



5.2

DEPARTMENT
OF UTILITIES

ENGINEERING
SERVICES DIVISION

CITY OF SACRAMENTO
CALIFORNIA

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April 20, 2004

City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: ESTABLISHMENT OF A MAIN EXTENSION FEE TO RECOVER COSTS OF
EXTENDING A 12-INCH WATER LINE IN EL CENTRO ROAD**

LOCATION AND DISTRICT:

The subject water line is located in El Centro Road between West El Camino Avenue and San Juan Road in the County of Sacramento. The water line is located approximately 1.2 miles east of the Sacramento River and 0.7 miles east of Council District 1. Refer to the attached location map, Figure 1.

RECOMMENDATION:

Staff recommends that the City Council adopt the attached resolution establishing a fee to recover costs that have been incurred for the design and construction of a 12 inch water line in El Centro Road.

**CONTACT PERSON: David L. Brent, Engineering Services Manager, 264-1420
David R. Schamber, Supervising Engineer, 264-1423**

FOR COUNCIL MEETING OF: May 11, 2004

SUMMARY:

On October 15, 2002 the City Council authorized the Sacramento 49'er Travel Plaza to design and construct a 12-inch water line in El Centro Road from San Juan Road to Tomato Patch



CITY OF SACRAMENTO
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Lane. The water line has been completed and accepted by the Department of Utilities. A portion of the costs for the water line were funded by the Department of Utilities with the balance being funded by the 49'er Travel Plaza. In addition to serving the 49'er Travel Plaza, the water line also can provide City water to other properties situated on the east side of El Centro Road.

The proposed capacity fee (referred to in this report and the attached Resolution as the "Main Extension Fee") would require identified properties in the County along the east side of El Centro Road that request City water service, to pay their fair share of the costs incurred to design and construct the new water line, as a condition of receiving City water service.

COMMITTEE/COMMISSION ACTION: None.

BACKGROUND:

In the fall of 2002, the Sacramento 49'er Travel Plaza applied for commercial water service outside the City limits. The City Code requires that water service outside City limits be approved by City Council. The City and 49'er Travel Plaza subsequently entered into an Agreement for Water Service, that was approved by City Council on October 15, 2002.

Providing water service to 49'er Travel Plaza required the construction of approximately 4300 feet of 12" water line in El Centro Road from San Juan Road to Tomato Patch Lane. Under the Agreement for Water Service, 49'er Travel Plaza was required to design and construct the water line in accordance with City specifications and requirements, and, upon completion and inspection of the new line, it was accepted as a City water line. The total cost for the project was \$366,489.00. The Department of Utilities fronted \$99,999.00 of this cost and 49'er Travel Plaza contributed the balance of \$266,490.00.

The Agreement for Water Service recognized that construction of the water main also would benefit other properties located in the County on the east side of El Centro Road from San Juan Road to West El Camino Avenue, if those properties were to obtain City water service in the future from the main. These properties are shown in Figure 2 (attached) labeled as the "Main Extension Service Area". This area is located outside the City limits, but is within the authorized place of use for the City's American River water rights, is within the City of Sacramento contract area for fire protection, and is within the proposed "City Urban Reserve" for the Natomas Joint Vision General Plan Amendment. None of these properties with the exception of the 49'er Travel Plaza property, currently receive City water service. The Main Extension Service Area does not include any properties located west of El Centro Road, because a separate water main would need to be constructed on the west side of El Centro Road to serve these properties (City design standards require a double main for wide roads such as El Centro Road).

City staff is proposing that the City Council establish a Main Extension Fee to collect a fair share of the costs incurred to design and construct the water main from property owners in the Main

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Extension Service Area, as a condition of providing City water service to these properties. Each property's Fee allocation of costs is based on the property area capable of receiving City water service from the new water line. Staff believes that this allocation is reasonable and appropriate because this assures that the amount of the Fee is directly proportional to the property area that can be provided water service from the new water line, thus assuring that each property owner requesting City water service will be charged its fair share of costs incurred to design and construct the water line providing such service. The Main Extension Fees proposed for adoption are described in more detail in the Financial Considerations section of this report.

The Main Extension Fee is not an assessment placed on these properties, and would only be collected if the property owner, in his/her discretion, requests and is approved for City water service. This fee would be in addition to the regular meter fees, connection charges, development fees or other fees collected by the City to provide water service to properties outside the City limits.

The new water line also provides water to a portion of the Tomato Patch property south of the 49'er Travel Plaza. This property already is receiving City water subject to the provisions of a Water Service Agreement entered into between the City and the property owners in 1992 (City Agreement No. 92-117). Consistent with the provisions of this agreement, the Tomato Patch Owners Association has paid \$33,243.00 as its fair share of the project costs.

The City's Agreement for Water Service with the 49'er Truck Plaza contains provisions for the reimbursement of the City's "up front" cost (\$99,999) as well as reimbursement of a portion of the costs incurred by 49'er Travel Plaza to design and construct the water line, to the extent that the City imposes and collects fees from other property owners for their fair share of the water main costs. Adoption of the proposed Main Extension Fees will provide a funding mechanism for this reimbursement.

Property owners within the Main Extension Service Area were mailed written notice that the City Council would consider establishing Main Extension Fees as described in this report at this public meeting.

FINANCIAL CONSIDERATIONS:

The establishment of a Main Extension Fee will make it possible for the City and 49'er Travel Plaza to be reimbursed, over time, for funds expended to construct the subject water line, to the extent that properties in the Main Extension Service Area seek to connect to the City's water supply system in the future. The project cost assigned to this area, which includes the 49'er Truck Plaza property, is \$333,246.00. This amount is the total project cost (\$366,489.00) less the amount the Tomato Patch Owner Association has paid (\$33,243.00) under City Agreement No. 92-117.

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The Main Extension Fee for each property within the Main Extension Service Area is prorated on the land area for each parcel shown in Figure 2. The Main Extension Service Area includes 96.12 acres. One-half of the Rosa property (20.06 acres) adjacent to San Juan Road has been omitted from the Main Extension Service Area, because this property can be served from a future water line in San Juan Road. As noted above, the cost to construct the water line for the Main Extension Service Area was \$333,246.00, which amounts to a per acre fee of \$3,467.00. The Main Extension Fee for each property within the benefit area is calculated by multiplying the per acre fee (\$3,467.00) times the property's number of acres. These figures are presented in the following table.

Main Extension Service Area	APN	Area (acres)	Main Extension Fee
Rosa Trust	225 0220 014	20.06	\$69,548.00
Machado Trust	225 0220 060	9.92	\$34,392.00
Leal Trust	225 0220 061	9.92	\$34,392.00
Cheema & Bhupinder	225 0220 062	9.92	\$34,392.00
Machado Trust	225 0220 063	9.92	\$34,392.00
Mid-Valley	225 0220 051	10.00	\$34,670.00
Mid-Valley	225 0220 048	4.07	\$14,111.00
Building Trade Association	225 0220 103	2.00	\$6,934.00
Electrical Workers	225 0220 075	2.01	\$6,969.00
49'er Travel Plaza*	225 0220 054/055/056/057	18.30	\$63,446.00
Total		96.12	\$333,246.00
*Main Extension Fee Paid			

The Main Extension Fees would be adjusted each year on January 1, based on the annual change in the ENR Construction Cost Index (beginning January 1, 2005). As noted in the previous section, the Main Extension Fee is not an assessment placed on these properties. The fee is collected only if the property owner, in his/her sole discretion, requests and receives City water service. If the parcels within the Main Extension Service Area are subdivided in the future, then the Main Extension Fee established for the original property would be pro-rated to the new parcels based on the size (acreage) of each new parcel. The Main Extension Fee would be collected whether the Main Extension Service Area remains in Sacramento County or is annexed into the City at a future date.

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ENVIRONMENTAL CONSIDERATIONS:

The water line extension constructed by 49'er Truck Plaza in El Centro Road, pursuant to the previous Agreement for Water Service, was not subject to the California Environmental Quality Act (CEQA), under Public Resources Code section 21080.21 (excludes pipelines of less than 1 mile). The current action simply establishes a funding mechanism to permit recovery of a portion of the costs incurred to design and construct the water line, and will not result in any new or increased effects on the environment. As such, the proposed action does not constitute a project to which CEQA applies. (CEQA Guidelines sections 15061(b)(3), 15378(b)(4).)

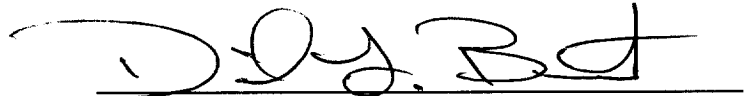
POLICY CONSIDERATIONS:

The proposed recommendation is consistent with City Code Chapter 13.04.290 which allows the City Council, on a case-by-case basis, to approve water service to individual properties outside the City limits.

ESBD CONSIDERATIONS:

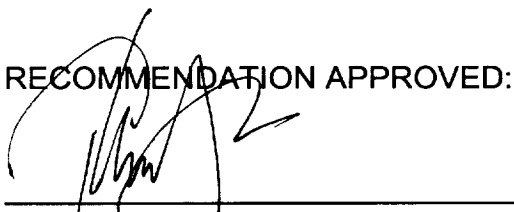
ESBD requirements do not pertain to this action, as no goods or services are being purchased.

Respectfully submitted,



David L. Brent
Engineering Services Manager

RECOMMENDATION APPROVED:



Robert P. Thomas
City Manager

APPROVED:

for 

Gary A. Reents
Director of Utilities

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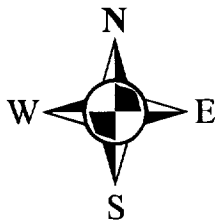
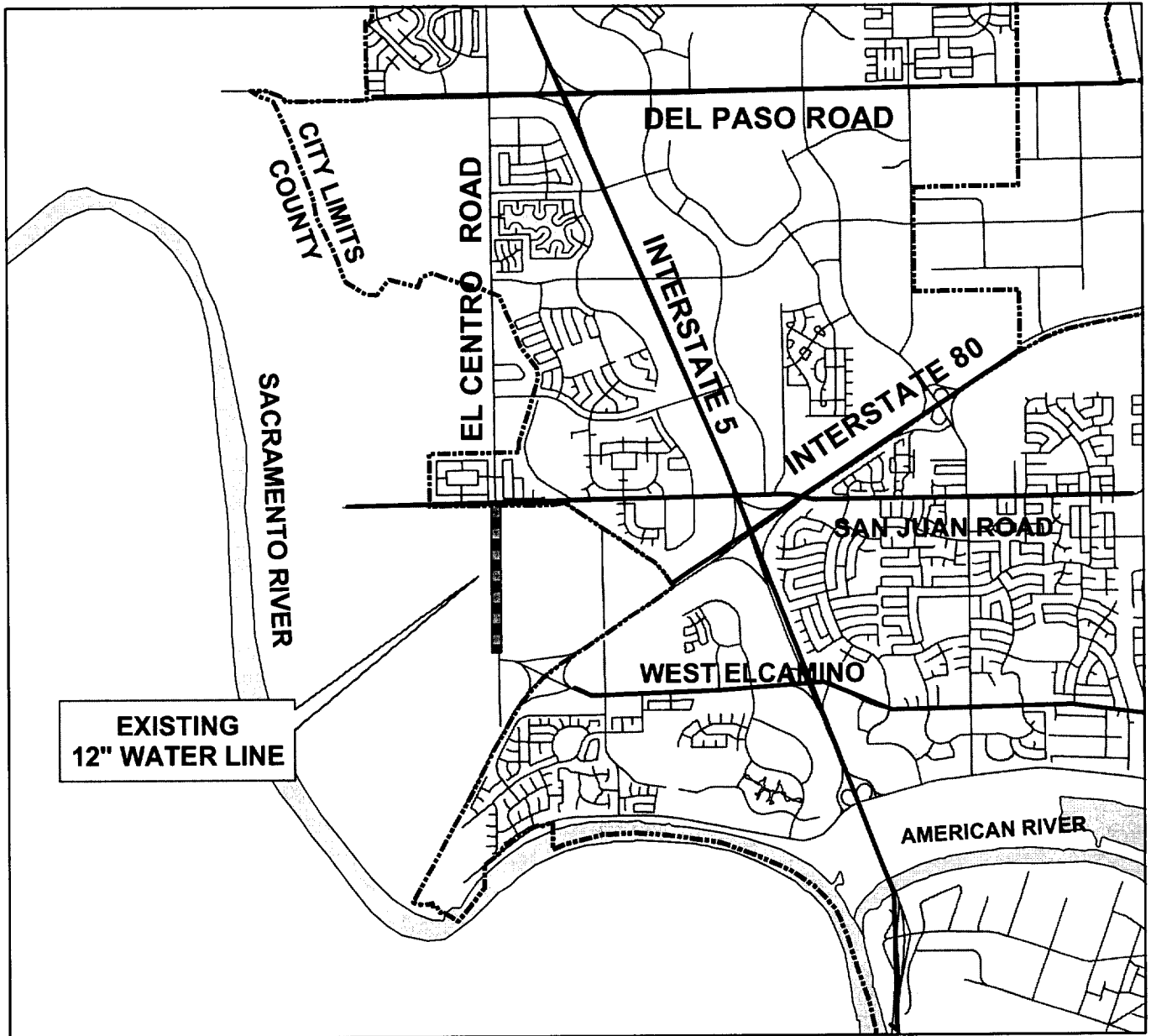
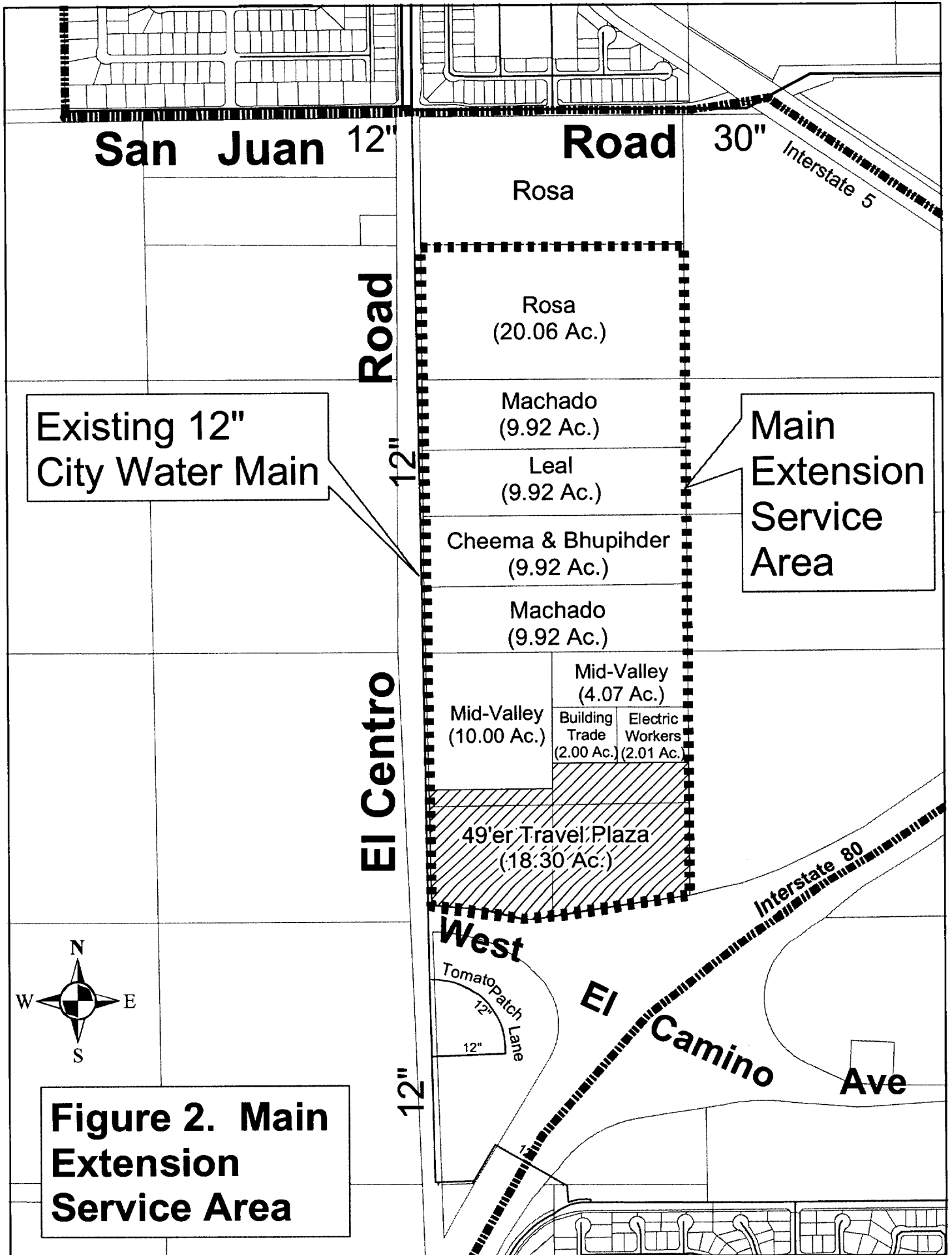


FIGURE 1
LOCATION MAP





Existing 12" City Water Main

Main Extension Service Area

Figure 2. Main Extension Service Area

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

A RESOLUTION ESTABLISHING A MAIN EXTENSION FEE TO RECOVER COSTS OF EXTENDING A 12-INCH WATER LINE IN EL CENTRO ROAD

BE IT RESOLVED BY THE SACRAMENTO CITY COUNCIL THAT:

WHEREAS, in accordance with the provisions of an Agreement for Water Service between the City of Sacramento and the owners of the 49'er Travel Plaza (referred to hereafter as the "49'er Agreement"), approved by the City Council on October 15, 2002, the owners of the 49'er Travel Plaza designed and constructed approximately 4300 feet of 12" water line in El Centro Road from San Juan Road to Tomato Patch Lane; and

WHEREAS, the new water line was designed and constructed in accordance with City specifications and requirements, and has been accepted as a City water line; and

WHEREAS, the total cost for the project was \$366,489.00. Under the 49'er Agreement, the City advanced \$99,999.00 of this cost and 49'er Travel Plaza funded the balance of \$266,490.00; and

WHEREAS, the new water line will benefit those properties located on the east side of El Centro Road from San Juan Road to West El Camino Avenue, if these properties obtain City water service from the water line. These properties are shown in Exhibit A, attached hereto, labeled as the "Main Extension Service Area". None of these properties, with the exception of the 49'er Travel Plaza property, currently receive City water service; and

WHEREAS, the new water line also will provide water to a portion of the Tomato Patch property located east of El Centro Road south of West El Camino Avenue; and

WHEREAS, because the properties described above are located outside of the current City limits, City Council approval is required for the provision of City water service to such properties, as provided in Section 13.04.390 of the Sacramento City Code; and

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

WHEREAS, these properties should be required to pay a fair share of the costs incurred to design and construct the new water line, as a condition of receiving City water service from the water line; and

WHEREAS, the owners of the Tomato Patch property receiving City water service from the new water line already have paid their fair share of these costs by paying \$33,243.00 for the cost of the portion of the new water line extending south on El Centro Road from the 49'er Truck Plaza to Tomato Patch Road, where the new line was connected to an existing City water main that the Tomato Patch property owners previously constructed and paid for under a 1992 agreement with the City. Deducting this payment by the Tomato Patch property owners results in a total cost for this project of \$333,246.00; and

WHEREAS, the property owners in the Main Extension Service Area should be required to pay their fair share of this cost, based on their property area capable of receiving City water service from the new water line, as a condition of receiving City water service from the water line.

NOW, THEREFORE, BE IT RESOLVED BY THE SACRAMENTO CITY COUNCIL THAT:

1. The fees set forth in Exhibit B, attached hereto (hereafter referred to as the "Main Extension Fees"), are adopted and established, to recover costs incurred for the design and construction of a 12 inch water line in El Centro Road from the owners of property in the Main Extension Service Area who receive City water service from the water line.
2. The amount of the Main Extension Fee set forth in Exhibit B for each property in the Main Extension Service Area is based on the size of the property that can receive water service from the new water line. The Main Extension Fee shall be paid by an owner of property in the Main Extension Service Area, in the amount set forth for such property in Exhibit B, prior to the property receiving a City water service connection from the new water line.¹ If any property in the Main Extension Service Area is subdivided in the future, then each subdivided parcel will pay a pro-rata share of the property's Main Extension Fee based on the size of the new parcel, prior to the parcel receiving a City water service connection from the new water line.

¹By funding a portion of the project costs as set forth above, the owners of the 49'er Travel Plaza property already have paid more than their property's Main Extension Fee.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

3. The Main Extension Fees set forth in Exhibit B will be collected by the Department of Utilities, and will be used solely to repay costs advanced and incurred by the City and the owners of the 49'er Travel Plaza to design and construct the new water line, as provided in the 49'er Agreement.
4. The Main Extension Fees set forth in Exhibit B will be due and payable as provided herein, regardless of whether the Main Extension Service Area or any portion thereof is annexed into the City at a future date.
5. The amount of the Main Extension Fees set forth in Exhibit B shall be adjusted on January 1 of each year based on the annual change in the ENR Construction Cost Index (beginning January 1, 2005).
6. The Main Extension Fees set forth in Exhibit B will be in addition to the regular meter fees, connection charges, development fees or other fees collected by the City to provide water service to properties outside the City limits, and the owner of any property in the Main Extension Service Area shall obtain any approval(s) required under the City Code prior to receiving City water service.
7. Based on the City staff report, all comments submitted, public testimony and all other information included in the record of proceedings, the City Council makes the following findings:
 - A. Consistent with Government Code Section 66013, the City Council finds and determines that the Main Extension Fees set forth in Exhibit B are capacity charges to pay for facilities in existence at the time the charge is imposed, and the amount of the fees does not exceed the actual costs of providing the service for which the fees are imposed.
 - B. The City Council further finds and determines that:
 - (1) Basing the amount of the Main Extension Fee for each property in the Main Extension Service Area on the size of the property is reasonable and appropriate because this assures that the amount of the Fee is directly proportional to the property area that can be provided water service from the new water line, thus assuring that each property owner requesting City water service will be charged its fair share of costs incurred to design and construct the water line providing such service.

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RESOLUTION NO.: _____

DATE ADOPTED: _____

- (2) There is a reasonable relationship between the use of the Main Extension Fees and the type of projects on which the fees are imposed, because the fees will be imposed only on owners of property in the Main Extension Service Area who request and are approved for City water service from the new water line, and the fee revenues will be used solely to repay the property owners' fair share of costs incurred to design and construct the water line.
- (3) There is a reasonable relationship between the need for the water line and the type of projects on which the Main Extension Fees are imposed, because the water line is necessary to provide City water service to the properties that will be subject to the fees, and the owners of such properties will only be required to pay the fees for their fair share of the cost to design and construct the water line, if they request and are approved for City water service from the water line.
- (4) There is a reasonable relationship between the amount of the Main Extension Fees and the cost of designing and constructing the portion of the water line that will serve any developments on which the fees are imposed, because each property owner in the Main Extension Service Area who requests and is approved for City water service from the new water line will only be required to pay such owner's fair share of this cost, based on the land area of their property that can receive City water service from the water line.

8. The Main Extension Fees set forth in Exhibit B shall apply to all requests for City water service to properties located in the Main Extension Service Area made on or after _____.

MAYOR

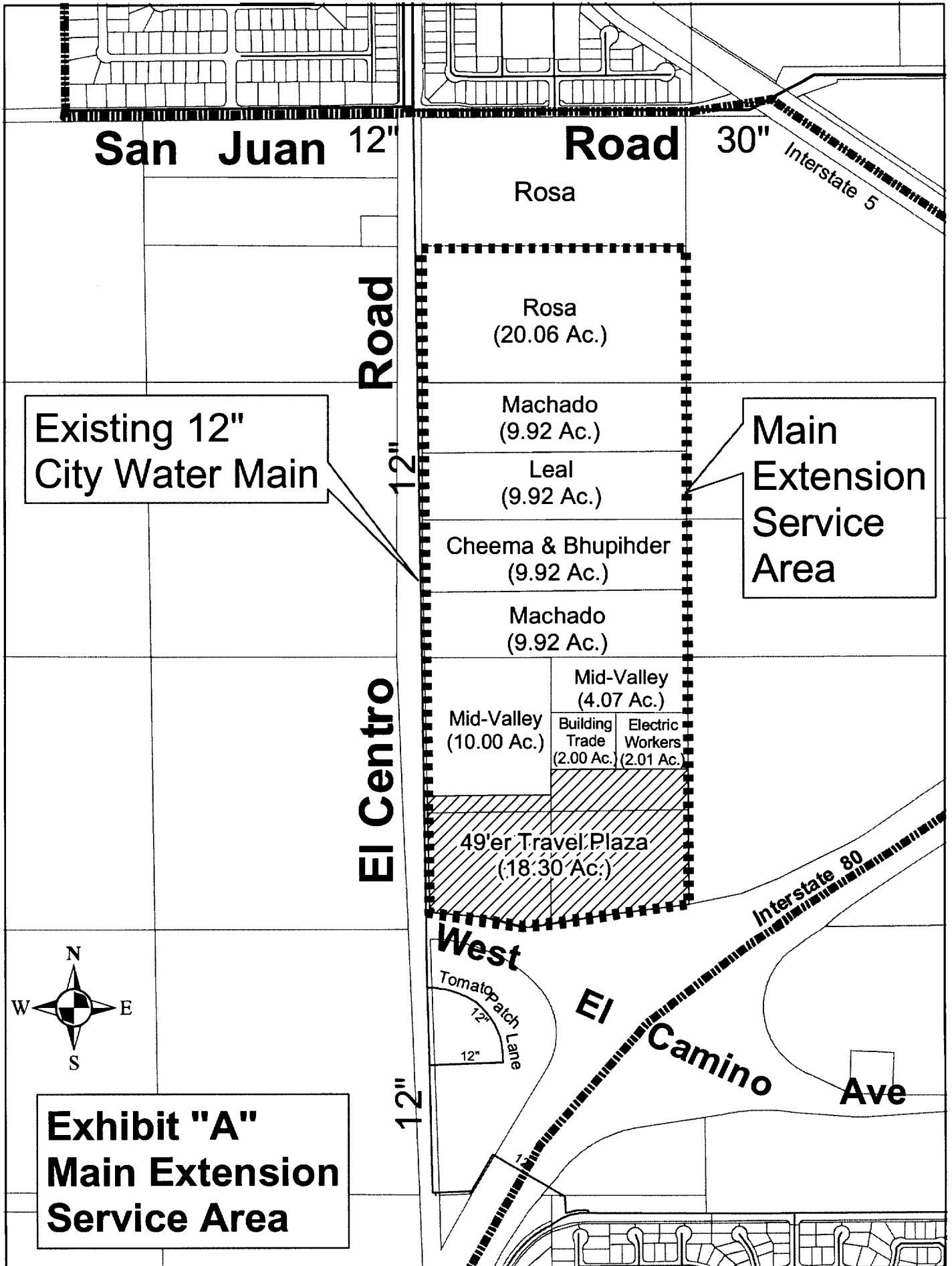
ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____



Existing 12\"/>

Main Extension Service Area

Exhibit "A"
Main Extension
Service Area

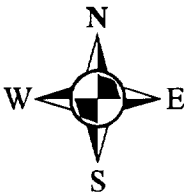


EXHIBIT B

MAIN EXTENSION FEES

Main Extension Service Area	APN	Area (acres)	Main Extension Fee
Rosa Trust	225 0220 014	20.06	\$69,548.00
Machado Trust	225 0220 060	9.92	\$34,392.00
Leal Trust	225 0220 061	9.92	\$34,392.00
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49'er Travel Plaza*	225 0220 054/055/056/057	18.30	\$63,446.00
Total		96.12	\$333,246.00
*Main Extension Fee Paid			

Note: The Main Extension Fee is based on a cost allocation of \$3,467.00 per acre, and the amount of the Fee will be adjusted each year on January 1 (beginning on January 1, 2005), based on the annual change in the ENR Construction Cost Index.