TO: Members of the City Council
VIA: Gene Haroldsen, City Administrator
FROM: Timothy M. Kiser, PE, City Engineer
SUBJECT: Public Hearing for the Update of Development Impact Fees for Water System, Wastewater System and Storm Drainage Improvements

RECOMMENDATION: After holding a public hearing, adopt a resolution amending the City’s Fees for Water System, Wastewater System and Storm Drainage Improvements AB1600 Impact Fees.

BACKGROUND: The City retained the firm of MAXIMUS/Tishlerbise to prepare an Impact Fee Study in order to analyze the impacts of development on the City’s capital water, wastewater and storm drainage systems and to calculate development impact fees based on that analysis. MAXIMUS/Tishlerbise has prepared a Study dated March 28, 2005, which started as the basis for the development of the recommended new fees before Council this evening. TischlerBise updated the Water System, Wastewater System, and Storm Drainage Improvements Chapters of the City of Grass Valley’s draft Impact Fee Study. These chapters were revised to primarily reflect updates to demand factors, levels of service, costs, changes in projects as well as changes in credits. In general, the rational and methodology descriptions written by Maximus were retained for these Chapters.

The impact fees calculated in these chapters are intended to replace the City’s existing impact fees and are intended to satisfy all legal requirements governing such fees.

A summary of individual chapters follows:

**Water System**
This chapter of the report addresses water treatment and distribution facilities in the City of Grass Valley. Presently, the City’s water system consists of a water treatment plant with a 5 million gallon per day capacity, a water storage tank and reservoir, and the water distribution system. Though the peak design capacity of the system is 5 million gallons per day, peak demand in 2005 was approximately 2.27 million gallons per day. The City estimates that total peak demand at build out within the water system’s service area will be 2.8 million gallons per day.

The City’s Water System AB1600 Project List Update (January 2006) identifies future capital projects that will be required to serve both existing and future development. See Attachment A – Water System AB1600 Project List Update. The development share of the capital project costs plus a cost recovery component for cost associated with existing capital facilities and equipment that will serve future development provided the basis for the water system impact fee. The net cost per gallon of $4.56 represents developments fair share cost of the impacts on the City’s water system. The typical single-family housing
unit with a demand factor of approximately 735 gallons per day results in a new impact fee of $3,352. The current impact fee is approximately $1,628 for a typical single-family house.

**Wastewater System**

This Chapter of the report addresses wastewater collection and treatment facilities in the City of Grass Valley. Adequate capacity in the wastewater system is obviously a precondition for future development in the City. The impact fees for the City's wastewater facilities include a wastewater treatment plant, the sewer mains, lift stations, and other components of the sewer collection system, and various equipment and vehicles required to operate the system and provide service to users. The City’s wastewater treatment plant (WWTP) has been expanded over the years to provide an average dry weather flow (ADWF) treatment capacity of 2.78 million gallons per day (MGD). The estimated 2005 Wastewater Demand is 1.68 MGD and the projected 2020 Wastewater Demand is approximately 2.8 MGD.

The City's Wastewater System AB1600 Project List Update (January 2006) identifies future capital projects that will be required to serve both existing and future development. See Attachment B –Wastewater System AB1600 Project List Update. The development share of the capital project costs plus a cost recovery component for cost associated with existing capital facilities and equipment that will serve future development provided the basis for the wastewater system impact fee. The net cost per gallon of $17.72 represents developments fair share cost of the impacts on the City's wastewater system. The typical single-family housing unit with a demand factor of approximately 200 gallons per day results in a new impact fee of $3,543. The current impact fee is approximately $7,858 for a typical single-family house.

**Storm Drainage**

This chapter addresses local and regional drainage improvements required to serve future development in the City of Grass Valley. Development related improvements used in this analysis were identified in the City’s Storm Drainage Improvements AB 1600 Project List Update (January 2006). See Attachment C –Storm Drainage Improvements AB1600 Project List Update.

The study area addressed in this analysis is the City and its sphere of influence. This chapter allocates the cost of development related drainage improvements to all future development in the study area, regardless of location. This means that a particular type and amount of development will pay the same fee throughout the City. It is important to note that, unlike impact fees for other facilities calculated in this report, the storm drainage improvements impact fee in this chapter is based on full build out of the study (i.e. the City and the City’s sphere of influence within the 2020 annexation horizon), not just development projected to 2020. This approach is used for storm drainage improvements because the drainage facility improvements are being sized for the ultimate build out of the area. The typical single-family housing unit new impact fee is $528. The current impact fee is $236.79 for a typical single-family house.

Also attached are the revised Chapters Water System, Wastewater System, and Storm Drainage Improvements of the Development Impact Fee Study and a Development Impact Fee Implementation Schedule showing the time line for implementing these impact fees. If the fees are adopted by Council, the revised fees would become effective July 1, 2006 as part of the budget process.
At this time, staff is recommending adoption of the resolution amending the City’s Fees for Water System, Wastewater System and Storm Drainage Improvements Development Impact Fees.

**FISCAL IMPACT:**
Water System Impact Fee for a typical single-family housing unit will increase to $3,352 (106% increase). Wastewater System Impact Fee for a typical single-family housing unit will decrease to $3,543 (45% decrease). Storm Drain Improvement Impact Fee for a typical single-family housing unit will increase to $528 (123% increase).

Attachment(s): Resolution No. 06-__ - A Resolution of the City Council of the City of Grass Valley amending Resolution No. 01-07 for Water System, Wastewater System, and Storm Drainage Improvements Development Impact Fees, including Exhibit A - Chapter 6 Water System, Chapter 7 Wastewater System, and Chapter 8 Storm Drainage Improvements of the City of Grass Valley Development Impact Fee Study
Attachment A – Water System AB1600 Project List Update
Attachment B – Wastewater System AB1600 Project List Update
Attachment C – Storm Drainage Improvements AB1600 Project List Update
Attachment D – Development Impact Fee Implementation Schedule

Cc: Carol Fish, Finance Director
    Jeff Jewett, Director of Public Works
    File
### DEVELOPMENT IMPACT FEE (DIF) PROPOSED IMPLEMENTATION SCHEDULE FOR WATER SYSTEM, WASTEWATER SYSTEM AND STORM DRAINAGE IMPROVEMENTS FOR FISCAL YEAR 2006/07

<table>
<thead>
<tr>
<th>Description</th>
<th>Target / Due Date</th>
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<tbody>
<tr>
<td>Notice of Availability of DIF report posted and placed as a counter document (15 days {Section 66006}).</td>
<td>March 13, 2006</td>
</tr>
<tr>
<td>Notice of Public Meeting and Public Hearing published (10 days) {Section 6062A}</td>
<td>March 14, 2006</td>
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<tr>
<td>Open Public Meeting conducted</td>
<td>March 28, 2006</td>
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<tr>
<td>Council holds Public Hearing and adopts DIF Study and Proposed Fees for Water System, Wastewater System and Storm Drainage</td>
<td>April 11, 2006</td>
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<tr>
<td>Fees effective (60 days minimum after hearing) {Section 66017}</td>
<td>July 1, 2006</td>
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