

WALNUT VALLEY WATER DISTRICT  
271 South Brea Canyon Road  
Walnut, California 91789

SPECIAL BOARD MEETING  
THURSDAY, FEBRUARY 18, 2021 – 4:00 P.M.  
AGENDA

Pursuant to the provisions of Executive Order N-25-20 Issued by Governor Gavin Newsom on March 12, 2020, any Board member and any member of the public who desires to participate in the open session items of this meeting may do so by accessing the Webex link below without otherwise complying with the Brown Act's teleconference requirements:

<https://walnutvalley.webex.com/join/bmeeting>

(Computer and Telephone Audio Accessible)

Any member of the public wishing to make any comments to the Board may do so by accessing the above-referenced link where they may select the option to join via webcam or teleconference. The meeting Chair will acknowledge such individual(s) at the appropriate time in the meeting prior to making his or her comment. Members of the public will be disconnected from the meeting prior to a Closed Session being held.

***NOTE: To comply with the Americans with Disabilities Act, if you need special assistance to participate in any Board meeting, please contact the General Manager's office at least 4 hours prior to a Board meeting to inform the District of your needs and to determine if accommodation is feasible.***

***Each item on the agenda shall be deemed to include any appropriate motion, resolution, or ordinance, to take action on any item.***

***Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review during regular business hours at the District office, located at 271 S. Brea Canyon Road, Walnut, California.***

1. Flag Salute
2. Roll Call: Mr. Hayakawa \_\_\_\_ Mr. Hilden \_\_\_\_ Ms. Kwong \_\_\_\_ Ms. Lee \_\_\_\_ Mr. Tang \_\_\_\_
3. Public Comment President Kwong  
The Presiding Officer may impose reasonable limitations on public comments to assure an orderly and timely meeting.
  - A. **Agenda Items** - Any person desiring to address the Board of Directors on any Agenda item may do so at the time the item is considered on the Agenda by requesting the privilege of doing so at this time and stating the Agenda item to be addressed. At the time the item is discussed, those requesting to speak will be called to do so.
  - B. **Non-Agenda Items** - At this time the public shall have an opportunity to comment on any non-agenda item relevant to the jurisdiction of the District. Reasonable time limits on each topic and on each speaker are imposed in accordance with Board policy.
4. Review of District's Miscellaneous Charges
  - A. Discussion
  - B. Board Action
5. Other
6. Public Comment on Closed Session
7. Adjourn to Closed Session

8. Closed Session
  - B. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION [§54956.9(d)(2)]  
Initiation of Litigation – One Potential Case
9. Reconvene in Open Session
  - A. Report of Action, if any, Taken in Closed Session

Adjournment

# Walnut Valley Water District

## Miscellaneous Charges Analysis

February 2020



## District Service-Based Fee Analysis

The District's miscellaneous charges have been developed over the course of many years and generally fall into two categories: (1) Service-Based Fees; or (2) Violation Fees. Service-Based fees are charges imposed for a service provided or required due to the request or action of an individual customer or entity. Service-Based fees are intended to recover the cost of providing the service. Violation fees, on the other hand, are typically charged in response to a violation of: the District's Rules and Regulations, an agreement or service, or other applicable laws and regulations. These fees are intended to recover costs, but also change behavior.

The intent of this analysis was to update the miscellaneous charges for the District by developing a defensible cost of service methodology to determine the "reasonable cost" of each service for which it imposes fees.

### OVERVIEW OF LEGAL REQUIREMENTS

Procedures in California require that agencies responsible for imposing service-based fees must demonstrate a nexus between the cost of providing services and the services or benefits received. Presented in the next few sections are brief summaries of the relevant laws governing or relevant to user fees in California.

#### Proposition 13

Government Code Section 50076, adopted in 1979 as a result of the passage of Proposition 13 in 1978, provides that "special taxes shall not include any fee which does not exceed the reasonable cost of providing the service or regulatory activity for which the fee is charged."

#### Proposition 218

California voters approved Proposition 218 in November 1996. This voter-approved initiative added Articles XIIC and D to the California Constitution. Service-based fees that are not for a property-related service (such as continuing retail water service) and development fees are not subject to the requirements of Proposition 218. However, the intent of Proposition 218 (and the requirements of Proposition 26 described below) should be considered when developing service-based fees, namely that revenues derived from a fee or charge cannot exceed the costs required to provide the service.

#### Proposition 26

California voters approved Proposition 26 in November 2010. Included in the language of the proposition, which amended California Constitution Article XIII C, Section 1, is a definition of "tax". Essentially, as defined by Proposition 26, a tax is any "levy, charge, or exaction of any kind imposed by a local government" with specifically outlined exceptions. These exceptions are:

1. A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.

2. A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.
3. A charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof.
4. A charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property.
5. A fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law.
6. A charge imposed as a condition of property development.
7. Assessments and property-related fees imposed in accordance with the provisions of Article XIII D.

Further, Proposition 26 establishes that the ". . . local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity."

## CALCULATION OF MISCELLANEOUS SERVICE-BASED FEES

Miscellaneous fees are necessary to ensure that customers are compensating the District for the cost of various services they are provided that are customer-specific and not recovered from rates. The proposed miscellaneous fees, with the exception of certain violation fees, are calculated based on full cost recovery assumptions and includes: salaries and benefits of staff directly working on the service, materials and supplies, travel costs, and allocated overhead costs.

### Overhead Rate

In addition to recovering the direct cost of labor and materials associated with processing and administering miscellaneous fees, it is also appropriate to recover a certain portion of indirect or support costs. Indirect costs include departmental costs related to the general management, finance, administration, information technology, human resources, and general manager. These costs represent services provided by other employees whose primary function is to support other departments, including the operations, engineering and customer service. The overhead rate was calculated using the Fiscal Year 2020-21 budget. The indirect support costs were identified and divided by the total costs to arrive at the general overhead rate of 31%.

OVERHEAD RATE CALCULATION	
Total Indirect Costs	\$4,607,928
Total District Costs	\$14,980,560
<b>Overhead Rate (%)</b>	<b>30.76%</b>

### Fully Burdened Hourly Rate (FBHR)

The fully burdened hourly rate is the cost to employ District personnel, including wages, taxes, and benefits. The FBHR's are calculated based on an assumption of productive hours for full and part-time employees. Productive hours are those hours where staff have the potential to work on fee-related activities or functions and take into account non-productive hours such as holidays and paid time-off. The number of assumed productive hours for full-time employees is 1,826 per year. The first step in calculating the FBHR is to take the total yearly salaries and benefits for an employee and add the 30.76% overhead rate. Next, the full costs, including the overhead, is divided by the assumed productive hours to determine the FBHR. The total cost of each service included in this analysis is primarily based on the FBHR's that were determined for District personnel directly involved in providing each service. If more than one employee holds the same job title, the average of the FBHR for that job title was used in the calculation. A table summarizing the FBHR by job title can be found in Exhibit B.

FULLY BURDENED HOURLY RATE (FBHR)	
Annual Salary + Annual Benefits + Overhead (30.76%)	= <b>FBHR</b>
Productive Hours	

### Labor Cost/Labor Hours

Labor Costs/Hours – An important step in the process was to identify the amount of staff time spent on each of the service-based fee activities. District employees were consulted to determine the average time needed to complete the tasks associated with each of the services provided. The estimates were reviewed, and revised where appropriate, to ensure the best representation of labor hours expended on each activity. The direct labor costs were determined by multiplying the FBHR by the estimated hours for each position or employee that works on the service.

DIRECT LABOR COSTS (By Employee or Position)	
FBHR x Hours	= <b>Labor Costs</b>

### Travel Costs

Travel costs recover the costs of operating a standard District vehicle. Travel costs are calculated by multiplying an estimate of the miles associated with completing service by the Internal Revenue Service Standard Mileage Rate, currently \$0.56 per mile.

TRAVEL COSTS	
Est. Miles x IRS Mileage Rate	= <b>Travel Costs</b>

## Materials & Supplies

Materials costs include supplies, meters, and water service-related parts. The costs associated with these items may vary by factors such as meter size, and is based on the most recent pricing available to the District.

## Calculation of Miscellaneous Service-Based Fees

CALCULATED MISCELLANEOUS SERVICE-BASED FEES		
Labor Costs + Travel Costs + Materials Cost	=	<b>Cost Based Fee</b>

## Violation Fee Calculations

Violation fees are charged when users violate terms of agreement/service, a law, or other regulations. These fees are intended to not only recover costs, but also change a behavior, and are some cases are provided by specific statutes. These violation fees have a clear trigger and, according to Proposition 26, do not require a nexus linking the costs of providing the service and the fee, but must be within any established permissible range and/or be reasonable under the circumstances. The Board may set all violation fees, except where limitations are noted.

A table summarizing the proposed service-based fees and violation fees is attached as Exhibit A. Certain deposits and developer related fees, not part of this analysis, will remain in effect, as identified in the District's Rules and Regulations.

**WALNUT VALLEY WATER DISTRICT  
MISCELLANEOUS CHARGES  
EXHIBIT A**

WVWD Rules & Regulations Appendix B Reference	FEE	Description	Fee Calculation	Current Fee	Proposed Fee	
	<u>Reconnection Charges</u>					
1	Reconnection Charge	The reconnection charge is the fee charged to reconnect water service due to non-payment, returned payment, or other violation of the District's Rules and Regulations.	Cost	\$30.00	\$27.00	For residential customers that meet the income levels as defined in Health and Safety Code Section 116914, the reconnection fee shall be the lower of actual costs or \$50
1	Reconnection Charge - Second Time and Thereafter	The reconnection charge, second time and thereafter, is the fee charged to reconnect water service for any customer, that during the preceding 12-months was disconnected due to non-payment, returned payment, or other violation of the District's Rules and Regulations.	Cost/Violation	\$40.00	\$40.00	For residential customers that meet the income levels as defined in HSC Section 116914, the reconnection fee shall be the lower of actual costs or \$50
1	Reconnection Charge (Same Day / After Business Hours)	The reconnection charge is the fee charged to reconnect water service after hours, due to non-payment, returned payments, or as a result of other violations of the District's Rules and Regulations.	Cost	\$60.00	\$182.00	For residential customers that meet the income levels as defined in HSC Section 116914, the reconnection fee, after hours, shall be the lower of actual costs or \$150
2	Return Payment Charge - 1st Time	The returned check fee is charged when a bank returns a check, or electronically processed payment under the District's Automatic Bill Payment program is returned for non-sufficient funds.	Cost	\$30.00	\$25.00	California Civil Code limits the fee to \$25 for the first occurrence and \$35 for subsequent occurrences.



**WALNUT VALLEY WATER DISTRICT  
MISCELLANEOUS CHARGES  
EXHIBIT A**

WVWD Rules & Regulations Appendix B Reference	FEE	Description	Fee Calculation	Current Fee	Proposed Fee	
New	Return Payment Charge - 2nd Time	The returned check fee is charged when a bank returns a check, or electronically processed payment under the District's Automatic Bill Payment program is returned for non-sufficient funds.	Cost	NEW	\$30.00	California Civil Code limits the fee to \$25 for the first occurrence and \$35 for subsequent occurrences.
New	Return Credit Card Charge	The rejected credit card transaction fee is charged when a merchant processor rejects a credit card transaction.	Cost	NEW	\$46.00	
New	Return ACH Charge	The rejected ACH transaction fee is charged when a bank rejects an ACH transaction	Cost	NEW	\$35.00	
3	Meter Test Charge (2" or smaller)	A customer that requests to examine and test a water meter is charged a meter test charge.	Cost	\$80.00	\$124.00	
4	Pulled Meter Charge	If a customer's service has been disconnected and the meter has been removed, the customer shall pay a Pulled Meter Charge before the meter and service is reconnected.	Cost	\$75.00	\$56.00	
5	Meter Exchange Charge (2" and smaller)	If a customer desire's to change the meter size to next smaller meter than the current size, the customer will be charged a Meter Exchange Charge.	Cost	\$100.00	\$83.00	
6	Unauthorized Meter Turn-on Charge	Once a meter lock-off has been performed for any reason, it may only be unlocked by District personnel. Any unauthorized meter turn-on will be assessed an Unauthorized Meter Turn-on Charge.	Cost	\$50.00	\$61.00	
	<u>Unauthorized Water Use Charge</u>					
7	Unauthorized Water Use Charge - Residential	Any person making an unauthorized use of water from or through any District facility will be assessed an Unauthorized Water Use Charge.	Violation	\$200.00	\$200.00	
7	Unauthorized Water Use Charge - Non-Residential		Violation	\$500.00	\$500.00	
7	Unauthorized Water Use Charge - Temporary/Construction		Violation	\$1,000.00	\$1,000.00	

**WALNUT VALLEY WATER DISTRICT  
MISCELLANEOUS CHARGES  
EXHIBIT A**

WVWD Rules & Regulations Appendix B Reference	FEE	Description	Fee Calculation	Current Fee	Proposed Fee
8	Late Charge	If payment for a bill rendered is not made on or before the due date of the billing period invoice, a late charge will be added to any outstanding charges subsequent to preparation of the Overdue Notice.	Violation	10% of Outstanding Bill	10% of Outstanding Bill
9	Notice of Termination (Non-Residential 48 hour)	The Notice of Termination (48-hour Door Tag) is the fee charged to notify customers that service will be disconnected due to non-payment, returned payments, or other violation of the District's Rules and Regulations.	Cost	\$10.00	\$24.00
10	New Customer Application Administration Charge	This fee is charged for any customer who submits an application to establish water service with the District.	Cost	\$30.00	\$30.00
New	Same Day Turn-on	Fee charged to any customer that wishes to have water service turned on the same day during normal business hours.	Cost	New	\$27.00
New	Same Day Turn-on (After Hours)	Fee charged to any customer that wishes to have water service turned on the same day, after normal business hours.	Cost	New	\$182.00
<del>11 Remove</del>	<del>Amortization Payment Plan Administrative Fee</del>			<del>\$20.00</del>	
14	<u>Lien Processing Fees</u>				
	Lien Processing Fees	Fee associated with recording a lien on real property for any unpaid charges associated with water service.	Cost + County Fees	\$25.00	74 plus County Fees
	Lien Release Fee	Fee associated with releasing a lien on real property.	Cost + County Fees	\$25.00	\$74.00
	Accrued Interest	Interest charged on the balance of unpaid charges.		As allowed under State law	As allowed under State law
16	Fire Flow Test (Field)	Fee charged for fire flow testing in the field.	Cost	\$150.00	\$191.00
New	Fire Flow Test (Model)	Fee charged for fire flow testing utilizing the fire flow model.	Cost	NEW	\$115.00

**WALNUT VALLEY WATER DISTRICT  
MISCELLANEOUS CHARGES  
EXHIBIT A**

WVWD Rules & Regulations Appendix B Reference	FEE	Description	Fee Calculation	Current Fee	Proposed Fee
	<u>Water System Design and Plan Check Deposit</u>				
18	Design and Plan Checks - 8.5" x 11"	Deposit for designing water plans and checking plans for a development project.	Cost	\$300.00	\$461.00
18	Design and Plan Checks - 11" x 17"		Cost	\$600.00	\$1,036.00
18	Design and Plan Checks - 24" x 36"		Cost	\$1,600.00	\$1,900.00
19	County Fire Flow Availability Form	Fee associated with completing the fire flow certification.	Cost	\$25.00	\$29.00
20	<del>Residential Plaster, Cleanup, and Testing Water (SFR)</del>			<del>\$100.00</del>	
20	<del>Residential Plaster, Cleanup, and Testing Water (MFR)</del>			<del>\$50.00</del>	
	<u>GIS &amp; Related Fees for Developer Funded Projects</u>				
21	GIS Fee for Development - 8.5" x 11"	This fee is charged to cover costs required to update the District's GIS system.	Cost	\$45.00	\$45.00
21	GIS Fee for Development - 11" x 17"		Cost	\$75.00	\$75.00
21	GIS Fee for Development - 24" x 36"		Cost	\$130.00	\$130.00
21	Valve/Hydrant/Blow-Out/AirVac Cards		Cost	\$0.50	\$1.00
21	Easements (unlimited pages - per document)		Cost	\$35.00	\$116.00
21	Title Sheets (24' x 36")		Cost	\$5.00	\$5.00
	<u>Damaged Copper Setter Replacement</u>				
22	5/8"	Charge associated with costs to replace a copper setter that has been damaged by the customer/owner. The costs vary based on the size of the copper setter. (Improper Connection)	Cost/ Policy	\$265.00	\$286.00
22	3/4"		Cost/ Policy	\$255.00	\$308.00
22	1"		Cost/ Policy	\$320.00	\$387.00
New	1" Fire		Cost/ Policy	New	\$634.00
22	1 1/2"		Cost/ Policy	\$670.00	\$947.00
New	1.5" Fire		Cost/ Policy	New	\$1,462.00
22	2"		Cost/ Policy	\$750.00	\$1,097.00

**WALNUT VALLEY WATER DISTRICT**  
**FULLY BURDENED HOURLY RATES (FBHR) BY JOB TITLE**  
**EXHIBIT B**

JOB TITLE	FBHR
Civil Engineering Asst.	\$105.80
Const Inspection Suprvsr - DOT	\$128.78
Cross Conn Specialist	\$111.47
Customer Service Manager	\$148.24
Customer Service Rep I	\$51.54
Customer Service Rep II	\$64.39
Director of Engineering	\$194.64
Director of Operation	\$159.62
Engineering Supervisor	\$154.30
Engineering Tech II	\$74.95
Field Manager	\$129.17
Field Supervisor	\$79.85
Instrumentation/Electrical Sys	\$106.55
Production & Storage Lead	\$119.66
Production Supervisor	\$122.15
Pump Operator I	\$83.22
Senior Pump Operator - DOT	\$94.27
Sr. Civil Engineer	\$134.21
Sr. Consumer Service/DP	\$80.76
Utility Service Worker I	\$55.32
Utility Service Worker I - DOT	\$51.56
Utility Service Worker II	\$89.61
Utility Service Worker Lead	\$87.76
Utility Service Wrkr II - DOT	\$73.55
Utility Service Wrkr III - DOT	\$97.58
Utility/Field Serv Lead - DOT	\$106.57