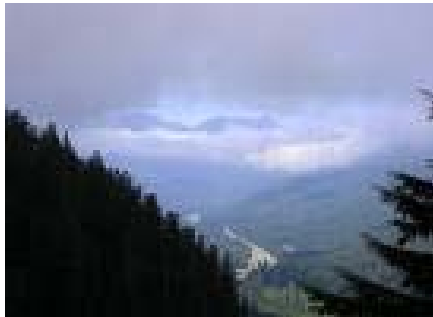


Gold Mountain Community Services District

Final Report
Water and Wastewater
System Development Charges
November 2009



Prepared by
HDR Engineering, Inc.

November 19, 2009

Mr. Ivan Gossage
General Manager
Gold Mountain Community Services District
150 Pacific Road
Portola, California 96122

Subject: Gold Mountain Community Services District
System Development Charges

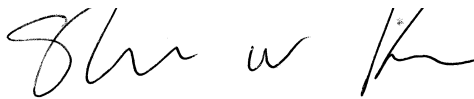
Dear Mr. Gossage:

Enclosed please find HDR's final report regarding the District's system development charges (SDCs) for the water and wastewater utility systems. The conclusions and recommendations contained within this report should enable the District to implement cost-based SDCs that meet the District's objectives.

This report has been prepared using "generally accepted" financial and engineering principles. The District's financial, budgeting, planning, and engineering data were the primary sources for much of the information contained in this report.

HDR appreciates the opportunity to assist the District in this matter. We also would like to thank you for assistance provided to us on this project.

Sincerely,
HDR ENGINEERING, INC.



Shawn Koorn
Senior Financial Analyst/Project Manager

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Executive Summary

Introduction

HDR Engineering, Inc. (HDR) was retained by the Gold Mountain Community Services District (District) to develop cost based water and wastewater system development charges. The purpose of SDCs is to bring equity between existing and new customers to the system. By establishing cost-based SDCs, the District will assure that “growth pays for growth” and existing utility customers will, for the most part, be sheltered from the financial impacts of growth.

The SDCs currently in place have been in place from the onset. General industry recommendations are to adjust these charges annually for inflationary cost changes in construction and to perform a complete review of the charges every three to five years, or whenever comprehensive/master planning documents for the systems have been updated. With the recent increases in construction costs, the completion of the District’s master plan in 2007, and the extent of capital improvements anticipated, the District has undertaken this study to bring parity between existing and new utility customers.

Summary and Conclusions

The SDCs are calculated in conformance with regulatory requirements and are based on system planning and design criteria. A component-by-component approach is taken in developing the charges, as each component can have different planning and design criteria. The calculations also take into account the financing mechanisms of capital improvements. SDCs must be implemented according to the capacity requirement or impact each new connection has on the system, thus, relating the system development charge to the impact the customer has on the system.

The results of the analyses are presented in this report. The existing charges and the calculated charges for a new single-family residential connection are presented in Table ES-1. A new single-family residential connection is considered to be a 1” meter. Charges for meters larger than 1” increase as the demand increases and this is calculated and explained in the report.

Table ES-1
Existing and Adopted System Development Charges⁽¹⁾

Utility	Existing Charge	Proposed System Development Charge
Water	\$1,000	\$6,450
Wastewater	\$2,000	\$3,260

1. The calculated SDC is based on a 1” meter.

Section 1

Introduction

1.1 Introduction

HDR Engineering, Inc. (HDR) was retained by the Gold Mountain Community Services District (District) to develop cost based water and wastewater SDCs. The objective of this study is to calculate cost-based charges for new customers connecting to the District’s systems. SDCs provide a means of balancing the cost requirements for new utility infrastructure between existing customers and new customers. The portion of existing plant and future capital improvements that will provide service (capacity) to new customers is included in the SDCs. In contrast to this, the District has future capital improvement projects that are related to renewal and replacement of existing plant in service. These infrastructure costs are typically included within the rates charged to the District’s customers, and are not included within the SDCs. By establishing cost-based SDCs, the District will assure that “growth pays for growth” and existing utility customers will, for the most part, be sheltered from the financial impacts of growth.

“SDCs provide a means of balancing the cost requirements for new utility infrastructure between existing customers and new customers .”

1.2 Organization of Report

This report documents the approach that was used to analyze and develop the District’s SDCs. This report is divided into six sections. Section 1 provides a brief introduction and overview of the study. Given this brief introduction, Section 2 provides an overview of SDCs and the criteria and general methodology that should be used to calculate and establish cost-based SDCs. Next, Section 3 provides an overview of the requirements under California law for determining SDCs. Sections 4 and 5 present the District-specific calculations of the cost-based SDCs for water and wastewater respectively.

1.3 Legal Requirements

HDR has developed the study using “generally accepted” engineering and rate-making principles and our interpretation of the California legal requirements for these types of fees. HDR recommends that the District have its legal counsel review the SDCs set forth in this report to ensure compliance with California State law.

Section 2

Overview of System Development Charges

2.1 Introduction

An important starting point in establishing system development charges (SDCs) is to have a basic understanding of the purpose of these charges, along with the criteria and general methodology that are used to establish cost-based SDCs. This section of the report presents an overview of the SDC methodology that was used to develop cost-based charges for the District.

2.2 Defining System Development Charges

The first step in establishing cost-based SDCs is to gain a better understanding of the definition of SDCs. One definition for SDCs is as follows:

“System development charges are one-time charges paid by new development to finance construction of public facilities needed to serve them.”¹

Simply stated, SDCs are a contribution of capital to either reimburse existing customers for the available system development in the existing system, or to help finance planned future growth-related capacity improvements, or some blend of both. SDCs may be referred to as capacity charges, impact charges, connection charges, plant investment fees, etc. Regardless of the label used to identify them, their objective is the same. That is, these charges are intended to provide funds to the utility to finance a part of the capital improvements needed to serve new customers.

2.3 Economic Theory and System Development Charges

SDCs are generally imposed as a condition of service. The objective of SDCs is not merely to generate money for a utility, but to assure that all customers seeking to connect to the utility’s system bear an equitable share of the cost of capacity that is invested in both the existing and any future growth-related expansions. Through the implementation of fair and equitable SDCs, existing customers will not be unduly burdened with the cost of new development.

“Through the implementation of fair and equitable SDCs, existing customers will not be unduly burdened with the cost of new development.”

By updating its SDCs, the District is taking an important step in assuring adequate infrastructure to meet growth-related needs while providing this infrastructure to new customers in a cost-based, fair, and equitable manner.

¹ Arthur C. Nelson, *System Development Charges for Water, Wastewater, and Stormwater Facilities*, Lewis Publishers, New York, 1995, p. 1.

2.4 System Development Charge Criteria

In determining SDCs, a number of different criteria are often used. These criteria include:

- State and local laws
- System planning criteria
- Financing criteria
- Customer understanding.

Many states and local communities have enacted laws that govern the calculation, imposition and management of SDCs. These laws must be followed in developing SDCs. Most statutes require a “reasonable relationship” between the charge and the cost associated with providing service (capacity) to the customer. The charges do not need to be mathematically exact, but must bear a reasonable relationship to the cost burden imposed. The utilization of the planning criteria, the actual costs of construction and the planned costs of construction provide the nexus for the reasonable relationship requirement.

“The use of system planning criteria is one of the more important aspects in the determination of the system development charge. System planning criteria provide the “rational nexus” between the amount of infrastructure necessary to provide service and the charge to the customer.”

The use of system planning criteria is one of the more important aspects in the determination of the SDCs. System planning criteria provide the “rational nexus” between the amount of infrastructure necessary to provide service and the charge to the customer. The rational nexus test requires:

(a) establishing a connection (nexus) between new development and the existing or expanded facilities required for accommodating new development, and

(b) apportioning appropriate cost to the new development in relation to benefits reasonably received.

An example using system planning criteria is the determination that a single-family residential customer requires 800 gallons per day of water distribution storage. The system development charge methodology then charges the customer for 800 gallons per day of water distribution storage at the average cost per gallon of storage.

One of the driving forces behind establishing cost-based SDCs is that “growth pays for growth.” Therefore, SDCs are typically established as a means of having new customers pay an equitable share of the cost of their required capacity (infrastructure). The financing criteria for establishing SDCs relates to the method used to finance infrastructure on the system and assures that customers are not paying twice for infrastructure – once through SDCs and again through rates. This type of double payment can occur through the imposition of SDCs and then the requirement to pay debt service within a customer’s rates. The financing criteria also reviews the basis under which main line and collection line extensions were provided and assures that the customer is not charged for infrastructure that was provided (contributed) by developers.

The final component of customer understanding implies that the charge be easy to understand. This criterion has implications for the way that the charge is implemented and assessed to the customer. For a water system, the charge is generally based on the size (capacity) of the meter. This makes it easy for the customer to understand that the level of charge is based on the size of a meter required to provide service; the larger the meter (and capacity) the larger the charge. In some instances, larger meter sizes are calculated based on actual usage. While this is more complicated, it applies to very few customers and they are generally more sophisticated industrial customers. The other implication of this criterion is that the methodology is clear and concise in its calculation of the amount of infrastructure necessary to provide service to future customers.

2.5 Overview of the System Development Charge Methodology

There are “generally accepted” methodologies that are used to establish SDCs. Within the “generally accepted” SDC methodology, there are a number of different steps undertaken. These steps are as follows:

- Determination of system planning criteria
- Determination of equivalent residential units (ERUs)
- Calculation of system component costs
- Determination of any credits.

The first step in establishing SDCs is the determination of the system planning criteria. This implies calculating the amount of water required to serve a single-family residential customer. For example, in developing SDCs for a water system, two main criteria are generally determined due to differences in their application and implication on the water system and eventual SDC calculation. The first planning criterion is the peak day water usage per ERU and the second is a water storage requirement per ERU. These two different planning criteria are developed since a majority of the water system infrastructure is sized to meet the peak day demand, and water storage is sized to meet equalizing, emergency, and fire flow requirements.

Once the system planning criteria is determined, the number of equivalent residential units (ERUs) can be determined. For the water system, this is determined by utilizing the peak day water system demand and dividing it by the peak day water usage per ERU. This is a very important calculation since it provides the linkage between the existing infrastructure necessary to provide service to a specific number of customers. For example, if the system is designed to provide service for demands up to the year 2020, then the infrastructure costs are divided by the ERUs in 2020 to determine the cost per ERU.

Once the number of ERUs has been determined, a component-by-component (e.g., source of supply, treatment, storage, etc.) analysis is undertaken to determine the component system development charge in cost (\$) per ERU. Individual plant components are analyzed separately for the water and wastewater systems given that the planning criteria differ for the development of the various system components.

The calculation of each SDC component typically includes both historical assets and planned future assets. Historical and future asset costs typically include 10 years of interest charged on the financed portions of projects. This calculation is done to reflect the fact that existing customers have provided for excess capacity in the system and hence need to be reimbursed for not only their initial investment, but also the “carrying cost” on that investment which they have been paying in their regular user rates. The reimbursement to existing customers is accomplished by the fact that without SDCs, rates would otherwise be higher than they would be with SDCs. Inclusion of interest in future capital costs reflects the method used to finance the plant and hence the “true cost” to construct future infrastructure. Once the total cost of the capital infrastructure is determined, it is then divided by the appropriate number of ERUs the infrastructure will support to develop the cost per ERU for each specific plant component.

After each plant component is analyzed and a cost per ERU is determined, the cost per ERU for each of the plant components is added together to determine the “gross system development charge”. This gross SDC is calculated before any credits for debt service are applied.

The last step in the calculation of the system development charge is the determination of any credits. As stated earlier, this calculation assures that customers are not paying twice, once through SDCs and again through debt service included within the water and wastewater rates. A crediting mechanism is also used if general obligation or tax revenue has been used to finance the infrastructure.

“The final SDC is determined by taking the “gross system development charge” and subtracting any credits. This results in a “net system development charge” stated in dollars per ERU.”

The final SDC is determined by taking the gross SDC and subtracting any applicable credits. This results in a “net system development charge” stated in dollars per ERU. The general basis of this calculation for a water system is the assumption that an ERU is equivalent to a 3/4-inch meter. Larger meter sizes are then imposed charges based on the number of ERUs for a given meter size. The number of ERUs per meter size is generally based on the safe operating

capacity of the meter. However, it is not uncommon for the base meter size to be as high as 1” if the utility’s practice is to install 1” meters as a standard residential connection. Such is the case for the District. For the wastewater system, an ERU can be defined using the same theory as the water utility, that is, based on water meter size and then weighted in the same manner as the water system or it can be defined as a single-family residential unit. In the latter case, other types of dwellings or businesses are then assigned ERUs based on flow from design manuals or actual flows.

2.6 Summary

This section of the report discussed the general criteria typically used in determining SDCs. In addition, an overview was provided of the “generally accepted” methodology used in calculating SDCs. Given this background, the next section of the report discusses any specific legal criteria that must be used by the District in establishing its SDCs.

Section 3

Legal Considerations in Establishing System Development Charges

3.1 Introduction

Legal requirements at the state and local levels are important considerations in establishing SDCs. The legal requirements often establish the methodology around which the SDCs must be calculated or how the funds must be used. It is therefore important for the District to understand these legal requirements. This section of the report provides an overview of the legal requirements for establishing SDCs under California law.

The discussion contained within this section of the report is intended to be a summary of our understanding of the relevant California law as it relates to establishing SDCs. It in no way constitutes a legal interpretation of California law by HDR Engineering, Inc.

3.2 Requirements under California Law

In establishing SDCs, an important requirement is that they be developed and implemented in conformance with local laws. Many states have established specific laws regarding the establishment, calculation and implementation of SDCs. The main objective of most state laws is to assure that these charges are established in such a manner that they are fair, equitable and cost-based. In other cases, state legislation may have been needed to provide legislative powers to the utility to establish the charges.

The laws for the enactment of SDCs in California are found in the “Mitigation Fee Act”, which is codified as California Government Code Section 66000 et seq.”

The laws for the enactment of SDCs in California are found in the “Mitigation Fee Act”, which is codified as California Government Code 66000-66008, 66010-66011, 66012-66014, 66016-66018.5, and 66020-66025. The Mitigation Fee Act is comprehensive legislation dealing with the various requirements for imposition of SDCs in California. The statutes deal with the requirements for the calculation of the fees, accounting and reporting requirements, and appeal processes.

A summary of the requirements under California law is as follows:

“66001 (b) In any action imposing a fee as a condition of approval of a development project by a local agency on or after January 1, 1989, the local agency shall determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.”

The use of the methodology discussed in Section 2, should assure that the reasonable relationship standard is met and the SDCs are in compliance with California law.

In addition to the specific element of determining a reasonable relationship under California law, the Mitigation Fee Act also requires the following:

- Funds be maintained in a separate account
- Annual accounting requirements on fee collections and expenditures
- Requirement for public hearing to adopt or modify the fee
- Requirements for protest of the fees.

The basic principal that needs to be followed under California law is that the charge be based on a proportionate share of the costs of the system required to provide service and that the requirements for adoptions and accounting be followed in compliance with California law.

3.3 Proposition 218 and System Development Charges

In 1996, the voters of California approved Proposition 218, which required that the imposition of certain fees and assessments by municipal governments require a vote of the people to change or increase the fee or assessment. Of interest in this particular study is the applicability of Proposition 218 to the establishment of SDCs for the District.

In *Richmond v. Shasta Community Services Dist.*, 95 Cal. App.4th 1227 (3rd Dist. 2002), the Third District Court of Appeals held that water connection fees (SDCs) are development fees and not subject to the procedural or substantive requirements of Proposition 218 and that the fee can be enacted by either ordinance or resolution. Therefore, the District's SDC is not subject to proposition 218 requirements.

3.4 Summary

This section of the report has reviewed the legal basis for establishing SDCs in California and provided a brief discussion of the applicability of Proposition 218. HDR concludes that the District has the authority to establish cost-based SDCs and the methodology described in Section 2 should assure compliance with California law.

Section 4

Determination of the District's Water System Development Charges

4.1 Introduction

This section of the report presents the key assumptions and details used in calculating the District's water SDC. The calculation of the District's water SDC is based upon District-specific accounting and planning information. Specifically, the SDCs are based upon the District's fixed asset records, Capital Improvement Plan (CIP), and planning data from the District's master plan entitled *Gold Mountain Community Services District Master Plan Report, March 2007* (Master Plan). The District provided other financial and accounting information that was used within this analysis.

To the extent that the cost and timing of future capital improvements change, then the SDCs presented in this section of the report should be updated to reflect the changes.

4.2 Overview of the District's Water System

The District currently has 84 customer connections, most of which are seasonal use connections, however during holidays and summer periods, occupancy is high and the system experiences very significant peaks in demand. The District's water supply is provided by two wells and there are two storage reservoirs providing 250,000 total gallons of storage. The water distribution system is comprised of approximately 16.5 miles of transmission and distribution mains and there are fire hydrants installed in some portions of the system, although the system was not originally designed to provide fire flow.

The District's Master Plan identifies a number of system improvements that will be needed to serve growth over the planning horizon. The SDC calculation presented in this section addresses these improvements.

4.3 Present Water System Development Charge

In addition to providing water service to those 84 customers, the District also provides them with sewer service. New connections are charged a total of \$3,000 for connection to the water and sewer system. The District charges \$1,000 for water and \$2,000 for sewer for each new connection. The water fee is shown in Table 4-1.

Table 4-1
Present Water System Development Charge

Meter Size	System Development Charge
1"	\$1,000

The District’s current water SDC remains the same regardless of size or type of use by the end user. It is recommended that the proposed fees be implemented based on meter size, meaning as meter sizes increase, the fee increases commensurate to the amount of additional capacity the larger sized meter is capable of supplying.

4.4 Calculation of the District’s Water System Development Charges

As discussed in Section 2, the process of calculating SDCs is based upon a four-step process. In summary form, these steps are as follows:

- Determination of system planning criteria
- Determination of equivalent residential units (ERUs)
- Calculation of the SDC for system component costs
- Determination of any SDC credits.

Each of these steps is discussed in more detail below.

4.4.1 System Planning Criteria

System planning criteria are used to establish the capacity needs of an equivalent residential unit (ERU). Based upon the District’s Master Plan, a value of 400 gals/day/ERU was used for average day flow. The peaking factor of a residential unit is 1.75 times average day. The storage requirement per ERU is based on the District’s Master Plan of 2,874 gallons per ERU. Table 4-2 provides a summary of the planning criteria used to establish the District’s water SDCs.

Table 4-2
Summary of the Water System Planning Criteria

Planning Criteria Description	Gallons/Day/ERU
Average Day Flow	400 gallons/day/ERU
Peak Day Flow	700 gallons/day/ERU
Storage Requirements	2,874 gallons/ERU

As previously discussed, certain facilities may be designed around different planning criteria. Therefore, the system planning criteria shown above were used for different plant components to determine the cost per ERU for that specific plant component.

4.4.2 Residential Units

The planning horizon of this analysis was 2007 to 2039. As a part of this study, a projection of the number of new, additional ERUs per year must be determined, along with the total number of ERUs at 2039. The District’s total number of ERUs at the end of the planning period is assumed to be “build-out” of the remaining undeveloped lots combined with the existing active lots, or 500 ERUs. From there, a steady annual growth rate was applied in each of the interim years (2008-2038) to extrapolate a steady annual increase in ERUs that would result in full build-out by 2039. This growth rate is 5.73% per year throughout the planning period.

A summary of the ERUs for 2007 and 2039 are presented below in Table 4-3. Details of the determination of ERUs are provided in Exhibit A-1 of Appendix A.

Table 4-3
Water System Equivalent Residential Units

Description	Calculated ERUs
Equivalent Residential Units – 2007	84 ERUs
Equivalent Residential Units – 2039	500 ERUs

Given the development of the total water ERUs for each year of the planning period, the focus can shift to the calculation of the SDC for each plant component. This aspect of the analysis is discussed below.

4.4.3 Calculation of the Water System Development Charge for the Major System Components

The next step of the analysis is to review each major functional component of plant in service and determine the water SDC for that component. In calculating the water SDC only the planned future capital improvement projects (CIP) were included within the calculation. Given the lack of available capacity of the existing system, and the difficulty in determining the “true” cost of the facilities from the original developer, it was determined that the SDCs would only be based on future plant expansion. The major components of the District’s water system that were reviewed for purposes of calculating the system development charge were as follows:

- Source of Supply
- Storage
- Transmission/Distribution Mains
- General Plant

A brief discussion of the SDC calculated for each of the functional water plant components is provided below.

Source of Supply – The future plant improvements that are attributable to growth were totaled to determine those costs applicable to the SDC calculation. This total cost was then divided by the total planned source of supply capacity to determine a cost of \$1.33 per gallon. The cost per gallon for source of supply was then multiplied by the peak day planning criteria in gallons/day/ERU. This resulted in a system development charge for source of supply of \$931 per ERU. Details of the calculation of the source of supply plant are shown in Exhibit A-2 of Appendix A.

Storage – As noted in Table 4-2, the design criterion for the District in determining storage requirements is equal to 2,874 gallons/ERU. The total storage plant value, which, like source of supply, only includes future plant, was divided by the total planned storage capacity (1.25 million gallons) to result in a storage cost of 3.06 per gallon. The cost per gallon for storage was then multiplied by the storage capacity per ERU based on the 2,874 gallon storage planning criterion. This resulted in a SDC for storage reservoirs of \$8,790 per ERU. Details of the calculation are provided in Exhibit A-3 of Appendix A.

Transmission/Distribution Mains – Future transmission and distribution main capital improvement projects were reviewed for inclusion in the SDC calculation. The total cost of each of the future projects was allocated between replacement and growth related costs and apportioned by that same percentage between SDC eligible and not. The growth-related portion of future transmission and distribution mains was then divided by the number of ERUs added from 2008 to 2039, resulting in a SDC for future distribution and transmission mains of \$1,145 per ERU. Details of the calculation of the transmission and distribution mains are provided in Exhibit A-4 of Appendix A.

General Plant – The District currently has general plant items, such as trucks, communication equipment, and telemetry which are used to provide service and develop the water system. The only capital improvements related to general plant anticipated at this time is a telemetry project. The growth related portion of the telemetry system was divided by the number of future ERUs from 2008 to 2039 resulting in a SDC for future general plant of \$274.

4.4.4 Debt Service Credits

The final step in calculating the water system development charge was to determine if a credit for payment on debt service is applicable for the District's outstanding and/or future planned loans and bonds. The District currently has no outstanding long-term debt, however, it is assumed that a substantial portion of future capital projects will be funded through some form of long-term debt obligation. This analysis has assumed that the District would fund

approximately \$2.2 million over the next five year period through long-term debt obligations to fund the capital plan for the water system.

Credits for debt service payments are associated with the payment of debt service through rates for any outstanding debt issues. To calculate the debt service credit the future debt is compared to projected annual SDC revenue. Whenever debt payments exceed projected SDC revenue, a credit per ERU is derived. The calculation of the debt service credit results in a credit of \$4,693 per ERU. This is based on the amount of future debt service payments, the number of ERUs for each year, and the time value of money. Details of the calculations are provided in Exhibit A-6 in Appendix A.

4.5 Net Allowable Water System Development Charges

Based on the sum of the component costs calculated above, the net allowable water SDC can be determined. “Net” refers to the “gross” system development charge, net of any debt service credits. “Allowable” refers to the concept that the calculated SDC shown in Table 4-4 is the District’s cost-based SDC. The District, as a matter of policy, may charge any amount up to the allowable SDC, but not over that amount. Charging an amount greater than the allowable SDC would not meet the nexus test of a cost-based SDC. A summary of the calculated net allowable water SDC for the District is shown in Table 4-4.

Plant Component	Calculated System Development Charge (\$/ERU)
Source of Supply	\$931
Storage	8,790
Transmission/Distribution Mains	1,145
General Plant	274
Debt Service Credit for Bonds	<u>(4,693)</u>
Net Allowable Charge	\$6,447

For ease of administration, the net allowable charge per ERU is rounded to \$6,450. This compares to the District’s current system development charge of \$1,000 per ERU, or an increase of \$5,450/ERU. Exhibit A-7, of Appendix A, details the calculation of the net allowable system development charge. Provided below in Table 4-5 is a summary of the allowable SDCs by meter size for the District’s customers.

Table 4-5
Net Allowable Water System Development Charge

System Development Charge by Meter Size (inches)		
Meter Size	Weighting Factor ⁽¹⁾	System Development Charge
1	1.00	6,450
1 1/2	2.00	12,900
2	3.20	20,640
3	6.00	38,700
4	10.00	64,500
6	20.00	129,000

1. Based on American Water Works Association (AWWA) safe operating capacities

In Table 4-5, the SDCs for the larger meter sizes are determined by multiplying the system development charge for a 1-inch meter by the meter capacity weighting factors. The weighting factors are determined based on the American Water Works Association (AWWA) safe operating capacities for the type and size of meter. The safe operating capacity of each meter is divided by the safe operating capacity for a 1-inch displacement-type meter to determine the weighting factor for each meter. For example, the safe operating flow capacity of a 2-inch meter is 3.2 times the safe operating flow capacity of a 1-inch meter. Stated another way, the capacity that a customer has with a 2-inch meter is equivalent to the capacity of just over three single-family homes (i.e., a 1-inch customer).

4.6 Key Assumptions

In developing the SDCs for the District's water system, a number of key assumptions were employed. These are as follows:

- The District provided the Capital Improvement Plan (CIP) for future improvements.
- The base year for the CIP was adjusted to be 2008.
- The growth rate for ERUs was based on achieving full system build-out by 2039.
- The District determined the portion of future improvements that were growth-related.
- Interest on assumed debt was included in the calculation of the SDC at 4.5% over 30 years.
- The interest rate used for calculating interest on existing investments was 4.5 percent.

4.7 Implementation of the System Development Charges

The methodology used to calculate the SDCs takes into account the value of money, interest charges, and inflation. Therefore, HDR recommends that the District adjust the SDCs each year by an escalation factor to reflect the cost of interest and inflation. The most frequently used source to escalate SDCs is the *Engineering News-Record (ENR) Construction Cost Index*, which tracks changes in construction costs. This method of escalating the District's SDCs should be used for no more than a 4 to 5 year period. After this time period, HDR recommends that the District update the charges based on the actual cost of infrastructure and any new planned

facilities that would be contained in an updated Master Plan, Capital Improvement Plan, or rate study.

4.8 Consultant Recommendations

Based on our review and analysis of the District's water system, HDR recommends the following:

- The District should revise and update its water SDCs for new connections to the water system that are no greater than the net allowable SDCs as set forth in this report.
- The District should update the actual calculations for the SDCs, based on the methodology contained in this report at such time as a new capital improvement plan, master plan, or a comparable plan is approved or updated by the District, or every five years.

4.9 Summary

The water system development charge developed and presented in this section of the report is based on the planning and engineering design criteria of the District's water system, the value of the existing assets, future capital improvements, and "generally accepted" ratemaking principles. Adoption of the proposed SDCs will provide multiple benefits to the District and create equitable and cost-based charges for new customers connecting to the District's water system.

Section 5

Determination of the District's Wastewater System Development Charges

5.1 Introduction

This section of the report presents the details and key assumptions used in calculating the District's wastewater SDCs. The calculation of the District's wastewater SDC is based upon District-specific accounting and planning information. Specifically, the SDCs are based upon the District's fixed asset records, Capital Improvement Plan (CIP), and planning data from the District's master plan entitled *Gold Mountain Community Services District Master Plan Report, March 2007* (Master Plan). The District provided other financial and accounting information that was used within this analysis.

To the extent that the cost and timing of future capital improvements change, then the SDCs presented in this section of the report should be updated to reflect the changes.

5.2 Overview of the District's Wastewater System

The District operates and maintains a wastewater utility which provides collection and treatment of domestic wastewater using a "STEP" system. STEP stands for Septic Tank Effluent Pumping. The District's sewage disposal system is designed to dispose of septic tank effluent via subsurface infiltration.

The District's master plan identifies a number of collection and treatment system improvements that will need to be constructed to serve growth over the planning horizon. Those projects are included within the analyses described below.

5.3 Present Wastewater System Development Charges

As stated in section 4, new connections are charged a total of \$3,000 for connection to the water and sewer system. \$2,000 of the total fee is related to providing wastewater capacity. The District's present wastewater SDC is shown below in Table 5-1.

Table 5-1
Present Wastewater System Development Charge

Per Connection	System Development Charge
1	\$2,000

1. Based on industry standards for ERU

The District's current wastewater SDC remains the same regardless of size or type of use by the end user. The newly calculated fees are proposed to be implemented based on water meter size,

meaning as the size of the water meter increase, the fee increases commensurate to the amount of additional capacity the larger sized meter is capable of supplying. The rationale of using the water meter size as a surrogate is that wastewater flows are tied indirectly to water usage. Therefore, connections with larger meters likely produce flows higher than connections with smaller meters.

5.4 Calculation of the District’s Wastewater System Development Charges

In Section 2, the same four-step process of calculating SDCs as described is used in developing the wastewater SDC. In summary form, these steps are as follows:

- Determination of system planning criteria
- Determination of equivalent residential units (ERUs)
- Calculation of the SDC for system component costs
- Determination of any SDC credits.

Each of these steps is discussed in more detail below.

5.4.1 System Planning Criteria

System planning criteria are used to establish the capacity needs of an equivalent residential unit (ERU). The District’s master plan provided the detail of the planning criteria for this portion of the study.

5.4.2 Calculation of Equivalent Residential Units

The planning horizon of this study was 2007 to 2039. According to the District’s master plan, the flow in gallons per day per ERU is 200 gallons. The system was designed to accommodate 100,000 gallons per day; therefore, at build out, the system should support 500 ERUs. Build out is projected to occur at the end of the planning period, therefore growth was extrapolated at a steady rate for each year in between at 5.73%. A summary of the ERUs for 2007 and 2039 is presented in Table 5-2. Details of the ERU calculations are provided in Exhibit B-1 of Appendix B.

Description	Calculated ERUs
Equivalent Residential Units – 2007	84 ERUs
Equivalent Residential Units – 2039	500 ERUs

With the development of the total wastewater ERUs for each year of the planning period shown above, the focus shifts to the calculation of the wastewater SDC for each plant component.

5.4.3 Calculation of the Wastewater System Development Charge for the Major System Components

Each major functional component of plant in service is reviewed to determine the SDC for that component. In calculating the SDCs for the District, both existing wastewater plant assets, along with planned future wastewater improvements were included. The major components of the District's wastewater system that were reviewed for purposes of calculating SDCs are as follows:

- Wastewater Treatment Plant (WWTP)
- Collection Plant
- General Plant

A brief discussion of the SDC calculated for each system component is included below.

Treatment –Because the existing system appears to be at maximum capacity, the District has developed a capital improvement plan for adding capacity for future growth. The total cost of the future treatment plant upgrades in 2008 dollars is approximately \$1.2 million. Dividing through by the total future ERUs results in a total charge for wastewater treatment of \$5,244 per ERU. Details of the calculation of the treatment plant investment charge are shown in Exhibit B-2 of Appendix B.

Collection Plant – To determine the system development charge for collection plant, the District's CIP was reviewed to determine if any collection plant improvements are anticipated. In reviewing the CIP, there are no anticipated future upgrades to the wastewater collection system; therefore, there is also no future cost to allocate to a collection plant SDC. No plant investment charge for existing or future collection plant was calculated.

Details of the calculation of the collection plant SDCs are provided in Exhibit B-3 of Appendix B.

General Plant – As stated in the calculation of the water SDC, the District currently has general plant items which are used to maintain, operate, and construct the wastewater system. The only general plant related item is an effluent disposal study. Given the future ERUs and cost of the study the total charge for general plant is \$228 per ERU. Details of the general plant investment charge calculation are provided in Exhibit B-4 of Appendix B.

5.4.4 Debt Service Credits

The final step in calculating the District's wastewater SDCs was to determine if a credit for payment on debt service is applicable for the District's outstanding and any future planned bonds and loans. The District currently has no outstanding long-term debt, however, it is assumed that at least a portion of future capital projects will be funded through some form of long-term debt obligation. This analysis has assumed that the District would fund approximately \$1.0 million over the next five year period through outside debt obligations to fund the capital plan for the wastewater system. To calculate the debt service credit the future debt is compared to projected

annual SDC revenue. Whenever debt payments exceed projected SDC revenue, a credit per ERU is derived. The calculation of the debt service credit results in a credit of \$2,208 per ERU. This is based on the amount of future debt service payments, the number of ERUs for each year, and the value of money. Details of the calculations are provided in Exhibit B-5 of Appendix B.

5.5 Net Allowable Wastewater System Development Charge

Based on the sum of the component costs calculated as described above, the net allowable wastewater SDC can be determined. “Net” refers to the “gross” SDC, net of any debt service credits. “Allowable” refers to the concept that the calculated SDC shown in Table 5-3 is the District’s cost-based wastewater SDC. The District, as a matter of policy, may charge any amount up to the allowable SDC, but not over that amount. Charging an amount greater than the allowable SDC would not meet the nexus test of a cost-based wastewater SDC.

Table 5-3
Calculated Net Allowable Wastewater
System Development Charge

Plant Component	System Development Charge Calculation Results
Treatment Plant	\$5,244
Collection Plant	0
General Plant	228
Debt Service Credit for Bonds	(2,208)
Total	\$3,264

For ease of administration, the recommended charge for 1 ERU is rounded to \$3,260. This compares to the District’s current system development charge of \$2,000 for the equivalent of a 1 ERU connection or an increase of \$1,260. Details of the net allowable system development charge for the District are shown in Exhibit B-6 of Appendix B.

The charges for the various sized meters results in the following SDCs, as shown in Table 5-4.

Table 5-4
Net Allowable Wastewater System Development Charge

Example System Development Charge by ERU Weighting Factor		
Water Meter Size	ERU Weighting Factor (1)	System Development Charge
1”	1.00	3,260
1 ½”	2.00	6,520
2”	3.20	10,432
3”	6.00	19,560
4”	10.00	32,600
6”	20.00	65,200

1. ERU determination based on industry standards.

In Table 5-4, the SDCs for are determined by multiplying the SDC by the appropriate weighting factor. The weighting factors are determined based on industry standards.

5.6 Key Assumptions

In developing the wastewater SDCs for the District’s system, a number of key assumptions were utilized. These are as follows:

- The District provided the CIP for future improvements.
- The District determined the portion of future improvements that were growth-related.
- The interest rate used for calculating interest on existing investments was 4.5%.
- CIP project costs were calculated in 2008 dollars.
- Interest expense on the assumed bond issues was included in the SDC calculation at 4.5% and 30 years.
- The growth rate for ERUs was based on achieving full system build-out by 2039.

5.7 Implementation of the System Development Charges

The methodology used to calculate the SDCs takes into account the value of money, interest charges, and inflation. Therefore, HDR recommends that the District adjust the SDCs each year by an escalation factor to reflect the cost of interest and inflation. The most frequently used source to escalate SDCs is the *Engineering News-Record (ENR) Construction Cost Index*, which tracks changes in construction costs. This method of escalating the District's SDCs should be used for no more than a 4 to 5 year period. After this time period, HDR recommends that the District update the charges based on the actual cost of infrastructure and any new planned facilities that would be contained in an updated Master Plan, Capital Improvement Plan, or rate study.

5.8 Consultant Recommendations

Based on our review and analysis of the District's wastewater SDCs, HDR recommends the following:

- The District should revise and update its SDCs for new connections to the wastewater system that are no greater than the SDCs as set forth in this report.
- The District should update the actual calculations for the SDCs, based on the methodology contained in this report at such time as a new capital improvement plan, master plan, or a comparable plan is approved or updated by the District, or every five years.

5.9 Summary

The wastewater SDC developed and presented in this section of the report is based on the engineering design criteria of the District's wastewater system, the value of the existing assets, future capital improvements, and "generally accepted" ratemaking principles. Adoption of the proposed SDCs will provide multiple benefits to the District and create equitable and cost-based charges for new customers connecting to the District's wastewater system.

Technical Appendices

Appendix A

Water System Development Charge

Exhibit A-1
Gold Mountain Community Services District
Water System Development Charge
Development of ERUs

Peak Day Flow [1]	700	gallons per day/ERU
Average Day Flow [2]	400	gallons per day/ERU
Storage Capacity [3]	2,874	gallons per day/ERU

Year	Peak Day (MGD) [1]	Total ERUs	Additional ERUs/Year
2007	0.06	84	
2008	0.06	89	5
2009	0.07	94	5
2010	0.07	99	5
2011	0.07	105	6
2012	0.08	111	6
2013	0.08	117	6
2014	0.09	124	7
2015	0.09	131	7
2016	0.10	139	8
2017	0.10	147	8
2018	0.11	155	8
2019	0.11	164	9
2020	0.12	173	9
2021	0.13	183	10
2022	0.14	194	11
2023	0.14	205	11
2024	0.15	217	12
2025	0.16	229	12
2026	0.17	242	13
2027	0.18	256	14
2028	0.19	271	15
2029	0.20	286	16
2030	0.21	303	16
2031	0.22	320	17
2032	0.24	338	18
2033	0.25	358	19
2034	0.26	378	21
2035	0.28	400	22
2036	0.30	423	23
2037	0.31	447	24
2038	0.33	473	26
<i>Buildout assumed at:</i> 2039	0.35	500	27
Total ERUs			416
		Growth Rate	5.73%

Notes:

- [1] Per Master Plan Report, build out numbers used (pg. 10) due to unknown validity of orig. design numbers
- [2] Per Master Plan Report, build out numbers used (pg. 10) due to unknown validity of orig. design numbers
- [3] Per Master Plan Report - Required storage is estimated at 5 x ADD, therefore existing tank capacity (250,000 gal) divided by 5 x 576 gallons = 87 ERUs in existing storage, which yields 2,874 gallons per day/ERU

Exhibit A-2
Gold Mountain Community Services District
Water System Development Charge
Determination of SDCs for Source of Supply

Year	Equipment List	Cost 2008	Cost 2009	SDC Eligible	SDC Eligible
Existing Source of Supply [1], [2]					
1995	Land	\$0	\$0	0%	\$0
1997	Well #17 (pump house/gen house)	0	0	0%	0
2007	Well #29A	0	0	0%	0
Total Existing Source of Supply		\$0	\$0		\$0
Existing Supply Capacity (mgd) [3]					0.20
<i>Cost per Gallon for Existing Source</i>					<i>\$0.00</i>
Future Source of Supply					
	Construct New Supply Well(s)	\$200,000	\$206,000	100%	\$206,000
	Interest on Future Projects		196,018	100%	196,018
Total Future Source of Supply		\$200,000	\$402,018		\$402,018
Total Supply Capacity (mgd) [4]					0.10
<i>Cost per Gallon for Future Source</i>					<i>\$3.99</i>
Cost per Gallon of Total Source					\$1.33
Peak Day use per ERU					700
Source of Supply SDC per ERU					<u>\$931</u>

Notes:

[1] Year of installation based on dates provided in Gold Mountain Master Plan Report, dates given of original design, and Assets Listing

[2] Wells #8 and #10 are no longer in service.

[3] Sum of instantaneous output (mgd) of all sources from the Gold Mountain Master Plan Report, Table 5.0, pg. 6

[4] Future well Construction includes upgrade of existing wells along with 50% redundancy of 140 gpm production capability, per Master Plan

Exhibit A-3
Gold Mountain Community Services District
Water System Development Charge
SDCs for Storage

Year	Equipment List	Cost 2008	Cost 2009	SDC Eligible	SDC Eligible
Existing Storage Facilities					
2001	125,000 gal reservoir	\$0	0	100%	\$0
2001	125,000 gal reservoir	\$0	0	100%	\$0
Total Existing Plant		\$0	\$0		\$0
Existing Storage Capacity					250,000
<i>Cost per gallon for Existing Storage</i>					<i>\$0.00</i>
Future Storage Facilities					
	Construct Storage Tanks	\$1,500,000	\$1,567,500	100%	\$1,567,500
	Interest on Future Projects		1,491,544	100%	\$1,491,544
		\$1,500,000	\$3,059,044		\$3,059,044
Future Storage Capacity					750,000
<i>Future Storage Cost per Gallon</i>					<i>\$4.08</i>
Cost per Gallon of Total Storage					\$3.06
Storage Requirement per ERU [1]					2,874
Total Storage Plant SDCs per ERU					<u>\$8,790</u>

Notes:

[1] Per Master Plan Report

Exhibit A-4
Gold Mountain Community Services District
Water System Development Charge
SDCs for Transmission/Distribution Mains

Year	Equipment List	Original Cost	Cost 2008	SDC Eligible	SDC Eligible
Existing Transmission/Distribution Plant					
2000	Booster Station #1	\$0	\$0	100%	\$0
1999	Booster Station #2	0	0	100%	0
1999	Booster Station #3	0	0	100%	0
2000	Booster Station #4	0	0	100%	0
2000	Booster Station #5	0	0	100%	0
2001	Booster Station #6	0	0	100%	0
2000	Booster Station #7	0	0	100%	0
2000	Pipes	0	0	100%	0
Total Existing Transmission and Distribution Plant		\$0	\$0		\$0
2030 ERUs					500
Existing Transmission/Distribution Plant SDC per ERU					\$0
Year	Equipment List	Cost 2008	Cost 2009	SDC Eligible	SDC Eligible
Future Transmission/Distribution Plant					
	Construct Supply Transmission Line - \$ unknown	\$0	\$0	0%	\$0
	Supply Reinforcement Project	0	0	0%	0
	Transmission Main	280,000	297,052	50%	148,526
	Booster Station Upgrades	90,000	95,481	100%	95,481
	Interest on Future Projects		232,183	100%	232,183
Total Future Transmission/Distribution Plant		\$370,000	\$624,716		\$476,190
New ERUs 2008 to 2039					416
Future Transmission/Distribution Plant SDC per ERU					\$1,145
Capital Contributions Credit [1]					
Net contributions in aid of construction					\$0
Capital Contributions SDC Credit per ERU					\$0.00
Total Transmission/Distribution Plant SDC per ERU					\$1,145

Notes:

[1] No assumptions made for capital contribution since historical plant was not included in calculation

Exhibit A-5
Gold Mountain Community Services District
Water System Development Charge
SDCs for General Plant

Year	Equipment List	Original Cost	Cost 2008	SDC Eligible	SDC Eligible
Existing General Plant					
	Building and Structures	\$0	\$0	100%	\$0
	Services	\$0	0	100%	0
	Tools/Shop Equipment	\$0	0	100%	0
	Office Equipment	\$0	0	100%	0
	Communication Equipment	\$0	0	100%	0
	Misc. Equipment/Vehicles	\$0	0	100%	0
	Total Existing General Plant	\$0	\$0		\$0
	Total ERUs (2030)				500
	Total Existing General Plant Per ERU				\$0
	Future General Plant				
	Telemetry	\$150,000	\$154,500	50%	\$77,250
	Interest on Future Projects		73,507	50%	36,753
	Total Future General Plant	\$150,000	\$228,007		\$114,003
	New ERUs 2006 to 2039				416
	Total Future General Plant Per ERU				\$274
	General SDCs per ERU				\$274

Exhibit A-6
Gold Mountain Community Services District
Water System Development Charge
Debt Service Credit

Year	Total Existing Debt Service	New Debt	Total Debt	SDCs Revenue [1]	Net Debt Service	ERUs	Debt/ERU	Debt/ERU (\$2008)
2007	0	0	0	0	0	84	0.00	0.00
2008	0	0	0	0	0	89	0.00	0.00
2009	0	0	0	0	0	94	0.00	0.00
2010	0	12,278	12,278	34,723	0	99	0.00	0.00
2011	0	21,487	21,487	36,713	0	105	0.00	0.00
2012	0	136,289	136,289	38,818	97,471	111	878.12	674.30
2013	0	136,289	136,289	41,043	95,246	117	811.55	596.35
2014	0	136,289	136,289	43,396	92,893	124	748.59	526.39
2015	0	136,289	136,289	45,884	90,406	131	689.04	463.66
2016	0	136,289	136,289	48,514	87,775	139	632.72	407.43
2017	0	136,289	136,289	51,295	84,994	147	579.45	357.06
2018	0	136,289	136,289	54,236	82,054	155	529.08	311.98
2019	0	136,289	136,289	57,345	78,944	164	481.43	271.66
2020	0	136,289	136,289	60,632	75,657	173	436.37	235.63
2021	0	136,289	136,289	64,108	72,181	183	393.75	203.46
2022	0	136,289	136,289	67,783	68,506	194	353.44	174.76
2023	0	136,289	136,289	71,669	64,620	205	315.32	149.20
2024	0	136,289	136,289	75,777	60,512	217	279.26	126.45
2025	0	136,289	136,289	80,121	56,168	229	245.16	106.23
2026	0	136,289	136,289	84,714	51,575	242	212.90	88.28
2027	0	136,289	136,289	89,571	46,718	256	182.40	72.37
2028	0	136,289	136,289	94,706	41,584	271	153.55	58.30
2029	0	136,289	136,289	100,135	36,155	286	126.27	45.88
2030	0	136,289	136,289	105,875	30,414	303	100.46	34.93
2031	0	136,289	136,289	111,945	24,345	320	76.05	25.30
2032	0	136,289	136,289	118,362	17,927	338	52.97	16.86
2033	0	136,289	136,289	125,147	11,142	358	31.14	9.49
2034	0	136,289	136,289	132,321	3,968	378	10.49	3.06
2035	0	136,289	136,289	139,907	0	400	0.00	0.00
2036	0	136,289	136,289	147,927	0	423	0.00	0.00
2037	0	136,289	136,289	156,407	0	447	0.00	0.00
2038	0	136,289	136,289	165,374	0	473	0.00	0.00
2039	0	136,289	136,289	174,854	0	500	0.00	0.00
Total Debt Service Credit								(\$4,692.83)

Notes:

[1] Estimated incremental ERUs times the maximum allowable SDC.

**Exhibit A-7
Gold Mountain Community Services District
System Development Charge
Water SDC Summary**

Existing SDC	\$1,000
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SDC Calculation Results

Source of Supply	\$931
Storage	8,790
Transmission Mains	1,145
General Plant	274
Debt Service Credit for Bonds/Loans	(4,693)
Maximum Allowable SDC	\$6,447

Proposed SDCs	\$6,450
----------------------	----------------

Sample SDCs by Meter Size (inches)

Meter Size	Weighting Factor [1]	SDC
1"	1.00	6,450
1 1/2"	2.00	12,900
2"	3.20	20,640
3"	6.00	38,700
4"	10.00	64,500
6"	20.00	129,000

[1] AWWA safe operating capacities for displacement type meters.

Exhibit A-8
Gold Mountain Community Services District
Water System Development Charge
Capital Improvement Plan

Capital Outlays [1]	2007	2008	2009	2010	Total
Re-construct Well #29 - COMPLETED	0	0	0	0	0
Construct New Well(s)	0	200,000	0	0	200,000
Construct Supply Transmission Line - \$ unknown	0	0	0	0	0
Supply Reinforcement Project	0	0	0	0	0
Transmission Main	0	0	0	280,000	280,000
Construct Storage Tanks	0	0	0	1,500,000	1,500,000
Booster Station Upgrades	0	0	0	90,000	90,000
Telemetry	0	0	150,000	0	150,000
<i>Total Capital Outlays</i>	\$0	\$200,000	\$150,000	\$1,870,000	\$2,220,000

Notes:

[1] Costs in 2007 dollar per 2007 CIP

Appendix B

Wastewater System Development Charge

**Exhibit B-1
 Gold Mountain Community Services District
 Sewer System Development Charge
 Development of ERUs**

Gallons Per ERU per Day [1]	200
System Design [1]	100,000
ERU's	500

Year	Average Annual Flow (MG)	ERUs	Additional ERUs per Year
2007	0.02	84	
2008	0.02	89	5
2009	0.02	94	5
2010	0.02	99	5
2011	0.02	105	6
2012	0.02	111	6
2013	0.02	117	6
2014	0.02	124	7
2015	0.03	131	7
2016	0.03	139	8
2017	0.03	147	8
2018	0.03	155	8
2019	0.03	164	9
2020	0.03	173	9
2021	0.04	183	10
2022	0.04	194	11
2023	0.04	205	11
2024	0.04	217	12
2025	0.05	229	12
2026	0.05	242	13
2027	0.05	256	14
2028	0.05	271	15
2029	0.06	286	16
2030	0.06	303	16
2031	0.06	320	17
2032	0.07	338	18
2033	0.07	358	19
2034	0.08	378	21
2035	0.08	400	22
2036	0.08	423	23
2037	0.09	447	24
2038	0.09	473	26
2039	0.10	500	27
Total ERU's			416

Notes:

[1] Data from 2007 Master Plan, Table 6.0, pg. 7

Exhibit B-2
Gold Mountain Community Services District
Sewer System Development Charge
SDCs for Treatment Plant

Year	Item	Original Cost	2008 Cost	% Growth Related	SDC Eligible
Treatment Plant					
	Land	\$0	\$0	0%	\$0
2006	Windsong Leachfield	0	0	0%	0
2000	Falling Water	0	0	0%	0
Total Existing Plant		\$0	\$0		\$0
Capacity MG					0.07
Gallons Per ERU [1]					200
<i>Total Existing Treatment Plant per Ga.</i>					<i>\$0.00</i>
Future Treatment Plant					
	Wastewater Treatment Plant - 190,000 gpc	\$0	\$0	0%	0
	Windsong Community Leach Field - Phase II	\$150,000	\$154,500	100%	154,500
	Disposal Facilities	1,000,000	1,030,000	100%	1,030,000
	Interest on Future Projects		997,048	100%	997,048
Total Future Treatment Plant		\$1,150,000	\$2,181,548		\$2,181,548
ERUs (2039 ERUs less 2007 ERUs)					416
Total Treatment Plant SDCs per ERU					\$5,244

Notes:

[1] From Exhibit B-1

[2] From Master Plan Report Table 10.0, pg. 15

**Exhibit B-3
Gold Mountain Community Services District
Sewer System Development Charge
SDCs for Collection Plant**

Year	Item	Original Cost	Cost \$2008	Percent SDCs Eligible	SDCs Eligible
Existing Collection Plant					
	2000 Collection Lines	\$0	\$0	0%	\$0
Total Existing Collection Plant		\$0	\$0		\$0
ERUs at plant capacity					242
Existing Collection Plant SDCs per ERU					\$0
Future Collection Plant					
			0	0%	0
Total Future Collection Plant		\$0	\$0		\$0
ERUs (2039 ERUs less 2007 ERUs)					416
Future Collection Plant SDCs per ERU					\$0
Total Collection Plant SDCs per ERU					\$0

**Exhibit B-4
Gold Mountain Community Services District
Sewer System Development Charge
SDCs for General Plant**

Year	Equipment List	Original Cost	Cost \$2008	Percent SDCs Eligible	SDCs Eligible
Existing General Plant [1], [2]					
1900	Building and Structures	\$0	\$0	0%	\$0
1900	Services	0	0	0%	0
2007	Tools/Shop Equipment	0	0	0%	0
1900	Office Equipment	0	0	0%	0
1900	Communication Equipment	0	0	0%	0
2007	Misc. Equipment/Vehicles	0	0	0%	0
Total Existing General Plant		\$0	\$0		\$0
Total General Plant					\$0
ERUs at plant capacity					242
Existing General Plant SDC per ERU					\$0
Future General Plant					
	Effluent Disposal Study	\$50,000	51,500	100%	\$51,500
	Interest on Future Projects		43,350	100%	43,350
Total Future General Plant		\$50,000	\$94,850		\$94,850
ERUs (2039 ERUs less 2007 ERUs)					416
Future General Plant SDC per ERU					\$228
General Plant SDCs per ERU					\$228

Note:

[1] Maximum of 10 years of interest was assessed for Large Assets

[2] Maximum of 5 years of interest was assessed for Small Assets

Exhibit B-6
Gold Mountain Community Services District
Summary Sewer System Development Charge

Existing SDC	\$2,000
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SDCs Calculation Results

Wastewater Treatment Plant	\$5,244
Collection Plant	0
General Plant	228
Debt Service Credit	(2,208)
Maximum Allowable SDC per ERU	\$3,264

Maximum Allowable SDC per ERU	\$3,260
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Sample SDCs by Meter Size (inches)

Meter Size	Weighting Factor (1)	SDCs
1"	1.00	3,260
1 1/2"	2.00	6,520
2"	3.20	10,432
3"	6.00	19,560
4"	10.00	32,600
6"	20.00	65,200

Note:

[1] AWWA safe operating capacities for displacement type meters.

Exhibit B-7
Gold Mountain Community Services District
Sewer System Development Charge
Capital Improvement Plan

Capital Projects [1]	2006	2007	2008	2009	2010	Total
Disposal Facilities	0	0	0	0	1,000,000	1,000,000
Wastewater Treatment Plant - 190,000 gpd	0	0	0	0	0	0
Windsong Community Leach Field - Phase II	0	0	0	150,000	0	150,000
Effluent Disposal Study	0	0	0	50,000	0	50,000
<i>Total Capital Projects</i>	\$0	\$0	\$0	\$200,000	\$1,000,000	\$1,200,000

Notes:

[1] Costs in 2007 dollars per 2007 CIP