

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: KIMBERLY ZUNINO, DEPUTY DIRECTOR ADMINISTRATION,
SANTA ROSA WATER
SUBJECT: PUBLIC HEARING – RESOLUTION TO ADOPT PROPOSED
WATER DEMAND FEE SCHEDULE AND ORDINANCE
AMENDING CHAPTER 15 OF THE CITY CODE TO ADOPT THE
PROPOSED WASTEWATER DEMAND FEE SCHEDULE BASED
ON THE 2021 WATER AND WASTEWATER DEMAND FEE
STUDY FINAL REPORT

AGENDA ACTION: RESOLUTION AND ORDINANCE

RECOMMENDATION

It is recommended by the Board of Public Utilities and Santa Rosa Water, that the Council: 1) by resolution, approve the amended water demand fee schedule; and 2) introduce an ordinance amending Chapter 15-16 of the Santa Rosa City Code to incorporate the approved sewer demand fee schedule, re-adopting the annual adjustments, and make related changes.

EXECUTIVE SUMMARY

Water and sewer demand fees, one-time fees charged for new development, are updated periodically to adjust the fees based on current system valuation and customer usage. On August 26, 2014, the 2014 Water and Wastewater Demand Fee Study and the current demand fee schedule were adopted by City Council.

The proposed 2021 demand fee update will increase the demand fee per one thousand gallons of water and wastewater.¹ However residential categories, based on Santa Rosa Water customer usage, have reduced resulting in the combined 2021 water and wastewater demand fees being less than the current combined demand fees.

¹ The City Water Department uses the terms “sewer” and “wastewater” interchangeably, although the term “sewer” is currently used throughout Title 15. In this staff report, both terms are used, in part because the study that is the basis of this action primarily uses the term “wastewater.”

PUBLIC HEARING – RESOLUTION TO ADOPT PROPOSED WATER DEMAND FEE SCHEDULE AND ORDINANCE AMENDING CHAPTER 15 OF THE CITY CODE TO ADOPT THE PROPOSED WASTEWATER DEMAND FEE SCHEDULE BASED ON THE 2021 WATER AND WASTEWATER DEMAND FEE STUDY FINAL REPORT
PAGE 2 OF 6

BACKGROUND

Demand fees are the one-time fees charged to new development to recover costs for providing capacity for new service connections to the City's water and wastewater systems or for an expansion of existing customer use. Water and sewer demand fees were last calculated in 2014 resulting in the 2014 Water and Wastewater Demand Study (2014 Study) and development of a new fee schedule that was adopted, with an annual inflationary adjustment.

The adopted 2014 Demand Fees were developed using the system buy-in methodology and the proposed update is based on the same methodology.

Under the system buy-in methodology, costs are collected for new connections to the water and wastewater system to reimburse the City for existing infrastructure, and the cost estimates for the system incorporate the water and wastewater systems' updated valuation including additions of assets, depreciation, changes in debt financing, and reserves designated for capital projects, as well as updated water use and sewer flow factors based on data collected over the past four years. The City has sized the existing water and wastewater systems based on General Plan build out and has sufficient capacity to accommodate planned new development.

In addition to updating the current fee schedule, some categories have been added to accommodate newer types of development in Santa Rosa such as high-density apartments, and some grouped categories have been separated. For example, duplexes and triplexes have been removed from the multi-family category based on data identifying them as a clear and separate category.

PRIOR CITY COUNCIL REVIEW

On August 26, 2014, City Council approved the current 2014 Demand Fee Study and adopted the current Fee Schedule.

On June 8, 2021, City Council reviewed the proposed water and sewer demand fee schedules and 2021 Water and Wastewater Demand Fee Study in a study session.

ANALYSIS

These updates result in a recommended increase in the fees per one thousand gallons for both water and wastewater, but, due to decreased water use and sewer flows of Santa Rosa customers, the combined total water and wastewater fees for residential uses are decreasing. Commercial usage factors are dependent on each type of use, and the fees are calculated based on the estimated peak demand for the size and type of use of the commercial development.

PUBLIC HEARING – RESOLUTION TO ADOPT PROPOSED WATER DEMAND FEE SCHEDULE AND ORDINANCE AMENDING CHAPTER 15 OF THE CITY CODE TO ADOPT THE PROPOSED WASTEWATER DEMAND FEE SCHEDULE BASED ON THE 2021 WATER AND WASTEWATER DEMAND FEE STUDY FINAL REPORT PAGE 3 OF 6

Staff believes the proposed Demand Fees reflect the appropriate current impact of new system connections and will provide sufficient funding.

Existing and proposed demand fees are as follows:

**Santa Rosa Water
Comparison of Current and Proposed Demand Fees**

Type of Development	Combined Water and Wastewater Demand Fees			
	Current	Proposed	\$ Change	% Change
Single Family Residential				
Lot over 1 acre	\$ 17,029	\$ 15,339	\$ (1,690)	-9.9%
Lot over 6,000 sq ft up to 1 acre	\$ 13,309	\$ 11,246	\$ (2,063)	-15.5%
Lot up to 6,000 sq ft	\$ 9,606	\$ 9,378	\$ (228)	-2.4%
Duplex and Triplex Units	\$ 10,153	\$ 7,881	\$ (2,272)	-22.4%
Condominium, Apartment, and Mobile Home Units (1) with Separate Irrigation	\$ 7,507	\$ 5,054	\$ (2,453)	-32.7%
Large ADUs, SROs, Senior Housing, and Small, High-Density Apartment Units	\$ 6,953	\$ 5,339	\$ (1,614)	-23.2%
Commercial, Industrial, and Irrigation (per TGM) (2)	\$ 1,858	\$ 2,261	n/a (3)	n/a (3)
Notes:				
(1) Includes complexes with 4 or more dwelling units.				
(2) Current non-residential water demand fee is \$294/TGM of average demand in the peak month. Current non-residential wastewater demand fee is \$1,532/TGM of average dry weather flow (ADWF). Proposed non-residential water demand fee is \$456/TGM, an increase of about 55 percent. Proposed non-residential wastewater demand fee is \$1,805/TGM, an increase of about 15.4 percent. TGM = Thousands of gallons per month.				
(3) Change will depend on the demand characteristics of each proposed development.				

The proposed change to Title 15 of the City Code, Table 15.1, will also update the current average sewer flows for various Commercial, Industrial and Institutional users, as follows:

Category	**Type of Uses	Average Monthly Flow (gallons per month per 1000 square feet)
1	Warehouse	130
2	Retail; Schools; Office; Church; Playhouses; Gym without shower; Self-Serve Frozen Yogurt	730

PUBLIC HEARING – RESOLUTION TO ADOPT PROPOSED WATER DEMAND FEE SCHEDULE AND ORDINANCE AMENDING CHAPTER 15 OF THE CITY CODE TO ADOPT THE PROPOSED WASTEWATER DEMAND FEE SCHEDULE BASED ON THE 2021 WATER AND WASTEWATER DEMAND FEE STUDY FINAL REPORT
PAGE 4 OF 6

3	Auto Repair	670
4	Dental Office	2,950
5	Auto Sales	1,540
6	Halls	1,440
7	Movie Theaters	1,700
8	Surgery Centers	4,400
9	Convenience Store; Grocery without food preparation; Gas Station (car wash calculated separately)	2,730
10	Barber; Beauty Salon	3,970
11	Bakery	2,890
12	Deli; Grocery with food preparation	5,160
13	Veterinary Clinic	5,210
14	Motels; Hotels (restaurant and conference center areas calculated separately)	7,350
15	Gym with showers	8,250
16	Hospital	11,840 gallons per month per bed
17	Bar	6,940
18	Coffee shop	9,460
19	Restaurant	9,900
20	Skill Nursing; Assisted Living; Residential Care	2,307 gallons per month, per bed
21	Commercial Laundry	70% of water use based on comparable operations
22	Car wash	40% of water use based on comparable operations

PUBLIC HEARING – RESOLUTION TO ADOPT PROPOSED WATER DEMAND FEE SCHEDULE AND ORDINANCE AMENDING CHAPTER 15 OF THE CITY CODE TO ADOPT THE PROPOSED WASTEWATER DEMAND FEE SCHEDULE BASED ON THE 2021 WATER AND WASTEWATER DEMAND FEE STUDY FINAL REPORT
PAGE 5 OF 6

** The usage for categories not shown in this table, such as coin laundry facilities, wineries, breweries and distilleries, will be determined based on comparable uses and data submitted by applicant.

The proposed update to the water and wastewater demand fees was first made public in a presentation at the December 15, 2020 Board of Public Utilities Budget Subcommittee. Consistent with the practice previously used in 2014, it has been determined that it is in the public interest for the fee to be retroactive to the date the proposed demand fee schedule was first reviewed by the Board of Public Utilities. Therefore, the proposed update includes a provision providing that those paying demand fees on or after December 15, 2020 may apply to the Director of Water for an administrative adjustment of the demand fees.

FISCAL IMPACT

Santa Rosa Water's current proposed budgets and approved rate schedules are designed to accommodate the proposed demand fee schedule. Demand fees are conservatively projected based on fluctuation in development and therefore, no significant financial impact is expected.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guidelines Section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

On December 15, 2020 and January 19, 2021, the Board of Public Utilities Budget Subcommittee reviewed the proposed 2021 Water and Wastewater Demand Fee Update.

On April 19, 2021, the Board of Public Utilities Budget Subcommittee unanimously recommended the proposed 2021 Water and Wastewater Demand Fee Study Update and Fee Schedule to the Board of Public Utilities.

On May 6, 2021, the Board of Public Utilities reviewed the 2021 Water and Wastewater Demand Fee Study Final Report and Fee Schedule in Study Session.

On May 20, 2021, the Board of Public Utilities unanimously recommended the proposed 2021 Water and Wastewater Demand Fee Study Final Report and Fee Schedule to City Council.

PUBLIC HEARING – RESOLUTION TO ADOPT PROPOSED WATER DEMAND FEE SCHEDULE AND ORDINANCE AMENDING CHAPTER 15 OF THE CITY CODE TO ADOPT THE PROPOSED WASTEWATER DEMAND FEE SCHEDULE BASED ON THE 2021 WATER AND WASTEWATER DEMAND FEE STUDY FINAL REPORT
PAGE 6 OF 6

NOTIFICATION

The contractors, developers and engineers on the active development lists have been notified of the proposed changes and process. Notification for the Public Hearing to modify Ordinance #4036 and City Code Chapter 15-16 were posted twice prior to the Public Hearing on June 29, 2021.

ATTACHMENTS

Attachment 1 - 2021 Water and Wastewater Demand Fee Study Final Report
Attachment 2 - Board of Public Utilities Resolution No. 1259 – Recommending that City Council adopt the proposed 2021 Water and Wastewater Demand Fee Study Final Report and Fee Schedule
Attachment 3 - SRCC 15-16.030 Redline Changes
Resolution – Adopting Updated 2021 Water Demand Fees
Ordinance – Adopting Updated 2021 Wastewater Demand Fees
Public Hearing Notice

CONTACT

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