

## **Capacity Charges Report for Fiscal Year 2008/09**

### **Purpose of the Report**

This report is prepared to comply with California Government Code 66013, detailing the amount of capacity charges were received by the District and on what capital projects those charges were expended.

### **Capacity Charges Defined**

Capacity charges are 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. The Napa Sanitation District charges a capacity charge on all new development and all expansions or changes of existing development to pay for current and future capital improvement projects in the wastewater treatment plant, reclamation system or collection system that are designed to accommodate growth or expanded use. In Fiscal Year 2008/09, the capacity charge was \$5,660 per Equivalent Dwelling Unit (EDU).

### **Reporting Requirements**

The District is required to report to the public expenditures of capacity charges. As outlined in California Government Code 66013, the public reporting must be done within 180 days after the last day of each fiscal year and must include the following information for that fiscal year:

1. A description of the capacity charges deposited into the fund.
2. The beginning and ending balance of the fund and the interest earned from investment of moneys in the fund.
3. The amount of capacity charges collected in that fiscal year.
4. An identification of all of the following:
  - a. Each public improvement on which charges were expended and the amount of the expenditures for each improvement, including the percentage of the total cost of the public improvement that was funded with those capacity charges if more than one source of funding was used.
  - b. Each public improvement on which charges were expended that was completed during that fiscal year.
  - c. Each public improvement that is anticipated to be undertaken in the following fiscal year.
5. A description of each interfund transfer or loan made from the capital facilities fund. The information provided, in the case of an interfund transfer, shall identify the public improvements on which the transferred moneys are, or will be, expended. The information, in the case of an interfund loan, shall include the date on which the loan will be repaid, and the rate of interest that the fund will receive on the loan.

**Activity Prior to Reporting Period**

In August 2009, the District completed a study conducted by Bartle Wells Associates that evaluated the allocation of capacity charges to capital projects from Fiscal Year 1995/96 to 2007/08. The study looked at projects completed on a pay-as-you-go basis, as well as those that were debt financed. The study evaluated which projects should be allocated to user fees (operating revenue), which to capacity charges (expansion fees), and which had “mixed benefit.” For those with mixed benefit, the study evaluated what the percentage split should be for those expenses.

The study concluded that the expansion fund (capacity charges) was overspent by \$19.4 million, with that difference being picked up by the capital projects fund (user fees). And after applying the existing fund balance for the expansion fund at the end of Fiscal Year 2007/08, there was still a capacity charge deficit of \$12,607,167.

**Activity for Current Reporting Period (FY 2008/09)**

<b>Beginning Balance (deficit)</b>	<b>(\$12,607,167.00)</b>
<b><u>Revenue</u></b>	
Capacity Charges Collected	\$820,914.00
Interest	139,362.19
<u>Other Associated Revenues</u>	<u>426,917.00</u>
<b>Total Revenue</b>	<b>\$1,387,193.19</b>

<b><u>Expenditures / Capital Projects</u></b>		<b><u>% of project allocated to Capacity Charges</u></b>	<b><u>Status as of 6/30/09</u></b>
2006-E Spring St Sewer Phase 2	\$87,317.74	39.4%	<b>Complete</b>
2009-I&I Reduction Program	31,586.84	39.4%	Ongoing
2010-Stonecrest	2,082.96	39.4%	<b>Complete</b>
2012-West Park Sewer Project	622,678.88	39.4%	<b>Complete</b>
2013-Lower Alphabet Street Sewer Impr.	20,508.76	39.4%	Ongoing
2803-W Napa PS Ventilation	2,986.32	39.4%	<b>Complete</b>
2805-North Napa/Edmonson PS Demo	1,807.31	39.4%	<b>Complete</b>
3001-WWTP Master Plan	348,803.10	100%	Ongoing
3002-RAS/Sec Line Interconnection	20,003.08	39.4%	Ongoing
3005-Energy Alternatives Study	424.37	39.4%	Ongoing
3007-RWQCB Mandated Programs	17,343.58	39.4%	Ongoing
4002-Bisulfite Channel Separation	5,868.55	39.4%	Ongoing
4003-Influent PS Seismic Study	10,393.23	39.4%	<b>Complete</b>
5002-Jameson Site Improvements Feas. Study	140,289.74	39.4%	<b>Complete</b>
5005-Jameson Pump Station Rehab	497.87	100%	Ongoing
5501-North Bay Water Reuse Project	218,946.51	100%	Ongoing
5503-RW Pipeline Extension	63,110.77	100%	Ongoing
5504-RW Strategic Plan	46,127.30	39.4%	<b>Complete</b>
5505-RWSP Hydraulic Model Analyses	23,023.95	100%	Ongoing
<b>Total Expansion Capital Expenditures</b>	<b>\$1,663,800.86</b>		
<b>Ending Balance (deficit)</b>	<b>(\$12,883,774.67)</b>		

**Budgeted Capacity Charge Expenses for Next Reporting Period (as of 9/1/2009)**

<b><u>CIP# - Name</u></b>	<b><u>FY 09/10</u></b>	<b><u>% Funded by Capacity Charges</u></b>	<b><u>% Funded by Other Revenue</u></b>	<b><u>Total Capacity Charges</u></b>	<b><u>Total Other Revenue</u></b>
2009-I&I Reduction Program	\$162,000	39.4%	60.6%	63,828	98,172
2010-Stonecrest Area	836,280	39.4%	60.6%	329,494	506,786
2013- Lower Alphabet Street Sewer Impr.	1,211,365	39.4%	60.6%	474,278	734,087
2014-East Spring Upper Lateral Program	296,629	39.4%	60.6%	116,872	179,757
2015-I&I Reduction Project – Pipeline	207,863	39.4%	60.6%	81,898	125,965
2016-I&I Reduction – Manhole Rehab	18,200	39.4%	60.6%	7,171	11,029
2805-North Napa/Edmonson PS Demo	133,613	39.4%	60.6%	52,644	80,969
3001-WWTP Master Plan	1,743,600	100%	0.0%	1,743,600	-
3002-RAS/Sec Line Interconnection	366,000	39.4%	60.6%	144,204	221,796
3005-Energy Alternatives Study	219,895	39.4%	60.6%	86,639	133,256
3007-RWQCB Mandated Programs	125,000	39.4%	60.6%	49,250	75,750
3503-Cogeneration System Enhancement	75,000	39.4%	60.6%	29,550	45,450
3508-WWTP Service Water Filtration	30,000	39.4%	60.6%	11,820	18,180
3517-Laboratory FAI-IC System	89,000	39.4%	60.6%	35,066	53,934
4002-Bisulfate Channel Separation Projects	210,308	39.4%	60.6%	82,861	127,447
4006-Influent PS Bypass Piping	500,000	39.4%	60.6%	197,000	303,000
4501-SCADA Phase 3	366,035	39.4%	60.6%	144,218	221,817
4503-SCADA Phase 4	230,800	39.4%	60.6%	90,935	139,865
5501-North Bay Water Reuse Project	140,000	100%	0.0%	140,000	-
5503-Recycled Water Pipeline Extension	2,000,000	100%	0.0%	2,000,000	-
<b>Total Expenses</b>	<b>\$8,961,588</b>			<b>\$5,881,328</b>	<b>\$3,080,260</b>

Additional information on capital expenditures can be found in the NSD Adopted Operating and Capital Budget at [www.NapaSanitationDistrict.com](http://www.NapaSanitationDistrict.com).