



# CITY OF SACRAMENTO

DIVISION OF WATER AND SEWERS  
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SACRAMENTO, CALIFORNIA 95814-2796  
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CITY MANAGER'S OFFICE  
**RECEIVED**  
JUN 27 1983

ROBERT C. BITTEN  
MANAGER  
ROBERT W. JOHNSTON  
ASSISTANT MANAGER

June 27, 1983

**APPROVED**  
BY THE CITY COUNCIL

City Council  
Sacramento, California

JUL 5 1983

*AG 83002*

**RECEIVED**  
CITY OF SACRAMENTO

Honorable Members in Session:

OFFICE OF THE  
CITY CLERK

JUN 24 1983

SUBJECT: Revisions to Master Interagency Agreement

AG 83002  
2 3 4 5 6

### SUMMARY

The attached resolution authorizes approval of revisions to the Master Interagency Agreement which provides for various connection fees.

### BACKGROUND

The Master Interagency agreement between the City, Sacramento County and the City of Folsom is the legal basis for the Sacramento Regional County Sanitation District.

The revisions are required to institute fees to help fund a proposed Capital Improvement Program. The Program allows the Regional District to construct various facilities required to serve the anticipated growth in the District and surrounding area through the year 2000. The Capital Improvement Program was the result of a study done by consultants under contract to the Regional District. The study also identified and analyzed ways with which to finance the Program.

The philosophy behind financing the Capital Improvements is primarily one of equity. In the past the Regional Sanitation District has set fees that are equally applied district-wide. The fees typically disregard geographical location within the district. This technique is continued in the development of these new fees to help in financing the Capital Improvement Program.

Two fees will be charged for new connections to the Regional Sanitation District. The first is called the Capital Investment Equalization Fee (CIE) and the second fee an Annexation Fee.

The Capital Investment Equalization fee is an existing fee which the Regional District has charged since its inception. The CIE fee is intended to put new users on an equal basis with existing users in terms of their investment in the local capital cost of the existing system which is recovered from service charges. The proposed change in the fee is to include an interest factor which will take into account the actual interest rate the District earns on its money. The cumulative basis for the fee will also be limited to a period of the most recent twenty years. It is proposed that the fee would be \$151 and would increase yearly at an amount set by the Regional District.

The second fee is the Annexation Fee. This is a new fee to the district. The fee will be based upon the amount of taxes that would have been paid by a user if he had been in the District since 1974, again an interest factor would be applied to this fee and the accumulative tax amounts used for computing this fee would be limited to a twenty year time period. The proposed fee will be \$243 and adjusted annually thereafter.

Both fees will take effect 30 days after Regional District Board approval, which is scheduled for July 12, 1983. It is felt that these two fees will generate funds to finance thirty-five to fifty-five percent of the proposed Capital Improvement Program. The balance of funds for financing this program would most likely come from revenue bond issues that would be approved at time of need. Other financing methods may also be evaluated in the future.

Based on a survey of 19 other California agencies, these fees seem to be consistent with current philosophy and accepted practice. The amount of the fees also fall within the lower third of those charged by the surveyed agencies.

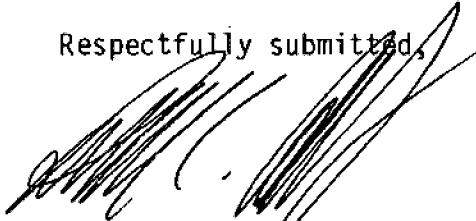
FINANCIAL

There would be no direct financial impact on the City of Sacramento as a result of these revisions. Future development within the City would be required to pay the new fees and therefore would impact the cost of development.

RECOMMENDATIONS

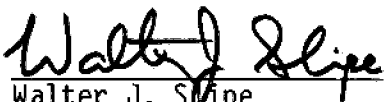
The proposed fees seem to be consistent with the philosophy of maintaining equity among current users and future users of the Regional Sanitation system. Therefore it is recommended that these fees should be supported and that the necessary revisions to the Master Interagency Agreement to institute these fees be approved by passing the attached resolution. (Additional backup material is on file in the City Clerk's Office).

Respectfully submitted,



Robert C. Bitten  
Manager

Recommendation approved:

  
Walter J. Stipe  
City Manager

WTH:vz  
attachment

**RESOLUTION NO. 83-509**

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

RESOLUTION AUTHORIZING AN AGREEMENT AMENDING  
THE MASTER INTERAGENCY AGREEMENT BETWEEN THE  
SACRAMENTO REGIONAL COUNTY SANITATION DISTRICT  
AND CONTRIBUTING AGENCIES

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO,

That the City Manager and City Clerk are hereby authorized  
and directed to execute an agreement amending the Master Interagency  
Agreement between the Sacramento Regional County Sanitation District and  
contributing agencies regarding modification and addition of fees.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

**APPROVED**  
BY THE CITY COUNCIL

JUL 5 1983

OFFICE OF THE  
CITY CLERK

34



# COUNTY OF SACRAMENTO

DEPARTMENT OF PUBLIC WORKS

WATER QUALITY DIVISION . . . . . F.I. Hodgkins, Chief

9660 Ecology Lane  
Sacramento, California 95827

June 16, 1983

A100.200.1  
G100.400.3

Mr. John F. Varozza  
City Engineer  
City of Sacramento  
915 I Street, Room 207  
Sacramento, CA 95814

Dear Mr. Varozza:

Subject: Proposed Revisions to the Master Interagency Agreement

The attached report, entitled "Sacramento Regional County Sanitation District Preliminary Capital Improvement Program and Connection Fee Recommendations", was presented to the Board of Directors of the Regional Sanitation District on June 14, 1983. The Preliminary Capital Improvement Program contained in the report (Table 1 attached) identifies new sewerage facilities which the Regional Sanitation District will need to construct to serve anticipated growth in Sacramento County through the year 2000. The estimated cost of the Capital Improvements is approximately \$178 million at 1982 cost levels. The actual cost of the program will be dependent on future inflationary trends as shown in Table 2.

At the present time, there is no identifiable source of State or Federal funds which might be used to finance the program, and it is believed the Regional District must develop the capability to finance the program with local funds. Toward this end, it is proposed that a portion of the funding for this program be obtained from fees charged for annexation to the District and for connection to the sewer system.

The District currently requires that each new single family dwelling connecting to the system pay a Capital Investment Equalization (CIE) fee. The CIE fee is intended to equal the capital cost that an existing user, connected to the system since its inception in 1974, would have paid through service charges. The current fee is \$160 per equivalent single family dwelling unit (ESD) and increases by \$20 each year. It is proposed that the method of computing the CIE fee be changed to account for the actual cost being paid by the existing user, plus an allowance for interest. Under the revised computation, the new CIE fee will be \$151 per ESD, but the annual increase will be greater than \$20.

Mr. John F. Varozza  
Page 2  
June 16, 1983

At the present time, properties within the District are subject to District taxes. Revenues from taxes are used solely to repay the \$75 million bond issue which financed the local share of the current program. Properties outside the District's boundary do not pay this tax. An annexation fee is proposed whereby new users annexing to the District will be required to pay an amount approximately equal to the cumulative taxes paid by existing users who have been within the District's boundary since its formation, plus interest.

If the proposed fees are adopted, then the fees paid by new users will be, within practical limits, equal to the existing users investment in the then existing system.

The proposed fees are projected to generate a total of \$154 million by the year 2000. Depending on future inflationary trends this will fund between 35 and 55 percent of the proposed program cost. The remaining funds will probably be provided through the sale of revenue bonds, although the exact form of additional financing has yet to be determined.

Prior to ordinance adoption by the Regional District's Board of Directors, the existing Master Interagency Agreement (MIA) between the Regional District and the Cities of Folsom and Sacramento must be amended to provide for the revised fees. At this time, it is requested that you agenda the attached MIA amendment for consideration by the Sacramento City Council at their meeting of July 5, 1983. I will be attending and would be pleased to make an informational presentation if the City Council so desires.

Two copies of the aforementioned Capital Improvement Program and Connection Fee Recommendations are being forwarded with this letter for your use and that of the City Attorney. An additional 18 copies will be made available for your distribution late next week.

Very truly yours,



F. I. Hodgkins, Chief  
Water Quality Division

FIH:cc

Attachments

cc: D. W. McKenzie  
W. C. Wanderer, Jr.

TABLE 1  
 SACRAMENTO REGIONAL COUNTY SANITATION DISTRICT  
 ESTIMATED CAPITAL FACILITY COST THROUGH YEAR 2000

Project	Estimated Cost <sup>(1)</sup>	Year in Which Capacity is Required
1. Northeast Peak Storage	\$ 4,170,000	1986
2. Telemetry System Expansion	175,000	1986
3. Emergency Pumping	900,000	1986
4. Arden Pump Station Expansion	1,170,000	1987
5. Laguna Interceptor	10,180,000	1988
6. Regional Plant - 25% Expansion	74,800,000	1991
7. Dry Creek Interceptor, Section 3	2,750,000	1991
8. Central Interceptor, Section 1 and 2	33,500,000	1994
9. Central Interceptor, Section 3	19,800,000	1995
10. Folsom Interceptor, Section 2	2,800,000	1996
11. Natomas Pump Station Expansion	5,080,000	1996
12. Natomas Interceptor, Section 2	5,120,000	1998
13. Northeast Interceptor, Section 1	17,900,000	1999
TOTAL	\$178,345,000	

(1) ENR Construction Cost Index = 4400 for all estimates (Fall, 1982). All estimates include a 30 percent allowance for engineering and contingencies.

TABLE 2  
 SACRAMENTO REGIONAL COUNTY SANITATION DISTRICT  
 ANNUAL CAPITAL FINANCING NEEDS TO YEAR 2000

Fiscal Year	Escalation Rate	Financing Need, \$1,000			
		0%	5%	8%	10%
1983-84		525	550	567	578
1984-85		2,739	3,019	3,195	3,314
1985-86		3,703	4,287	4,665	4,929
1986-87		9,058	11,010	12,323	13,262
1987-88		8,050	10,274	11,828	12,965
1988-89		22,715	29,717	36,046	40,241
1989-90		35,035	49,298	60,044	68,273
1990-91		12,320	18,202	22,803	26,370
1991-92		3,350	5,197	6,697	7,899
1992-93		18,730	30,509	40,437	48,580
1993-94		24,088	41,199	56,165	68,725
1994-95		11,860	21,299	29,865	37,222
1995-96		3,664	6,909	9,965	12,649
1996-97		4,350	8,613	12,776	16,519
1997-98		10,998	22,864	34,888	45,941
1998-99		7,160	15,630	24,530	32,900
TOTAL		178,345	278,577	366,794	440,367

SACRAMENTO REGIONAL COUNTY SANITATION DISTRICT  
PRELIMINARY CAPITAL IMPROVEMENT PROGRAM  
AND  
CONNECTION FEE RECOMMENDATIONS

MARCH, 1983

DEPARTMENT OF PUBLIC WORKS  
COUNTY OF SACRAMENTO



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SACRAMENTO REGIONAL COUNTY SANITATION DISTRICT  
PRELIMINARY CAPITAL IMPROVEMENT PROGRAM  
AND  
CONNECTION FEE RECOMMENDATIONS

INTRODUCTION AND PURPOSE

In early 1981, Sacramento County undertook the task of revising the Sacramento County General Plan to open new areas to development to provide housing for a growing population. In June of 1981, the Board of Directors of County Sanitation District No. 1 (CSD1) and the Sacramento Regional County Sanitation District (SRCSD) authorized the firm of CH2M Hill to complete a study to identify the sewerage system improvements needed to extend service to new areas and to recommend a means of financing the improvements. Informational copies of the resulting "Sacramento Sewerage Expansion Study" were presented to the SRCSD Board of Directors in December, 1981. An executive summary of that study, which is the basis for most information presented herein, is attached as Appendix 1. This report also identifies other needed sewerage facilities required to extend the study period to the year 2000. Sufficient information is now available to begin planning for financing and construction of a Regional District expansion program.

It is the purpose of this report to accomplish the following:

1. Summarize available projections as to community growth to the year 2000.
2. Identify the facilities needed to serve projected growth and their estimated cost.
3. Recommend changes to fees currently charged to new users to provide revenues to fund approximately 35 percent of the cost of the new program, assuming construction costs escalate at an average annual rate of 10 percent.

4. Provide the SRCSD Board of Directors with additional information so they in turn can provide policy guidance for staff in developing a financial plan and revenue program for funding the remaining 65 percent of the program costs.
5. Recommend a service policy with respect to extending service to the new areas.

#### GROWTH PROJECTIONS

On July 29, 1982, the Sacramento County Board of Supervisors adopted an amended Sacramento County General Plan. That plan projects vigorous economic development and population growth for the Sacramento region through 1990. With respect to population growth, the Plan reads as follows:

"The national, state, and local population will continue to increase. The population of Sacramento County is expected to increase from 809,700 in 1982 to roughly 996,900 persons by 1990."

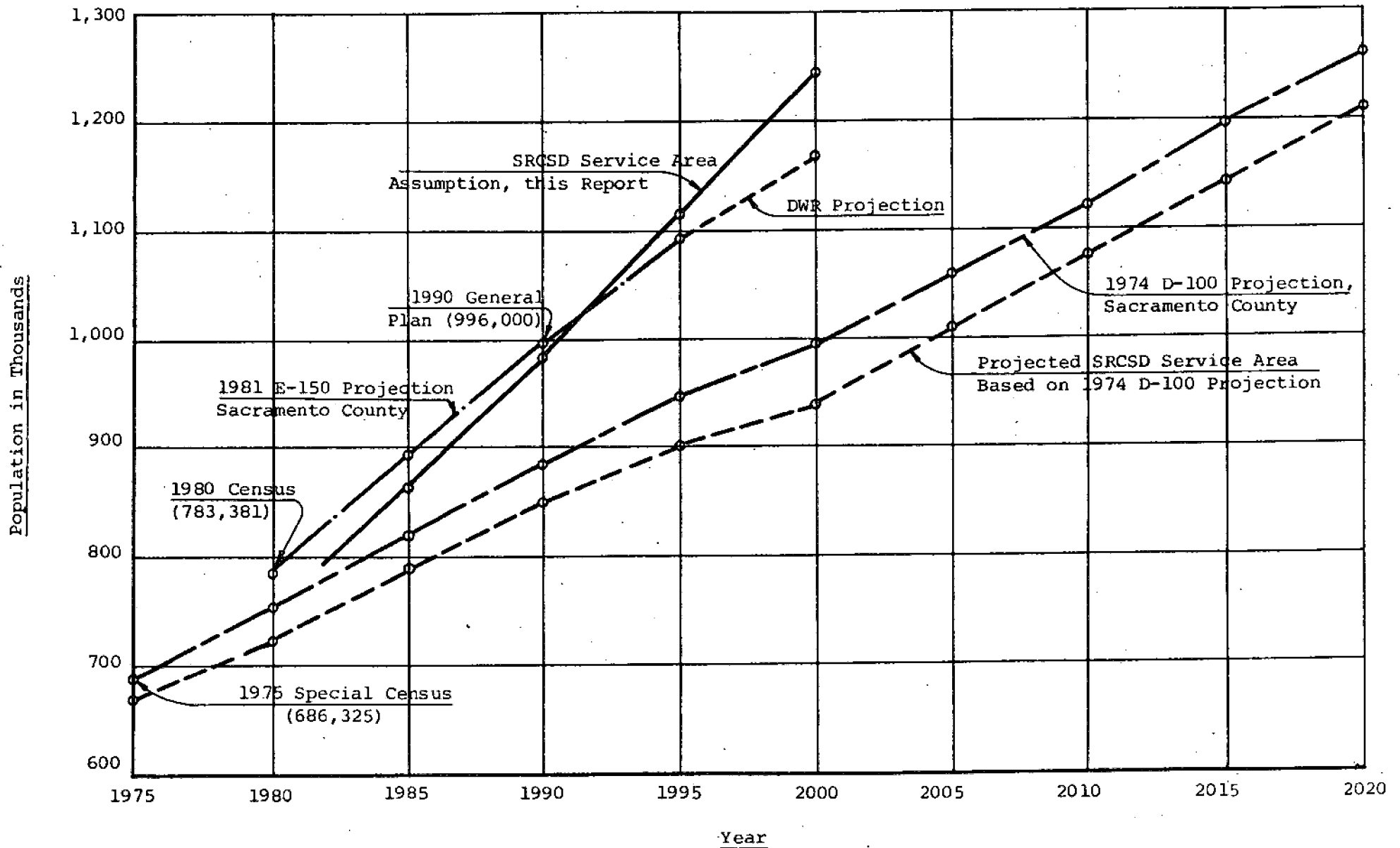
This addition of 187,200 persons (an increase of 23 percent) has significant implications with respect to the expansion of wastewater collection, treatment, and disposal facilities.

Various population projections for the Sacramento region are shown in Figure 1. In planning for the nearly completed Sacramento Regional Wastewater Management Program, use of the 1974 D-100 Sacramento County projection was mandated by grant regulations. The 1981 State Department of Finance E-150 projection for Sacramento County and 1980 census data clearly demonstrate that earlier projection underestimated County growth. SRCSD service area population projections used in this report are identical to the E-150 based projection used in the Sewerage Expansion Study, and have been extended an additional five years to provide a year 2000 planning horizon. It should be noted that the service area projection exceeds the E-150 projection for Sacramento County after 1992, providing a conservative or "worst case" projection.

Population growth will result in new connections for residential customers and corresponding increases in commercial and industrial connections. In this report all classes of new connections will be expressed in terms of "Equivalent Single Family Dwelling Units" (ESD) which provides a common base for estimating needs and revenues. An ESD is the flow, load and cost

FIGURE 1

SACRAMENTO COUNTY POPULATION PROJECTIONS <sup>(1)</sup>



(1) Source: "Sacramento Sewerage Expansion Study"

equivalent of a detached single family dwelling. The ESD equivalent of any non-residential user is determined by dividing the user's average monthly wastewater flow by 12,000 gallons, the average monthly flow expected from a detached single family dwelling. Figure 2 presents SRCSD projected annual growth in new connections, expressed as ESD's.

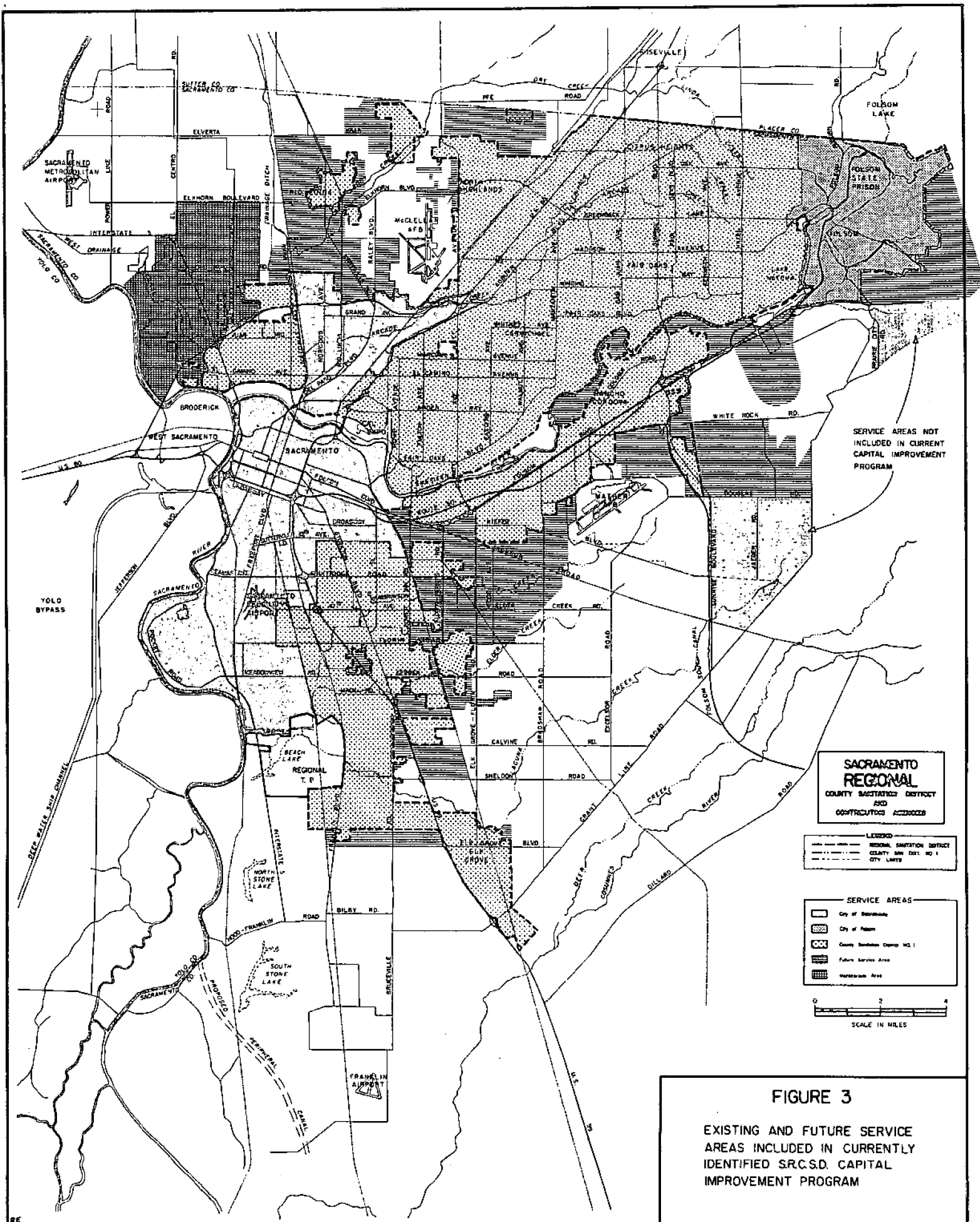
#### CAPITAL IMPROVEMENT PROGRAM

Considering the difference between current and past grant limiting growth projections, it comes as no surprise that substantial new facilities will be needed to serve new users. Table 1 lists 13 major projects which SRCSD will need to finance and construct before the year 2000. The combined service areas of the proposed projects and the existing system are shown in Figure 3. The majority of these needs were originally identified in the Sewerage Expansion Study. Brief descriptions of those projects not identified in that study are presented in the following paragraphs; for more detailed information the reader is referred to the Sewerage Expansion Study and other referenced reports.

#### Northeast Peak Storage (NEPS)

Interceptor sewers are sized for peak flows which occur during wet weather and are related to rainfall intensity and duration. The full capacity of an interceptor may be utilized less than one percent of the time, but when the capacity is exceeded, raw sewage will overflow through manholes and may backup into homes. If upstream peak flows can be removed from the system and temporarily stored at the time the peak flow occurs, the stored wastewater can be returned to the system after the peak has subsided without exceeding downstream interceptor capacity.

In September, 1981, the Board of Directors of SRCSD authorized the firm of Dewante & Stowell to conduct a study to determine if upstream storage could be cost effectively utilized as a method of extending downstream interceptor service life. The resultant "Feasibility Study and Design Report for Peak Flow Storage Facility at the Northeast Wastewater Treatment Plant", December of 1982, concluded that existing plant tankage, providing 13.4 million gallons of storage, could be utilized to reduce peak flows in the downstream interceptor system by 23 million gallons per day (mgd). The present worth value of savings due to peak flow reduction was estimated to be \$17,300,000. These savings result from deferring expenditures for downstream interceptor construction and maintenance and from reduction in size of downstream facilities. The affected interceptors and the delay impact on timing of construction expenditures for future interceptors are summarized in Table 2.



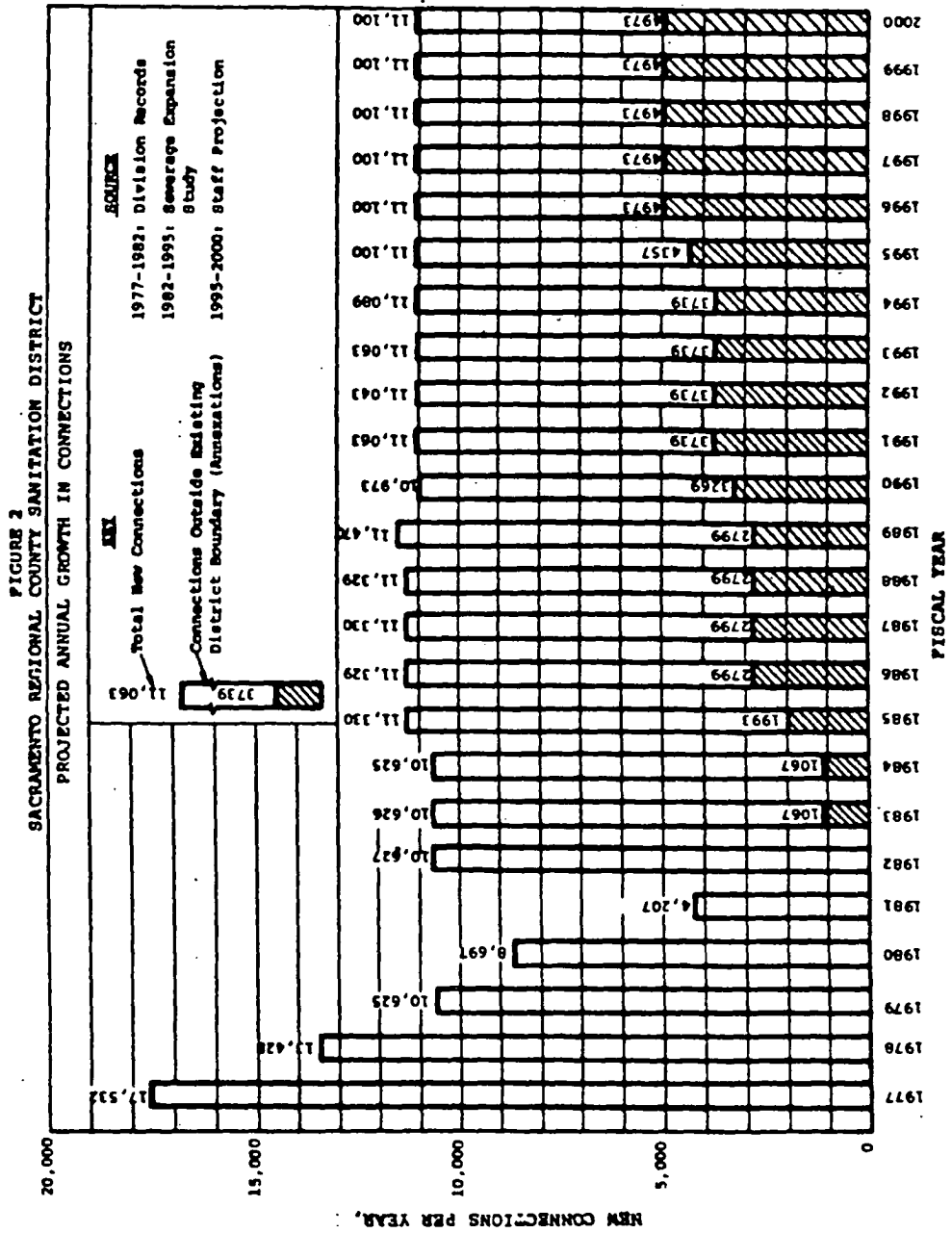




TABLE 1  
SACRAMENTO REGIONAL COUNTY SANITATION DISTRICT  
ESTIMATED CAPITAL FACILITY COST THROUGH YEAR 2000

Project	Estimated Cost <sup>(1)</sup>	Year in Which Capacity is Required
1. Northeast Peak Storage	\$ 4,170,000	1986
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9. Central Interceptor, Section 3	19,800,000	1995
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11. Natomas Pump Station Expansion	5,080,000	1996
12. Natomas Interceptor, Section 2	5,120,000	1998
13. Northeast Interceptor, Section 1	17,900,000	1999
TOTAL	\$178,345,000	

(1) ENR Construction Cost Index = 4400 for all estimates (Fall, 1982).  
All estimates include a 30 percent allowance for engineering and contingencies.

TABLE 2

## TIMING IMPACTS OF NORTHEAST PEAK STORAGE

Project	Estimated Cost, \$ <sup>(1)(2)</sup>	Date Capacity Required Without NEPS <sup>(2)</sup>	With NEPS <sup>(3)</sup>
Central Interceptor, Sections 1 & 2	33,500,000	1987	1994
Central Interceptor, Section 3	19,800,000	1987	1995
Northeast Interceptor, Section 1	17,900,000	1990	1999
Total	71,200,000		

(1) ENR = 4400

(2) Source: Sewerage Expansion Study

(3) Source: "Feasibility Study and Design Report for Peak Flow Storage Facility at the Northeast Wastewater Treatment Plant"

#### Telemetry System

On September 26, 1978, bids were received for Contract 1115, Regional Telemetry System. Work under this contract included construction of a computer controlled telemetry system to monitor operation of all County operated sewage pump stations, drainage pump stations, and domestic water wells. The system was designed to permit 100 percent expansion to accommodate new facilities as they are placed into operation. However, the particular electronic equipment needed for expansion, though reliable, will soon be unavailable because of rapid changes in electronic technology. In order to insure that the system can attain its intended design capability, the equipment needed for expansion should be purchased as quickly as possible, and stored for future installation.

#### Emergency Pumping

Emergency Pumping refers to the construction of a low head high volume pumping facility at the Regional Plant. The facility will pump directly from the interceptors to the existing emergency storage basin, and will be designed to operate with electrical power supplied by portable emergency generators. The need for this project was identified in the "Sacramento Regional Wastewater Program Reliability Evaluation, Phase II Report"

prepared by Sacramento Area Consultants at the request of the SRCSD Board of Directors. The reliability evaluation found that there is a substantial likelihood of a regional power failure in the Sacramento area. Upon such occurrence, no means of conveying influent wastewater flows out of the interceptor system currently exists and local flooding with raw sewage will occur. The proposed project will enable SRCSD to pump directly from the interceptor system to the emergency storage basin, minimizing the overflow of raw sewage in the collection system.

#### Laguna Interceptor

Some new development in the Laguna area has already been approved and further revisions to the Sacramento County General Plan for the Laguna area are now under consideration. Sewer system extension to serve this currently unsewered area will require construction of a new interceptor. At the time of preparation of the Sewerage Expansion Study, proposed development in the area would not have required an interceptor, and this project was not identified in that study.

#### Remaining Projects

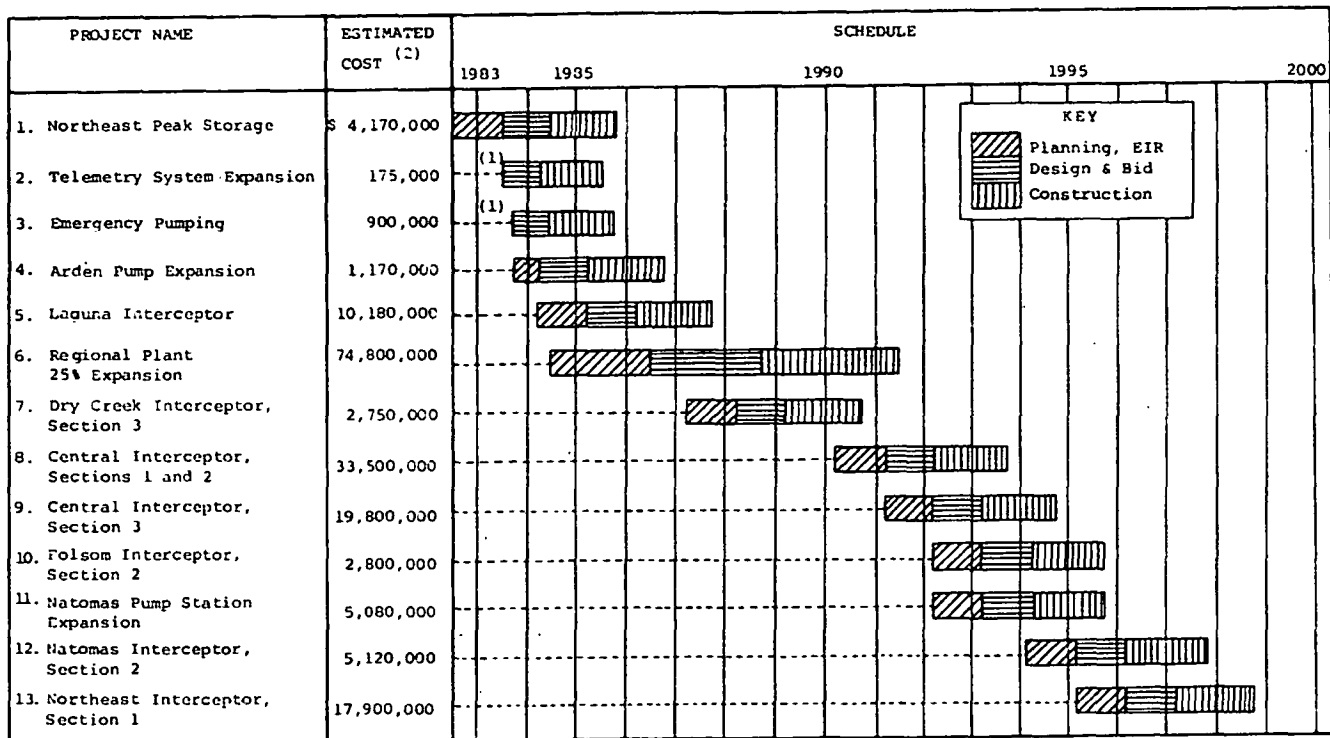
All other projects listed on Table 1 were identified in the Sewerage Expansion Study. Dates shown have been adjusted to account for the deferral of those projects affected by construction of Northeast Peak Storage, and the estimated cost for each project has been adjusted to an Engineering News Record Construction Cost Index (ENRCCI) of 4400, the level in existence during the Fall of 1982. Figure 4 is a schedule showing the actions necessary to insure the service capability of each project will be available by the projected time of need.

#### Discussion

The Capital Improvement Program just presented is based on the conservative assumption that buildout in new development areas will occur by the year 2020. If all new development areas actually develop at the same time, the program presented will be required. It seems more likely, however, that significant development in some areas will reduce development pressures in others and it will not be necessary to construct all facilities before the year 2000.

Furthermore, the final identification of new development areas for immediate growth has not yet been completed. Since preparation of the Sewerage Expansion Study, significant changes with respect to development needs in the Vineyard, Metro Airport Industrial and North Natomas areas have occurred. Other new development areas including the Douglas - Sunrise and Calvine South areas are being considered. If these additional areas are approved, then facilities for service extension to them will have to be incorporated into the Capital Improvement Program.

FIGURE 4  
 SACRAMENTO REGIONAL COUNTY SANITATION DISTRICT  
 CAPITAL FACILITY SCHEDULE THROUGH 2000



(1) Environmental documentation included in design.  
 (2) ENR = 4400

For these reasons, the preliminary Capital Improvement Program presented herein is expected to undergo change over the next several years. Nevertheless, it is believed the program presents a reasonable forecast of the District's financial needs through the year 2000, and is a suitable basis for forward financial planning.

#### FINANCING NEED

Using the cost estimates and scheduling information presented above, estimated total annual financing needs were determined through the year 2000, and are summarized in Table 3. In making these projections, the possible effects of future inflationary trends and their resultant impact on construction costs must be recognized. Since 1975, construction costs as measured by the ENRCCI have escalated at an average annual rate of approximately 8.8 percent. Over the same period, sewer construction costs, as measured by the Environmental Protection Agency Sewer Cost Index, have risen at an average annual rate of 8.6 percent. While recent trends indicate some reduction in cost escalation rates, it is believed that long term cost projections should be somewhat conservative. For this reason, annual needs have been computed utilizing escalation rates of five, eight, and ten percent.

As Table 3 shows, the escalation rate will have substantial impacts on SRCSD's total financing need. Using 1982 cost levels, the total cost to the year 2000 is approximately \$178 million. If costs escalate at an average annual rate of five percent, total program cost will increase by 56 percent, to approximately \$279 million. If the rate is ten percent, total program costs will be approximately \$440 million, about 2.5 times the cost of the program in 1982 dollars. The financing program should be able to accommodate the possible range in future escalation rates.

#### Existing Funding Sources

Based on current information, State and Federal grants will not be available for expansion of existing facilities. At the present time, the only local funds available for financing future SRCSD expansion needs are derived from the Capital Investment Equalization (CIE) fee. Established in the Master Interagency Agreement (MIA), the CIE fee was set at the rate of \$20 per ESD, beginning January 1, 1976, increasing by \$20 per ESD each year thereafter. The CIE fee was intended to equal the proportionate approximate capital investment for a comparable user who was connected to a sewer line within the territorial jurisdiction of the Regional District on January 1, 1976, and that thereafter has remained continually connected to and in continual use of said service. As of January 1, 1983, the fee was \$160 per ESD. Total existing reserves as a result of CIE fee collection and interest are projected to be \$7,686,000 as of July 1, 1983. While this is a substantial amount, it is quite small in comparison to projected financing needs and other sources of revenues must be provided.

TABLE 3  
 SACRAMENTO REGIONAL COUNTY SANITATION DISTRICT  
 ANNUAL CAPITAL FINANCING NEEDS TO YEAR 2000

Fiscal Year	Escalation Rate	Financing Need, \$1,000			
		0%	5%	8%	10%
1983-84		525	550	567	578
1984-85		2,739	3,019	3,195	3,314
1985-86		3,703	4,287	4,665	4,929
1986-87		9,058	11,010	12,323	13,262
1987-88		8,050	10,274	11,828	12,965
1988-89		22,715	29,717	36,046	40,241
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1995-96		3,664	6,909	9,965	12,649
1996-97		4,350	8,613	12,776	16,519
1997-98		10,998	22,864	34,888	45,941
1998-99		7,160	15,630	24,530	32,900
TOTAL		178,345	278,577	366,794	440,367

## Sewerage Expansion Study Fee Recommendations

The Sewerage Expansion Study included a detailed examination of alternative fee policies and financing mechanisms which will not be repeated here. After evaluating several alternatives, that report recommended that SRCSD adopt a policy of financing future needs with funds obtained from a combination of fees and revenue bonds.

Elements of the Sewerage Expansion Study recommendations for fees included:

1. Continuation of the CIE or buy-in fee in its present form.
2. Adoption of an annexation fee approximately equal to the amount of taxes that have been paid by a typical user connected to the system since 1976.
3. Adoption of an impaction fee, the amount of which would be set so that new users pay approximately 20 percent of the cost of new Regional facilities in addition to the CIE and Annexation fees.
4. Adoption of an EPA Moratorium Area surcharge so that if the moratorium area were developed, funds would be available to repay approximately \$4 million in grant funds, plus interest. Such repayment is a condition of the grant agreements which provided funds for construction of current program facilities in the North Natomas area.

The current CIE fee is intended to put new users on an equal basis with existing users in terms of their investment in the local capital cost of the existing system which is recovered from service charges. Establishment of an annexation fee would recover local capital costs paid by taxes. The annexation fee will be set so that, on the average, the new user's fee is approximately equal to the amount of taxes paid by an existing user connected to the system since 1976. If, in addition to the CIE and Annexation fee, the new user is required to pay an impaction fee, then the new user's investment in the Regional system will be more than the existing user's investment. While this is consistent with a policy of requiring new users to partially pay the cost of new facilities necessary to serve them, SRCSD has not had such a policy in the past. Consideration of an impaction fee will be deferred pending Board direction on the policy change.

With respect to the EPA Moratorium Area, no actions should be taken which could result in a requirement for grant repayment until the exact conditions of such repayment can be determined.

Staff has requested that State and EPA officials determine if the payback can be accomplished on a prorata basis, in which case a surcharge may be appropriate. If, on the other hand, EPA requires complete payback of the entire amount at the time of any sewer system connection, then an alternative means of financing the repayment should be found before development is permitted.

#### Recommended Fee Elements

For the reasons cited above, some changes to the Sewerage Expansion Study fee recommendations are desirable. The following fee elements are recommended:

1. Annexation Fee: A fee for newly annexed areas that approximates the average total amount of SRCSD taxes paid per ESD by properties within the District since its formation plus interest. This fee will be \$243 per ESD effective July 1, 1983 and will be adjusted annually by an amount equal to the total estimated SRCSD taxes due for the year divided by the average number of ESD's connected during that year plus an amount equal to the interest that would have been earned on the fee had it been deposited in the County Treasury Pool. To recognize the useful life of existing facilities, the cumulative base of the annexation fee will be limited to the most recent 20 year period, (or less for the initial 20 year period).
2. CIE Fee: A fee to be paid by all users connecting to the Regional System which is equivalent to the local capital cost paid by an existing system user through service charges if connected continuously since 1976, plus interest. This fee will be \$151 effective July 1, 1983, and will be adjusted annually by an amount equal to that portion of the previous years' service charges allocated to capital improvements plus an amount equal to the interest that would have been earned on the fee had it been deposited in the County Treasury Pool. Annual adjustment will be determined from the then current SRCSD Revenue Program. To recognize the useful life of existing facilities, the cumulative basis of the CIE fee will be limited to the most recent 20 years (or less for the initial 20 year period).

Implementation of the above described fee elements will result in the new user's payment of fees which are equal, to the maximum extent possible, to the existing user's investment in system local capital costs. Because of the method of calculation and inclusion of interest, the individual fee amounts differ somewhat from those recommended in the Sewerage Expansion Study as shown in Table 4. Based on the projected growth in connections, the fees recommended in the Sewerage Expansion Study would generate a total of approximately \$153 million through the year 2000. Over the same period, the recommended fees will generate a total



of approximately \$154 million. With respect to funding future capital needs, the recommended fees are equivalent in the amount of funds generated to those proposed in the Sewerage Expansion Study. When adopted, the fees will provide a significant portion of the total funding needed for service extension. If escalation rates average five percent, the fees will generate approximately 55 percent of the needed funding; if escalation rates are 10 percent, then only 35 percent of the need will be met. In either case, a significant portion of the total program cost will have to be met with supplemental financing.

#### SUPPLEMENTAL FINANCING

Development of detailed long term recommendations for revenue bond issuance or alternative supplemental financing for capital program needs is beyond the scope of this report. However, a short term cash flow analysis was conducted to determine the approximate date of need for supplemental financing. In conducting the cash flow analysis, escalation rates of five, eight, and 10 percent were coupled with interest rates of eight, 10 and 12 percent. For all cases, the cash flow analysis indicated that supplemental financing will be needed in 1987-88 in order to continue construction of the capital program earlier presented.

Supplemental financing may be provided by one or a combination of the following:

##### Impaction Fee.

The CIE and Annexation Fees proposed herein are intended to insure that all system users have an equal investment in the cost of the existing system. Substantial additional funds could be generated by adoption of a sewer impaction fee whereby some portion of the cost of future facilities is paid by new users at the time of connection to the system. While an impaction fee may be viewed as "equitable" in that growth is paying the cost of facilities required to serve it, an initial fee amount of approximately \$850 per ESD would be required to meet the projected cash flow requirements. The fee would be adjusted annually in conformance with the ENRCCI. If construction costs escalate at an annual rate of 10 percent, the impaction fee would be approximately \$4,725 per ESD by the year 2000.

##### Revenue Bonds.

Revenue bonds are commonly used by sewer agencies to finance capital projects. Under this form of debt financing, certain revenues are used for payment of interest and retirement of principal on the amount borrowed. The revenues used for this purpose are derived from fees or charges paid by those who use the facilities constructed with proceeds from the bonds or use other facilities owned by the issuer of the bonds. In the case of SRCSD, revenues could be derived from an impaction fee, from

TABLE 4

SACRAMENTO REGIONAL COUNTY SANITATION DISTRICT  
COMPARISON OF FEE ELEMENT AMOUNTS PER ESD

YEAR	FEE ELEMENT	SEWERAGE EXPANSION STUDY FEE AMOUNTS		RECOMMENDED FEE AMOUNTS	
		In District	Annexation	In District	Annexation
1983	CIE Fee	\$ 160	\$ 160	\$ 151	\$ 151
	Connection Fee (1)	160	160	-0-	-0-
	Annexation Fee	-0-	160	-0-	243
	TOTALS	<u>320</u>	<u>480</u>	<u>151</u>	<u>394</u>
1985	CIE Fee	200	200	223	223
	Connection Fee (1)	193	193	-0-	-0-
	Annexation Fee	-0-	209	-0-	326
	TOTALS	<u>393</u>	<u>602</u>	<u>223</u>	<u>549</u>
1990	CIE Fee	300	300	474	474
	Connection Fee (1)	310	310	-0-	-0-
	Annexation Fee	-0-	288	-0-	610
	TOTALS	<u>610</u>	<u>898</u>	<u>474</u>	<u>1,084</u>
1995	CIE Fee	400	400	821	821
	Connection Fee (1)	500	500	-0-	-0-
	Annexation Fee	-0-	357	-0-	863
	TOTALS	<u>900</u>	<u>1,257</u>	<u>821</u>	<u>1,684</u>

(1) Annual escalation = 10%

monthly service charges, or a combination of both. Revenue bonds offer the advantage of providing capital at the time it is needed and allow for its repayment after facility construction. Bond issuance may require voter approval.

#### Assessment District.

Assessment districts are also a commonly used method of debt financing. Assessment districts are particularly appropriate when a well defined area benefits from the construction of an improvement. Under assessment proceedings each benefitted parcel is assessed its appropriate share of the cost of the new facilities, and these are repaid over time, usually in annual installments. While financing costs are significant, assessment proceedings may prove to be an attractive means of financing those projects where the benefitted area is clearly defined.

#### Privatization.

Privatization is a term referring to a partnership between the public and private sector to accomplish the financing, construction, and/or operation of facilities which have been traditionally accomplished by the public sector. A variety of public/private partnership structures are available, but the transactions are complex and involve a certain amount of risk. A detailed discussion of this option is beyond the scope of this report, but its inclusion in future study of supplemental financing means should not be ruled out.

#### Summary

The proposed CIE and Annexation Fees will provide adequate capital to meet SRCSD's immediate needs through about 1987. In the intervening period the rate and location of community growth will be better defined permitting more exact definition of timing and cost of needed sewerage facilities. Some form of supplemental financing will be needed by 1987 if growth occurs at the projected rate. A variety of financing mechanisms are available to provide the necessary capital and further study should be undertaken to define a supplemental financing program.

Prior to undertaking such study, Board direction on the following question would be helpful:

Should an Impaction Fee be considered in developing a supplemental financing plan? If so, should new users be required to pay their entire allocated cost of system expansion?

#### POLICY RECOMMENDATIONS

In conjunction with the proposed Capital Improvement Program and revisions to current fee structure it is desirable for SRCSD to adopt a policy statement regarding the extension of service to

new development areas and the method of financing such extension. Adoption of the policy statements hereinafter presented will require revision to the existing MIA. Proposed revisions to the MIA, as well as the existing sections to which changes are proposed, are included in Appendix 2. The proposed MIA changes will require approval of the Cities of Sacramento and Folsom, County Sanitation District No. 1 (CSD1), and the County of Sacramento.

The proposed changes in fee structure, if adopted, will require revision to the existing "Regional Connection Fee Ordinance". A copy of a revised ordinance is included in Appendix 3. Revisions to the current ordinance are underlined for easy identification.

### Proposed Service Policy

It is believed a desirable goal that SRCSD function as a utility, extending service to customers on demand, providing that such service is in conformance with community policy as set forth in the General Plan, and within the District's financial capability. Toward these ends, the following policy statement is proposed:

"It shall be the policy of the Sacramento Regional County Sanitation District to provide sanitary sewage service to all properties designated for urban uses on the Sacramento County General Plan as it is adopted and amended from time to time."

SRCSD is responsible for the construction and operation of interceptor sewers, pump stations, treatment facilities and appurtenances which are of a regional nature. The contributing agencies (CSD1, City of Sacramento, and the City of Folsom) are responsible for the construction of collector and trunk sewers, pump stations and appurtenances which are of a local nature. To clarify the difference for new areas, the following definitions are proposed:

COLLECTOR SEWER: The term "Collector sewer" shall mean any publicly operated sanitary sewer including pumping and in-line treatment facilities appurtenant thereto, whose primary purpose is the collection of wastewaters within a Contributing Agency.

INTERCEPTOR SEWER: The term "Interceptor sewer" shall mean any sewer and in-line treatment facilities appurtenant thereto including pumping facilities as shown and described on Exhibit "A" which is hereby made a part of this amendment, and any future sanitary sewers constructed after the date of this amendment which meet either of the following criteria:

- (a) Any sanitary sewer designed to carry a peak wet weather flow of 10 MGD or greater; or,

- (b) Any sanitary sewer that has its upstream and downstream ends adjacent and connected to the Interceptor sewers shown on Exhibit "A" of this Amendment.

TRUNK SEWER: The term "Trunk sewer" shall mean any collector sewer designated as a trunk sewer by the Contributing Agency operating said sewer.

#### Proposed Financing Policy

For currently approved new development areas, the Capital Improvement Program identifies new sewerage facilities necessary to implement the proposed Service Policy. While additional new development areas are under consideration, the need for facilities to serve them cannot now be determined and are not included in the Capital Improvement Program. For facilities to serve currently approved new development areas, the following financing policy is suggested:

The present and future cost of providing regional services to and within Contributing Agencies shall be uniformly and equitably allocated among such users without regard to their geographical location within Regional District. Such costs shall be recovered through the levy and collection of equitable user service charges, taxes, and fees for connection to the system all based on rates determined and established by the District. Financing of the Capital Improvement Program will be accomplished through a combination of connection fees and revenue bonds or other method of District-wide financing as may be available and agreed upon.

All new users connecting to a sanitary sewer owned by the Regional District or one of its contributing agencies shall pay an appropriate amount for their share of capital investment in the regional system in accordance with the following:

All new users shall be required to pay a Capital Investment Equalization Fee (CIE). The CIE fee shall be based on the cumulative capital cost paid by an Equivalent Single Family Dwelling through service charges if said Equivalent Single Family Dwelling were continually connected to the system since 1975. An interest factor shall be applied to the amounts paid based on the actual interest rate the District would have earned or is expected to earn. The fee will be adjusted annually, and the cumulative capital cost used for computation of this fee shall be limited to those paid in the most recent 20 year period.

All new users outside the District boundary shall be required to annex to the District. Prior to receiving

service, such users shall pay an Annexation Fee. Said fee shall be based on the cumulative District taxes paid by an acre of land developed at a standard residential density of five units per acre that has been within the District's boundary since 1975. An interest factor shall be applied to the amounts based on the actual rates the District has earned or is expected to earn. The fee shall be adjusted annually, and the cumulative tax amounts used for computation of this fee shall be limited to those paid during the most recent 20 year period.

Revenues from the CIE and Annexation fee shall be deposited in an account designated "Reserves for Future Expansion" and shall be used to construct or reconstruct those facilities necessary for conveyance, treatment, and disposal of sanitary sewage and industrial wastes originating within the District's service area and delivered to it by each contributing agency.

The policy statement sets forth the guidelines to be used in further planning for financing system expansion. The CIE and Annexation fees recommended therein will place new users on an equal basis with existing users with respect to user investment in existing and future capital facilities. Revenues from these fees will finance between 35 and 55 percent of the Capital Improvement Program. Revenues from these fees, in combination with existing reserves and interest accruals, will provide sufficient funds for new facilities through about 1987, by which time supplemental financing will be needed.

#### CONCLUSIONS

Current projected growth rates for the Sacramento Region are substantially greater than those used for planning of the Sacramento Regional Wastewater Management Program. Significant capital improvements will be required to serve projected growth through the year 2000. The cost of these facilities is estimated to be approximately \$178 million (ENR 4400) without adjustment for future escalation. It is believed that these facilities will be 100 percent locally financed.

The CIE and Annexation fees set forth herein are expected to generate approximately \$154 million through the year 2000. Depending on future cost escalation rates, this will be between 35 and 55 percent of the total financial need. Adoption of the fee recommendations should provide adequate funds for facilities needed over the next four years. Some changes in the identified Capital Improvement Program may occur, depending on the approval of further changes to the General Plan.

Some form of supplemental financing will be needed to fund continued program construction after 1987. Available alternatives include sewer impaction fees, revenue bonds, privatization or a combination thereof. Before detailed study of supplemental financing alternatives is undertaken, Board direction with respect to the following question is desirable.

The buy-in fees herein proposed will generate 35 percent to 55 percent of the funds needed for future capital facilities. Additional funds could be raised by adoption of an impaction fee, whereby new users would be required to pay all future expansion costs. In developing detailed supplemental financing recommendation, should the impaction fee be considered?

APPENDIX 1

EXECUTIVE SUMMARY

SACRAMENTO SEWERAGE EXPANSION STUDY





## EXECUTIVE SUMMARY

### INTRODUCTION

The purpose of this study is to identify areas of future growth that will require expanded sewerage service, to conceptually design a sewage system to meet the demands of future users, and to develop information needed to formulate policy on allocation of those sewage collection and treatment capital improvement project costs to the users of the system.

### FUTURE GROWTH

Eight growth areas have been identified outside the Sacramento Regional County Sanitation District (SRCSD) boundary. They are shown on Figure III-1 of the Phase I and II study (a foldout can be found at the end of Section III of that study) and are as follows:

- o North Natomas County Study Area
- o North Natomas City Study Area
- o North Highlands Urban Reserve
- o Rio Linda Urban Reserve
- o Folsom Urban Expansion Area
- o Vineyard (West and East)
- o Metro Airport Industrial Area
- o McDonnell-Douglas

Not all of these areas will develop fully within the planning horizon of this report (assumed to be the year 2020). Some areas, in fact, may be slowed in their growth due to rapid growth in another area. However, because regional sewerage facilities must eventually serve the buildout capacity of an area, this study assumes that buildout occurs in all areas by the year 2020. Since the location and phasing of actual growth is unknown at this time, this conservative approach will allow a comparison of the relative costs of sewer service at buildout among those areas with potential for growth. The cost of all municipal services can later be calculated for each potential growth area, and actual growth can be directed to those areas that can be more easily served.

In addition to the areas outside the current SRCSD boundary, each of the members of the Master Interagency Agreement have identified areas within the SRCSD boundary that are now anticipated to infill at a greater density than was assumed during the planning and design of the Regional System. A summary of the population and flow changes projected in the year 2020 (for inside and outside the present SRCSD boundary) can be found in Table 1. The increased population and flow is in addition to that growth which was anticipated to the year 2020 at the time of design of the Regional System.

Table 1  
 SUMMARY OF POPULATION AND FLOW CHANGES  
 DUE TO PROJECTED EXPANSION OF SRCSD BOUNDARY  
 AND INFILL WITHIN EXISTING SRCSD BOUNDARY

	Increased Population At Buildout (Assumed to Occur in 2020)	Change in 2020 ADWF (mgd)	Change in 2020 PWWF (mgd)
City of Folsom Infill	9,941	1.60	2.87
Folsom Urban Reserve	11,462	2.75	4.50
McDonnell-Douglas	0	2.71	3.30
Northeast Infill	30,770	3.69	0 <sup>a</sup>
Placer County	0	0	0
Vineyard	157,460	15.75	33.08
North Highlands Urban Reserve	16,807	1.68	3.87
Rio Linda Urban Reserve	23,678	2.37	5.45
Robla	7,100	0.71	1.61
South Natomas	(3,029)	0.16	( 0.10)
North Natomas & Airport Industrial <sup>b</sup>	158,838	24.90	48.10
South Pocket	9,100	0.91	1.91
South Meadowview	23,850	2.39	5.02
South Sacramento	<u>8,000</u>	<u>0.80</u>	<u>1.68</u>
	453,977	60.42 mgd	111.29 mgd

<sup>a</sup> Assumes attenuation of peak flows by use of peak storage basins at site of the Northeast Pumping Station.

<sup>b</sup> Most densely populated scenario.

Current population projections for Sacramento County are based on a 1981 revision to the Department of Finance E-150 projection. As can be seen in Figure 1, the current projection (revised E-150) is significantly above the 1974 D-100 projection that was used as a general basis for design of the SRCSD system. The growth projected in Table 1 is greater than that anticipated by the 1981 revision to the E-150 projection by approximately 220,000 people because (1) the purpose of this report is to present a conservative (or "worst-case") approach to future sewerage facility requirements, (2) the revised E-150 projections do not anticipate growth in the North Natomas area, and (3) it is recognized that while growth in one particular area may postpone growth in another area, it may be prudent to provide interceptor sewers capable of transporting "buildout" flows.

#### REQUIRED SEWERAGE FACILITIES AT BUILDOUT

Improvements to the existing SRCSD system were conceptually designed and costs were estimated on the basis of population and growth projections detailed in the Phase I study. Although total system costs for planned and unplanned growth were developed, Table 2 presents only those costs attributable to unplanned growth. The costs of all improvements were allocated to upstream users by determining their percent of use of the facilities. This provides the planners and decision-makers with the true cost of sewage collection and treatment for the various areas.

Table 2 shows the capital costs for service for ten separate areas; the average cost per dwelling unit for residential users is approximately \$880, not including trunk fees. If major geographical areas were to be separated, the approximate costs for connection (again not including trunk fees, if any), would be:

- o \$700 per dwelling unit in the Northeast Interceptor System area
- o \$1,130 per dwelling unit in the Natomas Interceptor System area
- o \$475 per dwelling unit in the City Interceptor System area

In addition to these costs for interceptors and treatment plant capacity, CSD No. 1 currently levies a trunk sewer charge of \$125 per equivalent single-family dwelling unit (ESD), or \$600 per acre. Based on studies for an unsewered area (Highlands Estates), the actual cost of providing trunk sewers, defined as sanitary sewers capable of transporting 1 million gallons per day (mgd) or more peak wet weather flow, varies with housing density and is as follows:

Table 2  
COST SUMMARY

Area	Change in 2020 Buildout <sup>a</sup>	Interceptors x 1,000	Peak Storage Basins x 1,000	Regional Plant x 1,000	Total Interceptor & Treatment Cost x 1,000	Total Cost Per Dwelling Unit for Interceptors & Treatment (Residential)	Trunks, Sewers <sup>b</sup>	Total Cost Per Acre for Interceptors & Treatment (Industrial)
City of Folsom Infill	9,941 people + 663 indus. ac	\$ 5,106	-0-	\$ 2,753	\$ 7,859	\$1,503/du	Unknown	\$3,658
Folsom Urban Reserve	11,462 people + 942 indus. ac	8,055	-0-	4,732	12,737	1,514/du	Unknown	6,823
McDonnell-Douglas	3,300 indus. ac	4,614	-0-	4,663	9,277	N/A	\$1,380/ac. (est.)	2,811
Northeast Area Infill	30,770 people	-0-	2,700 <sup>c</sup>	6,349	9,049	809/du	380/du	N/A
Vineyard	157,460 people	5,441	-0-	27,099	32,540	568/du	250/du	N/A
North Highlands Urban Reserve	16,807 people	5,110	-0-	2,891	8,001	1,309/du	250/du	N/A
Rio Linda Urban Reserve	23,678 people	5,897	-0-	4,078	9,975	1,159/du	250/du	N/A
North Natomas Area	158,838 people + 5,444 Ind/Com. ac	50,154	-0-	42,843	92,997	1,100/du	250/du	5,291
Robla Infill	7,100 people	1,341	-0-	1,222	2,536	982/du	Unknown	N/A
City of Sacramento Infill	32,950 people	-0-	-0-	5,678	5,678	474/du	Unknown	N/A
		\$85,718	\$2,700	\$102,308	\$190,649			

<sup>a</sup>Net change in projected population and industrial land use from those used in the Northeast Interceptor System, Natomas Interceptor System, and City Interceptor designs.

<sup>b</sup>Trunk sewer costs for infill areas = \$380 per dwelling unit; for newly developed areas = \$250 per dwelling unit. Does not include cost of on-site laterals. Trunk costs for Cities of Folsom and Sacramento not calculated as part of this study.

<sup>c</sup>Storage basin cost from March 1981 report on Northeast Plant by Dewante and Stowell.

<sup>d</sup>Does not include \$4,000,000 EPA payback if sewage capacity is provided to the area of prohibition (\$70/du).

NOTES: A. Industrial lands at 1,500 g/ac/d except McDonnell-Douglas - 820 g/ac/d, Folsom Urban Reserve - 1,700 g/ac/d, Folsom Infill - 920 g/ac/d  
 B. 2.75 people/du for domestic contribution  
 C. Costs based on ENR OCI (20 cities + San Francisco average) of 4,000

Table 3

Density (du/ac)	Estimated Trunk Costs <sup>a</sup>	Trunk Cost Per Dwelling Unit	Trunk Cost Per Acre
2	\$ 1,700,000	\$346	\$ 694
3	2,200,000	299	897
4	2,550,000	260	1,040
6	3,300,000	224	1,346
9	4,100,000±	185±	1,673±

<sup>a</sup>Based on 2.75 people per dwelling unit.

If sufficient land parcels develop at higher than planned densities in areas where a trunk sewer system is already in place, it would seem reasonable that the cost per ESD might be higher than that shown in Table 3. The costs of trunk sewer service for one such area of high density infill within CSD No. 1 were determined to be \$380 per ESD for those parcels developing at higher than planned densities.

#### FINANCING AND FEE POLICIES

Phase III of this report identifies and evaluates financing mechanisms and fee policies available to the Sacramento Regional County Sanitation District and County Sanitation District No. 1 for use in funding sewer facilities. Specifically, this financing mechanism and fee policy analysis is applied to our projections regarding population growth, sewer facility needs, and anticipated costs. Phase III defines, evaluates, and recommends policy for financing these assumed sewer capital expansion needs, based on general growth scenarios provided by the planning departments of Sacramento and Placer Counties and the Cities of Sacramento and Folsom.

#### Financial Limitations

To establish the parameters of potential financing policies for the Districts, several factors were identified and studied. The current situation, practices, and policies of SRCSD and CSD No. 1 as related to the Phase III study were documented and definitions established. These included:

- o Governmental organization and service role
- o Financial situations
- o Current fee policies
- o Sewer facilities
- o Financing mechanisms

An assumption of the Districts throughout the study is the desirability of functioning as a utility, providing service to customers upon demand. Also studied were the impacts or constraints of outside forces on financing mechanisms, specifically:

- o Availability of grants
- o Federal and State guidelines on cost allocation
- o Article XIII, A and B, of State Constitution (Propositions 13 and 14)

#### Fee Policy Survey

To further define the parameters of this portion of the study, connection fee policies of 19 sewer agencies were surveyed. Although the results showed a broad range of policies being used, the survey provided a basis for establishing common practices in capital financing and fee policy. Furthermore, the results graphically illustrated that the combined connection fee of SRCSD and CSD No. 1 for residents of Sacramento County is very low compared to the connection fees to residents within the jurisdiction of other sewer service agencies (see Figure 2).

#### Fee Policy Elements

An analysis of fee policies shows that any connection fee consists of several elements. These were found to be:

- o Form of the Fee: Alternatives include a combined fee covering all facilities, separate fees for specific facilities, or funding of capital facilities out of service charges.
- o Basis of Cost: Fees may be based on future capital costs (may include indexing), past facility costs (such as a buy-in fee), or a portion of total costs (e.g., partial pay-as-you-go financing).
- o Cost Allocation: Costs may be allocated Districtwide, on a subregional basis, or as a surcharge to a particular area.

The three basic financing methods available to the Districts were identified as:

- o Pay-as-you-go: Total needed financial resources for a capital project are accumulated over a period of time and used for full cash outlay for the project.
- o Revenue Bonding: Money for capital projects is borrowed through the sale of bonds that are repaid with interest over time from specific revenue sources.

- o Combination Financing: A portion of capital facility needs is financed on a pay-as-you-go basis; the rest is financed through sale of revenue bonds.

### Evaluation of Alternatives

Based on the review of fee policy and financing mechanism elements, three complete alternative policies for financing sewer capital facilities and recovering costs were developed. These are:

- o Pay-as-you-go policy

- Connection fees are primary source of revenue.
- The CIE or buy-in fee continues for the Regional District.
- An annexation fee will be established for the Regional District.
- The basis for cost determination is an estimate of future capital facility needs.
- The cost allocation method applies to new users throughout the entire service area. A surcharge for the EPA Moratorium area is included.

- o Revenue bond policy

- Service charges are the primary source of revenue for debt service.
- The CIE or buy-in fee continues for the Regional District.
- An annexation fee will be established for the Regional District.
- The basis for cost determination is an estimate of future capital facility needs.
- The cost allocation measure applies to all users throughout the entire service area. A surcharge for the EPA Moratorium area is included.

- o Combination policy

- Connection fees are used to produce a specific percentage of capital facility costs, the balance being financed through revenue bonds repaid with increased service charges.

- The CIE or buy-in fee continues for the Regional District.
- An annexation fee will be established for the Regional District.
- The basis for cost determination is an estimate of future capital facility needs.
- The cost allocation method applies to all users throughout the entire service area. A surcharge for the EPA Moratorium area is included.

Each of these three policies was evaluated according to the following criteria:

- o Equity
- o Ease of administration
- o Public understanding
- o Acceptability
- o Legality
- o Effectiveness

The main differences among the alternatives are equity, acceptability, and effectiveness. Specifically, there is a trade-off between the more equitable pay-as-you-go policy and the increased acceptability and effectiveness of a revenue bond policy. The combination policy was judged to have a neutral equity value relative to the other two policies while maintaining a high degree of acceptability and effectiveness.

#### RECOMMENDATIONS

The following recommendations are based on the analysis in the body of this report.

#### County Sanitation District No. 1

- o Definition of Trunk Sewers: Sanitary sewers capable of transporting 1 mgd or more of sewage, except for those sewers designated as interceptor sewers.
- o A pay-as-you-go fee policy should be adopted and a connection fee established.
- o The pay-as-you-go fee policy should be:
  - Uniform Districtwide.
  - Based on the estimated future costs of needed capital facilities.



- o Connection fees should be tied to an appropriate index and revised annually. The long-range capital improvement program should be reviewed and revised as necessary every 3 to 5 years and should include a reevaluation of connection fee levels.
- o The connection fee should be established at a level that will ensure that accumulated revenue is sufficient to finance capital facilities at the time needed.

Sacramento Regional County Sanitation District

- o Definition of Interceptor Sewers: Sanitary sewers with upstream and downstream ends at the same locations as the corresponding ends of an existing interceptor and/or other new sanitary sewers serving a peak wet weather flow of 10 mgd or greater.
- o The CIE or buy-in fee should be continued in its present form.
- o An annexation fee should be established, and newly annexed areas should participate in the then-current property tax.
- o A combination fee policy should be adopted that establishes a connection fee for a portion of future capital costs and provides for revenue bond financing of remaining costs through service charges.
- o The combination fee policy should be:
  - Uniform Districtwide.
  - Based on the estimated future costs of needed capital facilities.
- o Connection fees should be tied to an appropriate index and revised annually. The long-range capital improvement program should be reviewed and revised as necessary every 3 to 5 years and should include a reevaluation of connection fees.
- o Connection fees should be set at a level that will produce a minimum of 20 percent of future capital financing needs.
- o Should the EPA Moratorium area be developed, the existing grant condition requiring the repayment of approximately \$4 million plus interest should be considered as a surcharge to development in the moratorium area.

COMPARISON OF EXISTING AND PROPOSED FEE LEVELS

Chapter VII of the Phase III report provides a financing needs analysis based on the prescribed growth scenario and the resulting sewer facility needs. Assuming the growth is realized, the facilities constructed, and the recommended fee policies implemented, fees per equivalent single-family dwelling (ESD) in 1982 will be as shown below and compared to current fees.

	<u>1982 Fees Based On Current Policies (Per ESD)</u>	<u>Estimate of 1982 Fees Based On Recommended Policies (Per ESD)</u>
Capital Investment Equalization (CIE) Fee	\$ 140	\$ 140
SRCS D Connection Fee	---	145
CSD No. 1 Connection Fee	<u>125</u>	<u>250</u>
Total	\$ 265	\$ 535

Figure 3 shows the relative position of Sacramento County (after implementation of the recommended fee policies) compared to other sewer service agencies.

Areas presently outside the boundaries of SRCSD would, under the fee policies recommended, pay an annexation fee of \$140 per ESD in 1982.

Monthly service charges are compared below at the current level and as a result of the revenue bond debt service on a \$95 million bond issue. The revenue bond debt service is updated to begin in 1985. For purposes of this comparison, it is assumed that operations and maintenance costs will remain constant.

	<u>Current Monthly Service Charge</u>	<u>Estimated Monthly Service Charges With Fee Policy Recommendations</u>
SRCS D	\$ 3.45	\$ 7.12
CSD No. 1	<u>1.50</u>	<u>1.50</u>
Total	\$ 4.95	\$ 8.62

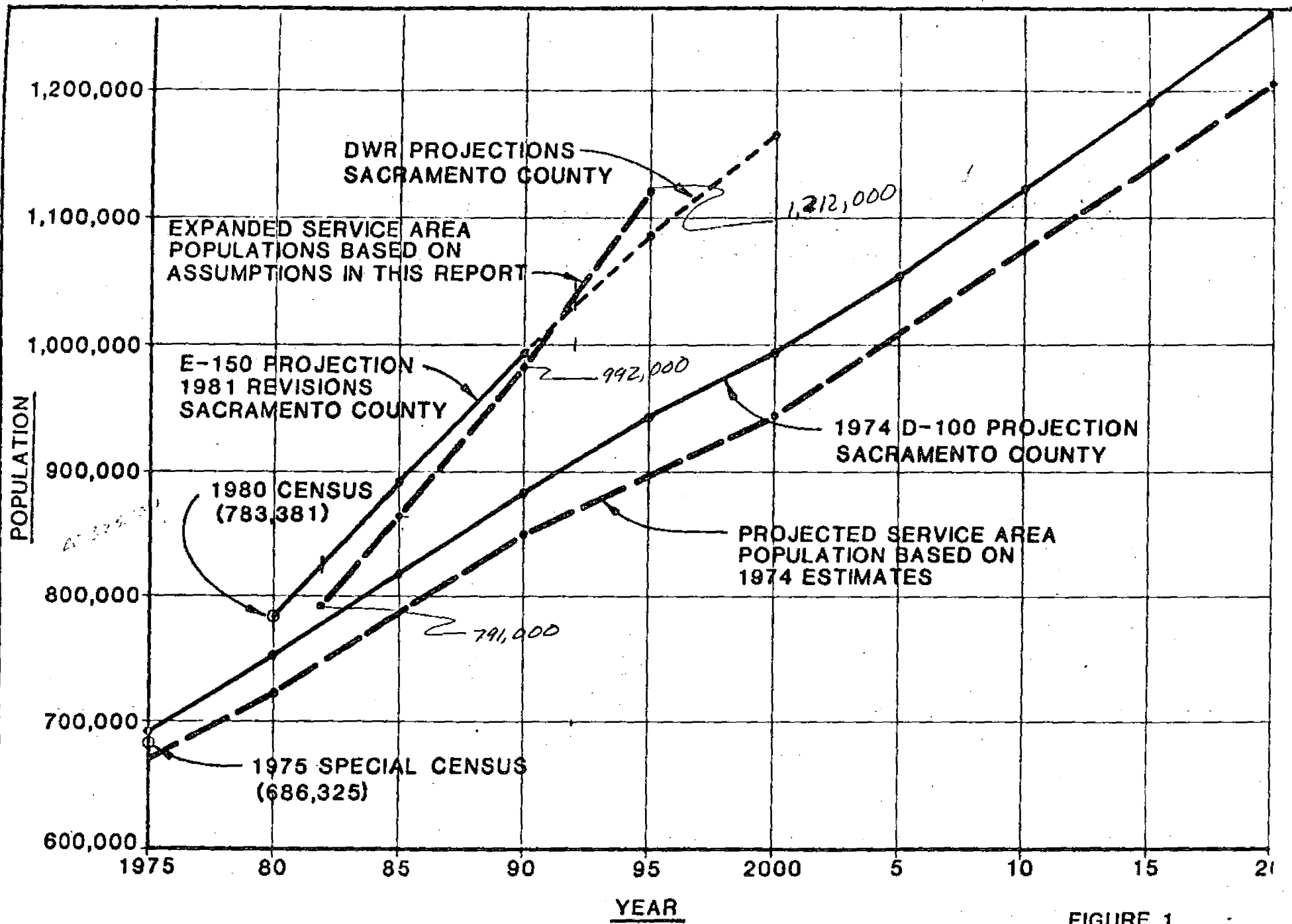


FIGURE 1  
POPULATION PROJECTION

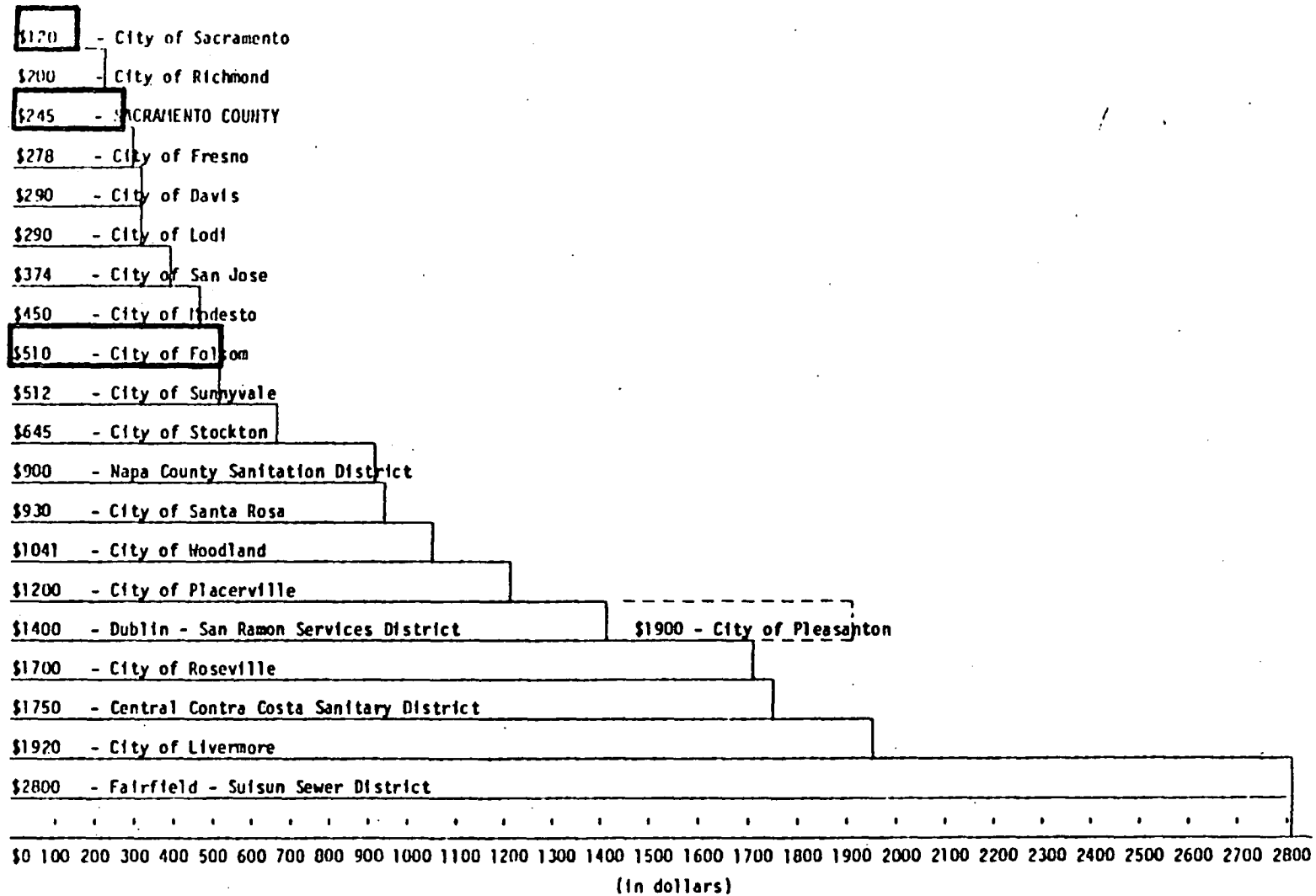


FIGURE 2  
 CURRENT CONNECTION FEES  
 FOR TREATMENT AND COLLECTION PER  
 EQUIVALENT SINGLE-FAMILY DWELLING

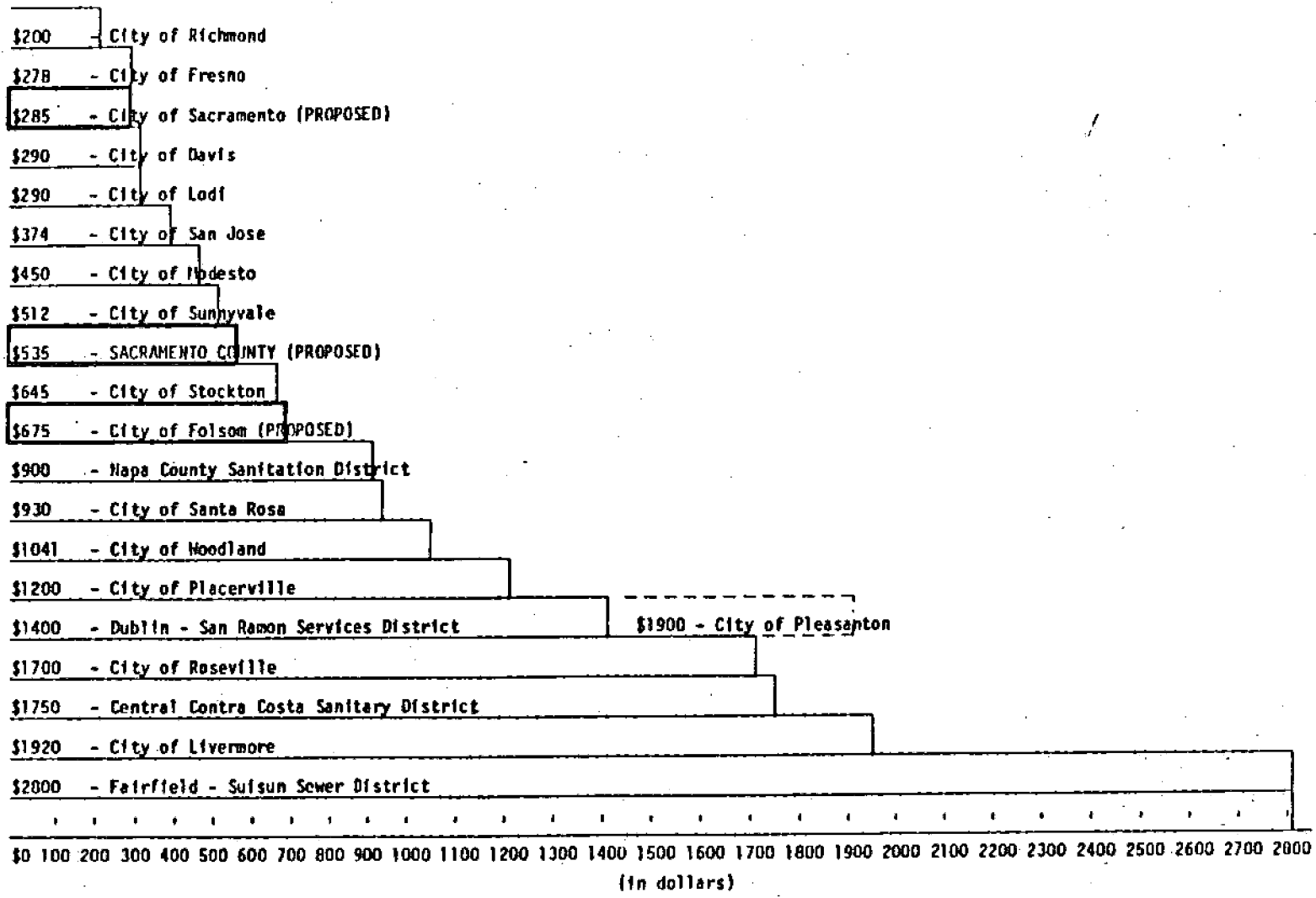


FIGURE 3  
TOTAL CONNECTION FEES  
FOR TREATMENT AND COLLECTION PER  
EQUIVALENT SINGLE-FAMILY DWELLING

APPENDIX 2

PROPOSED REVISION TO  
MASTER INTERAGENCY AGREEMENT

PROPOSED REVISIONS TO THE  
MASTER INTERAGENCY AGREEMENT <sup>1)</sup>

Section 1. Definitions.

The following definitions contained in Section 1 of the Master Interagency Agreement are hereby amended as follows.

COLLECTOR SEWER: The term "Collector sewer" shall mean any publicly operated sanitary sewer including pumping and in-line treatment facilities appurtenant thereto, whose primary purpose is the collection of wastewaters within a Contributing Agency.

INTERCEPTOR SEWER: The term "Interceptor sewer" shall mean any sewer and in-line treatment facilities appurtenant thereto including pumping facilities as shown and described on Exhibit "A" which is hereby made a part of this amendment, and any future sanitary sewers constructed after the date of this amendment which meet either of the following criteria:

- (a) Any sanitary sewer designed to carry a peak wet weather flow of 10 MGD or greater; or,
- (b) Any sanitary sewer that has its upstream and downstream ends adjacent and connected to the Interceptor sewers shown on Exhibit "A" of this Amendment.

TRUNK SEWER: The term "Trunk sewer" shall mean any collector sewer designated as a trunk sewer by the Contributing Agency operating said sewer.

Section 2. Uniform Charge for Regional Services.

Section 4 of the Amended Master Interagency Agreement shall be deleted and the following substituted therefore.

"It is the intent of all parties to the Agreement that:

- (a) The present and future costs of providing regional services to users within Contributing Agencies shall be uniformly and equitably allocated among all users without regard to their geographic location within Regional District; and

1) Related sections of the present MIA are attached for reference.

- (b) The present and future costs of providing regional services shall be primarily recovered through the levy and collection of equitable user service charges, taxes, and fees for connection to the system all based upon rates determined and established by Regional District; and
- (c) User service charges collected for Regional District shall be expended only for the acquisition, construction, reconstruction, maintenance and operation of facilities needed to provide regional services, to repay principal and interest on bonds issued for the construction, reconstruction or expansion of such facilities (including reasonable allowance for reserves necessary to comply with requirements associated with bond sales), loans or advances, to repay other loans or advances made to Regional District for the construction, reconstruction or expansion of such facilities, or requirements associated with State and Federal grants; and
- (d) User service charges collected by Regional District shall not be used for the acquisition, construction, repair or maintenance of collector sewers or trunk sewers as distinguished from interceptor sewers or the Regional Treatment Plant's Outfall Sewer."

Section 3. Method of Computing Connection Fees for New Users.

Section 6 of the Amended Master Interagency Agreement shall be deleted and the following substituted therefore.

"All new users connecting to a sanitary sewer owned by Regional District or one of its Contributing Agencies shall pay an appropriate amount for their share of the capital investment in the Regional system in accordance with the following schedule.

- (a) All new users within the territorial jurisdiction of the Regional District shall pay:

Capital Investment Equalization (CIE) Fee - A fee based upon the cumulative capital cost per Equivalent Single Family Dwelling (ESD) through service charges if said ESD were connected to the sewerage system continually since 1974. An interest factor is applied to the amounts based on the actual interest rate the District earned or is estimated to earn. The cumulative capital costs used for computation of this fee shall be limited to the most recent twenty (20) year period.



(b) New users requiring annexation to the District shall pay:

- (1) The CIE Fee indicated in (a), above; and an
- (2) Annexation Fee - A fee paid by this class of new user based upon the cumulative taxes paid per acre of land developed at standard single-family residential density of five units per acre that has been within the District's boundary since 1974. An interest factor is applied to the amounts based upon the actual interest rate the District earned or is estimated to earn. The cumulative tax amounts used for computation of this fee shall be limited to the most recent twenty (20) year period.

The actual rates to be established for these fees shall be as determined by the Regional District in its Connection Fee Ordinance.

CIE Fees are due and payable in full at the time of connection to the sewerage system in the manner prescribed by the District except as otherwise provided for in the District's "Connection Fee Ordinance."

#### Section 4. Annexation to Regional District.

Section 20 of the Master Interagency Agreement shall be deleted and the following substituted therefore.

"An area within the territorial jurisdiction of a Contributing Agency may be annexed to Regional District at the request of and with the consent of that Contributing Agency and in the manner prescribed by law. Annexation to Regional District and a Contributing Agency may occur simultaneously.

Any area outside the territorial jurisdiction of the Contributing Agencies may be annexed to Regional District provided it has been designated for those classes of urban uses generally requiring public utility services in the Sacramento County General Plan as it exists at the time the annexation occurs, and the area simultaneously annexes to a Contributing Agency.

Fees charged by Regional District for the annexation of territory shall be in accordance with the Annexation Fees adopted by Regional District in its Connection Fee Ordinance at the time the annexation occurs. It is the intent that these Annexation Fees shall represent an amount equivalent to the average total taxes that a comparable property that was within the territorial jurisdiction of Regional District since its formation would have paid plus the interest that the District would

have earned or is estimated to have earned on those tax receipts.

Annexation fees shall be due and payable at the time the Regional District initiates the annexation procedure unless otherwise provided for in the District's Connection Fee Ordinance. If for any reason, the annexation of a parcel of property is not completed, the Annexation Fee shall be returned to the owner/petitioner."

AGREEMENTS

The parties agree as follows:

Section 1. Definitions.

Unless the context otherwise requires, the terms defined in this Section 1 shall for all purposes of this Agreement have the meanings hereinafter specified:

**COLLECTOR SEWER:** The term "Collector sewer" shall mean any sanitary sewer less than 12 inches in diameter (including pumping facilities and in-line treatment facilities appurtenant thereto) receiving wastewaters directly from other such collector sewers or service connections.

**INTERCEPTOR SEWER:** The term "Interceptor sewer" shall mean any sewer and in-line treatment facilities appurtenant there including pumping facilities, whose primary purpose is to transport wastewater of a Contributing Agency or a major portion of a Contributing Agency to a Regional District treatment plant either by itself or in conjunction with another interceptor sewer or interceptor sewers. The term does not include collector sewers, trunk sewers, or any other facilities whose primary purpose is the collection of wastewater or the transportation of wastewater within a Contributing Agency.

**TRUNK SEWER:** The term "Trunk sewer" shall mean any sewer other than an interceptor sewer, 12 inches or larger in interior diameter (including pumping facilities and in-line facilities appurtenant thereto) receiving wastewater flows direct from one or more collector sewers or another trunk sewer or sewer

Section 20. Annexation to Regional District.

An area within the service area of a Contributing Agency may be annexed to Regional District at the request of or with the consent of that Contributing Agency and in the manner provided by law. Any area outside the service areas of the Contributing Agencies shall not be annexed to Regional District until this Agreement is appropriately amended to include it within the service area of one or more Contributing Agencies.

Fees charged by Regional District for the annexation of territory to Regional District shall not exceed the reasonable administrative cost of processing said annexation.

SACRAMENTO REGIONAL COUNTY SANITATION DISTRICT

RESOLUTION NO. SR-541

RESOLUTION AUTHORIZING THE CHAIRMAN TO EXECUTE AN AGREEMENT AMENDING PROVISIONS OF THE MASTER INTERAGENCY AGREEMENT ELIMINATING THE REGIONAL DISTRICT TRUNK SEWER FEE AND THE REGIONAL TRUNK SEWER ACCOUNT

BE IT RESOLVED AND ORDERED that the Chairman of the Board of Directors be and is hereby authorized and directed to execute an Agreement in the form hereto attached on behalf of the Sacramento Regional County Sanitation District amending provisions of the Master Interagency Agreement between the Sacramento Regional County Sanitation District and those public entities who have previously agreed to participate in the Sacramento Regional Wastewater Management Program and to do and perform everything necessary to carry out the purpose of this resolution.

ON A MOTION by Director Bryan, seconded by Director Sheedy, the foregoing resolution was passed and adopted by the Board of Directors of the Sacramento Regional Sanitation District, State of California, this 28th day of April, 1981, by the following vote, to wit:

- AYES: Directors, Bryan, Gisler, Johnson, Pope, Sheedy
- NOES: Directors, None
- ABSENT: Directors, Smoley, Collin
- ABSTAIN: Directors, None

*P. Tobias Johnson*

**Vice** Chairman of the Board of Directors  
Sacramento Regional County Sanitation District

In accordance with Section 25103 of the Government Code of the State of California, a copy of this document has been delivered to the Chairman of the Board of Supervisors, County of Sacramento, on

(SEAL)

ATTEST

APR 28 1981

FILED

APR 28 1981

*Betty Storker*  
Clerk of the Board of Directors

BY *Jim Winchester*  
Deputy Clerk, Board of Supervisors

BOARD OF DIRECTORS  
*Betty Storker*  
Clerk of the Board

# RESOLUTION NO. 81-346

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

May 19, 1981

RESOLUTION AUTHORIZING AMENDEMENT TO THE  
MASTER INTERAGENCY AGREEMENT TO ELIMINATE  
THE REGIONAL TRUNK SEWER CONNECTION FEE  
AND THE REGIONAL TRUNK SEWER ACCOUNT AND  
DISBURSING TRUNK FUNDS PRESENTLY ON DEPOSIT

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

That the City Manager and City Clerk are hereby authorized and directed to execute an amendment to the Master Interagency agreement between the Sacramento Regional County Sanitation District, City of Folsom and the City of Sacramento to eliminate the regional trunk sewer connection fee and the regional trunk sewer account and disbursing the trunk funds presently on deposit.

JOHN ROBERTS

MAYOR

ACTING

ATTEST:

LORRAINE MAGANA

CITY CLERK

CERTIFIED AS TRUE COPY  
of Resolution No. 81-346

MAY 21 1981

*Lorraine Magana*  
CITY CLERK, CITY OF SACRAMENTO

City Agreement No. 80210

City Agreement No. 80210

AN AGREEMENT AMENDING THE MASTER INTERAGENCY AGREEMENT  
TO ELIMINATE THE REQUIREMENT FOR THE SACRAMENTO REGIONAL  
COUNTY SANITATION DISTRICT TO FINANCE THE CONSTRUCTION  
OF TRUNK SEWERS

This Agreement made this 28th day of April, 1981,  
by and between the following public entities:

- (a) Sacramento Regional County Sanitation District, a political subdivision of the State of California, hereinafter referred to as "Regional District";
- (b) County Sanitation District No. 1, a political subdivision of the State of California, successor in interest to Arden Sanitation District, Central Sanitation District, Cordova Sewer Maintenance District, County Sanitation District No. 2, County Sanitation District No. 6, Highland Estates Sewer Maintenance District, Linwood Sewer Maintenance District, Natomas Sanitation District, Northeast Sacramento County Sanitation District, and Sabre City Sewer Maintenance District, hereinafter referred to as "District No. 1";
- (c) City of Folsom, a municipal corporation, hereinafter referred to as "Folsom";
- (d) City of Sacramento, a municipal corporation, hereinafter referred to as "Sacramento"; and
- (e) County of Sacramento, a political subdivision of the State of California, hereinafter referred to as "County":

WITNESSETH:

WHEREAS, Regional District, District No. 1, Sacramento, Folsom, and County, have heretofore entered into an Agreement, dated November 1, 1974, which shall be referred to herein as the "Master Interagency Agreement", and

WHEREAS, Section 3 of the Master Interagency Agreement provides for the Regional District to finance the construction of trunk sewers where required for provision of service to unsewered areas; and

WHEREAS, Sections 11 and 12 of the Master Interagency Agreement require the Regional District to establish a connection fee which includes a fee for the financing of the construction of said trunk sewers; and

WHEREAS, subsequent legislation has made it more appropriate for each Contributing Agency to establish and collect its own trunk sewer connection fee; and

WHEREAS, the Regional District, District No. 1, Sacramento, Folsom and County are desirous of entering into an amendment to the Master Interagency Agreement to provide for the elimination of the Regional District obligation to establish and collect the trunk sewer connection fee effective June 30, 1981 and for the disbursement of accumulated funds on hand;

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth and acting pursuant to Section 4760 of the Health and Safety Code of the State of California and the Joint Exercise of Powers Act of said State, the Regional District, District No. 1, Folsom, Sacramento, and County agree as follows:

Section 1. Term of Agreement.

This Agreement shall become effective as of the date hereof and shall continue in full force and effect for a period of time beginning on the date of this Agreement and including an ending on the thirtieth day of June in the year Two Thousand Twenty-four (2024), or until sooner terminated by mutual agreement of the parties hereto, or by operation of law.

Section 2. General Scope of Services Performed by Regional District.

Section 3 of the Master Interagency Agreement shall be amended to read as follows:

Except as otherwise provided herein, Regional District shall:

- (a) Finance, construct, reconstruct, operate and maintain all facilities for the treatment and disposal of sanitary sewage and industrial waste delivered to it and originating from within the local service area of each Contributing Agency.
- (b) Finance and construct facilities for the storage, treatment and discharge of combined flow originating within the combined system operated by Sacramento.
- (c) Finance, construct, reconstruct, operate and maintain all interceptor sewers for conveyance of wastewater from a Contributing Agency or a major portion of a Contributing Agency to the Sacramento Regional Wastewater Treatment Plant (SRWTP).
- (d) Finance and construct interceptor sewers to convey combined flow from Sump No. 1 and Sump No. 2 to City Main Plant Site, to storage or to point of discharge.

Section 3. General Scope of Services of Contributing Agencies.

Section 4 of the Master Interagency Agreement shall be amended to read as follows:

Except as otherwise provided herein, each Contributing Agency shall provide the following local services:

- (a) Finance, construct, reconstruct, operate and maintain all collector and trunk sewers for wastewater originating within its local service area.
- (b) Dispose of all wastewater originating within its local service area by delivery of same to Regional District facilities.

Section 4. Uniform Charge for Regional Services.

Section 7 of the Master Interagency Agreement shall be amended to read as follows:

It is the intent of all parties to this Agreement that:

- (a) The present and future costs of providing regional services to and within Contributing Agencies shall be uniformly and equitably allocated among such users without regard to their geographic location within Regional District; and
- (b) The present and future costs of providing regional services shall be primarily recovered through the levy and collection of equitable user service charges based upon rates determined and established by Regional District; and
- (c) User service charges collected for Regional District shall be expended only for the acquisition, construction, reconstruction, maintenance and operation of facilities needed to provide Regional services, to repay principal and interest on bonds issued for the construction or reconstruction of such facilities and for costs (including reasonable allowance for reserves) necessary to comply with requirements associated with federal or state grants, loans or advances, or to repay other loans or advances, made to Regional District for the construction or reconstruction of such facilities; and
- (d) User service charges collected by Regional District shall not be used for the acquisition, construction, repair or maintenance of collector sewers or trunk sewers as distinguished from interceptor sewers and outfall sewers.

Section 5. Connection Fees.

Section 11 of the Master Interagency Agreement shall be amended to read as follows:



Regional District shall in accordance with law and the intent expressed in the provisions of Section 12 of this Agreement adopt a Connection Fee Ordinance to establish connection fees for the privilege of connecting a sewer service to any sanitary sewer within the territorial jurisdiction of Regional District. Fees adopted by the Regional District may be amended from time to time in accordance with law and to accomplish the intent of this Agreement. Procedures for payment and collection of connection fees shall be prescribed by Regional District and each Contributing Agency shall provide such services as are necessary for collection of such fees without cost to Regional District. All connection fees collected pursuant to this Agreement shall be remitted no less than quarterly to the Regional District.

Section 6. Method of Computing Connection Fees for Users.

Section 12 of the Master Interagency Agreement shall be amended to read as follows:

All new users connecting to a sewer sanitary sewer within the territorial jurisdiction of the Regional District shall pay an appropriate amount for their share of capital investment in the Regional system. This fee shall be called the Capital Investment Equalization (CIE) Fee.

Residential Users.

Until altered or amended by action of Regional District on or after January 1, 1976, the CIE fee for each residential dwelling unit user shall be as follows:

\$20.00 on January 1, 1976, increasing by the rate of \$20.00 per year effective the first day of each succeeding calendar year.

Commercial Users.

The CIE fee for certain classes of commercial users shall be at the ratios specified below to the CIE fee for residential users:

Hotel or motel units w/o kitchens	per unit	0.80
Hotel or motel units w/kitchens	per unit	1.00
Hospitals	per bed	1.00
Dormitories or rest & convalescent homes	per occupant	0.16
Schools, Elementary	per 100 students	2.40
Schools, Jr. High, High & Colleges	per 100 students	4.00

The minimum CIE fee for all other commercial users shall be as follows:

\$80.00 per gross acre on January 1, 1976, increasing by the rate of \$80.00 per gross acre per year effective the first day of each succeeding calendar year.

In no event shall the connection fee for any commercial establishment be less than that charged for a residential unit.

#### Industrial and Major Commercial Users.

In the case of all industrial and those major commercial users where the discharge is greater than 48,000 gallons per acre per month, the CIE fee shall be at the rate of \$10 per 1,000 gallons of discharge per month. The flow on the average day in the anticipated maximum month of discharge shall be the basis of calculation for the connection fee. In no event shall the connection fee for any industrial user be less than that charged a commercial user.

Fees less than \$200,000 are due and payable in full at the time of connection to the sewerage system in the manner prescribed by the District.

For industrial users, that portion of fees in excess of \$200,000 may be deferred and paid in equal annual installments up to a 15 year period; however, annual principal payments will not be less than \$10,000. An additional interest charge will be assessed on any unpaid balance at the maximum rate allowable under government code. Any unpaid balances resulting from termination of business will be a lien on the property served.

CIE fees for commercial and industrial users contributing in excess of 48,000 gallons per acre per month will be based on an estimate furnished by applicant. After the end of the first two years of operation, the Engineer may adjust such fee to reflect actual flows experienced during the first two years of operation, occupancy, or discharge. Any additional fee assessed will be paid in a lump sum. Any reduction in fee will be credited against any unpaid fees or returned in a lump sum if there is no outstanding balance.

If the wastewater discharge from an existing commercial or industrial user is significantly increased, a connection fee based upon the increase in discharge shall be due.

#### Section 7. Interim Connection Fees for Residential Users.

Section 13 of the Master Interagency Agreement is amended to read as follows:

#### Distribution of Funds on Deposit in the Regional District Trunk Sewer Fund

The parties to this Amendment agree that \$280,000 of the

funds on deposit in the Regional District Trunk Sewer Fund shall be disbursed to Folsom and \$97,000 will be disbursed to the City of Sacramento pursuant to the South Pocket Area SAD No. 2 agreement. The balance of funds in the Regional District Trunk Sewer Fund shall be disbursed to District No. 1.

Section 8. Connection Fees for Commercial Users.

Section 14 of the Master Interagency Agreement is amended to delete this section.

Section 9. Connection Fees for Industrial Users.

Section 15 of the Master Interagency Agreement is amended to delete this section.

Section 10. Credits Toward Trunk Sewer Portions of Connection Fee - Generally.

Section 16 of the Master Interagency Agreement is amended to delete this section.

Section 11. Credits Toward Trunk Sewer Portion of Connection Fees.

Section 17 of the Master Interagency Agreement is amended to delete this section.

Section 12. Collection of Connection Fees.

Section 18 of the Master Interagency Agreement is amended to delete this section.

Section 13. Trunk Sewer Account.

Section 19 of the Master Interagency Agreement is amended to delete this section.

Section 14. Reaffirmation.

In all other respects the aforesaid Agreement remains unchanged and in full force and effect.

Section 15. Entire Agreement.

The Master Interagency Agreement and this Amendment constitute the entire understanding between the parties to the Agreement concerning the subject matter hereof.

IN WITNESS WHEREOF, the parties have executed this Amendment to the Master Interagency Agreement the date and year first above written.

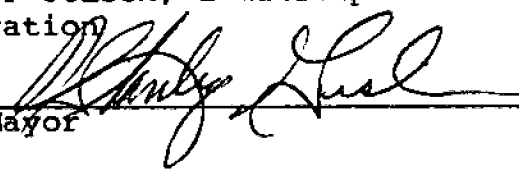
SACRAMENTO REGIONAL COUNTY  
SANITATION DISTRICT, a political  
subdivision of the State of  
California

By   
Vice Chairman

ATTEST:

  
Clerk of the Board of Directors

CITY OF FOLSOM, a municipal  
corporation

By   
Mayor

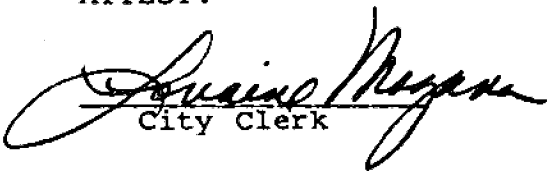
ATTEST:

  
City Clerk

CITY OF SACRAMENTO, a municipal  
corporation

By   
ACTING Mayor

ATTEST:

  
City Clerk

COUNTY SANITATION DISTRICT NO. 1  
a political subdivision of the  
State of California

By   
Vice Chairman

ATTEST:

Betty D. Propper  
Clerk of the Board of Directors

COUNTY OF SACRAMENTO, a political  
subdivision of the State of  
California

By John Johnson  
vicechairman

ATTEST:

Betty D. Propper  
Clerk

APPENDIX 3

REVISED CONNECTION FEE ORDINANCE

8:10

SACRAMENTO REGIONAL COUNTY SANITATION DISTRICT  
OF SACRAMENTO COUNTY

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE PROVIDING FOR FEES FOR CONNECTING TO ANY SANITARY SEWER OWNED, MAINTAINED, OR OPERATED BY THE DISTRICT: TO BE KNOWN AS THE "REGIONAL CONNECTION FEE ORDINANCE".

The Board of Directors of the Sacramento Regional County Sanitation District does ordain as follows:

Sections:	<u>Page No.</u>
1. Purpose	1
2. Definitions	1
3. Fees	4
4. Annexation	6
5. Siting Constraints for Major Dischargers	6
6. Permit and Contract for Connection - Commercial and Industrial Users	7
7. Enforcement	7
8. Severability	7
9. Adoption and Effective Date	7

SECTION 1 PURPOSE

Sacramento Regional County Sanitation District Ordinance SRSD-14 is repealed and re-enacted to read as follows:

Section 1.1 Purpose. This ordinance prescribes fees for connecting to any sanitary sewer tributary to sewerage facilities owned, maintained, or operated by the District, and for annexation to the District.

SECTION 2 DEFINITIONS

Unless the context specifically indicates otherwise, the meaning of terms used in this ordinance shall be as follows:

ANNEXATION FEE. A fee paid by all new users requiring annexation to the District prior to receiving service. The fee is based on the cumulative taxes paid per acre of land developed at standard single-family residential density that has been within the District's boundary since 1974. An interest factor is applied to the amounts based upon the actual interest rate the District earned or is estimated to earn. The cumulative tax amounts used for computation of this fee shall be limited to the most recent twenty (20) year period.

CAPITAL INVESTMENT EQUALIZATION (CIE) FEE. A fee to be paid by all new users based on the cumulative capital cost per Equivalent Single Family Dwelling paid through service charges if said Equivalent Single Family Dwelling were connected to the sewerage system continually since 1975. An interest factor is applied to the amounts based upon the actual interest rate the District earned or is estimated to earn. The cumulative capital costs used for computation of this fee shall be limited to the most recent twenty (20) year period.

COMMERCIAL USER. Any nonresidential user that the Engineer determines does not meet the definition of an industrial user.

CONTRIBUTING AGENCY. Any public entity other than Sacramento County that is a party to the Master Interagency Agreement and contributes wastewater from its system to the Regional System.

DISTRICT. Sacramento Regional County Sanitation District of Sacramento County, California.

DISTRICT BOARD. The Board of Directors of the Sacramento Regional County Sanitation District.

DOMESTIC WASTEWATER. Wastewater originating from residential sources or from sanitary devices in industrial or commercial establishments.

ENGINEER. The Director of Public Works of the County of Sacramento, acting ex-officio as Engineer for the District.

EQUIVALENT SINGLE FAMILY DWELLING (ESD). A parameter used to identify the sewage discharge from a single family detached residential dwelling. For purposes of calculating design sewage discharges, one single family dwelling equals 400 gallons/day (12,000 gallons/month) at average dry weather flow.

INDUSTRIAL USER.

(a) Any nongovernmental, nonresidential user of a publicly owned treatment works which discharges more than the equivalent of 50,000 gallons per day (gpd) of wastewater, excluding domestic wastewater, and which is identified in the Standard Industrial Classification Manual, 1972, Office of Management and Budget, as amended and supplemented under one of the following divisions:

Division A - Agriculture, Forestry, and Fishing.

Division B - Mining.

Division D - Manufacturing.

Division E - Transportation, Communications, Electric, Gas and Sanitary Services.

Division I - Services.



After excluding domestic wastewater flows, any discharger in the above divisions that has a volume exceeding 50,000 gpd or the weight of biochemical oxygen demand (BOD) or suspended solids (SS) equivalent to that weight found in 50,000 gpd of domestic wastewater shall be considered industrial users, or

(b) Any nongovernmental user of a publicly owned treatment works which discharges wastewater to the treatment works which contains toxic pollutants or poisonous solids, liquids, or gases in sufficient quantity either singly or by interaction with other wastes, to contaminate the sludge of any municipal system, or to injure or to interfere with any sewage treatment process, or which constitutes a hazard to humans or animals, creates a public nuisance, or creates any hazard in or has an adverse effect on the waters receiving any discharge from the treatment works.

INTERCEPTOR SEWER. (Per CSD1 Ordinance, copy attached). The term "Interceptor Sewer" shall mean any existing sewer and in-line treatment facilities appurtenant thereto including pumping facilities as shown in the Master Interagency Agreement, and any future sanitary sewers which meet either of the following criteria:

- (a) Any sanitary sewer designed to carry a peak wet weather flow of 10 MGD or greater; or,
- (b) Any sanitary sewer that has its upstream and downstream ends adjacent and connected to an existing intercepter sewer described in the Master Interagency Agreement.

MASTER INTERAGENCY AGREEMENT. The agreement between the District and the Contributing Agencies, dated November 1, 1974, and as subsequently amended which defines the interrelationship of the District with the Contributing Agencies.

MGD. Million gallons per day.

MULTIPLE-FAMILY DWELLING. Multiple-family dwellings include duplexes, triplexes, quadplexes, apartments, mobile homes, condominiums, townhouses and individual dwelling units within a planned unit development.

REGIONAL SYSTEM. All facilities for the conveyance, storage, treatment, and discharge of wastewater that are owned or operated by the District.

RESIDENTIAL USER. A user whose premises are used solely for non-transient human habitation.

SANITARY SEWER. A sewer which carries sewage or industrial wastes and to which inflow and infiltration are not permitted.

SINGLE-FAMILY DWELLING. Any detached residential premise designed to house one family.

STANDARD SINGLE-FAMILY RESIDENTIAL DENSITY. Five single-family detached dwelling units per acre.

TERRITORIAL JURISDICTION. That area of land encompassed within the exterior boundary or boundaries of the District or a Contributing Agency, whichever is applicable in the context used, excluding in the case of Sacramento City and Folsom City the portions of said cities that are within the local service areas of any other Contributing Agency.

### SECTION 3 FEES

Except as otherwise provided, all properties shall be subject to prescribed fees for connecting to the District's sewerage system.

All new users connecting to a sanitary sewer shall pay an appropriate amount for their share of existing and future capital investment in the Regional system. This amount shall be comprised of two components: 1) a Capital Investment Equalization (CIE) fee, and 2) an Annexation Fee (out-of-District users only). For each class of users, these fees are established as follows:

#### Residential Users

- a. Until altered or amended by action of the Regional District, the CIE Fee for each ESD shall be:

\$151.00 on July 1, 1983, increasing annually on March 1 of each succeeding year. The annual increase shall contain two elements; 1. an incremental cost per ESD that is equal to the capital costs allocated to user charges per ESD as shown in the District's Revenue Program in effect on the date of the increase, and 2. an interest increment that is equal to the interest rate that the District estimates it will earn during the fiscal year containing the date of the increase multiplied by the CIE Fee in effect for the year immediately preceding the date of the increase.

For purposes of determining fees, each individual multiple-family dwelling unit shall be assigned 0.75 ESD.

- b. The Annexation Fee for each acre of land located outside District boundaries shall be:

\$1215.00 per acre on July 1, 1983, increasing annually on March 1 of each succeeding calendar year. The annual increase shall contain two elements; 1. an amount per acre that is equivalent to the average taxes

paid on an acre of land within the District that is developed at standard single-family residential density, and 2, an interest increment that is equal to the interest rate that the District estimates it will earn during the fiscal year containing the date of the increase multiplied by the Annexation Fee in effect for the year immediately preceding the date of the increase.

The following formula shall be used to determine the amount of the annual increase related to taxes paid:

$$5 \times \frac{\text{(Secured property taxes plus unsecured property taxes)*}}{\text{Total equivalent family dwellings (ESD's)**}}$$

\*As reflected in the final budget for the year containing the date of increase.

\*\*As maintained by the District Engineer for the current fiscal year.

#### Commercial Users

The CIE Fees for certain classes of commercial users shall be at the ratios specified below to those fees for single family dwellings:

Hotel or motel units w/o kitchens	per unit	0.80
Hotel or motel units w/kitchens	per unit	1.00
Hospitals	per bed	1.00
Dormitories or rest & convalescent homes	per occupant	0.16
Schools, Elementary	per 100 students	2.40
Schools, Jr. High, High & Colleges	per 100 students	4.00

The minimum fees for all other commercial users shall be as follows:

- a. Until altered or amended by action of the Regional District, the CIE Fee for each user shall be:

\$755.00 per acre minimum on July 1, 1983, increasing at five times the annual increase computed for an ESD per year effective the first day of March of each succeeding calendar year.

- b. The Annexation Fee for each acre of land located outside District boundaries shall be:

\$1215.00 per acre on July 1, 1983, increasing effective the first day of March of each succeeding calendar year by the same amount as computed for residential users.

In no event shall the CIE fee for any commercial establishment be less than that charged for a residential unit.

#### Industrial and Major Commercial Users

- a. Effective July 1, 1983 for all industrial and those major commercial users where the discharge is greater than 60,000 gallons per acre per month, the CIE fee shall be at the rate of \$12.58 per 1,000 gallons of discharge per month. The flow on the average day in the anticipated maximum month of discharge shall be the basis of calculation for the CIE Fee. In no event shall the fees for any industrial user be less than that charged a commercial user.
- b. The Annexation Fee shall be at the rate of \$1215 per acre for each user located outside District boundaries.

The fees above shall be adjusted on the first day of March of each succeeding calendar year as follows:

Adjustments to the CIE Fee shall be in proportion to corresponding changes in that fee for residential users. Adjustments in the Annexation Fee will be the same as for residential users.

CIE Fees for industrial and major commercial users contributing in excess of 60,000 gallons per acre per month will be based on an estimate furnished by applicant. After the end of the first two years of operation, the Engineer may adjust such fees to reflect actual flows experienced during the first two years of operation, occupancy, or discharge. Any additional fee assessed will be paid in a lump sum subject to limitations stated hereinabove. Any reduction in fee will be credited against any unpaid fees or returned in a lump sum if there is no outstanding balance.

If the wastewater discharge from an existing commercial or industrial user is increased by 400 gallons per day or more, fees based upon the increase in discharge shall be due and shall be paid at the time the flow increase occurs.

#### Payment of CIE Fee

CIE Fees are due and payable in full at the time of connection to the sewerage system in the manner prescribed by the District.

#### Payment of Annexation Fees

All annexation fees due shall be submitted in full with the request for annexation to the District.

#### SECTION 4 ANNEXATION

Annexation of an area to the District shall be in accordance with the terms of the Master Interagency Agreement.

#### SECTION 5 SITING CONSTRAINTS FOR MAJOR DISCHARGERS

The Engineer shall not authorize connection of any single user if the peak flow added at the point of connection to the Regional Interceptor sewers would preempt more than 5% of the capacity allocated to future users at the time of final design of the interceptor: capacity constraints for the purposes of siting major discharges are as shown on Exhibit A of this Ordinance.

Appeals from the Engineer's decision can be made to the Board of Directors. The Directors may authorize the connection.

#### SECTION 6 PERMIT AND CONTRACT FOR CONNECTION - COMMERCIAL AND INDUSTRIAL USERS

All industrial users, and commercial users discharging other than domestic wastewater, upon applying for connection to a sewerage system tributary to the Regional System, shall obtain a Sewer Use Permit in a form to be specified by the Engineer.

#### SECTION 7 ENFORCEMENT

The Engineer is hereby charged with enforcement of the provisions of this ordinance and with coordination among all officials and departments of the Contributing Agencies, the County of Sacramento, and the District in order to achieve this purpose.

#### SECTION 8 SEVERABILITY

If any provision of this ordinance, or the application thereof to any person or circumstance, is held invalid, the remainder of the ordinance, or the application of such provision to other persons or circumstances, shall not be affected thereby.

All ordinances or parts of ordinances and resolutions or parts of resolutions in conflict herewith are hereby repealed.

#### SECTION 9 ADOPTION AND EFFECTIVE DATE

This ordinance was introduced and the title thereof read at the regular meeting of the Board of Directors on \_\_\_\_\_, 1983 and on \_\_\_\_\_, 1983. Further reading was waived by unanimous vote of the Directors present.

This ordinance shall take effect and be in full force on and after July 1, 1983, and before the expiration of fifteen (15)

days from the date of its passage, a summary of this ordinance shall be published with the names of the members of the Board of Directors voting for and against the same, said publication to be made in \_\_\_\_\_, a newspaper of general circulation published in the County of Sacramento.

On a motion by Director \_\_\_\_\_, seconded by Director \_\_\_\_\_, the foregoing ordinance was passed and adopted by the Board of Directors of the Sacramento Regional County Sanitation District, this \_\_\_\_\_ day of \_\_\_\_\_, 1983, by the following vote, to wit:

AYES: Directors,

NOES: Directors,

ABSENT: Directors,

\_\_\_\_\_  
Chairman of the Board of Directors

(SEAL)

ATTEST: \_\_\_\_\_  
Clerk of the Board



# CITY OF SACRAMENTO

## OFFICE OF THE CITY CLERK

915 I STREET

CITY HALL ROOM 203

SACRAMENTO, CALIFORNIA 95814

TELEPHONE (916) 449-5428

LORRAINE MAGANA  
CITY CLERK

July 12, 1983

Mr. Butch Hodgkins  
WATER QUALITY DIVISION OF SACRAMENTO COUNTY  
9660 Ecology Lane  
Sacramento, CA 95827

RE: CITY AGREEMENT NO. 83002

Dear Mr. Hodgkins:

On July 5, 1983, the Sacramento City Council adopted a resolution authorizing execution of an agreement amending the Master Interagency agreement between the Sacramento Regional County Sanitation District and contributing agencies.

Enclosed are seven (7) copies of said agreement for your execution and forwarding to all parties involved for their signatures. Please return all copies to this office for final execution. When all signatures are affixed, a completely executed copy of said agreement will be sent to all entities involved.

Sincerely,

  
Lorraine Magana  
City Clerk

LM:sml:34

Enclosures

cc: Water and Sewer  
Risk Management

August 1, 1983

Mr. Butch Hodgkins  
WATER QUALITY DIVISION OF SACRAMENTO COUNTY  
9660 Ecology Lane  
Sacramento, CA 95827

RE: CITY AGREEMENT NO. 83002

Dear Mr. Hodgkins:

On July 5, 1983, the Sacramento City Council adopted a resolution authorizing execution of an agreement amending the Master Interagency agreement between the Sacramento Regional County Sanitation District and contributing agencies.

Enclosed are four fully executed copies of said agreement with the certifying resolution. One copy is for your records, the other three are for distribution to the City of Folsom Sacramento Regional County Sanitation District, County Sanitation District 1.

Sincerely,

Anne Mason,  
Assistant City Clerk

AM:sml:34

cc: Risk Management  
Department of Water and Sewer, City





# CITY OF SACRAMENTO

## OFFICE OF THE CITY CLERK

815 I STREET  
CITY HALL ROOM 203

SACRAMENTO, CALIFORNIA 95814  
TELEPHONE (916) 440-6426

LORRAINE MAGANA  
CITY CLERK

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Assistant City Clerk

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cc: Risk Management  
Department of Water and Sewer, City

