SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

MEETING DATE: September 5, 2013

Subject: DISCUSSION/ACTION RE PROPOSED SOLUTION RE CAPACITY CHARGE FOR WATER SERVICE TO "THE TRIANGLE" PROPERTY IN MONTE RIO

RECOMMENDED ACTION: Receive a presentation from the General Manager re providing water service to the Monte Rio Triangle parcel.

FISCAL IMPACT: Capacity Charge will be paid over time, annual assessment will be paid starting the 2014 tax bill, water charges will be paid when water service starts.

DISCUSSION:

This past winter the Board of Directors was approached with a proposal to provide water service without payment of the Capacity Charge to the 'Monte Rio Triangle' parcel which is a parcel in downtown Monte Rio at the junction of the Bohemian Highway with Highway 116. The parcel is privately owned and District Policy 3020.142 is that all persons and entities requesting water service shall pay the District's capacity charge prior to initiation of water service, unless the District waives this requirement by written agreement approved by the Board. Public agencies do not pay the capacity charge.

At the July meeting a petition was presented by Chuck Ramsey asking that the Board cooperate with the Monte Rio Chamber of Commerce to provide water service to the Triangle. The Board asked Mr. Ramsey to talk with the General Manager regarding another agenda item on this topic. At the August meeting the Chamber of Commerce presented their request for waiving the capacity charge again. The Board expressed concerns about nonpayment of the capacity charge and involvement of the Monte Rio Park and Recreation District, and requested that the Chamber meet with District staff for further discussions. One possibility that was offered at the meeting was paying the capacity charge over time.

On August 7 I met with David Hardy, Chuck Ramsey and Mary Baker of the Monte Rio Chamber of Commerce. Following up on the suggestion of paying the capacity charge over time, we started our discussions on how that could work. The proposed solution is that the Chamber will pay off the capacity charge with a 20-year payment schedule – 1/20 of $4960 per

year or $248 per year. In addition to the capacity charge payment the annual assessment ($198 per year) will be added to the parcel's property tax statement and will be paid through the property tax payment – that will be added to the 2014-2015 tax bill; it will not be on this year's tax bill.

Also, the connection fee – the time and materials needed to make the physical connection (above noted to be minimal) and we estimate at $125.77 - will need to paid up front along with the first installment of the capacity charge.

Once the capacity charge is fully paid, the parcel will have established a right to water service with the District. If the capacity charge payments are dropped prior to completion of the 20-year payment schedule, the annual assessment will be discontinued with no refund of or credit for any prior payments; re-establishment of service to that parcel will start from the beginning – full payment of whatever the capacity charge is at that time and restarting the annual assessment. We will need an agreement with the Chamber that states these terms.

It is our understanding that the Chamber will take responsibility for the water account, which will be classified as a commercial account. District account holders may have the water turned on (active) or off (inactive) at will (for a $20 fee). However, whether the water service is active or inactive, the capacity charge payment schedule and the annual assessment will continue to be due and payable. Prior to turning on water service, we will need to see the tenancy agreement showing that the Chamber has permission from the property owner to be there.

This proposed solution does not involve the Monte Rio Park and Recreation District.

The District has had similar capacity charge pay off arrangements in the past (one is ongoing now) without Board approval. As such, I am proposing to go forward with this solution providing the appropriate agreement is signed by the Chamber. If the Board directs me to not implement this proposed solution, of course I will follow that direction.