

# Math calculation to Availability fee

**\$100,000**

(appears bottom line after adjusted appropriation)

**Spent so far:** \$79,994.82

**Balance:** \$15,005.18

(84% of year elapsed)

That gives us a good working annual water-system budget.

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## **Strongest Legal / Practical Method**

Do **not** allocate the full \$100,000 to vacant lots.

Instead, allocate only the **fixed readiness costs** that exist whether water is used or not.

Examples from your budget likely fitting readiness:

- Salaries/Admin portion
- Insurance
- Mainline equipment
- Building maintenance
- Office expense
- Professional services
- Utilities baseline
- Operating transfer savings / reserve

Not usage-heavy items.

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## **Conservative Example Justification**

Assume only **20%–30%** of total water budget represents readiness/service availability costs attributable to all connected/servable parcels.

**20% Allocation:**

$\$100,000 \times 20\% = \mathbf{\$20,000/year}$

30 vacant parcels share portion:

$\$20,000 \div 30 = \$666/\text{year each}$   
 $= \$55/\text{month}$

**10% Allocation:**

$\$100,000 \times 10\% = \$10,000/\text{year}$

30 parcels:

$\$10,000 \div 30 = \$333/\text{year}$   
 $= \$27.75/\text{month}$

**This is Key:**

Your proposed **\$25/month** is actually **below** even a modest 10% readiness allocation.

That helps tremendously.

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**Strong Hearing Statement**

The District reviewed the annual water-only operating budget. A portion of annual costs are fixed costs required to maintain the water system and keep service available to parcels with existing curb stops and immediate access, regardless of monthly water consumption. These costs are currently borne primarily by active users. The proposed \$25 monthly fee allocates only a partial share of those readiness costs to service-available vacant parcels.

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**Simpler Public Math**

$30 \text{ parcels} \times \$25/\text{month} \times 12 \text{ months} = \$9,000/\text{year}$

Against a \$100,000 annual water budget:

**Only 9% of total water budget**

That is a very reasonable figure to defend.

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**Why This Helps**

You are **not** overcharging.

You are recovering only:

- emergency readiness

- Reserve contributions for repair/replacement

These are system readiness costs, not purely consumption-based costs.

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### **3. Parcels with Existing Service Availability Benefit from Readiness**

Vacant parcels with installed curb stops or existing connections retain the ability to activate service without the cost of constructing new system access.

Because these parcels remain connected or immediately serviceable, the District must continue maintaining infrastructure capacity and operational readiness.

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### **4. Current Burden on Active Customers**

At present, active water customers fund nearly all fixed system costs, including costs associated with maintaining readiness for parcels not currently paying monthly water charges.

This results in an inequitable subsidy by active customers.

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### **5. Proposed Fee Revenue**

Approximately **30 eligible vacant parcels**

\$25 per month × 30 parcels × 12 months = **\$9,000 annually**

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### **6. Reasonableness of Fee**

\$9,000 represents approximately:

**9% of the District's \$100,000 annual water budget**

Accordingly, the proposed fee recovers only a **partial share** of annual fixed readiness costs attributable to service-available parcels.

It does **not** recover the full cost of maintaining service availability.

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### **7. Conclusion**

The proposed **\$25 monthly Water Service Availability Fee** is reasonable because it:

- Applies only to parcels with existing service availability
- Helps offset fixed water system costs
- Reduces subsidy currently paid by active users
- Recovers only a modest portion of annual readiness costs
- Supports long-term sustainability of the water system

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### **Recommended Board Finding**

The Board finds that the proposed \$25 monthly Water Service Availability Fee does not exceed the reasonable cost of maintaining water service availability to eligible parcels and fairly allocates a portion of fixed system costs presently borne by active customers