



September 17, 2024

The Honorable Gavin Newsom
Governor, State of California
1021 O Street, Ste 9000 State Capitol
Sacramento, CA 95814

Re: Senate Bill 937 (Wiener)—Veto Request

Dear Governor Newsom:

On behalf of the City of Santa Rosa, I am writing to express our strong concerns regarding Senate Bill (SB) 937 and respectfully request your veto of the legislation.

For specific development projects, SB 937 would defer development impact fees until the certificate of occupancy or its equivalent, would lock in those fees at prior to the issuance of a building permit, and would prohibit the charging on interest on those deferred fees. The prior language allowed for earlier collection of fees than what is now in the bill if a construction project had a plan and an account and the project was ready. It also kept utility connection and capacity charges appropriately separate.

NATALIE ROGERS
Mayor

MARK STAPP
Vice Mayor

EDDIE ALVAREZ

VICTORIA FLEMING

DIANNA MACDONALD

JEFF OKREPKIE

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Unfortunately, late amendments to the bill create a new exclusive list of exceptions to the rule that omits any other projects like parks and open space, among many others, from being allowed to receive payment of impact fees at an earlier date to begin a project to benefit the community. The fees park districts collect are supposed to help provide the needed parks as additional housing units come online. SB 937 would now restrict the timing of parks infrastructure from being built in tandem with a project even when the funding is available do so.

Water and sewer connection and capacity fees are essential to local revenue sources and our ability to make necessary infrastructure improvements to accommodate new development. Connection fees and capacity charges are one-time fees assessed on new customers to install physical infrastructure necessary for a parcel to be habitable and to “buy” into the fair and proportional share of the entire system. Under California Proposition 218, utilities are obligated to access these fees in a manner that reflects the reasonable cost of providing water and sewer service to the parcel.

Most recent amendments would impose new and conflicting conditions for how and when utilities can collect water and sewer connection and capacity fees in a code section that regulates a different and distinct type of fees for new development that are imposed by land use authority. These new conditions could be interpreted as a new legal standard that would undermine and directly conflict with existing caselaw (Capistrano Beach Water Dist. v. Taj Development Corp. (1999) 72 Cal.App.4th 524, 530).



Additionally, SB 937 could preclude a water or sewer utility from collecting capacity charges in advance, which could have significant unintended consequences for new development. Typically, connection and capacity fees are collected at the point of permit issuance, before construction is started, not as a reimbursement for the work completed. This is to ensure the utility has sufficient revenue necessary to support the improvements needed to sustain and connect new development.

We believe this legislation would directly impede a public utility's ability to collect water and sewer connection fees, contradict existing requirements governing the collection of fees and present significant liability to public agencies. For the above reasons, the City of Santa Rosa respectfully requests that SB 937 be vetoed.

Thank you for your leadership in Santa Rosa and supporting public water providers. If you, or members of your staff, have any questions please feel free to contact our legislative advocate Alyssa Silhi at 916-974-9270.

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Sincerely,

Natalie Rogers
Mayor, City of Santa Rosa