

# Water and Wastewater Standby or Availability Charges

## Financial Report

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### Legislative Background

State Government Code §61124 allows the Cambria Community Services (CCSD) to annually levy a maximum of \$45 for water standby or availability charges per acre of land within the CCSD service area, and a maximum of \$30 wastewater standby or availability charges per acre of land within the CCSD service area. The CCSD has determined that the following fee schedule is consistent with the legal standard that the fee not be discriminatory or excessive and does not exceed the reasonable cost of the proportional benefit received by each parcel from the improvements funded by the fees:

### **Water Standby or Availability Charges**

- a. For all parcels of one (1) acre or less: \$45.00
- b. For all un-subdivided land of more than one (1) acre:  
\$45.00 plus \$1.35 per acre over one acre.
- c. For all subdivided land of more than one (1) acre:
  - (1) For the first ten (10) acres, \$45.00 per acre.
  - (2) For all such land over the first ten (10) acres, \$1.35 per acre.

### **Wastewater Standby or Availability Charges**

- a. For all parcels of one (1) acre or less: \$30.00
- b. For all un-subdivided land of more than one (1) acre:  
\$30.00 plus \$0.90 per acre over one (1) acre.
- c. For all subdivided land of more than one (1) acre:
  - (1) For the first ten (10) acres: \$30.00 per acre.
  - (2) For all such land over the first ten (10) acres: \$0.90 per acre.

These charges do not exceed what the CCSD was charging in November 1996. Therefore, the imposition of the fees is exempt from the requirements of Proposition 218.

Estimated revenues from these sources during the CCSD's Fiscal Year 2024/2025 are as follows:

➤ Water	\$ 178,000
➤ Wastewater	\$ 116,000

The revenue projections are based on charging all improved property owners within the CCSD and all unimproved property owners who have been issued an intent to serve letters or connection permits.

### CCSD Policy Summary

In 1987, Government Code §61765.12 did not restrict the use of the standby/availability charges, but Proposition 218 indicates they must be used for "the capital costs or maintenance and operation expenses for sidewalks, streets, sewers, water, flood control, drainage systems or vector control." (California Constitution, Article XIII D, § 4.) In 1990, the Board established a policy whereby the standby and availability charges help fund the CCSD's Capital Improvement Program (CIP). On January 19, 2012, the Board amended this policy so that "Water and Wastewater Standby or Availability revenue is to be spent on maintaining, repairing and/or improving the respective Fund's infrastructure. Specifically, these funds shall be spent on CIP, Major Maintenance or Capital Outlay Projects."

### FY 2022/2023 Actual and FY 2023/2024 Projected Revenues & Expenditures

A summary follows of FY 2022/2023 actual and 2023/2024 projected Water and Wastewater revenues and expenditures for CIP, Major Maintenance or Capital Outlay projects.

As indicated, standby or availability revenue is needed to finance the maintenance and improvements of the Funds' infrastructure, particularly since connection fee revenue declined sharply due to the implementation of the Water Code 350 Water Moratorium in 2001. It has been virtually non-existent in the most recent years.

Eliminating the standby and availability charges would eliminate a critical source of funding for infrastructure projects.

Fiscal Year 2022/2023 infrastructure funding sources and expenditures were as follows:

	WATER FUND	WASTEWATER FUND
Standby Availability Revenue	\$175,580	\$114,104
Connection Fee Revenue	- 0 -	- 0 -
Total Funding Sources	\$175,580	\$114,104
Infrastructure Expenditures*	\$175,580	\$114,104
Transfer to Reserves	- 0 -	- 0 -

\*Represents sum of Capital/Capital Outlay and Major Maintenance Projects

Fiscal Year 2023/2024 estimated infrastructure funding sources and expenditures are as follows:

	WATER FUND	WASTEWATER FUND
Standby Availability Revenue	\$178,000	\$116,000
Connection Fee Revenue	\$ 0	- 0 -
Total Funding Sources	\$178,000	\$116,000
Infrastructure Expenditures *	\$178,000	\$178,000

\*Represents sum of Capital/Capital Outlay and Major Maintenance Projects

The CCSD has identified a few priority Water and Wastewater CIP, Major Maintenance and Capital Outlay Projects, including:

- SCADA System SR4
- Water Meter Replacement/Upgrade
- Santa Rosa Creek Ped Bridge Main
- Rodeo Grounds Pump Station Replacement
- SST – PGE Turnkey Project
- Vehicle & Equipment Replacements
- Lift Station Improvements
- Effluent Water Line Replacement

The proposed project list underscores the importance of having the maximum standby and availability charges in place. Failure to do so further restricts an already slim revenue stream. It may result in the inability of the CCSD to support current and future debt service associated with capital projects and/or limit the CCSD's ability to obtain long-term financing for its projects, in addition to being unable to fund infrastructure maintenance and improvements.

Failure to adopt Resolution 06-2024 will result in an estimated reduction of \$178,000 in Water Enterprise revenues and \$116,000 in Wastewater Enterprise revenues for Fiscal Year 2024/2025.