

**East Bay Municipal Utility District
Capacity Charge Report
Fiscal Year 2024
December 23, 2024**

The East Bay Municipal Utility District (District) established its System Capacity Charge (SCC) was established in 1983 to recover the proportional share of the costs of capital facilities necessary to provide capacity for new and expanded water system use. The SCC helps to fund the District's water system capital improvement program, including the payment of debt service and funding for future water supply upgrades to meet long-term increases in future use.

The Wastewater Capacity Fee (WCF) program was established in 1984. The purpose of the WCF program is to recover the costs of capital facilities necessary to provide wastewater treatment capacity for new and expanded system use. WCFs are used to replace and repair major equipment or facilities within the wastewater system. The WCF program helps to fund the District's capital program, including the payment of debt service and funding for wastewater related capital projects.

Government Code Section 66013 requires local agencies that collect capacity charges to deposit and account for these fees in a separate capital facilities fund. In addition, local agencies are required to annually provide certain information on the activity in this fund to the public. Government Code Section 66013 (b) (3) defines a Capacity Charge as *“a charge for public facilities at the time the charge is imposed or charges for new public facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged, including supply or capacity contracts for rights or entitlements, real property interests, and entitlements and other rights of the local agency involving capital expense related to its use of the use of existing or new public facilities.”*

Government Code Section 66013 (d) outlines the reporting requirements on the capital facilities funds and expenditures. Government Code Section 66013 (f) (2) exempts capacity charges that are used to pay existing debt service from the reporting requirements of Section 66013 (d).

The District has the following capacity charge funds:

Future Water Supply Fund. The District collects a SCC from applicants for new water service. The amount of the SCC is based on the new development's proportionate share of the cost of Water System facilities, including existing District system-wide and regional facilities and future water supply projects. Funding for future water supply projects comes from the Future Water Supply (FWS) component of the SCC (or from debt financing if the revenues from the FWS component revenues are insufficient). Changes in the FWS fund for Fiscal Year 2024 (FY 2024) are shown in the table below.

FY 2024 Future Water Supply Fund	
Beginning balance as of 7/1/23	\$1,490,979
Charges Collected	3,539,104
Costs Applied*	-5,721,026
Interest Earnings	37,925
Ending Balance as of 6/30/24	0

*\$653,018 in FY 2024 costs will be applied in FY 2025

FY 2024 Future Water Supply Costs Applied by Project*	
Los Vaqueros Expansion	-\$1,985,857
San Joaquin Banking Project	-660,030
Groundwater Bayside Phase 2	-154,896
San Ramon Valley Recycled Water Project	0
East Bayshore Recycled Water Project	-2,534,390
Phillips 66 Refinery Recycled Water Project	-385,853
Total	-5,721,026

*Includes FY 2023 costs applied in FY 2024

For FY 2025, FWS projects are anticipated to be similar to those in FY 2024 except that the Los Vaqueros Expansion and Groundwater Bayside Phase 2 projects will no longer be considered as projects to which the FWS component of the SCC will be applied.

System Capacity Buy-In Component. In addition to the FWS component, the SCC includes a buy-in component to pay for the proportional share of the existing water system infrastructure. The revenue from the buy-in component is used to pay the debt service on existing water system infrastructure debt and is exempt from the reporting requirements of Government Code Section 66013 (d). As shown in the table below, the revenues from the buy-in component are used to pay debt service. Therefore, the fund balance is maintained at \$0 and no interest is earned.

FY 2024 System Capacity Buy-In Component	
Beginning Balance as of 7/1/23	\$0
Charges Collected	22,555,572
Costs Applied	-22,555,572
Interest Earnings	0
Ending Balance as of 6/30/24	0

For FY 2025, the District anticipates using revenue from the buy-in component to pay a portion of the debt service on existing water system infrastructure debt.

Wastewater Equipment Replacement Fund. The District collects a Wastewater Capacity Fee from applicants for new wastewater connections. This fee is collected in the Wastewater Equipment Replacement Fund and is used to pay for Wastewater System equipment replacements. Changes in this fund for FY 2024 are shown in the table below.

FY 2024 Wastewater Equipment Replacement Fund	
Balance 7/1/23	\$24,693,143
Charges Collected	3,534,193
Costs Applied	-23,885,560
Interest Earnings	229,423
Balance 6/30/24	4,571,197

FY 2024 Wastewater Equipment Replacement Fund Costs Applied by Project	
3rd Street Sewer Interceptor Rehab Phase 2	\$984,510
Pump Station M and Force Main Access Rehab	-12,514,120
Oxygen Plant Recoating	-1,910,385
FY 2022-2023 Master Routine Capital Equipment Replacement	-1,187,765
Main Wastewater Treatment Plant Hypochlorite Piping Replacement	-9,257,800
Total	-23,885,560

For FY 2025, Wastewater Equipment Replacement Fund expenditures are anticipated to be approximately \$8.4 million. Wastewater Equipment Replacement Fund projects in FY 2025 will include the FY 2024 – FY 2025 Routine Capital Equipment Replacement project costs.