



Agenda Date: 1/11/2017  
Agenda Placement: 7H

## Napa Sanitation District Board Agenda Letter

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**TO:** Honorable Board of Directors  
**FROM:** Timothy Healy - General Manager  
NS-Technical Services/Engineer  
**REPORT BY:** Andrew Damron, Technical Services Director - 707-258-6000  
**SUBJECT:** Approve Resolution Granting Appeal of Capacity Charges - The Corner

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### **RECOMMENDATION**

Approve resolution granting the appeal challenging the District's capacity charges for The Corner located at 660 Main Street.

### **EXECUTIVE SUMMARY**

At the Board meeting on December 7, 2016, the Board tentatively granted the applicant's appeal of capacity charges by a straw vote. The attached resolution lists the Board's findings.

### **FISCAL IMPACT**

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	All capacity charge revenues are budgeted in the Expansion Fund.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	It is at the discretion of the Board to grant the requested waiver.
Is the general fund affected?	Yes
Future fiscal impact:	Granting the waiver will decrease capacity charge revenue in the current year.
Consequences if not approved:	If waiver is not approved, capacity charges will collected if outdoor seating is

installed.

Additional Information:

### **ENVIRONMENTAL IMPACT**

None.

### **BACKGROUND AND DISCUSSION**

The Corner is a restaurant located at 660 Main Street in the Riverfront Building. In October 2014, plans were submitted to the District for a tenant improvement project for the restaurant improvements. After three submittal cycles, the plans were approved and fees were paid in May 2015. In May 2015, District Code required capacity charges to be paid based on the fixture units installed by the project with a minimum of 1 equivalent dwelling unit (EDU). The minimum fee of 1 EDU was paid. The permit plan set included Sheet A1.1. Sheet A1.1 includes a footprint of the outside seating area but the area is noted as "Under Separate Cover".

District Code in May 2015 did not require payment of capacity charges for outside seating areas. Additionally, the District does not collect capacity charges prior to project approval by the City of Napa.

On August 31, 2015, NSD's capacity charge methodology changed for commercial spaces. Under the new code, restaurant sewer capacity are based on square footage. Additionally, District Code Section 5.02.030.B.2.a. requires payment of capacity charges for "exterior space that will be used for sit down dining."

In September 2015, the project applied to the City of Napa for permission to install outside seating. On September 24, 2015, the District received a planning application (from the City of Napa Planning Division). The District prepared conditions of approval for the outdoor dining application in October 2015 which included requirements for the project to submit a plan for the outdoor improvements and for the project to pay plan check fees and capacity charges based on the rates in effect at the time they are paid.

The planning application to the City of Napa shows dimensions for outside seating. Based on these dimensions, staff estimated that the proposed outside seating area is approximately 580 square feet. The capacity charge for outside restaurant seating is 3.25 EDU for each 1,000 SF. The current EDU rate is \$8,950. The capacity charge due would be 1.88 EDU ( $0.58 \times 3.25$ ) = \$16,826.

In September 2016, the District sent a letter informing the property owner that capacity charges were due. The letter was sent when the District incorrectly believed that the outdoor seating had already been installed. Regardless, capacity charges are due per District Code if outside seating is installed in the future.

In October 2016, The Corner sent a letter to the District requesting relief on application.

On November 16, 2016, the District conducted an appeal hearing. During the appeal hearing, the Board requested additional information from the applicant. The appeal hearing was continued on December 7, 2016.

### **SUPPORTING DOCUMENTS**

A . Resolution

Napa Sanitation District: Approve

Reviewed By: Timothy Healy