



**City of Santa Barbara**  
Public Works Department  
Water Resources Division

**DATE:** December 22, 2017

**SUBJECT:** Fiscal Year 2017 Annual Capacity Charges Report Pursuant to  
Government Code Section 66013 – Water and Wastewater Systems

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### **Background Information**

#### Purpose of Report

Pursuant to reporting requirements under California Government Code Section 66013, the City of Santa Barbara is making this report available within 180 days after the last day of Fiscal Year 2017 (FY 17), June 30, 2017, for the purposes of; recognizing that a separate capital facilities fund exists for both the water and wastewater systems and receipt of payments of a charge specified in paragraph (3) of subdivision (b) of Gov. Code 66013 are being deposited in a separate account so as not to commingle revenue sources; describing charges deposited in the water and wastewater capital projects funds; reporting the beginning and ending balance of the water and wastewater capital facilities funds and the interest earned from investment of moneys in the fund; reporting the amount of charges collected in the fiscal year for which this report has been made; and, identifying each public improvement on which charges were expended and/or completed during the fiscal year, the anticipated public improvements to be undertaken in the following fiscal year, and inter-fund transfers or loans made from the capital facilities funds.

#### Description of Charges Collected

The City collects capacity charges for 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 systems, and monthly billings from that time forward. These 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.

## Water Capacity Charges

### Description of Water System Enterprise Fund

The City of Santa Barbara Water System provides water service to over 90,000 residents, commercial establishments and a number of small agricultural accounts. There are approximately 27,000 active billing accounts at any one time. The City maintains over 300 miles of water conveyance pipeline, a regional water treatment plant, Gibraltar Dam, a desalination plant, a hydroelectric plant, 13 balancing reservoirs, 9 groundwater wells, 12 pump stations, a recycled water conveyance system with 14 miles of distribution main, and capital equipment assets.

### Water Capacity Charges Collected and Capital Projects Fund (Fund 5010)

The revenue derived from Capacity Charges and the capital projects for which it was expended are summarized below:

	<u>FY 2017</u>
Beginning Fund Balance	\$0.00
Capacity Charges Revenue <sup>1</sup>	1,531,710.91
Water Main Replacement Project Expenditures	1,531,710.91
Ending Fund Balance	\$0.00

The Water Main Replacement Program is funded first by Capacity Charges and additional funding is transferred from the Water System Operating Fund to cover the balance of project costs. Capacity Charges funded 42% of the FY 17 Water Main Replacement Program. The FY 17 Program was completed. It is anticipated that the Capacity Charges collected in FY 18 will fund a portion of the Fiscal Year 2018 Water Main Replacement Program, with additional funding to come from the Water Operating Fund.

## Wastewater Capacity Charges

### Description of Wastewater System Enterprise Fund

The City of Santa Barbara Wastewater System maintains approximately 257 miles of wastewater collection pipelines, a wastewater treatment plant, a recycled water treatment plant, 9 lift stations, and various other capital assets.

### Wastewater Capacity Charges Collected and Capital Projects Fund (Fund 5110)

The revenue derived from Capacity Charges and the capital projects for which it was expended are summarized below:

	<u>FY 2017</u>
Beginning Fund Balance	\$0.00
Capacity Charges Revenue <sup>1</sup>	1,326,630.38
Sanitary Sewer Overflow Compliance Project Expenditures	1,326,630.38
Ending Fund Balance	\$0.00

The Sanitary Sewer Overflow Compliance Project is first funded by Capacity Charges and additional funding is transferred from the Wastewater System Operating Fund to cover the balance of project costs. Capacity Charges funded 80% of the FY 17 Sanitary Sewer Overflow Compliance Project. The FY 17 Program was completed. It is anticipated that the Capacity Charges collected in FY 18 will fund a portion of the Fiscal Year 2018 Sanitary Sewer Overflow Compliance Project, with additional funding to come from the Wastewater Operating Fund.

### Notes

<sup>1</sup> Prior to FY 18, revenues from the various Water and Wastewater services and charges, including Capacity Charges, were recorded in distinct accounts in their respective operating funds, separate from the capital facilities funds, to avoid any commingling of revenue sources. The above fund balance statements are pro forma representations of the fund balances had the capacity charges been deposited directly into the Water and Wastewater Capital Facilities Funds. For FY 18, new revenue accounts were created in the Water and Wastewater Capital Facilities Funds to record Capacity Charges.