



Connection Service Fees and Fire Flow Availability Letters

Public Hearing | Board of Directors
October 21, 2026

Presented by: by Patrick L. Enright, District General Counsel

What is before the Board tonight

1. Update three existing fees

- Water meter installation, water connection inspections, sewer lateral inspections

2. Adopt one new fee

- Fire flow availability letters — a service the District provides today at no charge

3. Act by resolution

- After a public hearing, on the basis of the District's cost of providing each service

Not before the Board tonight: monthly water and sewer rates, capital improvement fees, the water supply augmentation fee, and security impact fees. None of these change as a result of this item.

The fees as they stand today

Service	Current fee	How it is charged
Water meter installation	\$522.32	Per meter installed
Water connection inspections	\$165.18	Once per lot — covers two inspections
Sewer lateral inspections	\$165.18	Once per lot — covers two inspections
Fire flow availability letter	No fee	Service provided at no charge
Total for a typical new lot	\$852.68	

Last set in July 2027 The amounts have not been revisited since then. Wages, benefits, materials and equipment costs have all risen in the intervening period.

Why these fees are before you now

What has changed since the fees were last set

- Wages and benefits have increased under successive budgets
- Meter and endpoint materials now cost \$497.06 for a one-inch installation
- The District now performs two inspections per lot for water and two for sewer
- Fire flow letters now require a field test and engineering review the District absorbs

Who pays the difference today

- Every ratepayer in the District. When a fee recovers less than the service costs, the balance comes out of water and sewer revenue paid by existing customers — not by the applicant who received the service.

What the law requires

Two rules govern what the District may charge

Two rules govern these fees

1. A ceiling on the amount

- Government Code sections 66013 and 66016: a fee of this kind may not exceed the estimated reasonable cost of providing the service. The District may charge less. It may never charge more.

2. The burden of proof is ours

- California Constitution, article XIII C, section 1(e) — Proposition 26: the District must be able to prove the fee does not exceed cost, and that costs are allocated fairly among those who pay. An objector does not have to prove the opposite.

The practical consequence: every figure in the fee calculation must trace to a document a third party could look up — a salary schedule, a budget page, an invoice, a contract rate.

What the District may and may not recover

May be recovered

- Staff time to perform the work, at wages and benefits the District actually pays
- Supervision and coordination of that work
- Vehicle, equipment and materials used
- A fair share of District administration
- District Engineer time on a specific request

May not be recovered

- Capital facilities, system capacity or expansion — those are recovered through the capital improvement and augmentation fees
- Debt service
- General District legal costs not tied to a specific application
- Routine system maintenance

A fee that includes something on the right is no longer a fee. It is a tax, and it would require voter approval.

Why this is not a Proposition 218 proceeding

Proposition 218 governs fees imposed on property as an incident of property ownership — monthly water and sewer service charges, for example. Those require mailed notice to every property owner and a majority protest procedure.

Paid only on request

- These are charged to an applicant who asks the District for a connection, an inspection or a letter

Not collected on the tax roll

- They are not billed to property owners generally and are not placed on the Sacramento County tax roll

Confirmed by the courts

- *Richmond v. Shasta Community Services District* (2004) 32 Cal.4th 409 holds that water connection charges are not property-related fees under Proposition 218.

Notice the District has given

October 7	Written notice mailed and emailed	To everyone who has filed a written request for notice of District fees, and to developers and builders — fourteen days before the hearing (Gov. Code, § 66016) No request on file with District
October 9 & 16	Published in the Elk Grove Citizen	Twice, in a newspaper of general circulation (Gov. Code, §§ 66018, 6062a)
October 11	Cost analysis made public	Posted at the District office and on the District website — ten days before the hearing (Gov. Code, § 66016)
October 21	Public hearing	Tonight, as part of a regularly scheduled meeting on a posted agenda
<i>Every notice requirement that applies to these fees has been met</i>		

HOW THE FEES WERE CALCULATED

Each fee was built from the elements of the work

Labor The wage for the classification doing the work, from the adopted salary schedule, plus the District's benefit cost	Available hours Spread across the hours staff are actually available to work in a year, not a nominal 2,080
Supervision The time required to process the request, schedule the work and complete the records	Overhead A documented share of District administration, allocated by [method]
Direct costs Vehicle and equipment per trip, and materials at invoiced cost	Engineering District Engineer time where a specific request requires it

Proposed fees

Service	Current	Proposed	Change
Water meter Installation – 1" meter	\$522.32	\$926.00	\$403.68
Water meter installation – larger than 1"	_____	Actual Cost	New
Water connection inspections – per lot	\$165.18	\$547.00	\$381.82
Sewer lateral inspections – per lot	\$165.18	\$547.00	\$381.82
Each inspection beyond the two covered	_____	Half the Fee	New Fee
Fire Flow availability letter	_____	\$613.00	New Fee
Typical new single family	\$852.68	\$2,020.00	1,167.32

Each proposed fee is at or below the District's calculated cost of providing that service

Two points on how the fees are applied

Inspections

- A new lot requires two water inspections and two sewer inspections
- One fee is charged per lot and covers both of the required inspections
- That is how the District charges today, and it does not change
- Each inspection beyond the two is charged at half the fee — the District's cost of a single inspection
- This recovers cost. It is not a penalty

Meters larger than one inch

- Nearly every new residential connection uses a one-inch meter
- Larger meters are installed infrequently, and their cost varies considerably by size
- A larger meter is charged at the one-inch fee plus the District's actual added cost
- The applicant receives an itemized statement of that cost

The Board's choices tonight

1.	Adopt as recommended	Set each fee at the District's calculated cost of providing the service
2.	Adopt at a lower amount	The Board may set any fee below cost. The difference continues to be paid by existing ratepayers
3.	Adopt some, continue others	Act on the fees the Board is prepared to set; fees not adopted remain at current levels
4.	Continue the item	Direct further analysis and return at a later meeting
	What the Board may not do: set any fee above the District's cost of providing the service	

If the Board adopts the resolution

60 Days	The fees take effect sixty days after adoption, on December 20, 2026 (Gov. Code, § 66017)
120 Days	Any legal challenge to the fees must be filed within 120 days of the effective date (Gov. Code, § 66022)
Annually	Staff reviews the fees against actual cost and recommends a reduction of any fee that recovers more than it costs (Gov. Code, § 66016)
Immediately	Staff updates the application forms, the fee schedule and the fire flow letter template
<i>Recommendation: conduct the public hearing and adopt Resolution No. 2026-17</i>	

THANK YOU!

Presented by Patrick L. Enright, District General Counsel