City of San Bruno



Water & Sewer Capacity Charge Update

September 28, 2017

BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

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September 28, 2017

City of San Bruno
567 El Camino Real
San Bruno, CA 94066-4299

Re: Water & Sewer Capacity Charge Study

Bartle Wells Associates is pleased to submit the attached *Water & Sewer Capacity Charge Study*. The study develops updated capacity charges designed to equitably recover the costs of water and sewer system infrastructure and assets benefiting new development. The proposed capacity charges are designed to be adequate, fair, and comply with all legal requirements.

The proposed water and sewer capacity charges are higher than the City's current charges, but will be in the middle range compared to other regional agencies in and around San Mateo County. The City's current charges were developed a number of years ago and are in the lower range compared to other regional agencies.

I enjoyed working with the City on this assignment and appreciate the input and assistance received from the City throughout the project. Please contact me if you ever have any questions about the recommendations presented in the report.

Sincerely,

BARTLE WELLS ASSOCIATES

Alex Handlers, CIPMA
Principal/Vice-President

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1. Background, Objectives, & Government Code

Background

The City of San Bruno provides water and wastewater service to over 11,000 residential, commercial, institutional, and light industrial accounts. The City is located approximately 12 miles south of downtown San Francisco in San Mateo County, California. The City was incorporated in 1914 and is a General Law City. The City encompasses roughly 5.5 square miles and has a population of approximately 45,500.

The City levies water and sewer development impact fees on new or expanded connections to the water and sewer systems. These charges are levied as a condition of development or change in use, and are designed to recover the cost of capacity in infrastructure and assets benefitting new development. This report refers to the City's water and sewer development impact fees as "capacity charges", in line with terminology used in California Government Code.

Capacity charges are one-time fees, paid up-front as a condition of new development or expansion. Capacity charges are separate from the City's rates for water and wastewater service. New connections begin paying the City's water and wastewater rates after they have paid their capacity charge and become ongoing customers.

The City retained Bartle Wells Associates to update its water and sewer capacity charges with the goals of developing new charges that:

- Recover the full costs of water and wastewater system infrastructure and assets that benefit new or expanded development to help ensure that growth pays its own way;
- Equitably recover costs based on the new or increased capacity needs of new development or redevelopment;
- Are consistent with industry-standard practices and methodologies;
- Comply with government code.

Government Code

Development impact fees are governed by California Government Code Section 66000 et. seq This section of the Code was initially established by Assembly Bill 1600 (AB 1600) and is commonly referred to as the Mitigation Fee Act. Pursuant to the Code, a development impact fee is not a tax or special assessment, but is instead voluntary charge levied to defray the cost of public facilities needed to serve a new development.

Section 66013 of the Code specifically governs water and wastewater capacity charges. This section of the Code defines a "capacity charge" to mean "*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.*" The Code distinguishes "capacity charges" from "connection fees" which are defined as fees for the physical facilities necessary to make a water or sewer connection, such as costs related to installation of meters and pipelines from a new building to a water or sewer main.

According to the Section 66013, a water or wastewater capacity charge "shall not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed" unless approved by a two-thirds vote. As such, the capacity charges calculated in this report represent the maximum charges that the City can levy. Section 66013 does not detail any specific methodology for calculating capacity charges.

Section 66016 of the Code identifies the procedural requirements for adopting or increasing water and wastewater capacity charges and Section 66022 summarizes the general process by which the charges can be legally challenged. The full text of Sections 66013, 66016 and 66022 are attached in Appendix C.

Proposed Water & Sewer Capacity Charges

This report develops updated water and sewer capacity charges designed to equitably recover the costs of facilities and assets benefitting new development. The recommended charges are based on an *average cost approach* under which new or expanded connections would fund their proportionate share of costs (in current dollars) for capacity needed in existing and planned water and wastewater system facilities and assets.

Proposed Water Capacity Charges

	AWWA Meter Capacity Ratio	Water Demand (gpd)	Capacity Charge
WATER CAPACITY CHARGE PER GPD			$32.201
RESIDENTIAL WATER CAPACITY CHARGES			
Capacity charge per residential dwelling unit			
Single Family or Duplex		200	$6,440
Multi-Family (3 or more dwelling units)		130	4,186
NON-RESIDENTIAL WATER CAPACITY CHARGES			
Capacity charge based on water meter size			
Meter Size			
3/4-inch	1.00	200	$6,440
1-inch	1.67	333	10,723
1-1/2-inch	3.33	667	21,478
2-inch	5.33	1,067	34,359
3-inch	10.00	2,000	64,402
4-inch	16.67	3,333	107,326
6-inch	33.33	6,667	214,685
8-inch	53.33	10,667	343,490

Standard Water Capacity Charges are shown. The City reserves the authority to determine the Water Capacity Charges for new connections in instances where the water demand of new connections is significantly different than the standard demands shown above.

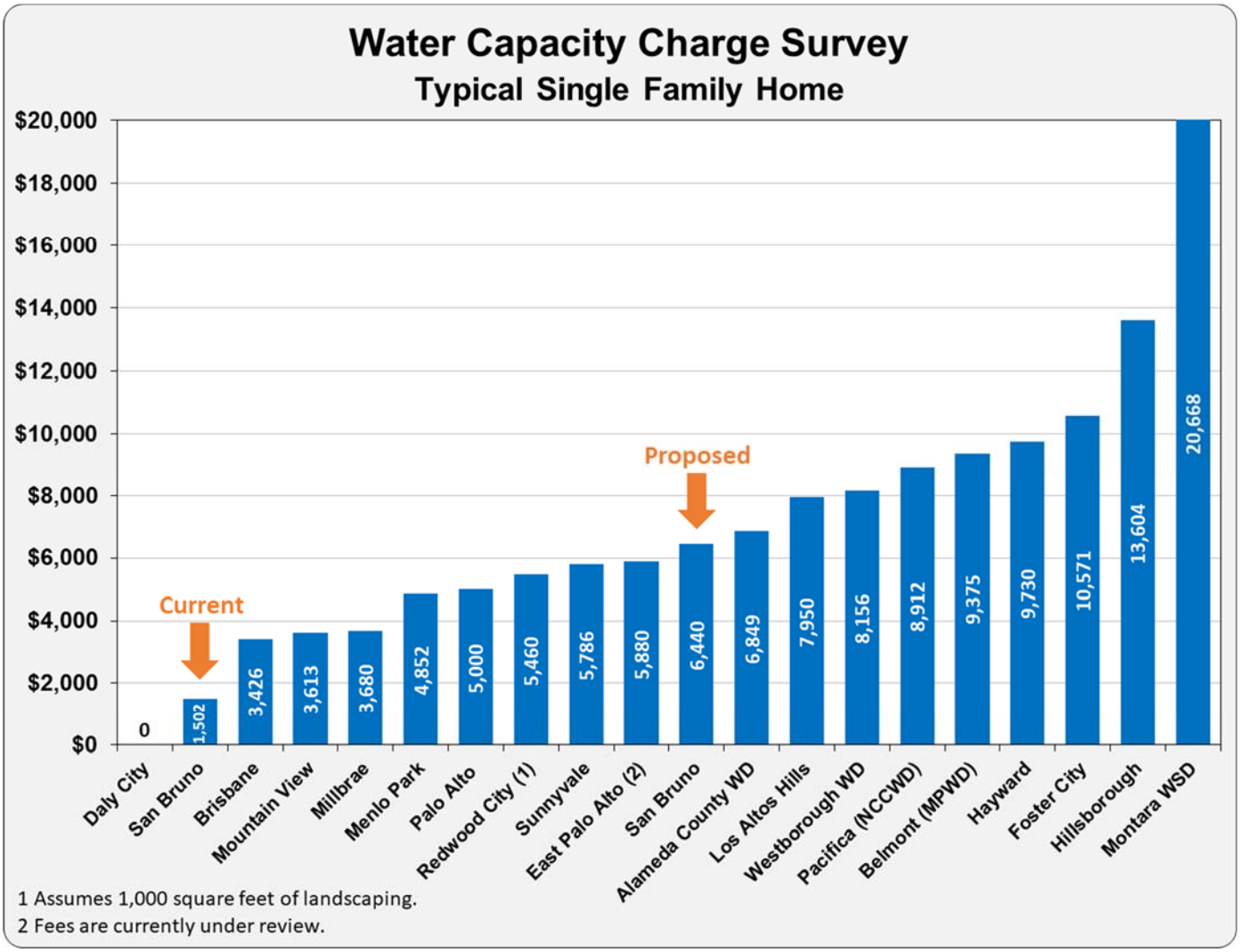
Proposed Sewer Capacity Charges

	AWWA Meter Capacity Ratio	Sewer Demand (gpd)	Capacity Charge
WASTEWATER CAPACITY CHARGE PER GPD			$37.493
RESIDENTIAL WASTEWATER CAPACITY CHARGES			
Capacity charge per residential dwelling unit			
Single Family or Duplex		150	$5,624
Multi-Family (3 or more dwelling units)		120	4,499
NON-RESIDENTIAL WASTEWATER CAPACITY CHARGES			
Capacity charge based on water meter size			
Meter Size			
3/4-inch	1.00	150	$5,624
1-inch	1.67	250	9,373
1-1/2-inch	3.33	500	18,747
2-inch	5.33	800	29,994
3-inch	10.00	1,500	56,240
4-inch	16.67	2,500	93,733
6-inch	33.33	5,000	187,465
8-inch	53.33	8,000	299,944

Standard Sewer Capacity Charges are shown. The City reserves the authority to determine the Sewer Capacity Charges for new connections in instances where the sewer demand of a connection is significantly different than the standard demands shown above.

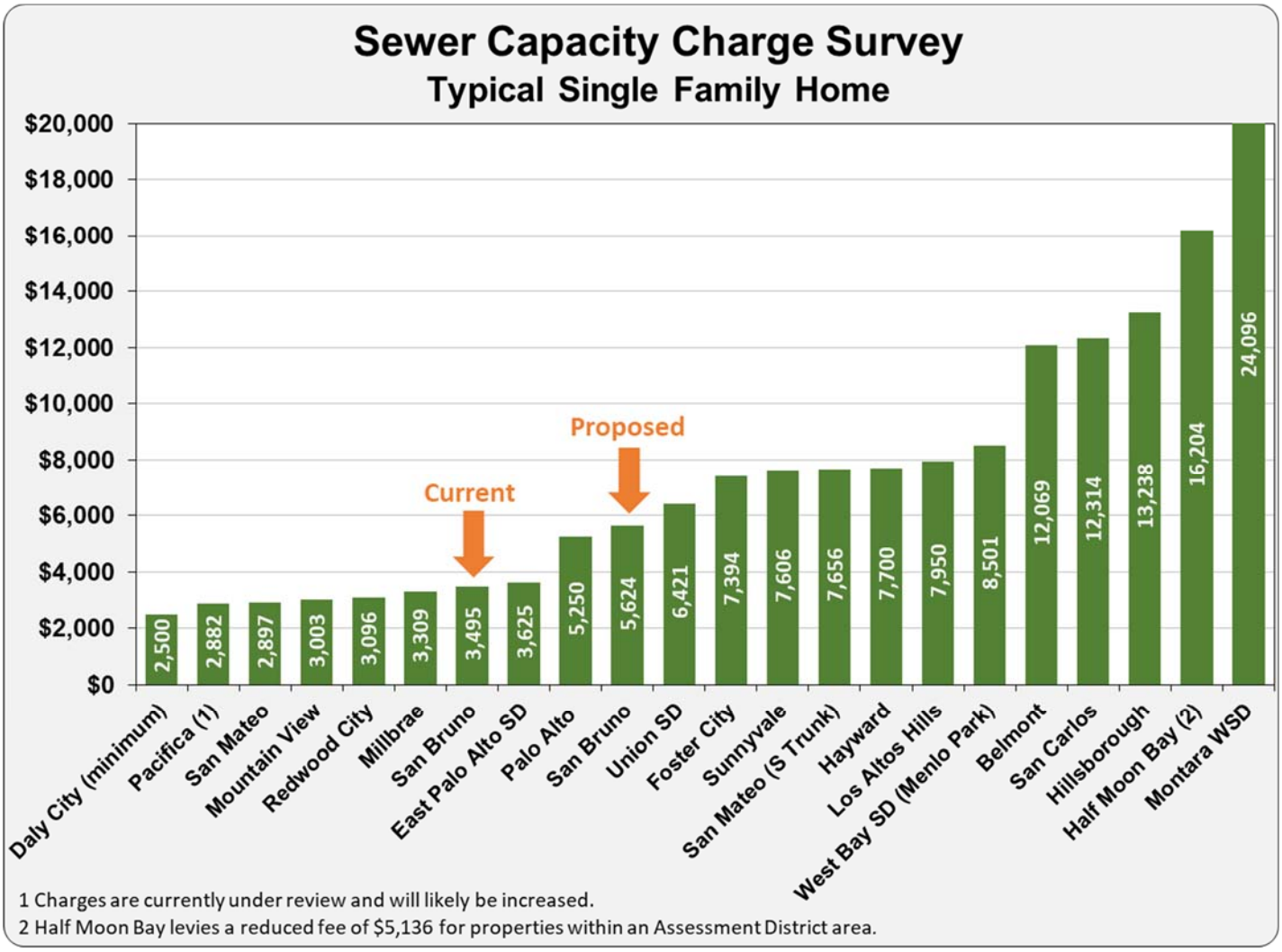
Survey of Regional Water Capacity Charges

The following chart shows a comparison of regional water capacity charges for a typical new single family home.



Survey of Regional Sewer Capacity Charges

The following chart shows a comparison of regional wastewater capacity charges for a typical new single family home.



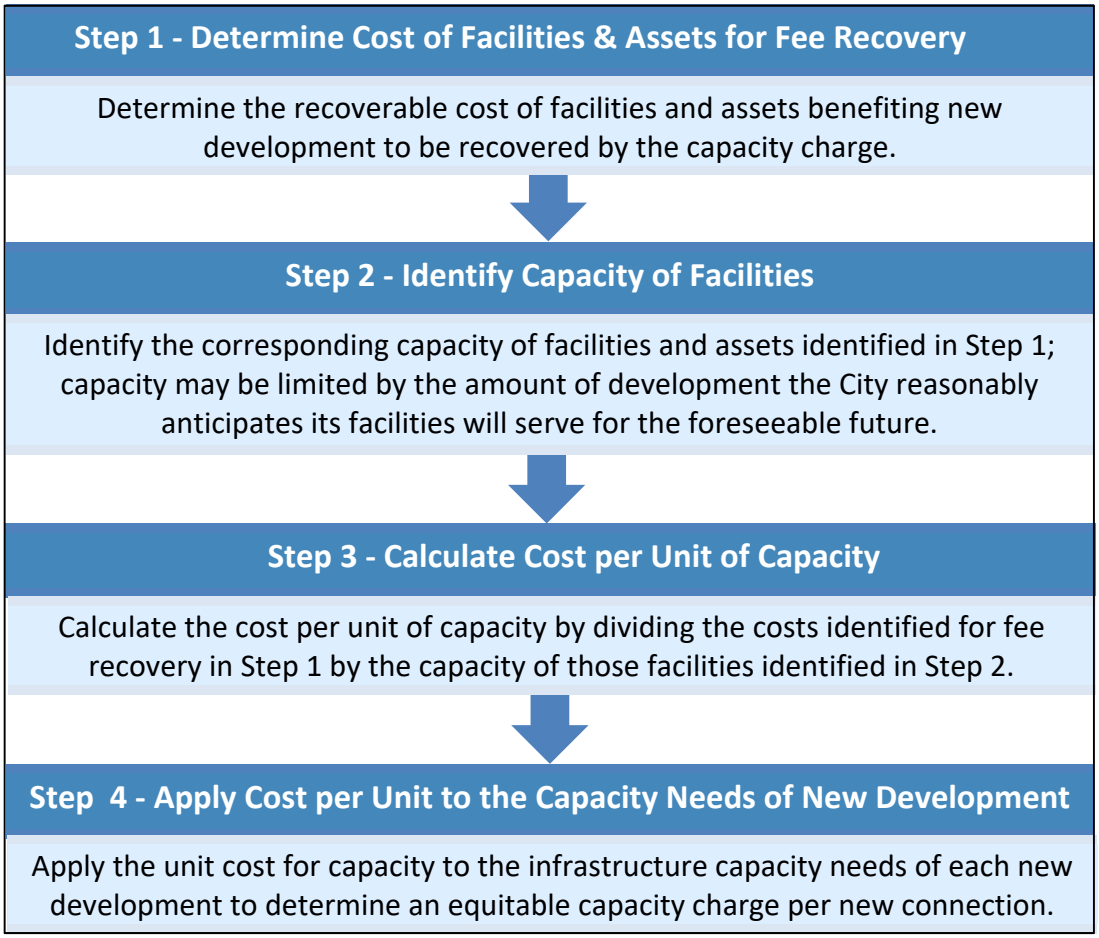
1 Charges are currently under review and will likely be increased.
2 Half Moon Bay levies a reduced fee of $5,136 for properties within an Assessment District area.

2. Capacity Charge Methodology

Fee Methodology: Average Cost Approach

BWA recommends use of an *average cost approach* to calculate updated water and sewer capacity charges. Under this approach, new connections buy in for a proportionate share of capacity needs in existing and planned water and wastewater system facilities and assets. The fees are calculated based on the total cost of facilities including planned upgrades and expansions, divided by the projected capacity the City is projected to serve. Hence the charges recover the average cost of capacity in infrastructure and assets accounting for current and future demands. The *average cost approach* is a widely used and accepted approach for calculating capacity charges, particularly for service areas that are largely built out but require some additional infrastructure improvements to meet the demands of anticipated growth. The general methodology used to calculate updated capacity charges is summarized below.

Capacity Charge Methodology



3. Water Capacity Charge Calculation

Current Water Capacity Charges

Table 1 shows the City's current water capacity charges. Charges are based on water meter size, with larger meters paying higher fees based on the increased capacity requirements of larger meter sizes.

Table 1 – Current Water Capacity Charges

Meter Size	Water Capacity Charge
3/4-inch	$1,502
1-inch	2,504
1-1/2-inch	5,007
2-inch	8,012
3-inch	16,533
4-inch	25,037
6-inch	50,074
8-inch	90,133

Water System Fixed Assets

Under the methodology used in this report, updated water capacity charges are designed to recover the cost of existing water system facilities and assets (in current dollars) as well as the cost of system upgrades and expansion needed to serve the City with projected growth.

Table 2 calculates the value of the City's water system pipelines based on the linear feet of pipeline and a conservative estimate of the current average cost per linear foot for construction. Many of the City's water system pipelines are over 50 years old. The City plans to replace a substantial portion of its aging water system pipelines in upcoming years. To account for the age and condition of existing pipelines, 50% of the costs of the pipelines are included in the updated fee calculation.

Table 2 – Water System Pipelines

Water System Pipelines	
Miles	120
Linear Feet	633,600
Average Cost per Linear Foot	$200
Total Cost	$126,720,000
% Included in Fee Recovery	50%
$ Included in Fee Recovery	$63,360,000

Table 3 shows a summary of other water system fixed assets along with the cost of each type of asset escalated into current dollars based on the change in the Engineering News-Record (ENR) Construction Cost Index (20-Cities Average Index) from the acquisition date of each asset to January 2017. A complete list of water system assets and costs is included in Appendix A.

Table 3 – Other Water System Fixed Assets

Other Water System Assets	
Land	$982,130
Buildings & Improvements*	26,557,038
Machinery & Equipment	5,965,574
Total	33,504,742

* Excluding pipelines.

Water Capital Improvement Program

Table 4 shows a summary of the City's updated Water Capital Improvement Program (CIP). The City estimates that a) approximately 90% of the costs are for replacement of existing facilities, many of which are reaching the end of their useful lives, and b) approximately 10% of the costs are for upgrades and/or expansions to existing facilities. Some of these upgrades/expansions include upsizing or improvements when an existing asset is replaced. The capacity charges calculated in this report are sized to recover costs for system upgrades/expansion, but do not include cost recovery for rehabilitation/replacements to ensure no double counting of existing facilities and their replacement and to exclude costs of replacements that will be funded by water customers in upcoming years.

Table 4 –Water Capital Improvement Projects

Project Description		10-Year CIP Costs (Current $)
San Antonio Avenue Water Main Improvement		$1,430,000
San Mateo Avenue Water Main Improvement		1,805,342
Shelter Creek Water Main Improvement		103,977
Avenues 1-1 Water Main Improvement		2,196,394
Avenues 1-2 Water Main Improvement		2,636,394
Avenues 1-3 Water Main Improvement		4,020,000
Avenues 2-1 Water Main Improvement		180,000
Avenues 3-1 Water Main Improvement		3,850,000
Avenues 3-2 Water Main Improvement		3,300,000
Avenues 3-3 Water Main Improvement		3,200,000
Avenues 3-4 Water Main Improvement		3,100,000
Avenues 4-1 Water Main Improvement		4,200,000
Avenues 4-2 Water Main Improvement		2,500,000
Avenues 4-3 Water Main Improvement		3,200,000
Avenues 5-1 Water Main Improvement		3,000,000
Avenues 5-2 Water Main Improvement		4,000,000
Avenues 5-3 Water Main Improvement		3,300,000
Future Annual Water Main Improvements		5,500,000
Tank 1 (Cunningham) Rehabilitation		7,128,163
Tank 7 (Sweeney Ridge) Rehabilitation		2,000,000
Tank 4 (Princeton) Rehabilitation		4,000,000
Tank Rehabilition Project (Coating)		909,534
Sneath Lane Pump Station		200,000
Lake Drive Pump Station		200,000
Whitman Pump Station Generator		250,000
Princeton Pump Station Generator		250,000
Glenview Pump Station Generator		250,000
Advanced Water Meter Replacement Project		593,664
SCADA Radio Transmitter		10,025
Arbor Court Regulator		400,000
Regulators on SFPUC Service Connection		25,671
Commodore Park Well Replacement		402,006
Total		68,141,170
Cost Allocation		
Rehab/Replacement	90%	61,327,053
Upgrade/Expansion	10%	6,814,117
Total		68,141,170

Water Capacity Charge Calculation

Table 5 calculates an updated water capacity charge based on an *average cost approach*. The charge is designed to recover costs for:

- **Existing Facilities & Assets**: To be reasonable and conservative, fee recovery accounts for a) 50% of the estimated replacement cost of the City's water system pipelines, many which are aging and will be replaced in future years as shown in Table 2, b) the cost of other water facilities and assets escalated into current to current dollars as shown in Table 3, and c) buy-in for a conservative estimate of operating fund reserves that the City will maintain in future years, which are financial assets of the water system. The City currently has a higher level of water fund reserves, but anticipates spending a portion of these reserves on capital improvements.
- **Capital Improvements**: The fee recovers capital improvement project costs allocated to upgrade and expansion as shown on Table 4. Project costs allocated to rehabilitation and replacement are excluded from fee recovery to ensure no double counting of existing facilities and their replacement and to exclude costs of replacements that will be funded by water customers in upcoming years.

Total costs for fee recovery are divided projected future water demand estimated at current demand plus an additional 35% to account for growth and a partial rebound in water consumption from recent drought levels. This results in a per unit water capacity charge of $32.201 per gallon per day (gpd) based on the average cost of facilities and assets needed to serve projected future water demand.

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Table 5 – Water Capacity Charge Calculation

Water System Costs for Fee Recovery	
Existing Facilities & Assets	
Water System Pipelines (50% Cost Recovery)	$63,360,000
Other Water System Fixed Assets	33,504,742
Buy-In Share of Operating Fund Reserves	5,000,000
Capital Improvements	
Capital Improvements: Rehab/Replacement	Excluded
Capital Improvements: Upgrade/Expansion	6,814,117
Total	108,678,859
Water System Service Capacity (mgd)	
Current Customer Demand	2.50
Plus 35% (Growth & Partial Rebound of Use)	0.88
Projected Future Customer Demand	3.38
Water Capacity Charge per Unit	
$ per mgd	**$32,201,143**
$ per gpd	**$32.201**

Proposed Water Capacity Charges

Table 6 shows proposed water capacity charges. The charges are based on the capacity charge per gpd developed in Table 5 applied to the estimated water demands of new residential and non-residential connections. Water demand for residential connections are applied per dwelling unit based on estimated water demand per typical single family and multi-family dwelling unit.

Charges for non-residential connections are based on water meter size with the charges per meter size aligned with meter capacity based on standard American Water Works Association meter capacity estimates. In some cases, water demands from some new connections may substantially exceed the estimates included in the standard fee calculations. To ensure the charge reasonably reflects water demands of all future connections, the City retains the authority to separately calculate the appropriate charge for future connections based on the underlying

water capacity charge per gpd, in instances where the estimated demand from a new connection is significantly different than the demand estimates used for the standard fee calculations.

Table 6 – Proposed Water Capacity Charges

	AWWA Meter Capacity Ratio	Water Demand (gpd)	Capacity Charge
WATER CAPACITY CHARGE PER GPD			$32.201
RESIDENTIAL WATER CAPACITY CHARGES			
Capacity charge per residential dwelling unit			
Single Family or Duplex		200	$6,440
Multi-Family (3 or more dwelling units)		130	4,186
NON-RESIDENTIAL WATER CAPACITY CHARGES			
Capacity charge based on water meter size			
Meter Size			
3/4-inch	1.00	200	$6,440
1-inch	1.67	333	10,723
1-1/2-inch	3.33	667	21,478
2-inch	5.33	1,067	34,359
3-inch	10.00	2,000	64,402
4-inch	16.67	3,333	107,326
6-inch	33.33	6,667	214,685
8-inch	53.33	10,667	343,490
Standard Water Capacity Charges are shown. The City reserves the authority to determine the Water Capacity Charges for new connections in instances where the water demand of new connections is significantly different than the standard demands shown above.			

4. Sewer Capacity Charge Calculation

Current Sewer Development Impact Fees

Table 7 shows the City's current sewer capacity charges. Charges are based on water meter size, with larger meters paying higher fees based on the increased capacity requirements of providing sewer service to larger meter sizes.

Table 7 – Current Sewer Capacity Charges

Meter Size	Sewer Capacity Charge
3/4-inch	$3,495
1-inch	5,825
1-1/2-inch	11,651
2-inch	18,641
3-inch	35,604
4-inch	58,253
6-inch	116,506
8-inch	209,711

Sewer System Fixed Assets

Under the methodology used in this report, updated sewer capacity charges are designed to recover the cost of existing water system facilities and assets (in current dollars) as well as the cost of system upgrades and expansion needed to serve the City with projected growth.

Table 8 calculates the value of the City's sewer system pipelines based on the linear feet of pipeline and a conservative estimate of the current average cost per linear foot for construction. Many of the City's sewer system pipelines are over 50 years old. The City plans to replace a substantial portion of its aging sewer system pipelines in upcoming years. To account for the age and condition of existing pipelines, 50% of the costs of the pipelines are included in the updated fee calculation.

Table 8 – Sewer System Pipelines

Sewer System Pipelines	
Miles	87
Linear Feet	459,360
Average Cost per Linear Foot	$200
Total Cost	$91,872,000
% Included in Fee Recovery	50%
$ Included in Fee Recovery	$45,936,000

Table 9 shows a summary of other water system fixed assets along with the cost of each type of asset escalated into current dollars based on the change in the Engineering News-Record (ENR) Construction Cost Index (20-Cities Average Index) from the acquisition date of each asset to January 2017. A complete list of water system assets and costs is included in Appendix A.

Table 9 – Other Sewer System Fixed Assets

Other Sewer System Assets	
Buildings & Improvements*	$22,655,839
Machinery & Equipment	2,255,503
Total	24,911,342

* Excluding pipelines.

City Share of Wastewater Treatment Plant

The City conveys sewage to a regional wastewater treatment plant -- the South San Francisco/San Bruno Water Quality Control Plant – for treatment and effluent disposal. The wastewater treatment plant is jointly owned by San Bruno and the City of South San Francisco pursuant to a Joint Powers Agreement, and is operated by South San Francisco.

Table 10 calculates San Bruno's share of costs (in current dollars) in the wastewater treatment plant based on historical cost information and cost allocations provided by the City of South San Francisco. Costs are escalated into current dollars to account for construction cost inflation and total approximately $42 million for the City's share of facility costs.

Sewer Capital Improvement Program

Table 11 shows a summary of the City's updated Sewer Capital Improvement Program (CIP). The City estimates that a) approximately 90% of the costs are for replacement of existing facilities, many of which are reaching the end of their useful lives, and b) approximately 10% of the costs are for upgrades and/or expansions to existing facilities. Some of these upgrades/expansions include upsizing or improvements when an existing asset is replaced. The capacity charges calculated in this report are sized to recover costs for system upgrades/expansion, but do not include cost recovery for rehabilitation/replacements to ensure no double counting of existing facilities and their replacement and to exclude costs of replacements that will be funded by water customers in upcoming years.

Table 10 – City Share of Wastewater Treatment Plant

Project	Construction Cost Est.	Year	ENR-Adjusted* Cost	San Bruno Cost Share %	San Bruno Cost Share Const Cost	San Bruno Cost Share ENR-Adjusted*	Cost Allocation Basis
Primary Treatment Plant	$884,690	1952	$16,374,819	19.7%	$174,339	$3,226,859	1947 Agreement + Other Documents
Plant Upgrade to Secondary Treatment	2,250,000	1962	27,174,633	24.3%	546,741	6,603,327	1962 Agreement
Plant Capacity Upgrade	1,630,000	1972	9,792,720	26.0%	423,800	2,546,107	1972 Agreement, Exhibit A
Deep Water Outfall	2,770,000	1972	16,641,616	20.3%	563,000	3,382,394	1972 Agreement, Exhibit A
Plant Reliability Improvements	1,880,000	1977	7,686,164	29.3%	550,088	2,248,972	1977 Agreement + Other Documents
Plant Capacity Upgrade & Reliability Improvements	8,726,119	1991	19,007,382	33.0%	2,879,619	6,272,436	SB 33%, SSF 67%
Major Plant Expansion	39,752,054	1999	69,096,536	17.7%	7,036,114	12,230,087	June 27, 2003 Cost Allocation Sheet
Final Effluent Storage Basin & Sewage Pump Station Improvements	12,505,904	2005	17,688,447	17.7%	2,213,545	3,130,855	June 27, 2003 Cost Allocation Sheet
Turbo Blower No. 1	565,000	2013	623,274	26.9%	151,985	167,661	Treatment Plant Capacity Share
Blower Bldg No.1 Seismic Upgrades Bus Bank, & Emergency Generator No. 1 Improvements	6,800,000	2014	7,303,225	26.9%	1,829,200	1,964,568	Treatment Plant Capacity Share
Turbo Blower No. 2	778,000	2016	792,576	26.9%	209,282	213,203	Treatment Plant Capacity Share
Total	**78,541,767**		**192,181,393**	21.1%	**16,577,713**	**41,986,467**	

* Costs escalated into current dollars based on the change in the Engineering News-Record Construction Cost Index (20-Cities Avg) to January 2017.
Source: Data provided by City of South San Francisco.

Table 11 – Sewer Capital Improvement Program

Project Description		10-Year CIP Costs (Current $)
Wastewater Pipeline Repair Program		$2,413,512
1st Avenue Sanitary Sewer Line Project		1,018,784
Trenton Drive Wastewater Main Replacement		1,950,866
Crestmoor Canyon Sewer Main Improvement		520,000
Crestwood Drive Sewer Main Improvement		1,200,000
San Antonio Avenue Sewer Main Improvement		900,000
Jenevein Avenue Sewer Main Improvement		1,848,257
San Mateo Avenue Sewer Main Improvement		1,832,479
Crystal Springs Avenue Sewer Main Improvement		2,192,051
Avenues 1-1 Sewer Main Improvement		1,976,456
Avenues 1-2 Sewer Main Improvement		3,470,000
Avenues 1-3 Sewer Main Improvement		2,930,000
Avenues 2-1 Sewer Main Improvement		2,510,000
Avenues 2-2 Sewer Main Improvement		3,570,000
Avenues 2-3 Sewer Main Improvement		3,660,000
Avenues 3-1 Sewer Main Improvement		2,460,000
Avenues 3-2 Sewer Main Improvement		2,330,000
Avenues 3-3 Sewer Main Improvement		2,240,000
Avenues 3-4 Sewer Main Improvement		1,470,000
Avenues 4-1 Sewer Main Improvement		2,800,000
Avenues 4-2 Sewer Main Improvement		1,600,000
Avenues 4-3 Sewer Main Improvement		1,390,000
Avenues 5-1 Sewer Main Improvement		1,900,000
Avenues 5-2 Sewer Main Improvement		3,300,000
Avenues 5-3 Sewer Main Improvement		3,300,000
Future Annual Sewer Main Improvements		6,500,000
Olympic Pump Station Rehab/Force Main		328,450
Spyglass Sewer Pump Station Replacement		2,616,755
Crestwood Sewer Pump Station Replacement		2,500,000
Crestmoor Sewer Pump Station Replacement		2,550,000
Lomita Sewer Pump Station Replacement		1,850,000
Total		71,127,610
Cost Allocation		
Rehab/Replacement	90%	64,014,849
Upgrade/Expansion	10%	7,112,761
Total		71,127,610

Sewer Capacity Charge Calculation

Table 12 calculates an updated sewer capacity charge based on an *average cost approach*. The charge is designed to recover costs for:

- **Existing Facilities & Assets**: To be reasonable and conservative, fee recovery accounts for a) 50% of the estimated replacement cost of the City's sewer system pipelines, many which are aging and will be replaced in future years as shown in Table 8, b) the cost of other sewer facilities and assets escalated into current to current dollars as shown in Table 9, c) the City's share of costs for the regional Water Quality Control Plant jointly owned with South San Francisco as shown on Table 10, and d) buy-in for a conservative estimate of operating fund reserves that the City will maintain in future years, which are financial assets of the sewer system. The City currently has a higher level of sewer fund reserves, but anticipates spending a portion of these reserves on capital improvements.
- **Capital Improvements**: The fee recovers capital improvement project costs allocated to upgrade and expansion as shown on Table 11. Project costs allocated to rehabilitation and replacement are excluded from fee recovery to ensure no double counting of existing facilities and their replacement and to exclude costs of replacements that will be funded by sewer customers in upcoming years.

Total costs for fee recovery are divided projected future sewer demand estimated at current demand plus an additional 35% to account for growth and a partial rebound in sewer usage from recent drought levels. This results in a per unit sewer capacity charge of $37.493 per gallon per day (gpd) based on the average cost of facilities and assets needed to serve projected future sewer system demand.

Table 12 – Sewer Capacity Charge Calculation

Wastewater System Costs for Fee Recovery	
Existing Facilities & Assets	
Sewer System Pipelines (50% Cost Recovery)	$45,936,000
Other Wastewater System Fixed Assets	11,318,994
City Share of Wastewater Treatment Plant	41,986,467
Buy-In Share of Operating Fund Reserves	5,000,000
Capital Improvements	
Capital Improvements: Upgrade/Expansion	7,112,761
Capital Improvements: Rehab/Replacement	Excluded
Total	111,354,222
Wastewater System Service Capacity ADWF (mgd)	
Current Customer Demand	2.20
Plus 35% (Growth & Partial Rebound of Use)	0.77
Projected Future Customer Demand	2.97
Wastewater Capacity Charge	
$ per mgd	**$37,493,004**
$ per gpd	**$37.493**

Proposed Sewer Capacity Charges

Table 13 shows proposed sewer capacity charges. The charges are based on the capacity charge per gpd developed in Table 12 applied to the estimated wastewater demands of new residential and non-residential connections. Wastewater demand for residential connections are applied per dwelling unit based on estimated demand per typical single family and multi-family dwelling unit.

Charges for non-residential connections are based on water meter size with the charges per meter size aligned with meter capacity based on standard American Water Works Association meter capacity estimates. In some cases, wastewater demands from some new connections may substantially exceed the estimates included in the standard fee calculations. To ensure the charge reasonably reflects wastewater demands of all future connections, the City retains the

authority to separately calculate the appropriate charge for future connections based on the underlying sewer capacity charge per gpd, in instances where the estimated demand from a new connection is significantly different than the demand estimates used for the standard fee calculations.

Table 13 – Proposed Sewer Capacity Charges

	AWWA Meter Capacity Ratio	Sewer Demand (gpd)	Capacity Charge
WASTEWATER CAPACITY CHARGE PER GPD			$37.493
RESIDENTIAL WASTEWATER CAPACITY CHARGES			
Capacity charge per residential dwelling unit			
Single Family or Duplex		150	$5,624
Multi-Family (3 or more dwelling units)		120	4,499
NON-RESIDENTIAL WASTEWATER CAPACITY CHARGES			
Capacity charge based on water meter size			
Meter Size			
3/4-inch	1.00	150	$5,624
1-inch	1.67	250	9,373
1-1/2-inch	3.33	500	18,747
2-inch	5.33	800	29,994
3-inch	10.00	1,500	56,240
4-inch	16.67	2,500	93,733
6-inch	33.33	5,000	187,465
8-inch	53.33	8,000	299,944

Standard Sewer Capacity Charges are shown. The City reserves the authority to determine the Sewer Capacity Charges for new connections in instances where the sewer demand of a connection is significantly different than the standard demands shown above.

5. Capacity Charge Application

This section highlights some key issues regarding the application and implementation of the updated capacity charges.

Capacity Charge Ordinance: Purpose of Charge

Pursuant to Government Code, revenues derived the City's capacity charges can only be used for the purpose for which the charges are collected. In order to maximize the City's flexibility for use of capacity charge revenues, BWA recommends that the ordinances/resolutions adopting new charges broadly define the purpose of each capacity charge, such as to recover costs for existing and future water and sewer system facilities and assets benefitting new or expanded connections to the water and sewer systems.

Use of Capacity Charge Revenues

A substantial portion of the updated water and sewer capacity charges recover costs for buying in to existing facilities and assets. This portion of each charge represents a reimbursement to the existing customer base for previously-funded facilities and therefore may potentially be used for any purpose. However, to be conservative, BWA recommends that the City apply all capacity charge revenues to fund capital improvements. Hence, a substantial portion of the revenues collected from water and sewer capacity charges can be used to help fund replacements of existing infrastructure.

Capacity Charge Credits for Redevelopment

Capacity charges for redevelopment projects and/or expansions should be based on the incremental demand generated from each project. Under this approach, the fees for future redevelopment projects would based on the incremental difference between the capacity charges that would apply to the current connection and the capacity charges applicable to the expanded connection.

Future Fee Adjustments

In future years, BWA recommends that the City update its capacity charges annually by adjusting the charges by the change in the Engineering News-Record Construction Cost Index (20-Cities Average) to account for future construction cost inflation. The fee adjustment should allow for a multi-year adjustment if the City ever opted to temporarily defer any fee adjustments. The City's capacity charge ordinances can allow for automatic annual adjustments.

Additionally, the City should review and consider updating its capacity charges when substantial revisions are made to anticipated capital improvement costs or to substantial changes in projected demand. In general, BWA recommends that capacity charges be independently reviewed and/or updated approximately once every five years.

APPENDIX A

Additional Water Capacity Charge Tables

Table A-1
San Bruno Capacity Charge Update
Other Water System Fixed Assets

Engineering News-Record Construction Cost Index	
January 2017 (20-Cities Avg)	10531.68

Asset #	Description	Asset Type	Acquisition Year	Acquisition Cost	Acquisition ENR CCI	ENR-Adjusted Cost
Land						
00117	Land - Pump Station locations #1-8,14-18	land	1960	76,842	824	982,130
	Land: 611-1810			**76,842**		**982,130**
Buildings & Improvements						
00133	Corp. Yard Emergency Gen.	bldg	2002	625,916	6538	1,008,251
00134	Chloramine System Install	bldg	2004	369,271	7115	546,598
00135	Well #18,Crys Spr.Rd. & Cypress	bldg	1997	553,187	5826	999,998
00136	Maple Ave./College Pump Station	bldg	2001	272,185	6343	451,926
00137	Pump Station-Glenview Dr.	bldg	1994	396,600	5408	772,349
00138	Forest Ln. Well #16	bldg	1992	425,793	4985	899,562
00139	Well #17 - 225 Huntington Rehab.	bldg	1994	331,854	5408	646,261
00140	City Park Well #14	bldg	1994	331,459	5408	645,492
00141	Forest Lane Well-Filter Station	bldg	1993	283,883	5210	573,851
00142	Commodore Park Well #15 . June '02	bldg	2002	471,063	6538	758,808
00143	Pump Station-San Bruno Av (for Tank #4)	bldg	1994	198,296	5408	386,167
00144	Linda Mar Pump Station #1	bldg	1991	33,003	4835	71,888
00145	Pump Station-Lake Drive	bldg	1991	16,143	4835	35,163
00146	Pump Station-Whitman Way	bldg	1991	16,143	4835	35,163
00147	Pump Station-College Dr.	bldg	1991	16,143	4835	35,163
00148	Tank#11 Construction	bldg	2007	710,931	7966	939,907
00805	Pump Station 6 Roofing Replacement And Holding Tank Refurbishment(84710)	bldg	2012	150,591	9308	170,388
00831	Crestmoor Recons.-Phase I Water System Improv.(2 New Water Pressure Reg.Stations	bldg	2013	661,792	9547	730,049
00866	Water System Master Plan Update 84706	bldg	2014	246,632	9806	264,883
00901	Tank Modifications/Seismic Retrofit Program(84131)	bldg	2014	796,848	9806	855,818
935	Pump Station No.4 College Replacement 84140	bldg	2015	3,778,958	10035	3,965,996
00118	Water Mains; Area-Wide Reconstr.	improv	1992	1,599,480	4985	Excluded
00119	Water Main Replacements	improv	2002	1,140,134	6538	Excluded
00120	Belle Aire Area Mainline Replacements	improv	2004	1,071,960	7115	Excluded
00121	San Bruno Avenue Water Main Replacements	improv	2002	816,068	6538	Excluded
00122	Mains Huntinton Park	improv	1994	561,782	5408	Excluded
00123	Mains Huntinton Park	improv	1994	523,039	5408	Excluded
00124	Mains Huntington Park	improv	1994	467,776	5408	Excluded
00125	Mains San Bruno Park	improv	1986	384,934	4295	Excluded
00126	Mains Huntinton Park	improv	1994	112,327	5408	Excluded
00127	Transmission Lines Welded Steel	improv	1982	109,438	3825	Excluded
00128	New Well #20	improv	2004	1,988,933	7115	2,944,035
00129	Mains Bayhill Development	improv	1984	63,957	4146	162,464
00130	Mains Pacific Hts #7-8	improv	1975	58,811	2212	Excluded
00131	Sneath Lane-Transmission Line Ductile	improv	1981	35,777	3535	Excluded
00132	Mains Bayhill Development	improv	1984	25,940	4146	Excluded
00756	Maple Ave Pump Station#5 Replace.84109	improv	2010	3,025,306	8799	3,621,042
00777	Mastick Avenue Water Main Replacement 84701	improv	2011	1,235,693	9070	Excluded

Table A-1
San Bruno Capacity Charge Update
Other Water System Fixed Assets

Engineering News-Record Construction Cost Index	
January 2017 (20-Cities Avg)	10531.68

Asset #	Description	Asset Type	Acquisition Year	Acquisition Cost	Acquisition ENR CCI	ENR-Adjusted Cost
00833	Crestmoor(Glenview) Phase Ii Utility Replacement Project(Water Portion)	improv	2013	900,691	9547	993,589
00900	Water Mains Improv./replacement (Spyglass&Merion Dr) 84129	improv	2015	659,420	10035	Excluded
932	Crestmoor(Glenview) Phase Iii Utility Replacement Project(Water Portion)	improv	2015	2,946,442	10035	3,092,276
940	Regulators On Sfpuc Service Connections Project 84100	improv	2016	932,482	10338	949,951
	Building & Improvement: 611-1820 & 611-1821			**29,347,081**		**26,557,038**
Machinery & Equipment						
00101	Electronic Meters, 5/8"	equip	1994	1,290,578	5408	2,513,305
00102	Electronic Meters, 2-Inch	equip	1994	54,472	5408	106,080
00103	Electronic Meters, 1-1/2"	equip	1994	47,899	5408	93,280
00104	Electronic Meters, 1 Inch	equip	1994	27,051	5408	52,680
00105	Universe Software & Cab-Ling	equip	2000	85,905	6221	145,431
00106	2003 Backhoe/Loader, John Deere	equip	2003	66,314	6694	104,332
00109	Versamailer/Inserter Machine	equip	1998	32,156	5920	57,206
00113	Automatic Meter Reading Devices	equip	2004	25,686	7115	38,021
00114	SCADA Proj #84315	equip	2004	615,864	7115	911,607
00675	Hose Bridge System,Tunnel&Connector	equip	2008	11,067	8310	14,026
00712	4"X660' Super Aqua Blue Hoses W/Coupling	equip	2008	24,689	8310	31,290
00718	Hr 6X6 Hose Reel System	equip	2008	51,496	8310	65,264
00728	Ab303 Seawtr Monitoring Wells(2406)82406	equip	2009	311,200	8570	382,434
00749	(2)10,000 Gallon Flex Pillow Tanks	equip	2010	22,410	8799	26,823
00759	(2) 10,000 Gallon Flex Pillow Tanks	equip	2011	19,558	9070	22,709
00827	Groundwater Management Plan Project84136	equip	2013	302,668	9547	333,886
00886	Portable Trimble Unit For Gis Data Collection(Geo 7X Handheld W/H-Star)	equip	2014	10,317	9806	11,080
911	1 Residual Control System(Rcs) Units For Tank 9 At College Tanks	equip	2016	76,859	10338	78,299
928	(2) Tank Mixers For Well No.17(Pwm100 Mixer, 115V,100 Foot Cable)	equip	2015	23,944	10035	25,129
929	(1) Residual Control System(Rcs) Unit For Tank No.7	equip	2016	29,989	10338	30,551
930	1 Residual Control System(Rcs) Units For Tank 10 At College Tanks	equip	2016	76,859	10338	78,299
931	(1) Residual Control System(Rcs) Unit For San Bruno Ave.No.4	equip	2016	64,885	10338	66,101
00028	2005 Ford Econoline Wgn	veh	2005	20,566	7446	29,089
00115	1999 Chev. P/U, Dump Body	veh	1999	22,167	6059	38,530
679	Pickup, 2008 Ford F350 4X2 Reg Cab, Drw	veh	2008	0	8310	0
00685	Vac-Con 5 Yard Hydro-Excavtion Unit	veh	2007	219,741	7966	290,515
00762	2011 Ford Truck F550 1Fduf5Gt5Bea03040	veh	2010	78,978	8799	94,530
00788	2012 Ford F350 One-Ton Dump Truck(1Ftbf3A63Cea07706)	veh	2012	25,934	9308	29,343

Table A-1
San Bruno Capacity Charge Update
Other Water System Fixed Assets

Engineering News-Record Construction Cost Index	
January 2017 (20-Cities Avg)	10531.68

Asset #	Description	Asset Type	Acquisition Year	Acquisition Cost	Acquisition ENR CCI	ENR-Adjusted Cost
00789	2012 Ford F-350 (1Fdrf3G69Ceb55862)	veh	2012	47,603	9308	53,861
00790	2012 Ford Xl F-550 (1Fdow5Gt8Ceb70170)	veh	2012	100,364	9308	113,559
00844	2014 Ford Escape Ut(1Fmcu0Gx2Eud81432)	veh	2014	25,203	9806	27,068
00847	2014 Ford F-150 (1Ftex1Cm9Eke58203)	veh	2014	23,091	9806	24,800
00887	2015 Ford F-350 Heavy Duty Truck (1Ftbf3A63Fea76755)	veh	2014	31,299	9806	33,615
910	2016 Ford Truck S-Dty F-350 Srw(1Ftbf3A64Gea99740)	veh	2015	40,813	10035	42,833
	Machinery & Equipment: 611-1840 & 611-1841			**3,907,625**		**5,965,574**
Total				**33,331,548**		**33,504,742**

Table A-2 *For informational purposes*

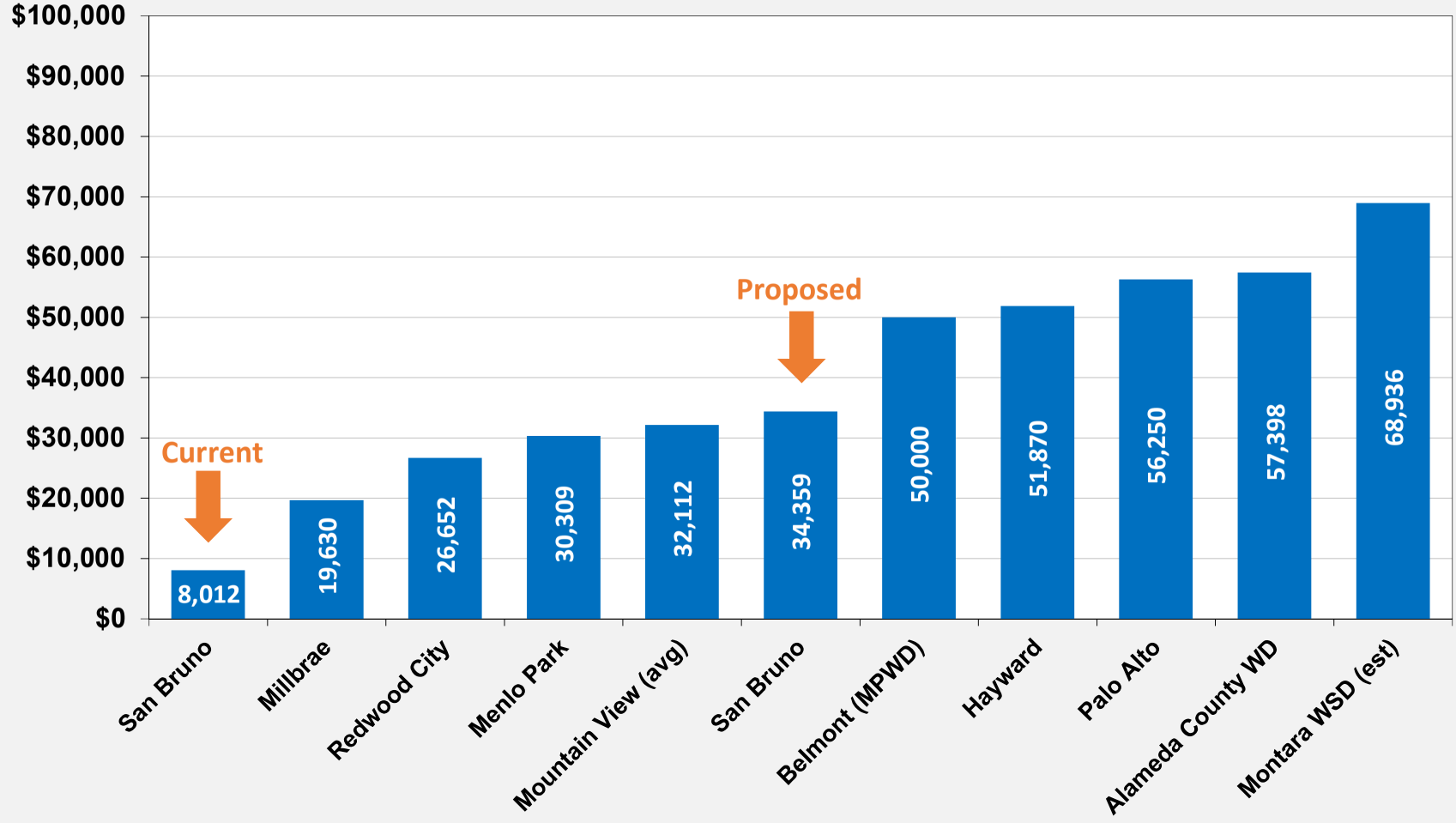
San Bruno Capacity Charge Update

Survey of Residential Flows Assumed for Capacity Charges

	Residential Flow per Dwelling Unit (gpd)	
	Single Family	Multi-Family
WATER CAPACITY CHARGE FLOW ESTIMATES		
San Bruno, Proposed	**200**	**130**
Sunnyvale	300	170
Mid-Peninsula WD (Belmont)	200	120
Redwood City	204-240	132-150
Mountain View	225	146-191
Alameda County Water District	252	202
SEWER CAPACITY CHARGE FLOW ESTIMATES		
San Bruno, Proposed	**150**	**120**
San Carlos	190	120
Millbrae	200	150
Sunnyvale	190	123.5
Mountain View	200	140-180
Union Sanitary District	210	180
Belmont	270	n/a
West Bay Sanitary District	220	n/a
West Valley Sanitation District	184	160
Milpitas	224	165

Water Capacity Charge Survey

Commercial 2-Inch Water Meter



1 Pacifica's fees were established in 1974 and are currently under review & will likely be increased.

2 Half Moon Bay also levies an Assessment District area fee on certain properties.

Fees Effective September 2017

APPENDIX B

Additional Sewer Capacity Charge Tables

Table B-1
San Bruno Capacity Charge Update
Other Wastewater System Fixed Assets

Engineering News-Record Construction Cost Index	
January 2017 (20-Cities Avg)	10531.68

Asset #	Description	Asset Type	Acquisition Year	Acquisition Cost	Acquisition ENR CCI	ENR-Adjusted Acquisition Cost
Buildings & Improvements						
00165	Pacific Heights Pump Station	bldg	2002	1,612,583	6538	2,597,615
00166	Rollingwood Pump Station	bldg	1994	450,890	5408	878,075
00167	Spyglass (Lift) Pump Sta.	bldg	1999	43,426	6059	75,483
00168	Crestmoor Pump Station	bldg	2004	156,990	7115	232,378
00773	Crystal Springs Pump Station Abandonment	bldg	2011	345,505	9070	401,185
00868	Wastewater System Master Plan Update	bldg	2014	550,459	9806	591,195
00159	7Th Avenue Relief Main	improv	2002	4,228,949	6538	Excluded
00160	Engvall Sewer Relief Sta.	improv	2004	1,469,797	7115	2,175,605
00161	Angus Sewer Main Connect.	improv	2004	740,935	7115	Excluded
00162	Lomita Park Outfall Repl.	improv	2004	331,410	7115	490,556
00163	Lower Sneath Lane Trunk Sewer	improv	2006	943,783	7751	Excluded
00164	Belle Air Phase 2 Sewer(84332)	improv	2004	593,512	7115	Excluded
00736	Kains To Angus Sewer Bypass 84301	improv	2008	113,458	8310	Excluded
00738	Rollingwood Relief Sewer Proj84325	improv	2009	5,098,672	8570	Excluded
00778	Mastick Avenue Water Main Replacement(85701)	improv	2011	747,463	9070	Excluded
00832	Crestmoor(Glenview) Sewer Replacement Phase I Reconstruction	improv	2012	135,734	9308	Excluded
00835	Crestmoor(Glenview) Phase Ii Utility Replacement Project(Sewer Portion)	improv	2013	802,178	9547	Excluded
00863	Chestnut Sewer Replacement Prout)#84324(6 Inch Sewer Main 514 Cherry&511 Chestn	improv	2014	116,013	9806	Excluded
00864	Kains To Angus Sewer Line Bypass Phase 2 (150-Ft @ Kains Ave.)	improv	2013	185,960	9547	Excluded
00903	Wastewater Pipeline Repair Program(84322)	improv	2015	576,213	10035	Excluded
934	Crestmoor(Glenview) Phase Iii Utility	improv	2015	2,906,398	10035	Excluded
939	Kains To Angus Sewer Line Bypass Phase 3 (600-Ft@Sma & 1,000-Ft@Kains)	improv	2015	1,399,661	10035	Excluded
	Building & Improvement: 631-1820 & 631-1821			**23,549,988**		**7,442,091**
Machinery & Equipment						
00152	2001 Sewer Rodder, Champ'N	equip	2002	74,655	6538	120,257
00156	Sewer Main Viewing System(3-T Eqpt)	equip	1999	18,476	6059	32,115
00702	Asphalt Zipper 300 W/99 Horsepower	equip	2008	43,273	8310	54,842
00717	Insight Vision Digital Push Camera	equip	2009	16,465	8570	20,234
00751	Panasonic Toughbook(4 Laptops)	equip	2009	13,540	8570	16,639
00763	Geographic Information System(Gis) Software	equip	2010	36,000	8799	43,089
00764	Four Smartcover Manhole Lid For Sso Notification	equip	2011	17,496	9070	20,316
00774	Scada For Wastewater Facilities 84315	equip	2011	128,204	9070	148,865
00787	Five Smart Cover Satellite Unit	equip	2012	23,999	9308	27,154
00794	2012 Vactor 2110 Combination Catch Basin(Vacuum Cleaner)	equip	2012	361,458	9308	408,977
00803	Scada For Wastewater Facilities 84315(11-12)	equip	2012	163,151	9308	184,599
00817	2012 Vactor 2115 Combination Catch Basin Sewer Cleaner	equip	2012	210,390	9308	238,049
00828	Sanitary Sewer Condition Assessment Project84337(Video Inspection)	equip	2013	1,333,298	9547	1,470,815
00849	(1) Sewer Lateral Camera And Kit	equip	2013	14,682	9547	16,197

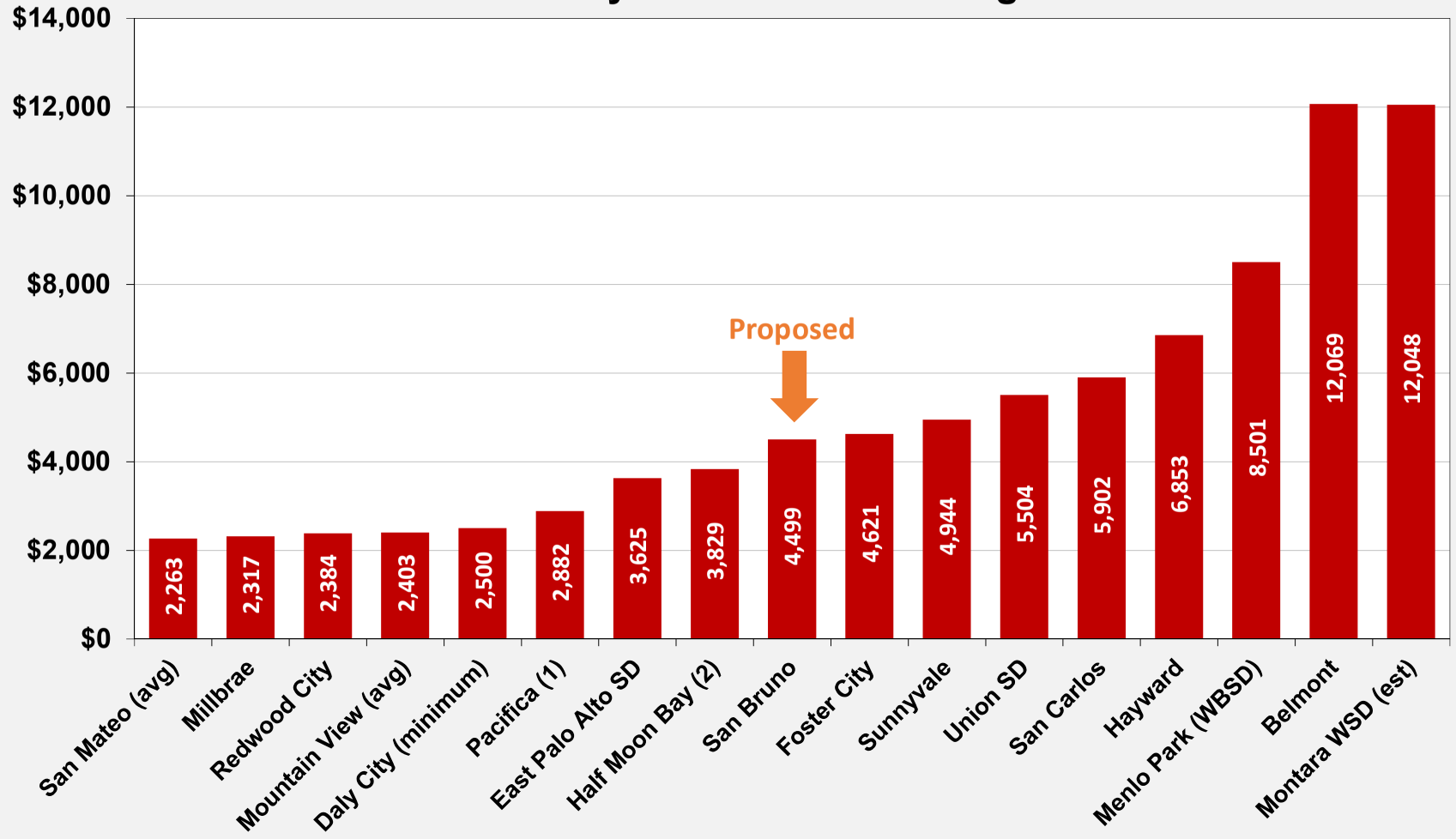
Table B-1
San Bruno Capacity Charge Update
Other Wastewater System Fixed Assets

Engineering News-Record Construction Cost Index	
January 2017 (20-Cities Avg)	10531.68

Asset #	Description	Asset Type	Acquisition Year	Acquisition Cost	Acquisition ENR CCI	ENR-Adjusted Acquisition Cost
00862	(Flow Meters)Dry Weather Flow Monitor At 7Th Ave&Tanforan Ave.85705	equip	2014	286,925	9806	308,159
00151	2001 Sterling S-L7500 Cab & Chas.	veh	2001	135,219	6343	224,513
00153	2001 Ford F450 Cab & Chas	veh	2001	29,988	6343	49,791
00155	1999 Ford Expl.	veh	2000	22,294	6221	37,742
00157	2006 Ford F450 Cab Chassis	veh	2005	27,839	7446	39,375
00158	2002 Ford F-150 Pick-Up	veh	2002	18,402	6538	29,643
00791	2012 Ford F-350 (1Fdrf3G60Ceb50811)	veh	2012	47,613	9308	53,873
00818	2013 Ford Sewer Lateral Service Truck S Dtr	veh	2013	66,957	9547	73,863
912	San Bruno Ca Pathfinder System In Outfit Video Inspection Truck1Fdxe4Fs8Gdc24373	veh	2015	245,640	10035	257,798
	Machinery & Equipment: 631-1840 & 631-1841			**3,335,963**		**3,876,903**
TOTAL				**26,885,951**		**11,318,994**

Sewer Capacity Charge Survey

Multi-Family Residential Dwelling Unit

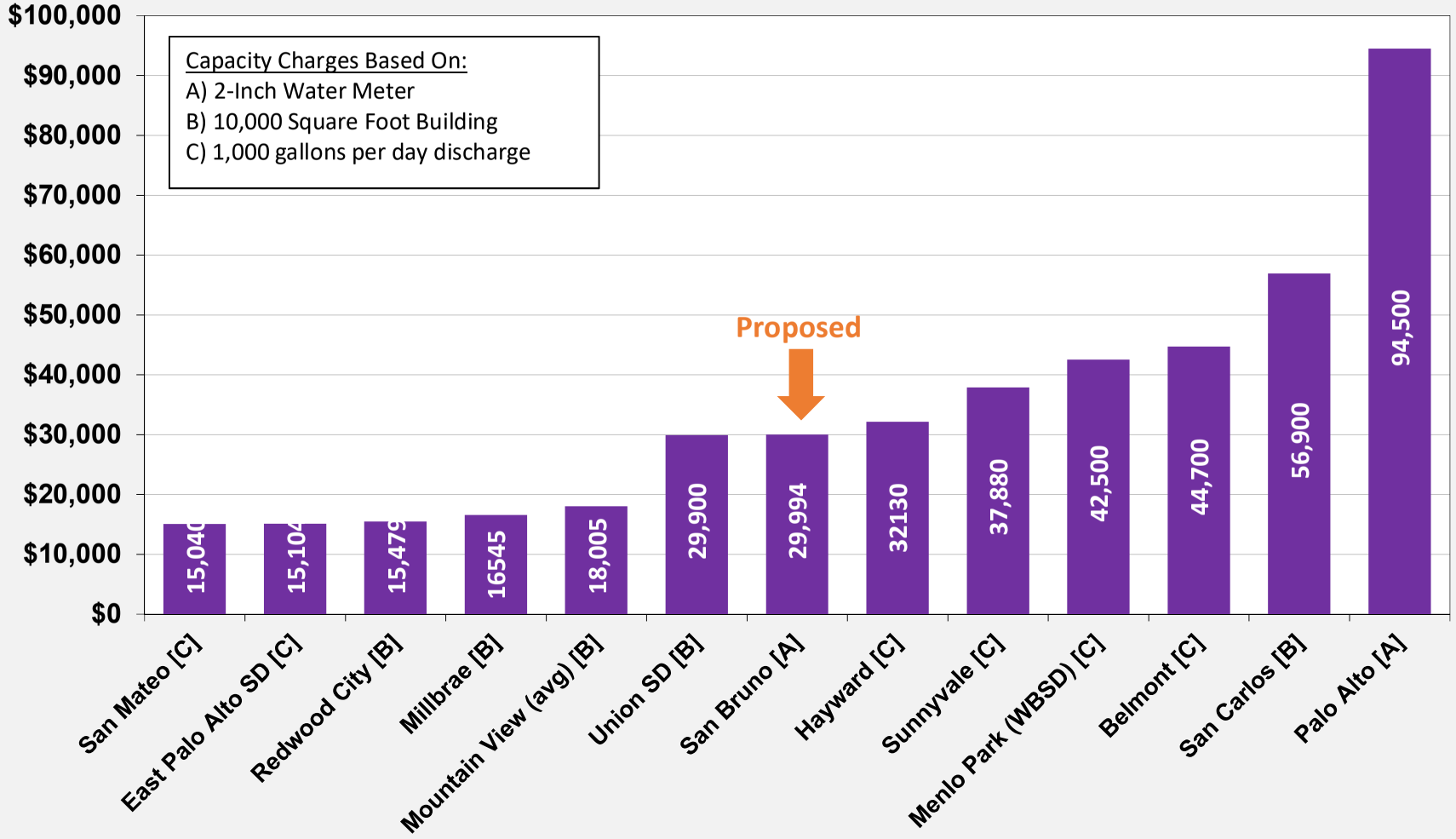


1 Pacifica's fees were established in 1974 and are currently under review & will likely be increased.

2 Half Moon Bay also levies an Assessment District area fee on certain properties.

Fees Effective September 2017

Sewer Capacity Charge Survey
General Commercial



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Fees Effective September 2017

APPENDIX C

California Government Code:
Key Sections Pertaining to Water & Sewer Capacity Charges

California Government Code
Key Sections Pertaining to Water & Wastewater Capacity Charges
Sections 66013, 66016, & 66022

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.

(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.

(Amended by Stats. 2007, Ch. 94, Sec. 1. Effective January 1, 2008.)

66016

(a) Prior to levying a new fee or service charge, or prior to approving an increase in an existing fee or service charge, a local agency shall hold at least one open and public meeting, at which oral or written presentations can be made, as part of a regularly scheduled meeting. Notice of the time and place of the meeting, including a general explanation of the matter to be considered, and a statement that the data required by this section is available, shall be mailed at least 14 days prior to the meeting to any interested party who files a written request with the local agency for mailed notice of the meeting on new or increased fees or service charges. Any written request for mailed notices shall be valid for one year from the date on which it is filed unless a renewal request is filed. Renewal requests for mailed notices shall be filed on or before April 1 of each year. The legislative body may establish a reasonable annual charge for sending notices based on the estimated cost of providing the service. At least 10 days prior to the meeting, the local agency shall make available to the public data indicating the amount of cost, or estimated cost, required to provide the service

for which the fee or service charge is levied and the revenue sources anticipated to provide the service, including General Fund revenues. Unless there has been voter approval, as prescribed by Section 66013 or 66014, no local agency shall levy a new fee or service charge or increase an existing fee or service charge to an amount which exceeds the estimated amount required to provide the service for which the fee or service charge is levied. If, however, the fees or service charges create revenues in excess of actual cost, those revenues shall be used to reduce the fee or service charge creating the excess.

(b) Any action by a local agency to levy a new fee or service charge or to approve an increase in an existing fee or service charge shall be taken only by ordinance or resolution. The legislative body of a local agency shall not delegate the authority to adopt a new fee or service charge, or to increase a fee or service charge.

(c) Any costs incurred by a local agency in conducting the meeting or meetings required pursuant to subdivision (a) may be recovered from fees charged for the services which were the subject of the meeting.

(d) This section shall apply only to fees and charges as described in Sections 51287, 56383, 65104, 65456, 65584.1, 65863.7, 65909.5, 66013, 66014, and 66451.2 of this code, Sections 17951, 19132.3, and 19852 of the Health and Safety Code, Section 41901 of the Public Resources Code, and Section 21671.5 of the Public Utilities Code.

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

(Amended by Stats. 2006, Ch. 643, Sec. 19. Effective January 1, 2007.)

66022

(a) Any judicial action or proceeding to attack, review, set aside, void, or annul an ordinance, resolution, or motion adopting a new fee or service charge, or modifying or amending an existing fee or service charge, adopted by a local agency, as defined in Section 66000, shall be commenced within 120 days of the effective date of the ordinance, resolution, or motion.

If an ordinance, resolution, or motion provides for an automatic adjustment in a fee or service charge, and the automatic adjustment results in an increase in the amount of a fee or service charge, any action or proceeding to attack, review, set aside, void, or

annul the increase shall be commenced within 120 days of the effective date of the increase.

(b)Any action by a local agency or interested person under this section shall be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

(c) This section shall apply only to fees, capacity charges, and service charges described in and subject to Sections 66013, 66014, and 66016.

(Amended by Stats. 2006, Ch. 643, Sec. 20. Effective January 1, 2007.)
