



Costa Mesa Sanitary District

...an Independent Special District

Memorandum

To: Board of Directors
From: Wendy Davis, Finance Manager
Date: September 22, 2016
Subject: Fiscal Year 2015-2016 Annual Compliance Report for Requirements of Government Code Section 66013(d) 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(d) 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. (CMSD § 6.04.040) 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.



Protecting our community's health and the environment by providing solid waste and sewer collection services.

www.cmsdca.gov

- (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

7.0 Finance

Objective: To ensure the short and long-term fiscal health of the District.

Strategy: The District will forecast and plan revenue and expenditures and maintain appropriate reserves and investments to provide financial resources to fund current and planned operations and projects.

Legal Review

District Counsel has reviewed this report. The report complies with Gov. Code § 66013 and CMSD Operations Code 6.04.040.

Environmental Review

Preparing the yearly compliance report is categorically exempt under the California Environmental Quality Act (CEQA) (Public Resources Code Section 21000 et. seq.) Section 15300.4 of CEQA allows an agency while establishing its own procedures “to list those specific activities which fall within each of the exempt classes”, and the District has adopted “CEQA Guidelines and Implementing Procedures” that state on page 6 ““Projects” does not include C. Continuing administrative or maintenance activities.”

Financial Review

Finance staff confirms that the Annual Compliance Report presents fairly the financial activity of the Facilities Revolving Fund for the fiscal year ending June 30, 2016. During the fiscal year 2015-16, the Facilities Revolving Fund received \$257,323 in capacity charges, interest income earned of \$9,716 which was higher due to fair market valuation adjustments recorded at year end. There were no expenditures incurred during the fiscal year however \$794,234 was transferred to the Wastewater Fund to pay for a portion of the 290 Paularino Ave new headquarters building. As of June 30, 2016, the funds available in the Facilities Revolving Fund were \$3,691.

In comparison, the capacity charges collected in fiscal year 2014-15 were \$192,912. The increase of \$64,411 in capacity charges collected over the prior fiscal year was the result of the approval of several large new residential development projects.

Public Notice Process

Copies of this report are on file and will be included with the entire agenda packet for the September 22, 2016 regular Board of Directors meeting at District Headquarters and on District's website www.cmsdca.gov

Alternative Actions

Refer the matter back to staff.

**COSTA MESA SANITARY DISTRICT
ANNUAL COMPLIANCE REPORT FOR REQUIREMENTS OF
GOVERNMENT CODE SECTION 66013
Fiscal Year Ending June 30, 2016**

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, 2015	\$ 530,886
Plus: Fees Collected	257,323
Interest	9,716
Transfers In from Other Funds	0
Less: Project Costs	(0)
Refunds	(0)
Transfer Out to Other Funds	(794,234)
Ending June 30, 2016	<u>\$ 3,691</u>

(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.*

No charges were expended during the fiscal year utilizing these funds.

(B) *Each public improvement on which charges were expended that was completed during that fiscal year.*

Not applicable.

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

Improvements to 290 Paularino Building.

(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.*

Transfer out to Wastewater Fund towards the purchase of 290 Paularino headquarters.