



STAFF REPORT

Meeting Date: August 30, 2016
To: Honorable Mayor & City Council
From: Vince Damasse, Water Resources Manager *VD*
Trish Rhay, Assistant Director of Public Works
Subject: Update/Clarification on Water Capacity Charges for Fire Services
Attachments: None

INTRODUCTION

This staff report is a clarification of the City's adopted 2015 Water Capacity Charges as it pertains to fire services capacity fees. Unless otherwise directed, staff will proceed with the approach outlined below.

DISCUSSION

The City adopted Water Capacity Charges (WCC) in March 2015. The WCC were developed for all water service connections usage based on meter sizes ranging from 1-inch to 6-inch.

Based on inquiries received from various developers regarding the City's capacity fees, staff clarified and recommended at the previous Public Works Commission on July 7, 2016, and the Public Works Liaison Committee on August 2, 2016, the following:

1. Fire Services or fire service meters will not be charged a capacity fee. The City's current WCC allocates Operations & Maintenance (O&M) costs of its existing facilities and future CIP treatment plant and distribution system improvements proportionately by the total number of domestic meters in its water system. Therefore, fire services capacity fees are already built into the current WCC rate structure.
2. Fire services or fire service meters are used intermittently and not continuously like domestic meters. A survey of water utilities by the City's financial rate consultant and staff revealed only a handful of water utilities that do charge a water capacity charge for intermittent fire services or meters. Most utilities did not charge capacity fees for fire services or fire meters but did charge for the costs associated with the physical installation of the fire services lateral pipeline, meter, and associated appurtenances.

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The City Attorney's Office along with the Public Works Commission and the Public Works Liaison Committee concurred with staff's recommendation.

FISCAL IMPACT

None.

RECOMMENDATION

Staff recommends that the City Council receive and file this status update/clarification on the water capacity charges for fire services.


George Chavez
Approved By