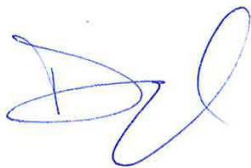


City of Calistoga
Staff Report

TO: Honorable Mayor and City Council
FROM: Dylan Feik, City Manager
DATE: July 18, 2017
SUBJECT: Consideration of a Resolution Adopting an Amended and Revised Standardized Use Table for the Resource Management System to Reduce Water and Wastewater Connection Fees for Multi-Family Residential Units.

APPROVAL FOR FORWARDING



Dylan Feik, City Manager

1 **ISSUE:** Consideration of a Resolution Adopting an Amended and Revised
2 Standardized Use Table for the Resource Management System to Reduce Water and
3 Wastewater Connection Fees for Multi-Family Residential Units.

4 **RECOMMENDATION:** Following a public hearing, approve the proposed resolution.
5

6 **BACKGROUND:** The City of Calistoga currently has 110 multi-family water/wastewater
7 accounts containing 600 housing units, accounting for 18% of total units in the City.
8 Total multi-family water usage in fiscal year 2016 was 33,536 hundred cubic feet (hcf),
9 or 77 AF. Each new multi-family development must pay a connection fee, which is a
10 valuation of current assets and growth-related capital projects per AF of estimated
11 impact on the water and wastewater systems.
12

13 Water and wastewater connection fees were set by Ordinance No. 697 on December 3,
14 2013. Each year, fees are updated based on the Engineering Construction Index
15 Average of Cities, which is an estimate of inflation specifically related to the construction
16 industry. These fees can be found in Calistoga Municipal Code Chapter 13.18. As of
17 January 2017, these fees have been escalated to \$38,517 per AF consumption for
18 water and \$112,456 per AF consumption for wastewater. Acre foot consumption for
19 connection fees are determined by a Standard Use Table, established by the City of

20 Calistoga by Resolution 2015-029. This table provides an estimation of consumption for
21 each customer class. Estimated consumption is broken down between units containing
22 1-2 bedrooms and units containing 3 bedrooms.

23
24 As part of the rate review, BWA also proposed three options to calculate the connection
25 fee including (1) calculating the capacity fee as a cost per fixture unit, (2) cost per
26 square foot area, and (3) updating the Standard Use Table for a new cost per bedroom
27 per apartment. BWA and City Staff analysis of these options concludes that an updated
28 cost per bedroom based on revised annual AF consumption will have the greatest
29 simplicity of implementation and will apply to all new multi-family units. A BWA
30 memorandum (Attachment 1) presents a recommendation for updated multi-family
31 consumption calculations, which similarly suggest an overall annual AF usage reduction
32 of about 30% for a one-bedroom multi-family unit.

33
34 Through this analysis, Staff have concluded that reducing the multi-family usage per
35 bedroom in the Standard Use Table by approximately 30% provides a close estimate of
36 typical multi-family consumption while maintaining a reasonable assurance that new
37 developments will have sufficient baseline allocations to meet projected demands.
38 Furthermore, by establishing a per-bedroom baseline quantity, the connection charges
39 can be applied equitably to projects which have units with variable number of
40 bedrooms. Each additional bedroom would serve as a multiplier for estimated acre feet
41 usage. Creating a 1, 2, and 3 bedroom AF/year estimation allows for a more precise
42 estimation of usage than is currently available in the Standard Use Table.

43
44 Both the City and BWA's approach to re-calculating annual AF consumption result in a
45 rounded reduction of 30% from the current Standard Usage Table's estimated annual
46 AF consumption per bedroom. The resulting capacity fees are shown in Attachment 1
47 (see Table 5 on pg. 6 of the memo).

48
49 By updating the City's Standard Use Table to include the recommended 30% reduction
50 per multi-family bedroom, the City will be incorporating the latest data on multi-family
51 consumption. Reducing consumption estimates by 30% will reduce connection fees by
52 up to 67% for 1 bedroom units. Staff believes this connection fee reduction may
53 encourage multi-family housing development in the City. BWA and City Staff also
54 recommend that the Standard Use Table list estimated usage for 1, 2, and 3 bedroom
55 apartments. This will allow for more precise estimation of usage and can be applied
56 equitably to projects with a variable number of bedrooms.

57 **CONSISTENCY WITH COUNCIL GOALS AND OBJECTIVES:**

- 58
- 59 • Goal 1, Objective 1 Encourage, manage and advance key private development and renovation projects to stimulate economic vitality and avoid stagnation
 - 60 • Goal 7, Objective 2 – Expanding housing opportunities, including workforce housing
- 61

62

63 **FISCAL IMPACTS:** The water and wastewater operating enterprise funds may receive
64 less connection fee revenue due. However, reducing connection fees may also provide
65 impetus for future multi-family residential projects which otherwise may not happen,
66 considering current impact fee rates.

ATTACHMENTS

1. Draft Resolution

RESOLUTION NO. 2017-XXX**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA, COUNTY OF NAPA, STATE OF CALIFORNIA, ADOPTING AN AMENDED STANDARDIZED USE TABLE FOR THE RESOURCE MANAGEMENT SYSTEM**

1 **WHEREAS**, the City of Calistoga currently has 110 multi-family water/wastewater
2 accounts containing 600 housing units, accounting for 18% of total units in the City; and

3 **WHEREAS**, total multi-family water usage in fiscal year 2016 was 33,536
4 hundred cubic feet (hcf), or 77 acre feet (AF); and

5 **WHEREAS**, each new development must pay a connection fee, which is a
6 valuation of current assets and growth-related capital project per AF of estimated impact
7 on the water and wastewater systems; and

8 **WHEREAS**, on March 15, 2015, the City Council adopted Resolution 2015-029
9 revising the Standardized Use Table for the expected demand by various land uses on
10 the City's water and wastewater treatment systems that are used to determine
11 connection fees; and

12 **WHEREAS**, a recent water and wastewater demand study recommended an
13 update to the multi-family consumption calculations set forth in the Standardized Use
14 Table, which would result in a reduction to the water and wastewater connection fees
15 for multi-family residential units; and

16 **WHEREAS**, the proposed amendments to the Standardized Use Table are
17 exempt from the California Environmental Quality Act (CEQA) under Section
18 15061(b)(3) of the CEQA Guidelines, the "general rule" exemption, because it can be
19 seen with certainty that there is no possibility that the action in question may have a
20 significant effect on the environment.

21 **NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of
22 Calistoga that the Standardized Use Table for the resource management system is
23 amended and restated in its entirety as set forth in the attached Exhibit A, incorporated
24 herein by this reference.

25 **PASSED AND ADOPTED** by the City Council at a duly noticed regular meeting
26 held the **July 18, 2017**, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

CHRIS CANNING, Mayor

ATTEST:

KATHY FLAMSON, City Clerk

Exhibit A

Standardized Use Table for Resource Management System¹

Use Type	Water		Wastewater	
	Acre feet per year	Gallons per day	Acre feet per year	Gallons per day
Residential				
Single-family dwelling ²				
1 - 3 bedrooms	.428	382	.224	200
4 bedrooms ³	.540	482	.319	285
Apartment, condominium				
1 bedroom	.124	-----	.073	-----
2 bedrooms	.249	-----	.146	-----
3 bedrooms	.373	-----	.220	-----
Mobile home	.149	133	.125	112
Second dwelling unit	.165	147	.146	130
Transient lodging - Hotel, motel, resort, B&B – per living or rental unit				
	.170	152	.150	134
Commercial - Retail, office, personal service – per 1000 sq. ft. of gross floor area				
	.110	98	.099	88
Bar – per 1000 square feet of gross floor area				
	.220	196	.198	177
Restaurant - per 1000 square feet of gross floor area				
	.580	518	.524	468

¹ The Department of Public Works may reduce the expected demand upon approval of an engineered water study demonstrating/ quantifying the site-specific water usage.

² The adoption of this resolution amending the Standardized Use Table is not intended to affect the number of bedrooms purchased through the now- defunct Leak Detection Program. All projects which purchased leak detection water shall only be vested for the original number of bedrooms purchased.

³ Each additional bedroom, add 100 gallons of water and 85 gallons of wastewater per day.