RESOLUTION NO. 18-14
A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT UPDATING CAPITAL IMPACT AND WATER SUPPLY FEES FOR NEW WATER SERVICE CONNECTIONS

WHEREAS, following an update of its Water System Master Plan in 1989, Palmdale Water District ("District") adopted a Capital Improvement Plan ("CIP") and a Capital Improvement Fee Policy ("Policy") which is set forth in Exhibit "H" to the District's Rules and Regulations; and

WHEREAS, the Policy established Capital Impact Fees ("CIF") to be paid in connection with new service connections within the District's service area; and

WHEREAS, the new capital improvements identified in the CIP are the basis for determining the CIF under the Policy; and

WHEREAS, the purpose of the CIF is to create a fund to finance the estimated reasonable cost of capital improvements shown on the CIP to meet anticipated demand for water service arising from new connections; and

WHEREAS, as required under California Government Code Section 66002(b), the District has annually reviewed and, when necessary, updated the CIP and, based upon changes to the CIP, has modified the Policy and adjusted the CIF in accordance therewith; and

WHEREAS, since the initial planning period for the CIP would have expired in 1996, the District engaged Montgomery Watson in June, 1995, to review, study and update its Water System Master Plan and to make recommendations to modify the CIP to meet projected needs and demands through the year 2005; and

WHEREAS, in January, 1996, Montgomery Watson submitted its final report entitled Water System Master Plan ("1996 Master Plan"), which report, among other things, made recommendations concerning the CIP to meet projected growth and development through year 2005; and

WHEREAS, on September 19, 1996, the District adopted the 1996 Master Plan which contained an updated CIP; and

WHEREAS, the 1996 Master Plan constituted an updating of the CIP, which update included the identification of recommended capital improvements to the District's water system and the estimated cost of constructing the capital facilities required to accommodate projected growth and development through year 2005; and

WHEREAS, following properly noticed and conducted public hearings in 1997, 1998, 1999, and 2000, the District duly adopted resolutions which updated the Policy and modified the CIF; and

WHEREAS, in 2000, the District retained Montgomery Watson to review, study, and update the 1996 Master Plan and, among other things, make recommendations concerning the CIP to meet projected needs through year 2010; and

WHEREAS, in March 2001, Montgomery Watson submitted its final report entitled Water System Master Plan (“2001 Master Plan”) including recommended modifications of the CIP, and the District has approved that report and adopted it as the District’s 2001 Master Plan; and

WHEREAS, following properly noticed and conducted public hearings in 2001, 2002, 2003, 2004, 2005, and 2006 the District adopted Resolutions which updated the Capital Improvement Policy and modified the CIF; and

WHEREAS, in light of the economic slowdown which impacted growth and development within the District between 2007 and 2012, the District did not make changes to the CIP over those years; and

WHEREAS, the District in 2010 adopted a Strategic Water Resources Plan (“SWRP”), which sets forth recommended water supply acquisitions and projects necessary to meet future anticipated growth within the District; and

WHEREAS, following a properly noticed and conducted public hearing in March, 2013, the District adopted a Resolution which updated the Capital Improvement Fee Policy and modified the CIF; and

WHEREAS, in 2013, the District retained Carollo Engineers to review, study, and calculate a proposed Water Supply Fee necessary to supply the next 14,000 acre feet per year of new water supply that will be necessary to meet anticipated growth and development within the District; and

WHEREAS, the purpose of the Water Supply Fee is to create a fund to finance the estimated reasonable cost of capital projects and water acquisitions necessary to meet anticipated demand for water service arising from new connections; and

WHEREAS, the District has considered the water supply costs and costs of constructing the capital facilities identified in the SWRP and CIP, and the impact on the existing CIF payable under the Policy and determined that the Policy and the CIF should be modified; and

WHEREAS, in 2014, the District retained Montgomery Watson to review, study, and update the 2001 Master Plan; and

WHEREAS, in December 2016, Montgomery Watson submitted its final report entitled Water System Master Plan ("2016 Master Plan"), which report, among other things, made recommendations concerning the CIP to meet projected growth and development through year 2030; and

WHEREAS, in 2017, the District retained ESA Water to complete a Program Environmental Impact Report (Final PEIR) for the 2016 Master Plan; and

WHEREAS, in November 2018, ESA Water submitted its Final PEIR which report, among other things includes a programmatic assessment of the entire 2016 Master Plan and a project-level assessment of facilities to be implemented in the first phase of the Capital Improvement Plan; and

WHEREAS, on November 26, 2018 the District Board of Directors adopted the 2016 Master Plan and certified the Final PEIR; and

WHEREAS, the District has held a duly noticed public hearing with respect to the proposed update to the CIF payable thereunder; and

WHEREAS, the Board of Directors of Palmdale Water District has found and determined that the establishment of Capital Impact Fees is exempt from the requirements of the California Environmental Quality Act pursuant to California Public Resources Code Section 21080(b)(8) and further has found and determined that said fees are for the purpose of obtaining funds for capital projects necessary to maintain service within existing service areas.

NOW, THEREFORE, BE IT RESOLVED that, the Board of Directors of Palmdale Water District: (i) finds that all of the above recitals are true and correct and are incorporated herein by reference; and (ii) based on the above findings and all the oral and written testimony received at the hearing, hereby adopts and updates the CIF by deleting the existing Table 1 from Appendix "H" to the District's Rules and Regulations and inserting in place thereof proposed Table 1 attached hereto and incorporated herein.

FURTHER RESOLVED, that the General Manager of the District is hereby authorized and directed to implement this updated Capital Impact Fee until further order of the Board.

PASSED AND ADOPTED by the Board of Directors of the Palmdale Water District at a duly called and noticed public meeting of said Board held on November 26, 2018.

PALMDALE WATER DISTRICT

VINCENT DINO, President

ATTEST:

ROBERT ALVARADO, Assistant Secretary

APPROVED AS TO FORM:

ALESHIRE & WYNDER, General Counsel

APPENDIX H

CAPITAL IMPROVEMENT FEE

1. *Capital Improvement Fees per Article 10.07C:*

Table 1

CAPITAL IMPACT FEE (EFFECTIVE FEBRUARY 1, 2019-DECEMBER 31, 2019) (PER SINGLE-FAMILY DWELLING UNIT) (FEES BASED ON JULY 2018 COSTS)			
SERVICE ZONE	**PROPOSED**		
	INFRASTRUCTURE ($/EDU)	**WATER SUPPLY ($/SFDU)**	**TOTAL**
2800' & 2850'	$3,541	$8,128	$11,669
2950' & 3000'	$9,816	$8,196	$18,012
3200' & 3250'	$12,028	$7,852	$19,880
3400' & 3600'+	$14,316	$7,852	$22,168
CAPITAL IMPACT FEE (EFFECTIVE FEBRUARY 1, 2019-DECEMBER 31, 2019) (COMMERCIAL /INDUSTRIAL) (FEES BASED ON JULY 2018 COSTS)			
SERVICE ZONE	**PROPOSED**		
	INFRASTRUCTURE ($/EDU)	**WATER SUPPLY ($/AFY)**	**TOTAL**
2800' & 2850'	$3,541	$12,234	**BASED ON EDU'S & AFY**
2950' & 3000'	$9,816	$12,234	
3200' & 3250'	$12,028	$12,234	
3400' & 3600' +	$14,316	$12,234	

Subsequent updates to the Capital Impact Fees(CIF) will modify the fees shown in Table 1, plus a percentage increase based on the published Construction Cost Index from data provided by Engineering-News Record. The frequency of updates will depend on the growth in water demands in the District service areas, the CIF collected and the need for additional facilities.

Once the modified Capital Infrastructure Fee and Water Supply Fee is in place, the District will segregate the revenues derived from said fees and hold and account for them as specified in Government Code Sections 66001 and 66006. The revenue generated by these CIF fees will only be used on water supply acquisitions and projects associated with new water supply related to new development.

2. *Commercial/Industrial, Multifamily Residential, and Single Family Residential Developments per Article 10.07:*

For all projects proposing new water service connections, including domestic, irrigation, or fire protection, or projects with no new connections but conditioned with fire flow demands which exceed the original project demands, the capital improvement fees for commercial/industrial, multifamily residential, and single family residential developments shall be calculated as follows:

The capital improvement fee shall be calculated by adding the fire flow demand based on the ratio of fire flow requirements above and beyond that required for a single family residence, 1,250 gpm for 2 hours, and the domestic water demand. The result of these two components represent the total number of equivalent single family units of the development. It is then multiplied by the capital improvement fee required for a single family residence in the subject water service zone as shown in Table 1.

The domestic water demand for commercial/industrial developments is established as the ratio of the requested metered water service connection(s) to a ¾" water service connection. The domestic water demand for multifamily residential developments is established as one-half the number of units in a multifamily residential development.

The domestic water demand for requested water service connections with no fire flow requirements, such as irrigation services, is established as the ratio of the requested metered water service connection(s) to a ¾" water service connection. There will be no fire flow demand included for these water service connections.

The following formulae summarize the procedure for commercial/industrial, multifamily residential, and single family residential developments:

<u>Commercial/Industrial and Single Family Residential Development CIF Calculation</u>

$$\text{C.I.F.} = \left| \frac{(\text{PFFD} + \text{OSFFD}) - (\text{pffd} + \text{osffd})}{(1250)(2)} + \frac{\text{DSD}^2}{0.75^2} \right| (\text{Z})$$

<u>Multifamily Residential Development CIF Calculation</u>

$$\text{C.I.F.} = \left| \frac{(\text{PFFD} + \text{OSFFD}) - (\text{pffd} + \text{osffd})}{(1250)(2)} + (\text{MFU})(0.5) \right| (\text{Z})$$

Definition of Formulae Terms

AFY	=	Acre Feet Per Year
C.I.F.	=	Capital Improvement Fee
PFFD	=	New Public Fire Flow Demand = (GPM)(HR)
OSFFD	=	New On-Site Fire Flow Demand = (GPM)(HR)
DSD	=	Domestic Service Diameter
MFU	=	Multifamily Residential Units
Z	=	C.I.F. for Single Family Residential in the Subject Zone
pffd	=	Old Public Fire Flow Demand = (GPM)(HR)
osffd	=	Old On-Site Fire Flow Demand = (GPM)(HR)

Examples:

1) If a commercial/industrial development in the 2800' Zone has a public fire flow requirement of 2,500 gpm for 2 hours, an on-site fire flow requirement of 1,250 gpm for 2 hours, and a 2-inch domestic service, the capital improvement fee would be calculated as follows:

$$\text{C.I.F.} = \left| \frac{(2{,}500)(2) + (1{,}250)(2)}{(1250)(2)} + \frac{2.0^2}{0.75^2} \right| (\$3{,}761)$$

$$\text{C.I.F.} = (3.00 + 7.11)(\$3{,}761) = (10.11)(\$3{,}761) = \$38{,}023.71$$

2) If a multifamily residential development in the 2800' Zone has a public fire flow requirement of 2,500 gpm for 2 hours, an on-site fire flow requirement of 1,250 gpm for 2 hours, and 100 residential units, the capital improvement fee would be calculated as follows:

$$\text{C.I.F.} = \left| \frac{(2{,}500)(2) + (1{,}250)(2)}{(1250)(2)} + (100)(0.5) \right| (\$3{,}761)$$

$$\text{C.I.F.} = (3.00 + 50.00)(\$3{,}761) = (53.00)(\$3{,}761) = \$199{,}333.00$$

3) If a 1.5-inch irrigation service is requested, the capital improvement fee would be calculated as follows:

$$\text{C.I.F.} = \left| 0 + \frac{1.50^2}{0.75^2} \right| (\$3{,}761)$$

$$\text{C.I.F.} = (0 + 4.00)(\$3{,}761) = (4.00)(\$3{,}761) = \$15{,}044.00$$

4) If an existing commercial/industrial, multifamily residential or single family residential development in the 2800 zone is conditioned with a new public fire flow requirement which has been increased or upgraded to 2,500 gpm for 2 hours from 1,250 gpm for 2 hours but having no new or upgraded service connection, the capital improvement fee would be calculated as follows:

$$\text{C.I.F.} = \left| \frac{(2{,}500)(2)-(1{,}250)(2)}{(1{,}250)(2)} \right| (Z)$$

$$\text{C.I.F.} = (1)(\$3{,}761) = \$3{,}761$$

3. *Reactivation of Inactive Service.*

1) Reactivation of Inactive Service Connection with Same Size Connection or Smaller Connection – Capital Improvement Fee Previously Paid: In the event an inactive service connection (i.e., a service connection that has not received water service from the District for over 5 years) that previously paid a Capital Improvement Fee to the District desires to reactivate service with the same size service connection as initially installed, or a smaller size connection, that service connection shall pay to the District the current Capital Improvement Fee for that size connection, as determined in accordance with the formula set forth in this Appendix H, less a credit in the amount of the Capital Improvement Fee previously paid with respect to that service connection; provided, however, that if a smaller connection is requested, in no event shall that service connection be entitled to a refund of any portion of the previously paid Capital Improvement Fee.

2) Reactivation of Inactive Service Connection With Larger Connection – Capital Improvement Fee Previously Paid for Existing Size Connection: In the event an inactive service connection, as defined in Paragraph 1), above, that previously paid a Capital Improvement Fee to the District desires to reactivate service with a larger size connection than initially installed, that service connection shall pay to the District the current Capital Improvement Fee for that larger connection, as determined in accordance with the formula set forth in this Appendix H, less a credit in the amount of the Capital Improvement Fee previously paid with respect to that service connection.

3) Reactivation of Inactive Service Connection – Capital Improvement Fee Not Previously Paid: In the event an inactive service connection, as defined in Paragraph 1), above, desires to reactivate service, but no Capital Improvement Fee has ever been paid to the District with respect to that service connection, that service connection shall pay to the District the current Capital Improvement Fee for the size connection being reactivated.

4) Payment of Additional Capital Improvement Fees: Pursuant to Rule 10.11 of these Rules and Regulations, the District shall not be obligated to provide service to any service connection until any supplemental Capital Improvement Fees payable under subparagraphs 1 through 3, above, have been paid in full.