# SWEETWATER SPRINGS WATER DISTRICT

**TO:** Board of Directors **AGENDA NO. V-D**

**FROM:** Steve Mack, General Manager

Meeting Date: April 3, 2014

**SUBJECT: WAIVING THE CAPACITY CHARGE FOR 18072 HWY 116, APN 072-220-027**

**RECOMMENDED ACTION:** Consider waiving the capacity charge and connection fees for the parcel at 18072 Hwy 116, APN 072-220-027.

**FISCAL IMPACT:** Trading the fees for the capacity charge and connection fee in return for forgoing similar construction costs for the 2015 CIP.

**DISCUSSION:**

In the course of investigations for the design of the 2015 CIP, District staff discovered that the structures at what was formerly called George's Hideaway and is now called the Montesano Station, are on separate parcels even though these structures have been served by one meter for as long as they have been metered and connected to a public water supply (as far as anyone knows). District Policy 3020.142 requires new connections to the District to pay a capacity charge unless waived by the Board of Directors and Policy 2010.70 requires that living units and commercial enterprises on separate parcels shall have separate meters.

The new owners were informed of the situation in January: that the second structure needed a separate meter and would be assessed the capacity charge ($5279.20) and a connection fee of approximately $1800 to be determined when the 2015 CIP contract was awarded and due at some time after construction starts.

As part of the 2015 CIP, the District is proposing to move the meters for these two structures from the current location of the one meter which is well behind the restaurant at the base of the hill to in front of both structures near Hwy 116. This will allow the project to not have to negotiate a tortuous path down the hill to the present meter location and put the meters in better locations for meter reading purposes. With the CIP projects, when the District relocates the meters as part of the projects, the District pays for all necessary plumbing costs, including service lines from the meter to the structure and abandoning the existing service lines to the structures. The costs of relocating these meters for this situation will be substantial. We haven't had a contractor's proposal but the District Field Manager, Kevin Gilman, has estimated between $6,000 and $8,000 based on pacing off the distances involved.

The cost of the capacity charge and connection fees came as a surprise to the owners of the Montesano Station parcels (Tom and Sveta Lynch, Chuck Burger, and Kim

Menary). They asked for some consideration for waiving the charges or giving them some time to pay off the charges. They suggested that they could do some of the work, thereby reducing the upfront costs to them.

After the investigation of the costs to the District for completing the CIP 2015 changes, the District Field Manager and I have come to the conclusion that it would be in the District's financial interest to waive the capacity charges and connection fees in return for the owners of the two parcels to take responsibility of connecting the structures to the new meters, which they are willing to do. They can do the work less expensively than a contractor would charge the District as part of the CIP project and the District will save on project costs probably in excess of the capacity charge and connection fees.

Staff recommends that the General Manager be authorized to negotiate and sign an agreement which waives the capacity charge and connection fees for 18072 Hwy 116 in return for the owners taking responsibility for all costs of connecting the two new meters to both structures.