

PUBLIC HEARING

Brian Tompkins, Chief Financial Officer

November 13, 2024

Serving Highland, San Bernardino and Unincorporated San Bernardino County



CAPACITY FEES

- One-time capital charges applied to new development to fund facilities needed to accommodate growth
 - *"Growth pays for growth"*
- Existing customers should not be burdened with facility requirements for future customers
- Generate equity through a fair share allocation of system facility costs between existing customers and growth



- The District installed approximately 150 meters (equivalents) in 2023

COMPONENTS OF CAPACITY FEES

Water



Supply



Treatment



Storage



Conveyance

Wastewater

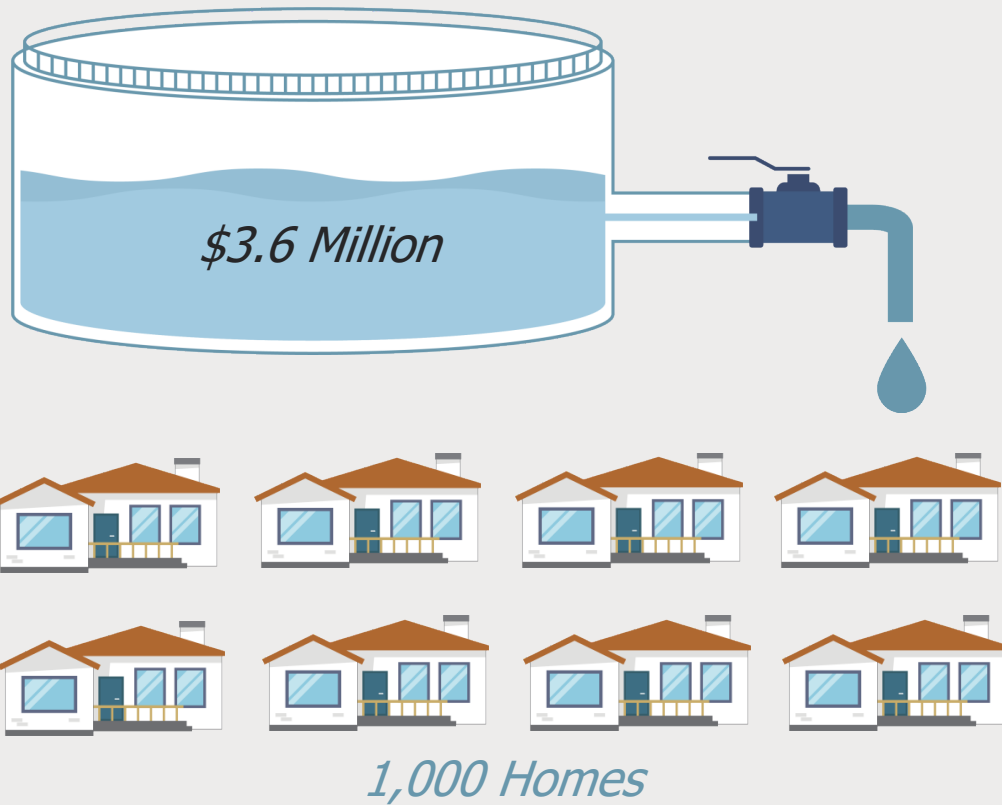


Treatment



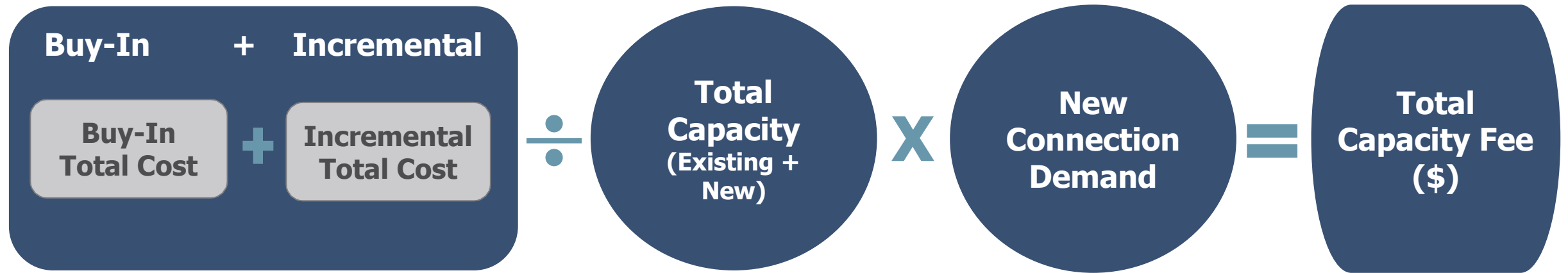
Conveyance

EXAMPLE OF INCREMENTAL COST



$$1 \text{ New Home} = \frac{\$3.6 \text{ Million}}{1,000} = \$3,600/\text{Home for Reservoir}$$

CAPACITY FEE METHODOLOGY: HYBRID



Includes Buy-In Component + Incremental Component

PROPOSED WATER CAPACITY FEE PER METER



WATER UTILITY SYSTEM: BUY-IN

EXISTING WATER CAPITAL ASSETS	
Capital Asset Replacement Cost (2024 \$)	\$ 394,612,596
2024 Accumulated Depreciation (2024 \$)	192,688,455
REPLACEMENT COST LESS DEPRECIATION	\$ 201,924,141
WATER CAPITAL-RELATED RESERVES	
(+) Capital Replacement Fund	\$ 10,314,000
(-) Capacity Fee Fund	(5,793,420)
TOTAL RESERVES	\$ 4,520,580
WATER OUTSTANDING DEBT PRINCIPAL	
2020A & B Bonds	\$ (22,635,000)
SRF Plant 134	(5,134,777)
TOTAL WATER OUTSTANDING PRINCIPAL	\$ (27,769,777)
TOTAL BUY-IN COMPONENTS	\$ 178,674,944
METER EQUIVALENTS (ME)	÷ 29,474
SYSTEM BUY-IN PER ME	\$ 6,063

NEW WATER PROJECTS: GROWTH-RELATED

Project Cost & Capacity

CAPITAL PROJECTS	PROJECTED COST [A]	ALLOCATION BASIS [B]	UNITS OF SERVICE [C]	UNIT RATE [D]	CONVERSION FACTOR [E]	\$ PER ME [F] = D x E
New Reservoir	\$ 17,717,280	Reservoir Capacity	3,000,000	\$ 5.91	609	\$ 3,597
New Wells	10,000,000	New Well Capacity	2,880,000	3.47	609	2,115
TOTAL						\$ 5,712

PROPOSED WATER CAPACITY FEE PER METER EQUIVALENT

CAPACITY FEE COMPONENTS	TOTAL (\$ PER ME)
System Buy-In Component	\$ 6,063
Incremental Component	5,712
TOTAL PROPOSED WATER CAPACITY FEE	\$ 11,775

PROPOSED WASTEWATER CAPACITY FEE PER EDU



WASTEWATER COLLECTION SYSTEM: BUY-IN

EXISTING WASTEWATER CAPITAL ASSETS	
Capital Asset Replacement Cost (2024 \$)	\$ 143,432,157
2024 Accumulated Depreciation (2024 \$)	110,980,099
REPLACEMENT COST LESS DEPRECIATION (RCLD)	\$ 32,452,058
WASTEWATER CAPITAL-RELATED RESERVES	
(+) Capital Replacement Fund	\$ 7,500,000
(-) Capacity Fee Fund	(7,320,860)
TOTAL RESERVES	\$ 179,140
TOTAL BUY-IN COMPONENTS	\$ 32,631,198
EQUIVALENT DWELLING UNITS (EDUs)	÷ 29,500
COLLECTION SYSTEM BUY-IN PER EDU	\$ 1,106

WASTEWATER TREATMENT SYSTEM: BUY-IN

EXISTING WASTEWATER CAPITAL ASSETS	
Capital Asset Replacement Cost (SNRC)	\$ 180,684,888
Accumulated Depreciation	-
REPLACEMENT COST LESS DEPRECIATION (RCLD)	\$ 180,684,888
WASTEWATER OUTSTANDING DEBT PRINCIPAL	
2020B Bonds	\$ (4,205,000)
SNRC - Rates (75%)	(119,402,163)
TOTAL WASTEWATER OUTSTANDING PRINCIPAL	\$ (123,607,163)
WASTEWATER CAPITAL-RELATED RESERVES	
(+) Debt Service Reserve - Growth	\$ 1,875,000
TOTAL RESERVES	\$ 1,875,000
TOTAL BUY-IN COMPONENTS	\$ 57,077,725
GALLONS OF CAPACITY	÷ 6,400,000
GALLONS PER EDU	245
SYSTEM BUY-IN PER EDU	\$ 2,185

WASTEWATER TREATMENT SYSTEM: INCREMENTAL BUY-IN

CAPITAL PROJECTS	PROJECTED COST [A]	ALLOCATION BASIS [B]	UNITS OF SERVICE [C]	UNIT RATE [D] = A / C	GALLONS PER EDU [E]	\$ PER EDU [F] = D x E
WWTP Filter Expansion	\$ 8,800,000	Operating Capacity	1,600,000	\$ 5.50	245	\$ 1,348

RESERVES

	PROJECTED COST [A]	ALLOCATION BASIS [B]	UNITS OF SERVICE [C]	UNIT RATE [D] = A / C	GALLONS PER EDU [E]	\$ PER EDU [F] = D x E
Debt Service Reserve - Growth	\$ 1,875,000	Operating Capacity	1,600,000	\$ 1.17	245	\$ 287

OUTSTANDING DEBT/INTEREST

	PROJECTED COST [A]	ALLOCATION BASIS [B]	UNITS OF SERVICE [C]	UNIT RATE [D] = A / C	GALLONS PER EDU [E]	\$ PER EDU [F] = D x E
Wastewater NPV Outstanding Interest	\$ 10,188,418	Operating Capacity	1,600,000	\$ 6.37	245	\$ 1,561

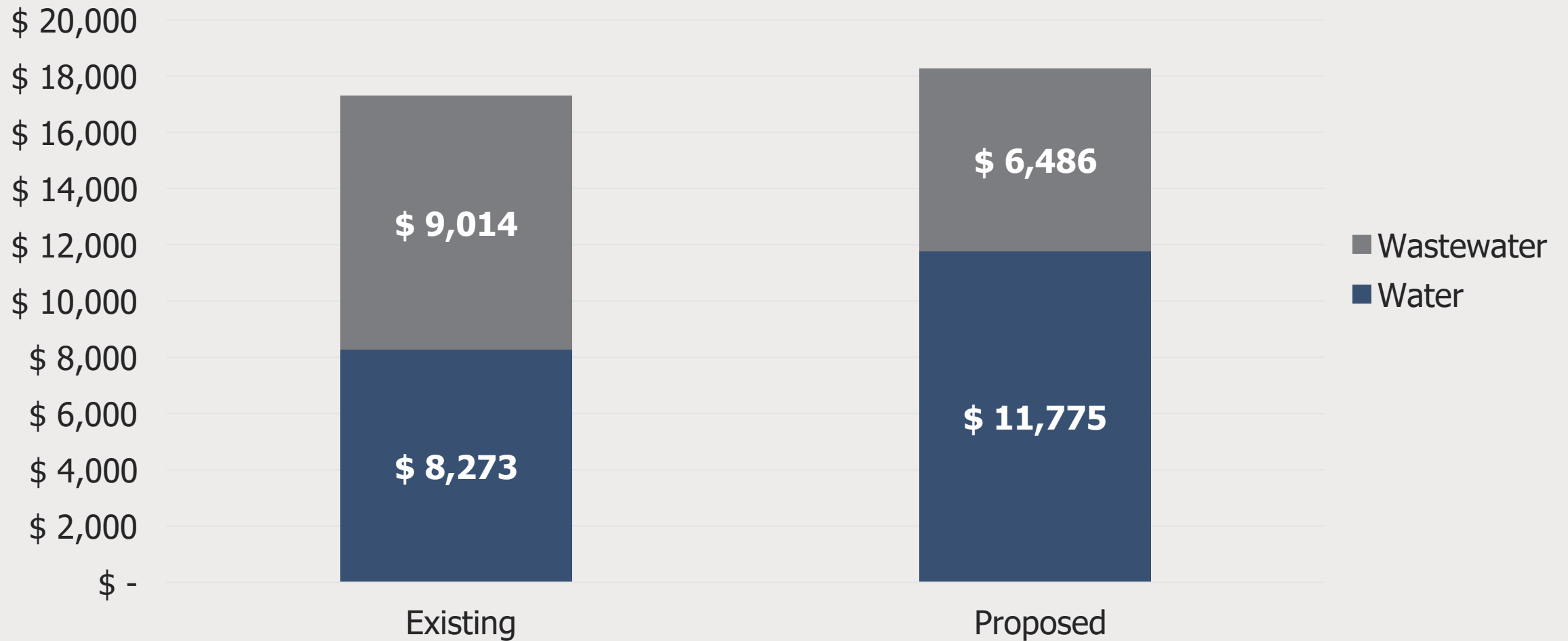
TOTAL GROWTH COMPONENTS

\$ 3,195

PROPOSED WASTEWATER CAPACITY FEE PER EDU

CAPACITY FEE COMPONENTS	TOTAL (\$ per ME)
Collection System Buy-In	\$ 1,106
Treatment System Buy-In	2,185
Incremental Component	3,195
TOTAL PROPOSED WATER CAPACITY FEE	\$ 6,486

PROPOSED CAPACITY FEE ¾" METER



PROPOSITION 26 PUBLIC HEARING

- Public Hearing Notice Requirement
- Adopt Ordinance 406 - Water Regulations
- Adopt Ordinance 407 - Sewer Regulations
- Resolution 2024.12 - Schedule of Rates/Charges
 - *Update Water Capacity Fees*
 - *Update Wastewater Capacity Fees*





QUESTIONS

Serving Highland, San Bernardino and Unincorporated San Bernardino County