ORDINANCE NO. 1992-1

ORDINANCE ESTABLISHING A CAPITAL FACILITIES IMPROVEMENT FEE AND REPEALING PRIOR CAPITAL FACILITIES IMPROVEMENT FEE SCHEDULES

WHEREAS, the Armona Community Services District, has by previous Ordinance, established a capital facilities improvement fee, Ordinance No. 1988-1, which is hereby repealed; and

WHEREAS, a study was conducted of the impacts of contemplated future development on this District's existing services and facilities in the Armona Community Services District along with an analysis of new, improved or expanded public facilities and improvements required or appropriate to serve new development, and said study set forth the relationship between new development, those services or facilities, and the estimated costs of those improvements. The study, entitled "Capital Projects Plan" was prepared by Zumwalt-Hansen & Associates, Civil Engineers and Land Surveyors; and

WHEREAS, this study was available for public inspection and review ten (10) days prior to this public hearing and notice was given in compliance with Government Code Section 66016; and

WHEREAS, a public hearing, noticed pursuant to and in compliance with Government Code Sections 66016 and 6062a, was held at a regularly scheduled meeting of the Board of Directors; and

WHEREAS, the Board of Directors finds as follows:

A. The purpose of this fee is to finance waterworks, sewer and administrative facilities to reduce the impacts of increased service demands caused by new development, within the Armona Community Services District.

B. The capital facilities fee collected pursuant to this Resolution shall be used to finance the public facilities described or identified in Exhibit "A", attached hereto.

C. After considering the study and analysis prepared by John Zumwalt, R.C.E., entitled "Capital Projects Plan" and the testimony received at this public hearing, the Board approves said study, and incorporates such herein, and further finds that the new development in the Armona Community Services District will generate additional demands for water, sewer and administrative facilities within the District, and will contribute to the degradation of the present level of service in that area.

D. It is appropriate or necessary in this District to provide for waterworks, sewer and administrative facilities which have not been constructed, or have been constructed, but new development has not contributed its fair share towards these facility costs and said facilities.

E. The facts and evidence presented establish that there is a reasonable relationship between the need for the described public facilities and the impacts of the types of development described in paragraph 3 below, for which the corresponding fee is charged, and there is a reasonable relationship between the fee's use and the type of development for which the fee is charged, as these reasonable relationships or nexes are in more detail described in the study referred to above.

F. The cost estimates set forth in Exhibit "A" are reasonable cost estimates for constructing these facilities, and the fees expected to be generated by new development will not exceed the total of these costs.

NOW THEREFORE, pursuant to Government Code Section 61621, the Board of Directors of the Armona Community Services District does ordain as follows:

1. <u>Definition</u>. "New development" shall mean construction of residential improvements, original construction of commercial, industrial or other non-residential improvements, or other development requiring new water and/or sewer services to be extended to the property being developed, or which was previously built but is being newly connected to Armona Community Services District utilities.

2. A capital facilities improvement fee shall be charged upon issuance of any assurance of service and shall be paid at the time any building permit is obtained by all non-exempted new development in the Armona Community Services District. The District manager shall determine the type of development and the corresponding fee to be charged in accordance with this Resolution.

3. <u>Fee</u>. The schedule of fees attached hereto and incorporated as Exhibit "B" is hereby adopted.

4. <u>Use of Fee</u>. The fee shall be solely used to pay (1) for the described public facilities to be constructed by the District, (2) for reimbursing the District for the development's fair share of those capital improvements already constructed by the District, or (3) to reimburse other developers who have constructed public facilities described in Exhibit "A" attached hereto, where those facilities were beyond that needed to mitigate the impacts of the other developers' project or projects.

6. <u>Fee Review</u>. At the June regular meeting or any other annual budget meeting of each following year, the District's consulting engineers shall review the estimated cost of the described capital improvements, the continued need for those improvements and the reasonable relationship between such need and the impacts of the various types of development pending or anticipated and for which this fee is charged. The consulting engineers shall report their findings to the Board of Directors at a noticed public hearing and recommend any adjustment to this fee or other action as may be needed.

7. <u>Waiver or Reduction</u>. In unusual circumstances where the imposition of the aforesaid capital facilities improvement fee is deemed inappropriate, the Board may modify the fee or the terms of imposing the fee. Application for exemption shall be made to the Board and considered on a case-by-case basis.

8. <u>Judicial Action to Challenge this Resolution</u>. Any judicial action or proceeding to attack, review, set aside, void or annul this Ordinance shall be brought within 120 days.

Passed and adopted this 16 day of September, 1992.

James Kehler
President

CERTIFICATION

I, Robert Woyle, the duly appointed Secretary of ARMONA COMMUNITY SERVICES DISTRICT declare that the foregoing Resolution was passed and adopted at a regular meeting of the Board of Directors on September 16, 1992.

Robert Woyle
Secretary

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EXHIBIT "A"

ARMONA COMMUNITY SERVICES DISTRICT

CAPITAL PROJECTS PLAN

Armona Community Services District will encounter future expenses for capital expenditures resulting from growth. It is appropriate that developments take responsibility for their share of those future expenses by paying development fees.

Prior to 1988, the District collected connection fees for water and sewer by charging developments based upon a proportionate value of current facilities. Changes in the State law in 1989 required that fees be "ear-marked" to future expenses. In 1988, the District adopted Ordinance 1988-1, which defined the Districts future needs and subsequent costs. That ordinance also set out the logic for collecting fees from development and set the amount of those fees. Since 1988, the District's anticipated needs have changed. A new plan is needed to replace the prior Capital Projects Plan.

The District's current population is approximately 3,100 people. The District's current office and shop are just adequate to handle the current population. It is anticipated that a new office and shop will have to be constructed in order to handle future growth. The attached Table 1 shows the distribution of the cost of a new office over the next 2,400 people to be benefitted. The cost of the new shop is spread over the next 1,300 people to be benefitted. These numbers were chosen because it is expected that following that growth, further expansions will be required.

The just completed sewer system expansion was partly financed by a loan of $203,685 from the water fund. The current expansion is expected to accommodate 1,300 people and is therefore prorated over the increment of growth for 1,300 people. As the Community grows, additional plant expansions will be required. Including the likelihood of some type of package plant once the Community reaches 6,000 or 7,000 people. Additional trunk lines for collecting the sewage will also be required. Inspection of the Table 1 will show various items prorated over various increments of growth.

Currently, the District has two active domestic water wells. The District is able to serve the current population by running one well, almost exclusively, while holding the second well in reserve for peak flows and/or fires. The well held in reserve is the southern one. That well has a very high hydrogen sulfide content. Citizens have complained about this condition when the well is in use. They have also complained about the inexpensive "fixes" we have attempted. As the Community grows and this well is used more often, a hydrogen sulfide separator will need to be

Ex A

installed at that well in order to use it without the complaints. Existing population will receive some benefit from a hydrogen sulfide separator in the form of higher pressures. Therefore, only 70% of the cost of said separator is to be charged against future growth.

As the Community grows, it will need an additional well, additional storage capacity, and upgrades in distribution lines. Inspection of Table 1 shows the allocation.

The total cost to the District in 1992 dollars for the required projects to accommodate growth to a population of 8,600 people is estimated to be $6,247,685. This does not include the cost of maintaining the system, which is normally borne by the rate payers. In order to capture adequate connection fees for these projects, a fee of $1,074 per person, for sewer, and $840 per person for water needs to be collected. According to the 1990 Census, the average population per residence in Armona is 3.35 persons. This works out to be $3,599 for sewer, and $2,815 for water, per single family residential equivalent. This totals $6,414, which is more than twice the current District rate. Keeping the same logic as previously adopted, two bedroom apartments at 80% of single family residence would be $2,880 for sewer and $2,252 for water per unit. Apartments with only one bedroom would be 60% of the two bedroom apartment, which is $1,728 for sewer and $1,351 for water. Assuming a typical commercial development with fourteen sewer fixture units and twenty water fixture units would have about half the impact of a single family residence, the District can justify a connection fee of $129 per sewer fixture unit and $70 per water fixture unit. This again, is more than twice the current rate.

This study is only valid for the next increment of growth equivalent to 1,300 people or 388 single family residential equivalents. It is also only valid insofar as requirements of the State, the needs and responsibilities of the District, and costs remain the same.

If the Board believes that in the future, grants and loans from the Federal and State Government, as well as, opportunities for locally collected revenues will diminish, then higher connection fees are in order. Other factors, such as encouragement of job creation, etc., may be a factor as well. I have attached Table 2 showing the current rates, maximum justifiable rates, and recommended maximum rates. The recommended maximum is 70% of the maximum legally allowable rate. 70% is chosen as a way to discourage challenges from developers. A successful challenge will entitle the challenger to a rebate with interest.

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TABLE 1
DISTRIBUTION OF COSTS RELATED TO CONNECTION FEES

ITEM	COST	PEOPLE BENIFITED	SEWER ($/PERSON)	WATER ($/PERSON)
GENERAL				
NEW OFFICE (1,400 SF @ $ 70)	98,000	2,400	20	20
NEW SHOP (2,000 SF @ $ 35)	70,000	1,300	27	27
LAND FOR SHOP/OFFICE	45,000	2,400	9	9
SITE DEVELOPEMENT	35,000	2,400	7	7
ARCH, ENGR, ADM FOR OFF/SHOP	30,000	2,400	6	6
SANITARY SEWER				
REPAY LOAN FROM WATER FUND	203,685	1,300	157	
OAK ST. LINE, H.A.Rd. TO FRONT)	75,000	1,300	58	
1ST PLANT EXPANSION	196,000	5,500	36	
2ND PLANT EXPANSION	350,000	5,500	64	
3RD PLANT EXPANSION				
2ND HEADWORKS	500,000	5,500	91	
PACKAGE PLANT (.4 MG @ $6)	2,400,000	5,500	436	
MISC: (PONDS PIPING ETC)	400,000	5,500	73	
24" TRUNK (2000' @ $90)	180,000	3,500	51	
15" TRUNK (2000' @ $32)	64,000	3,500	18	
12" TRUNK (2000' @ $25)	50,000	2,400	21	
WATER				
HYDROGEN SULFIDE SEPARATOR	161,000	1,300		124
ADDITIONAL WELL	450,000	2,400		188
250,000 GAL. STORAGE TANK	750,000	2,400		313
12" LINE (OAK, HOOD TO FRONT)	115,000	1,300		88
12" LINE (14TH LOCUST TO H.A.R)	75,000	1,300		58
TOTAL	6,247,685		1,074	840
CONNECTION FEE @ 3.35 PERSONS PER HOUSEHOLD			3,599	2,815
APARTMENTS 2 BEDROOM OR MORE @ 80% OF SINGLE FAMILY			2,880	2,252
APARTMENTS 1 BEDROOM ONLY @ 60% OF 2 BEDROOM APTS.			1,728	1,351
COMMERCIAL ASSUMING 1/2 THE IMPACT OF A SINGLE FAMILY RESIDENCE, ASSUMING 14 FIXTURE UNITS FOR SEWER & 20 FIXTURE UNITS FOR WATER PER FIXTURE UNIT WITH 14 & 20 UNITS MINIMUM:			129	70

NOTES:

(a) HYDROGEN SULFIDE SEPARATOR WOULD BENIFIT EXISTING RESIDENTS BY ALLOWING AN INCREASE IN PRESSURE IN SOME AREAS. THEREFORE ONLY 70 % OF COST IS ALLOCATED TO FUTURE GROWTH. (.7 X 230,000)

(b) THIS CHART COMPUTED ASSUMING IT IS ONLY APPLICABLE TO AN INCREASE IN POPULATION OF 1,300 PEOPLE. HOWEVER SOME IMPROVEMENTS WILL BENIFIT GROWTH BEYOND 1,300, AND THEREFORE THOSE ITEMS ARE DISTRIBUTED OVER A LARGER POPULATION GROWTH.

TABLE 2
COMPARISON OF EXISTING AND POSSIBLE CONNECTION FEES

TYPE CONNECTION	EXISTING		MAXIMUM ALLOWED		[Fees Adopted] RECOMMENDED MAXIMUM	
	SEWER	WATER	SEWER	WATER	SEWER	WATER
SINGLE FAMILY RESIDENCE	2,000	1,050	3,599	2,815	2,519	1,971
DEVELOPER CREDIT	(500)	(350)	(a)	(a)	(500)	(350)
APARTMENTS						
2 OR MORE BEDROOMS	1,200	600	2,880	2,252	2,016	1,576
1 BEDROOM	725	450	1,728	1,351	1,210	946
COMMERCIAL/INSTITUTION						
PER FIXTUE UNIT:	54	25	129	70	90	49
MINIMUM FEE:	500	750	1,806	1,400	1,264	980

NOTE (a): LOCAL OPTION, THERE IS NO MAXIMUM OR MINIMUM

SCHEDULE ESTABLISHING CAPITAL FACILITIES
IMPROVEMENT FEE FOR WATER AND SEWAGE SERVICES
AND REPEALING PRIOR CONNECTION FEE SCHEDULES

The Armona Community Services District has, by various ordinances, established charges for new connections to the District's water and sewer systems for various classes of service.

The Board of Directors has directed the engineering consultants and the staff of the District to study the existing capacity and expected future demands on the District's water and sewer systems and to study both the benefits which new patrons of the District will receive and the financial burdens of such new development and demands, and to update Ordinance 1988-1.

The issues involved in the determination of connection fees have been discussed at length at numerous District Board meetings and prior public comments have been taken into consideration by the Board of Directors as well as current investigations and recommendations of the District's staff and consultants.

Section 1: Capital Facilities Improvement Fee, Residential:

Applicants for the extension of water and sewer service to facilities not previously served by the District shall be required to pay a non-refundable capital facilities improvement fee based upon the class of use. Classes of use and fees are as follows:

(a) Single family residences:

(1) The charge for connection of services to a single family lot (any size) shall be $4,490 where main lines are already in place and only a service lateral is required to accomplish the connection.

(2) A developer's credit shall be provided to parties who are required by the District to install water and sewer main lines (six inch diameter or larger) in order to connect service. At such time as the connection is paid, the developer shall be entitled to apply up to $850 of his total main line installation costs toward each capital facilities improvement fee that he pays on lots served by the main lines that he installed. The credit shall be based upon reasonable prevailing rates of the materials and labor as determined by the District's consulting engineer. The credit shall not be obtainable until such time as the developer actually has paid his capital facilities

improvement fee, and in the event that this provision of this Schedule is amended or repealed, the District shall not be obligated to honor any such credits except to the extent that connection fees have already actually been paid to the District. The aforesaid credit rights shall not be assignable without the written consent of the District and shall not be exercisable later than 4 years following acceptance of the main lines by the District.

(3) Mobile homes and mobile home pads within mobile home parks shall be treated as a single family residence for capital facilities improvement fee purposes.

(b) Multi-family residences and condominiums:

(1) The charges for connection to service for one bedroom apartment units shall be $2,156 per unit.

(2) The charge for connection of service for apartment units of two or more bedrooms shall be $3,592 per unit.

(3) The applicant shall be responsible for main line extension, if required, and no credit shall be given for the cost thereof.

(c) Subsection (b) shall apply to properties which convert to multi-family residential uses on or after the effective date of Ordinance No. 1988-1, and such uses shall be subject to the multi-family residential fee as set forth in the preceding Subsection (b).

Provided, however, that a credit against the new connection fee chargeable against the converted unit will be allowed for the dwelling units that previously received service and for which capital facilities fees or connection fees had previously been paid. The amount of credit shall be calculated by determining the average connection fee per dwelling unit of the newly converted structure after the application of the fee schedule herein set forth, and giving all credits and adjustment otherwise applicable to such structure. The patron applying for services shall be allowed a reduction of new fees equal to the number of previously existing dwelling units times the average new fee per dwelling unit chargeable under this Schedule.

Section 2: Commercial Uses:

A. This section shall extend to all retail, professional and other service-oriented business which shall be hereinafter referred to as "commercial users." It shall not apply to water and sewer services provided to industrial or manufacturing facilities, nor shall it apply to residential sewer and water service. In cases where property is converted to commercial uses from residential or industrial uses, the provisions of this section shall apply.

B. Conversions, Effective Date: This section shall apply to properties which have been or are being converted to commercial uses from other categories of use, with the effective date being that date upon which the change of use occurred.

C. Commercial Capital Facilities Improvement Fee: The capital facilities fees for commercial users shall be computed in accordance with the following formula:

Applicant Classification	Service Connection Charge	Minimum Charge
Professional, commercial, retail, and public buildings	$90.00 per sewage "equivalent fixture unit" served by a lateral and $49.00 per water "equivalent fixture unit."	$1,250

D. Equivalent Fixture Units Defined: The term "equivalent fixture units" shall mean the table of equivalents established under the Edition of the Uniform Plumbing Code adopted by the County of Kings on the date of payment. The charges herein shall be predicated upon the use of the "public use" category.

Section 3. Manner of Payment and Effective Date:

Schedule shall become effective as of the date specified herein and shall remain in effect until such time as it is amended, repealed or superseded by subsequent Board action. This Schedule shall be effective as to those structures constructed under applications for a Kings County building permit from and after the effective date of Ordinance 1986-3 (September 24, 1986). Any structures or applications which were planned or under construction pursuant to a building permit issued prior to the effective date of this Schedule shall be governed by the Schedule in effect as of the date of the building permit for the structure in question. This Schedule shall not affect any connection fee agreement expressly entered into in writing between the District and applicants for service prior to its effective date. Connection fees shall be paid in conjunction with any application for a building permit and shall be tendered to the Kings County Building Department, which by agreement will act as agent for the Armona Community Services District to receive such fees. No building permit will be issued until such time as connection fees have been paid in accordance with this Schedule.