

ORDINANCE NO. 109

**AN ORDINANCE OF THE BOARD OF DIRECTORS
OF THE NAPA SANITATION DISTRICT, AMENDING DISTRICT CODE
SECTION 5.030 CAPACITY CHARGE CALCULATION AND SECTION 5.02.060
CHANGE IN USE TO DECREASE CAPACITY CHARGE FEE AND MODIFY
THE ANNUAL ESCALATOR**

WHEREAS the Napa Sanitation District (“NapaSan”) imposes capacity charges on all new developments that use sewer capacity; and,

WHEREAS, the NapaSan imposes capacity charges on all existing commercial and industrial properties that change use, expand or increase their use of sewer capacity; and,

WHEREAS, on August 1, 2018, the Board of Directors was presented the results of a capacity fee study that identified six different fee calculation methodologies for capacity charges that could be appropriately used by NapaSan; and

WHEREAS, on September 5, 2018, the Board of Directors accepted a report on capacity charge fees that recommends the use of the “Buy-in Approach” using the “Replacement Cost New Less Depreciation Method”; and

WHEREAS, that approach and method results in a recommended capacity charge fee of \$9,199 per Equivalent Dwelling Unit; and,

WHEREAS, the recommended capacity charge fee is based on data through FY 2016/17 and is analyzed using adjustments through FY 2017/18, and that it is appropriate to apply an annual escalation factor to adjust the fee to \$9,520 for the FY 2018/19 fiscal year; and,

WHEREAS, the capacity charge fee study recommends using the Engineering News Record Construction Cost Index 20-City Average, instead of the San Francisco area average, as a more accurate and appropriate annual escalator; and,

WHEREAS, it is more beneficial to the ratepayer paying the capacity charge for NapaSan to use the ENR-CCI San Francisco average for FY 2018/19, and that the Board of Directors desires to change the inflation-adjustment index thereafter to the ENR 20-City Average to be used as the maximum annual adjustment, with such adjustment reviewed by and approved by the Board during the annual budgeting process begin using the 20-City Average as the annual escalator beginning on July 1, 2019; and,

WHEREAS, the NapaSan Board desires to apply the reduction in the capacity charge fee that is recommended in the study immediately following adoption of the Ordinance.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE NAPA SANITATION DISTRICT:

SECTION 1. Section 5.02.030 of District Code, titled "Capacity Charge Calculation," Subsection (A)(1) is amended as follows:

5.02.030 Capacity Charge Calculation

The following fees shall be paid to the District prior to the issuance of a permit to connect with the District's sewerage works.

A. Residential

1) The capacity charge for an Equivalent Dwelling Unit (EDU) is as follows:

As of July 1, 2015	\$8,950
As of July 1, 2016	\$8,950
As of July 1, 2017	\$9,299
<u>As of July 1, 2018</u>	<u>\$9,624</u>
<u>As of October 18, 2018</u>	<u>\$9,520</u>

The charge per EDU shall increase annually according to the methodology established in Section 5.02.060.

SECTION 2. Section 5.02.060 of District Code, titled "Change in Fees," is amended as follows:

5.02.060 Change in Fees

On July 1, ~~2014~~2019, and each July 1 thereafter, the sewer ~~connection~~capacity charge fees established herein ~~shall may~~ each escalate annually up to by the February year-over-year change in the Engineering News Record Construction Cost Index ~~for the San Francisco Bay Area~~20-City Average, rounded to the nearest whole dollar, as approved by the Board of Directors in the Budget Adoption Resolution. ~~Until December 31, 2016, projects that have been "deemed complete" shall be subject to the capacity charge in effect on the date that the project was "deemed complete." A project is "deemed complete" when the District has approved the project's construction improvement plans showing the sewer plan, profile and other details for the project.~~ The Board of Directors may also from time to time at its discretion, revise, alter or amend any of the sewer ~~connection~~capacity charge fees herein set forth by adoption of the appropriate resolution.

All fees collected under Section 5.02.030 for the issuance of permits shall be deposited in the County Treasury of the County of Napa to the credit of the District in a fund designated "Expansion Fund." Such fund shall be expended from time to time for the purposes of: 1) the acquisition and construction of main trunk, interceptor and outfall

sewers; 2) correction of infiltration/inflow, which consists of the rehabilitation of existing local street sewers, laterals, main trunks, interceptor and outfall sewers; 3) expansion of the District's sewage treatment facilities. However, such fund shall not be used for the acquisition or construction of new local street sewers or laterals, as distinguished from main trunk, interceptor and outfall sewers.

SECTION 3.

1. Severability. If any provision of the ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance, including the application of such part or provision to other persons or circumstances shall not be affected thereby and shall continue in full force and effect. To this end, provisions of this ordinance are severable.
2. Within 15 days of adoption, this Ordinance shall be published in the Napa Valley Register, pursuant to California Health and Safety Code Sec. 4766 and California Government Code Section 25124.
3. Following a first reading of the title of this ordinance, which occurred at the regular meeting of the District Board, held on September 19, 2018, the foregoing ordinance was duly:

PASSED AND ENACTED at a regular meeting of the Board of Directors of Napa Sanitation District duly held on the 17th day of October 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jill Techel, Chair
Napa Sanitation District

ATTEST:

Cheryl Schuh, Secretary
Napa Sanitation District