

# **City of Rialto**

## **Water and Wastewater Development Impact Fee Update**

**Utilities Commission Meeting, 10/16/18**



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# Tonight's Presentation

- What is a Development Impact Fee (DIF)?
- How much are Rialto's current DIFs?
- Development Impact Fee Update: Project Schedule
- Methodology
- Results
- Comparisons: current, proposed, and other jurisdictions

# What is a Development Impact Fee (DIF)?

- One-time fee payable when obtaining a building permit for a new water or wastewater system connection.
  - Proportionate share of the cost of infrastructure that provides system capacity to future development.
  - California Government Code Sections 66000 et seq, charges “cannot exceed the reasonable cost of providing the service for which the fee or charge is imposed”.
- Water and wastewater DIFs were calculated in 2002, and are updated for inflation on an annual basis.

# Current Water DIFs

- For 5/8" x 3/4" meters: \$8,421.34
- Higher for larger water meters

Water Meter Size and Type	Current DIF Effective 7/1/2018
5/8" x 3/4" Displacement	\$8,421.34
1" Displacement	\$13,938.76
1 1/2" Displacement	\$27,877.51
2" Displacement	\$44,139.40
3" Displacement	\$84,213.33
3" Displacement Compound	\$89,440.37
3" Class I & II Turbine	\$98,152.09
4" Displacement Compound	\$139,387.60
4" Class I Turbine	\$168,426.68
4" Class II Turbine	\$174,234.48
6" Displacement Compound	\$278,775.18
6" Class I Turbine	\$348,468.99
6" Class II Turbine	\$383,315.87
8" Displacement Compound	\$441,394.03
8" Class I Turbine	\$505,280.02
8" Class II Turbine	\$667,898.87

# Current Wastewater DIFs: Collection and Treatment

- Residential (per unit):
  - Single Family: Collection = \$1,974.65; Treatment = \$3,577.61
  - Multi-Family: Collection = \$1,974.65; Treatment = \$2,785.43
- Non-Residential:
  - Collection: \$78.99 per front foot
  - Treatment: Varies depending on type of customer

# Current Wastewater Treatment DIFs

## Notes:

(1) Car wash area is the tunnel area and restaurant area is the gross customer area.

(2) Calculated separately for (a) a hotel without restaurant and (b) a restaurant.

Customer Class	Unit	Current DIF Effective 7/1/2018	Customer Class	Unit	Current DIF Effective 7/1/2018			
<b>Group I - Residential Uses</b>								
Residential								
Estate / Single Family	EDU	\$3,577.61	Gas Station - 4 Bays Max	per station	\$6,716.16			
Multi Family/Mobile Home	EDU	\$2,785.43	Manufacturing (domestic)	1000 sq ft	\$1,105.80			
<b>Group II - Commercial (Low Strength)</b>								
Auto Parking	1000 sq ft	\$276.46	Hotels/Motels (w/o restaurants)	room	\$1,986.27			
Barber Shop	1000 sq ft	\$1,382.26	Manufacturing	1000 sq ft	\$3,942.35			
Beauty Parlor	1000 sq ft	\$3,871.49	Repair and Service Stations	1000 sq ft	\$1,562.30			
Car Wash (1)	1000 sq ft	\$45,757.47	<b>Group IV - Commercial (High Strength)</b>					
Church	fixed seat	\$54.60	Bakeries (wholesale) Doughnut Shop	1000 SF	\$7,950.91			
Commercial Use	1000 sq ft	\$1,105.80	Banquet Room/Ball Room	1000 SF	\$22,715.53			
Dental Office/Clinic	1000 sq ft	\$3,203.58	Cafeteria	seat	\$851.42			
Department and Retail Store	1000 sq ft	\$1,382.26	Doughnut Shop	1000 SF	\$7,950.91			
Film Processing (1 hour)	1000 sq ft	\$1,382.26	Hotels/Motels (w restaurants) (2)	1000 SF				
Health Club/Spa	1000 sq ft	\$11,059.24	Mortuary - Embalming Area	1000 SF	\$141.70			
Hospitals	bed	\$1,293.98	Restaurant - Take-out (1)	1000 SF	\$8,518.90			
Indoor Theatre	1000 sq ft	\$7,472.33	Restaurant - Drive-thru/Fast Food	per seat	\$569.16			
Laundromats	1000 sq ft	\$61,529.17	Restaurant - Fast food/Outdoor seat	per seat	\$340.34			
Laundromats	machine	\$2,274.34	Restaurant - Full service/Indoor seat	per seat	\$851.42			
Library: Public Area	1000 sq ft	\$1,105.80	Restaurant - Full service/Outdoor seat	per seat	\$511.08			
Lumber Yard	1000 sq ft	\$493.66	Supermarkets	1000 SF	\$2,840.03			
Membership Organizations	1000 sq ft	\$2,563.57	<b>Group V - Institutional Uses</b>					
Motion Pictures (Studios)	1000 sq ft	\$320.60	Chruch School Day Care/Elementary	occupant	\$104.54			
Professional Offices	1000 sq ft	\$2,563.57	Church School One Day Use	1000 SF	\$2,607.71			
Social Services	1000 sq ft	\$2,563.57	Schools - Elementary/Junior	per student	\$102.22			
Softwater Service	1000 sq ft	\$2,222.08	Schools - High	per student	\$156.81			
Theater (Cinema)	Seat	\$54.60						
Warehouse	1000 sq ft	\$276.46						

Values in this table are prior to any temporary adjustments made by the City Council effective through December 2018

# DIF Update Project Schedule

- Began project: late 2017
- Updated calculations: late 2017 through summer 2018
- Draft report: summer 2018
- Council Economic Development Committee: 9/26/18
- Utilities Commission: 10/16/18
- Notice Public Hearing at Council meeting: projected 11/13/18
- Public Hearing/Council vote: projected late November or early December

# DIF Calculation Methodology

## Proportionate Share of the Cost of Infrastructure That Provides Capacity to New Development

- “Cost basis” is the sum of:
  - Existing facilities: cost in today’s dollars, less depreciation; include designated capital reserves
  - Subtracted developer funded and grant funded facilities
  - Include new facilities that provide additional capacity but only if they aren’t funded by future debt service
    - New connections will pay for their share of these facilities through rate-supported debt service
- Subtract outstanding debt

# DIF Calculation Methodology

**Proportionate Share of the Cost of Infrastructure That Provides Capacity to New Development**

- Unit cost of capacity = cost basis / system capacity
  - System capacity:
    - Water: data from City's water master plan
    - Wastewater treatment: treatment plant capacity
    - Wastewater collection: length of City's collection system

# DIF Calculation Methodology

**Proportionate Share of the Cost of Infrastructure That Provides Capacity to New Development**

- DIF = capacity requirement of user \* unit cost
  - Capacity requirement of user:
    - Water: data from City's water master plan
    - Wastewater treatment: flow, Biochemical Oxygen Demand, and Total Suspended Solids data from California utilities and agencies (including LA County Sanitation Districts, San Diego County Sanitation Districts, State Water Resources Control Board)
    - Wastewater collection: projected frontage length

# Proposed Water DIF

Water Meter Size	Proposed DIF
5/8" x 3/4" Displacement	\$3,107.07
1" Displacement	\$5,188.79
1 1/2" Displacement	\$10,346.55
2" Displacement	\$16,560.69
3" Displacement	\$33,152.40
3" Displacement Compound	\$33,152.40
3" Class I & II Turbine	\$36,259.46
4" Displacement Compound	\$51,794.80
4" Class I Turbine	\$65,248.42
4" Class II Turbine	\$65,248.42
6" Displacement Compound	\$103,558.58
6" Class I Turbine	\$134,629.25
6" Class II Turbine	\$134,629.25
8" Displacement Compound	\$165,699.93
8" Class I Turbine	\$289,982.63
8" Class II Turbine	\$289,982.63

# Proposed Wastewater Treatment DIF

## Notes:

(1) Hotels with restaurants: sum of separately calculated DIF for hotel and for restaurant.

(2) See formula on next slide.

Customer Class	Unit of Measure	Total
Single-Family Residential	SF DU	\$1,968.69
Multi-Family Residential	MF DU	\$1,672.53
Barber Shop/Beauty Parlor	per station	\$260.16
Car Wash	1000 sf	\$17,831.22
Church	1000 sf	\$352.99
General Commercial	1000 sf	\$769.46
Department and Retail Store	1000 sf	\$769.46
Health Club/Spa	1000 sf	\$5,690.33
Hospitals, Dental Office, Clinic	1000 sf	\$2,420.24
Indoor Theatre	1000 sf	\$1,225.85
Laundromats	1000 sf	\$28,003.16
Lumber Yard	1000 sf	\$310.95
Professional Offices	1000 sf	\$1,374.55
Warehouse/Manufacturing (domestic)	1000 sf	\$191.83
Hotels/Motels (1)	room	\$1,094.67
Manufacturing (2)		
Repair and Service Stations, Gas Station	1000 sf	\$917.85
Bakeries (wholesale) Doughnut Shop	1000 sf	\$5,346.17
Banquet Room/Ball Room	1000 sf	\$15,274.68
Mortuary - Embalming Area	1000 sf	\$1,930.70
Restaurant/Full Service and Cafeteria	seat	\$477.57
Restaurant/Fast Food	seat	\$286.14
Restaurant, Take Out	1000 sf	\$5,728.02
Supermarkets	1000 sf	\$2,893.92
Schools - Elementary/Junior/Day Care	per student	\$70.35
Schools - High School/College	per student	\$141.83

# Proposed Wastewater Treatment DIF, Manufacturing Customers

- Two-Step Calculation:
  - Warehouse Customer for Domestic Wastewater,  
Plus
  - Formula for Process Water:  
$$\text{flow (gpd)} * \$5.02 + \text{BOD (lb/day)} * \$1,007.38 + \text{TSS (lb/day)} * \$1,128.90.$$

# Proposed Wastewater Collection DIF

Customer Class	Unit of Measure	DIF
All Single-Family Residential	Dwelling Unit	\$834.00
Multi-Family and Mobile Homes	Dwelling Unit	\$708.90
All Non-Residential	Lineal Front Foot	\$8.34

# Comparison, Single-Family Residence

Service Area Within Rialto	Current DIF (1)	Proposed DIF (1)
Rialto Water Service Area	\$13,974	\$5,910
West Valley Water Service Area (2)	\$12,561	\$9,812

Other Neighboring Cities	Current DIF
Colton	\$7,860
Riverside	\$6,393
San Bernardino	\$6,669

- (1) Customer Assumptions: most common residential water meter size; 3 bedrooms
- (2) Rialto's wastewater DIF and West Valley's water DIF

# Comparison, Example Full-Service Restaurant (Water + Wastewater DIF)

Service Area Within Rialto	Current DIF (1)	Proposed DIF (1)
Rialto Water Service Area	\$64,409	\$29,901
West Valley Water Service Area (2)	\$62,385	\$36,627
Other Neighboring Cities	Current DIF	
Colton	\$28,650	
Riverside	\$35,138	
San Bernardino	\$26,688	

- (1) Customer Assumptions: 1" water meter; 50 seats with 75 max occupancy; 3,000 square feet, 100 lineal feet of front footage. Existing = prior to Rialto's temporary adjustments
- (2) Rialto's wastewater DIF plus West Valley's water DIF

# Comparison, Example Hotel (Water + Wastewater DIF)

Service Area Within Rialto	Current DIF (1)	Proposed DIF (1)
Rialto Water Service Area	\$320,361	\$146,581
West Valley Water Service Area (2)	\$318,152	\$195,434

Other Neighboring Cities	Current DIF
Colton	\$217,438
Riverside	\$177,100
San Bernardino	\$211,250

- (1) Customer Assumptions: 3" water meter (except 4" for Colton); 100 rooms; 475 lineal feet of front footage. Existing = prior to Rialto's temporary adjustments
- (2) Rialto's wastewater DIF plus West Valley's water DIF

# Questions/Discussion