

STAFF REPORT

To: Coastside County Water District Board of Directors

From: David Dickson, General Manager

Agenda: February 9, 2010

Report

Date: January 27, 2010

Subject: - Public Hearing to consider proposed increases in the District's Transmission and Storage Fees

- Consider Resolution 2010-01 - A Resolution of the Board of Directors of the Coastside County Water District Amending the Rate and Fee Schedule to Increase the Transmission and Storage Fees

Recommendation:

- Conduct a public hearing to receive public comment regarding the proposed increase in the District's Transmission and Storage Fees.
- Adopt Resolution 2010-01 - A Resolution of the Board of Directors of Coastside County Water District Amending Rate and Fee Schedule to Increase the Transmission and Storage Fees (Attachment A)

Background:

Staff retained an experienced public agency financial consultant, Bartle Wells Associates, to review the District's Transmission and Storage (T & S) Fees. The T & S Fee is the amount charged by the District for a connection - priority or non-priority-granting the purchaser the right to obtain water service from the District.

The existing T & S fees were established by Resolution No. 712, passed by the Board on August 11, 1987. The fees have not been increased since then. After reviewing different generally accepted methods to calculate connection fees, Bartle Wells recommended that the District adjust its T & S Fees for inflation by escalating the 1987 fee by the change in the Engineering News Record 20-City Average Construction Cost Index (ENR CCI).

A notice of the Public Hearing, which included the justification for the increase in the Transmission and Storage Fees, was mailed to all record owners of property located

within the District. The District also placed two announcements in the Half Moon Bay Review and posted a copy of Notice of the Public Hearing on the District's website.

As of the date of this report, staff has received fifteen (15) letters regarding the proposed rate increase. Copies of these letters are attached as Attachment B.

The Resolution amending the District's Rate and Fee Schedule directs the General Manager to file a CEQA Notice of Exemption for the action (see Attachment C).

Staff recommends that the Board approve the Resolution amending the Rate and Fee Schedule.

Resolution 2010-01
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE COASTSIDE COUNTY WATER DISTRICT
AMENDING THE RATE AND FEE SCHEDULE TO INCREASE THE
TRANSMISSION AND STORAGE FEES

THIS RESOLUTION IS ADOPTED with reference to the following facts and circumstances which are found and declared by the Board of Directors:

1. The Coastside County Water District retained an experienced public agency financial consultant, Bartle Wells Associates, to review the District's Transmission and Storage Fees, which are commonly referred to as water service connection fees.
2. The existing Transmission and Storage fees were established on August 11, 1987, by Resolution No. 712, and the Transmission and Storage Fees have not increased since 1987.
3. Bartle Wells Associates reviewed several different generally accepted methods for adjusting the Transmission and Storage Fees. On November 30, 2009, Bartle Wells issued a report that recommends increasing the District's Transmission and Storage Fees by escalating the 1987 fee by the change in the 20-City Average Engineering News Record Construction Cost Index (ENR CCI). The adjustment, among other things, takes into account the increases in construction costs.
4. The Board discussed the proposed increase in Transmission and Storage Fees at the December 8, 2009 Board of Directors meeting and set a Public Hearing for the February 9, 2010 Board of Directors meeting to consider the proposed increases in the Transmission and Storage Fees.
5. A notice of the Public Hearing, which included the justification for the increase in the Transmission and Storage Fees, was mailed to all record owners of property located within the District on December 21, 2009, was published in the Half Moon Bay Review on January 6, and January 13, 2010, and was posted at three conspicuous places within the District on 21, 2010.

6. At the Public Hearing, the Board of Directors provided the public an opportunity to submit comments and protests regarding the proposed Transmission and Storage Fee increase.
7. After discussion and consideration of all comments and protests that were submitted before or during the Public Hearing, the Board finds the proposed Transmission and Storage Fees are reasonable and do not exceed the cost of providing the services and facilities for which the fee is imposed.
8. The Board also finds that the amendment to the District's Rate and Fee Schedule to increase the Transmission and Storage Fees is an action exempt from the requirements of the California Environmental Quality Act, Section 21000 *et seq.* of the California Public Resources Code. The analysis set forth in the November 30, 2009 Bartle Wells report is hereby incorporated into this Resolution.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Coastside County Water District as follows:

1. The Rate and Fee Schedule, Section 2.A., Transmission and Storage Fee, is amended to read as follows:

Connection Size	Transmission & Storage Fee Effective April 15, 2010
5/8 x 3/4 inch	\$ 13,592.
3/4 inch	\$ 20,388.
1 inch	\$ 33,980.
1.5 inch	\$ 67,960.
2 inch	\$108,736.
3 inch	\$237,860.
4 inch	\$407,759.

2. The increase in the Transmission and Storage Fees will become effective April 15, 2010.

3. Effective July 1, 2011 and July 1, 2012, the Transmission and Storage Fee will be adjusted in accordance with the 20-City Average Engineering News Record Construction Cost Index (ENR CCI) for June of the current year. Effective July 1, 2011, the new Transmission and Storage Fee for each connection size will be calculated by multiplying the then-current Transmission and Storage Fee by the ratio of the June 2011 ENR CCI to the November 2009 ENR CCI. Effective July 1, 2012, the new Transmission and Storage Fee for each connection size will be calculated by multiplying the then-current Transmission and Storage Fee by the ratio of the June 2012 ENR CCI to the June 2011 ENR CCI.
4. The General Manager shall arrange for the Rate and Fee Schedule to be re-codified to incorporate the changes effected by this Resolution.
5. The General Manager is directed to file a Notice of Exemption with the County Clerk and to take such other actions as may be necessary to give effect to this Resolution.

PASSED AND ADOPTED THIS 9th day of February, 2010 by the following vote of the Board:

AYES:

NOES:

ABSENT:

COASTSIDE COUNTY WATER DISTRICT

Chris Mickelsen, President of the Board

David R. Dickson, Board Secretary



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

Attachment A
1889 Alcatraz Avenue
Berkeley, CA 94703
510 653 3399 fax: 510 653 3769
e-mail: rschmidt@bartlewells.com

November 30, 2009
Coastside County Water District
766 Main Street
Half Moon Bay CA 94019

Attention: David Dickson, General Manager

Subject: Water Connection Fee

The Coastside County Water District (CCWD or District) requested Bartle Wells Associates (BWA) to review the District's water connection fee.

BWA has analyzed CCWD's water connection fee, which is called the transmission and storage fee in the District's "Rate and Fee Schedule". The amount of the fee is determined by the number and size of the service connection required to provide water service to a customer. The current fee for a 5/8 x 3/4 inch service connection is \$6,970.00. There are different fees for 3/4 inch, 1 inch, 1-1/2 inch, 2 inch, 3 inch, and 4 inch service connections. The transmission and storage fees were established on August 11, 1987 and have not been changed by the District's Board of Directors.

BWA reviewed different generally accepted methods to calculate connection fees. BWA recommends setting the new transmission and storage fees by escalating the 1988 fee by the change in the 20-City Average Engineering News Record's Construction Cost Index (ENR CCI). The approach is simple and straightforward. The adjustment takes into account the increases in construction costs. The 20-City ENR CCI is commonly used index to adjust connection fees and is readily available in the Engineering New Record's weekly magazine published by McGraw-Hill.

The 20-City annual average ENR CCI for 1987 was 4406 and for November 2009 (most recent available) it stood at 8592. Dividing 8592 by 4406 and then multiplying by \$6,970 calculates the fee to be \$13,592 for 2009. BWA recommends the transmission and storage fee for a 5/8 x 3/4 inch service connection be set at \$13,592. A similar calculation should be made for the remaining service connections.

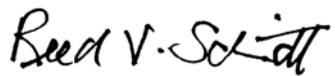
BWA recommends that each year when the District prepares its annual budget and develops new water consumption charges that it adjusts the transmission and storage fees using the same formula, i.e., adjusting by the change in the 20-City Average ENR CCI.

Coastside County Water District
November 30, 2009
Page 2 of 2

BWA advises District staff to review Government Code Section 66000 to make sure the District's connection fee accounting and approval procedures are in compliance with this section.

Very truly yours,

BARTLE WELLS ASSOCIATES

A handwritten signature in black ink that reads "Reed V. Schmidt". The signature is written in a cursive style with a prominent "S" and "t".

Reed V. Schmidt, CIPFA
Principal



Charlie Hall & Associates

Retail Banking Consultants

Ph. 650.726.5549

Fax 650.712.1872

P.O. Box 944 El Granada Ca. 94018

E-Mail: chnassoc@aol.com

Feb 01, 2010

David Dixon
General Manager
Coastside County Water District
766 Main St
Half Moon Bay, CA 94019

Subject: Feb 09, 2010 Public Hearing re: Transmission and Storage Fee Changes

I'm submitting my Written Protest Regarding the Proposed increase in Transmission & Storage Fees.

The Connections in question, I would assume, had compensated the Coastside Water District previously, for the right to connect to the System.

If that is true then the method you are using to re-price them appears to be unreasonable & unfair. Maybe even illegal.

In any event, I've completed a survey as well with comments regarding my specific property which is currently served by my own Well.

Thank You

Charles H Hall Sr
PO Box 944
839 Sonora Ave
El Granada, CA, 94018-0944

Parcel Number 047-042-130

RECEIVED

FEB 01 2010

**COASTSIDE COUNTY
WATER DISTRICT**

APN of our property: 048 – 171 – 130
Kloeverveien 49,
1475 Finstadjordet,
Akershus
Norway

RECEIVED

FEB 01 2010

COASTSIDE COUNTY
WATER DISTRICT

Coastside County Water District
766 Main Street
Half Moon Bay,
CA 94019
U.S.

Protest against the proposed changes

When we bought the lot in 2008, we did not intend to pay many and expensive fees, therefore we protest against the proposed Transmission and Storage Fee changes.

Respectfully yours,

Owner Kirill Novikov

Kirill Novikov

Co-owner Marina Novikova

Marina Novikova

Co-owner Maria Novikova

Maria Novikova

Attachment B

RECEIVED

JAN 25 2010

COASTSIDE COUNTY
WATER DISTRICT

January 22, 2010

Coastside County Water District
766 Main Street
Half Moon Bay, CA 94019

General Manager,

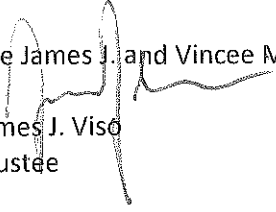
I recently received notification of proposed rate increase which would affect my parcel number 047 252 220. We had intended to develop this property with our adjacent family parcels. Such high increases would prevent us from doing so.

We therefore protest the proposed increase.

Sincerely,

The James J. and Vincee M. Trust

James J. Viso
Trustee



Attachment B
RECEIVED

JAN 25 2010

COASTSIDE COUNTY
WATER DISTRICT

January 22, 2010

Coastside County Water District
766 Main Street
Half Moon Bay, CA 94019

General Manager,

I recently received notification of proposed rate increase which would affect my parcel number 047 256 360. We had intended to develop this property with our adjacent family parcels. Such high increases would prevent us from doing so.

We therefore protest the proposed increase.

Sincerely,

The James J. and Vincee M. Trust

James J. VISO
Trustee



January 22, 2010

RECEIVED

JAN 25 2010

COASTSIDE COUNTY
WATER DISTRICT

Coastside County Water District
766 Main Street
Half Moon Bay, CA 94019

General Manager,

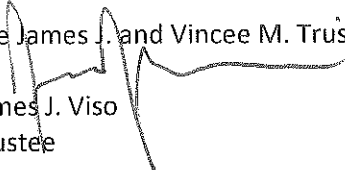
I recently received notification of proposed rate increase which would affect my parcel number 047 252 390. We had intended to develop this property with our adjacent family parcels. Such high increases would prevent us from doing so.

We therefore protest the proposed increase.

Sincerely,

The James J. and Vincee M. Trust

James J. Viso
Trustee



Attachment B

RECEIVED

JAN 25 2010

COASTSIDE COUNTY
WATER DISTRICT

January 22, 2010

Coastside County Water District
766 Main Street
Half Moon Bay, CA 94019

General Manager,

I received notification of rate increases which would affect my parcel number 047 251 040 which is located in El Granada. We had intended to develop this property, however such increases would prevent us from doing so.

We therefore protest the proposed increase.

Sincerely,



Charles J. Viso

Attachment B
RECEIVED

JAN 25 2010

COASTSIDE COUNTY
WATER DISTRICT

January 22, 2010

Coastside County Water District
766 Main Street
Half Moon Bay, CA 94019

General Manager,

I recently received notification of proposed rate increase which would affect my parcel number 047 251 140. We had intended to develop this property with our adjacent family parcels. Such high increases would prevent us from doing so.

We therefore protest the proposed increase.

Sincerely,


The James J. and Vince M. Trust

James J. Viso
Trustee

Attachment B

RECEIVED

JAN 23 2010

COASTSIDE COUNTY
WATER DISTRICT

January 22, 2010

Coastside County Water District
766 Main Street
Half Moon Bay, CA 94019

General Manager,

I received notification of rate increases which would affect my parcel number 047 252 230 which is located in El Granada. We had intended to develop this property, however such increases would prevent us from doing so.

We therefore protest the proposed increase.

Sincerely,



Charles J. Viso



Attachment B

(209) 239-4141
Fax (209) 823-3414

1132 N. Main St. • P.O. Box 1022 • Manteca, CA 95336

Coast Side Water District
766 Main St.
Half Moon Bay, Ca 94019

1-19-2010

Attn: General Manager

Re: Proposed Increase In Transmission & Storage Fees

Dear General Manager,

I'm glad that you will be holding a public hearing regarding the fee increase and the possibility of acquiring water connections for vacant parcels or to replace old wells, unfortunately I will not be able to attend, so here are some questions and comments.

1. What will the administration fees be to process new allocations.
2. What will the administration fees be if you do not use your allocation in the required time period.
3. In today's weak housing market and a bad over all economy the time period from when you are granted an allocation to the time of construction should be longer than the 3 year period.
4. The fees are to high, especially for the larger connections in which commercial projects use, this puts new construction at a disadvantage against existing commercial.

Sincerely,

Ed Cardoza Jr.
Property Manager

RECEIVED

JAN 21 2010

COASTSIDE COUNTY
WATER DISTRICT

I am protesting transmission and storage fee
the 1/2 lot I own you can't do anything
with I have been offered \$2,000 for it
that won't even buy you a burial plot
anywhere my daughter is planning
to come to your meeting Linda Zuniga
Thank you for asking my input

Ferreira,
Patricia Neri
P.O. Box 10
Livingston MT 59047

5 1/2 of Lot 7 Block 21 ff Brophy's Sub
Miramontes TR No 4

Parcel Number
056-032-040

TAX RATE AREA
17-000 BILL 333061 087

LAND 789
CASH 789

RECEIVED

JAN 15 2010

COASTSIDE COUNTY
WATER DISTRICT

Attachment B

January 8, 2010

RECEIVED

JAN 13 2010

COASTSIDE COUNTY
WATER DISTRICT

To: General Manager
Coastside Co. Water District

RE: Proposed increases in Transmission
and Storage Fees

My name is Raymond Johnson, owner of parcel 056-047-060

This property is in a "Paper Subdivision". The lot is 50' by 150'.
It is vacant land with no roads, lights, sewer or water.

It is zoned "Urban Reserve" by the City of Half Moon Bay. This
zoning precludes the possibility of building.

In view of the above, I object to any connection or storage fees.

Raymond Johnson
P O Box 1867
Battle Ground, WA 98604-1867

To whom it may concern;

I, John Carroll, resident / owner of 486 El Granada Blvd. (El Granada, Ca 94019), contest the proposed fee increase.

Please count my protest.

Sincerely,

John Carroll

RECEIVED
JAN 05 2010
COASTSIDE COUNTY
WATER DISTRICT

DEC 27, 2009

RECEIVED

JAN 04 2010

COASTSIDE COUNTY
WATER DISTRICT

WRITTEN PROTEST

I, INGRID STEWART, PROTEST THAT
YOU INCREASE THE FEE ON MY
WATER OF ALMOST 100%.

YOU HAVE NOT EXPLAINED WHY ANY
EVEN IF YOU DO IT CAN'T BE
THAT BAD.

INGRID STEWART,
916 684 0053

Ingrid S. Stewart

DEC 27, 2009

Attachment B

RECEIVED

JAN 04 2009 3:10

COASTSIDE COUNTY
WATER DISTRICT

WRITER PROTEST

I, GARY STEWART, PROTEST THAT
YOU INCREASE OUR WATER BILL BY
ALMOST 100%.

YOU PEOPLE WANT TO REMOVE THE
SKIN FROM US ELK GROVE RESIDENTS.

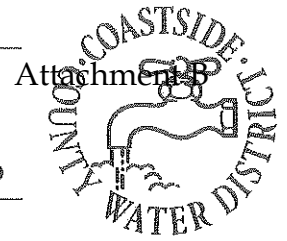
GARY STEWART
916 684 0853

Gary R. Stewart

NOTICE OF PUBLIC HEARING

PROPOSED INCREASE IN TRANSMISSION & STORAGE FEES

December 18, 2009



NOTICE IS HEREBY GIVEN that the Coastside County Water District (CCWD) Board of Directors will hold a public hearing to consider proposed increases in the District's Transmission and Storage Fees. The Transmission and Storage Fee is the amount charged by the District for a priority or non-priority connection, which grants the purchaser the right to obtain water service from the District. The fee increases for different connection sizes are shown below. These fee increases will become effective April 15, 2010. The proposed increase is necessary to pay the increased costs of constructing the infrastructure for which the fee was established.

The current Transmission and Storage Fees were established by the District's Board of Directors in Resolution No. 712, August 11, 1987. The fees have not been increased since then. The proposed increase would adjust the Transmission and Storage Fees for inflation by applying the Engineering News-Record Construction Cost Index (ENR CCI, 20-City Average, 1987=4519, November 2009=8592).

Effective July 1, 2011, and July 1, 2012, the Transmission and Storage Fee will be adjusted in accordance with the ENR CCI

for June of the current year. The new Transmission and Storage Fee for each connection size will be calculated by multiplying the Fiscal Year 2009-2010 fee shown in the table below by the ratio of the June ENR CCI to the ENR CCI for November 2009.

YOU CAN BE HEARD: If you wish to protest the proposed Transmission and Storage Fee changes, CCWD must receive your *written protest* prior to the close of the public hearing on February 9, 2010.

You may deliver your written protest by 1st class mail to:
Attention: General Manager, Coastside County Water District, 766 Main Street, Half Moon Bay, CA 94019.
Emails will not be accepted

For your protest to be counted, please include the: address(es) or Assessor Parcel Number(s) of the property(ies) you own. Protests are limited to one per parcel.

ATTEND THE PUBLIC HEARING:
COASTSIDE COUNTY WATER DISTRICT OFFICE
 766 Main Street, Half Moon Bay, CA 94019
 Tuesday, February 9, 2010
 Meeting begins at 7:00 pm

COASTSIDE COUNTY WATER DISTRICT PROPOSED TRANSMISSION & STORAGE FEE SCHEDULE

Connection Size	Current Transmission & Storage Fee	Proposed Transmission & Storage Fee	
			Effective April 15, 2010
5/8 x 3/4 inch	\$6,970	RECEIVED DEC 30 2009 COASTSIDE COUNTY WATER DISTRICT	\$13,592
3/4 inch	\$10,455		\$20,388
1 inch	\$17,425		\$33,980
1.5 inch	\$34,850		\$67,960
2 inch	\$55,760		\$108,736
3 inch	\$121,975		\$237,860
4 inch	\$209,100		\$407,759

Dear Sirs:

I own a parcel of property and I want to protest the price of owning property in half moon bay is way over priced . My parcel number is 056-125-210. I expect this protest to be counted.

Phillip Kendrick

NOTICE OF EXEMPTION

Attachment C

COASTSIDE COUNTY WATER DISTRICT

TO: County Clerk
County of San Mateo
Hall of Justice and Records
401 Marshall, Sixth Floor
Redwood City, California

FROM: Coastside County Water District
766 Main Street
Half Moon Bay, California 94019

PROJECT TITLE: Increase of District Transmission and Storage Fees

PROJECT LOCATION: Throughout the service area of the Coastside County Water District, which is within the City of Half Moon Bay and certain areas of unincorporated San Mateo County.

DESCRIPTION OF NATURE, PURPOSE AND BENEFICIARIES OF PROJECT:

The nature of the project is to amend and increase the District's Transmission and Storage Fees. The purpose of the project is to generate revenue to cover the cost of the services and facilities for which the Transmission and Storage Fees are imposed. The beneficiaries of the project are the customers of the District.

NAME OF PUBLIC AGENCY APPROVING PROJECT: Coastside County Water District.

NAME OF PERSON OR AGENCY CARRYING OUT PROJECT: Coastside County Water District.

EXEMPT STATUS:

- Statutory Exemption (Public Resources Code Section 21080(b)(8)) – Meeting operating expenses; purchasing or leasing supplies, equipment or materials; meeting financial reserve needs and requirements; obtaining funds for capital projects necessary to maintain services within existing service areas.
- Rates and Charges (Sec. 15273)

REASON WHY PROJECT IS EXEMPT:

The project is exempt because the amendment to the District's Rate and Fee Schedule to increase the Transmission and Storage Fees does not exceed the reasonable cost of providing the services and facilities for which the fees are imposed, and therefore are for the purposes enumerated in Public Resources Code Section 21080 and Section 15273 of the CEQA Guidelines.

Contact Person

David R. Dickson

Area Code Telephone

(650) 726-4405

Date: _____, 2010

David R. Dickson
General Manager