HANSFORD
ECONOMIC CONSULTING

Water and Sewer Capacity Fees

Prepared for:

Gold Mountain Community Services District, California

DRAFT

July 2025

HEC No. 250453

TABLE OF CONTENTS

LIST OF TABLES

Section 1: INTRODUCTION AND SUMMARY OF FINDINGS

1.1 INTRODUCTION

The Gold Mountain Community Services District (GMCSD or District) provides water and sewer services to residents and businesses in the Gold Mountain development in Plumas County, California. The purpose of this report is to provide the methodology, calculations, and findings to update the District's capacity fees.

Currently, the District charges capacity fees to property owners seeking a Will Serve letter from the District as a precursor to submitting their development plans to Plumas County. The customer must be in good standing (current with all undeveloped parcel charges) and must have Final Design and Review Committee Plan approval. The capacity fees are charged prior to issuance of the Will Serve based on water meter service size. The fees were adopted with an annual adjustment effective January 1 based on the change in the Engineering News-Record Construction Cost Index for the previous 12 months (November to November); however, the fees have not been updated since 2022. **Table 1** shows the current fees and the calculated fees for 2025 if they had been updated.

Table 1
Current Capacity Fees

	Fees currently charged			Calculated Fees for 2025 [1]		
Meter Size	Water	Sewer	**Total**	Water	Sewer	**Total**
1-inch	$9,459	$4,775	$14,234	$10,343	$5,221	$15,565
1.5-inch	$18,922	$9,561	$28,483	$20,691	$10,455	$31,146
2-inch	$30,276	$15,301	$45,577	$33,106	$16,731	$49,837
3-inch	$56,777	$28,695	$85,472	$62,084	$31,377	$93,462
4-inch	$94,633	$47,827	$142,460	$103,479	$52,298	$155,777
6-inch	$189,275	$95,661	$284,936	$206,968	$104,603	$311,571

Source: GMCSD. sdc

[1] Fees for 2025 calculated using the change in the ENR Construction Cost Index:

Nov-21	12,467.0	
Nov-24	13,632.4	
Change	**1,165.39**	**9.35%**

The District adopted an Infrastructure Plan in 2021, which data was incorporated into the rate study, the result of which restructured the rates schedule and set a new 5-year schedule of rates (beginning July 2022, the last scheduled rate change will be July 2026). In 2025 the District updated its Infrastructure Plan. The updated estimate of improvements and associated costs is driving the need to update both the capacity fees, which pay for new development's share of infrastructure costs, and rates which pay for existing customers' share of infrastructure costs. Existing customers will pay their share of the infrastructure costs with

adoption of new rates which will be implemented July 2026. Capacity fees should be updated as soon as possible and adjusted every January 1 thereafter.

1.2 MITIGATION FEE ACT AUTHORITY

Under the authority of the Mitigation Fee Act (1987), contained in California Government Code Section 66000 et. seq., the District is authorized to collect water and sewer capacity and connection fees. When a municipality adopts or updates a capacity or connection fee, it must demonstrate that the fees shall not exceed the estimated reasonable cost of providing the service for which the fee is imposed. Maximum justifiable fees are calculated in this report pursuant to demonstration of the nexus between the amount of new development, use of existing infrastructure capacity, and increased District-provided infrastructure to meet the additional water demands and sewer generation of the new development.

Connection Fees
The District may impose a water and/or sewer connection fee pursuant to Government Code Section 66013 (b)(5) for the physical facilities necessary to make a water connection, including, but not limited to, meters, meter boxes, and pipelines from the structure or project to a water distribution line or sewer main, and the estimated reasonable cost of labor and materials for installation of those facilities provided it bears a fair or reasonable relationship to the payor's burdens on, or benefits received from, the water connection or sewer connection. Water connection fees are included in the District's schedule of administrative (regulatory) fees. They were adopted in 2023 and are updated every July 1 using the Engineering News-Record Construction Cost Index (ENR CCI), 20-Cities Average, for the previous twelve month April to April period. ***Connection fees are not included in this report.***

Capacity Fees
The District may impose a capacity fee pursuant to Government Code Section 66013(b)(3) for (a) public facilities in existence at the time a charge is imposed (a "buy-in" fee) and/or (b) charges for new public facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged (a "new facilities" fee). The fee may include supply or capacity contracts for rights or entitlements, real property interest, and entitlements and other rights of the local agency involving capital expense relating to its use of existing or new public facilities. Capacity fees should be evaluated at least every five years; over time, inflationary adjustments to fees alone may be insufficient as development plans change, anticipated pace of development changes, and infrastructure solutions to service provision are revised. ***This report updates the District's capacity fees.***

1.3 METHODOLOGY

The capacity fees are calculated using a combined cost approach so that customers pay a fee that reflects the value of existing and planned capacity[1]. This approach is appropriate when the

[1] Combined Approach, page 210 of the WEF Manual of Practice No. 27, and Combined Cost Approach, page 337 of the American Water Works Association M1 Manual.

current system facilities can serve future customers and a portion of the Infrastructure Plan is also related to growth, and it is considered the most rigorous approach[2]. The methodology for calculating the capacity fees is summarized below:

1. Identify existing capacity and new capacity available in the water and sewer systems, expressed in EDUs. New capacity is created by the completion of Infrastructure Plan improvements included in the Infrastructure Plan.

2. Determine the total cost of facilities and equipment to be included in the fee calculation.

    a. **Buy-In Cost.** Determine the value of the District's current assets (including land) that future customers will benefit from.

    b. **New Facilities Cost.** Determine the cost of new or upgraded infrastructure that expands capacity to the benefit of new users.

3. For Step 2a, apply other revenue sources (developer contributions and grants) as credits to the total cost of facilities to determine net costs to be funded from existing and future customers. Additionally, remove facilities and equipment on the current assets list or work in progress included in the Infrastructure Plan to avoid double-counting of costs. For Step 2b, reduce the total estimated cost by the amount of cash restricted for capital projects.

4. Divide the buy-in cost by the buildout estimate of total EDUs. Divide the new facilities cost by growth in number of EDUs that are estimated will use the new infrastructure. Add the two cost components to determine the total fee per EDU**.**

5. Add a 5% administration charge to calculate the total capacity fee per EDU for water and sewer.

1.4 CALCULATED CAPACITY FEES

Table 2 presents the calculated 2025 capacity fees. The fees would be charged per EDU or portion of an EDU per Living Unit for Residential and Commercial Residential Lot development, and by water meter size and number of sewer EDUs for new Commercial Lot development. Definitions used by the District for charging rates and fees are included on page 6.

It is recommended that the District continue to update the fees annually by a predetermined index. The Engineering News Record San Francisco Construction Cost Index November to November change is recommended for an annual January 1 update. Periodic review of the capacity fees is also recommended whenever estimated costs are revised pursuant to an update of the District's Infrastructure Plan, or whenever there are land use changes made by

[2] WEF Manual of Practice No. 27, page 210, "This approach is generally the most technically rigorous of the calculation approaches."

Plumas County that affect projected growth in the District's service territory.

Table 2
Calculated New Capacity Fees Schedule

Capacity Fees	Calculated Fees
WATER CAPACITY FEES	
Residential and Commercial Residential	
Per Living Unit [1], [2]	$14,570
Commercial	
1-inch	$14,570
1.5-inch	$29,140
2-inch	$46,624
3-inch	$87,420
4-inch	$145,700
6-inch	$291,400
8-inch	$466,240
SEWER CAPACITY FEES	
Residential and Commercial Residential	
per Living Unit [1], [2]	$6,950
Commercial	
Per Commercial EDU	$6,950

fee sum

[1] Residential Lots will be charged one Living Unit for a Dwelling Unit (even if it has Additional Quarters); Guest Houses will be charged half a Living Unit.
[2] Commercial Residential Lots will be charged for every Living Unit.

Capacity Fees for a Residential Lot
A comparison of current and proposed capacity fees is provided in **Table 3** for a new Residential Lot. The fees are shown with and without a Guest House. For any new construction that includes a Guest House, the District requires one-inch water meters for both the Dwelling Unit and the Guest House. The total fees increase from $14,234 to $21,520 without a GH, and from $23,693 to $32,280 with a GH.

Capacity Fees for Commercial Lots
For illustration purposes, **Table 4** compares the capacity fees due for the Nakoma Market, assuming it is served by a 2-inch water meter. The fees would increase from $45,577 to $109,174.

Table 3
Residential Lot Current and Calculated 2025 Capacity Fees

Capacity Fees	Current	2025	Difference
Dwelling Unit EDU	$14,234	$21,520	$7,286
Guest House Half EDU [1]	$9,459	$10,760	$1,301
Total Capacity Fees	**$23,693**	**$32,280**	**$8,587**

Source: GMCSD and HEC July 2025. res fee

[1] The District requires a separate water meter for each new GH.

Table 4
Nakoma Market Current and Calculated 2025 Capacity Fees

Capacity Fee	Water	Sewer	Total
Current			
2" Water Meter	$30,276	$15,301	$45,577
Calculated			
2" Water Meter	$46,624	$0	$46,624
9 Sewer EDUs	$0	$62,550	$62,550
Total Calculated Fees	**$46,624**	**$62,550**	**$109,174**
Change in Fees	**$16,348**	**$47,249**	**$63,597**

Source: GMCSD and HEC July 2025. nakoma

Definitions

Additional Quarters (AQ) - space in a Dwelling Unit for occupancy for living or sleeping purposes. The floor area of additional quarters shall not exceed thirty (30%) percent of the floor area of the Dwelling Unit, excluding garages and carports. (Plumas County Code Sec. 9-2.201.2).

Commercial Lot – Lots that are not Commercial Residential or Residential. May include governmental and quasi-governmental uses.

Commercial Residential Lot – Lots excluded from the Nakoma Community Association as of June 1, 2022 permitted to develop residential uses only by Plumas County and lots in Planning Areas 1, 10, and 14 permitted by Plumas County to have more than one Living Unit per Lot.

Connected Lot – a lot that has connected to the District's water and sewer infrastructure.

Dwelling Unit (DU) – primary structure on a Residential or a Commercial Residential Lot, intended for living or sleeping purposes with cooking and sanitation provisions.

Guest House (GH) - an independent structure of an area of no more than 1,200 square feet, excluding garages and carports (Plumas County Code Sec. 9-2.240).

Living Unit (LU) - a building, or portion of a building on a Residential or Commercial Residential Lot, intended for living or sleeping purposes with cooking and sanitation provisions.

Non-Residential Lot – the same as a Commercial Lot.

Residential Lot – lots permitted one Dwelling Unit, Additional Quarters, and a Guest House with the total number of Living Units not to exceed three.

Sewer Equivalent Dwelling Unit (EDU) – a measurement of wintertime wastewater flow from a typical Dwelling Unit with year-round occupancy. One EDU is measured as average use of 115 gallons per day of water in the winter months between November and February, inclusive.

Unconnected Lot – a lot that has service immediately available to it but has not yet connected to the District's water and sewer infrastructure.

Section 2: CAPACITY FEES CALCULATION

Capacity fees are charged to pay for current and future District facilities that new customers will use. Capacity fees pay for major infrastructure such as water supply and development, treatment and distribution facilities, and wastewater collection and disposal facilities.

2.1 FUTURE DEVELOPMENT AND GROWTH ASSUMPTIONS

The first step in determining capacity fees is establishing the current number of customers expressed as equivalent dwelling units (EDUs). An EDU is defined for water and sewer differently as follows:

Water EDU – Typical annual water use of a Residential Lot (with a one-inch water meter)
Sewer EDU – Typical wintertime water use of a fully occupied Residential Lot

Water Customers
Using the current number of meters by meter size and applying American Water Works Association (AWWA) standard meter ratios, the current number of water EDUs is 140.4 (see **Table 5**).

It is estimated that the Nakoma Market and the remaining Residential properties can be supported with the water capital improvements included in the 2025 Infrastructure Plan. Buildout number of water EDUs is 470.6; therefore, the number of new EDUs represents 70% of all water EDUs upon completion of the Infrastructure Plan improvements. Current and new EDUs are summarized below.

	Number of Water EDUs	Share of Water EDUs
Current	140.4	30%
Buildout	470.6	
Increase	330.2	70%

Table 5
Current Number of Water EDUs

Customer		Lots / Customers	Living Units	Meters	Meter Size	Operating Capacity	Meter Ratio	Equivalent Meter Units
Residential						gpm [1]		
Dwelling Units (R)	[2]	97	97	97	1-inch	50	1.0	97.00
Multiple Living Units (CR)	[3]	3	7	3	1-inch	50	1.0	3.00
Fractional Ownership (CR)	[3]	4	8	4	1-inch	50	1.0	4.00
Total Residential		**104**	**112**	**104**				**104.00**
Non-Residential								
Inn at Nakoma		1						
Main Building				1	3-inch	300	6.0	6.00
Irrigation				1	1-inch	50	1.0	1.00
Golf Course		1						
Clubhouse				1	6-inch	1,000	20.0	20.00
Maintenance Yard				1	2-inch	160	3.2	3.20
Restrooms 1				1	1-inch	50	1.0	1.00
Restrooms 2				1	1-inch	50	1.0	1.00
Altitude Recreation Center		1						
Fitness Building				1	2-inch	160	3.2	3.20
Fire Service	[4]			1	4-inch	500	10.0	1.00
Subtotal Non-Residential		**3**		**8**				**36.40**
TOTAL		**107**	**112**	**112**				**140.40**

Source: GMCSD customer database and Plumas County Assessor's office. m equiv

[1] Safe operating capacity by meter size:

1"	50	gpm	4"	500	gpm
1.5"	100	gpm	6"	1,000	gpm
2"	160	gpm	8"	1,600	gpm
3"	300	gpm			

[2] May have a guest house.

[3] May be attached or detached.

[4] Dedicated fire services treated as 1 Dwelling Unit.

Sewer Customers

Each of the existing Residential and Commercial Residential Lots are currently counted as one EDU. Each of the Commercial Lots have been assigned a number of EDUs based on their wintertime water use compared to the wintertime water use of a typical Residential Lot (115 gallons per day). In total, there are 151.5 sewer EDUs. **Table 6** shows the current number of sewer EDUs by customer type.

Table 6
Current Number of Sewer EDUs

Customer Type	Number of EDUs
Residential and Commercial Residential Lots	
Dwelling Units (R)	97.0
Multiple Living Units (CR)	3.0
Fractional Ownership (CR)	4.0
Total Residential	**104.0**
Commercial Lots	
Inn at Nakoma	14.5
Altitude Recreation Center	9.0
Golf Course	24.0
Total Commercial	**47.5**
Total Current Sewer EDUs	**151.5**

Source: GMCSD and HEC July 2025. sedus

As for the water system, it is estimated that the Nakoma Market and the remaining Residential properties can be supported with the sewer capital improvements included in the 2025 Infrastructure Plan. In total, it is estimated that the Infrastructure Plan can support an additional 336 EDUs. The number of new EDUs represents 69% of all EDUs upon completion of the Infrastructure Plan improvements, as summarized below.

	Number of Sewer EDUs	Share of Sewer EDUs
Current	151.5	31%
Buildout	487.5	
Increase	336.0	69%

2.2 2025 Infrastructure Plan Costs

The estimated water and sewer improvement costs in the 2025 Infrastructure Plan are detailed in **Table 7**. Capacity fees are calculated using today's estimates of improvement costs as the fees should be indexed to inflation and be adjusted automatically every year. Total costs that new development is responsible for are estimated at $5.29 million.

Table 7
2025 Infrastructure Plan Costs

Systems Improvements	Rates	Capacity Fees	Improvement	Land Purchase [1]	Design, Plans, Bidding	CM & Contingency	Total
					15%	20%	2025 $s
Water System							
0.33 M Gall Water Tank	100%		$607,000		$91,050	$121,400	$819,450
Booster Station 8	100%		$97,000		$14,550	$19,400	$130,950
High Elevation Water Tank	100%		$228,000		$34,200	$45,600	$307,800
Fire Hydrant System (Eagle's Nest &	30%	70%	$245,000		$36,750	$49,000	$330,750
Well 36		100%	$169,000		$25,350	$33,800	$228,150
Well 9	100%		$146,000		$21,900	$29,200	$197,100
Fire Hydrant System (Fire Rd to Mo	30%	70%	$2,008,000		$301,200	$401,600	$2,710,800
Four New Wells		100%	$658,000	$100,000	$98,700	$131,600	$988,300
Total Water System	**41%**	**59%**	**$4,158,000**	**$100,000**	**$623,700**	**$831,600**	**$5,713,300**
Cost Responsibility	**$2,367,765**	**$3,345,535**					
Sewer System							
Wastewater Treatment Plant		100%	$1,350,000	$100,000	$202,500	$270,000	$1,922,500
Wind Song Leach Field Update	100%		$78,000		$11,700	$15,600	$105,300
Falling Water Leach Field	100%		$175,000		$26,250	$35,000	$236,250
Total Sewer System	**15%**	**85%**	**$1,603,000**	**$100,000**	**$240,450**	**$320,600**	**$2,264,050**
Cost Responsibility	**$341,550**	**$1,922,500**					
2025 Infrastructure Plan Total	**$2,709,315**	**$5,268,035**	**$5,761,000**	**$200,000**	**$864,150**	**$1,152,200**	**$7,977,350**
Share by Cost Responsibility	**34%**	**66%**					

Source: GMCSD and HEC June 2025.

[1] Unknown at this time. Contingency for land purchase included.

2.3 WATER CAPACITY FEE CALCULATIONS

Buy-In Fee

Table 8 provides a list of the District's water assets and their original cost. The estimated total water assets cost is $2.65 million. The cost of assets that were developer contributed or grant-funded projects, and items included in the 2025 Infrastructure Plan are deducted. The cost basis for the Buy-In Fee is $1.92 million.

The total Buy-In fee cost basis is divided by the estimated buildout number of EDUs to calculate the buy-in fee per EDU.

New Facilities Fee

The new facilities fee is the 2025 Infrastructure Plan water facilities costs new development is responsible for ($3.35 million) less cash restricted for new capital projects ($0.11 million). The total cost for new facilities is divided by the number of new EDUs benefiting from the additional facilities capacity to calculate the new facilities fee per EDU.

Water Capacity Fee

The calculation of the water capacity fee is shown in **Table 9**.

Table 8
Water Assets Buy-In Cost

Water Infrastructure Assets	Original Cost
Land (future water tank)	$47,247
Equipment	$922,150
Distribution System	$1,187,499
Work in Progress	$494,500
Subtotal Water Assets	**$2,651,396**
less Grant-Funded & Developer Contributed Assets & Items in 2025 Infrastructure Plan	($727,383)
Total Water Assets	**$1,924,013**

Source: GMCSD. wassets

Table 9
Water Capacity Fee Calculation per EDU

Item		Estimated Cost
Buy-In Fee		
Original Asset Cost		$1,924,013
Total EDUs		471
Buy-In Fee per EDU		**$4,088**
New Facilities Fee		
Estimated Cost		$3,345,535
less Restricted Cash		($113,321)
Total Cost		**$3,232,214**
New Capacity EDUs	[1]	330
New Facilities Fee per EDU		**$9,789**
Total Fee per EDU		**$13,877**
plus Administration	5%	$694
Water Capacity Fee per EDU		**$14,570**

Source: GMCSD and HEC July 2025. water cap

[1] Estimated EDUs:

140.4	Current
3.2	Nakoma Market (2")
327.0	New Residential Units
470.6	Buildout EDUs

The total fee per EDU is the fee for a one-inch meter because all new Dwelling Units are required to install a one-inch meter. The fees for all other meter sizes are based on maximum flow rates by meter size. Maximum flow rates are used because a significant portion of a water system's design (supply, treatment, and transmission) is related to meeting capacity needs. The ratio at which the meter charge increases is a function of the meter's safe operating capacity as established by the AWWA. For example, a one-inch meter has a maximum flow rate of 50 gallons per minute (gpm) and a two-inch meter has a maximum flow rate of 100 gpm. The flow rate of a two-inch meter is twice that of a one-inch meter therefore the ratio for a two-inch meter is 2.0. The water capacity fee by meter size is shown in **Table 10**.

Table 10
Calculated Water Capacity Fee by Meter Size

Meter Size	Meter Ratio	Capacity Fee
1"	1.00	$14,570
1.5"	2.00	$29,140
2"	3.20	$46,624
3"	6.00	$87,420
4"	10.00	$145,700
6"	20.00	$291,400
8"	32.00	$466,240

Source: GMCSD and HEC July 2025. new cap fee

2.4 SEWER CAPACITY FEE CALCULATIONS

Buy-In Fee
Table 11 provides a list of the District's sewer assets and their original cost. The estimated total sewer assets cost is $0.94 million. The cost of assets that were developer contributed or grant-funded projects, and items included in the 2025 Infrastructure Plan are deducted. The cost basis for the Buy-In Fee is $0.52 million.

The total Buy-In fee cost basis is divided by the estimated buildout number of EDUs to calculate the buy-in fee per EDU.

New Facilities Fee
The new facilities fee is the 2025 Infrastructure Plan sewer facilities costs new development is responsible for ($1.92 million) less cash restricted for new capital projects ($0.06 million). The total cost for new facilities is divided by the number of new EDUs benefiting from the additional facilities capacity to calculate the new facilities fee per EDU.

Sewer Capacity Fee
The calculation of the sewer capacity fee is shown in **Table 12**.

Table 11
Sewer Assets Buy-In Cost

Sewer Infrastructure Assets	Original Cost
Sewer Assets	
Disposal Equipment	$273,867
General Equipment	$7,545
Collection System	$415,042
Work in Progress	$246,402
Subtotal Sewer Assets	**$942,856**
less Grant-Funded & Developer Contributed Assets & Items in 2025 Infrastructure Plan	($420,031)
Total Sewer Assets	**$522,825**

Source: GMCSD. sassets

Table 12
Sewer Capacity Fee Calculation per EDU

Item		Estimated Cost
Buy-In Fee		
Original Asset Cost		$522,825
Total EDUs		488
Buy-In Fee per EDU		**$1,072**
New Facilities Fee		
Estimated Cost		$1,922,500
less Restricted Cash		($58,377)
Total Cost		**$1,864,123**
New Capacity EDUs		336
New Facilities Fee per EDU		**$5,548**
Total Fee per EDU		**$6,620**
plus Administration	5%	$331
Sewer Capacity Fee per EDU		**$6,950**

Source: GMCSD and HEC July 2025. sewer cap

[1] Estimated EDUs:	151.5	Current
	9.0	Nakoma Market
	327.0	New Residential Lots
	487.5	Buildout EDUs

2.5 CURRENT AND CALCULATED CAPACITY FEES

A comparison of the current and calculated water and sewer capacity fees is shown in **Table 13**. Residential and Commercial Residential Lots will be charged new development fees per Living Unit, whether it has a separate water meter or not. An exception is for Residential Lots with Additional Quarters, for which only the Dwelling Unit will be charged. Guest Houses on Residential Lots will be charged one-half EDU.

The water capacity fees are not charged by water meter size for Residential and Commercial Residential. Water capacity fees are charged by water meter size for Commercial Lots. Commercial Lots sewer EDUs will be determined by the Project Engineer for the development and accepted by District staff.

Table 13
Comparison of Current and Calculated Capacity Fees

Water and Sewer	Current Fees	Calculated Fees
WATER		
1-inch	$9,459	$14,570
1.5-inch	$18,922	$29,140
2-inch	$30,276	$46,624
3-inch	$56,777	$87,420
4-inch	$94,633	$145,700
6-inch	$189,275	$291,400
8-inch	n.a.	$466,240
Per Living Unit [1], [2]	n.a.	$14,570
SEWER		
1-inch	$4,775	n.a.
1.5-inch	$9,561	n.a.
2-inch	$15,301	n.a.
3-inch	$28,695	n.a.
4-inch	$47,827	n.a.
6-inch	$95,661	n.a.
Per Living Unit [1], [2]	n.a.	$6,950
Per Commercial EDU	n.a.	$6,950

Source: GMCSD and HEC July 2025. cap comp

[1] Residential Lots will be charged one Living Unit for a Dwelling Unit (even if it has Additional Quarters); Guest Houses will be charged half a Living Unit.
[2] Commercial Residential Lots will be charged for every Living Unit.

Section 3: CAPACITY FEES ADOPTION AND ADMINISTRATION

3.1 CAPACITY FEES ADOPTION AND FUTURE ADJUSTMENTS

Pursuant to California Government Code 66016, prior to increasing an existing fee or adopting a new fee, an agency must hold at least one open and public meeting. Notice of the time and place of the meeting, including a general explanation of the matter to be considered, and a statement that all supporting studies and information are available to the public, must be noticed at least 10 days prior to the meeting. Increases to an existing fee or adoption of a new fee may be made by ordinance or resolution.

It is recommended that the District update the Capacity Fees annually by a predetermined index. The Engineering News Record San Francisco Construction Cost Index November to November change is recommended for an annual January 1 update. Periodic review of the Capacity and Connection Fees is also recommended whenever estimated costs are revised pursuant to an update of the District's Infrastructure Master Plan, or whenever there are land use changes made by Plumas County that would affect projected growth in the District's service territory.

3.2 MITIGATION FEE ACT COMPLIANCE

The District must deposit capacity fee revenues in a separate Capacity Fees Fund to avoid any comingling with other monies of the District. Any interest income must also be deposited into the Capacity Fee Fund. In addition, the District must comply with annual and five-year reporting requirements for the Capacity Fees Fund.

Within 180 days of the end of a fiscal year, the following is to be furnished for the prior fiscal year:

1. A description of the charges deposited in the fund,
2. The beginning and ending balance of the fund,
3. The amount of the fees collected and interest earned,
4. An identification of each public improvement for which fees were expended and the amount of expenditure for each improvement, including the percentage of the total cost of the improvement that was funded with capacity fees if more than one source of funding was used,
5. An identification of each public improvement on which charges were expended that were completed during the fiscal year, and each improvement anticipated to be undertaken in the following fiscal year, and
6. A description of any interfund transfer or loan made from the Capacity Fee Fund, identification of any public improvements on which any transferred monies are, or will be, expended, and a description of repayment terms.

All of the above information may be included in the District's annual financial report.

3.3 CAPACITY FEES CREDITS AND REIMBURSEMENTS

The District may provide fee credits and reimbursements to developers who dedicate land or construct facilities included in the New Facilities Fee portion of the capacity fees with private financing. The credit / reimbursement may only be up to the cost of the improvement, as included in the Infrastructure Plan, or the actual cost paid by the developer, whichever is lower. No credit or reimbursement will be allowed for costs incurred that are higher than estimated in the Infrastructure Plan, and the administrative portion of the fee is excluded from fee credits / reimbursements.

Credits. Once fee credits have been determined, they will be used at the time the respective fees would be due. The use of accumulated capacity fee revenues shall first be used for District-determined priority capital improvement projects, and secondly for repayment of accrued reimbursement to private developers.

Reimbursements. Reimbursements will be due to developers who advance-fund new facilities in excess of their fair share of the facility costs. Developers must enter into a reimbursement agreement with the District to receive reimbursements. Fee credits would be provided up to the fair share cost for the developer, then reimbursements would be due to the developer once revenue collections have been made from other developers. Reimbursement priority is a "first in, first out" system. As money becomes available, the first in would receive reimbursement first. Developers may have to wait some time before their reimbursement is paid in full. Reimbursements are only an obligation of the Capacity Fee Fund, not any other District fund.

Fee credits/reimbursements will be adjusted annually by the inflation factor used to adjust the water and sewer capacity fees.