

**ZONE 7 BOARD OF DIRECTORS
FINANCE COMMITTEE**

**Thursday, September 10, 2015
4:00 p.m.**

Location: Boardroom
Zone 7 Administration Building
100 North Canyons Parkway
Livermore, CA 94551

Director Ramirez Holmes
Director Quigley
Director Stevens

A G E N D A

1. Public Comment
2. Discussion of 14-15 Audit Approach and Status
3. Review of Impacts on Assumptions for Cost of Service Study of Possible Rescheduling of Certain Capital Improvement Program Projects, as recommended by Water Resources Committee
4. Proposed 2016 Municipal & Industrial Water Connection Fee
5. Verbal Reports
6. Adjournment



M E M O R A N D U M

DATE: September 10, 2015

TO: Finance Committee

FROM: Osborn Solitei, Assistant General Manager – Finance **ITEM NO. 4**

SUBJECT: Proposed 2016 Municipal & Industrial Water Connection Fee

SUMMARY:

- Zone 7 established the Municipal & Industrial (M&I) Connection Fee Program in 1972 to assess water connection fees to new development in order to fund water system expansion projects required to serve additional water demands from new development.
- The Board resolved with the adoption of the 2002 Connection Fee (Resolution No. 02-2450), that the basic fee be updated annually based on the Engineering News Record Construction Cost Index (ENR CCI), or as warranted to keep current with current plans and projections based on periodic reviews.
- The most recent of these periodic reviews was performed in 2011. Zone 7 staff determined that the future funding needs of the program were in-line with the existing connection fees. The review recommended annual increases based on ENR CCI to account for the impact of inflation on future projects.
- For the 2016 fees, staff recommends adjusting the current fees to keep pace with inflation, based on the change in the ENR CCI from September 2014 to September 2015. Note that the August 2014 to August 2015 increase was 2%, so we anticipate that the change from September 2014 to September 2015 will be similar. The September index information was not available at the time of this submittal.
- Upon Finance Committee concurrence, this item will be presented at the October Board Meeting for adoption.

FUNDING:

Water connection fee revenue accrues to Fund 130 – Water Expansion.

RECOMMENDED ACTION:

Discuss and provide direction.