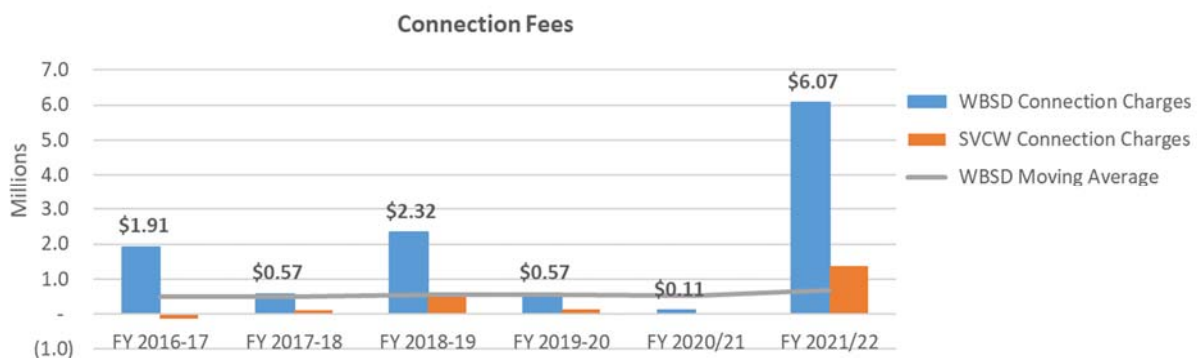


## West Bay Sanitary District Annual Capacity Fee Report AB1600

West Bay Sanitary District (District) charges connection fees to developers or home owners to connect to the District's public wastewater service. The purpose of the sewer connection fee is to equalize the cost of acquisition, construction, and installation of the District's facilities so that each resident or property owner pays their proportionate share of such costs.

The District has recognized an average of \$678 thousand in Connection Fees since Fiscal Year 1984-85. Prior to FY 2014-15, which recognized \$5.7 million in connections fees, these fees were fairly stable, averaging \$241 thousand in the prior thirty years. Connections fees have varied widely over the past six years, fluctuating from year to year, as can be seen on the chart below. The connection fees received show the growth of the District by year. The line on the chart below indicates the moving average of connection fees received since 1984. Connection fees of \$7.92 per GPD are also collected to fund treatment plant construction at Silicon Valley Clean Water (SVCW), which the District has a 23.06% share.



In 1987, the State Legislature passed Assembly Bill 1600 (AB1600) which added Section 66000, et seq., to the California Government Code, known collectively as the Mitigation Fee Act. Section 66013 provides guidance on fees imposed for sewer connections to a public sewer system or capacity charges that such fees shall not exceed the estimated reasonable cost of providing the service for which the fee is imposed. Capacity charges include a charge for public facilities in existence at the time imposed or for new public facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged.

In compliance with AB1600, the District accounts for all connection fees in a Capital Fund, separate from the General Fund for sewer service operations. In fiscal year 2021-22, the District received \$7,444,686 in connection fees, for approximately 138 thousand gallons per day (GPD) of additional capacity, with \$7,445 in applied interest income. The District expended \$4 million on all construction, with \$2.57 million specifically for wastewater infrastructure. Table 1 shows the revenues and expenditures applied to capacity increases. Additional connections to the District's system and construction were low in FY 2020-21, due to COVID-19 shutdowns. The District does not carry negative balances, therefore the beginning and ending balance of Connection Fees is zero, due to several years of net negative balances.

**Table 1  
Connection Fee and Capacity Charges**

<u>Summary of Connection Fees</u>	<u>FY 2021-22</u>	<u>GPD</u>	<u>FY 2020-21</u>
Connection Fees	\$ 7,444,686	138,120	\$ 110,097
Allocated Interest	7,445		110
<b>Total Connection Fee Revenue</b>	<b>\$ 7,452,131</b>		<b>\$ 110,207</b>
Capacity Project Expenditures	(2,572,978)		(1,266,758)
<b>Net Connection Fees (Deficit)</b>	<b>\$ 4,879,152</b>		<b>\$ (1,156,551)</b>
<b>Beginning Balance Available</b>	<b>\$ -</b>		<b>\$ -</b>
<b>Ending Balance Available</b>	<b>\$ -</b>		<b>\$ -</b>

**West Bay Sanitary District  
Annual Capacity Fee Report  
AB1600**

Connection fees fund 100% of wastewater infrastructure projects, with any deficit funded by the Capital Fund. Table 2 details the wastewater infrastructure projects with actual expenditures recognized and the approved budget for FY 2021-22, with the approved budget for FY 2022-23 to show future planned infrastructure improvements to the system.

**Table 2  
Wastewater Infrastructure Projects**

<b>Projects</b>	<b>Actual FY 2021-22</b>	<b>Budget FY 2021-22</b>	<b>Budget FY 2022-23</b>
Pump Stations	21,593	65,000	200,000
Other Subsurface Line Projects	43,884	130,000	100,000
Isabella, Gilbert & Bay North - Phase 2		2,500,000	
Lower Ringwood/ North Bay	2,506,710	1,500,000	
Stowe Lane		200,000	200,000
Willow Pump Station Rehabilitation			700,000
Bayfront Park Sanitary Sewer Improvements	792		1,250,000
Misc Point Repairs (High Freq. List Repairs)			2,000,000
<b>Total Wastewater Infrastructure Projects</b>	<b>2,572,978</b>	<b>4,395,000</b>	<b>4,450,000</b>

In addition to the \$2.57 million in construction, in FY 2021-22, the District expended \$1.43 million on two other projects in CIP. The District transferred \$2.87 million to Treatment Plant Reserves; Capital Reserves; Capital Project, Emergency Capital, and Vehicle & Equipment Reserves. The District paid \$5.82 million to SVCW or for SVCW bonds, other debt, and SVCW capital reserves. Table 3 shows all expenditures and transfers for the Capital Fund and capital contributions for SVCW, excluding operating expenses.

**Table 3  
Construction Expenditures**

<b>Capital Fund - Construction</b>	<b>Actual FY 2021-22</b>	<b>Budget FY 2021-22</b>	<b>Budget FY 2022-23</b>
Administration	-	35,000	350,000
Collection Facilities	-	600,000	600,000
Vehicles & Equipment	-	201,750	762,500
Pump Stations	21,593	65,000	200,000
Subsurface Lines	43,884	130,000	100,000
Construction Projects	3,938,242	11,720,000	12,280,000
<b>Total Capital Fund Construction</b>	<b>4,003,719</b>	<b>12,751,750</b>	<b>14,292,500</b>
Capital Reserve Transfers	2,871,315	2,871,315	3,089,881
SVCW - Capital & Debt Contributions	5,819,591	5,983,045	5,455,503
<b>Total Construction, Transfers, &amp; Contributions</b>	<b>12,694,625</b>	<b>21,606,110</b>	<b>22,837,884</b>
<b>Recycled Water Fund - Construction</b>	<b>Actual FY 2021-22</b>	<b>Budget FY 2021-22</b>	<b>Budget FY 2022-23</b>
Recycled Water - Sharon Heights	-	-	2,000,000
Recycled Water - Bayfront	325,765	1,000,000	2,250,000
<b>Total Recycled Water Fund Construction</b>	<b>325,765</b>	<b>1,000,000</b>	<b>4,250,000</b>
<b>Silicon Valley Clean Water (SVCW)</b>	<b>Actual FY 2021-22</b>	<b>Budget FY 2021-22</b>	<b>Budget FY 2022-23</b>
SVCW - Operating Fund	6,413,436	6,413,445	6,721,848
SVCW - Capital & Debt	5,819,591	5,983,045	5,455,503
<b>Total SVCW Expenditures</b>	<b>12,233,027</b>	<b>12,396,490</b>	<b>12,177,351</b>

The District has a ten year construction plan to facilitate timely maintenance and rehabilitation of the wastewater infrastructure and add capacity for current and future users. The District estimates average construction of \$6.5 million each year for a total of approximately 32.55 miles of pipeline projects over the ten year construction plan. District construction consistently exceeds connection fees with the balance funded from other Capital Fund sources.