



Costa Mesa Sanitary District

...an Independent Special District

Memorandum

To: Board of Directors

Via: Scott Carroll, General Manager 

From: Wendy H. Davis, Interim Accounting Manager 

Date: January 23, 2014

Subject: **Fiscal Year 2011-2012 Annual Compliance Report for Requirements of Government Code Section 66013 for Capacity Charges.**

Summary

Staff is providing the Board with the Annual Compliance Report to fulfill the information and reporting requirements of Government Code Section 66013 for capacity charges.

Staff Recommendation

Staff recommends the Board receive and file this report.

Analysis

On May 27, 2010 the Board adopted Ordinance No. 76, revising the charges collected by the District and establishing that fixture fees are capacity charges and making related clarifying changes. Fixture fees are capacity charges 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 supply or capacity contracts for rights or entitlements, real property interests, and entitlements and other rights of the local agency involving capital expense relating to its use of existing or new public facilities.



Upon payment of the fees, the money shall be deposited in a separate capital facilities account maintained in accordance with Government Code Section 66013(d). For each such separate account, the District shall, within one hundred eighty (180) days of the close of the fiscal year, make available to the public the following information:

- (1) A description of the charges deposited in the fund.
- (2) The beginning and ending fund balance of the fund and the interest earned from investment of moneys in the fund.
- (3) The amount of charges collected in that fiscal year.
- (4) An identification of all of the following:
 - (A) Each public improvement on which charges were expended and the amount of the expenditure for each improvement, including the percentage of the total cost of the public improvement that was funded with those charges if more than one source of funding was used.
 - (B) Each public improvement on which charges were expended that was completed during that fiscal year.
 - (C) Each public improvement that is anticipated to be undertaken in the following fiscal year.
- (5) A description of each interfund transfer or loan made from the capital facilities fund. The information provided, in the case of an interfund transfer, shall identify the public improvements on which the transferred moneys are, or will be, expended. The information, in the case of an interfund loan, shall include the date on which the loan will be repaid, and the rate of interest that the fund will receive on the loan.

Strategic Plan Element & Goal

This item supports achieving Strategic Element No. 7.0, *Finances*, by providing financial resources to fund current and planned operations and projects.

Legal Review

Not applicable.

Environmental Review

Preparing the yearly compliance report is not a project under CEQA because it has no effect on the environment, and the reconstruction program being referred to is categorically exempt under the California Environmental Quality Act (CEQA) (Public Resources Code Section 21000 et. seq.) under Section 15301 Existing Facilities as "Class 1 consists of the ... maintenance ... of existing public or private structures", as further described in Section (b) as "Existing facilities of both investor and publicly-owned utilities used to provide sewerage ..."

Financial Review

Finance staff confirms that the Annual Compliance Report presents fairly the financial activity of the Facilities Revolving Fund during the fiscal year ending June 30, 2012. During the fiscal year 2011-12 the Facilities Revolving Fund received \$78,229 in capacity charges, \$3,519 in interest income and transferred out \$455,000 for the completion of the System Wide Sewer Reconstruction Phase 1 Project. As of June 30, 2012 the funds available in the Facilities Revolving Fund were \$8,116 and designated for the System Wide Sewer Reconstruction Phase 2 and Phase 3 project costs to be incurred in fiscal year 2012-13 and subsequent year.

In comparison, the capacity charges collected in fiscal year 2010-11 were \$28,865 and interest income received was \$3,950. The increase in the amount of capacity charges collected was due to the construction of a major residential project in the City of Costa Mesa.

Public Notice Process

Copies of this report are on file and will be included with the entire agenda packet for the January 23, 2014 regular Board of Directors meeting at District Headquarters and on District's website.

Alternative Actions

1. Refer the matter back to staff

Attachment 1: Annual Compliance Report for capacity charges.

**COSTA MESA SANITARY DISTRICT
ANNUAL COMPLIANCE REPORT FOR REQUIREMENTS OF
GOVERNMENT CODE SECTION 66013
Fiscal Year Ending June 30, 2012**

Government Code Section 66013(d) For each separate account, the District shall, within one hundred eighty (180) days of the close of the fiscal year, make available to the public the following information:

(1) A description of the charges deposited in the fund.

Capacity Charges – The purpose of these fixture fees is for the acquisition, construction, or reconstruction of local sewers. These fees provide the facilities or infrastructure to accommodate the demands generated by future development within the District.

(2) The beginning and ending balance of the fund and the interest earned from investment of moneys in the fund.

(3) The amount of charges collected in the fiscal year.

Beginning July 1, 2011	\$ 381,368
Plus: Fees Collected	78,229
Interest	3,519
Transfers In from Other Funds	0
Less: Project Costs	(0)
Refunds	0
Transfer Out to Other Funds	(455,000)
Ending June 30, 2012	\$ 8,116

(4) An identification of all of the following:

(A) Each public improvement on which charges were expended and the amount of the expenditure for each improvement, including the percentage of the total cost of the public improvement that was funded with those charges if more than one source of funding was used.

System Wide Sewer Reconstruction Phase 1	\$ 455,000	59%
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(B) Each public improvement on which charges were expended that was completed during that fiscal year.

System Wide Sewer Reconstruction Phase 1

(C) Each public improvement that is anticipated to be undertaken in the following fiscal year.

System Wide Sewer Reconstruction Phase 2
System Wide Sewer Reconstruction Phase 3

(5) A description of each interfund transfer or loan made from the capital facilities fund. The information provided, in the case of an interfund transfer, shall identify the public improvements on which the transferred moneys are, or will be, expended. The information, in the case of an interfund loan, shall include the date on which the loan will be repaid, and the rate of interest that the fund will receive on the loan.

The interfund transfer in the amount of \$455,000 was utilized to complete construction on the System Wide Sewer Reconstruction Phase 1.