

BOARD OF DIRECTORS

Wayne Peterson
President

Gwen Pelfrey
Vice-President

Navid Fardanesh
Director

Pamela Jardini
Director

Debra Logan
Director



STAFF

Jeff Britz
General Manager

Bettina L. Mayer, P.E.
District Engineer

Laurie A. Ion
*Assistant to the GM/
Board Secretary*

Frank Sprague
Utilities Manager

Natalie Klock
Finance Officer

Bill White
Fire Chief

Melissa Johnson
Recreation Supervisor

TEMPLETON COMMUNITY SERVICES DISTRICT

P.O. BOX 780 • 420 CROCKER STREET • TEMPLETON, CA 93465 • (805) 434-4900 • FAX: (805) 434-4820

Water Capacity Fee

DATE: November 1, 2018 Update
FROM: Bettina L. Mayer, PE, District Engineer

On December 5, 2014, Ordinance 2014-4 went into effect. This ordinance contains new provisions that include a new Water Capacity Fee which applies to service to premises for which a Will Serve Commitment has been issued, but not connected before January 1, 2019. The new provisions relating to the Water Capacity Fee are contained within the Water Code Section 2.3.2 as follows:

2.3.2 Service to Premises for Which a Will Serve Commitment Has Been Issued.

- (a) If the application is for service to premises for which a will serve commitment is outstanding and effective, and the number of units of use applied for such premises do not exceed that stated in the will serve commitment, then a water service permit shall be issued for the premises upon submission of the information required in Section 2.3.1, payment of a Water Capacity Fee, payment of any other applicable charges and compliance with other District rules and regulations governing water service. The Water Capacity Fee will be established by the District Board and will be effective as of January 1, 2019. The District shall notify in writing all holders of outstanding and effective will serve commitments of the new Water Capacity Fee and its effective date. Until the effective date of the Water Capacity Fee, applications for service pursuant to this Section 2.3.2 shall not be subject to such fee. The permit issued pursuant to this Section shall not be transferable to other property. There shall be no time limit on the permit.
- (b) An applicant, who prior to the effective date of the Water Capacity Fee, applies for service but does not need actual service at such time, shall not be subject to such fee, if a water meter is installed pursuant to the provisions of the District’s Water Code prior to the effective date of the Water Capacity Fee and consents to the payment of the District’s monthly base water charge per water unit of use.
- (c) With respect to holders of will serve commitments issued in connection with projects for which County discretionary approval is necessary, the Water Capacity Fee shall not apply, if the water units of use covered by such will serve commitments are utilized for connections to the District water system by January 1, 2019; provided the District may grant the holder of any such a will serve commitment an extension(s) of up to three years if the holder demonstrates due diligence in obtaining County final approval of the project.

The Water Capacity Fee was established by Ordinance 2018-05 on October 2, 2018. Exhibit A states: The Water Capacity Fee shall be an amount equal to the Water Hook-Up Fee (in effect at the time the Water Capacity Fee is paid) less the amount the property owner paid for the water unit.

FAQs

1. Why does the District charge a Water Capacity Fee?

When the District issues a will serve commitment, the District is obligated to provide water service to its customer in an amount not to exceed that stated in the will serve commitment. At the time of the Will Serve Commitment request, a Water Hook-Up Fee is paid for each water unit of use, reserving an allocation of water supply that the District must maintain. Many water will serve letter holders have not proceeded with their projects and therefore not connected water service. Without the service connections, there has been no ongoing revenue associated with previously paid Water Hook Up Fees, and there is a growing financial liability associated with water units that have not been connected to the District water system. The Water Capacity Fee ensures that the District will have funding to maintain capacity and build the projects needed to support and serve the will serve commitments that remain outstanding.

2. What is the Water Hook Up Fee?

The Water Hook Up Fee, also referred to as the Water Impact Fee or Water Connection Fee, is the fee established for a new water unit of use and includes funding for reserved water supply capacity and capital improvement projects necessary for the water system supply and distribution systems. As of November 1, 2018, the Water Hook-Up Fee is \$36,979.

3. When will the Water Capacity Fee go into effect?

The Water Capacity Fee will go into effect on January 1, 2019. The Water Capacity Fee is due at the time of connection to the District system and establishment of a service account when the water meter is set.

4. What is the amount of the Water Capacity Fee?

The Water Capacity Fee shall be an amount equal to the Water Hook-Up Fee (in effect at the time the Water Capacity Fee is paid) less the amount the property owner paid for the water unit.

For example, a property owner originally paid \$13,453 for a water unit, and applies for water service in February 2019. The water service connection is subject to the Water Capacity Fee as stated in Section 2 .3.2(a) of the District's Water Code.

The Water Capacity Fee shall be \$23,526 ($\$36,979 - \$13,453 = \$23,526$).

5. Does the Water Capacity Fee apply to all connections?

Yes, the Water Capacity Fee will apply to each water unit that was purchased at a lower rate than the current Water Hook-Up Fee, but not connected to water service. (As of November 1, 2018, the Water Hook-Up Fee is \$36,979.) Unless prohibited by an existing agreement or provision in the Water Code, all water units where a Water Capacity Fee is paid shall be

converted to value of 575 gpd. In circumstances where a water unit cannot be converted, the Water Capacity Fee shall be prorated to the value of the subject water unit.

6. Does the Water Capacity Fee apply to riparian water units?

Yes, when the District enters into a riparian agency agreement with a landowner, the District agrees to divert, treat, and deliver all water derivative of the riparian rights, for beneficial use on that property. The units do not need to be pre-paid because the water may only be used on that property. There may be some conditions, such as in an extreme drought, where the riparian water may not be available. To provide reliability of water service, the District has developed a number of water supply sources. This investment in redundancy benefits all users and ensures that the District can meet the water demand needs of the community in times of drought or unforeseen circumstances that may limit the supply from one source.

7. Can we start water service without a project to avoid the Water Capacity Fee?

Yes, you can install a physical water meter on the parcel or enter into a Virtual Water Meter Agreement. Either of these options will allow you to connect either some or all of your water units. You will be billed the monthly minimum base rate for each water unit so connected. In this way the District can begin receiving revenues for the needed capital improvements.

8. What if I don't need all the water units originally purchased for the property?

If you do not need all the water units originally purchased, you may relinquish any extra non-riparian water units in accordance with Water Code Section 2.2.5 Refund of Hook-Up Fees.

9. What if I have a will serve letter for a project that requires discretionary approval by the County and I will not have Final County Planning approval for my project before the deadline?

The District recognizes that the County approval process can be lengthy and has provided will serve letter holders with four years from the date of the introduction of the water capacity fee to the implementation date in order to provide time for the will serve holder to obtain County Planning approval. If the will serve letter holder can demonstrate due diligence in obtaining County final approval of the project, the District may grant the will serve holder a time extension, during which time the water capacity fee shall not apply. The Board of Directors will make the final decision on any "due diligence" extension request. The District's staff anticipates recommending one-year time extensions up to a total of three years, where due diligence is shown.

Note that the District's staff generally considers "due diligence" to mean that the applicant has incurred extensive obligations or substantial expenses and has demonstrated regular effort and progress relating to the submitted project, subdivision map or modifications thereto. The Board of Directors will make the final decision on what is "due diligence" in each case.

To request an extension, the District's staff recommends that the applicant provide the following documentation supporting your asserted due diligence in pursuing final County approval for your project:

- a. Provide a letter outlining the project and the steps taken to consistently pursue the project final approval since 2014. Document the original will serve letter date, number

- of water units stated in the letter, and the project for which the will serve letter was issued.
- b. Provide a status of Environmental Review.
 - c. For project requiring sewer and water infrastructure, document District utility plan approval or document plan check review process.
 - d. Provide an explanation as to why the process has not been completed and include an anticipated schedule of the remaining steps for County final approval.
 - e. Provide owner and/or agent email and phone contact information.
 - f. Provide a title report current within 30 days of the extension request.

If you believe that other information would support your asserted due diligence, please provide that information to the District's staff with the above information.

Once your request has been submitted, staff will prepare a staff report and schedule the item for consideration at a Regular Meeting of the District's Board of Directors. Please note that information must be received no later than one week before a scheduled Board Meeting to potentially be considered at that meeting. Board Meetings are generally held the first and third Tuesday of each month. The Board of Directors will consider the evidence and make a decision. That decision is final.