



# City of Oceanside

300 North Coast Highway,  
Oceanside, California 92054

## Staff Report

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**File #:** 24-506

**Agenda Date:** 4/23/2025

**Agenda #:** 23.

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**DATE:** April 23, 2025

**TO:** Honorable Mayor and City Councilmembers

**FROM:** Water Utilities Department

**TITLE: INTRODUCTION OF AN ORDINANCE AMENDING CHAPTER 29 OF THE OCEANSIDE CITY CODE TO ESTABLISH WASTEWATER SYSTEM CAPACITY BUY-IN FEE ADJUSTMENTS AND INTRODUCTION OF AN ORDINANCE AMENDING CHAPTER 37 OF THE OCEANSIDE CITY CODE TO ESTABLISH WATER SYSTEM CAPACITY BUY-IN FEE ADJUSTMENTS**

### **RECOMMENDATION**

Staff recommends that the City Council introduce an ordinance amending Chapter 29 of the Oceanside City Code to establish wastewater system capacity buy-in fee adjustments; introduce an ordinance amending Chapter 37 of the Oceanside City Code to establish water system buy-in fee adjustments; and direct staff to implement the capacity buy-in fee adjustments.

### **BACKGROUND AND ANALYSIS**

The Oceanside Water Utilities Department (Department) provides water and wastewater services to residents and commercial customers in the City via an extensive system of treatment plants, pump stations, lift stations, distribution and collections pipelines and appurtenances. Customers who require a new service connection for water and sewer services (essentially, a new meter, not an existing connection that is being taken over) provided by the Department must pay the appropriate water and/or wastewater capacity buy-in fees. These fees account for the cost of providing the necessary capacity to provide service, as well as a pro-rated portion of the cost of building the water and wastewater systems. The Department recently secured the services of Carollo Engineers to update these fees, which have not been updated since 2015.

#### **Wastewater and Water System Capacity Buy-in Fees**

System capacity buy-in fees are charged to new developments or modifications to existing developments resulting in a property requiring additional water or wastewater system capacity. The proposed wastewater and water system capacity buy-in fees were determined by calculating the value of each system's existing and planned assets and dividing that value by the ultimate capacity of the system over the study period. For this study, the fees were determined based on a 10-year study period through 2035. The 2035 capacity of the system was calculated by applying SANDAG's projected population growth for the City of Oceanside (approximately 5.2%) to the current number of customers within each system. The value of available capacity within the water and wastewater

systems is defined as:

- The value of the existing assets less outstanding debt principal and contributed capital (grants and developer contributions) plus the cost of new capital for future users.

Available capacity is defined as:

- The total number of meter equivalents served by the system.

The City's previous master planning efforts identified potential Capital Improvement Program (CIP) projects for the water and wastewater systems through 2050. Ongoing internal capital planning has identified detailed projects through 2035, and a new master planning effort is scheduled to be completed in the next few years. Many of the projects will provide benefits to both existing and future users. The proposed increase in wastewater and water system capacity buy-in fees will generate revenue needed for construction and expansion of facilities and projects. The table below summarizes the CIP projects that have been considered.

<b>CIP Benefitting New and Existing Users Through Planning Period (2035) (\$Million)</b>				
<b>Project Type</b>		<b>Water</b>	<b>Wastewater</b>	<b>Total</b>
Pipeline Replace	Existing Users	\$ 42.20	\$111.59	\$153.79
	Future Users	2.31	4.08	6.40
Recycled Water	Existing Users	83.28	0.00	83.28
	Future Users	4.57	0.00	4.57
Other Projects (tr plant, pumping, s facilities, etc.)	Existing Users	73.29	285.56	358.85
	Future Users	2.97	13.11	16.08
<b>Total CIP</b>	<b>Existing Users</b>	<b>198.77</b>	<b>397.15</b>	<b>595.92</b>
	<b>Future Users</b>	<b>9.85</b>	<b>17.19</b>	<b>27.04</b>
<b>Grand Total</b>		<b>\$208.63</b>	<b>\$414.34</b>	<b>\$622.97</b>

To ensure a thorough and fair rate allocation, staff used the same process as it does for the development of other rates and followed Government Code Section 66013 to ensure that fees do not exceed the reasonable cost of providing the service funded by these fees.

### Wastewater System

New single-family residences are required to have fire sprinklers, which typically require a 1-inch meter for fire flow, but because most single-family residences have a fixture count that would only require a ¾-inch meter, they are billed for a ¾-inch meter

The current and proposed wastewater system capacity fees by meter size are shown as follows:

### **Wastewater System Capacity Buy-in Fees-Single Family Residential**

Meter Size	Current Fee	Proposed Fee	Increase	Percentage
All meter sizes	\$7,794	\$9,800	\$2,006	25.73%

All wastewater buy-in fees, including single family residential, multi-family and commercial, are proposed to increase by 25.73%.

In addition to the proposed wastewater system capacity buy-in fee increase for customers with normal strength discharge, industrial and high-strength customers pay a calculated capacity charge based on the loading parameters of their flow, biochemical oxygen demand (greater than 300 parts per million), total suspended solids (greater than 300 parts per million) and ammonia (greater than 25 parts per million). Users with higher than normal strengths use a higher proportion of the system capacity at the wastewater treatment plants and these calculated rates recover the associated costs. The following table lists the capacity buy-in fees for each loading parameter:

Proposed Wastewater System Capacity Buy-in Fees-Industrial and High-Streng		
Parameter	Current Buy-in Cost	Proposed Buy-in Cost
Per meter equivalent (custo	\$143.78	\$180.78
Per unit (748 gallons) of was	60.90	76.57
Per pound of Biochemical O discharged	8.31	10.45
Per pound of Total Suspended	4.44	5.58
Per pound of Ammonia disc	5.59	7.03
Note: (1): Applies to higher-than-normal-strength wastewater.		

### Water System

As noted above, the average single-family residence with fire sprinkler system would require a 1-inch meter, but their domestic water demand based on fixture count would only require a ¾-inch meter. Therefore, the water buy-in fees for new development of single-family residences will be charged the ¾-inch buy-in fee plus the additional meter material and installation cost for the larger 1-inch meter.

Attachment 2 is a comparison of water system capacity buy-in fees for other jurisdictions in San Diego County. Oceanside proposed rates are in the upper third of all agencies compared.

The current and proposed water system capacity fees for this type of customer are shown below:

Water System Capacity Buy-in Fees				
Meter Size	Current Fee	Proposed Fee	Increase	Percentage
¾-inch	\$8250	\$10,525	\$2,005	23.53%

All water buy-in fees, including single family residential, multi-family and commercial, are proposed to increase by 23.53%.

The proposed rate and system capacity buy-in fee increases are exempt from California Environmental Quality Act requirements. As provided by SB 330, new housing development projects that file valid preliminary applications under SB 330 are subject to the buy-in fees in effect when the preliminary application was submitted.

### **FISCAL IMPACT**

The proposed increase in wastewater and water system capacity buy-in fees will generate appropriate revenue needed for construction and expansion of facilities and projects. The increase in system buy-in fees will generate an anticipated additional \$350,000 for a total of \$1,740,000 in wastewater and an anticipated additional \$370,000 for a total of \$1,960,000 in water, based on the historical development data for FY 2023-24. Charging appropriate fees reduce the impact on the ratepayer, and these fees are used to replace and upsize the City's water and sewer system as a result of new developments. Staff suggests that going forward, this fee be indexed to the Engineering New Record Construction Cost Index, in order to keep up with construction cost inflation. If these fees are not increased the Department would not have the revenue sufficient to add the necessary capacity.

### **COMMISSION OR COMMITTEE REPORT**

The Utilities Commission approved staff's recommendations at its regularly scheduled meeting on March 18, 2025

### **CITY ATTORNEY'S ANALYSIS**

The Ordinances have been reviewed by the City Attorney and approved as to form.

Prepared by: John McKelvey, Principal Management Analyst  
Reviewed by: Michael Gossman, Assistant City Manager  
Submitted by: Jonathan Borrego, City Manager

### **ATTACHMENTS:**

1. Staff Report
2. Comparison of Buy-in Fees for Local Agencies
3. Wastewater Buy-in Fees Ordinance
4. Water Buy-in Fees Ordinance