

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL  
FROM: KIMBERLY ZUNINO, DEPUTY DIRECTOR - ADMINISTRATION  
SANTA ROSA WATER  
SUBJECT: REFUND OF WATER DEMAND FEE TO IDENTIFIED MULTI-FAMILY PROPERTIES THAT PAID AN ADDITIONAL IRRIGATION DEMAND FEE

AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by Santa Rosa Water (SRW) and the Board of Public Utilities that the City Council, by resolution, approve a refund in the total amount of \$545,674.80 for water demand fees collected from multi-family units who paid an additional demand fee for separate irrigation demand and authorize the Chief Financial Officer to pay these refunds to individual properties from Fund 1615-4643.

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EXECUTIVE SUMMARY

While calculating demand fee factors for current high-density multi-family development projects to assist with City Council Tier 1 Priority, Housing and Affordable Housing, SRW staff reviewed demand fee factors and discovered an additional water demand fee (also referred to as capacity fee) was paid by some multi-family residential developments. Some multi-family residential customers were charged irrigation demand for a dedicated irrigation meter as well as an incorporated irrigation demand by unit as defined in the Demand Fee Final Report. SRW staff has identified all multi-family properties that paid dedicated irrigation water demand and irrigation water demand incorporated in the per unit fee, and calculated the correct demand requirement and corresponding dollar amount, and is requesting approval to refund the per unit incorporated irrigation water demand fee charges.

BACKGROUND

On August 26, 2014 the Santa Rosa City Council approved the Water and Wastewater Demand Fee Study Final Report (Report) produced by the Reed Group, Inc. and adopted Resolution No. 28547, thereby establishing the City's Schedule of Water

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Demand Fees for Properties to be Serviced by Connection to the City Water System (Fee Schedule) in accordance with the recommendations of the Report.

The Report calculated demand fees by dividing total system valuation by the current demands on the system, resulting in a “buy-in” fee for each unit of demand based on 1000-gallon per unit. Each category of water user (e.g. single family residential, commercial, etc.) was assigned a number of demand units, which were then multiplied by the “buy-in” fee to reach the overall demand fee for that category of user. These water demand fees are to be paid prior to connection to the public water system and receiving a meter from SRW.

The Report included the following water demand fee categories with identified volume of demand per category:

**Water Use Factors for Water Demand Fees (1)**

Type of Development	Avg. Day Demand During Peak Month	
	(tgd)	(TGM)
Single Family Residential		
Small Lot (6,000 sq. ft. and under)	0.322	9.8
Large/Medium Lot (over 6,000 sq. ft. to 1 acre)	0.631	19.2
Very Large Lot (over 1 acre)	0.907	27.6
Condos, Apartments, Mobile Homes	0.296	9.0
Second Unit or Senior Housing Units	0.148	4.5
Comm., Indus, and Irrigation (per TGM)	0.033	1.0

**Notes:**

(1) Based on analysis of peak month water usage from 2010 through 2013.

There were some “Condos, Apartments, Mobile Homes” (multi-family residential) developments that do not have a dedicated irrigation meter; and pay a water demand fee which incorporates irrigation demand into the fee. The water demand fee for these developments is based on a water use factor of 9,000 gallons per peak month or 9.0 units.

Multi-family residential developments that set a dedicated irrigation meter pay a separate irrigation demand fee based on the volume of water required for the proposed landscaping to be irrigated. The water use factor for indoor usage for multi-family developments with a separate dedicated irrigation meter, is 4,800 gallons or 4.8 units. Those properties should not pay for the irrigation demand that is incorporated into the water demand fee for multi-family residential units that do not have a separate irrigation meter.

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The volume of indoor use is determined by analysis of winter usage when outdoor irrigation is not occurring; this is the same method used for sewer cap setting for monthly billing to assure customers are not paying sewer charges on outdoor irrigation use. The volume of indoor usage for multi-family developments, with a separate dedicated irrigation meter, is 4,800 gallons.

PRIOR CITY COUNCIL REVIEW

On August 26, 2014 the Santa Rosa City Council approved the Water and Wastewater Demand Fee Study Final Report (Report) produced by the Reed Group, Inc. and adopted Resolution No. 28547, thereby establishing the City's Schedule of Water Demand Fees for Properties to be Serviced by Connection to the City Water System (Fee Schedule) in accordance with the recommendations of the Report.

ANALYSIS

While calculating demand fee factors for current high-density multi-family development projects, SRW staff reviewed demand fee factors and discovered an additional water demand fee was paid by some multi-family residential developments. Multi-family unit developments that set a dedicated irrigation meter for landscaping paid for the additional irrigation demand incorporated into the multi-family demand volume listed above at 9,000 gallons.

The demand volume for the multi-family developments with a separate dedicated irrigation meter should only have paid the per unit rate of 4.8 units plus the irrigation demand estimated for the property.

SRW has identified developments/individual units that paid water demand fees based on 9.0 units of demand and paid for separate irrigation demand based on their landscape irrigation needs. SRW has calculated the difference between what was paid and that which should have been paid by the developments identified and has determined the appropriate refund for each of these properties. The total refund amount to all properties meeting the outlined criteria is \$545,674.80.

Although a refund of such demand fees is not legally required under Government Code Section 66013(h), the identified multi-family developments were charged an additional irrigation demand fee in error and proposed refunds are appropriate.

FISCAL IMPACT

The water demand fee fund reserve has adequate funding to cover the refund to identified properties. The fiscal impact is a reduction in the water demand fee fund of \$545,674.80.

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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 Guideline section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

On November 5, 2020, the Board of Public Utilities, by resolution, recommended that the City Council, approve a refund for water demand fees collected for multi-family units who paid an additional demand fee for separate irrigation demand.

ATTACHMENTS

- Attachment 1 - Final Demand Fee Report
- Attachment 2 – Calculated refunds for Multi-Family Properties
- Attachment 3 – Resolution No. 28547
- Resolution/Exhibit A – Calculated Refunds for Multi-Family Properties

CONTACT

Kimberly Zunino, Deputy Director - Administration  
(707) 543-3960  
kzunino@srcity.org