



## Legislation Text

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Staff Report for a City of San Leandro City Council Resolution to Amend Title 12, Chapter 5, Section 12.5.115 of the City of San Leandro Administrative Code to Clarify When and How Capacity Fees May Change

### **SUMMARY AND RECOMMENDATIONS**

Staff recommends that the City Council approve a resolution to amend the City's Administrative Code to clarify when and how capacity fees may be changed.

### **BACKGROUND**

The City of San Leandro Administrative Code currently specifies that the Sanitary Sewer Capacity Fee (which is also called a "Connection Fee") is modified annually on July 1 by an amount less than or equal to the Consumer Price Index (CPI). The proposed amendment would change four things:

1. It would allow the City Council the flexibility to change fees at a date other than July 1. This is necessary this year as a result of the timing of the completion of the "Wastewater Utility Capacity Charges Study."
2. Because capacity fees are based on the value of buildings and other facilities, the best practice is to increase the rates by the ENR-20 City Index as published by the Engineering News-Record. This index is specific to the cost of construction and is a better estimate of the value of constructed assets.
3. It would allow the City Council to change the rates by other amounts. This is necessary because the value of the assets may change as they are put into or removed from service. They may also need to change as the result of changes in expected discharges from residential customers.
4. Section 12.5.115 (c) currently says that all non-residential customers shall have their fees adjusted after one year in service. However, this is not always possible because appropriate meters may not be available and the first year of service may not be indicative of ongoing sewer discharges. This amendment would change "shall" to "may" to provide the necessary flexibility for staff to forgo the capacity fee adjustment if impractical or impossible.

### **ATTACHMENT**

- Exhibit A: Red-lined document showing the proposed changes to the San Leandro Administrative Code

### **PREPARED BY:**

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