

CITY OF SANTA ROSA
BOARD OF PUBLIC UTILITIES

TO: BOARD OF PUBLIC UTILITIES
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

RECOMMENDATION

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

EXECUTIVE SUMMARY

SRW discovered additional water demand fees (also referred to as capacity fees) have been charged for some multi-family residential developments since the new demand fee structure was approved in August 2014 by Santa Rosa City Council. Developers of 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 for which developers paid both dedicated irrigation water demand and irrigation water demand incorporated in the per unit fee, and calculated the correct demand requirement and corresponding dollar amount. Staff is now requesting approval to refund the per unit incorporated irrigation water demand fee charges for those developments where both types of irrigation demand fees were charged.

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

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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 did not have a dedicated irrigation meter, and for which a water demand fee which incorporated irrigation demand into the fee was paid. The water demand fee for these developments was 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 paid 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 also have been required to 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.

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

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use. The volume of indoor usage for multi-family developments, with a separate dedicated irrigation meter, is 4,800 gallons, or 4.8 units.

ANALYSIS

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 units.

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

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.

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

In August 2015, the Board of Public Utilities recommended, by motion, that City Council approve the Final Demand Fee Report and adopt the Water and Wastewater Demand Fee Schedule

ATTACHMENTS

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

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