



PALMDALE WATER DISTRICT

2029 East Avenue Q • Palmdale, California 93550 • Telephone (661) 947-4111
Fax (661) 947-8604
www.palmdalewater.org

Board of Directors

ROBERT E. ALVARADO
Division 1
GORDON G. DEXTER
Division 2
GLORIA DIZMANG
Division 3
KATHY MAC LAREN
Division 4
STEVE R. CORDOVA
Division 5

LAGERLOF, SENECAL, GOSNEY & KRUSE LLP
Attorneys



March 28, 2013


TO: GENERAL PUBLIC

RE: PALMDALE WATER DISTRICT CAPITAL IMPROVEMENT FEE
SCHEDULE AND POLICY

Enclosed is a copy of Palmdale Water District Resolution No. 13-6 updating the District's Capital Improvement Fees for Single Family Residential Units. Resolution No. 13-6 was approved by the District's Board of Directors at their March 27, 2013 Board meeting, and the updated Capital Improvement Fees are now effective.

Also enclosed is a copy of the Palmdale Water District Rules and Regulations, including Appendix H, showing the current Capital Improvement Fee table and application policy. This information is provided to assist you in estimating the Capital Improvement Fees for potential projects within the District. Fees for single family residential services are listed in the table. These serve as a basis for calculating Capital Improvement Fees for commercial/industrial and multifamily residential projects under the policy. Caution should be used when estimating fees for these projects because public and on-site fire flow requirements and service connection sizes all play a role in determining a project's Capital Improvement Fee. The District staff should be consulted to accurately calculate the Capital Improvement Fee and other applicable fees after all the required information is available.

Very truly yours,


DENNIS D. LaMOREAUX,
General Manager

DDL/dd
Enclosure

**RESOLUTION OF THE BOARD OF DIRECTORS OF
PALMDALE WATER DISTRICT MODIFYING THE POLICY REGARDING
CAPITAL IMPROVEMENT FEES
FOR SINGLE FAMILY RESIDENTIAL UNITS**

RESOLUTION NO. 13-6

WHEREAS, following an update of its 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 Improvement 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 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 Capital Improvement 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 has impacted growth and development within the District in the past five years, the District has not made changes to the CIP over those years; and

WHEREAS, the District has considered the increased costs of constructing the capital facilities identified in the CIP which have occurred since the last modification of the CIF in 2006, and the impact on capital improvement fees payable under the policy and has documented those changes in the attached table titled "Comparison to 2006-2007 CIF Schedule" and determined that the policy and the fees should be modified; and

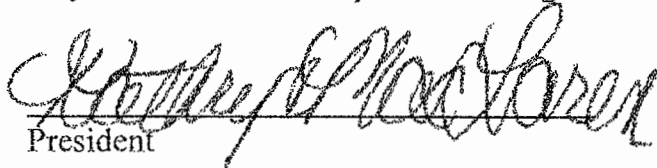
WHEREAS, the District has given and published the required notices and conducted a public hearing with respect to the proposed modification of the Policy and CIF payable thereunder; and

WHEREAS, the Board of Directors of Palmdale Water District has found and determined that the establishment of capital improvement 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 hereby modifies and amends the Policy 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 be and he hereby is, authorized and directed to implement this modified Policy until further order of the Board.

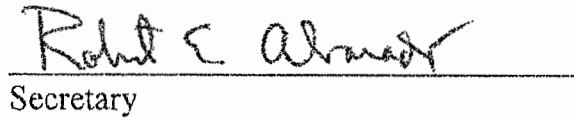
PASSED AND ADOPTED by the Board of Directors of the Palmdale Water District at a duly called and noticed public meeting of said Board held on March 27, 2013.



President

March 27, 2013

(date)



Secretary

March 27, 2013

(date)

PALMDALE WATER DISTRICT
2013
CAPITAL IMPROVEMENT FEE DETERMINATION

| 2013 Capital Improvement Fee Summary per Service Zone | | | | | | |
|-------------------------------------------------------|---------------|---------------|---------------|----------------|--|--|
| Comparison to 2006-2007 CIF Schedule | | | | | | |
| Service/Benefit Zone | Service Zone | | | | | |
| | 2800' & 2850' | 2950' & 3000' | 3200' & 3250' | 3400' & 3400'+ | | |
| All Zones | \$ 5,064 | \$ 5,064 | \$ 5,064 | \$ 5,064 | | |
| 2800'/2850' | \$ 2,287 | \$ 555 | \$ 555 | \$ 555 | | |
| 2950'/3000' | | \$ 1,573 | \$ 698 | \$ 698 | | |
| 3200'/3250' | | | \$ 8,187 | \$ 5,634 | | |
| 3400'/3400'+ | | | | \$ 5,738 | | |
| CIF for Zone: | \$ 7,351 | \$ 7,192 | \$ 14,504 | \$ 17,689 | | |
| '06-'07 CIF: | \$ 5,522 | \$ 5,366 | \$ 11,955 | \$ 14,680 | | |
| Difference: | \$ 1,829 | \$ 1,826 | \$ 2,549 | \$ 3,009 | | |
| % Change: | 33.1% | 34.0% | 21.3% | 20.5% | | |

| 2013 Capital Improvement Fee Summary per Service Zone | | | | | | |
|-------------------------------------------------------|---------------|---------------|---------------|----------------|--|--|
| Proposed Table 1, Appendix H | | | | | | |
| Service/Benefit Zone | Service Zone | | | | | |
| | 2800' & 2850' | 2950' & 3000' | 3200' & 3250' | 3400' & 3400'+ | | |
| All Zones | \$ 5,064 | \$ 5,064 | \$ 5,064 | \$ 5,064 | | |
| 2800'/2850' | \$ 2,287 | \$ 555 | \$ 555 | \$ 555 | | |
| 2950'/3000' | | \$ 1,573 | \$ 698 | \$ 698 | | |
| 3200'/3250' | | | \$ 8,187 | \$ 5,634 | | |
| 3400'/3400'+ | | | | \$ 5,738 | | |
| CIF for Zone: | \$ 7,351 | \$ 7,192 | \$ 14,504 | \$ 17,689 | | |

charge shall be credited against the current per acre charge set forth in Appendix G.

- E. **Exemptions:** The Lakeshore No. 1, Lakeshore No. 2 and Ana Verde Special Assessment District are exempted from this charge.
- F. **Westmont Improvement District:** There shall be a credit for payments made by virtue of special assessments of the Westmont Improvement District against the applicable Assessment Parity Charge.

10.07: CAPITAL IMPROVEMENT FEE (Revised 12-13-06)

In order to provide funds for the construction of District facilities to meet water demands created by future development, the Board has determined that developers shall be required to contribute toward the cost of constructing the additional facilities required to meet increasing demands for water service. In order to implement this determination and to comply with all legal requirements pertaining to such development fees, the Board authorized a study of the District's system and facilities which resulted in an updated master plan known as "Master Plan Supplement August 1989." Included in this supplement was a "Capital Improvement Cost and Benefit Study" and map identifying all capital improvements considered in developing the current policy and schedule of fees. All of these documents constitute the District's Capital Improvement Plan which shall be updated each year. To the extent any such update changes the Capital Improvement Plan or Schedule of Fees, this policy shall also be updated and modified to be consistent with said changes and modified plan.

- A. **Purpose:** The purpose of the Capital Improvement Fee is to create a fund to finance the estimated reasonable cost of capital improvements required to meet anticipated demands for water service arising from

new residential, commercial and industrial development within the District's service area.

- B. Elevation Zones:** Given the nature of a water service system and the topographic and geographic characteristics of the District's service area, the Capital Improvement Fees to be imposed on new developments are segregated by elevation zone. The purpose of this segregation is, to the extent possible, to fairly allocate the fees accordingly to the benefit derived from the capital improvements to be constructed. Accordingly, different fees will be charged under this policy depending upon the elevation zone in which the ultimate water consumer is or will be located, as well as by type of service involved.
- C. Single Family Residential Connections:** The Board has determined that anticipated water usage based on historical data should be the primary basis for determining Capital Improvement Fees for residential connections. As explained in the Capital Improvement Cost and Benefit Study, residential water usage varies depending on whether the connection is for a single family residence or part of a larger residential complex such as apartments, condominiums or mobile home parks. As explained in the study, the District made an analysis of water usage by type of residential dwelling unit. This analysis led to the development of an "equivalent dwelling unit" equating two multiple family dwelling units to each single family dwelling unit for purposes of the Capital Improvement Fee as applied to residential units. Thus, developers of residential units, regardless of type, are assessed a Capital Improvement Fee for each equivalent dwelling unit, depending upon the applicable elevation zone. The schedule of such fees applicable to single family residential units is set forth in Table I of Appendix H. In cases where a single family

residential connection requires a fire flow requirement specified by the County of Los Angeles which is in excess of 1250 GPM for two hours, the method of calculating said Capital Improvement Fee is attached hereto as Appendix H.

D. Commercial/Industrial and Multifamily Residential Connections:

The Board has determined fire flow requirements specified by the County of Los Angeles and the domestic usage of these connections should be the primary basis for determining the capital improvement fees for commercial/industrial and multifamily residential connections. The developer will be assessed a capital improvement fee based upon the fire flow and domestic water demands. The method of calculating capital improvement fees for commercial/industrial and multifamily residential developments are set forth in Appendix H.

E. Temporary Structure Connections: The Board recognizes that the amount of the capital improvement charge for nonresidential services should be adjusted in the event the structure to which service is to be provided is a temporary structure. The District policy is to provide for some proportionate reimbursement of such charges based upon the duration of service. For purposes of this paragraph, a "temporary structure" is one manufactured under state license in whole or in sections in a factory, transported to a site, placed and, if in sections, joined together thereon and may be disconnected and removed in the same configuration as initially delivered and placed. When a party applies for water service for a temporary structure, the District capital improvement fee calculated pursuant to Appendix H shall be applied and paid. In the event that the water service is discontinued and the temporary structure removed from the site prior to the running of a 10 year period following payment of the capital improvement fee, the

District will reimburse the applicant, or the applicant's designated successor, an amount equal to:

$$\text{Reimbursement} = \frac{\text{CIF} - \text{CIF}(n)}{120}$$

For purposes of this formula, the following definitions apply:

1. "C.I.F." means the amount of capital improvement fee originally paid.
2. "n" means the time expressed in months up to a maximum of 120 months that water service was provided to the temporary structure following payment of the capital improvement fee.

10.08: MAIN EXTENSIONS (Revised 7-1-08)

The District has determined that sound engineering and economic practices require that water system facilities be designed and constructed in order to provide hydraulic integration. This will allow consumers to obtain more dependable supplies of water. If an applicant's property does not front upon an existing distribution main of the District, such applicant shall, in addition to any and all other charges, be required to pay the cost of a main extension of a size to be determined by the District. The size of the extended main may be larger than that required to serve the applicant in which case the applicant shall be entitled to reimbursement in accordance with the District's Main Extension Reimbursement Policy, as set forth in Article 11.03. In addition, the cost may include the cost of providing a circulating line to avoid a dead-end line if deemed necessary by the District.

- A. **Payment of Costs:** Prior to construction by the District, the applicant shall deposit an amount of money equal to the Manager's cost estimate of the work.

APPENDIX H

CAPITAL IMPROVEMENT FEE

1. Single Family Residential Developments per Article 10.07C:

TABLE 1

| 2013 Capital Improvement Fee Summary per Service Zone | | | | |
|-------------------------------------------------------|------------------|------------------|------------------|-------------------|
| Table 1, Appendix H | | | | |
| Service/Benefit Zone | Service Zone | | | |
| | 2800' & 2850' | 2950' & 3000' | 3200' & 3250' | 3400' & 3400'+ |
| All Zones | \$ 5,064 | \$ 5,064 | \$ 5,064 | \$ 5,064 |
| 2800'/2850' | \$ 2,287 | \$ 555 | \$ 555 | \$ 555 |
| 2950'/3000' | | \$ 1,573 | \$ 698 | \$ 698 |
| 3200'/3250' | | | \$ 8,187 | \$ 5,634 |
| 3400'/3400'+ | | | | \$ 5,738 |
| CIF for Zone: | \$ 7,351 | \$ 7,192 | \$ 14,504 | \$ 17,689 |

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:

Commercial/Industrial and Single Family Residential Development CIF Calculation

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

Multifamily Residential Development CIF Calculation

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

Definition of Formulae Terms

| | | |
|--------|---|----------------------------------------------------------|
| 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:

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

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

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:

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

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

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:

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

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