



Agenda Date: 10/19/2016
Agenda Placement: 7F

Napa Sanitation District Board Agenda Letter

TO: Honorable Board of Directors

FROM: Timothy Healy - General Manager
NS-Technical Services/Engineer

REPORT BY: Matthew Lemmon, Associate Engineer - 707-258-6004

SUBJECT: Provide Direction to Staff Regarding Capacity Charges for the Proposed Habitat for Humanity House

RECOMMENDATION

Authorize Staff to apply a capacity credit upon receipt of past sewer service charges for the proposed Habitat for Humanity house located at APN 046-141-001 (1139 Terrace Drive).

EXECUTIVE SUMMARY

A demolition permit for the property was issued on September 26, 2012. The demolition permit stated that demolition credits will become void after two years unless a construction permit is obtained from the District. Per District Code in effect at the time the demolition permit was issued, the demolition credits expired on September 26, 2014. The applicant submitted plans to the City Planning Department to construct a new residential unit on August 12, 2016. Per District Code in effect at the time the demolition permit was issued, a capacity charge (currently \$8,950) will apply because capacity credits have expired.

District Code Section 5.02.050, which was in effect at the time the permit was issued, states that "Capacity charge credits shall be valid for a period of two years from the date the demolition permit is issued by the District, and shall remain with the parcel from which they were established. The property owner must obtain a City or County building permit within the two-year time frame in order to utilize the capacity charge credits. The value of the credits shall be based on the type of unit and/or fixtures that have been removed from the parcel."

Changes to District Code Section 5.02.050 went into effect on August 31, 2015 which included an option titled "Method 2" which states that "Capacity charge credits would not expire provided the applicant agrees to remain subject to sewer service charges after issuance of the demolition permit, acknowledging that the District would be assessing sewer service charges to the parcel during periods of no sewer flow from the parcel."

The applicant notified District staff by email on September 20, 2016 that they intend to protest the capacity charge and request that the District allow them to retroactively pay sewer service charges under Method 2 of the current District Code. Retroactive sewer service charges from FY 13/14 to FY 16/17 (4 years) would total \$1,965.12. District Staff does not have the authority to apply current District Code to a project that is governed by the requirements of previous District Code.

Staff recommends that the Board allow "Method 2" under current District Code to apply to this property which would assess past sewer service charges for the four previous years in the amount of \$1,965.12 and extend the capacity charge credit in the amount of \$8,950.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	Capacity charge revenue is budgeted in the Expansion Fund, with proceeds transferred to the Capital Projects 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?	No
Future fiscal impact:	Capacity charges will not be assessed but sewer service charges will be collected (past and future).
Consequences if not approved:	The District would collect capacity charges for the proposed project.
Additional Information:	

ENVIRONMENTAL IMPACT

None.

BACKGROUND AND DISCUSSION

Staff's recommendation is consistent with a previous Board decision on a similar situation (1318 Seminary Street on May 1, 2013).

SUPPORTING DOCUMENTS

- A . Project Location Map
- B . Demolition Permit dated 9/26/12

Reviewed By: Timothy Healy