

RESOLUTION NUMBER 1093

**RESOLUTION OF THE BOARD OF DIRECTORS OF
CARPINTERIA VALLEY WATER DISTRICT ADOPTING
AND ESTABLISHING A METHODOLOGY
FOR CALCULATION OF THE CAPITAL COST RECOVERY FEE**

WHEREAS, District Ordinance No. 92-1 establishes and requires payment of the Capital Cost Recovery Fee for all new and expanded service connections to the District's system; and

WHEREAS, the purpose of this fee is to reimburse the District for capital cost for facilities in existence at the time the charge is imposed and to finance facilities to be constructed in the future within the District's existing service area which are of proportional benefit to the persons or property being charged; and

WHEREAS, Ordinance No. 92-1 provides that the amount or rate of such Capital Cost Recovery Fee shall be set by the Board by resolution; and

WHEREAS, the District has studied the impacts of new and enlarged service connections on the District's existing services and facilities along with an analysis of new, improved or expanded public facilities and improvements required to maintain service for new or enlarged service connections and prepared and presented data concerning the appropriate rates and methodology for calculating the Capital Cost Recovery Fee, including the following studies:

1. "Resolution Number 687 Resolution of the Board of Directors of Carpinteria Valley Water District Adopting and Establishing a Methodology for Calculation of Capital Cost Recovery Fees" dated July 16, 1997 ("Study 1").
2. "Fire Meter Equivalents", dated May 13, 2004 ("Study 2"), which sets the relationship between new and enlarged connections and the estimated cost and value of District facilities and the relationship between water service charges and fire service charges.
3. "Capital Cost Recovery Fees", dated August 12, 2010 ("Study 3"), which describes the updated valuation of District assets; and

WHEREAS, Studies 1, 2 and 3 were available for public inspection and review ten days prior to this public hearing and notice was given in compliance with Government Code Section 66016(a); and

WHEREAS, a public hearing, noticed pursuant to Government Code Section 66016, was held at a regularly scheduled meeting of the Board; and

WHEREAS, the Board finds that the Capital Cost Recovery Fee based on rates pursuant to this Resolution shall be used to reimburse the District for construction of the public facilities and improvements described or identified in Exhibit A, attached to Studies 1 and 3, as well as the principal and interest debt service cost borne by the District to pay for the District's share of the construction of the Coastal branch of the State Water Project; and

WHEREAS, after considering Studies 1, 2 and 3, the analysis as referenced hereinabove, and the testimony received at the public hearing, the Board approves said studies, and incorporates Studies 1, 2 and 3 herein, and further finds that the cost estimates set forth in Studies 1, 2 and 3 are reasonable estimates of the costs to the District providing for new and enlarged service connections as calculated by the method applied in Studies 1, 2 and 3, and the fees expected to be generated by the Capital Cost Recovery Fee will not exceed the cost of providing such facilities, which include the District's past cost to purchase and construct facilities, and do not exceed the proportional benefit derived by the persons or property upon which the Capital Cost Recovery Fee is imposed.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Carpinteria Valley Water District as follows:

1. The following service charge components and debt obligations shall be included in the calculation of the Annual Capital Cost Recovery Fee schedule:
 - a. Accumulated annual Capital Expenditure costs borne by the basic monthly service charge component. This monthly charge component is imposed based on meter size.
 - b. Accumulated annual debt obligations for the State Water Project (SWP) infrastructure, and borne by the SWP monthly service charge component. Participation in the SWP was approved by District customers and citizens on June 4, 1991 and incorporated into the Capital Cost Recovery Fee by the District Board on July 16, 1997, in Resolution No. 687. This monthly charge component is imposed based on meter size. These charges also include Meter Equivalency Fees (MEQ) established by Resolution No. 806 approved by the District Board on July 21, 2004 and superseded by Dwelling Equivalency Charges (DEQ) established by Resolution No. 845 approved by the District Board on May 23, 2007. The MEQ and DEQ fees were imposed on "Domestic Residential Service B" accounts (Master- meter accounts) to more equitably distribute the SWP debt to all District customers or accounts.
 - c. Accumulated annual debt obligations associated with the Capital Improvement Program (CIP), and borne by the CIP monthly service charge component – including capital payments associated with the Cater Water Treatment facility in the City of Santa Barbara. This fee was approved by the District Board on September 20, 2000, in Resolution No. 736 and incorporated into the Capital Cost Recovery Fee. This monthly charge component is imposed based on the number of individual dwelling units in "Domestic Residential Service B" and "Commercial Service C" accounts and the number of sleeping facilities in "Commercial Service B" accounts served by a single meter. The average monthly charge for single-family residences shall be used as the basis for the Capital Cost Recovery Fee paid for new accounts.
 - (i) Exception: The Capital Cost Recovery Fee for private fire service accounts shall not include water quality improvement debt associated with the CIP.
 - d. Other annualized debt specified and approved by the District Board and reviewed and approved in accordance with law. Any new or potential fee incorporated into the Capital Cost Recovery Fee shall adhere to the basic methodology outlined within this document.

2. The Capital Cost Recovery Fee shall be evaluated at the beginning of the fiscal year to determine if the amount of the Capital Cost Recovery Fee should be adjusted.
3. The rates for the portion of the Capital Cost Recovery Fee as provided under Ordinance No. 92 - 1, and as stated in District Rule 8(h), shall be as follows:

a. New Regular Water Service Connections

The Base Charge Component for new water service connections (as described in Study 1, Resolution No. 687, and Study 3) shall be based on the size of the new service required for the property based upon the size of the parcel, number of proposed dwelling units served by the service, building size, or use involved. Table 1 sets forth the Base and Debt Charges as described in Study 1 and 3. Table 2 reflects the accumulated fees for service sizes as of July 1, 2021 to be imposed at time of issuance of a new service.

Table 1. Water Service Capital Cost Recovery Fee - Base and Debt Charges

Meter Size	Unit Benefit	Meter Equivalency	Base Charge
3/4"	= \$2,145.00	x 1.5	= \$3,218.00
1"	= "	x 2.5	= \$3,575.00
1-1/2"	= "	x 5.0	= \$7,150.00
2"	= "	x 8.0	= \$11,440.00
3"	= "	x 15.0	= \$21,450.00

Meter Size	Unit Benefit	Meter Equivalency	Debt Charge
3/4"	= \$9,902.00	x 1.5	= \$14,853.00
1"	= "	x 2.5	= \$22,315.00
1-1/2"	= "	x 5.0	= \$38,351.00
2"	= "	x 8.0	= \$57,606.00
3"	= "	x 15.0	= \$109,744.00

For any meter larger than 3", the Base and Debt charges will be established by the General Manager and approved by the District Board.

Table 2. Water Service Capital Cost Recovery Fee – Effective July 1, 2021

Meter Size	CAPITAL COST RECOVERY FEE
3/4"	= \$18,071
1"	= \$25,890
1-1/2"	= \$45,501
2"	= \$69,046
3"	= \$131,194

- (i) Exception: "Domestic Residential Service B", "Commercial Service B" and "Commercial Service C" accounts are those in which multiple dwelling units / hotel rooms are served by a single meter. Although District practices and policies require individual meters for distinct dwelling units, some exceptions may occur (see Exception (ii) below). In the event that a new service is expected to serve multiple dwellings or hotel rooms, the Capital Cost Recovery Fee imposed on a new service with multiple dwellings / hotel rooms shall reflect the accumulated per-dwelling / hotel room service charges imposed beginning July 1, 2000 (Resolution number 736) for the CIP Fees and July 1, 2004 for the Dwelling Equivalency Fees (Resolution 806 - superseded by Resolution 847, June 20, 2007) for each dwelling unit and the associated Capital Cost Recovery Meter Equivalency Fees for the new meter
- (i) Exception: Capital Cost Recovery Fees shall not be levied upon any "Domestic Residential Service B" accounts with between 2 and 5 residential units that undergo redevelopment to improve or upgrade existing residential units but do not increase the number of residential units serviced. In such a circumstance, the owner or redeveloper of the property must pay the cost of installing new meters for each residential unit but will not be required to pay Capital Cost Recovery Fees unless a larger meter is to be installed on-site.

b. Increases in Size of Meter or Size of Service

Account holders wishing to install a meter that is larger in size than the current meter shall pay the difference in accumulated Capital Cost Recovery Fees between the existing meter and the new meter, as provided under the District's standard provisions for determinations of required meter size.

For example, if a property is currently served by a 3/4" meter, and an account holder requires an increased meter size to 1", then the Capital Cost Recovery Fee would be: \$25,890.00 (fee for a 1" meter) - \$18,071.00 (credit for past rate charges through existing 3/4" meter) = \$7,819.00.

- (i) Exception: Increased meter sizes for "Domestic Residential Service B", "Commercial Service B" and "Commercial Service C" accounts may require acknowledgement of the per-dwelling unit or per-room contributions to Capital Cost Recovery Fees. In such a case, the District shall provide (within 30 calendar days of a petition for a larger meter) a detailed estimate of the contribution by said account for all service charges attributed to the Capital Cost Recovery Fee as described in Section 1 above and subject to the exception set forth in Section 3.a.(i) above.
 - (ii) Exception: Other exceptions may be identified and, pending approval by the District Board, incorporated into this Resolution without modification to the basic methodology described in this Resolution.
- c. Decreases in Meter Size Service or Termination of Water Service - No Parcel or Property Subdivision
- (i) In the event that an account holder applies for additional District meters to serve a change in existing land use or property use in the absence of a property or parcel split, the District shall apply a credit for the existing meter to any new

Capital Cost Recovery Fees imposed by the District for the new meters only.

For example, an account holder with a 2" meter wishes to construct a project with 12 dwelling-units and twelve 3/4" meters and one 1" meter. The Capital Cost Recovery Fees for the new meters would be \$242,741.00 (12 x \$18,071.00 + 1 x \$25,890.00). A credit for \$69,046.00 (for the existing 2" meter) would be applied and the account holder would owe \$173,694.00.

No refund will be extended should the Capital Cost Recovery Fees for the new meters be less than the contributions made by the existing meter.

- (ii) There may be instances when an account holder desires to decrease the size of a meter in the absence of a property or parcel split. In such an event, the District will not refund a customer or account the difference in accumulated Capital Cost Recovery Fees between the original meter and the newly installed smaller meter.

For example, an account holder wishes to replace an existing 3" meter with a 2" meter on July 1, 2021. Although the accumulated Capital Cost Recovery Fees for a 2" meter are \$62,148.00 less than the fees for a 3" meter (\$131.194 – \$69,046.00), the District will not refund the difference of the accumulated Capital Cost Recovery Fees. The presumption by the District is that the land use or function of the property has changed and previous uses were accurately met by the original 3" meter.

- (iii) There may be instances when an account holder desires to remove an existing meter from a parcel or property (termination of service) in the absence of a property or parcel split. In such an event, the District will not refund or credit an account the Capital Cost Recovery Fees imposed upon the account holder. However, the District retains the right to evaluate the contributions made by an account holder if a request by the account holder is made in writing to the Board to re-evaluate past Capital Cost Recovery Fees in the event that a meter is re-installed on the property or parcel. Such a request shall include information deemed necessary by the General Manager and/or District Engineer.

For example, an account holder desires to have a 2" meter removed in June 2009, but requests to have the meter re-installed in July 2021. In such a case, the District may factor in the previous payments or contributions made by the account holder in order to reduce the Capital Cost Recovery Fees for said account.

- (1) Exception: Any meter removed prior to July 1, 1997 shall not be eligible for the review discussed in Section 3.c. above. In such a case the full Capital Cost Recovery Fee shall be imposed on the account for the installation of a new meter.

d. Decreases in Meter Size Service or Termination of Water Service in Connection with Parcel or Property Subdivision

- (i) In the event that a parcel or property is subdivided, the accumulated Capital Cost Recovery Fees shall be assigned to the original property owners.

- (ii) A request for meter removal (termination of service) from a subdivided parcel owner shall not result in a credit or refund of accumulated Capital Cost Recovery Fees or debt payments.
 - (iii) Notwithstanding Sections 3.d. (i) and 3.d.(ii) above, upon the request of a parcel owner, the District may review the contributions to Capital Cost Recovery Fees and may permit special dispensation of paid Capital Costs Recovery Fees should a new meter or meters be installed at a later time. Such a request shall be made by the parcel owner in writing for review and approval by the District Board.
- e. Decreases in Meter Size Service or Termination of Water Service - "Domestic Residential Service B" accounts and the "Hotels / Motels" subgroup of "Commercial" accounts
- (i) Beginning in July 2007, the District shall maintain a record of the monthly contributions of all "Domestic Residential Service B", "Commercial Service B" and "Commercial Service C" accounts with an indication of the various service charges contributed to the Capital Cost Recovery Fee as described in Section 1 above.
 - (ii) In the event that a "Domestic Residential Service B", "Commercial Service B" or "Commercial Service C" accountholder applies to replace an existing meter with additional meters due to changes in existing land use or property use in the absence of a property or parcel split, the District shall apply a credit for said existing meter to any new Capital Cost Recovery Fees imposed by the District for the new meters only as required by Section 3.a. above. However, the calculation of the credit for the existing meter shall reflect the actual contributions of the multiple dwellings toward the monthly service charges using a methodology described in the exception set forth Section 3a.(i) above.
 - (iii) A request for meter removal from a subdivided parcel shall not result in a refund of accumulated Capital Cost Recovery Fees or debt payments if no new meters are installed on the property.
 - (iv) Notwithstanding Sections 3.e. (i) and 3.e.(ii) above, upon the request of a parcel owner, the District may review the contributions to Capital Cost Recovery Fees and may permit special dispensation of paid Capital Cost Recovery Fees should a new meter or meters be installed at a later time. Such a request shall be made by the property owner in writing for review and approval by the District Board.

f. Fire Meter Service for Fire Sprinklers

Separate water service connections for fire sprinklers are required for certain structures and uses within the District. These meters are sized based on the need for maximum short duration flow capacities. Notwithstanding the exception set forth in Section 1.c.(i) above, the District has established a relationship between the smallest size water meter and smallest fire meter (Study 2). As such, the infrastructure demand for a 2" fire meter shall be deemed equal to that of a 5/8" water meter. Table 3 sets forth the Base Charge Component for fire meter service and Table 4 illustrates the accumulated fees for fire meters as of July 1, 2021:

Table 3. Fire Service Capital Cost Recovery Fee - Base and Debt Charges

FIRE CHARGES WITHOUT CIP PROJECTS						
		Meter				
Meter Size		Unit Benefit		Equivalency		Base Charge
2"	=	\$1,753.00	x	1.0	=	\$1,753.00
3"	=	"	x	2.3	=	\$3,944.00
4"	=	"	x	4.0	=	\$7,012.00
6"	=	"	x	9.0	=	\$15,777.00
8"	=	"	x	16.0	=	\$28,048.00
10"	=	"	x	25.0	=	\$43,825.00

		Meter				
Meter Size		Unit Benefit		Equivalency		Debt Charge
2"	=	\$7,320.00	x	1.0	=	\$7,320.00
3"	=	"	x	2.3	=	\$14,584.00
4"	=	"	x	4.0	=	\$24,423.00
6"	=	"	x	9.0	=	\$16,626.00
8"	=	"	x	16.0	=	\$95,068.00
10"	=	"	x	25.0	=	\$156,085.00

Table 4. Fire Service Capital Cost Recovery Fees – Effective July 1, 2021

Meter Size		CAPITAL COST RECOVERY FEE
2"	=	\$9,073
3"	=	\$18,528
4"	=	\$31,435
6"	=	\$32,403
8"	=	\$123,116
10"	=	\$199,910

g. Changes in Fire Meter Service

- (i) The District does not require or size fire services and shall not assume any responsibility associated with inappropriately sized service. As such any variation in fire service size is assumed to have been deemed appropriate by the property owner and an outside regulatory agency.
- (ii) In the event that a larger fire service is to be installed, credit for any existing fire service that is removed will be granted to an account holder using the same methodology described in Section 3.b. above.
- (i) No refund will be provided to account holders requesting removal of an existing fire service. The same rationale described in Sections 3.c., 3.d., 3.e. and 3.g.(i) above apply.

h. Other Changes to Meter or Services

- (i) There may be circumstances of meter or fire service changes, or termination of service not specifically addressed in Sections 3.a. through 3.g. above. In such cases, the District may review the contributions to Capital Cost Recovery Fees and may permit special dispensation of paid Capital Costs Recovery Fees. Such a request shall be made by the property owner in writing for review and approval by the District Board.
4. The imposition of the Capital Cost Recovery Fee shall not be counter to the legislative requirements of 2016 Assembly Bill 1069. This fee structure may change upon review and adoption of land use zoning rules developed by the City of Carpinteria and County of Santa Barbara.
 5. The imposition of the Capital Cost Recovery Fee shall not preclude other fees and charges to be imposed on District account holders.
 - a. Connection Fees for installing new services and meters or associated with changes to existing meter or service will continue to be charged in addition to the Capital Cost Recovery Fee, based on actual costs plus overhead and equipment charges as approved by the District. The District will continue to require a deposit to cover the estimated District costs related to such service installation.
 6. The Capital Cost Recovery Fee is effective upon adoption and shall continue until changed by action of the District Board.
 7. Any judicial action of proceeding to attach, review, set aside, void or annul this Resolution shall be commenced within 120 days of adoption.
 8. The District Secretary is hereby authorized and directed to prepare and file a Notice of Exemption pursuant to CEQA Guidelines 15273(a).

PASSED AND ADOPTED by the Governing Board of the Carpinteria Valley Water District on the 30th day of June, 2021 by the following vote:

AYES: Holcombe, Johnson, Roberts, Stendell & Van Wingerden
NAYES: none
ABSENT: none
ABSTAIN: none

APPROVED:

DocuSigned by:

Matthew T. Roberts

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Matthew T. Roberts, President

ATTEST:

DocuSigned by:

Robert McDonald

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Robert Mc Donald, Secretary