

CAMBRIA COMMUNITY SERVICES DISTRICT

TO: Board of Directors

AGENDA NO. **6.A**

FROM: Jerry Gruber, General Manager
Rudy Hernandez, Finance Manager

Meeting Date: April 19, 2018 Subject: DISCUSSION AND CONSIDERATION
TO FIX WATER AND WASTEWATER
STANDBY OR AVAILABILITY
CHARGES AS PROVIDED IN
GOVERNMENT CODE §61124(b) AND
CONSIDERATION OF ADOPTION OF
RESOLUTION 08-2018 FIXING WATER
AND WASTEWATER STANDBY OR
AVAILABILITY CHARGES FOR FISCAL
YEAR 2018/2019

RECOMMENDATION:

1. Receive staff report and review the Financial Report on Water and Wastewater Standby or Availability Charges.
2. Open Public Hearing.
3. Take Public Testimony.
4. Close Public Hearing.
5. Discussion.
6. Make appropriate findings and adopt Resolution 08-2018 establishing water and wastewater standby or availability charges for Fiscal Year 2018/2019.

FISCAL IMPACT:

<u>Standby/Availability Charge</u>	<u>Estimated Revenue for FY 2018/2019</u>
Water	\$ 178,000
Wastewater	\$ 119,000

DISCUSSION:

Attached is a Financial Report and proposed Resolution No. 08-2018 for review and adoption after the public hearing is held. Resolution 08-2018 establishes the Water and Wastewater Standby or Availability Charges for FY 2018/19 and directs staff to notify the affected property owners. Action to confirm the charges and authorize collection on the tax roll will take place after a noticed public hearing on May 24, 2018.

Attachments: Water and Wastewater Standby or Availability Charges Financial Report
Resolution 08-2018 Confirming CCSD Water and Wastewater Standby or
Availability Charges

BOARD ACTION: Date _____ Approved: _____ Denied: _____

UNANIMOUS: ___ RICE ___ BAHRINGER ___ FARMER ___ WHARTON ___ PIERSON ___

Water and Wastewater Standby or Availability Charges

Financial Report

Legislative Background

State Government Code § 61124 allows the Cambria Community Services (CCSD) to annually levy a maximum of \$45 water standby or availability charges per acre of land within the CCSD, and a maximum of \$30 wastewater standby or availability charges per acre within the CCSD. The CCSD has determined that the following fee schedule is consistent with the legal standard that the fee not be discriminatory or excessive and does not exceed the reasonable cost of the proportional benefit received by each parcel from the improvements funded by the fees:

Water Standby or Availability Charges

- a. For all parcels of one (1) acre or less: \$45.00
- b. For all un-subdivided land of more than one (1) acre:
\$45.00 plus \$1.35 per acre over one acre.
- c. For all subdivided land of more than one (1) acre:
 - (1) For the first ten (10) acres, \$45.00 per acre.
 - (2) For all such land over the first ten (10) acres, \$1.35 per acre.

Wastewater Standby or Availability Charges

- a. For all parcels of one (1) acre or less: \$30.00
- b. For all un-subdivided land of more than one (1) acre:
\$30.00 plus \$0.90 per acre over one (1) acre.
- c. For all subdivided land of more than one (1) acre:
 - (1) For the first ten (10) acres: \$30.00 per acre.
 - (2) For all such land over the first ten (10) acres: \$0.90 per acre.

These charges do not exceed what the CCSD was charging in November 1996. Therefore, the imposition of the fees is exempt from the requirements of Proposition 218.

Estimated revenues from these sources during the CCSD's Fiscal Year 2018/2019 are as follows:

➤ Water	\$ 178,000
➤ Wastewater	\$ 119,000

The revenue projections are based on charging all improved property owners within the CCSD and all unimproved property owners with positions.

CCSD Policy Summary

In 1987 Government Code §61765.12 did not restrict the use of the standby/availability charges, but Proposition 218 indicates they must be used for “the capital costs or maintenance and operation expenses for sidewalks, streets, sewers, water, flood control, drainage systems or vector control.” (California Constitution, Article XIII D, § 4.) In 1990, the Board established a policy whereby the standby and availability charges help fund the CCSD’s Capital Improvement Program (CIP). On January 19, 2012, the Board amended this policy so that “Water and Wastewater Standby or Availability revenue is to be spent on maintaining, repairing and/or improving the respective Fund’s infrastructure. Specifically, these funds shall be spent on CIP, Major Maintenance or Capital Outlay Projects.”

FY 2016/17 Actual and FY 2017/18 Projected Revenues & Expenditures

A summary follows of FY 2016/17 actual and 2017/18 projected Water and Wastewater revenues and expenditures for CIP, Major Maintenance or Capital Outlay projects.

As indicated, standby or availability revenue is needed to finance the maintenance and improvements of the Funds’ infrastructure, particularly since connection fee revenue declined sharply due to the implementation of the Water Code 350 Water Moratorium in 2001 and has been virtually non-existent in the most recent years.

Eliminating the standby and availability charges would eliminate a critical source of funding for infrastructure projects.

Fiscal Year 2016/17 infrastructure funding sources and expenditures were as follows:

	WATER FUND	WASTEWATER FUND
Standby Availability Revenue	\$177,100	\$115,159
Revenue from Operations	\$469,036	\$231,770
Transfer from Reserves	- 0 -	- 0 -
Connection Fee Revenue	- 0 -	- 0 -
Total Funding Sources	\$646,136	\$346,929
Infrastructure Expenditures	\$646,136	\$346,929
Transfer to Reserves	- 0 -	- 0 -

*Represents sum of Capital/Capital Outlay and Major Maintenance Projects

Fiscal Year 2017/18 estimated infrastructure funding sources and expenditures are as follows:

	WATER FUND	WASTEWATER FUND
Standby Availability Revenue	\$178,000	\$119,000
Revenue from Operations	- 0 -	\$ 31,000
Transfer from Reserves	- 0 -	- 0 -
Connection Fee Revenue	\$20,000	- 0 -
Total Funding Sources	\$198,000	\$150,000
Infrastructure Expenditures	\$150,000	\$150,000
Transfer to Reserves	- 0 -	- 0 -

*Represents sum of Capital/Capital Outlay and Major Maintenance Projects

The CCSD has identified a few priority Water and Wastewater CIP, Major Maintenance and Capital Outlay Projects, including:

- Effluent Screens
- Water Distribution System Improvements and Upgrades
- Stuart Street Tank Replacement

The proposed project list underscores the importance of having the maximum standby and availability charges in place. Failure to do so further restricts an already slim revenue stream and may result in the inability of the CCSD to support current and future debt service associated with capital projects and/or limits the CCSD's ability to obtain long term financing of its projects in addition to being unable to fund infrastructure maintenance and improvements.

Failure to adopt Resolution 08-2018 will result in an estimated reduction of \$178,000 in Water Enterprise revenues and \$119,000 in Wastewater Enterprise revenues for Fiscal Year 2018/19.