

# Olivehurst Public Utility District

## Agenda Item Staff Report



**Meeting Date: February 21, 2019**

**Item description/summary:**

OPUD's water and sewer capacity fees each have a clause for increasing the fee due to inflation. The clauses all use the Construction Cost Index (CCI) for 20 cities plus San Francisco published in the Engineering News and Record. Per the CCI for 20 cities plus San Francisco published in the Engineering News Record for the twelve month period of December 2017 through December 2018, the annual increase adjustments for water and wastewater capacity fees for inflation is 1.85% (see attached memo from EPS). My field experience during this period for construction costs is consistent with this data. Each year at this time the Board is asked to approve the fee increase to meet inflation.

**Fiscal Analysis:**

Failure to adjust for increases in construction cost will result in a negative consequence. If the OPUD capacity fees don't keep pace with construction cost increases, then the funding available will not be sufficient to build the facilities identified in the respective nexus studies.

**Sample Motion/Staff Recommendation:**

Recommended  
Move to authorize annual CCI rate increase under Exhibit A to the following Resolutions: Resolution No. 2065 Resolution No. 2110, Resolution No. 2067 Resolution No. 2112 Resolution No. 2119; Resolution No. 2115 Resolution No. 2215 and Resolution No. 2216.

Prepared by:

John C. Tillotson, P.E., General Manager

## **MEMORANDUM**

To: John Tillotson and Cindy Van Meter, OPUD

From: Jamie Gomes, Megan Quinn, and Katherine Koulouris

Subject: 2019 Annual Inflation Adjustment for Water and Sewer Capacity Charges; EPS #18550

Date: January 11, 2019

*The Economics of Land Use*



The attached table shows the 2019 annual inflation adjustment for the Olivehurst Public Utility District (OPUD) Water and Sewer Capacity Charge Programs.

**Table 1** calculates the inflation rate to be applied. It is based on the average of the percentage change in the Engineering News–Record 20-City Construction Cost Index and the percentage change in the San Francisco Construction Cost Index from December 2017 to December 2018. Applying this methodology, the inflation rate adjustment is 1.85 percent.

Please call (916) 649-8010 if you have questions regarding this development impact fee escalation information.

*Economic & Planning Systems, Inc.  
400 Capitol Mall, 28th Floor  
Sacramento, CA 95814  
916 649 8010 tel  
916 649 2070 fax*

*Oakland  
Sacramento  
Denver  
Los Angeles*

**[www.epsys.com](http://www.epsys.com)**

**Table 1**  
**Olivehurst Public Utility District Fee Inflation**  
**Summary of ENR Cost Indexes for December 2018 - Update to 2019 \$**

2019 \$

City	Construction Cost Index		
	Dec. '17 Index	Dec. '18 Index	% Change
20-City Average	10,873	11,186	<b>2.87%</b>
San Francisco Index	12,015	12,115	<b>0.84%</b>
Average of 20-City Average and San Francisco Index			<b>1.85%</b>

*enr\_2019*

**2019 INFLATION ADJUSTMENT** 1.85%

**Exhibit A  
District Wide  
Water System Capital Improvement Charges**

Effective March 1, 2019, Olivehurst Public Utility District Annual Fee Increases based on the Construction Cost Index (CCI):

CCI 1.85% for 2019

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Meter	Cost Per Water EDU (2019 \$)	Administrative Cost (3.0%) (2019 \$)	<b>Total Water Capital Improvement Charge (2019 \$)</b>
<b>Size</b>			
3/4"	\$4,135	\$124	<b>\$4,259</b>
1"	\$6,891	\$208	<b>\$7,099</b>
1.5"	\$13,782	\$414	<b>\$14,196</b>
2"	\$22,053	\$661	<b>\$22,714</b>
3"	\$59,955	\$1,800	<b>\$61,755</b>
4"	\$103,371	\$3,100	<b>\$106,471</b>
6"	\$220,525	\$6,615	<b>\$227,140</b>
8"	\$385,917	\$11,577	<b>\$397,494</b>
10"	\$578,876	\$17,366	<b>\$598,242</b>

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[1] The proposed capacity charges will be adjusted annually by OPUD to account for the inflation of construction and acquisition costs. In March each year, the proposed capacity charge programs will be adjusted by averaging the percentage change in the *Engineering News Record's* Construction Cost Index San Francisco index and 20-city average index for the 12-month period ending December the prior year.

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District Clerk and ex-officio Secretary

## EXHIBIT A

### Historic Olivehurst Sewer Collection System Capacity Fee

Effective March 1, 2019, Olivehurst Public Utility District Annual Fee Increases  
based on the Construction Cost Index (CCI):

**CCI 1.85% for 2019**

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	<b>Sewer Collection System Costs</b>	<b>Capacity Charge Program Administrative Cost (3%)</b>	<b>Sewer Collection System Capital Improvement Charge</b>
Per equivalent dwelling unit (EDU)	\$2,573	\$76	<b>\$2,649</b>

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Fees will be subject to an annual inflation adjustment. Annual inflation adjustment means that in March of each calendar year, the fee will be adjusted by the average of the 20-Cities and San Francisco Construction Cost Index as reported in the Engineering News Record for the twelve month period ending December of the prior calendar year.

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District Clerk and ex-officio Secretary

**Exhibit A**  
**Plumas Lake Specific Plan North Zone/North Arboga Study Area**  
**Sewer Collection System Charges**

Effective March 1, 2019, Olivehurst Public Utility District Annual Fee Increases  
based on the Construction Cost Index (CCI):

**CCI 1.85% for 2019**

<b>Land Use</b>	<b>Sewer Collection System Charge</b>	<b>Administrative Cost (3.0%)</b>	<b>Total Sewer Collection System Charge</b>
<b>Residential</b>	<i>Per Unit</i>	<i>Per Unit</i>	<i>Per Unit</i>
Single-Family	\$2,288	\$67	<b>\$2,355</b>
Multifamily	\$1,716	\$52	<b>\$1,768</b>
<b>Nonresidential</b>	<i>Per Acre</i>	<i>Per Acre</i>	<i>Per Acre</i>
Commercial	\$14,109	\$423	<b>\$14,532</b>
Business Park	\$14,109	\$423	<b>\$14,532</b>
<b>Schools</b>	<i>Per Student</i>	<i>Per Student</i>	<i>Per Student</i>
Elementary School	\$129	\$3	<b>\$132</b>
High School	\$228	\$6	<b>\$234</b>

[1] The proposed capacity charges will be adjusted annually by OPUD to account for the inflation of construction and acquisition costs. In March each year, the proposed capacity charge programs will be adjusted automatically by averaging the percentage change in the *Engineering News Record's* Construction Cost Index San Francisco index and 20-city average index for the 12-month period ending December the prior year.

District Clerk and ex-officio Secretary

**EXHIBIT "A"**

Effective March 1, 2019, Olivehurst Public Utility District Annual Fee Increases based on the Construction Cost Index (CCI):

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WASTEWATER TREATMENT FACILITY CAPACITY FEES

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CCI 1.85% for 2019

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2018 Fee	Capacity Fee Per EDU	Admin Fee	Total 2019 Capacity Fee
\$5,357 .00	\$ 5,297.00	\$159.00	<b>\$5,456.00</b>

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District Clerk and ex-officio Secretary

**Exhibit A**  
**Plumas Lake Specific Plan South Zone**  
**Sewer Collection System Capital Improvement Charges**

Effective March 1, 2019, Olivehurst Public Utility District Annual Fee Increases based on the Construction Cost Index (CCI):

CCI 1.85% for 2019

Meter	Sewer Collection System Cost (2019 \$)	Administrative Cost (3.0%) (2019 \$)	Total Sewer Collection System Capital Improvement Charge (2019 \$)
<b>Fee Type</b>			
Single Family Per EDU	\$2,605	\$77	<b>\$2,683</b>
Multi-Family Per EDU	\$1,955	\$60	<b>\$2,015</b>
Commercial/ Bus Park Per Acre	\$15,624	\$469	<b>\$16,092</b>
Schools Per Acre	\$6,250	\$192	<b>\$6,442</b>

[1] The proposed capacity charges will be adjusted annually by OPUD to account for the inflation of construction and acquisition costs. In March each year, the proposed capacity charge programs will be adjusted by averaging the percentage change in the *Engineering News Record's* Construction Cost Index San Francisco index and 20-city average index for the 12-month period ending December the prior year.

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District Clerk and ex-officio Secretary