


CROCKETT COMMUNITY SERVICES DISTRICT

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TO: Board of Directors

FROM: Dale McDonald 

SUBJECT: Connection Fee and Capacity Charge Accounting and Reporting

DATE: September 12, 2018

The Mitigation Fee Act (California Government Code Section 66000 et seq.) provides requirements for development of impact fee programs. Most of the Act's provisions were adopted in 1987 as AB 1600 (Cortese) and are sometimes referred to as "AB 1600 requirements." The requirements, which became effective on January 1, 1989, regulate the way that impact fees are imposed on development projects. The agency imposing the fee must (1) identify the purpose of the fee; (2) identify the use to which the fee is to be put, including identifying the public facilities to be financed; (3) show a reasonable relationship (nexus) between the fee's use and the type of development project; (4) show the reasonable relationship between the public facility to be constructed and the type of development; and (5) account for and spend the fees collected only for the purposes and projects specifically used in calculating the fee. As part of the Act, Government Code Section 66013 was substantially amended and more stringent accounting and reporting requirements for fees collected for sewer connection and capacity charges were imposed.

As defined by Government Code Section 66013 a "sewer connection" means the connection of a structure or project to a public sewer system. "Capacity charge" is defined as a charge for facilities in existence at the time a charge is imposed or charges for new facilities to be constructed in the future that are proportional to the person or property being charged.

The Crockett Community Services District Code Chapter 6.12 governs our Capacity Fee Program. District Code Section 6.12.030(A)(4) defines a charge (capacity fee) as a charge permitting an "added burden" on the facilities of the District.

The accounting requirements of AB 1600 require that the District (1) deposit its sewer capacity charges (SCC) and related interest earned into a separate sewer construction fund (SCF); (2) account for those charges in a manner to avoid comingling with other monies of the District; and (3) expend those charges only for the purposes for which the charges were collected. District Code Section 2.28.040 established Fund 3427 as the Crockett Sanitary Department Sewer Construction Fund (SCF).

The law also requires that this information simply be made available to the public within 180 days after the end of the fiscal year. Attached for information only is a copy of the District's annual Revenue and Expenditure Report for the fiscal year ended June 30, 2018 and a report of Capital Projects budgeted for FY 2018/19 that fully comply with the accounting and reporting provisions of Government Code Section 66013.

The report provides details on the Crockett Sanitary Department Fund 3427. The Port Costa Sanitary Department has not collected any capacity charges or connection fees since the County transferred ownership to the District in 2008. The District did not receive a separate balance of Port Costa's Sewer Construction Fund so it appears all funds were comingled prior to 2008. The District has assumed a beginning balance of \$0 for Port Costa's SCF. All construction projects at Port Costa are therefore paid from the general operating fund until the first connection or capacity fee is imposed.

://Admin/B&F/CapacityChargeAccounting.annual.doc

**CROCKETT COMMUNITY SERVICES DISTRICT
CROCKETT SANITARY DEPARTMENT
REVENUE AND EXPENDITURES
YEAR ENDED 6/30/2018**

Description	SCF %	YTD Total	General GF #3426	Construction SCF #3427	Cap. Resrv. CRF. #3429
Beginning General & SCF Cash Balance		\$3,067,791	\$2,166,912	\$ 833,740	\$ 67,138
Revenue					
Sewer Use Charges	0%	1,467,417	1,467,417		
Property Tax	0%	293,000	293,000		
Sewer Capacity Charge (SCC)	100%	8,892	-	8,892	
Interest	23%	42,727	32,154	9,783	790
Other	12%	271,592	239,592	32,000	
Total Revenue	2%	2,083,628	2,032,163	50,675	790
Expenditures					
Sewer Collection System - Capital Projects					
1 Heald & Del Mar Project #C-0999 Pacific Trenchless	0%	365,580	365,580		
2 Sewer Project Carq. C-00-27 to C-00-26 L.R. Paulsell	0%	15,000	15,000		
3 Pomona Sidewalk Sewer Emergency repair Sewer Connection	0%	15,400	15,400		
4 Alexander Sewer Project C-0008 Phase 1 Sewer Works	0%	12,700	12,700		
Total Sewer System Collection System - Capital Projects	0%	408,680	408,680	-	
Sewer Pump Station - Capital Projects					
1 Electrical panel for Grundfos pumps for Loring PS	0%	3,209	3,209		
Total Sewer Pump Station - Capital Projects	0%	3,209	3,209	-	
Joint Treatment Plant - Capital Projects (C&H)					
1 Cavitating pump Seepex Model BN 35-6LS	100%	1,879	-	1,879	
2 Seepex Sludge System Cav Pump Invoice CAP100517	100%	1,033	-	1,033	
3 Refrigerated Sampler Lab Office CAP100517	100%	1,103	-	1,103	
4 ATI Residual Sulfite Analyzer Invoice cap11018	100%	8,603	-	8,603	
Total Joint Treatment Plant - Capital Projects	100%	12,618	-	12,618	
Engineering & Prof. Services - Capital Projects					
1 V.W. Housen Heald Ct. and Del Mar Projects	0%	3,988	3,988		
2 Cunha Engineering Atherton Survey	0%	4,500	4,500		
3 Frisch Engineering Pump Station MCC Panel replacement	0%	21,980	21,980		
Total Engineering & Prof. Services - Capital Projects	0%	30,468	30,468	-	

**CROCKETT COMMUNITY SERVICES DISTRICT
CROCKETT SANITARY DEPARTMENT
REVENUE AND EXPENDITURES
YEAR ENDED 6/30/2018**

Admin & Finance - Capital Projects

1 Loan financing and interest PY sewer projects	0%	26,153	26,153		
2 Computerized Maintenance Management System (CMMS / GIS)	0%	6,562	6,562		
3 CCTV Inspection Program	0%	14,513	14,513		
4 Smoke Testing Program	0%	16,624	16,624		
5 Salary & Benefits for Capital Projects	0%	8,772	8,772		
Total Admin & Finance - Capital Projects	0%	72,623	72,623	-	
Grand Total Capital Expenditures	2%	527,598	514,980	12,618	
Grand Total Operating Expenditures	0%	1,194,582	1,194,523	55	4
Non-op Expenses (including Cap. Resrv and interfund transfers)	0%	61,595	61,595	-	-
Total Expenditures (Capital, Expense & Debt)	1%	1,783,776	1,771,098	12,673	4
Ending Cash Balance (Crockett San. Dept. Funds 3426, 2427, 3428)		3,367,643	2,427,977	871,742	67,924

** Allocation to Rate Stabilization Reserve, included in General Fund #3426

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General Definitions

Sewer Capacity Charge (SCC)

The Sewer Capacity Charge applies to all new sewer connections and change of property use as defined by District Code Section 6.12. For residential development, the charge is based on the number and type of dwelling unit(s). For nonresidential development, the charge is based on the sum of fixture charges as listed in District Code Section 6.34. The Charge is meant to help recover cost from growth related to capital projects tied to the District's wastewater collection and treatment capacity.

Sewer Construction Fund (SCF)

Fund designed to track revenues and expenditures of growth related facilities.

General Fund (GF)

General group designed for all other funds to account for non-growth related activities including revenues, operating expenses, capital expenditures and debt service.

Capital Reserve Fund (CRF)

The fund is dedicated for expansion, major renovation or replacement of the Crockett wastewater treatment facilities, as required by State Revolving Fund loan contracts signed by the District and the State Water Resources Control Board. (Res. No. 00-01-02)

**CROCKETT COMMUNITY SERVICES DISTRICT
CROCKETT SANITARY DEPARTMENT
FY 18/19 ADOPTED BUDGET - CAPITAL PROJECT**

Description	SCF %	YTD Total	General GF #3426	Construction SCF #3427	Cap. Resrv. CRF. #3429
Sewer Collection System - Capital Projects					
1 Atherton and Cooke E-03-02 to E-03-07 Proj. C1002	0%	186,300	186,300	-	-
2 Bishop E-09-05 Emerson E-08-04 Baldwin E-03-10 Proj. C1003	0%	104,500	104,500	-	-
3 Pomona Cooke to Baldwin Project C1004	0%	52,500	52,500	-	-
4 Fifth Ave V-12-22 Project C1005	0%	20,000	20,000	-	-
5 Alexander Easement Project N-33-06 to N-33-08	0%	141,500	141,500	-	-
6 Balwin Emerson Hartwell spot repairs	0%	48,500	48,500	-	-
7 Emergency projects, unidentified	0%	90,000	90,000	-	-
Total Sewer System Collection System - Capital Projects	0%	643,300	643,300	-	-
Sewer Pump Station - Capital Projects					
1 MCC Replacement (begin June 2019 / finish July 2019)	0%	550,000	\$550,000.00	-	-
2 Improve ventilation of wet well (additional. vent fans)	0%	3,300	\$3,300.00	-	-
3 Rebuild/replace fresh water system booster pump	0%	5,500	\$5,500.00	-	-
4 Rebuild Air Compressor and motor 1 & 2	0%	11,000	\$11,000.00	-	-
5 Rebuild of Grit Pump No. 1	0%	11,000	\$11,000.00	-	-
6 Rebuild/replace/modify Pump No. 5 air vent system	0%	2,800	\$2,800.00	-	-
7 Loring Power Generator Package	0%	9,500	\$9,500.00	-	-
8 Spare Pump for Loring Station (Req. by WCWD)	0%	1,800	\$1,800.00	-	-
Total Sewer Pump Station - Capital Projects	0%	594,900	\$594,900.00	-	-
Joint Treatment Plant - Capital Projects (C&H)					
1 Replace influent pumps, impellers, etc.	0%	8,425	\$8,425.00	-	-
2 New wires from control room tp reactor pump	0%	940	\$940.00	-	-
3 Miscellaneous projects - cap replacement	0%	2,528	\$2,528.00	-	-
4 Install french drain south of reactors	100%	5,142	-	\$5,142.00	-
5 Replace sewer liner	100%	13,712	-	\$13,712.00	-
6 Overhaul DAF #1	100%	84,250	-	\$84,250.00	-
7 Allocation to JTP Cap Reserve	0%	32,000	32,000	-	-
Total Joint Treatment Plant - Capital Projects	75%	129,962	32,000	97,962	-
Engineering & Prof. Services - Capital Projects					
2 Capital Project Contracted Oversight	0%	20,665	20,665	-	-
Total Engineering & Prof. Services - Capital Projects	0%	20,665	20,665	-	-
Equipment - Capital Projects					
1 Safety equipment and tools	0%	1,000	1,000	-	-
2 Computer software upgrades / replacement	0%	2,500	2,500	-	-
3 Office equipment	0%	1,000	1,000	-	-
Total Engineering & Prof. Services - Capital Projects	0%	4,500	4,500	-	-
Admin & Finance - Capital Projects					
1 Loan financing and interest PY sewer projects	0%	23,405	23,405	-	-
2 Computerized Maintenance Management System (CMMS / GIS)	0%	20,000	20,000	-	-
3 CCTV Inspection Program	0%	20,000	20,000	-	-
4 Pipe Supplies for collection system emergencies	0%	1,500	1,500	-	-
5 Flow metering equipment	0%	3,000	3,000	-	-
6 Salary & Benefits for Capital Projects	0%	17,653	17,653	-	-
Total Admin & Finance - Capital Projects	0%	85,558	85,558	-	-
Grand Total Capital Expenditures (Including reserve transfer)	7%	1,478,885	1,380,923	97,962	-