



Agenda Date: 7/19/2017

Agenda Placement: 8B

Napa Sanitation District Board Agenda Letter

TO: Honorable Board of Directors

FROM: Timothy Healy - General Manager
NS-Administration

REPORT BY: Jeff Tucker, Director of Administrative Services/CFO - 707-258-6000

SUBJECT: First Reading of Ordinance Amending District Code 1.02 Definitions and Section 5.02 to Revise Capacity Charges Applied to Accessory Dwelling Units

RECOMMENDATION

First reading of Ordinance, amending District Code 1.02 Definitions and Section 5.02 Capacity Charges to revise charges applied to accessory dwelling units.

EXECUTIVE SUMMARY

Recent changes in state law requires cities and counties to make changes to how they assess capacity charges for Accessory Dwelling Units (ADUs), but it is generally understood that the law does not apply to special districts. The State Legislature is currently considering legislation to apply these new rules to special districts. If approved by the State Legislature and signed by the Governor, these new rules would apply to NapaSan.

While the law may change as it goes through the legislative process, the current status of the law says that capacity charges could not be charged for new ADUs that are constructed within the existing footprint of the existing structures on the property. For new construction or construction that expands beyond the existing footprint of buildings, the capacity charge must be proportionate to the burden, based on either its size or fixture units.

At the June 7, 2017 Board meeting, staff provided policy options for setting capacity charges and sewer service charges for Accessory Dwelling Units, in anticipation of changes in state law. These policy options included:

- Not charging capacity charges for ADUs that remain within the footprint of existing buildings
- Charging capacity charges for ADUs that exceed the footprint, based on square footage or fixture units
- Charging capacity charges for ADUs based on a different methodology, such as treating them like apartments
- Setting sewer service charges (SSCs) based on square footage or fixture units
- Setting SSCs based on treating ADUs like apartments, condos or single family residences

At the June 21, 2017 Board meeting, the Board directed staff to prepare an Ordinance that implements the following for ADUs:

- Capacity charges for Junior and Attached ADU would be waived, consistent with the law for cities and counties.
- Capacity charges for detached ADU under 500 SF would be waived.
- Capacity charges for detached ADU 500 SF and larger would be charged between 0.5 EDU and 1.0 EDU, based on their square footage.
- Capacity charges for ADUs set by this ordinance would be retroactive to June 1, 2017, with partial or full refunds provided as appropriate.

Sewer service charges for ADUs would be incorporated into a rate study anticipated to begin in the fall.

Staff recommends that the Board approve the first reading of Ordinance, by Title, amending District Code 1.02 Definitions and Section 5.02 Capacity Charges to revise charges applied to accessory dwelling units.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	The ordinance will lower capacity charges for Accessory Dwelling Units. For the 21 planning applications currently known to NapaSan for ADUs, the proposed change would result in reduced fees of \$142,716.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	The Board had directed the development of this policy.
Is the general fund affected?	Yes
Future fiscal impact:	The policy will negatively impact capacity charge revenue in future years. Assuming a similar pattern in future years to current planning referrals, NapaSan should expect to see approximately \$150,000 per year less in capacity charge revenue.
Consequences if not approved:	NapaSan policy on capacity charges for ADUs will not change.
Additional Information:	None.

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

Legal Counsel provided a briefing on the new ADU law to the Board on February 15, 2017.

SUPPORTING DOCUMENTS

- A . Ordinance - Redline Version
- B . Ordinance - Clean Version

Napa Sanitation District: Approve

Reviewed By: Timothy Healy