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Title: Actions pertaining to transmission grid main reimbursements:
1. RESOLUTION - Making findings under the California Environmental Quality Act (CEQA) that the proposed changes to portions of the Fresno Municipal Code and Master Fee Schedule concerning transmission grid mains and associated reimbursements are not a project pursuant to CEQA Guidelines Section 15378.
2. BILL - (For introduction) - Repealing Section 6-516 of the Fresno Municipal Code and amending Section 6-501(ee) relating to transmission grid mains and associated reimbursements.
3. ***RESOLUTION - 577th amendment to the Master Fee Resolution No. 80-420 to repeal transmission grid credit/reimbursement amounts under the Public Utilities section. (Subject to Mayor's Veto)

Sponsors: Department of Public Utilities

Indexes:

Code sections:

Attachments: 1. Attachment 1 - CEQA Resolution v02.pdf, 2. Attachment 2 - Ordinance v02.pdf, 3. Attachment 3 - MFS Resolution v02.pdf

Date	Ver.	Action By	Action	Result
5/25/2023	1	City Council	APPROVED	Pass

REPORT TO THE CITY COUNCIL

FROM: BROCK D. BUCHE, PE, PLS, Director
Department of Public Utilities

BY: CHERYL BURNS, MPA, Senior Management Analyst
Department of Public Utilities - Administration

SUBJECT

Actions pertaining to transmission grid main reimbursements:

1. RESOLUTION - Making findings under the California Environmental Quality Act (CEQA) that the proposed changes to portions of the Fresno Municipal Code and Master Fee Schedule concerning transmission grid mains and associated reimbursements are not a project pursuant to CEQA Guidelines Section 15378.
2. BILL - (For introduction) - Repealing Section 6-516 of the Fresno Municipal Code and amending Section 6-501(ee) relating to transmission grid mains and associated reimbursements.
3. ***RESOLUTION - 577th amendment to the Master Fee Resolution No. 80-420 to repeal transmission grid credit/reimbursement amounts under the Public Utilities section. (Subject to Mayor's Veto)

RECOMMENDATION

Staff recommends that City Council adopt an Ordinance repealing section 6-516 of the Fresno Municipal Code and amending Section 6-501(ee) relating to Transmission Grid Main (TGM) reimbursements and the definition of transmission grid main. Staff also recommends that City Council adopt a resolution amending the Master Fee Resolution to repeal the transmission grid related reimbursement fees in the Public Utilities Section.

EXECUTIVE SUMMARY

In 2017, the City Council adopted Ordinance 2017-19, which revised the Fresno Municipal Code (FMC) to provide for a citywide Water Capacity Fee (WCF). The City Council also adopted Resolution No. 2017-99 updating and setting the amount of the City's water capacity fee.

It has recently come to the City's attention that there is an inconsistency between TGM reimbursements and WCF reimbursements provided in the FMC. The Department of Public Utilities (DPU) requests City Council approval of an Ordinance to amend portions of the FMC that address the process for reimbursing developers that construct Transmission Grid Mains (TGM). Upon approval of this item, developers will be able to submit invoices for full cost reimbursement, similar to other public works construction projects involving reimbursements.

BACKGROUND

In 2017, the City Council adopted Ordinance 2017-19, which revised the Fresno Municipal Code (FMC) to provide for a citywide Water Capacity Fee (WCF). The City Council also adopted Resolution No. 2017-99 updating and setting the amount of the City's water capacity fee.

It has recently come to the City's attention that there is an inconsistency between TGM reimbursements and WCF reimbursements provided in the FMC. The TGM reimbursement costs provided in FMC Section 6-516 and as set forth in the Master Fee Schedule (MFS) are set at a specific dollar amount per linear foot. As construction costs have increased over time, the specified reimbursement amount no longer covers the entire cost of TGM construction in today's marketplace. However, FMC Section 6-513(e)(3), related to WCF reimbursements, provides that where a developer is required to construct a water supply facility: *"The developer shall be reimbursed based on the full, audited, and approved cost of the water supply facility less the Water Capacity Fees due for the development."*

To rectify the inconsistency, FMC Section 6-516 must be repealed. This would then place the reimbursements for TGMs within the reimbursement framework set forth in FMC Section 6-513(e) and (f). Developers will then be able to submit invoices for full cost reimbursement, similar to other public works construction projects involving reimbursements. To that end, the Department of Public Utilities (DPU) requests City Council approval of an Ordinance to amend portions of the FMC that address the process for reimbursing developers that construct Transmission Grid Mains (TGM).

Further, staff proposes modifying the definition of transmission grid main in FMC section 6-501(ee) to address the updated sizing standard for transmission grid mains. Currently, the FMC identifies mains 10 inches in diameter or larger as TGMs. However, current City standards no longer identify 10-inch mains as TGMs and mains of that size are rarely installed. The current standard for transmission grid

mains is 14-inches in diameter and larger.

The above proposed amendments to the FMC adopted by this Ordinance do not increase, alter, modify, amend, or extend the City's previously adopted water capacity fees. Therefore this Ordinance is not subject to the requirements of Government Code section 66013.

Staff also recommends that Council adopt an amendment to the Master Fee Schedule to remove certain fees related to the construction of transmission grid mains. Specifically, staff recommend deletion of the per linear foot transmission grid main reimbursement rates and the trench surfacing credits for transmission grid main installations. In conjunction with the proposed changes to the FMC, these deletions will allow for developers to be reimbursed for transmission grid main installations based on the "full, audited and approved cost of the water supply facility less the Water Capacity Fees due for the development."

ENVIRONMENTAL FINDINGS

By definition provided in the California Environmental Quality Act (CEQA) Guidelines Section 15378, this item is not a project. All of the City Council's proposed actions as described above, including the proposed action to amend portions of the FMC that address the process for reimbursing developers that construct TGM and the proposed amendment to the Master Fee Schedule, are not an "approval" of a "project," nor does it constitute an "approval" of any expansion project or any other specific project. The capacity fees themselves (and the above proposed actions) merely involve a government funding mechanism, and these amendments to the above matters are not a CEQA project. (See Cal. Code Regs., tit. 14, § 15378, subd. (b)(4).)

LOCAL PREFERENCE

Local preference was not implemented as this item does not involve the bid or award of a construction or services contract.

FISCAL IMPACT

There is no impact to the General Fund. There is also no impact to the Water Enterprise Fund, as the existing Water Capacity Fee fund contains the collected revenues, with fifty percent of the revenues allocated for developer reimbursement for water facilities construction, to be processed in accordance with FMC Section 6-513(f).

Attachments:

Attachment 1 - CEQA Resolution

Attachment 2 - Ordinance

Attachment 3 - MFS Resolution