



Legislation Details (With Text)

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Title: BILL - (For introduction) - Amending Subsection (d) of Section 6-507 of the Fresno Municipal Code relating to the deferment of water system connection and related charges.

Sponsors: Department of Public Utilities

Indexes:

Code sections:

Attachments: 1. Proposed Ordinance.pdf, 2. Water Service Lien Agreement.pdf, 3. Supplement to 16-1306.pdf

Date	Ver.	Action By	Action	Result
12/1/2016	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

December 1, 2016

FROM: THOMAS C. ESQUEDA, Director
Department of Public Utilities

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Department of Public Utilities, Utilities Planning and Engineering

SUBJECT

BILL - (For introduction) - Amending Subsection (d) of Section 6-507 of the Fresno Municipal Code relating to the deferment of water system connection and related charges.

RECOMMENDATIONS

Staff recommends Council consider for introduction and adoption the proposed Ordinance amending subsection 6-507(d) of the Fresno Municipal Code (FMC) related to the City's water connection loan program, which makes water service line installation and well destruction costs eligible for a loan, and extends the maturity date of loan repayment from 15 years to 20 years. In addition, the Ordinance adopts the State's Water Well Standards found in Department of Water Resources Bulletins 74-81 and 74-90.

EXECUTIVE SUMMARY

The City of Fresno currently permits the deferment of water service connection and related charges over a period of up to fifteen years for single family residences, commercial, or industrial properties connecting to the municipal water system, pursuant to Section 6-507 of the Fresno Municipal Code. To meet the goals of the City of Fresno (City) and the objective of the Sustainable Groundwater Management Act of 2014, the proposed Ordinance will amend FMC Subsection 507(d) of Section 6-507 to allow customers to repay deferred private water service line installation and well destruction costs, as well as water service connection costs, over a period of 20 years, with a maximum loan amount of \$20,000. The proposed Ordinance also adopts the State's Water Well Standards, which are applicable within the City limits.

BACKGROUND

Connection to the City of Fresno's municipal water system by properties to which water service is available protects water quality, regional water reliability, and groundwater recharge for the City's water supply. To assist property owners in the payment of required water connection fees, the City of Fresno currently permits the deferment of water service connection and related charges over a period of up to 15 years for single family residences, commercial, or industrial properties connecting to the municipal water system, pursuant to FMC Section 6-507.

With the enactment of the landmark legislation during 2014 known as the Sustainable Groundwater Management Act, it has become a higher priority and goal of the City to reduce the number of groundwater water wells contributing to chronic lowering of groundwater levels, significant and unreasonable reduction of groundwater storage, and significant and unreasonable degraded water quality, including the migration of contaminant plumes that impair water supplies, all of which exist in the City of Fresno.

To motivate and encourage connection to the City municipal water system, including the abandonment and destruction of private groundwater wells as required by the State of California's Department of Water Resources (DWR) Bulletins 74-81 and 74-90, the Department of Public Utilities desires to expand customers' cost deferment options to include well destruction and private water service line installation, as well as water service connection costs. The proposed Ordinance will permit customers to repay deferred water service connection costs, private water service line installation, and well destruction costs over a period of 20 years, with a maximum loan amount of \$20,000, and adopts DWR Bulletins 74-81 and 74-90.

The deferred payments will be secured by a lien given by the homeowner and recorded against the property. If the property is sold prior to the City being repaid, the lien will be satisfied prior to closing of the sale.

ENVIRONMENTAL FINDINGS

The proposed Ordinance and related loan term amendments are not a project pursuant to CEQA Guidelines Section 15378.

LOCAL PREFERENCE

Local preference was not implemented because the proposed Bill does not include an award of construction or services contract.

FISCAL IMPACT

These loan programs will not have any impact to the General Fund. The loan program for water connection charges, public water service connection, private water service line installation, and/or well destruction charges will be funded from the Water Connection Fee Fund. Staff plans to return to Council in January 2017 with a request to amend the AAR to appropriate these loan funds. All loans will be repaid over twenty (20) years with interest and secured by a lien given by the homeowner against the property; therefore, no long-term fiscal impact is foreseen.

Attachments:

Proposed Ordinance

Sample Water Service Lien Agreement