

***SANTA YNEZ COMMUNITY SERVICES DISTRICT***

**MEMORANDUM**

**TO:** Board of Directors  
**FROM:** Jose Acosta, General Manager  
Clayton Tuckfield, Tuckfield & Associates  
**DATE:** June 16, 2021  
**SUBJECT:** Review, Discuss and Recommendations on the Draft Capacity Charge Study

**Recommendation**

Provide recommendations and direction to financial consultant, Tuckfield & Associates regarding finalizing the draft 2021 Capacity Charge Study.

**Policy Implications**

The CSD charges a capacity fee for any new connections to the District's wastewater system.

**Fiscal Implications**

The cost for the capacity charge study to be completed by Mr. Clayton Tuckfield of Tuckfield & Associates is \$7,500.

**Alternatives Considered**

The Board will review the draft Capacity Charge Study as presented and compiled by Tuckfield & Associates. Your Board can make suggestions and provide direction for modifications, for compilation for a final Capacity Charge Study.

**Discussion**

At its February 17, 2021, meeting the Board requested Mr. Tuckfield to perform a review of the current capacity fees charged by the CSD. The Board requested Mr. Tuckfield to provide an updated study for presentation and consideration by the Board. The current capacity fee charged to customers for any new connection to the District's sewer system is \$6,336.98 per Equivalent Residential Unit (ERU).

The capacity fees were last reviewed and updated in 2016. The fees have increased annually based on the change in the April Engineering News Record (ENR) Construction Cost Index (CCI) figures. The last comprehensive review of the capacity charges was performed in 1998.

The Board believes it is important to ensure that the current fees charged are a true reflection of the current infrastructure especially when considering the current and future costs to be incurred for the City of Solvang WWTP system upgrades. The Board

requested Mr. Tuckfield to review and provide current facility values for existing and future infrastructure for use in calculating, the capacity fees.

Mr. Tuckfield has compiled a thorough and complete draft study for the Board to review, discuss and provide direction for completion of a final report, if requested by the Board. If the Board determines the study is acceptable, along with any suggested modifications, a final version will be compiled by Mr. Tuckfield and presented for approval at the July 21, 2021, Board meeting.

Included in the study are the current facility value of assets owned and operated by the CSD that are applicable for capacity fees, the CSD's share of capital projects relating to the City of Solvang WWTP, the value of future CIP projects, and the recommended capacity charges by customer type.

Attached is a copy of the draft Capacity Charge presentation prepared by Tuckfield & Associates for Board review, discussion, and recommendations. The Board will provide direction on finalizing the study.

Attachment: Tuckfield & Associates draft Capacity Charge presentation

# System Capacity Charges

## Santa Ynez CSD

Update

Presented by:  
Clayton Tuckfield PE  
Tuckfield & Associates  
June 17, 2021

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## INTRODUCTION

System Capacity Charges were last updated in 1998.

**Study Mission**  
Update the Capacity Charges to comply with section 66013 of California Government Code and industry practice.

**Follow Industry Methodologies**  
Both American Water Works Association (AWWA) and Water Environment Federation (WEF) provide guidance on calculating capacity charges as well as other industry publications.

**New Customer Growth Should Pay Their Fair Share**  
Growth should pay for growth.

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# KEY POINTS

**HORIZON LINE, STADIUM LINE, WEST SIDE EXTENSION ARE NOT INCLUDED**  
 These are Property Specific

**Original District Facilities and Hwy 246 PS are not included**  
 These are included in the Annexation Fee

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## METHODOLOGY

Steps to Determine System Capacity Charge

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Determine Method:	Identify Facilities to be included in charges:	Determine value of Facilities in today's dollars (RCLD)	Divide value of Facilities by the capacity of One Equivalent Residential Unit ("ERU") \$ per ERU	Create schedule of Capacity Charges for other customer types based on their number of ERUs
<ol style="list-style-type: none"> <li>1. Buy-in</li> <li>2. Incremental Cost</li> <li>3. Combination</li> </ol>	<ol style="list-style-type: none"> <li>1. Current Facilities</li> <li>2. CIP Facilities</li> <li>3. Reserves</li> </ol>	<ol style="list-style-type: none"> <li>1. Flow</li> <li>2. BOD</li> <li>3. SS</li> </ol>		

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# SCHEDULE OF CAPACITY CHARGES

Table 5 Proposed Schedule of Capacity Charges			
User Classification	ERU Multiple	Current Charge	Proposed [1] 2020-21
<b>Residential Fixed Charges</b>			
Single Family	1.00	\$6,336.98	\$9,995.56
Multi-family	1.00	\$6,336.98	\$9,995.56
Second Unit/Studios	0.74	\$4,716.47	\$7,439.47
<b>Mobile Home/Trailers</b>			
Manager Residence	1.00	\$6,336.98	\$9,995.56
Trailer Space	1.00	\$6,336.98	\$9,995.56
Mobile Home Park Laundry	0.65	\$4,126.29	\$6,508.55
<b>Retirement Facility</b>			
Manager Residence	1.00	\$6,336.98	\$9,995.56
Rooms w/o Kitchens	0.47	\$2,947.92	\$4,649.86
Rooms w/ Kitchens	0.70	\$4,421.38	\$6,974.01
<b>Non-Residential Fixed Charges</b>			
<b>Motel/Hotel</b>			
Manager Residence	1.00	\$6,336.98	\$9,995.56
Rooms w/o Kitchens	0.47	\$2,947.92	\$4,649.86
Rooms w/ Kitchens	0.70	\$4,421.38	\$6,974.01
Laundrettes, per machine	0.74	\$4,716.47	\$7,439.47
Beauty & Barber Shops	1.00	\$6,336.98	\$9,995.56
Each Sink Over 2	0.47	\$2,947.92	\$4,649.86
Gas Station w/Restroom	1.51	\$9,579.99	\$15,110.88
Cocktail Lounge	2.00	\$12,674.95	\$19,992.69
Additional Seating	0.04	\$235.46	\$371.42
Market, Major	6.14	\$38,908.14	\$61,371.30
Convenience Market	1.00	\$6,336.98	\$9,995.56
Convenience Market w/Deli	2.21	\$14,007.33	\$22,094.29
Deli	1.21	\$7,663.39	\$12,087.76
Office & Retail	1.00	\$6,336.98	\$9,995.56
Units w/o Toilets	0.47	\$2,947.92	\$4,649.86
Restaurant Full Service	4.91	\$31,126.51	\$49,097.04
Additional Seating - Food	0.10	\$622.97	\$982.63
Additional Seating - Bar/Banquet	0.04	\$235.46	\$371.42
Coffee Specialty Retail	1.26	\$7,958.48	\$12,553.22
Restaurant - Fast Food	1.96	\$12,450.41	\$19,638.50
<b>YMCA [2]</b>			

[1] To be adjusted annually each April.  
 [2] The YMCA has a payment agreement based on annual flow.

Table 5 (cont.) Proposed Schedule of Capacity Charges			
User Classification	ERU Multiple	Current Charge	Proposed [1] 2020-21
<b>Institutional</b>			
Church	1.00	\$6,336.98	\$9,995.56
Pre/Elementary School, Per Student	0.03	\$189.77	\$299.33
High School, per Student	0.04	\$265.28	\$418.44
Museum	1.00	\$6,336.98	\$9,995.56
Post Office	1.00	\$6,336.98	\$9,995.56
Public Park	2.33	\$14,737.60	\$23,246.18
<b>Additional Sewer Service Charges</b>			
<b>Senior Living</b>			
Manager Residence	1.00	\$6,336.98	\$9,995.56
per Bed	0.58	\$3,684.29	\$5,811.37
Food Service	4.91	\$31,126.51	\$49,097.04
Additional Seating (per seat)	0.10	\$622.97	\$982.63
<b>Recovery Ranch</b>			
Manager Residence	1.00	\$6,336.98	\$9,995.56
per Bed	0.33	\$2,063.20	\$3,254.37
Food Service	4.91	\$31,126.51	\$49,097.04
Additional Seating (per seat)	0.10	\$622.97	\$982.63
Medical, Dental, Veterinarian			
Clinic or Building (per 1,000 sf)	1.60	\$10,168.64	\$16,039.39
Billiard/Cafe (per 1,000 sf)	0.80	\$5,084.32	\$8,019.69
Food Service	4.91	\$31,126.51	\$49,097.04
Additional Seating (per seat)	0.10	\$622.97	\$982.63
Cocktail Lounge with Food	3.52	\$22,306.17	\$35,164.37
Additional Seating	0.07	\$415.00	\$654.59
Car Wash	7.22	\$45,758.89	\$72,177.24
Winery and Wine Tasting	1.26	\$7,958.07	\$12,552.56
Wine Tasting with Food	3.52	\$22,306.17	\$35,164.37
Additional Seating	0.07	\$415.00	\$654.59

[1] To be adjusted annually each April.

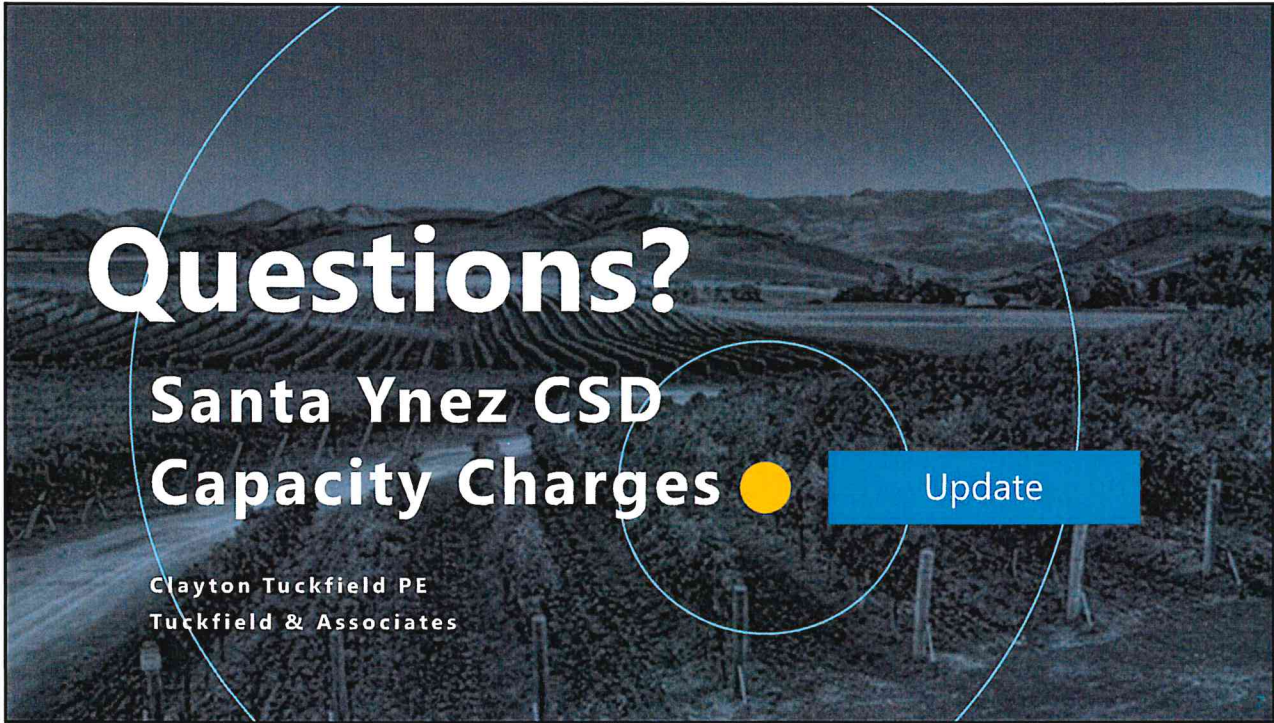
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## KEY TAKEAWAYS

- New customer pays fair price for capacity in system
- Capacity charges recognize both wastewater flow and strength of the new customer
- One-time charge paid up-front by the new customer

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**What is an ERU?**

One Equivalent Residential Unit (ERU) is the flow and strength of a single-family residential dwelling unit  
 (One ERU = 215 gpd, 175 mg/l BOD, 175 mg/l SS)

$$ERU \text{ Multiple} = \frac{\text{Customer Flow}}{215 \text{ gpd}} * \text{Assigned Strength Factor}$$

$$ERU \text{ Multiple} = \frac{\text{Customer Flow}}{215 \text{ gpd}} * \overbrace{.07875 + \frac{\text{Customer BOD}}{175 \text{ mg/l}} * .10625 + \frac{\text{Customer SS}}{175 \text{ mg/l}} * .10625}^{\text{Strength Factor}}$$

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## CALCULATION OF CAPACITY CHARGE PER ERU

Table 2 Capacity Charge per Unit				
	Wastewater			Total
	Volume	BOD	SS	
<b>Existing and Planned CIP Value</b>				
1 Existing System Facility Asset Value (RCLD) [1]	\$1,860,731	\$347,530	\$347,530	\$2,555,791
2 System-wide CIP Improvements/Replacements [2]	2,399,300	1,184,100	1,184,100	4,767,500
3 Solvang Future Capacity Reserve [3]	328,699	281,900	281,900	892,500
4 Repair/Replacement Reserve [4]	2,700,311	21,844	21,844	2,744,000
5 Building Reserve [5]	81,439	29,280	29,280	140,000
6 Total Existing and Planned System-wide Value	\$7,370,480	\$1,864,655	\$1,864,655	\$11,099,791
7 Planned System Capacity [6]	201,400	605	504	-
8 Capacity Charge per unit [7]	\$36.596 gpd	\$3,081.694 lb/day BOD	\$3,698.032 lb/day SS	

- [1] From Table 7 Replacement Cost less Depreciation (RCLD).
- [2] From Table 6.
- [3] Allocated to component based on net plant investment and CIP in Solvang Wastewater Plant.
- [4] Allocated to component based on total net plant investment plus total CIP less Solvang investment and CIP.
- [5] Allocated to component based on total net plant investment plus CIP.
- [6] Capacity at the end of the CIP period, reduced by 5% per contract with City of Solvang from Table 1.
- [7] Total Existing and Planned System-wide Value divided by Planned System Capacity.

Table 3 Single-family Residential Capacity Charge				
	Wastewater			Total
	Volume	BOD	SS	
<b>Capacity Charge</b>				
1 Capacity Charge per unit	\$36.596	\$3,081.694	\$3,698.032	
2 Single-family Residential Demand [1]	215 gpd	0.3138 lb/day BOD	0.3138 lb/day SS	
3 Capacity Charge	\$7,868.14	\$967.01	\$1,160.41	\$9,995.56

- [1] SFR strengths include 175 mg/l BOD and 175 mg/l SS.

