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Water hookup fees hiked

EID vote called blow to developers

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Published 12:00 am PST Thursday, February 28, 2008

El Dorado Irrigation District directors rejected developers' pleas for further analysis of proposed fee hikes and voted unanimously to boost connection fees for water, sewer and recycled water service.

The one-time fees, known as facility capacity charges, apply only to new construction. The increases range from 34 percent to 90 percent, depending upon location.

Building industry representatives said the increase represents another blow to the struggling housing market.

"We're always willing and want to make sure we're paying our fair share," Kirk Bone of Serrano Associates told the board Monday. But, he said, "You need to understand that our industry is in a depression. We're not seeing any light at the end of the tunnel."

Everything that increases development costs pushes the sale of a house further into the future, Bone said.

District directors said they had struggled with the fee increase. They noted that staff members worked with a task force made up of building industry representatives over the past year to update the fees.

"This is one of the few things I've actually lost sleep over since I've been on the board," said director Harry Norris.

But board members said their first duty was to ensure the district's fiscal welfare and protect ratepayers from having to bear the cost of new developments.

"We have to reach some kind of balance," director John Fraser said. "I don't think we can take into account the best interest of the developer."

Under the new fee schedule, the total fee for a new single-family home on a potable water system will be \$29,192 in El Dorado Hills, \$25,200 in Cameron Park, \$29,708 in the Mother Lode service area and \$26,202 in the district's satellite areas.

For dual-plumbed homes – those using potable water indoors and recycled water for landscape irrigation – the new hookup fee will be \$24,625 in El Dorado Hills and \$20,633 in Cameron Park. Recycled water is not available elsewhere.

The new fees are slightly lower than those proposed in January. The board agreed to eliminate water lines 5 inches or smaller from the district's fixed-asset calculations because those lines typically provide service within subdivisions and are not part of the transmission system that would be used by new customers. The board rejected developers' requests to further reduce fees by eliminating the value of lines 6 inches and smaller, or 8 inches and smaller.

Staff members said 6-inch and 8-inch lines are part of the larger transmission system in much of the district.

The value of the district's fixed assets is used to calculate the "buy-in" portion of the fee, which reflects the cost to reimburse existing customers for investments in current facilities that will serve new customers. The hookup fee also covers the cost of system expansions for new developments.

John Costa, legislative advocate for the North State Building Industry Association, urged the board to

postpone adopting the fee increase to allow discussion of options such as deferring fee payment until a house is ready for occupancy. He said industry representatives are pursuing similar talks with El Dorado County officials on traffic impact fees.

District Counsel Tom Cumpston said deferring fees would require a change in board policy. Currently, he said, a builder must have a guaranteed water supply to obtain approval of a final map, and that guarantee comes with payment of the connection fee.

Camino resident Terry Kayes said he came to Monday's hearing to speak as a ratepayer. Kayes said he doubted that the fee increase would determine whether houses were built or sold in El Dorado County.

"This isn't a water crisis," Kayes said. "This is a credit crisis at the national and international level."

Cumpston noted that no one had argued that current hookup fees were high enough. "The longer we wait (to raise fees)," he said, "the bigger the hole that we dig."

Hookup fees were last adjusted in 2005.

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