



PUBLIC WORKS DEPARTMENT

500 Castro Street • Post Office Box 7540 • Mountain View • California • 94039-7540
650-903-6311 • Fax 650-962-8503

March 18, 2014

The purpose of this letter is to inform you of changes that the City of Mountain View will be considering to the City's water and sewer capacity charges. A meeting to discuss the possible changes will be held:

Wednesday, March 26, 2014 at 2:00 pm

Plaza Conference Room, Mountain View City Hall, 500 Castro Street, Mountain View, CA

A brief explanation of the City's current and possible new fee structure follows.

Current Fee Structure: The City's current system of determining water and sewer capacity charges, which was adopted many years ago when growth consisted primarily of development on previously undeveloped property, calls for a one-time payment to the City for connection to water and sewer systems to cover the cost of the public infrastructure. The connection payment is based on the amount of frontage of a developing property along the street that contains the water and sewer systems. Thereafter, monthly charges are paid for water and sewer service. Properties for which the connection fee has been paid (often decades earlier) are never charged another connection fee, regardless of redevelopment or the age of the utilities to which they are reconnecting upon redevelopment.

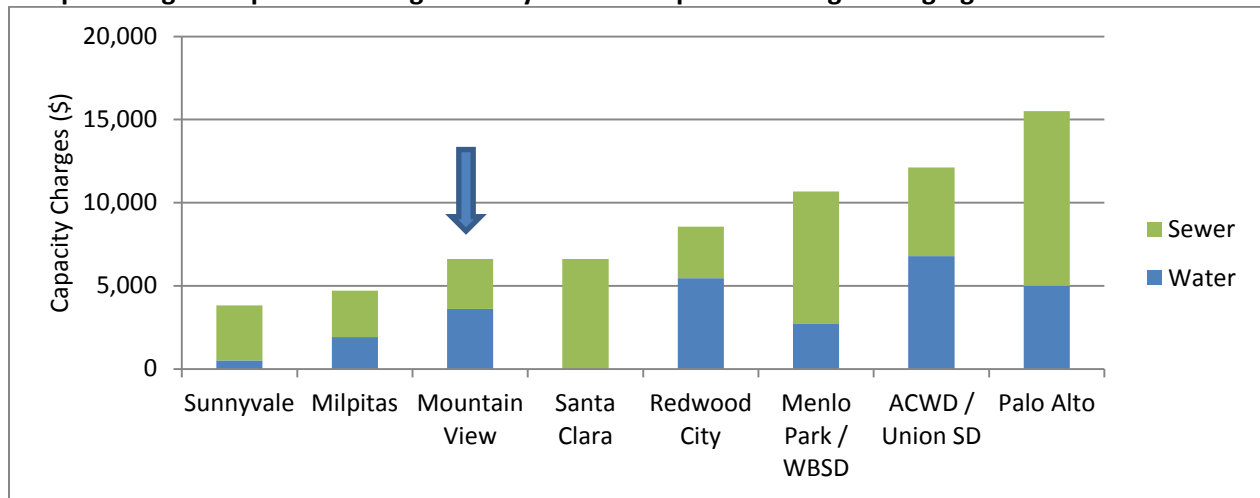
Proposed Fee Structure: On April 8, 2014, the City Council will consider an alternative to the current development fees for connection to the City's water and sewer systems. Under the new system, developers of redevelopment projects would pay for their share of infrastructure costs based on the additional demand they place on the water and sewer systems. The proposed fee structure reflects the reality that redevelopment properties often intensify demand on the utility systems, and that improvements to the systems are required over time. Developers would be credited for the demand of the improvements that previously existed on the site. In other words, if a single-family home were replaced with a single-family home, there would be no charge. If a single-family home were replaced with three single-family homes, the charge would reflect the demand associated with the two additional homes. Credit would also be given for demand associated with commercial development that previously existed on the site.

Proposed Methodology: The proposed water and sewer capacity charges for residential connections are based on the number and type of dwelling units. Separate charges are proposed for different types of residential categories so that the capacity charges reasonably reflect the estimated demand of each type of connection. The proposed water and sewer capacity charges for nonresidential connections are based on the water meter size, and the building area and building use, respectively.

Implementation: The schedule for the implementation will be discussed by the City Council at an upcoming Council meeting. The fee could be implemented as early as July 1, 2014 for projects submitting building permit applications in Fiscal Year 2014-15.

Comparison with Other Agencies: The chart on the following page compares the City's proposed water and sewer capacity charges for a new single-family, detached home to equivalent charges in neighboring cities. As shown on the chart, the proposed combined water and sewer capacity charges would be in the lower middle range compared to other agencies.

Sample Charges Proposed for Single-Family Home Compared to Neighboring Agencies:



Proposed Fee Schedule (Estimate):

Residential	Estimate Water Fee (per dwelling)	Residential	Estimated Sewer Fee (per dwelling)
Single-Family Detached	\$3,600	Single-Family Detached	\$3,000
Townhomes, Rowhouses, Small-Lot Single-Family	\$3,000	Townhomes, Rowhouses, Small-Lot Single-Family	\$2,700
Multi-Family, Mobile Homes	\$2,300	Multi-Family, Mobile Homes	\$2,000
Commercial and Nonresidential	Water Charge (per meter)	Commercial and Nonresidential	Sewer Charge (per 1,000 sq. ft. building)
3/4" Water Meter	\$6,000	Commercial/Retail	\$1,400
1" Water Meter	\$10,000	Office/R&D	\$2,100
1.5" Water Meter	\$20,000	Restaurant	\$12,300
2" Water Meter	\$32,000	--	--
3" Water Meter	\$60,000	--	--
<i>*Note: All estimates are preliminary and rounded.</i>			

Examples of Proposed Charges for Different Development Scenarios:

New Improvements	Estimated Fee	Existing Improvements	Estimated Credit	Estimated Net Fee
24 Townhomes - 1" Domestic Meter - 1" Irrigation Meter	\$140,000	26,000 sq. ft. Warehouse	\$58,000	\$82,000
3 Single-Family Homes	\$19,800	1 Single-Family Home	\$6,600	\$13,200
50 Apartment Units	\$220,000	10,000 sq. ft. Office Building	\$41,000	\$179,000
100,000 sq. ft. Office Building	\$220,000	35,000 sq. ft. Office Building	\$95,000	\$125,000
<i>*Note: All estimates are preliminary and rounded.</i>				

For more information, contact Renee Gunn in the Public Works Department at (650) 903-6311 or renee.gunn@mountainview.gov.