



Financial Participation Charges Update

Charles Turner

Gary Molin

February 11, 2020

Agenda

- Financial Participation Charge (FPC) Revenue Summary
- Review FPC Study Process and Schedule
- Discussion

District's Triennial Strategic Plan:

Fiscal Responsibility and Appropriate Investment:

Ensure financial stability and demonstrate responsible stewardship of public funds.

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.

What are Financial Participation Charges?

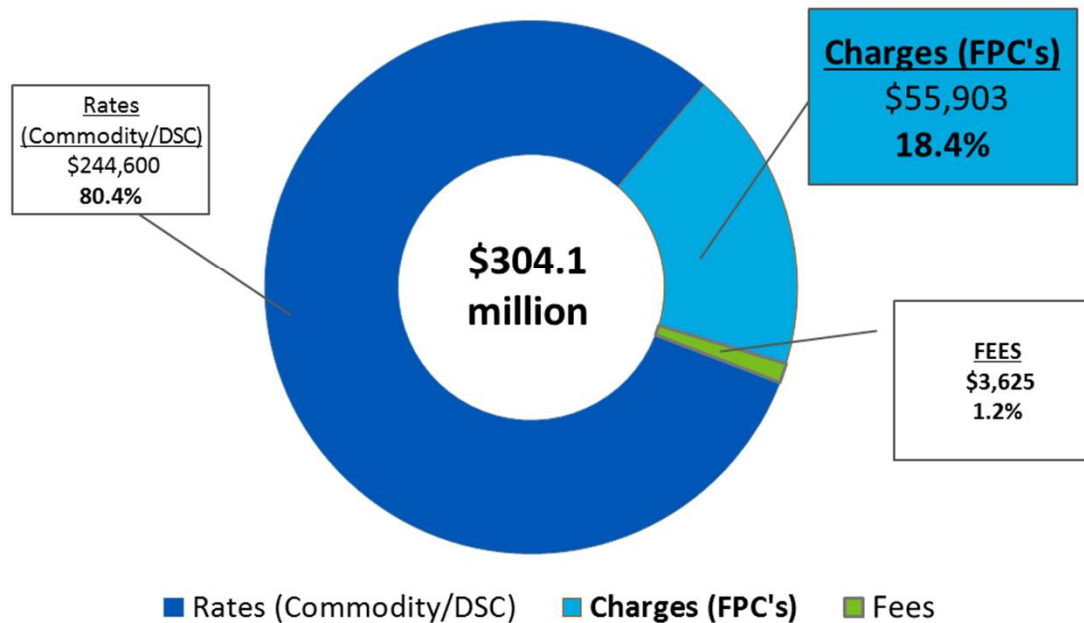
- FPCs help ensure development pays its fair share of the District's capital facilities
- FPCs, sometimes referred to as "connection fees," are collected to pay for planned and existing regional water and wastewater facilities
- Development is required to proportionately buy-in to these capital facilities through the payment of FPCs on an Equivalent Meter Service (water) and Equivalent Dwelling Unit (sewer) basis
- Some regional capital facilities include:
 - Water transmission pipelines
 - Pumping Stations
 - Wastewater Treatment Plants
 - Sewage Transmission Lines
 - Sewage Lift Stations



EMWD Revenue Sources

- The District's annual revenue from Rates, Fees and Charges was \$304 million in FY 2018-19 ¹
- Charges include Financial Participation Charges (FPC) representing 18.4% of these revenues

FY 2018-19 Rates/Fees/Charges Revenue (\$000)



¹ Excludes non-operating revenue (i.e. property tax, grants, interest, late fees and other fees included in ph. 2 of Fee for Service Study)



FPC Study Process

- The District's last FPC study was completed in 2011
 - The District has subsequently adjusted FPCs based upon the Engineering News Record (ENR) annual Construction Cost Index
- New study will reevaluate the revenue requirements, cost allocation methodologies and resulting charge amounts for system capacities
- Some of the key elements of the proposed study include:
 - Review existing FPC charge methodology, capital and master plans, and system capacities
 - Review functional allocations and make recommendations
 - Recommend updated charge amounts for each system
- Additionally, the consultant will be tasked to assess two cases:
 - Regional water tank planning and development conditioning, and
 - Recycled water distribution facilities and charges assessed in different regions depending on development conditioning

Proposed Schedule for Connection Fee Study

Task	Target Date
RFP for Connection Fee Study Consultant	February 2020
Consultant Proposals Due	April 2020
Proposal Evaluation/Selection	May 2020
Board Action: Consultant Approval/Engagement	June 2020
Connection Fee Study	July – December 2020
Outreach: BIA	July – December 2020
Board Action: Fee Study and FPC Adoption	January 2021



Contact Information

Charles Turner
Chief Financial Officer
(951) 928-3777 Ext. 4363

Email: turnerc@emwd.org

Gary Molin
Finance Manager III
(951) 928-3777 Ext. 4556

Email: moling@emwd.org

