

**MEMORANDUM  
DEPARTMENT OF FACILITY SERVICES  
COUNTY OF PLACER**

To: **BOARD OF SUPERVISORS**

Date: **MAY 7, 2013**

From: **JAMES DURFEE / BILL ZIMMERMAN**

Subject: **SEWER MAINTENANCE DISTRICT 1 & APPLGATE SEWER MAINTENANCE AND OPERATIONS FEE INCREASE**

**ACTION REQUESTED / RECOMMENDATION:**

1. Conduct a Public Hearing to receive comments and consider protests regarding increasing the monthly maintenance and operation (M&O) fee in Sewer Maintenance District 1 (SMD 1) and County Service Area 28 Zone 24 (Applegate CSA) from \$82.00 to \$95.78 per Equivalent Dwelling Unit (EDU) to finance the Mid-Western Placer Regional Sewer Project (Regional Project).
2. Adopt an Ordinance adjusting M&O fees included in Section 13.12.350 of the Placer County Code.
3. Make a finding pursuant to Section 21080(b)(8) of the Public Resource Code, that the higher fees are derived directly from the cost of providing service and are necessary to meet operating expenses required for maintenance of service, and are therefore exempt from environmental review.
4. Direct staff to assess monthly M&O fees of \$95.78 per EDU in SMD 1 and the Applegate CSA in order to finance the Regional Project exclusively through user fees.

**BACKGROUND:** SMD 1 provides sewer service to approximately 7,859 EDUs in the North Auburn area. Additionally, the Applegate CSA provides sewer service to 38 EDUs in the Applegate community. With the completion of the Applegate Regional Sewer Project, wastewater from the Applegate CSA is now conveyed to SMD 1 for treatment. Ultimately, staff intends to return to your Board with a request to annex the Applegate CSA into SMD 1.

On March 13, 2012, your Board directed staff to pursue the City of Lincoln's (Lincoln) offer to complete the Regional Project to provide long term regulatory compliance for SMD 1. The County has obtained extended term, low interest financing through the Clean Water State Revolving Fund (SRF) to finance the Regional Project. In order to provide funds for the loan repayment, staff is requesting that your Board increase the monthly M&O fees for SMD 1 and the Applegate CSA from the current \$82.00 to \$95.78 per EDU. This increase sets a ceiling on the fees that your Board can assess to SMD 1 and Applegate CSA customers, and provides assurance to the SRF that an adequate funding source is available for debt repayment based on current cost estimates for the Regional Project. A comparison of monthly M&O fees for nearby sewer districts is provided in Exhibit A. Your Board may choose to reduce a portion of the Regional Project costs with outside funding and assess a lower monthly fee. Examples of different funding scenarios are provided in Exhibit B. Absent a commitment of outside funding for the Regional Project, staff requests your Board provide direction to assess the full monthly M&O fee of \$95.78.

As required by Proposition 218, a letter noticing this Public Hearing was mailed to each property owner paying M&O fees. These notices explained the need for the increases and described how to submit an official protest letter. In accordance with the provisions of Proposition 218, if a majority of EDUs submit written protests the proposed fee increases will not take effect. Protest letters will be counted by district; the thresholds for a valid protest are 3,930 EDUs in SMD 1 and 20 EDUs in the Applegate CSA. The Clerk of the Board has been the caretaker of all protest letters and will provide a report detailing the number of valid protests received by district. Staff also presented information concerning the fee increase at meetings of the North Auburn, Weimar/Applegate/Colfax and Meadow Vista Municipal Advisory Councils. The proposed fee increase and this Public Hearing

were noticed in newspapers of general circulation, as required by law. If approved, the fee increase will take effect July 1, 2013.

**ENVIRONMENTAL CLEARANCE:** The proposed fee increases are considered exempt from environmental review, pursuant to Section 21080(b)(8) of the Public Resource Code, provided your Board makes the finding that the fees are derived directly from the cost of providing service and are necessary to meet operating expenses required for maintenance of service.

**FISCAL IMPACT:** Adoption of the attached Ordinance will increase the monthly M&O fee in SMD 1 and the Applegate CSA from \$82.00 to \$95.78 per EDU. This increase will provide adequate funding for the Regional Project.

JD/BZ/LM

CC: COUNTY EXECUTIVE OFFICE

ATTACHMENT: ORDINANCE  
EXHIBIT A – MONTHLY M&O FEE COMPARISON  
EXHIBIT B – OUTSIDE FUNDING EXAMPLES

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**BEFORE THE BOARD OF SUPERVISORS  
COUNTY OF PLACER, STATE OF CALIFORNIA**

**In the matter of:** AN ORDINANCE AMENDING  
SECTION 13.12.350 A and G OF CHAPTER 13  
OF THE PLACER COUNTY CODE RELATING TO  
CHARGES AND FEES FOR PLACER COUNTY  
SEWER MAINTENANCE DISTRICTS AND  
COUNTY SERVICE AREAS

Ord. No. \_\_\_\_\_  
First Reading \_\_\_\_\_

The following **Ordinance** was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held, \_\_\_\_\_ by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

\_\_\_\_\_  
Chair, Board of Supervisors

Attest:  
Clerk of the Board

\_\_\_\_\_  
Ann Holman

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**THE BOARD OF SUPERVISORS OF THE COUNTY OF PLACER, STATE OF CALIFORNIA, DOES HEREBY ORDAIN THAT:**

Section 1: Section 13.12.350 A and G of Chapter 13 of the Placer County Code is hereby amended to read as follows:

**13.12.350 Fee schedules.**

- A. Sewer Maintenance District No. 1. The following schedule of charges and fees shall apply to property within Placer County sewer maintenance district No. 1 and

are based upon a flow rate of one equivalent dwelling unit (EDU). Calculation of a charge and fee for a use that is billed at a rate other than one equivalent dwelling unit shall be based upon the schedules set forth in subsections E and F of Section 13.12.240.

Sewer service charge	= <del>\$82.00</del> <b>\$95.78</b> per month per EDU.
Annexation fee	= \$6,344.00 per acre.
Sewer connection fee	= \$8,057.00 per EDU.

- G. County Service Area No. 28, Zone No. 24 (Applegate). The following schedule of charges and fees shall apply to property within county service area No. 28, Zone 24 and are based upon a flow rate of one equivalent dwelling unit (EDU). Calculation of a charge and fee for a use that is billed at a rate other than one equivalent dwelling unit shall be based upon the schedule set forth in subsection E and F of Section 13.12.240.

Sewer service charge	= <del>\$82.00</del> <b>\$95.78</b> per month per EDU.
Sewer connection fee	= \$1,500.00 per EDU.

### Attachment A – Monthly M&O Fee Comparison

Agency	Sewer M&O Fee per month per EDU
South Placer MUD	\$ 28.00
Roseville	\$ 29.85
Lincoln	\$ 32.08
Dry Creek Sewer CSA – Morgan Creek	\$ 38.64
SMD 2 - Granite Bay	\$ 48.12
Auburn <sup>(1)</sup>	\$ 60.50
Penn Valley (Nevada County)	\$ 82.92
Sheridan Sewer CSA	\$ 89.12
<b>SMD 1 (North Auburn)/APPLEGATE SEWER CSA(Proposed)</b>	<b>\$ 95.78</b>
Lake of the Pines (Nevada County)	\$ 98.75
Colfax	\$ 108.66
SMD 3 - Auburn-Folsom/Horseshoe Bar	\$ 111.72
Serene Lakes	\$ 120.67
Placerville (El Dorado)	\$ 149.64
Cascade Shores (Nevada County)	\$ 203.75

(1) Auburn charges approximately \$13/mo/EDU/Lift Station for parcels served by 1 or 2 sewer lift stations.

## Attachment B – Outside Funding Scenarios

### Scenario 1

Outside Funding Equivalent to Placer County's Federal Grant Funding Applied to Other Regionalization Projects

Monthly M&O Rate	Monthly M&O Rate Reduction	Annual Contribution 30 Years	One Time Contribution
\$ 92.46	\$ 3.32	\$ 316,937	\$ 7,400,000

### Scenario 2

Outside Funding to Reduce Monthly M&O Rate to \$89.50/EDU

Monthly M&O Rate	Monthly M&O Rate Reduction	Annual Contribution 30 Years	One Time Contribution
\$ 89.50	\$6.28	\$ 599,112	\$ 13,988,380

Additional SMD 1 scenarios can be estimated by reducing the monthly M&O by \$1.05 per each \$100,000 of annual outside funding.