

TABLE OF CONTENTS

SECTION	PAGE
1. Introduction and Summary of Findings	1
1.1 Introduction	1
1.2 Authority to Charge Capacity and Connection Fees	1
1.3 Calculated Capacity and Connection Fees	2
2. Connection Fees	6
2.1 Meter Fee Calculation	6
2.2 Installation Fee Calculation	6
2.3 Total Calculated Water Connection Fee	7
3. Capacity Fees	8
3.1 Future Development and Growth Assumptions	8
3.2 Water Capacity Fee Calculations	10
3.3 Sewer Capacity Fee Calculations	13
3.4 Current and Calculated Capacity Fees	15
4. Capacity and Connection Fees Adoption and Administration	17
4.1 Capacity and Connection Fees Adoption	17
4.2 Future Fee Adjustments and Updates	17
4.3 Mitigation Fee Act Compliance	17
4.4 Capacity Fee Credits and Reimbursements	18

LIST OF TABLES

TABLE	PAGE
1 New Development Fees as of Jan 1, 2021	1
2 Calculated New Development Fees	3
3 Residential Lot Comparison of Current and Calculated New Development Fees	5
4 Nakoma Market Comparison of Current and Calculated Capacity Fees	5
5 Labor and Installation Costs for a One-Inch Meter	7
6 Calculated Water Connection Fee	7
7 Current Number of Water EDUs	9
8 Current Number of Sewer EDUs	10
9 Water Assets Replacement Cost	11
10 Water CIP Costs	12
11 Water Capacity Fee Calculation per EDU	12
12 Calculated Water Capacity Fee by Meter Size	13
13 Sewer Assets Replacement Cost	14
14 Sewer CIP Costs	14
15 Sewer Capacity Fee Calculation per EDU	15
16 Comparison of Current and Calculated Capacity Fees	16

Section 1: INTRODUCTION AND SUMMARY OF FINDINGS

1.1 INTRODUCTION

The Gold Mountain Community Services District (GMCS D or District) provides water and sewer services to residents and businesses in the Gold Mountain development in Plumas County, California. In 2021, the District commissioned a Cost of Service and Rate Study to update the District's fee schedules in accordance with California's Constitution. This report is an accompanying document to the Utility Rates Study. The purpose of this report is to provide the methodology, calculations, and findings to update the District's schedule of new development fees.

Currently, the District charges new development fees to property owners as a precursor to submitting their development plans to Plumas County and are seeking a Will Serve letter from the District. The new development fees are charged prior to issuance of the Will Serve based on water meter service size, as shown in **Table 1** below. The fees are adjusted annually January 1 of each year based on the change in the Engineering News-Record Construction Cost Index for the previous 12 months.

Table 1
New Development Fees as of Jan 1, 2021

Meter Size	Water	Sewer	Total
1-inch	\$8,759	\$4,422	\$13,181
1.5-inch	\$17,521	\$8,853	\$26,374
2-inch	\$28,034	\$14,168	\$42,202
3-inch	\$52,572	\$26,570	\$79,142
4-inch	\$87,624	\$44,285	\$131,909
6-inch	\$175,255	\$88,575	\$263,830
8-inch	\$0	\$0	\$0

Source: GMCS D.

sd c

Since the District has updated its Infrastructure Master Plan and five-year CIP since these fees were originally set, and is currently updating its rates, it is appropriate to update the schedule of new development fees.

1.2 AUTHORITY TO CHARGE CAPACITY AND CONNECTION FEES

Under the authority of the Mitigation Fee Act (1987), contained in California Government Code Section 66000 et. seq., the District is authorized to collect water and sewer capacity and connection fees. When a municipality adopts or updates a capacity or connection fee, it must demonstrate that the fees shall not exceed the estimated reasonable cost of providing the service for which the fee is imposed. Maximum justifiable fees are calculated in this report pursuant to demonstration of the

nexus between the amount of new development, use of existing infrastructure capacity, and increased District-provided infrastructure to meet the additional water demands and sewer generation of the new development.

Specifically, the District may impose a water and/or sewer connection fee pursuant to Government Code Section 66013 (b)(5) for the physical facilities necessary to make a water connection, including, but not limited to, meters, meter boxes, and pipelines from the structure or project to a water distribution line or sewer main, and the estimated reasonable cost of labor and materials for installation of those facilities provided it bears a fair or reasonable relationship to the payor's burdens on, or benefits received from, the water connection or sewer connection.

The District may impose a capacity fee pursuant to Government Code Section 66013(b)(3) for public facilities in existence at the time a charge is imposed or charges for new public facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged, including supply or capacity contracts for rights or entitlements, real property interest, and entitlements and other rights of the local agency involving capital expense relating to its use of existing or new public facilities.

Commented [RM1]: As one long sentence, this is a little awkward and hard to follow. I understand the context and wonder if it would be appropriate to introduce the term "buy-in fee" here, something the layman might understand?

The new development fees should be evaluated at least every five years; over time, inflationary adjustments to fees alone may be insufficient as development plans change, anticipated pace of development changes, and infrastructure solutions to service provision are revised.

1.3 CALCULATED CAPACITY AND CONNECTION FEES

This report updates the District's new development fees, distinguishes between connection and capacity fees, and proposes a new schedule of fees. Both the water connection fee and the water and sewer capacity fees include two subcomponents as presented in the table below. Note, no sewer connection fee is charged. Developers must install a septic system and connect to the community sewage disposal system themselves. Developers will be charged a septic tank inspection fee; however, this type of fee is subject to different California Code is therefore not included in this report.

Water Connection Fee*	Capacity Fee
Meter Fee	Buy-In Fee
Installation Fee	New Facilities Fee

*The water connection fee is charged to new one-inch water meter services. Larger services sizes will be installed by the developer; or, if the District does install the water meters then the developer will be required to pay the actual costs of the facilities and installation.

Table 2 on the next page presents the calculated new development fees. The fees would be charged per EDU or portion of an EDU per Living Unit for Residential and Commercial Residential Lot development, and by water meter size and number of sewer EDUs for new Commercial Lot development.

Table 2
Proposed New Development Fees Schedule

New Development Water & Sewer	Calculated Fees
WATER CAPACITY FEES	
Residential and Commercial Residential	
Per Living Unit [1], [2]	\$10,606
Commercial	
1-inch	\$10,606
1.5-inch	\$21,212
2-inch	\$33,940
3-inch	\$63,637
4-inch	\$106,062
6-inch	\$212,124
8-inch	\$339,399
WATER CONNECTION FEE [3]	\$2,835
SEWER CAPACITY FEES	
Residential and Commercial Residential	
per Living Unit [1], [2]	\$5,825
Commercial	
Per Commercial EDU	\$5,825

Fee sum

[1] Residential Lots will be charged one Living Unit for a Dwelling Unit (even if it has Additional Quarters); Guest Houses will be charged half a Living Unit.

[2] Commercial Residential Lots will be charged for every Living Unit.

[3] Charged to all District-installed one-inch water meters. Developer will install and pay for all new services with water meters larger than 1".

It is recommended that the District continue to update the fees annually by a predetermined index. The Engineering News Record San Francisco Construction Cost Index March to March change is recommended for an annual July 1 update. Periodic review of the capacity and connection fees is also recommended whenever estimated costs are revised pursuant to an update of the Water Master Plan, or whenever there are land use changes made by Plumas County that affect projected growth in the District's service territory.

The Rate Study provides definitions of customer types that are repeated in this document to help the reader understand how the new capacity fees would be applied.

Commented [RM2]: The meter size costs in the following table appear to go up very rapidly. Is there a standard basis for these fees or can they be adjusted?

Definitions

Additional Quarters (AQ) - space in a Dwelling Unit for occupancy for living or sleeping purposes. The floor area of additional quarters shall not exceed thirty (30%) percent of the floor area of the Dwelling Unit, excluding garages and carports. (Plumas County Code Sec. 9-2.201.2).

Commercial Lot – Lots that are not Commercial Residential or Residential. May include governmental and quasi-governmental uses.

Commercial Residential Lot – Lots excluded from the Nakoma Community Association as of June 1, 2022 permitted to develop residential uses only by Plumas County and lots in Planning Areas 1, 10, and 14 permitted by Plumas County to have more than one Living Unit per Lot.

Connected Lot – a lot that has connected to the District’s water and sewer infrastructure.

Dwelling Unit (DU) – primary structure on a Residential or a Commercial Residential Lot, intended for living or sleeping purposes with cooking and sanitation provisions.

Guest House (GH) - an independent structure of an area of no more than 1,200 square feet, excluding garages and carports (Plumas County Code Sec. 9-2.240).

Living Unit (LU) - a building, or portion of a building on a Residential or Commercial Residential Lot, intended for living or sleeping purposes with cooking and sanitation provisions.

Non-Residential Lot – the same as a Commercial Lot.

Residential Lot – lots permitted one Dwelling Unit, Additional Quarters, and a Guest House with the total number of Living Units not to exceed three.

Sewer Equivalent Dwelling Unit (EDU) – a measurement of wintertime wastewater flow from a typical Dwelling Unit with year-round occupancy. One EDU is measured as average use of 115 gallons per day of water in the winter months between November and February, inclusive.

Unconnected Lot – a lot that has service immediately available to it but has not yet connected to the District’s water and sewer infrastructure.

New Development Fees for a Residential Lot

A comparison of current and proposed new development fees is provided in **Table 3** for a new Residential Lot. The fees are shown with and without a Guest House. For any new construction that includes a Guest House, the District will require one-inch water meters for both the Dwelling Unit and the Guest House. The total fees increase from \$13,181 to \$19,266 without a GH, and from \$13,181 to \$30,317 with a GH.

Table 3
Residential Lot Comparison of Current and Calculated New Development Fees

Connection & Capacity Fees	Current	Calculated	Difference
Water Connection Fees	[1]		
1-Inch Meter DU	\$13,181	\$2,835	(\$10,346)
1-Inch Meter GH	\$0	\$2,835	\$2,835
Total Water Connection Fees	\$13,181	\$5,670	(\$7,511)
Capacity Fees			
Dwelling Unit EDU	\$0	\$16,431	\$16,431
Guest House Half EDU	\$0	\$8,216	\$8,216
Total Capacity Fees	\$0	\$24,647	\$24,647
Total Fees with a GH	\$13,181	\$30,317	\$17,136
Total Fees without a GH	\$13,181	\$19,266	\$6,085

Source: HEC 2021 rate study.

res fee

[1] Currently, a Residential Lot is only required to have one water meter; the District will require a separate water meter for Guest Houses beginning July 1, 2022.

New Development Fees for Commercial Lots

For illustration purposes, **Table 4** compares the new development fees due for the Nakoma Market, assuming one 2-inch and one 4-inch water meters are required. The development fees shown are only the capacity fees because Nakoma Market will be required to install the water meters itself. The water fees increase but the sewer fees decrease.

Table 4
Nakoma Market Comparison of Current and Calculated Capacity Fees

Capacity Fee	Water	Sewer	Total
Current			
2" Water Meter	\$28,034	\$14,168	\$42,202
4" Water Meter	\$87,624	\$44,285	\$131,909
Total Current Fees	\$115,658	\$58,453	\$174,111
Calculated			
2" Water Meter	\$33,940	\$0	\$33,940
4" Water Meter	\$106,062	\$0	\$106,062
9 Sewer EDUs	\$0	\$52,427	\$52,427
Total Calculated Fees	\$140,002	\$52,427	\$192,429
Change in Fees	\$24,344	(\$6,026)	\$18,318

Source: GMCSD and HEC 2021 rate study.

nakoma

Commented [RM3]: For foot note [1], add "for each new Guest House". I don't want existing owners with guest houses to panic.

Commented [RM4]: Using this example, the 4" main would likely be for the sprinkler system. Since sprinklers will theoretically never send water down a sewer, wouldn't it be reasonable to waive the sewer capacity fee for required sprinklers? We did that for the altitude club, but we also recognized they were installing plumbing to use the pool as a source of firefighting (capacity fee credit?) so there were other circumstances. Not sure how we would apply that adjustment to the new rates.

Section 2: CONNECTION FEES

Under California Government Code, connection fees are charges imposed by the District to pay for the reasonable cost of providing physical facilities necessary to make a water connection, including, but not limited to meters, meter boxes, and pipelines from the structure or project to a water distribution line or sewer main, and the estimated reasonable cost of labor and materials for installation of those facilities provided it bears a fair or reasonable relationship to the payor's burdens on, or benefits received from, the water connection or sewer connection¹.

The water connection fee is made up of two fee components: (1) the meter fee, which covers the estimated costs of the meter and meter appurtenances, and (2) the installation fee, which covers the estimated costs of labor and equipment to install the facilities. There isn't a sewer connection fee at GMCSD because developers must install septic system and connect to the community sewage disposal system themselves. Developers will be charged a septic tank inspection fee; however, this type of fee is subject to different California Code is therefore not included in this report.

2.1 METER FEE CALCULATION

The meter fee reflects the estimated cost of the meter and appurtenances for a one-inch water meter. Meters larger than one-inch will either be required to be installed by the developer, or, if the District installs the meter(s), it will charge the actual cost of the meter and appurtenances because the costs for these meters are more variable and less predictable. There are many options for type of larger meter size (jet, turbine, propeller and so forth) and different meter types may be necessary for different building types and building locations (including fire protection) needs. The estimated cost of a one-inch water meter and appurtenances in 2021 is \$760.

2.2 INSTALLATION FEE CALCULATION

The installation fee is based on the estimated amount of staff time (labor cost) and equipment time (rental cost) needed to install the meter. The District has documented labor and equipment time needed for typical installations. **Table 5** shows the assumptions used in the calculation to determine the installation cost for a one-inch meter. Labor costs are determined using fiscal year 2021 hourly labor rates plus benefits. District equipment cost is based on documented costs of equipment from other similarly-sized special districts.

As with the meter fee, the installation fee is only calculated for one-inch meter services. Costs are less predictable with larger meter sizes; therefore, it is recommended that the actual cost of installation be charged for new larger size meter services.

¹ Government Code Section 66013(b)(5).

Table 5
Labor and Installation Costs for a One-Inch Meter

Item	Cost per Hour	Time (Hours)	Total Cost
Labor			
Administrative	\$41.43	2.00	\$83
General Manager	\$51.82	1.00	\$52
Field Personnel	\$29.85	10.00	\$299
Total Labor			\$433
Overhead Cost Allocation			15%
Total Labor Fee			\$498
Equipment			
	per hour		
District Truck	\$75.00	5.00	\$375
Dump Truck	\$150.00	4.00	\$600
Backhoe	\$150.00	4.00	\$600
Total Equipment			\$1,575
Total Installation Fee			\$2,073

Source: GMCSO and HEC January 2022.

install fee

2.3 TOTAL CALCULATED WATER CONNECTION FEE

The total calculated water connection fee is shown in **Table 6**.

Table 6
Calculated Water Connection Fee

Fee Component	1-Inch Meter
Meter Fee	
Meter	\$250
Appurtenances & Software	\$510
Total Meter Fee	\$760
Installation Fee	
Labor	\$498
Equipment	\$1,575
Total Installation Fee	\$2,075
Total Connection Fee	\$2,835

Source: HEC January 2022.

w conn

Section 3: CAPACITY FEES

Capacity fees are charged to pay for current and future District facilities that new customers will use. Capacity fees pay for major infrastructure such as water supply and development, treatment and distribution facilities, and wastewater collection and disposal facilities. Currently, the District does not charge capacity fees, rather they include these costs in their system development charge (SDC).

The capacity fees are comprised of two components: (1) a buy-in fee to pay for the portion of capacity in existing facilities that the new customer will use, and (2) a new facilities fee to pay for estimated costs of new infrastructure and infrastructure upgrades that expand capacity to the benefit of new users.

3.1 FUTURE DEVELOPMENT AND GROWTH ASSUMPTIONS

The first step in determining capacity fees is establishing the current number of customers expressed as equivalent dwelling units (EDUs). An EDU is defined for water and sewer differently as follows:

Water EDU – Typical annual water use of a Residential Lot (with a one-inch water meter)
Sewer EDU – Typical wintertime water use of a fully occupied Residential Lot

Water Customers

Using the current number of meters by meter size and applying American Water Works Association (AWWA) standard meter ratios, the current number of water EDUs is 138.4 (see **Table 7** on the next page).

It is estimated that the Nakoma Market and about 75% of the remaining Residential properties can be supported with the water capital improvements included in the CIP detailed in the Rate Study. In total, it is estimated that the CIP can support an additional 267.6 EDUs. The number of new EDUs represent 66% of all EDUs upon completion of the CIP, as summarized below.

	Number of Water EDUs	Share of Water EDUs
Current	138.4	33%
Completion of CIP	406.0	
Increase	267.6	66%

Table 7
Current Number of Water EDUs

Customer		Number of Meters	Meter Size	Operating Capacity (gpm)	Meter Ratio	Equivalent Meter Units
Residential				[1]		
Dwelling Unit (R)	[2]	86	1-inch	50	1.00	86.00
Multiple Living Units (CR)	[3]	3	1-inch	50	1.00	3.00
Fractional Ownership (CR)	[3]	4	1-inch	50	1.00	4.00
Total Residential		93				93.00
Non-Residential						
<i>Inn at Nakoma</i>						
Main Building		1	3-inch	300	6.00	6.00
Irrigation		1	1-inch	50	1.00	1.00
<i>Golf Course</i>						
Clubhouse		1	6-inch	1000	20.00	20.00
Maintenance Yard		1	2-inch	160	3.20	3.20
Restrooms 1		1	1-inch	50	1.00	1.00
Restrooms 2		1	1-inch	50	1.00	1.00
<i>Altitude Recreation Center</i>						
Fitness Building		1	2-inch	160	3.20	3.20
Fire Service		1	4-inch	500	10.00	10.00
Subtotal Non-Residential		8				45.40
TOTAL		101				138.40

Source: GMCSD customer database and Plumas County Assessor's office.

m equiv

[1] Safe operating capacity by meter size:

1"	50	gpm
1.5"	100	gpm
2"	160	gpm
3"	300	gpm
4"	500	gpm
6"	1,000	gpm
8"	1,600	gpm

[2] May have a guest house. Of the 86

units, 26 are lived in year-round.

[3] May be attached or detached.

Sewer Customers

Each of the existing Residential and Commercial Residential Lots are currently counted as one EDU. Each of the Commercial Lots have been assigned a number of EDUs based on their wintertime water use compared to the wintertime water use of a typical Residential Lot (115 gallons per day). In total, there are 140.5 sewer EDUs. **Table 8** shows the current number of sewer EDUs by customer type.

Table 8
Current Number of Sewer EDUs

Customer Type	Number of EDUs
Residential and Commercial Residential Lots	
Dwelling Unit (R)	86.0
Multiple Living Units (CR)	3.0
Fractional Ownership (CR)	4.0
Total Residential	93.0
Commercial Lots	
Inn at Nakoma	14.5
Altitude Recreation Center	9.0
Golf Course	24.0
Total Commercial	47.5
Total Current Sewer EDUs	140.5

As for the water system, it is estimated that the Nakoma Market and about 75% of the remaining Residential properties can be supported with the sewer capital improvements included in the CIP detailed in the Rate Study. In total, it is estimated that the CIP can support an additional 262.5 EDUs. The number of new EDUs represent 65% of all EDUs upon completion of the CIP, as summarized below.

	Number of Sewer EDUs	Share of Sewer EDUs
Current	140.5	35%
Completion of CIP	403.0	
Increase	262.5	65%

3.2 WATER CAPACITY FEE CALCULATIONS

Buy-In Fee

Table 9 provides a list of the District's water assets, their original cost, and estimated replacement cost. The estimated total water asset replacement cost is \$3.11 million. The cost of land is added and the cost of assets that will be rehabilitated or replaced as part of the CIP is deducted. The cost basis for the Buy-In Fee is \$2.86 million.

The total buy-in costs are divided by the number of estimated EDUs supported by existing and planned water infrastructure to determine the maximum Buy-In Fee per EDU.

Table 9
Water Assets Replacement Cost

Description	Year Acquired	Life (Years)	Years Depreciated	Remaining Years	Cost Basis	Replacement Factor	Replacement Cost Est.
	<i>a</i>		<i>b</i>	<i>c = a - b</i>	<i>d</i>	<i>e</i>	<i>f = d * e</i>
Source			2021				
Wells	2005	35	16	19	\$100,000	1.81	\$181,092
Well 29A	2008	35	13	22	\$160,614	1.62	\$260,211
Well 32	2012	35	9	26	\$61,707	1.40	\$86,179
Well 34	2015	35	6	29	\$71,318	1.25	\$89,107
Well 33	2016	35	5	30	\$326,876	1.20	\$393,529
Total Source Assets					\$720,515		\$1,010,117
Distribution							
Developer-dedicated	2005	35	16	19	\$1,026,148	1.81	\$1,858,267
Meters	2005	20	16	4	\$2,215	1.81	\$4,011
Stubout Project	2009	20	12	8	\$13,352	1.56	\$20,843
Meters & Transmitters	2010	20	11	9	\$8,321	1.50	\$12,516
Booster Station Upgrade	2012	35	9	26	\$47,115	1.40	\$65,800
Pressure Reducing Valve	2013	20	8	12	\$4,258	1.35	\$5,730
Trailer Mounted Generator	2018	20	3	17	\$27,942	1.12	\$31,233
Booster Station Upgrades 4&5	2020	35	1	34	\$20,018	1.04	\$20,775
Total Distribution					\$1,149,369		\$2,019,176
Vehicles							
Ford Ranger (50%)	2009	5	5	0	\$10,737	1.56	\$16,761
Nissan Xterra (50%)	2011	5	5	0	\$7,732	1.45	\$11,207
Total Vehicles					\$18,469		\$27,968
General							
Mapping	2006	20	15	5	\$7,546	1.74	\$13,167
Water Analysis	2006	10	10	0	\$22,895	1.74	\$39,950
Total General					\$30,441		\$53,118
TOTAL					\$1,918,794		\$3,110,379

Source: GMCSD financial records and HEC 2021 rate study.

water buy

[1] Adjusted by the average annual rate of inflation in California since 1955.	1955	25.70	
	2020	286.84	
	Change	261.14	3.8%

New Facilities Fee

The estimated water CIP costs are detailed in the Rate Study and summarized in **Table 10**. Capacity fees are calculated using today's estimates of CIP costs, as the fees should be indexed to inflation and be adjusted automatically every fiscal year. Total New Facilities Fee costs are estimated at \$1.37 million; with the deduction of grant-funded assets the cost basis for the New Facilities Fee is \$1.25 million.

The New Facilities Fee costs are also divided by the number of estimated EDUs supported by existing and planned water infrastructure to determine the maximum New Facilities Fee per EDU.

Table 10
Water CIP Costs

CIP Items	Total Estimated Cost
Water	
High Elevation Tank	\$700,000
Well 29 Rehabilitation	\$235,000
Water SCADA	\$75,000
Booster Station #8	\$120,000
Well 36 Connections	\$70,000
Various Upgrades	\$25,000
New Office Building (50%)	\$150,000
Total Water	\$1,375,000

An administrative fee of five-percent is added for collection and handling of the fees, public hearing costs², and periodic updates of the fee program. **Table 11** shows the total water capacity fee.

Table 11
Water Capacity Fee Calculation per EDU

Item	Estimated Cost
Buy-In Fee	
Buy-In of Depreciated Assets	\$3,110,379
Plus Land	\$5,900
less Replacement of Assets in CIP [1]	(\$260,211)
Net Buy-In Facilities Cost	\$2,856,068
Est. EDUs Served by Capacity	406
Buy-In Fee per EDU	\$7,035
New Facilities Fee	
Estimated Water CIP Cost	\$1,375,000
less Grant-funded Assets	(\$130,000)
Net New Facilities Cost	\$1,245,000
Est. EDUs Served by Capacity	406
New Facilities Fee per EDU	\$3,067
Subtotal Capacity Fee per EDU	\$10,101
Administrative Charge 5%	\$505
Total Capacity Fee per EDU	\$10,606

Source: GMCSD and HEC 2021 rate study.

water cap

[1] Well 29 rehabilitation.

² Government Code 66016 (c).

The total fee per EDU is the fee for a one-inch meter because all new Dwelling Units are required to install a one-inch meter. The fees for all other meter sizes are based on maximum flow rates by meter size. Maximum flow rates are used because a significant portion of a water system’s design (supply, treatment, and transmission) is related to meeting capacity needs. The ratio at which the meter charge increases is a function of the meter’s safe operating capacity as established by the AWWA. For example, a one-inch meter has a maximum flow rate of 50 gallons per minute (gpm) and a two-inch meter has a maximum flow rate of 100 gpm. The flow rate of a two-inch meter is twice that of a one-inch meter therefore the ratio for a two-inch meter is 2.0. Meter ratios based on safe operating capacity were previously shown in **Table 6**.

The water capacity fee by meter size is shown in **Table 12**.

Table 12
Calculated Water Capacity Fee by Meter Size

Meter Size	Meter Ratio	Capacity Fee
1"	1.00	\$10,606
1.5"	2.00	\$21,212
2"	3.20	\$33,940
3"	6.00	\$63,637
4"	10.00	\$106,062
6"	20.00	\$212,124
8"	32.00	\$339,399

Source: HEC 2021 rate study. new cap fee

3.3 SEWER CAPACITY FEE CALCULATIONS

Buy-In Fee

Table 13 provides a list of the District’s sewer assets, their original cost, and estimated replacement cost. The estimated total replacement cost of the sewer assets is \$1.19 million. The cost of land is added and the cost of assets that will be rehabilitated or replaced as part of the CIP is deducted. The cost basis for the Buy-In Fee is \$1.24 million.

The total buy-in costs are divided by the number of estimated EDUs supported by sewer infrastructure to determine the maximum Buy-In Fee per EDU.

New Facilities Fee

The estimated sewer CIP costs are detailed in the Rate Study and summarized in **Table 14**. Capacity fees are calculated using today’s estimates of CIP costs, as the fees should be indexed to inflation and be adjusted automatically every fiscal year. Total New Facilities Fee costs are estimated at

\$1.17 million; with the deduction of grant-funded assets the cost basis for the New Facilities Fee is \$1.00 million.

Table 13
Sewer Assets Replacement Cost

Description	Year Acquired	Life (Years)	Years Depreciated	Remaining Years	Cost Basis	Replacement Factor	Replacement Cost Est.
		<i>a</i>	<i>b</i>	<i>c = a - b</i>	<i>d</i>	<i>e</i>	<i>f = d * e</i>
Collection			2021				
Developer-Contributed	2005	35	16	19	\$415,042	1.81	\$751,606
Total Collection					\$415,042		\$751,606
Disposal							
Falling Water Leachfield	2005	35	16	19	\$40,000	1.81	\$72,437
Leachfield Replacement	2006	40	15	25	\$175,514	1.74	\$306,261
Leachfield Beautification	2008	35	13	22	\$1,848	1.62	\$2,994
Leachfield Beautification	2009	35	12	23	\$12,191	1.56	\$19,031
Total Disposal					\$229,553		\$400,722
Vehicles							
Ford Ranger (50%)	2009	5	5	0	\$10,737	1.56	\$16,761
Nissan Xterra (50%)	2011	5	5	0	\$7,732	1.45	\$11,207
Total Vehicles					\$18,469		\$27,968
General							
Mapping	2006	20	15	5	\$7,546	1.74	\$13,167
Total General					\$7,546		
TOTAL					\$670,610		\$1,193,463

Source: GMCSD financial records and HEC 2021 rate study.

sewer buy

[1] Adjusted by the average annual rate of inflation in California since 1955.

	1955	25.70
	2020	286.84
Change	261.14	3.8%

Table 14
Sewer CIP Costs

CIP Items	Total Estimated Cost
Sewer	
Water Reclamation Plant	\$650,000
Leach Field Expansion	\$220,000
Pumping Trailer	\$50,000
Sewer SCADA	\$100,000
New Office Building (50%)	\$150,000
Total Sewer	\$1,170,000

The New Facilities Fee costs are also divided by the number of estimated EDUs supported by existing and planned sewer infrastructure to determine the maximum New Facilities Fee per EDU.

An administrative fee of five-percent is added for collection and handling of the fees, public hearing costs³, and periodic updates of the fee program. The calculated total sewer capacity fee is \$5,825 per EDU. The fee calculations are shown in **Table 15**.

Table 15
Sewer Capacity Fee Calculation per EDU

Item	Estimated Cost
Buy-In Fee	
Asset Replacement Cost	\$1,193,463
Plus Land	\$44,315
less Replacement of Assets in CIP <i>none</i>	\$0
Net Buy-In Facilities Cost	\$1,237,778
Est. EDUs Served by Capacity	403
Buy-In Fee per EDU	\$3,071
New Facilities Fee	
Estimated Sewer CIP Cost	\$1,170,000
less Grant-funded Assets	(\$172,000)
Net Estimated New Facilities Cost	\$998,000
Est. EDUs Served by Capacity	403
New Facilities Fee per EDU	\$2,476
Subtotal Capacity Fee per EDU	\$5,548
Administrative Charge 5%	\$277
Capacity Fee per EDU	\$5,825

Source: GMCSD and HEC 2021 rate study.

sewer cap

3.4 CURRENT AND CALCULATED CAPACITY FEES

A comparison of the current and calculated water and sewer capacity fees is shown in **Table 16** on the next page. Residential and Commercial Residential Lots will be charged new development fees per Living Unit, whether it has a separate water meter or not. An exception is for Residential Lots with Additional Quarters, for which only the Dwelling Unit will be charged. Guest Houses on Residential Lots will be charged one-half EDU.

³ Government Code 66016 (c).

The new development fees do not charge by water meter size for Residential and Commercial Residential and only charge by water meter size for Commercial Lots for the water capacity fee. Commercial Lots sewer EDUs will be determined by the Project Engineer for the development and accepted by District staff.

Table 16
Comparison of Current Calculated Capacity Fees

Water and Sewer	Current Fees	Calculated Fees
WATER		
1-inch	\$8,759	\$10,606
1.5-inch	\$17,521	\$21,212
2-inch	\$28,034	\$33,940
3-inch	\$52,572	\$63,637
4-inch	\$87,624	\$106,062
6-inch	\$175,255	\$212,124
8-inch	n.a.	\$339,399
Per Living Unit [1], [2]	n.a.	\$10,606
SEWER		
1-inch	\$4,422	n.a.
1.5-inch	\$8,853	n.a.
2-inch	\$14,168	n.a.
3-inch	\$26,570	n.a.
4-inch	\$44,285	n.a.
6-inch	\$88,575	n.a.
Per Living Unit [1], [2]	n.a.	\$5,825
Per Commercial EDU	n.a.	\$5,825

Source: GMCSD and HEC 2021 rate study. cap comp

[1] Residential Lots will be charged one Living Unit for a Dwelling Unit (even if it has Additional Quarters); Guest Houses will be charged half a Living Unit.

[2] Commercial Residential Lots will be charged for every Living Unit.

Section 4: CAPACITY AND CONNECTION FEES ADOPTION AND ADMINISTRATION

4.1 CAPACITY AND CONNECTION FEES ADOPTION

Pursuant to California Government Code 66016, prior to increasing an existing fee or adopting a new fee, an agency must hold at least one open and public meeting. Notice of the time and place of the meeting, including a general explanation of the matter to be considered, and a statement that all supporting studies and information are available to the public, shall be noticed at least 10 days prior to the meeting. Increases to an existing fee or adoption of a new fee may be made by ordinance or resolution.

4.2 FUTURE FEE ADJUSTMENTS AND UPDATES

It is recommended that the District update the Capacity and Connection Fees annually by a predetermined index. The Engineering News Record San Francisco Construction Cost Index March to March change is recommended for an annual July 1 update. Periodic review of the Capacity and Connection Fees is also recommended whenever estimated costs are revised pursuant to an update of the District's Infrastructure Master Plan, or whenever there are land use changes made by Plumas County that would affect projected growth in the District's service territory.

4.3 MITIGATION FEE ACT COMPLIANCE

For the capacity fees only, the District must deposit fee revenues in a separate capital facilities fund to avoid any comingling with other monies of the District. Any interest income earned must also be deposited into the Capacity Fee Fund. In addition, the District must comply with annual and five-year reporting requirements for the Capacity Fees Fund.

Within 180 days of the end of a fiscal year, the following is to be furnished for the prior fiscal year:

1. A description of the charges deposited in the fund,
2. The beginning and ending balance of the fund,
3. The amount of the fees collected and interest earned,
4. An identification of each public improvement for which fees were expended and the amount of expenditure for each improvement, including the percentage of the total cost of the improvement that was funded with capacity fees if more than one source of funding was used,
5. An identification of each public improvement on which charges were expended that were completed during the fiscal year, and each improvement anticipated to be undertaken in the following fiscal year, and
6. A description of any interfund transfer or loan made from the Capacity Fee Fund, identification of any public improvements on which any transferred monies are, or will be, expended, and a description of repayment terms.

All of the above information may be included in the District's annual financial report.

4.4 CAPACITY FEE CREDITS AND REIMBURSEMENTS

The District may provide fee credits and reimbursements to developers who dedicate land or construct facilities included in the New Facilities Fee portion of the capacity fees with private financing. The credit / reimbursement may only be up to the cost of the improvement, as included in the new facilities fee program, or the actual cost paid by the developer, whichever is lower. No credit or reimbursement will be allowed for costs incurred that are higher than estimated in the fee program, and the administrative portion of the fee is excluded from fee credits / reimbursements.

Credits. Once fee credits have been determined, they will be used at the time the respective fees would be due. The use of accumulated fee revenues shall first be used for District-determined priority capital improvement projects, and secondly for repayment of accrued reimbursement to private developers.

Reimbursements. Reimbursements would be due to developers who advance-fund new facilities in excess of their fair share of the facility costs. Developers must enter into a reimbursement agreement with the District to receive reimbursements. Fee credits would be provided up to the fair share cost for the developer, then reimbursements would be due to the developer once revenue collections have been made from other developers. Reimbursement priority is a "first in, first out" system. As money becomes available, the first in would receive reimbursement first. Developers may have to wait some time before their reimbursement is paid in full. Reimbursements are only an obligation of the Capacity Fee Fund, not any other District fund.

Fee credits/reimbursements will be adjusted annually by the inflation factor used to adjust the water and sewer capacity fees.