



# City of San Mateo



## Wastewater Capacity Charge Update

April 2021



**BARTLE WELLS ASSOCIATES**  
INDEPENDENT PUBLIC FINANCE ADVISORS



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April 30, 2021

City of San Mateo  
330 West 20<sup>th</sup> Avenue  
San Mateo, CA 94403-7300

Re: Wastewater Capacity Charge Update

Bartle Wells Associates is pleased to submit the attached *Wastewater Capacity Charge Update* to the City of San Mateo. The study develops updated capacity charges designed to equitably recover the costs of wastewater system infrastructure benefitting new development.

Key objectives of the study included developing new wastewater capacity charges that recover the costs of capacity in wastewater system infrastructure, are fair and equitable to both existing customers and new connections, are based on industry-standard methodology, and comply with all legal requirements. The study recommends a set of charges that would apply uniformly to the City's service area. The recommended charges incorporate some modifications to the fee structure designed to improve equity and fee administration.

I enjoyed working with the City on this assignment and appreciate the ongoing input and assistance received from the City's project team. Please contact me anytime if you have questions about the recommendations presented in this report or other related issues.

Sincerely,

BARTLE WELLS ASSOCIATES

Alex Handlers  
Principal/Vice-President



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# 1. Background, Objectives, & Updated Charges

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## Background

The City of San Mateo provides wastewater collection and treatment services to approximately 30,000 residential and commercial accounts located in and adjacent to the City. The City owns and operates a wastewater collection system and operates a regional wastewater treatment plant that is jointly owned with Foster City. The City also provides wastewater conveyance and treatment to portions of Hillsborough and unincorporated San Mateo County. The City is located roughly 20 miles south of San Francisco and has a population of roughly 103,000.

The City levies various wastewater connection and development impact fees on new or expanded connections to the wastewater system. This report refers to the City's wastewater development impact fees as "capacity charges" in line with California Government Code. Capacity charges are one-time charges, paid up-front as a condition of new development or redevelopment that generates increased demands on the City's wastewater system. The charges are designed to recover the cost of capacity in infrastructure benefitting new development to help ensure that new development pays its own way. The City's wastewater capacity charges have not been independently reviewed or updated in many years.

## Objectives

Bartle Wells Associates (BWA) was retained to update the City's wastewater capacity charges as one component of a more comprehensive review and update of a number of the City's development impact fees. Key objectives of this study are to develop updated wastewater capacity charges that:

- Recover the costs of wastewater system infrastructure and assets that benefit new or expanded development;
- Equitably recover costs based on the new or increased wastewater system demands generated by new development or redevelopment;
- Are consistent with industry-standard practices and methodologies;
- Comply with government code.

## Government Code

Development impact fees are governed by California Government Code Section 66000 et. seq. This section of the Code was initially established by Assembly Bill 1600 and is commonly referred to as the Mitigation Fee Act. Pursuant to the Code, a development impact fee is not a tax or special assessment, but is, instead, a voluntary charge levied to defray the cost of public facilities needed to serve new development.

Section 66013 of the Code specifically governs water and wastewater capacity charges. This section of the Code defines a “capacity charge” to mean *“a charge 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.”* The Code distinguishes “capacity charges” from “connection fees” which are defined as fees for the physical facilities necessary to make a water or sewer connection, such as costs related to installation of meters and pipelines from a new building to a water or sewer main.

A key provision of Section 66013 states that water or wastewater capacity charges *“shall not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed”* unless approved by a two-thirds vote. As such, the capacity charges calculated in this report represent the maximum charges that the City can levy. Section 66013 does not detail any specific methodology for calculating capacity fees.

Section 66016 of the Code identifies the procedural requirements for adopting or increasing water and wastewater capacity charges. Section 66022 details the general parameters under which the charges can be legally challenged. Section 66023 describes an agency’s responsibilities if a customer requests an audit of their charge. The full text of Sections 66013, 66016, 66022 and 66023 are attached in Appendix B.

## Updated Wastewater Capacity Charges

This report develops updated wastewater capacity charges designed to equitably recover the costs of facilities benefitting new development. The recommended charges are based on an *average cost approach* under which new or expanded connections would fund their proportionate share of costs (in current dollars) for capacity needed in existing and planned wastewater system infrastructure. Under this approach, new connections pay for their proportionate share of the average cost of facilities needed to meet the demands of the City’s service area through projected build-out.

This report develops updated capacity charges under two scenarios as described below.

- A **recommended fee alternative** which accounts for a cost recovery factor of 80% of the estimated maximum value of infrastructure benefitting new development. By only including 80% of the estimated maximum recoverable costs of infrastructure, this fee calculation recognizes that the sources of data used to calculate the updated charges are themselves estimates and provides additional assurance that the updated charges do not exceed the estimated reasonable cost of providing wastewater capacity to new development as required under California Government Code.
- A **maximum fee alternative** which accounts for full cost recovery of the estimated value of infrastructure benefitting new development.

Tables showing updated wastewater capacity charges under both alternatives are shown on the following pages. BWA believes that both of these approaches represent reasonable and defensible calculations for facility cost recovery and balance the goals of a) recovering the cost of facilities benefitting new development and b) ensuring that the fees do not exceed the estimated reasonable cost of facilities benefitting growth.

The charges for each customer class are based on underlying unit charges developed for wastewater flow and wastewater strength loadings for Biological Oxygen Demand (BOD) and Suspended Solids (SS). The unit charges are applied to the wastewater flow and strength characteristics of each type of connection resulting in charges that reflect the proportional cost of capacity in wastewater system infrastructure benefitting each new or expanded connection. Both of the fee scenarios account for a significant reduction in the estimated wastewater discharge from residential dwelling units compared to the City's historical engineering design assumptions based on evaluation of water use from the lowest-use winter months during recent years.

## Wastewater Capacity Charges with 80% Cost Recovery

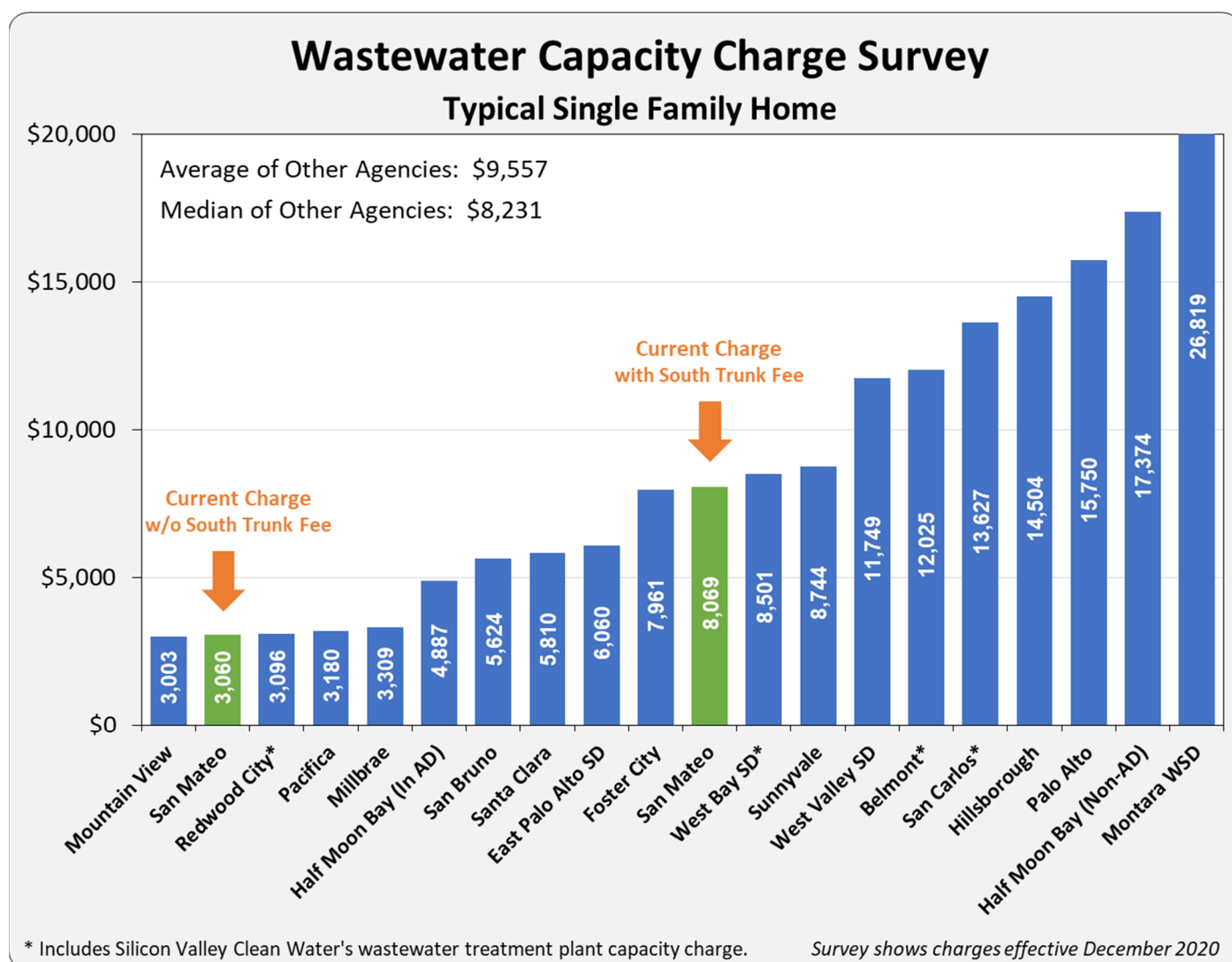
<b>RESIDENTIAL</b>					
<i>Capacity Charge per residential dwelling unit</i>			<u>Class A</u> All Residential		
<u>Wastewater Strength</u>					
BOD (mg/l)			200		
SS (mg/l)			200		
<u>Type of Dwelling Unit</u>	<u>Flow (gpd)</u>		<u>Wastewater Capacity Charges</u>		
1. Single-family dwelling	150		\$10,019 per dwelling unit		
2. Multi-family dwelling					
a. Studio & 1 bedroom	75		5,009 per dwelling unit		
b. 2 bedroom	125		8,349 per dwelling unit		
c. 3+ bedroom	150		10,019 per dwelling unit		
3. Hotels or motels	75		5,009 per room/apartment		
4. Board or lodging houses	75		5,009 per bedroom		
5. Accessory Dwelling Unit	0.075		5.01 per square foot		
<i>(based on square footage)</i>					
<b>COMMERCIAL/INSTITUTIONAL</b>			<u>Class B</u>	<u>Class C</u>	<u>Class D</u>
<i>Capacity Charge based on water meter size and Wastewater Class</i>			Standard	Moderate	High
<u>Wastewater Strength</u>			Strength	Strength	Strength
BOD (mg/l)			200	400	800
SS (mg/l)			200	400	600
<u>Meter Size</u>	<u>Ratio</u>	<u>Flow (gpd)</u>	<u>Wastewater Capacity Charges</u>		
Up to 3/4-inch	1.00	150	\$10,019	\$10,732	\$11,820
1-inch	1.67	250	16,698	17,886	19,700
1-1/2-inch	3.33	500	33,396	35,773	39,400
2-inch	5.33	800	53,433	57,236	63,040
3-inch	10.00	1,500	100,187	107,318	118,199
4-inch	16.67	2,500	166,978	178,863	196,999
6-inch	33.33	5,000	333,956	357,727	393,998
8-inch	53.33	8,000	534,329	572,363	630,397
<b>INDUSTRIAL</b>					
<i>Capacity Charge based on estimated wastewater flow and strength</i>					
Flow			\$77.55 per gpd		
BOD			1,873.52 per lb/day		
SS			1,689.32 per lb/day		

## Wastewater Capacity Charges with Maximum Cost Recovery

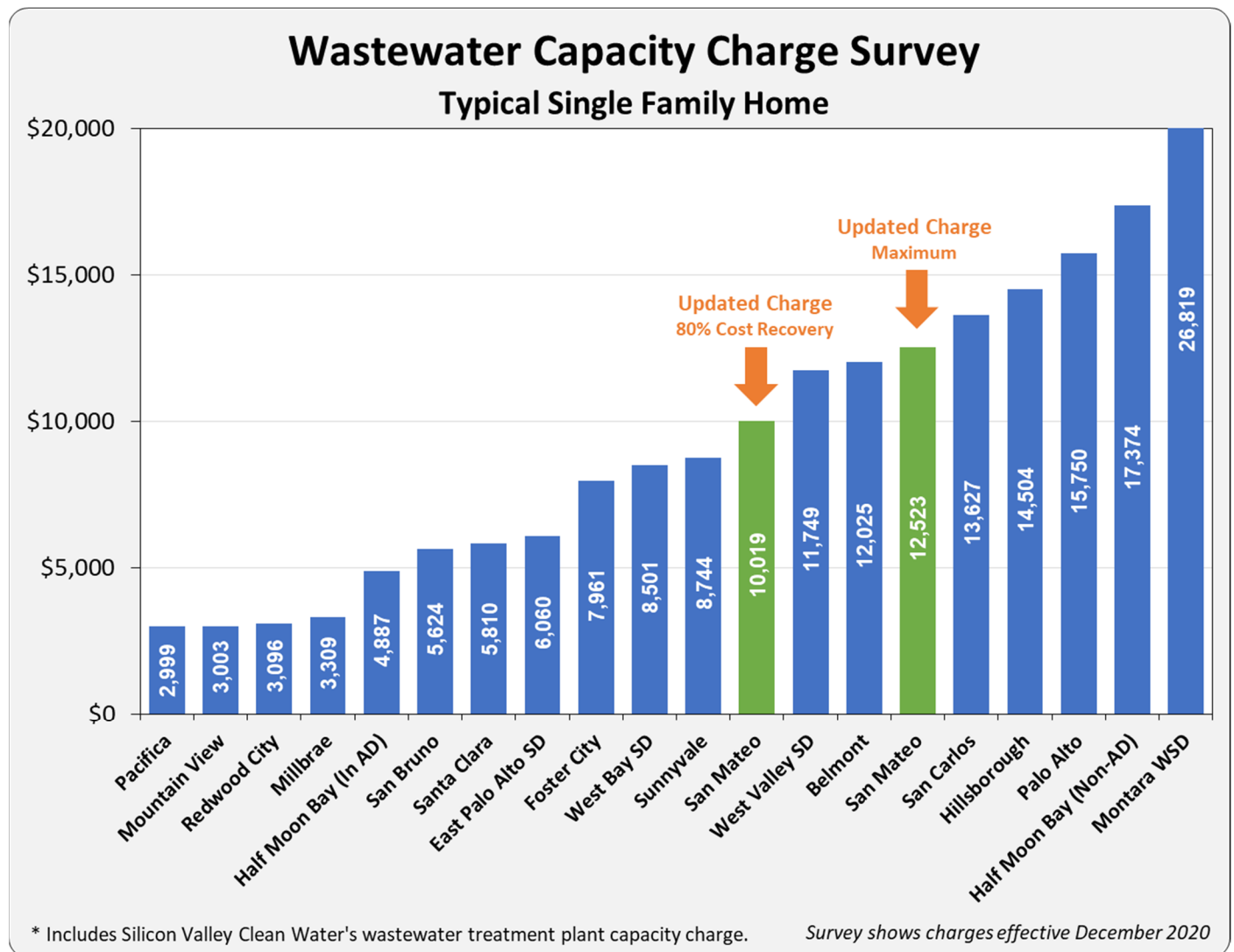
<b>RESIDENTIAL</b>			
<i>Capacity Charge per residential dwelling unit</i>			<u>Class A</u>
<u>Wastewater Strength</u>			All Residential
BOD (mg/l)			200
SS (mg/l)			200
<u>Type of Dwelling Unit</u>	<u>Flow (gpd)</u>	<u>Wastewater Capacity Charges</u>	
1. Single-family dwelling	150	\$12,523 per dwelling unit	
2. Multi-family dwelling			
a. Studio & 1 bedroom	75	6,262 per dwelling unit	
b. 2 bedroom	125	10,436 per dwelling unit	
c. 3+ bedroom	150	12,523 per dwelling unit	
3. Hotels or motels	75	6,262 per room/apartment	
4. Board or lodging houses	75	6,262 per bedroom	
5. Accessory Dwelling Unit	0.075	6.26 per square foot	
<i>(based on square footage)</i>			
<b>COMMERCIAL/INSTITUTIONAL</b>		<u>Class B</u>	<u>Class C</u>
<i>Capacity Charge based on water meter size and Wastewater Class</i>		Standard	Moderate
<u>Wastewater Strength</u>		Strength	Strength
BOD (mg/l)		200	400
SS (mg/l)		200	400
			800
			600
<u>Meter Size</u>	<u>Ratio</u>	<u>Flow (gpd)</u>	<u>Wastewater Capacity Charges</u>
Up to 3/4-inch	1.00	150	\$12,523
1-inch	1.67	250	\$13,415
1-1/2-inch	3.33	500	\$14,775
2-inch	5.33	800	20,872
3-inch	10.00	1,500	22,358
4-inch	16.67	2,500	24,625
6-inch	33.33	5,000	41,744
8-inch	53.33	8,000	44,716
			49,250
			66,791
			71,545
			78,800
			125,233
			134,148
			147,749
			208,722
			223,579
			246,249
			417,444
			447,159
			492,498
			667,911
			715,454
			787,997
<b>INDUSTRIAL</b>			
<i>Capacity Charge based on estimated wastewater flow and strength</i>			
Flow		\$77.55 per gpd	
BOD		1,873.52 per lb/day	
SS		1,689.32 per lb/day	

## Survey of Regional Wastewater Capacity Charges

The following chart shows a comparison of regional wastewater capacity charges for a typical new single family home. San Mateo's current wastewater capacity charges vary depending on whether new development is located in an area served by the City's South Trunk Line, in which case the City's levies a separate charge to recover costs for that trunk line. The following chart compares the City current wastewater capacity charges to other regional agencies surveyed. The City's current charges are either very low or in the middle range depending on whether the South Trunk Fee applies.



The following chart shows a comparison of regional wastewater capacity charges for a typical new single family home but incorporates the updated capacity charges calculated in this report under both a) the 80% recovery scenario, and b) a full cost or maximum cost recovery scenario. Unlike the City's existing fees, the updated charges are proposed to be uniformly applied citywide. As shown on the chart, the updated capacity charges are in the middle to upper middle range compared to the current charges of other regional agencies surveyed.



## 2. Wastewater Capacity Charge Derivation

### Current Wastewater Capacity Charges

Table 1 shows a schedule of the City's current wastewater capacity charges which are levied on new or expanded connections to the wastewater system. Current charges include a) Sewer Connection Charges, b) Wastewater Treatment Plant Phase II Expansion Fees, and c) South Trunk Area Sewer Improvement Fees which are only levied on new development located in an area served by the City's South Trunk Line.

**Table 1 – Current Wastewater Connection & Impact Fees**

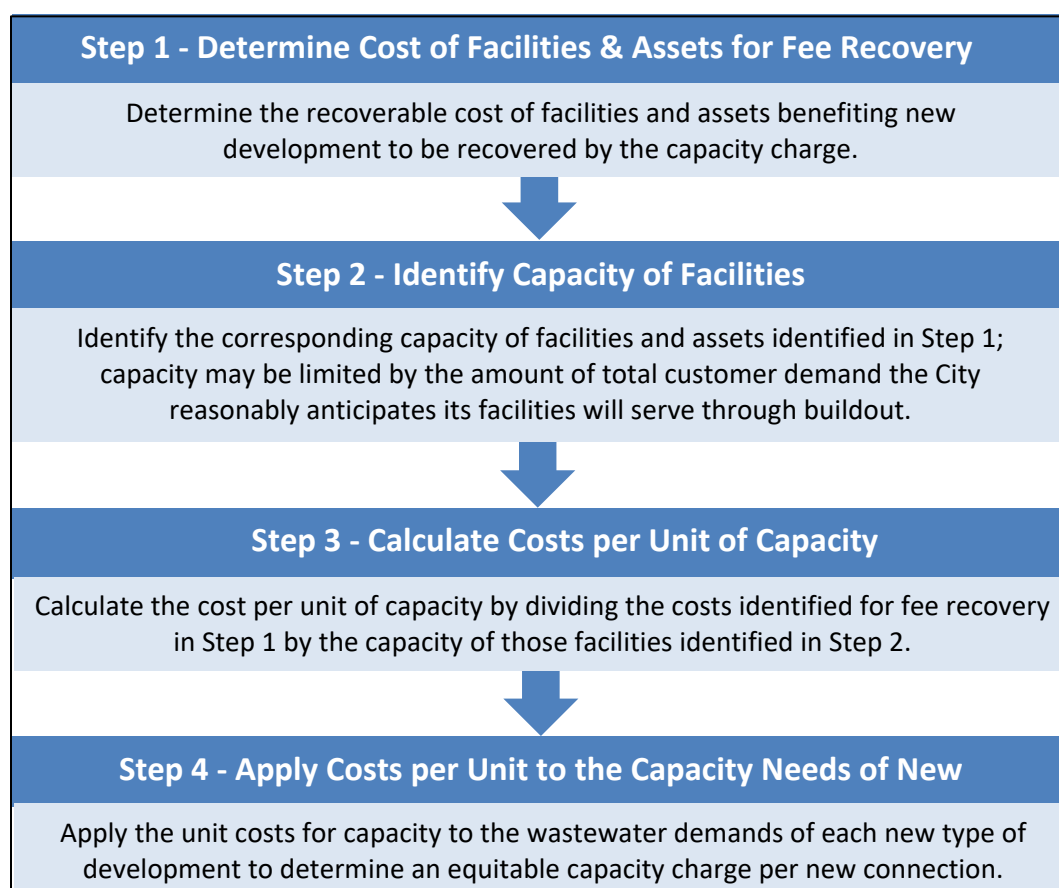
<b>SEWER CONNECTION CHARGES</b>	
<u>A. Residential</u>	
1. Single-family dwelling	\$2,650 per connection
2. Multi-family dwelling	
a. Studio & 1 bedroom	1,325 per dwelling unit
b. 2 bedroom	1,991 per dwelling unit
c. 3 bedroom	2,650 per dwelling unit
3. Hotels or motels	1,325 per room/apt
4. Board or lodging houses	1,325 per bedroom
<u>B. Non-Residential</u>	
1. Churches	2,650 per connection
2. Golf courses	2,650 per connection
3. Hospitals	130 per fixture unit
4. Lodges and clubs	130 per fixture unit
5. Rest, residential care & convalescent homes	130 per fixture unit
6. Schools	130 per fixture unit
<u>C. Commercial and Industrial</u>	130 per fixture unit
<b>WASTEWATER DEVELOPMENT IMPACT FEES</b>	
<u>WWTP PHASE II EXPANSION FEE</u>	\$2.34 Gallon/ADF
Developer Impact Fees pay for the increase of 1.5 Million Gallons a Day of treatment capacity for biological demand and solids in the Wastewater Treatment Plant. This increase is needed to accommodate the loading from future development and connections.	
<u>SOUTH TRUNK AREA SEWER IMPROVEMENT FEE</u>	
1. Single-family dwelling	\$5,009 per dwelling unit
2. Multi-family dwelling, 1 bedroom	2,504 per dwelling unit
3. Multi-family dwelling, 2 bedroom	3,756 per dwelling unit
4. Multi-family dwelling, 3 bedroom	5,009 per dwelling unit
5. Hotels or motels	2,504 per room
6. Non-residential	250 per fixture unit

## Capacity Charge Methodology

BWA recommends the City transition to a single set of wastewater capacity charges that would be applied uniformly throughout the City. An *average cost approach* is recommended for calculation of updated wastewater capacity charges. Under this approach, new connections buy in for a proportionate share of capacity needs in existing and planned wastewater system facilities. The fees are calculated based on a) the total value of the City's wastewater facilities, including existing infrastructure and planned upgrades and expansions, divided by b) the total capacity the City is projected to serve through projected build-out. Hence, the charges are calculated by determining the average cost of capacity in current and future wastewater system infrastructure and then proportionately assigning those costs to new connections based on their system capacity needs. The *average cost approach* is a widely used and accepted approach for calculating capacity fees, particularly for service areas that are largely built out.

The general methodology used to calculate updated water and wastewater capacity fees is summarized below.

### Capacity Charge Methodology



## Wastewater System Overview

The City's wastewater system includes a regional wastewater treatment plant jointly owned with Foster City, over 240 miles of sanitary sewer collection system pipelines, 26 lift stations, and an outfall pipeline which discharges treated effluent 3,700 feet offshore into the San Francisco Bay. The wastewater treatment plant has an average dry weather flow capacity of 15.7 million gallons per day (mgd) of which 75% is owned by San Mateo.

## Wastewater System Infrastructure Value

Under the methodology used in this report, updated wastewater capacity charges are designed to recover:

- The remaining value of existing wastewater system infrastructure (in current dollars).
- Clean Water Program capital improvements identified as upgrades and expansions to the wastewater system needed to meet future demands through buildout.

At the same time, the updated charges exclude a number of costs which are backed out of the fee calculation to ensure the updated charges are reasonable and equitable, including:

- Outstanding principal on debt previously issued to help finance some of the City's wastewater facilities.
- Clean Water Program capital improvements identified as repairs and replacements of existing facilities in order to ensure no double counting of an existing asset and its replacement.
- Clean Water Program capital improvements that the City anticipates will be financed with long-term debt. This ensures that new connections will not have to pay for facilities both through the updated capacity charge and also via sewer service charges once they become ongoing customers.

Existing wastewater system facilities identified for cost recovery include the City's a) wastewater treatment plant, b) sewer collection system pipelines, and c) wastewater lift stations. Table 2 shows a list of existing wastewater treatment plant infrastructure with estimates of the replacement cost based on the acquisition cost of each asset escalated into current dollars based on the change in the Engineering News-Record Construction Cost Index, a widely used measure of construction cost inflation. Based on input from City staff, the table excludes assets that will not remain in service with completion of the Clean Water Program's treatment plant upgrades in order to exclude facilities that will no longer provide service capacity to City customers.

**Table 2 –Existing Wastewater Treatment Plant Value**

Asset #	Asset Description	Asset Type	Acquisition Date	Acquisition Cost Basis	Acquisition Year	ENR CCI Acquis Yr	ENR-Adjusted Cost Basis <sup>1</sup>	% In Service with CWP <sup>2</sup>	\$
<b>BUILDINGS</b>									
0065832	WWTP CONTROL BUILDING (Admin)	building	06/30/78	141,541	1978	2776	592,777	25%	148,194
0065845	WWTP WORKSHOP BUILDING	building	06/30/81	28,055	1981	3535	92,268	0%	0
0065858	WWTP UTILITY BUILDING (Civilization)	building	06/30/50	31,193	1950	510	711,075	100%	711,075
0065988	SLUDGE THICKNER #1	building	06/30/81	940,238	1981	3535	3,092,266	100%	3,092,266
0066001	SLUDGE THICKNER #2	building	06/30/78	80,000	1978	2776	335,042	100%	335,042
0066066	AERATOR TANK (5)	building	06/30/81	2,063,093	1981	3535	6,785,125	100%	6,785,125
0066079	SECOND CLARIFIER (4) + (1)	building	06/30/78	23,149	1978	2776	96,949	100%	96,949
0066469	WWTP SOLID HANDLING BUILDING	building	06/30/81	9,712,462	1981	3535	31,942,460	100%	31,942,460
0066937	EFFLUENT PUMPING PLANT	building	06/30/81	445,240	1981	3535	1,464,311	100%	1,464,311
0067158	PRIMARY CLARIFIER #1	building	01/01/45	287,668	1945	450	7,432,031	50%	3,716,015
0067301	PRIMARY CLARIFIER #2	building	01/01/50	288,389	1950	510	6,574,110	50%	3,287,055
0067639	PRIMARY CLARIFIER #4	building	01/01/79	1,127,362	1979	3003	4,364,520	50%	2,182,260
0067834	WWTP MAIN STRUCTURE (Control Room)	building	06/30/81	5,064,609	1981	3535	16,656,546	100%	16,656,546
0068237	WWTP PUMP HOUSE UNIT 2 (Round House)	building	06/30/81	367,983	1981	3535	1,210,227	100%	1,210,227
0070572	SLUDGE HANDLING TANK	building	06/30/81	402,407	1981	3535	1,323,441	50%	661,720
0079614	WWTP PLANT EXPANSION	building	03/31/97	8,285,208	1997	5825	16,535,972	100%	16,535,972
0080495	WWTP PRIMARY CLARIFIER (#3)	building	01/01/63	99,526	1963	901	1,284,222	50%	642,111
0080498	WWTP DALE AVE PUMP STATION	building	01/01/63	6,886,610	1963	901	88,860,581	100%	88,860,581
0080500	WWTP EFFLUENT PUMP STATION ELECT	building	07/01/99	101,975	1999	6060	195,652	100%	195,652
0081258	WWTP MARINA LAGOON N. STRUCTURE	building	06/30/01	2,305,000	2001	6342	4,225,396	100%	4,225,396
0081819	PROJ#467836 WWTP PHASE II EXPANSION CAP	building	06/30/02	33,328,952	2002	6538	59,265,941	100%	59,265,941
<b>SUBTOTAL</b>				<b>73,315,660</b>			<b>253,040,912</b>	<b>96%</b>	<b>242,014,899</b>
<b>OTHER IMPROVEMENTS</b>									
0078406	WWTP EXPANSION IMPROVEMENT	improvmnt	07/01/95	21,643,906	1995	5471	45,992,196	100%	45,992,196
0080494	WWTP GRRT REMOVAL SYSTEM	improvmnt	07/01/99	50,000	1999	6060	95,932	100%	95,932
0080499	WWTP LAB RENOVATION	improvmnt	07/01/99	111,338	1999	6060	213,617	100%	213,617
0081255	WWTP ELECTRICAL DISTRIBUTION REHAB	improvmnt	06/30/01	74,565	2001	6342	136,688	0%	0
0101599	PROJ#467634 WWTP ROOFING & DUCT WORK	improvmnt	07/01/04	281,164	2004	7115	459,418	100%	459,418
0105824	PROJ#467535 WWTP ODOR BEDS	improvmnt	06/30/10	538,032	2010	8799	710,899	50%	355,449
0106146	PROJ #469927 WWTP ROOF REPLACE	improvmnt	06/30/12	156,458	2012	9308	195,416	100%	195,416
0109796	PROJ#469976 SOLIDS BLDG:IMMED.PROJECTS:	improvmnt	06/30/19	368,301	2019	11268	379,985	100%	379,985
<b>SUBTOTAL</b>				<b>42,704,627</b>			<b>48,184,150</b>	<b>99%</b>	<b>47,692,012</b>
<b>INFRASTRUCTURE</b>									
0081254	HYPOCHLORITE FACILITY MODIFICATIONS	infrastruc	06/30/01	86,716	2001	6342	158,963	0%	0
0081257	WWTP-OUTFALL RELOCATION FOSTER CITY	infrastruc	06/30/01	75,000	2001	6342	137,486	100%	137,486
0105204	WWTP SOLID HANDLING CAP CIP 467245	infrastruc	06/30/09	125,434	2009	8570	170,161	100%	170,161
0105205	WWTP CAPITAL REPLACEMENT CAP CIP	infrastruc	06/30/09	1,534,671	2009	8570	2,081,895	50%	1,040,947
0105206	WWTP-PH II MOD. DIGESTERS CAP CIP 467749	infrastruc	06/30/09	123,645	2009	8570	167,734	100%	167,734
0105209	HYPOCHLORITE/BISULFIDE REHAB CIP 469917	infrastruc	06/30/09	474,344	2009	8570	643,483	0%	0
0106499	PROJ#469945-WWTP RETURN ACTIVATED	infrastruc	06/30/13	237,432	2013	9547	289,145	100%	289,145
0107487	PROJ#469946-WWTP BIOFILTER	infrastruc	06/30/15	2,361,658	2015	10335	2,656,654	50%	1,328,327
0107488	PROJ#469949-WWTP ANNUAL MAJOR	infrastruc	06/30/15	3,114,009	2015	10335	3,502,981	100%	3,502,981
0109795	PROJ#469967 DIGESTER GAS TO COMPRESSED	infrastruc	06/30/19	6,276,284	2019	11268	6,475,386	100%	6,475,386
<b>SUBTOTAL</b>				<b>103,520,011</b>			<b>16,283,888</b>	<b>81%</b>	<b>13,112,167</b>
<b>GRAND TOTAL FUND 72</b>				<b>219,540,297</b>			<b>317,508,949</b>	<b>95.4%</b>	<b>302,819,079</b>

1 Based on the change in the Engineering News-Record Construction Cost Index (20-Cities Average) from acquisition year to the December 2020 index of 11,625.95.

2 Represents the portion of each asset that will remain in operation after completion of the Clean Water Program.

Source: Based on Fixed Asset Schedule 06/30/19 and input from City of San Mateo Public Works Department.

Table 3 shows a schedule of existing sewer collection pipelines along with estimated replacement value based on the cost per linear foot of pipeline derived from the actual costs from 4 representative pipeline replacement projects undertaken by the City in recent years.

**Table 3 – Existing Sewer Collection System Pipeline Replacement Value**

Sewer Collection System Pipelines <sup>1</sup>				Total Cost Estimate <sup>2</sup>			
Diameter (inches)	Count	Feet	Miles	Cost Scale	Unit Cost per Mile	Unit Cost per LF	Total Cost
Unknown	2	517	0.1	0.86	7,094,008	1,344	694,622
4"	24	4,485	0.8	0.86	7,094,008	1,344	6,025,876
6"	3,509	708,708	134.2	0.88	7,284,875	1,380	977,812,282
8"	1,444	285,148	54.0	0.91	7,475,741	1,416	403,729,655
10"	320	67,463	12.8	0.93	7,666,607	1,452	97,956,881
12"	183	43,363	8.2	0.95	7,857,474	1,488	64,530,992
14"	14	7,856	1.5	0.98	8,048,340	1,524	11,974,955
15"	169	33,778	6.4	1.00	8,239,207	1,560	52,709,076
16"	1	193	0.0	1.30	10,710,969	2,029	391,518
18"	143	33,287	6.3	1.60	13,182,731	2,497	83,108,628
20"	8	7,205	1.4	1.80	14,830,572	2,809	20,237,551
21"	38	7,176	1.4	1.90	15,654,493	2,965	21,275,879
24"	76	18,551	3.5	2.20	18,126,255	3,433	63,685,634
27"	38	9,576	1.8	2.50	20,598,017	3,901	37,357,312
30"	58	17,637	3.3	2.80	23,069,779	4,369	77,060,925
33"	20	6,614	1.3	3.10	25,541,541	4,837	31,994,650
36"	16	5,068	1.0	3.40	28,013,303	5,306	26,888,526
39"	21	5,018	1.0	3.70	30,485,065	5,774	28,972,359
48"	3	120	0.0	4.00	32,956,827	6,242	749,019
54"	10	13,109	2.5	4.25	35,016,628	6,632	86,938,064
Total	6,097	1,274,872	241.5				2,094,094,403

1 Source: Based on data from City's Cartegraph GIS System.

2 Source: Based on cost estimates developed by San Mateo Public Works Department.

Notes:

Cost estimates based on actual costs for 4 representative projects totaling 27,556 linear feet constructed within last 4 years. Used Sample Projects' lowest bids and CWP Performance Dashboard data for construction only costs and project total costs at completion. 15-inch diameter cost is the basis for scaling the costs for the other diameters. Includes 30% planning level contingency for project costs (Construction + Soft Costs).

Table 4 conservatively estimates the value of sewer collection system lift stations based predominantly on the City's Insurance Appraisal Schedule of Values supplemented by the actual costs incurred by the City on rebuilding two lift stations.

**Table 4 – Sewer Collection System Lift Station Value**

Type	ID	Location	Backup Power	Appraisal Value
Sewer	2ND QUEBEC	203 S QUEBEC	Portable	\$315,429
Sewer	38TH AVE	3796 EL CAMINO REAL	Portable	315,429
Sewer	41ST AVE	3971 PACIFIC BLVD	Portable	315,429
Sewer	42ND AVE	1 W 42ND AVE	On Site	315,429
Sewer	ARROYO	20 ARROYO CT	Portable	183,164
Sewer	BAY MEADOWS*	SARATOGA DR	On Site	1,305,000
Sewer	CHATHAM EAST	205 N QUEBEC	Portable	315,429
Sewer	DALE AVE	DALE AVE	On Site	315,429
Sewer	FLINT NORFOLK	2413 S NORFOLK	Portable	315,429
Sewer	KEHOE KELLY	2223 KEHOE AVE	Portable	315,429
Sewer	KEHOE SCOTT	2444 KEHOE AVE	Portable	315,429
Sewer	LOS PRADOS 1	3000 LOS PRADOS	Portable	315,429
Sewer	LOS PRADOS 2	3160 LOS PRADOS	Portable	315,429
Sewer	LOS PRADOS 3	3301 LOS PRADOS	Portable	315,429
Sewer	MARINERS ISLAND 1	408 ANCHOR RD	Portable	315,429
Sewer	MARINERS ISLAND 2	635 MARINERS ISLAND BLVD	On Site	581,210
Sewer	MARINERS ISLAND 3	894 NEPTUNE CT	Portable	315,429
Sewer	MARINERS ISLAND 4	1500 MARINERS ISLAND BLVD	Portable	315,429
Sewer	MARINERS ISLAND 5	1659 VISTA DEL MAR	On Site	315,429
Sewer	MARINERS ISLAND 6	2021 WINWARD WAY	On Site	315,429
Sewer	MONGINI	2005 PACIFIC BLVD	Portable	315,429
Sewer	PARKSIDE AQUATIC	ROBERTA/SEAL ST	N/A	315,429
Sewer	PARKWOOD	1932 PARKWOOD	Portable	315,429
Sewer	SANTA CLARA	404 SANTA CLARA	Portable	315,429
Sewer	TOYON	1629 TOYON	Portable	315,429
Sewer	WOODBIDGE*	95 WOODBRIDGE CIRCLE	Portable	2,800,000
Total				11,808,812

\* Values reflect construction costs of recent capital projects.

Source: Reflects conservative estimate of remaining asset value from Insurance Appraisal Schedule of Values.

## Wastewater Capital Improvement Program

Table 5 shows a summary of the City of San Mateo's share of the Clean Water Program (CWP), a comprehensive plan to upgrade the City's aging sewer collection system and wastewater treatment facilities. The table also shows the City's anticipated sources of funding for the CWP.

**Table 5 – Clean Water Program & Sources of Funding by Year (San Mateo Share)**

Fiscal Year Ending June 30	Through 2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
<b>Sources of Funds</b>										
2019 Bonds	38,684,242	83,903,556	99,413,309	26,342,349	16,884,225	18,007,090				283,234,771
Basin 2/3 WIFIA Loan*			10,343,923	70,059,910	4,736,167					85,140,000
WWTP WIFIA Loan*			13,656,314	121,467,063	75,215,983					210,339,360
Future Bonds/SRF Loan					80,224,142	23,731,458				103,955,600
Cash	73,027,806	7,438,363	8,141,379	10,755,826	7,155,799	31,260,166	19,108,141	4,421,345	765,940	162,074,765
<b>Total Sources</b>	<b>111,712,048</b>	<b>91,341,919</b>	<b>131,554,925</b>	<b>228,625,148</b>	<b>184,216,316</b>	<b>72,998,714</b>	<b>19,108,141</b>	<b>4,421,345</b>	<b>765,940</b>	<b>844,744,496</b>
<b>Clean Water Program Projects</b>										
Basin 2/3 Collection Project	19,210,149	21,239,791	51,064,137	70,059,910	4,736,166					166,310,153
Other Collection Projects	18,431,880	28,130,082	15,080,893	26,342,349	16,884,225	24,343,863	12,227,313	2,029,423		143,470,029
WWTP Project	38,504,438	34,533,683	57,268,516	126,325,125	157,462,059	44,695,451	3,924,680			462,713,952
Program Management	35,565,581	7,438,363	8,141,379	5,897,764	5,133,865	3,959,398	2,956,148	2,391,922	765,940	72,250,362
<b>Total Uses</b>	<b>111,712,048</b>	<b>91,341,919</b>	<b>131,554,925</b>	<b>228,625,148</b>	<b>184,216,315</b>	<b>72,998,712</b>	<b>19,108,141</b>	<b>4,421,345</b>	<b>765,940</b>	<b>844,744,496</b>

\* Construction costs to be financed on an interim basis using a short-term note that will be refunded by the WIFIA Loan.

Source: Clean Water Program as of April 30, 2020 (from Economic Summit Presentation).

Table 6 details the amount of the CWP that the City anticipates will be financed with debt vs. costs that will be funded on a pay-as-you-go basis from cash contributions to the capital program.

**Table 6 – Clean Water Program Funding Sources (San Mateo Share)**

Clean Water Program Projects			Funding Sources		
<b>Sewer Collection System</b>			<b>Sewer Collection System</b>		
Basin 2/3 Collection Project		166,310,153	Basin 2/3 WIFIA Loan		85,140,000
Other Collection Projects		143,470,029	2019 Bonds & Future Bonds/SRF <sup>2</sup>	46.2%	178,778,344
Program Management <sup>1</sup>	40.1%	28,973,334	Cash Contribution <sup>3</sup>		74,835,172
Subtotal		338,753,516			338,753,516
<b>Wastewater Treatment Plant</b>			<b>Wastewater Treatment Plant</b>		
WWTP Project		462,713,952	WWTP WIFIA Loan		210,339,360
Program Management <sup>1</sup>	59.9%	43,277,028	2019 Bonds & Future Bonds/SRF <sup>2</sup>	53.8%	208,412,027
			Cash Contribution <sup>3</sup>		87,239,593
Subtotal		505,990,980			505,990,980
Total		844,744,496			844,744,496

1 Proportionately allocated based on share of project costs excluding project management.

2 Proportionately allocated based on share of project costs excluding costs funded by specific WIFIA loans.

3 Estimated based on share of project costs not financed via planned debt.

## Adjustments for Prior Sewer Debt Obligations

In addition to debt issued to help finance the Clean Water Program, which is accounted for on Table 6, the City also has two other outstanding debt obligations including Sewer Revenue Bonds issued in 2011 and 2015. Table 7 lists outstanding principal remaining on these two bond issues and shows an allocation of the share of outstanding principal associated with the wastewater treatment plant and the sewer collection system. These amounts are excluded from cost recovery in the updated fee calculations.

**Table 7 – Prior Debt Adjustment**

		Outstanding Principal as of June 30, 2020
<b>2011A Sewer Revenue Bonds</b>		
Outstanding Principal		\$20,365,000
<b>2014A Sewer Revenue Bonds</b>		
Outstanding Principal		30,255,000
<b>Total Outstanding Principal</b>		<b>50,620,000</b>
<b>Estimated Allocation*</b>		
Wastewater Treatment Plant	60%	30,372,000
Sewer Collection System	40%	<u>20,248,000</u>
Total		50,620,000

\* Source: City of San Mateo.

Note: Excludes 2019 Wastewater Revenue Bonds which are accounted for as a funding source for the Clean Water Program.

## Wastewater System Cost Recovery

### Wastewater Treatment Plant

Table 8 calculates the value of the City of San Mateo's share of wastewater treatment plant used in the updated fee calculations. Cost recovery accounts for:

- 50% of value of existing wastewater treatment plant assets in order to ensure the updated capacity charge only recovers the value associated with the estimated remaining life of facilities.

- The City's share of Clean Water Program treatment plant capital improvements that are for upgrades and expansions and will be funded by cash contributions. Cost recovery excludes both a) the share of CWP projects anticipated to be financed with debt and b) the share of CWP projects that are repairs or replacements of existing facilities.

The wastewater treatment plant is designed to both process volumes of wastewater flow and treat concentrations of wastewater contaminants. As such, the treatment plant's components are sized to account for both wastewater flow and strength. The bottom of the table allocates treatment plant recoverable value to wastewater flow and strength -- with strength measured by Biological Oxygen Demand (BOD) and Suspended Solids (SS) – based on input from the City's Public Works Department.

**Table 8 – Wastewater Treatment Plant Cost Recovery**

<b>WASTEWATER TREATMENT PLANT</b>		
<b>Existing WWTP Asset Value<sup>1</sup></b>		\$302,819,079
City of San Mateo Share of WWTP Value <sup>2</sup>	75.88%	229,779,117
Less Outstanding Principal on Debt <sup>3</sup>		(30,372,000)
Plus Prior Interest Payments on Debt		<u>Excluded</u>
Subtotal		199,407,117
Cost Recovery % <sup>4</sup>	50.0%	<b>99,703,559</b>
<b>Clean Water Program WWTP Value of Improvements<sup>5</sup></b>		505,990,980
Less Estimated CWP Debt Financing <sup>5</sup>		<u>(418,751,387)</u>
Cash Funding Requirement		87,239,593
Less Est Share Repairs & Replacements <sup>6</sup>	39.9%	<u>(34,829,204)</u>
Remaining Upgrade & Expansion Funding Requirements		<b>52,410,389</b>
<b>Total WWTP Value for Fee Recovery</b>		152,113,948
<b>Cost Allocation<sup>4</sup></b>		
Flow	40.0%	<b>60,845,579</b>
BOD	30.0%	<b>45,634,184</b>
SS	30.0%	<b>45,634,184</b>

1 Source: Table 2

2 Based on City of San Mateo 75.88% ownership.

3 Source: Table 7

4 Based on input from City of San Mateo Public Works Department.

5 Source: Table 6

6 Source: Appendix A, Table A-1

## Sewer Collection System

Table 9 calculates the value of the sewer collection system assets used in the updated fee calculations. Cost recovery accounts for:

- 40% of value of existing collection system valuation in order to ensure the updated capacity charge only recovers the value associated with the remaining life of facilities.
- The City's share of Clean Water Program collection system capital improvements that are for upgrades and expansions and will be funded by cash contributions. Cost recovery excludes both a) the share of CWP projects anticipated to be financed with debt and b) the share of CWP projects that are repairs or replacements of existing facilities.

**Table 9 – Sewer Collection System Cost Recovery**

<b>SEWER COLLECTION SYSTEM &amp; OTHER ASSETS</b>		
<b>Existing Collection System Valuation</b>		
Sewer Collection System <sup>1</sup>		\$2,094,094,403
Sewer Lift Stations <sup>2</sup>		11,808,812
Equipment/Other		Excluded
Less Outstanding Principal on Debt <sup>3</sup>		(20,248,000)
Plus Prior Interest Payments on Debt		<u>Excluded</u>
Subtotal		2,085,655,215
Cost Recovery % <sup>4</sup>	40.0%	<b>834,262,086</b>
Clean Water Program Collection System Improvements <sup>5</sup>		\$338,753,516
Less Estimated CWP Debt Financing <sup>5</sup>		<u>(263,918,344)</u>
Cash Funding Requirement		74,835,172
Less Est Share Repairs & Replacements <sup>6</sup>	61.6%	<u>(46,124,056)</u>
Remaining Upgrade & Expansion Funding Requirements		<b>28,711,116</b>
Operating/Capital Fund Reserves as of June 30, 2020		Excluded
<b>Total Collection System Value for Fee Recovery</b>		<b>862,973,202</b>
<b>Cost Allocation</b>		
Flow	100.0%	<b>862,973,202</b>

1 Source: Table 3

2 Source: Table 4

3 Source: Table 7

4 Based on input from City of San Mateo Public Works Department.

5 Source: Table 6

6 Source: Appendix A, Table A-1

## Wastewater System Capacity

Table 10 shows the City's share of capacity in the wastewater treatment plant in units of wastewater flow and strength. The City's 75.88% share of capacity owned in the treatment plant reflects the maximum level of projected wastewater demand the City is expected to serve through buildout and total wastewater system capacity used in development of updated capacity charges.

**Table 10 – Wastewater System Capacity**

<b>WWTP Capacity</b>		
Flow (ADWF) <sup>1</sup>	15.70 mgd	
BOD	32,100 lbs/day	245 mg/l
TSS	35,600 lbs/day	272 mg/l
<b>City of San Mateo Share</b>		
Share of Capacity <sup>2</sup>	75.88% <i>Excludes Foster City's 24.12% share</i>	
Flow (ADWF) <sup>1</sup>	11.913 mgd	
BOD	24,357 lbs/day	245 mg/l
TSS	27,013 lbs/day	272 mg/l

1 Permitted Capacity (Average Dry Weather Flow)

2 Based on City of San Mateo 75.88% ownership.

## Wastewater Capacity Charges per Unit

Table 11 calculates wastewater capacity charges per unit of flow, BOD and SS by dividing a) the recoverable wastewater system value by b) total wastewater system capacity for each fee component. The value of the wastewater treatment plant is allocated for recovery from unit charges for flow, BOD and SS, while the value of the collection system is recovered entirely from a unit charge for flow. Unit costs for the treatment plant and collection system are combined resulting in total unit charges for flow, BOD and SS that will be applied to the estimated wastewater demands of different types of residential and commercial connections.

**Table 11 – Wastewater Capacity Charges per Unit for Flow, BOD & SS**

	WWTP	Collection System	Total
<b>Recoverable System Value</b>			
Flow	\$60,845,579	\$862,973,202	\$923,818,782
BOD	45,634,184		45,634,184
SS	45,634,184		45,634,184
<b>System Capacity</b>			
Flow (mgd)	11.913	11.913	
Flow (gpd)	11,913,160	11,913,160	
BOD (lbs/day)	24,357		
SS (lbs/day)	27,013		
<b>Cost per Unit</b>			
Flow (\$ per gpd)	\$5.11	\$72.44	\$77.55
BOD (\$ per lbs/day)	1,873.52		1,873.52
SS (\$ per lbs/day)	1,689.32		1,689.32

## Wastewater Flow Assumptions

Residential wastewater flows have decreased over the past couple of decades due to a number of factors including conservation and increased installation of high-efficiency toilets, shower heads, washing machines, and dishwashers. Based on review of water use data within the City's service area from the lowest-use winter months, BWA recommends that the single family residential wastewater capacity charges reflect a slightly conservative estimated level of wastewater discharge of 150 gallons per day (gpd). This level of usage is lower than the City's historical assumption of 200 gpd of discharge from a typical single family home. Wastewater flows from other residential categories are also conservatively estimated.

Wastewater flows for commercial customers are based on water meter size with the wastewater discharge from a base 3/4-inch meter estimated at 150 gpd, consistent with the single family residential flow estimate. Wastewater flows from larger meters are based on each meter's capacity ratio compared to the capacity of the base 3/4-inch meter. For example, a 3-inch meter has 10 times the capacity as a 3/4-inch meter and is correspondingly estimated to discharge 10 times as much wastewater as that of a 3/4-inch meter.

## Accessory Dwelling Units

Accessory Dwelling Units (ADUs) are generally defined as secondary independent residential dwelling units located on a residential property and may include a) second units within or attached to the living area of an existing primary residence, and b) detached accessory dwelling units. In compliance with California Government Code Section 65852.2 governing accessory dwelling units, the City of San Mateo recently adopted, by ordinance, amendments to the San Mateo Municipal Code.

Regarding capacity charges, Section 27.19.050 of the San Mateo Municipal Code was amended to include the following text: *"For an ADU located within an existing structure, payment of a connection fee or capacity charge is not required. For an ADU that is separate from an existing structure, the City will require payment of a connection fee or capacity charge that is proportionate to the ADU's burden."*

The City's Municipal Code complies with California Government Code Section 65852.2, which includes the following requirements regarding water and sewer capacity charges for ADUs:

- **ADUs within the living area of a primary residence** *“shall not be considered to be a new residential use for the purposes of calculating connection fees or capacity charges for utilities, including water and sewer service.”* Hence, the City may not levy capacity charges on ADUs that meet the requirements of the Code and are constructed within the living area of primary residence. To be considered within the living area of a primary residence, the Code permits *“an expansion of not more than 150 square feet beyond the same physical dimensions as the existing accessory structure.”*
- **Detached ADUs, or ADUs that require expansion of a primary residence in excess of 150 square feet** *“may require a new or separate utility connection directly between the accessory dwelling unit and the utility. Consistent with Section 66013, the connection may be subject to a connection fee or capacity charge that shall be proportionate to the burden of the proposed accessory dwelling unit, based upon either its size or the number of its plumbing fixtures, upon the water or sewer system.”*

In compliance with the Code, the wastewater “burden” and capacity charges for ADUs eligible to pay such charges are proposed to be calculated in proportion to the square footage of each ADU. The wastewater flow per square foot for an ADU is conservatively calculated based on the estimated wastewater flow per square foot for a single family dwelling unit assuming a typical single family home size of 2,000 square feet.

## Wastewater Customer Classes & Strength Assumptions

Table 12 shows the wastewater strength assumptions for each of the City's customer classes. The table also lists the typical types of businesses associated with each of the commercial customer classes. The City retains the authority to determine the most appropriate customer class for each new wastewater connection.

**Table 12 – Wastewater Strength by Customer Class**

Customer			Wastewater Strength	
Class	Description	Typical Customers Included*	BOD (mg/l)	SS (mg/l)
<b>Residential</b>				
Class A	Standard Strength	- All residential customers	200	200
<b>Commercial</b>				
Class B	Standard Strength	- Standard strength commercial customers - Professional offices - Retail stores - Convenience stores - Beauty salons/barber shops/nail salons - Schools/day care centers/places of worship	200	200
Class C	Moderate Strength	- Hotels & motels with restaurants - Industrial laundries - Mixed use (high strength comprises 25% - 75% of flow) - Supermarkets with food preparation, bakeries, meat or seafood counters	400	400
Class D	High Strength	- Restaurants - Wholesale bakeries - Mortuaries - Mixed use (high strength comprises > 75% of flow)	800	600
Class E	Special	- Determined on a case-by-case basis	varies	varies
* The City retains the right to determine the customer class assigned to each customer; typical customer class assignments are shown for information purposes.				

## Updated Wastewater Capacity Charges

Updated wastewater capacity charges are calculated by multiplying the unit capacity charges for flow, BOD and SS calculated in Table 11 by the wastewater flow and strength loadings of each customer type resulting in a combined wastewater charge that reflects the wastewater demands and corresponding system capacity needs for serving each new connection. Calculations are detailed on Table B-1 in Appendix B. As proposed, wastewater capacity charges would be applied as follows:

- **Residential Wastewater Capacity Charges** are applied based on a) the number of single or multi-family dwelling units or number of hotel/motel/boarding house room, multiplied by b) the applicable capacity charge per dwelling unit. When applicable, capacity charges for Accessory Dwelling Units (ADUs) are based on square footage in compliance with the requirements of Government Code 65852.2.
- **Commercial & Institutional Wastewater Capacity Charges** are applied based on both a) the water meter size of each new connection, which serves as a reasonable proxy for wastewater demand, and b) the appropriate wastewater customer class assignment, which reflects the wastewater strength of each type of customer.
- **Industrial Wastewater Capacity Charges** are calculated on a case-by-case basis based on a) the estimated wastewater flow and loading for each new connection and b) the unit capacity charges for flow, BOD and SS. To help ensure the appropriateness of the amount of the capacity charge, the City should verify or calculate the estimated flows and loadings for each connection. Some agencies periodically review the volume and strength of wastewater discharge from industrial customers and may require payment of additional capacity charges in cases where wastewater discharge significantly exceeds the amount of capacity purchased.

The tables on following pages show updated wastewater capacity charges under a) an 80% cost recovery alternative, and b) a maximum cost recovery alternative. BWA believes both charges represent reasonable and defensible calculations for facility cost recovery that balance the goals of a) recovering the cost of facilities benefitting new development and b) ensuring that the fees do not exceed the estimated reasonable cost of facilities benefitting growth. However, BWA recommends adoption of the charges under the 80% cost recover scenario to provide additional assurance that the updated charges do not exceed the estimated reasonable cost of providing wastewater capacity to new development as required under California Government Code.

Table 13 shows a schedule of wastewater capacity charges designed to recover 80% of the estimated maximum value of infrastructure benefitting new development. By only including 80% of the estimated maximum recoverable costs of infrastructure, this fee calculation recognizes that the sources of data used to calculate the updated charges are themselves estimates and provides additional assurance that the updated charges do not exceed the estimated reasonable cost of providing capacity to new development as required under California Government Code.

**Table 13 – Wastewater Capacity Charges with 80% Cost Recovery**

<b>RESIDENTIAL</b>				
<i>Capacity Charge per residential dwelling unit</i>				
<u>Wastewater Strength</u>		<u>Class A</u> All Residential		
BOD (mg/l)		200		
SS (mg/l)		200		
<u>Type of Dwelling Unit</u>	<u>Flow (gpd)</u>	<u>Wastewater Capacity Charges</u>		
1. Single-family dwelling	150	\$10,019 per dwelling unit		
2. Multi-family dwelling				
a. Studio & 1 bedroom	75	5,009 per dwelling unit		
b. 2 bedroom	125	8,349 per dwelling unit		
c. 3+ bedroom	150	10,019 per dwelling unit		
3. Hotels or motels	75	5,009 per room/apartment		
4. Board or lodging houses	75	5,009 per bedroom		
5. Accessory Dwelling Unit (based on square footage)	0.075	5.01 per square foot		
<b>COMMERCIAL/INSTITUTIONAL</b>		<u>Class B</u>	<u>Class C</u>	<u>Class D</u>
<i>Capacity Charge based on water meter size and Wastewater Class</i>		Standard	Moderate	High
<u>Wastewater Strength</u>		Strength	Strength	Strength
BOD (mg/l)		200	400	800
SS (mg/l)		200	400	600
<u>Meter Size</u>	<u>Ratio</u> <u>Flow (gpd)</u>	<u>Wastewater Capacity Charges</u>		
Up to 3/4-inch	1.00      150	\$10,019	\$10,732	\$11,820
1-inch	1.67      250	16,698	17,886	19,700
1-1/2-inch	3.33      500	33,396	35,773	39,400
2-inch	5.33      800	53,433	57,236	63,040
3-inch	10.00      1,500	100,187	107,318	118,199
4-inch	16.67      2,500	166,978	178,863	196,999
6-inch	33.33      5,000	333,956	357,727	393,998
8-inch	53.33      8,000	534,329	572,363	630,397
<b>INDUSTRIAL</b>				
<i>Capacity Charge based on estimated wastewater flow and strength</i>				
Flow		\$77.55 per gpd		
BOD		1,873.52 per lb/day		
SS		1,689.32 per lb/day		

Table 14 shows a schedule of maximum wastewater capacity charges which account for full cost recovery of the estimated value of wastewater system infrastructure benefitting new development.

**Table 14 – Wastewater Capacity Charges with Maximum Cost Recovery**

<b>RESIDENTIAL</b> <i>Capacity Charge per residential dwelling unit</i>		<u>Class A</u> All Residential		
<u>Wastewater Strength</u> BOD (mg/l) SS (mg/l)		200 200		
<u>Type of Dwelling Unit</u>		<u>Flow (gpd)</u>		
1. Single-family dwelling		150		
2. Multi-family dwelling				
a. Studio & 1 bedroom		75		
b. 2 bedroom		125		
c. 3+ bedroom		150		
3. Hotels or motels		75		
4. Board or lodging houses		75		
5. Accessory Dwelling Unit <i>(based on square footage)</i>		0.075		
<b>COMMERCIAL/INSTITUTIONAL</b> <i>Capacity Charge based on water meter size and Wastewater Class</i>				
<u>Wastewater Strength</u> BOD (mg/l) SS (mg/l)		<u>Class B</u> <u>Class C</u> <u>Class D</u> Standard      Moderate      High Strength      Strength      Strength		
		200      400      800		
		200      400      600		
<u>Meter Size</u>		<u>Ratio</u> <u>Flow (gpd)</u>		
Up to 3/4-inch		1.00      150		
1-inch		1.67      250		
1-1/2-inch		3.33      500		
2-inch		5.33      800		
3-inch		10.00      1,500		
4-inch		16.67      2,500		
6-inch		33.33      5,000		
8-inch		53.33      8,000		
<b>INDUSTRIAL</b> <i>Capacity Charge based on estimated wastewater flow and strength</i>				
Flow		\$77.55 per gpd		
BOD		1,873.52 per lb/day		
SS		1,689.32 per lb/day		

### 3. Application of Charges & Related Issues

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This section highlights some key issues regarding the application and implementation of the updated capacity charges and also identifies some related issues for City consideration.

#### Capacity Charge Ordinance: Purpose of Charge

Pursuant to Government Code, revenues derived from the City's capacity charges can only be used for the purpose for which the charges are collected. In order to maximize the City's flexibility for use of capacity fee revenues, BWA recommends that the ordinance or resolution adopting the updated wastewater capacity charges broadly define the purpose of the charge, such as to recover a proportionate share of costs for existing and future wastewater system facilities and assets from new or expanded connections to the wastewater systems.

#### Use of Capacity Charge Revenues

All of the updated capacity charge revenues are eligible to be used to fund capital improvements that represent upgrades and expansions. At the same time, a little over 90% of the updated wastewater capacity fees recover costs for buying in to existing facilities and assets. This portion of each charge represents a reimbursement for previously-funded facilities and therefore may be used to help fund capital improvements for wastewater system repair, rehabilitation and replacement.

#### Capacity Charges for Redevelopment Projects

Capacity charges for redevelopment projects and/or expansions should be based on the incremental demand generated from each new redevelopment project. For example, a redevelopment project with a 2-inch water meter that is replacing an existing building served by a 1-inch meter would pay the difference between the updated capacity charges for the 2-inch meter and 1-inch meter.

#### Changes in Property Use & Customer Class

In cases where a property experiences a change in use and associated change in wastewater customer class, such as if a standard strength office is converted into a high strength restaurant, the City is entitled to collect capacity charges for the increase in wastewater capacity charges

associated with the change in customer class and associated increased wastewater strength loadings. For example, an office with a 1-inch meter that is converted to a restaurant with a 2-inch meter would pay the difference between the capacity charges for 1-inch meter in standard strength Customer Class B to the charges for the 2-inch meter in the high-strength Customer Class D.

## Future Fee Adjustments

In future years, BWA recommends that the City adjust its wastewater capacity charges annually based on the change in the Engineering News-Record Construction Cost Index (20-Cities Average) to account for future construction cost inflation. The fee adjustment should be based on the change in the ENR index associated with the preceding fee update, which allows for a multi-year adjustment if the City ever opted to temporarily defer an annual adjustment. The City's capacity charge ordinance can allow for automatic annual adjustments, but the City Council would always retain the authority to defer an adjustment.

Additionally, the City should review and consider updating its capacity charges when substantial revisions are made to anticipated capital improvement costs or projected wastewater system demand. In general, BWA recommends that capacity charges be independently reviewed and/or updated approximately once every five years.

# **APPENDIX A**

## **Clean Water Program Cost Allocation**

Table A-1  
City of San Mateo  
Clean Water Program Cost Allocation

Project Number	Project Name	Project Type	Project Start	Project Finish	Total Est. Cost	San Mateo Allocation		Repair/Replacement		Upgrade/Expansion	
						%	\$	%	\$	%	\$
469911-C	South Trunk Phase 1 (101 Xing) Completed	CSP	Jan-15	May-16	\$2,783,412	100.0%	\$2,783,412	0%	0	100%	2,783,412
469916-C	Collection System SCADA	CSP	Apr-19	Dec-20	1,876,563	100.0%	1,876,563	50%	938,282	50%	938,282
469942-C	Dale Ave Pump Station Wet Well Rehabilitation	CSP	Oct-15	May-18	1,740,698	100.0%	1,740,698	100%	1,740,698	0%	0
469948-C	SCADA-Immediate Projects: Phase 2 (IAP-Completed)	WWTP	Jan-15	Nov-15	1,294,329	69.1%	894,334	80%	715,467	20%	178,867
469962-C	Short-Term MCC Replacement Project (IAP-Completed)	WWTP	Jan-15	Nov-15	38,156	69.1%	26,364	80%	21,092	20%	5,273
469973-C	Secondary System: Immediate Projects: SCs 1-4 and RAS Pump Values (IAP-Completed)	WWTP	Jan-15	Nov-15	335,794	69.1%	232,021	80%	185,617	20%	46,404
469975-C	Immediate Projects: GT 1&2 (IAP-Completed)	WWTP	Jan-15	Nov-15	305,970	69.1%	211,414	80%	169,131	20%	42,283
469978-C	Solids Bldg: Immediate Projects: Centrifuge Hoist Project (IAP-Completed)	WWTP	Jan-15	Jun-15	3,193	69.1%	2,206	100%	2,206	0%	0
469976-C	Immediate Projects: Boiler Replacement (Completed)	WWTP	Jan-15	Apr-16	142,528	69.1%	98,482	100%	98,482	0%	0
469988-P	East San Mateo Sanitary Sewer Lift Station Rehabilitation	CSP	Nov-19	Jun-22	1,052,466	100.0%	1,052,466	75%	789,349	25%	263,116
469988-C	East San Mateo Sanitary Sewer Lift Station Rehabilitation	CSP	Nov-16	Sep-22	13,295,408	100.0%	13,295,408	75%	9,971,556	25%	3,323,852
469989-C	Inflow/Infiltration Reduction Study	CSP	Jul-15	Jun-17	703,443	100.0%	703,443	100%	703,443	0%	0
46S001-C	Basin 1A Collection System	CSP	Apr-16	Jan-20	7,053,327	100.0%	7,053,327	75%	5,289,995	25%	1,763,332
46S002-C	Basin 1B Collection System	CSP	Jun-16	Aug-20	7,184,542	100.0%	7,184,542	75%	5,388,407	25%	1,796,136
46S002-P	Basin 1B Collection System	CSP	Nov-19	Jun-20	710,958	100.0%	710,958	75%	533,219	25%	177,740
46S003-P	Basin 2 & 3 Collection System (Incl Dale Ave Pump St)	CSP	May-18	Dec-22	80,371,639	100.0%	80,371,639	75%	60,278,729	25%	20,092,910
46S003-C	Basin 2 & 3 Collection System	CSP	Oct-15	Dec-22	73,763,208	100.0%	73,763,208	0%	0	100%	73,763,208
46S005-P	Basin 4 Collection System	CSP	Jan-17	Feb-25	71,569,345	100.0%	71,569,345	75%	53,677,008	25%	17,892,336
46S005-C	Basin 4 Collection System	CSP	Jan-17	Dec-21	1,580,540	100.0%	1,580,540	75%	1,185,405	25%	395,135
46S090-P	Sanitary Sewer Flow Monitoring and Hydraulic Modeling (Recurring Project)	CSP	Nov-19	Jun-26	613,682	100.0%	613,682	50%	306,841	50%	306,841
46S090-C	Sanitary Sewer Flow Monitoring and Hydraulic Modeling (Recurring Project)	CSP	Jul-17	Jun-18	199,998	100.0%	199,998	50%	99,999	50%	99,999
46S091-P	CWP-2-City Wide Sanitary Sewer Rehab Annual ProgramRehabilitation (Recurring Project)	CSP	Apr-20	Jun-26	33,579,745	100.0%	33,579,745	100%	33,579,745	0%	0
46S091-C	CWP-2-City Wide Sanitary Sewer Rehab Annual ProgramRehabilitation (Recurring Project)	CSP	Jul-15	Jun-20	2,232,246	100.0%	2,232,246	100%	2,232,246	0%	0
46S091-9151C-C	Basin C Annual Rehab	CSP	Oct-16	Jun-20	4,729,844	100.0%	4,729,844	100%	4,729,844	0%	0
46S091-9151D-C	Basin D Annual Rehab	CSP	Oct-16	Sep-20	5,325,121	100.0%	5,325,121	100%	5,325,121	0%	0
46S091-9151EL-P	ElCamino Annual Rehab	CSP	Mar-20	Dec-20	3,699,806	100.0%	3,699,806	100%	3,699,806	0%	0
46S091-9151EL-C	ElCamino Annual Rehab	CSP	Oct-16	Dec-20	512,324	100.0%	512,324	100%	512,324	0%	0
46S092-P	Biennial Pump Station Upgrade Program (Recurring Project)	CSP	Nov-19	Jun-26	5,148,098	100.0%	5,148,098	75%	3,861,074	25%	1,287,025
46S092-9455-C	42nd Ave. Pump Station Rehabilitation	CSP	May-15	Aug-19	1,766,082	100.0%	1,766,082	75%	1,324,562	25%	441,521
46S092-9456-C	Force Main Pump Assessment Project (completed)	CSP	Sep-15	Feb-17	369,562	100.0%	369,562	100%	369,562	0%	0
46S093-P	CCTV Inspection Program (Recurring Project)	CSP	Nov-19	Jun-26	3,272,958	100.0%	3,272,958	100%	3,272,958	0%	0
46S093-C	CCTV Inspection Program (Recurring Project)	CSP	Jul-15	May-20	1,522,648	100.0%	1,522,648	100%	1,522,648	0%	0
46T002-C	WWTP IAP Package 1	WWTP	Mar-16	May-19	18,955,947	69.1%	13,097,863	20%	2,619,573	80%	10,478,291
46T003-P	Nutrient Removal and Wet Weather Flow Management Upgrade and Expansion Project	WWTP	Jun-19	Sep-24	430,391,751	69.1%	297,384,896	40%	118,953,958	60%	178,430,938

Table A-1  
City of San Mateo  
Clean Water Program Cost Allocation

Project Number	Project Name	Project Type	Project Start	Project Finish	Total Est. Cost	San Mateo Allocation		Repair/Replacement		Upgrade/Expansion	
						%	\$	%	\$	%	\$
46T003-C	Nutrient Removal and Wet Weather Flow Management Upgrade and Expansion Project	WWTP	Jul-15	Sep-24	121,091,424	69.1%	83,669,728	40%	33,467,891	60%	50,201,837
46T009-P	WWTP IAP Package 2	WWTP	Nov-19	Jan-22	2,256,629	69.1%	1,559,248	30%	467,774	70%	1,091,474
46T009-C	WWTP IAP Package 2	WWTP	Oct-16	Jan-22	10,362,104	69.1%	7,159,833	30%	2,147,950	70%	5,011,883
46T010-P	WWTP IAP Package 3	WWTP	Dec-18	Dec-24	2,385,099	69.1%	1,648,016	20%	329,603	80%	1,318,412
46T010-C	WWTP IAP Package 3	WWTP	Nov-19	Nov-20	100,000	69.1%	69,096	20%	13,819	80%	55,277
46T090-P	WWTP Annual Major Components (Recurring Project)	WWTP	Jul-18	Jun-26	5,658,784	74.2%	4,199,742	100%	4,199,742	0%	0
46T090-C	WWTP Annual Major Components (Recurring Project)	WWTP	Jun-17	May-22	953,113	69.1%	658,566	100%	658,566	0%	0
<b>SUBTOTAL</b>					<b>920,932,484</b>	<b>80.1%</b>	<b>737,569,472</b>	<b>49.5%</b>	<b>365,383,692</b>	<b>50.5%</b>	<b>372,185,781</b>
469981-P	Program Management Clean Water Program	PGP	Dec-19	Oct-26	37,739,609	83.6%	31,536,167	49.5%	15,622,666	50.5%	15,913,502
469981-C	Program Management Clean Water Program	PGP	Nov-14	Dec-19	44,101,898	83.6%	36,852,656	49.5%	18,256,395	50.5%	18,596,261
<b>TOTAL WITH PROGRAM MGMT</b>					<b>1,002,773,990</b>	<b>80.4%</b>	<b>805,958,296</b>	<b>49.5%</b>	<b>399,262,752</b>	<b>50.5%</b>	<b>406,695,544</b>
<b>Subtotal WWTP</b>		<b>WWTP</b>			<b>594,274,821</b>	<b>69.1%</b>	<b>410,911,809</b>	<b>39.9%</b>	<b>164,050,871</b>	<b>60.1%</b>	<b>246,860,938</b>
<b>Subtotal Collection System</b>		<b>CSP</b>			<b>326,657,663</b>	<b>100.0%</b>	<b>326,657,663</b>	<b>61.6%</b>	<b>201,332,820</b>	<b>38.4%</b>	<b>125,324,843</b>
<b>Subtotal Program Management</b>		<b>PGP</b>			<b>81,841,507</b>	<b>83.6%</b>	<b>68,388,824</b>	<b>49.5%</b>	<b>33,879,061</b>	<b>50.5%</b>	<b>34,509,763</b>
<b>TOTAL WITH ALLOCATION OF PROGRAM MGMT</b>					<b>1,002,773,990</b>	<b>80.4%</b>	<b>805,958,296</b>	<b>49.5%</b>	<b>399,262,752</b>	<b>50.5%</b>	<b>406,695,544</b>
<b>Subtotal WWTP</b>		<b>WWTP</b>			<b>647,086,887</b>	<b>69.4%</b>	<b>449,012,322</b>	<b>39.9%</b>	<b>179,261,976</b>	<b>60.1%</b>	<b>269,750,347</b>
<b>Subtotal Collection System</b>		<b>CSP</b>			<b>355,687,104</b>	<b>100.4%</b>	<b>356,945,973</b>	<b>61.6%</b>	<b>220,000,776</b>	<b>38.4%</b>	<b>136,945,197</b>

Source: CWP Costs from Jacobs Engineering Group, dated 11/01/19; Cost allocation from City of San Mateo.

#### Assumptions

- 1- Level of accuracy is +/- 5%
- 2- Cash flows and analysis are based on the estimates and information available as of Nov 1, 2019.
- 3- Any change of scope or variance in Projects start and finish dates will impact the cash flows and Escalation.
- 4- Contingency has been added to the cash flow projections; Risk premium has not been added
- 5- Escalation has been calculated at 3% per year from the most recent estimate submittal date for each individual project
- 6- Construction contracts that have been awarded are not escalated but the Project Management related to the construction is escalated at 3%
- 7- For projects with sub tasks funds are calculated by adding all the subtasks and the parent project
- 8- For Foster City Contribution is 24.12% for WWTP projects and 12.06% for PGM.
- 9- Other Agencies Contribution is 6.8% for WWTP Projects and 4.3% for PGM.
- 10- For multiple project segments, the segment timeline is determined by taking the earliest start date and latest finish dates of the individual projects.
- 11- Program pipeline work typically replaces or upsizes existing lines. 75/25 split was used to account for the replacement of existing infrastructure while acknowledging that upsized pipes offer new capacity.

# APPENDIX B

## Capacity Charge Calculations

Table B-1  
City of San Mateo  
Wastewater Loadings & Capacity Charge Calculations

Maximum Charge Calculation

		Flows & Strength Loadings			Capacity Charge Calculations				
		Flow	BOD	SS	Flow	BOD	SS	Total	
UNIT CHARGES					\$77.55	\$1,873.52	\$1,689.32		
					per gpd	per lb/day	per lb/day		
RESIDENTIAL									
Class A Residential			Strength (mg/l)		Class A				
			200 200		Residential				
	Type of Dwelling Unit	Flow (gpd)	Loadings* (lbs/day)						
	1. Single-family dwelling	150	0.250	0.250	\$11,632	\$469	\$423	\$12,523	
	2. Multi-family dwelling								
	a. Studio & 1 bedroom	75	0.125	0.125	5,816	234	211	6,262	
	b. 2 bedroom	125	0.209	0.209	9,693	391	352	10,436	
	c. 3+ bedroom	150	0.250	0.250	11,632	469	423	12,523	
	3. Hotels or motels	75	0.125	0.125	5,816	234	211	6,262	
	4. Board or lodging houses	75	0.125	0.125	5,816	234	211	6,262	
COMMERCIAL/INSTITUTIONAL									
Class B Standard Strength			Strength (mg/l)						
			200 200						
	Meter Size	Ratio Flow (gpd)	Loadings* (lbs/day)						
	Up to 3/4-inch	1.00 150	0.250	0.250	\$11,632	\$469	\$423	\$12,523	
	1-inch	1.67 250	0.417	0.417	19,387	781	704	20,872	
	1-1/2-inch	3.33 500	0.834	0.834	38,773	1,563	1,409	41,744	
	2-inch	5.33 800	1.334	1.334	62,037	2,500	2,254	66,791	
	3-inch	10.00 1,500	2.502	2.502	116,319	4,688	4,227	125,233	
	4-inch	16.67 2,500	4.170	4.170	193,865	7,813	7,044	208,722	
	6-inch	33.33 5,000	8.340	8.340	387,730	15,625	14,089	417,444	
	8-inch	53.33 8,000	13.344	13.344	620,369	25,000	22,542	667,911	
	Class C Moderate Strength			Strength (mg/l)					
				400 400					
		Meter Size	Ratio Flow (gpd)	Loadings* (lbs/day)					
		Up to 3/4-inch	1.00 150	0.500	0.500	\$11,632	\$938	\$845	\$13,415
1-inch		1.67 250	0.834	0.834	19,387	1,563	1,409	22,358	
1-1/2-inch		3.33 500	1.668	1.668	38,773	3,125	2,818	44,716	
2-inch		5.33 800	2.669	2.669	62,037	5,000	4,508	71,545	
3-inch		10.00 1,500	5.004	5.004	116,319	9,375	8,453	134,148	
4-inch		16.67 2,500	8.340	8.340	193,865	15,625	14,089	223,579	
6-inch		33.33 5,000	16.680	16.680	387,730	31,250	28,178	447,159	
8-inch	53.33 8,000	26.688	26.688	620,369	50,000	45,085	715,454		
Class D High Strength			Strength (mg/l)						
			800 600						
	Meter Size	Ratio Flow (gpd)	Loadings* (lbs/day)						
	Up to 3/4-inch	1.00 150	1.001	0.751	\$11,632	\$1,875	\$1,268	\$14,775	
	1-inch	1.67 250	1.668	1.251	19,387	3,125	2,113	24,625	
	1-1/2-inch	3.33 500	3.336	2.502	38,773	6,250	4,227	49,250	
	2-inch	5.33 800	5.338	4.003	62,037	10,000	6,763	78,800	
	3-inch	10.00 1,500	10.008	7.506	116,319	18,750	12,680	147,749	
	4-inch	16.67 2,500	16.680	12.510	193,865	31,250	21,133	246,249	
6-inch	33.33 5,000	33.360	25.020	387,730	62,501	42,267	492,498		
8-inch	53.33 8,000	53.376	40.032	620,369	100,001	67,627	787,997		

\* Loadings (lbd/day) = Flow (gpd) / 1,000,000 x BOD or SS Strength (mg/l) x 8.34

# **APPENDIX C**

**California Government Code:  
Key Sections Pertaining to Water & Wastewater Capacity Charges**

**California Government Code**  
**Key Sections Pertaining to Water & Wastewater Capacity Charges**  
**Sections 66013, 66016, 66022 & 66023**

**66013**

(a) Notwithstanding any other provision of law, when a local agency imposes fees for water connections or sewer connections, or imposes capacity charges, those fees or charges shall not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed, unless a question regarding the amount of the fee or charge imposed in excess of the estimated reasonable cost of providing the services or materials is submitted to, and approved by, a popular vote of two-thirds of those electors voting on the issue.

(b) As used in this section:

(1) "Sewer connection" means the connection of a structure or project to a public sewer system.

(2) "Water connection" means the connection of a structure or project to a public water system, as defined in subdivision (f) of Section 116275 of the Health and Safety Code.

(3) "Capacity charge" means a charge 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 interests, and entitlements and other rights of the local agency involving capital expense relating to its use of existing or new public facilities. A "capacity charge" does not include a commodity charge.

(4) "Local agency" means a local agency as defined in Section 66000.

(5) "Fee" means a fee for the physical facilities necessary to make a water connection or sewer 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 that does not exceed the estimated reasonable cost of labor and materials for installation of those facilities.

(6) "Public facilities" means public facilities as defined in Section 66000.

(c) A local agency receiving payment of a charge as specified in paragraph (3) of subdivision (b) shall deposit it in a separate capital facilities fund with other charges received, and account for the charges in a manner to avoid any commingling with other moneys of the local agency, except for investments, and shall expend those charges solely for the purposes for which the charges were collected. Any interest income earned from the investment of moneys in the capital facilities fund shall be deposited in that fund.

(d) For a fund established pursuant to subdivision (c), a local agency shall make available to the public, within 180 days after the last day of each fiscal year, the following information for that fiscal year:

(1) A description of the charges deposited in the fund.

(2) The beginning and ending balance of the fund and the interest earned from investment of moneys in the fund.

(3) The amount of charges collected in that fiscal year.

(4) An identification of all of the following:

(A) Each public improvement on which charges were expended and the amount of the expenditure for each improvement, including the percentage of the total cost of the public improvement that was funded with those charges if more than one source of funding was used.

(B) Each public improvement on which charges were expended that was completed during that fiscal year.

(C) Each public improvement that is anticipated to be undertaken in the following fiscal year.

(5) A description of each interfund transfer or loan made from the capital facilities fund. The information provided, in the case of an interfund transfer, shall identify the public improvements on which the transferred moneys are, or will be, expended. The information, in the case of an interfund loan, shall include the date on which the loan will be repaid, and the rate of interest that the fund will receive on the loan.

(e) The information required pursuant to subdivision (d) may be included in the local agency's annual financial report.

(f) The provisions of subdivisions (c) and (d) shall not apply to any of the following:

(1) Moneys received to construct public facilities pursuant to a contract between a local agency and a person or entity, including, but not limited to, a reimbursement agreement pursuant to Section 66003.

(2) Charges that are used to pay existing debt service or which are subject to a contract with a trustee for bondholders that requires a different accounting of the charges, or charges that are used to reimburse the local agency or to reimburse a person or entity who advanced funds under a reimbursement agreement or contract for facilities in existence at the time the charges are collected.

(3) Charges collected on or before December 31, 1998.

(g) Any judicial action or proceeding to attack, review, set aside, void, or annul the ordinance, resolution, or motion imposing a fee or capacity charge subject to this section shall be brought pursuant to Section 66022.

(h) Fees and charges subject to this section are not subject to the provisions of Chapter 5 (commencing with Section 66000), but are subject to the provisions of Sections 66016, 66022, and 66023.

(i) The provisions of subdivisions (c) and (d) shall only apply to capacity charges levied pursuant to this section.

*(Amended by Stats. 2007, Ch. 94, Sec. 1. Effective January 1, 2008.)*

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## **66016**

(a) Prior to levying a new fee or service charge, or prior to approving an increase in an existing fee or service charge, a local agency shall hold at least one open and public meeting, at which oral or written presentations can be made, as part of a regularly scheduled meeting. Notice of the time and place of the meeting, including a general explanation of the matter to be considered, and a statement that the data required by this section is available, shall be mailed at least 14 days prior to the meeting to any interested party who files a written request with the local agency for mailed notice of the meeting on new or increased fees or service charges. Any written request for mailed notices shall be valid for one year from the date on which it is filed unless a renewal request is filed. Renewal requests for mailed notices shall be filed on or before April 1 of each year. The legislative body may establish a reasonable annual charge for sending notices based on the estimated cost of providing the service. At least 10 days prior to the meeting, the local agency shall make available to the public data indicating the amount of cost, or estimated cost, required to provide the service

for which the fee or service charge is levied and the revenue sources anticipated to provide the service, including General Fund revenues. Unless there has been voter approval, as prescribed by Section 66013 or 66014, no local agency shall levy a new fee or service charge or increase an existing fee or service charge to an amount which exceeds the estimated amount required to provide the service for which the fee or service charge is levied. If, however, the fees or service charges create revenues in excess of actual cost, those revenues shall be used to reduce the fee or service charge creating the excess.

(b) Any action by a local agency to levy a new fee or service charge or to approve an increase in an existing fee or service charge shall be taken only by ordinance or resolution. The legislative body of a local agency shall not delegate the authority to adopt a new fee or service charge, or to increase a fee or service charge.

(c) Any costs incurred by a local agency in conducting the meeting or meetings required pursuant to subdivision (a) may be recovered from fees charged for the services which were the subject of the meeting.

(d) This section shall apply only to fees and charges as described in Sections 51287, 56383, 65104, 65456, 65584.1, 65863.7, 65909.5, 66013, 66014, and 66451.2 of this code, Sections 17951, 19132.3, and 19852 of the Health and Safety Code, Section 41901 of the Public Resources Code, and Section 21671.5 of the Public Utilities Code.

(e) Any judicial action or proceeding to attack, review, set aside, void, or annul the ordinance, resolution, or motion levying a fee or service charge subject to this section shall be brought pursuant to Section 66022.

*(Amended by Stats. 2006, Ch. 643, Sec. 19. Effective January 1, 2007.)*

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## **66022**

(a) Any judicial action or proceeding to attack, review, set aside, void, or annul an ordinance, resolution, or motion adopting a new fee or service charge, or modifying or amending an existing fee or service charge, adopted by a local agency, as defined in Section 66000, shall be commenced within 120 days of the effective date of the ordinance, resolution, or motion.

If an ordinance, resolution, or motion provides for an automatic adjustment in a fee or service charge, and the automatic adjustment results in an increase in the amount of a fee or service charge, any action or proceeding to attack, review, set aside, void, or

annul the increase shall be commenced within 120 days of the effective date of the increase.

(b) Any action by a local agency or interested person under this section shall be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

(c) This section shall apply only to fees, capacity charges, and service charges described in and subject to Sections 66013, 66014, and 66016.

*(Amended by Stats. 2006, Ch. 643, Sec. 20. Effective January 1, 2007.)*

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## **66023**

(a) Any person may request an audit in order to determine whether any fee or charge levied by a local agency exceeds the amount reasonably necessary to cover the cost of any product, public facility, as defined in Section 66000, or service provided by the local agency. If a person makes that request, the legislative body of the local agency may retain an independent auditor to conduct an audit to determine whether the fee or charge is reasonable, but is not required to conduct the audit if an audit has been performed for the same fee within the previous 12 months.

(b) To the extent that the audit determines that the amount of any fee or charge does not meet the requirements of this section, the local agency shall adjust the fee accordingly. This subdivision does not apply to a fee authorized pursuant to Section 17620 of the Education Code, or Sections 65995.5 and 65995.7.

(c) Except as otherwise provided in subdivision (h), the local agency shall retain an independent auditor to conduct an audit only if the person who requests the audit deposits with the local agency the amount of the local agency's reasonable estimate of the cost of the independent audit. At the conclusion of the audit, the local agency shall reimburse unused sums, if any, or the requesting person shall pay the local agency the excess of the actual cost of the audit over the sum which was deposited.

(d) Any audit conducted by an independent auditor to determine whether a fee or charge levied by a local agency exceeds the amount reasonably necessary to cover the cost of providing the product or service shall conform to generally accepted auditing standards.

(e) The procedures specified in this section shall be alternative and in addition to those specified in Section 54985.

(f) The Legislature finds and declares that oversight of local agency fees is a matter of statewide interest and concern. It is, therefore, the intent of the Legislature that this chapter shall supersede all conflicting local laws and shall apply in charter cities.

(g) This section shall not be construed as granting any additional authority to any local agency to levy any fee or charge which is not otherwise authorized by another provision of law, nor shall its provisions be construed as granting authority to any local agency to levy a new fee or charge when other provisions of law specifically prohibit the levy of a fee or charge.

(h) Notwithstanding subdivision (c), if a local agency does not comply with subdivision (b) of Section 66006 following the establishment, increase, or imposition of a fee, but requires payment of that fee in connection with the approval of a development project for three consecutive years, the local agency shall not require a deposit for an independent audit requested pursuant to this section and shall pay the cost of the audit.

*(Amended by Stats. 2018, Ch. 357, Sec. 1. (SB 1202) Effective January 1, 2019.)*

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