HANSFORD
ECONOMIC CONSULTING

Donner Summit Public Utility District

Wastewater Capacity Fees Study

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FINAL

HEC No. 220371

The following report was prepared by Hansford Economic Consulting LLC.

The analyses and findings contained within this report are based on primary data provided by the Donner Summit Public Utility District, as well as additional secondary sources of data available as of the date of this report. Updates to information used in this report could change or invalidate the findings contained herein. While it is believed that the primary and secondary sources of information are accurate, this is not guaranteed.

Every reasonable effort has been made in order that the data contained in this study reflect the most accurate and timely information possible. No responsibility is assumed for inaccuracies in reporting by the client, its consultants and representatives, or any other data source used in the preparation of this study. No warranty or representation is made that any of the projected values or results contained in this study will actually be achieved.

Changes in economic and social conditions due to events including, but not limited to, major recessions, droughts, major environmental problems or disasters that would negatively affect operations, expenses and revenues may affect the result of the findings in this study. In addition, other factors not considered in the study may influence actual results.

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Section 1: INTRODUCTION AND SUMMARY OF FINDINGS

1.1 INTRODUCTION

The Donner Summit Public Utility District (DSPUD or District) provides wastewater collection, treatment, and disposal service to residents and businesses in Soda Springs and Sugar Bowl, and it provides treatment and disposal service to residents whose wastewater is collected by the Sierra Lakes County Water District.

The purpose of this report is to update the District's schedule of wastewater capacity fees. Currently, the District charges wastewater capacity fees on a per Equivalent Dwelling Unit (EDU) basis. The wastewater capacity fees that were most recently set by the Board of Directors (Board) in 2017 are shown in **Table 1.** A new home would currently pay the District a wastewater capacity fee of $10,123[1], or $3,329 if it has already purchased capacity at the wastewater treatment plant.

Table 1
Current Wastewater Capacity Fees

Expansion EDU Area	Current Fee
OUTSIDE CFD NO. 1	
New Expansion EDU	
Treatment Plant Connection Fee	$8,357
All Other System Facilities Connection Fee	$1,766
Total New Expansion EDU Cost	**$10,123**
Existing Expansion EDU	
Treatment Plant Connection Fee	$1,563
All Other System Facilities Connection Fee	$1,766
Total Existing Expansion EDU Cost	**$3,329**
INSIDE CFD NO. 1	
New Expansion EDU	
Catch-Up Special Tax	$5,545
One-Time Special Tax	$1,249
Treatment Plant Connection Fee	$1,563
All Other System Facilities Connection Fee	$1,766
Total New Expansion EDU Cost	**$10,123**
Existing Expansion EDU	
Catch-Up Special Tax	$0
One-Time Special Tax	$0
Treatment Plant Connection Fee	$1,563
All Other System Facilities Connection Fee	$1,766
Total Existing Expansion EDU Cost	**$3,329**

Source: DSPUD Ordinance 06-2017.

[1] A property owner may be able to purchase an EDU from a willing seller rather than the District. The District must verify if the EDU is an Expansion EDU or a New EDU. No fee is due for a New EDU that has been transferred to another property. A fee is due for an Expansion EDU that has been transferred to another property.

1.2 AUTHORITY TO CHARGE CAPACITY FEES

Under the authority of the Mitigation Fee Act (1987), contained in California Government Code Section 66000 et seq., the District is authorized to collect wastewater capacity and connection fees. When a municipality adopts or updates a capacity or connection fee, it must demonstrate that the fees shall not exceed the estimated reasonable cost of providing the service for which the fee is imposed. Maximum justifiable fees are calculated in this report pursuant to demonstration of the nexus between new development and the increase in use of existing infrastructure, as well as new infrastructure, that is provided to serve the new development.

Specifically, the District may impose a connection fee pursuant to Government Code Section 66013 (b)(5) for the physical facilities necessary to make a wastewater connection, including, but not limited to, pipelines from the structure or project to a sewer main, that does not exceed the estimated reasonable cost of labor and materials for installation of those facilities.

The District may impose a capacity fee pursuant to Government Code Section 66013(b)(3) for public facilities in existence at the time a charge is imposed or charges for new public facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged, including capacity contracts for rights or entitlements, real property interest, and entitlements and other rights of the local agency involving capital expense relating to its use of existing or new public facilities.

DSPUD requires all new wastewater connections to build the connection from their property to the sewer main themselves. The District inspects the connection upon completion of the work. Since the District does not provide the connection, it does not charge a connection fee. The District does charge a capacity fee for facilities that are in place, or to be built, to accommodate new sewer flows.

1.3 CALCULATED WASTEWATER CAPACITY FEES

The wastewater capacity fee is being updated to account for wastewater facilities that have already been built and new wastewater facilities planned to be constructed. The updated wastewater capacity fee includes three components:

1. Wastewater Treatment Plant and Disposal Buy-In Fee
2. Collection and Other Facilities Buy-In Fee
3. New Wastewater Facilities Fee

The first fee component is a “catch-up fee” to equalize the investment in the 2014 new treatment plant between existing and new users. It is based on debt service paid to date as defined in the Rate and Method of Apportionment of Community Facilities District No. 1, plus debt service paid to date in rates. The second fee component is a buy-in fee for new users benefiting from capacity in the existing collection system, and other existing wastewater system facilities. The third fee component is a contribution to new and/or upgraded wastewater facilities planned in the District’s 2022 updated Capital Improvement Plan (CIP) to serve new growth.

Table 2 presents the calculated updated total combined maximum justifiable capacity fees. The fees would ***increase*** the current wastewater capacity fee for developing properties (that have not yet purchased capacity in the wastewater treatment plant) from $10,123 to $13,187 per EDU. The maximum justifiable fees for a property owner with an Expansion EDU would ***increase*** from $3,329 to $4,365. The updated wastewater capacity fee schedule has a new customer category, for Accessory Dwelling Units (ADUs). Pursuant to State law, ADUs must be charged development fees on either a per building square foot basis or per fixture unit basis[2]. Because District Ordinance 94-5 defines a new EDU as having 20 fixture units[3], the wastewater capacity fee for ADUs is calculated on a per fixture unit basis.

Table 2
Calculated Wastewater Capacity Fees for Fiscal Year 2023

Calculated Fee through Fiscal Year Ending 2023 [1]	Wastewater Capacity Fee
New EDU [2]	$13,187
Expansion EDU [3]	$4,365
New ADU - Per Fixture Unit [4]	$659.35

[1] The fee for each subsequent fiscal year should be automatically updated per formula.

[2] The annual fee adjustment formula for a New EDU:

updated fee = curr yr fee+$773+change in Expansion EDU fee

[3] The new 2014 treatment plant buy-in fee is not applicable to these EDUs.
The annual fee adjustment formula for an Expansion EDU:

*updated fee = curr yr fee*change in the ENR CCI Apr to Apr*

[4] Per Ordinance 94-5, 20 fixture units equal one EDU. The annual adjustment to the ADU Fixture Unit Fee is the adjusted fee for a New EDU divided by 20.

The wastewater capacity fees are calculated for fiscal year 2023. Each year, DSPUD should adjust the fee based on the formula for each type of fee (New EDU, Expansion EDU, or ADU) as shown in **Table 2**; otherwise, the fee will fall behind the new customers' share of facilities costs. The fee should also be reviewed whenever there is a significant change to the Wastewater Capital Improvement Plan, whenever there are changes in pace and quantity of new development, and/or whenever a time period of five-plus years has elapsed. In footnote [3] of the table, the ENR CCI is the Engineering News Record Construction Cost Index.

[2] California law allows the building of ADUs on single-family and multi-family zoned property. A new detached ADU may be charged a capacity fee whenever it is built. A new attached ADU may be charged a capacity fee ONLY when it is constructed with a new single-family home.

[3] The International Residential Code define a fixture unit as, "A measure of probable discharge into the drainage system by various types of plumbing fixtures, used to size DWV piping systems. The drainage fixture-unit value for a particular fixture depends on its volume rate of drainage discharge, on the time duration of a single drainage operation and on the average time between successive operations."

If a property owner who previously purchased capacity at the wastewater treatment plant (i.e., they own an Expansion EDU) wants to build a detached ADU they must pay the new ADU fee per fixture unit. If the property owner with an Expansion EDU wants to build a new home with an attached ADU, they would not be required to pay the ADU fee because at the time the fee was paid for the capacity at the wastewater treatment plant, one EDU was sufficient for a single-family structure of any size.

Scalable Residential Fee. At its November 15, 2022 Board meeting, two scalable residential fee structures were presented to the District Board; these included charging the fees by number of bedrooms, or by number of fixture units[4]. The Board's direction was to continue to consider charging the residential fee for a New EDU or an Expansion EDU by number of bedrooms. Charging by number of bedrooms is administratively easier as it does not require District staff to inspect building plans in detail or inspect the home upon certificate of occupancy. The District has always considered one EDU for a home to have three bedrooms; therefore, the calculated fee per bedroom is $4,396 per New EDU and $1,455 per Expansion EDU for fiscal year 2023. New non-residential structures would continue to be charged per EDU as detailed in DSPUD Ordinance 94-5.

A comparison of the fees for a new home that has to purchase capacity at the wastewater treatment plant (a New EDU) is provided in **Table 3** under Option 1 (current fee structure) and Option 2 (scalable fee structure).

Table 3
Comparison of Fiscal Year 2023 Fees for Residential Development One New EDU

	Residential Home			
	2-Bdrm	3-Bdrm	4-Bdrm	5-Bdrm
Option 1	**$13,187**	**$13,187**	**$13,187**	**$13,187**
Option 2	**$8,791**	**$13,187**	**$17,583**	**$21,978**

	Accessory Dwelling Unit		
	Quantity	Fixture Units	Fee
Showers	1	2	$1,319
Toilets	1	3	$1,978
Dishwasher	1	2	$1,319
Clothes Washer	1	2	$1,319
Bathroom Sink	1	1	$659
Kitchen Sink	1	2	$1,319
TOTAL		**12**	**$7,912**

[4] The reason for not charging by building square foot is the range of housing types in the District's service territory (Soda Springs and Sugar Bowl). A fee by building square feet must be based on either the median or the average building square feet of a "typical" 3-bedroom home in the District's service territory. Establishing the square footage of a typical 3-bedroom home in the District service territory is difficult. Along Donner Pass Road in Soda Springs, a new 3-bedroom home is more likely to be in the range of 1,600 building square feet to 2,200 building square feet, but in Sugar Bowl, as well as other pockets of developable land within the District's service territory, 3-bedroom homes are often in excess of 3,000 building square feet.

Table 3 shows that an ADU with 12 fixture units would pay a fee of $7,912. To ensure that a single family home does not pay less than an ADU, it is recommended that a minimum residential fee per EDU be established equal to the fee for a 2-Bedroom home. **Table 4** shows the recommended fee schedules under Option 1: Current Structure, and Option 2: Scalable Residential Fee.

Table 4
Recommended Fees under Optional Structures

Customer Type	Fee Basis	EDU Type	
		New	**Expansion**
Option 1: Current Structure		*Fiscal Year 2023 Fees [1]*	
Residential and Non-Residential	per EDU	$13,187	$4,365
Accessory Dwelling Unit [2]	per Fixture Unit	$659.35	
Option 2: Scalable Residential Fee		*Fiscal Year 2023 Fees [1]*	
Non-Residential	per EDU	$13,187	$4,365
Residential	per Bedroom *	$4,396	$1,455
Accessory Dwelling Unit [2]	per Fixture Unit	$659.35	

* Minimum fee for a single-family home is for 2 bedrooms to ensure a single-family home does not pay less than an ADU.

[1] The fee for each subsequent fiscal year should be automatically updated per formula.

New EDU: *updated fee = curr yr fee+$773+change in Expansion EDU fee*

Expansion EDU: *updated fee = curr yr fee*change in the ENR CCI Apr to Apr*

[2] Per Ordinance 94-5, 20 fixture units equal one EDU. The annual adjustment to the ADU Fixture Unit Fee is the adjusted fee for a New EDU divided by 20.

Section 2: CAPACITY FEE CALCULATIONS

Capacity fees are charged to pay for current and future District facilities that new wastewater customers will use. Capacity fees pay for major infrastructure such as collection facilities (sewer mains), treatment, and disposal facilities. The revised capacity fee would pay for buy-in to existing facilities that new customers will use as well as new facilities that new customers create the need for.

2.1 FUTURE DEVELOPMENT AND GROWTH ASSUMPTIONS

The first step in determining capacity fees is establishing the current number of wastewater customers, expressed in equivalent dwelling units (EDUs). Per current District records, there are 1,061 wastewater EDUs that have purchased capacity at the wastewater treatment plant. The District services two types of wastewater customer:

(1) Existing customers who currently use the wastewater system, and

(2) Future customers who have paid for an Expansion EDU and who are paying reduced quarterly rates for maintenance of District facilities and debt service until they connect to the wastewater system.

Remaining capacity for new DSPUD wastewater customers is calculated in **Table 5.** DSPUD's plant capacity is 0.48 million gallons per day (MGD); this capacity can serve 1,270 EDUs. DSPUD has capacity to serve an additional 209 EDUs in its service territory.

Table 5
Remaining Treatment Plant Capacity

EDU Type		EDUs	Percent Allocation	GPD per EDU	Total Use (GPD)
DSPUD Plant Capacity (MGD):	**0.480**	*60% of total capacity*			
Total DSPUD Capacity in EDUs		**1,270**			
Existing and Future EDUs		1,061	84%	378	400,892
New EDUs		**209**	**16%**	**378**	**79,108**
Use in Gallons per Day (avg. day max. week flow)					**480,000**

Source: DSPUD flow data March 2021 - March 2022, and HEC. gpd

2.2 BUY-IN FEE COSTS

Treatment and Disposal Fee Component
The treatment and disposal fee component of the buy-in fee is calculated using the Special Tax Formula of Community Facilities District No.1 regardless of the location of the developing property.

The Rate and Method of Apportionment describes how to calculate the buy-in fee for the treatment plant. A customer wishing to purchase a New EDU must pay the Catch-Up Special Tax. Using the formula in the Rate and Method of Apportionment, the Catch-Up Special Tax is $7,472 per EDU for fiscal year 2023. In addition, the customer must also pay the amount of debt service for the wastewater treatment plant upgrade and expansion project that was ultimately greater than the special tax could support. The additional debt service fee is $1,350 per New EDU for fiscal year 2023.

In total, a new customer wishing to purchase capacity at the treatment plant has a maximum justifiable fee of $8,822 per New EDU. The calculations are shown in **Table 6**. Expansion EDUs are not subject to this portion of the wastewater capacity fee as they have already paid for treatment and disposal capacity.

Table 6
Capacity Fee for Treatment and Disposal Component

Fee	Calculation
Catch-Up Special Tax	
Years of Special Tax (FY2012 through FY2023)	12
Tax Paid each Year	$593
Total Taxes Paid	$7,116
Catch-Up Special Tax Amount (1.05 X Total Taxes Paid)	**$7,472**
Debt Service paid with Rates (FY 2015 through FY2023)	
Years of Debt Service [1]	9
Annual Debt Service per EDU not in Special Tax	$150
Additional Debt Service Capacity Fee per EDU	**$1,350**
Total Treatment Plant Component Fee	**$8,822**

Source: DSPUD CFD No.1 Rate and Method of Apportionment and HEC. cfd1

[1] Includes one year collection for debt service reserve, per SRF, and payments made fiscal years ending 2016 through 2018 under the old debt service schedule, plus payments made fiscal years ending 2019 through 2023 under the new debt service schedule.

Collection and Other Facilities Components Fee

The cost included in the collection and other facilities components buy-in fee is based on the value of the District's wastewater assets. The buy-in fee for this study uses the original cost approach methodology calculation of remaining value of assets[5]. Inclusion of depreciation is commonly used for buy-in fees because it removes the assets that have exceeded their useful life and are no longer in use from the fee. **Tables A-1** and **A-2** in Appendix A provide a list of DSPUD's wastewater assets,

[5] Under the original cost approach, the buy-in fee reflects the original investment in existing capacity, paying an amount similar to what the existing customers paid for the capacity (or the remaining value of the original investments). AWWA M1 Manual Page 332.

their original cost, and net book value, which is the original cost less accumulated depreciation. The total assets net book value is $21.1 million, as summarized in **Table 7**.

Table 7
Summary Wastewater System Value

System Components	Net Book Value
Wastewater System	
New 2014 Treatment Plant	$20,679,895
Other Treatment & Disposal	$278,052
Subtotal Treatment	**$20,957,947**
Collection	$58,549
Other	$6,867
Total Wastewater	**$21,023,363**
Joint Assets [1]	$67,834
Total Assets Value	**$21,091,198**

Source: DSPUD depreciation schedule as of 6/30/2022 and HEC. sum value

[1] Wastewater system 78% share of total joint assets value.

The collection and other facilities components buy-in fee deducts the asset value of the treatment facilities built with debt from the State Revolving Fund for the 2014 wastewater treatment plant upgrade and expansion. **Table 8** shows net assets value is $0.4 million and the calculated buy-in fee is $324 per EDU. New users are responsible for 16% of the net assets value because there is 16% capacity remaining in the treatment plant based on average EDU flow (see **Table 5).**

Table 8
Capacity Fee for Collection and Other Fee Components

Wastewater Facilities	Net Book Value
Treatment Component	
Plant and Disposal Facilities Value	$20,957,947
less 2014 New Plant Project Value	($20,679,895)
Treatment & Disposal Value	**$278,052**
Collection & All Other Facilities Value	**$133,251**
Net Assets Value	**$411,303**
Available Capacity	16%
New Users Cost Share	**$67,786**
Additional EDUs	209
Buy-in Cost per EDU for Collection & Other	**$324**

Source: DSPUD and HEC. edu calc

2.3 NEW FACILITIES FEE COSTS

The new facilities fee component is based on the District's ten-year wastewater CIP, which is summarized in **Table 9**. The total estimated cost of the CIP is $6.6 million in today's dollars. Almost of all of the necessary improvements are to the wastewater collection system.

Table 9
DSPUD Wastewater Capital Improvements Plan

Project Type	Fiscal Year Ending 2023	2024	2025	2026	2027	First 5 Years	Next 5 Years	10-Yr Total
Treatment Plant			*All figures in 2022 $s*					
Membrane Replacement		$87,000				$87,000	$87,000	$174,000
Reactor 1 & 2 Wasting Upgrades						$0	$100,000	$100,000
Reactor 1						$0	$150,000	$150,000
Total Treatment Plant	**$0**	**$87,000**	**$0**	**$0**	**$0**	**$87,000**	**$337,000**	**$424,000**
Collection								
Radio System Upgrade	$70,678					$70,678		$70,678
Lift Station Rehabilitation		$44,000	$306,000			$350,000	$685,000	$1,035,000
Upgrades to Lift Stations [1]				$150,000	$150,000	$300,000	$150,000	$450,000
Snow Lab / Bunny Hill Rd Rehabilitation	$20,000	$130,000				$150,000	$150,000	$300,000
Line Rehabilitation						$0	$300,000	$300,000
Manhole Sealing						$0	$165,000	$165,000
Sewer Lift Station 2 Upgrade					$178,750	$178,750	$1,036,250	$1,215,000
Sewer Main Extension Program	$10,000	$10,000	$10,000	$10,000	$10,000	$50,000	$50,000	$100,000
Sugar Bowl Sewer Extension - West	$269,000	$1,339,000				$1,608,000		$1,608,000
Sugar Bowl Sewer Extension - East		$207,000	$727,000			$934,000		$934,000
Total Collection	**$369,678**	**$1,730,000**	**$1,043,000**	**$160,000**	**$338,750**	**$3,641,428**	**$2,536,250**	**$6,177,678**
Total Improvements	**$369,678**	**$1,817,000**	**$1,043,000**	**$160,000**	**$338,750**	**$3,728,428**	**$2,873,250**	**$6,601,678**

Source: DSPUD August 2022. cip

[1] Includes Norden 1, Norden 2, and lift station No. 8.

Only the costs of improvements, or portion(s) of improvements, needed to serve new growth can be allocated to the new facilities fee.

Table 10 shows the allocation of costs between existing and new customers. The two Sugar Bowl sewer extension projects are to be paid for by the Sugar Bowl customers converting from septic to municipal wastewater service, per terms of the annexation agreement which was approved in 1999 by Joint Resolution of the Nevada County-Placer County Local Agency Formation Commissions. This leaves 61% of the Sewer Lift Station 2 upgrade and 100% of sewer main extension costs the responsibility of new wastewater customers. Further description of the allocation of Sewer Lift Station 2 cost allocation is provided in Appendix A **Table A-3**.

The total new facilities cost to be borne by new customers is divided by the number of new EDUs there is capacity for at the wastewater treatment plant. The new wastewater facilities fee per EDU is $4,041, as shown in **Table 11**.

Table 10
Allocation of CIP to Existing and New Customers

Project Type	10-Year Total Estimated Cost	New Users Share	Districtwide Capacity Fee Costs	Sugar Bowl Villages Fee Costs
Treatment Plant				
Membrane Replacement	$174,000	0%	$0	$0
Reactor 1 & 2 Wasting Upgrades	$100,000	0%	$0	$0
Reactor 1	$150,000	0%	$0	$0
Total Treatment Plant	**$424,000**		**$0**	**$0**
Collection				
Radio System Upgrade	$70,678	0%	$0	$0
Lift Station Rehabilitation	$1,035,000	0%	$0	$0
Upgrades to Lift Stations [1]	$450,000	0%	$0	$0
Snow Lab / Bunny Hill Rd Rehabilitation	$300,000	0%	$0	$0
Line Rehabilitation	$300,000	0%	$0	$0
Manhole Sealing	$165,000	0%	$0	$0
Sewer Lift Station 2 Upgrade [2]	$1,215,000	61%	$476,133	$269,618
Sewer Main Extension Program	$100,000	100%	$100,000	$0
Sugar Bowl Sewer Extension - West	$1,608,000	100%	$0	$1,608,000
Sugar Bowl Sewer Extension - East	$934,000	100%	$0	$934,000
Total Collection	**$6,177,678**		**$576,133**	**$2,811,618**
Total Improvements	**$6,601,678**		**$576,133**	**$2,811,618**

Source: DSPUD August 2022. new alloc

[1] Includes Norden 1, Norden 2, and lift station No. 8.
[2] See Table A-3 for allocation of costs between the Sugar Bowl Villages and other future users.

Table 11
New Wastewater Facilities Fee

New Facilities	Estimated Cost	EDUs	Cost per EDU
Sewer Lift Station 2 Upgrade	$745,751	209	$3,563
Sewer Main Extension Program	$100,000	209	$478
Total New Facilities Cost	**$845,751**		**$4,041**

Source: DSPUD CIP August 9, 2022, and HEC. new fee

2.4 CALCULATED CAPACITY FEES AND RESIDENTIAL SCALABLE FEES

The total maximum justifiable capacity fee per New EDU is $13,187, and $4,365 per Expansion EDU. The fee components are shown in **Table 12**. These fees are for the time period through fiscal year ending 2023.

Table 12
Total Fiscal Year 2023 Capacity Fee per EDU

EDU Type	Fee Components
New EDU	
New 2014 Treatment Plant Buy-In Fee	$8,822
Collection & Other System Facilities Buy-In Fee	$324
New Wastewater Facilities Fee	$4,041
New EDU Fee	**$13,187**
Expansion EDU [1]	
Collection & Other System Facilities Buy-In Fee	$324
New Wastewater Facilities Fee	$4,041
Total Expansion EDU Fee	**$4,365**

calc fee

[1] Owners of these EDUs paid the one-time up-front treatment plant fee in 2012 and have been paying for the new treatment plant debt service every year since.

As shown above in the update to the current fee, the District currently charges capacity fees on a per EDU basis which means that the fee is the same regardless of the size of the home. Locally, the Mountain Housing Council has advocated for "scalable" development fees so that smaller homes pay less than larger homes for their impacts on community facilities. Scalable fees are intended to help address housing affordability concerns in the region. The Truckee Sanitary District and the Tahoe Truckee Sanitation Agency (TTSA) both adopted scalable wastewater capacity fees in response to the advocacy of the Mountain Housing Council. The Olympic Valley Public Services District, Tahoe City Public Utility District and Northstar Community Services District have not.

At its November 15, 2022 Board meeting, two scalable residential fee structures were presented to the District Board; these included charging the fees by number of bedrooms, or by number of fixture units. The Board's direction was to consider charging the residential fee by number of bedrooms. Charging by number of bedrooms is administratively easier as it does not require District staff to inspect building plans in detail or inspect the home upon certificate of occupancy.

The calculated fee for single-family residential is $4,396 per bedroom per New EDU and $1,455 per bedroom per Expansion EDU for fiscal year 2023. New non-residential structures would continue to be charged per EDU as detailed in DSPUD Ordinance 94-5.

2.5 REGIONAL FEES COMPARISON

It is common for municipal wastewater providers to charge capacity fees to equalize the cost of infrastructure between current and future system users. Other regional municipal wastewater providers also charge capacity fees, as shown in **Figures 1** and **2.** The regional fees comparison is made for two different sized homes: a 2,000 square foot (2-bedroom) home and a 4,000 square foot (4-bedroom) home. Included in both figures is the updated wastewater capacity fee per EDU without any change in structure of the fee (Option 1), and the total fee if the residential fee structure is changed to payment by number of bedrooms (Option 2).

Figure 1 shows the fee comparison for a new 2,000 square foot home assuming it has 2 bedrooms. The total wastewater capacity fee would be reduced from the current fee if the updated fee is charged on a per bedroom basis. If the scalable fee is not adopted, the fee would continue to be the highest in the region.

Figure 1
Comparison Fees for a New 2,000 Square Foot (2-Bedroom) Home

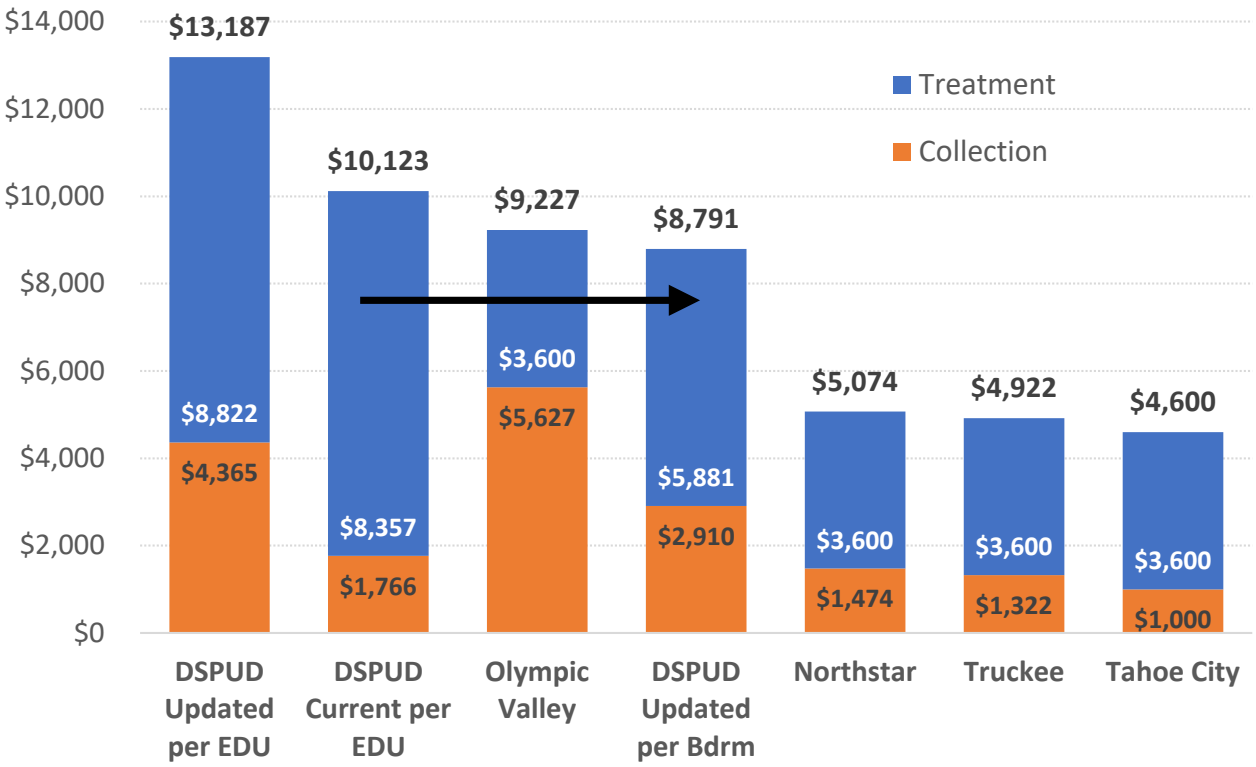
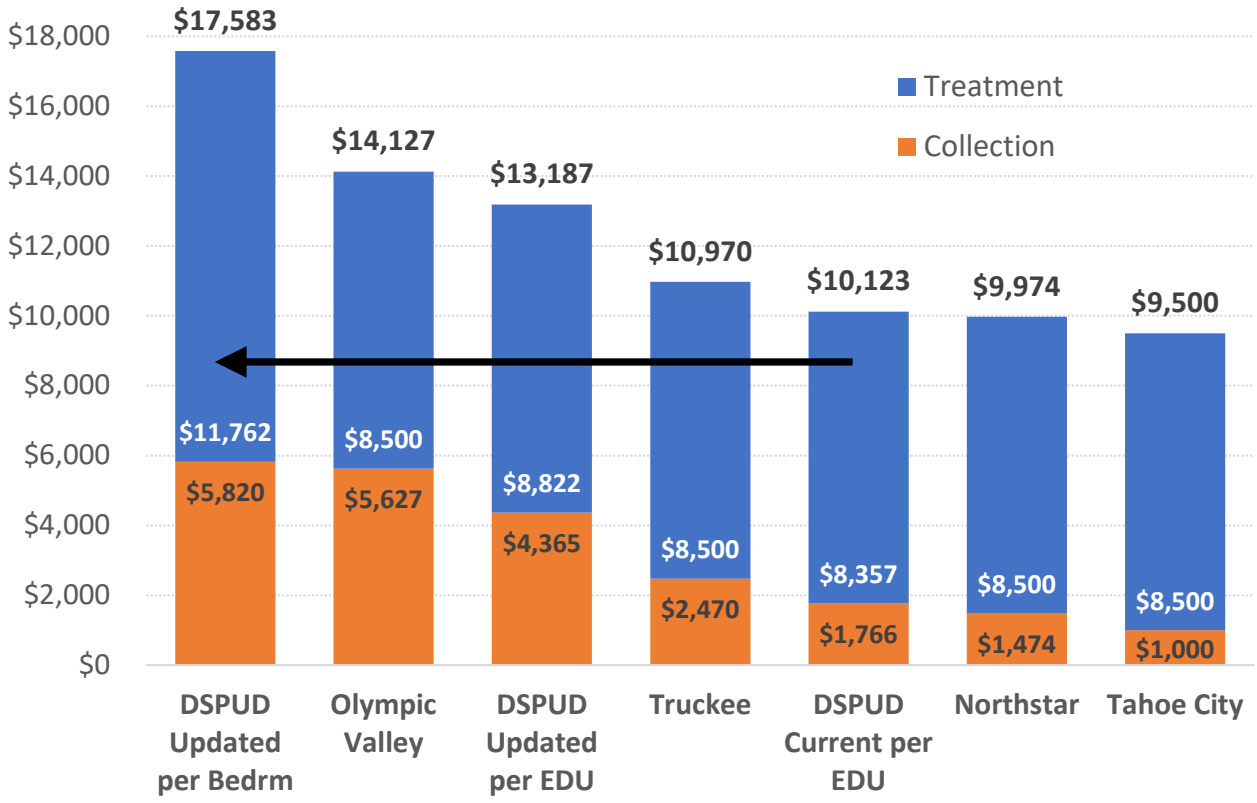


Figure 2 shows the fee comparison for a 4,000 square foot home assuming it has 4 bedrooms. The total wastewater capacity fee under the scalable residential fee structure would be greater than the current fee and greater than the updated fee if the scalable fee structure is not adopted.

Figure 2
Comparison Fees for a New 4,000 Square Foot (4-Bedroom) Home



Section 3: CAPACITY FEES ADOPTION AND ADMINISTRATION

3.1 ADOPTION AND IMPLEMENTATION OF FEES

Pursuant to California Government Code 66016, prior to increasing an existing fee or adopting a new fee, an agency must hold at least one open and public meeting. Notice of the time and place of the meeting, including a general explanation of the matter to be considered, and a statement that all supporting studies and information are available to the public, shall be noticed at least 10 days prior to the meeting. Increases to an existing fee or adoption of a new fee may be made by ordinance or resolution.

3.2 FUTURE FEE ADJUSTMENTS

The adopting resolution or ordinance needs to include the annual automatic fee adjustment formulas below, otherwise, the fee will fall behind the future customers' share of facilities costs.

Annual Fee Adjustment Formulas:

Expansion EDU = Current Year Fee multiplied by the April-to-April change in the ENR CCI

New EDU = Current Year Fee plus $773 plus the change in the Expansion EDU Fee[6]

ADU Fee = New EDU Fee divided by 20

The fee should also be reviewed whenever there is a significant change to the Wastewater Capital Improvement Plan, there are changes in pace and quantity of new development, and whenever a time period of five-plus years has elapsed.

3.3 MITIGATION FEE ACT COMPLIANCE

The District must deposit capacity fee revenues in a separate capital facilities fund to avoid any comingling with other monies of the District. Any interest income earned must also be deposited into the Wastewater Capacity Fee Fund. In addition, the District must comply with annual and five-year reporting requirements for the Wastewater Capacity Fees Fund.

Within 180 days of the end of a fiscal year, the following is to be furnished for the prior fiscal year:

1. A description of the charges deposited in the fund,
2. The beginning and ending balance of the fund,
3. The amount of the fees collected and interest earned,
4. An identification of each public improvement for which fees were expended and the amount of expenditure for each improvement, including the percentage of the total cost of

[6] From Table 6, $773 is comprised of the portion of debt service paid with rates ($150) plus the annual special tax plus 5% as specified in the rate and method of apportionment ($593 + $30 = $623).

the improvement that was funded with capacity fees if more than one source of funding was used,

5. An identification of each public improvement on which charges were expended that were completed during the fiscal year, and each improvement anticipated to be undertaken in the following fiscal year, and
6. A description of any interfund transfer or loan made from the Wastewater Capacity Fee Fund, identification of any public improvements on which any transferred monies are, or will be, expended, and a description of repayment terms.

All of the above information may be included in the District's annual financial report. In addition, pursuant to Government Code § 65940.1(a)(1)(D), DSPUD must post the current and five previous annual fee reports required pursuant to subdivision (d) of Section 66013 on its internet website.

3.4 CAPACITY FEE CREDITS AND REIMBURSEMENTS

The District may provide fee credits and reimbursements to developers/private property owners who dedicate land or construct facilities included in the new wastewater facilities fee component of the capacity fee with private financing. The credit / reimbursement may only be up to the cost of the improvement, as included in the new facilities fee program, or the actual cost paid by the developer/private property owner, whichever is lower. No credit or reimbursement will be allowed for costs incurred that are higher than estimated in the fee program.

Credits. Once fee credits have been determined, they will be used at the time the respective fees would be due. The use of accumulated fee revenues shall first be used for District-determined priority capital improvement projects, and secondly for repayment of accrued reimbursement to developers/private property owners.

Reimbursements. Reimbursements would be due to developers/private property owners who advance-fund wastewater facilities in excess of their fair share of the facility costs.

Developers/private property owners must enter into a reimbursement agreement with the District to receive reimbursements. Fee credits would be provided up to the fair share cost for the developer/private property owner, then reimbursements would be due to the developer/private property owner once revenue collections have been made from other developers/private property owners. Reimbursement priority is a "first in, first out" system. As money becomes available, the first in would receive reimbursement first. Developers/private property owners may have to wait some time before their reimbursement is paid in full. Reimbursements are only an obligation of the Wastewater Capacity Fee Fund, not any other District fund.

Fee credits/reimbursements will be adjusted annually by the inflation factor used to adjust the Expansion EDU fee.

APPENDIX A

DSPUD WASTEWATER SYSTEM

CAPACITY FEE SUPPORT TABLES

Table A-1
Donner Summit PUD Wastewater Connection Fees
Wastewater Assets List

Asset List	Purchase Year	Life	Remaining Life	Original Cost	Amount Depreciated	Net Book Value
		years	years	*a*	*b*	*c = a-b*
Collection System						
Main System	1974	40	0	$407,168	$407,168	$0
Phases 1, 2, 3	1981	25	0	$107,075	$107,075	$0
Ski Town	1986	5	0	$24,264	$24,264	$0
Norden Extension	1987	20	0	$1,678,587	$1,678,587	$0
Ski Town Sewer	1988	20	0	$6,253	$6,253	$0
Norden Extension 2	1989	20	0	$93,889	$93,889	$0
Donner Dr.	1993	20	0	$20,763	$20,763	$0
Hwy 40	1994	20	0	$8,895	$8,895	$0
Norden Pumphouse	1998	10	0	$90,207	$90,207	$0
Nash Elmo Generator	2005	15	0	$21,123	$21,123	$0
SCADA	2009	15	2	$185,814	$161,039	$24,775
Sugar Bow, Corn Lily Ln.	2020	20	18	$35,000	$3,500	$31,500
Rebuild pump @LS3	2020	5	3	$3,790	$1,516	$2,274
Total Collection				**$2,682,828**	**$2,624,279**	**$58,549**
Disposal						
Disposal Facilities	1974	40	0	$906,248	$906,248	$0
Force Main	2004	30	12	$18,720	$11,232	$7,488
Irrigation Pump	2007	10	0	$10,453	$10,453	$0
River Access Road	2018	10	6	$25,895	$10,358	$15,537
Total Disposal				**$961,316**	**$938,291**	**$23,025**
Treatment						
Treatment Plant	1974	40	0	$1,019,700	$1,019,700	$0
Terbidity Meter	1998	10	0	$1,769	$1,769	$0
Discharge Permit	2009	5	0	$131,863	$131,863	$0
Submersible Pump	2010	5	0	$7,111	$7,111	$0
Plant Expansion	2014	40	32	$25,849,869	$5,169,974	$20,679,895
WWTP Door	2016	40	34	$7,019	$1,053	$5,966
Electrical Improvement	2017	25	20	$32,403	$6,481	$25,922
2016 Reactor Tank Coating	2016	25	19	$124,454	$29,869	$94,585
Headworks Screen Upgrade	2019	5	2	$14,064	$8,438	$5,626
Heat Exchanger Upgrade	2020	10	8	$12,517	$2,503	$10,014
UV System Upgrade	2020	10	8	$26,404	$5,281	$21,123
Reactors 1 & 2 Mixing Pump	2020	5	3	$2,791	$1,116	$1,675
Aerator Membrane - Reactor 2	2020	5	3	$1,593	$637	$956
Light Retrofit	2020	7	5	$70,436	$20,125	$50,311
Snow Chains for Loader	2020	5	3	$4,049	$1,620	$2,429
Ammonia Feed System	2020	5	3	$12,397	$4,959	$7,438
Tires for Loader	2020	7	5	$5,265	$1,504	$3,761
Gen Set Water Pump	2021	5	4	$14,040	$2,808	$11,232
Rebuild Membrane Pumps	2021	5	4	$17,486	$3,497	$13,989
Total Treatment				**$27,355,230**	**$6,420,308**	**$20,934,922**
Other						
Sewer Camera	2002	10	0	$7,793	$7,793	$0
Membrane Bldg Liftmaster	2019	20	17	$2,693	$404	$2,289
Office WWTP Front Liftmaster	2019	20	17	$2,693	$404	$2,289
Office WWTP Back Liftmaster	2019	20	17	$2,693	$404	$2,289
Total Other				**$15,872**	**$9,005**	**$6,867**
TOTAL ASSETS VALUE				**$31,015,246**		**$21,023,363**

Source: DSPUD depreciation schedule as of 6/30/2022. ww assets

Table A-2
Donner Summit PUD Wastewater Connection Fees
Joint Assets Value (Split between Water and Wastewater)

Joint Asset List	Purchase Year	Life	Remaining Life	Original Cost	Amount Depreciated	Net Book Value
		years	years	*a*	*b*	*c = a-b*
Vehicles						
Snowblower	1994	5	0	$1,845	$1,845	$0
John Deere Loader	2008	10	0	$117,837	$117,837	$0
Polaris Ranger Crew	2012	5	0	$15,277	$15,277	$0
Ford F250	2013	5	0	$25,297	$25,297	$0
Ford F150	2013	5	0	$21,437	$21,437	$0
Cat Excavator	2014	5	0	$18,500	$18,500	$0
Ford F-350	2016	5	0	$72,021	$72,021	$0
UTV Open Trail Full Cab	2016	5	0	$6,858	$6,858	$0
25' 10 Ton	2017	10	5	$8,500	$4,250	$4,250
Flatbed for Truck	2021	5	4	$3,052	$610	$2,442
Ram 1500	2020	5	3	$43,654	$17,462	$26,192
Ram 1500 (2)	2020	5	3	$43,060	$17,224	$25,836
Total Vehicles				**$377,338**	**$318,618**	**$58,720**
General Equipment						
Building Addition	1987	20	0	$184,500	$184,500	$0
Furnace	2003	10	0	$3,763	$3,763	$0
Building Addition	2004	20	2	$8,784	$7,906	$878
Office Roof	2010	20	8	$18,175	$10,905	$7,270
Leak Detector	2014	5	0	$6,434	$6,434	$0
Confined Space Kit	2014	5	0	$5,675	$5,675	$0
40' High Cube Container	2015	7	0	$3,250	$3,250	$0
20' Container	2015	7	0	$2,550	$2,550	$0
Steel door by Admin Office	2019	20	17	$6,910	$1,037	$5,874
Steel door by Admin Office (2)	2019	20	17	$6,910	$1,037	$5,874
Total General Equipment				**$246,951**	**$227,056**	**$19,895**
Office Equipment						
Furniture	2001	5	0	$4,450	$4,450	$0
Carpet	2006	5	0	$7,923	$7,923	$0
File Server	2010	5	0	$2,413	$2,413	$0
Network Cable	2016	10	4	$7,806	$4,684	$3,122
Admin Bldg Light Retrofit	2020	7	5	$7,321	$2,092	$5,229
Total Office Equipment				**$29,913**	**$21,561**	**$8,352**
Total Joint Assets with Water				**$654,202**		**$86,967**
Wastewater Portion of Joint Assets			78%	$510,278		$67,834

Source: DSPUD depreciation schedule as of 6/30/2022.

joint assets

Table A-3
Donner Summit PUD Wastewater Connection Fees
Lift Station 2 Upgrade Cost Allocation to Users

Cost Items and User Groups	Total	New Dev't Only	Existing & New Users
Total Cost Estimate			
New LS 2-Pumps	$221,000		$221,000
New 6" Force Main	$552,500	$552,500	
Electrical and Instrumentation	$221,000		$221,000
New Generator	$221,000		$221,000
Total Construction	**$1,215,500**	**$552,500**	**$663,000**
Lift Station 2 Users	*EDUs [2]*		
Current Users	316	0%	71%
Sugar Bowl Villages [1]	47	36%	11%
Other Future Users	83	64%	19%
Total	**446**	**100%**	**100%**
Cost Allocation to Users			
Current Users	$469,749		$469,749
Sugar Bowl Villages [1]	$269,618	$199,750	$69,868
Other Future Users	$476,133	$352,750	$123,383
Total	**$1,215,500**	**$552,500**	**$663,000**

[1] Septic Conversions Future Users. ls2

[2] Number of EDUs served by Lift Station 2 provided by DSPUD, February 2023.