LAGUNA BEACH
COUNTY WATER DISTRICT

# DRAFT FEE REPORT

MAY 19, 2022

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# Executive Summary

User fees and capital fees are charges imposed for services and capacity provided by the Laguna Beach County Water District (District) at the request of an individual/entity. The underlying principle of fee programs is that costs of services and system capacity that benefit individuals and individual properties, *not the entire District*, should be borne by the individuals and properties receiving, and benefitting from, the services and system capacity. Therefore, the process of setting user and capital fees provides a measure of economic efficiency in District operations and capital planning and helps ensure that existing ratepayers, as a group, are not disproportionately burdened with the costs of providing service and capacity to individual requests for such service and capacity.

This systematic and comprehensive fee study updates the current miscellaneous (user) service fees and water capacity fees as charged by the District. The main purposes of this study are to help ensure that fees reflect 1) the current cost of providing service to individual applicants and 2) the current cost of the capacity required to serve new or increased connections to the District water system. When fees for service and system capacity do not cover the cost of serving individual applicants and new and upsized connections, other revenue sources, namely water rates, are required to fund those costs.

For the purpose of descriptive efficiency in this report, the District miscellaneous fees are considered as 'user fees' while the District's water capital fees are considered as 'capacity fees'. The term 'capacity fee' follows the naming convention utilized in California Government Code Section 66013. This report provides a comprehensive basis for setting both categories of fees at full cost recovery. The District is not required to charge full cost-based fees but, under California law, cannot charge fees in excess of those presented in this report since they are the documented maximum justified fee levels.

## STUDY OUTPUTS AND RECOMMENDATIONS

The outputs and recommendations of this fee analysis are summarized as follows. Please note that detailed labor and materials costs and notes related to miscellaneous service fees are in tables in later sections of this report.

### District User Fees

- The current District Administrative and Engineering/Operations fees are included in District resolutions and provide cost recovery for services provided by the District that benefit applicants for such services. The District analysis found that these fees require a systematic update each year to ensure fees do not exceed the cost of providing services to individual applicants, as costs tend to fluctuate each fiscal year. The proposed fee schedules derived in this fee analysis represent the maximum justified fees that can be charged by the District. The Administrative and Engineering/Operations fee schedules proposed for FY 2022/23 are presented in Tables 1 and 2.

- Conduct an annual review of services provided, direct and indirect costs of providing these services, and the fringe and overhead rates as these elements and costs tend to change from year to year. The review and implementation of overhead rates shall be effective as of July 1 of each fiscal year based on that year's approved budget.
- Implement the following new fees to the Engineering and Operations Services fee schedule: Plan Check and Daily Inspection Rate. These are services provided by the District to individual applicants where no fee has previously been established.

## Table 1 – Current and Proposed Full Cost-based Administration Fee Schedule – FY 2022/23

| Administrative Service Fees | Current Fee | Proposed Fee |
|---|---|---|
| After Hours Administration Labor Rate (non-exempt staff only) | 1.5 x staff labor rates for projects up to 4 hours. After 4 hours, 2.0 x staff labor rates. | 1.5 x staff labor rates for projects up to 4 hours. After 4 hours, 2.0 x staff labor rates. |
| Antenna/Cell Tower Equipment Application Review Fee | $3,000 | $3,200 |
| Backflow Test (Temporary Construction Meters only) | $108 | $114 |
| Copying Charges | $0.10/page | $0.10/page |
| Landscape Trim to Access Meter/Obstable Removal to Access Meter (if customer does not remove obstacle after notice) | $77 | $81 |
| Meter Test Fee | $256 | $267 |
| Miscellaneous/Special Request Outside of Administrative Fee Schedule Categories | Staff labor rate multiplied by hours spent processing request plus materials cost. | Staff labor rate multiplied by hours spent processing request plus materials cost. |
| Miscellaneous/Special Requests related to Antenna/Cell Tower Applications | Staff labor rate multiplied by hours spent processing request plus materials cost. | Staff labor rate multiplied by hours spent processing request plus materials cost. |
| New Account Charge (New Service Address) | $38 | $40 |
| New Account Holder Charge (Current Service Address but New Account Name) | $19 | $20 |
| Past Due Notice (Mailed) | $2 | $3 |
| Past Due Notice (Site Visit to post 48-hour Notice) | $13 | $14 |
| Re-establishment of Account (related to creditworthiness) - Residential | $250 or twice the average bill in the past 12 months, whichever is greater | $250 or twice the average bill in the past 12 months, whichever is greater. (No charge if SB 998 exempt). |
| Re-establishment of Account (related to creditworthiness) - Non-residential | $500 or twice the average bill in the past 12 months, whichever is greater | $500 or twice the average bill in the past 12 months, whichever is greater |
| Replacement of a Cut Lock (1st time-replace lock) | $84 | $91 |
| Replacement of a Cut Lock (2nd time-pull meter) | Time & Materials | Time & Materials |
| Return Check Charge (NSF) - 1st Returned Check | $25 | $25 |
| Return Check Charge (NSF) - each subsequent check by same person | $35 | $35 |
| Turn-on Service after Delinquencies paid in full (during regular District hours) | $58.00 | $58 ($50 if SB 998 exempt). |
| Turn-on Service after Delinquencies paid in full (after regular District hours) | $95 | $100 |
| Unauthorized Water Use Fee | Based on average water use during a two-month billing period, for the meter size and customer class associated with the water theft, multiplied by the current Tier 2 water rate. | Based on average water use during a two-month billing period, for the meter size and customer class associated with the water theft, multiplied by the current Tier 2 water rate. |
| Unauthorized Water Use Penalty | See Ordinance 101 related to penalties for unauthorized water use. | See Ordinance 101 related to penalties for unauthorized water use. |

Table 2 – Current and Proposed Full Cost-based Engineering and Operations Fee Schedule FY 2022/23

| Engineering & Operations Service Fees | Current Fee | Proposed Fee |
|---|---|---|
| After Hours Engineering and Operations Labor Rate (non-exempt staff only) | 1.5 x staff labor rates for projects up to 4 hours. After 4 hours, 2.0 x staff labor rates. | 1.5 x staff labor rates for projects up to 4 hours. After 4 hours, 2.0 x staff labor rates. |
| Angle Meter Stop - Located in Dirt - 3/4" & 1" Stops | $460 | $655 |
| Angle Meter Stop - Located in Dirt - 1.5" and Larger Stops | $605 | $820 |
| Angle Meter Stop - Located in Concrete - 3/4" Angle Stop | $912 | $1,360 |
| Angle Meter Stop - Located in Concrete - 3/4" Curb Stop | $1,056 | $1,572 |
| Availability Letter/Will Serve | $37 | $80 |
| Construction Water Meter Deposit - For Return of Meter and Meter Bi-Monthly Service Charge and Water Use | $2,500/meter | $2,500/meter |
| Construction Water Meter Service Rental Charge | Current District potable meter service charge for meter size rented. District bi-monthly meter charge applies; charges are not pro-rated if rented for less than a District billing period. | Current District potable meter service charge for meter size rented. District bi-monthly meter charge applies; charges are not pro-rated if rented for less than a District billing period. |
| Construction Water Use Charge | District Tier 1 Rate | District Tier 1 Rate |
| Construction Meter Service - Meter Relocation (each additional time after 3rd relocation) | $51 | $55 |
| Daily Inspection Rate: District-approved Contractor forces performing the water system improvement work | N/A | $1,258 |
| Encroachment Clearance Letter | $37 | $113 |
| Fire Flow Modeling (system pressure check & hydrant check) | $68 | $183 |
| Main Extension | District Estimate (Collect Deposit) | District Estimate (Collect Deposit) |

(Table 2 continues on the next page)

| Engineering & Operations Service Fees | Current Fee | Proposed Fee |
|---|---|---|
| Meter Size Upgrade (at customer request and if new service/new lateral is required) | Charge New Construction amount but deduct cost of any materials not required of New Construction. | Charge New Construction amount but deduct cost of any materials not required of New Construction. |
| Meter Drop-In/Replacement/Upgrade: 3/4 inch meter (for requests where service has already been established and no new lateral is required) | $874 | $567 |
| Meter Drop-In/Replacement/Upgrade: 1 inch meter (for requests where service has already been established and no new lateral is required) | $944 | $775 |
| Meter Drop-In/Replacement/Upgrade: 1-1/2 inch meter (for requests where service has already been established and no new lateral is required) | $1,811 | $1,616 |
| Meter Drop-in/Replacement/Upgrade 2-inch meter (for requests where service has already been established and no new lateral is required) | District Estimate (Collect Deposit) | $2,108 |
| Meter Drop-in/Replacement/Upgrade 3-inch meter or larger (for requests where service has already been established and no new lateral is required) | District Estimate (Collect Deposit) | District Estimate (Collect Deposit) |
| Miscellaneous/Special Request Outside of Engineering and Operations Fee Schedule Categories | Staff labor rate times hours spent processing request plus materials cost. | Staff labor rate times hours spent processing request plus materials cost. |
| MXU 520-M SP Radio Replacement fee | $274 | $318 |
| New Service to Main - Meter/Meter Box Installation for New Construction - 3/4 inch meter | $5,514 | $7,560 |
| New Service to Main - Meter/Meter Box Installation for New Construction - 1 inch | $6,092 | $7,925 |
| New Service to Main - Meter/Meter Box Installation for New Construction - 1-1/2 inch | $7,612 | $9,728 |
| New Service to Main - Meter/Meter Box Installation for New Construction - 2 inch | $7,948 | $10,121 |
| New Service to Main - Meter/Meter Box Installation for New Construction - Greater than 2 inch | District Estimate (Collect Deposit) | District Estimate (Collect Deposit) |
| Plan Check Fee | N/A | $205.00 |
| Service Abandonment | Time & Materials | $1,686.00 |

** The District has the discretion to charge a deposit for unusual, large-scale, or unique projects/services as warranted by District Management.*

## District Water Capacity Fees

- Continue to utilize the buy-in or recoupment approach to fee development.
- The Water Capacity Fee schedules presented in Tables 3 through 5 are based on full cost recovery of past system investment and current available capacity in the water system.
- If a detached Accessory Dwelling Unit (ADU) is approved by the City of Laguna Beach and a new water service connection is required for the ADU, a water capacity fee will be charged to the ADU at 22.4 percent of the District's approved water capacity fee schedule, based on the meter size (see Table 4).
- Continue to follow the implementation, accounting, and reporting requirements for capacity fees as detailed in California Government Code 66013.
- Continue to conduct annual reviews of the Water Capacity Fee schedule.

Table 3 – Current and Proposed Water Capacity Fee Schedule FY 2022/23

| Meter Size (in) | Current Water Capacity Fee ($) | Proposed Water Capacity Fee ($) |
|---|---|---|
| 3/4 | 4,706 | 4,679 |
| 1 | 7,176 | 7,198 |
| 1 1/2 | 18,909 | 19,164 |
| 2 | 25,085 | 25,461 |
| 3 | 49,787 | 50,652 |
| 4 | 99,190 | 101,034 |
| 6 | 197,997 | 201,797 |

Table 4 – Current and Proposed ADU Water Capacity Fee Schedule FY 2022/23

| Meter Size (in) | Current ADU Water Capacity Fee ($) | Proposed ADU Water Capacity Fee ($) |
|---|---|---|
| 3/4 | 1,054 | 1,048 |
| 1 | 1,607 | 1,612 |
| 1 1/2 | 4,235 | 4,292 |

Table 5 – Current and Proposed Private Fire Line Capacity Fee Schedule FY 2022/23

| Fire Line Connection Size (in) | Current Private Fire Line Capacity Fee ($) | Proposed Private Fire Line Capacity Fee ($) |
|---|---|---|
| 2 | 129 | 318 |
| 4 | 1,888 | 7,353 |
| 6 | 5,328 | 21,114 |
| 8 | 11,261 | 44,848 |
| 10 | 20,186 | 80,549 |

## District User Fee Analysis

District staff analyzed user fees for the following major District activities: Administration and Engineering/Operations. The analysis included evaluation of staff involved in each fee generating service, time estimates of each activity, development of fully burdened hourly rates (including benefits and overhead/support costs), and the calculation of a full cost recovery fee. This level of detail provides the basis for the following:

- Defensible methodology
- Compliant fees-for-service
- Reasonable cost of providing services
- Cost recovery

User fees are charges imposed for a service provided or required due to the request or action of an individual/entity. The District charges user fees for a variety of specific services provided on behalf of a private citizen or group. The underlying assumption for the user fee is that costs of services benefiting individuals, and not the entire District service area, should be borne by the individuals receiving the service. Therefore, setting user fees is equivalent to establishing prices for services and provides a measure of economic efficiency in District operations.

Unlike private organizations, making a profit in providing services to the public is not a legally allowable objective for local public agencies. The District, like all public agencies in California, may only set fees at a level to recover up to the full cost of providing the service. The District can set policies establishing fees for services at levels that do not recover the full cost of providing the services. However, this action would result in a District subsidy through customer water rates. In looking to realign its user fees, the District benefits by:

- Reducing customer water rate subsidy
- Providing additional support for each District department's funding
- Setting realistic expectations for cost recovery

In addition, this fee study can be the foundation for improved cost recovery for grants and other reimbursements and supports a full review and update of the District's general fee structure. To help determine the actual cost of providing services, the analysis has been conducted to the individual fee level. With this comprehensive information, the District Commission and Board can review recommended fees in relation to full (100%) cost recovery.

The study process provided each department the opportunity to propose additions and deletions to their fee schedules, as well as rename, reorganize, and clarify fees imposed. Many such revisions were performed to better conform fees to current District practices. These changes provide greater clarity and transparency to applicants, customers and staff. The structure of the existing cost recovery fees being charged by the District was fully examined. Staff compared these fees with the actual

costs of providing the services. Based on the analysis for Fiscal Year 2022/23, most fees would need to be increased at a nominal level to reflect current program costs. As part of the study, a District-wide overhead rate was calculated and is included in the final fee model. Overhead costs include costs of central administrative operations, materials and equipment of the District. This inclusion provides an accurate view of the cost of direct services to individual applicants, and is also required as part of grant reimbursements, when the District receives them.

## OVERVIEW OF LEGAL REQUIREMENTS AND INDUSTRY BEST PRACTICES FOR USER FEE STUDIES

Procedures in California require that agencies responsible for imposing user fees must demonstrate a nexus between the cost of providing services and the services or benefits received. Presented in the next few sections are brief summaries of the relevant laws governing or relevant to user fees in California.

### Proposition 13

Government Code Section 50076, adopted in 1979 as a result of the passage of Proposition 13 in 1978, provides that "special taxes shall not include any fee which does not exceed the reasonable cost of providing the service or regulatory activity for which the fee is charged."

### Proposition 218

California voters approved Proposition 218 in November 1996. This voter-approved initiative added Articles XIIIC and D to the California Constitution. User/development fees are specifically exempt from the requirements of Proposition 218. However, the intent of Proposition 218 (and the requirements of Proposition 26 described below) should be considered when developing user fees, namely that revenues derived from a fee or charge should not exceed the costs required to provide the service.

### Proposition 26

California voters approved Proposition 26 in November 2010. Included in the language of proposition, which amended California Constitution Article XIII C, Section 1, is a definition of "tax". Essentially, as defined by Proposition 26, a tax is any "levy, charge, or exaction of any kind imposed by a local government" with specifically outlined exceptions. These exceptions are:

- A charge imposed for a specific benefit conferred or a privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege, and
- A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.

Proposition 26 establishes that the "…local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax,

that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity."

## COST OF SERVICE METHODOLOGY

A cost-of-service user fee study analyzes two components of costs: the direct costs associated with providing a fee-for-service activity and the indirect costs that support these activities. Direct costs are associated with staff time expended and materials used to process a service. Indirect costs can be separated into several categories including department or program indirect labor time (department meetings, staff training, and management duties), department overhead or indirect costs, and general District overhead, also known as central service support.

### Direct Costs

The direct costs associated with fee-for-service activities were analyzed in detail in this study and included staff time and materials used to process fee-generating services. The midpoint, or control, salary levels from the current District salary schedule were utilized to derive direct salary rates.

The first step in the process was to identify staff time directly spent on each of the user fee activities. Each staff person that participates directly in the fee services provided time spent to complete each task associated with user fee services. Management staff reviewed all time estimates provided and made revisions where appropriate to ensure the best representation of time expended on each activity. This time effort was then multiplied by the fully burdened hourly rate (including salary, benefit and indirect costs) to determine the fully justified fee for each service. This approach is called a "unit cost" or "bottom up" approach often found in cost accounting methodologies. District staff believes this process to be more cost justified than a macro-level approach that merely compares overall department costs and revenues and adjusts each service fee by the percentage required to match annual revenues to annual expenditures.

### Indirect Costs

A proportionate share of other operating expenses and internal department administrative costs are layered onto the direct costs as a departmental overhead component. District-wide overhead costs were added as an indirect cost layer. The direct labor costs combined with the indirect costs described in this section constitute the full staff cost of providing each service. This analysis calculates a fringe indirect rate (benefits) and an overhead (support costs and materials) rate. The fringe rate includes the ratio of District personnel benefit costs of direct and indirect support departments to salary costs of District personnel. Tables 6 and 7 demonstrate the calculation process of the fringe rate of 64.9 percent for FY 2022/23 (the prior fringe rate was 63.3 percent). This fringe rate is applied to each staff control labor rate to form one component of a fully burdened hourly rate for purposes of fee calculation.

Table 6 – District Labor and Benefit Costs

| Line No. | Description | Labor Costs ($) | Benefit Costs ($) |
|---|---|---|---|
| | **Indirect Costs** | | |
| 1 | General Manager incl HR & Commission/Board | 372,830 | 273,230 |
| 2 | Administration | 229,820 | 149,050 |
| 3 | Finance | 352,680 | 187,460 |
| 4 | **Total District Indirect Costs** | **955,330** | **609,740** |
| | | | |
| | **Direct Costs** | | |
| 5 | Source of Supply CSL/ATM | 166,480 | 114,450 |
| 6 | Pumping | 378,750 | 250,360 |
| 7 | T&D - Reservoir | 325,530 | 218,910 |
| 8 | T&D - Mainline | 860,590 | 571,460 |
| 9 | T&D - Meter | 108,570 | 72,090 |
| 10 | T&D - Valve, Vault, Hydrant | 209,190 | 138,910 |
| 11 | T&D - Building/Warehouse | 66,200 | 43,960 |
| 12 | Engineering | 353,740 | 201,680 |
| 13 | Engineering - Water Quality | 137,570 | 78,440 |
| 14 | Customer Service | 365,310 | 247,860 |
| 15 | **Total District Direct Costs** | **2,971,930** | **1,938,120** |
| | | | |
| 16 | **Total Costs (Line 4 + Line 15)** | **3,927,260** | **2,547,860** |

Source: FY 22-23 LBCWD Adopted Budget.

Table 7 – District Fringe Benefit Calculation

| Description | Rate ($) |
|---|---|
| **Fringe Benefit Rate** | |
| Fringe Benefits | 2,547,860 |
| All Salaries | 3,927,260 |
| **Fringe Benefit Rate** | **64.9%** |

Tables 8 and 9 present the calculation of the overhead rate (58.4 percent) to be applied to each staff control labor rate to form another component of the fully burdened hourly rate (last year's overhead rate was 61.3 percent). Finally, these components are incorporated into fully burdened hourly rates. Table 10 shows these rates for each District staff member who spends effort on a fee-generating service.

Table 8 – District Overhead Costs

| Line No. | Description | Costs ($) |
|---|---|---|
| | **Indirect Costs** | |
| 1 | General Manager Salaries & Wages | 372,830 |
| 2 | General Manager - Materials | 4,580 |
| 3 | General Manager - Equipment | 1,020 |
| 4 | General Manager - Outside Services | 192,550 |
| 5 | Administration Salaries & Wages | 229,820 |
| 6 | Administration - Materials | 19,860 |
| 7 | Administration - Equipment | 0 |
| 8 | Administration - Outside Services | 196,140 |
| 9 | Finance Salary & Wages | 352,680 |
| 10 | Finance - Materials | 27,960 |
| 11 | Finance - Equipment | 0 |
| 12 | Finance - Outside Services | 339,600 |
| 13 | **Total District Indirect Costs** | **1,737,040** |
| | | |
| | **Direct Costs** | |
| 14 | Source of Supply CSL & ATM | 166,480 |
| 15 | Pumping | 378,750 |
| 16 | T&D - Reservoir | 325,530 |
| 17 | T&D - Mainline | 860,590 |
| 18 | T&D - Meter | 108,570 |
| 19 | T&D - Valve, Vault, Hydrant | 209,190 |
| 20 | T&D - Building/Warehouse | 66,200 |
| 21 | Engineering | 353,740 |
| 22 | Engineering - Water Quality | 137,570 |
| 23 | Customer Service | 365,310 |
| 24 | **Total District Direct Costs** | **2,971,930** |

Source: FY 22-23 LBCWD Adopted Budget.

Table 9 – District Overhead Rate Calculation

| Description | Rate ($) |
|---|---|
| **Overhead Rate** | |
| Indirect Costs (Table 8, Line 13) | 1,737,040 |
| Direct Costs (Table 8, Line 24) | 2,971,930 |
| **Overhead Rate** | **58.4%** |

Table 10 – Fully Burdened Hourly Rates per Staff Classification

| Staff Title | Grade | Control Rate ($) | Fringe Rate ($) | O/H Rate ($) | Fully Burdened Labor Rate ($) |
|---|---|---|---|---|---|
| Manager of Engineering | 29 | 87.54 | 56.79 | 51.17 | **195.50** |
| Manager of Operations | 29 | 87.54 | 56.79 | 51.17 | **195.50** |
| Operations Superintendent | 28 | 76.14 | 49.39 | 44.50 | **170.03** |
| Field Maintenance Supervisor | 27 | 66.20 | 42.95 | 38.69 | **147.83** |
| Customer Service Supervisor | 27 | 66.20 | 42.95 | 38.69 | **147.83** |
| Human Resources & Office Administrator | 26 | 57.57 | 37.35 | 33.65 | **128.57** |
| Senior Engineering Associate | 26 | 57.57 | 37.35 | 33.65 | **128.57** |
| Foreman Water Resources/T&D | 25 | 53.53 | 34.73 | 31.29 | **119.55** |
| Foreman Water Pump Stations | 25 | 53.53 | 34.73 | 31.29 | **119.55** |
| Accountant | 24 | 50.98 | 33.08 | 29.80 | **113.86** |
| Water Quality Specialist | 24 | 50.98 | 33.08 | 29.80 | **113.86** |
| Accountant I | 24 | 50.98 | 33.08 | 29.80 | **113.86** |
| Maintenance Worker III | 23 | 48.56 | 31.50 | 28.38 | **108.45** |
| Maintenance Worker III/Safety Officer | 23 | 48.56 | 31.50 | 28.38 | **108.45** |
| Engineering Technician | 23 | 48.56 | 31.50 | 28.38 | **108.45** |
| Senior Accounting Technician | 19 | 39.95 | 25.92 | 23.35 | **89.21** |
| Maintenance Worker II | 19 | 39.95 | 25.92 | 23.35 | **89.21** |
| Customer Service Representative II | 17 | 36.24 | 23.51 | 21.18 | **80.93** |
| Customer Service Technician II | 17 | 36.24 | 23.51 | 21.18 | **80.93** |
| Maintenance Worker I | 16 | 34.51 | 22.39 | 20.17 | **77.06** |
| Meter Reader/Customer Service Tech | 16 | 34.51 | 22.39 | 20.17 | **77.06** |
| Customer Service Representative/Tech | 15 | 32.87 | 21.32 | 19.21 | **73.40** |
| Customer Service Representative I | 15 | 32.87 | 21.32 | 19.21 | **73.40** |
| Customer Service Technician I | 15 | 32.87 | 21.32 | 19.21 | **73.40** |
| Office Assistant | 15 | 32.87 | 21.32 | 19.21 | **73.40** |

## USER FEE ANALYSIS

The fee analysis consists of staff labor effort spent on each service multiplied by fully burdened hourly rates plus materials, equipment, and outside services, if applicable. As mentioned earlier, staff effort is derived through interviews with front line staff and management. For many services, there tend to be variations in staff time spent on each service. In these instances, average time spent on each service is used.

### Administration Fees

Most of the proposed fees in the Administration category are recommended for increases due to slight increases in the control-based labor rates. Table 11 presents these fees calculated to full cost recovery. The net result would be positive cost recovery for the District to recover its administrative costs associated with these fee-generating services provided to individual applicants. Details on Administration time effort and other costs by fee category can be found in Appendix A of this report. Furthermore, the District has the discretion to charge a deposit for unusual, large-scale, or unique projects/services not represented in the fee schedule, as warranted by District Management.

## Table 11 – Current and Proposed Full Cost-based Administration Fees

| Administrative Service Fees | Current Fee | Proposed Fee |
|---|---|---|
| After Hours Administration Labor Rate (non-exempt staff only) | 1.5 x staff labor rates for projects up to 4 hours. After 4 hours, 2.0 x staff labor rates. | 1.5 x staff labor rates for projects up to 4 hours. After 4 hours, 2.0 x staff labor rates. |
| Antenna/Cell Tower Equipment Application Review Fee | $3,000 | $3,200 |
| Backflow Test (Temporary Construction Meters only) | $108 | $114 |
| Copying Charges | $0.10/page | $0.10/page |
| Landscape Trim to Access Meter/Obstable Removal to Access Meter (if customer does not remove obstacle after notice) | $77 | $81 |
| Meter Test Fee | $256 | $267 |
| Miscellaneous/Special Request Outside of Administrative Fee Schedule Categories | Staff labor rate multiplied by hours spent processing request plus materials cost. | Staff labor rate multiplied by hours spent processing request plus materials cost. |
| Miscellaneous/Special Requests related to Antenna/Cell Tower Applications | Staff labor rate multiplied by hours spent processing request plus materials cost. | Staff labor rate multiplied by hours spent processing request plus materials cost. |
| New Account Charge (New Service Address) | $38 | $40 |
| New Account Holder Charge (Current Service Address but New Account Name) | $19 | $20 |
| Past Due Notice (Mailed) | $2 | $3 |
| Past Due Notice (Site Visit to post 48-hour Notice) | $13 | $14 |
| Re-establishment of Account (related to creditworthiness) - Residential | $250 or twice the average bill in the past 12 months, whichever is greater | $250 or twice the average bill in the past 12 months, whichever is greater. (No charge if SB 998 exempt). |
| Re-establishment of Account (related to creditworthiness) - Non-residential | $500 or twice the average bill in the past 12 months, whichever is greater | $500 or twice the average bill in the past 12 months, whichever is greater |
| Replacement of a Cut Lock (1st time-replace lock) | $84 | $91 |
| Replacement of a Cut Lock (2nd time-pull meter) | Time & Materials | Time & Materials |
| Return Check Charge (NSF) - 1st Returned Check | $25 | $25 |
| Return Check Charge (NSF) - each subsequent check by same person | $35 | $35 |
| Turn-on Service after Delinquencies paid in full (during regular District hours) | $58.00 | $58 ($50 if SB 998 exempt). |
| Turn-on Service after Delinquencies paid in full (after regular District hours) | $95 | $100 |
| Unauthorized Water Use Fee | Based on average water use during a two-month billing period, for the meter size and customer class associated with the water theft, multiplied by the current Tier 2 water rate. | Based on average water use during a two-month billing period, for the meter size and customer class associated with the water theft, multiplied by the current Tier 2 water rate. |
| Unauthorized Water Use Penalty | See Ordinance 101 related to penalties for unauthorized water use. | See Ordinance 101 related to penalties for unauthorized water use. |

## Engineering/Operations Fees

Most of the Engineering/Operations fee are proposed to increase due to increases in labor control rates and/or materials costs. Meter Drop-ins and Upgrades are projected to decrease from current levels as the MXU radio cost portion has been separated from these fees and included as separate fees. Two new fees are included, Plan Check and Daily Inspection Rate, to account for these services provided by District staff where no current fee exists. In addition to this change, the Service Abandonment fee has been changed from a Time and Materials/Deposit basis to an average cost basis.

Table 12 presents the proposed Engineering/Operations fees calculated to full cost recovery. The net result of implementation of these fee categories would be positive cost recovery for the District to cover its staff and materials costs associated with these fee-generating services. Details on Engineering/Operations time effort and other costs by fee category can be found in Appendix B of this report. Furthermore, the District has the discretion to charge a deposit for unusual, large-scale, or unique projects/services not represented in the fee schedule, as warranted by District Management.

Table 12 – Current and Proposed Full Cost-based Engineering/Operations Fees

| Engineering & Operations Service Fees | Current Fee | Proposed Fee |
|---|---|---|
| After Hours Engineering and Operations Labor Rate (non-exempt staff only) | 1.5 x staff labor rates for projects up to 4 hours. After 4 hours, 2.0 x staff labor rates. | 1.5 x staff labor rates for projects up to 4 hours. After 4 hours, 2.0 x staff labor rates. |
| Angle Meter Stop - Located in Dirt - 3/4" & 1" Stops | $460 | $655 |
| Angle Meter Stop - Located in Dirt - 1.5" and Larger Stops | $605 | $820 |
| Angle Meter Stop - Located in Concrete - 3/4" Angle Stop | $912 | $1,360 |
| Angle Meter Stop - Located in Concrete - 3/4" Curb Stop | $1,056 | $1,572 |
| Availability Letter/Will Serve | $37 | $80 |
| Construction Water Meter Deposit - For Return of Meter and Meter Bi-Monthly Service Charge and Water Use | $2,500/meter | $2,500/meter |
| Construction Water Meter Service Rental Charge | Current District potable meter service charge for meter size rented. District bi-monthly meter charge applies; charges are not pro-rated if rented for less than a District billing period. | Current District potable meter service charge for meter size rented. District bi-monthly meter charge applies; charges are not pro-rated if rented for less than a District billing period. |
| Construction Water Use Charge | District Tier 1 Rate | District Tier 1 Rate |
| Construction Meter Service - Meter Relocation (each additional time after 3rd relocation) | $51 | $55 |
| Daily Inspection Rate: District-approved Contractor forces performing the water system improvement work | N/A | $1,258 |
| Encroachment Clearance Letter | $37 | $113 |
| Fire Flow Modeling (system pressure check & hydrant check) | $68 | $183 |

| Engineering & Operations Service Fees | Current Fee | Proposed Fee |
|---|---|---|
| Main Extension | District Estimate (Collect Deposit) | District Estimate (Collect Deposit) |
| Meter Size Upgrade (at customer request and if new service/new lateral is required) | Charge New Construction amount but deduct cost of any materials not required of New Construction. | Charge New Construction amount but deduct cost of any materials not required of New Construction. |
| Meter Drop-In/Replacement/Upgrade: 3/4 inch meter (for requests where service has already been established and no new lateral is required) | $874 | $567 |
| Meter Drop-In/Replacement/Upgrade: 1 inch meter (for requests where service has already been established and no new lateral is required) | $944 | $775 |
| Meter Drop-In/Replacement/Upgrade: 1-1/2 inch meter (for requests where service has already been established and no new lateral is required) | $1,811 | $1,616 |
| Meter Drop-in/Replacement/Upgrade 2-inch meter (for requests where service has already been established and no new lateral is required) | District Estimate (Collect Deposit) | $2,108 |
| Meter Drop-in/Replacement/Upgrade 3-inch meter or larger (for requests where service has already been established and no new lateral is required) | District Estimate (Collect Deposit) | District Estimate (Collect Deposit) |
| Miscellaneous/Special Request Outside of Engineering and Operations Fee Schedule Categories | Staff labor rate times hours spent processing request plus materials cost. | Staff labor rate times hours spent processing request plus materials cost. |
| MXU 520-M SP Radio Replacement fee | $274 | $318 |
| New Service to Main - Meter/Meter Box Installation for New Construction - 3/4 inch meter | $5,514 | $7,560 |
| New Service to Main - Meter/Meter Box Installation for New Construction - 1 inch | $6,092 | $7,925 |
| New Service to Main - Meter/Meter Box Installation for New Construction - 1-1/2 inch | $7,612 | $9,728 |
| New Service to Main - Meter/Meter Box Installation for New Construction - 2 inch | $7,948 | $10,121 |
| New Service to Main - Meter/Meter Box Installation for New Construction - Greater than 2 inch | District Estimate (Collect Deposit) | District Estimate (Collect Deposit) |
| Plan Check Fee | N/A | $205.00 |
| Service Abandonment | Time & Materials | $1,686.00 |

# District Water Capacity Fee Analysis

Often called by different names (connection fees, system development charges, and excess capacity charges), utility capacity fees are one-time payments used to contribute the proportional share for capital improvements previously made that resulted in available capacity for future demand. The contributions can be solely used for capital investments thereby offsetting costs that would otherwise be borne by existing water customers. Capacity fees have limitations and should not be regarded as the total solution for utility infrastructure financing needs. Rather, they should be considered one component of a comprehensive portfolio to help ensure adequate provision of utility public facilities with the goal of maintaining current levels of utility service within a community or service area.

By California law, capacity fees are charges for existing public facilities (or new public facilities to be acquired or constructed in the future) that provide benefit, in the form of demand capacity available, to the connection seeking system capacity. These fees

may also be imposed for water supply or capacity contracts for rights or entitlements or real property interests. *They may not be imposed and collected to fund agency operating or maintenance costs.*

The District's water capacity fee is imposed on new development connecting to the District water system for the first time or existing connections requiring additional capacity in the system (collectively herein, "new connections"). For FY 2020/21, the District is proposing the implementation of a new capacity fee to be applied to new private fire line connections. Currently, the District does not charge a fee to new fire line connections; however, these new connections do require capacity in the system upon demand and should bear their proportionate share of the water system investment.

The fee calculations in this study use a recoupment (buy-in) approach that identifies the demand that new water connections place on the District's water system. The demand units required per connection are multiplied by the cost per unit for each component of the water system and summed to determine the gross fee. To calculate the capacity fee, industry standards and best practices were utilized within the guiding framework of California's legal requirements related to utility capacity fees.

## LEGAL FRAMEWORK

### Assembly Bill 1600

In 1981, the legislature provided for specific statutory authority for public agencies to impose and collect certain charges (designated as "capacity fees") to allow for financing and capital cost recovery for facilities (new or existing) and costs of supply or capacity contracts for rights or entitlements to water supplies that are of proportional benefit to the person or property being charged. [1] Pursuant to Government Code section 66013 (part of California's Mitigation Fee Act), capacity fees established by public agencies must not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed. Further, under California Constitution, article XIII C, section 1(e) (commonly referred to as Proposition 26), the public agency imposing a capacity fee bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a

[1] Although contained within the Mitigation Fee Act, capacity fees are not defined as development impact fees.

payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity."

### Purpose of Fee

Many agencies follow a policy that new users or new development will not burden existing ratepayers or taxpayers with the cost of public facilities required to accommodate growth. The purpose of the capacity fee documented by this report is to implement this policy by providing a funding source from property owners of new development for infrastructure that is available to meet their demand on the system. The exaction of the capacity fee advances a legitimate interest by enabling the District to meet the water system needs of new connections which place new demands on the water system.

### Use of Fee Revenues

The capacity fee documented by this report will be used to "buy-in" to the current water system so long as sufficient capacity is available. Collected fee revenues will be used to contribute the proportional share to the District for capital investments previously made that resulted in available capacity for future demand (for new facilities, to upgrade existing facilities, or for other capital infrastructure costs) to keep the system operating at acceptable levels and to meet stringent water quality requirements. The cost of the existing water facilities was determined using the District's available fixed asset records for the water system.

### Proportional Benefit

Capacity fee revenues will be used to pay for a proportionate share of the existing municipal water system, as well as planned new portions of, or upgrades to, the existing system, which will benefit all new development. The District's existing and upgraded facilities and system provide a network of municipal water service accessible to existing properties as well as buildings and facilities resulting from new users or new development. Thus, there is a reasonable relationship between the use of fee revenues and the types of new users or new development that will pay the charge.

### Burden Relationship

New development creates a burden on the existing municipal water system and a demand for the construction of new or upgraded components to the existing system. The need for the facilities is based on the cumulative demands for service imposed on the system based on the number of new accounts within the proposed development. These demands are represented by service units for each customer type to be served by the system. Service units are based on the size of water meters and the rated flow capacity of each meter size. Thus, there is a reasonable relationship based on sound engineering principles for the fees imposed.

### Proportionality

The reasonable relationship between the capacity fee for a specific new development project and the cost of the facilities attributable to the water demand resulting from

that new development project will reflect the estimated water system capacity demand of that project. The total charge for a specific project is based on the new development project's projected proportionate use of water system capacity. The schedule of charges converts the estimated capacity that a new development project will use in the water system into a charge based on the number of water meters and each meter's required peak day flow to meet the demand generated by that project. New development projects that are projected to demand more water service and capacity through larger connections (larger meter sizes) will, correspondingly, pay a higher charge, as they can use more of the system's capacity. Thus, the schedule of fees ensures a reasonable relationship between the capacity fee for a specific new development project and the cost of the facilities associated with water capacity demand resulting from that new development project.

## GENERAL FEE METHODOLOGIES

There is no single established method for the determination of capacity fees that is both appropriate for all situations and completely equitable to all new development. There are, however, various approaches which are currently recognized and utilized within the fee setting industry, some to a greater extent than others, by government agencies. These methods can be categorized as follows:

- **System Buy-In or Recoupment**. Fees are designed to derive from the new development an amount per connection equal to the "equity" in the system attributable to similar existing customers. New development would pay for its share of the useful life and remaining capacity of existing facilities from which new development would benefit. (Note: The word "equity" refers to that portion of system value for which there is no offsetting debt. It does not imply ownership of, or title to, utility facilities.)
- **Incremental Cost-Pricing**. Fees are designed to derive from the new development the marginal, or incremental cost of system expansion associated with new development growth. This method is based on the premise that new development to a utility system should be responsible for those costs which they cause to be incurred for the most recent or next increment of required system capacity, except as such costs are recovered from user fees or other utility charges.
- **Planned Facility or Growth Approach**. Fees are based on a long-term CIP or master planning document that identifies facilities needed to provide additional capacity to the system required to support new development. In effect, the level of service standard of the existing system is not adequate to support new development. The additional capacity may or may not benefit existing customers. If existing customers would benefit in part by the addition of new facilities, the cost of this portion benefitting existing customers must be borne through revenues other than capacity fees.

Regardless of methodology employed, revenues derived from capacity fees are commonly used to offset part or all the capital costs to accomplish any of the following objectives:

- To pay the capital costs of capacity provided for growth.
- To provide rate relief to existing system users by recovering that portion of the annual existing and future capacity capital costs associated with growth, including debt service requirements and direct asset purchases from current revenues.
- To accumulate reserves to finance system improvements and expansions required to meet growth needs.

The District's water system assets contain excess capacity that new connections can utilize during the foreseeable future. Given that there is sufficient capacity in the existing water system and new connection activity in the District service area is relatively modest (approximately 15 to 20 new connections and meter size upgrades per year), this water capacity fee analysis utilizes the Buy-In approach.

## WATER CAPACITY FEE METHODOLOGY

Public utilities assess capacity fees to help offset costs for tapping into available system capacity and providing for new facilities to support future development. Capacity fees are based on the principle that new development should pay for required water system capacity that existing customers initially funded. Capacity fees represent the current demand requirement of each property and are not transferable to any other property located within the utility service area.

The cost of providing such capacity in water system facilities for new development can contribute significantly to the need for capital financing and service rates and/or taxes to support the financing. Collection of water capacity fees to partially or wholly finance new development capacity requirements can, over time, significantly reduce the amount of financing and the magnitude of rate increases or taxes that otherwise might be needed.

### Water Demand and Service Units

Water capacity fees for new metered connections within the District are charged based on meter size, with the fee based on the safe maximum operating flow of each connected meter compared to the baseline meter of the District, that is, the ¾ inch meter. This meter size is not only the smallest meter size available in the District service area but also the most prevalent. For the proposed private fire line connection capacity fee, the basis for the charge is the number of equivalent connections per the size category of each fire line connection.

Table 13 presents the recommended equivalency table for the meter size approach. The table presents the number of existing water accounts by meter size, the capacity of water meters of various sizes, and the equivalency factors based on safe maximum operating flow capacity on a gallons per minute basis as provided by the manufacturer of the District's meters (Sensus). The resulting calculations yield the total number of existing water service units by meter size.

For the proposed fire line capacity fee schedule, Table 14 presents the calculation of equivalent connections for both public fire hydrants and private fire line connections.

System asset costs are allocated to public and private fire protection connections. The public allocation is re-allocated to the water meter capacity fees since these costs should be borne by metered connections, while the remaining costs are allocated to private fire line connections.

Table 13 –Water Accounts and Service Units (Equivalent Meters)

| Meter Size | Flow Capacity [1] | Meter Equivalents | Existing Accounts | Service Units |
|---|---|---|---|---|
| (inches) | (gpm) | | (accts) | |
| 3/4 | 35 | 1.00 | 6,943 | 6,943 |
| 1 | 55 | 1.57 | 1,282 | 2,015 |
| 1 1/2 | 150 | 4.29 | 323 | 1,384 |
| 2 | 200 | 5.71 | 159 | 909 |
| 3 | 400 | 11.43 | 13 | 149 |
| 4 | 800 | 22.86 | 0 | 0 |
| 6 | 1,600 | 45.71 | 2 | 91 |
| | | **Total** | **8,722** | **11,490** |

1. Operating capacity flow ranges provided by the meter manufacturer, Sensus.
2. LBCWD Meter List - Summary as of February 2022.

Table 14 – Private Fire Line Accounts and Service Units (Equivalent Connections)

| Fire Line Connection Size | Demand Factor | Unit Counts | Equivalent Connections | Percent Allocation | Fire Exponent [1] |
|---|---|---|---|---|---|
| **Public Hydrants** | | | | | 2.63 |
| 2.5" | 11.13 | 0 | 0 | | |
| 4" | 38.32 | 15 | 575 | | |
| 6" | 111.31 | 901 | 100,291 | | |
| 10" | 426.58 | 0 | 0 | | |
| **Total Public Hydrants [2]** | | **916** | **100,866** | 93% | |
| | | | | | |
| **Private Fire Lines** | | | | | |
| 2" | 6.19 | 3 | 19 | | |
| 4" | 38.32 | 58 | 2,223 | | |
| 6" | 111.31 | 29 | 3,228 | | |
| 8" | 237.21 | 5 | 1,186 | | |
| 10" | 426.58 | 2 | 853 | | |
| **Total Private Fire Lines [3]** | | **97** | **7,508** | 7% | |
| | | | | | |
| **Total Fire Connections** | | **1,013** | **108,374** | 100% | |

1. Using the principles of the Hazen-Williams equation for flow through pressure conduits, the relative flow potential for various size pipes is dependent on the diameter of the pipe raised to the 2.63 power.
2. The number of public fire hydrants and connection sizes provided by the District's GIS database.
3. The number of private fire lines by size provided by the District's customer billing database.

The ratio of maximum day water demand to the average day demand is a critical component of water utility planning. Water facilities must be designed to accommodate maximum demand, in addition to fire flow requirements. In calculating

the District water capacity fees using the meter size approach, demand is reflected in maximum day terms.

The District's 2018 Water System Master Plan update utilized medium demand ranges of District water use patterns to project future demand. For planning purposes, the maximum day demand throughout the system is roughly 1.51 times the average day demand. Average day demand approximates 3.70 million gallons per day (MGD). Applying the maximum day value to the average day value yields a maximum day system-wide demand of 5.587 MGD.

To complete the service unit demand analysis, the maximum day factor is applied to typical daily water demand of the baseline service unit, or ¾-inch metered connection. Average daily flow for a ¾-inch meter, or one service unit, is calculated to be approximately 322 gallons per day (GPD). The final calculation results in a maximum demand per service unit of 486 gallons per day. Table 15 presents this calculation.

Table 15 – Maximum Day Demand per Service Unit – Metered Connections

| Average Daily Flow (gpd) | Service Units | Average Daily Flow per Service Unit (gpd) | Max to Avg Ratio | Max Day Capacity per Service Unit (gpd) |
|---|---|---|---|---|
| 3,700,000 | 11,490 | 322 | 1.51 | 486 |

## Buy-In Methodology

The proposed water capacity fee structures, for both metered connections, and private fire line connections, are based on the system buy-in approach. The District's current water system assets were oversized in the past, in part, to accommodate future growth anticipated for service area build-out. To facilitate the construction of these facilities in the past, the District utilized cash funding on a pay-as-you-go basis through existing customer rate revenues, miscellaneous charges for service, and previously collected water capacity fees. The District has not issued debt for capital improvements since 1927.

Future connections (metered and private fire line) to the water system have not paid for this past system investment. Therefore, existing customers and water fund revenues have borne this initial cost of existing facilities, including the excess capacity available in the system which can in turn serves future connections. As such, new connections are obligated to bear the proportional share of the prior capital improvements by paying a fee commensurate with this investment. This principle is at the heart of the buy-in fee approach. Potential future facility assets needed to expand system capacity are not included in this analysis because the anticipated level of future new connections, along with the related capacity requirements, over the next ten years can be accommodated by available capacity in the current system assets.

## Existing Assets and Valuation Approaches

Water systems are typically categorized into four major functions: water supply, treatment, storage, and transmission and distribution (fire protection, both public and private, is related to these functions). To adequately supply potable water to new development and to support capacity-generating assets to function properly, the District also needs non-capacity items such as land, vehicles, supplies and equipment. These costs, identifiable in the District's fixed asset records, are allocated on a per connection basis since the benefits of these costs are equitably and proportionately accrued per connection (as opposed to per service unit).

The question then becomes how an agency should value these existing assets, and thus the excess capacity available to new development. The first step is to identify a proper basis for determining existing water asset value. To perform this analysis, the fixed asset records were analyzed by District staff. These records present listings of each water system asset in use by the District, including asset name, water system function, date in service, useful life, original cost, and annual and accumulated depreciation.

However, there are some limitations to these data, and in some cases, certain assets were omitted from the remaining fee calculation process. The main data limitation is that assets put in service prior to 1983 are lumped together in the District's fixed asset records. Currently, there are no records to provide enough detail to categorize each individual asset construction prior to 1983 or what the funding source of each asset was. To ensure the greatest amount of equity possible to this fee calculation, these combined pre-1983 assets were omitted from the calculation. Furthermore, in cases where older assets do not have adequate descriptions associated with them, they are omitted from this analysis as it is difficult to determine the characteristics and purposes of these assets. Finally, certain assets were contributed by private entities and not borne by ratepayers in the past, and certain assets were not constructed to provide system capacity for future connections or to support capacity-producing assets. These assets were also omitted from the calculation. For example, the Top of the World Reservoir was constructed as an emergency storage facility in the event of a major fire within the Laguna Beach area. Absent this purpose, the reservoir would be not required to provide system capacity for existing or future connections.

From this point, a current valuation of the fixed assets to be included in the analysis must be determined. Various methods are employed to estimate the value of utility facilities required to furnish service to new users. The two principal methods commonly used to value a utility's properties are original cost and replacement cost, with or without considerations for depreciation of existing assets. The following sections give an overview of each valuation approach.

### Original Cost

The principal advantages of the original cost method lie in its relative simplicity and stability, since the recorded costs of tangible property are held constant. The major criticism levied against original cost valuation pertains to the disregard of change in

the value of money over time, which is attributable to inflation and other factors. As history demonstrates, prices for most services, goods and materials have tended to increase rather than to remain constant. Because the value of money varies inversely with changes in price, monetary values in most recent years have exhibited a definite decline; a fact not recognized by the original cost approach. This situation causes further problems when it is realized that most utility systems are developed over time on a piecemeal basis as dictated by service area growth. Consequently, each property addition was paid for with dollars of different purchasing power. When these outlays are added together to obtain a plant value, the result can be misleading and disproportionately low compared to present day value.

### Replacement Cost

Changes in the value of the dollar over time, at least as considered by the impact of inflation, can be recognized by replacement cost asset valuation. The replacement cost represents the cost of replacing the existing utility facilities with new facilities at current value. Unlike the original cost approach, the replacement cost method recognizes price level changes that may have occurred since original system construction.

The most accurate replacement cost valuation would involve a physical inventory and appraisal of water system components in terms of their replacement costs at the time of valuation. However, with original cost records available, a reasonable approximation of replacement cost plant value can most easily be ascertained by trending historical original costs. This approach employs the use of applicable cost indices to express actual capital costs experienced by the utility in terms of current dollars. An obvious advantage of the replacement cost approach is that it considers changes in the value of money over time. In this analysis, District staff employed the annual Engineering News Record Construction Cost Index (ENR-CCI) Los Angeles area factors for the month of December of each year from 2001 through 2021 (20-year period) to inflate original cost figures to estimate current replacement values for each asset.

### Depreciation

Considerations of the current value of utility facilities may also be materially affected by the effects of age and depreciation. Depreciation considers the anticipated losses in plant value caused by wear and tear, decay, inadequacy, and obsolescence. To provide appropriate recognition of the effects of depreciation on existing utility facilities, both the original cost and replacement cost valuation measures can also be expressed net of depreciation; that is, on an original cost less depreciation (OCLD) basis and a replacement cost less depreciation (RCLD) basis. These measures are identical to the aforementioned valuation methods, with the exception that accumulated depreciation is computed for each asset based upon its age and deducted from the respective total original cost or replacement cost to determine the OCLD or RCLD measures of plant value. The depreciation analysis is not applied to land since land is not a depreciable asset.

### RCLD Method for District Water Capacity Fee Analysis

For this analysis, District staff recommends utilizing the RCLD method to value its existing system assets. There are several reasons to choose this approach. The primary reason is that the District water system assets are well-depreciated. Many of the assets have reached at least 50 percent of their useful life (in fact, the overall system depreciation is roughly 52%). This means that the District will likely need to renovate or replace many of these assets over the next 10 to 20 years. It is unlikely that all growth projected during the study period will be served by all older, depreciated facilities. As a point of reference, many agencies throughout the United States utilize the RCLD method to value utility assets. It is an approach endorsed by the American Water Works Association and Water Environment Federation when establishing water and sewer capital fees.

To present the range of asset valuation techniques, Table 16 shows the four asset value approaches for this water capacity fee analysis. This table presents the summary of the values for each major water system component as categorized by the District's fixed asset records.

Table 16 – Water System Valuations for Each Asset Category

| Description | Original Cost | Accumulated Depreciation | NAV FY 22 (OCLD) | Replacement Value FY 22 | RCLD Value FY 22 |
|---|---|---|---|---|---|
| **Asset Category** | | | | | |
| Land | $ 889,951 | $ - | $ 889,951 | $ 903,721 | $ 903,721 |
| Source of Supply | 5,205,139 | 3,066,355 | 2,138,783 | 9,404,524 | 6,338,169 |
| Pumping Plant | 2,095,008 | 883,587 | 1,211,421 | 2,478,584 | 1,594,997 |
| Mains | 28,084,640 | 9,709,422 | 18,375,219 | 43,594,902 | 33,885,480 |
| Reservoirs/Tanks | 6,511,686 | 3,283,288 | 3,228,398 | 8,341,355 | 5,058,067 |
| Structures/Improvements | 52,608 | 16,835 | 35,773 | 99,510 | 82,676 |
| Meters & Services | - | - | - | - | - |
| Buildings & Improvements | 64,180 | 3,209 | 60,971 | 64,180 | 60,971 |
| Fire Improvements | 4,272,488 | 971,961 | 3,300,527 | 5,030,711 | 4,058,750 |
| Office Furniture & Equipment | 301,877 | 271,317 | 30,560 | 362,502 | 91,185 |
| Machines & Equipment | 1,131,509 | 326,572 | 804,937 | 1,193,795 | 867,223 |
| Cars & Trucks | 1,047,091 | 526,638 | 520,453 | 1,127,811 | 601,173 |
| ***Total by Function*** | **$ 49,656,177** | **$ 19,059,184** | **$ 30,596,994** | **$ 72,601,596** | **$ 53,542,412** |

*Note: Values are net of Contributed Capital, pre-1983 assets where no asset designation is found, water rights, and Top of the World/Jahraus Storage assets to reflect that these assets are used for emergency storage only.*

## WATER CAPACITY FEE CALCULATION

The Buy-In capacity fee approach yields a total proposed water capacity fee schedule for metered connections and for private fire line connections. Table 17 presents the culmination of steps needed to calculate the buy-in portion of the capacity fee for metered connections. The four valuation approaches are provided in this table. The capacity-producing fixed asset values are divided by the maximum day demand of the system (5.587 MGD) to arrive at a cost per gallon basis for each valuation approach.

This unit cost is then applied to the maximum day demand equivalents of each meter size in the fee structure.

The bottom half of the table presents the supporting or appurtenant assets that are divided by the total number of existing connections served by the water system to yield a cost per connection. Because these assets do not produce capacity, they are calculated on a per connection basis; thus, the values of these assets are allocated uniformly to each connection, regardless of meter size.

Table 17 – Fee Calculation Approach Components – Metered Connections

| Description | Original Cost Approach | Original Cost less Depreciation Approach | Replacement Cost Approach | Replacement Cost less Depreciation Approach |
|---|---|---|---|---|
| **Buy-In to Existing Assets** | | | | |
| *Water System Assets (Capacity-Generating Assets Only)* | | | | |
| System Asset Value Less Contributed Capital ($) | 45,872,958 | 28,025,684 | 68,501,542 | 50,654,268 |
| Peak Flow Rate Capacity (gal) | 5,587,000 | 5,587,000 | 5,587,000 | 5,587,000 |
| **Net Cost per Gallon of Capacity** | **$ 8.21** | **$ 5.02** | **$ 12.26** | **$ 9.07** |
| *Other Assets (Non-Capacity Generating)* | | | | |
| Land | 884,601 | 883,272 | 899,351 | 898,954 |
| Machines & Equipment | 1,124,707 | 798,896 | 1,188,023 | 862,648 |
| Cars & Trucks | 1,040,797 | 516,547 | 1,122,358 | 598,002 |
| Total Costs ($) | 3,050,104 | 2,198,716 | 3,209,731 | 2,359,604 |
| Existing Metered Connections | 8,722 | 8,722 | 8,722 | 8,722 |
| **Asset Cost per Metered Connection** | **$ 349.70** | **$ 252.09** | **$ 368.00** | **$ 270.53** |

Table 18 presents the culmination of steps needed to calculate the buy-in portion of the capacity fee for private fire line connections. The four valuation approaches are provided in this table. The capacity-producing fixed asset values are divided by the equivalent connections related to private fire line connections to arrive at a cost per connection basis for each valuation approach. This unit cost is then applied to the number of equivalent connections related to each fire line size in the fee structure.

The bottom half of the table presents the supporting or appurtenant assets that are divided by the total number of existing fire line connections served by the water system to yield a cost per connection. Because these assets do not produce capacity, they are calculated on a per connection basis; thus, the values of these assets are allocated uniformly to each connection, regardless of fire line connection size.

Table 18 – Fee Calculation Approach Components – Private Fire Line Connections

| Description | Original Cost Approach | Original Cost less Depreciation Approach | Replacement Cost Approach | Replacement Cost less Depreciation Approach |
|---|---|---|---|---|
| **Buy-In to Private Fire-Related Existing Assets** | | | | |
| *Water System Assets (Capacity-Generating Assets Only)* | | | | |
| Private Fire Line-Related System Asset Value ($) | 296,003 | 228,665 | 348,534 | 281,195 |
| Private Fire Line Units of Service | 7,508 | 7,508 | 7,508 | 7,508 |
| **Cost per Unit of Service (Equivalent Connections)** | **$ 39.42** | **$ 30.45** | **$ 46.42** | **$ 37.45** |
| *Other Assets (Non-Capacity Generating)* | | | | |
| Land | 5,350 | 6,679 | 4,370 | 4,767 |
| Machines & Equipment | 6,802 | 6,041 | 5,773 | 4,575 |
| Cars & Trucks | 6,295 | 3,906 | 5,454 | 3,171 |
| Total Costs Allocated to Private Fire Lines ($) | 18,447 | 16,625 | 15,597 | 12,513 |
| Existing Fire Line Connections | 97 | 97 | 97 | 97 |
| **Asset Cost per Fire Line Connection** | **$ 190.18** | **$ 171.40** | **$ 160.79** | **$ 129.00** |

Table 19 shows the total proposed Fiscal Year 2022/23 metered connection capacity fees by meter size for the recommended RCLD valuation approach. The cost per gallon of capacity figure from Table 17 ($9.07) is multiplied by the maximum day capacity of the baseline meter size – 3/4 inches. Fees for larger meters are calculated by multiplying the meter equivalent for each meter by the ¾-inch meter-based fee. The cost per connection from Table 17 is then added to each metered connection. The sum of these two charges yields the total buy-in fee (water capacity fee) by meter size.

Table 19 –Proposed Water Capacity Fee Schedule (RCLD Approach) – Metered Connections

| Meter Size (in) | Meter Equivalents | Buy-In Component per Meter ($) | Buy-In Component per Account ($) | Total Proposed Water Capacity Fee ($) |
|---|---|---|---|---|
| 3/4 | 1.00 | 4,408 | 271 | **4,679** |
| 1 | 1.57 | 6,927 | 271 | **7,198** |
| 1 1/2 | 4.29 | 18,893 | 271 | **19,164** |
| 2 | 5.71 | 25,191 | 271 | **25,461** |
| 3 | 11.43 | 50,382 | 271 | **50,652** |
| 4 | 22.86 | 100,763 | 271 | **101,034** |
| 6 | 45.71 | 201,526 | 271 | **201,797** |

As described in the Executive Summary, if a detached Accessory Dwelling Unit (ADU) is approved by the City of Laguna Beach and a new water service connection is required for the ADU, a water capacity fee will be charged to the ADU at 22.4 percent of the District's approved water capacity fee, by meter size. This percentage is based on the ratio of the average size of the approved ADU in the City to the average size of single-family residential structures that include approved ADUs. This ratio is 22.4 percent according to City data for recently approved ADU construction applications. Table 20 presents the proposed Fiscal Year 2022/23 ADU water capacity fees for ¾-

inch to 1.5-inch meters. ADUs will not require meter sizes larger than 1.5 inches in diameter.

Table 20 –Proposed ADU Water Capacity Fee Schedule (RCLD Approach) – Metered Connections

| Meter Size (in) | Proposed ADU Capacity Fee ($) |
|---|---|
| 3/4 | **1,048** |
| 1 | **1,612** |
| 1 1/2 | **4,292** |

Table 21 shows the total proposed Fiscal Year 2022/23 fire line connection capacity fees by connection size for the recommended RCLD valuation approach. The cost per equivalent connection figure from Table 18 ($37.45) is multiplied by number of equivalent connections of the baseline fire line connection size – 2 inches. Fees for larger fire line connections are calculated by multiplying the connection equivalent for each fire line size by the 2-inch connection-based fee. The cost per fire line connection from Table 18 is then added to each fire line connection. The sum of these two charges yields the total buy-in fee (water capacity fee) by fire line connection size.

Table 21 –Proposed Water Capacity Fee Schedule (RCLD Approach) – Fire Line Connections

| Fire Line Connection (in) | Equivalent Connections | Buy-In Component per Line ($) | Buy-In Component per Account ($) | Total Proposed Water Capacity Fee ($) |
|---|---|---|---|---|
| 2 | 6.19 | 189 | 129 | **318** |
| 4 | 38.32 | 7,224 | 129 | **7,353** |
| 6 | 111.31 | 20,985 | 129 | **21,114** |
| 8 | 237.21 | 44,719 | 129 | **44,848** |
| 10 | 426.58 | 80,420 | 129 | **80,549** |

# Appendix A

The following table, starting on the next page, presents the detail of the Administration Fee calculations.

| Administration Fees | Current Fee | Staff | Staff Title | Labor (hrs) | Fully Burdened Labor Rate | Total Labor Cost | Equipment / Materials | FY 22-23 Fee |
|---|---|---|---|---|---|---|---|---|
| After Hours Administration Labor Rate (non-exempt staff only) | 1.5 x staff labor rates for projects up to 4 hours. After 4 hours, 2.0 x staff labor rates. | | | | | | | 1.5 x staff labor rates for projects up to 4 hours. After 4 hours, 2.0 x staff labor rates. |
| Antenna/Cell Tower Equipment Application Review Fee | $3,000 | John | Manager of Operations | 5.00 | 195.50 | 977.52 | $1,500.00 | $3,200 |
| | | Brian | Manager of Finance | 3.50 | 195.50 | 684.26 | | |
| | | Kerry | Accountant | 0.50 | 113.86 | 56.93 | | |
| Backflow Test (Temporary Construction Meters only) | $108 | Van | Water Quality Specialist | 1.0 | 113.86 | 113.86 | $0.00 | $114 |
| Copying Charges | $0.10/page | | | | | | | $0.10/page |
| Landscape Trim to Access Meter/Obstable Removal to Access Meter (if customer does not remove obstacle after notice) | $77 | Paul | Customer Service Technician II | 1.0 | 80.93 | 80.93 | $0.00 | $81 |
| Meter Test Fee | $256 | Jeremy | Maintenance Worker III | 2.0 | 108.45 | 216.89 | $50.00 Test fee charged to District | $267 |
| Miscellaneous/Special Request Outside of Administrative Fee Schedule Categories | Staff labor rate multiplied by hours spent processing request plus materials cost. | | | | | | | Staff labor rate multiplied by hours spent processing request plus materials cost. |
| Miscellaneous/Special Requests related to Antenna/Cell Tower Applications | Staff labor rate multiplied by hours spent processing request plus materials cost. | | | | | | | Staff labor rate multiplied by hours spent processing request plus materials cost. |
| New Account Charge (New Service Address) | $38 | Maria | Customer Service Representative II | 0.5 | 80.93 | 40.46 | $0.00 | $40 |
| New Account Holder Charge (Current Service Address but New Account Name) | $19 | Luis | Customer Service Technician II | 0.25 | 80.93 | 20.23 | $0.00 | $20 |
| | | Maria | Customer Service Representative II | 0.25 | 80.93 | 20.23 | $0.00 | |

| Administration Fees | Current Fee | Staff | Staff Title | Labor (hrs) | Fully Burdened Labor Rate | Total Labor Cost | Equipment / Materials | FY 22-23 Fee |
|---|---|---|---|---|---|---|---|---|
| Past Due Notice (Mailed) | $2 | Maria | Customer Service Representative II | 0.03 | 80.93 | 2.02 | $0.78 per notice processed | $3 |
| | | Chris | Customer Service Technician II | 0.03 | 80.93 | 2.02 | | |
| | | Luis | Customer Service Technician II | 0.03 | 80.93 | 2.02 | | |
| Past Due Notice (Site Visit to post 48-hour Notice) | $13 | Luis/Chris D/Paul to prepare and deliver tag | Customer Service Technician II | 0.17 | 80.93 | 13.49 | $1.00 per tag | $14 |
| Re-establishment of Account (related to creditworthiness) - Residential | $250 or twice the average bill in the past 12 months, whichever is greater | | | | | | | $250 or twice the average bill in the past 12 months, whichever is greater |
| Re-establishment of Account (related to creditworthiness) - Non-residential | $500 or twice the average bill in the past 12 months, whichever is greater | | | | | | | $500 or twice the average bill in the past 12 months, whichever is greater |
| Replacement of a Cut Lock (1st time-replace lock) | $84 | Luis/Paul/Chris D | Customer Service Technician II | 0.75 | 80.93 | 60.69 | $30.00 New lock | $91 |
| Replacement of a Cut Lock (2nd time-pull meter) | Time & Materials | | | | | | | Time & Materials |
| Return Check Charge (NSF) - 1st Returned Check | $25 | | | | | | | $25 |
| Return Check Charge (NSF) - each subsequent check by same person | $35 | | | | | | | $35 |
| Turn-on Service after Delinquencies paid in full (during regular District hours) | $58 | Luis/Paul/Chris D | Customer Service Technician II | 0.75 | 80.93 | 60.69 | $0.00 | $61 |
| Turn-on Service after Delinquencies paid in full (after regular District hours) | $95 | Duty | Maintenance Worker II | 0.75 | 133.81 | 100.36 | $0.00 | $100 |
| Unauthorized Water Use Fee | Based on average water use during a two-month billing period, for the meter size and customer class associated with the water theft, multiplied by the current Tier 2 water rate. | | | | | | | Based on average water use during a two-month billing period, for the meter size and customer class associated with the water theft, multiplied by the current Tier 2 water rate. |
| Unauthorized Water Use Penalty | See Ordinance 101 related to penalties for unauthorized water use. | | | | | | | See Ordinance 101 related to penalties for unauthorized water use. |

# Appendix B

The following table, starting on the next page, presents the detail of the Engineering/Operations Fee calculations.

| Engineering & Operations Services | Current Fee | Staff Title | Labor (hrs) | Fully Burdened Labor Rate | Staff Title | Labor (hrs) | Fully Burdened Labor Rate | Staff Title | Labor (hrs) | Fully Burdened Labor Rate | Total Labor Cost | Materials & Equipment | | Outside Services | FY 22-23 Fee |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| After Hours Engineering and Operations Labor Rate (non-exempt staff only) | 1.5 x staff labor rates for projects up to 4 hours. After 4 hours, 2.0 x staff labor rates. | | | | | | | | | | | | | | 1.5 x staff labor rates for projects up to 4 hours. After 4 hours, 2.0 x staff labor rates. |
| Angle Meter Stop - Located in Dirt - 3/4" Angle Stop | $436 | Maintenance Worker III | 1.5 | $108.45 | Maintenance Worker II | 1.5 | $89.21 | Maintenance Worker II | 1.5 | $89.21 | $430.30 | $169.01 | | | $599 |
| Angle Meter Stop - Located in Dirt - 3/4" Curb Stop | $467 | Maintenance Worker III | 1.5 | $108.45 | Maintenance Worker II | 1.5 | $89.21 | Maintenance Worker II | 1.5 | $89.21 | $430.30 | $215.34 | | | $646 |
| Angle Meter Stop - Located in Dirt - 1" Angle Stop | $455 | Maintenance Worker III | 1.5 | $108.45 | Maintenance Worker II | 1.5 | $89.21 | Maintenance Worker II | 1.5 | $89.21 | $430.30 | $263.83 | | | $694 |
| Angle Meter Stop - Located in Dirt - 1" Curb Stop | $483 | Maintenance Worker III | 1.5 | $108.45 | Maintenance Worker II | 1.5 | $89.21 | Maintenance Worker II | 1.5 | $89.21 | $430.30 | $250.90 | | | $681 |
| Angle Meter Stop - Located in Dirt - 1.5" Angle Stop | $575 | Maintenance Worker III | 1.5 | $108.45 | Maintenance Worker II | 1.5 | $89.21 | Maintenance Worker II | 1.5 | $89.21 | $430.30 | $298.71 | | | $729 |
| Angle Meter Stop - Located in Dirt - 2" Angle Stop | $635 | Maintenance Worker III | 1.5 | $108.45 | Maintenance Worker II | 1.5 | $89.21 | Maintenance Worker II | 1.5 | $89.21 | $430.30 | $479.33 | | | $910 |
| Angle Meter Stop - Located in Concrete - 3/4" Angle Stop | $891 | Maintenance Worker III | 3.0 | $108.45 | Maintenance Worker II | 3.0 | $89.21 | Maintenance Worker II | 3.0 | $89.21 | $860.59 | $397.42 | Includes cost of concrete | | $1,258 |
| Angle Meter Stop - Located in Concrete - 3/4" Curb Stop | $918 | Maintenance Worker III | 3.0 | $108.45 | Maintenance Worker II | 3.0 | $89.21 | Maintenance Worker II | 3.0 | $89.21 | $860.59 | $442.75 | Includes cost of concrete | | $1,303 |
| Angle Meter Stop - Located in Concrete - 1" Angle Stop | $906 | Maintenance Worker III | 3.0 | $108.45 | Maintenance Worker II | 3.0 | $89.21 | Maintenance Worker II | 3.0 | $89.21 | $860.59 | $575.72 | Includes cost of concrete | | $1,436 |
| Angle Meter Stop - Located in Concrete - 1" Curb Stop | $934 | Maintenance Worker III | 3.0 | $108.45 | Maintenance Worker II | 3.0 | $89.21 | Maintenance Worker II | 3.0 | $89.21 | $860.59 | $582.79 | Includes cost of concrete | | $1,443 |
| Angle Meter Stop - Located in Concrete - 1.5" Angle Stop | $1,026 | Maintenance Worker III | 3.0 | $108.45 | Maintenance Worker II | 3.0 | $89.21 | Maintenance Worker II | 3.0 | $89.21 | $860.59 | $621.12 | Includes cost of concrete | | $1,482 |
| Angle Meter Stop - Located in Concrete - 2" Angle Stop | $1,086 | Maintenance Worker III | 3.0 | $108.45 | Maintenance Worker II | 3.0 | $89.21 | Maintenance Worker II | 3.0 | $89.21 | $860.59 | $801.74 | Includes cost of concrete | | $1,662 |
| Availability Letter/Will Serve | $37 | Engineering Technician | 0.3 | $108.45 | Office Assistant | 0.5 | $73.40 | Manager of Engineering | 0.1 | $195.50 | $80.10 | $0.00 | | $0.00 | $80 |
| Construction Water Meter Deposit - For Return of Meter and Meter Bi-Monthly Service Charge and Water Use | $2,500/meter | | | | | | | | | | | | | | $2,500/meter |
| Construction Water Meter Service Rental Charge | Current District potable meter service charge for meter size rented. District bi-monthly meter charge applies; charges are not pro-rated if rented for less than a District billing period. | | | | | | | | | | | | | | Current District potable meter service charge for meter size rented. District bi-monthly meter charge applies; charges are not pro-rated if rented for less than a District billing period. |
| Construction Water Use Charge | District Tier 1 Rate | | | | | | | | | | | | | | District Tier 1 Rate |
| Construction Meter Service - Meter Relocation (each additional time after 3rd relocation) | $51 | Customer Service Technician I | 0.75 | $73.40 | | | | | | | $55.05 | $0.00 | | $0.00 | $55 |

| Engineering & Operations Services | Current Fee | Staff Title | Labor (hrs) | Fully Burdened Labor Rate | Staff Title | Labor (hrs) | Fully Burdened Labor Rate | Staff Title | Labor (hrs) | Fully Burdened Labor Rate | Total Labor Cost | Materials & Equipment | | Outside Services | FY 22-23 Fee |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Encroachment Clearance Letter | $37 | Engineering Technician | 0.25 | $108.45 | Office Assistant | 0.50 | $73.40 | Manager of Engineering | 0.25 | $195.50 | $112.69 | $0.00 | | $0.00 | $113 |
| Fire Flow Modeling (system pressure check & hydrant check) | $68 | Engineering Technician | 0.50 | $108.45 | Office Assistant | 0.75 | $73.40 | Manager of Engineering | 0.25 | $195.50 | $158.15 | $25.00 | Modeling software costs | $0.00 | $183 |
| Main Extension | District Estimate (Collect Deposit) | | | | | | | | | | | | | | District Estimate (Collect Deposit) |
| Meter Size Upgrade (at customer request and if new service/new lateral is required) | Charge New Construction amount but deduct cost of any materials not required of New Construction. | | | | | | | | | | | | | | Charge New Construction amount but deduct cost of any materials not required of New Construction. |
| Meter Drop-In/Replacement/Upgrade: 3/4 inch meter (for requests where service has already been established and no new lateral is required) | $874 | | | | Maintenance Worker III | 1.0 | $108.45 | Maintenance Worker II | 1.0 | $89.21 | $197.66 | $369.09 | Meter, Armorcast Meter Box, Related Materials & Equipment/Vehicles | $0.00 | $567 |
| Meter Drop-In/Replacement/Upgrade: 1 inch meter (for requests where service has already been established and no new lateral is required) | $944 | | | | Maintenance Worker III | 1.0 | $108.45 | Maintenance Worker II | 1.0 | $89.21 | $197.66 | $577.35 | Meter, Armorcast Meter Box, Related Materials & Equipment/Vehicles | $0.00 | $775 |
| Meter Drop-In/Replacement/Upgrade: 1-1/2 inch meter (for requests where service has already been established and no new lateral is required) | $1,811 | | | | Maintenance Worker III | 2.0 | $108.45 | Maintenance Worker II | 2.0 | $89.21 | $395.31 | $1,220.84 | Meter, Armorcast Meter Box, Related Materials & Equipment/Vehicles | $0.00 | $1,616 |
| Meter Drop-in/Replacement/Upgrade 2-inch meter (for requests where service has already been established and no new lateral is required) | District Estimate (Collect Deposit) | | | | Maintenance Worker III | 2.5 | $108.45 | Maintenance Worker II | 2.5 | $89.21 | $494.14 | $1,613.42 | Meter, Armorcast Meter Box, Related Materials & Equipment/Vehicles | $0.00 | $2,108 |
| Meter Drop-in/Replacement/Upgrade 3-inch meter or larger (for requests where service has already been established and no new lateral is required) | District Estimate (Collect Deposit) | | | | | | | | | | | | | | District Estimate (Collect Deposit) |
| Miscellaneous/Special Request Outside of Engineering and Operations Fee Schedule Categories | Staff labor rate times hours spent processing request plus materials cost. | | | | | | | | | | | | | | Staff labor rate times hours spent processing request plus materials cost. |
| MXU 520-M SP Radio Replacement fee | $274 | | | | | | | Maintenance Worker II | 1.0 | 89.21 | $89.21 | $229.21 | | $0.00 | $318 |
| New Service to Main - Meter/Meter Box Installation for New Construction - 3/4 inch meter | $5,514 | Field Maintenance Supervisor | 2.0 | $147.83 | Maintenance Worker III | 6.0 | $108.45 | Maintenance Worker II | 16.0 | $89.21 | $2,373.69 | $2,236.68 | Meter, Armorcast Meter Box, Related Materials/ Equipment/Vehicles /Paving | $2,950.00 | $7,560 |
| New Service to Main - Meter/Meter Box Installation for New Construction - 1 inch | $6,092 | Field Maintenance Supervisor | 2.0 | $147.83 | Maintenance Worker III | 6.0 | $108.45 | Maintenance Worker II | 18.0 | $89.21 | $2,552.11 | $2,422.42 | Meter, Armorcast Meter Box, Related Materials/ Equipment/Vehicles /Paving | $2,950.00 | $7,925 |
| New Service to Main - Meter/Meter Box Installation for New Construction - 1-1/2 inch | $7,612 | Field Maintenance Supervisor | 2.0 | $147.83 | Maintenance Worker III | 8.0 | $108.45 | Maintenance Worker II | 20.0 | $89.21 | $2,947.42 | $3,830.97 | Meter, Armorcast Meter Box, Related Materials/ Equipment/Vehicles /Paving | $2,950.00 | $9,728 |
| New Service to Main - Meter/Meter Box Installation for New Construction - 2 inch | $7,948 | Field Maintenance Supervisor | 2.0 | $147.83 | Maintenance Worker III | 8.0 | $108.45 | Maintenance Worker II | 20.0 | $89.21 | $2,947.42 | $4,223.42 | Meter, Armorcast Meter Box, Related Materials/ Equipment/Vehicles /Paving | $2,950.00 | $10,121 |
| New Service to Main - Meter/Meter Box Installation for New Construction - Greater than 2 inch | District Estimate (Collect Deposit) | | | | | | | | | | | | | | District Estimate (Collect Deposit) |

| Engineering & Operations Services | Current Fee | Staff Title | Labor (hrs) | Fully Burdened Labor Rate | Staff Title | Labor (hrs) | Fully Burdened Labor Rate | Staff Title | Labor (hrs) | Fully Burdened Labor Rate | Total Labor Cost | Materials & Equipment | | Outside Services | FY 22-23 Fee |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Service Abandonment | Time & Materials | Field Maintenance Supervisor | 1.0 | $147.83 | Maintenance Worker III | 3.0 | $108.45 | Maintenance Worker II | 9.0 | $89.21 | $1,276.05 | $409.77 | CC Plug, Vehicle & Equipment Costs | $0.00 | $1,686 |
| Daily Inspection Rate: District-approved Contractor forces performing the water system improvement work | N/A | Field Maintenance Supervisor | 8.0 | $147.83 | | | | | | | $1,182.66 | $75.00 | District vehicle use | $0.00 | $1,258 |

| Engineering & Operations Services | Current Fee | Staff Title | Labor (hrs) | Fully Burdened Labor Rate | Staff Title | Labor (hrs) | Fully Burdened Labor Rate | Staff Title | Labor (hrs) | Fully Burdened Labor Rate | Staff Title | Labor (hrs) | Fully Burdened Labor Rate | FY 22-23 Fee |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Plan Check Fee | N/A | Engineering Technician | 0.5 | $108.45 | Office Assistant | 1.0 | $73.40 | Water Quality Specialist | 0.3 | $113.86 | Manager of Engineering | 0.25 | $195.50 | $205.00 |