



**Board Administrative Committee  
November 5, 2020**

**SUBJECT:**

Financial Participation Charges (FPC) Study

**BACKGROUND:**

The District adopted a Triennial Strategic Plan for 2019 – 2021 with seven strategic priorities, including fiscal responsibility and appropriate investments. The District's goal is to ensure financial stability and demonstrate responsible stewardship of public funds. One of the District's initiatives to meet this goal is to evaluate fees, rates, and charges to ensure that each customer class pays its proportionate fair share, while generating adequate revenues to meet the District's financial obligations.

Financial Participation Charges (FPC), also known as connection fees, are collected from new development to pay for planned and existing water and wastewater facilities. These charges ensure that everyone pays a fair share of the District's capital facilities and infrastructure. FPC's were last studied and adopted by the Board in 2011. The District adjusts rates annually for inflation utilizing the Engineering News Record (ENR) annual Construction Cost Index.

Staff is initiating a new study to evaluate the revenue requirements and cost allocation for District system capacities in order to recommend adjustments to the current FPC. Staff prepared a presentation which includes an overview of FPC's, Request for Proposal process, and project timeline for the planned study and seek input and feedback from the Board Administrative Committee.

**FINANCIAL IMPACT:**

Funding for this item is provided for in the Biennial Budget for Fiscal Years 2019-20 and 2020-21.

**STRATEGIC PLANNING GOAL/OBJECTIVE:**

**Proportionate Cost of Service:** Continue to evaluate EMWD's fees, rates and charges to ensure that each customer class pays its proportionate fair share, while generating adequate revenues to meet EMWD's financial obligations.

**ENVIRONMENTAL IMPACT:**

None

**RECOMMENDATION:**

This item is informational only.

**SUBMITTED BY:**



Paul D. Jones II, P.E., General Manager

10/29/2020



Laura Nomura, Deputy General Manager

10/28/2020

**Attachment(s):**

*Presentation*

Staff Contact: Gary Molin