	57	42,800
iv. Calero Lakeside Park (RM Association) 7 acres	n/a	25	18,700
v. Parcel 5 Park (Winncrest) 6 acres	n/a	22	16,200
vi. Parcel 4 Park (R.J. Hill) 2 acres	n/a	7	5,350
SubTotal	<u>n/a</u>	<u>236</u>	<u>176,750</u>
5.c. Miscellaneous Units	n/a	1318	988,700
Subject to Participation in the Financing Mechanism			
SubTotal	<u>n/a</u>	<u>1318</u>	<u>988,700</u>
5.d. Grand Total: Water Supply Equivalent Dwelling Units Within Properties Subject to Agreement	n/a	3318	2,488,450

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6. Financing Mechanism.

a. District and Landowner agree that a Water Supply Augmentation Fee shall be collected for each dwelling unit subject to this Amendment to finance the Water Augmentation Project. The initial Water Supply Augmentation Fee shall be \$2500 per equivalent Water Supply Unit. For non-residential uses, the Fee shall be \$335 for each hundred gallons per day of use, based upon the uses authorized in the use permit or other approval for development. No portion of the Water Supply Augmentation Fee shall be used for operations, maintenance or reserves for replacement. All Water Supply Augmentation Fees shall be maintained by District in a segregated interest bearing account until actually used for payments required for the Project.

b. In the event that the Project adopted by District for the Augmentation Supply program is more costly than the first alternative defined in Section 4, above, the Water Supply Augmentation Fee shall be recalculated by 1) subtracting the sum of all Water Supply Augmentation Fees collected prior to the date the Project was adopted from the revised cost of the Project; and, 2) dividing the remaining, unfunded, balance of the revised cost of the Project by the number of units subject to this Amendment less the number of units which have previously paid the Water Supply Augmentation Fee. In the event that the completed Project is less costly than the aggregate amount of fees that have been or would be collected pursuant to Section 6.a, the Water Supply Augmentation Fee shall be recalculated by dividing the total cost of the Project by the number of Equivalent Water Supply Units subject to this Amendment and the fee specified in Section 6.a shall be reduced. Any difference between the amount previously paid to District and the recalculated fee shall be refunded in accordance with Section 6.c. The Water Supply Augmentation Fee shall be payable at the time the District would normally and customarily accept an application for installation of a water meter and shall be in addition to and independent of any Community Facilities Fees.

c. Prior to the adoption of the Project, any owner or applicant seeking a will serve letter and making payment of the Water Supply Augmentation Fee may enter into an agreement with District to provide for a mechanism to refund any portion of a fee or fees in excess of that required to finance the Project, and to identify the recipient of any such refunds. Such refund shall include any and all interest earned by District with respect to the refundable portion of the Fee.

d. Once a Water Supply Augmentation Fee has been collected for a particular lot, that lot shall thereafter be exempt from any increase in the Water Supply Augmentation Fee or any additional fee or assessment for the purposes of water supply augmentation, unless

such additional fee or assessment is uniformly imposed on all similarly situated dwelling units, including occupied dwelling units, within the District.

e. Any unit enumerated in Section 5 hereof for which, prior to August 28, 1990, a meter has been purchased and a District Capital Facilities Fee has been paid shall be deemed to have fulfilled all obligations required under this Section 6.

f. The Water Supply Augmentation Fee shall be increased annually, in February of each year, by the amount of any percentage increase, during the preceding calendar year, in the Cost of Living Index - All Cities Average as published by the U.S. Department of Labor.

g. District and Landowner agree that the Water Supply Augmentation Fees collected pursuant to this Amendment shall be used only for development of project(s) which will augment the water supply which serves the Property.

h. District and Landowner agree that if District forms a Community Facilities District or an assessment district to fund other improvements required for development of the Property, some or all of the Water Supply Augmentation Fee specified in Section 6.a, above, may be included, by mutual consent of District and of Landowner subject to the tax or assessment, in the financing of public improvements to be undertaken by such district. To the extent that such amounts are so included, the fee shall be deemed prepaid to the extent of such inclusion.

7. Transfer of Water Supply Gallons. If a use permit is granted or a development plan, tentative map or parcel map is approved by the County of Sacramento with respect to any parcel within the Property that has been designated in this Amendment and such use permit, development plan, parcel map or tentative map does not permit the use of all of the water supply gallons allocated to such parcel by this Amendment, or upon the occasion of any other subdivision of a Parcel specified in Section 5, hereof, the respective Landowner may transfer any excess water supply gallons (of those allocated in Section 5, above) which exceed the gallons required for the development approved by the County (the "Excess Water Supply Gallons") to any other parcel or parcels within the District (the "Transferee Parcel") for which land use has been granted pursuant to the Rancho Murieta Planned Unit Development Ordinance (Number 77-10), as it from time to time may be amended now or in the future. A transfer may also be made to effect the purposes of the Water Rights Agreements described in Section 9 hereof. Landowner shall designate the Transferee Parcel at the time a use permit, development plan, tentative map or parcel map is approved for such Parcel and notice of such transfer shall be given to District in accordance with Section 11.