

RESOLUTION NO. 17-099

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SANTA BARBARA RESCINDING A PORTION OF
RESOLUTION NO. 17-058, AND ADOPTING CERTAIN
WATER AND WASTEWATER CAPACITY CHARGES

WHEREAS, the City Council adopted Resolution No. 17-058 on June 27, 2017 establishing certain city fees and charges, including water and wastewater “buy in” charges;

WHEREAS, Sections 14.08.050 and 14.48.010 of the Municipal Code authorize by resolution of the City Council the establishment of capacity charges or, as they may be defined in the Code, “buy in” charges;

WHEREAS, the City Council, upon recommendation of the Water Commission, and based upon the methodology and valuation contained in a water and wastewater capacity charges study, has determined the appropriate capacity charges to be assessed for new and expanded connections to the City water and wastewater systems for the purpose of buying into the existing public assets;

WHEREAS, capacity charges are one-time charges, imposed at the time of new or expanded connections to the water and wastewater systems, for public facilities that provide a proportional benefit to the person being charged, and that have been funded by existing customers through their initial capacity charge upon connecting to the system, and monthly billings from that time forward;

WHEREAS, such public facilities include supply or capacity contracts for rights or entitlements, real property interests, and entitlements and other rights of the City involving capital expenses;

WHEREAS, the City’s water and wastewater systems consist of substantial public facilities that are City-owned, and, in the case of the City water system, shares of the public facilities of the California State Water Project and the federal Cachuma Project pursuant to water supply and capacity contracts, all of which provide benefit which is proportionate to the amount of capacity to be provided to persons and properties that connect to the respective systems;

WHEREAS, the City has determined that the proportional benefits provided by its water and wastewater system facilities are best calculated under an approach commonly referred to as an “equity buy-in” approach, whereby the total current value of the system is divided by the total capacity of the system to determine the cost per unit of capacity provided to new or expanded connections;

WHEREAS, the value of the water and wastewater system facilities is appropriately determined using a “Replacement Cost New Less Depreciation” approach, less

outstanding debt principal, to recognize that new customers will pay their share of any outstanding debt service upon becoming customers of the system; and

WHEREAS, the City annually invests substantial resources in its water and wastewater systems through its Capital Improvement Program, thereby adding to the value of the systems, and it is appropriate to provide for annual adjustments to capacity charges to reflect the estimated resulting increase in system value during the time between periodic comprehensive capacity charge update studies.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SANTA BARBARA THAT:

Section 1. The Council hereby finds and determines that under Public Resources Code Section 21080(b)(8)(1)(2) and Title 14 of the California Administrative Code, Section 15273(a)(1)(2), Division 13 of the California Public Resources Code is not applicable to this resolution.

Section 2. Pages numbered 128 through 131 of the fee resolution as originally adopted by Resolution No. 17-058 on June 27, 2017, establishing certain water and sewer buy-in fees, are hereby rescinded, and certain water and wastewater capacity charges are hereby adopted as follows:

WATER AND WASTEWATER CAPACITY CHARGES AND POLICIES

1. CAPACITY CHARGES

Except as provided herein, the following water and wastewater capacity charges shall be collected prior to the Public Works Director's approval to: 1) make a new connection to the City water or wastewater system, 2) commence a discharge into the City wastewater system from a newly permitted dwelling unit, or 3) increase the size of an existing water meter. Such capacity charges shall be in addition to fees assessed under other resolutions for the labor, materials, equipment, and other City costs necessary to construct the actual connection to the water or wastewater system.

Water capacity charges for: 1) non-residential uses, 2) newly created single family residential units, or 3) a multi-family residential dwelling unit served by a meter larger than 5/8", are as follows, per meter*:

Meter Size	Effective Upon Adoption of this Resolution	Effective July 1, 2018	Effective July 1, 2019	Effective July 1, 2020	Effective July 1, 2021
5/8" meter:	\$8,495	\$8,750	\$9,012	\$9,283	\$9,561
3/4" meter:	\$12,742	\$13,125	\$13,518	\$13,924	\$14,342
1" meter:	\$21,237	\$21,875	\$22,531	\$23,207	\$23,903
1 1/2" meter:	\$42,475	\$43,749	\$45,062	\$46,413	\$47,805
2" meter:	\$67,959	\$69,998	\$72,098	\$74,261	\$76,488
3" meter:	\$127,424	\$131,247	\$135,185	\$139,239	\$143,415
4" meter:	\$212,373	\$218,745	\$225,308	\$232,065	\$239,025
6" meter:	\$424,746	\$437,490	\$450,615	\$464,130	\$478,050
8" meter:	\$679,593	\$699,984	\$720,984	\$742,608	\$764,880
10" meter:	\$976,916	\$1,006,227	\$1,036,415	\$1,067,499	\$1,099,515

* For multi-family residential properties in which a City-owned submeter is installed downstream of a City-owned master meter, the capacity charge shall be based on the size of the City submeter instead of the size of the City master meter.

Wastewater capacity charges for: 1) non-residential uses, or 2) newly created single family dwelling units, are as follows**:

Meter Size	Effective Upon Adoption of this Resolution	Effective July 1, 2018	Effective July 1, 2019	Effective July 1, 2020	Effective July 1, 2021
Single Family Dwelling Unit	\$3,452	\$3,555	\$3,662	\$3,772	\$3,885
Non-Residential					
5/8" meter:	\$3,452	\$3,555	\$3,662	\$3,772	\$3,885
3/4" meter:	\$5,178	\$5,333	\$5,493	\$5,658	\$5,828
1" meter:	\$8,630	\$8,888	\$9,155	\$9,430	\$9,713
1 1/2" meter:	\$17,260	\$17,775	\$18,311	\$18,860	\$19,427
2" meter:	\$27,615	\$28,440	\$29,297	\$30,175	\$31,082
3" meter:	\$51,779	\$53,325	\$54,932	\$56,579	\$58,280
4" meter:	\$86,298	\$88,875	\$91,553	\$94,298	\$97,133
6" meter:	\$172,595	\$177,750	\$183,105	\$188,595	\$194,265
8" meter:	\$276,153	\$284,400	\$292,968	\$301,752	\$310,824
10" meter:	\$396,969	\$408,825	\$421,142	\$433,769	\$446,810

** Should a multi-family or single family residential property require a meter size larger than 5/8" to primarily serve indoor domestic capacity needs, wastewater capacity charges shall not be capped at the 5/8" meter charge and shall be determined by the

Non-Residential meter sizes as reflected in the chart above. The property may be subject to a site inspection by City staff to verify water use.

Capacity Charges for Multi-Family and Accessory Dwelling Unit Projects

Except as provided above, the water and wastewater capacity charges for newly permitted multi-family dwelling units and accessory dwelling units served by a separate and dedicated City water meter shall be calculated by multiplying the total number of newly proposed water supply Fixture Units times the applicable Fixture Unit cost as established in the tables below; provided, however, the wastewater capacity charge per dwelling unit for multi-family and accessory dwelling units shall not exceed the wastewater capacity charge for a 5/8” meter.

Fixture Unit Costs (\$/Fixture Unit)

System	Effective August 8, 2017	Effective July 1, 2018	Effective July 1, 2019	Effective July 1, 2020	Effective July 1, 2021
Water	\$283.16	\$291.66	\$300.41	\$309.42	\$318.70
Wastewater	\$115.06	\$118.52	\$122.07	\$125.73	\$129.51

2. REGULATIONS REGARDING ASSESSMENT OF CAPACITY CHARGES

The following regulations shall apply to the assessment of water and wastewater capacity charges:

- A. The term “multi-family residential dwelling unit” as used herein shall mean any attached dwelling unit, including attached apartments, condominiums, and secondary dwelling units.
- B. Water and wastewater capacity charges shall not apply to:
 - 1. Water system connections for public fire hydrants, private fire hydrants, and private fire lines; and
 - 2. Common area meters to serve irrigation on multi-family residential properties.
- C. A wastewater capacity charge shall not apply to a water meter that is classified as “Irrigation” in the City billing system.
- D. Water and wastewater capacity charges shall not apply to a connection to the City’s recycled water distribution system to the extent that the connection offsets existing potable water capacity.

- E. In the case of an application for a water connection to serve a parcel where connections already exist, credit shall be given for existing connections such that the water capacity charges shall be based on the net increase in metered capacity. In the case of an application for a Wastewater connection to serve a parcel where connections already exist, capacity charges shall be based on the net increase in meter capacity for non-residential meters, or in the case of residential meters, the net increase in the number of dwelling units. The credit shall only be valid when the existing connections are abandoned within six months of the installation of new services.
- F. There shall be no capacity charge assessed for the installation of a meter to serve a legally existing residential dwelling unit that is already being legally served by another City water meter when such installation is done for the purpose of providing separate metering to such dwelling unit.
- G. There shall be no capacity charge assessed for the installation of a 5/8" irrigation meter to serve existing watered landscaping that is already being legally served by another City water meter when such installation is done for the purpose of providing separate metering of indoor uses and irrigation. Water use history for the property must show patterns of irrigation watering for at least two years. The property may be subject to a site inspection by City staff to verify the landscaping is existing and irrigated. Should a customer request an irrigation meter size larger than 5/8", the capacity charge will be calculated at the applicable fee based on the meter size as provided in Section 1, less the applicable fee for a 5/8" meter. All other applicable fees, charges, and costs shall apply.
- H. A reduction in meter size may be approved by the Public Works Director in accordance with applicable resolutions; however, there shall be no refund of capacity charges upon such reduction.
- I. When a customer voluntarily downsizes a meter, the original meter capacity will be reserved for the service connection for 12 months. If, before 12 months has elapsed from the time of the smaller meter being installed, the customer requests the original meter size to be re-installed at the same service connection, no capacity charge shall apply. If more than 12 months has elapsed, the customer will be charged the difference in capacity charge between the meter size currently installed and the size of the meter to be installed.
- J. In cases where an applicant asserts that the water or wastewater capacity charge imposed under this Resolution exceeds the reasonable cost of providing the service for which the charge is imposed, or does not reasonably reflect the proportionate benefit of existing public facilities using the methods contained herein, an applicant may appeal the determination of the capacity charge to the Public Works Director, and may subsequently appeal the Public

Works Director's Decision to the City Council, for determination of a different capacity charge. Appeals under this section, shall be made as follows:

1. Prior to installation of water meters, the applicant shall submit a written notice of appeal to the Public Works Director. The notice of appeal shall set forth the grounds upon which the appeal is based, a proposed alternate capacity charge calculation, and all relevant issues, facts, information, and analysis necessary to substantiate the appeal.
 2. Within twenty-one (21) days of receiving the written notice of appeal, the Public Works Director shall provide a written decision on the appeal to the applicant.
 3. The Public Works Director shall have the authority to continue the determination on the appeal beyond twenty-one (21) days to request additional information from the applicant, and consider new issues and facts raised by the applicant.
 4. The applicant may appeal the decision of the Public Works Director to the City Council by filing a written notice of appeal with the City Clerk within ten (10) days of the date of the Public Works Director's Decision. The notice of appeal shall set forth in detail the grounds upon which the appeal is based and provide all supplemental documents upon which the applicant intends to reply. The City Clerk shall require payment of a fee for such appeal as is provided by resolution of the City Council for the matter.
 5. Prior to setting the appeal for hearing before the City Council, the Water Commission, at their soonest available meeting after the notice of appeal is filed with the City Clerk, shall consider the Public Works Director's decision on the appeal and shall make a recommendation to City Council on the appeal. No new information, documents or evidence shall be filed or considered by the Water Commission.
 6. Within twenty-one (21) days of receiving the recommendation from the Water Commission, the City Clerk shall set a date for hearing on the appeal before the City Council.
 7. At the time and place of the hearing, the City Council shall hear and receive any relevant information and document regarding the appeal. The City Council may continue the hearing from time to time as may be required, or may grant or deny the appeal, in whole or in part.
 8. The decision of the City Council shall be final on the day of the decision.
- K. The Public Works Director is authorized to establish Administrative Guidelines to determine eligibility criteria to pay capacity charges previously established in

lieu of capacity charges established herein for development projects that have achieved specific milestones in the development review process.

3. REGULATIONS REGARDING RESERVED CAPACITY CHARGES FOR INACTIVE ACCOUNTS

A. As system capacity continues to be reserved for inactive accounts even when connections are not in use, accounts that have been inactive for more than 6 months shall be subject to reserved capacity charges before service can be reinstated. Charges shall be determined by the following formulas:

1. WATER

The current monthly service charge multiplied by the number of months that have passed since the expiration of the 6-month grace period.

2. WASTEWATER

For Residential Accounts: The current monthly basic charge per dwelling unit, multiplied by the number of dwelling units on the account, multiplied by the number of months that have passed since the expiration of the 6-month grace period

For Commercial Class 1-4 Accounts: The minimum monthly service charge based on meter size, multiplied by the number of months that have passed since the expiration of the 6-month grace period

3. The water monthly service charge and wastewater minimum monthly service charge shall be based on the meter size at the time of account termination.

4. If the above calculation exceeds the current capacity charge for the meter size in question, the charge is capped at the current capacity charge amount.

B. Accounts that are inactive due to catastrophic circumstances, such as fire or other natural disasters, may apply for a waiver of reserved capacity charges, subject to approval by the Public Works Director.

