

Draft Report



Sacramento County Water Agency
Zone 40 Water Development Fee Study

August 2023





August 9, 2023

Mr. Michael Peterson
Sacramento County Water Agency
827 Seventh Street, Suite 301
Sacramento, CA 95814

Subject: Draft Report Sacramento County Water Agency Zone 40 Water Development Fee Study

Dear Mr. Peterson:

Please find enclosed the draft report regarding the Zone 40 water development fee study for Sacramento County Water Agency (Agency). Zone 40 fees include the Water Development Fee and the Special Capital Development Fee (User Fee). These fees are different in their establishment and assessment but work in tandem to support the Agency's Zone 40 capital infrastructure programs.

The focus of this report is the update of the Water Development Fee along with a summary review of the future capital funding approach to support the capital needs of Zone 40, which includes the Water Development Fee and User Fee. This report has been prepared using generally accepted financial and engineering principles. The Agency's Zone 40 financial, planning, and engineering data were the primary sources for the information contained in this report.

HDR would recommend that prior to implementing the fees, the water development fees be reviewed by the Agency's legal counsel for compliance with California State law. HDR appreciates the opportunity to assist the Agency in this matter. We also would like to thank you and your staff for the assistance provided to us. We look forward to future opportunities to assist the Agency.

Sincerely yours,
HDR Engineering, Inc.

A handwritten signature in black ink, appearing to read 'Shawn Koorn', written over a large, faint, light-gray watermark of the HDR logo.

Shawn Koorn
Associate Vice President



Table of Contents

Executive Summary

Introduction	1
Legal Perspective for California.....	2
Study Overview	3
Consultant’s Recommendations	5
Disclaimer.....	6
Summary	6

1 Introduction and Overview

1.1 Introduction	7
1.2 Defining Development Fees.....	7
1.3 Requirement Under California State Law	8
1.4 Methodology to Establish Development Fees	10
1.5 Summary	13

2 Calculation of the Water Development Fee

2.1 Introduction	14
2.2 Overview of the Agency’s Zone 40 Water System	14
2.3 Present Water Development Fees	15
2.4 Calculation of the Water Development Fees.....	16
2.4.1 Water System Planning Criteria	16
2.4.2 Water System Determination of Service Connections.....	17
2.4.3 Water Valuation of System Components	17
2.4.4 Maximum Allowable Water Development Fee.....	23
2.4.5 Implementation of the Water Development Fee	25
2.5 Key Assumptions	27
2.6 Consultant’s Recommendations	27
2.7 Summary	28

3 Review of the User Fee

3.1 Introduction	29
3.2 Present User Fee	30
3.3 Financial Forecast.....	30
3.4 Future of User Fee	33
3.5 Summary	33

Technical Appendix

Definitions

Agency	Sacramento County Water Agency
AWWA	American Water Works Association
CCI	Construction Cost Index
CSA	Central Service Area
CIP	Capital Improvement Plan
ENR	Engineering News Record
Fee	Agency's Zone 40 Water Development Fee
NSA	North Service Area
OC	Original Cost
OCLD	Original Cost Less Depreciation
RCN	Replacement Cost New
RCNLD	Replacement Cost New Less Depreciation
SDC	System Development Charge
SSA	South Service Area
WSIP	Water System Infrastructure Plan
WSMP	Water Supply Master Plan
User Fee	Agency's Zone 40 Special Capital Development Fee
UWMP	Urban Water Management Plan



Executive Summary

Introduction

Zone 40 was formed in 1985 under Resolution No. 663 as a capital development fund within the Water Agency Enterprise. This fund is a construction fund for the planning, design, and construction of major water supply facilities that support the Agency's conjunctive use water supply program that balances the use of groundwater and surface water for existing and future customers in the Zone 40 area. HDR Engineering Inc. (HDR) was retained by the Sacramento County Water Agency (Agency) to review and update the Water Development Fees for Zone 40 and review the Special Capital Development Fee (User Fee) to support the Agency's capital infrastructure programs. Along with this is the development of the projected funding levels for Zone 40 capital replacement program which will maximize the User Fee revenues for current debt and future capital replacement. Both of these fees (Water Development Fee and User Fee) are different in their establishment and assessment but work together to support the Agency's Zone 40 capital infrastructure programs. The focus of this study is the update of the Water Development Fee along with a review of the funding levels for the Zone 40 capital and replacement infrastructure through the User Fee and Water Development Fee.

The purpose of this report is to document the development of the Agency's Water Development Fee for Zone 40. The purpose of the Water Development Fee is to recover the costs of public facilities in existence at the time the fee is imposed, and for new public facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged. These fees are charged to new customers connecting to the system, or the incremental increase for existing customers increasing their demands compared to value of their existing (pre-expansion) capacity. By establishing cost-based Water Development Fees, the Agency attempts to have growth-pay-for-growth by having new customers pay their equitable share of the infrastructure in place which will serve them, while also reflecting the system costs that the existing utility customers have funded for available capacity in the system.

The Agency's current Zone 40 Water Development Fees were established under Ordinance 18 in 1986 which were subsequently consolidated into the Sacramento County Water Agency Code (WAC) and includes Schedule A and C. Schedule A details the fees and later Schedule C was added which establishes the transmission credits received by developers. Both Schedule A and C may be updated by inflationary increases using the average of the two construction cost indexes of 20 US Cities and San Francisco as of January of each year, with fees effective in March of that year. General industry best practice recommends adjusting these development fees annually for changes in the costs of construction, and to update the development fees every three to five years, or whenever comprehensive planning documents for the systems are updated.

The SCWA's Zone 40 Water System Infrastructure Plan Update (WSIP), completed in September of 2016, evaluated and documented the growth in Zone 40's three service areas of North Service Area (NSA), the Central Service Area (CSA) and the South Service Area (SSA). The 2016 WSIP

demand growth was based on the two components of demographics and water demands¹. The demographics consisted of population, connections, and dwelling units and land use. The second part, water demands, were based on peak water use projections as outlined in the WSIP and the corresponding capital improvements to provide service to future customers. This process resulted in build out “service connections” per service area. The Agency has also completed the 2020 Urban Water Management Plan (UWMP)². Both the UWMP and the draft of the Zone 40 Water Supply Master Plan Amendment reflect the 2016 WSIP findings and approach to establishing service connections based on the growth expected for Zone 40. Given this, the growth and documented service connections to buildout in the three service areas was based on the 2020 UWMP for the calculation of the Zone 40 development fee. The review of the Zone 40 development fees is prudent for the Agency, based on updated planning documents, to determine parity between existing and new utility customers.

The report will also provide a summary of the User Fee and a projected funding forecast for the future capital replacement program. The User Fee is a monthly fee charged to all customers in the Zone 40 service area implemented to support annual debt service payments for Zone 40 improvements that were debt financed. The User Fee is subject to the legal requirements of Proposition 218 and may not exceed the cost of providing service. As noted, this fee is currently used to fund long-term debt. When debt is repaid the SCWA Board of Directors will review continued implementation and use of the User Fee revenues.

Legal Perspective for California

In establishing development fees, an important requirement is that they be developed and implemented in conformance with applicable laws and legal requirements. The main objective of most state laws is to provide the basis for the fees being established in such a manner that they are equitable and cost-based.

The California State Legislature passed California Government Code sections 66013, 66016, and 66022, which are interspersed within the ‘Mitigation Fee Act.’ The Mitigation Fee Act is comprehensive legislation dealing development fees and capacity charges imposed as a condition of development. The sections noted, set forth the requirements for imposition of development fees in California, calculation of the fees, noticing, accounting and reporting requirements, and processes for judicial review.

The basic principle that needs to be followed under California State law is that the fee be based on *“the estimated reasonable cost of providing the service for which the fee is imposed,”* and that the requirements for adoption and accounting be followed in compliance with the State of California law. The development fee implemented based on the size of the service line reflects the *“proportional benefit to the person or property being charged.”* Based on the capacity requested by the customer. The abbreviated discussion later in this report is intended to be a

¹ Zone 40, Water System Infrastructure Plan Updated, September 2016, Chapter 3, page 3-1, Description of Methodology.

² 2020 UWMP, page 2-10, footnote 25.

summary of our understanding of the relevant California law as it relates to establishing development fees. This abbreviated discussion is not a legal interpretation of state’s law by HDR.

On September 2021, Assembly Bill No. 602 (AB 602) was passed which changes how cities and counties impose development impact fees on housing. Capacity charges under Government Code section 66013, of which the Zone 40 development impact fee would be included, are expressly excluded from AB 602. AB 602 does not affect the Agency’s ability to impose water connection fees or capacity charges under Government Code section 66013. The Agency is not required but has, within this study, proposed implementation of the development fees based in part on lot size to reflect the trend to implementation based on square footage in AB 602 for single family customers.

Study Overview

The water development fees for Zone 40 are calculated in conformance with generally accepted rate and fee making practices, reflect California legal requirements, and based on the Agency’s Zone 40 planning and design criteria. As noted, development fees are based on the available capacity in existing infrastructure, and as applicable future capital improvements needed to serve growth, divided by the number of service connections that will be served by the new capacity. The total number of service connections within this report is based on Zone 40 planning documents (2016 WSIP and 2020 UWMP Public Draft). A component buy-in (existing) and expansion (future) approach is often taken in developing the development fees because each component can have different planning and design criteria. The Zone 40 service area is approximately fifty percent built out. As a result, the analysis will review existing and planned future expansion for a “combined” fee, both a buy-in component and an expansion component. This is a similar methodology used by the Agency for the current Zone 40 Water Development Fee.

The American Water Works Association (AWWA) states “The combined approach is based on a blended value of both the existing and expanded system’s capacity. This method is typically used where some capacity is available in parts of the existing system (e.g., supply), but new or incremental capacity will need to be built in other parts (e.g., treatment plant) to serve new development at some point in the future”³ The Agency’s Code, Title 4, Chapter 4.45 Fees and Charges clarifies the combined method and states the following:

“through the adoption of this Title which encourages the proper placement and construction of Major Facilities utilized in the Wholesale Supply of Water, an adequate and continuous water supply can be reasonably assured. It is only equitable that the beneficiaries of the Major Facilities contribute to this construction in the form of fees, charges or credits.”⁴

At its simplest form, the Agency’s Zone 40 Water Development Fees are based upon the value of existing capital infrastructure needed to accommodate future growth, divided by the number of total buildout service connections served by that capacity, plus the cost of expansion or future infrastructure needed to serve additional customers divided by the future service connections.

³ American Water Works Association (AWWA), M-1 Manual, 7th Edition, p. 330.

⁴ SCWA, Title 4, Chapter 4.05.010 Purpose.

Zone 40 future projects include surface water and groundwater conjunctive use projects. These projects benefit both existing and future customers and are divided by the total build-out service connections.

The calculations also take into account the financing mechanisms of capital improvements. Based on the sum of the value of the existing component costs, the net allowable water development fee is determined. “Net” refers to the calculated “gross” development fee, net of any debt service credits or contributions made from developers, available impact fee reserves, or grant funding. A debt service credit avoids double charging the customer for the asset value in the existing or buy-in component of the development fee, and also in the debt service component of the rates, or in the Agency’s case, the User Fee component of the rates. The development fee is based on infrastructure the Agency funded and therefore the developer contributions or grant funding is not included in the calculations. For the Agency’s study, the outstanding debt principle amount of the current outstanding debt issuances is deducted from the calculation of the fee. In this way, customers are not paying twice for the same asset given the majority of annual debt service payments are being funded through the User Fee. “Allowable” refers to the concept that the calculated development fees are the Agency Zone 40 maximum cost-based charge. The Agency, as a matter of policy, may charge any amount up to the cost-based development fee, but not in excess of that amount.

The development fees should be implemented according to the capacity requirement (i.e., the impact) each new service connection places on the water system. This way, the development fees are related to the costs the new customer places on the systems and the benefit they derive from infrastructure in place to serve them.

The Agency implements the Zone 40 water development fees based on line size. For multi-family, the fee is based on 75% of the water development fee per unit. Chapter 4.45 of the Agency’s Code defines each service, and the amount of the fees are established in Appendix 1, Schedule A of Title 4. Table ES-1, below, shows the existing and calculated water development fees based on the current line size implementation approach.

Table ES-1 Summary of the Present and Calculated Water Development Fees			
Line Size	Present Fee ^[1]	Calculated Fee ^[2]	\$ Change
1-inch or less	\$20,857	\$21,399	\$542
1-1/2-inch	47,971	49,218	1,247
2-inch	83,428	85,596	2,168
3-inch	187,713	192,591	4,878
4-inch	333,712	342,384	8,672
6-inch	750,852	770,364	19,512
Other	<i>TBD by Agency Engineer subject to Board approval</i>		

[1] Updated by ENR January 1, 2023, effective March 1, 2023.

[2] Based on “Combined” methodology established in AWWA M1, Seventh Edition, page 332.

The result of the water development fee analysis results in an increase from the present fee of \$20,857 to the calculated maximum fee of \$21,399 for an increase of \$542 for a one-inch or less service. As a point of reference, assets that were not funded by the Agency such as developer contributions, grants, or available impact fee reserves were not included in the analysis. As will be noted, outstanding debt principal is included in the fee as a reduction given the funding of annual debt service payments through the User Fee. This analysis valued the assets at Replacement Cost New (RCN). RCN is the original cost escalated to current-day dollars⁵. The RCN method reflects the value of the available capacity at the time the new customer is connected to the system and therefore reflects the carrying costs of the excess capacity built into the system in advance of the new customer's service connection.

As noted, the Agency has evaluated the implementation of the fees on the square footage of the lot for single family customers with 75% of the fee fixed. This approach was developed as lot size is not a significant factor in SCWA's infrastructure costs for SFR development because infrastructure sizing is based upon maximum day demand (or max hour demand, in some cases). Infrastructure does not depend on the average water use of a particular category of SFR lot size. Other infrastructure (e.g., service lines) are sized to accommodate maximum flows for any zoning category of SFR development at a point in time where demand is the highest. That max flow figure could be the same for various zones. Most SFR units are assigned a 1.0-inch service, regardless of zoning designation. In this way, the fee reflects the fixed costs of the Agency providing available capacity to customers, yet still provides a portion of the fee that would vary based on the size of the lot. For commercial customers the current implementation by line size is maintained. Multi-family customers are currently charged per living unit at 0.75 of an EDU. It is recommended that the Agency change the implementation approach for multi-family customers to a line size basis, which is the same as the commercial implementation approach. Section 2.4.5 provides a summary of the lot size square footage approach for single family residential customers.

Consultant's Recommendation

Based on our review and analysis of the Agency's Zone 40 water development fees, HDR makes the following recommendations:

- ✓ The Agency should adopt the Zone 40 water development fees for new service connections which are no greater than the net allowable water development fees as set forth in this report.
- ✓ The Agency should implement the water development fee based on an average square footage of lot size with 75% of the fee being fixed for single family customers and continue with service line size for commercial and implement the service line size approach for multi-family customers.
- ✓ The Agency should update the Zone 40 actual calculations for the water development fees at such time when a new capital improvement plan, public facilities plan,

⁵ AWWA M1 Manual, Seventh Edition, page 332.

comprehensive system plan, or a comparable plan is approved or updated, or every five years.

Disclaimer

HDR, in its calculation of the development fees for water presented in this report, has used generally accepted engineering, planning, and ratemaking principles. This should not be construed as a legal opinion with respect to California law. HDR recommends that the Agency have its legal counsel review the development fees for water as set forth in this report to ensure compliance with California law.

Summary

The water development fees for Zone 40 as presented in this report are based on the planning and engineering design criteria of the Agency's Zone 40 water system, the value of the existing assets, past financing of system infrastructure, and generally accepted principles. The calculated water development fees will provide multiple benefits to Zone 40 and will continue the practice of establishing equitable and cost-based water development fees for new customers connecting to the Zone 40 water system.



1.0 Introduction and Overview

1.1 Introduction

The purpose of development fees is to fund an equitable and a proportionate share of capital costs for the Zone 40 water system constructed or planned to be constructed. The objective of the analysis is to calculate the cost-based fees for new customers connecting to, or requesting additional capacity on, the Zone 40 water system. By establishing cost-based development fees, the Agency has growth-pay-for-growth by having new customers connecting to the system pay their equitable share of the infrastructure in place which will serve them, while also capturing the value of the portion existing customers have paid for funding the available capacity in the existing system, thereby shielding existing customers from the financial impacts of growth.

The Agency's development fees were established under Ordinance 18 and later transitioned to being housed in the Sacramento County Water Agency Code (WAC). Schedule A, development fees, may be adjusted annually for inflation based on the January 1 average construction cost index for 20 U.S. Cities and San Francisco, effective March 1 of each year. General industry recommendations are to update the charges every three to five years, or when comprehensive planning documents for the system have been updated. Given the recent public draft of the 2020 Urban Water Management Plan (UWMP) a review of the development fees is prudent at this time to maintain parity between existing and new Zone 40 customers.

1.2 Defining Development Fees

The first step in establishing cost-based development fees, sometimes referred to as system development charges (SDC), is to gain a better understanding of the definition of a development fee. For the purposes of this analysis, a development fee (or system development charge) is defined as follows:

"System development charges are one-time charges paid by new development to finance construction of public facilities needed to serve them."⁶

Development fees are generally imposed as a condition of service. The objective of development fees is not to generate revenue for the utility, but to create a fiscal balance (equity) between existing customers and new customers. In this way, all customers seeking to connect to the utility's system bear an equitable share of the cost of capacity that is invested in both the existing system and necessary future growth-related expansions to serve new customers. Through the implementation of equitable and cost-based development fees, existing customers will not be unduly burdened with the cost of new development (e.g., system expansion). If cost-based development fees are not implemented, then existing utility customers will bear (i.e., pay for) a portion of the costs associated with new development. Ultimately, the adoption of the final development fees is a policy decision by the Agency's Board regarding the sharing of costs

⁶ Arthur C. Nelson, System Development Charges for Water, Sewer, and Stormwater Facilities, Lewis Publishers, New York, 1995, p. 1,

between new development and existing customers. The adoption of a cost-based development fees moves towards a proportional balance of growth-pays-for-growth.

1.3 Requirement Under California State Law

In establishing development fees, an important requirement is that they be developed and implemented in conformance with State and local laws. California law provides the basis for the determination of development fees through a uniform framework for the imposition of development fees by local governments. Specifically, the requirement for the calculation of development fees in California are found in the California Government Code sections 66013, 66016, and 66022, which are interspersed within the ‘Mitigation Fee Act’.

A summary of the relevant statutes required in the calculation of development fees under California law is as follows:

“66013 (a) Notwithstanding any other provision of law, when a local agency imposes fees for water connections or sewer connections, or imposes capacity fees, 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.”

“66013 (b) (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.”

“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.”

“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.”

In addition to the determination of “the estimated reasonable cost of providing the service for which the fee is imposed,” California law also requires date and time notifications similar to other rate and fee setting processes as follows:

- That notice (of the time and place of the meeting, including a general explanation of the matter to be considered) and a statement that certain data is available be mailed to those who filed a written request for such notice,

- That certain data (the estimated cost to provide the service and anticipated revenue sources) be made available to the public,
- An opportunity for public input at an open and public meeting to adopt or modify the fee, and
- That revenue in excess of actual cost be used to reduce the fee creating the excess.

In 1996, the voters of California approved Proposition 218, which required that the imposition of certain fees and assessments by municipal governments require a vote of the people to change or increase the fee or assessment. In *Richmond v. Shasta Community Services Dist.*, 32 Cal. 4th 409 (2004), the California Supreme Court held that development fees are not “assessments” under Proposition 218 because they are imposed only on those who are voluntarily seeking water and wastewater service, rather than being charged to particular identified parcels, and therefore such fees are not subject to the procedural or substantive requirements of Proposition 218. The court also held that such fees can properly be enacted by either ordinance or resolution.

In November 2010 the voters of California passed Proposition 26, an initiative-based state constitutional amendment that provided a new definition of the term “tax” in the California Constitution. Under Proposition 26 a fee or charge imposed by a public agency is a tax unless it meets one of seven exceptions. “Development fees” would be included within exceptions 1 and/or 2. These two exceptions note that the development fee or charge is:

- (1) “A charge imposed for a specific benefit conferred... directly to the payor that is not provided to those not charged, and which does not exceed the reasonable cost to the local government of conferring the benefit...,”
- (2) “A charge imposed for a specific government service... directly to the payor that is not provided to those not charged, and which does not exceed the reasonable cost to the local government of providing the service or product.”

In the case of the Agency’s Zone 40 water development fee, the Agency does not charge one fee payer more in order to charge another fee payer less (i.e., a cross-subsidy), and it does not exceed the reasonable costs to the local government of providing the service. Given this, a water development fee is not interpreted as being a tax within the meaning of Proposition 26.

In simplified terms, the basic principle that needs to be followed under California law is that the development fee be based on a proportionate share of the costs of the system required to provide service and that the requirements for adoptions and accounting be followed in compliance with California law.

In September 2021, Assembly Bill No. 602 (AB 602) was passed which changes how cities and counties impose development impact fees on housing. Water capacity charges under Government Code section 66013, of which the Zone 40 development impact fee would be included, are expressly excluded from AB 602. AB 602, in simple terms, requires the fees be developed proportional to the square footage of new development unless the analysis established one of the following⁷:

⁷ Gov. Code, 66016.5, sub. (a)(5)(A).

- Square footage is not an appropriate metric to calculate impact fees for a project
- An alternative method of calculating the fee establishes a reasonable relationship between the fee charges and the burden the development poses; and
- Smaller developments will not be charged disproportionately.⁸

These provisions are effective Jan 1, 2022 and deferred to July 1, 2022. AB 602 does not affect the Agency’s ability to impose water connection fees or capacity charges under Government Code section 66013. The Agency is not required but has, within this study, proposed implementation of single family development fees based on lot size to reflect the implementation approach based on square footage as outlined in AB 602.

1.4 Methodology to Establish Development Fees

There are various approaches that can be used to establish development fees which ultimately depend on the available capacity in the utility system to meet future customer demands. The AWWA M-1 Manual discusses three generally accepted development fees methods:

- The *buy-in method*, is based on the value of the existing system’s capacity. This method is typically used when the existing system has sufficient capacity to serve new development now and into the future.
- The *incremental cost method*, is based on the value or cost to expand the existing system’s capacity. This method is typically used when the existing system has limited or no capacity to serve new development now and into the future.
- The *combined approach* is based on a blended value of both the existing and expanded system’s capacity. This method is typically used where some capacity is available in parts of the existing system (e.g., water or wastewater treatment), but new or incremental capacity will need to be built in other parts (e.g., water storage, wastewater lift station) to serve new development at some point in the future.”⁹

For Zone 40 there is capacity available within the existing system and also future projects that are necessary to meet future growth and expansion. Zone 40 is a construction fund and all future projects are growth related and included within the water development fee. Given that, a combined method (existing assets plus future or expansion capital improvements) was deemed to be the most equitable and appropriate methodology for Zone 40. The Agency’s Zone 40 development fees are based on the value of existing capital infrastructure divided by the total service connections to be served, plus future infrastructure needed to accommodate future growth, divided by the number of future service connections served by that capacity.

⁸ Gov. Code, 66016.5, sub. (a)(B)(i)-(iii).

⁹ AWWA M-1 Manual, 7th Edition, p. 330-337.

Within the generally accepted capacity fee methodologies¹⁰, there are a number of different steps used to establish cost-based and equitable development fees. These steps are as follows:

Step 1 – Determination of system planning criteria

Step 2 – Determination of connections

Step 3 – Valuation of system component costs

Step 4 – Determination of any credits

Step 1 – Determination of System Planning Criteria

The first step in establishing development fees is the determination of the system planning criteria. This implies calculating the amount of capacity required per service connection. The use of an adopted facility plan or master plan for the utility provides the basis for the development fees system planning criteria. These planning documents provide the rational planning basis and criteria for the facilities and investment needed to operate and maintain the system properly and adequately. The Agency's Zone 40 Water System Infrastructure Plan Update (WSIP), completed in September of 2016, evaluated and documented the growth in Zone 40's three service areas of North Service Area (NSA), the Central Service Area (CSA) and the South Service Area (SSA). The 2016 WSIP demand growth was based on two components which are demographics and water demands¹¹. The demographics consisted of population, connections, and dwelling units compared to land use criteria. The second part, water demands, were based on factors on the historical water use compared to the amount of developed areas, population, and dwelling units. This process resulted in build out "service connections" per service area. The Agency also completed the 2020 Urban Water Management Plan (UWMP)¹². Both the UWMP and the draft of the Zone 40 Water Supply Master Plan Amendment reflect the 2016 WSIP findings and approach to establishing service connections based on the growth expected for Zone 40. Given this, the growth and documented service connections to buildout in the three service areas was based on the 2020 UWMP provided the system planning criteria for the Zone 40 water system.

Step 2 – Determination of Number of Service Connections

The next step is the determination of the number of service connections. A service connection provides a "common denominator" for assessing impact on a utility system. The determination of the total system connections is an important calculation in that it provides the linkage between the amounts of infrastructure necessary to provide service to a set number of customers. This implies that if the system is designed to provide service for demands up to the year 2052, then the infrastructure costs are divided by the additional service connections projected to be served by the expansion capacity by 2052 to determine the equitable and proportionate cost per connection. As noted, the service connections were based on the 2020 UWMP reflecting the projection of growth in the Zone 40 service area.

¹⁰ Methodologies established in industry documents referenced as System Development Charges for Water, Wastewater, and Stormwater Facilities, by Arthur C. Nelson; AWWA M-1 Manual, 7th Edition.

¹¹ Zone 40, Water System Infrastructure Plan Updated, September 2016, Chapter 3, page 3-1, Description of Methodology.

¹² 2020 UWMP, page 2-10, footnote 25.

Step 3 – Valuation of System Component Costs

Once the number of service connections, or capacity for the system are determined, a component-by-component analysis is undertaken of the assets to determine the portion of the development fee attributable to each component in dollars per connection basis. In this process, the existing assets must be valued. Existing assets may be valued in a number of different ways. Valuation methods may include the following:

- Original Cost (OC) is cost of construction in year of construction
- Original Cost Less Depreciation (OCLD)
- Replacement Cost New (RCN) is current day dollars of replacing existing plant (infrastructure)
- Replacement Cost New Less Depreciation (RCNLD)

Given these four different methods for valuing the assets, the selection of the valuation method certainly arises. The American Water Works Association M-1 manual notes the following concerning these various generally accepted valuation methods:

“Using the OC and OCLD valuations, the [development fee] reflects the original investment in the existing capacity. The new customer “buys in” to the capacity at the OC or the net book value cost (OCLD) for the facilities and as a result pays an amount similar to what the existing customers paid for the capacity (OC) or the remaining value of the original investment (OCLD).

Using the RCN and the RCNLD valuations, the [development fee] reasonably reflects the cost of providing new expansion capacity to customers as if the capacity was added at the time the new customers connected to the water system. It may be also thought of as a valuation method to fairly compensate the existing customers for the carrying costs of the excess capacity built into the system in advance of when the new customers connect to the system. This is because, up to the point of the new customer connecting to the system, the existing customers have been financially responsible for the carrying costs of that excess capacity that is available to development.”¹³

As a point of reference for this study, the Agency’s Zone 40 development fee analysis will use the RCN methodology for all assets in the study. The Zone 40 existing assets are valued at replacement cost based on original cost escalated to current dollars using a construction cost index (e.g., the Engineering New Record, Construction Cost Index; or the ENR-CCI). This value reasonably reflects the carrying costs of the excess (available) capacity paid by existing customers. Infrastructure not paid by the utility, such as developer contributions or grants is not included in the fee.

The next step in the analysis is to determine the valuation of the system infrastructure. The combined approach is based on the existing infrastructure plus future expansion-related capital projects, based on an adopted capital plan or master plan and valued at today’s cost, regardless of the timing of when the facility will be built. The future component is related only to future capital projects which provide an expansion of capacity to accommodate future growth. The Agency’s future projects include conjunctive use surface and groundwater projects, and storage

¹³ AWWA M-1 Manual, 7th Edition, p. 332.

which benefit both existing and future customers and therefore are divided by total build-out service connections. The Agency’s future treatment and transmission projects are related to expansion and are divided by future service connections.

Given a value for capacity and the number of service connections, the basic formula for calculating the development fee charge is relatively straight-forward, and is as follows:

$$\begin{array}{rcccc}
 \text{Existing System (\$)} & & \text{Conjunctive CIP (\$)} & & \text{Expansion CIP (\$)} & & \text{Gross Allowable} \\
 \text{Build-Out Service} & + & \text{Build-Out Service} & + & \text{Future Service} & = & \text{Development Fee} \\
 \text{Connections} & & \text{Connections} & & \text{Connections} & & \text{\$ per Service Connection}
 \end{array}$$

In the determination of the development fee, the cost per service connection as shown above is the “gross development fee”. The gross development fee is calculated before any credits.

Step 4 – Determination of Any Credits

The last step in the calculation of the development fee is the determination of any credits. The credit takes into account the method used to finance infrastructure on the system so that customers are not paying twice for infrastructure – once through the development fees and again through rates. The double payment can come in through the imposition of a development fee and then the requirement to pay debt service within a customer’s user rates (i.e., Zone 40 monthly User Fee).

This component accounts for the outstanding debt principal on existing assets. By segregating the debt service, the cost can be clearly identified and calculated appropriately. To avoid double-counting of the assets financed with debt, the remaining principal associated with those assets was deducted from the existing infrastructure value.

The “gross development fee” less any debt credits, results in the net “maximum allowable fee”. As a matter of policy, the Agency’s Board can set the final water development fee up to this level.

1.5 Summary

This section of the report has defined development fees; provided an overview of the requirements under California state law, the development fee approach which must be established between new development and the new or expanded facilities required to accommodate new development, and appropriate apportionment of the cost to the new development in relation to benefits reasonably to be received. The next section of the report will provide a discussion of the calculation of the Zone 40 water development fees.



2.0 Calculation of the Water Development Fee

2.1 Introduction

The water development fee is a one-time charge for new accounts or for existing customers requesting an increase in capacity. In 2008, a surface water component fee was also established for developments served by private wells, equal to 78.6% of the present water development fee. The surface water component fee is in a transition phase based on the Sustainable Groundwater Management Act (SIGMA) set in 2014. The revenue from this fee has been minimal and based on this transition and the Agency's Groundwater Sustainability Plan (GSP) this fee is not included in this analysis.

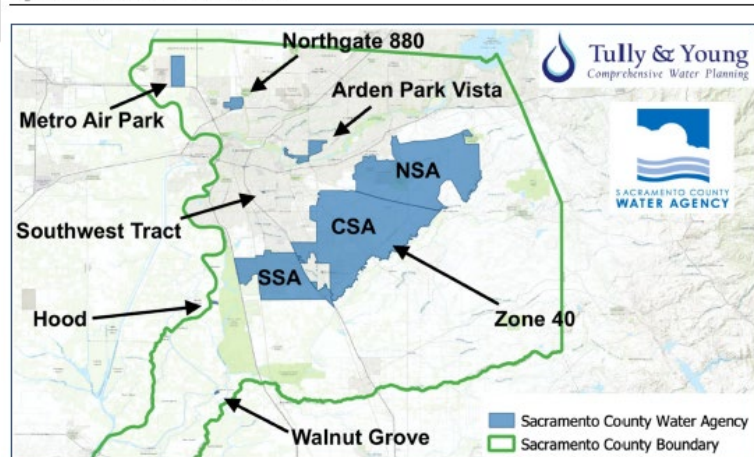
This section of the report presents the key assumptions and details used in calculating the Agency's Zone 40 water development fee. The water development fee is a one-time charge for new accounts based on service line size. The calculation of the water development fee is based on Zone 40-specific accounting, financial, and planning information. Specifically, the charges are based on the fixed asset records; current capital improvement plans; and existing and projected future connections for the Zone 40 service area.

To the extent that the cost and timing of future planning or capital improvements change, then the development fees presented in this section of the report should be updated to reflect the changes.

2.2 Overview of Agency's Zone 40 Water System

The Agency was formed in 1952 by a special legislative act of the State of California. Zone 40 was created in 1985 to acquire, construct, and maintain facilities for the production, conservation, transmittal, distribution, and sale of groundwater and surface water for the beneficial use of the inhabitants within the zone. Zone 40 is comprised of three areas: the North Service Area (NSA), the Central Service Area (CSA), and the South Service Area (SSA). The Zone 40 service area includes interconnected infrastructure facilities that facilitate the use of a diversity of water supplies. Zone 40 facilitates the construction of water supply, treatment, and transmission facilities. Figure ES-1¹⁴ from the 2020 UWMP details the Zone 40 service area.

Figure ES-1: SCWA Water Service Area



¹⁴ 2020 Urban Water Management Plan, page ES-2.

Zone 40 has historically paid for capital improvements using a “pay-as-you-go” approach for the transmission infrastructure. Recent treatment facility improvements have been funded in part by long-term debt. The system facilities are constructed by the Agency, or by a developer and then reimbursed by the Agency. The developer constructed facilities are reimbursed through fee credits and the credit amount is deducted from the amount of fees owed, or through a direct reimbursement process once the facilities are accepted by the Agency. The Agency constructed facilities have been historically paid through accumulated reserves.

A Water Supply Master Plan (WSMP) was adopted by the Board of Directors in 1987, and with a major update in 2005. The 2005 Zone 40 WSMP has been an important planning policy document for the Agency over the last 15 years. The Plan developed a conjunctive use program to meet future water demands through build-out.

Since the adoption of the 2005 WSMP, there have been a number of amendments and an update to the Water System Infrastructure Plan (WSIP) that was completed and approved by the Agency in 2016 to address changed conditions. The WSMP in conjunction with the Zone 40 WSIP identified a capital improvement program to meet the growth within Zone 40 throughout the estimated build-out in the year 2052. Based on the findings of the 2016 WSIP, the Agency updates its internal 10-year Capital Improvement Plan (CIP) document based on actual growth, number of building permit applications, actual demand, and actual operating conditions. The annual 5-year CIP, along with the budgets built upon the CIP, are presented to, and approved by the Board of Supervisors. The 2020 Urban Water Management Plan (UWMP) integrates local and regional land use planning, regional water supply, infrastructure, and demand management projects. The 2020 UWMP results were similar to the 2016 WSIP buildout service connections.

2.3 Present Water Development Fees

The Agency implements the Zone 40 water development fees based on size of service necessary for the customers water demands. Multi-family is 75% of the water development fee per living unit based on prior historical consumption patterns. Agency Code Chapter 4.45 defines each service, and the amount of the fees are established in Appendix 1, Schedule A of Title 4. Table 2-1, below, summarizes the existing water development fees.

Table 2-1
Summary of the Present Water Development Fees

Line Size	Ratio ^[1]	Present Fee \$/Connection ^[2]
1-inch or less	1.00	\$20,857
1-1/2-inch	2.30	47,971
2-inch	4.00	83,428
3-inch	9.00	187,713
4-inch	16.00	333,712
6-inch	36.00	750,852
Other	<i>TBD by Agency Engineer subject to Board Approval</i>	

[1] Based on Title 4, Appendix 1, Schedule A Water Development Fees.

[2] Updated by ENR January 1, 2023, effective March 1, 2023.

The water development fee may be adjusted annually for inflation based on the ENR-CCI inflation indexes, and it can also be increased in response to new programs or design standards that increase the capital cost of system facilities. The User Fee is not adjusted annually for inflation and would need to go through Board approval and the Proposition 218 process for any increases to meet funding needs for construction of major water supply infrastructure and/or debt service in Zone 40. The User Fee has not been adjusted since 2013 (effective July 1, 2014). As will be noted in Section 3 of this report, after the repayment of existing outstanding debt, the User Fee will be reviewed by the SCWA Board of Directors for continued implementation and use of the User Fee revenue.

2.4 Calculation of the Water Development Fees

As discussed in Section 1, the process of calculating development fees is based on a four-step process. In summary form, these steps are as follows:

- **Step 1** - Determination of system planning criteria
- **Step 2** - Determination of service connections
- **Step 3** - Valuation of system component costs
- **Step 4** - Determination of any credits

Each of these steps is discussed in more detail below.

2.4.1 Water System Planning Criteria

Growth in the three areas of Zone 40 was evaluated and documented in the Agency's Zone 40 Water System Infrastructure Plan Update (WSIP) completed in 2016¹⁵. The 2016 WSIP's projected connections over time for each service area were similar to those calculated in the

¹⁵ In January 2021 the SCWA prepared a draft Zone 40 Water Supply Master Plan Amendment that repeated much of the analysis and growth projections in the WSIP. 2020 UMWP, Public Draft, page 2-10.

public draft of the 2020 Urban Water Management Plan (UWMP). The projections were based on two components of demographics (population, land use, economy) and water demand. The projections were made in 2010 until buildout conditions in 2052.

2.4.2 Water System Determination of Service Connections

The projection of number of service connections in the 2020 UWMP shows approximately 58,800¹⁶ connections. The timing or growth of the service connections has been slower than anticipated. However, the 2020 UWMP agrees, based on 5-year increment projections, there will be a catchup to the 2052 build out target of 105,200 service connections¹⁷. The Agency, for Zone 40, reported 55,066 service connections as of April 2021, less 295 SSA recycled connection, resulting in 54,771 existing service connections for Zone 40. The term existing refers to service connections paid, which is the number to be used in the water development fee calculation. Total buildout service connections of 105,200 service connection less recycled of 295 service connections in SSA results in buildout service connections of 104,905. The buildout service connections, less existing service connections, results in 50,134 future service connections. This shows Zone 40 with an overall buildout percentage currently of 52.2%. A summary of the system planning criteria is presented in Table 2-2. Details of the system planning criteria are shown on Exhibit 2 in the Technical Appendix.

**Table 2-2
Water Capacity Fee – Determination of Service Connections**

Area	2021 Existing Service Connections ^[1]	Buildout Service Connections ^[2]	Future Service Connections	Percentage Buildout
NSA	7,117	28,800	21,683	24.7%
CSA	14,696	38,300	23,604	38.4%
SSA	<u>33,253</u>	<u>38,100</u>	<u>4,847</u>	<u>87.3%</u>
Total	55,066	105,200	50,134	52.3%
Less: Recycled SSA ^[3]	<u>(295)</u>	<u>(295)</u>	<u>0</u>	
Net Svc. Connections	54,771	104,905	50,134	52.2%

[1] Zone 40 service connections as of April 2021 of 55,066 as provided by the Agency.

[2] Public Draft 2020 UWMP Figure 2-5, projected service connections, page 2-11, and 2016 WSIP, Table 3-3, page 3-14.

[3] Recycled is not included in the water development fee and is a separate calculation.

2.4.3 Water Valuation of System Components

The next step of the analysis is to review the major functional system infrastructure to determine the development fee for the system. This includes the system and infrastructure in place today that provides service (buy-in), future capital improvement needs to provide additional capacity to meet customer demands, other components, and a debt service credit so that customers are

¹⁶ Figure 2-5, 2020 UMWP, page 2-11.

¹⁷ Figure 2-5, 2020 UWMP, page 2-11

not paying twice for available capacity (and infrastructure costs). The methodology and approach used to calculate each of these components is described below.

EXISTING BUY-IN COMPONENT – To calculate the value of the existing assets for the buy-in component, the methodology considered the original cost of each asset. The Agency provided the most recent Zone 40 asset listing for the existing infrastructure and the installation date of each asset as of June 2020. The original cost of the asset was then adjusted to today's value to reflect replacement cost. As was noted in Section 1, there are different methods for valuing existing assets. In this case, a replacement cost new (RCN) method was used to reflect the value of the infrastructure in place to serve new customers. This method reflects the value of the capacity that has been installed and funded by existing customers at today's value. To accomplish this, the original cost of each asset, was escalated to current, June 2022 dollars, based on the ENR-CCI for the San Francisco area. The original asset total was \$801 million and the ENR assets at RCN totaled \$1.206 billion. As a point of reference, recycled and non-potable assets were not included in the fee. A summary of the valuation of existing assets can be seen on Exhibit 3 of the Technical Appendix A.

OTHER COMPONENTS - In addition to existing assets, work in progress projects were included that were not completed and booked as an asset yet. The total eligible work in progress, as of June 30, 2020, and escalated to June 2022 dollars, was \$46.7 million. Details of the construction work in progress are shown on Exhibit 4 in the Technical Appendix.

DEBT SERVICE COMPONENT – The final component of the buy-in fee is the debt service component. The inclusion of a debt service credit avoids double charging the customer for the asset value in the buy-in component of the capacity fee, and also in the debt service component of the rates, or in the Agency's case, the User Fee component of the rates. By segregating the debt service out, the cost can be clearly identified and calculated appropriately.

Zone 40 has two existing debt issues: the 2007B bond and the 2019 refunding bond which refunded 2007A bonds. The total outstanding principal and interest is \$430,550,628 (2007B \$350,358,628, 2019 \$80,192,000). The projected revenue for the User Fee was based on 1,500 connections annually, based on future connections to build out as projected in the 2020 UWMP. The following table shows, based on this projection, the User Fee pays a total of 98.656% of the total debt from 2022 to 2039. Table 2-3 shows a summary of the User Fee and Development Fee revenue allocation to debt service payments from year to year.

**Table 2-3
Summary of Debt Service Revenue Allocation**

Year	^[1] Svc. Connect.	Est. User Fee Revenue ^[2]	Available for Debt Service	Total Debt Service ^[3]	Dev. Fee Revenue ^[4]	% User Fee
6/30/22	61,800	\$21,358,080	\$21,358,080	\$23,328,103	\$1,970,023	91.5552%
6/30/23	63,300	21,876,480	21,876,480	23,335,603	1,459,123	93.7472%
6/30/24	64,800	22,394,880	22,394,880	23,390,264	995,384	95.7445%
6/30/25	66,300	22,913,280	22,913,280	23,306,708	393,428	98.3120%
6/30/26	67,800	23,431,680	23,431,680	23,305,863	0	100.0000%
6/30/27	69,300	23,950,080	23,950,080	23,332,510	0	100.0000%
6/30/28	70,800	24,468,480	24,468,480	23,338,378	0	100.0000%
6/30/29	72,300	24,986,880	24,986,880	25,707,745	720,865	97.1959%
6/30/30	73,800	25,505,280	25,505,280	25,754,133	248,853	99.0337%
6/30/31	75,300	26,023,680	26,023,680	25,683,992	0	100.0000%
6/30/32	76,800	26,542,080	26,542,080	25,686,732	0	100.0000%
6/30/33	78,300	27,060,480	27,060,480	25,708,911	0	100.0000%
6/30/34	79,800	27,578,880	27,578,880	25,708,907	0	100.0000%
6/30/35	81,300	28,097,280	28,097,280	22,594,101	0	100.0000%
6/30/36	82,800	28,615,680	28,615,680	22,603,057	0	100.0000%
6/30/37	84,300	29,134,080	29,134,080	22,582,850	0	100.0000%
6/30/38	85,800	29,652,480	29,652,480	22,592,870	0	100.0000%
6/30/39	87,300	<u>30,170,880</u>	<u>30,170,880</u>	<u>22,589,902</u>	<u>0</u>	<u>100.0000%</u>
Total		\$463,760,640	\$463,760,640	\$430,550,628	\$5,787,676	98.6558%

[1] Estimated service connections based on projected 1,500 annual connections.

[2] User fee revenues based on service connections times \$28.80 per month.

[3] Zone 40 debt obligations schedules for 2007B and 2019.

[4] Estimated need for Development Fee revenue, in addition to User Fee revenue, to meet debt service obligation.

The total principal balance of both issues is \$295.95 million. The reclaimed portion of \$20,300 was subtracted from the principal total for a net principal of \$295.93 million. The User Fee projected paid portion of 98.656% is applied to the total outstanding principal for a total debt credit of \$291.952 million. Details of the debt service are shown on Exhibit 5 in the Technical Appendix. Table 2-4 shows the summary of the debt credit calculation.

**Table 2-4
Summary of Debt Credit**

Component	Total
Total Outstanding Principal ^[1]	\$295,950,000
Less: Reclaimed Portion of Debt	<u>(20,300)</u>
Net Principal	\$295,929,700
User Fee Portion ^[2]	98.6558%
Total Debt Credit	\$291,951,666

[1] Zone 40 outstanding principal 2007B and 2019. (\$228,920,000 + \$67,030,000 = \$295,950,000)

[2] Allocation portion of debt paid User Fee (Special Development Fee). See Table 2-3.

SUMMARY OF EXISTING (BUY-IN) WATER DEVELOPMENT FEE COMPONENT - Based on the existing system infrastructure, the net existing (buy-in) component was calculated to be \$9,155 per service connection. It is important to note that the existing components are divided through by total build out service connections (both existing and future), as the existing system benefits all service connections, those in service today and those future service connections. Table 2-5 shows the summary of the existing portion of the water development fee.

**Table 2-5
Existing or Buy-In Water Development Fee**

Component	RCN Total	Build Out Svc. Connections ^[4]	\$/Service Connection
Existing Water System (RCN) ^[1]	\$1,205,675,279	104,905	\$11,493
Plus: Construction in Progress ^[2]	<u>46,716,721</u>	104,905	<u>445</u>
Total Existing Fee	\$1,252,392,000		\$11,938
Less: Outstanding Debt Princ. ^[3]	<u>(291,951,666)</u>	104,905	<u>(2,783)</u>
Net Total Existing Fee	\$960,440,334		\$9,155

[1] Technical Appendix, Exhibit 3, after contributions.

[2] Technical Appendix, Exhibit 4.

[3] Total debt credit applied to water development fee. See Table 2-3 and 2-4.

[4] Total net build-out service connections See Table 2-2 or Technical Appendix, Exhibit 2.

FUTURE COMPONENT – The next component in the water development fee study is the linkage between the anticipated future growth, or expansion, on the system and the necessary facilities required to accommodate that growth. These projects, as outlined in the WSIP are based on the growth assumptions and service connections based on the projected demands and demographics of the growth as further supported by the 2020 UWMP. The Agency staff reviewed the existing ten-year capital improvement plan (CIP) and projects necessary to meet demand for the water system and the 2016 capital improvement projects listed in the WSIP. Several projects were not included in the ten-year CIP or only partially included in the ten-year CIP. The projects listed in

the 2016 WSIP that were not included in the ten-year CIP are added to the future projects as buildout to 2032. These projects to build out to 2032 are listed as Phase 1 and Phase 2 of the 2016 WSIP capital projects. Specifically Poppy Ridge GWTP was not built and not included in the 10-year CIP in the amount of \$4.7 million. The NSA Phase B overlaps after the ten-year CIP and the difference is added to buildout through 2032, West Jackson GWTP-2 is not included in the ten-year CIP and is added to the 2032 buildout. Big Horn GWTP-7 is partially included in the ten-year CIP and the difference is applied to the 2032 buildout. Details of these items are shown in Exhibit 6A and 6B of the Technical Appendix. Table 2-6 shows the summary of total projects to 2032 of \$387.6 million.

Table 2-6
Summary of Ten-Year CIP and Buildout to 2032

Component	Ten-Year CIP ^[1]	Buildout to 2032 ^[2]	Total
Groundwater Projects	\$0	\$46,505,332	\$46,505,332
Treatment	91,276,004	4,738,500	96,014,504
Pipeline Projects	234,443,339	3,738,515	238,181,854
Non-Specific Projects	6,125,340	0	6,125,340
Meters	<u>729,835</u>	<u>0</u>	<u>729,835</u>
Total	\$332,574,518	\$54,982,347	\$387,556,865

[1] Ten-Year CIP from Technical Appendix Exhibit 6A in 2021 dollars.

[2] Projects from 2016 WSIP, page 6-16 that were not included in ten year CIP. Dollars are not adjusted to 2022 due to overlap in project costs.

Several large projects that impact the CIP are related to surface water, groundwater, storage projects, and transmission infrastructure which are primarily related to growth and expansion on the system, however these projects also benefit the system as a whole. The 2016 WSIP details these projects as \$441.0 million, Phase 3 to 2052 buildout capital projects. It should be noted that the City of Sacramento’s point of use (POU) or buy-in portion of the surface water is deducted from the totals along with any recycled projects. Table 2-7 shows the summary of the projects to buildout 2052.

**Table 2-7
Summary of Projects Buildout to 2052**

Component	Phase 3 Costs ^[1]	Less City POU and Recycled ^[2]	Net Phase 3 Costs	Phase 3 in 2022 Dollars ^[3]
Surface Wtr Projects	\$202,034,400	(\$32,000,000)	\$170,034,400	\$227,057,028
Groundwater	73,100,600	0	73,100,600	97,615,571
Recycled Projects	20,000,000	(20,000,000)	0	0
Storage Projects	46,145,900	0	46,145,900	61,621,360
Pipeline Projects	99,778,150	0	99,778,150	133,239,687
Non-Specific Projects	0	0	0	0
Meters	0	0	0	0
Total	\$441,059,050	(\$52,000,000)	\$389,059,050	\$519,533,646

[1] 2016 WSIP, Table 6-12, page 6-20, Zone 40 CIP Cost Summary.

[2] 2016 WSIP, page 6-18, estimates the City POU buy-in of \$32 million in 2005 costs.

[3] 2016 WSIP, page 6-20 estimates Phase 3 costs, net of City POU estimate, in 2017 dollars brought to 2022 dollars.

Based on the sum of the component costs calculated above, the total future projects are \$907.091 million. Table 2-8 shows the summary of the total projects by component.

**Table 2-8
Summary of Total CIP to 2052**

Component	Buildout to 2032 ^[1]	Buildout to 2052	Total CIP
Surface Wtr Projects	\$0	\$227,057,028	\$227,057,028
Groundwater Projects	\$46,505,332	97,615,571	144,120,903
Treatment	96,014,504	0	96,014,504
Storage Projects	0	61,621,360	61,621,360
Pipeline Projects	238,181,854	133,239,687	371,421,541
Non-Specific Projects	6,125,340	0	6,125,340
Meters	729,835	0	729,835
Total	\$387,556,865	\$519,533,646	\$907,090,511

[1] Technical Appendix Exhibit 6A and 6B.

The future projects to buildout include surface and groundwater, and storage projects which are conjunctive use projects which benefit both existing and future customers. Therefore, the conjunctive use projects were divided by total build-out service connections. The remaining projects are for future expansion of the system and are divided through by future service connections only. Based on the total future capital improvements necessary to provide capacity to future customers, the future component of the water development fee was calculated. Table 2-9 shows the summary of the future portion of the water development fee.

Table 2-9
Summary of Future Component of Water Development Fee

Component	Total CIP ^[1]	Less: Contributions ^[2]	Net CIP	Future Svc. Connec. ^[3]	\$/Service Connection
Surface Wtr	\$227,057,028	\$0	\$227,057,028	104,905	\$2,164
Groundwater	144,120,903	0	144,120,903	104,905	1,374
Storage Projects	96,014,504	0	61,621,360	104,905	587
Treatment	61,621,360	0	96,014,504	50,134	1,915
Pipeline Projects	371,421,541	978,976	370,442,565	50,134	7,389
Non-Specific	6,125,340	0	6,125,340	50,134	122
Meters	729,835	0	729,835	50,134	15
Total Future Fee	\$907,090,511	\$978,976	\$906,111,535		\$13,566

[1] Technical Appendix Exhibit 6B.

[2] Technical Appendix Exhibit 6A.

[3] Technical Appendix Exhibit 2.

The Agency also has available reserves from the collection of development impact fee revenue. At the end of Fiscal Year 2022, the Agency had approximately \$66.3 million of development impact fee revenue in reserves. Given the availability of these funds to offset future capital improvement projects they are deducted from the total future capital improvements. Provided in Table 2-10 is a summary of calculation of the future component less available reserves.

Table 2-10
Net Future Water Development Fee

Component	Total	Build Out Svc. Connections ^[4]	\$/Service Connection
Total Future Fee			\$13,566
Less: Impact Fee Reserves	(66,299,925)	50,134	<u>(1,322)</u>
Net Total Existing Fee			\$12,244

2.4.4 Maximum Allowable Water Development Fee

The methodology used to establish the water development fee is a combined approach. The combined approach adds the existing component and the future component together, and accounts for any existing debt credit resulting in a net allowable development fee. “Allowable” refers to the concept that the calculated development fees are the Agency’s Zone 40 cost-based water development fees. The Agency, as a matter of policy, may charge any amount up to the allowable development fee, but not over that amount. Charging an amount greater than the allowable development fee would not meet the practical basis of a cost-based development fee.

Based on the sum of the component costs calculated above, the net allowable water development fee is \$21,399 per service connection. This is approximately \$542 higher than the

present fee of \$20,857 per service connection or a 2.6% increase overall in the water development fee. The increase in the development fees from the present to the calculated is the result of the asset listing and work-in-progress in this analysis being brought to June 2022 costs. The assets that were not funded by the Agency such as developer contributions or grants were not included in the analysis. This analysis valued the assets at Replacement Cost New (RCN). RCN is the original cost escalated to current-day dollars.¹⁸ The RCN method reflects the cost of the new expansion capacity at the time the new customer is connected to the system and therefore reflects the carrying costs of the excess capacity built into the system in advance of the new customer's service connection.

Table 2-11 shows a summary of the allowable water development fee. Details are provided in Exhibit 1 of the Technical Appendix.

Table 2-11 Maximum Allowable Zone 40 Water Development Fee			
Component	Total	Number of Svc. Connections	\$/Service Connection
Existing Component	\$960,440,334	104,905	\$9,155
Future Component			
Surface, Groundwater, Storage	\$432,799,291	104,905	4,125
Treatment, Trans., Other	473,312,244	50,134	9,441
Less: Reserves	<u>(66,299,925)</u>	50,134	<u>(1,322)</u>
Total Future	\$839,811,610		\$12,244
Total Water Development Fee	\$1,800,251,944		\$21,399
Present Development Fee			\$20,857
\$ Change			\$542

Agency Code Chapter 4.45 defines each service, and the amount of the fees are established in Appendix 1, Schedule A of Title 4. Table 2-12, shown below, summarizes the existing and calculated Zone 40 water development fees.

¹⁸ AWWA M1 Manual, Seventh Edition, page 332.

Table 2-12
Summary of the Present and Calculated Water Development Fees

Line Size	Present Fee ^[1]	Calculated Fee ^[2]	\$ Change
1-inch or less	\$20,857	\$21,399	\$542
1-1/2-inch	47,971	49,218	1,247
2-inch	83,428	85,596	2,168
3-inch	187,713	192,591	4,878
4-inch	333,712	342,384	8,672
6-inch	750,852	770,364	19,512
Other	<i>TBD by Agency Engineer subject to Board approval</i>		

[1] Updated by ENR January 1, 2023, effective March 1, 2023.

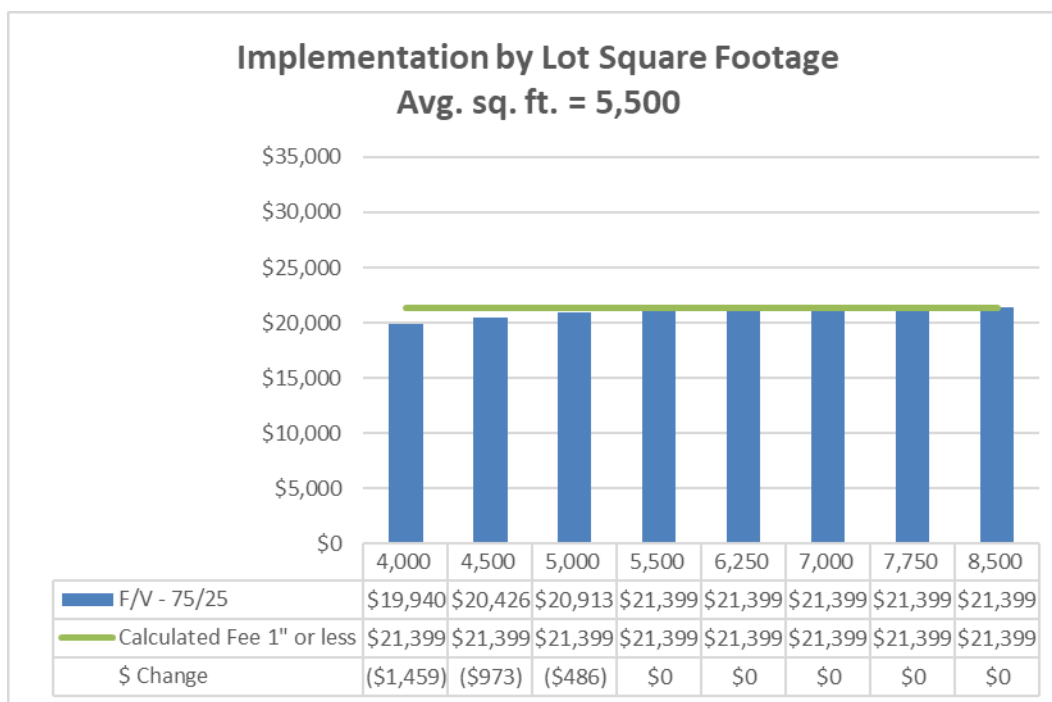
[2] Based on "Combined" methodology established in AWWA M1, Seventh Edition, page 332.

2.4.5 Implementation of the Water Development Fee

Assembly Bill No. 602 (AB 602) was adopted September 2021 and changes how cities and counties impose development impact fees on housing. Capacity charges under Government Code section 66013, of which the Zone 40 development impact fee would be included, are expressly excluded from AB 602. As a result, AB 602 does not affect the Agency's ability to impose water connection fees or capacity charges under Government Code section 66013. The Agency is not required to, but has within this study, proposed implementation of single family development fee based on lot size to reflect the approach of implementing development impact fees based on square footage as outlined in AB 602.

The Agency's existing single family water development fee is based on line size. Administratively, that is the value of one unit of capacity. As an alternative approach to the implementation of the water development fee a scalable approach was reviewed and evaluated by the Agency for the single family customers based on lot size. This approach is based on Zone 40 specific parcel data from 2017 to 2022 which shows an average residential lot size has a square footage of approximately 5,500. Several scenarios were presented to Agency staff for consideration to evaluate the approach. In discussion with Agency staff, it was determined that a fee would be developed that reflects 75% being collected on a fixed basis and the remaining 25% collected based on single family lot size. This approach was developed as lot size is not a significant factor in SCWA's infrastructure costs for SFR development because infrastructure sizing is based upon maximum day demand (or max hour demand, in some cases). Infrastructure does not depend on the average water use of a particular category of SFR lot size. Other infrastructure (e.g., service lines) are sized to accommodate maximum flows for any zoning category of SFR development at a point in time where demand is the highest. That max flow figure could be the same for various zones. Most SFR units are assigned a 1.0-inch service line, regardless of zoning designation.

Presented below is the graphical summary of the calculated fee and the alternative approach based on a scalable approach reflecting an average square foot lot size of 5,500. As a point of reference, commercial customers will continue to be charged on a service line size basis.



As can be seen from the above graph, the calculated water development fee of \$21,399 is based on the fee for a 1-inch or less line size. Using a partial square footage approach, the fee will then vary by lot size to reflect the potential water demands for the various lot sizes. The approach to establish a minimum fixed charge reflects the fixed costs associated with providing service to a lot regardless of lot size. As noted, the current approach does not vary by lot size, but by service line size, to reflect the capacity required to provide service. By establishing a fee based partially on lot size, the Agency is refining the implementation of the fee to recognize potential capacity differences due to lot size. By including a fixed component, the Agency also recognizes that a minimum level of service is required to meet future capacity requirements in the Zone 40 system that does not vary between single family customers or lot size.

As noted, the fixed component of 75% of the fee was recommended to establish a “minimum” charge regardless of lot size to reflect the potential peak day/hour demands and capacity needs required by all customers. The remainder of the fee is then based on the square footage of the lot size. Assuming a lot size of 5,500 square feet, the fixed fee portion of \$16,169 would be calculated as follows:

$$75\% \times \$21,399 = \$16,049$$

This fixed component of the fee would then be added to the variable lot size calculation based on 25% of the fee calculation. For a 5,500 square foot lot, this would result in a square footage charge of \$5,350 and is calculated as follows:

$$5,500 \times \frac{25\% \times \$21,399}{5,500 \text{ sq.ft.}} = \$5,350$$

The total fee for a 5,500 square foot lot would then be \$21,399 (\$16,049 + \$5,350). In this way, each lot size will pay a minimum water development fee, plus a fee based on the lot size. As noted, the implementation of the water development fee is not required to be based on square footage as it is expressly excluded from AB 602. However, the Agency determined that this approach for single family customer parcels would reflect the approach of other fees being implemented in the future.

Again, the lot size approach is only applicable to single family connections. The water development fee for commercial customers will be charged on the service line size basis as is the current practice. In addition, the Agency evaluated the approach to implementing the fees for multi-family customers. Currently, multi-family customers are charged based on 75% of the impact fee per living unit. Based on the review of the multi-family approach it is recommended that the implementation of the fee for multi-family be based on the service line size, or the same approach as for the commercial customers. Given the development of the analysis, the water development fee is increased from \$20,857 to \$21,399 per service connection.

2.5 Key Assumptions

In developing the water development fees for the Agency's Zone 40 water system, a number of key assumptions were utilized. These are as follows:

- The Agency's Zone 40 water development fees were developed on the basis of planning documents, and capacity service connections.
- The Agency's Zone 40 projections of service connections were based on the 2020 recent Urban Water Management and the 2016 Water Infrastructure System Plans which showed similar results.
- The Agency provided the asset records for Zone 40 as of June 2020 which were used to determine the value of existing infrastructure assets.
- 2022 budget was used as the basis for the CIP.
- The calculation of the debt credit component included current outstanding principal on existing assets.

2.6 Consultant's Recommendations

Based on our review and analysis of the Agency's Zone 40 water development fees, HDR makes the following recommendations:

1. The Agency should adopt the Zone 40 water development fees for new service connections which are no greater than the net allowable water development fees as set forth in this report.
2. The Agency should implement the water development fee based primarily on proportionate peak day/hour capacity needs and, secondarily, on an average square footage of lot size; with 75% of the fee being fixed for single family customers and 25% being based on lot size square footage.
3. Agency should continue with the service line size implementation of the water development fee for commercial customers and multi-family customers.

4. The Agency should update the Zone 40 actual calculations for the water development fees at such time when a new capital improvement plan, public facilities plan, comprehensive system plan, or a comparable plan is approved or updated, or every five years.

2.7 Summary

The water development fees developed and presented in this report are based on the planning and engineering design criteria of Agency's Zone 40 water system, the value of the existing assets, and generally accepted ratemaking principles. Reviewing the development fees every five years would continue to create equitable and cost-based charges for new customers connecting to the Agency's Zone 40 water systems.

Draft



3.0 Review of the Special Capital Development Fee (User Fee)

3.1 Introduction

Zone 40 was created by the Water Agency Board of Director's on May 14, 1985 by Resolution 663 to fund the planning design, and construction of major water supply facilities that benefit the Zone 40 service area. The Zone 40 Water Development Fee and Special Capital Development Fee (User Fee) provides the funding for the planning and construction of facilities to support the Agency's conjunctive use water supply program that balances the use of groundwater and surface water for existing and future customers. Projects built in recent years as part of the conjunctive use program include the Freeport Regional Water Project in 2010 and the Vineyard Surface Water Treatment Plant in 2011. The 2016 WSIP proposes future facilities listed by category and project based on four phases: Existing, Phase 1, Phase 2, and Build-out (2052). The overall timing of growth of the three service areas (NSA, CSA, SSA) is difficult to identify exactly when they will occur. In some areas, water constraints are driving the need for the next phase of a groundwater or surface water source of water supply. Financial planning for the future depends on many variables, some of which are within Zone 40's control, others which are not.

Previously Table 2-6 showed the total capital projects based on the Agency's Zone 40 internal ten-year CIP plan (which includes the Board adopted 5-Year CIP Plan) and the 2016 WSIP program which is estimated to be \$773 million. Historically, the Agency has paid for these improvements using a "pay-as-you-go" system where facilities are constructed by the Agency or by developer contributions and subsequent reimbursement by the Agency. With developer constructed facilities, payment (reimbursement) is made through fee credits where the credit amount is deducted from the amount of fees owed, or through a direct reimbursement process upon acceptance of the facilities by the Agency. The Agency constructed facilities, such as groundwater treatment plants, have historically been paid for through accumulated reserves or long-term borrowing. These reserve levels are provided from two revenue sources, the water Development Fee and/or the User Fee. Because the majority of revenue is generated as growth occurs, construction of larger water projects is dependent upon long-term borrowing to finance earlier program implementation.

The water development fee collected at the time of development is restricted to pay for construction of facilities, or debt associated with these facilities, related to the expansion of the system for capacity purposes. The User Fee is a monthly fee that is charged to all customers in Zone 40 and was implemented to fund long-term debt service. It is anticipated that once the long-term debt is paid off, the SCWA Board will review continued implementation and use of the User Fee revenues. While Zone 40's budget is combined with both fees, the cash, however, is restricted based on each fee's purpose.

The water development fee is specified in Agency Code, Title 4. Based on the March 1, 2021 effective date the development impact fee was \$17,985. The development fee is restricted to construction and debt service funding. Per WAC Title 4, section 4.45.020, the development fee may be adjusted annually for inflation; the index is the average Engineering News Record

Construction Cost Index (ENR-CCI) for San Francisco and the 20 Cities as published in the January edition of the ENR. The development fee can also be increased in response to new programs or design standards that increase the total capital cost of system facilities.

The User Fee is used in conjunction with the Water Development Fee to finance the construction of major water supply conjunctive use infrastructure required to meet current and future water demands in the Zone 40 service area. The nexus (i.e., connection) for having existing customers continue to pay into a capital fee program is based on the implementation of the conjunctive use water system that will benefit all Zone 40 water retail customers. The User Fee, and the water development fee when the User Fee revenue is not sufficient, funds the annual debt service which financed the construction of the conjunctive use projects. As previously explained in the water development calculations, the user fee is accounted for in the calculation of the development fee to avoid double charging the customer through the debt service credit. The water development fee can be said to pay for the majority of the necessary infrastructure costs, while the user fee continues to contribute to the capital fund until the conjunctive use program is fully implemented.

3.2 Present User Fee

The User Fee is a monthly fee charged to all customers in the Zone 40 service area. The User Fee is subject to the legal requirements of Proposition 218 and must not exceed the cost of providing the service. This fee is currently used to pay annual debt service on the financing of existing infrastructure. Once the long-term debt obligations are met by the revenues from this fee, the SCWA Board of Directors will review continued implementation and use of the User Fee revenues. The user fee is a monthly charge for residential and a percentage of the metered monthly charge for commercial services. The User Fee is specified in the Agency Code, Title 3. The last rate change of \$28.80 was effective July 1, 2014.

Table 3-1
Summary of the Special Capital Development Fee (User Fee)

Type of Use	Present
Residential	\$28.80 per month
Commercial	Percentage of Metered and Usage Monthly Charge

3.3 Financial Forecast

A financial forecast was created to compare revenues and capital uses for Zone 40 through buildout year of 2052. Revenues were projected based on total buildout connections as outlined in the 2020 UWMP (public draft). The 2020 UWMP (public draft) concluded that although the growth has been slower than expected, the growth overall to buildout 2052 would catch up to the original 2016 WSIP connection 2052 buildout totals. The fees were based on the water development fee of \$17,985, at the time of the development of the analysis, per connection plus 1.5% annual fee escalation. The User Fee is based on \$28.80 per month with no escalation. The Zone 40 FY 2021/2022 budget served as the basis for forecasting. Future uses (capitalized costs)

were escalated using an inflation factor of 1.5%. Table 3-2 summarizes the projected available capital from 2022 to 2052 of \$1,210,359.

Table 3-2
Zone 40 Projected Available Capital for 2022 to 2052 (in \$1,000 dollars)

Year	Revenue				Uses			Available Capital
	User Fees ^[1]	Dev. Fee Revenue ^[1]	Misc. Fees	Total Revenue	Capitalized Costs ^[2]	Current Debt	Total Uses	
2022	\$21,358	\$27,382	\$6,324	\$55,064	\$12,508	\$23,328	\$35,836	\$19,228
2023	21,876	27,793	6,392	56,062	12,696	23,336	36,032	20,030
2024	22,395	28,210	6,461	57,066	12,886	23,390	36,277	20,790
2025	22,913	28,633	6,532	58,078	13,080	23,307	36,386	21,692
2026	23,432	29,062	6,603	59,097	13,276	23,306	36,582	22,516
2027	23,950	29,498	6,676	60,124	13,475	23,333	36,808	23,317
2028	24,468	29,941	6,749	61,158	13,677	23,338	37,015	24,143
2029	24,987	30,390	6,824	62,201	13,882	25,708	39,590	22,611
2030	25,505	30,846	6,899	63,250	14,091	25,754	39,845	23,406
2031	26,024	31,308	6,976	64,308	14,302	25,684	39,986	24,323
2032	26,542	31,778	7,054	65,374	14,516	25,687	40,203	25,171
2033	27,060	32,255	7,133	66,449	14,734	25,709	40,443	26,006
2034	27,579	32,739	7,214	67,531	14,955	25,709	40,664	26,867
2035	28,097	33,230	7,295	68,622	15,179	22,594	37,774	30,849
2036	28,616	33,728	7,378	69,722	15,407	22,603	38,010	31,712
2037	29,134	34,234	7,462	70,830	15,638	22,583	38,221	32,609
2038	29,652	34,748	7,548	71,948	15,873	22,593	38,466	33,482
2039	30,171	35,269	7,634	73,074	16,111	22,590	38,701	34,373
2040	30,689	35,269	7,722	73,680	16,353	0	16,353	57,328
2041	31,208	35,269	7,811	74,288	16,598	0	16,598	57,690
2042	31,726	35,269	7,902	74,897	16,847	0	16,847	58,050
2043	32,244	35,269	7,994	75,507	17,100	0	17,100	58,407
2044	32,763	35,269	8,087	76,119	17,356	0	17,356	58,763
2045	33,281	35,269	8,182	76,732	17,616	0	17,616	59,115
2046	33,800	35,269	8,278	77,346	17,881	0	17,881	59,466
2047	34,318	35,269	8,375	77,962	18,149	0	18,149	59,813
2048	34,836	35,269	8,474	78,580	18,421	0	18,421	60,159
2049	35,355	35,269	8,575	79,199	18,697	0	18,697	60,501
2050	35,873	35,269	8,677	79,819	18,978	0	18,978	60,841
2051	36,046	23,513	8,780	68,339	19,263	0	19,263	49,076
2052	36,357	22,337	8,885	67,579	19,551	0	19,551	48,028
TOTAL	\$902,258	\$994,849	\$232,899	\$2,130,006	\$489,097	\$430,551	\$919,647	\$1,210,359

[1] User Fee and Development Fee revenue projected based on 1,500 connections per year until buildout.

[2] Capitalized costs based on FY 2021/2022 budget escalated 1.5% annually.

Currently, the Agency does not anticipate any adjustments or increases to the User Fees. The \$1.210 million available for capital from Table 3-2, plus reserves from both the user fee of \$18.8 million and the water development fee of \$28.8 million (\$47.6 million), added to the balance/(shortfalls) over the time period from 2022 to 2052 shows a projected balance of \$59 million, in total at the end of 2052. However, on an annual basis the balance/shortfall varies. Table 3-3 summarizes this analysis.

Table 3-3
Zone 40 Projected Balance/(Shortfall) for 20202 to 2052 (in \$1,000 dollars)

Year	Available Capital	Less CIP	Grants	Available Replacement Funding	Balance/(Shortfall)
2022	\$19,228	31,976	(735)	0	(12,013)
2023	20,030	37,998	0	0	(17,968)
2024	20,790	34,767	(100)	0	(13,878)
2025	21,692	42,954	0	0	(21,262)
2026	22,516	44,290	0	0	(21,774)
2027	23,317	35,908	0	0	(12,591)
2028	24,143	14,948	0	0	9,195
2029	22,611	12,799	0	0	9,811
2030	23,406	8,342	0	0	15,064
2031	24,323	5,173	0	0	19,150
2032	25,171	48,143	0	0	(22,972)
2033	26,006	0	0	0	26,006
2034	26,867	0	0	0	26,867
2035	30,849	0	0	0	30,849
2036	31,712	0	0	0	31,712
2037	32,609	0	0	0	32,609
2038	33,482	0	0	0	33,482
2039	34,373	0	0	0	34,373
2040	57,328	39,964	0	30,689	(13,326)
2041	57,690	39,964	0	31,208	(13,482)
2042	58,050	39,964	0	31,726	(13,640)
2043	58,407	39,964	0	32,244	(13,801)
2044	58,763	39,964	0	32,763	(13,964)
2045	59,115	39,964	0	33,281	(14,130)
2046	59,466	39,964	0	33,800	(14,298)
2047	59,813	39,964	0	34,318	(14,469)
2048	60,159	39,964	0	34,836	(14,642)
2049	60,501	39,964	0	35,355	(14,818)
2050	60,841	39,964	0	35,873	(14,996)
2051	49,076	39,964	0	36,046	(26,934)
2052	48,028	39,964	0	36,357	(28,293)
TOTAL SUM 2022 to 2052	\$1,210,359	\$836,830	(\$835)	\$438,497	(\$64,133)

The Zone 40 CIP is showing large projects in the coming years which will require funding. Based on projections of the revenues of Zone 40 the balance and shortfalls vary in years. This forecast was based on total buildout connections by 2052 of 1,500 annually. Recent years have shown growth slowed down from original projections in the 2016 WSIP, however the UWMP confirmed the growth would pick up and still meet the 2052 target connections. As a result, the CIP may need to be adjusted in timing based on growth patterns and also will need to be revised to reflect the limited available funding in a given year.

3.4 Future of User Fee

The Agency is rapidly approaching the need for a capital replacement program which need to be funded through Agency rates and fees. This is shown in the previous projected balance/(shortfall) in Table 3-3. It is projected approximately \$438.5 million would be available for the capital replacement program, from 2040 to 2052. This is based on the total buildout connections connecting from 2022 to 2052. Table 3-4 summarizes the projection of Zone 40 capital replacement program.

Table 3-4 Zone 40 Projected Capital Replacement Program (in \$1,000 dollars)	
Year	Available Replacement Funding
2022 – 2039	\$0
2040	30,689
2041	31,208
2042	31,726
2043	32,244
2044	32,763
2045	33,281
2046	33,800
2047	34,318
2048	34,836
2049	35,355
2050	35,873
2051	36,046
2052	36,357
TOTAL	\$438,497

3.5 Summary

The Agency has relied on pay-as-you-go (PAYGO) and revenues from the water development fees as its primary sources of capital funding for Zone 40. Over the study period, the Agency plans to continue this strategy for the majority of capital projects. The financial forecasts presented in the previous tables were based on 2052 buildout of 50,134 connections from 2022 to 2052. The 2020 UWMP (public draft) concluded that although the growth has been slower than expected, the growth overall to buildout 2052 would catch up to the original 2016 WSIP connection 2052

buildout totals. It is important to note these financial forecast projections are based on the water development fee of \$17,985, at the time of the development of this analysis and effective in 2021, inflated annually at 1.5% and User Fee of \$28.80 per month which is not inflated. The Water Development Fee is being reviewed currently based on this report presented herein. The User Fee was last reviewed in 2013 and the Agency does not anticipate updating the fee at this time.

Based on these projected forecasts the Agency may need to seek additional outside funding, or the CIP will need to be revised to reflect funding availability, delay capital projects, incur debt, or seek additional rate increases for funding of the capital during these time period. The Water Development Fee and the User Fee are different in their establishment and assessment, but work in unison to support the Agency's Zone 40 capital infrastructure programs. It is important that the Agency continue reviewing the financial forecast on an annual basis to see that the funding levels will meet capital infrastructure requirements.



Draft

SCWA Zone 40 Development Fee Update

Exhibit 1

Development of the 2021 Water Development Fee - Summary of Calculation at Replacement ENR-CCI

	WDF Eligible at Replacement Cost ⁽¹⁾	WDF Eligible Construction WIP ⁽²⁾	Total Existing Cost \$	Total Buildout Service Connections ⁽³⁾	Existing \$/WDF	SCWA WDF Cost \$ ⁽⁴⁾	Less: Contributions Cost \$ ⁽⁴⁾	Total CIP	Future Service Connections ⁽⁵⁾	Future \$/WDF	Total \$ Per Service Connection
Water System											
Surface Water						\$227,057,028 -	\$0 =	\$227,057,028 ÷	104,905 =	\$2,164	\$2,164
Groundwater						144,120,903 -	0 =	144,120,903 ÷	104,905 =	1,374	1,374
Storage						61,621,360 -	0 =	61,621,360 ÷	104,905 =	587	587
Treatment	\$1,012,615,324 +	\$22,471,612 =	\$1,035,086,936 ÷	104,905 =	\$9,867	96,014,504 -	0 =	96,014,504 ÷	50,134 =	1,915	11,782
Transmission	168,068,528 +	24,141,593 =	192,210,121 ÷	104,905 =	1,832	371,421,541 -	978,976 =	370,442,565 ÷	50,134 =	7,389	9,221
Other	24,991,427 +	0 =	24,991,427 ÷	104,905 =	238	6,125,340 -	0 =	6,125,340 ÷	50,134 =	122	360
Meters	0 +	103,516 =	103,516 ÷	104,905 =	1	729,835 -	0 =	729,835 ÷	50,134 =	15	16
	\$1,205,675,279	\$46,716,721	\$1,252,392,000		\$11,938						
Less: Debt Service Credit ⁽⁶⁾			(\$291,951,666) ÷	104,905 =	(2,783)						(2,783)
Less: Zone 40 Impact Fee Balance ⁽⁷⁾								(66,299,925) ÷	50,134 =	(1,322)	(1,322)
Total	\$1,205,675,279	\$46,716,721	\$960,440,334		\$9,155	\$907,090,511	\$978,976	\$839,811,610		\$12,244	\$21,399
											Present Development Fee as of 3/1/2023 ⁽⁸⁾
											\$20,857
											\$ Change
											% Change
											\$542
											2.6%

NOTES:

- [1] Existing assets June, 2020, specific in service date of asset and Jan 2021 Engineering News Record, for San Francisco construction cost index. Net of contributions. See Exhibit 3.
- [2] Construction work in progress as of June 2020, plus Jan 2021 Engineering News Record, for San Francisco construction cost index. See Exhibit 4.
- [3] Total buildout service connections based on 2016 Zone 40 Water System Infrastructure Plan (WSIP) Update, Table 3-3, page 3-14. See Exhibit 2.
- [4] Future capital improvement projects based on 10-year plan for Zone 40, plus buildout 2032 and 2052. Net of contributions (Grants). See Exhibit 6A and 6B.
- [5] Future service connections based on 2016 Zone 40 WSIP Update, Table 3-3, page 3-14, less recycled water. See Exhibit 2.
- [6] Debt service credit based on outstanding debt principal as of 2022 and the percentage of Special Capital Fee to Development Fee annual funding of the payments. See Exhibit 5.
- [7] Zone 40 Impact Fee Reserve Balance as of 06/30/22
- [8] January 2021 SCWA Code 2.50.80 and 4.45.020 inflationary adjustment effective March 1, 2023.

SCWA Development Fee Update - Zone 40

Exhibit 2

Development of the 2021 Water Development Fee - System Planning Criteria Connections

Area	2021 Existing Service Connections [1]	Buildout Service Connections [2]	Future Service Connections	% Buildout
NSA	7,117	28,800	21,683	24.7%
CSA	14,696	38,300	23,604	38.4%
SSA	<u>33,253</u>	<u>38,100</u>	<u>4,847</u>	<u>87.3%</u>
Total	55,066	105,200	50,134	52.3%
Less Recycled SSA ^[3]	<u>(295)</u>	<u>(295)</u>	<u>0</u>	
Net Service Connections	54,771	104,905	50,134	52.2%

NOTES:

[1] Zone 40 service connections as of April 2021 of 55,066 per SCWA.

[2] 2020 UWMP Figure 2-5, Projected service connections, page 2-11. Also 2016 WSIP, Table 3-3, page 3-14.

[3] Recycled is not included in the water development fee and is a separate calculation.

	C	D	F	G	H	I	J	K	
1	SCWA Development Fee Update - Zone 40								
2	Exhibit 4								
3	Work in Progress						San Francisco:	ENR-CCI	
4								6/30/2022	
5								15,356	
6	New WBS				New WBS	Total Adjusted			
7	Project ID		Funding	Fund	Project ID	Project Cost		in 2021	
8	Type	(WR = PY Cap)	Source		(WR = PY Cap)	6/30/20^[1]	ENR Factor	Dollars^[2]	
9	Meters	IM-Waterman/Grantline Wholesale Meter Station	PayGo	320A	WR-AIM005	\$86,326	1.20	\$103,516	
10	Treatment	LA-Rio Del Oro Tank Site Land Acquisition	Credit Agreement	320A	WR-ALA002	2,929	1.20	3,512	
11	Transmission	OT-Z40 Unassigned Costs	Other	320A	WR-AOT022	0	1.20	0	
12	Treatment	TB-North Douglas Tank & Booster Statio	Credit Agreement	320A	WR-ATB001	996,919	1.20	1,195,441	
13	Treatment	NSA Terminal Tank & Booster Station Phase 1	PayGo	320A	WR-ATB004	134,212	1.20	160,938	
14	Treatment	TB-NSA Terminal Tank & Booster Site	PayGo	320A	WR-ATB006	1,712	1.20	2,053	
15	Treatment	TB-Cordova Hills Storage Tank & Booster Pump Stn	PayGo	320A	WR-ATB007	23,745	1.20	28,474	
16	Transmission	TM-North Douglas 36" & 24"	Credit Agreement	320A	WR-ATM028	2,522,740	1.20	3,025,107	
17	Transmission	TM-Sheldon Rd/Waterman Rd Intersection	PayGo	320A	WR-ATM032	(65)	1.20	(78)	
18	Transmission	TM Laguna Ridge Civic Center Big Horn	Credit Agreement	320A	WR-ATM035	1,647,758	1.20	1,975,884	
19	Transmission	TM Laguna Ridge Whitelock Seg 1	Credit Agreement	320A	WR-ATM037	396,304	1.20	475,222	
20	Transmission	TM Laguna Ridge Whitelock Seg 2	Credit Agreement	320A	WR-ATM039	548,508	1.20	657,735	
21	Transmission	TM-RW-Elk Grove Automall Phase 3 TM-RW	Credit Agreement	320A	WR-ATM040	55,926	1.20	67,063	
22	Transmission	TM-RW Laguna Ridge Lotz Pkwy	Credit Agreement	320A	WR-ATM041	266,649	1.20	319,749	
23	Transmission	TM- Chrysanthy Blvd Sta 36 to 64 TM	Credit Agreement	320A	WR-ATM042	13,184	1.20	15,809	
24	Transmission	TM Laguna Ridge Bruceville Phase 1	Credit Agreement	320A	WR-ATM043	21,105	1.20	25,308	
25	Transmission	TM Laguna Ridge Elk Grove	Credit Agreement	320A	WR-ATM044	999,057	1.20	1,198,004	
26	Transmission	TM Douglas Rd 42"	Credit Agreement	320A	WR-ATM045	4,538,219	1.20	5,441,938	
27	Transmission	TM-Vineyard Pt Village C 36" & 42"TM	Credit Agreement	320A	WR-ATM049	(13,907)	1.20	(16,677)	
28	Transmission	TM-Laguna Ridge Whitelock Seg 3	Credit Agreement	320A	WR-ATM054	1,060,511	1.20	1,271,696	
29	Transmission	TM-NSA Pipeline Project - Phase 2	PayGo	320A	WR-ATM060	478,977	1.20	574,358	
30	Transmission	TM-NSA Pipeline Phase 1 (aka NSA Phase 1...)	PayGo	320A	WR-ATM067	(2,390)	1.20	(2,866)	
31	Transmission	TM-Fieldstone South 12" RW	Credit Agreement	320A	WR-ATM071	0	1.20	0	
32	Transmission	TM-Sun Grove 20" Raw	Credit Agreement	320A	WR-ATM072	286,109	1.20	343,083	
33	Transmission	TM-Vineyard Creek Unit 2 TMs	Credit Agreement	320A	WR-ATM073	784,978	1.20	941,295	
34	Transmission	TM-Sterling Meadows Phs 1A-20"	Credit Agreement	320A	WR-ATM074	276,759	1.20	331,872	
35	Transmission	TM-Sterling Meadows Phs 1C-12" RAW	Credit Agreement	320A	WR-ATM075	0	1.20	0	
36	Transmission	TM-Madeira East Village 8 - 24" RAW	Credit Agreement	320A	WR-ATM076	268,847	1.20	322,384	
37	Transmission	TM-Vineyard Creek Unit 4 - 24" TM	Credit Agreement	320A	WR-ATM077	1,491,418	1.20	1,788,412	
38	Transmission	TM-EG Florin Rd Widening-Elder Creek to Florin	PayGo	320A	WR-ATM078	218,070	1.20	261,496	
39	Transmission	TM-8025 Waterman Road-16"	Reimburs Agrmnt	320A	WR-ATM079	0	1.20	0	
40	Transmission	TM-Sterling Meadows Phase 1D 12" RAW	Credit Agreement	320A	WR-ATM080	138,308	1.20	165,850	
41	Transmission	TM-Rancho Cordova Pkwy 24"	Credit Agreement	320A	WR-ATM081	59,416	1.20	71,248	
42	Transmission	Douglas Road Phase 2 - 24" TM	Credit Agreement	320A	WR-ATM082	19,611	1.20	23,517	
43	Transmission	TM-Poppy Keys East 24" RAW	Credit Agreement	320A	WR-ATM083	851,403	1.20	1,020,947	
44	Transmission	TM-NGA-Big Horn Blvd	Reimburs Agrmnt	320A	WR-ATM084	(22)	1.20	(26)	
45	Transmission	TM-NGA-Bilby Rd	Reimburs Agrmnt	320A	WR-ATM085	(43)	1.20	(52)	
46	Transmission	TM-Waterman Rd Sta 46 to 74	Credit Agreement	320A	WR-ATM086	461,857	1.20	553,829	

	C	D	F	G	H	I	J	K	
1	SCWA Development Fee Update - Zone 40								
2	Exhibit 4								
3	Work in Progress						San Francisco:	ENR-CCI	
4								6/30/2022	
5								15,356	
6	New WBS				New WBS		Total Adjusted		
7	Project ID		Funding		Project ID		Project Cost		
8	Type	(WR = PY Cap)	Source	Fund	(WR = PY Cap)	6/30/20^[1]	ENR Factor	Dollars^[2]	
47	Transmission	TM-Chrysanthy Blvd Sta 36 to 64	Credit Agreement	320A	WR-ATM087	1,060,807	1.20	1,272,051	
48	Transmission	TM-Madeira East Business Park Lotz Pkwy	Credit Agreement	320A	WR-ATM088	336,136	1.20	403,073	
49	Transmission	TM-Grantline II New Waterman to Mosher	PayGo	320A	WR-ATM090	97,201	1.20	116,557	
50	Transmission	TM-Elk Grove Landing Subdivision	PayGo	320A	WR-ATM092	(22)	1.20	(26)	
51	Transmission	TM-E. NSA P-8-Douglas 98-Douglas Rd 24"	Credit Agreement	320A	WR-ATM093	738,302	1.20	885,324	
52	Transmission	TM-Parkside Village 36"	Credit Agreement	320A	WR-ATM099	2,734	1.20	3,278	
53	Transmission	TM-North Douglas Pressure Reduced Station	PayGo	320A	WR-ATM100	167,740	1.20	201,143	
54	Transmission	TM-Bruceville Meadows-Bruceville Rd 16"	Credit Agreement	320A	WR-ATM101	156,515	1.20	187,683	
55	Transmission	TM-Bruceville Meadows-Bilby Road 16"	Credit Agreement	320A	WR-ATM102	84,672	1.20	101,534	
56	Transmission	TM-Power Inn Rd Calvine To Geneva Pointe	PayGo	320A	WR-ATM103	75,925	1.20	91,044	
57	Transmission	TM-Sunrise Blvd Sidewalk Rehab Project	PayGo	320A	WR-ATM104	23,204	1.20	27,825	
58	Treatment	TP-Poppy Ridge WTP Phase 2 Expansion	PayGo	320A	WR-ATP004	451,243	1.20	541,102	
59	Treatment	TP-North Vineyard Station Storage Tanks	PayGo	320A	WR-ATP005	104,287	1.20	125,054	
60	Treatment	TP-Laguna Ridge WTP Phase 1 (Whitelock 3 wells)(Madeira East)	PayGo	320A	WR-ATP006	9,690,085	1.20	11,619,722	
61	Treatment	TP&W-Franklin Blvd WTP PH1 WT6 & W83	PayGo	320A	WR-ATP007	241,167	1.20	289,192	
62	Treatment	TP-RW,W&TP Sunridge-Anatolia Rem Wtr (Pt4-FY08)	Credit Agreement	320A	WR-ATP009	1,992,155	1.20	2,388,864	
63	Treatment	TP&W-Van Ruiten WTP & Onsite Well	PayGo	320A	WR-ATP010	88,356	1.20	105,951	
64	Treatment	TP-Hanfield Drive engineering services	PayGo	320A	WR-ATP015	676,625	1.20	811,365	
65	Treatment	TP-Big Horn On-Site Well Equip & Blend Line	PayGo	320A	WR-ATP016	1,435,275	1.20	1,721,089	
66	Treatment	TP-Whitelock WTP Property Acquisition	Credit Agreement	320A	WR-ATP017	0	1.20	0	
67	Treatment	TP-East Elk Grove WTP Phase 4 & Rhone River Well	PayGo	320A	WR-ATP019	721,767	1.20	865,496	
68	Treatment	TP-VSWTP Redundant Fluoride Feed System	PayGo	320A	WR-ATP020	(5,107)	1.20	(6,123)	
69	Treatment	TP-VSWTP Gas Line Design	PayGo	320A	WR-ATP022	0	1.20	0	
70	Treatment	TP-Big Horn WTP Frontage Landscaping	PayGo	320A	WR-ATP023	0	1.20	0	
71	Treatment	TP-Lakeside WTP Media Replacement	PayGo	320A	WR-ATP026	669,807	1.20	803,189	
72	Treatment	W-Newton Ranch Well 2 Downhole Construct	PayGo	320A	WR-AWW002	24,495	1.20	29,372	
73	Treatment	W-Auto Mall Well Downhole Construction	PayGo	320A	WR-AWW004	38,362	1.20	46,001	
74	Treatment	W-Sonoma Creek Well No. 1 Downhole Const	PayGo	320A	WR-AWW005	14,265	1.20	17,105	
75	Treatment	W-Sonoma Creek Well No. 2 Downhole Const	PayGo	320A	WR-AWW006	5,458	1.20	6,545	
76	Treatment	W-Anatolia Well #4	PayGo	320A	WR-AWW007	76,208	1.20	91,383	
77	Treatment	W -Maritime Dr, W107	PayGo	320A	WR-AWW008	334,269	1.20	400,833	
78	Treatment	W -Remington Estates Well W85	PayGo	320A	WR-AWW010	61,417	1.20	73,648	
79	Treatment	W-Elk Grove Meadows Unit 3A Well	PayGo	320A	WR-AWW014	50,526	1.20	60,588	
80	Treatment	W-Excelsior Well No. 5	PayGo	320A	WR-AWW015	197,703	1.20	237,073	
81	Treatment	W-Excelsior Well No. 6	PayGo	320A	WR-AWW016	1,835	1.20	2,201	
82	Treatment	W-Fieldstone Well	PayGo	320A	WR-AWW017	52,527	1.20	62,987	
83	Treatment	W-Big Horn Well #6 Downhole Const	PayGo	320A	WR-AWW020	1,334	1.20	1,600	
84	Treatment	WW-Excelsior Well No. 4	PayGo	320A	WR-AWW022	81,895	1.20	98,203	

	C	D	F	G	H	I	J	K	
1	SCWA Development Fee Update - Zone 40								
2	Exhibit 4								
3	Work in Progress					San Francisco:	ENR-CCI		
4							6/30/2022		
5							15,356		
6	New WBS				New WBS	Total Adjusted			
7	Project ID		Funding	Fund	Project ID	Project Cost		in 2021	
8	Type	(WR = PY Cap)	Source		(WR = PY Cap)	6/30/20^[1]	ENR Factor	Dollars^[2]	
85	Treatment	WW-Sterling Meadows Well No. 1 (West)	PayGo	320A	WR-AWW023	118,524	1.20	142,126	
86	Treatment	WW-Sterling Meadows Well No. 2 (East)	PayGo	320A	WR-AWW024	199,787	1.20	239,572	
87	Treatment	WW-Madeira East Well Site #1	PayGo	320A	WR-AWW025	74,803	1.20	89,699	
88	Treatment	WW-Big Horn Well No.#2	PayGo	320A	WR-AWW026	11,421	1.20	13,695	
89	Treatment	WW-Rhone River Well Site Improvement Project	PayGo	320A	WR-AWW027	0	1.20	0	
90	Treatment	WW-Madeira South Lot A	PayGo	320A	WR-AWW028	169,841	1.20	203,662	
91	Total - Zone 40					\$38,958,675		\$46,716,721	
92									
93	SUMMARY BY FUNCTION								
94	Treatment								\$22,471,612
95	Transmission								24,141,593
96	Other								0
97	Meters								103,516
98	Total - Zone 40 Projects								\$46,716,721
99									
100									
101	NOTES:								
102	[1] Work in progress as of June, 2020, Recycled, non-potable, and reclaimed not included.								
103	[2] Jan 2021 Engineering News Record, for San Francisco construction cost index.								

Sacramento County Water Agency Enterprise Fund
 Exhibit 5
 Long-Term Debt Maturity Schedule
 06/30/20

	2007B Bonds				2019 Bonds				Total Bond Debt ⁽¹⁾				Estimated User Fee ⁽²⁾				Dev. Fee Debt			
	Total	Interest	Principal	Principal Balance	Total	Interest	Principal	Principal Balance	Total	Interest	Principal	Principal Balance	Z40 Connections	320B Repayments	Available for Debt Service	Total Debt	Service (\$)	% User Fee Paid		
06/30/22	\$9,626,603	\$9,626,603	\$0	\$228,920,000	\$13,701,500	\$3,351,500	\$10,350,000	\$56,680,000	\$23,328,103	\$12,978,103	\$10,350,000	\$285,600,000	61,800	\$21,358,080	\$21,358,080	\$23,328,103	\$1,970,023	91.5552%		
06/30/23	11,531,603	9,626,603	1,905,000	227,015,000	11,804,000	2,834,000	8,970,000	47,710,000	23,335,603	12,460,603	10,875,000	274,725,000	63,300	21,876,480	21,876,480	23,335,603	1,459,123	93.7472%		
06/30/24	11,584,764	9,599,764	1,985,000	225,030,000	11,805,500	2,385,500	9,420,000	38,290,000	23,390,264	11,985,264	11,405,000	263,320,000	64,800	22,394,880	22,394,880	23,390,264	995,384	95.7445%		
06/30/25	11,502,208	9,437,208	2,065,000	222,965,000	11,804,500	1,914,500	9,890,000	28,400,000	23,306,708	11,351,708	11,955,000	251,365,000	66,300	22,913,280	22,913,280	23,306,708	393,428	98.3120%		
06/30/26	11,500,863	9,350,863	2,150,000	220,815,000	11,805,000	1,420,000	10,385,000	18,015,000	23,305,863	10,770,863	12,535,000	238,830,000	67,800	23,431,680	23,431,680	23,305,863	0	100.0000%		
06/30/27	11,531,760	9,286,760	2,245,000	218,570,000	11,800,750	900,750	10,900,000	7,115,000	23,332,510	10,187,510	13,145,000	225,685,000	69,300	23,950,080	23,950,080	23,332,510	0	100.0000%		
06/30/28	15,867,628	9,192,628	6,675,000	211,895,000	7,470,750	355,750	7,115,000	0	23,338,378	9,548,378	13,790,000	211,895,000	70,800	24,468,480	24,468,480	23,338,378	0	100.0000%		
06/30/29	25,707,745	8,912,745	16,795,000	195,100,000	0	0	0	0	25,707,745	8,912,745	16,795,000	195,100,000	72,300	24,986,880	24,986,880	25,707,745	720,865	97.1959%		
06/30/30	25,754,133	8,254,133	17,500,000	177,600,000	0	0	0	0	25,754,133	8,254,133	17,500,000	177,600,000	73,800	25,505,280	25,505,280	25,754,133	248,853	99.0337%		
06/30/31	25,683,992	7,453,992	18,230,000	159,370,000	0	0	0	0	25,683,992	7,453,992	18,230,000	159,370,000	75,300	26,023,680	26,023,680	25,683,992	0	100.0000%		
06/30/32	25,686,732	6,691,732	18,995,000	140,375,000	0	0	0	0	25,686,732	6,691,732	18,995,000	140,375,000	76,800	26,542,080	26,542,080	25,686,732	0	100.0000%		
06/30/33	25,708,911	5,913,911	19,795,000	120,580,000	0	0	0	0	25,708,911	5,913,911	19,795,000	120,580,000	78,300	27,060,480	27,060,480	25,708,911	0	100.0000%		
06/30/34	25,708,907	5,083,907	20,625,000	99,955,000	0	0	0	0	25,708,907	5,083,907	20,625,000	99,955,000	79,800	27,578,880	27,578,880	25,708,907	0	100.0000%		
06/30/35	22,594,101	4,219,101	18,375,000	81,580,000	0	0	0	0	22,594,101	4,219,101	18,375,000	81,580,000	81,300	28,097,280	28,097,280	22,594,101	0	100.0000%		
06/30/36	22,603,057	3,453,057	19,150,000	62,430,000	0	0	0	0	22,603,057	3,453,057	19,150,000	62,430,000	82,800	28,615,680	28,615,680	22,603,057	0	100.0000%		
06/30/37	22,582,850	2,627,850	19,955,000	42,475,000	0	0	0	0	22,582,850	2,627,850	19,955,000	42,475,000	84,300	29,134,080	29,134,080	22,582,850	0	100.0000%		
06/30/38	22,592,870	1,792,870	20,800,000	21,675,000	0	0	0	0	22,592,870	1,792,870	20,800,000	21,675,000	85,800	29,652,480	29,652,480	22,592,870	0	100.0000%		
06/30/39	22,589,902	914,902	21,675,000	0	0	0	0	0	22,589,902	914,902	21,675,000	0	87,300	30,170,880	30,170,880	22,589,902	0	100.0000%		
	\$350,358,628	\$121,438,628	\$228,920,000		\$80,192,000	\$13,162,000	\$67,030,000		\$430,550,628	\$134,600,628	\$295,950,000			\$463,760,640	\$463,760,640	\$430,550,628	\$5,787,676	98.6558%		
	Less Reclaimed portion ⁽³⁾																			
	Net Principal																			
	User Fee Paid ⁽⁴⁾																			
	Debt Credit																			

NOTES:
 [1] Debt obligations 2007B and 2019 are for Zone 40 only.
 [2] Zone 40 User Fees of \$28.80 per month, which is separate from the water development fee, are used to pay debt.
 [3] Reclaimed is not included in the development fee.
 [4] An estimate of user fee revenues paid debt based on \$28.80 per connection per month.

	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U
1	SCWA Development Fee Update - Zone 40		Project Type:																	
2	Exhibit 6A		WT - water treatment wells and facilities																	
3	10-Year Capital Improvement Plan		TM - transmission mains																	
4			FT - fluoridation treatment																	
5	NSA Pipeline Project (Zone 40)		PR - pipeline replacement																	
6	Arden Service Area (Zone 41)		MP - master plans																	
7	Northgate 880 Projects - 320C (Zone 41)		WM - water meters																	
8	Laguna Recycled Water Projects - 320D (Zone 40)		WR - water rights																	
9			OP - other projects																	
10																				
11			Future Year Projections																	
12																				
13																				
14																				
15																				
16																				
17																				
18																				
19																				
20																				
21																				
22																				
23																				
24																				
25																				
26																				
27																				
28																				
29																				
30																				
31																				
32																				
33																				
34																				
35																				
36																				
37																				
38																				
39																				
40																				
41																				
42																				
43																				
44																				
45																				
46																				
47																				
48																				
49																				
50																				
51																				
52																				
53																				
54																				
55																				
56																				
57																				
58																				
59																				
60																				
61																				
62																				
63																				
64																				
65																				
66																				
67																				
68																				
69																				
70																				
71																				
72																				
73																				
74																				
75																				
76																				
77																				
78																				
79																				
80																				
81																				
82																				
83																				
84																				
85																				
86																				
87																				
88																				
89																				
90																				
91																				
92																				
93																				
94																				
95																				
96																				
97																				
98																				
99																				
100																				
101																				
102																				
103																				
104																				
105																				
106																				
107																				
108																				
109																				
110																				
111																				
112																				
113																				
114																				
115																				
116																				
117																				
118																				
119																				
120																				
121																				
122																				
123																				
124																				
125																				
126																				
127																				
128																				
129																				
130																				
131																				
132																				
133																				
134																				
135																				
136																				
137																				
138																				
139																				
140																				
141																				
142																				
143																				
144																				
145																				
146																				
147																				
148																				
149																				
150																				
151																				
152																				
153																				
154																				
155																				
156																				
157																				
158																				
159																				
160																				
161																				
162																				
163																				
164																				
165																				
166																				
167																				
168																				
169																				
170																				
171																				
172																				
173																				
174																				
175																				

	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U																	
1	SCWA Development Fee Update - Zone 40			Project Type:																																	
2	Exhibit 6A			WT - water treatment wells and facilities																																	
3	10-Year Capital Improvement Plan			TM - transmission mains																																	
4				FT - fluoridation treatment																																	
5	NSA Pipeline Project (Zone 40)			PR - pipeline replacement																																	
6	Arden Service Area (Zone 41)			MP - master plans																																	
7	Northgate 880 Projects - 320C (Zone 41)			WM - water meters																																	
8	Laguna Recycled Water Projects - 320D (Zone 40)			WR - water rights																																	
9				OP - other projects																																	
10				Future Year Projections																																	
11	10-Year CIP Projects ^[1]			Function		Funding Source		Type		Project Number		Year-End		Estimates		Final Budget												Total		ENR	in 2022						
12												FY2020-21		FY2021-22		FY2022-23		FY2023-24		FY2024-25		FY2025-26		FY2026-27		FY2027-28		FY2028-29		FY2029-30		FY2030-31		^[2]	Cost	Factor	Dollars ^[3]
13																																					
276	[3] Jan 2021 Engineering News Record, for San Francisco construction cost index.																																				

SCWA Development Fee Update - Zone 40
 Exhibit 6B
 Full Capital Improvement Plan

San Francisco: ENR-CCI
 6/30/2022
 15,356

Table 6-12 Zone 40 CIP Cost Summary (page 6-20 of 2016 WSIP)

Projects	Ten Year ^[1]	2032 ^[2]	^[3] Phase 3 17 Yr. (2036 to 2052)	Less City POU Buy-In Cost and Recycled ^[4]	Net Phase 3 Costs	ENR Factor	Phase 3 in 2022 Dollars ^[5]	Total CIP
Surface Water Projects	\$0	\$0	\$202,034,400	(\$32,000,000)	\$170,034,400	1.34	\$227,057,028	\$227,057,028
Groundwater Projects	0	46,505,332	73,100,600	0	73,100,600	1.34	97,615,571	144,120,903
Treatment	91,276,004	4,738,500		0	0	1.34	0	96,014,504
Recycled Water Projects	0	0	20,000,000	(20,000,000)	0	1.34	0	0
Storage Projects	0	0	46,145,900	0	46,145,900	1.34	61,621,360	61,621,360
Pipeline Projects	234,443,339	3,738,515	99,778,150	0	99,778,150	1.34	133,239,687	371,421,541
Non-Specific Project Costs	6,125,340	0	0	0	0	1.34	0	6,125,340
Meters	<u>729,835</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	1.34	<u>0</u>	<u>729,835</u>
Total	\$332,574,518	\$54,982,347	\$441,059,050	(\$52,000,000)	\$389,059,050		\$519,533,646	\$907,090,511
		\$387,556,865						

NOTES:

[1] Ten-Year CIP from Exhibit 5A in 2021 dollars.

[2] Projects from 2016 WSIP, page 6-16 that were not included in ten year CIP. Dollars are not adjusted to 2021 due to overlap in project costs.

[3] 2016 WSIP, Table 6-12, page 6-20, Zone 40 CIP Cost Summary.

[4] 2016 WSIP, page 6-18, estimates the City POU buy-in of \$32 million in 2005 costs. Dollars are not adjusted to 2021 due to overlap in project costs.

[5] 2016 WSIP, page 6-20 estimates Phase 3 costs, net of City POU estimate, in 2017 dollars brought to 2021 dollars.

SCWA Zone 40 Development Fee Update

Exhibit 1

Development of the 2021 Water Development Fee - Summary of Calculation at Replacement ENR-CCI

	WDF Eligible at Replacement Cost ⁽¹⁾	WDF Eligible Construction WIP ⁽²⁾	Total Existing Cost \$	Total Buildout Service Connections ⁽³⁾	Existing \$/WDF	SCWA WDF Cost \$ ⁽⁴⁾	Less: Contributions Cost \$ ⁽⁴⁾	Total CIP	Future Service Connections ⁽⁵⁾	Future \$/WDF	Total \$ Per Service Connection
Water System											
Surface Water						\$227,057,028 -	\$0 =	\$227,057,028 ÷	104,905 =	\$2,164	\$2,164
Groundwater						144,120,903 -	0 =	144,120,903 ÷	104,905 =	1,374	1,374
Storage						61,621,360 -	0 =	61,621,360 ÷	104,905 =	587	587
Treatment	\$1,012,615,324 +	\$22,471,612 =	\$1,035,086,936 ÷	104,905 =	\$9,867	96,014,504 -	0 =	96,014,504 ÷	50,134 =	1,915	11,782
Transmission	168,068,528 +	24,141,593 =	192,210,121 ÷	104,905 =	1,832	371,421,541 -	978,976 =	370,442,565 ÷	50,134 =	7,389	9,221
Other	24,991,427 +	0 =	24,991,427 ÷	104,905 =	238	6,125,340 -	0 =	6,125,340 ÷	50,134 =	122	360
Meters	0 +	103,516 =	103,516 ÷	104,905 =	1	729,835 -	0 =	729,835 ÷	50,134 =	15	16
	\$1,205,675,279	\$46,716,721	\$1,252,392,000		\$11,938						
Less: Debt Service Credit ⁽⁶⁾			(\$291,951,666) ÷	104,905 =	(2,783)						(2,783)
Less: Zone 40 Impact Fee Balance ⁽⁷⁾								(66,299,925) ÷	50,134 =	(1,322)	(1,322)
Total	\$1,205,675,279	\$46,716,721	\$960,440,334		\$9,155	\$907,090,511	\$978,976	\$839,811,610		\$12,244	\$21,399
											Present Development Fee as of 3/1/2023 ⁽⁸⁾
											\$20,857
											\$ Change
											% Change
											\$542
											2.6%

NOTES:

- [1] Existing assets June, 2020, specific in service date of asset and Jan 2021 Engineering News Record, for San Francisco construction cost index. Net of contributions. See Exhibit 3.
- [2] Construction work in progress as of June 2020, plus Jan 2021 Engineering News Record, for San Francisco construction cost index. See Exhibit 4.
- [3] Total buildout service connections based on 2016 Zone 40 Water System Infrastructure Plan (WSIP) Update, Table 3-3, page 3-14. See Exhibit 2.
- [4] Future capital improvement projects based on 10-year plan for Zone 40, plus buildout 2032 and 2052. Net of contributions (Grants). See Exhibit 6A and 6B.
- [5] Future service connections based on 2016 Zone 40 WSIP Update, Table 3-3, page 3-14, less recycled water. See Exhibit 2.
- [6] Debt service credit based on outstanding debt principal as of 2022 and the percentage of Special Capital Fee to Development Fee annual funding of the payments. See Exhibit 5.
- [7] Zone 40 Impact Fee Reserve Balance as of 06/30/22
- [8] January 2021 SCWA Code 2.50.80 and 4.45.020 inflationary adjustment effective March 1, 2023.

SCWA Development Fee Update - Zone 40

Exhibit 2

Development of the 2021 Water Development Fee - System Planning Criteria Connections

Area	2021 Existing Service Connections [1]	Buildout Service Connections [2]	Future Service Connections	% Buildout
NSA	7,117	28,800	21,683	24.7%
CSA	14,696	38,300	23,604	38.4%
SSA	<u>33,253</u>	<u>38,100</u>	<u>4,847</u>	<u>87.3%</u>
Total	55,066	105,200	50,134	52.3%
Less Recycled SSA ^[3]	<u>(295)</u>	<u>(295)</u>	<u>0</u>	
Net Service Connections	54,771	104,905	50,134	52.2%

NOTES:

[1] Zone 40 service connections as of April 2021 of 55,066 per SCWA.

[2] 2020 UWMP Figure 2-5, Projected service connections, page 2-11. Also 2016 WSIP, Table 3-3, page 3-14.

[3] Recycled is not included in the water development fee and is a separate calculation.

	C	D	F	G	H	I	J	K
1	SCWA Development Fee Update - Zone 40							
2	Exhibit 4							
3	Work in Progress					San Francisco:	ENR-CCI	
4							6/30/2022	
5							15,356	
6	New WBS				New WBS	Total Adjusted		
7	Project ID		Funding	Fund	Project ID	Project Cost		in 2021
8	Type	(WR = PY Cap)	Source		(WR = PY Cap)	6/30/20^[1]	ENR Factor	Dollars^[2]
9	Meters	IM-Waterman/Grantline Wholesale Meter Station	PayGo	320A	WR-AIM005	\$86,326	1.20	\$103,516
10	Treatment	LA-Rio Del Oro Tank Site Land Acquisition	Credit Agreement	320A	WR-ALA002	2,929	1.20	3,512
11	Transmission	OT-Z40 Unassigned Costs	Other	320A	WR-AOT022	0	1.20	0
12	Treatment	TB-North Douglas Tank & Booster Statio	Credit Agreement	320A	WR-ATB001	996,919	1.20	1,195,441
13	Treatment	NSA Terminal Tank & Booster Station Phase 1	PayGo	320A	WR-ATB004	134,212	1.20	160,938
14	Treatment	TB-NSA Terminal Tank & Booster Site	PayGo	320A	WR-ATB006	1,712	1.20	2,053
15	Treatment	TB-Cordova Hills Storage Tank & Booster Pump Stn	PayGo	320A	WR-ATB007	23,745	1.20	28,474
16	Transmission	TM-North Douglas 36" & 24"	Credit Agreement	320A	WR-ATM028	2,522,740	1.20	3,025,107
17	Transmission	TM-Sheldon Rd/Waterman Rd Intersection	PayGo	320A	WR-ATM032	(65)	1.20	(78)
18	Transmission	TM Laguna Ridge Civic Center Big Horn	Credit Agreement	320A	WR-ATM035	1,647,758	1.20	1,975,884
19	Transmission	TM Laguna Ridge Whitelock Seg 1	Credit Agreement	320A	WR-ATM037	396,304	1.20	475,222
20	Transmission	TM Laguna Ridge Whitelock Seg 2	Credit Agreement	320A	WR-ATM039	548,508	1.20	657,735
21	Transmission	TM-RW-Elk Grove Automall Phase 3 TM-RW	Credit Agreement	320A	WR-ATM040	55,926	1.20	67,063
22	Transmission	TM-RW Laguna Ridge Lotz Pkwy	Credit Agreement	320A	WR-ATM041	266,649	1.20	319,749
23	Transmission	TM- Chrysanthy Blvd Sta 36 to 64 TM	Credit Agreement	320A	WR-ATM042	13,184	1.20	15,809
24	Transmission	TM Laguna Ridge Bruceville Phase 1	Credit Agreement	320A	WR-ATM043	21,105	1.20	25,308
25	Transmission	TM Laguna Ridge Elk Grove	Credit Agreement	320A	WR-ATM044	999,057	1.20	1,198,004
26	Transmission	TM Douglas Rd 42"	Credit Agreement	320A	WR-ATM045	4,538,219	1.20	5,441,938
27	Transmission	TM-Vineyard Pt Village C 36" & 42"TM	Credit Agreement	320A	WR-ATM049	(13,907)	1.20	(16,677)
28	Transmission	TM-Laguna Ridge Whitelock Seg 3	Credit Agreement	320A	WR-ATM054	1,060,511	1.20	1,271,696
29	Transmission	TM-NSA Pipeline Project - Phase 2	PayGo	320A	WR-ATM060	478,977	1.20	574,358
30	Transmission	TM-NSA Pipeline Phase 1 (aka NSA Phase 1...)	PayGo	320A	WR-ATM067	(2,390)	1.20	(2,866)
31	Transmission	TM-Fieldstone South 12" RW	Credit Agreement	320A	WR-ATM071	0	1.20	0
32	Transmission	TM-Sun Grove 20" Raw	Credit Agreement	320A	WR-ATM072	286,109	1.20	343,083
33	Transmission	TM-Vineyard Creek Unit 2 TMs	Credit Agreement	320A	WR-ATM073	784,978	1.20	941,295
34	Transmission	TM-Sterling Meadows Phs 1A-20"	Credit Agreement	320A	WR-ATM074	276,759	1.20	331,872
35	Transmission	TM-Sterling Meadows Phs 1C-12" RAW	Credit Agreement	320A	WR-ATM075	0	1.20	0
36	Transmission	TM-Madeira East Village 8 - 24" RAW	Credit Agreement	320A	WR-ATM076	268,847	1.20	322,384
37	Transmission	TM-Vineyard Creek Unit 4 - 24" TM	Credit Agreement	320A	WR-ATM077	1,491,418	1.20	1,788,412
38	Transmission	TM-EG Florin Rd Widening-Elder Creek to Florin	PayGo	320A	WR-ATM078	218,070	1.20	261,496
39	Transmission	TM-8025 Waterman Road-16"	Reimburs Agrmnt	320A	WR-ATM079	0	1.20	0
40	Transmission	TM-Sterling Meadows Phase 1D 12" RAW	Credit Agreement	320A	WR-ATM080	138,308	1.20	165,850
41	Transmission	TM-Rancho Cordova Pkwy 24"	Credit Agreement	320A	WR-ATM081	59,416	1.20	71,248
42	Transmission	Douglas Road Phase 2 - 24" TM	Credit Agreement	320A	WR-ATM082	19,611	1.20	23,517
43	Transmission	TM-Poppy Keys East 24" RAW	Credit Agreement	320A	WR-ATM083	851,403	1.20	1,020,947
44	Transmission	TM-NGA-Big Horn Blvd	Reimburs Agrmnt	320A	WR-ATM084	(22)	1.20	(26)
45	Transmission	TM-NGA-Bilby Rd	Reimburs Agrmnt	320A	WR-ATM085	(43)	1.20	(52)
46	Transmission	TM-Waterman Rd Sta 46 to 74	Credit Agreement	320A	WR-ATM086	461,857	1.20	553,829

	C	D	F	G	H	I	J	K	
1	SCWA Development Fee Update - Zone 40								
2	Exhibit 4								
3	Work in Progress						San Francisco:	ENR-CCI	
4								6/30/2022	
5								15,356	
6	New WBS				New WBS		Total Adjusted		
7	Project ID		Funding		Project ID		Project Cost		
8	Type	(WR = PY Cap)	Source	Fund	(WR = PY Cap)	6/30/20^[1]	ENR Factor	Dollars^[2]	
47	Transmission	TM-Chrysanthy Blvd Sta 36 to 64	Credit Agreement	320A	WR-ATM087	1,060,807	1.20	1,272,051	
48	Transmission	TM-Madeira East Business Park Lotz Pkwy	Credit Agreement	320A	WR-ATM088	336,136	1.20	403,073	
49	Transmission	TM-Grantline II New Waterman to Mosher	PayGo	320A	WR-ATM090	97,201	1.20	116,557	
50	Transmission	TM-Elk Grove Landing Subdivision	PayGo	320A	WR-ATM092	(22)	1.20	(26)	
51	Transmission	TM-E. NSA P-8-Douglas 98-Douglas Rd 24"	Credit Agreement	320A	WR-ATM093	738,302	1.20	885,324	
52	Transmission	TM-Parkside Village 36"	Credit Agreement	320A	WR-ATM099	2,734	1.20	3,278	
53	Transmission	TM-North Douglas Pressure Reduced Station	PayGo	320A	WR-ATM100	167,740	1.20	201,143	
54	Transmission	TM-Bruceville Meadows-Bruceville Rd 16"	Credit Agreement	320A	WR-ATM101	156,515	1.20	187,683	
55	Transmission	TM-Bruceville Meadows-Bilby Road 16"	Credit Agreement	320A	WR-ATM102	84,672	1.20	101,534	
56	Transmission	TM-Power Inn Rd Calvine To Geneva Pointe	PayGo	320A	WR-ATM103	75,925	1.20	91,044	
57	Transmission	TM-Sunrise Blvd Sidewalk Rehab Project	PayGo	320A	WR-ATM104	23,204	1.20	27,825	
58	Treatment	TP-Poppy Ridge WTP Phase 2 Expansion	PayGo	320A	WR-ATP004	451,243	1.20	541,102	
59	Treatment	TP-North Vineyard Station Storage Tanks	PayGo	320A	WR-ATP005	104,287	1.20	125,054	
60	Treatment	TP-Laguna Ridge WTP Phase 1 (Whitelock 3 wells)(Madeira East)	PayGo	320A	WR-ATP006	9,690,085	1.20	11,619,722	
61	Treatment	TP&W-Franklin Blvd WTP PH1 WT6 & W83	PayGo	320A	WR-ATP007	241,167	1.20	289,192	
62	Treatment	TP-RW,W&TP Sunridge-Anatolia Rem Wtr (Pt4-FY08)	Credit Agreement	320A	WR-ATP009	1,992,155	1.20	2,388,864	
63	Treatment	TP&W-Van Ruiten WTP & Onsite Well	PayGo	320A	WR-ATP010	88,356	1.20	105,951	
64	Treatment	TP-Hanfield Drive engineering services	PayGo	320A	WR-ATP015	676,625	1.20	811,365	
65	Treatment	TP-Big Horn On-Site Well Equip & Blend Line	PayGo	320A	WR-ATP016	1,435,275	1.20	1,721,089	
66	Treatment	TP-Whitelock WTP Property Acquisition	Credit Agreement	320A	WR-ATP017	0	1.20	0	
67	Treatment	TP-East Elk Grove WTP Phase 4 & Rhone River Well	PayGo	320A	WR-ATP019	721,767	1.20	865,496	
68	Treatment	TP-VSWTP Redundant Fluoride Feed System	PayGo	320A	WR-ATP020	(5,107)	1.20	(6,123)	
69	Treatment	TP-VSWTP Gas Line Design	PayGo	320A	WR-ATP022	0	1.20	0	
70	Treatment	TP-Big Horn WTP Frontage Landscaping	PayGo	320A	WR-ATP023	0	1.20	0	
71	Treatment	TP-Lakeside WTP Media Replacement	PayGo	320A	WR-ATP026	669,807	1.20	803,189	
72	Treatment	W-Newton Ranch Well 2 Downhole Construct	PayGo	320A	WR-AWW002	24,495	1.20	29,372	
73	Treatment	W-Auto Mall Well Downhole Construction	PayGo	320A	WR-AWW004	38,362	1.20	46,001	
74	Treatment	W-Sonoma Creek Well No. 1 Downhole Const	PayGo	320A	WR-AWW005	14,265	1.20	17,105	
75	Treatment	W-Sonoma Creek Well No. 2 Downhole Const	PayGo	320A	WR-AWW006	5,458	1.20	6,545	
76	Treatment	W-Anatolia Well #4	PayGo	320A	WR-AWW007	76,208	1.20	91,383	
77	Treatment	W -Maritime Dr, W107	PayGo	320A	WR-AWW008	334,269	1.20	400,833	
78	Treatment	W -Remington Estates Well W85	PayGo	320A	WR-AWW010	61,417	1.20	73,648	
79	Treatment	W-Elk Grove Meadows Unit 3A Well	PayGo	320A	WR-AWW014	50,526	1.20	60,588	
80	Treatment	W-Excelsior Well No. 5	PayGo	320A	WR-AWW015	197,703	1.20	237,073	
81	Treatment	W-Excelsior Well No. 6	PayGo	320A	WR-AWW016	1,835	1.20	2,201	
82	Treatment	W-Fieldstone Well	PayGo	320A	WR-AWW017	52,527	1.20	62,987	
83	Treatment	W-Big Horn Well #6 Downhole Const	PayGo	320A	WR-AWW020	1,334	1.20	1,600	
84	Treatment	WW-Excelsior Well No. 4	PayGo	320A	WR-AWW022	81,895	1.20	98,203	

	C	D	F	G	H	I	J	K
1	SCWA Development Fee Update - Zone 40							
2	Exhibit 4							
3	Work in Progress					San Francisco:		ENR-CCI
4								6/30/2022
5								15,356
6	New WBS				New WBS		Total Adjusted	
7	Project ID		Funding		Project ID		Project Cost	
8	Type	(WR = PY Cap)	Source	Fund	(WR = PY Cap)	6/30/20^[1]	ENR Factor	in 2021 Dollars^[2]
85	Treatment	WW-Sterling Meadows Well No. 1 (West)	PayGo	320A	WR-AWW023	118,524	1.20	142,126
86	Treatment	WW-Sterling Meadows Well No. 2 (East)	PayGo	320A	WR-AWW024	199,787	1.20	239,572
87	Treatment	WW-Madeira East Well Site #1	PayGo	320A	WR-AWW025	74,803	1.20	89,699
88	Treatment	WW-Big Horn Well No.#2	PayGo	320A	WR-AWW026	11,421	1.20	13,695
89	Treatment	WW-Rhone River Well Site Improvement Project	PayGo	320A	WR-AWW027	0	1.20	0
90	Treatment	WW-Madeira South Lot A	PayGo	320A	WR-AWW028	169,841	1.20	203,662
91	Total - Zone 40				\$38,958,675		\$46,716,721	
92								
93	SUMMARY BY FUNCTION							
94	Treatment							\$22,471,612
95	Transmission							24,141,593
96	Other							0
97	Meters							103,516
98	Total - Zone 40 Projects							\$46,716,721
99								
100								
101	NOTES:							
102	[1] Work in progress as of June, 2020, Recycled, non-potable, and reclaimed not included.							
103	[2] Jan 2021 Engineering News Record, for San Francisco construction cost index.							

	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U																					
1	SCWA Development Fee Update - Zone 40			Project Type:																																					
2	Exhibit 6A			WT - water treatment wells and facilities																																					
3	10-Year Capital Improvement Plan			TM - transmission mains																																					
4				FT - fluoridation treatment																																					
5	NSA Pipeline Project (Zone 40)			PR - pipeline replacement																																					
6	Arden Service Area (Zone 41)			MP - master plans																																					
7	Northgate 880 Projects - 320C (Zone 41)			WM - water meters																																					
8	Laguna Recycled Water Projects - 320D (Zone 40)			WR - water rights																																					
9				OP - other projects																																					
10				Future Year Projections																																					
11	10-Year CIP Projects ^[1]			Function		Funding Source		Type		Project Number		Year-End		Estimates		Final Budget												Total Cost		ENR Factor		in 2022 Dollars ^[3]									
12												FY2020-21		FY2021-22		FY2022-23		FY2023-24		FY2024-25		FY2025-26		FY2026-27		FY2027-28								FY2028-29		FY2029-30		FY2030-31			
13																																									
276	[3] Jan 2021 Engineering News Record, for San Francisco construction cost index.																																								

SCWA Development Fee Update - Zone 40
 Exhibit 6B
 Full Capital Improvement Plan

San Francisco: ENR-CCI
 6/30/2022
 15,356

Table 6-12 Zone 40 CIP Cost Summary (page 6-20 of 2016 WSIP)

Projects	Ten Year ^[1]	2032 ^[2]	^[3] Phase 3 17 Yr. (2036 to 2052)	Less City POU Buy-In Cost and Recycled ^[4]	Net Phase 3 Costs	ENR Factor	Phase 3 in 2022 Dollars ^[5]	Total CIP
Surface Water Projects	\$0	\$0	\$202,034,400	(\$32,000,000)	\$170,034,400	1.34	\$227,057,028	\$227,057,028
Groundwater Projects	0	46,505,332	73,100,600	0	73,100,600	1.34	97,615,571	144,120,903
Treatment	91,276,004	4,738,500		0	0	1.34	0	96,014,504
Recycled Water Projects	0	0	20,000,000	(20,000,000)	0	1.34	0	0
Storage Projects	0	0	46,145,900	0	46,145,900	1.34	61,621,360	61,621,360
Pipeline Projects	234,443,339	3,738,515	99,778,150	0	99,778,150	1.34	133,239,687	371,421,541
Non-Specific Project Costs	6,125,340	0	0	0	0	1.34	0	6,125,340
Meters	<u>729,835</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	1.34	<u>0</u>	<u>729,835</u>
Total	\$332,574,518	\$54,982,347	\$441,059,050	(\$52,000,000)	\$389,059,050		\$519,533,646	\$907,090,511
		\$387,556,865						

NOTES:

[1] Ten-Year CIP from Exhibit 6A in 2022 dollars.

[2] Projects from 2016 WSIP, page 6-16 that were not included in ten year CIP. Dollars are not adjusted to 2021 due to overlap in project costs.

[3] 2016 WSIP, Table 6-12, page 6-20, Zone 40 CIP Cost Summary.

[4] 2016 WSIP, page 6-18, estimates the City POU buy-in of \$32 million in 2005 costs. Dollars are not adjusted to 2021 due to overlap in project costs.

[5] 2016 WSIP, page 6-20 estimates Phase 3 costs, net of City POU estimate, in 2017 dollars brought to 2021 dollars.