

September 5, 2024

The Honorable Gavin Newsom  
State of California Governor  
1021 O Street, Suite 9000  
Sacramento, CA 95814

**RE: Senate Bill (SB) 937 (Wiener) Development Projects: Permits and Other Entitlements: Fees and Charges – Request for Veto**

On behalf of the Orange County Sanitation District (OC San), I write to request your veto on SB 937. This bill removes from existing law the ability of a sanitation or sewer district to collect impact fees or charges. This would apply to designated residential development projects before the first certificate of occupancy or first temporary certificate of occupancy is issued. It extends development entitlements for certain housing development projects by two years. Amendments that omitted special districts from this legislation were agreed to in the Senate but removed in the Assembly, forcing OC San to oppose this bill.

Sanitation and sewer districts appreciate the need to provide builders with a level of certainty regarding fees and conditions. That certainty often comes with costs such as the roads, fire stations, water and sewer facilities, and other necessary assets that will serve future residents. These do not become less expensive as time goes on. "Freezing" development fees and related conditions for an extended period ultimately means that the sanitation district would have to connect properties before receiving capacity charges and there is no recourse to collect if a developer does not pay. These consequences must be balanced to avoid unmitigated impacts.

Often there are years or even decades between the initial application for approval of the first land use entitlement relating to a project and the developer's application for issuance of building permits for a project. During this period, the costs of infrastructure and public services inevitably rise. This bill would prevent special districts from recovering those costs, thereby resulting in inadequate public facilities and passing the costs of new development onto existing ratepayers in the system.

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  - Los Alamitos
  - Newport Beach
  - Orange
  - Placentia
  - Santa Ana
  - Seal Beach
  - Stanton
  - Tustin
  - Villa Park
  - County of Orange
  - Costa Mesa Sanitary District
  - Midway City Sanitary District
  - Irvine Ranch Water District
  - Yorba Linda Water District

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The way the new language is worded could be interpreted to limit the collection of fees to only those associated directly with new residential connections and inhibit OC San's ability to collect capacity fees necessary for other types of infrastructure that deliver utility service to a new development (trunk lines, pump stations, etc.). This could also result in potential legal liabilities and in illegal subsidization between existing and new ratepayers.

For these reasons, the Orange County Sanitation District requests your veto on SB 937.

Sincerely,



Rob Thompson  
General Manager

RT:rl