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City Manager's Report
February 10, 2026, City Council Meeting
Prepared by: Dave Warren, City Manager
Item #: 11.1

Subject: Consider approving the new EID pass through water FCCs as a separate component of the City's water CIC's as presented.

Recommendation:

Adopt a resolution approving the new EID pass through water FCCs as a separate component of the City's water CIC's as presented.

Purpose:

To revise the water FCCs that the City collects on behalf of EID in accordance with the associated Water Supply Agreement between both parties.

Strategic Plan Strategy:

Fiscal Stability/Sustainability: 2) Strategy - Increase Revenues: C. Complete studies for new park, sewer, traffic, and water impact mitigation fees.

Background:

Like other California cities and utility districts, the City collects Capital Improvement Charges (CICs) for new residential and commercial connections to the City's water system. The City also collects a Facility Capacity Charge (FCC) on behalf of El Dorado Irrigation District (EID) for new water connections. At its meeting held on February 23, 2016 the City Council approved a new five-year water supply agreement with EID. The Agreement has been amended twice, and the Second Amendment was approved by the City Council on May 28, 2024 which is attached. The Second Amendment approved the current water FCCs. EID completed a new nexus study for its water FCC in late 2024 which included a districtwide approach. The City and EID negotiated new water FCCs for the City and reached a tentative agreement on the new FCC formula in late 2025. Tonight, staff recommends that the City Council hold a public hearing and adopt the new EID water FCCs as presented.

Discussion:

Section 4.c of the water supply agreement states, "The FCC charges paid by the City shall be based on the District's duly adopted FCCs applicable to the portions of the District's service area that adjoin the City's service area, as amended from time to time.

Below are the current and proposed EID pass through water FCCs:

Meter Size	Current*	Proposed
5/8" - 3/4"	\$18,267	\$23,362
1"	\$31,054	\$39,715
2"	\$73,068	\$93,448
3"	\$54,801	\$123,819
4"	\$213,733	\$273,335

*Per the Second Amendment to the Water Supply Agreement with EID effective June 10, 2024.

It's staff's opinion that the proposed EID pass through water FCCs for the City are reasonable, based on the study update performed in 2024, and are equitable as compared to the FCCs charged to other EID customers. There are no proposed changes to the City's water CICs at this time.

Below are the current water CICs and proposed FCCs:

Meter Size	Current City Water CIC	Proposed EID Water FCC	Proposed Total
5/8" - 3/4"	\$6,867	\$23,362	\$30,229
1"	\$10,987	\$39,715	\$50,702
2"	\$13,733	\$93,448	\$107,181
3"	\$27,467	\$123,819	\$151,286
4"	\$54,934	\$273,335	\$328,269

Pravani Vandeyar, General Manager, and Patrick Kalvass, Engineering Manager, from EID are here tonight to present the new water FCCs. If approved, the proposed pass through water FCCs would become effective sixty days from tonight.

Options:

1. Adopt a resolution approving the EID's pass through water FCCs as presented.
2. Direct staff to take other actions.

Environmental:

Tonight's action is not applicable.

Cost:

Other than staff time implementing the proposed water FCCs, there are no costs associated with tonight's action.

Budget Impact:

Because all water FCC revenue is passed through to EID, there is no direct budget impact associated with tonight's action



Dave Warren, City Manager

Attachments:

- A. Resolution
- B. EID Water FCC Presentation
- C. Water Supply Agreement Amendment No 2