

**CITY OF LOMPOC
FIVE-YEAR FINDINGS COMPLIANCE REPORT FOR
WASTEWATER SYSTEM IMPACT FEES
Fiscal Year Ending June 30, 2019**

For the purpose of compliance with Government Code Subsection 66001(d)(1), the following information regarding Development Impact Fees is presented:

For the fifth fiscal year following the first deposit into the account or fund, and every five years thereafter, the local agency shall make all of the following findings with respect to that portion of the account or fund remaining unexpended whether committed or uncommitted:

(A) Identify the purpose to which the fee is to be put.

Wastewater System Impact Fees – The purpose of these fees is to provide funds for the collection, treatment and proper disposal of wastewater. These fees provide the facilities for the above described services to accommodate the demands generated by future development within the City as identified in the following tables:

Table 23.1
Wastewater System improvements

Improvement Project	Paid from 1998 Bonds ¹	Paid from 2004 Bonds ²
Gas Management System (1994)	\$ 1,191,284	
Stage 1 WWTP Improvements (2004-2006)		\$ 32,400,000
Stage 2 WWTP Improvement Project (2007)		\$ 14,379,000
Vehicles and Equipment		\$ 107,000
Total	\$ 1,191,284	\$ 46,886,000

¹ Actual costs paid from 1998 bond issue; includes refinancing of 1992 bonds.

² Estimated cost to be paid from 2004 bond issue and State Revolving Fund loan. (After publication of study dated November 5, 2003, a 2007 bond issue was added).

[Table 23.1 obtained from *City of Lompoc – Impact Fee Study – Final Report* dated November 5, 2003. Dollar amounts identified are unadjusted for inflation.]

Since 1992 through 2003 (the date of publishing the impact fee study) and from 2003 to 2012, Lompoc had undertaken major improvements to the wastewater system. The primary improvement, serving both existing and new development, was the replacement of the Lompoc Regional Wastewater Reclamation Plant (LRWRP). The LRWRP Master Plan was completed in 2003 and anticipated needs for new development of approximately 14%. Tables 2.3 and 2.4 of the impact fee study published November 5, 2003 outlines new development capacity needs.

As with the Water System improvements, to further complicate matters, most of the cost of those improvements has been funded by bonds, and the bonds will be repaid largely from increases in wastewater service charges. Because newcomers start contributing to those wastewater service charges once they connect to the system, the impact fees need to reflect that contribution.

(B) Demonstrate a reasonable relationship between the fee and the purpose for which it is charged.

The impact fees calculated for the wastewater system are based on the amount of the service charges implicitly deferred from the point at which City begins budgeting service charge revenue for debt service, to the point at which a particular user pays the impact fee. The impact fee report of 2003 recommended the deferred amount be adjusted annually to account for inflation. In effect, the City borrows from current users to cover debt service on the share of system capacity that is reserved for future users. When those future users connect to the system, they repay the loan through the impact fee.

Table 23.2 identifies the reasonable relationship between the impact of new development and the costs attributable to new development for each improvement project identified in Table 23.1.

Table 23.2
New Development Share of Wastewater System Improvement Costs

Improvement Project		Paid from 1998 Bonds ¹	Paid from 2004 Bonds ²
Gas Management System (1994)		\$ 1,191,284	
Stage 1 WWTP Improvements (2004-2006)			\$ 32,400,000
Stage 2 WWTP Improvement Project (2007)			\$ 14,379,000
Vehicles and Equipment			\$ 107,000
Total		\$ 1,191,284	\$ 46,886,000
City's Share of Total Cost ³	72.8%	\$ 867,255	\$ 34,133,008
New Development Share of City Share ⁴	14.0%	\$ 121,416	\$ 4,778,621

¹ Actual costs paid from 1998 bond issue; includes refinancing of 1992 bonds.

² Estimated cost to be paid from 2004 bond issue and State Revolving Fund loan. (After publication of study dated November 5, 2003, a 2007 bond issue was added).

³ Share of capacity divided by cost committed to the City; remainder committed to VAFB and VVCSO.

⁴ See Tables 2.3 and 2.4 (in the impact fee study published November 5, 2003) for new development capacity needs vs. total City capacity needs.

[Table 23.2 obtained from *City of Lompoc – Impact Fee Study – Final Report* dated November 5, 2003. Dollar amounts identified are unadjusted for inflation.]

Table 23.3 shows the calculation of the Impact Fee per unit as included in the impact fee study published in 2003.

Table 23.3
Impact Fee per EDU by Fiscal Year – Wastewater System Improvements

Fiscal Year	Debt Svc - 1998 Bonds ¹		Debt Svc - 2004 Bonds ²		New Dev Debt Service ³		Debt Svc per EDU ⁴	CPI Change ⁵	Impact Fee Per EDU ⁶
	Total	New Dev	Total	New Dev	Total	per GPD			
1998-99	\$ 68,879	\$ 7,026			\$ 7,026	0.0145	\$ 2.91		
1999-00	\$ 79,403	\$ 8,099			\$ 8,099	0.0168	\$ 3.35	3.4%	\$ 2.91
2000-01	\$ 79,727	\$ 8,132			\$ 8,132	0.0168	\$ 3.37	2.8%	\$ 6.34
2001-02	\$ 79,954	\$ 8,155			\$ 8,155	0.0169	\$ 3.38	1.6%	\$ 9.81
2002-03	\$ 79,479	\$ 8,107			\$ 8,107	0.0168	\$ 3.36	2.5%	\$ 13.44
2003-04	\$ 80,214	\$ 8,182			\$ 8,182	0.0169	\$ 3.39	2.5%	\$ 17.13

Terms:

GPD = Gallons per day

EDU = Equivalent Dwelling Unit

CPI = Consumer Price Index as published by the U.S. Bureau of Labor Statistics.

- ¹ Actual debt service on wastewater system portion of 1998 bonds; new development share = 10.2% of total.
- ² Estimated debt service on wastewater system portion of 2004 bonds and loan; new development share = 10.2% of total. Subsequent to issuance of November 5, 2003 report, the 2005 and SRF loan debt added to the 2004 projected debt amount.
- ³ Total wastewater debt service from 1998 and 2004 bonds/loan attributable to new development. Debt service per GPD = Total divided by 483,000 GPD.
- ⁴ Debt service per EDU = debt service per GPD multiplied by 200 GPD per EDU.
- ⁵ CPI change included to offset inflation. Numbers after 2002-03 are assumed. Future changes should be inserted in table year-by-year.
- ⁶ Impact fee per EDU *in nominal dollars* = previous year cost per EDU plus sum of earlier years' costs plus inflation adjustment.

[Table 23.3 obtained from *City of Lompoc – Impact Fee Study – Final Report* dated November 5, 2003. Dollar amounts identified are unadjusted for inflation beyond 2003-04.]

Lompoc collects water and wastewater impact fees based on installed meter size, a recognized standard practice. Meter size is used based on the relative capacity of the delivery of water for each size of meter. The impact fee is expressed per EDU (equivalent dwelling unit) converted based on meter size in Table 23.4 below.

Table 23.4
Impact Fees per Unit of Development – Wastewater System Improvements

Water Meter Size	EDU Factor ¹	Impact Fee per EDU ²	Impact Fee per Meter ³
5/8"	1.0	\$ 17.13	\$ 17.13
3/4"	1.0	\$ 17.13	\$ 17.13
1"	1.7	\$ 17.13	\$ 29.12
1-1/2"	3.3	\$ 17.13	\$ 56.52
2"	5.3	\$ 17.13	\$ 90.78
3"	10.7	\$ 17.13	\$ 183.27
4"	16.7	\$ 17.13	\$ 286.04
* 6"	31.0	\$ 17.13	\$ 530.97
* 8"	54.8	\$ 17.13	\$ 938.62
* 10"	85.6	\$ 17.13	\$ 1,466.17
* 12"	97.4	\$ 17.13	\$ 1,668.28

Terms:

EDU = Equivalent Dwelling Unit

- ¹ EDU factor based on relative capacity of various meter sizes with 5/8" and 3/4" meters set equal to 1.0 EDU.
² See Table 23.3.
³ Impact fee per meter = EDU factor multiplied by impact fee per EDU.
* Meter sizes not in the original report dated November 5, 2003, EDU factors based on relative capacity for each meter size.

[Table 23.4 obtained from *City of Lompoc – Impact Fee Study – Final Report* dated November 5, 2003. Dollar amounts identified are unadjusted for inflation.]

(C) Identify all sources and amounts of funding anticipated to complete financing in incomplete improvements identified in paragraph (2) of subdivision (a).

See below for subdivision (a), paragraph (2).

Identify the use to which the fee is to be put. If the use is financing public facilities, the facilities shall be identified. That identification may, but need not, be made by reference to a capital improvement plan as specified in Section 65403 or 66002, may be made in applicable general or specific plan requirements, or may be made in other public documents that identify the public facilities for which the fee is charged.

As wastewater system impact fees are based on meter size, development type is not relative but rather water meter sizes connected are relevant. Accordingly, projected wastewater system impact fees are presented in total by fiscal year, based on an assumed straight-line development progression. Table 23.5 shows the projected revenue for wastewater system improvement impact fees, based on a 2.5% discount for inflation through 2023-24.

Table 23.5
Projected Revenue - Impact Fees for Wastewater System Improvements

Fiscal Year	Projected Revenue ¹
2003-04	\$ 2,073
2004-05	\$ 2,391
2005-06	\$ 5,364
2006-07	\$ 8,264
2007-08	\$ 11,093
2008-09	\$ 24,091
2009-10	\$ 36,773
2010-11	\$ 49,145
2011-12	\$ 61,216
2012-13	\$ 72,993
2013-14	\$ 84,483
2014-15	\$ 95,694
2015-16	\$ 106,630
2016-17	\$ 117,300
2017-18	\$ 127,709
2018-19	\$ 137,867
2019-20	\$ 147,773
2020-21	\$ 157,439
2021-22	\$ 166,869
2022-23	\$ 176,071
2023-24	\$ 184,913
Total	\$ 1,776,150

¹ Projected revenue assumes new development represents added demand of 121 EDU's per year. Revenue projections are discounted at 2.5% per year.

[Table 23.5 obtained from *City of Lompoc – Impact Fee Study – Final Report* dated November 5, 2003. Dollar amounts identified are unadjusted for actual inflation but are based on a projection of 2.5% inflation per year.]

As shown in Table 23.2, the cost of wastewater system improvements needed to be provided by new development in the City was \$4,778,621 (unadjusted for inflation) at the time of the *City of Lompoc – Impact Fee Study – Final Report’s* publication date of November 5, 2003. As the City secured bonds to construct the improvements, all collected impact fees offset already expended funds for new development. The rate at which new development occurs compared with the straight-line projection of development will dictate how much funding has been returned to the water utility from development for previously constructed improvements. A positive amount indicates the repayment (and thus development) has outpaced the presumed rate of growth. A negative amount indicates development has not outpaced the presumed rate of growth. The City of Lompoc has a cumulative (\$6,047,877.60) deficit (in current dollars) in impact fees (less cumulative payments for related improvements) for Wastewater System improvements at June 30, 2019. Table 23.5 identifies the estimated collection of Wastewater System impact fees throughout the entire period of build-out anticipated in the impact fee study dated November 5, 2003, discounted by 2.5% annually.

As the existing wastewater system improvements are for both existing and new development, new development provides a portion of the resources necessary to provide for all water system improvements anticipated by the City at the time of the 2003 impact fee study publication. Additional resources in the form of customer service charges provide the remaining funding of the water system improvements through build-out.

(D) Designate the approximate dates on which the funding referred to in paragraph (C) is expected to be deposited into the appropriate account or fund.

Funds for wastewater system improvements are expected to be deposited into the appropriate accounts between inception in 2003 and the build-out date of the then existing General Plan, adopted in 1997, or approximately 2027-2044.