



ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7

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**ORIGINATING SECTION:** Administrative Services

**CONTACT:** Osborn Solitei

**AGENDA DATE:** October 21, 2020

**SUBJECT:** Proposed Calendar Year 2021 Municipal & Industrial Water Connection Fees

**BACKGROUND:**

- The proposed action is in support of Strategic Plan Goal G – Fiscal Responsibility: Operate the Agency in a fiscally responsible manner. In carrying out these fiscal responsibilities, the Agency sets rates and fees to recover cost of service.
- Zone 7 established the Municipal & Industrial (M&I) Connection Fee Program in 1972 to assess water connection fees to new development in order to fund water system expansion projects required to serve additional water demands from new development.
- The last comprehensive connection fee study was performed in FY 2016-17 by a financial consulting firm, NBS. This was a comprehensive update that documents the findings that the fees are compliance with the State of California Mitigation Fee Act (Government Code 66000, *et seq.*). This study developed fees that are intended to assure that development pays its own way. Since that time, fees have been adjusted annually by an inflationary index, consistent with the recommendation of the study and past Board actions.
- The Board resolved with the adoption of the 2002 Connection Fee (Resolution No. 02-2450), that the basic fee be updated annually based on the Engineering News Record Construction Cost Index (ENR CCI), or as warranted to keep current with current plans and projections based on periodic reviews. In 2013, the Board adopted Resolution No. 14-4316 which changed the maximum update interval for comprehensively evaluating the connection fee from every three years to every five years. The next study would be anticipated no later than 2022, based on the five-year interval. Based on the recent 2019 Water Supply Evaluation Update and preliminary review of the CIP update, the overall mix of projects required to serve additional water demands from new development will be similar to those included in the 2017 NBS study. Information from the 2020 Tri-Valley Demand Study and the 2020 Urban Water Management Plan Update will inform the next Connection Fee update.

**DISCUSSION:**

At the September 21, 2020 Finance Committee meeting, staff presented proposed increases to the CY 2021 fees based on the change in the ENR CCI from September 2019 to September 2020 or 1.7%. The fees per Dwelling Unit Equivalent (standard 5/8" meter) are shown in table below:

	<b>Current Fee</b>	<b>New Fee</b>
Alameda County (per Dwelling Unit Equivalent)	\$29,440	\$29,930
Dougherty Valley (per Dwelling Unit Equivalent)	\$28,250	\$28,720

The Finance Committee recommended not to increase the fees for CY 2021 due to the financial impacts of the COVID-19 pandemic and Shelter in Place orders on development. The committee conveyed their concerns about some of the projects identified in the connection fee study have been delayed and thought that this will be an opportunity for the Agency to be a partner in the community in getting the economy moving again. Based on the Finance Committee recommendation not to increase the fees, the fees per Dwelling Unit Equivalent (standard 5/8" meter) will remain the same as CY 2020 as shown in table below:

	<b>Proposed Fees Effective January 1, 2021</b>
Alameda County (per Dwelling Unit Equivalent)	\$29,440
Dougherty Valley (per Dwelling Unit Equivalent)	\$28,250

While staff has been advised by DSRSD that no more connections should be expected from the Dougherty Valley Service area, staff recommends continuing to set the fee as a matter of course.

**Connection Fee Survey:**

The table below shows a connection fee survey of other water agencies. All of the agencies surveyed review connections on regular intervals ranging from every 3 to 10 years and update the fees annually for inflation based on the ENR CCI.

<b>Agency</b>	<b>Meter Size</b>	<b>Fee<sup>1</sup></b>
Alameda County Water District	3/4"	\$7,358
Contra Costa Water District	5/8"	\$21,398
East Bay Municipal Utility District - Zone 3 <sup>1</sup>	3/4"	\$43,140
Marin Municipal Water District	per AF of estimated demand	\$36,296
San Francisco Public Utilities Commission	5/8"	\$1,906
Zone 7 Water Agency	5/8"	\$29,440

<sup>1</sup>Adjustments based on inflation

<sup>2</sup>EBMUD Zone 3 includes the cities of Danville and San Ramon

**FUNDING:**

Water connection fee revenue accrues to Fund 130 – Water Enterprise Capital Expansion

**RECOMMENDED ACTION:**

Adopt the attached resolution adopting the Municipal & Industrial Water Connection Fees for Calendar Year 2021.

ZONE 7  
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY  
SECONDED BY

**2021 Municipal and Industrial (M&I) Connection Fees**

WHEREAS, the proposed action is in support of Strategic Plan Goal G – Fiscal Responsibility: Operate the Agency in a fiscally responsible manner. In carrying out these fiscal responsibilities, the Agency sets rates and fees to recover cost of service; and

WHEREAS, a Water Connection Fee Program for Zone 7 of the Alameda County Flood Control and Water Conservation District was adopted by District Ordinance No. FC 72-1 on January 18, 1972 and was subsequently amended by Ordinances Nos. FC 77-2, FC 86-136, and FC 0-91-68; and

WHEREAS, said Ordinance provides that the water connection fee is subject to periodic review and modification at the discretion of the Board of Directors of Zone 7; and the Board resolved with the 2002 amended connection fee (Resolution No. 02-2450) that the basic fee be updated, at a minimum, based on the Engineering News Record Construction Cost Index (ENR CCI), or other appropriate index on a yearly basis or as otherwise warranted, to keep current with inflation; and

WHEREAS, in 2013, the Board adopted Resolution No. 14-4316 requiring that the connection fee program be comprehensively reevaluated every five years or sooner as needed; and

WHEREAS, in 2017, a comprehensive evaluation of the connection fee program (FY 2016/17 M&I Connection Fee Program Update Report) was completed and adopted by the Board on February 15, 2017 (Resolution No. 17-06). The update recommended that Zone 7 continue the practice of adjusting the fees annually based on ENR CCI to keep pace with inflation; and

WHEREAS, due the financial impacts of the COVID-19 on the community, the Board recommends not to increase the Calendar Year 2021 Municipal and Industrial Connection Fees; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 set the basic fee for a standard 5/8-inch meter within the Alameda County Service Area to \$29,440 and to \$28,250 within the Dougherty Valley Service Area. For meter types larger than a 5/8-inch basic meter, the basic charge shall be multiplied by a fee factor as described in Ordinance No. FC 0-91-68.

BE IT FURTHER RESOLVED that said basic fee as amended herein shall become effective January 1, 2021 and remain in effect until such time as the Board establishes a new basic fee for Zone 7.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on October 21, 2020.

By: \_\_\_\_\_  
President, Board of Directors