



Agenda Item: 4

Date: March 8, 2010

Subject: Resolution No. 10-09 Amending Regulations No. 7 of the Regulations Governing Water Service and the "2010 Facilities Development Charge Update" Report

Staff Contact: Dan Bills, Finance Director

Recommended Board Action:

Adopt Resolution No. 10-12 Amending Regulation No. 7 of the Regulations Governing Water Service and accept the "2010 Facilities Development Charge Update" report prepared by the Reed Group, Inc.

Discussion:

Regulation No. 7 of the Regulations Governing Water Service

The Regulations Governing Water Service is a District Ordinance that provides the direction for governance of the business related functions of the District necessary to operate the various processes performed to serve water to our customers.

Staff is presenting amendments to Regulation No. 7 for public comment and Board approval. The Ordinance was adopted on April 18, 2004. A redline version of Regulation 7 identifying proposed changes is included with this report. Substantive changes are in Section H.5. on pages 7 and 8.

If approved, Regulation 7, part H.5. would be amended as follows:

- Facility Development Charges (FDCs) for new development for 2010 have been updated based on the "2010 Facilities Development Charge Update" report prepared by the Reed Group, Inc.
- Revised the Regulation to have data used for the calculation for new development based on final data from the prior calendar year end.
- Revised the Regulation to implement the FDCs for new development effective April 1st of each year.
- Revised the Regulation to have data used for the calculation for Private Fire Protection based on final data from the prior calendar year end.
- Revised the Regulation to implement the FDCs for Private Fire Protection effective April 1st of each year.

Discussion of proposed changes to Regulation No. 7

FDCs for new development are one-time fees paid by developers and represent the estimated reasonable cost of purchasing capacity in the District’s water system.

The “system buy-in methodology” continues to be the model utilized by the District in calculating FDCs. The “system buy-in methodology” is based on the average investment in the District’s water system by current customers. FDC charges based on the buy-in method are primarily for reimbursement of past capital costs and the cost of recent investments in the water system. Therefore, the use of the FDC fees is to reimburse the District (or existing customers of the District).

Proposed FDC charges for new development are as follows:

Meter Size	2009 Facilities Development Charge	Proposed 2010 Facilities Development Charge	Change
5/8”	\$2,874.00	\$2,996.00	\$122.00
3/4”	\$4,309.00	\$4,472.00	\$163.00
1”	\$7,196.00	\$7,468.00	\$272.00
1 ½”	\$14,350.00	\$14,891.00	\$542.00
2”	\$22,968.00	\$23,835.00	\$867.00
3”	\$43,092.00	\$44,718.00	\$1,626.00
4”	\$71,834.00	\$74,545.00	\$2,711.00
6”	\$143,625.00	\$149,046.00	\$5,421.00
8”	\$258,551.00	\$268,309.00	\$9,758.00
10”	\$416,569.00	\$432,291.00	\$15,722.00
12”	\$617,648.00	\$640,946.00	\$23,298.00

The effective date for recalculated FDCs for new development and Private Fire Protection is currently January 1st of each year. These recalculations require the use of data from October of the previous year. The October data does not contain all the information necessary to calculate an accurate FDC charge for the current year. Finalized year-end data from the prior year does contain a complete set of data necessary for an accurate calculation of FDC charges. Therefore,

staff is proposing to use year-end data from the previous calendar year for the FDC calculations which thereby necessitates a move in the effective date to April 1st of each year.

Discussion of “2010 Facilities Development Charge Update” report prepared by the Reed Group, Inc.

As directed by the Board of Directors in the September 2009 regular meeting of the Board of Directors, staff entered into an Agreement with the Reed Group, Inc. to prepare a five-year Revenue Plan, perform a Water Rate Study, and prepare an update of District Facility Charges.

The attached report from the Reed Group is an update of FDC charges only. The Reed Group looked at different methodologies for calculating FDC charges including, the “system buy-in methodology”, which is based largely on historical costs and recent investments in the water system, the “incremental cost methodology”, which generally reflects the cost of adding new capacity to the water system, or a combination of these two methodologies.

In 2004, the District adopted the “system buy-in methodology” for calculating FDC charges and that methodology is recommended to stay in place.

The FDC charges calculated for 2010 by the Reed Group are stated above and staff recommends using the charges so calculated for the current and continue using the “system buy-in methodology” in future years.

Fiscal Impact:

Increase in Facility Development Charges will increase District revenue.

Strategic Plan Alignment:

Finance – 4.A. Monitor District operations to ensure cost effective and competitive performance.

Finance – 4.B. Provide rates and connection fees that are fair, simple to understand, logical and meet revenue requirements of the District.

RESOLUTION NO. 10-09

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SACRAMENTO SUBURBAN WATER DISTRICT AMENDING REGULATION NO. 7 OF THE REGULATIONS GOVERNING WATER SERVICE

WHEREAS, on July 19, 2004, the Board enacted Ordinance 2004-03, entitled “An Ordinance of the Board of Directors of Sacramento Suburban Water District Adopting Regulations Governing Water Service”;

WHEREAS, the Board now desires to amend Regulation No. 7 of the Regulations Governing Water Service as described in this Resolution; and

WHEREAS, none of the described amendments to Regulation No. 7 are subject to Proposition 218’s notice and hearing requirements as provided in Article XIII D, section 6 of the California Constitution.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sacramento Suburban Water District as follows:

1. Regulation No. 7 is hereby amended as shown in Exhibit A, which is attached to and made a part of this Resolution.
2. The Board authorizes and directs the General Manager and staff to take all actions necessary to amend Regulation No. 7 and to enforce such amended regulation in accordance with the authority granted by this Resolution.
3. Except as modified by the terms of this Resolution, the existing District Regulations Governing Water Service shall remain in full force and effect. Any provisions in the existing regulations that conflict with the amendments set forth in this Resolution are deemed superseded and of no further effect.
4. This Resolution shall take effect immediately.

PASSED AND ADOPTED by the Board of Directors of the Sacramento Suburban Water District on the 15th day of March 2010, by the following vote:

AYES:

NOES:

ABSENT:

By: _____
Thomas C. Fellenz
President, Board of Directors
Sacramento Suburban Water District

I hereby certify that the foregoing resolution was duly and regularly adopted and passed by the Board of Directors of Sacramento Suburban Water District at a regular meeting hereof held on the 15th day of March 2010.

(SEAL)

By: _____
Robert S. Roscoe, P.E.
General Manager/Secretary
Sacramento Suburban Water District

Regulation No. 7 Service Connections

Adopted: July 19, 2004

Amended: ~~October 16, 2006; December 18, 2006;~~
December 17, 2007; January 28, 2008; November 17, 2008; December 21, 2009;
March XX, 2010

Requirements for New or Additional Service Connection

Water Service from Sacramento Suburban Water District is not transferable or assignable and is subject to full compliance with the District's Regulations Governing Water Service, including the following terms and conditions:

A. Service Connections

No New Service shall be connected to the District Water System unless there exists a District water main in a street or right-of-way fronting an Applicant's property accessible to the proposed location of the Applicant's service. The District main shall have Adequate and Reserve Capacity and pressure to provide safe and reliable water service for domestic and fire protection use as solely and conclusively determined by the District. The District, in determining the adequacy of the existing facilities, will take into consideration all factors such as the water requirements of the project to be served by a new connection, the flows required for fire protection, and whether the use of the water will significantly impair service to existing Customers. If the District determines that the New Service will not be connected into the District Water System unless the Applicant provides such adequate extensions or additions as may be necessary in accordance with District regulations, Master Plan and technical specifications, then the District shall determine the location, capacity, and design of such extensions or additions and provide its determination to the Applicant. In making this determination, the District may consider all factors, including but not limited to, anticipated future land uses, water requirements, the desirability of looping water mains to increase reliability and adequacy of service, required flows needed for fire protection, and the long range plans for capital improvements of the District Water System. The District's determination will be conclusive on the Applicant.

B. No Prior Service

1. Adequate Main Abuts Applicant's Parcel

Service will be connected provided the following conditions are fulfilled:

- (a) The Parcel to be served is within the District's geographical boundaries or is annexed to the District in accordance with an order of the Sacramento County Local Agency Formation Commission (LAFCO);
- (b) The Applicant's Parcel is or has been made subject to applicable bonded indebtedness of the District, if any;
- (c) The District possesses adequate water supply to serve the Applicant's requested needs;
- (d) A District water main of Adequate and Reserve Capacity exists in a public right-of-way fronting the Principal Boundary or Principal Boundaries of the Applicant's Parcel, where the public right-of-way is less than 80 feet wide. For public rights-of-way 80 feet or wider, a water main of Adequate and Reserve Capacity shall exist fronting the Applicant's Principal Boundary from within the area measured from the centerline of the public right-of-way to the Applicant's property line contiguous to the public right-of-way.
- (e) An Application for Water Service has been filed with the District in compliance with Section D, hereof.

2. No Adequate Main Abuts Applicant's Parcel

Service will be connected provided the following conditions are fulfilled:

- (a) The Parcel to be served is within the District's geographical boundaries or is annexed to the District in accordance with an order of LAFCO;
- (b) The Applicant's Parcel is or has been made subject to applicable bonded indebtedness of the District, if any;
- (c) The District possesses adequate water supply to serve the Applicant's requested needs;
- (d) The Applicant will provide a main of Adequate and Reserve Capacity at his/her own cost and expense, which main shall be constructed in a public right-of-way fronting the entire frontage of the Applicant's Parcel. Should the Applicant's Parcel front two or more rights-of-way, the Applicant shall be required to install the main along the Parcel's Principal Boundary as designated in the District's Master Plan as the right-of-way necessary to provide for future extension of the District's capabilities and facilities. Should the Applicant be required to service the Parcel from a right-of-way other than the principal right-of-way (service shall also mean fire service if required by the applicable fire agency), then the Applicant shall be required to install water mains of Adequate and Reserve Capacity along

both the principal and the service frontage. All provisions for main extensions shall be in accordance with applicable District Regulations, Master Plans, Plans and Specifications.

C. Prior Service

1. A Parcel to which service has been discontinued will be re-connected upon the filing of a new application together with the payment of all fees and the upgrade of all District facilities affected by the re-connection as required by District Regulations.
2. If any one of the following, but not limited to, conditions exists on an Applicant's Parcel, the District will require an upgrade of the existing service before reconnection to the District Water System will be permitted:
 - (a) An improvement on the Parcel requires an increase in water pressure or quantity. The District's increase of water pressure or quantity determination shall be based on the quantity of added water use facilities to be installed as a result of the improvement. The Applicant's engineer shall submit to the District a record of all the plumbing fixtures and flows required to serve all existing and proposed improvements on the Applicant's Parcel. Based on this information, the District shall determine, if the existing service is adequate to serve the Premises. The District shall use AWWA Standards to determine the adequacy of all services and the consequent need for upgrades.
 - (b) An improvement on the Parcel requires increased water pressure or quantity in order to satisfy ISO Fire Suppression Standards as more specifically described in Regulation No. 9, Section O, hereof.
 - (c) An improvement changes a multiple unit Premises from master-metered to individually-metered units.
3. In those cases when service has not been interrupted but the Parcel has been improved, the provisions and requirements of Regulations Nos. 7 and 9 hereof shall apply if any one of the conditions described above in subparagraph 2 exists.

D. Application for Service

1. The District will not provide or continue service to any Parcel unless the present Landowner has filed an Application for Water Service with the District.
2. Application for service shall be made in writing on forms provided by the District and signed by the Landowner.

3. Applications shall be supported by plat maps and a legal description of the Parcel, and a project description that includes construction type and number of living units, plan of water distribution, project approval by the appropriate fire service district, the planned service date, the name and billing address of the Landowner, the domestic water requirements in gallons per minute, and the total fire-flow requirements, as well as the location of existing and/or proposed fire hydrants to meet applicable fire-flow requirements.
4. The failure of an Applicant to request the connection of his or her Parcel to the District Water System within one year of the District's Plan Approval shall automatically terminate the application and entitle the Applicant to the return of all fees paid except the plan check fee, annexation fee, and any permit fees as described in Subsection G hereof. A request for refunding of fees shall be made in writing to the District.
5. The Applicant must deposit with the District, on or before the Plan Approval date, an amount equal to the cost of all Extension Facilities proposed to be constructed, together with all service charges, fees, and Facilities Development Charges in effect on the date of the Final Approval.
6. Any decision by the District's staff concerning an application for service is appealable to the District Board of Directors or the Board's Facilities and Operations Committee. An Applicant's appeal must comply with the applicable requirements provided in Regulation 17, Procedures for Variance Application.

E. Water Main Sizes

1. The size of water mains to be installed in accordance with this Regulation 7 shall be in compliance with the provisions of Regulation 9, Sections N and O hereof.
2. Whenever Extension Facilities are required to be installed in accordance with this Regulation 7, the District may require in accordance with its approved Master Plan and for the purposes of public convenience, necessity, and safety, the installation of a main line larger than the size required to serve the Applicant's Parcel or Parcels ("Service Connection"). Whenever the District requires the installation of such an Up-Sized Line, the line shall be designed in accordance with one of the following procedures at the District's option:
 - (a) An Applicant, with approval from the District, shall have his or her engineer design the upsized line. The Applicant shall competitively bid and in accordance with the lowest responsive and responsible bid, construct the extension facility in accordance with the following conditions:

- (1) The Applicant's engineer will prepare a spreadsheet detailing the Applicant's cost of installation of the line size required in accordance with provisions of Regulation 9, Sections N and O.
 - (2) The Applicant's engineer will prepare a spreadsheet detailing the cost of the installation of the Up-Sized Line.
 - (3) The Applicant's engineer shall design plans and specifications for both the main size required in accordance with District Regulations and the Up-Sized Line. The design of the water mains shall be according to District Standards with plan review, revisions, and Plan Approval by District staff.
 - (4) The District shall pay to the Applicant, when the job is completed and accepted by the District, the difference in cost between the cost of the Up-Sized Line based on the lowest responsive and responsible bid and the cost of the installation of the line of the size required to adequately serve his or her Parcel, based on the average of the three lowest responsive and responsible bids. The District shall pay for the Up-Sized-Line in accordance with Regulation 9, Sections J and L.
 - (5) The Applicant shall pay to the contractor the full cost of the main installed.
 - (6) The Applicant shall pay all of the District's fees, charges and costs as related to the installation of the water main.
 - (7) The Applicant shall comply with all regulations of the District and any amendments adopted from time to time by the Board of Directors.
- (b) The District shall design plans and call for separate bidding to construct the Extension Facilities as follows:
- (1) District staff will prepare spreadsheets detailing the cost of installing the line size required in accordance with provisions of Regulation 9, Sections N and O.
 - (2) District staff will prepare spreadsheets detailing the cost of installing the Up-Sized Line.
 - (3) The Applicant shall pay to the District the full cost of the installation of the line of the size required to adequately serve his or her Parcel, based on the average of the three lowest responsive and responsible bids, and the District will pay the difference for the

cost of the Up-Sized Line as contained in those bids. Applicant's payment to the District shall be no later than 30 calendar days after the District has awarded the project.

- (4) The Applicant shall comply with all rules and regulations of the District and any amendments adopted from time to time by the Board of Directors.

F. District Final Plan Approval

The date of the District's final Plan Approval is defined as that date when the District shall, after receipt of all applicable fees, charges, applications and grants of easements, date and sign the Applicant's plans as approved for construction, or where no Extension Facilities are required, on that date when the District shall, after receipt of all applicable fees, charges, application and grants of easements, approve and date the said application. Should Applicant not obtain District's approval of his or her plans, the Applicant shall not be allowed to connect to any District facilities until he or she has obtained final Plan Approval.

G. Expired Plans/Un-Built Projects

If construction of the required extension has not begun on the one-year anniversary date of Plan Approval or the District receives a written statement from an Applicant that the project will not be built, the District shall deem the plans void. The District will refund collected fees upon the Applicant's written request, except for plan review, hydrant permit, construction water, annexation, and fire hydrant flow test fees. Should an Applicant resubmit plans for approval, the District will review the plans in accordance with this Regulation 7 and Regulation 9. New and/or additional fees will be calculated and assessed for review of resubmitted plans. New Plan Approval shall be per Section F hereof.

H. Charges for New or Improved Service Connections

1. Plan Check Fee

A charge shall be assessed by the District for the review of the Applicant's construction plans for new or improved water service. The charge will be assessed at the rate of \$90.00 per hour for each District employee assigned to the review. In addition, the District may charge staff time or consultant fees at cost for any additional services required as part of the review, including but not limited to, hydraulic analyses, site verification, and research. The District shall estimate the cost of reviewing such plans and notify the Applicant of the estimated costs for the services required. The Applicant shall deposit with the District the estimated plan check costs as a condition precedent to plan review. In the event that the actual cost exceeds the amount deposited, the Applicant shall pay the excess

