

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

To: **BOARD OF SUPERVISORS**

Date: **MAY 3, 2011**

From: **JAMES DURFEE / WILL DICKINSON**

Subject: **SHERIDAN SEWER AND WATER CONNECTION FEE INCREASES**

ACTION REQUESTED / RECOMMENDATION:

1. Conduct a Public Hearing to receive public comments concerning proposed adjustments to sewer and water connection fees for County Service Area 28, Zone 6 (Sheridan) as described in the attached Ordinance.
2. Adopt the attached Ordinance adjusting the connection fees.
3. Make a finding pursuant to Section 21080(b)(8) of the Public Resource Code that the higher connection 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.

BACKGROUND: County Service Area 28, Zone 6 was established to provide sewer, water and lighting to the Sheridan community. In 1985, County staff determined that the Sheridan sewer and water systems had reached their capacity; therefore, no new connections have been allowed for the past twenty-six years. Because there was no opportunity to connect, Sheridan sewer and water connection fees were not adjusted for inflation and have remained at \$1,700 per Equivalent Dwelling Unit (EDU) for each service (\$3,400 total) since 1981.

Over the past five years the County has completed two construction projects to bring the sewer system into regulatory compliance, improve operational efficiency and provide for approximately 84 EDUs of additional capacity. These projects have been funded through a combination of grants, developer fees and General Fund monies, and include: 1) construction of a lined sewer storage pond in FY 2006/07; and 2) purchase of property and expansion of the sewer spray irrigation fields in FY 2010/11. Because of these projects, it is now possible to allow new sewer connections in Sheridan; however, most customers will also need to connect to the water system in order to develop their property. Staff expects to complete the Sheridan Water Supply and Distribution Project in calendar year 2012, which will provide service for at least 84 EDUs of water. In the meantime, Staff is confident that the water system can handle 5-10 new water connections, depending on their location within the system, without adversely affecting water delivery to current customers.

Before moving forward with accepting new connections, Staff intends to canvass the community to find out how much demand exists for hookup within the next year. Our engineers and operators will evaluate our ability to serve specific locations and provide service to as many new customers as possible during this interim period and into the future.

In order to generate revenue for future capacity expansions, staff recommends updating sewer and water connection fees to reflect the current cost of constructing capacity, as calculated in Exhibit A and discussed below.

Sewer Connection Fee - \$5,549/EDU: The proposed sewer connection fee was calculated by dividing the net cost¹ of constructing sewer capacity for new customers by the 84 new EDUs added.

Water Connection Fee - \$3,717/EDU: The water supply improvement project is still in the design stage, so actual construction costs and the breakdown between compliance and future capacity are not known. Accordingly, the proposed water connection fee was calculated by dividing the net estimated project cost (subtracting out grant funding) by 300 total post-project EDUs (216 existing + 84 new). Staff may return to your Board to further adjust the water connection fee after construction of the project is complete and the actual costs and capacity are known.

Staff presented information on the proposed connection fee increase to the Sheridan MAC on April 13, 2011. The MAC supported the proposed connection fee adjustments and recommended that your Board approve the fees.

Connection fees for other local districts are shown in Exhibit B for comparative purposes.

ENVIRONMENTAL CLEARANCE: Pursuant to Section 21080(b)(8) of the Public Resource Code, the proposed connection fee adjustments are considered exempt from environmental review provided your Board adopts findings at the time the connection fees are approved that the fees are derived directly from the cost of providing service.

FISCAL IMPACT: Revenue collected from the increase in sewer and water connection fees will be placed in Enterprise Fund reserves to pay for future expansion of capacity in Sheridan. Over time, \$466,116 (in 2011 dollars) could be added to Sheridan Sewer reserves; \$312,228 to Sheridan Water reserves.

JD:WD:KK:LM

ATTACHMENTS: EXHIBIT A – DERIVATION OF FEES
EXHIBIT B – FEE COMPARISON
ORDINANCE

CC: COUNTY EXECUTIVE OFFICE

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¹ Net cost = total cost – grant funds used – compliance and efficiency improvements.

Sheridan Water and Sewer Connection Fees

	Sewer Pond	Sewer Sprayfield	Total Sewer	Water System
project cost	\$ 1,129,389	\$ 2,400,000	\$ 3,529,389	\$ 1,500,000
grant funds	\$ 600,000	\$ 1,840,000	\$ 2,440,000	\$ 385,000
net project cost	\$ 529,389	\$ 560,000	\$ 1,089,389	\$ 1,115,000
efficiency/compliance costs	\$ 135,527	\$ 288,000	\$ 423,527	
net capacity cost	\$ 393,862	\$ 272,000	\$ 665,862	\$ 1,115,000
current EDUs served	216	216	216	216
future EDUs served	300	300	300	300
capacity for future customers	70%	70%	70%	28%
cost to future customers	\$ 275,704	\$ 190,400	\$ 466,104	\$ 312,200
connection fee / EDU	\$ 3,282	\$ 2,267	\$ 5,549	\$ 3,717

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Agency	Sewer Connection Fee/EDU	Water Connection Fee/EDU
<i>Sheridan (proposed)</i>	\$ 5,549	\$ 3,717
City of Roseville	\$ 6,559	\$ 6,175
City of Lincoln	\$ 8,455	\$ 5,732
Sewer Maintenance District 1	\$ 7,512	
Sewer Maintenance District 2	\$ 7,981	
Nevada Irrigation District		\$10,727
Placer County Water Agency		\$16,000

Before the Board of Supervisors County of Placer, State of California

**In the matter of: An Ordinance Amending
Subsection (E) of Section 13.12.350,
of Chapter 13 of the Placer County Code
Relating to Sewer and Water Connection Fees
for County Service Area 28, Zone 6 - Sheridan**

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 _____, 2011, by the following vote
on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Robert Weygandt, Chair
Board of Supervisors

Attest:

Ann Holman
Clerk of said Board

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

Section 1: Subsection (E) of Section 13.12.350 Fee Schedules, of Chapter 13 of the
Placer County Code is hereby amended to read as follows:

- E. County Service Area 28, Zone 6 (Sheridan). The following schedule of charges and fees shall apply to property within county service area No. 28, Zone 6 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 subsections E and F of Section 13.12.240.

Sewer service charge	= \$64.58 per month per EDU.
Effective July 1, 2010	= \$77.50 per month per EDU.
Effective July 1, 2011	= \$89.12 per month per EDU.
Sewer connection fee	= \$5,549.00 1,700.00 per EDU.
Water service charge	= \$38.34 per month per EDU
Effective July 1, 2010	= \$46.00 per month per EDU
Effective July 1, 2011	= \$52.91 per month per EDU
Water Connection Fee	= \$3,717.00 per EDU

Section 2: This Ordinance shall take effect and be in full force and effect sixty (60) days after its passage. The Clerk is directed to publish it within fifteen (15) days in accordance with Government Code Section 25124.