

Central Contra Costa Sanitary District

November 1, 2023

TO: KATIE YOUNG, SECRETARY OF THE DISTRICT

VIA: CHRIS THOMAS, ACCOUNTING SUPERVISOR 

FROM: AMAL LYON, MANAGEMENT ANALYST 

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 2022-2023
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, 2022, for FY 2022-2023. The details pertaining to these fees were presented in a public hearing and report to the Board of Directors dated June 16, 2022, and are attached.
- Deposit capital facilities fund **interest** income in the capital facilities fund;
 - In FY 2022-2023, 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 2023-2024 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 2022-2023.
- 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, 2023

LAIIF Interest Rate Days	1.090% 31		1.276% 31		1.513% 30		1.772% 31		2.007% 30		2.173% 31		2.425% 31		2.624% 28		2.831% 31		2.870% 30		2.993% 31		3.167% 30			
	July	August	September	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June	July	
REVENUE:																										
Facilities Capacity Fee	115,103	1,262,651	2,412,318	199,595	1,218,357	225,853	53,316	106,838	359,635	215,745	234,823	330,147	6,734,381													
Pump Zone Fee	3,702	2,799	5,146	12,444	316,576	2,347	1,534	2,011	26,903	1,432	4,300	15,570	394,764													
Total	118,805	1,265,450	2,417,464	212,039	1,534,933	228,200	54,850	108,849	386,538	217,177	239,123	345,717	7,129,145													
EXPENDITURES:																										
Beginning Balance	-	25,780	(1,356,073)	(3,573,614)	(9,972,714)	(11,825,897)	(19,906,165)	(24,254,414)	(27,858,012)	(31,863,194)	(35,100,764)	(40,048,165)	-													
Revenue/Expense	25,756	(1,381,853)	(2,217,541)	(6,399,100)	(1,853,183)	(8,080,268)	(4,348,246)	(3,603,598)	(4,005,182)	(3,237,570)	(4,947,401)	(11,920,145)	(51,968,334)													
Interest Earned **	24	-	-	-	-	-	-	-	-	-	-	-	24													
Ending Balance	25,780	(1,356,073)	(3,573,614)	(9,972,714)	(11,825,897)	(19,906,165)	(24,254,414)	(27,858,012)	(31,863,194)	(35,100,764)	(40,048,165)	(51,968,310)	(51,968,310)													

**EXHIBIT 2
CAPITAL IMPROVEMENT REVENUE (SEWER CONSTRUCTION FUND)
FISCAL YEAR 2022-2023**

Acct No.	Account Title	JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY 2022-2023 TOTAL
40110	Sewer Service Charge	1,816	(727)	(3,001)	185,514	4,376	36,820,924	4,226	3,022	13,112	28,221,074	24,807	1,942,014	67,227,157
41110	State Grants	-	-	-	-	-	-	-	-	-	-	-	-	-
41210	Facilities Capacity Fee	115,103	1,262,651	2,412,318	199,595	1,218,357	225,853	53,316	106,838	359,635	215,745	234,823	330,147	6,734,381
41220	Pump Zone Fees	3,702	2,799	5,146	12,444	316,576	2,347	1,534	2,011	26,903	1,432	4,300	15,570	394,764
41230	Capacity Use Charge	-	-	-	-	-	35,746	-	461	-	-	-	-	36,207
41310	Secured Property Tax	-	-	-	-	735	4,087,583	-	-	-	4,910,593	-	1,404,485	10,403,396
41320	Unsecured Property Tax	-	-	-	-	558,456	(322)	-	-	-	(7,352)	-	73,958	624,740
41440	Overtime Inspection	-	319	-	-	-	-	-	12,702	3,468	865	319	1,500	19,173
41430	Plan Review	16,308	6,936	8,379	7,364	3,893	4,541	3,876	-	8,951	-	5,689	614	66,551
41420	Mainline Inspection	37,889	181,121	-	4,296	6,588	10,250	-	2,014	8,951	1,420	6,973	-	250,551
41509	Miscellaneous	-	-	-	1,288	818	-	-	818	818	-	-	9	3,751
41550	Alhambra Vly Assessments	8,365	-	29,750	(2,746)	-	-	2,746	21,385	-	-	-	48,084	107,584
41560	Contractual Assessment District Reimb.	-	-	(15,940)	(2,744)	-	-	2,744	70,959	-	-	(13,595)	(30,622)	10,802
41505	Other Agency Rev-Misc	-	-	-	-	-	-	-	-	-	-	-	-	-
41504	Rebates to District	-	-	-	-	-	-	-	-	-	-	-	-	-
41610	Interest Income	85,407	84,931	83,761	105,035	127,854	178,143	342,099	256,428	319,953	355,045	480,304	521,978	2,940,938
42110	Other Govt. Revenue-Concord	-	-	-	-	-	-	-	-	-	-	-	9,956,648	9,956,648
42120	State Revolving Fund Loan Proceeds	-	-	-	-	-	13,825,787	-	-	-	-	1,762,919	-	15,588,706
	Totals	268,590	1,538,030	2,520,413	520,046	2,237,653	55,190,852	410,541	476,638	732,840	33,698,822	2,506,539	14,264,385	114,365,349

**EXHIBIT 3
CAPITAL IMPROVEMENT EXPENDITURES (SEWER CONSTRUCTION FUND)
FISCAL YEAR 2022-2023**

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Actual FY 2022-2023 Total	Budgeted FY 2023-2024 Expenditures
	Collection Systems	243,613	1,448,816	1,423,573	1,993,224	596,435	1,303,576	1,679,073	2,063,271	2,297,642	1,405,955	2,341,410	4,856,629	21,653,217
Treatment Plant	224,948	1,087,560	2,378,404	3,055,975	2,294,169	4,916,166	1,614,226	892,629	1,631,343	880,327	1,742,733	5,235,411	25,953,891	33,538,000
General Improvements	56,245	30,765	74,920	193,216	345,445	292,485	488,068	237,859	265,276	170,852	186,247	757,958	3,099,336	3,562,000
Recycled Water	(431,757)	80,162	758,108	1,368,724	152,067	1,796,241	621,732	518,688	197,459	997,613	916,134	1,415,864	8,391,035	1,306,000
Totals	93,049	2,647,303	4,635,005	6,611,139	3,388,116	8,308,468	4,403,099	3,712,447	4,391,720	3,454,747	5,186,524	12,265,862	59,097,479	76,202,000



**BOARD OF DIRECTORS
POSITION PAPER**

MEETING DATE: JUNE 16, 2022

SUBJECT: CONDUCT A PUBLIC HEARING TO RECEIVE PUBLIC COMMENT AND CONSIDER ADOPTING UNCODIFIED ORDINANCE NO. 324 AMENDING THE SCHEDULE OF CAPACITY FEES AND ASSOCIATED RATES, AND CHARGES, REPLACING ORDINANCE NO. 309 IN ACCORDANCE WITH DISTRICT CODE CHAPTER 6.12

DATA IS AVAILABLE, AS REQUIRED BY GOVERNMENT CODE TITLE 7, DIVISION 1, CHAPTER 8, SECTION 66016. IF YOU HAVE QUESTIONS, PLEASE CONTACT SENIOR ENGINEER THOMAS BRIGHTBILL BY E-MAIL AT TBRIGHTBILL@CENTRALSAN.ORG

SUBMITTED BY:

INITIATING DEPARTMENT:

BRYAN MCGLOIN, MANAGEMENT ANALYST
THOMAS BRIGHTBILL, SENIOR ENGINEER

ENGINEERING AND TECHNICAL SERVICES-
PDS-RATES AND FEES

REVIEWED BY:

DANEA GEMMELL, PLANNING AND DEVELOPMENT SERVICES DIVISION
MANAGER

JEAN-MARC PETIT, DIRECTOR OF ENGINEERING AND TECHNICAL
SERVICES

Roger S. Bailey
General Manager

ISSUE

State Law and District Code requires 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 recommended ordinance to establish the following proposed Capacity Fees is attached:

Fee Category	Current	Proposed	% Change
Gravity Service	\$6,803 per RUE	\$7,200 per RUE	5.8%
Pumping Service	\$8,388 per RUE	\$9,211 per RUE	9.8%

RUE = Residential Unit Equivalent

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, 2020 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.

FINANCIAL IMPACTS

If the recommended Capacity Fees are adopted, staff estimates that approximately \$318,000 in additional Capacity Fee revenue would be generated by the change in Fiscal Year 2022-23, assuming a projected additional development of 800 RUEs.

COMMUNITY OUTREACH

Staff conducted a coordinated outreach program to inform and solicit input from stakeholders and interested customers regarding the proposed Capacity Fees.

Notices of the public hearing were posted and published in the *Contra Costa Times* and *San Ramon Valley Times* circulation areas of the *East Bay Times*. In addition, approximately 400 letter reports, including the proposed schedule of rates and charges, will be 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 June 7, 2022, no stakeholders nor members of the public had contacted Central San with comments. Any comments received after June 7, 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, 2022 meeting and recommended holding the public hearing in consideration of the proposed uncodified Ordinance.

RECOMMENDED BOARD ACTION

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

Adopt the attached proposed uncodified Ordinance, revising the "Schedule of Capacity Fees, Rates and Charges" effective July 1, 2022, which includes the following findings:

- o Central San has made a substantial investment in assets that will benefit new users.
- o 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 THREE: Fiscal Responsibility

Strategy 1 – Maintain financial stability and sustainability , Strategy 2 – Ensure integrity and transparency in financial management

ATTACHMENTS:

1. Proposed Ordinance
2. Proposed Ordinance Exhibit A
3. Staff Report
4. Staff Report Table 1
5. Staff Report Table 2
6. Staff Report Table 3

ORDINANCE NO. 324
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, "Central Contra Costa Sanitary District FY 2021-22 Budget," and the Staff Report Regarding the Capacity Fee Update dated April 18, 2022; 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 16, 2022, 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.

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. 309 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. 309 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.

Central Contra Costa Sanitary District
Ordinance No. 324
Page 3 of 3

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, 2022.

PASSED AND ADOPTED this 16th day of June 2022, by the Board of Directors of the Central Contra Costa Sanitary District by the following vote:

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

David R. Williams
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

Attachment 2

EXHIBIT "A"

**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. 324 adopted June 16, 2022. 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, 2022 in accordance with the provisions of District Code Chapter 6.12.

Gravity Capacity Fee	\$7,200 / RUE*
Pumping Capacity Fee	\$2,011 / RUE

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

Gravity Zone Fee (Zone 1)	=	Gravity Capacity Fee
Pumped Zone Fee (Zone 2)	=	Gravity Capacity Fee + Pumping Capacity Fee

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	Pumping Capacity Fee RUE Factor
LU	Single-family residences	Dwelling Unit	1.000	1.000
LA	Multiple-family residences, apartments	Dwelling Unit	0.847	0.847
LD	Duplex	Dwelling Unit	0.847	0.847
LM	Mobile homes	Dwelling Unit	0.847	0.847
LT	Condominium	Dwelling Unit	0.847	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	0.847
LE	Accessory Dwelling Unit ⁽³⁾ – within existing space	Dwelling Unit	0	0
LN	Accessory Dwelling Unit ⁽³⁾ – new structure	1,000 square feet (sq. ft.)	0.425	0.425
LC	Common areas	1,000 sq. ft.	0.200	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	Pumping Capacity Fee RUE Factor
AB	Auto body / painting	1,000 sq. ft.	0.484	0.467
AD	Auto dealerships	1,000 sq. ft.	0.484	0.467
AL	Aircraft services	1,000 sq. ft.	0.484	0.467
AR	Auto repair / maintenance	1,000 sq. ft.	0.484	0.467
AS	Service stations	1,000 sq. ft.	0.484	0.467
BT	Transportation services	1,000 sq. ft.	0.432	0.467
AC	Car washes	1,000 sq. ft.	21.127	22.829
AW	Car washes with recycling	1,000 sq. ft.	3.522	3.805
BB	Barbers / beauty salons / pet grooming	1,000 sq. ft.	0.725	0.783
BC	Dry cleaners, no laundry	1,000 sq. ft.	0.259	0.279
BR	Retail sales	1,000 sq. ft.	0.259	0.279
BE	Equipment repair / repair services	1,000 sq. ft.	0.228	0.247
BK	Contractors / business services	1,000 sq. ft.	0.228	0.247
BN	Nurseries / lumberyards	1,000 sq. ft.	0.228	0.247
IL	Light industrial	1,000 sq. ft.	0.228	0.247
BH	Meeting halls / studios	1,000 sq. ft.	0.290	0.313
EA	Auditoriums / theaters	1,000 sq. ft.	0.290	0.313
EC	Cinemas	1,000 sq. ft.	0.290	0.313
EM	Entertainment	1,000 sq. ft.	0.290	0.313
EB	Bowling alleys	1,000 sq. ft.	0.311	0.336
BZ	Miscellaneous commercial	1,000 sq. ft.	0.510	0.551
EG	Golf courses / country clubs	1,000 sq. ft.	1.166	1.391
EH	Health clubs / spas	1,000 sq. ft.	1.166	1.391
ET	Tennis clubs	1,000 sq. ft.	1.166	1.391
IW	Warehouses	1,000 sq. ft.	0.136	0.147
BM	Markets	1,000 sq. ft.	0.556	0.601
BS	Supermarkets	1,000 sq. ft.	0.880	0.601
BX	Shopping centers	1,000 sq. ft.	1.057	1.142
OB	Business offices	1,000 sq. ft.	0.295	0.319
OF	Financial institutions / banks	1,000 sq. ft.	0.295	0.319
OG	Government offices	1,000 sq. ft.	0.295	0.319
OS	Fraternal / service offices	1,000 sq. ft.	0.295	0.319
OM	Medical offices	1,000 sq. ft.	0.637	0.688
OV	Veterinary clinics	1,000 sq. ft.	0.637	0.688
RD	Delicatessens (or other food service without Type 1 hood)	1,000 sq. ft.	1.562	1.294
RN	Bars	1,000 sq. ft.	1.562	1.294
RI	Ice cream parlors	1,000 sq. ft.	1.562	1.294
RY	Yogurt shops	1,000 sq. ft.	1.562	1.294

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	Pumping Capacity Fee RUE Factor
RS	Restaurants or other food service w/Type 1 hood (dine-in)	1,000 sq. ft.	4.010	2.738
RT	Restaurants or other food w/Type 1 hood (take-out)	1,000 sq. ft.	4.010	2.738
RC	Patio seating in excess of 300 square feet ⁽⁴⁾ , banquet facilities	1,000 sq. ft.	1.166	0.825
RB	Bakeries (retail)	1,000 sq. ft.	4.061	2.178
BL	Laundromats	1,000 sq. ft.	13.506	14.594
SF	Skilled nursing facilities	1,000 sq. ft.	2.216	2.347
FE	Residential care facilities for the elderly	1,000 sq. ft.	0.932	0.987
HP	Hospitals	1,000 sq. ft.	2.891	3.124
LH	Hotels / motels	1,000 sq. ft.	1.926	1.272
CH	Churches	1,000 sq. ft.	0.242	0.261
	Schools with cafeteria and gym / showers	Classroom	0.860	1.000
	Schools with gym / showers and no cafeteria	Classroom	0.774	0.900
	Schools with cafeteria and no gym / showers	Classroom	0.516	0.600
	Schools without cafeteria or gym / showers	Classroom	0.430	0.500

(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 and meet criteria of Gov't Code Sect 65852.2.

(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.

CENTRAL CONTRA COSTA SANITARY DISTRICT**Report Regarding the Capacity Fee Update****April 18, 2022****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 \$2.1 billion) is much greater than the value of future facilities expansion needed to accommodate future customers. While Central San's *FY 2021-22 Budget* lists nearly \$940 million 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* made 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.
- The use of different service zones for gravity and pumped zones is appropriate.

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CALCULATION APPROACH

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.

Note that 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.

- 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.

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

RECOMMENDED CAPACITY FEE

Staff recommends that the Board adopt Capacity Fees for Fiscal Year (FY) 2022-23 by applying the valuation approach and facilities life cycles described above, resulting in updated fees as follows:

Fee Category	Current	Proposed	% Change
Gravity Service	\$6,803 per RUE	\$7,200 per RUE	5.8%
Pumping Service	\$8,388 per RUE	\$9,211 per RUE	9.8%

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 a greater than 10% change in the per-RUE asset values over the previous year for District-renovated Mains, and Recycled Water Facilities which generally reflects the higher levels of Central San's capital spending. In addition, per-RUE value of the Sewer Construction Fund Balance is 59.3% higher than the previous year. 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

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Table 1 - Capacity Fee Calculation FY 2022-23
(Equity buy-in. Asset values through 6/30/21)

Asset Category	Total Asset Value ¹	less Contributed Assets ^{1,2}	Net Asset Value ¹	Net Asset Value per RUE ³	FY 2020-21 Value per RUE	Change (\$)	Change (%)
Treatment Plant/Outfall	508,867,806	(140,864,632)	368,003,174	2,147	2,188	(41)	-1.9%
Collection System							
Trunks and Interceptors	361,831,555	0	361,831,555	2,111	1,959	152	7.8%
Contributed Mains	658,442,000	(658,442,000)	0	0	0	0	
District-renovated Mains	294,209,094	0	294,209,094	1,717	1,429	288	20.1%
Pump Stations, Force Mains	102,554,954	0	102,554,954	2,011 ⁴	1,585	426	26.9%
Recycled Water	43,256,510	(12,976,953)	30,279,557	177	120	57	47.2%
General Improvements	78,162,971	(23,440,503)	54,722,468	319	380	(61)	-16.0%
Major Repairs	12,504,819	(3,751,446)	8,753,373	51	73	(22)	-30.0%
Land	56,951,156	(3,013,457)	53,937,699	315	313	2	0.6%
Sewer Construction Fund Balance	93,090,794	0	93,090,794	543	341	202	59.3%
less Outstanding Debt (principal only)	(30,947,751)	0	(30,947,751)	(181)	0	(181)	
TOTAL VALUES	2,178,923,908	(842,488,991)	1,336,434,917				
Capacity Fee - Gravity Service				7,200			
Capacity Fee - Pumped Service				9,211⁵			

171,374 Total Residential Unit Equivalents (RUEs)
51,001 Pumped Zone RUEs

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. Pumped component equals asset value divided by pumped zone RUEs
5. Gravity Service Capacity Fee plus pumped component

CENTRAL CONTRA COSTA SANITARY DISTRICT

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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
Proposed CCCSD Pumped Zone	\$9,211
Current CCCSD Pumped Zone	\$8,388
Proposed CCCSD Gravity Zone	\$7,200
Current CCCSD Gravity Zone	\$6,803
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

Based on publicly available data as of April 18, 2022

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