

## TUOLUMNE UTILITIES DISTRICT

### CAPACITY CHARGES REPORT FOR FISCAL YEAR 2019

#### **Purpose of the Report**

This report is prepared to comply with California Government Code 66013, detailing the amount of capacity charges that were received by the District and on what capital projects those charges were expended.

#### **Capacity Charges Defined**

Per § 66013 (b) (3) – Capacity charge means a charge for public facilities in existence at the time a charge is imposed or charges for new public facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged, including supply or capacity contracts for rights or entitlements, real property interests, and entitlements and other rights of the local agency involving capital expense relating to its use of existing or new public facilities.

#### **Reporting Requirements**

Per § 66013 (d) – A local agency shall make available to the public, within 180 days after the last day of each fiscal year, the following information for that fiscal year:

- 1) A description of the charges deposited in the fund.
- 2) The beginning and ending balance of the fund and the interest earned from investment of moneys in the fund.
- 3) The amount of charges collected in that fiscal year.
- 4) An identification of all of the following:
  - A) Each public improvement on which charges were expended and the amount of the expenditure for each improvement, including the percentage of the total cost of the public improvement that was funded with those charges if more than one source of funding was used.
  - B) Each public improvement on which charges were expended that was completed during that fiscal year.
  - C) Each public improvement that is anticipated to be undertaken in the following fiscal year.
  - D) A description of each Interfund transfer or loan made from the capital facilities fund.

## **Description of charges deposited**

Water Fund – the charges meeting the capacity charges definition on the previous page are listed below and are by reference to the Tuolumne Utilities District Water Rules & Regulations, as amended April 9, 2019, Exhibits B and C Water Service Charges and Rates:

B.9 Capital Reserve Charge – the Capital Reserve Charge shall be used to establish a capital reserve fund that shall be used to replace capacity and facilities used by new applicants for service upon connection to the water system and to provide for the continuous capability to serve new applicants for treated water service. The capital reserve fund would specifically be used to replace equipment and facilities that reach the end of their useful life and to construct improvements necessary to maintain service and capacity in water treatment, storage, transmission, distribution, pumping facilities, and controls systems as periodically needed in each of the service areas within the District’s jurisdiction.

B.14 Capacity Charges – Water Capacity Charges shall be collected and placed in a fund to construct improvements to any of the water systems for the purpose of increasing supply, treatment, storage, or transmission capacity used up by new connections to the water systems. The charges are uniform to all systems and are collected and used to construct improvements as needed in any individual water system.

C.2 – Christian Heights Supply and Storage Fee – there were no charges collected for this fee during fiscal year 2019.

Sewer Fund – the charges meeting the capacity charges definition on the previous page are listed below and are by reference to the Tuolumne Utilities District Wastewater Ordinance, as amended April 9, 2019, Exhibit B Sewer Service Charges, Connection and Capital Facilities Fees, and Other Rate Schedules:

B.10.1 Wastewater Connection and Capital Facilities Charge – The Wastewater Connection and Capital Facilities Fees are to provide funds for replacement and expansion of capital improvements necessary to provide and maintain service to all customers within the District’s sewer service areas. The Wastewater Capital Facilities Charge is collected to construct improvements to any of the sewer facilities for the purpose of increasing or replacing collection, treatment, or disposal system capacity used up by new connections to the sewer system. The components are:

- A) Collection & Transmission
- B) Treatment
- C) Disposal

Subscribers Wastewater Capital Facilities Charge – Subscribers consist of various entities that maintain their own sewer collection system (and treatment facilities in the case of Jamestown) but who otherwise discharge into TUD facilities for transmission through the interceptors, treatment, and disposal via reclamation. Those entities include Twain Harte Community Services District and Jamestown Sanitary District. The components and rates charged to subscribers for Twain Harte Community Services District and Jamestown Sanitary District are as separately stated and described under B.10.1.

**Activity for Current Reporting Period (FY 2019)**

	BEG <sup>1</sup>	COLLECTED	INTEREST	SPENT <sup>2</sup>	END <sup>1</sup>
Water					
Capital reserve	\$ -	\$ 34,075	-	\$ 34,075	\$ -
Supply	137,067	24,163	3,324	23,859	140,695
Treatment	-	42,055	713	12,600	30,168
Storage	542,435	80,024	9,615	225,148	406,926
Sewer					
Collection	461,308	40,135	786	468,964	33,265
Treatment	458,352	42,154	9,121	123,590	386,037
Reclamation	50,654	19,127	1,689	-	71,470
	<u>\$ 1,649,816</u>	<u>\$ 281,733</u>	<u>\$ 25,248</u>	<u>\$ 888,236</u>	<u>\$ 1,068,561</u>

BEG<sup>1</sup>/END<sup>1</sup> - deficit balances are not carried forward.

SPENT<sup>2</sup> - completed improvements, does not include construction in progress.

## Completed Capacity Charge Expenses for Current Reporting Period (FY 2019)

Expenditure / Capital Projects	FY 19	% Funded by Capacity Charges	% Funded by Other Revenue	Total Capacity Charges	Total Other Revenue <sup>3</sup>
Water:					
Jamestown Tank	\$ 1,530,840	3%	97%	\$ 40,855	\$ 1,489,985
Bourbon Street Improvements	371,753	100%	0%	371,753	-
Volponi Tank Consolidation	148,146	100%	0%	148,146	-
Kennebec Tank Improvements	29,794	100%	0%	29,794	-
Sonora WTP Controller	12,600	100%	0%	12,600	-
Rogue River Pump	11,261	100%	0%	11,261	-
Matelot Reservoir Grid Bee	8,737	100%	0%	8,737	-
Westside Reservoir Grid Bee	8,737	100%	0%	8,737	-
Lower Ponderosa Pond Pump	6,385	100%	0%	6,385	-
Gunsight Tank	6,353	100%	0%	6,353	-
Sewer:					
Law & Justice Flex Rake	269,345	0%	100%	-	269,345
E Sonora Interceptor Lining	207,661	100%	0%	207,661	-
2019 Sewer CIPP Project	166,477	100%	0%	166,477	-
Parrotts Ferry Lift Station Upgrade	55,567	100%	0%	55,567	-
Sonora Regional Boiler Room	35,751	100%	0%	35,751	-
Twain Harte Paddle Wheel Aerator	31,415	100%	0%	31,415	-
Sonora Fairgrounds Generator	26,118	100%	0%	26,118	-
Collection Improvements	20,784	100%	0%	20,784	-
Sonora Regional Hose Pumps	20,541	100%	0%	20,541	-
Damin Lift Station Paving	18,475	100%	0%	18,475	-
Regional Boiler Burner	9,765	100%	0%	9,765	-
<b>Total Capital Projects/Capacity Charge Expenses</b>	<b><u>\$ 2,996,505</u></b>			<b><u>\$ 1,237,175</u></b>	<b><u>\$ 1,759,330</u></b>

Total Other Revenue<sup>3</sup> - represents the amount not funded by capacity charges, which is made up of grants, user charges and/or district reserves.

**Budgeted Capacity Charge Expenses for Next Reporting Period (FY 2020)**

Description	Water	Sewer
Cuesta Heights Water Storage Improvements	\$ 940,000	
Mono Vista Tank	713,000	
Columbia Ditch Spill #1	381,250	
Sonora WTP Land Acquisition	350,000	
Matelot Pipeline	346,800	
Tank Ventilation Improvements	311,000	
Phoenix Lake Preservation/Restoration	283,375	
Valley Vista Tank	240,000	
Columbia Ditch Shoot Flume	162,500	
Riddle Tank Abandonment	160,913	
O'Neil Tunnel Repair	123,750	
Sonora WTP Design	115,000	
Ditch Improvements	100,000	
SCADA Improvements	87,500	
Cinder Block Tank Bypass	75,000	
Canyonview Pump Station	51,750	
Zelinsky Tank Abandonment	51,000	
Cedar Ridge Upper Tanks Land	40,000	
Shaws Flat Pipeline Flow Meter	40,000	
Rawhide Bridge Utility Relocation	35,000	
Phoenix Dam and Spillway Improvements	34,100	
Shaws Flat Ditch Flume	15,000	
Land Purchase for Mono village to Scenic View	15,000	
Eureka Ditch Flume	12,000	
Greenley Tank Valve	7,500	
Regional Wastewater Treatment Plant Improvements		\$ 640,350
General Collection System Lining Projects		300,000
Parrotts Ferry Lift Station Rehab		230,000
General Collection System Improvements		230,000
Columbia Interceptor Lining		126,500
Columbia JC Upper Lift Station Rehab		92,000
Reclamation System Groundwater Monitoring Workplan		79,350
Hillcrest and Palamone Improvements		75,000
Nikki Court Lift Station Improvements		75,000
Reclamation System Irrigation Area Expansion		74,050
Star MHP Lift Station Control Panel		54,000
Phoenix Lake Park Lift Station Overflow Sump		54,000
Apple Valley Lift Station Relocation		40,500
SCADA Improvements		37,500
Parrotts Ferry FM and ARV		35,000
Quartz Reservoir Tower Gate Lifters		11,875
Willow Springs Lift Station Upgrades		11,400
<b>Total Capacity Charge Expenses Budgeted</b>	<b>\$ 4,691,438</b>	<b>\$ 2,166,525</b>

**Interfund transfer or loans**

During fiscal year 2019, there were no interfund transfers or loans from capacity charge funds. Interfund transfers or loans, if ever necessary, are made from unrestricted funds.

# GOVERNMENT CODE

## SECTION 66013

66013. (a) Notwithstanding any other provision of law, when a local agency imposes fees for water connections or sewer connections, or imposes capacity charges, those fees or charges shall not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed, unless a question regarding the amount of the fee or charge imposed in excess of the estimated reasonable cost of providing the services or materials is submitted to, and approved by, a popular vote of two-thirds of those electors voting on the issue.

(b) As used in this section:

(1) "Sewer connection" means the connection of a structure or project to a public sewer system.

(2) "Water connection" means the connection of a structure or project to a public water system, as defined in subdivision (f) of Section 116275 of the Health and Safety Code.

(3) "Capacity charge" means a charge for public facilities in existence at the time a charge is imposed or charges for new public facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged, including supply or capacity contracts for rights or entitlements, real property interests, and entitlements and other rights of the local agency involving capital expense relating to its use of existing or new public facilities. A "capacity charge" does not include a commodity charge.

(4) "Local agency" means a local agency as defined in Section 66000.

(5) "Fee" means a fee for the physical facilities necessary to make a water connection or sewer connection, including, but not limited to, meters, meter boxes, and pipelines from the structure or project to a water distribution line or sewer main, and that does not exceed the estimated reasonable cost of labor and materials for installation of those facilities.

(6) "Public facilities" means public facilities as defined in Section 66000.

(c) A local agency receiving payment of a charge as specified in paragraph (3) of subdivision (b) shall deposit it in a separate capital facilities fund with other charges received, and account for the charges in a manner to avoid any commingling with other moneys of the local agency, except for investments, and shall expend those charges solely for the purposes for which the charges were collected. Any interest income earned from the investment of moneys in the capital facilities fund shall be deposited in that fund.

(d) For a fund established pursuant to subdivision (c), a local agency shall make available to the public, within 180 days after the last day of each fiscal year, the following information for that fiscal year:

(1) A description of the charges deposited in the fund.

(2) The beginning and ending balance of the fund and the interest earned from investment of moneys in the fund.

(3) The amount of charges collected in that fiscal year.

(4) An identification of all of the following:

(A) Each public improvement on which charges were expended and the amount of the expenditure for each improvement, including the percentage of the total cost of the public improvement that was funded with those charges if more than one source of funding was used.

# GOVERNMENT CODE

## SECTION 66013

(B) Each public improvement on which charges were expended that was completed during that fiscal year.

(C) Each public improvement that is anticipated to be undertaken in the following fiscal year.

(5) A description of each interfund transfer or loan made from the capital facilities fund. The information provided, in the case of an interfund transfer, shall identify the public improvements on which the transferred moneys are, or will be, expended. The information, in the case of an interfund loan, shall include the date on which the loan will be repaid, and the rate of interest that the fund will receive on the loan.

(e) The information required pursuant to subdivision (d) may be included in the local agency's annual financial report.

(f) The provisions of subdivisions (c) and (d) shall not apply to any of the following:

(1) Moneys received to construct public facilities pursuant to a contract between a local agency and a person or entity, including, but not limited to, a reimbursement agreement pursuant to Section 66003.

(2) Charges that are used to pay existing debt service or which are subject to a contract with a trustee for bondholders that requires a different accounting of the charges, or charges that are used to reimburse the local agency or to reimburse a person or entity who advanced funds under a reimbursement agreement or contract for facilities in existence at the time the charges are collected.

(3) Charges collected on or before December 31, 1998.

(g) Any judicial action or proceeding to attack, review, set aside, void, or annul the ordinance, resolution, or motion imposing a fee or capacity charge subject to this section shall be brought pursuant to Section 66022.

(h) Fees and charges subject to this section are not subject to the provisions of Chapter 5 (commencing with Section 66000), but are subject to the provisions of Sections 66016, 66022, and 66023.

(i) The provisions of subdivisions (c) and (d) shall only apply to capacity charges levied pursuant to this section.